

EFFECT OF SOCIAL MEDIA MARKETING ON BRAND EQUITY OF ONLINE COMPANIES

Satheeka Kavisekera

Cardiff Metropolitan University

Email: sathee.kavisekera@gmail.com

Dr Nalin Abeysekera

Open University of Sri Lanka

Email: nalinabeysekera@gmail.com

Abstract:

Social Media is a prominent marketing tool profoundly used by E-Businesses to draw the attention of the online target audience that could be converted to direct traffic. However, the non-exclusivity of social media has created a unique issue for virtual enterprises that are entirely depending on digital media. The main emphasis of this study is to appreciate the significance of Social Media Marketing in promoting the Brand Equity of E-Commerce enterprises. The empirical study is based on Kapruka.Com; Sri Lanka's largest online gift shop with the aim of identifying the casual relationship between social media marketing and brand equity. An online questionnaire has been employed to collect the data during the survey. Evident by findings, there is a significant relationship between social media marketing and brand equity of online companies. The study contributes to the marketing practitioners in terms of enhancing the brand value by identifying and exploiting the main attributes of social media marketing.

Keywords: Brand Equity, Social Media Marketing, Online Brand Community, E-Word-of-Mouth

1. Introduction

Despite of the nature of the business; brand communications is of essence as it enhances the brand equity leading to higher customer preference and purchase intention by the target group. Accelerated by sophisticated devices, digital media has substantially changed the communication atmosphere between the companies and customers. According to Lang (2010), an average user spends one third of their online surfing time on social media. However, the increasing presence of brands on social, challenges the virtual outfits that are exclusively depending on digital media. They are bound to outperform both the incremental numbers of E-

Commerce enterprises as well as non-online companies that are promoting their brands on social media.

Loops Solutions (2014) testified that there were 1.7 Mn. total online brand interactions with approximately 85% users follow over 15 brands on social. The prevailing scenario has resulted in external brand repercussions for E-Businesses to distinguish itself from the rest of the brands. According to Cook (2014), creating a critical mass on social which is self-sustaining and driving online traffic is complex particularly in an environment where the fans are louder about negative experiences (Bambauer and Mangold, 2010). Therefore, the question remains as to which extent

social media marketing contributes to the brand equity of online companies.

2. Conceptual Foundation

The recent emergence of social media marketing activities has renewed the subject of brand equity. The following section will explore the literature related to the topic and appraise the framework that combine social media marketing with brand equity to conceptualize the study.

2.1 Brand Equity

Brand Equity is 'a set of assets and liabilities linked to a brand, its name and symbol that adds or subtracts from the value provided by a product or service to its customers that is reflected through Brand Awareness, Brand Loyalty, Brand Association and Perceived Quality' (Aaker, 1991). Tuominen (2010) claims that brands can imply status, enhance image and augment lifestyle that helps the company to distinguish itself in the market. The basic notion here is that brands reside in the cognitive domain of the consumer which could be changed or controlled by marketers (Keller, 1993). According to Heding, T. et al (2009, p.86), there exists a linear interaction between the sensory content (input), consumer and brand choice (output).

Thus, the Customer-based Brand Equity is the differential effect on brand knowledge on consumer responses to the marketing of the brand. A brand is set to have a positive (negative) customer-based brand equity when consumers react more (less) favorably to an element of the marketing mix than they do to the same marketing mix elements when it is attributed to a factious named or unnamed product or a service' (Keller, 1993, p.1). Therefore, the strategic importance of customer-based brand equity is its ability to command premium prices, customer acceptance of more brand extensions and constant search of

the brand in new distribution channels (Keller, 1998).

2.2 Social Media Marketing

Social Media Marketing involves 'a group of internet based applications that is build on the ideological and technological foundation of web 2.0 that allows creation and exchange of user generated content' (Kaplan and Haenlein, 2010). It is the most influential marketing tool that has evolved within a shorter period and owns thousands of connections who are exposed to marketing activities regardless of time bounds or regions (Lipsman et al., 2012).

The distinctiveness of social media marketing is the User Generated Content in oppose to traditional media which relies on Firm Created Content (Bruhn et al., 2012). Therefore, the impression management is imperative for companies using social media marketing since it is dominated by user generated content. Muniz (2005) describe social media impressions as externally focused activities that enhance the brand value by sharing favourable stories in a way that it also encourages peers to use the brand. Kozinets et al. (2010) suggests consumers have different motives to manage these impressions.

Tempted by the successful execution of promotional campaigns, majority of companies join social media (Hanna et al., 2011) that connects businesses with the end customers (Kaplan, 2010). Certain literature argues that social media and brand equity should be looked through relationship marketing lens (Lee, 2014). Accordingly, Dutta (2010); Barwise (2010); Babac (2011) agrees that social media has a direct impact on brand and customer. Different social media networks could be categorized in different methods. Socialbakers (2014) list out the popular social networks based on the number of daily active users Facebook (936 Mn.),

LinkedIn (345 Mn.) and Twitter (316 Mn.). According to Flanagan (2012) a single social media user is constantly exposed to various messages from numerous brands and channels. However, Brito (2011) argues customers do not go through all the content; instead, they filter irrelevant information.

2.3 Importance of Social Media Marketing

Social media has outstripped traditional means by providing an array of benefits for the marketers (Owyang, 2009). It has enabled consumers to move beyond passive recipients of traditional advertisements to more influential activists on social (Park et al, 2010 p.4).

Brands that are on social media are preferred by consumers since it provides sufficient content for those who use that as a service channel and information source (Leggat, 2010). Social media enhances information processing ability, increase confidence in purchase decision, increase satisfaction due to the merit of brand name (Bulearca, 2010). It strengthens the brand knowledge in the minds of the target audience and signals the substance of the brands where it is being selected as one of the options (Aaker, 1991; Keller, 2003). The unique opportunity created by social media is that it forms strong ties with highly devoted customers (Anderson, 2005) gain valuable customer insights (Hippel, 2005) and co-create through close customer interaction that is favourable for the brand (Fournier, 2011).

Goodman (2010), states that speed and level of interaction are the profound benefits of social media. Amongst other marketing power of social media includes; the ability to reach untapped segments (Keller, 2009), disseminate information (Ulusu, 2010) Kim and Ko (2010); (Babac, 2011) effectively in terms of time, cost and reach (Jackson, 2011); (Kaplan and Haenlein, 2010), enhance brand

reputation, reliability and credibility (Fournier and Avery, 2011), positive association and loyalty (Muniz and Schau, 2011); (Kanwar, 2012) could be listed.

In addition, the numerous opportunities provided by the ever increasing number of users (Kaplan and Haenlein, 2012), bridge the brand with wider stakeholders (Watson, 2012) and deliver competitive advantage through increased revenue and profits (Zailskaite-Jakste and Kuvykite, 2013) could be stated as another set of benefits of social media marketing.

2.4 Online Brand Communities and E-Word-of-Mouth

A brand community is a 'social entity consisted of group of admirers of brands who interact with each other in geographical sites or internet-based settings' (Muniz and O'Guinn, 2009; Heding et al., 2009). Today's customers are broadcasting various information, they often act as storytellers and brand ambassadors (Goodman et al, 2011) and communicate on behalf of brands providing greater exposure. It was measured that friends of fans could amplify the number of impressions by 35 times bigger than what companies could achieve in isolation (Lipsmann et al., 2012). This is known as digital tribalism where users on social media share contents from like-minded, longstanding peers of certain social-classes (Schembri et al., (2010); Brown (2011).

Hence, the impact of E-Word-of-Mouth itself is much greater than the traditional media (Kapferer and Kotler, 2008) as customers are increasingly depending on social media to review brands before the actual purchase (Herring, 2008, cited in Lee, 2014, p.61). It is important to understand that once a message is communicated it adds up to the image of the brand creating impressions in customer's mind. The

process is same with the negative experiences (Keitzmann, 2011; Hannah, 2011). Therefore, marketers should shield against negative comments as the E-Word-of-Mouth is cheaper, faster and less controllable (Wojniki and Wilner, 2010); (Zailskaite-Jakste and Kuvykite, 2013).

2.5 Aligning Brand Equity and Social Media Marketing

In an attempt to explore the effect of social media marketing on brand equity, the model depicted in Figure 1, suggested by Lee (2014) is significant in building the conceptual framework for the company in question.

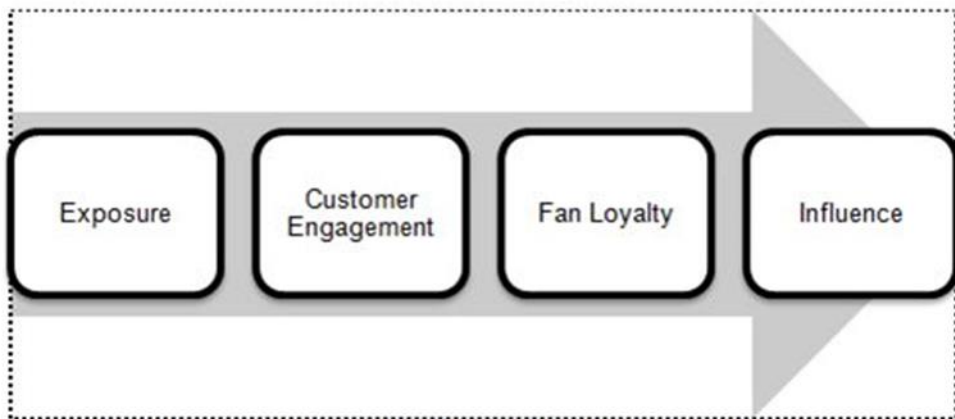


Figure 1: Stages of Social Media Marketing Leading to Brand Equity

Source: Lee (2014), p.61

Lee (2014) implies that in a social media environment, 'Exposure' is the main ingredient that paves the way forward to Customer Engagement, Fan Loyalty and Influence that helps to enhance brand equity. Increased exposure is one of the core benefits of social media that allows the company to improve brand awareness through E-Word-of-Mouth (Hutter, 2013).

If the promotional content is adequately appealing it has the capability to draw the attention of online target audience who tend to share it with peers (Lipsman et al., 2012; cited in Lee, 2014, p.61). Customer engagement takes place when users co-create the brand online, like and share social media contents (Laroche et al., 2013). Companies

leverage on their fans to tap into valuable social intelligence via crowd sourcing (Lee, 2014) enabling long-term customer engagement through the online brand community. Creating fan loyalty is about driving customer to act as brand ambassadors, spread the positive E-Word-of-Mouth which encourage peers to join the online brand community (Ba, 2011). Brand loyalty is the ultimate relationship between the company and customer (Keller, 2008).

Erdogmus and Cicek (2012) verify that once brands create a strong image in the customer's mind they become trustworthy and irreplaceable creating a higher customer-based brand equity.

Influence on social media involves engaging the potential customers through

loyal fans leading to higher purchase choice of consumers. Loyal fans could draw the attention of their peers to like the brand (Algesheimer et al., 2005) spread positive E-Word-of-Mouth for those who rely on reviews during their purchase decisions (Garcia et al., 2012). Therefore, companies should identify the most impactful customers in their E-community who has the ability to defend and strengthen the brand and maintain a good relationship with them (Keitzmann, 2011).

2.6 E-Commerce Industry and Social Media Context in Sri Lanka

Valued at USD 1.5 Bn., Sri Lanka's E-Commerce industry is led by Kapruka.Com followed by Wow.lk, Takas.lk and Mydeal.lk. The business model is fully integrated on internet, where there are 4.8 Mn. internet users in Sri Lanka with an average internet penetration of 16.4 % (Central Bank, 2014). According to Kapferer and Kotler (2008), the internet brands are experiential and relational. The criterion of experiential is fulfilled when customers visit the webpage and experience the online catalogues while relational exposure is achieved by sharing the individual knowledge. Therefore, relying on mass-media to build successful brands is ineffective for virtual companies such as Kapruka. It should use platforms such as social media to reveal the core brand identity in order to gain visibility (Aaker and Joachimsthaler, 2010).

According to JWT (2013), 38% of the Facebook users check their profile 8 times, spent 34 minutes online and visits

17 pages per day while 49 % Sri Lankans spend only one hour watching TV and 28 % read newspapers once a day. In terms of cost per reach social media is the most cost effective method as the cost is as low as 0.0025 cents per reach. Implemented in 2012, Kapruka promotes its brands through social media platforms such as Facebook, LinkedIn, Twitter and Google+ which accounts for over 460,000 fans which has grown by 7, compared to the last quarter (Kapruka, 2016). However, the immediate competitors also hold a powerful fan base which signals a growing phenomenon. According to Socialbakers (2016), Wow.lk posses 317,358 fans, grown by 2,671 followed by Takas.lk (269,806) grown by 9,831 fans and Mydeal.lk (197,320) grown by 2,002 fans. Therefore, the sum of fans represented in Kapruka's online community is not unique to the brand itself. The fans are often exposed to competitor promotional activities that are focused on the same audience.

3. Conceptual Framework

Based on the outgoing literature, the study attempts to validate the corresponding factors of social media marketing and brand equity. Inspired by Lee (2014), the following model has been developed to conceptualize the relationship between the variables. Illustrated in Figure 2; Exposure, Customer Engagement, Fan Loyalty and Influence has been identified as the four independent variables of social media marketing.

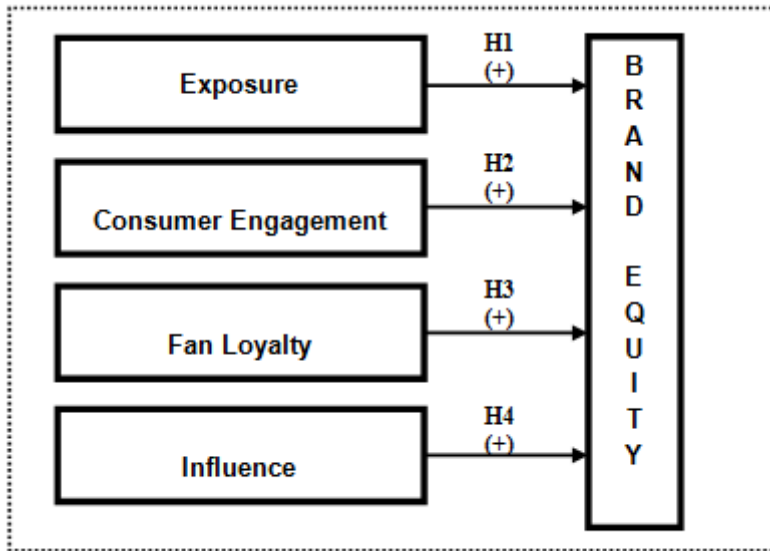


Figure 2: Conceptual Model

3.1 Hypotheses

The entire study is based on the following hypotheses constructed by the authors in order to explore the relationship between social media marketing and brand equity.

Hypothesis 1:

H₁: Higher the Exposure on Social Media, higher will be the Brand Equity.

Hypothesis 2:

H₂: Higher the Customer Engagement on Social Media, higher will be the Brand Equity.

Hypothesis 3:

H₃: Higher the Fan Loyalty on Social Media, higher will be the Brand Equity.

Hypothesis 4:

H₄: Higher the Influence on Social Media, higher will be the Brand Equity.

3.2 Operationalization

The current study will examine the relationship between the two key concepts; social media marketing and brand equity. Therefore, the social media marketing attributes such as Exposure, Customer Engagement, Fan Loyalty and Influence will serve as independent

variables while brand equity represented by Brand Awareness, Brand Association, Brand Loyalty and Perceived Quality will be the dependent variable. Each variable has been operationalized to measure the impact of the key concepts. The measuring levers have been detected through literature.

3.3 Research Methodology

The study has taken a deductive approach of reasoning where the authors have instigated the research by forming hypotheses based on the theoretical framework. Hence, the empirical study is designed to validate each of the above hypotheses developed in the study.

3.4 Population of the Study

The scope of the study is limited to Kapruka's social media activities implemented through Facebook. Therefore, the population in consideration is the Facebook brand community of Kapruka which is consisted of 460,000+ fans which is also the targeted population of the study as they have a considerable affiliation to the online brand.

3.5 Determination of the Sample Size

The researcher has adopted the Simple Random Sampling Method to determine the sample. The probability sampling method supports the quantitative nature of the study and enables the researcher to select a sizeable number of units randomly where the probability of the members included in the sample is relatively high (Teddle, 2007). The sample represented in the study has been selected using the above method that allows an equal chance for Kapruka Facebook fans being included in the sample. As per the Table for *Determining the Sample Size*, the number of units to be included in the sample has been determined as 384 fans generated on a random basis.

3.6 Method of Data Collection

The primary data connected to the independent variables and brand equity related responses of Kapruka's Facebook fans have been collected through an online questionnaire. The questionnaire method enabled the researcher to avoid biasness which could have been caused by the direct impact of the interviewer. The research was swiftly administered by providing easy access to individual members of the sample.

The questionnaire is consisted of three main sections. *Section A* of the questionnaire has 11 questions focused on geo-demographic information of the research participants. *Section B* and *Section C* have four clusters to address each variable related to Brand Equity and Social Media Marketing respectively. The total number of questions of Section B and C was limited to 24 items in order to ensure higher rate of responses and precise feedback from the sample. The researcher has assigned 3 questions to investigate each variable discussed under the operationalization. A standard 1-5 Likert Scale has been used to quantify the

responses varying from 'Strongly Agreed' to 'Strongly Disagreed' (Strongly Disagreed = 1, Disagreed = 2, Neither Agree/Disagree = 3, Agree = 4, Strongly Agree = 5). The questionnaire has been modified based on the pilot survey conducted amongst 20 respondents to suit the sample. The final questionnaire has been distributed amongst 420 participants and a total of 202 completed sets of responses were collected generating a response rate of over 52 % which is adequate to generalize as the declining response rate is a commonly accepted issue (Johnson and Owens, 2003). The analysis of the data drawn from the questionnaire was performed using SPSS (V.23.0).

4. Findings and Analysis

The following section will provide an overview of the geo-demographic profile of the survey respondents, analyze the data related to social media marketing and brand equity to confirm or reject the hypotheses and discuss the key findings of the research.

4.1 Profile of the Respondents

The survey was responded by 202 participants of which 54 % were female and 46 % were male. In terms of the age profile, the majority of 59.9 % belongs to the group of 26-35 Years. In other words, the majority belongs to 'the internet born Gen Y' whose taste, preference and lifestyle is influenced by social media. The linguistic ability is another important indicator that verifies the audience retrieve, interpret and understand the brand messages in the intended manner. The results confirm that more than 190 respondents are conversant in English. The geographical spread of the respondents revealed that over 60 % of Kapruka Facebook audience lives in Urban districts while 33 % and 5 % are from Suburban and Rural areas

respectively. This could be validated as Kapruka is an online brand which requires customers to access internet to associate the brand and the internet penetration is high in the urban districts in Sri Lanka. The level of education and occupation has been used to identify the standard Socio-Economic Classification (SEC) of the respondents. According to the statistics, SEC A Upper Level = 17 %, SEC A Lower Level = 18 %, SEC B = 49 %, SEC C = 3 %, SEC D & E = 2 %. Therefore, the critical mass is represented by middle-level income holders. The social media usage pattern confirms that respondents are also active in other social media networks. With 120 members; LinkedIn is the second most preferred social media platform. The importance of this is that besides Facebook, Kapruka has its presence in other networks including LinkedIn, Twitter and Google which will ultimately provide a greater exposure. It was also disclosed that the majority of 78 % respondents have been using one or more of these social media tools for more than 5 Years. This means that the majority of the respondents is familiar with the basic functions such as Upload, Like, Comment or Share various content and slightly complex digital activities such as Creating Groups and Hashtag conversations etc. which is an

important trigger of customer engagement. Interestingly, over 90 % access their Facebook account at least once a day; hence the exposure of various brands is higher. Notably, over 75 % respondents use their phone to access Facebook. Therefore, it could be suggested that Kapruka's brand content should be mobile friendly. Furthermore, a considerable number of 25 % follow more than 30 brands on social media. This is an unfavourable indication of higher exposure of competitor brands and media clutter among the members of Kapruka brand community.

4.2 Data Analysis

At the outset, the data drawn from the questionnaire related to each variable will be validated for internal consistency. Secondly, it will analyse the linear relationship between social media marketing variables and brand equity. The analysis will be concluded with testing of each hypotheses developed in the study.

4.2.1 Reliability Analysis

The validity of the test items and internal consistency has been measured using Cronbach's Alpha through the value ranges from 0 to 1. According to Table 1, all instruments related to the study have resulted values above 0.6 which denotes satisfactory level of reliability.

Table 1

Reliability Test Results

Variables	Cronbach's Alpha	No. of Items
Brand Awareness	0.661	3
Brand Association	0.767	3
Brand Loyalty	0.802	3
Perceived Quality	0.727	3
Exposure	0.734	3
Customer Engagement	0.809	3
Fan Loyalty	0.767	3
Influence	0.733	3

Source: Survey Data - 2016

4.2.2 Descriptive Statistics

The descriptive statistics of the variables related to brand equity and social media marketing which have been measured on a scale of 1-5 is summarized in the Table 2.

The overall descriptive statistics indicates relatively higher mean value for Brand Awareness (3.54), Brand Association (3.51), Brand Loyalty (3.43) and Perceived Quality (3.78) with

relatively low standard deviation. Therefore, it could be denoted that brand equity is relatively high amongst the respondents. Similarly, the overall descriptive statistics indicates relatively higher mean value for Exposure (3.13), Customer Engagement (3.19), Fan Loyalty (3.10) and Influence (3.18) with relatively low standard deviation. Thus, the majority of the respondents fall into the category of 'Agreed'.

Table 2

Descriptive Statistics

	Mean	Std. Deviation	N
Brand Awareness	3.54	.787	202
Brand Association	3.51	.653	202
Brand Loyalty	3.43	.739	202
Perceived Quality	3.78	.622	202
Exposure	3.13	.828	202
Customer Engagement	3.19	.918	202
Fan Loyalty	3.10	.817	202
Influence	3.18	.777	202

Source: Survey Data - 2016

4.2.3 Correlation Analysis

Pearson Product Moment Correlation Coefficient was used to analyse the possible correlations and quantify the strength of association between social media marketing and brand equity. Table 3 depicts the statistically evidenced results of the correlations between each variable. Derived from the analysis, the corresponding variables of social media

marketing with brand equity denote a strong positive relationship. The statistically significant model is at 0.01 level at 2-tailed confirms that there is a strong positive relationship between Exposure and Brand Equity ($\beta=0.556$, $p<0.01$), Customer Engagement and Brand Equity ($\beta=0.630$, $p<0.01$), Fan Loyalty and Brand Equity ($\beta=0.623$, $p<0.01$), Influence and Brand Equity ($\beta=0.637$, $p<0.01$).

Table 3

Correlation Analysis

	BA	BAS	BL	PQA	BE	EX	CE	FL	IN	SMM
Brand Awareness (BA)		.553**	.525**	.490**	.792**	.578**	.568**	.467**	.429**	.599**
Brand Association (BAS)	.553**		.696**	.661**	.867**	.434**	.523**	.579**	.575**	.614**
Brand Loyalty (BL)	.525**	.696**		.599**	.852**	.427**	.528**	.573**	.577**	.612**
Perceived Quality (PQ)	.490**	.661**	.599**		.810**	.382**	.458**	.450**	.546**	.533**
Exposure (EX)	.578**	.434**	.427**	.382**			.727**	.578**	.510**	.825**
Customer Engagement (CE)	.568**	.523**	.528**	.458**	.630**	.727**		.687**	.628**	.897**
Fan Loyalty (FL)	.467**	.579**	.573**	.450**	.623**	.578**	.687**		.738**	.872**
Influence (IN)	.429**	.575**	.577**	.546**	.637**	.510**	.628**	.738**		.830**
Social Media Marketing (SMM)	.599**	.614**	.612**	.533**	.713**	.825**	.897**	.872**	.830**	
Brand Equity (BE)	.792**	.867**	.852**	.810**		.556**	.630**	.623**	.637**	.713**

**Correlation is significant at the 0.01 level (2-tailed). Source:

Survey Data - 2016

4.2.4 Regression Analysis

Regression Analysis has been used to test the hypotheses and the linear relationship between the variables. Based on the results summarized in the Table 4, each hypotheses could be validated as follows.

H₁: Higher the Exposure, higher will be the Brand Equity.

The resulted Coefficient Determination ($R^2=0.309$) implies a positive effect as 30.9% total variance in brand equity is determined by exposure on social media.

The model is statistically significant at 1 % level of significance. Further, the

Regression Coefficient β is 0.556 is significant at 1 % level of significance ($\beta=0.556, p<0.01$).

H₂: Higher the Customer Engagement, higher will be the Brand Equity.

The resulted Coefficient Determination ($R^2=0.396$) implies a positive effect as 39.6 % total variance in brand equity is determined by customer engagement on social media. The model is statistically significant at 1% level of significance. Further, the Regression Coefficient β is 0.630 is significant at 1 % level of significance ($\beta=0.630, p<0.01$).

Table 4

Regression Analysis			
Hypotheses	Variables	Coefficient β	R Sq.
H ₁	Predictor Variable: Exposure Dependent Variable: Brand Equity	0.556**	0.309
H ₂	Predictor Variable: Customer Engagement Dependent Variable: Brand Equity	0.630**	0.396
H ₃	Predictor Variable: Fan Loyalty Dependent Variable: Brand Equity	0.623**	0.388
H ₄	Predictor Variable: Influence Dependent Variable: Brand Equity	0.637**	0.405
**p<0.01 Two-tailed test		Source: Survey Data - 2016	

H₃: Higher the Fan Loyalty, higher will be the Brand Equity.

The resulted Coefficient Determination (R²=0.388) implies a positive effect as 38.8% total variance in brand equity is determined by fan loyalty on social media. The model is statistically significant at 1% level of significance. Further, the Regression Coefficient β is 0.623 is significant at 1% level of significance ($\beta=0.623, p<0.01$).

H₄: Higher the Influence, higher will be the Brand Equity.

The resulted Coefficient Determination (R²=0.405) implies a positive effect as 40.5 % total variance in brand equity is determined by influence on social media. The model is statistically significant at 1 % level of significance. Further, the Regression Coefficient β is 0.637 is significant at 1 % level of significance ($\beta=0.623, p<0.01$).

In brief, the statistically significant model confirms all the hypotheses to validate that higher the Exposure, Customer Engagement, Fan Loyalty and Influence, higher will be the Brand Equity.

5. Theoretical Reflection on Empirical Evidences

The overall results are conform with similar studies carried out by

Christodoulides and Chernatony (2006) who argue that in an online environment, the factors such as physical delivery, download speed, site appearance, navigation and personal support remain as hygiene factors where as brand managers in today’s context should host their brands in an elevated platform such as social media where the brand value is decided by the recipients.

It was found that all four attributes of social media marketing positively affects the brand equity of Kapruka.com. When examine each factor; the online company could further enhance the customer exposure on social by multiplying the number of impressions leading to enhanced brand awareness. The argument is pertinent with Fournier (2009); Lipsman et al., (2012); Hutter (2013) and Lee (2014) who reconfirms that capital knowledge of brands could be reinforced by higher rate of Likes, Shares and E-Word-of-Mouth. As a result the occurrence of a particular social media content reappearing multiple times as a trending topic could enable the brand content being highly exposed to the target audience.

Customer interaction is the single most important attribute for online companies such as Kapruka.com as it

gives them the brand visibility. Customer-brand engagement supported by positive co-creation stimulates direct online traffic and purchase intention leading to higher brand equity. The argument is supported by Kim and Ko (2013); Lee (2014) who are in the view that social media marketing underpins long-term relationship between brands and customers who attach a greater value to attractive brands. The general functionalities of social media are triggered to increase customer-brand engagement (Laroche et al., 2013) results in higher brand visibility (Aaker, and Joachimsthaler, 2010). Therefore, more positive customer interaction has a favourable effect on the brand (Fournier, 2011).

Fan loyalty accelerates brand equity by creating virtual brand ambassadors within brand communities who endorse and promote the brand among peer groups creating a high level of equity for the brand. McAlexander (2002), validates the argument by calling such brand communities as the 'Holy Grail'. According to Erdogmus and Cicek (2012), loyalty has the power to increase the brand equity as brand communities could create the unique opportunity of connecting the devotees who are frequently communicating positively about the brand. It also reduces the risk of information uncertainty since communication on social is shared and disseminated amongst trusted parties

The loyalists could be influenced positively to enhance brand equity through positive reviews of the brand, draw the attention of the followers and act as advocates to defend the brand during unfavourable circumstances. The argument is supported by Keitzmann (2011) who explain that the cumulative power of influential customers could increase the brand value as followers

heavily rely on certain influencers during their decision making process (Garcia et al., 2012).

6. Conclusion

There is an ongoing debate regarding the impact of social media marketing in promoting the brand equity of E-Commerce enterprises in opposed to brick and mortar companies. It is argued that social media is an essential digital marketing tool that enhances the brand value of virtual enterprises as their target audience is largely represented by the members of social media networks.

The theoretical model of the current study reflects the classical brand equity dimensions of Aaker (1991) and the main attributes of social media marketing introduced by Lee (2014). Underpinned by empirical research data obtained from over 200 survey participants, the study confirms that *Exposure, Customer Engagement, Fan Loyalty and Influence* on social media marketing has a strong, positive effect on brand equity of the online company.

In this new age of marketing, more and more companies are moving towards digital business models. Hence, it is crucial for companies to understand how to compete in the digital marketing domain while improving their social media campaigns that would ultimately add value to the brand.

The paper provides a backdrop for virtual outfits by highlighting the building blocks of social media marketing particularly for E-Businesses and how social media based brand communities and E-Word-of-Mouth deliver incremental brand value to the organisations. The findings of the research could be used by social media marketing practitioners to exploit the important aspects of social media that contributes to the brand equity

and helps to win a greater share of minds of the online audience.

It is suggested that the findings of this study should be viewed in the light of the following limitations.

Although there is an emerging business interest and plethora of literature on the topic of social media marketing and brand equity, there was less evidence of empirical research to confirm the application of the models. It should be also noted that the current study is based

on E-Commerce sector; hence the results should be generalized cautiously. Despite of the limitations, the study paves the way forward for a number of important research topics related to social media marketing. The ultimate objective of brand equity is to persuade customers to purchase the product. Thus, it would be important to research on the Impact of Social Media Marketing on Informed Purchase Decisions of Customers.

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