

Are Social Media Replacing Traditional Media in Terms of Brand Equity Creation?

D-138 Revised (Relevanz unternehmensbezogener und nicht-unternehmensbezogener Kommunikationsinstrumente für den Markenwert – Messung, Determinanten und Konsequenzen)

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The purpose of this paper is to investigate the relative impact of brand communication on brand equity through social media as compared to traditional media. It particularly aims at (1) an investigation of the influence of brand-based social media communication on metrics of brand equity compared to traditional instruments of marketing communications; (2) the determination of whether firm-created and user-generated social media communication have different effects on the metrics of brand equity; and (3) a juxtaposition concerning the effects of social media and traditional media on brand equity in different industries.

A total of 393 data sets from three different industries, namely tourism, telecommunications, and pharmaceuticals were generated using a standardized online-survey. Structural equation modeling was used in the analysis of the data obtained to investigate the interplay of social media and traditional media in general as well as in an examination of industry-specific differences.

The results of the empirical study show that both traditional communications and social media communications have a significant impact on brand equity. While traditional media has a stronger impact on brand awareness, social media communications strongly influence brand image. Firm-created social media communication is shown to have an important impact on functional brand image, while user-generated social media communication exerts a major influence on hedonic brand image. Furthermore, the present study highlights significant differences between the industries under investigation.

The study described in this paper is pioneering in that it juxtaposes the impacts of social media and traditional media on brand equity – a topic of increasing interest to firms in the era of Facebook and Twitter but so far largely uninvestigated. Moreover, the differentiation between firm-created and user-generated social media communication, which is gaining increasingly in importance, as companies see their brand marketing power devolve to the consumer through social media platforms, offers valuable insights to marketing practitioners and academics.