



# Study on the Structural Causality of Social Network of Luxury Brands

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## Abstract

**Purpose:** The purpose of this study is to investigate the structural causal relationship between the SNS marketing attributes of luxury brands on brand awareness, brand involvement, and brand attachment. **Research design, data and methodology:** To this end, a survey was conducted on 427 users of large Internet communities and SNS. The results of the empirical analysis are summarized as follows. **Results:** First, among SNS marketing attributes, information, reliability, and update had a significant positive (+) influence on purchase intention. Second, among SNS marketing attributes, informativity, interaction, playability, and update had a significant positive (+) influence on brand recognition. Reliability, interaction, and update had a significant positive (+) effect on brand involvement. In addition, in brand attachment, playability and up-to-dateness had a significant positive (+) influence. **Conclusions:** Looking at the causal relationship between brand attitudes, there was a significant positive influence on brand involvement, and a significant positive influence on brand involvement, but the effect of brand awareness on brand attachment was not significant.

**Keywords :** SNS Marketing Attributes, Brand Attachment, Brand Awareness

**JEL Classification Codes :** M30, M31, M32

## 1. Introduction

Currently, the number of users of SNS is increasing rapidly around the world, and the popularity of SNS is increasing. According to a survey by E-Maker in the U.S., the number of SNS users worldwide exceeded 1.2 billion as of December 2011, and the number of social media users worldwide exceeded 2.8 billion as of January 2017. In addition, the purchase rate through mobile is also on the rise, and 86.8% of Internet/mobile users have recently purchased products through PC/mobile within 3 months as of 2016, and more than 90% of people in their 20s and 40s have purchased them. Therefore, channel promotion services using the Internet and smartphones can be said to be universal and essential services of modern companies

(Aaker, 1991). In line with this change, domestic research also conducted research on the luxury industry (Adams-Price & Greene, 1990) and SNS marketing attributes (Agarwal & Karahanna, 2000). Therefore, this study aims to verify the hypothesis on the structural causal relationship of SNS marketing attributes to consumers' purchase intentions through brand attitudes, and to verify the moderating effect of this causal relationship between luxury goods and general luxury goods.

## 2. Theoretical Background

### 2.1. Concept of SNS Marketing

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SNS developed based on the Internet helps to share information and communicate with others online. In addition, it is a "one-person media" and a "community-type website" opened for the purpose of creating smooth interpersonal relationships by introducing friends among users. In other words, it is a network service that builds online connections by dividing individual lives and interests by moving offline social relationships online (Antil, 1984). In the early days, SNS was used for promoting friendship or entertainment, but the scope of use was expanded to various purposes such as information sharing and business. Based on this environment, the SNS market has grown rapidly since the 2000s. SNS is increasing the number of users and spreading services faster than any existing media and channel service. The high penetration rate of smartphones, wireless Internet services, and the rapid increase in the number of tablet PC users has made it easier for users to communicate and exchange information regardless of time or space. In particular, the birth and rapid spread of new media called smartphones further promoted the spread of SNS use and ripple effects. In terms of the amount, diversity, and speed of information of users, it shows a strong influence that no media has experienced in the past (Assael, 1998). As the number of SNS users increased exponentially, companies also tried to use it as a marketing tool. Through the environment of SNS, companies were able to influence and change their brand image to consumers and sought ways to approach them in a friendly manner through constant social networking (Ball & Lori H, 1992). The biggest reason why companies introduced SNS marketing is that it plays a role as a sales promotion channel through word of mouth marketing or viral marketing of consumers that are delivered from mouth to mouth. Social media alone cannot create information on its own, and production and consumption are limited, but social media users exchange information with each other and form a media platform. In this way, the development of marketing activities using online tools and media platforms, that is, social media, is called social media marketing or SNS marketing (Belk, 1988).

## **2.2. Brand Attachment**

(Sparkman & Locander, 1980) defined brand attachment as 'more than a positive attitude toward the brand (including attitude), and a feeling of love'. In addition, (Suh, Won, & Hong, 2010) argued that brand attachment is an "emotional bond and stability created through a long-term interaction between consumers and brands," while (Taylor, Lewin, & Strutton, 2011) explained that "it combines passionate support behaviors and positive emotions created in a long-term relationship." Attachment began with the theory of attachment by (Taylor & Baker, 1994). Attachment began with a study of the relationship between infants and

caregivers, characterized by the continuous emotional attachment to early caregivers (parent-infant, caregiver-infant) formed in infancy, and the bond with the attachment target does not change easily. This feature was described as an internal working model in (Teo, Vivien, & Raye, 1999). The inner operating model is a mental representation of oneself and others, based on which individuals develop self-representation (which they believe deserves love and protection) and other representation (which others believe will protect them), and the emotional bond and attachment to early adopters in infancy leads to adult attachment. Based on this background of attachment formation, research on attachment is also expanding to "brand attachment," "brand trust," and "brand love." Meanwhile, in the field of consumer behavior, (Teo et al., 1999) suggested that consumers become attached to their own possessions by reflecting themselves in the process of forming and developing self-concept. In a materialistic society such as modern times, consumers identify their existence value through their own possessions, and regard the objects they own as an extension to themselves (Belk, 1988). For humans living in modern times, the possession and consumption of products is the meaning of life and happiness, and it is also used as a means of evaluating and differentiating oneself from others as an individual's possession. As can be seen from this phenomenon, a brand provides modern consumers with the original functional utility of a product while satisfying psychological needs, so consumers who have experienced product efficacy and psychological satisfaction will be able to form a strong attachment to the brand.

## **2.3. Brand Awareness**

Brand awareness (also known as brand awareness) refers to the ability of a potential buyer to re-recognize or recall a particular brand in a product category. Here, re-recognition refers to the process of checking whether a given information is in memory, that is, presenting an object in memory and withdrawing situational elements related to past events or experiences. Recollection means that customers reproduce memories of objects experienced or learned in the past (Thomson, MacInnis, & Park, 2005). It is rare to make purchase decisions without brand recognition, and almost all metering techniques that predict the success of new products treat brand recognition as an important variable. Furthermore, brand recognition can create familiarity and favorability, and this favorable sentiment leads to trust in companies and products (Aaker, 1991). In the end, the establishment of high brand awareness becomes an essential condition for the formation of brand power and brand assets. (Aaker, 1991) said, "Brand recognition ranges from the vague sense that a brand is known to be recognized or reminded by potential buyers of which brand clearly

belongs to which product category, to the belief that it is the best in its product class. In addition, it was considered that it could be expressed (modelled) at three very different levels: continuous recognition, recall, and top of mind. Here, the auxiliary recognition is a measure of familiarity that reflects the results of past brand exposure, and is considered to be evidence that the brand is excellent, and this can be considered that the brand is "cognitive." Non-supplementary recognition (recall) represents the strength of the brand, as initially represented by the top of mind, indicating whether it is on the shopping list at the time of purchase. The strength of the brand can be said to be an expression of excellence in the brand through "strong will, thoughts, experiences, past experiences, and encouragement and urging of people around you" in which consumers purchase the brand.

### 3. Research Methodology

The purpose of this study is to verify the structural causal relationship between the SNS marketing attributes of luxury companies on the purchase intention through brand attitude, and to verify the level of interest in luxury goods and the moderating effect of luxury goods. To this end, 15 luxury luxury companies and 13 general luxury companies were selected, and the survey respondents were asked to focus on Facebook activities among SNS of luxury companies, which were most impressive, positive or negative. SNS marketing

attributes were classified as being deemed suitable for luxury company SNS by referring to previous studies, and brand attitude was classified into brand awareness, which is the process of recognizing the brand for the first time, and finally brand loyalty.

## 4. Empirical Analysis

### 4.1. SNS Marketing Attributes

As a result of exploratory factor analysis to analyze the reliability and validity of the SNS marketing attribute measurement tool, it was found to be 0.5 or less of the factor loading value of C31, the 4th item of informativity and the 1st item of interactivity, so the factor analysis was performed again except for these 2 items. The final exploratory factor analysis results are shown in <Table 1>. As a result of the analysis, factor 1 was recognized as 'playability', factor 2 as 'reliability', factor 3 as 'interaction', factor 4 as 'latency', and factor 5 as 'information'. In addition, the factor loading value of the measurement tool corresponding to each constituent concept was 0.5 or higher, the eigenvalue corresponding to each factor was 1.0 or higher, and the cumulative variable explanation power explained by five factors was 80.151%, showing good reliability and validity of SNS marketing attributes.

**Table 1:** Exploratory Factor Analysis of SNS Marketing Attributes

Composition Concept	Questionnaire Question	Factor Loading Value	Eigen Value	Variation Explanatory Power	Cumulative Fluctuation Explanatory Power	Cronbach $\alpha$
Informality	C11	0.761	2.109	12.405	80.151	0.704
	C12	0.768				
	C13	0.851				
Reliability	C21	0.811	2.997	17.629	37.029	0.887
	C22	0.688				
	C23	0.719				
	C24	0.701				
Interactiveness	C32	0.810	2.708	15.929	52.958	0.728
	C33	0.911				
	C34	0.652				
Playness	C41	0.709	3.298	19.400	19.400	0.901
	C42	0.911				
	C43	0.829				
	C44	0.670				
State of the Art	C51	0.768	2.514	14.788	67.746	0.843
	C52	0.851				
	C53	0.901				

In addition, looking at the Cronbach value of each constituent concept, 0.704 for "information", 0.887 for "reliability", 0.728 for "interaction", 0.901 for "playability", and 0.843 for "latency", all showed more than 0.7 for the internal measurement tool.

## 5. Conclusion

For the purpose of this study, a survey was conducted for 45 days from January 2022. The results of the empirical analysis are summarized as follows. First, in the direct effect of SNS marketing attributes on purchase intention, information, reliability, and update had a significant positive (+) influence on purchase intention, but interaction and playability had no direct influence on purchase intention. In other words, it was found that consumers' purchase intention also increased significantly as the information, reliability, and update of luxury brand SNS increased. Second, in the effect of SNS marketing attributes on recognition among brand attitudes, information, interaction, playability, and update had a significant positive (+) influence on brand recognition, but reliability did not have a significant influence. In other words, as information, interaction, playability, and update in luxury brand SNS increased, consumers' brand awareness also increased significantly. Third, reliability, interaction, and update had a significant positive (+) influence in the influence on brand involvement, but informativity and playability had no significant influence. In other words, as the reliability, interaction, and update of luxury brand SNS increased, the consumer's involvement in luxury goods also increased significantly. From the perspective of a Korean fashion item company that is trying to grow into a world-class luxury company, the following suggestions can be made. Advertising their brand products through existing promotional channels requires significant costs that may take the company's rise and fall. In particular, luxury goods are expensive products, so the best promotional channel is to open an off-store in the fashion-oriented area with the highest rent in each country. In other words, the most reliable way to see and experience the product with your own eyes is to increase the brand effect and secure brand trust. However, this method can be said to have a very low effect compared to the cost to be paid, and the range of word of mouth effect is very limited compared to the word of mouth effect through SNS. In this respect, advertisements through SNS can be said to be very efficient in that they can achieve the maximum effect at low cost. In this case, as the results of this study suggest, it is desirable to look at the language of each country. This is very important in that it strengthens the meaning of providing brand information to customers in each country and the interaction of considering customers in that country.

In addition, sufficient preparation for each country's history and culture should be made in advance, and then enough storytelling should be prepared to appeal to consumers in each country.

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