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IS PURCHASE INTENTION FOR SMART MOBILE PHONES WITH CUSTOMER EQUITY CREATED IN SOCIAL MEDIA?

ABSTRACT

In the light of increasing effect of the social media applications of the companies providing smart mobile phones, this study was conducted so as to determine social media marketing activities the attitudes towards relations between these perceived activities, and purchase intention. In this study, effect of consumers on customer equity in the social media and the effect of customer equity on smart mobile phones were analyzed by means of the model created by the variables of the social media marketing activities, brand equity which has an effect on customer equity, relationship equity and purchase intention. As a result of this analysis, it has been concluded that social media marketing activities have an effect on customer equity and the customer equity has also an effect on purchase intention.

Keywords: Social Media, Customer Equity, Purchase Intention, Smart Mobile Phones, Marketing.

1. INTRODUCTION

There has been a revolution in their fields of production and distribution with the investments increasing all around the world with globalization, telecommunication technology and developments in the Internet. These developments have affected consumers. In this context, there have been changes in the customer profiles. As a result of the rapid developments in the communication in the world described as a global village, entering into an intensive cultural interaction and transition process has created radical changes in consumption model and habits (Tanyeri, ed. Timur, Özmen, 2009). Demands for different product groups have also increased with the increase in consumers' income.

The researches about the social media, which is a new generation communication tool, have been increasing day by day. Web 2.0 constituting a basis of the social media is described as internet applications allowing the users to create and download new contents, to comment on the existing contents and share the contents with the other users (discussion panels, web blogs and social media websites such as Facebook, Twitter, Wikipedia, LinkedIn, Youtube) (Betsch, et al., 2012). Web 2.0 technologies provide a technical infrastructure to the consumer-composed content features and the concept of collective social media (Berthon, et al., 2012).

2. THEORETICAL FRAMEWORK

All the consumers in the world who are under the effect of global consumption ethics created with the global marketing efforts of the international firms are increasingly sharing the ideals of the material life and evaluating the well-known brands symbolizing welfare (Park, et al., 2008, Solomon, 2004). One of the most facilitating technological tools to carry out these evaluations is the social media tool. Marketing communication made through social media tools such as Twitter, Facebook, and YouTube is considered as business tools which form a driving force for many brands (Kim, Ko, 2011).

Shortly the aims of this study;

- Analyzing the effect of customer equity on purchase intention,
- Re-defining social media marketing activities affecting smart mobile phone performance.
- The relation between social media and customer equity will be defined.

This study starts by outlining the social media effects and customer value which is affected by social media. After a brief of the social media landscape, methodology of the research will be discussed under the headings of purpose, model and hypothesis of research. Then method, scope and boundaries of research and findings of research will be indicated. Recommendations and conclusions reached by study is constitutes the last part. For analysing the study AMOS 16 program is revealed.

2.1. Customer Value in the Social Media

Social network sites are some of the online services which have increasingly become popular recently. Listing their personal and professional information and interests, the users in the social network sites create a profile on these sites, connect to the other users, update what is going on in their lives regularly and share them with the people in their network (Hargittai, Hsieh, 2010;516). Social network sites are described as web- based services which allow the individuals (1) to create a partial and complete accessible profile in a constrained system, (2) to express clearly to the other users in their lists that they have shared a link, (3) display the links across by the other users in the system (Zhong, et.al., 2011; 1266 ; Boyd&Elison, 2008).

The social media is accessible through social network sites, blogs and mini blog sites and various shares and interactive activities are carried out on the media or thanks to these medias. Particularly with the increasing use of these medias by masses in recent years, the efforts of the firms to ensure positive opinions and comments about themselves and their products and services have increased (Özmen, 2012; 361). The companies finding customers by use of social media started to pay attention to the social media, which has a very high usage level, as a direct connection point with the customers (Bulunmaz, 2012). The fact that social network sites such as Twitter, Facebook, YouTube use the social media as a marketing communication is regarded as new communication tools for the brands (Kim, Ko, 2011).

The companies pay more attention to the people who are very active in the social media. The reason of this attention paid by the companies is the power of the people with high social media efficiency to influence others. A positive or negative comment written in the social media by a person who has ten thousands of followers influences decision- making process of many people very closely (Ergürel, 2012,), which directs the attention of the companies towards the social media.

Today, there are successful social media activities and applications in the retailers' quest for differentiation from their competitors in the online consumer market. One of them is that Dell Company reached high sales figures by using the social media as a marketing strategy. Dell developed a comprehensive strategy so as to establish relations with its customers. Using Facebook and Twitter networks, which are among the characterized social media sites, it both created its own site and had access to broader demographic information allowing open sessions and liabilities (Zhou, 2011). Another example is Gucci Company. Creating "Guccieyeweb.com" which is a multi-cultural social network site, Gucci company introduced into the market a new collection of glasses aiming at the users in the digital environment (Kim, Ko., 2011). In this way, the brands have expanded their marketing strategies and chosen to strengthen their relations with the customers by taking place in the virtual network apart from the traditional media environment.

While the enterprises compete with the other companies in the sector, they will also try to deal with many activities and realize their aims through these activities. It is necessary for the value added in the goods and services by these activities to be more than the value obtained from the activities in order for the enterprises to have competitive advantage (Ülgen, Mirze, 2007). Value is not only the profit a customer brings from each operation but also total profit derived by the customer during the relation established with the company (Kim, Ko, 2011). Customer value is regarded as a tool which can be used to carry out various marketing strategies and regulate the development (Kim, et.al.,2011). The customers perceive the brand equity brand equity as adding a value to the brand name given to the product (Netemeyer, et.al, 2004). Value equity is an objective evaluation built upon the perception of what is taken and given and for the benefit of a brand (Vogel, et.al., 2008).

It has been pointed out that there is positive relation between the performance of the company and the brand equity of the brand equity affects the future profits and long-term cash flow positively (Kim, Kim, An, 2003; Srivastava and Shocker, 1991). For instance, in the tourism sector, the hotels with strong brand equity are expected to have an occupancy rate with high profit for each room.

Purchase intention is an attitudinal variable measuring the future contributions of the customers to brand whereas customer equity is a behavioural variable calculating actual

purchase record (Kim, Ko, 2011). Generally, purchase intention is used as an indication in the literature that purchase will be realized (Grewal, et.al., 1998). According to many studies, purchase intention is more related to preferences and attitudes towards a product or a brand (Kim, Ko, 2011).

3. METHODOLOGY OF RESEARCH

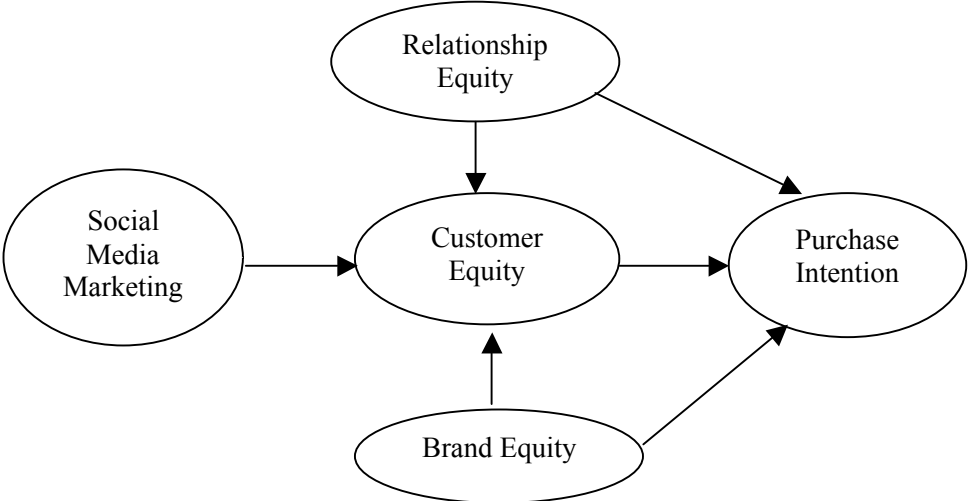
The methodology of the research consists of the purpose, model, hypothesis, methods, scope, boundaries and findings of the research.

3.1. Purpose, Model and Hypothesis of Research

In recent years, use of smart mobile phones has become very common in parallel with the developments in the technology and the Internet. Smart mobile phones facilitate the users' lives. Users can follow the social media at any moment and anywhere by means of smart mobile phones. In this context, the main purpose of the research is to point out the effect of customer value created in the social media on creation of purchase intention for smart mobile phones.

In the scope of the research, the model which was formed by means of the variables included in the research is given in Figure 1. The study of Kim and Ko (2011) was benefited to form the model.

Figure 1. Research Model



As is seen in Figure 1. the social media marketing affects customer equity and this effect creates purchase intention.

The hypotheses developed within the scope of the research are as follows;

H₁: Social Media Marketing has positive effect on customer equity

H₂: Relationship Equity relates positively to customer equity

H₃: Brand Equity relates positively to customer equity

H₄: Customer Equity has positive effect on purchase intention

H₅: Brand Equity relates positively on purchase intention

H₆: Relationship Equity relates positively to purchase intention

3.2. Method, Scope and Boundaries of Research

The survey method was preferred in the research. A survey form was prepared. While preparing a survey form, 11 statements about the social media marketing, 3 statements about customer equity, 7 statements about relationship equity which has an effect on the previous one, 6 statements about brand equity and 2 statements about purchase intention were included. The statements pertaining to the social media marketing scale were developed benefiting from the study of Kim and Ko (2011), customer, relationship and brand equity scales from the studies of Kim, Ko, Xu, Han, (2011) and statements of purchase intention variable from Park et al. (2008).

The survey forms were applied to 18- 25 year- old young consumers studying at private universities in Izmir and using smart mobile phones through face- to- face interview method. The reason why the private university was chosen is the high rate of the use of smart mobile phones by the students at private universities. Smart mobile phones are intensively used by young consumers. High prices of smart mobile phones prevent that each consumer uses one.

It is a more appropriate product for the middle- income or upper- middle income consumers. Owing to the financial burden and personnel requirement caused by access to all the people using smart mobile phones, the individuals to participate in sampling were chosen by means of the convenience sampling method. The representative capacity of the research is limited to the sampling. Therefore, the research cannot be generalized.

3.3. Findings of Research

When the reliability analysis was conducted for the research scale statements, Cronbach's alpha value was found out to be 0,891. Demographic profiles of the participants were determined. 45 % of the participants were female and 55 % of them are male. This finding displays that the participants are mostly males. 13 % of the participants are between 1500-3000 income range, 19 % between 3001- 4500 income range, 37 % between 4501- 6000 and 31 % between 6001 and more. Since the people with high income level are included in the scope of the study, it is normal that the income level of the participants is high. The participants are people between 4501- 6000 income range. 4 % of the participants are high school graduates, 34 % associate degree graduates, 57 % undergraduates and 5 % post graduates. The participants are at the level of undergraduate.

In the research model, 29 observable variables and 5 latent variables were dealt. The latent variables are social media marketing, customer equity, relationship equity, brand equity and purchase intention variables. The observable variables are statements formed for the latent variables. The exploratory factor analysis was conducted to bring out the dimensions of the research. Before applying the exploratory factor analysis to the scale statements, it is required to test compliance of the scale to the factor analysis. Therefore, KMO and Barlett tests were conducted. The result of KMO test is 88,3 % (0,833). As this value is bigger than general 0,50 (Kalaycı, 2008) value, the data set is suitable for the factor analysis. As a result of Barlett test, data set (sig. 0,000) is significant. According to the exploratory factor analysis, there are 5 factors explaining the model. The first factor, which is the social media marketing, explains 14,42 % of the total variance; the second factor, purchase intention, explains 14,14 % of the total variance; the third factor, customer equity, explains 11,34 % of the total variance; the fourth factor, brand equity, explains 11,33 % of the total variance; and the last factor, relationship equity, explains 5,45 % of the total variance.

After determining the factors as a result of the exploratory factor analysis, the confirmatory factor analysis was conducted by means of AMOS 16 program. The results are presented in Table 1.

Table 1. Regression Weights

			Estimate	S.E.	C.R.	P	Label
Customer_Equity	<--	Social Media_Marketing	0,203	0,045	4,497	0,000	
Customer_Equity	<--	Relationship_Equity	-0,163	0,050	-3,264	0,001	
Customer_Equity	<--	Brand Equity	0,806	0,057	14,105	0,000	
Purchase_Intention	<--	Customer_Equity	0,321	0,310	2,036	0,300	
Purchase_Intention	<--	Relationship_Equity	-0,235	0,089	-2,635	0,008	
Purchase_Intention	<--	Brand Equity	0,972	0,258	3,767	0,000	
s16	<--	Social Media_Marketing	1,000				
s17	<--	Social Media_Marketing	0,909	0,089	10,164	0,000	
s18	<--	Social Media_Marketing	0,747	0,088	8,490	0,000	
s19	<--	Social Media_Marketing	1,031	0,090	11,454	0,000	
s20	<--	Social Media_Marketing	0,976	0,085	11,515	0,000	
s21	<--	Social Media_Marketing	1,026	0,088	11,701	0,000	
s22	<--	Social Media_Marketing	0,989	0,090	11,013	0,000	
s23	<--	Social Media_Marketing	0,966	0,088	11,039	0,000	
s24	<--	Social Media_Marketing	0,841	0,082	10,297	0,000	
s25	<--	Social	0,618	0,093	6,630	0,000	

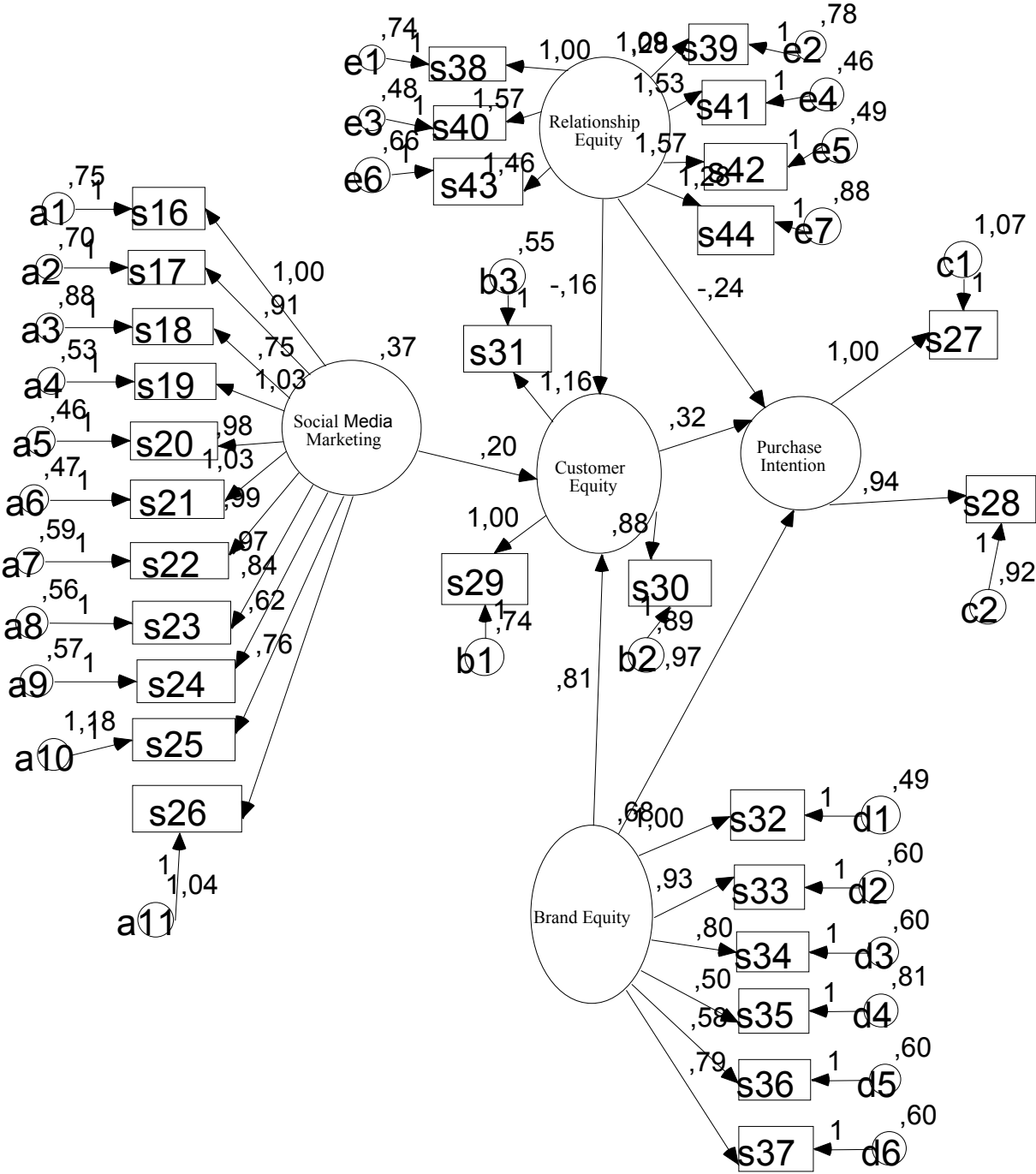
		Media_Marketing					
s27	<--	Purchase_Intention	1,000				
s28	<--	Purchase_Intention	0,941	0,062	15,261	0,000	
s32	<--	Brand Equity	1,000				
s33	<--	Brand Equity	0,929	0,057	16,211	0,000	
s34	<--	Brand Equity	0,804	0,054	14,885	0,000	
s35	<--	Brand Equity	0,503	0,054	9,339	0,000	
s36	<--	Brand Equity	0,582	0,049	11,892	0,000	
s37	<--	Brand Equity	0,793	0,054	14,737	0,000	
s26	<--	Social Media_Marketing	0,763	0,094	8,136	0,000	
s38	<--	Relationship_Equity	1,000				
s40	<--	Relationship_Equity	1,569	0,134	11,681	0,000	
s43	<--	Relationship_Equity	1,463	0,132	11,062	0,000	
s44	<--	Relationship_Equity	1,277	0,127	10,036	0,000	

The estimate values in Table 1. are required to be positive and smaller than 1 and all the t values are required to be at 95 % confidence level and their theoretical table values have to be bigger than 1,96. The relation of the statements, which do not meet this condition, with that scale is insignificant.

As is seen in Table 1. the estimate value in the relations between the customer equity and relationship equity and between the relationship equity and purchase intention were found to be negative. In this case, the relation between these two variables is insignificant. H₂ and H₆ are refused. However, social media marketing has positive effect on customer equity, brand equity relates positively to customer equity and customer equity has positive effect on purchase intention, brand equity relates positively to purchase intention. H₁, H₃, H₄ and H₅ are accepted.

While calculating the regression coefficients which have not been standardized, “1” coefficient is assigned to any one of the latent variables. The regression values of the other latent variables are calculated according to this coefficient. In the research, value of “1” was assigned to the statements of s16, s27, s32 and s38. It is seen in the estimate values in Table 2. The Figure 2. given below shows the relations in the research model and regression weight values of these relations.

Figure 2. Structural Equation Modelling of the Research



When the structural equation modelling established within the scope of the research was analyzed with AMOS 16 program, the fix index values in Table 2 were obtained.

Table 2. Fit Index Values

Model Fit Criteria	Research Model Values
X ² /sd (Chi- squared fit test)	4,588
GFI (Goodness of Fit Index)	0,74
IFI (Incremental Fit Index)	0,685
CFI (Comparative Fit Index)	0,684
RMSEA (Root Mean Square Error of Approximation)	0,102
NFI (Normed Fit Index)	0,649
AGFI (Adjusted Goodness of Fit Index)	0,698
RFI	0,620
Hoelter (0,05)	92
Hoelter (0,01)	97

The values in Table 2. show the fit index values regarding validity of the research model. While evaluating the fitting of the model, χ^2/sd , GFI (goodness of fit) and RMSEA (root mean square error of approximation) values are important. It is correct to interpret the fitting of the model by looking at these three values. Hoelter values give information about the sample size of the research. Hoelter value was obtained as 92 at 0,05 significance level and as 97 at 0,01 significance level. These values show the sufficient levels of the research sample size. As the research sample size was far above these values, the sample size was found out to be sufficient.

As is seen in Table 2. χ^2/sd value was obtained as 4,588 in the research. If this value is 5 and less than 5, the model is acceptable (Yoo, Donthu, Lee, 2000). As the obtained value is below 5, this model is acceptable. GFI (Goodness of Fit Index), NFI (Normed Fit Index), RFI (Relative Fir Index), IFI (Incremental Fit Index) and AGFI (Adjusted Goodness of Fit Index) criteria are between 0 and 1. The fact that these fitting criteria are above 0,90 indicates perfect fitting. As is seen in Table 2, GFI is 0,74; NFI is 0,649; RFI is 0,620; IFI is 0,685 and AGFI is 0,698. The fact that these values are between 0 and 1 and close to 1 indicates that the fitting of

the model is good. In accordance with the values obtained within the scope of the research the model is at an acceptable level.

CFI (Comparative Fit Index) value is 0,684. Since this value is close to 1 it is an acceptable value. RMSEA (Root Mean Square Error of Approximation) value was obtained as 0,102. According to RMSEA value, the fitting between the research model and data is good.

4. CONCLUSION

Developments in the new communication technologies and value creating features raise the importance of the technology in consumers' lives. Use of new communication technologies has become an indispensable part of life for the consumers. It started to be an addiction for the consumers. The consumers would like to have an access to information quickly at any time and anywhere, get news from their friends, share with them their status, ideas, thoughts and information they like and are interested in. The most popular invention in recent years is the smart mobile phone which ensures access to communication technologies and Internet from anywhere easily without computer and without trouble, in other words, facilitates the live of the individual.

The third generation communication instruments, which are described as smart environment, provide rapid data transmission, mobile or non- mobile network relations and various social media applications. Smart mobile phones are user- friendly with their operating systems and wide screens. It creates the feeling in the consumers that they have their personal computers with them.

As for the enterprises, the way to be ahead of the competitors in the competitive environment is to create more value to the customers. This value is partly provided with the features added in the products. The additional benefit of the feature added in the product is more important to the consumers. The value created to the customers is to present them low- priced products and services with the best and the most different content in comparison with the competitors. The enterprises having realized the importance of the customer value started to turn from customer satisfaction towards customer value.

Various applications of the smart mobile phones create difference and value to the consumers. The created value increases particularly by means of the use of social media. In this scope, the

starting point of the research is to point out the effect of using social media on customer equity and the effect of customer equity on creation of purchase intention for smart mobile phones. As a result of the research, it has been found out that such effect is in question. The structural equation modelling was used in the analysis of the relations between the variables in the research model.

As a result of the structural equation modelling, only the relations between the customer equity and relationship equity and between relationship equity and purchase intention could not be found. The relations between social media marketing and customer equity, between brand equity and customer equity and customer equity and brand equity and purchase intention were found. The findings obtained support the study of Kim and Ko (2011).

These recommendations can be made to the enterprises: they should produce products and services which make difference from their competitors and provide them benefit in competitive environments. They should use technology efficiently. Moreover, they should try to take part in the social media and contact with the consumers via social media as well as the traditional communication environments, considering the social media as a new communication instrument.

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