

# To be or not to be in social media: How brand loyalty is affected by social media?

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## ABSTRACT

There is an ongoing debate over the activities of brands and companies in social media. Some researchers believe social media provide a unique opportunity for brands to foster their relationships with customers, while others believe the contrary. Taking the perspective of the brand community building plus the brand trust and loyalty literatures, our goal is to show how brand communities based on social media influence elements of the customer centric model (i.e., the relationships among focal customer and brand, product, company, and other customers) and brand loyalty. A survey-based empirical study with 441 respondents was conducted. The results of structural equation modeling show that brand communities established on social media have positive effects on customer/product, customer/brand, customer/company and customer/other customers relationships, which in turn have positive effects on brand trust, and trust has positive effects on brand loyalty. We find that brand trust has a fully mediating role in converting the effects of enhanced relationships in brand community to brand loyalty. The implications for marketing practice and future research are discussed.

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## 1. Introduction

There is an ongoing debate over the issue of branding in social media. Facebook alone, a hallmark of social media, has over 955 million active users, who log on at least once every 30 days. Half of these active users actually log on every day.<sup>2</sup> On average, consumers devote almost one third of their time to consumption of online social media (Lang, 2010). Due to the popularity and ability of virtual communities to connect different likeminded people and businesses (Hagel & Armstrong, 1997; Wellman & Gulia, 1999), some industry sages and researchers enthusiastically encourage businesses to be present in social media and to take advantage of it if they are to survive (Kaplan & Haenlein, 2010). On the other hand, others call brands “uninvited crashers” of social media (Fournier & Avery, 2011, p. 193) implying that social media are for connecting people not brands. So, the issues of if and how social media is the place for branding activities has remained unresolved.

Despite the importance of branding and the high adoption rate of social media, very few specific, empirical studies (e.g., Hsu & Tsou, 2011) have dealt with these issues. Most studies

concerning marketing and branding in social media include descriptive narratives of social media, its definition, characteristics and consequently some advice and strategies for marketers and businesses in taking advantage of its opportunities and overcoming its challenges (Edelman, 2010; Hanna, Rohm, & Crittenden, 2011; Kaplan & Haenlein, 2010; Kietzmann, Hermkens, & McCarthy, 2011). So there is an important need in the literature to explore the effects of branding on marketing variables related to social media.

In taking the perspective of brand community building (McAlexander, Schouten, & Koenig, 2002; Muniz & O’Guinn, 2001), our goal is to show how brand communities based on social media influence elements of the customer centric model (i.e., relationships between focal customer and brand, product, company, and other customers) and brand loyalty. Furthermore, we study how the effects of brand community translate to brand loyalty. In doing so, we believe that brand trust has a key role, which has been neglected in previous studies.

We first develop a model to show how social media based brand communities could cement relationships among customers, marketers, product, brand, and other customers, and how these relationships could enhance brand trust and loyalty. Then, we test the model and hypotheses quantitatively using structural equations modeling with survey data from a sample of social media website users who are members of different brand communities on the social media websites. We conclude with a discussion of marketing significance, theoretical and practical implications, limitations, and avenues for future research.

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<sup>2</sup> <http://www.facebook.com/press/info.php?statistics>.

## 2. Social media based brand community

A social media based brand community is composed of two concepts; social media and brand community that we briefly discuss. There are different definitions for social media, but we rely on Kaplan and Haenlein (2010, p. 61) who state: “a group of internet based applications that builds on the ideological and technological foundations of Web 2.0, and it allows the creation and exchange of user-generated content.” This definition implies that the content is not consumed by people passively. Instead, it is produced, shared and consumed by users actively generating content (UGC). There are many researches focusing on the importance of UGC in different contexts. There are many different platforms for social media such as social networking, text messaging, photo sharing, wikis, weblogs, and discussion forums (Harris, 2009); however, it is mostly coined with such popular Internet based applications as YouTube, Wikipedia, Facebook, Twitter, and Second Life.

Muniz and O’Guinn (2001, p. 412) define a brand community as a “specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand.” The context of these communities is consumption of a good or a service. Like every other community, a brand community is made up of its entities including its members, their relationships and the sharing of essential resources either emotional or material. However, McAlexander et al. (2002, p. 38) argue that the most important thing being shared in a brand community is the “creation and negotiation of meaning.” Other benefits of brand communities are facilitating information sharing, cementing the history and the culture of a brand, providing assistance to consumers, and positively influencing brand loyalty (Muniz & O’Guinn, 2001).

According to the social media and brand community literatures, people have their own incentives to join. One essential psychological need is to feel socially connected (Sarason, 1974); therefore, joining social media and connecting with people fulfills a need for belongingness (Gangadharbhatla, 2008; Tardini & Cantoni, 2005). Desire for social interaction is stated as one of the motivations of consumers to engage in content generation activities in online environments (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004). Shopping, researching, entertainment and making money are some other purposes of contributing in social media (Zhou, Zhang, Chenting, & Zhou, 2011a). In contrast with researchers who claim that the lack of proximity and physical co-presence inherent in social media environments results in weak ties (Constant, Sproull, & Kiesler, 1996; Granovetter, 1973), others showed that these ties could bring people together and encourage members to have deep levels of engagement in society (Tardini & Cantoni, 2005; Wellman, 1997). People also join brand communities to fulfill their need to be identified with groups or symbols they wish to associate with, or that are desirable to them (Elliott & Wattanasuwan, 1998; Grayson & Martinec, 2004; Schembri, Merrilees, & Kristiansen, 2010).

Furthermore, brand communities support their members in terms of sharing necessary information from various sources (Szmigin & Reppel, 2001) and emphasizing different values (Schau, Muniz, & Arnould, 2009). Brand communities provide opportunities for being in touch with highly devoted customers (Anderson, 2005), for communicating effectively with other customers and obtaining valuable information from them (Von Hippel, 2005), and for co-creating value from closely interacting with other customers (Schau et al., 2009). Perhaps the most important advantage for companies in supporting brand communities is increasing brand loyalty, which is called the “Holy Grail” for businesses (McAlexander et al., 2002, p. 38). The advantages of social media as a highly efficient communication and distribution channel (Kaplan & Haenlein, 2010), as a powerful means of influencing customer perceptions and behavior (Williams & Cothrell, 2000), and of bringing

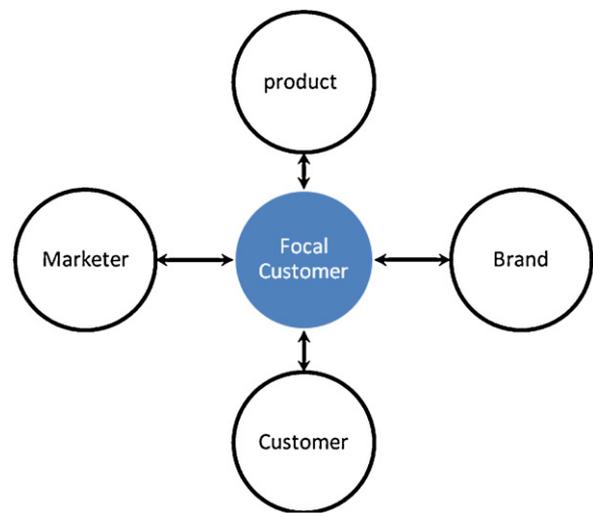


Fig. 1. Customer centric model of brand community (McAlexander et al., 2002, p. 39).

together different/likeminded people (Hagel & Armstrong, 1997; Wellman & Gulia, 1999) are motivating brand managers to participate in social media.

With the advancement of technology, the previously geographically bounded concept of brand communities is now transcending geography (Muniz & O’Guinn, 2001). Regarding the motivations for joining social media and brand communities for both people and brand managers, the concepts of social media and brand communities have become closer to each other. The intersection of brand communities and social media leads to a concept that we call *social media based brand community*. For example, famous brand communities such as Jeep or Harley Davidson (Schau et al., 2009) already established their brand communities on social media platforms such as Facebook and MySpace (Kaplan & Haenlein, 2010). We believe these communities, like other communities, have in common one characteristic, i.e., being instrumental to human well-being (McAlexander et al., 2002, p. 38). As Rheingold (1991) stated people use the new technology to do what they always did, so people use these new communities for the same purposes. Our goal is to show how these brand communities could affect brand elements and loyalty. We now develop our hypotheses.

### 3. Development of the model and the hypotheses

#### 3.1. Customer centric model of brand community and social media

The first models of brand community were comprised a triad of customer–customer–brand (Muniz & O’Guinn, 2001); however, McAlexander et al. (2002) added other entities that are related to the concept of brand community, i.e., product and company. Fig. 1 depicts the customer centric model of brand community.

As defined by McAlexander et al. (2002, p. 38), “a community is made up of its entities and the relationships among them”. So, a social media based brand community includes entities such as brand, product, customer, company, and social media, which is the platform for that community to exist. McAlexander and his colleagues showed that events such as brandfests bring members and other elements of a community to a high-context interaction. During these interactions meaningful consumption experiences, useful information and other valuable resources are shared among members and marketers reciprocally, which results in strengthening ties among all elements of the customer centric model of brand community (McAlexander et al., 2002). We believe that social media

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