

Building Millennial's Brand Loyalty via Social Media Engagement: A Perspective of Co-creation Value

Julie Renee Wiegand, North Carolina State University

Hanna Lee, North Carolina State University

Yingjiao Xu, North Carolina State University

Keywords: Perceived co-creation value, Engagement, Brand loyalty, Social media, Motivations

Introduction With its size and spending power, the impact of millennials on the U.S. market is substantial (Achille, Remy, & Marchessou, 2018). Millennials have been known for displaying a low level of loyalty toward brands and at the same time a strong resistance to advertising and marketing efforts (Lazarevic, 2012). However, research suggest that young consumers are more likely to become loyal customers if brands engage with them on social media (Fromm, Butler, & Dickey, 2015). Recognizing the influential power of social media in millennials' lives, fashion brands have increasingly started to make social media integral to their marketing programs (Lee & Hwang, 2019). The purpose of this study was to further the understanding of millennials' engagement behaviors with fashion brands on social media. Specifically, this study aimed to investigate the role of perceived co-creation value in facilitating engagement with fashion brands on social media for consumers with different engagement motivations. The study further examined the influence of consumer engagement on their loyalty toward fashion brands.

Literature Review The more engaged with a brand, the more likely the consumer will be loyal to the brand (de Vries & Carlson, 2014). Consumers' engagement with a brand refers to "a consumer's cognitive, emotional, behavioral, and co-creative brand related activities related to specific interactions" (Fernandes & Moreira, 2019, p. 274). In the social media context, such brand related interaction activities can take various forms, including contests, posts, crowdsourcing, and etc. (de Vries & Carlson, 2014; Tuten & Solomon, 2013). Responding to these stimuli, consumers engage with brands on social media at three different levels: consuming, contributing, and creating (Muntinga, Moorman, & Smit, 2011), which can be further classified as reactive versus proactive engagement behaviors (Kim and Drumwright, 2016). Research suggested that the variations in the extent of consumer engagement can be predicted by their perceptions of co-creation value (Damkuvienne et al, 2012). Based on the service-dominant (S-D) logic (Vargo & Lusch, 2004), unless consumers, the beneficiary, subjectively perceive value, they are less likely to participate in the co-creation behavior (Damkuvienne et al., 2012). Perceived co-creation value refers to consumers' subjective perceptions of firm's efforts in interacting with them to co-create the consumption experience (Damkuvienne et al., 2012). While consumers' participation in value co-creation comes from consumers' voluntary decision to participate, their decisions can be driven by a variety of motives on social media, including their intrinsic versus extrinsic motivations (Kim & Drumwright, 2016).

Methodology Data were collected from 237 millennials, aged between 18 and 35, via an online survey. A convenience sample was used, and the survey link was provided on several social media platforms including Facebook and Instagram. The survey included 7-point Likert scales with items adapted from existing scales with acceptable reliabilities ($\alpha > .70$). Structural equation modeling from AMOS 22 was used to test the proposed relationships (Figure 1). The mediation effect of perceived co-creation value was analyzed using the bootstrapping method.

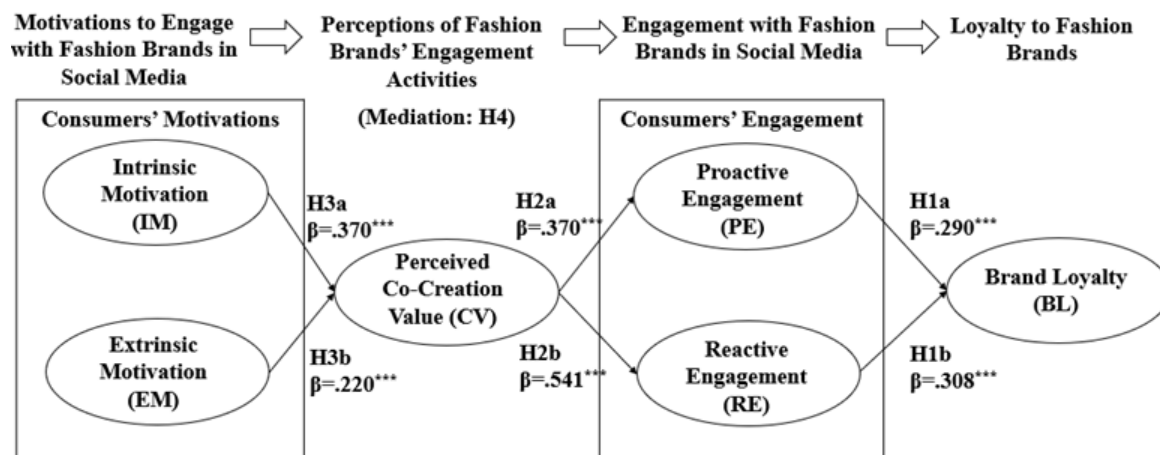


Figure 1. Research Framework

Results Both the measurement model ($\chi^2=740.104$, $df=390$, $p=.000$, $SRMR=.031$, $TLI=.961$, $IFI=.965$, $CFI=.965$) and the structural model ($\chi^2=778.121$, $df=398$, $p=.000$, $SRMR=.054$, $TLI=.958$, $IFI=.962$, $CFI=.962$) showed an acceptable model fit. The SEM results suggested that both intrinsic (IM) and extrinsic motivations (EM) had a significant positive influence on perceived co-creation value (CV) and subsequently on consumers' proactive (PE) and reactive engagement (RE) and brand loyalty (BL) (H1-H3, supported). In terms of the mediating effect of perceived co-creation value, when the mediator was controlled, IM ($\beta=.359$, $p<.001$; $\beta=.381$, $p<.001$ respectively) and EM ($\beta=.150$, $p<.05$; $\beta=.149$, $p<.05$ respectively) showed significant influences on PE and RE. However, when CV was introduced in the model, there was no direct effect of EM on RE and PE ($\beta=.105$, n.s.; $\beta=.028$, n.s. respectively), indicating the complete mediation through CV. In contrast, in the model with co-creative value, there still was a significant direct effect of IM on PE and RE ($\beta=.284$, $p<.001$; $\beta=.223$, $p<.001$ respectively), indicating partial mediation through CV. Specifically, the indirect effects of intrinsic motivations on PE and RE were about .137 ($p<.01$) and .200 ($p<.05$). Also, the indirect effects of EM on PE and RE were about .081 ($p<.05$) and .119 ($p<.05$). Thus, H4 was supported, suggesting mediating effects of perceived co-creation value in the relationship between consumer motivations and their engagement with fashion brands on social media.

Conclusion This study provides empirical evidence regarding the importance of consumers' motivations and perceptions of co-creation value in increasing consumer engagement toward fashion brands' activities on social media, which can further enhance brand loyalty. Managerially, the findings provide guidelines for practitioners on ways to effectively design and strengthen co-creative and personalized brand engagement activities by identifying key drivers of active engagement and brand loyalty.

References

- Achille, A., Remy, N., & Marchessou, S. (2018). The age of digital darwinism. Retrieved from www.mckinsey.com/~/media/mckinsey/industries/retail/our%20insights/luxury%20in%20the%20age%20of%20digital%20darwinism/the-age-of-digital-darwinism.ashx
- Damkuvienė, M., Tijunaitienė, R., Petukienė, E., & Bersenaite, J. (2012). Customer perceived co-creation value: Synthesis of the extant literature. *Social Research, 4*(29), 59-68.
- de Vries, N. J., & Carlson, J. (2014). Examining the drivers and brand performance implications of customer engagement with brands in the social media environment. *Journal of Brand Management, 21*(6), 495-515.
- Fernandes, T., & Moreira, M. (2019). Consumer brand engagement, satisfaction and brand loyalty: A comparative study between functional and emotional brand relationships. *Journal of Product & Brand Management, 28*(2), 274-286.
- Fromm, J., Butler, C., & Dickey, C. (2015). How to engage millennials: Re-imagining the consumers as a partner, not a target audience, to increase engagement. *Journal of Brand Strategy, 4*(1), 27-36.
- Kim, E., & Drumwright, M. (2016). Engaging consumers and building relationships in social media: How social relatedness influences intrinsic vs. extrinsic consumer motivation. *Computers in Human Behavior, 63*, 970-979.
- Lazarevic, V. (2012). Encouraging brand loyalty in fickle generation Y consumers. *Young Consumers, 13*(1), 45-61.
- Lee, H., & Hwang, S. (2019). The effects of cultural self-construal and self-disclosure on attachment and relationship satisfaction in SNS. *Clothing & Textiles Research Journal, 37*(2), 119-135.
- Muntinga, D., Moorman, M., & Smit, E. (2011). Introducing COBRAs. *International Journal of Advertising, 30*(1), 13-46.
- Tuten, T. L., & Solomon, M. R. (2013). *Social Media Marketing*, Pearson, Boston, MA.
- Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing, 68*(1), 1-18.