# The Role of a Social Media Marketing in Building Brand Equity- A Special Reference to Travel & Tourism Industry in Sri Lanka

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*Abstract-* Due to its dynamic and emergent nature, the effectiveness of social media as a marketing communication channel has presented many challenges for marketers. It is considered to be different to traditional marketing channels. Many organizations are investing in their social media presence because they appreciate the need to engage in existing social media conversations in order to build their brand equity. Social Medias are increasingly replacing traditional media, and more consumers are using them as a source of information about products, services and brands. On the other hand, brand equity is considered as a powerful mechanism to create the sustainable competitive advantage for the organizational concern. Thus, this study examined the research problem of whether the social media marketing (SMM) impacts on brand equity in Travel & Tourism Industry (TTI) in Sri Lanka. The objective of this study is to identify the impact of SMM on brand equity in Sri Lankan Travel& Tourism Industry (TTI). Furthermore, the conceptual model has been developed to link SMM and brand equity.

*Keywords:* social media marketing, brand equity, travel & tourism industry in sri lanka.

*GJMBR-E Classification:* JEL Code: Z39

THEROLEOFASOCIALMEDIAMARKETINGINBUILDINGBRANDEQUITYASPECIALREFERENCETOTRAVELTOURISMINDUSTRYINSRILANKA

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*Abstract-* Due to its dynamic and emergent nature, the effectiveness of social media as a marketing communication channel has presented many challenges for marketers. It is considered to be different to traditional marketing channels. Many organizations are investing in their social media presence because they appreciate the need to engage in existing social media conversations in order to build their brand equity. Social Medias are increasingly replacing traditional media, and more consumers are using them as a source of information about products, services and brands. On the other hand, brand equity is considered as a powerful mechanism to create the sustainable competitive advantage for the organizational concern. Thus, this study examined the research problem of whether the social media marketing (SMM) impacts on brand equity in Travel & Tourism Industry (TTI) in Sri Lanka. The objective of this study is to identify the impact of SMM on brand equity in Sri Lankan Travel& Tourism Industry (TTI). Furthermore, the conceptual model has been developed to link SMM and brand equity. Entertainment, interaction, trendiness, customization and word of mouth are considered as the dimensions of SMM. Similarly brand loyalty, perceived quality, brand image and brand awareness are the dimensions of brand equity which were extracted from literature. Questionnaire was used to collect data. Fifteen tourist hotel have been selected in Colombo District based on non-probability sampling method (quota sampling method). Multiple regression has been used for the analysis. Findings revealed that there is a positive and significant impact (73.4%) of SMM on brand equity in Sri Lankan Travel& Tourism Industry.

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## I. Introduction

During different time era's different methods of communications has developed and changed the day by day life. Social media has become the method of statement in the 21't century, enabling us to express our belief, ideas and manner in an absolute new way. This way of message have also have a huge impact on corporation, where they have realize that without a correct plan and social media strategy they have no chance to stand out in the rapidly changing digital freedom. To guarantee a successful attendance on social media the companies need to take different

marketing theories into consideration so that they can boost their brand in different aspect. If this can be collective with original ways of consumer interaction the companies have a good chance to take the lead in social media marketing'. The meteoric growth of community websites, such as Twitter, Facebook and LinkedIn, have usher the world into a new era of social media.Social media marketing is also more sincere in itscommunication with the consumers, trying to show what the brand is rather than trying to control its image.

Consequently, more and more brands are incorporating social media marketing (SMM) into their marketing strategies to reap the benefits of the digital wave. Defined as the process that empowers promotion of websites, products and services via online social channels (Weinberg, 2009), SMM is related to relationship building and making connections with the consumers – current or potential (Erdogmus and Cicek, 2012). With activities such as blogging and sharing instructional videos and product photos on social media platforms, the focus of SMM activities are content generation, communication, outreach and referral to increase web traffic, awareness and popularity of brands (Kim and Ko, 2012). Moreover, the growth in the use of social media and emergence of social search is playing a central role in consumer-brand interactions and engagement (Kim and Ko, 2012; Laroche *et al.*, 2013).

Thus, firms and brands need to factor in the influence of social media on consumers and better understand the extent to which social media can and should play a role in consumer-brand engagement (Parent *et al.*, 2011; Schultz and Peltier, 2013). With the increased opportunity for consumers to talk to other consumers around the world, companies are no longer the sole source of brand communications (Bruhn *et al.*, 2014). This has made consumer-brand interactions more complex and transformed it into a multi-party conversation rather than a brand-dictated monologue (Deighton and Kornfeld, 2009). As a result, scholars have noted the necessity of research to fully account for the depth of consumer interactions with brands (Bowden, 2009) and examine the nature of brand equity-consumer engagement within interactive, online and social settings (Yazdanparast *et al.*, 2015).

On the otherhand"brand equity" is an important concept in business practice as well as in academic

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research because marketers can gain competitive advantage through successful brands.

Further brand equity exhibits the qualities required for creating a sustainable competitive advantage. It adds value for customers, helps to create defensible competitive positions, and cannot be easily transferred to other organizations (Pitta and Kastsanis, 1995). Thus organizations can use the brand equity as a powerful tool to create a sustainable competitive advantage. Hence organizations seek the ways to develop the brand equity. Advertising, sales force, public relations, slogans and symbols are used to develop the brand equity (Aaker, 1991). However a marketing strategy is often considered essential for establishing brand equity (Tong and Hawley, 2009). Aaker also (1991) emphasized that each brand equity dimension could be achieved by a variety of marketing strategies.

On the other hand Yazdanparast *et al.*, (2015) mentioned social media-based marketing activities can be used as a marketing strategy to build the brand equity. Further social media marketing is different than traditional methods of marketing; therefore, it requires special attention and strategy building to achieve brand image and loyalty.

There are several researches which had been undertaken in the social media perspective. Recently few studies have systematically investigated how to employ social media marketing strategies to build brand equity. Also rarely find researches which have been undertaken in the social media marketing on building brand equity perspective to compete effectively. Therefore deficiencies persist in the understanding the impact of SMM on brand equity in order to achieve the competitive advantage. So this research addressed the theoretical as well as empirical gap between the SMM and brand equity. Based on that, the ultimate objective of this study isto examine the *"impact of SMM on customer based brand equity in Sri Lankan Travel& Tourism Industry"*.

At the same time, social media marketing in service industry is not an entirely new concept (Bruhn, 2012). Several researches were conducted in social media marketing perspective and brand equity perspective in service sector in many countries. In Sri Lanka also, many researchers studied the SMM in service sector by referring to Business to Business (B2B context). But hardly find researches which were undertaken social media marketing perspective and brand equity perspective inTravel& Tourism Industry.

Travel & Tourism Industry (TTI) is one of the fastest-growing and largest service industry globally in terms of gross revenue and foreign exchange earnings. It is generally consider that the major component of TTI are Travel Agents, Tour operators, Transportation, Hospital and Hotel Industry. The Hotel Industry revolves around providing accommodations for travelers and the success in this industry relies on catering to the needs of the targeted clientele, creating a desirable atmosphere, and providing a wide variety of services and amenities. Hotels can interact with their guest/customers on Social Media (SM), by sharing information, watching for service failures to correct, and to refine their brand.

Furthermore, the SM plays a significant role in many aspects of TTI, especially in information search and decision-making behaviors, tourism promotion and in focusing on best practices for interacting with consumers. SM is a key factor in travel plans which enable hotels, restaurants, and other businesses to reach a worldwide audience at lower costs. For TTI's marketing professionals, SM is a new outlet that can potentially be used to help increase the interest in a product or service. Therefore, marketers are taking note of many different SM opportunities and beginning to implement new social initiatives at a higher rate than ever before.

For an example, large hotels like Hilton Hotels & Resorts, Hyatt Hotels & Resorts, Shangri-La Hotels & Resorts and InterContinental Hotels Group (IHG) have fully integrated Social Media Marketing (SMM) into their marketing strategy, but for most hotels the difficulty is not only where to begin, but who to use and what to do. Also, most hotels lack the resources required to effectively implement social marketing strategies. Sustainable TTI will gain popularity and strength by increased consumer awareness.

## II. Literature Review

### a) Social Media Marketing (SMM)

Aral et al. (2013) argue that social media is "fundamentally changing the way we communicate, collaborate, consume, and create". Defined as "a group of internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content" (Kaplan and Haenlein, 2010).

In the marketing context, social media is seen as essentially different to other forms of digital media (Hoffman and Novak, 2012) and as potentially heralding a paradigm shift in marketing (Hanna et al., 2011). It is a hottest new marketing concept and it is a form of Internet marketing which utilizes social networking sites as a marketing tool to achieve branding and marketing communication goals. SMM sometimes refer as or Viral marketing and Web 2.0 marketing. SM sites such as Facebook, Instagram, Twitter, Pinterest, Google+, Linkedin, Tumblr, YouTube and numerous others have begun to revolutionize the state of marketing, advertising, and promotions. Also, it is use to communicate information about a company and its brands and products. Which social medium is most effective and how it can best be targeted depends in

part on the goal of SMM campaign and the product offered by the company. In general, most campaigns involved propagating an idea, creating brand awareness, increasing visibility, encouraging brand feedback and dialogue and, in some case selling a product or service.

Furthermore, SMM carries the advantages of low cost, rapid transmission through a wide community, and user interaction (Vance, Howe, & Dellavalle, 2009), and the five constructs of perceived SSM activities are (1) entertainment, (2) interaction, (3) trendiness, (4) customization, and (5) word of mouth (Kim and Ko, 2012; Kim & Ko, 2010). Finally, there are several tools and sites available to help marketers measure the effectiveness of their SMM efforts.
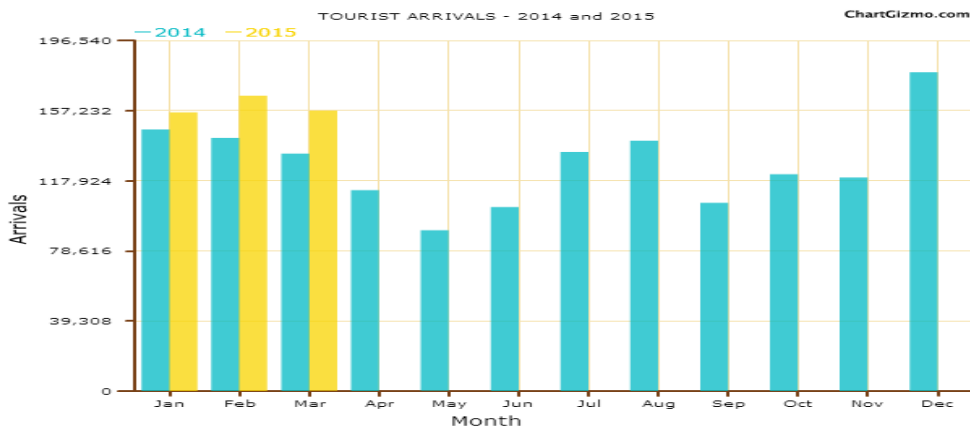
*b)  Brand Equity*

Brand equity is a multi-dimensional concept and a complex phenomenon. Some dimensions have been empirically tested in the literature. Among several brand equity models in the literature, researcher chosen concept of brand equity was developed by Aaker (1991), the most commonly cited. It has been probed in a number of empirical investigations (Eagle & Kitchen, 2000), the most critical parts of which involve the verification of the dimensions on which brand equity is based.

According to Aaker's (1991) definition, brand equity is a set of assets and liabilities and could be classified into five categories: (1) brand loyalty; (2) brand awareness; (3) perceived quality; (4) brand image; and (5) other brand proprietary assets. Besides, each brand equity dimension could be achieved by a variety of marketing strategies (Aaker, 1991, 1996). Among the five brand equity dimensions proposed by Aaker (1991), the first four reflect customers' evaluations and reactions to a brand; thus, they are the most popularly adopted dimensions to explore the findings of marketing and consumer behaviour research in relation to brand equity (Barwise, 1993; Yoo & Donthu, 2001; Yoo et al., 2000).

*c)  Travel & Tourism Industry in Sri Lanka*

The TTI is a key sector of the Sri Lankan economy. The arrival of tourists increased rapidly and passed the elusive one million mark in 2014 and increased further in 2015.Further, the TTI sector in Sri Lanka is highly optimistic with a large number of hotel chains having lied up their expansion plans. In addition to that, the policies and changes implemented by the Government of Sri Lanka have been instrumental in providing the necessary boost to the Sri Lankan TTI industry and attracting more and more foreign tourists every year. Following figure will illustrate (Figure: 1) the Tourist arrivals statics between 2014 up to March 2015.



Source: Sri Lanka Tourist Boards' Annual Statistical Report-2013

*Figure 1:* Tourist arrivals statics between 2014 up to March 2015

*d)  Social Media Marketing and Brand equity*

SMM is a powerful for many brands to influence consumer spending power and buying habits beyond traditional methods. While, SM allows direct and real-time individualized interaction with consumers, businesses can promote products and services, provide instant support, and/or create an online community of brand enthusiasts through all forms of SM (Kaplan and Haenlein, 2009). In addition, SM activities of brands provide an opportunity to reduce misunderstanding and prejudice towar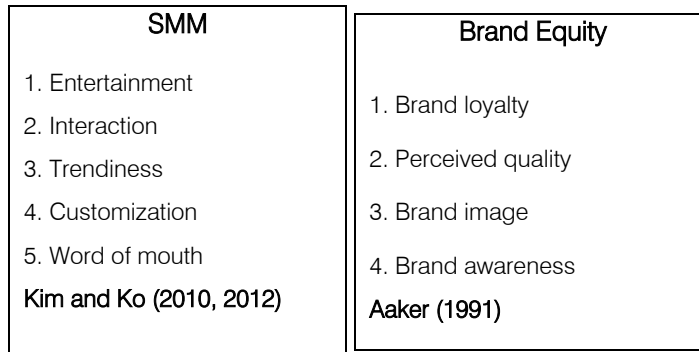d brands, and to elevate brand value by creating a platform to exchange ideas and information among people online (Kim, & Ko, 2012).

Further, marketing communication using SM evaluated as business take-off tools, where brands and customers are communicating with each other without any restriction in time, place, and medium so that old-fashioned one-way communication is changed to interactive two-way direct communication (Kim, & Ko, 2012). Inanition to that, SM enables consumers to share information with their peers about the product and service brands (Mangold and Faulds, 2009), thus

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conversations between the peers provide companies to another cost effective way to increase brand awareness. Finally, the rise of SMM forced marketers to wake up to the opportunities that are being created for their brands in the modern world. According to Kim and Ko (2010), SM have a dramatic impact on a brand's reputation and the brand's SM platforms offers venues for customers to engage in sincere and friendly communications with the brand and other users, so the brand's intended actions on the social communication scene were positively affecting relationship equity and brand equity as well (Kim, & Ko, 2012). Further Bruhn (2012) investigated in

Switzerland that the social media marketing has the positive impact on brand equity.

Moreover a theoretical argument for the relationship between social media marketing and brand equity is explained based on the main independent (exchanges) and dependent constructs (value and utility) through the social exchange theory (Son et al, 2005). Thus social exchange theory provides the theoretical base for the link between social media marketing and brand equity. The above justification through literature paved the way for developing the following conceptual model.

| SMM | Brand Equity |
|---|---|
| 1. Entertainment | 1. Brand loyalty |
| 2. Interaction | 2. Perceived quality |
| 3. Trendiness | 3. Brand image |
| 4. Customization | 4. Brand awareness |
| 5. Word of mouth | |
| **Kim and Ko (2010, 2012)** | **Aaker (1991)** |

*Hypothesis*
*H1:* There is a positive impact of SMM on brand equity in Sri Lankan Travel & Tourism Industry.

### III. Method

Quantitative methodology was applied and questionnaire was used to collect data. From fifteen hotels in Colombo district hundred and fifty customers were selected based on the quota sampling method. Before the final data collection pilot study was

undertaken. In this study questionnaire was developed with the support of previous studies carried out by experts in the relevant subject areas.

Prior to data analysis, data purification process was conducted to ensure suitability of measures (Churchill, 1979). For ensuring the reliability of scale, Cronbach's alpha was computed. Multiple regression analysis had been used asdata analysis tools and used to test the hypothesis. In thiscase the stepwise method was used in testing the hypothesis one (H1).

*Table 1:* Cronbach's Alpha Coefficient for Variables

| Variables | No. of items | Cronbach's AlphaCoefficient |
|---|---|---|
| Entertainment | 6 | 0.733 |
| Interaction | 5 | 0.756 |
| Trendiness | 3 | 0.811 |
| Customization | 5 | 0.926 |
| Word of mouth | 3 | 0.913 |
| Brand loyalty | 6 | 0.777 |
| Perceived quality | 7 | 0.725 |
| Brand image | 11 | 0.833 |

*Source: Survey Data*

*Table 2:* Dimensions of SMM on brand equity

| Hypothesis | Independent variable | Depend. variable | Standardized Coefficient Beta | Sig. | Adjusted $R^2$ |
|---|---|---|---|---|---|
| a | Constant Entertainment | Brand equity | 0.630 | 0.00 | 0.613 |
| b | Constant Interaction | Brand equity | 0.440 | 0.00 | 0.451 |
| c | Constant Trendiness | Brand equity | 0.571 | 0.00 | 0.525 |
| d | Constant Customization | Brand equity | 0.314 | 0.00 | 0.310 |
| e | Constant Word of mouth | Brand equity | 0.211 | 0.00 | 0.216 |
| H1 | Constant Entertainment Interaction Trendiness Customization Word of mouth | Brand equity | 0.612 0.408 0.312 0.552 0.120 | 0.00 0.00 0.00 0.00 0.00 | 0.734 |

*Source: Survey Data*

*H1:* There is a positive impact of SMM on brand equity in Sri Lankan Travel & Tourism Industry - According to the table 02, the fitted model encountered that the SMM has strong positive effects on the brand equity (I.e. $R^2$=0.734). These predictions had been significant at the P-value of less than 5% ($p < 0.05$) and the regressed model was satisfactory fits to the data and the predictability power of the fitted model was high and residuals also followed a normal distribution.

## IV. Discussion and Conclusion

The ultimate objective of the research is to examine the impact of SMM on brand equity in Sri Lankan Travel& Tourism Industry. The regression result shows that there is a strong positive impact of SMM on brand equity. It means that SMM has strong positive effects on the brand equity in Sri Lankan Travel& Tourism Industry and 73.4% of change in brand equity is explained by SMM in Sri Lankan Travel& Tourism Industry. These findings are in the line with Bruhn (2012) who stated that there is a relationship between relationship SMM and brand equity.Based on that, the first hypothesis (H1) has been accepted. Moreoverthis study tried to integrate the relationship between SMM and brand equity and found that "there is a strong positive impact of SMM on brand equity in Sri Lankan Travel& Tourism Industry. Thus, it filled the theoretical as well as empirical gab between SMM and brand equity. During this study, researcher encountered the following recommendations. This research has only been confined to the Travel& Tourism Industry. Therefore same research can be extended to other service sector entities such as hospital industry, banking industry, telecommunication industry etc. Furthermore this

research has been undertaken in different perspective in different context (B to B) context. Moreover the influence of moderating and mediating variables between SMM and brand equity also can be studied in future.

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*Table 2:* Kolmogorov- Smirnov Test of Normality

| Variables | Kolmogorov - Smirnov | |
|---|---|---|
| | Statistic | Sig. |
| Trust | 0.150 | 0.083 |
| Bonding | 0.140 | 0.138 |
| Communication | 0.153 | 0.072 |
| Shared Value | 0.146 | 0.102 |
| Empathy | 0.157 | 0.056 |
| Reciprocity | 0.155 | 0.063 |
| Brand equity | 0.143 | 0.069 |

*Source: Survey Data*

*Table 3:* Tolerance and VIF values of independent variables.(Multi Collinearity test)

| Variables | Collinearity Statistics | |
|---|---|---|
| | Tolerance | VIF |
| Trust | .249 | 4.013 |
| Bonding | .127 | 7.356 |
| Communication | .252 | 3.971 |
| shared value | .135 | 7.401 |
| Empathy | .394 | 2.536 |
| Reciprocity | .146 | 6.839 |

*Table 4:* Dimensions of RMO on brand equity

| Hypothesis | Independent variable | Depend. variable | Standardized Coefficient Beta | Sig. | Adjusted $R^2$ |
|---|---|---|---|---|---|
| H*a* | Constant Trust | Brand equity | 0.640 | 0.00 | 0.623 |
| H*b* | Constant Bonding | Brand equity | 0.420 | 0.00 | 0.411 |
| H*c* | Constant Communi. | Brand equity | 0.580 | 0.00 | 0.518 |
| H*d* | Constant Shared value | Brand equity | 0.325 | 0.00 | 0.319 |
| H*e* | Constant Empathy | Brand equity | 0.232 | 0.00 | 0.222 |
| H*f* | Constant Reciprocity | Brand equity | 0.178 | 0.00 | 0.134 |
| H1 | Constant Trust Bonding Shared value Communic. Reciprocity Empathy | Brand equity | 0.612 0.408 0.312 0.552 0.120 0.212 | 0.00 0.00 0.00 0.00 0.00 0.00 | 0.613 |

*Source: Survey Data*