



# The Impact of Social Media Marketing on Brand Equity: A Study of Fashion-Wear Retail in Sri Lanka

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## ABSTRACT

Appreciating the massive popularity of Facebook worldwide the purpose of this study was identifying the Facebook marketing activities that have impact on brand equity and studying the relative importance of each activity on brand equity creation. This paper review the literature on social media marketing, paying particular attention on Facebook marketing functions and its relationship with brand equity. Despite the popularity of social media, there are no adequate studies testing the relationship between social media marketing and brand equity until the last decade (Veloutsou, Cleopatra; Moutinho, 2009), still the dearth of empirical findings accelerates the scarcity of research in this area. In Asia Pacific region context, there is hardly any research on finding the relationship between FM and BE (Ahmed and Ibrahim, 2016), Ramsaran-Fowdar and Fowdar, (2013). This study brings together the brand management literature and the social media theory in a business context. In doing so, this study offer a new structured model based on theory that would enhance the knowledge on the relationship between Facebook marketing and brand equity. Considering the popularity of social media, this research will be limited for Facebook platform and future researcher can conduct the same research of all the leading social networking sites such as LinkedIn, Instagram, Youtube and Twitter.

**Keywords:** – Social Media Marketing, Facebook Marketing, Brand Equity, Fashion-wear Industry

**JEL Classifications:** M31, M37

## 1. INTRODUCTION

Fashion wear industry is one of a lucrative as well as lively industry in the world. It stands for approximately 3 trillion dollars and 2% of the world's gross domestic product (Fashion United Group, 2017). In Sri Lanka, retail sector becomes a quickly developing industry (Oxford Business Group, 2017). In this industry, fashion-wear retailing represent a large portion (39%) showing a great possibility to develop in future (Kambrugamuwa, 2015). This industry is considered as the industry which is perfectly suited for social media marketing as it is full of glitz and glamour that can fantasize a person (Ahmad et al., 2015). This is an industry which is greatly esteem basing on the high brand resources. Therefore, as a means of developing a brand value fashion brands have titled their eyes towards social media marketing (Godey et al., 2016). Today social media becomes fast advancing and most solid medium to connect and stay informed about products and services (Rishi and Sharma, 2017).

Conducting business and communicating with customers via Facebook is already considered as a business take-off tool for fashion brands (Karamian et al., 2015). Two way communication between customers and brands in Facebook platform like friends allow brands to build strong customer relationship and reduce misunderstanding and prejudices (Kim and Ko, 2012; Godey et al., 2016). So that more impactful and two way social media started to rule the world while old fashioned one communication is moving apart (Kim and Ko, 2012). Social media allows marketers to deliver a customized message to their targeted customers segments after screening them based on required criteria (Rishi and Sharma, 2017). Increasing time length that customers spend on Facebook and low cost incorporated with the Facebook communication further enhance its effectiveness for fashion-wear retailing (Jung et al., 2016; Pepe and Bourinque, 2016). As a consequence the increasing use of Facebook marketing in fashion-wear industry can be experienced. Thus it becomes highly necessary to quantitatively analyse the effect of social

media. This study focuses on analyzing how Facebook marketing activities influence on consumer behavior through brand equity development.

Despite the effectiveness of Facebook and its cost efficiency most of fashion-wear retailers still use it as a communication tool rather a strategic tool. They blindly run behind the number of likes, comments and followings without knowing the purpose of having them (Amarasinghe, 2012). Then they spend huge amount of money on traditional sources in terms of strengthen their brand value. The truth is that no one clear aware the strategic role of Facebook in terms of leading a brand to its next level (Perera et al., 2016).

Furthermore, in Sri Lankan context very less amount of fashion retailers (10-15%) have internet presence online (Kamburugamuwa, 2015). This amount is very less compared to other developing country like India 30% (Jhalani, 2016). Studies found out that the unawareness of the social media marketing leads for this reluctant (Kodippili et al., 2016). As a result of ignoring this effective medium and using tradition and expensive media the industry lost a large amount of money per annum (Kamburugamuwa, 2015).

In addition to that, there is a void in literature in terms of testing the relationship between social media marketing and brand equity until the last decade (Veloutsou and Moutinho, 2009). There is hardly any research finding available in the Asia Pacific region on this context (Ahmed and Ibrahim, 2016; Ramsaran-Fowdar and Fowdar, 2013).

Answering this knowledge gap, this study analyse the impact of Facebook marketing and brand equity development in fashion-wear industry in Sri Lanka. Findings of this study will helpful for fashion-wear retailers to compete in the market place more effectively.

Thus, this study aim to examine the impact of social media marketing on consumer based brand equity in fashion-wear retail industry in Sri Lanka. This will be done through studying the relationships between Facebook marketing and brand equity in fashion-wear retail, identifying the Facebook marketing constructs that has an effect on brand equity and evaluating the relative importance of the Facebook marketing constructs in creating brand equity of fashion-wear retail in Sri Lanka.

## 2. LITERATURE REVIEW

### 2.1. Social Media Marketing Activities and Their Effect on Brand Equity

Social media marketing can be defined as the process that empowers promotion of websites, products, and services via online social channels. It involve with marketing related activities such as blogging, sharing photos and posts online (Yazdanparast et al., 2016) and consists of tools, platforms and applications that enable customers connect and communicate with each other (Pinto and Yagnik, 2017).

The impact of social media marketing on brand equity has been studied by several studies (Naveed, 2012). According to those findings social media has been identified as an influence on brand image rather than the traditional media which focus on brand awareness. Further, as an element in the communication mix, social media has a significant impact on brand equity (Godey et al., 2016), the relationship between SMM and BE has been tested. In this study the brand equity has been measured based on Keller's brand equity components. Accordingly, brand awareness and brand image has been considered and the researchers invite future researches to incorporate the other brand equity components as well. Answering this research call this study incorporate the brand equity which is measured by brand awareness, perceived quality, brand associations, and brand loyalty.

### 2.2. Facebook Marketing

Facebook is considered as the most popular and widely used network among other social media networks (Escobar-Rodríguez and Bonsón-Fernández, 2017). In America 30% of perusing time is represented by Facebook while it is only 11% for Good and YouTube together (Pemberton, 2017). Its massive number of users encourages business firms to use it in order to reach their target customers. Thus 92% companies worldwide currently use Facebook as a marketing tool (Escobar-Rodríguez and Bonsón-Fernández, 2017). Having presence in Facebook is important for business as a quarter of social media users follow their favorite brands on this platform.

A quarter of online social media users follow their favorite product or brand in their social network. Among them 80% of them follow the company or brand pages on Facebook. Therefore, having presence on Facebook makes brands discoverable and connected (Pinto and Yagnik, 2017).

Using Facebook to achieve business objectives is called Facebook marketing (Ahmed and Ibrahim, 2016). In this approach two drivers can be identified as firm-led drivers and customer centric drivers. In firm led approach firms actively use this platform to reach and engage with their customers and invite potential customers to experience the product. In customer centric approach customers brand involvement and self-congruity work on this platform. Self-congruity means a customer engage with a brand in order to present their self-identity (Pinto and Yagnik, 2017).

Managing Facebook marketing is something which need to be done cautiously. As the first the motive behind the Facebook use of customers and marketers goes on different directions. While marketers use it for the purpose of selling, customers use it to connect with people. It creates ineffectiveness. In addition to that, due to the speedy communication via Facebook, customers always looking for fresh information. Thus it becomes very important to keep the brand live and relevant for customers. Further there is a consistent threat that the brand image could be diluted in one second. Therefore, marketers need to be careful in terms of tone,

language and humility in their Facebook promotions (Pinto and Yagnik, 2017).

### 2.3. Facebook Marketing Activities of Fashion-Wear Retailers

Fashion retail industry is an industry which is highly value added basing on high brand assets (Godey et al., 2016). For the purpose of developing the brand assets leading fashion-wear retailers increasingly use social media marketing. In UK haute look, Lacoste and banana republic are three leading players who practice social media effectively (Hemani, 2016). In Sri Lanka increasing trend is visible in the brands like Kelly Felder, fashion market.lk, Gflock and spring and summer. As Facebook consists fan base much more than a fashion magazine holds, these retailers find wider market coverage on this platform (Indivik, 2011). In that sense it replaces the traditional communication and largely impact on consumer buying decisions (Yazdanparast et al., 2016).

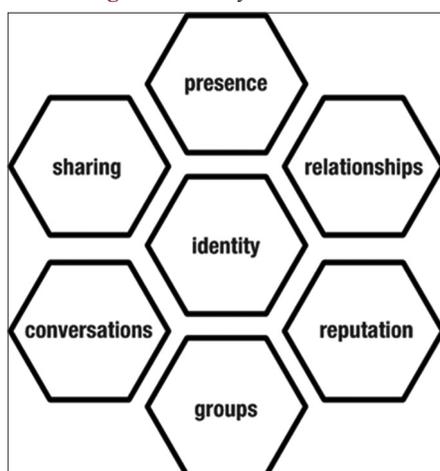
The signs that Facebook is becoming a trustworthy source is visualizing by the statistics which shows number of customers who are looking for friends recommendations on Facebook before making their purchase decision. Therefore, Facebook can be considered as an appropriate platform to develop customer preference towards a brand (Godey et al., 2016). It allows retailers to “showrooming” their offerings and facilitate customers to compare them with competitive offering before they actually purchase them (Ahlam, 2013).

Apart from the above evidences, there are a large amount of studies worldwide studied the impact of social media marketing on value generation such as word-of mouth, customer engagement, sales, and brand awareness (Ahmed and Ibrahim, 2016). However, there is a little awareness on the use of social media on a Facebook (Kambrugamuwa, 2015).

### 2.4. Honeycomb Model

The honeycomb model has been introduced to the world by Smith (2007) (Figure 1). He has adapted Morville’s user experience honeycomb model to the social media context. In this model

Figure 1: Honeycomb model



Source: (Smith, 2007)

seven social media building boxes can be identified as identity, presence, relationships, conversations, groups, reputation and sharing. These elements do not work equally in all the social media platforms. However, most of them have at least three or more (Smith, 2007).

Table 1 summarizes the each social media function in the honeycomb model.

A following study conducted by Kietzmann et al. (2011) found out that there is a dearth of understanding about social media marketing constructs. To fill this void in literature they have conducted a study explaining the implication of each social media marketing building blocks. The findings of this study supported the view of Smith (2007) and found of different platforms struck careful balance among different blocks of honeycomb model (Figure 2).

As presented in the Figure 2, the building blocks of identity, presence, conversations, reputation and relationships are considered as the important elements for Facebook marketing. Among them relationships shows the highest importance. A later study conducted by Kietzmann et al. (2012) found out that “presence” element is important for platforms like Skype, MSN, viber but, has less importance for LinkedIn, Facebook and YouTube. Thus, “presence” element has been omitted from the study.

### 2.5. Consumer Based Brand Equity Dimensions

Brand equity is one of most important assets in a business firm. The history of brand equity goes back to the era of 1980s (Hilal and Mubarak, 2016) and researches on brand management and consumer behavior has been started in 1990s. Among the vast amount of researches on brand equity, studies conducted by David Keller and Aaker are prominent. Keller (2013) defined consumer based brand equity as “the differential effect that brand knowledge has on consumer response to the marketing of that brand.” He has identified brand image and awareness as the components of brand equity. However, Aaker bears slightly different idea to Keller and identified four brand equity components as brand awareness, perceived quality, brand associations, and brand loyalty. These four assets create value for both company and customers (Aaker, 1991). Considering the past literature, the Aaker’s components can be identified as the most common dimensions to measure the brand equity (Karamian et al., 2015). Table 2 summaries the each components of customer based brand equity.

Based on the above review the conceptual model is developed as follows (Figure 3).

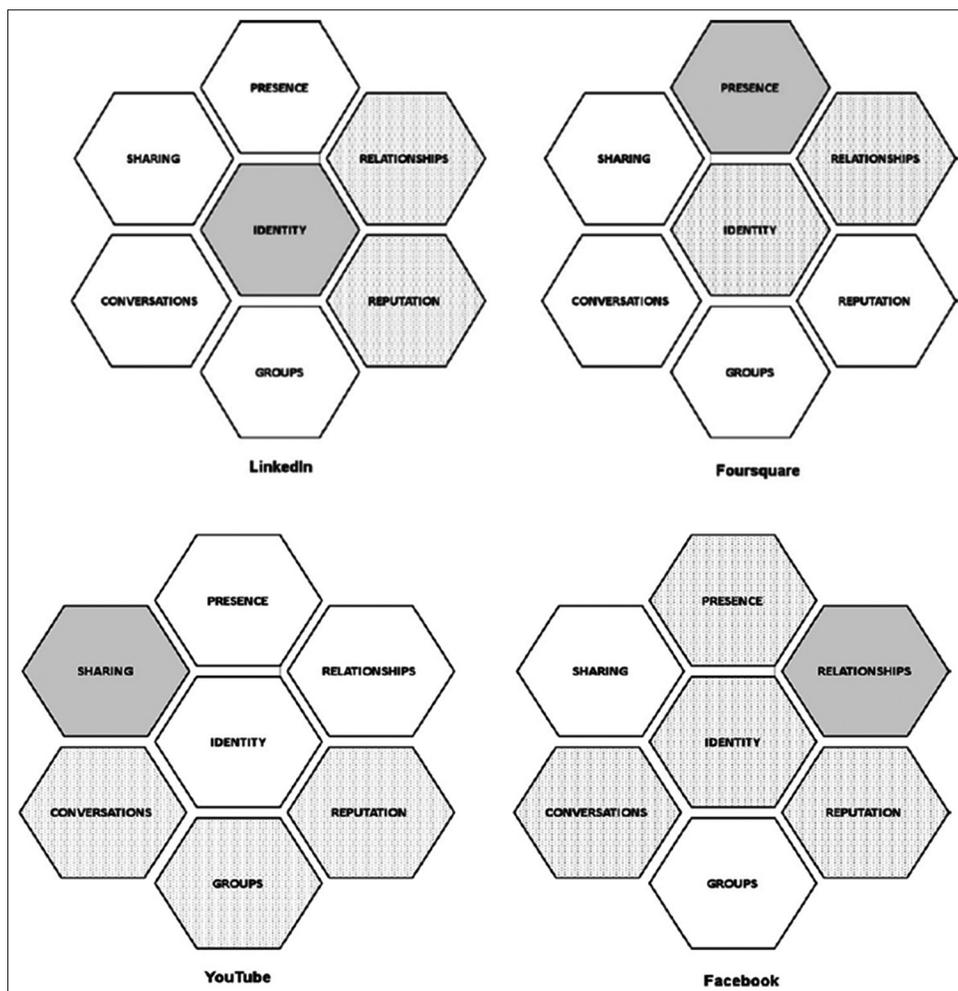
### 2.6. Significance of the Study

Despite the popularity of social media the number of studies which explore the implication of social media for brand equity creation is still very few in Academies (Ahmed and Ibrahim, 2016). This study brings together the brand management literature and the social media theory in a business context. In doing so, this study offer a new structured model based on theory that would enhance the knowledge on the relationship between FM and BE.

**Table 1: Summary of honeycomb model**

Social media functions	Definition	Reference
Identity	The extent to which individuals or organizations make their identity public by disclosing personal or corporate information (i.e., name, age, gender, profession, location) in a social media setting	(Babac, 2011)
Interaction/conversation	The degree to which each individual communicate with one another in a social media setting	(Kietzmann et al., 2011)
Sharing	The extent to which an individual ex-changes, distributes and receives content in a social media setting	(Kietzmann et al., 2011)
Presence	The extent to which social media user can know if other users are accessible. It includes knowing where the other users available and their location	(Kietzmann et al., 2011), (Babac, 2011)
Reputation	The extent to which each individual is able to identify one’s relative position (including one’s own position) in the society in a social media setting	(Babac, 2011)
Relationship	Relationship in honeycomb model represents nature of association formed between individuals	(Kietzmann et al., 2011)
Groups	The extent to which each individual can form communities and sub-communities in a social media setting. The more social’ a network is, the higher the number of groups, communities, followers and contacts	(Kietzmann et al., 2011), (Babac, 2011)

**Figure 2: Contrasting the functionalities of different sites**



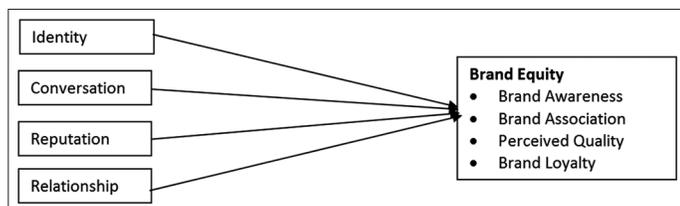
Source: (Kietzmann et al., 2011)

Fashion retailing is one of rapidly growing sector in Sri Lanka especially due to the peaceful environment in the country and growing per capita

income. The heated competition among the fashion retails generates a necessity to use innovative tools in their brand development.

**Table 2: Summary of customer based brand equity**

Brand equity factor	Definition	Reference
Brand awareness	The extent to which customers' ability to recognize or recall that a brand is a member of certain product category	(Aaker, 1991)
Brand association	Anything, including attributes of a product/service, reputation of a company, and characteristics of product/service users, which linked in consumer memory to a brand	(Aaker, 1991) (Yoo, et al., 2000)
Perceived quality	Customers' overall impression on the products or services comes under a particular brand name	(Aaker, 1991) (Yoo et al., 2000)
Brand loyalty	The extent to which customer declare that they have bought a particular brand or will be buying in future. Customers' commitment to buy again or support particular product or service constantly in the future	(Godey et al., 2016) (Shekhar et al., 2013)

**Figure 3: Conceptual model**

Source: Author

### 3. SUMMARY

This article provides an introduction to the topic, the problem that being addressed in this research, objectives, overview of literature pertaining to the scope of this research. Then it explains how academic and empirical evidences are used to develop the conceptual model which explains the relationship between social media marketing and brand equity. This leads to the formation of the model and the hypothesis.

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