

Is Investing in Social Media Really Worth It? How Brand Actions and User Actions on Social Media Influence Brand Value

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Abstract

Although previous studies have documented a positive link between traditional media and brand performance, how social media is related to brand value has not yet been comprehensively explored. We propose a conceptual model to address this research gap, collecting a unique data set that captures information on user and brand actions on three social media platforms (Facebook, Twitter, and YouTube), word-of-mouth, and brand value for 87 brands in 17 industries. We empirically test our model with partial least squares path modeling (PLS-PM). First, we test the direct effects and find that user actions on YouTube and brand actions on Facebook have a positive influence on brand value. Second, we enrich our model by including word-of-mouth as a mediator, finding that the effect of social media goes above and beyond pure word-of-mouth spread. We test for alternative models, by first accounting for sample heterogeneity and second by including brand strength as a control variable, finding that the main model results' are indeed robust. Our study demonstrates that making use of social media positively relates to brand value, as well as validates a set of objective metrics to measure social media actions, thus advancing knowledge on social media marketing for both academics and practitioners.

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