THE IMPACT OF VALUE CREATION PRACTICES ON BRAND TRUST AND LOYALTY IN A SAMSUNG GALAXY ONLINE BRAND COMMUNITY IN IRAN

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Abstract:
The new and emerging modes of communication and advertising such as word-of-mouth have enthralled many to discover cheaper and more effective ways of marketing goods or services. Even some of the recent arrivals in the field, such as social media, are stepping into similar fields of identifying how value is created and spread (Laroche, Habibi, Richard, & Sankaranarayanan, 2012a). This paper explores whether value creation practices have positive effects on brand trust and brand loyalty. For this purpose, 196 users of Samsung Galaxy cell phones in Shiraz, Iran were selected as the statistical sample and issued a standard questionnaire developed by Laroche et al. (2012a). To discuss the relationship between the research variables Pearson’s correlation was used; path analysis was used for hypothesis testing to evaluate the structure of the recommended framework. Results show that only one of the practices (community engagement) contributes to brand trust.

INTRODUCTION

According to brand research one of the main aims of building and enhancing brand communities is to make customers loyal to the brand (McAlexander & Schouten, 1998; McAlexander, Schouten, John, & Koenig, 2002; Muniz & O’Guinn, 2001; Schau, Muniz, & Arnould, 2009; Zhou, Zhang, Su, & Zhou, 2011). Although there is evidence, how the process of becoming more loyal to the brand happens is still not clear. Researchers (e.g., Laroche et al., 2012a; Ba, 2001; Walden, 2000) believe that social media based brand communities build and enhance loyalty through the enhancement of brand trust. In fact “trust is one of the main antecedents of loyalty” (Laroche et al., 2012a). Therefore, brand trust can mediate the effects of brand community on brand loyalty.

Brand trust is defined as “the willingness of the average consumer to rely on the ability of the brand to perform its stated functions” (Chaudhuri & Holbrook, 2001, p. 82). Trust plays a key role in reducing the uncertainty and lack of information is situations of uncertainty and information asymmetry; thus, making customers feel comfortable with the brand (Chiu, Huang, & Yen, 2010; Doney & Cannon, 1997; Gefen, Karahanna, & Straub, 2003; Moorman, Zaltman, & Deshpande, 1992; Pavlou, Liang, & Xue, 2007). Holms (1991) points out at least two mechanisms: First, repeated interactions and long-term relationships are key in developing trust; second, information sharing and dissemination between different elements of the brand that reduce information asymmetry and uncertainty, and increases brand predictability (Ba, 2001; Lewicki & Bunker, 1995). According to brand trust literature, repeated interaction and long-term relationships are crucial in building trust (Holmes, 1991; Wang & Emurian, 2005). All value creation practices increase the level of interactions between different elements of a brand community (McAlexander et al., 2002). As Doney and Cannon (1997) state, trust also involves a “calculative process” (p. 37), which relates to the value that people receive from the relationships. “In brand community and through value creation practices people develop relationships and draw values from the long-term interactions; it makes them trust and love the brand” (Laroche et al., 2012a).
Therefore, the goal of this study is to examine the effects of value creation on brand trust and brand loyalty in the Samsung Galaxy online brand community.

THEORETICAL BACKGROUND AND THE HYPOTHESES

Value Creation Through Online Brand Communities

Various disparate streams of management have enticed researchers in the recent decade to decipher the actual process of value creation. From streams such as consumer research, new product development and service management, the studies have shown that consumers are a main source of value creation. The new and emerging modes of communication and advertising such as word-of-mouth have enthralled many to discover cheaper and more effective ways of marketing goods or services. Even some of the recent arrivals in the field, such as social media, are stepping into similar fields of identifying how value is created and spread (Laroche et al., 2012a).

Schau, Muniz and Arnould (2009) in their study compiled an exhaustive list of practices which are common to brand communities and organized them into four categories: Social Networking, Community Engagement, Impression Management, and Brand Use.

Social Networking Practices

Social networking practices focus on creating, enhancing, and sustaining ties among brand community members. Welcoming, empathizing and governing are different social networking practices that enhance similarities among members and homogeneity of brand communities (Schau et al., 2009). We believe social networking practices are fostered by community markers (i.e., shared consciousness, rituals and traditions, and obligations to society). Schau et al. (2009) bring exactly the same example (field note) for supporting social networking practices that Muniz and O’Guinn (2001) brought for supporting shared consciousness. This implies that these concepts are highly related; moreover, in our context, social media could foster such practices as welcoming, empathizing and governing. However, there is no empirical data to support it.

Community Engagement Practices

Community engagement practices reinforce members’ escalating engagement with the brand community (Schau et al., 2009). It includes practices such as milestoneing and documenting important events in the brand community, and evolving cohesive personal brand narratives. In our view, the concept of engagement goes beyond community participation; it is the process of working collaboratively with relevant partners who share common goals and interests. Although some researchers believe that the Internet and in general the new technologies make people increasingly detached from meaningful social relationships and less likely to engage the community as they spend more time online (Davis, 2001; Gackenbach, 1998; Turkle, 1996), others reject this idea and say that “being wired,” which they refer to being connected online, has the potential to foster and build social associations and encourage community building (Dertouros, 1997). In particular, the individuals who use Internet communities to explore interests and gather data are found to be more, rather than less, socially engaged (Shah, Holbert, & Kwak, 1999). Thus, we believe that communities in the context of social media have the capability to foster engagement.

Impression Management Practices

Impression management practices are “activities that have an external, outward focus on creating favorable impressions of the brand, brand enthusiasts and brand community in the social universe beyond the brand community” (Schau et al., 2009, p. 34). It includes practices such as evangelizing and justifying through which customers preach the brand, share good news about it and bring some arguments to encourage others to use the brand. Online
communities foster impressionable facts about the brand through word-of-mouth communications and by sharing personal experiences. Consumers engage in these activities for altruistic nature or to attain higher status (Dichter, 1966; Gatignon & Robertson, 1986), but Kozinets, de Valck, Wojinicki, and Wilner (2010) found that these intentions are more complex. Whatever their motivation, members of a community are involved in managing impressions activities. We believe that these activities are not only observable in social media communities, but are enhanced by the capabilities of social media.

**Brand Use Practices**

Brand use practices relate to the member’s tendency to help other members with newer, improved and enhanced ways to use the focal brand. These basically include the information given by one member to another with regards to customizing the product for better applicability to their needs. They also relate to feelings of one member toward helping or assisting other members who are relatively new to the community. Brand use practices include grooming, customizing, and commoditizing. All these activities result in enhanced uses of the focal brand (Schau et al., 2009). Social media could foster these activities through keeping brand devotees and other members in touch and facilitating their information and resource sharing. In addition to these explanations about value creation practices, we believe that brand community markers directly affect value creation practices within the brand community. Moreover, regarding the enabling role of social media in fostering and facilitating communication, information access and networking, the embeddedness of such brand communities in social media contexts results in the enhancement of value creation practices (Laroche et al., 2012a).

The stronger the feelings of shared consciousness, shared rituals and traditions and obligations to society, the more members of a community and the company feel united, close to each other and motivated, which enhance collaborative value creation practices. For example, if members consider themselves highly obligated to society, they are more likely to preach and evangelize the brand, help each other better use the branded products, or try to enhance and sustain their ties, all of which are value creation practices. It was also shown that shared consciousness enhances interpersonal ties in a group and increases the willingness to share information and resources with other members, to provide support and to commit to goals identified by the group (Walther, 1996; Wellman, 1999).

**Brand Trust**

Marketers seek to achieve profit maximizations stemming from the loyalty of their customers in order to associate price premiums and increased market share (Chaudhuri & Holbrook, 2001). This concept, however, depends on another construct, brand trust, which is defined as “the confident expectations of the brand’s reliability and intentions” (Delgado-Ballester, Munuera-Alemán, & Yagüe-Guillén, 2003). Like many other marketing constructs, brand trust has also received a lot of attention from scholars across various disciplines such as economics, psychology, sociology, management and marketing (Delgado et al., 2003), but still the study of brand trust has not flourished in the context of branding literature (Chaudhuri & Holbrook, 2001). This could possibly be accredited to the difficulty to integrate the various perspectives on trust and to find a consensus on its nature. However, researches have revealed that brand trust is an important factor to consider which connects to building strong brands and brand loyalty (Hunt, 1997; Srivastava, Shervani, & Fahey, 1998, 2001).

Thus, this study postulates the following hypotheses:

**H1:** Social networking practices positively influence brand trust.
H2: Community engagement practices positively influence brand trust.
H3: Impression management practices positively influence brand trust.
H4: Brand use practices positively influence brand trust.

Brand Loyalty

Building and maintaining loyalty has been a central theme for many companies. They seek to maintain the strategic competitive leverage of loyal customers, as it provides them with various advantages, such as premium pricing, greater bargaining powers with the distribution channels, reduced selling costs, stronger entry barriers to potential start-ups in to the product or service category, along with strategic line and category extensions (Reichfeld, 1996). This has also been termed the “holy grail,” which most marketers seek (McAlexander et al., 2002). Oliver (1999) defines the concept of loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing, despite situational influences and marketing efforts having the potential to cause such switching behavior.” Marketers devise various short-term activities such as promotional tools in order to boost up and shape the brand image (Knox, 1996).

The Internet allows a company to do both of these in a unique way. It removes the passivity of the one-sided communications of traditional marketing activities and allows a more active participation of the customers. In many cases these interactive communications lead to a far improved long-term solution, such as customization of products, larger sets of choices, quality assurance of the products, information about brand history, and transparent pricing.

Information technology’s recent advances have led to development of social media that allows self-expression and information sharing. This allows the consumers to gain useful information from the Internet rather than off line. Customers also enjoy far greater access to information about products or brands. It helps people to approach and evaluate products without any time limits. It also facilitates discarding unwanted alternatives. The information empowers them to compare products from various companies and evaluate them in terms of pricing, quality, features and other value propositions. The customer-to-customer interaction in social media enables the customer to share first-hand information and experiences with others. Hence, it is far more suitable to spread the positive information about the product or the company at a faster rate owing to the wide reach of the medium (Laroche et al., 2012).

Loyalty is a key requirement in establishing any kind of relationship marketing, which plays an important role in the expansion of commerce. As a result it has enticed numerous researchers to study and analyze the factors affecting loyalty, such as service quality (de Ruyter, Wetzel, & Bloemer, 1998; Bloemer, de Ruyter, & Wetzel, 1999; Kelley, Gilbert, & Manicom, 2003), information quality (Parasuraman & Grewal, 2000; Andreassen & Lindestad, 1998), product quality (Oliver, 1999; Selnes, 1993; Bruning, 1997), corporate image (Andreassen & Lindestad, 2010), price (Martin-Consuegra, Molina, & Esteban, 2007; Krishnamurthi & Pal, 1991; Grabowski & Vernon, 1992; Grewal, Iyer, Krishnan, & Sharma, 2003), commitment (Jauch, Glueck, & Osborn, 1978; Evanschitzky, Iyer, Plassmann, Niessing, & Meffert 2006; Dimitriades, 2006) and price transparency (Soh, Markus, & Goh, 2006). However, little research has been done in analyzing loyalty’s relationship with online brand community. The small amount of research done of loyalty and brand community has proven that the commitment of the members toward the community positively influences the loyalty (Jang, Olfman, Ko, Koh, & Kim 2008). McAlexander et al.
(2002) posit that the brand loyalty in terms of brand community depends on the level of community integration and is moderated by customer satisfaction. 

H5: Brand trust positively influences brand loyalty. Figure 1 represents a conceptual model of the effects of brand community on brand trust.

Figure 1: Conceptual model of the effects of brand community (Laroche et al., 2012)

METHOD AND FINDINGS

Subjects and Procedure

Following the work of Laroche et al. (2012), the model was tested in the context of value creation practices on brand trust and brand loyalty. The target population was members of Samsung Galaxy communities on social networking websites in Shiraz, Iran. A survey was conducted as an online interview and questionnaires were completed by the researchers to ensure the completeness of data. The survey was conducted in fall 2012. All 196 participants in the study were users of Samsung Galaxy cell phones. Considering the fact that there was no existing data in this field, the statistical society was considered unlimited and estimated as follows:

$$n = \frac{z^2 \times p(1-p)}{\varepsilon^2} = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.07)^2} = 196$$

The sample included 57.5% males and 42.5% females. The age range varied between 18 and 55.

Survey Instrument Development (Measures)

The questionnaire was constructed using 5-point Likert items. The items were organized in 10 sections, each section measuring one variable. A pretest with 30 respondents was conducted to validate the constructs. The Cronbach’s alpha was 0.904.

RESULTS

In order to assess the validity of the measures a path analysis was used with SPSS Amos 16.0. The chi-square for this model is significant ($\chi^2/df = 2.696$). However, since the chi-square statistic is sensitive to sample size, we also assessed additional fit indices. The comparative fit indices (CFI), the goodness-of-fit index (GFI), and parsimony comparative fit index
(PCFI) of this model are 0.859, 0.845, and 0.622 respectively. We also assessed the root mean square error of approximation (RMSEA), which was 0.087, indicating a good fit to the population. Although the achieved GFI is a bit lower than the acceptable range (>1.96), the other meaningful indices obtained support for our model. Figure 1 displays the structural model for the suggested framework. The paths whose critical ratio (CR) exceed 1.96 support the hypotheses.

**Discriminate Validity**

Discriminate validity is achieved when the correlations between the constructs differ significantly from 1 or when chi-square difference tests indicate that two constructs are not perfectly correlated. As a test of discriminate validity, the correlations among the latent variables were checked to determine if they are significantly different. Tables 1 and 2 show the results for the discriminate validity, confirming the validity of all constructs.

**The Relationship Between Variables and Hypotheses Analysis**

The effects of social networking, impression management and brand use practices on brand trust (H1, H3, and H4) are not supported with CR values, respectively, 1.203, 1.173 and 0.927. However, the effect of community engagement on brand trust (H2) is significant (CR= 5.159, CR>1.96). As expected, the effect of brand trust (CR=7.917) on brand loyalty (H5) is strongly supported (CR>1.96). That is, brand trust fully mediated the effects of social networking practices and community engagement on brand loyalty.

**Table 1: Regression weights: (Samsung Galaxy community)**

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Trust</td>
<td>Social Networking</td>
<td>0.114</td>
<td>0.095</td>
<td>1.203</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>Community Engagement</td>
<td>0.469</td>
<td>0.091</td>
<td>5.159</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>Impression Management</td>
<td>0.084</td>
<td>0.072</td>
<td>1.173</td>
</tr>
<tr>
<td>Brand Trust</td>
<td>Brand Use</td>
<td>0.061</td>
<td>0.066</td>
<td>0.927</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>Brand Trust</td>
<td>0.506</td>
<td>0.064</td>
<td>7.917</td>
</tr>
</tbody>
</table>

**Table 2: Correlation matrix for the Samsung Galaxy community**

<table>
<thead>
<tr>
<th></th>
<th>SN</th>
<th>CE</th>
<th>BU</th>
<th>IM</th>
<th>BL</th>
<th>BT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SN</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>0.49</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BU</td>
<td>0.35</td>
<td>0.389</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IM</td>
<td>0.33</td>
<td>0.343</td>
<td>0.218</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BL</td>
<td>0.23</td>
<td>0.385</td>
<td>0.285</td>
<td>0.342</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>BT</td>
<td>0.25</td>
<td>0.441</td>
<td>0.254</td>
<td>0.219</td>
<td>0.485</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Discussion and Implications**

Concerning the fast growing phenomenon of brand communities established on social media, Laroche et al. (2012) proposed a model of the effects of brand community on brand community markers, value creation practices and the way they convert to brand loyalty through brand trust. This paper investigated value creation practices on brand trust and loyalty.

Contrary to expectations, findings show that only one of the practices (community engagement) contributes to brand trust. According to Laroche et al. (2012), the effects of practices in social media-based brand communities evolve over time. Therefore, the effects of these practices may not have evolved enough to significantly affect brand trust and loyalty.
Since the concept of and prevalence of social media is new in the world, and especially in the context of our study in Iran, the effects are emerging as time goes on and consumer engagement in the activities of social media deepens. The nature of practices may also cause differences. That is why the results of this study differ from those of Laroche et al. (2012).

The model Laroche et al. (2012) developed shows how brand loyalty is increased in brand communities. The whole model shows brand trust mediated between loyalty, and value creation practices enhancing loyalty. Our findings fully supported the mediating role of brand trust.

Laroche et al. (2012) point out that aggregating data from different communities, and the existence and non-existence of some elements in different communities, might have neutralized each other’s effects. Thus, some of the effects were not significant in their research. As the present study considered two specific brand communities (Samsung), our results in some cases differ those of Laroche et al. (2012).

Furthermore, Laroche et al. (2012) mainly concentrated on general notions and concepts in the brand community and social media literature. However, this study investigates more variables, brand type and culture, which in turn might have affected the results.

LIMITATIONS AND FUTURE RESEARCH

We acknowledge the limitations of this research and accordingly propose new avenues for future research. First, investigating other brand types and cultures, the context of the study, may affect the results. One avenue for research is to investigate the effects of other brand communities or brand types and other cultures on brand community markers, value creation practices, brand trust and brand loyalty. Second, as Laroche et al. (2012) mention, the effects of value creation practices evolve over time. Since the brand type investigated in this research (Samsung Galaxy) was relatively new in the context of study participant use, the results may differ as time passes. Therefore, future research may consider the differences of such effects over time.

CONCLUSION

This article demonstrated the effects of Samsung Galaxy online brand communities on the underlying elements of the communities. To sum up briefly, our findings echo the optimism of brand community researchers such as McAuley et al. (2002), Muniz and O’Guinn (2001), Algesheimer et al. (2005) and Laroche et al. (2012). As stated by Laroche et al. (2012), social media-based brand communities enhance feelings of community among members. Marketers may do well to take advantage of the opportunities that such brand communities present.

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References:


Appendix A
Summary of Measures

1. Community engagement
Ce1 – I benefit from following the community’s rules.
Ce2 – I am motivated to participate in the activities because I feel good afterwards or because I like it
Ce3 – I am motivated to participate in the community’s activities because I am able to support other members
Ce4 – I am motivated to participate in the community’s activities because I am able to reach personal goals

2. Impression management
Im1 – Community encourages discussions related to company, brand or the product
Im2 – Members actively engage in discussions in order to justify their reasons for their affinity towards the brand
Im3 – Members actively defend/refute the actions of the company’s management

3. Brand use
Bu1 – Members of my community share useful tips about better uses of the product or brand
Bu2 – Members of my community share their experiences about their successful and unsuccessful attempts at customization of the product
Bu3 – Members of my community monitor and foster the activities deemed to help community building.
4. Brand loyalty
L1 – I consider myself to be loyal to the brand
L2 – If the brand is not available at the store I would buy the same brand from some other store
L3 – I am willing to pay more for my brand

5. Brand trust
BT1 – My brand gives me everything that I expect out of the product
BT2 – I rely on my brand
BT3 – My brand never disappoints me