



## **Impact of social media marketing on purchase intention: Creation of brand equity for Sri Lankan brands**

*M.I.M. Hilal*

Department of Management, Faculty of Management and Commerce  
South Eastern University of Sri Lanka, Oluvil, Sri Lanka.  
[mujahidh@seu.ac.lk](mailto:mujahidh@seu.ac.lk)

### **Abstract**

*Major objectives of the study are to examine the contribution of social media marketing to the purchase intention of consumers and to investigate the mediating effect of the brand equity components such as brand awareness and brand image of products in Sri Lanka. The research approach was quantitative in nature. The sample consists of 297 customers who use social media. This was drawn using convenience sampling as it is very difficult process of selecting the customers. Regression was used to analyze the data. Findings reveal that social media marketing creates brand equity and brand image among the consumers. Further it is found that brand awareness and brand image is well mediating the effect of social media making on purchase intention. .*

**Keywords:** *Brand awareness, brand equity, brand image, social media marketing.*

### **1. Introduction**

Social media marketing is growing intensely and it is addressed by academics and practitioners all over the world (Wang & Kim, 2017). Everyone in the world today use smartphones, tabs and laptops for their social media access. Nowadays, consumers are using many social media platforms like Facebook, Twitter, YouTube, Whatsup and LinkedIn to interact with their friends and family and are exposed to marketing communications spots and product and service details for their transactions.

Social media marketing is a latest practice of business engaged in marketing goods, services, ideas and information through the online transaction (Dahnil et al., 2014). Social media marketing is a process of creating the online marketing offering and deliver it through social media platforms enabling the organizations to build and maintain relationship of stakeholders (Yadav & Rahman, 2017). Most of the companies are using social media to communicate distinctively (Eagleman, 2013) with its target markets.

Social media marketing is also considered as extension of traditional marketing (Eagleman, 2013). Marketers are using social media for creating an impact on the reputation of the brand they market (Kim et al., 2015).

In Sri Lanka now organizations in the product and service categories are engaged in social media marketing in order to get the attention of target markets. However, the existing and potential customers obtain details about the products or services from social media they are exposed to. Further, social media marketing supports the organizations in the way that it creates customer relationship benefits to the organizations by inducing the consumers' interaction with brands they use in their categories and enhance the value, profitability and generate word of mouth (Wang & Kim, 2017; Kim & Ko, 2012; Trainor et al., 2014). With the creation of interactive customer networks, social media paves the way to obtain customer feedback and marketing information relevant to the current market (Kim et al., 2015). It is worthwhile to note here that the social media marketing activities create an empirical value to the brand than the indirect brand experience of the traditional marketing (Kim & Ko, 2012).

While social media marketing is used as marketing communication tool in Sri Lanka, it is essential to investigate the relationship between the social media marketing and purchase intention, and how the customer based brand equity components such as brand awareness and brand image mediating in between. Therefore, the aim of this study is to investigate the relationship between social media marketing and customers' purchase intention. The specific objectives are to find the role of brand awareness and brand image of product and service categories in Sri Lanka. This paper is organized in following line. Firstly, the review of literature and hypothesis development is addressed. Secondly, the methodological aspects are explained. Thirdly, analysis of the results is given and finally, the conclusion and recommendations along with the limitations of the study are presented.

## **2. Review of literature and theoretical framework**

### **2.1 Social media marketing**

Social media marketing is *“delivering of marketing information through social media, has become one of the most significant promotion methods for business. It can exploit the power of social influence and word of mouth to deliver marketing information”* (Li et al., 2017). Social media marketing is an innovative way of reaching the potential customers. It is a process of getting fans' attention and acceptance via social media (Risius & Beck, 2015).

Social media marketing impacts on the firm financial and nonfinancial performance (Charoensukmongkol & Sasatanun., 2017; Karjaluoto, Mäkinen & Järvinen, 2015). Adding to the fact that organizations using social media relates to the firm performance through mediating marketing capabilities which include branding (Tajvidi & Karami, 2017). Therefore, it could be said that the brand marketing activities can be done with social media. Further, organizations are relying on the fan feedback to formulate its online marketing strategies (Garcia, 2011).

Organizations need to engage in social media marketing activities in order to receive potent information, failing which there is a possibility for the organizations to lose large number potential customers. Social media marketing helps organizations to understand the customer motivations and provide an opportunity to the firms to understand social media platforms. This also offers an inexpensive structure to enhance the brand awareness so that the company can reach more fans and resultantly, social media function as distinctive marketing communication at lower cost and also it enables firms to interact with fans publically (Eagleman, 2013). The marketing communication via social media is vital for the customers since it reduces the insensitiveness of the consumers towards advertisement and induce the customers to react (Newman, Stem & Sprott, 2004). The social media campaigns help to achieve marketing communication objectives by connecting the people and creating mutual benefits. When an organization asks to share certain things among the friends, it achieves its advertising objectives and it also shows that people care each other (Zhu & Chen, 2014).

## 2.2 Brand equity

The model suggested by Keller (1993) is one of the prominent concepts which addresses the connection of brand awareness and brand image as its components. Keller and Lehmann (2006) defines customer based brand equity as “*the differential effect that brand knowledge has on consumer response to the marketing that brand*”. Here the brand knowledge contains brand awareness and brand image of the brand. It is important to explore the two components of the brand equity. Brand awareness is one of the components of the brand equity and it positively contributes to the brand equity of any brands (Mohan & Sequeira, 2016; Li et al., 2017). The brand awareness is one of the most serious dimensions of customer-based brand equity (Li et al., 2017). It is recalling and recognizing a brand (Huang & Sarigollu, 2016). In the case of social media marketing, still there is a challenge for the marketers what kind of reviews generate larger recall of the brand (Hofacker & Belanche, 2016).

In the case relationship between the social media and the brand awareness, social media creates and increase the brand awareness and customers become more committed to the brand (Seo & Park, 2018). Further, the social media marketing of a luxury brand also positively influences on the brand awareness (Bruno et al., 2016). Social media marketing activities of firms significantly influencing on the brand equity value, value of the relationship and on the value of the brand (Kim et al., 2015). When a consumer shows higher awareness towards a brand, they are committed towards the particular brands in the market and thus, purchase intension for that brand is created (Erdem, Swait & Valenzuela, 2006). This is also confirmed in a study on social media marketing activities in the e-commerce industry by exploring a positive impact on the purchase intention and on the brand equity (Yadav & Rahman, 2017).

The second component of the brand equity is brand image which is a consumer perception directed to the brand (Dobni & Zinkhan, 1990) and is vital in marketing (Dirsehan & Kurtulus, 2018). Brand image is also leading to the generation of word of mouth and create customer commitment (Seo & Park, 2018). A brand can enjoy its benefits from the brand image kept in the consumers' mind when it has a positive image created through strong, favorable and unique associations (Keller, 2012). Despite the fact that brand image

is one of the main components of the brand equity, the brand image is expressively affected by social media marketing activities. This is confirmed by many studies in the field of social media marketing. There was a study on effects of the social media marketing on the brand equity and customer response in the airline industry (Seo & Park, 2018). The positive association of the social media marketing and brand image is discussed in a study and the social media marketing and its effect on brand equity and consumer behavior of the luxury brands (Bruno et al., 2016). Moreover, there is a positive and significant relationship between brand image and purchase intention of consumers (Li et al., 2017). In the selection of event to attend, consumers consider the brand image and brand performance (Dolan & Goodman, 2017).

### 2.3 Brand equity and purchase intention

Brand equity containing the brand awareness and the brand image generated from the social media may lead consumers to intent a purchase. Purchase intention consists of interest of consumers and likely buying of a product and the brand equity reflects the actual purchase (Kim & Ko, 2012). When a brand has higher brand equity, results in enhanced brand preference, customer loyalty and payment of high prices (Keller & Lehmann, 2006); Kim & Kim, 2005). These outcomes of the brand equity are also due to the purchase intention. This is further confirmed that brand equity created from the social media marketing forms the purchase response (Kim & Ko, 2012). In addition, the social media marketing contributes to the consumer responses with the mediation of the brand equity (Godey et al., 2016; Seo & Park, 2018).

Electronic word of mouth is created by brand awareness and has positive impact on the purchase intention which is bigger effect than the effect caused by the ads. Hence, the social media marketing creates significant positive impact on the purchase intention (Balakrishnan, Dahnil & Yi, 2014). The purpose of the social media marketing is marketing communication and that should result in brand equity and positively impact on purchase intention (Kim & Ko, 2012).

In the case of products and services in Sri Lanka, the same relationship between variables is applicable. This infers that social media marketing in the product and service categories in Sri Lanka leads to brand awareness and brand image. Consequently, these two components create purchase intention in the product and service categories. With the supports of the literature discussed above the following conceptual framework (Figure 1) is formulated.

Hypotheses of the study are as follows.

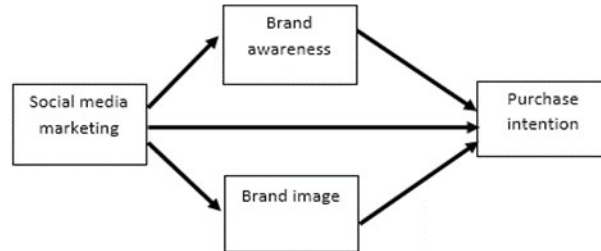
*Hypothesis 1:* Social media marketing in product and service categories in Sri Lanka leads to brand awareness

*Hypothesis 2:* Social media marketing in product and service categories in Sri Lankan leads to brand image.

*Hypothesis 3:* Brand awareness created by the social media marketing in the product and service categories positively impact on the consumer purchase intention

*Hypothesis 4:* Brand image created by the social media marketing in the product and service categories positively impact on the consumer purchase intention

*Hypothesis 5:* Social media marketing in the product and service categories leads to purchase intention



**Figure 1** Conceptual model

### 3. Methodology

The study is quantitative in nature. Deductive approach has been used to develop hypotheses. The research strategy used for this study is survey questionnaire and the study was cross sectional. Convenience sampling technique was adopted for this study. This is because of the fact that there is a large number of customers using the social media marketing and getting the responses from each and every one is cumbersome process. Hence, 297 customers using the social media were given the questionnaires. The questionnaire was uploaded in the Facebook with link of the google drive to collect the responses and printed questionnaires were also given.

The questionnaire had two parts. The first part asks about the social media used by the respondents and the second part is about the product category respondents used. Items for each variable in the questionnaires were adopted from previous researchers. To measure the social media marketing, the questions were adopted from Kim and Ko (2012). The measurement items for the brand awareness were adopted from Kim and Kim (2005) and the items for brand image were adopted from Severi and Ling (2017). The measurement for the purchase intention was adopted from Moon, Chadee and Tikoo (2008) and from Liu and Brock (2011). Thus, five items for social media marketing, five items for brand awareness, four items for brand image and three items for purchase intention were adopted. All items were measured in five point Likert scale.

The data collected for this study were fed into the SPSS and factor analysis was performed for the data reduction purpose using principle component method. Multiple regression was used to investigate the effect of brand equity components on purchase intention.

### 4. Results and discussion

#### 4.1 Characteristics of the respondents

The most of the respondents (42%) in the sample falls between the ages of 23 – 30 years. Of the total respondents, 33 percent of them falls between the ages of 31 – 40 years. Other 11 percent and 14 percent are in the categories of 17 – 22 year and above 41 years of age.

In the case of income distribution (per month) of the respondents, 68 percent of the respondents are included within the range of Rs. 50,000 to Rs. 100,000. The others are falling between the range below Rs. 50,000 (14%) and above Rs. 100,000 (18%).

Social media users were asked to provide their social media usage with multiple selection. The majority of respondents uses Facebook as their main social networks. Other social networks included WhatsApp, LinkedIn, YouTube, and Twitter. It was further revealed that people use the social media to make their purchase decision for the products such as food items, cosmetics & homecare products, health care products, financial services and hotels and restaurants.

#### 4.2 Factor analysis and reliability analysis

Factor analysis was carried out for data reduction purpose. KMO values were observed and they show that all values are higher than 0.50 indicating the sampling adequacy for the factor analysis. Communalities for the items were more than 0.5 and hence, the all items were considered for the data analysis. Reliability analysis was also performed. The Cronbach's Alpha values for four variables, social media marketing, brand awareness, brand image and purchase intention, are 0.83, 0.73, 0.81 and 0.84 respectively. All variables have its Cronbach's Alpha values more than 0.70 ensuring the internal consistency of the constructs used.

#### 4.3 Regression analysis and testing of hypotheses

A hierarchical linear regression analysis was performed to examine the effect of social media marketing on purchase intention and mediating role of brand awareness and brand image in the above relationship. The result is given in Table 1. The result in Model 1 and Model 2 significantly support to the first two hypotheses of the study. Hence, social media marketing in product and service categories in Sri Lanka is contributing to the brand awareness ( $\beta=.707, p<.05$ ) and brand image ( $\beta=.496, p<.05$ ). Thus, marketers need to focus on the social media marketing activities to generate brand awareness and brand image of product and service categories. The investment on the social media marketing activities are essential for promoting their products and services in Sri Lanka.

Table 1  
Result of hierarchical regression analysis

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
Social media marketing (SM)	0.704**	0.496**		0.623**	0.202*
Brand awareness (BA)			0.470**		0.326*
Brand image (BI)			0.382**		0.384*
<i>R<sup>2</sup> /Adjusted R<sup>2</sup></i>	<i>0.500</i>	<i>0.246</i>	<i>0.620</i>	<i>0.389</i>	<i>0.639</i>
<i>R<sup>2</sup> /Adjusted R<sup>2</sup> change</i>	-				<i>0.247</i>
<i>F</i>	<i>295.017</i>	<i>96.228</i>	<i>242.046</i>	<i>187.592</i>	<i>175.639</i>

\* Coefficient is significant at 0.05 \*\* Coefficient is significant at 0.01

The effect of brand awareness and brand image on the purchase intention is depicted by Model 3. The result shows that model is best fitted to the data by supporting to Hypothesis

3 and *Hypothesis 4*. The model indicates that 62 percent variation in purchase intention is explained by brand awareness and brand image in the product and service categories in Sri Lanka. Furthermore, VIF values less than 10 indicate that there is no serious multicollinearity problem exist in between the brand awareness and brand image. The result reveals that brand awareness has a positive and significant effect on purchase intention ( $\beta=.470, p<.05$ ). Therefore, marketers in Sri Lanka can concentrate on the social media marketing activities which make the awareness of the brand marketed among the consumers. Social media marketing efforts should help consumers to recognize the brand and recall the brand when finding the same product category or similar characteristics of the brands. Similarly, brand image also has a positive effect on the purchase intention ( $\beta=.382, p<.05$ ). Thus, Marketers need to create image by the social media marketing activities so that the brand should have unique image by which the consumers can feel special about the product or service brand.

#### 4.4 Mediating effects of brand awareness and brand image

Four steps process of investigating the mediating effects (Baron & Kenny, 1986) of variable has been adopted in this study. Firstly, the association between independent variables and mediating variables were examined. Secondly, the impact of mediating variable on the dependent variable has been analyzed. Thirdly, the impact of independent variable on the dependent variable is looked at. Finally, relationship is explored between independent variable along with mediating variable and dependent variable. Regression results to examine the mediating effect is also given in Table 1.

As explained formerly, Model 1 and Model 2 explain the significant effect of the social media marketing to the brand awareness and the brand image. Model 3 gives an idea about the impact of the brand awareness and brand image generated from the social media marketing to the purchase intention of products and services demonstrating that brand awareness and brand image are well positively influencing on the purchase intention of consumers.

Model 4 indicates that social media marketing of products and services in Sri Lanka well influences on the purchase intention ( $\beta=.263, p<.05$ ). The final model (Model 5) is explaining the mediation effect of brand awareness and brand image in the relationship between purchase intention and social media marketing ( $\beta_{SM}=.202, p<.05; \beta_{BA}=.326, p<.05; \beta_{BI}=.384, p<.05$ ). Although the clear mediation effect of the brand awareness and brand image is depicted in the analysis ( $Adj. R^2=.387 \rightarrow .639$ ), the individual influences of social media marketing ( $\beta=.623 \rightarrow \beta=.202$ ) and brand awareness ( $\beta=.470 \rightarrow \beta=.326$ ) on the purchase intention declining when adding social media marketing as independent variable for investigating the mediating effect. In contrast, the contribution of the brand image to the purchase intention is increasing ( $\beta=.387 \rightarrow \beta=.639$ ) exhibiting a greater positive influence on the purchase intention when mediation is taken place. However, marketers in the product and service categories need to focus on the social media marketing activities that create brand awareness and brand image which influence on the purchase intention.

## 5. Conclusion

The major objective of the study were to investigate the relationship between social media marketing and customers' purchase intention and examine the mediating effect of the brand equity components such as brand awareness and brand image in product and service categories in Sri Lanka. Findings reveal that social media marketing activities of product and service marketing firms create brand awareness brand image for Sri Lankan brands. The nature exhibited by the brand awareness in this study shows that it is one of the major components of the brand equity which influences on the purchase intention and this result is consistent with the findings previous studies that brand awareness is a major component and driving the brand equity. The brand image of the product and service categories in Sri Lanka is also influenced by social media marketing. This is also supporting to the findings of previous studies that brand image is well inserting the stimulus to consumer response by active social media marketing campaigns that consumers are exposed to. In the case of mediating effect of brand awareness and brand image caused by the social media marketing, the findings of this study suggest that there is a mediation of these brand equity components. Despite the fact that these brand equity components mediate to the purchase intention, interesting fact is that the effect of the brand image on the purchase intention of product and service categories in Sri Lanka is declining and the effect of brand awareness and social media marketing is significantly increasing. Therefore, firms in the products and services categories in Sri Lanka should invest on the social media marketing efforts to increase the brand image and brand awareness in such as a way to benefit the organizations. In order to drive and positively influence on the purchase intention, firms are expected to increase social media marketing that not only enhance the brand awareness but that should enhance the brand image of the products and services.

This study also helps Sri Lankan product and service marketers by giving ideas about the use of social media marketing strategy. Social media marketing is important to generate brand awareness and brand image to enhance the brand equity. Thus, firms need to manage the social media marketing efforts in a beneficial way. The study is reckoned with the general product and service brands in Sri Lanka but not with specific brands of Sri Lanka. Hence, future studies can focus on the specific brands. The sample size may not also be sufficient for the study of this nature.

## References

- Balakrishnan, B. K., Dahnil, M. I., & Yi, W. J. (2014). The impact of social media marketing medium toward purchase intention and brand loyalty among generation Y. *Procedia-Social and Behavioral Sciences*, 148, 177-185.
- Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182.
- Bruno G., Manthiou, A., Pederzoli, D., Rokka, J., Aiello, G., Donvito, R., & Singh, R. (2016). Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior. *Journal of Business Research*, 69(12), 5833-5841.



- Charoensukmongkol, P., & Sasatanun, P. (2017). Social media use for CRM and business performance satisfaction: The moderating roles of social skills and social media sales intensity. *Asia Pacific Management Review*, 22(1), 25-34.
- Dahnil, M. I., Marzuki, K. M., Langgat, J., & Fabeil, N. F. (2014). Factors influencing SMEs adoption of social media marketing. *Procedia-social and Behavioral Sciences*, 148, 119-126.
- Dirsehan, T., & Kurtuluş, S. (2018). Measuring brand image using a cognitive approach: Representing brands as a network in the Turkish airline industry. *Journal of Air Transport Management*, 67, 85-93.
- Dobni, D., & Zinkhan, G. M. (1990). In search of brand image: A foundation analysis, *Advances in Consumer Research*, 17, 110-119.
- Dolan, R., & Goodman, S. (2017). Succeeding on social media: Exploring communication strategies for wine marketing. *Journal of Hospitality and Tourism Management*, 33, 23-30.
- Eagleman, A. N. (2013). Acceptance, motivations, and usage of social media as a marketing communications tool amongst employees of sport national governing bodies. *Sport Management Review*, 16(4), 488-497.
- Erdem, T., Swait, J., & Valenzuela, A. (2006). Brands as signals: A cross-country validation study. *Journal of Marketing*, 70(1), 34-49.
- García, C. (2011). Real Madrid Football Club: Applying a relationship-management model to a sport organization in Spain. *International Journal of Sport Communication*, 4(3), 284-299.
- Godey, B., Manthiou, A., Pederzoli, D., Rokka, J., Aiello, G., Donvito, R., & Singh, R. (2016). Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior. *Journal of Business Research*, 69(12), 5833-5841.
- Hofacker, C. F., & Belanche, D. (2016). Eight social media challenges for marketing managers. *Spanish Journal of Marketing-ESIC*, 20(2), 73-80.
- Huang, R., & Sarigöllü, E. (2014). How brand awareness relates to market outcome, brand equity, and the marketing mix. In *Fashion Branding and Consumer Behaviors* (pp. 113-132). Springer, New York, NY.
- Karjaluo, H., Mäkinen, H., & Järvinen, J. (2015). A Firm's Activity in Social Media and Its Relationship with Corporate Reputation and Firm Performance. In *Blurring the Boundaries Through Digital Innovation* (pp. 161-172). Springer, Cham.
- Keller, K.L. (2012). *Strategic brand management: Building, measuring and managing brand equity*, (3<sup>rd</sup> ed.), Pearson, England.
- Keller, K. L., & Lehmann, D. R. (2006). Brands and branding: Research findings and future priorities. *Marketing Science*, 25(6), 740-759.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *The Journal of Marketing*, 57(1), 1-22.

- Kim, H. B., & Kim, W. G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management, 26*(4), 549-560.
- Kim, S., Koh, Y., Cha, J., & Lee, S. (2015). Effects of social media on firm value for US restaurant companies. *International Journal of Hospitality Management, 49* (1), 40-46.
- Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research, 65*(10), 1480-1486.
- Li, Y. M., Lai, C. Y., & Lin, L. F. (2017). A diffusion planning mechanism for social marketing. *Information & Management, 54*(5), 638-650.
- Liu, M. T., & Brock, J. L. (2011). Selecting a female athlete endorser in China: The effect of attractiveness, match-up, and consumer gender difference. *European Journal of Marketing, 45*(7/8), 1214-1235.
- Mohan, B. C., & Sequeira, A. H. (2016). The impact of customer-based brand equity on the operational performance of FMCG companies in India. *IIMB Management Review, 28*(1), 13-19.
- Moon, J., Chadee, D., & Tikoo, S. (2008). Culture, product type, and price influences on consumer purchase intention to buy personalized products online. *Journal of Business Research, 61*(1), 31-39.
- Newman, E. J., Stem Jr, D. E., & Sprott, D. E. (2004). Banner advertisement and Web site congruity effects on consumer Web site perceptions. *Industrial Management & Data Systems, 104*(3), 273-281.
- Risius, M., & Beck, R. (2015). Effectiveness of corporate social media activities in increasing relational outcomes. *Information & Management, 52*(7), 824-839.
- Seo, E. J., & Park, J. W. (2018). A study on the effects of social media marketing activities on brand equity and customer response in the airline industry. *Journal of Air Transport Management, 66*, 36-41.
- Severi, E., & Ling, K. C. (2013). The mediating effects of brand association, brand loyalty, brand image and perceived quality on brand equity. *Asian Social Science, 9*(3), 125-137.
- Tajvidi, R., & Karami, A. (2017). The effect of social media on firm performance. *Computers in Human Behavior, 30*, 1-10.
- Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of Business Research, 67*(6), 1201-1208.
- Wang, Z., & Kim, H. G. (2017). Can social media marketing improve customer relationship capabilities and firm performance? Dynamic capability perspective. *Journal of Interactive Marketing, 39*, 15-26.

Impact of social media marketing on purchase intention: Creation of brand equity for Sri Lankan brands

Yadav, M., & Rahman, Z. (2017). Measuring consumer perception of social media marketing activities in e-commerce industry: Scale development & validation. *Telematics and Informatics*, 34(7), 1294-1307.

Zhu, Y. Q., & Chen, H. G. (2015). Social media and human need satisfaction: Implications for social media marketing. *Business Horizons*, 58(3), 335-345.