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Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior

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ABSTRACT

Scant evidence is available on of how social media marketing activities influence brand equity creation and consumers' behavior towards a brand. This research explores these relationships by analyzing pioneering brands in the luxury sector (Burberry, Dior, Gucci, Hermès, and Louis Vuitton). Based on a survey of 845 luxury brand consumers (Chinese, French, Indian, and Italian), who follow the five brands studied on social media, the study develops a structural equation model that helps to address gaps in prior social media branding literature. Specifically, the study demonstrates the links between social media marketing efforts and their consequences (brand preference, price premium, and loyalty). The study measures brands' social media marketing efforts as a holistic concept that incorporates five aspects (entertainment, interaction, trendiness, customization, and word of mouth). Another contribution of the study is that it finds that SMMEs have a significant positive effect on brand equity and on the two main dimensions of brand equity: brand awareness and brand image.

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1. Introduction

The proliferation of social media created a whole new era for companies and brands, forcing them to seek new interactive ways of reaching and engaging their customers (Gallaughner & Ransbotham, 2010; Kozinets, de Valck, Wojnicki, & Wilner, 2010). This quickly expanding marketing channel, which already reaches more than two thirds of all Internet users, provides unparalleled opportunities for brand and reputation building (Correa, Hinsley, & De Zúñiga, 2010; Spillecke & Perrey, 2012). Although social media provide new opportunities and benefits for brand management (Kaplan and Haenlein, 2010), one of the persistent challenges – despite growing scholarly interest – is the difficulty with measuring the impact of social media marketing activities on key brand success measures (Schultz & Block, 2012; Schultz & Peltier, 2013).

Research that examines social media marketing effects from the perspective of branding literature is also still mainly exploratory and lacks empirical studies (Hollebeek, Glynn, & Brodie, 2014). To date,

brand equity has received only limited attention in the context of social media marketing and its effectiveness, despite a few notable exceptions (e.g. Kim & Ko, 2012). This research contributes to prior literature by offering a comprehensive framework that shows how social media marketing efforts influence brand equity and consumer behavior towards five luxury brands in four countries.

The objective here is to systematically and comprehensively examine the influence of social media marketing on consumers' responses through brand equity creation. The objectives of this study are to fill the gaps in previous research and to particularly: (1) measure the relationships between social media marketing efforts, brand equity, and customer behavior towards the brand; (2) evaluate the relative importance of the components of social media marketing efforts (SMMEs) regarding creating brand value and consumer preferences; (3) analyze the main components of brand equity creation in SMMEs; (4) measure the effect of SMMEs and brand equity on creating brand loyalty, brand preference, and on brands' possibility to ask a premium price for their products, and (5) compare the results obtained in the four countries.

This empirical study examines luxury brands that actively adopted and applied social media marketing activities. Prior research shows that marketing communication through social media channels is a promising promotional strategy for luxury brands (Kim & Ko, 2010, 2012; Phan, Thomas, & Heine, 2011; Schwedt, Chevalier, & Gutsatz,

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2012). Luxury brands not only jumped on the social media bandwagon, but also play a pioneering role in the way they use Facebook, Twitter, YouTube, and Instagram (Schwedt et al., 2012).

The study uses a survey to empirically investigate two types of customer populations – French and Italian on one side and Chinese and Indian on the other – of five globally renowned luxury brands. Italy and France represent historical and well-established traditional luxury markets characterized by refined fashion tastes and preferences. China and India have rapidly growing luxury consumer populations who only recently gained access to these kinds of status goods. This study finds that social media marketing has significant positive effects on brand equity and consumer responses, including on brand loyalty, preference, and willingness to pay a premium price. The managerial implications of this study will help marketers to analyze the strengths and potential of their marketing actions.

The study starts with a conceptual framework for social media marketing efforts, brand equity, and customer reactions (Fig. 1). Thereafter, the study describes and justifies the empirical methods and explains the results. A discussion of the implications of the findings for future research and managerial practice concludes the study.

2. Literature review

2.1. Social media marketing efforts

Social media provide marketers with remarkable opportunities to reach consumers in their social communities and build more personal relationships with them (Kelly, Kerr, & Drennan, 2010). Social media have changed the way brand content is created, distributed, and consumed, transferring the power to shape brand images from marketers to consumers' online connections and content (Tsai & Men, 2013).

In the luxury sector, social media seem to play a key role in a brand's success (Phan et al., 2011). For example, Louis Vuitton (LV) posts videos of its catwalk presentations on its Facebook page, giving all LV fans the opportunity to enjoy the show (Kapferer, 2012). Burberry launched an online shopping site for Chinese consumers, offering a 24-hour customer service through online chat systems. The brand also has accounts on Chinese social media sites such as *kaixin001.com* and *douban.com*. Local celebrities send comments to the Burberry account on Weibo (a microblogging service). In January 2012, Burberry had 180,000 Weibo followers, up from 90,000 in early 2011 (Spillecke & Perrey, 2012). Hermès launched *Jaime mon carré* (I love my scarf), a social networking website dedicated to its signature square scarves. The website, which is directly linked to the Hermès Facebook page, shows hip young girls wearing scarves as turbans, ties, belts, bras, and around the neck (Cpp-luxury.com 2013).

Kim and Ko (2012) described luxury brands' social media marketing efforts as comprising five dimensions: entertainment, interaction, trendiness, customization, and word of mouth (WOM). This study examines the social media marketing efforts of different luxury brands from Kim and Ko's (2012) five perspectives.

2.1.1. Entertainment

Entertainment is the result of the fun and play emerging from the social media experience (Agichtein et al., 2008). A hedonic perspective views social media users as pleasure seekers who are being entertained and amused, and who experience enjoyment (Manthiou, Chiang, & Tang, 2013). Various studies present entertainment as a strong motive for social media use (Kaye, 2007; Muntinga, Moorman, & Smit, 2011; Park, Kee, & Valenzuela, 2009). For example, Shao (2009) finds entertainment a strong motivation for consuming user-generated content (UGC). Park et al. (2009) mention that entertainment drives participation in social networks to some degree.

Muntinga et al. (2011) find that social media users consume brand-related content for enjoyment, relaxation, and as a pastime. Courtois, Mechant, De Marez, and Verleye (2009) maintain that relaxation and escapism, which are reasons for seeking entertainment, drive content loading on social media. This study uses a survey to assess whether consumers find luxury brands' social media fun and interesting, and to subsequently measure entertainment.

2.1.2. Interaction

Social media interaction is fundamentally changing communication between brands and customers (Gallaughier & Ransbotham, 2010; Kaplan and Haenlein, 2010). Daugherty, Eastin, and Bright (2008) find that social interaction is an important motivator for creating user-generated content. Social media can offer consumers assistance as well as space for discussions and the exchange of ideas. According to Muntinga et al. (2011), social interaction describes users who contribute to brand-related social media platforms in order to meet like-minded others, interact, and talk with them about specific products/brands.

Zhu and Chen (2015) divide social media into two groups (profile-based and content-based), depending on the nature of the connection and interaction. In particular, profile-based social media focus on individual members. The information/topics are related to the members and the main purpose is to encourage social media users to connect with the specific information/topics. Profile-based social media encourage connection, because they are interested in the user behind the profile (e.g. on Facebook, Twitter, and WhatsApp).

On the other hand, content-based social media focus on the contents, discussions, and comments on the posted content. The main purpose is for the users to connect with the content a certain profile provides (e.g. on Flickr, Instagram, Pinterest, and YouTube) because they like it. Gallaughier and Ransbotham (2010) find that the social media-based customer dialog is more active than ever and they conceptualize this interaction with a megaphone, magnet, and monitor (3-M) framework. The megaphone represents firm-to-customer communication, the magnet represents customer-to-firm communication, and the monitor represents customer-to-customer interaction.

Brands therefore need to post unique content, reflect their members' profile, be active and open in discussions, and helpful with practical matters in order to promote interaction. Creating this relationship can

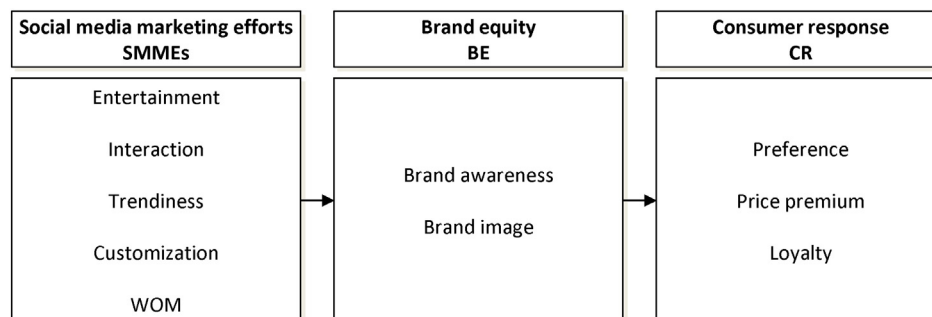


Fig. 1. Conceptual model.

increase credibility and affinity (Manthiou et al., 2013). This study defines interaction as information sharing and opinion exchange with others.

2.1.3. Trendiness

Social media provide the latest news and hot discussion topics (Naaman, Becker, & Gravano, 2011) and are also core product search channels. Consumers more frequently turn to various types of social media to obtain information, as they perceive them as a more trustworthy source of information than corporate-sponsored communication through traditional promotional activities (Mangold & Faulds, 2009; Vollmer & Precourt, 2008).

According to Muntinga et al. (2011), trendy information on social media covers four sub-motivations: surveillance, knowledge, pre-purchase information, and inspiration. Surveillance describes observing, and remaining updated about, one's social environment. Knowledge refers to brand-related information that consumers obtain to profit from other consumers' knowledge and expertise in order to learn more about a product or brand. Pre-purchase information denotes reading product reviews or threads on brand communities in order to make well-considered buying decisions. Finally, inspiration relates to consumers following brand-related information obtaining new ideas – the brand-related information therefore serves as a source of inspiration. For instance, consumers look at images of other people's clothes for ideas about what they want to wear. Given the above discussion, this study defines trendiness in terms of the dissemination of the latest and trendiest information about luxury brands.

2.1.4. Customization

The level of customization describes the degree to which a service is customized to satisfy an individual's preferences (Schmenner, 1986). By personalizing their site, brands can customize and express individuality, building stronger brand affinity and loyalty (Martin & Todorov, 2010). In the social media world, customization refers to the intended audience of the posted messages.

According to Zhu and Chen (2015), there are two types of posts, depending on the messages' level of customization: a customized message and a broadcast. A customized message targets a specific person or a small audience (e.g. Facebook posts). A broadcast contains messages that target anyone who is interested (e.g. Twitter tweets). For instance, Burberry and Gucci make significant use of their online presence by sending personalized messages to individual customers, enabling them to customize and design their own products (Sangar, 2012). This study defines customization as the extent to which social media channels provide a customized information search and a customized service.

2.1.5. Word of mouth (WOM).

Social media associate eWOM with online consumer-to-consumer interactions about brands (Muntinga et al., 2011). Research shows that eWOM has higher credibility, empathy, and relevance for customers than marketer-created sources of information on the Web (Gruen, Osmonbekov, & Czaplewski, 2006). Social media are ideal tools for eWOM, because consumers generate and spread brand-related information to their friends, peers, and other acquaintances without constraints (Kim & Ko, 2012; Vollmer & Precourt, 2008). Jansen, Zhang, Sobel, and Chowdury (2009) study examine the WOM activity regarding brands on Twitter. They find that consumers' posts generate information dissemination processes, which include branding comments, sentiments, and opinions.

According to Chu and Kim (2011), researchers can examine the use of eWOM on social media from three perspectives: opinion seeking, opinion giving, and opinion passing. Consumers with a high level of opinion seeking behavior tend to search for information and advice from other consumers when making a purchase decision. Consumers with a high level of opinion-giving behavior, also called opinion leaders, have a significant influence on consumers' attitudes and behaviors.

Finally, online forwarding is a specific characteristic of eWOM that facilitates the flow of information. The discussion in this paper therefore refers to WOM as the extent to which consumers of luxury brands pass along information and upload content on social media.

2.2. Social media marketing efforts and the creation of brand equity

Economic crises encourage companies to study the links between consumers and luxury brands in greater depth. Consumers buy luxury products for two main reasons: their own pleasure and as symbols of success. Kapferer (2009) maintains that the future of luxury brands depends on a balance between these two motivations. This balance may vary with regard to the studied geographical areas, for instance between countries where luxury goods are traditionally produced and consumed and those where luxury brands are a more recent phenomenon (Kapferer, 2009). In addition, consumers often buy luxury products as gifts. Despite differences in purchasing motivations, the brand is still the main vehicle for connecting with the consumer (Godey et al., 2013). A brand may influence customers' perceptions of and attitudes to it in several ways, including brand awareness, perceptions about image, and preference for this brand.

The development of the brand equity concept resulted in significant changes to the brand concept. The model of brand equity that Keller (1993) proposes is dominant, providing the link between its two dimensions – brand awareness and image. Brand awareness refers to the strength of the brand node, or the trace of this brand in memory, which consumers' ability to identify the brand under different conditions represents (Rossiter & Percy, 1987). That is, brand awareness is the likelihood that a brand name will occur to consumers as well as the ease with which it does so (Keller, 1993). On the other hand, Keller describes brand image as perceptions about a brand which the brand associations in consumers' memory reflect.

In a social media setting, marketing activities enhance customer-based brand equity (Bruhn, Schoenmueller, & Schafer, 2012; Kim & Ko, 2012). According to Mangold and Faulds (2009), social media marketing actions are part of the promotional mix in the new brand communication paradigm. Bruhn et al. (2012) disclose that traditional as well as social media communication have a significant impact on brand equity. While traditional media have a stronger impact on brand awareness, social media communication strongly influences brand image. In the light of this discussion, this study expects the social media marketing efforts of luxury brands to have an impact on brand equity creation.

2.3. Brand equity and consumer response

The way brand equity benefits the company has been subject to extensive debate, just as the discussion of what comprises brand equity and how it can be built with distinct marketing actions (Christodoulides & De Chernatony, 2010). Despite disagreement regarding their relative importance and measurement, most scholars agree that stronger brand equity contributes to increased brand preference, willingness to pay a premium price, and customer loyalty (Aaker, 1991; Keller, 1993, 2003; Keller & Lehmann, 2006). Kim and Ko (2012) reveal that in social media settings brand equity that social media marketing activities create is positively related to future purchase behavior/responses. This study therefore focuses on the influence of brand equity on three important customer responses.

2.3.1. Brand preference

Brand preference means that, given several competing brands on the market, consumers tend to prefer a brand on the basis of what they know and feel about it (Keller, 2003). Brand preference is commonly measured by asking consumers to indicate their favorite brands from a category or selection of brands. Previous studies on luxury brands used specific brand preference scales (Truong, McColl, & Kitchen, 2010; Vigneron & Johnson, 2004).

2.3.2. Price premium

Price premium is probably a potential direct antecedent of purchasing behavior, according to Netemayer et al. (2004), who define willingness to pay a premium price as the amount customers are willing to pay for their brand rather than another.

2.3.3. Brand loyalty

Jacoby (1971) describes brand loyalty as a decision-making unit's biased (non-random) behavioral response (purchase) over time regarding one or more alternative brands out of a set of brands and as a function of psychological processes. The luxury literature sees brand loyalty as the extent to which consumers declare they have bought a particular brand or will be buying it in future.

2.4. Influence of social media marketing efforts on consumer responses

Social media are the right platforms to find information for developing preferences about products/brands (Naylor, Lamberton, & West, 2012). For instance, in the hotel industry, customer ratings have a strong effect on customers' preferences regarding which hotel to book (Verma, Stock, & McCarthy, 2012). A study published by eMarketer.com shows that 81% of teenage girls use their friends and peers as a source of trend information, while 45% seek the opinions of the same groups when deciding which clothes or footwear to purchase. These groups therefore influence consumer preferences (eMarketer, 2010). Social media become social commerce platforms where consumers pay to buy products directly from these social channels (Anderson, Sims, Price, & Brusa, 2011; Tuten & Solomon, 2015). For example, Dell Outlet has already sold products worth \$6.5 million through its Twitter feed (Anderson et al., 2011).

In addition to the easy direct payments, social media activities cement customers' relationships with the brand, the product, the company, and other customers. According to Laroche, Habibi, and Richard (2013), these stronger relationships enhance loyalty. Based on this discussion, this study expects luxury brands' marketing efforts on social media to have a direct impact on consumer responses, such as their preference, price premium, and loyalty.

3. Method

The objective of this study is to investigate the influence of social media marketing efforts on brand equity creation and consumer behavior towards a brand. We designed a quantitative survey targeting consumers and followers of prominent luxury brands with significant investments in social media marketing. We primarily selected the luxury brands on the basis of their prominence in social media interactions and their follower base. In addition to four established social media brands (Burberry, LV, Dior, and Gucci), we decided to include one brand that more recently starting appearing in social media (Hermès). This allowed us to examine whether researchers can already determine brand equity effects in the early stages of social media adoption (Table 1).

Table 1
Luxury brands and their social media presence (April 2013).

Brand	Luxury brands		Social media presence
Burberry	139	16.4%	Facebook – 15,163,000 likes – 82,000 talk about this YouTube – 68,000 subscribers – 24,397,000 views Twitter – 1.8 million followers
Louis Vuitton	203	24.0%	Facebook – 13,780,000 likes – 371,000 talk about this YouTube – 42,000 subscribers – NA Twitter – 0.9 million followers
Dior	214	25.3%	Facebook – 11,865,000 likes – 65,000 talk about this YouTube – 59,000 subscribers – NA Twitter – 2 million followers
Gucci	174	20.6%	Facebook – 10,801,000 likes – 155,000 talk about this YouTube – 9000 subscribers – 3,068,000 views Twitter – 0.7 million followers
Hermès	115	13.6%	Facebook – 1,194,000 likes – 22,000 talk about this YouTube – 6000 subscribers – 1,416,000 views
Total	845	100.0%	

We approached consumers who had made luxury brand purchases during the last year and who follow the brand on social media platforms. As it was one of our objectives to assess social media marketing's influence on different customer populations, we targeted four fairly distinct customer populations: Chinese, French, Indian, and Italian luxury consumers. This sample of two distinct groups of populations in terms of the maturity of their access to the luxury market allowed us to better generalize the research results.

We defined a sample close to 200 people for each country; the structure of each sample reflected the age and gender distribution of the relevant country's total population. In terms of income and education, our samples differ from the population distribution. The higher levels of these two criteria are not problematic because the research focuses on luxury brands. The samples are closer to luxury companies' traditional target of customers with an average annual income of €39,500. The total number of respondents was 845, fairly evenly distributed between the four countries that participated in the research (China = 198, France = 239, India = 206, and Italy = 202). The sample comprised 57.6% women and 42.4% men, with an average age of 34. In the sample, the average expenditure on luxury brands is €2441 per year and the average time spent on social networks per week is almost 2 h.

The questionnaire was translated into the respondents' mother tongue. Rather than developing specific measurement instruments, we selected SMMEs, BE, and CR scales subjected to numerous replications and which demonstrated their international statistical stability (Table 2). We asked the respondents to express their opinions and evaluations on a classic seven-point Likert scale. (See Table 2)

We first had to validate the measurement scale structures for the definitive sample. We sequentially conducted exploratory and confirmatory factor analyses of SMMEs, brand equity, and consumer response scales. Confirmatory factor analysis showed that the three scales fit their data satisfactorily. We then tested a causal relationship model for SMMEs, brand equity, and consumer response regarding luxury brands.

4. Analysis and results

Hypothesis 1. : Marketing efforts on social media (SMMEs) have a positive and direct influence on consumer-based brand equity (CBBE).

H1 is tested with a structural equation model linking SMMEs to brand equity (Table 3).

The impact of SMMEs on CBBE is significant at $p < 0.001$ level and accounts for 29.4% of the explanation of the brand equity variance in the tested luxury brands. The components of the SMMEs are all statistically significant. The effect on brand equity is more on the luxury brand image than on its awareness.

Hypothesis 2. : Marketing efforts on social media (SMMEs) have a positive and direct influence on the consumer preference, willingness to pay a premium price, and brand loyalty.

The study verifies SMMEs' direct influence on consumer preference, loyalty, and willingness to pay a premium price, and this influence is

Table 2
Measurement scales used.

Social media marketing efforts (Kim & Ko, 2012)	
<i>Entertainment</i>	
1.	Using X brand's social media is fun.
2.	Content of X brand's social media seems interesting.
<i>Interaction</i>	
3.	X brand's social media enable information-sharing with others.
4.	Conversation or opinion exchange with others is possible through X brand's social media.
5.	It is easy to provide my opinion through X brand's social media.
<i>Trendiness</i>	
6.	Content of X brand's social media is the newest information.
7.	Using X brand's social media is very trendy.
<i>Customization</i>	
8.	X brand's social media offer a customized information search.
9.	X brand's social media provide customized service.
<i>Word of mouth</i>	
10.	I would like to pass information on brand, product, or services from X brand's social media to my friends.
11.	I would like to upload content from X brand's social media on my blog or micro blog.
<i>Brand equity</i>	
<i>Brand awareness</i> (Kim and Hyun, 2011)	
12.	I am always aware of X brand.
13.	Characteristics of X brand come to my mind quickly.
14.	I can quickly recall the symbol or logo of X brand.
<i>Brand image</i> (Kim and Hyun, 2011)	
15.	X brand is a leading luxury company.
16.	X brand has extensive experience.
17.	X brand is a representative of the luxury industry.
18.	X brand is a customer-oriented company.
<i>Consumer response</i>	
<i>Brand preference</i> (Kim and Hyun, 2011)	
19.	Although another brand has the same features as X, I would prefer to purchase from X.
20.	If another brand does not differ from X, it seems smarter to purchase from X.
21.	Although there is another brand as good as X, I prefer to buy from X.
<i>Willingness to pay a premium price</i> (Netemeyer et al., 2004)	
22.	The price of X brand would have to increase quite a bit before I would switch to another brand.
23.	I am willing to pay a higher price for X brand than for other brands.
24.	I am willing to pay a lot more for X brand than for other brands.
25.	I am willing to pay ___% more for X brand over other brands: 0% \uparrow 5% \uparrow 10% \uparrow 15% \uparrow 20% \uparrow 25% \uparrow 30% and more
<i>Brand loyalty</i> (Aaker, 1991; Yoo et al., 2000)	
26.	I will suggest X brand to other consumers.
27.	I would love to recommend X brand to my friends.
28.	I regularly visit X brand.
29.	I intend to visit X brand again.
30.	I am satisfied with X brand with every visit.
31.	X brand would be my first choice.

statistically significant ($p < 0.001$). However, the coefficient of determination explains just more than 26% of the consequences of consumers' positive behavior towards luxury brands (Table 4).

The findings raised the question of whether there was a mediating effect in the relationship between CR and SMMEs (Baron & Kenny, 1986), which led to the testing of a comprehensive model introducing brand equity mediation to the initial relationship.

Hypothesis 3. : Brand equity (BE) has a mediating effect on the relation between marketing efforts on social media (SMMEs) and consumer response (CR).

As the model fit was acceptable, estimates of the standardized regression weights, coefficients, and squared multiple correlations of the dependent variables were calculated. The results highlight the existence and relative importance of the link between SMMEs and brand equity with a coefficient of determination ($R^2 = 0.212$) significant at the 5%

Table 3
SMMEs \rightarrow Brand equity model items (absolute standardized regression weights (λ_i), coefficient of determination (R^2) and ranking).

N	845
Brand equity \leftarrow SMMEs	0.542
<i>SMME</i>	
Entertainment \leftarrow SMMEs	0.879 (1)
Interaction \leftarrow SMMEs	0.856 (3)
Trendiness \leftarrow SMMEs	0.865 (2)
Customization \leftarrow SMMEs	0.781 (4)
WOM \leftarrow SMMEs	0.720 (5)
<i>Brand equity</i>	
Brand awareness \leftarrow Brand equity	0.693 (2)
Brand image \leftarrow Brand equity	0.804 (1)
<i>Determination</i>	
R^2 brand equity	0.294

level. SMMEs explain 21.2% of the CBBE variance. The most significant result of this model is the explanation of luxury brand consumers' behavioral responses (Fig. 2). The results indicate that luxury companies' investments in social media explain 85% of their variance. The impact is statistically significant in the three tested responses: consumer preference for a luxury brand, loyalty to that brand, and willingness to pay a premium price for buying that brand.

In this model of relationship between social media efforts and consumer responses in terms of preference, willingness to pay a premium price, and loyalty with the mediation of CBBE, a social media strategy explains consumers' positive behavioral intentions towards luxury brands. The influence is mostly indirect and involves the prior formation of a CBBE for luxury brands. The two components of brand equity are almost equally affected by the tested luxury brands' SMMEs.

Hypothesis 4. : The impact of marketing efforts on social media (SMMEs) varies depending on the maturity of the luxury market.

The study includes the assumption that significant differences occur between homogenous groups of countries, depending on their level of maturity in the luxury goods market. While luxury brands in Europe date back to the 18th century, they only arrived in China in the early 1990s (Louis Vuitton in 1992, L'Oréal-Lancôme in 1994, and Gucci in 1997). Their presence in India is even more recent, with flagship stores only opening from 2010 (Burberry in 2010 and Hermès in 2011).

A one-way ANOVA was conducted on the scores of the model variables (SMMEs, BE, and CR) and post hoc tests to determine whether

Table 4
SMMEs \rightarrow Consumer response model items (absolute standardized regression weights (λ_i), coefficient of determination (R^2) and ranking).

N	845
Consumer response \leftarrow SMMEs	0.513
<i>SMME</i>	
Entertainment \leftarrow SMMEs	0.879 (1)
Interaction \leftarrow SMMEs	0.855 (3)
Trendiness \leftarrow SMMEs	0.863 (2)
Customization \leftarrow SMMEs	0.783 (4)
WOM \leftarrow SMMEs	0.724 (5)
<i>Consumer response</i>	
Preference \leftarrow Consumer response	0.816 (1)
Price premium \leftarrow Consumer response	0.670 (3)
Loyalty \leftarrow Consumer response	0.779 (2)
<i>Determination</i>	
R^2 consumer response	0.264

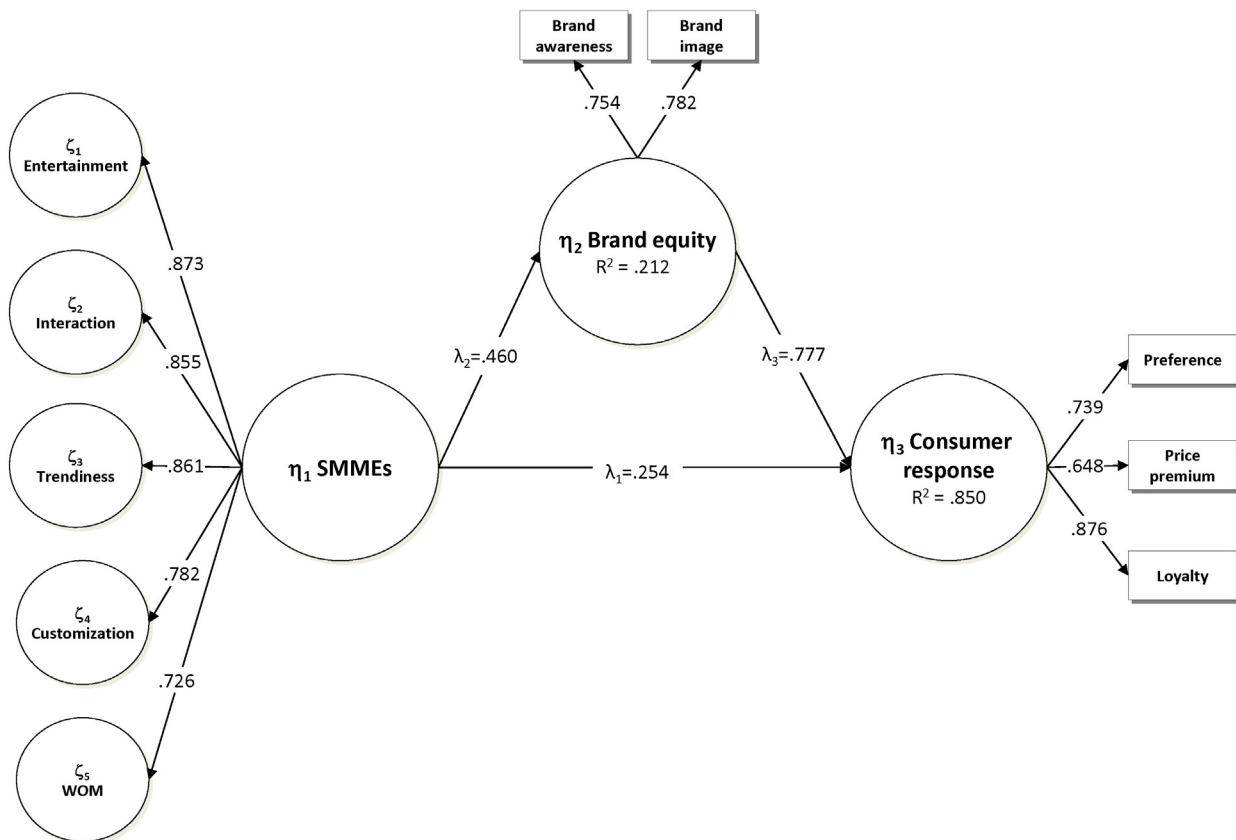


Fig. 2. Measurement of SMMEs → Brand equity → Consumer response model for luxury brands Note: The global model testing results showed fit values of GFI (0.918) and RMSEA (0.046) coefficients that were higher than commonly accepted standards and AGFI (0.863) close to the accepted norm. It was therefore possible to analyze the results of structural equation modeling. The CFI and TLI, which compare the tested model with a model where all the manifest variables were independent of each other, were beyond what is acceptable (CFI = 0.941; TLI = 0.919). The normed χ^2 (4.599) allowed the conclusion that the model fit is good.

there were statistical differences between countries and if stable country groups could be identified. The differences between the countries are all statistically significant. If the differences between countries are very sensitive regarding investment in social media ($F = 77.238$), they are much less marked for consequences ($F = 26.021$) and brand equity ($F = 10.850$).

Post hoc tests failed to form homogeneous groups of countries based on the scores. In contrast to the initial supposition, the situation appears to be more complex and therefore requires a finer distinction between countries. It is possible to observe the difference in impact across countries by means of the causal model (Table 5).

China's scores are the lowest of the four countries in terms of all SMMEs' components, except interaction. Simultaneously, Chinese consumers record the higher score for SMMEs' influence on brand equity, especially regarding the image component. Chinese consumers score the lowest regarding consumer response, especially regarding the loyalty and premium price elements. The conclusion is that Chinese consumers mainly appreciate their interaction with a luxury brand through SMMEs. This interaction helps to reinforce the image of the brand, but the effects on their responses are less important than in the other countries.

Chinese consumers' low scores should be evaluated in the light of the peculiarity of their Internet. Very strong networks available worldwide are forbidden in China and national substitutes have emerged. Analyses should be made of whether the brands studied have developed as strong a presence on Chinese networks as they have on networks that are available in other countries to better understand the country's results.

India, another relative newcomer to luxury consumption, presents different results. Indian consumers record the highest scores for all

SMMEs' components, but they also evaluate SMMEs' effect on brand equity and on consumer response, especially concerning preference for a brand, at the maximum level.

Indians appear to be very enthusiastic, “young” luxury consumers, with a strong appetite for social networks and sensitive to the actions realized in this field to build brand equity and influence consumer response.

Italian consumers are less sensitive to SMMEs, but, rather surprisingly, they are very responsive to SMMEs' effect on brand equity. In terms of consumer response, Italian consumers record a very high loyalty and premium price score. The Italian consumers' image is rather contradictory, because they do not evaluate SMMEs as very important, but are sensitive to brand equity creation through SMMEs. They tend to be more loyal and ready to pay a premium price compared to the brand value than consumers in other countries.

French consumers seem to be the most balanced in the sample. All of the SMMEs' components are effective, but their effect is moderate. Conversely, SMMEs' effect on brand equity is low and this effect on consumer response mainly affects their loyalty. French consumers' familiarity with four of the five brands under analysis can explain this “mature” behavior. Only Burberry is a non-French brand if we do not take Gucci's origin into account, but its ownership for many years.

4.1. SMMEs

We observe two groups of variables for all countries. On the one hand, entertainment, interaction, and trendiness have a major influence, even though each country's ranking is different. On the other hand, customization and WOM have a lower impact.

Table 5
SMMEs → Consumer response model items: Comparison between countries
(absolute standardized regression weights (λ_i), coefficient of determination (R^2) and ranking).

N	Overall	China	France	India	Italy
	845	198	239	206	202
Brand equity ← SMMEs	0.460	0.582	0.448	0.563	0.407
Consumer response ← Brand equity	0.777	0.624	0.751	0.766	0.891
Consumer response ← SMMEs	0.254	0.262	0.260	0.294	0.134
<i>SMME</i>					
Entertainment ← SMMEs	0.873 (1)	0.738 (3)	0.865 (1)	0.924 (3)	0.815 (2)
Interaction ← SMMEs	0.855 (3)	0.831 (2)	0.843 (2)	0.977 (1)	0.743 (3)
Trendiness ← SMMEs	0.861 (2)	0.842 (1)	0.838 (3)	0.929 (2)	0.833 (1)
Customization ← SMMEs	0.782 (4)	0.595 (4)	0.725 (4)	0.874 (4)	0.707 (4)
WOM ← SMMEs	0.726 (5)	0.587 (5)	0.689 (5)	0.866 (5)	0.706 (5)
<i>Brand equity</i>					
Brand awareness ← Brand equity	0.754 (2)	0.478 (2)	0.760 (1)	0.819 (2)	0.846 (2)
Brand image ← Brand equity	0.782 (1)	0.742 (1)	0.657 (2)	0.859 (1)	0.848 (1)
R^2 brand equity	0.212	0.339	0.200	0.317	0.166
<i>Consumer response</i>					
Preference ← Consumer response	0.739 (2)	0.678 (2)	0.634 (2)	0.826 (2)	0.762 (2)
Price premium ← Consumer response	0.648 (3)	0.605 (3)	0.614 (3)	0.601 (3)	0.695 (3)
Loyalty ← Consumer response	0.876 (1)	0.745 (1)	0.887 (1)	0.853 (1)	0.916 (1)
R^2 consumer response	0.850	0.648	0.805	0.927	0.908

4.2. CBBE

The impact of SMMEs on luxury brand equity differs strikingly from one country to another, ranging from 0.166 in Italy to 0.339 in China, averaging at 0.212. The distribution between the two dimensions of brand equity also differs between countries. The impact of SMMEs on the overall population is mainly through the brand image they convey, with the various countries' scores of the influence of SMMEs on awareness being very close. Italy shows an almost equal impact concerning brand image and awareness. In France, the situation is the reverse of the overall impact, with the biggest effect linked to awareness. In China and India the situation is comparable to the overall results, with a major impact on brand image. However, the gap between the two dimensions is far bigger in China.

4.3. Consumer response

The results of the behavioral consequences are very similar in the overall and country-based consideration. The strongest impact of SMMEs is at the level of the consumer's brand loyalty, followed by preference for a luxury brand, and finally the willingness to pay a premium price.

5. Discussion and implications

An increasing number of studies chart the theoretical and practical implications of social media for brand building (Gallaughier & Ransbotham, 2010; Kozinets et al., 2010), as well as the many management opportunities and challenges these entail (Kaplan and Haenlein 2010). Yet, researchers have so far struggled to find empirical evidence of how SMMEs influence brand equity successfully and how this influence subsequently affects other important branding goals, including brand loyalty, preference, and price premium. Social media marketing is a challenging field for such measurements, due to various conceptual and measurement issues (Schultz, 2011; Schultz & Peltier, 2013). This research addresses this important gap in the literature by offering a study on pioneering luxury brands in social media. The luxury sector is the basis of the study, because prior research already pointed out that luxury brands seem to have effective and successful ways of engaging and reaching their customers through new media (Kim & Ko, 2012; Phan et al., 2011).

This research contributes to prior literature by providing a holistic framework that demonstrates how SMMEs influence brand equity and consumer behavior towards a brand. Although prior literature recognized the importance of various SMME elements (Kim & Ko, 2012), our empirical study details their relative importance and shows that all five elements should be holistically taken into account when planning social media activities. The results are also consistent across five luxury brands and four countries. There are no statistically significant differences between them: From the consumer's point of view, all five elements stand out in the social media efforts of the studied brands.

Another contribution of the study is that it finds that SMMEs have a significant positive effect on brand equity ($\lambda_i = 0.542$, $R^2 = 0.294$) and on the two main dimensions of brand equity: brand awareness (0.693) and brand image (0.804). This result means that SMMEs should not only be thought of as a means of raising brand awareness and reaching new customers, but also as an increasingly important and serious brand image building tool. Even when the four countries with distinctive luxury consumers are compared, the effect of SMMEs on brand image was consistently more important than brand awareness.

Finally, the study is the first to detail how social media marketing influences brand equity and, consequently, key customer outcomes. Not only do the results show that brand equity affects overall consumer responses positively, which is consistent with previous work on CBBE, but also that brand equity serves as a partial mediator of SMMEs. This insight suggests that investments in brand equity (online as well as offline) would strengthen SMMEs on customer responses. Specifically, the findings demonstrate that SMMEs have significant positive effects on brand loyalty (0.876), brand preferences (0.739), and price premium (0.648). The order of importance of these outcomes was consistent across the studied countries.

In contrast to more doubtful views (e.g. Schultz & Block, 2012), the study illustrates SMMEs' significant positive impact on brand loyalty, which is in line with other brand equity research (Keller & Lehmann, 2006; Lassar, Mittal, & Sharma, 1995). In addition, price premium follows brand preference, which is the second most important outcome. Both elements are important in prior research which did not focus on social media (Cobb-Walgreen, Ruble, & Donthu, 1995; Netemayer et al., 2004). SMMEs therefore have the potential to contribute to common branding goals in much the same way as more conventional marketing activities.

From a managerial point of view, the main contributions include the following points. The Previously recognized social media content dimensions of entertainment, interaction, trendiness, WOM, and

customization all contribute to building brand equity. Three elements in particular are relevant for consumers – entertainment, interaction, and trendiness. According to the findings, any social media marketing strategy should pay special attention to content that is entertaining, current, and likely to stimulate engagement and interaction. Generally speaking, brands should therefore seek to promote these aspects on their social media sites.

Brands should no longer regard social media marketing as a way to reach consumers, but also as an important and cost-effective image-building tool. Social media could therefore eventually compete with more conventional marketing channels (TV and magazines) as an effective tool for building emotional effects with brands (Leong, Huang, & Stanners, 1998). This finding also suggests that rapidly developing digital technology and more advanced Internet users call for more sophisticated marketing programs that make better use of rich, interactive digital media.

Third, consumers expect a brand presence in the social media sector and that there should be no first mover advantage in this field. The five studied brands presented a very different seniority in the use of social media, but no difference is found in this respect between the brands. Consequently, if a luxury brand is still not present or very active in the social media sector, it is not too late to enter, although the field is evolving rapidly.

Fourth, SMME activities influence consumer response through brand equity, but their role appears more relevant in terms of brand loyalty and preference than regarding premium price. This information means that luxury brands can use social media to improve their relationships with customers, but they should use more traditional tools (such as store image and atmospherics) to convince customers to pay a premium price for their products.

Fifth, there are few differences between the four studied countries; therefore SMMEs could have a successful multinational approach. SMMEs are relatively similar in more mature and relatively new luxury markets, indicating that addressing both targets with a similar communication framework is feasible. Context-specific reactions should however be studied carefully, as there is variation between countries.

6. Limitations and future research

The main limitation of this study is its generalizability beyond the luxury sector. While the results are likely to be useful in the luxury sector, they may not be directly applicable to other industries. The general nature of the findings therefore needs to be confirmed in other contexts.

Second, the study showed clear differences in the results between the four examined consumer cultures. A more thorough investigation of these differences lies outside the scope of this study and is a potential avenue for future research.

Third, the study employed brand awareness and brand image as dimensions of brand equity. Future research could also incorporate other dimensions, such as brand quality and brand associations, and re-evaluate the brand equity creation process.

Last but not least, socio-demographic variables such as gender, age, income, and education, might have a significant influence, or a moderating effect, on the conceptual model and could be included in future analyses for a more thorough understanding of the studied phenomenon.

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