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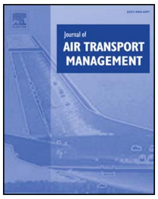

A study on the effects of social media marketing activities on brand equity and customer response in the airline industry

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ABSTRACT

This study analyzes the effects of social media marketing activities (SMMAs) on brand equity and customer response in the airline industry. A survey was conducted with a total of 302 passengers who used social media managed by airlines, and the collected data were analyzed via structural equation modeling. The results showed that trendiness was the most important SMMA component, and airline SMMAs had significant effects on brand awareness and brand image. In addition, the results demonstrated that brand awareness significantly affected commitment and that brand image significantly affected online word-of-mouth and commitment. It is expected that the results of this study may be used as fundamental data in the development of airline SMMA strategies, particularly by investigating the relative importance of each SMMA component and analyzing the effects of SMMAs.

1. Introduction

In our world today, several billion people are connected in real time. Social media is making traditional methods of finding information and purchasing items obsolete, and as such, new social and economic consequences are being generated. Social media is becoming both more convenient and more important, leading many companies to use it in external promotions, marketing, customer management, and as an internal channel for employee communications. Social media-based marketing has received considerable attention in part due to the fact that the recall rates for social media advertisements are more than 55% higher than those for conventional advertisements, while a 2013 report determined that social media influenced 90% of all purchases (marketingcloud.com, 2013). These trends are also found in the airline industry where Qatar Airways has been liked by more than 12 million people on Facebook. In South Korea, Jeju Air, Asiana Airlines, and Korean Air have received likes from 0.7, 0.54, and 0.38 million people, respectively. It is a little lower than that of the world's leading airlines, but such fans are growing fast. Passenger use of airline social media is expected to increase continuously, and as such, the proportion and importance of social media in the marketing activities within the airline industry are expected to be enhanced markedly.

Despite the emerging importance of social media marketing in various fields and the large number of studies on social media marketing activities (SMMAs), most studies have primarily focused on the effects of SMMAs on customer satisfaction or behavioral intention (Sano, 2015). The importance of brand equity has been one of the main focal points in recent studies on SMMAs. However, few studies have explored the role of brand equity when investigating the impact of SMMAs on customers (Luis et al, 2012; Kim, 2012; Kim and Ko, 2012; Bruno et al., 2016).

When a video showing United Airlines forcibly removing a passenger from an airplane went viral, the company's stock price fell and a boycott campaign threatened United's sales. This incident demonstrated the importance of social media in the airline industry, and it also emphasized the urgency of research on the effects of airline SMMAs. To our knowledge, however, no studies on the effects of SMMAs on the behavior and brand have been carried out. The purpose of this study, therefore, is to identify the components of airline SMMAs and to investigate the effects of these elements on customers through brand equity.

2. Theoretical background

2.1. Social media marketing activities (SMMAs)

Social media is defined as an online application program, platform, or media that eases interactions, joint work, or content sharing (Richter and Koch, 2007). Academic and empirical studies on social media have been conducted since this term was coined in June 2004 at a BlogOn conference by Chris Shipley, a global research director and founder of Guidewire Group, which specializes in marketing consulting for IT

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companies (Kang, 2001). Social media plays a role when the marketing activities of a company establish an individual relationship with customers and provide companies with opportunities to access customers (Kelly et al., 2010). With the generalization of social media across society, researchers have studied the use of social media by investigating why they used social media, how much time they used, and number of use in specific time periods (Bolton et al., 2013; Rosen et al., 2013). According to the 90-9-1 Rule for the use of social media, 90% of the social media users are lukers who just watch the contents posted, about 9% interact by adding their comments, and only 1% make new contents (Arthur, 2006). Based on this, social media users can be defined comprehensively and inclusively ranging from lukers to active participants.

The components of social media have also been addressed in studies with various authors and settings. Kim and Ko (2012) classified SMMA characteristics into entertainment, interaction, trendiness, customization, and word-of-mouth (WOM), and they applied them to luxury brands. Sano (2015) applied interaction, trendiness, customization, and perceived risk as the four SMMA components in her study on insurance services. Lee (2017) classified the social media activities of companies into communication, providing information, support for daily life, promotion and selling, and social response and activity in her study on the importance of company social media activities, which compared consumers and companies. Jo (2013) classified the SNS marketing activities of companies as events, information, and advertisements. Kim (2017) identified the characteristics of SNS marketing as information, immediacy, responses, and access while studying the effects of SNS characteristics on consumer attitudes, and Chang (2012), in her comparative case study on the characteristic performances of each medium (i.e. portals, blogs, and SNSes), proposed customer participation, information display, unique differentiation, content suitability, information usage, and response to customer as social media characteristics. This study, based on the aforementioned studies, defines airline SMMA components as entertainment, interaction, trendiness, customization, and perceived risk.

Entertainment is a result of fun and play acquired through social media (Agichtein et al., 2008). People who use social media for hedonistic reasons are considered to be seeking entertainment and pleasure, and the virtual community for them is organized focusing on obvious interests (Bagozzi and Utpal, 2002; Manthiou et al., 2013). Entertainment in social media is a significant component that induces positive emotions, increases participating behavior, and generates intention to use continuously (Kang, 2005). Given that social media is a space for consumers to discuss and exchange ideas, interactions in social media offer insights into users who contribute to social media platforms with respect to particular brands; these users meet and interact with one another in cyberspace and discuss specific products and/or brands (Muntinga et al., 2011). These interactions are fundamentally changing the dynamics of brand-customer communications, and they also motivated the development of user-generated content (UGC) in social media (Daugherty et al., 2008; Gallauter and Ransbotham, 2010; Kaplan and Haenlein, 2010). In addition, social media provides the most up-to-date news and information, thereby making it a tool to search for the most practical products (Naaman et al., 2011). Consumers tend to trust information acquired through social media more than that from advertisements in marketing activities or promotions. Therefore, trust tends to exist for the various types of social media that provide the newest information (Mangold and Faulds, 2009; Vollmer and Precourt, 2008). Most consumers, for example, select clothing based on the appearance of others wearing the same clothes (Bruno et al., 2016). Trendiness, accordingly, is defined as providing the newest information about products or services (Bruno et al., 2016). The level of customization represents the extent to which a service reflects the demands of customers to satisfy their tastes (Schmenner, 1986). Customization in social media is based on contact with individual users, which is a major difference with conventional advertisement media. It is possible to provide individually optimized information generated by various sources to customers, and this customization is used as a strategy to generate positive perceived control and customer satisfaction (Ding and Keh, 2016; Nam and Yeo, 2011). The customization of social media is also a tool for companies to communicate the uniqueness of their brands and improve preferences for and loyalty to those brands (Martin and Todorov, 2010). Previous studies have defined perceived risk as a consequence of uncertainties related to consumer behaviors (Bauer, 1960). However, social media decreases these uncertainties by allowing consumers to establish contact with companies and check for new information (Sano, 2014). Perceived risk is selected as an SMMA component because of, as mentioned, its ability to alleviate the anxiety or concern perceived by consumers.

2.2. *Brand equity*

Brand equity is the net consequences of assets and debts related to a brand name and/or symbol. Brand preference contributes to a brand's product value (Aaker, 2009). The conceptualization of brand equity has changed brand awareness. Keller (1993) explained brand equity by dividing this concept into brand awareness and brand image, proposing 'customer based brand equity'. Brand equity is carved in a consumer's memory as a unique value differentiated from other brands by combining various brand properties. Therefore, brand equity is a sociocultural phenomenon that goes beyond a mere product name; it is a symbolic meaning that the brand seeks (Keller, 2003).

Brand awareness refers to the ability of a consumer to identify a brand in another situation or to memorize the brand (Rossiter and Percy, 1987). The presence of brand awareness indicates that the consumer knows the brand name, and this increases the possibility of that brand being contained in a list of potential candidates, and ultimately, the probability of that brand being selected (Keller, 1993). Keller (1993) stated that brand image was the general perception of a brand situated in a consumer's memory and the combination of many brand reminders. Therefore, it might be a key marketing component. Brand image is a physical structure formed in the consumer's mind; it is a combination of a consumer's feeling for the product itself and associated indirect factors. In short, brand image is the meaning of a brand accepted through the sensory organs of consumers (Jung, 1994).

2.3. *Consumer response*

Consumer WOM behaviors are formed as a result of commitment, a positive emotion (Amine, 1998). Consumer response, in this study, is divided into behavioral response and emotional response, and we investigate (through the mediation of brand equity) the effects of airline SMMAs on Electronic Word-of-Mouth (e-WOM) as a behavioral response and commitment as an emotional response. E-WOM has long been considered an influential marketing tool because consumers, before purchasing products or services, seek information online posted by previous users to review information and relieve anxiety (Bickart and Schindler, 2001; Pitta and Fowler, 2005). E-WOM is an exchange of service assessment among online users and a different concept from conventional WOM in many ways (Barreto, 2014; Katz and Lazarsfeld, 1955; King et al., 2014; Yoon, 2012). Commitment is an internal psychological state perceived as being related to other people or objects, and it is a continuous desire to maintain a relationship (Lee and Sung, 2000; Moorman et al., 1992). Morgan and Hunt (1994) argued that committed customers formed a special attachment to brands, products, or companies and developed a community, which affected other customers. This induced consumers to perceive benefit, participation, and a sense of belonging. Committed customers are more important for companies because they share value and resources with companies, try to contribute to company profits, and want to be members of companies in order to maintain inter-dependent relationships with them (Gundlach et al., 1995; Ulrich, 1989).

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