The Effect of Social Media on Buying Decision the Interceding Role of Brand Equity

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Abstract

The relationship between social media and the mediation role of brand equity within Electronic industry. The study was quantitative and employed the survey methodology to sample the views of 500 customers. Statistical Package for Social Sciences (SPSS) and the structural equation modelling (SEM) technique were used using AMOS software version 22.0 to determine the hypothesized relationships of the study. The study findings revealed that surveillance, Information sharing and remuneration have significant and positive effects on brand equity. However, the relationship between social interaction and entertainment have negative and insignificant on brand equity.

The positive significant relationships proposed to exist between brand equity and consumer Buying decision were all accepted. The findings can contribute to the scant empirical works that social media on brand equity and Buying decision in a single study. Recommendations were further made for management in the Electronic industry, policy makers, and future researchers.

Keywords: Electronic, social media, brand equity

I. INTRODUCTION

Today, Electronic industry has undergone a complete overhaul because of globalization. In order to remain competitive, IT based of awareness creation and sales are necessary. As a means of getting the attention and meeting specific needs of customers, experts in advertising have begun the use of social media website appeals in crafting advertisement in order to motivate users to share brand image (Waters, Canfield, Foster & Hardy, 2011; Gallaugher & Ransbotham, 2010; Dickey & Lewis, 2010). In addition, research by CliqAfrica and Avante (2016) postulate that the presence of Electronic brands in Ghana is increasingly growing on social media platforms. According to Kemp (2020), Ghana had about 6.00 million social media users as of January 2020. The total number of social media users in the country increased by 629 thousand (+12%) between April 2019 and January 2020. Social media penetration in Ghana stood at 20% in January 2020. This is therefore an indication that Electronic industry brands are also embracing social media (Aseidu, 2017). Electronicn includes any market or product which contains a stylist element and will possibly exist within a period of time (Aseidu, 2017). The worldwide web was invented 28 years ago (Zhung, 2017). According to Karman (2015) the revolution of the internet has transformed the way data and information are gathered, way of communicating and how businesses are conducted globally. Accordingly, Stojanovic, Andreu and Curras-Perez (2018) indicated that in the last two decades' social media intensity has triggered a marketing communication revolution providing different opportunities for interface between brands and users. The web 2.0 technology makes it simple for firms and customers to create and display content, share information, and recommend products to other users. The subsequent development of the social media has transformed the way people interact and share information with each other. This study focuses on Instagram (social media). Instagram is a mobile request and application that enables users to crack their mobile photos into images, and then shared on the Instagram application (Treitel, 2020). Those images can as well be shared on other social media network sites such as Facebook, Twitter, Tumblr and foursquare. According to Ershad and Aghajani (Citation2017), Instagram is

seen to be the fastest rising worldwide network site. It has over 400 million continuing monthly users and 80 million shared pictures with 3.5 million likes on daily basis (Hawi & Samaha, 2016). Treitel (2020) opined that Instagram has become widespread and more popular in people's way of life, which can have adverse psychological effect. Today, people spend so much time on social media such as Instagram.

According to Agnihotri et al. ([Citation2016](#)); Huang, Roth & Madden (2016); Zhan, Sun, Wang & Zhang (2016), businesses could make use of social media as a tool for creating and sustaining relationships with customers, improving brand equity and increase firm's performance.

Brand equity is an important concept for understanding the objectives, mechanisms and the net impact of marketing efforts (Reynold & Philips, 2005). Aaker ([Citation1991](#)) defines brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. According to Yoo and Donthu (2001), brand equity marks the difference in consumer choice between the focal branded product and an unbranded product given the same level of product features. Hence, brand equity generates value for consumers and helps brands create defensible competitive positions that cannot be easily transferred to other brands (Pitta & Kastsanis, 1995). Brands have resorted to several strategies including advertising, sales force, public relations, slogans and symbols in the attempt to develop brand equity (Aaker, [Citation1991](#)). Yazdanparast et al. (2015) opine that social media-based marketing activities tend to be an effective marketing strategy to build brand equity in this digital era. Consequently, brands have incorporated social media marketing into their marketing strategies to build lasting relationships and connections with consumers (Erdogmus & Cicek, 2012).

The function of social media as a forbearer of brand equity in the Electronic industry is a scarcely researched theme (Keller, 2016). The interaction between users and brands has greater importance for brands since social media users depends on the advice of other user (Stojanovic et al., 2018), and this interaction amongst them stimuluses consumer decision-making process (Chan, 2019; Hinz et al., 2011). Recently, firms have become aware of the need to recognize the impact of social media communication and brand perception (Kumar et al., 2016; Stojanovic et al., 2018). Incontrovertibly, past studies have demonstrated a deeper and good understanding of social media communication (Swaminathan, 2016), yet very few studies have been conducted on interface of users with Electronic brands (Stojanovic et al., 2018), neither have combined social media, brand equity

and Buying decision in a single study. Again studies that have been conducted in areas of social media have used theories such as social presence theory (SPT) (Karikari, Osei-Frimpong & Owusu-Frimpong, 2017), theory of planned behaviour (TPB), theory of reasoned action (TRA) and technology acceptance model (TAM) (Ajjan & Harstshorne, 2008; Chang et al., 2015) to highlight intention to use social media or its adoption.

Therefore, scholars have researched social media communications in varied spheres for instance, the effect of social media and brand equity (Zahoor & Qureshi, 2017), predictors of social media analysis (Guede, Curiel & Antonoviaca, 2017), antecedents of social media marketing application (Brech, Messer, Schee, Rauschnabel & Ivens, 2017), effectiveness of social media in improving Buying targets (Dehghani & Tumer, 2015), creative strategies in social media marketing (Ashley & Tuten, 2015), user interaction on social media and Buying decision(Hutter, Hautz, & Dennhardt, 2013), foundation of social media communication (Constantinides, 2014), impact of social media communication on brand loyalty (Balakrishman, Dahnil & Yi, 2014), and effect of social marketing on brand loyalty (Erdogmus & Cicek, 2012).

Even though there is huge number of studies also on social media and brand equity (Gurhan-Canli et al., 2016; Keller, 2016; Schivinski & Dabroski, 2015), there is inadequate research investigating social media, brand equity and Buying decision of Instagram users. Again, a study is yet to be sited comprehensively researching into social media, brand equity and Buying decision of Electronic products in developing markets like Ghana. Consequently, the focus of this study is to investigate the association amongst social media, and consumer Buying targets mediated by brand equity in the context of Electronic product categories in Ghana. The main problem of the research is to study whether social media is positively contributing to brand perception with specific reference to Electronic social media (Instagram) users.

The rest of the sections are as follows: Section 2 looks at comprehensive review of literature on social media (and uses and gratification theory), followed by conceptual model. The next section focuses on research methodology, followed by summary of findings. Finally, we present discussions, conclusions, implication for practice and theory and limitations and suggestions for future studies.

Literature review and development of hypothesis

The theories underpinning this research are the uses and gratification theory and theory of planned behaviour.

- **Theory of planned behaviour**

  TPB was developed by Ajzen (1985), which is an extension of the theory of reasoned action (TRA) by Fishbein & Azjen (1975). motives and attitudes on intention and, subsequently, intention on behaviour.

- **Gratification Theory (UGT)**

  The UGT was developed (Katz, Blumler & Gurevitch, 1973) to assess user inspirations and gratifications of a particular media (Musal, Azmi & Ismail, 2016).

  Social media

  Social media are the different online platform and communities that encourage social interaction where users can exchange their views, experience and observations (Schroeder, 2017).

  Instagram as social media

  Khan (Citation2017) showed that users gain gratifications through viewing, commentating, liking and sharing of videos on Instagram. This current study considered entertainment, surveillance, social interaction, remunerative and information sharing.

- **Brand equity**

  Social media appears as a significant predictor of brand equity for general brand and high involvement products and services (Colicev et al., Citation2018). The consumer brand equity dimensions of this research are anchored on Schivinski and Debrowski (2015) categorization including brand quality, loyalty, awareness and association.

- **Buying targets (PI)**

  Buying decisions indicated as buying behaviour (Martins, Costa, Oliveira, Goncalves, & Branco, 2019). A considerable amount of papers has published on Buying decision on inline platform (Rahim, Safin, Kheng, Abas & Ali, 2016).

- **Social media and brand equity**

  SMC comprises marketing-related activities such as sharing online and blogging (Yazdanparast et al., 2016) and consists of applications, platforms and tools that allow customers to connect and communicate with one another (Pinto & Yagnik, 2017).

Surveillance and brand equity

Surveillance refers to the need for information and evidence about influencers, which can assist people (Davis, 2009).

Methodology

Population, sampling and sample size

The researcher found convenient sampling technique useful in this study in order to increase the possibility of number of respondents. Finally, it was selected because of its objective of easy accessibility of 500 participants whilst overcoming time constrains and cost reduction (Zikmund, 2013).

Data collection

.Section A sought demography data such as sex, age, education and occupation. Section B sought information pertaining to the research matter (uses and gratification variables, brand equity and Buying targets), where closed-ended questions were used. Likert scaling was adopted in studies because it has been commonly used by investigators as a tool for measuring beliefs, opinions, and attitudes. It also makes easy the analysis of data (Coleman, 2011).

Measurement instrument

Surveillance and social interaction items were adapted from Sung et al. (2016), information sharing (Kim and Johnson, 2012), remuneration and entertainment (Fuller, 2006). The dependent variable (PI) was measured using three items adapted from Yoo, Donthu and Lee (2001). In this study, the mediator is brand equity comprising brand awareness, brand loyalty, brand association and perceived quality. It is measured by adapting four items from (Schivinski et al., 2016). We used 5-point Likert scale: strongly disagree = 1 to strongly agree = 5 (Meyer, Gracey, Irlbeck & Akers, 2015).

Data analysis

As a requirement for SEM, confirmatory factor analysis was conducted, discriminant validity analyses were done. Reliability test was done via Cronbach's alpha to understand the internal consistency of the instrument. In this study, result estimation will be produced by testing hypotheses. The mediator (brand equity) provides more evidence about why or how social and Buying targets are interrelated. The research tested brand equity mediation impact by following Baron and Kenny (1986) in order to justify the link between the independent variables and the dependent variable. (a) social media (IV) should significantly affect brand equity (mediating variable), (b) brand equity should significantly affect Buying decision (dependent variable), (c) social media should significantly affect Buying decision and (d) the effect of

social media on Buying targets should no longer be significant (full mediation) or weaken (partial mediation) after the researcher controls for brand equity.

Results

Demographic profile of respondents

The respondents' marital status was equally well captured and at face value, it is evident that (141) 28.2% singles were involved in the study belonged to the youthful group, in other words, they are referred to as the "Generation Y," the working class and mostly urban dwellers who usually spend a great deal of time and resources on social media, and this has a positive thesis reflection. The findings were in consistent with the research by Kemp (2020), who observed an upwards increase of users in Ghana to have increased by 629 thousand—representing 12% between April 2019 and January 2020. Three hundred forty-seven (347) were married, comprising 69.4%. Whereas 11 respondents were widows, totaling 2.2% and finally, 1 person representing 0.2% was separated from the spouse. As regards the respondents' educational level, those with SHS as their highest level of education were 7, representing 1.4%. The educational average of the Diploma was 25, 5%. Holders of HND/degree combined were 233 respondents totaling 46.6%. Postgraduate stage had 190 master's holders, representing 38%, and finally 45 respondents representing 9% holds PhD.

Assessing model fit

The confirmatory factor analysis was utilized in measuring the Goodness-of-fit (GOF) indices. The measurement model was given as "$\square^2/df = 2$, CFI = 0.942, TLI = 0.972, RAMSEA = 0.001". Furthermore, the structural model was estimated and has been captured in table 4.8. This clearly posit that the GOF of the model met the stated cut-off points. That is, the factors of the independent variables fit for predictions on the dependent variable.

Reliability and validity test

Reliability test was performed to ensure accuracy level for measuring the intended latent build. The Cronbach's alpha technique was utilized in testing the reliability of the instruments. To enhance the statistical level of confidence in quantitative study, reliability testing for answering of the formulated hypotheses is necessary. Cronbach's alpha of reliability of the factors should exceed the minimum required level of 0.70 (George & Mallery, 2016) and this can be found in Table 2. Additionally, the factors loadings and composite reliability values provide evidence of convergent validity (Bagozzi & Yi, 1988). Further, if the average variance extracted (AVE) of the factors is greater than

0.5 then, thus, the revelation of convergent validity (Babin & Zikmund, 2016). Hence, this applied this analysis to show the present of convergent validity and reliability which can be found in Table 3.

Notes: SV, social media surveillance; SI, social interaction; IFO, information sharing; REM, remuneration; ENT, entertainment; BQ, brand equity; PI, Buying target.

Inferable from Table 2 shows the reliability of the Cronbach's alpha of the instruments and factor loadings. The values range from 0.911 to 0.917 indicating internal consistency within the data set. Also, this shows that all the variables have met the minimum threshold of 0.70 and above (Hair, Babin, Anderson, & Tatham, 2010). It is also evident from Table 2 that the loadings of the AVE were above the threshold 0.5, which fell between 0.625 and 0.859. That is an evidence of convergent validity (Fornell & Larcker, 1981). Additionally, the factors recorded a composite reliability of 0.92–0.98 which exceeded the minimum cut-off point of 0.70 (Hair et al., 2010).

Several studies have indicated that factor loading should be greater than 0.5 for better results (Truong & McColl, 2011; Hulland, 1999), whilst Chen & Tsai (2007) were also considered as a cut-off for appropriate loadings in the tourism context. Furthermore, Ertz, Karakas & Sarigollu (2016) found the factor loadings of 0.4 and above for their Confirmatory factor analysis when investigating pro-environmental consumer behaviour. So, we have not only chosen this criterion on the above ground but also as 0.6 is higher than the cut-offs for factor loading studies. In line with this, the standardized factor loading of all ranges of items was above the threshold limit of 0.6 and above also suggested by Chin, Gopal & Salisbury (1997) and Hair et al. (2006). Given these arguments, the lambda values (Factor Loadings) have exceeded all the thresholds

The indirect effect

The AMOS software was applied to estimate direct and indirect effects with involved mediator in order to understand the mediation effect. The model was used to investigate the mediating effects of gratification dimensions on output variable. As illustrated in Table 4, the indirect effect of gratification of social media through brand equity to Buying decision were evaluated.

Surveillance and Buying decision through brand equity: The effect of surveillance on Buying decision through brand equity was significantly positive (β = 0.844 and p = 0.000).

Social interaction and Buying decision through brand equity: The effect of social interaction and Buying decision through brand equity was

insignificant and as well as pose a negative relationship ($\beta = -0.035$ and $p = 0.265$).

Information and Buying decision through brand equity: The effect of information and Buying decision through brand equity was significant and as well as pose a positive relationship ($\beta = 0.939$ and $p = 0.010$).

Remuneration and Buying decision through brand equity: The effect of entertainment and Buying decision through brand equity was significant and as well as pose a positive relationship ($\beta = 0.031$ and $p = 0.001$).

Discussions of study

The purpose of this quantitative, cross-sectional and survey study was to investigate the influence of social media communication on Buying decision of consumers in Ghana through brand equity. Whereas many of the previous research examined these constructs as single indications, this study compared all the gratification component and brand equity on the intention to buy. The study made use of six assumptions by way of hypotheses. Out of the five antecedence of the uses and gratification model (social media), only three have positive and significant effects on brand equity.

The study findings revealed that surveillance has a significant and positive effect on brand equity ($\beta = 0.116, p < 0.05\beta = 0.116, p < 0.05$) supported

H_1. This finding is in line with the works of Majeed et al. (2020), who found a positive and significant association between surveillance and customer engagement with the brand. Also, the relationship between social interaction and brand equity is negatively and insignificantly ($\beta = -0.072, p > 0.05\beta = -0.072, p > 0.05$), hence, rejected

H_2. However, Abu-Rumman and Alhadid (2014) found positive effect of social media social interaction on brand value in an empirical research on mobile service providers in Jordan

Information sharing has a significant positive effect on brand equity ($\beta = 0.269, p < 0.05\beta = 0.269, p < 0.05$), which supported

H_3. Tresna and Wijaya's (2015) study conforms with the current study, since they also found conversation and information sharing to have both positive and significant relationship with brand equity in an organization in the retail industry. The relationship between remuneration and brand equity is significantly positive ($\beta = 0.304, p < 0.05\beta = 0.304, p < 0.05$) and hence supported

H4. This study is contrary to Cvijikj & Michahelles (2013), who found that remuneration has positive but insignificant relationship with contribution to buyer intentions. Social media entertainment ($\beta = -0.054, p < 0.05\beta = -0.054, p < 0.05$) has an insignificant negative effect on brand equity rejected

H_5. This is contrary to the study of Angela, Kim and Ko (2014), who found that social media marketing activities such as entertainment and social interaction and brand equity are positive and significant.

Finally, the relationship between brand equity and Buying decisions statistically positive and significant to (β=0.1652, p<0.05β=0.1652, p<0.05) confirmed H_6. This study is in line with Halim and Hameed (2005), who observed that consumers value perception will affect their Buying target, indicating that, the higher the value, the higher the purchase decision. In another research, brand involvement, brand identity, product quality, brand loyalty, product attributes, brand recognition, and product quality influence purchasing decisions (Chen & Alter, 2010).

In social media, advertising appeal leads to positive brand association, which eventually leads to favourable behaviour intention (Adetunji et al., Citation2018). Abu-Rumman and Alhadid (2014) and Godey et al. (2016) found a significant relationship between social media entertainment and social interaction on brand equity and buyer Buying target. This the reverse case for this study, where both social media entertainment and social interaction have negative and insignificant relationship with brand equity and buyer Buying target. Overall, not all the components of social media communication lead to brand equity but brand equity definitely leads to customer Buying target.

II. CONCLUSION

In this quantitative survey study, the researcher investigated the effect of social media on buyer Buying decision through brand equity to participate in social media activity at the different levels of social media participation for users. The current research established hypotheses from Katz (1959) based on the "UGT" and TRB. In the present study, too, the theory has helped explain the role of social media marketing strategies and tendency to online interaction as motivators for user engagement on social media with brand-related content. Building on the results of numerous studies based on the UGT system, the present study found a significant and positive impact of social media marketing strategies and tendency to online interaction on social media engagement of users. As a result, a strong emphasis on how businesses connect their customer's online produces positive or negative interactions that further affect their brand equity. Domestic brands must also express their principles clearly to consumers in order to achieve a fair return on their investment. Given that it has never been easier to meet the target audiences at lower cost levels, domestic marketers need to participate in social media contact and embrace it as part of their marketing strategy.

This can be done by tailoring digital promotion activities to match and meet the heart of their target audience, to which they can express their beliefs in order to boost sales and move up the marketing funnel. The attitude towards buying by customers can never be overlooked. Whether positive or negative, it impacts their intention to buy. The results showed that remuneration-to-brand equity was the best of all.

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