

# THE ROLE OF ONLINE BRAND COMMUNITIES ON BUILDING BRAND EQUITY AND LOYALTY THROUGH RELATIONAL BENEFITS

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From a marketing perspective, companies use social media as a tool to establish relationships with customers. Thus, brand–customer relationships via social media are able to deliver different kinds of benefits for customers. This article conducts empirical research in order to measure the effect of each type of relational benefit on Customer-Based Brand Equity (CBBE) and customer loyalty. The findings show that social and exploration benefits affect CBBE and loyalty, while monetary and recognition benefits influence loyalty and CBBE, respectively. Results contribute to the existing literature by providing insights to the highly relevant phenomenon of social media across different industries.

## BACKGROUND AND RESEARCH AIMS

During recent years social media have emerged to enhance customer loyalty and develop customer–firm relationships, while traditionally firms have designed tools such as loyalty programs to accomplish the objective of making customers more loyal (Meyer-Waarden 2007, 2008; Rosenbaum et al. 2005; Vesel and Zabkar 2009). The concept of loyalty programs includes any organization-sponsored program that attempts to build customer loyalty by transferring support from the organization to program members, such as brand communities (Hutchinson et al. 2015; Rosenbaum et al. 2005). Actually, brand communities based on social media can influence brand loyalty (Laroche et al. 2013). As consumers have recognized benefits derived from engaging in social media (Kananukul et al. 2015), its use is exponentially growing around the world. At the beginning of 2015, more than 29 percent of the global population was active on some form of social media network—an increase of 12 percent from 2014. Of all social media platforms, the most important is Facebook, with 1,366

million users. Social media users are not only individuals, but also businesses and government organizations, who use them as a communication tool (Kim and Ko 2012). Moreover, companies actively use social media for marketing purposes, with social media enabling them to undertake business marketing strategies (Chi 2011). Thus, social media can be considered a relationship marketing tool with which companies can create interactive buyer–seller relationships (Nguyen and Mutum 2012). In the context of social media, “online brand communities” have emerged as specific profiles of organizations, businesses, brands, public figures, and causes (Dholakia, Bagozzi and Pearo 2004), where consumers can build and maintain relationships with each other and with companies (Hennig-Thurau et al. 2010), thereby creating virtual brand communities (Chi 2011; Seraj 2012). Online brand communities are a relationship marketing tool with which firms can implement their loyalty programs by developing customer–firm relationships.

While some authors have focused on the benefits of participating in social media for specific industries (e.g., the hospitality sector) (Kang et al. 2014), the current study sought to investigate the effect of social media’s benefits—specifically, its relational benefits—derived from membership of and participation in online brand communities in social media. This study analyzed their effect on customer-based brand equity (CBBE) and customer loyalty for a wide range of brands and industries. To do so, it recruited participants from two countries—Italy and Spain—and conducted a quantitative study using an online survey and providing data analysis via structural equation modeling.

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This article is structured as follows. First, it presents a literature review about the relational benefits of social media, focusing on the two dimensions of CBBE and customer loyalty. Second, it discusses the study methodology. Third, it presents the study results. Finally, it discusses the main findings providing theoretical, managerial implications, and limitations of the study.

## LITERATURE REVIEW

### Relational Benefits of Social Media

Traditional literature on relationship marketing highlights the use of loyalty programs as a tool to offer customers some benefits and rewards which is developed by firms to provide customers with a set of relational benefits (Kim et al. 2001; Leenheer et al. 2007; Yi and Jeon 2003). Relational benefits are usually received by customers as a result of having cultivated long-term relationships with a firm (Gwinner et al. 1998). Nowadays, these relational benefits can be provided to customers via new interactive tools, such as social media.

Previous research has focused on the effect of participation benefits on relational constructs, such as brand trust or brand commitment (Kang et al. 2014; Laroche et al. 2013). However, these considerations have been applied to specific industries and examined only one form of social media, such as a Facebook fan page, or did not specify in detail the main benefits related to participating in an online brand community. Previous researchers have called for further research investigating the effects of social media platforms on other relational constructs, such as loyalty and brand equity (Kang et al. 2014). From a theoretical perspective, social media has been recognized as a driver that builds customer loyalty (Hawkins and Vel 2013). Hence, this article presents an empirical study that indicates how certain companies' online brand communities can develop relationship marketing tools and allows consumers to perceive relational benefits, which leads to stronger brand equity and loyalty. According to this, online brand communities can be considered a useful instrument to attain the objectives of relationship marketing.

In doing so, previous research focused on relational benefits provided to customers by loyalty programs (Bolton et al. 2000; Lewis 2004) and this can be applied to social media. Then, as Mimouni-Chaabane and Volle

(2010) noted, loyalty programs members can perceive some advantages when they participate in them. The perceived benefits by customers refer to the perceived value that customers may obtain from their relationship with the firm, with these benefits explaining why customers take part in loyalty programs. Based on the previous idea, if customers can perceive five types of benefits as arising from loyalty programs (monetary, recognition, social, entertainment, and exploration benefits), social media users could also perceive similar benefits from their relationship with the firm via online brand communities on social media. In the following sections, the theoretical foundations of each benefit construct are developed.

#### *Monetary Savings Benefits*

Monetary savings represent a utilitarian benefit that provides consumer value by offering a means to some end resulting from financial advantages (Mimouni and Volle 2010). It derives from economic and financial advantages that customers perceive when they have a relationship with a firm, such as pricing incentives, coupons, discounts, special offers, gifts, and rewards (Berry 1995; Bridson et al. 2008; Chen and Chiu 2009; Chiu et al. 2005; Gable et al. 2008; Gwinner, Gremler and Bitner 1998; Leenheer et al. 2007; Wendlandt and Schrader 2007). The incentive motivation theory explains why people take action in relation to external rewards or benefits (Ellingsen and Johannesson 2008; Whishaw and Kornelsen 1993). According to this theory, consumers seek to receive economic advantages (discounts or special price breaks) from their relationships with a business or brand. Hence, monetary savings are an important reason for a consumer to develop a relationship with a company (Harris et al. 2003). Regarding social media, Treadaway and Smith (2010) suggested that special promotions and coupons can be applied to online communities in order to strengthen consumer-brand relationships.

#### *Recognition and Social Benefits*

Recognition and social benefits have been discussed in previous studies as symbolic benefits, which benefit consumers in relation to their need for personal expression, self-esteem, and social approval. These benefits result from intangible and often nonproduct-related

attributes (Keller 2003). In particular, the benefits related to recognition (Csikszentmihalyi 2000) lead customers to feel as though the firm treats them better than other customers (Mimouni and Volle 2010). These can be derived from customer–provider interactions and friendships in addition to customer–customer interactions (Chen and Chiu 2009). These allow the firm to maintain contact with clients, learn about their needs and maintain a positive relationship with them (Chiu et al. 2005). As these benefits involve personalization and customization of the relationship (Berry 1995), they offer an opportunity to differentiate customers who are likely to perceive customized offers as a sign of respect or distinctiveness (Gordon, McKeage and Fox 1998). Moreover, a social benefit of loyalty programs is that members consider themselves part of an exclusive group of privileged customers, and they identify with that group and share values associated with the brand (Muñiz and O’Guinn 2001). In this context, benefits such as special communication, preferential treatment, or exclusive invitations to special events serve as symbolic benefits (Bridson et al. 2008; Gable et al. 2008). Finally, through the perception of these benefits, customers can feel a sense of belonging to the firm, can develop customer identification, and are likely to identify more strongly with the company (Bridson et al. 2008; Leenheer et al. 2007). This study applies these two benefits to social media to investigate how they are perceived by online community members and how they contribute to building CBBE and customer loyalty.

### Entertainment and Exploration Benefits

Entertainment arises from the possibility of customers enjoying unique experiences that they would not have undertaken otherwise (Mimouni and Volle 2010) because the firm provides these only to customers who have established a relationship with the brand. This benefit justifies the reason for member participation in online communities, where individuals discover opportunities to gather and explore new things that they cannot experience offline. For example, individuals can create fictional identities, engage in role-playing games where everything seems possible, and solve challenging problems (Dholakia et al. 2004; Kang et al. 2014; Wang et al. 2002). Exploration refers in general to the opportunity for customers to try new or innovative products, satisfy their curiosity about events and promotional

offers, and seek information to keep up with new trends (Arnold and Reynolds, 2003; Baumgartner and Steenkamp 1996). These two benefits can be considered a hedonic dimension that represents a subjective, personal value related to spontaneous responses, and results from fun and playfulness (Babin et al. 1994). Hedonic benefits refer to the utility derived from feelings or affective states, such as pleasure, fun, enjoyment, amusement and entertainment, gained through consumer experiences (Wang and Fesenmaier 2002). These benefits derive from noninstrumental, experiential, emotional and personally gratifying benefits, and may be relevant to exploration and entertainment behaviors (Hirschman and Holbrook 1982). In addition, some studies suggest that commercial relationships or interactions developed between the firm and customer generate enjoyment because of the business process itself (Chiu et al. 2005). Thus, involvement in the customer–brand relationship can provide joy and be an end in itself. This study examines these benefits as potential advantages consumers can obtain by participating in the online brand community of a firm.

### Brand Equity

Although brand equity can be considered according to several perspectives, there is an agreement in that brand equity denotes the added value endowed by the brand to the product (Schivinski and Dabrowski 2014). Two main frameworks emerge from the literature: the financial perspective (Simon and Sullivan 1993) and the customer perspective (CBBE) (Keller 1993). From the customer perspective, CBBE can be defined as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller 1993, p. 2). This study embraces the latter approach because CBBE, compared to other brand equity approaches, focuses on consumer value generation and perception mechanisms in order to understand what sources and antecedents generate brand value.

One of the main drivers to communicate to customers is promotion by firms. Communication can occur in different ways, using both traditional and unconventional media. Moreover, online communication is becoming more predominant than traditional mass media (Keller 2009). Social media consists of “a variety of new sources of online information that are created, initiated and circulated by consumers intent on educating each other about products, brands,

services, personalities, and issues” (Blackshaw and Nazzaro 2004, p. 2). As a result of this environment, consumers have become more active and have become communication senders, rather than receivers (Libai et al. 2010). This change can be included in the consumer empowerment framework where cocreation takes place (Prahalad and Ramaswamy 2000). There is a wide range of forums via which consumers can communicate with each other and with companies, including:

online, word-of-mouth forums, including blogs, company-sponsored discussion board and chat rooms, consumer-to-consumer email, consumer product or service ratings websites and forums, Internet discussion boards and forums, moblogs (sites containing digital audio, images, movies, or photographs), and social networking websites, to name a few (Mangold and Faulds 2009, p. 358).

As a result, the online environment has become one of the main focuses of firm communication. In particular, due to the nature of social media, it represents one of the most important tools of relationship marketing (Sashi 2012). Several relationships can be cultivated: between brands and consumers and vice versa, and among consumers (Zailskaite-Jakste and Kuvykaite 2013). During recent years, ad hoc marketing activities have been employed in order to maximize the benefits deriving from companies’ websites—particularly the benefits deriving from successful management of members’ interactions in different social media platforms (Kaplan and Haenlein 2010; Muñiz and Schau 2009).

From these relationships, several benefits may arise, including monetary, recognition, social, entertainment, and exploration benefits. As previously discussed, these relational benefits can enhance the brand equity perceived by customers because they can strengthen the relationship between the brand and consumer. There are numerous opportunities and forms of contact through which brands can seek to improve these benefits for consumers. This study’s aim was to understand whether these benefits can differently affect CBBE. For this reason, this study developed the following hypothesis:

**H1:** Relational benefits have a positive effect on CBBE.

In particular:

H1a: Monetary benefits have a positive effect on CBBE.

H1b: Recognition benefits have a positive effect on CBBE.

H1c: Social benefits have a positive effect on CBBE.

H1d: Entertainment benefits have a positive effect on CBBE.

H1e: Exploration benefits have a positive effect on CBBE.

### **Customer Loyalty: Intention to Repurchase and Word of Mouth**

Customer loyalty has been defined in several ways (Delgado-Ballester, Munuera-Aleman and Yague-Guillen 2003; Fraering and Minor 2013; Palmatier et al. 2007; Zeithaml et al. 1996), from being the customer’s “intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm” (Sirdeshmukh, Singh and Sabol 2002, p. 20) to being: “an evolutionary process in which logical (cognitive loyalty) reasons for ongoing patronage give way to emotional (affective loyalty) associations between the customer and the product, followed by a commitment to rebuy a product (evidencing conative loyalty), and may eventually result in ongoing repurchase even when action (loyalty) is necessary to overcome obstacles” (Fraering and Minor 2013, p. 334).

This study adopted the conceptualization of loyalty by Palmatier et al. (2007), who included in the six-item loyalty construct three items considering intention to repurchase the product or service, plus three other items, including the activity of widespread positive word of mouth (WOM), adapting the existing three-item scale suggested by Zeithaml, Berry and Parasuraman (1996). Beyond the intention to repeat purchasing, WOM can be considered a dimension of customer loyalty. Profits from WOM referrals are considered one of the most important reasons to strive for a long-term relationship with customers (Wangenheim and Bayòn 2004). It seems reasonable to argue that customer acquisition through referrals is a very important goal for companies, not only due to the reduced costs of acquisitions, but also because clients gained through referrals are easier to satisfy and retain. Previous research has demonstrated that positive WOM is spread by customers who are more likely to become loyal

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(Gremler and Brown 1996). A recent study indicated that positive WOM can be considered a social behavior that reflects customer loyalty (Ferguson et al. 2010). Although loyal customers may not necessarily purchase the product again, they may provide positive WOM reviews (Wang et al. 2011).

In the last three decades, past research has shown that customers' past experience with a firm or brand can influence their affective and behavioral responses to the current encounter, such as WOM behavior (Oliver 1980). WOM has been studied both as an output of several drivers and an antecedent of different constructs, from customer satisfaction to customer loyalty. WOM has been recognized as an important force in the marketplace, influencing attitudes, preferences, purchase intentions, and decision making (Wangenheim 2005). Positive WOM is a behavioral intention similar to repurchasing, except that it involves the intention to recommend (Berry et al. 1994; Dawolkins and Reichheld 1990; Fornell and Wernerfelt 1987). Firm profitability results from positive WOM because people discuss their good experiences with products and services with family, friends, coworkers and others, thereby influencing other possible customers to purchase (Ahrens et al. 2013; Anderson et al. 1994; Berry et al. 1994; Dawkins and Reichheld 1990; Fornell 1992; Molinari et al. 2008; Rust et al. 1995; Zeithaml et al. 1996).

The attention given to WOM has increased due to the proliferation of online feedback mechanisms that have already changed people's behavior in important ways, with consumers increasingly relying on opinions posted via online systems to make a variety of decisions.

Electronic WOM (E-WOM) is defined as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet" (Hennig-Thurau et al. 2004, p 39), and it has also directly been considered as consumer-consumer interaction (Yadav and Pavlou 2014). E-WOM has become one of the most preferred methods of communication in some cases as it allows exchanging product information at a larger scale and helps consumers make informed decisions due to the large amount of information available on the web. To summarize, e-WOM is perceived as a very reliable source of information and as a consequence it impacts on customers' decision-making processes in a more powerful way than the impact of traditional WOM. E-WOM

takes place in a social and visible context where people share their opinions about products and services with others whom most of the time they do not know or meet in an offline context. In addition, the content coming from e-WOM remains available for a long time and it is very easy to be accessed. In other words, when comparing WOM and e-WOM, online WOM is more influential due to its speed, convenience, one-to-many reach, and its absence of face-to-face human pressure" (Sun et al. 2006, p. 1105).

Previous research has focused on the antecedents that lead consumers to talk online spreading e-WOM rather than understanding why e-WOM is read and perceived as so important. The literature identifies several drivers that lead consumer to post/write online; some examples are self-enhancement, innovativeness and opinion leadership, ability and self-efficacy, individuation, neuroticism, and altruism (King et al. 2014). In addition, another research stream that has become very important among not only academics but also managers and companies is the focus on establishing a link between e-WOM and product sales (You et al. 2015). In fact, e-WOM has been found to affect several firm-level outcomes, such as product sales, revenues, and stock prices (e.g., Chevalier and Mayzlin 2006; Trusov, Bucklin, and Pauwels 2009). In particular, some studies (Chevalier and Mayzlin 2006; Dellarocas et al. 2007; Zhu and Zhang 2010) found a positive relationship between valence and product sales and the external influence propensity of online reviews. Not only the valence, but also the volume of WOM has been related to an increase on sales (Liu 2006). On average, e-WOM is positively correlated with sales but its effectiveness differs across platform, product, and metric factors (Babić Rosario et al. 2016) showing some degrees of elasticity (You et al. 2015).

Moreover, one of the most important aspects that lead firms to consider and analyze WOM is that WOM from satisfied customers lowers the cost of attracting new customers and enhances the firm's overall reputation, while the same from dissatisfied customers has the opposite effect (Anderson 1998; Fornell 1992; Presi et al. 2014). This represents a challenge not only in the offline context, but also in the online environment, particularly in social media. This study sought to understand to what extent the relational benefits that derive from using social media online brand communities are perceived by consumers as valuable, and whether they lead to increased customer loyalty and

word of mouth. Thus, this study developed the following hypothesis:

**H2:** Relational benefits have a positive effect on loyalty.

In particular:

H2a: Monetary benefits have a positive effect on loyalty.

H2b: Recognition benefits have a positive effect on loyalty.

H2c: Social benefits have a positive effect on loyalty.

H2d: Entertainment benefits have a positive effect on loyalty.

H2e: Exploration benefits have a positive effect on loyalty.

Customer loyalty and positive WOM are essentially a declaration that an individual is satisfied with the various phases of the purchase experience. Brand usage also serves to demonstrate loyalty, which is another indication of high equity (Ennew et al. 2000). Creating value is central to companies (Holbrook 1994, p. 22) and, to achieve this, many activities can be organized to improve the customer's overall assessment of utility

(Zeithaml 1988). This can be realized by increasing customer benefits or decreasing customer costs. As the received value increases, the customer is expected to exhibit greater loyalty (Neal 1999; Sirdeshmukh et al. 2002). The value perceived by customers for a brand—also deriving from participation in the online brand communities of companies in the social media environment—helps companies increase customer loyalty and related WOM activity. For this reason, this study sought to verify the following hypothesis:

**H3:** As CBBE increases, customer loyalty increases.

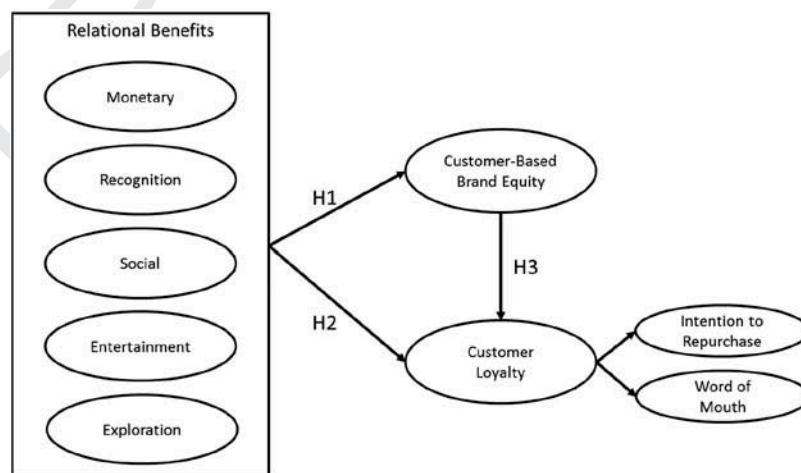
## METHODOLOGY

### Data Collection and Sample

This study's data collection focused on Spanish and Italian customers. Both countries were included in the same sample because their level of social media penetration is very similar: 47 percent and 46 percent, respectively, in January 2015, versus 41 percent and 42 percent in January 2014. In addition, Facebook is both countries' most important social network, with 33 percent of Spanish users having their own account versus 24 percent of Italian users (Kemp 2015).

The study was undertaken via a survey of social media users who were also online brand communities

**Figure 1**  
**Research Model and Hypotheses**



members. To ensure the participants genuinely were social media users, the research methodology was developed by using an online survey that was only distributed via social media. Participants were asked to complete the questionnaire based on their favorite online brand communities. First, they wrote the name of a firm or brand for which they were a brand community member, and the social media in which the firm was present. Second, participants were asked to complete questions related to eight constructs: the five perceived benefits (monetary, recognition, social, entertainment, and exploration benefits), CBBE, repurchase intention and WOM. Each construct was measured with multiple items.

For all constructs, this study used scales and items available and validated in the previous literature. The content validity of the constructs was ensured by relying on pretested and pilot-tested scales and, prior to the data collection, a survey including all the items was tested among 10 users with rich social media usage experience. None of the proposed items were dropped. The final items are listed in the Appendix A. All were measured with a five-point Likert scale, ranging from “strongly disagree” (one) to “strongly agree” (five).

In order to measure perceived benefits, a scale adapted from Mimouni and Volle (2010) was used. CBBE was measured using a scale from Yoo et al. (2000).

Though several conceptualizations have been proposed (Aaker 1996; Keller 1993,2001,) the Yoo et al. scale provide a more convincing scale and, as Christodoulides and de Chernatony (2010, p. 56) state, “the Yoo and Donthu (2001) study arguably has the most strengths and fewest weaknesses.”

Customer loyalty was considered a second-order construct that involved two dimensions (intention to repurchase and WOM). This was measured using Palmatier et al.’s (2007) scale. Finally, some demographic data, such as age and gender, were collected.

A total of 455 participants clicked the survey link. To clean the data, this study removed incomplete responses, leaving a usable sample of 295 Spanish questionnaires and 155 Italian questionnaires for analysis. Table 1 presents the demographic data of the sample, where the ages of the participants ranged from 18 to 59 years of age, with an average age of 25 years. Moreover, approximately the 40 percent of respondents were men and 60 percent were women for the total sample.

Due to the fact that many firms sell products that belong to different sectors with the same brand, it was

**Table 1**  
**Demographic data of the sample**

		Spanish sample	Italian sample	Total Sample
Gender	Men	113	62	38.88%
	Women	182	93	61.12%
	Total	295	155	100% (n=450)
Age	Minimum	18	18	18
	Maximum	59	48	59
	Average	26	22	25

possible to classify some brands in more than one sector. However, in order to clarify the results, this study classified them by taking into account the sector in which the presence of the brand was more important. Based on this, more than 25 percent of the brands of which users were members belonged to the fashion sector. The rest of the brands were equally classified into different sectors, such as groceries, leisure and technology, sports, personal care, cars, and other services (see Appendices B and C for a detailed list of the brand names).

Furthermore, Table 2 demonstrates the social media in which respondents said to be brand community members. In terms of the social media platforms used by these brands most respondents followed brands’ Facebook fan pages (91.33 percent of the sample).

## Data Analysis

Data analysis was conducted using partial least squares (PLS)—a structural equation modeling technique commonly used in the marketing literature. This was performed using the software SmartPLS 3.1.5 (Ringle, Wende and Becker 2014). This study chose PLS because of its lack of restrictions in terms of normal distribution and the unlikelihood of improper or nonconvergent

**Table 2**  
**Brand Presence Across Social Media Platforms**

	Spanish survey	Italian survey	Total sample	Percentage (%)
Facebook	263	148	411	91.33
Twitter	138	31	169	37.55
LinkedIn	23	7	30	6.66
Google Plus	57	13	70	12.72
Tuenti (only in Spain)	65	-	65	41.44
Others	21	15	36	8



solutions, even for small samples (Chin et al. 2003). This study adopted a two-step analytical procedure (Hair et al. 2013). The first step required assessment of the measurement model, allowing the relationships between the observable variables and theoretical concepts to be specified. In the second step, the structural model was evaluated and the hypotheses tested.

## RESULTS

### Measurement Model

The measurement model was assessed via analyzing its reliability and validity (Henseler et al. 2009), as all constructs in the model were considered reflective. To determine reliability, this study used both individual item and construct reliability approaches. First, individual item reliability was assessed by examining the factor loadings of the items with their respective construct. Second, construct reliability was assessed using the composite reliability score (CR) and Cronbach's alpha (CA). The results in Table 3 indicate that all items were reliable due to their factor loadings being greater than 0.707 for the construct (Hair et al. 2013). Similarly, the constructs were reliable because their CR and CA were greater than 0.7. The convergent validity of the scales was evaluated according to the average variance extracted (AVE), which was greater than 0.5 for all constructs, as shown in Table 3.

Finally, to assess the discriminant validity, based on Fornell and Larcker (1981), this study compared the square root of the AVE (diagonal elements in Table 4) with the correlations between constructs (off-diagonal elements in Table 4). All constructs shared more variance with their indicators than with other constructs.

While six constructs in the model were operationalized as first-order reflective (monetary, recognition, social, entertainment, exploration, and CBBE), the construct of customer loyalty was modeled as a second-order reflective construct that involved the dimensions of intention to repurchase and WOM. Following this, a second-order analysis of a model depicting both dimensions was conducted. Table 5 presents the properties of measurement of the second-order construct. Based on examination of the results in Table 5, two dimensions (intention to repurchase and WOM) generated the construct of customer loyalty, as indicated by the significant second-order factor loadings. Moreover, CR and CA were greater than 0.70 and AVE was over 0.5, thus

**Table 3**  
**Properties of Measurement Constructs: Reliability and Convergent Validity**

Constructs	Items	Factor			
		Loading	CR	CA	AVE
Monetary	M1	0.918	0.954	0.928	0.873
	M2	0.957			
	M3	0.929			
Recognition	R1	0.823	0.928	0.896	0.764
	R2	0.903			
	R3	0.920			
	R4	0.847			
Social	S1	0.801	0.901	0.837	0.752
	S2	0.893			
	S3	0.904			
Entertainment	ENT1	0.880	0.910	0.853	0.772
	ENT2	0.890			
	ENT3	0.866			
Exploration	EXP1	0.881	0.876	0.783	0.704
	EXP2	0.902			
	EXP3	0.721			
Customer-Based Brand Equity	BE1	0.796	0.906	0.862	0.708
	BE2	0.884			
	BE3	0.845			
	BE4	0.838			
Intention to Repurchase	IR1	0.888	0.904	0.840	0.758
	IR2	0.837			
	IR3	0.886			
Word of Mouth	WOM1	0.903	0.929	0.886	0.815
	WOM2	0.924			
	WOM3	0.880			

*Note:* CA = Cronbach's Alpha; CR = Composite Reliability; AVE = Average Variance Extracted.

indicating that the customer loyalty construct achieved convergent validity and was reliable. Further, as shown in Table 6, discriminant validity was also achieved. Thus, as the measurement results were found to be satisfactory, it was appropriate to proceed with the structural model.

### Structural Model

The assessment of the structural model was based on the algebraic sign, magnitude, and significance of the structural path coefficients, the  $R^2$  values and the  $Q^2$  test for predictive relevance. Consistent with Hair et al. (2013), bootstrapping (5,000 resamples) was used to generate t-statistics to enable assessment of the statistical significance of the path coefficients. Table 7 presents the path coefficients of each hypothesized

**Table 4**  
Correlation Matrix of First-Order Constructs

	1	2	3	4	5	6	7	8
1. Monetary	<b>0.935</b>							
2. Recognition	0.222	<b>0.874</b>						
3. Social	-0.005	0.539	<b>0.867</b>					
4. Entertainment	0.153	0.472	0.510	<b>0.879</b>				
5. Exploration	0.277	0.204	0.336	0.310	<b>0.839</b>			
6. Customer-Based Brand Equity	0.080	0.318	0.417	0.282	0.317	<b>0.841</b>		
7. Intention to Repurchase	0.234	0.245	0.347	0.270	0.386	0.540	<b>0.870</b>	
8. Word of Mouth	0.161	0.198	0.396	0.260	0.442	0.524	0.704	<b>0.903</b>

**Table 5**  
Quality Criteria of the Second-Order Construct

Construct	Items	Factor Loading	CR	CA	AVE
Customer Loyalty	Intention to Repurchase	0.921***	0.92	0.825	0.851
	Word of Mouth	0.924***			

association in the research model, as well as the explained variance. The t-values confirm the significance of H1b ( $\beta = 0.12$ ), H1c ( $\beta = 0.275$ ), H1e ( $\beta = 0.193$ ), H2a ( $\beta = 0.134$ ), H2c ( $\beta = 0.175$ ), H2e ( $\beta = 0.222$ ), and H3 ( $\beta = 0.440$ ). However, four hypotheses were not significant: H1a, H1d, H2b, and H2d. Thus, the results accepted H3, but could only partially accept H1 and H2. Figure 2 presents an overview of the hypotheses after the analysis.

The structural model demonstrated predictive power because the variances explained ( $R^2$ ) in the endogenous constructs were acceptable, according to the values proposed by Chin (1998), where 0.19, 0.33, and 0.67 are weak, moderate, and substantial, respectively. Thus,

the results showed that the research model explained 22 percent of the variance in CBBE and 44.1 percent for customer loyalty.

The  $f^2$  value provides the relative size of each incremental effect introduced in the model. As Cohen (1988) suggested,  $f^2$  values of 0.02, 0.15, and 0.35 indicate a small, medium, or large effect size, respectively. As shown in Table 6, in this study,  $f^2$  was found to be greater than the minimum acceptable size (0.02) for all significant hypotheses, which indicated that the accepted model had very good explanatory power.

Further, the Stone-Geiser's  $Q^2$  statistic can be used to evaluate the predictive relevance of the model, and is measured using a blindfolding technique in which all endogenous values that are positive are considered predictive. As shown in Table 7, all values of  $Q^2$  were positive (Chin 1998); thus, the relationships in the model had predictive relevance.

Further, considering that the sample of this study comprised users from different countries of origin (both Italian and Spanish users of social media), a multigroup analysis was undertaken to check whether there were

**Table 6**  
Correlation Matrix of the Second-Order Construct

	1	2	3	4	5	6	7
1. Monetary	<b>0.935</b>						
2. Recognition	0.229	<b>0.873</b>					
3. Social	-0.004	0.537	<b>0.867</b>				
4. Entertainment	0.156	0.472	0.504	<b>0.879</b>			
5. Exploration	0.277	0.209	0.338	0.313	<b>0.839</b>		
6. CBBE	0.080	0.318	0.416	0.282	0.317	<b>0.841</b>	
7. Loyalty	<b>0.216</b>	<b>0.245</b>	<b>0.404</b>	<b>0.290</b>	<b>0.450</b>	<b>0.576</b>	<b>0.923</b>

**Table 7**  
**Summary of Hypotheses Testing Results**

Hypothesis	Path Coefficients	t-value	R <sup>2</sup>	Q <sup>2</sup>	f <sup>2</sup>
H1a: Monetary → CBBE	-0.004	0.074 <sup>ns</sup>	0.220	0.151	0.000
H1b: Recognition → CBBE	0.120	2.157*			0.011
H1c: Social → CBBE	0.275	4.534***			0.055
H1d: Entertainment → CBBE	0.023	0.432 <sup>ns</sup>			0.000
H1e: Exploration → CBBE	0.193	3.897***			0.038
H2a: Monetary → Loyalty	0.134	3.464***	0.441	0.366	0.027
H2b: Recognition → Loyalty	-0.078	1.876 <sup>ns</sup>			0.007
H2c: Social → Loyalty	0.175	3.536***			0.029
H2d: Entertainment → Loyalty	0.026	0.562 <sup>ns</sup>			0.001
H2e: Exploration → Loyalty	0.222	4.459***			0.067
H3: CBBE → Loyalty	0.440	11.074***			0.270

differences between the samples of users. The results from a Henseler's multigroup analysis (Table 8) showed that there were no significant differences between the countries in any of the 11 structural paths ( $p$ -value > 0.1).

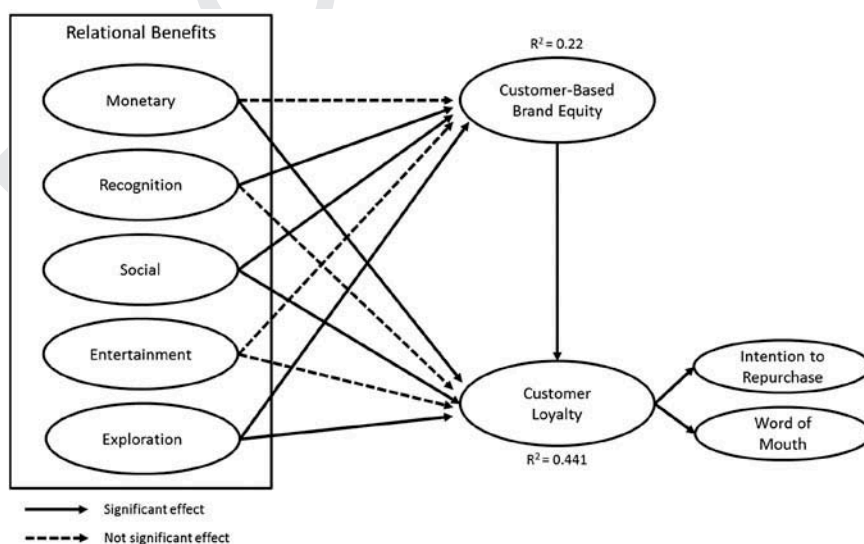
## DISCUSSION

This study examined the effects of the relational benefits of social media on CBBE and customer loyalty. This article presented a model of the effect of

the relational benefits perceived by customers through social media online brand communities on brand equity and loyalty. This study makes at least three major contributions to research in digital marketing.

First, our study adapted and implemented the relational benefits usually applied to the offline context (such as those linked to store loyalty programs) on the online environment, particularly social media and user-generated contents. This included many brands

**Figure 2**  
**Main Effects**



**Table 8**  
**Henseler's Multigroup Analysis**

Hypothesis	Path Coefficients Differences:	
	Italian-Spanish users	p-value
H1a: Monetary → CBBE	0.040 <sup>ns</sup>	0.658
H1b: Recognition → CBBE	0.008 <sup>ns</sup>	0.494
H1c: Social → CBBE	0.123 <sup>ns</sup>	0.820
H1d: Entertainment → CBBE	0.031 <sup>ns</sup>	0.685
H1e: Exploration → CBBE	0.007 <sup>ns</sup>	0.528
H2a: Monetary → Loyalty	0.022 <sup>ns</sup>	0.635
H2b: Recognition → Loyalty	0.0020 <sup>ns</sup>	0.359
H2c: Social → Loyalty	0.021 <sup>ns</sup>	0.586
H2d: Entertainment → Loyalty	0.070 <sup>ns</sup>	0.187
H2e: Exploration → Loyalty	0.092 <sup>ns</sup>	0.834
H3: CBBE → Loyalty	0.045 <sup>ns</sup>	0.289

from different sectors with online brand communities on several social media platforms, mainly on Facebook.

Results of this study provide a theoretical contribution that enriches previous research on benefits related to social media, particularly the study by Kim and Ko (2012). However, although this previous research provided a useful contribution on brand equity through social media, authors focused on several activities as antecedents of social media rather than benefits, particularly for luxury brands perceived by Korean consumers. In addition, they did not find significant results for relational equity on overall brand equity. For this reason we decided to better explore the dimension of value by providing more details from a relational perspective, and understanding the benefits consumers can perceive through social media adoption around a brand. To summarize our first contribution, our independent variables are relational benefits rather than social media marketing activities (Kim and Ko 2012) or traditional communications and social media communications (Bruhn et al. 2012). In other words, in line with future research suggested by Kang et al. (2014), as we measure relational benefits as perceived by customers and not company activities or communications.

Second, by comparing the influence of five relational benefits on CBBE and brand loyalty, this study found a significant positive effect for all these two constructs, integrating with the online context existing research on relational benefits which has usually been applied to the offline environment (Hennig-Thurau et al. 2010). This is in line with the study by Zhang et al. (2016), although

they focused solely on loyalty and on one Chinese microblog (Sina Weibo), overlooking an important outcome when brand is involved, like CBBE. In addition, the context-channel of our study is mainly and not limited to Facebook, which is no doubt one of the most used and popular social networks in Western countries.

The results indicated that two benefits (social and exploration benefits) had a significant effect on both CBBE and loyalty for members of social media online brand communities (supporting H1c, H1e, H2c, and H2e). This indicates that members seek social attachment to the communities to which they belong and to the other members on online brand communities. In addition, they demonstrate willingness to explore and seek news and updated information about new products or brand events or initiatives that they would not receive in other offline or online traditional platforms (such as company websites).

Considering these benefits, social-psychological benefits may enhance members' perceptions of community attractiveness, and motivate them to perceive higher value from the brand, undertake repeat purchasing, and provide positive reviews to other online members (Bendapudi and Berry 1997; Dalla Pozza 2014; Kang et al. 2014). Moreover, exploration benefits were also found to be a significant factor for enhancing brand equity and loyalty. Members were found to be likely to assign higher brand value and repeat purchasing when online brand communities incorporated unique real-time and tailored features, and news and updates that satisfied participants' interests greater than companies' traditional websites (Dholakia et al. 2004).

Recognition benefits were found to positively influence CBBE (H1b), rather than customer loyalty (H2b). These benefits allow the firm to maintain contact with its customers and members, and provide people with a feeling of being engaged in customized and personalized relationships. As a consequence, this enhances brand attachment and the related equity from the customer's perspective, although it does not necessarily lead members to repurchase the company product. An example is luxury products. Being a member of the Chanel or Ferrari online brand community on Facebook or Twitter causes the member to feel important for being part of such a community, thereby enhancing their advocacy to the brand and their brand attachment. However this does not necessarily reflect repurchasing, given that many members may not be able to afford it.

Repurchasing activity and widespread positive WOM are more influenced by monetary benefits (supporting H2a) because monetary savings and discounts are better linked to actual purchase behavior, rather than to providing an increase in brand equity (H1a not supported). Regarding entertainment benefits, the results showed no significant effect on CBBE or loyalty (H1d and H2d). This lack of relationship could be interpreted as being an indication of the fact that online brand communities are not a primary outlet for consumers seeking entertainment, given that there are many gaming platforms that provide users with apps and contexts that satisfy this need. Another reason could be that brands are not focusing or investing enough in their online brand communities to provide users with games and entertainment, but prefer to update these pages with other content, such as new product launches, monetary discounts, and social events.

Third, it was found that brand equity, as a mediating variable, accounted for the relationship between all relational benefits categories and brand loyalty. This study found that greater brand equity derived from the relational benefits of social media impacts on customer loyalty (H3). This extends previous research about the mediating role of CBBE. This is one of the first times that this construct has been found to enhance the effect of relational benefits on loyalty.

### MANAGERIAL IMPLICATIONS

Considering the managerial implications, this study drives managers to understand the effects that relational benefits provide to brand equity and loyalty from social media users. This allows marketing managers to realize that social media affirmatively acts as a marketing medium to enhance brand equity and loyalty by providing customers with benefits that go beyond the mere consumption of products and services. In this manner, social media contributes to creating value by strengthening customer relationships and intentions to purchase products and services. As offline competition becomes tougher, building and maintaining customer relationships and loyalty via intangible benefits such as those considered in this study will enable firms to continue investing in their activities on social media as a possible solution for gaining a competitive advantage over the most common marketing mix tools, such as price.

This study can assist marketers to select those activities that provide benefits that create both equity and loyalty for customers. For example, this study indicates that both social and exploration benefits are the most valuable for social media users. In contrast, entertainment benefits seem not to provide brand equity and loyalty to customers. Based on this, it might be unwise to invest in this area, or this area might be monitored as a potential activity that requires further improvement by companies. In addition, this study confirms that strong brand association leads to higher loyalty, which is translated into higher retention rates and willingness to spread positive WOM. This confirms the advantages of continuing investing in and working on branding, both offline and online, via new communication tools and platforms.

### LIMITATIONS AND FUTURE RESEARCH

As with all research, this study had some limitations that indicate the need for further avenues of research. First, respondents were users of social media from only two different countries (Spain and Italy), which probably differ from users with other cultural backgrounds. Moreover, the sample was mainly formed by millennials (respondents who were born during the time period: 1980–2000), as the average age was 25 years-old. Any extrapolation of the conclusions might not be generalizable beyond the sample frame. This could be addressed by future cross-sector and cross-cultural studies. A new sample from any other country or cultural context would help test the proposed model, and a larger sample with nonmillennials users would enhance generalization of the conclusions because other users may have different behaviors related to brand equity and customer loyalty.

Second, although this study considered five different benefits related to the relationship marketing and loyalty program literature, all other kinds of relevant benefits or gratifications perceived by users of social media were excluded. Thus, including other online activities that consumers can perceive as a benefit might enrich this study. In addition, this study only tested the effect of relational benefits on CBBE and loyalty. Future research could explore the effect that this commitment by users might have, depending on the content brands provide to users and the kind of activities they offer via these pages. Moreover, a further study could focus on the differences in benefit perception depending on the

typology of product/brand acting in social media (for instance, functional versus symbolic and hedonic brands/products).

Third, this study exclusively considered and analyzed the use of online brand communities from the customer's perspective. However, as firms increasingly use online brand communities to develop their marketing strategies, this study could also be developed from the firm's perspective. An analysis of how firms or brands manage their social media profiles could be useful to identify whether there are any gaps between the benefits offered by firms and the benefits perceived by users of social media, and why these gaps emerge.

Finally, this study examined the online brand communities of social media. As some differences between online brand communities and other types of social media (such as blogs, content communities and virtual worlds) may exist, further research with a larger sample should test whether different social media characteristics produce different effects.

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## APPENDIX A. SUMMARY OF MEASURES

Construct	Items	Measurement Variables
Monetary	M1	When I follow the brand page. . . I have the opportunity to shop at a lower cost through special promotion
	M2	I can spend less through purchasing at special price in the brand page
	M3	I save money through exclusive discounts available in the brand page
Recognition		I think the company through its brand page. . .
	R1	takes better care of me
	R2	makes me feel better than other customers
	R3	treats me with more attention
Social	R4	makes me feel more distinguished than other customers
	S1	When I follow the brand page, I feel to belong to a community of people who share the same values
	S2	I feel close to the brand
Entertainment	S3	I feel I share the same values as the brand
	ENT1	Using the company's brand page is entertaining
	ENT2	Using the company's brand page is enjoyable
Exploration	ENT3	Content shown in the brand page is interesting
	EXP1	The brand page offers the opportunity to keep me updated about new products
	EXP2	I discover products through the brand page I wouldn't have discovered otherwise
Customer-Based Brand Equity	EXP3	Following the brand page I can have exclusive access to receive and try new products
	BE1	It makes sense to buy X instead of any other brand, even if they are the same
	BE2	Even if another brand has same features as X, I would prefer to buy X
	BE3	If there is another brand as good as X, I prefer to buy X
Intention to Repurchase	BE4	If another brand is not different from X in any way. it seems smarter to purchase X
	IR1	For my next purchase, I will consider products of the brand as my first choice
	IR2	I will buy products of the brand again next time
Word of Mouth	IR3	I intend to keep purchasing products form the brand
	WOM1	I say positive things about this brand to others
	WOM2	I would recommend this brand to someone seeking my advice
	WOM3	I will pass along information on brand, product, or services from the brand page to my friends</TB>

**APPENDIX B: BRANDS WHICH SPANISH PARTICIPANTS OF THE STUDY FOCUSED TO ANSWER  
THE QUESTIONNAIRE AS MEMBER (1)**

<b>Abarth</b>	<b>1</b>	<b>Desigual</b>	<b>3</b>	<b>Hotel Entremares</b>	<b>1</b>
Abercrombie & Fitch	1	Ebay	3	HTC	1
Activision Blizzard	1	El Corte Inglés	8	Ice Watch	1
Adidas	9	El Duende Verde	1	IESE	1
Airsoft Itaka	1	El Jueves	1	Ikea	1
Alymo Decoración	1	El Viajero Fisgoen	1	Joyería Bernal	1
Amazon	1	Eldiario.es	1	KÖrastase	1
American Sweet	1	Eleconomista.es	1	Kiko	1
Apple	5	Elf CosmÓticos	1	Konami	1
Asos	3	Elpais.es	2	La Casa del Libro	1
Avon	1	EstÖe Lauder	1	Lafuma	1
Balkysub - Driving School	1	Eupsike Consultores	1	LekuÖ	1
BBVA	1	Europa Press	1	Lidl	2
Biblioteca Nacional	1	Fanta	2	Llao Llao	2
Billabong	1	Ferrari	2	L'OrÖal Paris	2
Bimba & Lola	2	FIB	1	Loyal Cycling	1
Blanco	3	Fnac	2	Lyonesse	1
Blue Elephant	1	Forcola Ediciones	1	Maison Espin	1
BMW	1	Ford	1	Mango	4
Bodas.net	1	Fórmula Karts	1	Marca	5
Budablu	1	Foster Hollywood	1	Max Factor	1
BuyVip	2	Funky Trunks	1	Maxime	1
C&A	1	F. C. Barcelona	1	McDonald's	2
Caja Laboral	1	Orenes Psychologists	1	Mercadona	1
Campus Mare Nostrum	1	Garniel	1	Milka	1
Carrefour	1	Gioseppe	1	Miss Ditta	1
Chocolateatuevento	1	Google	3	Mixta	1
Cien Pizzas	1	Groupon	2	Mobel Sport	1
Circulo de Lectores	1	Grupalia	1	Movistar	2
Circulo Rojo	1	Grupo Inditex	2	Mr Wonderful	1
Cloud Incubator	1	Grupo Oter	1	Murcia Fashion Week	1
Coca Cola	20	Guess	1	Mustang	2
Colour Nude	1	H&M	4	Namco Bandai	1
Converse	1	Happy Ideas	1	Nenuco	1
Cosplay Original	1	Heineken	1	Nestea	1
Debolsillo	1	Hero	2	NestlÖ	2
Decathlon	6	Honda	1	Nike	12

**APPENDIX B: BRANDS WHICH SPANISH PARTICIPANTS OF THE STUDY FOCUSED TO ANSWER  
THE QUESTIONNAIRE AS MEMBER (2)**

<b>Nissan</b>	<b>1</b>	<b>Real Madrid</b>	<b>2</b>	<b>The Next on Project</b>	<b>1</b>
Nutella	1	Real Oviedo	1	Thiomucase	1
Nyx Cosmetics	1	Red Bull	3	Tommy Hilfiger	4
October	1	Riot Games	4	Topshop	1
Olivar y Aceite	1	Robin Skouteris	1	Tributo	1
Openbank	1	Ryanair	1	Tuenti movil	1
Organo Gold	1	Sabic	1	UNED	2
Oriflame	1	Samsung	2	Unilever	1
Parrilla Natural Restaurant	1	Sephora	1	United Colors of Benetton	1
Pelikan	1	Smo—y	2	Universidad Alfonso X	1
Pepephone	2	Sockaholic	1	Victoria Secret	1
Pimpkie	1	Sony	1	Vodafone	3
PlayStation	1	SOS Festival 4.8	1	Vogue	1
Privalia	3	Spa Cartagena Plaza	1	Yeguada	1
Pull & Bear	1	Stradivarius	4	La Escalera	
Quicksilver	1	Superpharma	1	Zalando	3
Radio 3	1	TÖ Inspiro	1	Zara	16
Rafaela Pitti	1	Tele Cartagena	1		
Ramboll	1	Telepizza	3		

**APPENDIX C: BRANDS WHICH ITALIAN PARTICIPANTS OF THE STUDY FOCUSED TO ANSWER  
THE QUESTIONNAIRE AS MEMBER**

<b>Abercrombie</b>	<b>1</b>	<b>Gibson Guitars</b>	<b>1</b>	<b>Nutella</b>	<b>2</b>
Adidas	2	Gillette	1	Oysho	1
Alfa Romeo	1	Giunti	1	P&G	1
Amazon	4	H&M	5	Paizo	1
Apple	2	Harley Davidson	2	Pandora	1
Arcade	1	Hellas Verona FC Spa	1	Peuterey	1
Asos	1	Hi-Rez Studios	1	Philadelphia	1
Audi	1	Hilton Worldwide	1	Piccadilly Femme	1
Avon	1	HTC	2	Pimkie	1
Bauli	1	Internazionale	2	Primo Mattino	1
BBC News	1	Intimissimi	1	Progetto Yeah	1
Beautybuy.com	1	Kiko	1	Pupa	1
Belmonte	1	L'erbolario	1	Ray Ban	3
Bershka	4	Lazzari	1	Red Bull	1
BMW	1	Liu Jo	1	Salomon	1
Brooks England	1	Louis Vuitton	1	Samsung	2
Calzedonia	1	Lush	1	Serge Thoraval	1
Canon	1	Mango	3	Sony	2
Coca Cola	6	Marsilio	1	Sputnikmodena	2
Corratec	1	Masi Vini	1	Starbucks	1
Chanel	2	McDonald's	1	Stradivarius	1
Dainese	1	Mercedes Benz	1	Subdued	1
Dalani Home & Living	1	Mini	1	Tezenis	2
Denon	1	Minimarket	1	Tiffany & Co.	2
Desigual	1	Moncler	1	U.C. of Benetton	1
Diesel	7	Montura	1	UniversitÁ di Verona	1
Dodge	1	Motorola	1	Vaniziosa	1
Douglas	1	Mtv	1	Vans	2
Ducati	2	My Theresa	1	Vero Moda	1
Feltrinelli	1	Naf Naf	1	Virgin	1
Ferrari	4	Nike	9	Vogue	1
Fiat	1	Nikon	1	Zalando	1
Gardaland	1	Nokia	2	Zara	4
Giallo Zafferano	1	Novafoods	1	Vero Moda	1