Image as a key factor of brand value at social media

The introduction

Brand is considered to be the most valuable company’s asset\(^1\). Taking into consideration the high value of assets, and the related costs of investment, the companies are highly interested in brand value. The marketing practitioners focus their attention on undertaking actions which to large extent influence brand value. Brand value is the key performance indicator for managers responsible for marketing investments. Many authors point to the issue of a decreasing indicator of return on investment from traditional methods and channels of communication. The crisis of marketing communication is a subject discussed more and more frequently both in the world of science and in the press, as well as in the business publications \(^2\). Social media as a rapidly growing communication channel, which confirms the validity of the idea of social capital by Toffler\(^3\), started to be perceived as a huge opportunity to improve the effectiveness of marketing communication. The paper aims to investigate the relationship between social media brand presence and brand value for most valuable global brands.

Brand equity and brand value

The concept of brand equity was founded in the USA in the late eighties of the last century and it was intended to separate the short-term sales effects of marketing activities from the effects of giving long-term competitive advantage, which in turn translated into profit. This concept has completely changed the role of brand managers, and it also required the change in the measures of marketing activities effectiveness. Many definitions of brand equity were proposed. Table 1 contains the definitions of brand equity by various authors; concluding: the concept of brand equity is sometimes meant as a concept, sometimes as an intangible asset, and sometimes as a monetary value. To further confusion, the concept of brand equity is often used interchangeably with the concept of brand value; particularly in terms of added value or incremental cash flows, which also drew the attention of, among others, Lisa Wood\(^4\).

Table 1: Brand equity definitions\(^5\).

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition of brand equity</th>
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<tr>
<td>Farquhar (1989)</td>
<td>“the ‘added value’ with which a given brand endows a product”</td>
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<tr>
<td>Peter Doyle (1990)</td>
<td>“an outcome of long term investment”</td>
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<td>Keller (1993)</td>
<td>“marketing effects uniquely attributable to the brand”</td>
</tr>
<tr>
<td>Simon and Sullivan (1993)</td>
<td>“the incremental cash flows which accrue to branded products over and above the cash flows</td>
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which would result from the sale of unbranded products”

“Aaker (1996b) “a set of assets (and liabilities) linked to a brand’s name and symbol that add to (or subtract from) the value provided by a product or service to a firm and/or that firm’s customers”

Source: literature review.

On the basis of Aaker’s model of brand equity and Keller’s model of value chain, the author proposes the framework of concepts and correlations presented in Figure 1, in accordance with which the marketing communication influences brand awareness, creates a reputation (perceived as quality), justifies the price, and helps to build loyalty. All this factors create brand equity. Brand equity, distribution, and price influence clients decisions. Clients decisions create sales figures and market share. Figure 1 presents the discussed relations connected with fundamental Kotler’s 4P concepts. The author wishes to emphasize the importance of indicators of brand value for practitioners, because it takes into account all the factors that affect the final results of the brand, including the key factor of external environment, which is an alternative in the form of "other brands" (competitors).

Figure 1: Marketing communication, Brand Equity and Brand Value relation.

Source: Author's own study based on Keller, Aaker, Kotler^6.

The marketing practitioners responsible for brands are obliged to create value. Many authors indicate that focusing on individual attributes of brand equity does not necessarily translate into final sales result^7. While for the company a key element is the market share, which depicts the final decisions of consumers at a given price level, their choices taken at the point of sale, affect both the current and expected financial value generated for the company. According to the author, brand value as a full final result of marketing activities in the given period of time is an objective measure of efficiency and effectiveness of assumed strategies. The author defines the managerial concept of brand value in the following way: Brand value: objective quantitative representation according to the adopted research method, the essence of creating, owning and investing in the brand (incuring expenditures) in order to generate revenue. [Author's own study based on Table 1] As aforementioned, building brand value is a key factor to the effectiveness of marketing activities, and the key challenge for brand managers nowadays. These figures are interesting not only to the

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accountants but also to marketing practitioners - the value of the brand is the main performance metrics. Brand value can be used as a management guide, and also as a decision-making tool for top management. Therefore the interest of the business in assessment of the brand value is growing. The organisations, such as Interbrands or Millwards, developed and legally reserved the methods for measuring brand value. The rankings compiled by these entities define position brands in the markets and form the measure of the condition of organisations. Commercial brand valuation methods are based on the cash flows generated by both the brand and intangible assets. Brand Value definition by SMG KRC is an amount in dollars which the brand contributes to the overall value of the corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist. Author’s research is based on Interbrand ranking. The Interbrand value measuring process includes three steps. Step 1: financial performance: economic profit of a brand. Step 2: Role of a brand in proportional participation of the brand in the decision to purchase, relative to other factors (for example, purchase drivers like price, convenience, or product features). Step 3: The brand strength component measures the ability of the brand to secure the delivery of expected future earnings. Interbrand defines brand value with a brand-specific discount rate used to discount brand earnings back to a present value, reflecting the likelihood that the brand will be able to withstand challenges and deliver the expected earnings into the future. In the research part of this article the author uses secondary data from the TOP 100 Best Global Brands developed by Interbrand.

Social media

Social media defined as in general social networking sites, which are technologically developed to allow users create and exchange content. Social media have their origins in the late nineties. They gained popularity in the first decade of this century. This group includes: blogs, social networking sites, such as Facebook, Twitter, MySpace, collaborative projects such as Wikipedia, content communities such as Youtube, Demotywatory, Kwejk, virtual social worlds, for example Second Life, virtual game worlds, such as Warcraft, Internet forums. From the perspective of the issue of engagement, in accordance with Kaplan classification, the most attractive form of Social Media are 'social networks' and 'virtual worlds'. In the context of social capital, in which the capital, similarly to the capital in economic context, perceives the social relations and network connections between individuals as a resource, thanks to which it is possible to achieve the intended benefits. Social Networks appear to be particularly attractive from the point of view of brand communication purposes, and hence, accomplishments of business goals. The essence of the Social Media in the context of marketing goals is the possibility to influence entire communities.

In 2012 Facebook global noted above 152 million active users, Blogger 58, Twitter 37. These statistics prove that Facebook is the most popular social network; therefore it is vital information for the brands, as consumers are present there. The possibility of precisely targeted communication is undoubtedly a huge advantage of Facebook over traditional media, which is highly important from the point of view of communication crisis. In addition, relatively low cost of message delivery in social media sites in comparison to traditional forms of communication affects its growing popularity among marketing practitioners. Social Networks are also the place where the Toffler’s idea of "prosumerism" is particularly

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8 http://www.millwardbrown.com/BrandZ/Top_100_Global_Brands/Methodology.aspx
visible, which means that the recipients of the content are also their creators. The interactive characteristics of the tool is interpreted as a remedy to the difficulties associated with the lack of involvement.\footnote{A.M. Kaplan, M. Haenlein ,Users of the world, unite! The challenges and opportunities of Social Media. Business Horizons 2010 (53), pp.59-68.}

**Social media performance and brand value**

In view of many factors affecting consumer purchase decision, and at the same time affecting building of the brand, practitioners seek knowledge of the impact of each activity on the value of the brand in order to choose, out of many possible activities (investment in the brand), these in which the relation of the expenditures to the effects is the highest. The practitioners carefully choose these activities that efficiently build the brand value. In view of the crisis of marketing communication based on traditional communication channels, the practitioners look for new opportunities. Social media is a channel that is credited with building the value. According to a report by Nielsen 2013, the companies' marketing involvement in social media has become a reality. The 64% of advertisers have indicated that they expect to increase their paid social media advertising budget for 2013. The most commonly used indicators for assessing the effectiveness of activities on FB are measures: quantitative: "number of fans" and "talking about this"; they often constitute the key element of assessment of effectiveness of marketing activities undertaken by marketers.

The context of brand value and social media in scientific literature is discussed most often in the aspect of component factors contributing to brand equity\footnote{C. Manara, Ch. Roquilly, The Risk of Brand Equity Erosion in the Social Media: the Efficacy and Limitations of Legal Instruments. Rechercher et Applications en Marketing 2011(26), pp.93-113; M.Brunh, V. Schoenmueller, D.B. Schafer, Are social media replacing traditional media in terms of brand equity creation? Management Research Review 2012(35) pp.770-790; S.Singh, S. Sonnenburg, Brand performances in socialmedia, Journal of Interactive Marketing 2012(26), pp.187-197; R .Agnihotri, P.Kothenaraman, R .Kashyap, R .Singh, Bringing “social” into sales: the impact of salespeople’s social media use on service behaviors and value creation, Journal of Personal Selling & Sales Management 2012( 3), pp. 333–348}: image, loyalty, awareness, perceived value. The detailed analyses are studied as well, and this include sentiment\footnote{A. Pettit, Bending the rules and biting the hand. International Journal of Market Research 2013 (55), pp.13-16}, in other words positive or negative context of communications of brands, as well as the fact of creating content about brands by fans, so called user generated content\footnote{G. Christodoulides, J .Bonhomme, C. Jevons , Memo to Marketers: Quantitative Evidence for Change How User-Generated Content Really Affects Brands, Journal of advertising research 2012(52), pp.53-64}, which is attributed with high degree of involvement and creating value. There are also opinions that the only relevant measurement activities of brands in social media is to measure the degree of involvement in the brand by engage rate\footnote{D.L. Hoffman, M. Fodor, Can you measure the ROI of your Social Media Marketing? MIT Sloan Management Review 2010(1), pp.41-49}, which in the long run translated into brand value. Nonetheless, doubts arise whether all involvement activities build brand value to the same extent. Examples of activities that raise doubts in this area are numerous quizzes, contests, surveys, which attract and motivate users by offering prizes or entertainment. Scepticism regarding value of a fan on Facebook is shared by Lake and Lapointe\footnote{A. Lake, Why Facebook “likes” are useless? iMedia Connection 2011, http://www.imediacollection.com/content/30235.asp (accessed 12 March 2014); P, Lapointe, Measuring Facebook’s Impact on Marketing The Proverbial Hits the Fan. Journal of Advertising Research,2012(52), pp.286-287}, who draw attention to the crucial role of motivation, for which the user becomes a fan of FB, and it has an impact on the generation of value. Some researches proved that social media can translate into the growth of sales\footnote{A.T. Stephen, J.Galak , The Effects of Traditional and Social Earned Media on Sales: A Study of a Microlending Marketplace. Journal of Marketing Research, 2012(5), pp.624-639}. Social networking can indeed yield positive effects on brand evaluations and purchase intentions, but practitioners know that the intention to buy or even the declaration to buy do not always result in real transaction. Only the equivalent of real transaction builds the real value. The literature shows, that the issue of relationship of the brand value and the activities in social media is complex and unresolved.
Social media performance and brand value: survey

To study the relationship between the brand value and its position in social media, the author will investigate the correlation between brand value expressed in millions of dollars, on the basis of secondary data, in the form of ranking of the most expensive brands in the world\textsuperscript{23}, and the position of these brands in social media, on the basis of the indicators of Facebook: interests: "number of fans", and involvement: "talking about this". The study was carried out on the basis of social networking site: Facebook, due to its leading position in social media, according to the report by Nielsen\textsuperscript{24}. The data from Facebook was gathered with the use of the purposefully developed application: stat.book.v.02. The application was written with the use of script PHP language. The data collected by the application in MySQL database. The application with the built-in search engine searched the social networking site Facebook for fanpages associated with a particular brand. The access to a list of fanpages was obtained with the use of the Graph API of Facebook. Graph API allows both to look for profiles after applying certain filters, and also collecting information on them, after setting some parameters. The study was conducted in 4th quarter of the year 2013. The brand value was accepted on the basis of the yearly published ranking of brand value Interbrand Top 100. In accordance with the methodology of Interbrand, brand value is determined on the basis of yearly results of individual companies, therefore it is necessary to assume that was brand value at the end of the year. The matrix of correlation was presented in Table 2. All the values of correlation coefficients are statistically significant for $p < 0.05$. This determines the statistically significant correlation between brand value and its position in social networking site: Facebook. The details of the results are presented in the table below.

Table 2. Matrix of correlation between the indicators “talking about this”, “number of fans” and brand value for 99 global brands of the highest value according to the highest value according to Interbrand ranking 2013.

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Standard deviation</th>
<th>Number of fans</th>
<th>Talking about this</th>
<th>Brand value (mln USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fans</td>
<td>20 838 596</td>
<td>30 183 649</td>
<td>1.000000</td>
<td>0.922612</td>
<td>0.389939</td>
</tr>
<tr>
<td>Talking about this</td>
<td>416 277</td>
<td>651712</td>
<td>0.922612</td>
<td>1.000000</td>
<td>0.365041</td>
</tr>
<tr>
<td>Brand value (mln USD)</td>
<td>15</td>
<td>18</td>
<td>0.389939</td>
<td>0.365041</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: Author's own study developed with the use of the software Statistica.

The values in the table are significant statistically. They indicate the relation of brand value with the number of fans, and slightly lower with their involvement. To visualise the results in the Figure 2, the correlation of the brand value and the indicators: "number of fans" and "talking about this" were presented.

Figure 2. Brand value versus "number of fans" and engage rate “talking about this” for 99 car brands of the highest value according to Interbrand's ranking.


Source: Authors own study.

In Figure 2, the trend line was determined by linear regression. The individual points represent the number of fans and the value of individual brands in accordance with Interbrand's ranking. The corrected R2 coefficient of determination amounts 0.15. It means that the model explains the changeability of the phenomenon in 15%. And this means that in 85% the brand value depends on other factors than "number of fans", which is concordant with the framework of factors affecting brand value presented in Figure 1. Figure 2 presents analogously the correlation between the indicator "talking about this" and the value of individual brands according to Interbrand 2013 and the trend line was determined by linear regression. The individual points represent the number of fans and the value of individual brands in accordance with Interbrand's ranking. The corrected R2 coefficient of determination amounts 0.12. It means that the model explains the changeability of the phenomenon in 13%. And this means that in 87% the brand value depends on other factors than the "number of fans", which, as already stated, is concordant with the framework of factors affecting brand value presented in Figure 1.

In both diagrams the significant differences between the "number of fans" and "talking about this" are visible for brands of similar value. For example the technological brand of IBM worth 78 mln USD, addressed mostly to B2B market, has only 1 mln fans; whereas Coca-cola worth 79 mln USD has 103 mln fans. It can be concluded that the brand category to build both the interest and involvement in the brand in social media is important. In order to continue the considerations, the statistics of automotive brands, constituting the largest number of brands in the same category, included in the Intebrand 2013 ranking, were studied. Table 3 shows the correlation matrix for the group. The statistically significant coefficients p <0.05 were determined.

Table 3. Correlation matrix for 12 car brands with the highest value according to Interbrand's 2013 ranking.

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Standard deviation</th>
<th>Number of fans</th>
<th>Talking about this</th>
<th>Brand value (mln USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of fans</td>
<td>20 838 596</td>
<td>30,183,649</td>
<td>1.000000</td>
<td>0.967432</td>
<td>0.518099</td>
</tr>
<tr>
<td>talking about this</td>
<td>416 277</td>
<td>651712</td>
<td>0.967432</td>
<td>1.000000</td>
<td>0.596527</td>
</tr>
<tr>
<td>brand value (mln USD)</td>
<td>15</td>
<td>18</td>
<td>0.518099</td>
<td>0.596527</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: Author's own study with the use of the software Statistica

The correlation between the value of automotive brands and their position on Facebook is stronger than the results TOP100 Interbrand presented in Table 2. This may be due to the fact that the automotive category is characterized with stronger interest and emotional involvement than other sectors. This has a particular significance in relation to social networking sites, where brands can constitute the tool of auto-presentation for the users. In order to consider and visualize the results, Figure 3 presents respectively the relationship between the brand and the indicators: "number of fans" and "talking about this" for 13 automotive brands included in the Interbrand ranking of 2013.

Figure 3. Brand value and the "number of fans" engage rate “talking about this” for 13 car brands with the highest value according to Interbrand's ranking.
In Figure 3, analogously to Figure 2, the trend line was determined by linear regression. The individual points represent the number of fans and the value of individual brands in accordance with Interbrand's ranking. The corrected R² coefficient of determination amounts 0.2. It means that the model explains the changeability of the phenomenon in 20%. This is a much better determination model than the model developed for the total TOP100 Global Brands Interbrand 2013. It means that the category of the brand is important for building the value with the use of social networking sites. The importance of a brand image, in other words, the capital collected so far by the brand (brand equity) is also important for the results of the brand on Facebook. For example, within the same category, Toyota worth $17 mln USD being a synonym to safety has only 37 million fans, whereas BMW worth 32 mln USD, synonymous to attractiveness, has as many as 49 million fans. The confirmation of the hypothesis on the importance of the nature of the brand category to the degree of involvement of fans is the comparison of the coefficient of determination to the linear regression model of the relationship between automotive brand value and the degree of involvement of its fans. The results: the corrected R² coefficient of determination amounts 0.29, i.e. the model explains the correlation between the value of motor brands and the involvement of fans in the social networking site: Facebook in 29%. This correlation is stronger than for the model total TOP100 Global Brands Interbrand 2013, where the coefficient of determination was 0.14. It is also worth noting that in the case of automotive brands, the involvement is correlated more strongly with brand value that the interest. The results of statistics for all TOP100 Global Brands Interbrand 2013 were reversed [Figure 2, Figure 3]. Hence, the meaning of the brand category, in the light of the coefficients presented, significantly influences the efficiency of building the brand value with the use of social networking site. The results presented indicate that there is statistically significant correlation between the brand and its position in social media, and they indicate that category of the brand is important to the effectiveness of building brand value with the use of social media, which means that the channel is not equally effective for all categories. Moreover, the presented results emphasize the importance of generated brand image (component of brand equity) for the achieved results (cases of Toyota and BMW). The correlation coefficients between measures of activity on Facebook networking site and the value of automotive brands are at the level of 0.52 and 0.60. The corrected coefficient R² equals respectively 0.20 and 0.29, which indicates that it is stronger for subgroups of automotive brands. The differences are visible also among automotive brands of similar value. For example: Toyota worth $17 mln USD has only 37 million fans whereas BMW worth 32 mln USD has as many as 49 million fans. The correlation coefficient between the measures of activity on Facebook networking site and the brand value are at the level of 0.38 and 0.36. This means that between the brand and the measures of activity on the Facebook communities there is a statistically significant relationship. The corrected coefficient R² amounts respectively 0.14 and 0.12 which means that the measures of activity in the social networking site Facebook explain the brand value in several percents.

Discussion

The results of studies confirm the existence of statistically important correlation; however its level of correlation and R² corrected coefficient indicate the existence of other significant factors affecting brand value, which was included in Figure 1. The analysis of automotive brand subgroup presented higher correlation and higher R² corrected coefficient of determination than the results of the whole ranking, which
proves that the category of the brand is important for the effectiveness of the activities in social media channel. The cases of Toyota and BMW proved that brand image (a part of the brand equity) affects the results accomplished. The higher interest of the community is in the brands with which the users are likely to identify themselves. The results of presented survey confirm, users of Facebook use the brands present there for auto-presentation.

Limitations

The Interbrand ranking is comprised of global brands, but their popularity in different parts of the world varies. From the perspective of the brand value, the buying power of potential clients, so the example of 137 mln fans of the Samsung brand worth 40 mln USD, is especially popular in Asia and Eastern Europe, may in slightly lower degree translate into brand value in relation to Apple brand with 64 mln fans, estimated by Interbrand at 98 mln USD, which is particularly popular in USA. Typical B2B brands IBM, Cisco, Oracle, compared to B2C brands of the same value are characterized by a much lower number of fans. Low popularity of B2B brands seems obvious. Additionally, it is worth remembering that some brands are in both B2C and B2B markets.

The value of the brand refers to the potential future revenue to be gained from the ownership of the brand and is value hardly measurable, so brand value determined with the use of other methods may give different values. The rate of interest "number of fans", and indicator of involvement "talking about this" are significantly affected by promotional activities carried out on Facebook, such as extra bonuses for those who declare themselves as fans of particular brands. As result, the indicators achieved may not reflect the reality.

Conclusions

There is statistically significant correlation between brand value and metrics of activity in social networking site: Facebook. The correlation is stronger in the case of brands of the same category, which proves that the brand value, apart from the number of fans, is affected by other factors as well; hence the correlation between the number of fans and the brand value has more complex nature. Taking into consideration the significance of the issue (development of social media, larger public domain, etc.) it is necessary to work out better models reflecting the correlation of social media and brand value.

Abstract

The paper aims to investigate the relationship between social media presence and activities and brand value for the most valuable Global Brands 2012 (Interbrand 2013). Social media communication is an innovative way of communication. Brand value is a key performance indicator of brand strategy for managers. Brand and category image realized to be the key factor of investigated relation.

Wizerunek jako wiodący czynnik kreujący wartość marki w mediach społecznościowych

Streszczenie

Artykuł jest poświęcony analizie za pomocą korelacji i regresji liniowej relacji pomiędzy wartością najbardziej wartościowych marek globalnych, a ich pozycją w mediach społecznościowych na przykładzie Facebooka. Komunikacja za pomocą mediów społecznościowych stanowi innowację w stosunku do coraz mniej efektywnej komunikacji za pomocą mediów tradycyjnych. Wartość marki jest natomiast kluczowym wskaźnikiem skuteczności przyjętych strategii marketingowych.

Literatura


[34]. Wood L., Brands and brand equity: definition and management. Management Decision 38:662, 2000