

IMPACT OF SOCIAL MEDIA MARKETING ON BRAND BUILDING: A CASE STUDY OF OLX, PAKISTAN

Arman Khan, Ishfaq Ahmed, Muhammad Hafeez* and Javed Ahmed

Department of Business Admiration, Shaheed Benazir Bhutto University, Shaheed Benazir Abad *Putra Business School,
University of Putra Malaysia

Corresponding author's email: armankhan@sbbusba.edu.pk

ABSTRACT: *The purpose of this paper was to analyze the impact of social media marketing on brand building with reference to OLX, Pakistan. Prior to the field survey, the authors constructed a theoretical model for clear identification of how social media marketing can build the brand. Data from 106 respondents were collected who used social OLX channels for purchasing. For the purpose, simple random sampling was adopted and information from 106 respondents was collected through a well-designed questionnaire. The collected data were analyzed using binary logistic regression analysis. The results of the study indicate that social media marketing had a significant positive impact on brand building. The study recommends that in order to reach out to the targeted groups with social media marketing and to build greater brand equity, the company should focus on multiple social media platforms. Further, the case company's brand-building actions in social media marketing were also examined to help the company to clarify its social media marketing plan.*

Keywords: Brand building, brand equity, brand awareness, social media, Pakistan

INTRODUCTION

From the last several years, social media has gained massive popularity throughout the world and has rapidly changed the means of communication and impacted the means of marketing [1, 2]. Social media is an online community established on internet technology that operates as an interactive platform between the company and the customers [3]. The study by [4] documented that recently effective communication between companies and customers about the product quality has been made easy and possible by the emergence of internet-based social media. As a part of the company's social media marketing, the organization must create useful and tempting content, indicate vibrant actions that make each customer want to follow the product's page, should respond rapidly to all requests, and focus on customers' remarks [5].

In fact, social media includes different variety of online word-of-mouth forums and have categorically changed into a major feature in influencing characteristics of consumer purchasing decision-making behavior such as attitudes, awareness, information acquisition, opinions, purchase behavior, and post-purchase communication and evaluation. The development of meaningful relationships with brands and customers is the core of social media marketing which can often be observed in a long-term outlook. According to the study by [6], some of the researchers still debate about the outcome and effectiveness of social media on consumer behavior. They further reported that most of the organizations face difficulties in measuring the added value of the efforts that usually made for marketing.

In the existing literature, nexus between brand building and social media marketing have received a substantial amount of attention. The recent studies in marketing focus on utilizing social media on different indicators of brand building such as awareness, equity, and loyalty. In this research, besides social media marketing, the authors identified different factors that may affect brand building [7]. Social media particularly provide information about product durability, price, use etc. that attract the customers to buy the product. Nowadays, many organizations are advertising their products or services using online social media channels such as Facebook, LinkedIn, Tumblr, YouTube, Twitter, etc.

The study by [4] documented that social media advertisement is influencing consumer's behavior, awareness, information, perceptions, attitudes, buying culture, feedback, as well as the product's durability. Initially, there were just two options available to get the consumer's attention: first, to assign an advertisement task to a well-reputed advertising agency. Secondly, to deal with the third party of the media. Nowadays, the marketing environment and their rules of business have totally been changed. The social media advertisement is completely different from the traditional advertisement's practices conducted through television, newspapers, and radio, etc. [8] reported that the organizations have developed new rules of marketing and strengthening a personal relationship with the customers and these all things are happening because of social media.

Like other countries, online advertisement strategies are rapidly growing in Pakistan and firms are allocating a huge amount of budget to advertise the product. In addition, there is a huge increase in online shopping due to free packages offered by various mobile companies. In Pakistan, social media is the best platform to make a brand. Among others, OLX, Pakistan is one of the leading brands used by online users, which is a free online classified site, having a discouraging challenge with international ambitions. Considering the role of social media on brand building the authors therefore critically analyzed its impact on a different dimension of brand building. The research questions are as follows:

- Is social media marketing has an impact on brand awareness?
- Is social media marketing has an impact on brand loyalty?
- Is social media marketing has an impact on brand equity?

Theoretical Framework: Social Media Marketing and Brand Building

Prior to the field survey, the authors designed a coherent theoretical model to investigate the role of social media marketing on different dimensions of brand building. In the first step, the authors linked the role of social media on different indicators of brand building. Several studies [9, 1] indicate that the use of social media does positively affect

brand awareness, brand loyalty, and brand equity and had an indirect effect on brand building. In a similar study by [10] noted that brand awareness and brand loyalty is an outcome of customers frequent engagement with social media. However, the study by [11], argued that word-of-mouth has a direct and positive relationship with customers' awareness about the brand.

The above findings of different authors supported the theoretical framework of this study that suggests that

customers' engagement have a positive correlation with brand awareness, loyalty, and equity in the context of social media marketing. In the second step, the authors linked awareness, loyalty, and equity with brand building. In fact, these three indicators are directly involved in the brand building of any product.

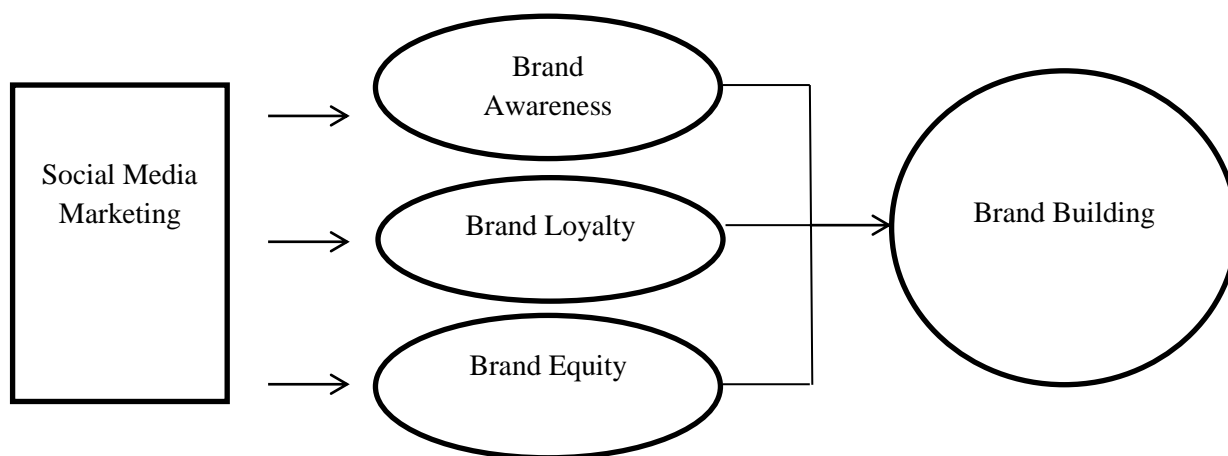


Figure 1: Relationship between social media marketing and brand building

MATERIAL AND METHODS

Customers of OLX, Pakistan were selected as there presentative of online social media. For the purpose of collecting primary data, the authors used a simple random sampling technique considering the underlying advantages as this technique improves the accuracy and reduces the cost of social survey results [12]. Karachi Division was divided into three strata as Zone-I, II and III, from each stratum two districts were randomly selected and out of each district, customers were selected randomly who used OLX as a mean of purchasing. After analyzing all scatter diagrams the authors decided to use the binary logistic regression analysis for the purpose of data analysis. As per the theoretical framework, three different models were designed to critically investigate the role of social media marketing on three different dimensions of brand building. The econometric forms of these models are as under:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu_i$$

Y= Awareness of respondents about the brand (if yes then 1, otherwise 0)

X₁=Age of the respondents

X₂=Gender of the respondents (If Male then 1, otherwise 0)

X₃=Education level of the respondents (years of Schooling)

X₄=Online traffic (If the respondents viewed online posting then 1, otherwise 0)

X₅= External link (If the respondents have an external link then 1, otherwise 0)

X₆=Community Reach

X₇=Social Media Marketing

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu_i$$

Y= Brand equity (if yes then 1, otherwise 0)

X₁= Age of the respondents

X₂= Gender of the respondents (If Male then 1, otherwise 0)

X₃= Education level of the respondents (years of Schooling)

X₄=Quality (1, otherwise 0)

X₅= Trust (If the respondents trust on the product then 1, otherwise 0)

X₆=Behavior

X₇=Satisfaction

X₈=Social Media Marketing

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu_i$$

Y= Brand loyalty (if Yes then 1, otherwise 0)

X₁= Age of the respondents

X₂= Gender of the respondents (If Male then 1, otherwise 0)

X₃= Education level of the respondents (years of Schooling)

X₄=Personality (If the respondents viewed online posting then 1, otherwise 0)

X₅= Accessibility (If the respondents have easy accessibility then 1 otherwise 0)

X₆=Emotional connection

X₇= Social Media Marketing

REGRESSION ANALYSIS OF HYPOTHESES

Nexus between Social Media Marketing and Brand Awareness

The results of the binary logistic regression analysis are presented in Table I. The intercept of the model is 1.428, which represents the expected increase in brand awareness, when all inputs are zero.

The coefficient of the age of the respondents is 0.001. The coefficient of gender is 0.047. The coefficient of the education level of the respondent is 0.151. This coefficient indicates that brand awareness will increase by 0.151 percent by increasing 1 percent of education level. The coefficient of social engagement is 1.454 percent. This coefficient indicates that brand awareness will increase by 1.454 percent by increasing social engagement by 1 percent. Subsequently, the most

important variable i.e., social media marketing is significant at less than 5 percent level of significance. This coefficient indicates that brand awareness will increase by 0.384 percent by increasing social media marketing by 1 percent. The overall significance of the model can also be judged from the value of the coefficient of Cox & Snell R Square i.e., 0.158. Similarly, the value of Nagelkerke R Square is 0.225 which indicates that about

22.5 percent of the total change in brand awareness is explained by the independent variables.

Table I: Nexus between Social Media Marketing and Brand Awareness

Variable	Coefficient	S.E.	Sig.
Age	0.001	0.019	0.039
Gender	0.047	0.492	0.064
Education	0.151	0.052	0.003
Traffic	1.352	0.561	0.016
External Link	-0.448	0.519	0.389
Social Engagement	1.454	0.552	0.008
Community Reach	0.171	0.489	0.727
Social Media Marketing	0.384	0.513	0.054
Constant	1.428	1.228	0.024

-2 Log likelihood = 109.885, Cox & Snell R Square = 0.158,
Nagelkerke R Square = 0.225

Nexus between Social Media Marketing and Brand Loyalty

The results of the binary logistic regression analysis are presented in Table II. The intercept of the model is 0.912, which represents the expected increase in brand loyalty when all inputs are zero.

The coefficient of the age of the respondents is 0.008. The coefficient of gender is 0.0131. The coefficient of education is 0.057. This coefficient indicates that brand loyalty will increase by 0.057 percent by increasing 1 percent of education level. The coefficient of quality is 0.745 percent. This coefficient indicates that brand loyalty will increase by 0.745 percent by increasing the

quality of the product by 1 percent. The coefficient of behavior is 0.406. This coefficient indicates that brand loyalty will increase by 0.406 percent by increasing the sellers' behavior by 1 percent. The main variable of this model is social media marketing which is significant at less than 5 percent level. This coefficient indicates that brand loyalty will increase by 0.560 percent by increasing social media marketing by 1 percent. The overall significance of the model can also be judged from the value of the coefficient of Cox & Snell R Square i.e., 0.087. Similarly, the value of Nagelkerke R Square is 0.116 which indicates that about 11.6 percent of the total change in brand loyalty is explained by the independent variables.

Table II: Nexus between Social Media Marketing and Brand Loyalty

	Coefficient	S.E.	Sig.
Age	0.008	0.017	0.024
Gender	0.013	0.441	0.097
Education	0.057	0.038	0.014
Quality	0.745	0.422	0.077
Trust	0.371	0.431	0.389
Behavior	0.406	0.456	0.037
Satisfaction	0.245	0.429	0.567
Social Media Marketing	0.560	0.467	0.031
Constant	0.912	1.022	0.037

-2 Log likelihood = 136.359, Cox & Snell R Square = 0.087,
Nagelkerke R Square = 0.116

Nexus between Social Media Marketing and Brand Equity

The results of the binary logistic regression analysis are presented in Table III. The intercept of the model is 0.084, which represents the expected increase in brand equity when all inputs are zero.

The coefficient of the age of the respondent is 0.007. The coefficient of gender is 0.023. The coefficient of education is 0.012. This coefficient indicates that brand equity will increase by 0.012 percent by increasing 1 percent of education level. The coefficient of personality is 0.067 percent. This coefficient indicates that brand equity will increase by 0.067 percent by increasing the personality by 1

percent. The coefficient of emotional connection is 0.504. This coefficient indicates that brand equity will increase by 0.504 percent by increasing the emotional connection by 1 percent. The main variable of this model is social media marketing which is significant at less than 5 percent level. This coefficient indicates that brand equity will increase by 0.175 percent by increasing social media marketing by 1 percent. The overall significance of the model can also be judged from the value of the coefficient of Cox & Snell R Square i.e., 0.022. Similarly, the value of Nagelkerke R Square is 0.030 which indicates that about 3 percent of the total change in brand equity is explained by the independent variables.

Table III: Nexus between Social Media Marketing and Brand Equity

	Coefficient	S.E.	Sig.
Age	0.007	0.017	0.069
Gender	0.023	0.414	0.215
Education	0.012	0.037	0.075
Personality	0.067	0.434	0.877
Accessibility	-0.161	0.418	0.699
Emotional Connection	0.504	0.415	0.052
Social Media Marketing	0.175	0.458	0.002
Constant	0.084	0.873	0.092

-2 Log likelihood = 140.007, Cox & Snell R Square = 0.022, Nagelkerke R Square = 0.030

CONCLUSION

In the competitive era of business, it is mandatory for organizations to engage people in social media marketing. To be able to do so, organizations have to engage customers on social media. Therefore, the effectiveness of OLX, Pakistan marketing strategies measures in this study by asking questions that do people remember any ad or any market when intended to purchase any product or even for service and in general public it has been proved that OLX, Pakistan directly comes in their mind because this is the best market place where buyer meets seller and its hammering on social media don't let them think about other even, if they don't buy through OLX, Pakistan they especially go for checking of price, quality, variety of products. From the results, one can conclude that social media marketing had a significant positive impact on brand building. The study finally recommends that companies should invest more in social media marketing and have to be active in several channels in order to be successful in social media marketing.

REFERENCES

- [1] Hutter, K. Hautz, J. Dennhardt, S. Füller, J. (2013). The impact of user interactions in social media on brand awareness and purchase intention: the case of MINI on Facebook. *Journal of Product & Brand Management*, 22(5/6), 342-351
- [2] Anitsal, I. Anitsal, M. M. and Campbell, S.R., (2013). Social Media's Key Success Factors: An Analysis of Customer Reactions. *Business Studies Journal*, 5(1), 43-56
- [3] Chanthinok, K., Ussahawanitichakit, P., Jhundra-Indra, P., (2015). Social Media Marketing Strategy and Marketing Outcomes: A Conceptual Frame work. Allied Academies International Conference, Proceedings of the *Academy of Marketing Studies*, 20(2):1-16
- [4] Mangold, W.G. and Faulds, D.J. (2009) Social Media: The new hybrid element of the promotion mix. *Business Horizons*, 52: 357
- [5] Gamboa, A.M. Gonçalves, H.M. (2014). Customer loyalty through social networks: Lessons from Zara on Facebook. *Business Horizons*, 57(6): 709-717
- [6] Hoffman, D. Fodor, M. (2010). Can you measure the ROI of your social media marketing? *MIT Sloan Review*, 52(1): 41-49
- [7] Zailskaitė-Jakše, L. – Kuvykaite, R. (2013). Communication in Social Media for brand equity building, *Economics and Management*, 18(1): 142-153
- [8] Scott D.M (2010). *The new rules of marketing & PR how to use social media, blogs, new releases, online video, and viral marketing to reach buyers directly*, 2nd edition, John Wiley & Sons, Inc., USA.
- [9] Abdelmoety, Z., and Gounaris, S., (2014), "Exporting B2B Solutions: The Impact and Contribution of Using Social Media", Athens: ATINER'S Conference Paper Series, No: MKT2014-1254.
- [10] Bond, C. (2010). *Engagement with social media and outcomes for brands: A conceptual framework*. ANZMAC Annual Conference, Christchurch, New Zealand
- [11] Xu, Jing Bill and Chan, Andrew (2010). A conceptual framework of hotel experience and customer based brand equity: Some research questions and implications. *International Journal of Contemporary Hospitality Management*, 22(2): 174-193
- [12] Fuller, S.J. (1993). *Selection of a stratified random sample*. In: for Medix Marketing Research, Inc. Lombard, IL. [http:// www.informedixmr.com](http://www.informedixmr.com)