Social Brand Value and the Value enhancing Role of Social Media Relationships for Brands

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Abstract

Due to the social media revolution and the emergence of communities, social networks, and user generated content portals, prevalent branding concepts need to catch up with this reality. Given the importance of social ties, social interactions and social identity in the new media environment, there is a need to account for a relationship measure in marketing and branding. Based on the concept of social capital we introduce the concept of social brand value, defined as the perceived value derived by exchange and interactions with other users of the brand within a community. Within a qualitative study marketing experts were interviewed and highlighted the importance towards social media activities, but also indicated that they do not have a clear picture on how strategies should look like and how their success can be measured. A second quantitative study was conducted which demonstrates the influence the social brand value construct has for consumers brand evangelism and willingness to pay a price premium and hence the value contribution of the social brand value for consumers.

1. Introduction

Firms are facing a new communication reality that has been created by the rise of social media applications. The widespread penetration of web 2.0 applications, in combination with faster and greater mobile computing power and advances in bandwidth, has enabled this revolution. Applications like Facebook, YouTube and many others have seen enormous growth in the past decade and have created a revolutionary trend, influencing communication habits. Traditional one-way communication in marketing, for example, has been transformed into a multi-dimensional two-way peer-to-peer communication reality [1]. With consumers (or users) spending more and more time on these platforms, an increasing share of current social interactions occurs within these new social network environments – also influencing social relations.
marketplace [10] and how the effectiveness of those efforts can be evaluated.

Given the importance of social ties, social interactions and social identity in the new media environment, there is a need to account for the relationship measure in marketing and branding. Based on the concept of social capital [5], we introduce the concept of social brand value, defined as the perceived value derived by exchange and interactions with other users of the brand within a community. Our studies show that the social brand value influences consumers’ willingness to pay a price premium and brand evangelism.

The paper is structured as follows: first, an overview on social capital and value creation from interactions is given. Second, the model for the social brand value construct is introduced and potential value driving effects are described. Third, based on two studies, we demonstrate that social media is in fact relevant for companies and their brands. Study 1, which consists of expert interviews with 15 executives, shows that firms pay a lot of attention to their social media activities; however they do not have a clear picture on what strategies should look like and how their success can be measured. Furthermore, they see relevance for a measure to account for social media activities. Study 2, a survey conducted with 1301 participants on 19 brands, shows the influence the social brand value construct has for consumers brand evangelism and willingness to pay a price premium and, hence, the value contribution of the social brand value for consumers.

2. Theoretical Background

Following Bourdieu’s view of capital [11] – capital appears in the form of social, economic and cultural forms – relationships and ties formed in an online environment create social value as they represent the social form of capital. Social Capital is defined by Bourdieu [5] as the entirety of actual and potential resources that arise from more or less durable networks of institutionalized relationships. These relationships represent resources based on membership to social groups. In other words, the cultivation of relations to other people through any kind of social network can be seen as a possible means that might be used to enhance oneself through identity building mechanisms. The value creating relationships that constitute social capital are thereby independent of the proximity of these relations in geographical, economic or social space [11]. Therefore, it doesn’t matter if the relevant network ties are situated in an offline or online context. As relationships today are significantly influenced by developments of detraditionalisation and individualisation [12] and as social interactions are happening more and more in online environments, social online networks play an increasingly important role in the creation of people’s social capital.

Analogously, the social value of a brand is the amount of value a brand and its consumers receive from being present in social networks. In other words, the social value a brand exhibits stems from being relevant in social networks and, thereby, providing individuals the possibilities to connect and interact with each other about the meaning and experiences that a brand offers. Research streams on the tribalisation of consumption and brand communities have started to discuss the value potential of relationships around brands. Cova [13] argued that in the postmodern era the linking value of products and services is more important for consumers than the products and services themselves. Through the tribalism of consumption, the linking value permits and supports social interactions and relationships of the communal type and thereby creates social value for consumers. In studying brand communities, it has been shown that participants derive some kind of value in use from participating in these communities [14-17]. More specifically, social connections enabled by these communities increase the value of the brand for consumers and companies through social ties based on interactions around the brand.

The value of brands for customers in general is derived from the functions they present to customers. These functions are categorized in the literature as functional and symbolic benefits [cp. 18, 19]. The first set of benefits includes the informational and risk-reducing function a brand possesses, whereas the second set refers to the ability of brands to express membership and to communicate certain values. In other words, because of the symbolic function, people do not buy brands just for what they do, but also for what they mean [20]. By being a resource of expression for consumers brands also help them to create and build their self-identities [21].

Apart from the described benefits, brands additionally offer a linking value by connecting like-minded people and offering cues of tying people together. Brands, thereby, present to consumers a way to interact and thus to build social capital. As identity is basically a product of communication and interaction, social capital is essential in the forming process of self-identities [12]. Relationships are essentially comprised of people as individuals, and therefore, they have a significant impact on a person’s identity and lifestyle. Hence, one of the main purposes a brand these days is consumed for is its social linking value, as it significantly adds to persons’ identity.
Prior findings on the foundations of brand loyalty also support the importance of the social linking value that brands provide. McAlexander et al. [14] proposed that it is through consumer experience that the existence and benefits of the relationships of a brand community unfold. These relationships develop synergistically, strengthening interpersonal ties, and enhancing appreciation for the product and the brand, which integrates customers into the brand community and bears upon loyalty [14]. Therefore, merely focusing on customer satisfaction to build loyalty is insufficient [22-24], and measures to foster social relationships and ties are becoming increasingly relevant.

However, existing brand models do not account for the social value a brand has to provide in an adequate way. So far, they do not consider the impact of the linking value or social value of a brand on the economic value of a brand.

For decades the brand equity concept has been used to evaluate brands for companies. Brand equity is thus defined as the incremental value of a product based on the brand’s name [25]. Although the consumer-based brand equity perspective is broadly accepted today [26] – if there is no value for the consumer, there is no value for either the investor, manufacturer or retailer [27] – the predominant brand equity concept is too seller-focused. It puts too much emphasis on the brand manager’s actions, and at the same time neglects consumer’s active role in the value creation process [28]. It also doesn’t account for the social value that brands encompass. We therefore argue that the value of social ties, which have become even more important in the social media age, have to be accounted for when evaluating a brand’s value and the success of marketing campaigns (with particular respect to social media marketing).

3. Conceptual Model

Based on insights from the literature on social capital, brand communities and brand equity, we base the social brand value concept on three distinct constructs that present a source of value to the consumer: a sense of community, social identity and informational value.

A sense of community is a brands ability to allow consumers to build a sense of affectionate community based on shared interests, rituals and traditions related to a specific brand [15, 16, 29]. This brings consumers together into “brand communities,” which are “specialized, non-geographically bound communities, based on a structured set of social relations among admirers of a brand.” [15]. The consumption and preference of a certain brand helps to form and hold together communities and tribes. Collectively shared experiences allow community members to affirm, evoke, assign, or revise meanings of brands and induce tribal membership [30]. Furthermore, existing literature on brand communities shows that there is a relationship between attachment to a brand and attachment to a brand community focused on that brand. Thus, individuals drawn to a community rather than to the brand upon which that community is centered are nonetheless likely to develop an emotional relationship to the brand. When a person identifies with a community and feels part of it, then the community’s norms, traditions and values – including those related to brands - become important to that person [15, 16]. Community members may use community branded products to signal their belongingness to the community, as well as to express their own identity [31]. Thus, a sense of community is an important aspect of the social value of brands.

Identity value refers to the identity creating function of brands. Forming a personal identity and relating to others are among humankind’s fundamental needs and behaviors [32, 33]. With respect to personal identity formation, research indicates that brands support consumers in their creation of self-concept and social identity [23, 34, 35]. “They (brands) serve as powerful repositories of meaning, purposively and differentially employed in the substantiation, creation, and (re)production of concepts of self in the marketing age” (Fournier 1998 p.365). The meaning of a brand supports consumers’ in their self-concept and social identity creation [34, 35]. Brands are conceived as meanings shared by a group of people who use them as symbols in social interaction [36-39]. The identity function of brands is based upon their role in social interactions and, thus constitutes value for consumers.

The last part of the social brand value model is the informational value of a brand. This part of the model refers to informational benefits that interactions with other users about a brand can have for the consumer. Most consumer markets are characterized by asymmetric and imperfect information [40], which results in certain risks for consumers. Hence, a need arises for market mechanisms to reduce this uncertainty, and one such mechanism is the brand [41-43]. The brand itself represents informational value, but interactions with other users of the brand are an even more valuable source of information.
To see how the construct of social brand value effectively exhibits value for customers, its effects on value entailing concepts of the brand have to be tested (see Figure 1). For our study the constructs of willingness to pay a price premium and brand evangelism serve to test the value-adding potential of social brand value for consumers. Willingness to pay a price premium represents the financial value that consumers are willing to invest to buy a brand that has a higher social brand value. Brand evangelism, in contrast, represents a less tangible approach to value. It refers to the active recommending of brands to other consumers and the advocating of brands [cp. 44]. The value exhibiting function of brand evangelism is based on the recommending and advocating behavior of consumers and is, thereby, better suited to show the social value of a brand than the constructs of brand loyalty or brand love. Brand loyalty, in essence, only reflects repeat purchase behavior or the respective intentions [14] but doesn’t account for the consumer as an advocate. Similarly, brand love, defined as the degree of passionate emotional attachment a consumer has for a particular brand [44], does not say anything specific about the recommendation behavior of consumers. These two constructs are antecedents of brand evangelism but do not account for the same intensity of the relationship a consumer can have with the brand. For both, willingness to pay a price premium and brand evangelism, we expect social brand value to have positive effects.

H1a: Social brand value has a positive effect on consumers’ willingness to pay a price premium.
H1b: Social brand value has a positive effect on consumers’ brand evangelism

In prior studies the relationship between quality on the one hand and willingness to pay or brand loyalty on the other has been investigated. Perceived quality has been shown to have a positive influence on willingness to pay and purchase intentions [45-47] as well as on brand loyalty [14]. McAlexander et al. [14] have also demonstrated that brand community integration, a social value measure for a brand, has a positive effect on brand loyalty. However, the moderating effect of social brand value, found between perceived quality and willingness to pay as well as brand evangelism, has not been controlled for. As social interactions around a brand influence the perceived quality [14], we expect social brand value to be such a moderator.

H2a: Social brand value mediates the relationship between perceived quality and willingness to pay a price premium
H2b: Social brand value mediates the relationship between perceived quality and brand evangelism

Study 1 - Research Design

For study 1, we selected a methodology based on qualitative research to gain deeper insights into the motivations for executives to be active in social media and to embrace the linking value of brands and the importance of a measure that captures the social value of brands. This methodology is appropriate if no data is available regarding the research question [48-50]. More precisely, this study included semi-structured qualitative expert interviews. These interviews had an explorative character and enabled to gain an understanding on the way of thinking and line of argument that executives have. The sample of interviewees was selected by the researchers in order to provide a broad array of companies, from startups to global players, within different industries. Over a period of three weeks, fifteen marketing experts from six countries within different industries and companies such as BMW, L’Oreal, Levi’s or Casecable were interviewed. Due to the internationality of the interviewed experts either face-to-face or telephone interviews have been conducted. The interviewees were notified, and an appointment was made in advance in order to guarantee that the interviews could be conducted over the full length of 30 to 90 minutes. An interview guideline was prepared in advance with the goal to learn something about marketing executives’ opinions and attitudes towards the social media activities of their brands. We began with broad questions on general marketing activities, and the experts also talked about the motives behind their engagement in social media and to what extent they think their brands are influenced by social media. The interviews were concluded with different questions about the significance of social brand value and whether they were interested in measuring their own social brand value. The semi-structured interviews were conducted in accordance to suggestions on empirical social research and study design [48-50]. Each interview was recorded, transcribed, and made anonymous. First, the interview data was analyzed. To,
this end, the research team, consisting of four people, took over the coding of the interview data individually. Furthermore, we inductively developed categories from the data [51]. In order to ensure inter-rater reliability, the meanings of the categories were continuously negotiated. Thus, the relevant topics regarding the research questions were identified, compared, and cross-checked.

3.1. Results and Insights from Study 1

In today’s world, social media is continuously gaining importance and influence on society and companies. Companies use social media channels in order to enhance performance and to let customers engage with their brand interactively. This has become indispensable, and it is nearly impossible to escape. As one interview participant describes in the following statement:

"Social media, I mean in general it's all over the place. There's a huge buzz and certainly social media is probably one of the most important touch points these days, when it comes to the experience people have with the brand." (Interviewee #3)

In fact, all of the interviewed companies are already using these new media channels to a certain degree, and as a result, companies have increased both their efforts in digital activities and also their budgets to cope with these changes in communication. As one interview participant highlighted:

"First of all we're shifting more and more budget towards digital. This year, we're going to be around 24% or 25% of the mix. So, the rest is offline. But from the media mix 25% like for digital, this is getting to interesting numbers. Then at the moment, we are increasing the portion of traffic, which is paid versus organic. That's because we are in a high growth phase." (Interviewee #5)

Whenever people invest they want to know what they will get in return. Companies use all kinds of resources to push their brands and to create brand equity. Thus, it is necessary to measure the outcome of their invested resources. Different methods exist in order to calculate a company’s brand equity. Not all of the interviewed companies measure their brand equity on their own: either they use brand consultancies or they just use newspaper rankings as an orientation to compare themselves with competitors in a given sector as was mentioned during the interviews.

Even though most of the interviewed companies could not directly relate to the concept of social brand value they still believe that such a value is important. In general, irrespective of company size of the level of social media participation, all companies saw a high significance in social brand value, as the following interview participants remarked:

"In my opinion, I think that the transformation in the past year towards going online, the community and social media idea have massive impact on brand equity." (Interviewee #6)

"I think it is a tremendous value...before we were doing marketing in the dark because we had no clue what could be the reaction of the customers because we were not able to go deep in his reaction. With social it has changed everything because you are in a permanent dialogue with your users." (Interviewee #9)

Overall, our findings from the qualitative study show that social media marketing is relevant for companies but that they still do not have a clear idea about what marketing strategies to apply in social media environments. In particular, the lack of measurement of success is a big issue. Furthermore the study has shown that for brand management a new brand equity measure is needed that accounts for the new social media reality in marketing.

We now turn to Study 2, which investigates the validity of the social brand value framework from a consumer perspective.

3.2. Study 2 - Research Design and Measures

For our second study an online questionnaire was developed to quantitatively explore the "social brand value" concept. We collected data from a panel provided by a leading German market research company. For their participation, panelists received points, which could later be traded for vouchers or other rewards. In total, 1,301 questionnaires were completely filled out and returned to us. The 19 brands selected for this study included software companies, social network brands, online-retailer, and consumer goods companies.

The questions and items used in our quantitative online survey were set up and refined based on the research literature (see Table 1). The social brand value construct evolved from a review of literature by Peterson et al.[52], Mathwick et al. [53] and Escalas and Bettman [20]. We split up the construct into three distinct dimensions namely sense of community (two items), information value (two items) and identity value (two items).

Three items were adapted from Pappu et al. [54] to capture the perceived quality. Brand evangelism was measured using two items adapted from Matzler et al. [55]. Based on the work of Aaker [56, 57] willingness to pay a price premium was measured with one items.
### Table 1: Measurement items used in the final model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Factor loading</th>
<th>Factor reliability</th>
<th>AVE</th>
<th>Fornell-Larcker-Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Evangelism</td>
<td>I feel the need to tell others how good XXX is.</td>
<td>.92</td>
<td>.91</td>
<td>.84</td>
<td>.76</td>
</tr>
<tr>
<td></td>
<td>If someone tries to decoy XXX, I will tell him off unmistakably</td>
<td>.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price Premium (PP)</td>
<td>How much more (in %) would you be willing to pay for XXX compared to an unbranded version:</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>XXX offers very good quality</td>
<td>.89</td>
<td>.89</td>
<td>.73</td>
<td>.69</td>
</tr>
<tr>
<td></td>
<td>The offer of XXX fits my needs</td>
<td>.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>XXX constantly works on improvements</td>
<td>.82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Brand Value (2nd order)</td>
<td>Sense of Community</td>
<td>.97</td>
<td>.93</td>
<td>.82</td>
<td>.78</td>
</tr>
<tr>
<td></td>
<td>Informational Value</td>
<td>.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identity Value</td>
<td>.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sense of Community</td>
<td>Through XXX, I feel like part of a community</td>
<td>.90</td>
<td>.86</td>
<td>.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I take the opinion of other XXX users seriously</td>
<td>.84</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity Value</td>
<td>Being an XXX user is something special</td>
<td>.91</td>
<td>.93</td>
<td>.87</td>
<td></td>
</tr>
<tr>
<td></td>
<td>XXX is an important part of my identity</td>
<td>.94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informational Value</td>
<td>Through other XXX users I learn something new</td>
<td>.94</td>
<td>.92</td>
<td>.86</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Through other XXX users I obtain valuable information</td>
<td>.92</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.3. Analysis

**Descriptive Analysis:** Based on the survey results we ranked the evaluated brands according to the perceived social value of participants. The resulting list showed that there are significant differences in the perception of brands in light of their social value. Brands like Apple, studiVZ and Google were strong in their overall social brand value scores, whereas brands like Coca Cola or McDonalds are found at the end of the ranking. Many of the traditional brands, which supposedly have a high financial brand value, seem to be ill prepared for the challenges brought to communities in the social media age. In contrast, Apple and co’s success is based on their successful dealings with user communities and the skilled moderation of the communication among users. They understand how to add value for customers through social interaction between co-users. The rather low rankings for brands like Flickr or YouTube indicate that purely distributing content online does not guarantee community building.

Overall, it can be stated, that although social brand value emerges organically from community, the successful examples demonstrate that social benefits of brands need to be managed actively by the companies.

**Quantitative Analysis:** All measurement items as well as their psychometric properties are shown in Table 1.

All indicators show good factor loadings and the respective factor reliabilities exceed the requirements [58]. Convergent validity determined by the average variance extracted achieved satisfactory levels. Discriminant validity can be estimated by calculating the Fornell-Larcker-Ratio [59], and the achieved value must not exceed 1. The three social brand value facets: identity value, information value and sense of community exhibited problems with discriminant validity as their Fornell-Larcker-Ratio’s were close to 1. Therefore, we conducted a model comparison in order to decide whether to merge these three factors or to establish them with an underlying second order factor called ‘social brand value (SBV). As suggested by Bagoozi [60], second-order models are especially useful when first order factors are distinct but contain a significant shared variance. In order to test whether the second-order structure is also justified from an empirical point of view, we compared two models: one model, consisting of one single-merged first-order factor that included all indicators previously used for the distinct factors ‘sense of community’, ‘information value,’ and ‘identity value’ and one model consisting of a second-order factor, the ‘social brand value’ underlying these three dimensions. Following Burnham and Anderson [61], AIC0 and BIC0 were used to compare the un-nested models and to evaluate the second-order structure. The analysis supports the second-order structure, as the difference measures AIC0, and BIC0 are all > 10 (First-order model: AIC 880, BIC 1062; Second-order model: AIC 423; BIC 616).

**3.4. Findings from the Quantitative Analysis**

Structural equation modeling was applied in order to test our conceptual framework and to explore the effect of social brand value (SBV) on the relationship between perceived quality on participants’ willingness to pay a price premium (PP) for the brand as well as their brand evangelism.

First, we analyzed the direct effects of quality on PP and Evangelism (Figure 2). Next, we amplified our model and introduced SBV in order to test its direct and mediating effects (Figure 3).

Multiple indexes of model fit served for examining and evaluating the measurement models. The goodness-of-fit index (GFI), the adjusted goodness-of-fit index (AGFI), the comparative fit index (CFI), the
normed fit index (NFI) and the root mean squared error of approximation (RMSEA) served as global and incremental fit indices. Satisfactory fits are obtained when the GFI, AGFI, CFI and NFI are greater than or equal to 0.9 and the RMSEA is less than or equal to 0.08. The results for the model fit were: $\chi^2 = 40.456$ df $= 7$, $p = 0.000$, GFI = 0.995, AGFI = 0.985, CFI = 0.996, NFI = 0.996, and RMSEA = 0.043 for the first model and $\chi^2 = 357.013$ df $= 45$, $p = 0.000$, GFI = 0.987, AGFI = 0.962, CFI = 0.988, NFI = 0.986, and RMSEA = 0.052 for the second model. Overall, the models indicated a satisfying overall fit to the data [see for example 62, 63, 64].

The results given in Figure 2 show that quality has a significant influence on both PP ($\gamma = .27^{***}$), as well as participants brand evangelism ($\gamma = .50^{***}$). In total, quality explains 6% of PP and 50% of participants’ brand evangelism.

![Figure 2: Structural model perceived quality and its effect on willingness to pay and brand evangelism](image)

Figure 2: Structural model perceived quality and its effect on willingness to pay and brand evangelism

Figure 3 portrays the results of the amplified structural equation model assuming that SBV has additional effects on participants’ PP and brand evangelism. In total, SBV is able to raise the explained variance of PP from $R^2 = .06$ to .20 and evangelism from $R^2 = .50$ to .75. The path analysis further reveals that SBV significantly impacts PP ($\beta = .43^{***}$) as well as evangelism ($\beta = .59^{***}$).

SBV also fully mediates the impact of quality on PP as quality has a significant impact on SBV ($\gamma = .51^{***}$), and is able to account for a considerable amount in variance of SBV ($R^2 = .26$) and changes the previously significant quality-PP path to an insignificant relationship. This means that brands that offer quality do not automatically achieve a price premium. Only by providing social value to their users, do they attain an increased PP. The impact of quality on evangelism further seems to be partly mediated by SBV as the influence of quality on evangelism decreases and the overall explained variance of evangelism increases. However, the effect of quality on evangelism stays significant.

![Figure 3: Amplified structural model including social brand value](image)

Figure 3: Amplified structural model including social brand value

According to Baron and Kenny [65] a variable functions as a mediator when (a) variations in the independent variable significantly account for variations in the presumed mediator, (b) variations in the mediator significantly account for variations in the dependent variable, and (c) when a previously significant relation between the independent and dependent variables is no longer significant, with the strongest demonstration of mediation occurring when this path is zero. In our model, all three conditions are applicable, indicating a full mediation effect. SBV can thus be interpreted to be a dominant predictor for both PP and Evangelism. In addition, we conducted a multigroup analysis to compare our encountered effects between the 19 different brands. No significant differences regarding the impact of SBV could be found among the different models, indicating that the effect of SBV is quite robust and may be applicable for all kind of brands.

4. Discussion

This paper contributes to our theoretical understanding of the social role that brands play in the life of consumers by providing data that shows the value creating role of social interactions around a brand for consumers. Networks of institutionalized relationships are valuable for those who have them. Resources which stem from these relationships build up social capital and help people form identities and realize goals. Brands nowadays play an important role in linking people together [13] and thereby help build relationships and social capital. This study shows that consumers value the potential of brands as a linking device and as a source of social capital. They are for the most part only subconsciously aware of this potential but nevertheless value it and are therefore, among other reasons, drawn towards brands and willing to pay a price premium. This study thereby confirms prior studies on the value enhancing role of brand communities [15-17], but goes beyond these finding in explaining the source of this value and in offering a conceptual framework to measure it.
This study also enhances our knowledge on the functions (or benefits) of brands. Besides the widely described functional and symbolic benefits of brands, this study suggests to add another dimension: a social function. Consumers buy and use brands as well as interact with others around brands because of the social ties they get from it. This social function of brands is also becoming even more important in the social media age where possibilities to interact become easier than ever and pervasive. This also indicates that the importance of social media in creating and maintaining strong brands increases. The social role for branding has yet to be accounted for in branding literature and this study is a first step into this direction.

By demonstrating the mediating function of social brand value, this study furthermore questions the described relationship of perceived quality and willingness to pay a price premium. Providing high quality of products is no longer a sufficient advantage for brands today, it has merely become a basic requirement. To make products stand out among the mass of offerings and to make consumers pay a price premium for an offering asks for a more socially inspired positioning of a brand.

In light of our findings, an update on existing brand equity measures is due. Brand equity, as widely used as it is today, does not account for social ties as important components of brand value. Especially for activities in social media, such a measure would be essential for companies to evaluate their marketing effort in this environment. Based on the social brand value concept introduced in this study, future research should try to incorporate the findings on the social value of brands into the measurement of brand equity. Only then a more complete picture on the potential value a brand has for customers can be estimated.

5. Implications, Limitations and Future Research

This study also has implications for marketing and brand managers. Marketing managers have already understood the importance of social media activities for their brands. These activities are high on their agenda and more and more investments are poured into marketing campaigns within this communication channel. But managers are still lacking the understanding on why social media is so important for their brands. This study presents an answer to this question as it proposes that the power of social media activities lies within their potential to establish social ties among consumers. The results presented here may therefore help managers understand the role social media can play for their brands and where the value enhancing potential within these environments lies for brands.

This study thereby also refocuses our perspective in respect to the planning of marketing efforts. Social brand value has to be accounted for when planning marketing campaigns, may they be done online or offline. Marketing managers will have to think about how to strengthen the social aspects of their brands. Building value creating relationships with social media activities are one part, but efforts will have to go beyond that. Interactions about brands happen on- as well as offline and branding efforts have to be designed accordingly to account for the social value in brands.

Furthermore does the framework introduced in this study give managers a tool to measure the social value of their brands. It thereby gives them a guideline how to measure the success or failure of their social media campaigns. Activities in social media environments have to be evaluated differently than traditional marketing efforts. Within social media the relationship aspect moves to the forefront of consumer interest, subconsciously or consciously. Marketing efforts have to account for that and have to actively support and foster the building of social ties around a brand.

However, this study also bears some limitations: Our findings are limited in that we investigated a certain geographical area and only included a limited number of brands. Transferability of the findings in this study to other geographical areas or brands might therefore be limited.

Future research should assess a broader set of brands in different geographical and cultural areas to further strengthen our findings. Further research should also focus on updating the current brand equity model to incorporate the social brand value measure and should test that model against the marketing reality in social media.

6. References