

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. Perceived Social Media Marketing**

Social media marketing is “a broad category of advertising spending, including advertising using social network, virtual worlds, user-generated product reviews, blogger endorsement, RSS feeds of content and social news sites, podcasts, games, and consumer generated advertising” (Tuten, 2008, p. 9). Social media marketing shall be defined as “a social and managerial process by which individuals and groups obtain what they need and want through” (Kotler, Bowen, & Makens, 2003, p. 30) a set of Internet-based applications that enable interaction, communication, collaboration of user-generated content and hence, sharing of information such as ideas, thoughts, content, and relationships (Chan & Guillet, 2011).

Weinberg (2009) has defined social media marketing as the process that empowers individuals to promote their websites, products, or services through online social channels and tap into a much larger community that may not have been available via traditional channels.

Hafele (2011) believes that social media marketing can be used by marketers to reach target customers by spreading messages to their personal contacts. According to Hafele (2011) social media marketing has increased trust in mass marketing and mass-communication and has made dissemination of information possible. Furthermore, Hafele (2011) adds that this new form

of marketing and outreach has enabled marketers to develop new tools and improve businesses.

Social media activities of brands give an opportunity to reduce misunderstanding and bias toward brands, and to elevate brand value by creating a platform to exchange ideas and information among people online (Kim & Ko, 2012).

## **2.2. Brand Consciousness**

Brand consciousness refers to the mental orientation to select products that are well-known and highly advertised brand name (Sproles & Kendall, 1986). Consumers often express personal characteristics and preferences through brand (Manrai *et. al.*, 2001). Those consumers with high levels of brand consciousness tend to buy more expensive and well-known brands (Sproles and Kendall, 1986 cited in Liao and Wang, 2009). They use the brands as symbols of status and prestige (Jamal and Goode, 2001 cited in Escalas and Bettman, 2005). They gain confidence in constructing their own self-identity and present such an identity to others (Wang et al., 2009). Therefore, they are willing to pay a price premium for a well-known brand's product (Sproles and Kendall, 1986 cited in Liao and Wang, 2009).

According to Jamal and Goode (2001) cited in Ye *et al.* (2012), explained that consumers with high level of brand consciousness believes brands represent status and prestige so consumers more likely to buy expensive and high brands status. Sproles and Kendall (1986) studied American consumers' purchase decision styles and divided them into eight types. Among these,

consumers who choose more expensive national brands that have advertisement and high publicity were labeled “brand conscious.” Nan and Heo (2007) further defined brand consciousness as an individual trait characterized by the degree to which a consumer is oriented toward buying well-known branded products. Therefore, people who have brand consciousness will appreciate information about the latest fashions and trends along with brand media and celebrity (Keum *et. al.* 2004). Another perspectives of brand consciousness by Ye *et. al.* (2012), brand consciousness is mental orientation to select a product that has a well-known and highly advertised brand name.

### **2.3. Value Consciousness**

Value consciousness has been defined as “a concern for paying low prices, subject to some quality constraint” (Lichtenstein, Netemeyer, & Burton, 1990, p. 56). The definition qualifies the technical notion of value as the ratio of quality to price with a quality constraint, acknowledging the fact that for some consumers a certain quality might be beyond their requirements (Lichtenstein, Netemeyer, & Burton, 1990). Prior research shows that, compared with consumers in developed markets, consumers in emerging markets tend to be more value conscious and price sensitive because of their relatively lower purchasing power, higher price elasticity of demand, and greater tendency to spend their family savings rather than buy on credit (Brouthers & Xu, 2002).

Lichtenstein, Netemeyer, and Burton (1990) found value consciousness to be related to involvement, product knowledge, and price knowledge. Value

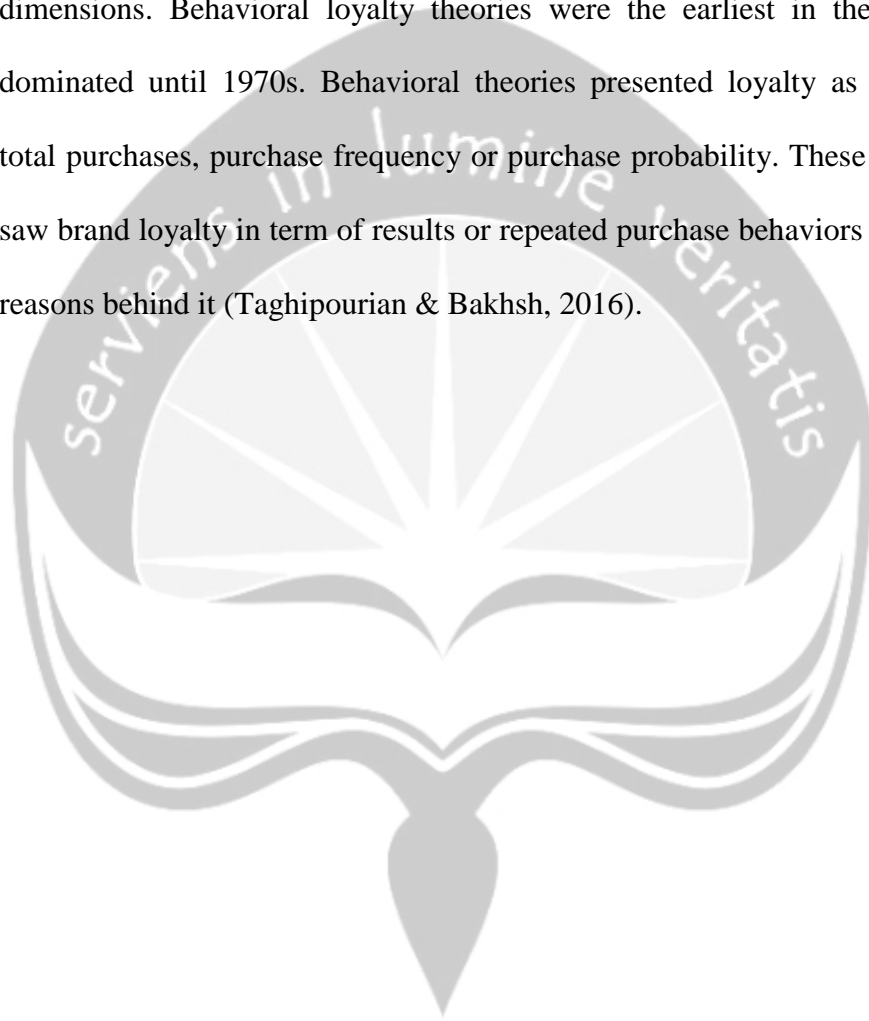
consciousness has also been found to moderate the effect of low price guarantee on consumer post-purchase search intention, such that the effect is stronger when value consciousness is higher (Dutta & Biswas, 2005).

#### **2.4. Brand Loyalty**

Brand loyalty is a repurchase behavior that reflects a conscious decision when the consumer continues to purchase the same brand (Solomon, 2011, p. 646). Schiffman *et. al.* (2010: 468) have expressed brand loyalty as consumers who prefer to purchase or purchase the same brand consistently in a particular product or service category. Purchasing the same brand by customers shows the behavioral aspect of loyalty (Lam *et. al.*, 2004 cited in Jones and Taylor, 2007). Reichheld and Scheffer (2000) have stated that customers who demonstrate behavioral loyalty to a brand are skilled for acquiring new customers beyond they have low price sensitivity and they purchase more. Positive sharing about the brand by customers, recommending the brand to the potential customers and encouraging them to purchase it can be listed as attitudinal aspect of the loyalty. Bloemer *et. al.* (1999) have stated that loyalty also has a cognitive aspect as well as being the first to come to mind and price tolerance.

Brand loyalty is a positive feeling shown by the customers towards a brand and a strong dedication to make efforts in purchasing the products/services of the same brand over the time repeatedly, despite of the competitors' offers or any change in the overall business environment (Liu, 2007). Pettinger (2012) defines brand loyalty as a process where consumers

show strong preference for a particular brand and its products against other brands. There are different approaches presented by the researchers relating to brand loyalty, confirming the evolution of loyalty over the period of time. This evolution involves different interpretations regarding brand loyalty and its dimensions. Behavioral loyalty theories were the earliest in the field and dominated until 1970s. Behavioral theories presented loyalty as a share of total purchases, purchase frequency or purchase probability. These researches saw brand loyalty in term of results or repeated purchase behaviors rather than reasons behind it (Taghipourian & Bakhsh, 2016).



## 2.5.Previous Research

Table 2.1  
Previous Research

TITLE, AUTHOR (year)	PURPOSE	HYPOTHESIS	VARIABLE	RESEARCH METHODOLOGY	RESULTS	MANAGERIAL IMPLICATION	LIMITATION AND DIRECTION FOR FUTURE STUDIES
<ul style="list-style-type: none"> <li>The influence of perceived social media marketing activities on brand loyalty</li> <li>Ahmed Ragedi Ismail (Year 2017)</li> </ul>	<p>The purpose of this paper is to investigate the impact of social media marketing activities on brand loyalty, value consciousness and brand consciousness.</p>	<p><b>H1.</b> Perceived Social Media Marketing Activities → Brand Loyalty</p> <p><b>H2.</b> Perceived Social Media Marketing Activities → Brand Consciousness</p> <p><b>H3.</b> Brand Consciousness → Brand Loyalty</p> <p><b>H4.</b> Perceived Social Media Marketing Activities → Value Consciousness</p> <p><b>H5.</b> Mediation Effects of Brand Consciousness</p> <p><b>H6.</b> Mediation Effects of Value Consciousness</p>	<ul style="list-style-type: none"> <li>Perceived Social Media Marketing Activities</li> <li>Value Consciousness</li> <li>Brand Consciousness</li> <li>Brand Loyalty</li> </ul>	<p>346 valid questionnaire surveys was collected using seven point Likert scales.</p> <p>To analyze data, structural equation modeling with AMOS 17.0 and maximum likelihood estimation is used.</p>	<p>The findings of this study confirmed that perceived social media marketing activities will assist marketers in conceiving brand loyalty, brand consciousness and value consciousness. Therefore, the study concluded that perceived social media marketing activities is effective tool developing relationship with customers and building brand loyalty within the social media-based brand community.</p>	<p>In a nutshell, the social media marketing is good strategy for brand consciousness. It is considered as an informative tool for customers to get up-to-date details about the products. This study also yields a new insight into how perceived social media marketing activities influence value consciousness consumers.</p>	<p>Future research should further compare the impact of traditional media marketing and social media marketing and identify which media exert a stronger impact on the study variables.</p>

**Table 2.2**  
**Previous Research**

TITLE, AUTHOR (year)	PURPOSE	HYPOTHESIS	VARIABLE	RESEARCH METHODOLOGY	RESULTS	MANAGERIAL IMPLICATION	LIMITATION AND DIRECTION FOR FUTURE STUDIES
<ul style="list-style-type: none"> <li>Influence of social media marketing communications on young consumers' attitudes</li> <li>Rodney Graeme Duffett (Year 2017)</li> </ul>	<p>The purpose of this paper is to examine the influence of interactive social media marketing communications on teenagers' cognitive, affective and behavioral attitude components in South Africa.</p>	<p><b>H1</b> Social Media Marketing Communication → Young Consumer's Attitude</p> <p><b>H2</b> Usage Variable's Effect → Young Consumer's Attitude</p> <p><b>H3</b> Demographic Variable's Effect → Young Consumer's Attitude</p>	<ul style="list-style-type: none"> <li>Social Media Marketing Communication</li> <li>Young Consumer's Attitude</li> <li>Usage Variable's Effect</li> <li>Demographic Variable's Effect</li> </ul>	<p>A survey was used via three self-administered questionnaires, which collected 13,462 respondents in the age range of 13-18 years (Generation Z cohort) at colleges and high schools in South Africa. A generalized linear model was used for statistical data analysis.</p>	<p>The study ascertained that social media marketing communications had a positive on each attitude component among adolescents, but on a declining scale, which correlates to the purchase funnel<sub>4</sub>.</p>	<p>Companies and their brands should consider using and/or adapting their strategies based on the declining impact of social media marketing communications on the hierarchical attitude stages among young consumers and the divergent influence on usage and demographic variables when targeting the lucrative and technologically advanced, but capricious, Generation Z consumers.</p>	<p>Social media was collectively analyzed and did not consider the number of different social media types, which could be examined individually. This investigation only considered the Generation Z cohort, but other cohorts to attitudes toward social media marketing communications could also be assessed.</p>

Table 2.3  
Previous Research

TITLE, AUTHOR (year)	PURPOSE	HYPOTHESIS	VARIABLE	RESEARCH METHODOLOGY	RESULTS	MANAGERIAL IMPLICATION	LIMITATION AND DIRECTION FOR FUTURE STUDIES
<ul style="list-style-type: none"> <li>Does social media marketing enhance impulse purchasing among female customers case study of Jordanian female shoppers</li> <li>Mohammad Fahmi Al-Zyoud (Year 2018)</li> </ul>	<p>The current research study aims at examining the role that social media marketing played among individuals in Jordan, precisely females and how it increased their impulsive purchasing of items through a social media platform.</p>	<p><b>H</b> Social media marketing → Impulse Buying Behaviour</p> <p><b>Ha</b> Social media marketing → Hedonic Motivation</p> <p><b>Hb</b> Social Media Marketing → Website Quality</p> <p><b>Hc</b> Social Media Marketing → Trust</p> <p><b>Hd</b> Social Media Marketing → Situational Variable</p> <p><b>He</b> Social media marketing → Variety Seeking</p>	<ul style="list-style-type: none"> <li>Social Media Marketing</li> <li>Impulse Buying Behaviour</li> <li>Hedonic Motivation</li> <li>Website Quality</li> <li>Situational Variable</li> <li>Variety Seeking</li> </ul>	Through the quantitative approach, and using the questionnaire as a tool, the researcher distributed the tool on total of (400) female individuals forming a convenient sample of the study.	<p>The results of the analysis indicated that social media marketing had an influence on impulsive purchasing behavior among shoppers noting to the variable of variety seeking which presented through the social media platforms.</p>	<p>Result of this study also reveals the need for online companies in Jordan to engage online shoppers and offer them the opportunity for discussion amongst themselves via social media platforms. This would allow customers to socialize and engage in impulse buying. Online impulse buying is strongly influenced by social shopping in Jordan social commerce environment. When shoppers socialize, they purchase good from online shops without thinking.</p>	<p>The finding of the present study suggests that marketers should acknowledge and respond to the increasing importance of social media sites because they influence the purchase intention of customers and influence female customers to engage in impulse buying.</p>



**Table 2.4**  
**Previous Research**

TITLE, AUTHOR (Year)	PURPOSE	HYPOTHESIS	VARIABLE	RESEARCH METHODOLOGY	RESULTS	MANAGERIAL IMPLICATION	LIMITATION AND DIRECTION FOR FUTURE STUDIES
<ul style="list-style-type: none"> <li>The influence of social media marketing activities on customer loyalty</li> <li>Mayank Yadav</li> <li>Zillur Rahman</li> <li>(Year 2017)</li> </ul>	<p>The purpose of this paper is to examine the impact of perceived social media marketing activities (SMMAs) on customer loyalty via customer equity drivers (CEDs) in an e-commerce context.</p>	<p><b>H1.</b> Perceived Social Media Marketing Activities → Value Equity</p> <p><b>H2.</b> Perceived Social Media Marketing Activities → Brand Equity</p> <p><b>H3.</b> Perceived Social Media Marketing → Relationship Equity</p> <p><b>H4.</b> Value Equity → Customer Loyalty</p> <p><b>H5.</b> Brand Equity → Customer Loyalty</p> <p><b>H6.</b> Relationship Equity → Customer Loyalty</p>	<ul style="list-style-type: none"> <li>Perceived Social Media Marketing Activities</li> <li>Value Equity</li> <li>Brand Equity</li> <li>Relationship Equity</li> <li>Customer Loyalty</li> </ul>	<p>The study surveyed 371 students from a large university in India. The data were analyzed via confirmatory factor analysis and the research hypotheses were examined using SEM.</p>	<p>The study revealed three key findings. First, perceived SMMAs of e-commerce comprise five dimensions, namely, interactivity, informativeness, word-of-mouth, personalization and trendiness. Second, perceived SMMAs of e-commerce have significantly and positively influenced all the drivers of customer equity (CEDs). Third, the CEDs of e-commerce exhibit a significant and positive influence on customer loyalty toward the e-commerce sites.</p>	<p>This study will help e-commerce managers to boost customer loyalty toward three-commerce sites through perceived SMMAs.</p>	<p>Future study should</p> <ul style="list-style-type: none"> <li>validate its finding in various other industrial context</li> <li>examine the effect of SMMAs on customer loyalty via relationship quality</li> <li>include both student and non-student samples to overcome bias generated by interview method and enhance the generalizability of the study</li> <li>Acknowledging the perceived SMMAs impacts on cognitive and affective states of consumers, what happens to loyalty in negative situations (negative reviews, negative WOM, etc.)</li> </ul>

## **2.6. Hypothesis Development**

### **2.6.1. The Effect of Perceived Social Media Marketing Activities on Brand Loyalty**

There are two functions of Social media networks related to promotion, those are; allowing companies to talk to consumers and allowing consumers to talk to each other (Mangold & Faulds, 2009). According to previous research finding, consumers believe social media to be a more trustworthy source than traditional corporate-sponsored communications, such as commercials and radio and magazine advertisements, showing that the use of social media can help to create a more authentic image for a brand (Mangold & Faulds, 2009). Duffett (2017) also stated that social media marketing communications have a significant influent on customer attitudes.

In displaying their loyalty behaviours, customers can be promoters of a company's brands and services (Morgan & Hunt, 1994). Organizational identification research indicates that customer have a tendency to purchase more and recommending company's product more, when they identify with a company (Gruen, 2005). In this sense, social media is considered efficient to interact with current and potential customers for businesses to develop a positive brand image (Halligan & Shah, 2009).

Ultimately, if a consumer responds favorably toward a company's advertisements and promotions through social media, then a

relationship will begin to develop between the consumer and the brand (Fournier, 1998) and consequently, strong consumer-brand relationship in social media would lead to brand loyalty (Fournier, 1998). Therefore, as (Merisavo & Raulas, 2004) cited in (Ismail, 2017) stated, customers appreciate regular communication from the brand, which can further enhance their brand loyalty. Therefore, the hypothesis are :

**H1 : Perceived social media marketing activities will have a positive effect on brand loyalty.**

#### **2.6.2. The Effect of Perceived Social Media Marketing Activities on Brand Consciousness**

According to Sprotles and Kendall (1986), brand consciousness is the mental orientation of the consumers to go for the products of a brand that is well known and highly advertised. Consumers having a high brand consciousness for a brand believe that the strong brand name and brand image stand for good quality. Due to this high brand consciousness, the consumers are willing to pay premium prices for this particular brand and its products (Shim & Kotsiopulos, 1993). They even express personal characteristics and preferences by choosing a particular brand (Manrai, Lascu, Manrai, & Bobb, 2001).

Buying well-known brands is a good way of reducing risk (Roselius, 1971). Through intensive advertising activities well-known brands accumulate brand equity which consumers perceive as excellent

quality (Aaker, 1996). Moreover, a well executed advertisement will be interpreted by consumers as a signal that the company has confidence in the product's quality (Kirmani & Wright, 1989). Since people who have higher brand consciousness have the tendency to choose well-known brands (Sproles & Kendall, 1986) consumers will choose to buy goods that have high brand publicity.

**H2 : Perceived social media marketing activities will have a positive effect on brand consciousness.**

### **2.6.3. The Effect of Perceived Social Media Marketing Activities on Value Consciousness**

Not all consumers believe that acquiring goods is a driver of happiness and signals of social status. Frugal consumers are more value conscious (Lichtenstein *et. al.*, 1990); they carefully use resources and avoid waste (De Young, 1986, p. 285). Value consciousness is defined as “a concern for paying low prices, subject to some quality constraint” (Lichtenstein, Netemeyer, & Burton, 1990). Value-conscious customers tend to be concerned equally about low prices and product quality (Sharma, 2011). Therefore obtaining goods at lower prices is relatively important than product quality or brand image in purchasing decision (Batra, 1997). Value conscious shopper tend to visit online sites for best offer and price benefit (Goswami & Khan, 2015). Based on Vernuccio *et al.* (2015), social group has important effects on their love for the

brand in term of attachment to the brand, positive effect in response to brand and positive evaluations of brand.

**H3 : Perceived social media marketing activities will have a positive effect on value consciousness.**

#### **2.6.4. The Effect of Brand Consciousness on Brand Loyalty**

Highly brand conscious consumers may buy expensive brands and remain loyal to the brand not because of quality perceptions per se, but because others may perceive them as socially positive due to the high price (Bao & Mandrik, 2004). Hofstede (2003) supported the work of Escalas and Bettman (2005) and stated that the level of brand consciousness will be higher in those consumers who consider social status and prestige as important and relate them with the well-known brands.

**H4 : Brand Consciousness will have a positive effect on brand loyalty.**

#### **2.6.5. The Effect of Value Consciousness on Brand Loyalty**

Finding by Ferreira and Coelho (2015) indicates price conscious consumers likely to be loyal to a brand, they are loyal to lower price brand. Consumers in emerging markets tend to focus on the price of a product, choosing cheaper, local brands for private consumption and

expensive imported brands for public consumption, based on their quality and image (Hu *et.al.*, 2008).

**H5 : Value Consciousness will have a positive effect on brand loyalty.**

#### **2.6.6. The Effect of Brand Consciousness as Mediating Variable on**

##### **Perceived Social Media Marketing Activities and Brand Loyalty**

Based on Alhaddad (2015) advertising gives the good source of meaning and identity for brands by enhancing the image of the brand. Brand conscious consumer will need to be introduced to a brand in order to be loyal toward that brand . Since people who have higher brand consciousness have the tendency to choose well-known brands (Sproles & Kendall, 1986) consumers will choose to buy goods that have high brand publicity.

**H6 : Brand consciousness will mediate the relationship between perceived social media marketing activities and brand loyalty.**

#### **2.6.7. The Effect of Value Consciousness as Mediating Variable on**

##### **Perceived Social Media Marketing Activities and Brand Loyalty**

Value conscious shopper tend to visit online sites for best offer and price benefit (Goswami & Khan, 2015). Social media marketing play roles in facilitating value conscious consumer when they compared products they want to buy. Therefore, value conscious consumer will

find social media as a supporting tool in their loyalty toward a brand they considered valuable.

**H7 : Value consciousness will mediate the relationship between perceived social media marketing activities and brand loyalty.**

### 2.7.Research Framework

