EXAMINING BRAND ENGAGEMENT IN THE MOBILE SNS MARKETING CONTEXT

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Abstract

As more people access to social network services (SNS), especially by using mobile devices, more organizations become to use SNS as a channel for their marketing and promotion. It is known that the growth potential of the mobile advertising market is significant. While brand engagement is a key motive for mobile advertising, there is a lack of understanding about how SNS users become to engage with the brand of promoting organization and the consequences in the mobile SNS context. This study examines brand engagement of a user with a promoting company in the mobile SNS marketing context by adopting customer value theory. Based on the customer value types, this study identifies antecedents of mobile brand engagement. The findings show the significance of three factors (price discount, relationship support, and convenience) of mobile SNS marketing on the brand engagement. The findings further show the significant consequences of brand engagement such as purchase decisions and word-of-mouth activities. These findings help advance theory and offer practical insights on the use of information systems and marketing in the context of mobile SNS.

Keywords: Social network services, Mobile SNS marketing, Brand engagement, Customer value theory
1. INTRODUCTION

The arrival of the digital economy is creating a new market to produce, distribute, and trade information (Brodie et al. 2013). Companies use information to create special values (Evans and Wurster 1997). Particularly, new business models are based on ubiquitous computing via mobile devices to enable exchange of capital, products, and information (Stafford and Gillensen 2003). In the mobile market, smartphones have become a source of income for mobile advertisers. With the increase in mobile phone users, growth of the mobile advertisement market seems likely. Mobile advertisement means that the advertisement message, which is a marketing message sent from advertisers to consumers, is mediated by mobile devices (Lee 2010). One of major benefits of mobile advertisements includes a higher response rate than with internet advertisements, and real-time, relevant triggers (Yaniv 2008). Mobile records including responses to mobile advertisements allow companies analyze individual customer’s behavior pattern, which allows customizing marketing approaches to individual customers.

Consumer exposure to various media has changed. Before use of smartphones, PC online was 43%, television was 28%, and radio was 15%. Since the arrival of smartphones, PC online is 33%, television is 21%, and radio is 13% while the new platform, mobile, soared to 23% (Google 2011). According to a recent report by Google, mobile advertisement becomes more effective than PC online advertisement. Mobile advertisement is likely to grow more rapidly in combination with social network services (SNS). Some SNS providers (e.g., FourSquare, Facebook, and KakaoTalk) have already started providing SNS-based marketing functions to their corporate users based on their SNS platform. That is, corporate users deliver marketing messages and coupons to promote their brands through mobile channel to individual users in the SNS context. Another major benefit of mobile SNS-based marketing is interpersonal communications between the SNS users, i.e., word-of-mouth (WOM).

Recent interest in how customers form a brand relationship via mobile advertisement has led to research in this area. According to the research of Emarketer in 2011, 44% of US respondents answered that they have a relationship with a brand in order to receive a discount coupon, 36.9% said it is because they like the brand, and 27.5%, to obtain information on the brand, while other answers included influence of other people. This suggests that the relationship between a brand and users reflects benefits or user preferences (Lee 2010).

Marketers have developed a variety of strategies to encourage both behavioral and emotional loyalty among customers (Goldsmith 2012). In line with this, it is known that an individual’s engagement with a brand is a key motive for marketing (Bezjian-Avery et al. 1998; Doorn et al. 2010; Sprott et al. 2009). Contents with high engagement are highly related to consumers result in high recall and more positive brand attitude of consumers. Customer engagement with a brand is therefore important for the brand company in maintaining sustainable relationship with those customers (Doorn et al. 2010). Despite the growing phenomenon of mobile SNS marketing of brands, there is a lack of understanding of mobile brand engagement, its antecedents, and consequences in the mobile SNS marketing context.

Prior research on mobile marketing has mainly addressed issues of management of mobile marketing (e.g., Haaker et al. 2006; Wang 2006) and mobile marketing acceptance (e.g., Tsang et al. 2004; Wei et al. 2010). Regarding customer engagement with brands, there is a lack of theoretically grounded approaches with quantitative empirical validation (e.g., through survey). This gap in the literature and the practical importance it represents for mobile SNS marketers serve as motivations for our study.

This study aims to examine brand engagement in the mobile SNS marketing context by deriving and empirically testing a theoretically grounded model such factors leading to mobile brand engagement. Specifically, this study seeks to answer two research questions: (1) What characteristics of mobile SNS marketing of brands affect brand engagement? and (2) How brand engagement affects the two main consequences of mobile marketing, customer purchase, and WOM? We adopt customer value theory (Sheth et al. 1991; Sweeney and Soutar 2001; Zeithaml 1988) in identifying antecedents of mobile brand engagement. Customer value theory is relevant because it takes the role of customer motivation leading to customer relationship with service provider (Anderson and Srinivasan 2003). Our model is validated through qualitative data analysis and quantitative data testing on a mobile SNS, KakaoTalk, which is successful in mobile SNS marketing. This study contributes to research by extending customer value theory and adding the broader literature on electronic commerce and SNS. Moreover, the study can
inform mobile SNS providers and corporate users of mobile SNS for their marketing on how to leverage the key characteristics of mobile SNS marketing.

2. CONCEPTUAL BACKGROUND

2.1 Mobile SNS Marketing

While mobile technology has shown rapid development in all industries, it has particularly changed business marketing activities. Companies became capable of communicating with customers at any time (Newell and Lemon 2001). Companies that can access customers directly and individually regardless of their readiness to purchase can succeed in fast-changing environments (Aufreiter et al. 2001). Mobile marketing has grown rapidly because of fast delivery of information, interactivity, wide access to customers, and high customer response (Shankar and Balasubramanian 2009; Varnali and Toker 2010).

Mobile marketing refers to the multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology (Shankar and Balasubramanian 2009). Due to recent developments in the social network services (SNS) and mobile technologies, some SNS providers (e.g., FourSquare, Facebook, and KakaoTalk) have provided SNS-based marketing functions to their corporate users based on their SNS platform. While most previous SNS providers have focused on the online or web channel, recently some SNS providers have expanded their channels or focused solely on the mobile channel. Individual users of mobile SNS make relationships with corporate users as well as other individual ones in the in the mobile SNS context. Based on the relationships between individual users and corporate users, corporate users conduct mobile marketing by promoting their brands or providing mobile coupons through the mobile SNS.

One of key issues of mobile SNS-based marketing from the corporate users’ perspective is mobile advertising. Mobile advertising means identifying customers who are likely to use the advertiser's service using relevant keywords on mobile websites. In this study, mobile advertising refers to the advertisements direct to customers via mobile devices such as smart phones. While Internet advertisement is one provided by a combination of a computer and cable internet, mobile advertisement is information service provided by combination of mobile devices and wireless Internet. Internet advertisement allows consumers to select the information they want, but with mobile advertisements, information delivery is more important because limited information is offered in a limited space. In studies of the Internet, experience is considered an important variable for understanding consumer behavior. Consumer experiences can influence their purchasing decisions. A positive experience with mobile services for entertainment and information can have a positive effect on mobile advertisements. Furthermore, mobile coupons can be offered to relevant consumers at the right time and mobile messages can provide useful real-time information to consumers (Barwise and Strong 2002). Studies on characteristics of mobile devices looked into mobile advertisements based on internet advertisements. In this study, the characteristics of advertisements affecting mobile brand engagement will be partly redefined and examined.

Because mobile advertising is based on the use of short message service (SMS), it is capable of target marketing and is effective for promoting brands and providing coupons. It is also effective in checking customer responses directly compared to other channel-based marketing approaches. In other words, by delivering messages to appropriate consumers via the mobile channel, mobile advertising can motivate consumers based on several incentives such as mobile coupons. Another benefit of mobile advertising in the mobile SNS context is that marketing companies can expect interpersonal communications (i.e., word-of-mouth) among the individual users of the mobile SNS about the brands being marketed.

Despite the growing importance of mobile SNS-based marketing, there is a lack of research on what factors affect the effectiveness of mobile SNS marketing (refer to Shankar and Balasubramanian 2009 and Varnali and Toker 2009 for the literature review). Prior research on mobile marketing has mainly addressed issues of diffusion and success factors (Barnes and Scornavacca 2004; Scharl et al. 2005), customer attitude toward mobile advertising (Tsang et al. 2004; Wei et al. 2010), adoption cases (Kavasalis et al. 2003), mobile marketing strategy (Wang 2006), and other business issues such as mobile business model development (Haaker et al. 2006). However, missing in the previous research are
explanations of what characteristics of mobile SNS marketing of brands affect customer response to the marketing of the brands (i.e., attitude toward the brands) and what consequences of mobile SNS marketing are. The gap in the literature and the practical importance of it represents for mobile SNS providers and corporations serve as motivations for our study. Regarding customer response to the marketing of a brand, this study considers an individual customer’s engagement with the brand, i.e., brand engagement. We then look into mobile SNS marketing factors that affect brand engagement and then the consequences by developing a conceptual framework.

2.2 Brand Engagement

Interest in engagement began with the fragmentation of media in the marketing literature. For traditional media such as TV and newspapers, mere exposure was important and the platform was limited. However, today, there are many advertisements through a variety of channels. In order to expose consumers to advertisement, multiple communication channels are often used. Especially, loyal customers share their loyalty in interactions with others in their communication channels (social networks) and become advocates for a product, brand, or company (Sashi 2012).

There have been a few researches on engagement in the marketing literature. Mollen and Wilson (2010) suggested online brand engagement and defined it in terms of commitment, i.e., a cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value. Similarly, Cadler et al. (2009) proposed online media engagement by conceptualizing engagement as the overall experiences (e.g., enjoyment and utilitarian) of online media vehicle. By operationalizing engagement as a second-order construct in terms of personal engagement and interactive engagement, they found that an individual’s engagement with the surround online media increases advertising effectiveness in the online advertising context. Sprott et al. (2009) proposed brand engagement by conceptualizing it as an individual customer’s tendency to include a brand as part of his or her self-concept. They further developed scales to measure a customer’s general engagement with a target brand. They explained that brand engagement can predict customers’ differential attention to, memory of, and preference for their favorite brands through empirical testing.

Considering the behavioral aspects of the relationship between a customer and firm or brand, Doorn et al. (2010) proposed customer engagement behavior by conceptualizing it as a customer’s behavioral manifestations that have a brand or firm focus resulting from motivational drivers. They proposed customer-based (e.g., satisfaction), firm-based (e.g., firm reputation), and context-based (e.g., social factor) antecedents of customer engagement behavior. They also proposed customer-related (e.g., attitudinal), firm-related (e.g., financial), and others-related (e.g., cross-brand) consequences. Considering the effectiveness of an advertising media, Bezjian-Avery et al. (1998) proposed consumer engagement by conceptualizing it how consumers spend more time considering the advertisements in the interactive media context. They discussed that the effectiveness of the interactive media can be measured in two ways, its engagement (i.e., whether consumers spend enough time considering the advertisements) and its persuasiveness (i.e., whether consumers report stronger positive affect, references, and purchase).

There have been other researches on engagement in other domains. In the IS literature, Webster and Ahuja (2006) examined how the design of navigation systems affects user engagement by conceptualizing user engagement as the feeling that a system has caught, captured, and captivated user interest. They found user engagement user performance and future intention to use the system through testing in the context of navigation system usage. In the organization science literature, several researches (Greenwood 2007; Kahn 1990) discussed employee engagement in the organizational working environment.

Although previous studies on engagement have contributed substantially to our understanding of the roles and effects of engagement in different contexts, there has been few theory-driven research on brand engagement of a customer in the mobile SNS-based marketing context. Brand engagement is used for describing the relationship between consumers and a brand. Previous studies (Sprott et al. 2009), however, explained that the formation of engagement depends on the context. Our study investigates the hitherto unexplored area of mobile brand engagement in a new context. Following previous research (Mollen and Wilson 2010; Sprott et al. 2009), this study defines mobile brand engagement as an
individual’s affective state of mind representing his or her active relationship with a chosen brand in the mobile SNS-based marketing context. Brand engagement is therefore similar to one’s commitment to the chosen brand. We use brand and company interchangeably in this study although brand can be conceptualized in different ways. Thus, by adopting customer value theory, this study aims to investigate the antecedents and the consequences of mobile brand engagement.

2.3 Customer Value Theory and Conceptual Framework

Marketing and e-commerce literature considers “customer value” to be an important predictor of customer behavior and decision makings (Sheth et al. 1991; Sweeney and Soutar 2001). People have a strong tendency to maximize value in their decision makings and behaviors (Zeithaml 1988). As the value increases in the transaction relationship with a brand, customers want to stay in the relationship with the brand. Previous research found that value, by taking the role of motivation, increases customer commitment (Pura 2005) and loyalty (Anderson and Srinivasan 2003). Therefore, customer value as a motivator may lead to a customer’s engagement with a brand in the mobile SNS marketing context. For this reason, we adopt customer value theory in identifying the antecedents of mobile brand engagement.

Sheth et al. (1991), in his broad theoretical framework on perceived customer value, asserted that consumer choice is a function of multiple ‘consumption value dimensions’ that make differential contributions in different choice situations. These dimensions are comprehensive, encompass a variety of fields, and form a solid foundation for the extension of existing value constructs. Therefore, they can be employed as a basis for research in other associated studies.

Customer value theory explains that there are sub-values like hedonic, conditional, functional, social, and epistemic values (Sheth et al. 1991), and having functional, social, and emotional values (Sweeney and Soutar 2001). Functional value in particular can be divided into performance and monetary value (Sweeney and Soutar 2001). By adopting the ideas of sub-types of customer value from Sheth et al. (1991) and Sweeney and Soutar (2001), we identify antecedents of mobile brand engagement. The antecedents should represent key characteristics of mobile SNS in the marketing context. That is, brands or companies conduct marketing activities through the mobile SNS channel. Customer can perceive different values from the channel (i.e., mobile SNS channel with convenience), service itself (i.e., mobile SNS with social capability), marketing content (e.g., information and discount coupon).

Figure 1. Customer Value Types and the Corresponding Factors in Mobile SNS Marketing

This study applied four value categories of the customer value theory of Sheth (1991) and Sweeney (2001) to mobile brand engagement in the context of mobile SNS marketing context: monetary value, epistemic value, social value, and functional value (See Figure 1). Monetary value includes a discount coupon as a mobile advertising instance of a brand. It is one of the most dominant types of mobile advertising and is
used to maintain a continuous relationship with the brand by directly providing a discount coupon, which makes users think that they can get price discount by their relationship with the brand.

Epistemic value has been defined as curiosity, novelty and knowledge (Sheth 1991). Epistemic value integrated an advertising form that directly sends the latest information from the brand to customers. In the past, there were limitations to receiving the latest information at the most appropriate time, but mobile communication has enabled timely communication. Also, users want to be provided with appropriate information about the brand. The information from the brand also affects curiosity, novelty and knowledge of people. The information from the brand thus affects directly the epistemic value perceived by customers. For this reason, we identify perceived information quality (i.e., the quality of information or messages received from the brand through mobile SNS) as an antecedent of mobile brand engagement from the epistemic value perspective.

Social value is one of the most strongly embodied values on the mobile web. This enabled users to share a brand advertisement with other people and directly convey it by word of mouth. Also, it provides a positive situation in which the relationship can be maintained by sharing information and discounts with other people. From the epistemic value perspective, we identify relationship support (i.e., whether the mobile marketing services of the brand supports an individual’s relationship with others) as an antecedent of mobile brand engagement.

Functional value is one of the most prominent values in mobile advertising, because it is suitable for marketing that has no limit in space and time as people can receive information service anytime and anywhere. Recent users have expanded transport time and space because of changes in technology and lifestyle. To be sure, traditional media are limited in their ability to deliver advertising messages to consumers. Therefore, functional value is an important factor for maintaining a continuous relationship between a brand and customers through mobile advertising. From the functional value perspective, we identify perceived convenience (i.e., whether an individual can use the mobile services provided by the brand anytime and anywhere as an antecedent of mobile brand engagement.

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The conceptual framework (see Figure 2) shows the overall relationships around mobile brand engagement. Those four factors derived from the customer value theory, representing key characteristics of mobile SNS marketing, are proposed as antecedents of mobile brand engagement. We further select two factors, representing the two most important results (i.e., purchase from the brand and word-of-mouth about the brand) of brand engagement, as the consequences. Brands or companies conduct marketing or promotion activities to provide marketing messages to customers and then lead them purchase from the brands. Customer purchase from the chosen brand in the mobile SNS marketing context is therefore an important consequence. Word-of-mouth (WOM) refers to interpersonal communication concerning the evaluation of products or service of interest (Arndt 1967). SNS is characterized by the communications among its users, which is a good platform for the interpersonal communication among them. Furthermore, WOM is highly influential on potential customers’ purchasing
behaviors and decision-making (Richins and Root-Shaffer 1988). We therefore propose WOM as another important consequence.

3. RESEARCH MODEL AND HYPOTHESIS

Based on the conceptual framework in Figure 2, we propose the research model with six hypotheses. There are four antecedents representing key characteristics of mobile SNS marketing in terms of customer value types leading to mobile brand engagement. The mobile brand brand engagement in turn drives the intention to purchase from the chosen brand and WOM about the brand. We additionally propose previous brand engagement (i.e., an individual’s level of engagement with the brand before using the mobile service of the brand) because an individual’s brand engagement in previous situation can be transferred to his or her engagement with the brand in a new context, mobile SNS marketing.

Perceived price discount as monetary value refers to the perception, from the viewpoint of monetary value, of price discount or cost benefits that can be received by mobile services of a chosen brand (Gefen and Devine 2001). When the customer value increases, customers will become repeat purchasers and maintain a continuous relationship based on trust for the company. The customers' trust in the company leads to customer loyalty (Ravald and Gronroos 1996). Likewise, customers increase loyalty to a brand when they perceive value in transaction relationship with a brand, and have the opportunity to repeatedly use the same brand, which is similar to engagement. The importance of perceived value in electronic commerce stems from the factor that it is easy to compare product features as well as prices online. In this study, the feature in mobile advertising not only increases the likelihood that customers will receive discount (coupons), but also enables the customers to compare the array of benefits that they will derive from the products and services that they buy. When customers recognize the monetary value from the promotion coupon, i.e., perceived price discount, offered by the brand, they may pay more attention to the relationship maintenance with the brand. A number of researchers have concluded that a significant number of electronic commerce customers are motivated by low prices (Goldberg, 1998; McCune, 1999; Tanaka, 1999). Similarly, previous research proposed the effect of monetary value on customer engagement (Doorn et al. 2010).

**Hypothesis 1:** Perceived price discount has a positive effect on mobile brand engagement.

Perceived information quality refers to the extent that current, accurate and diverse information is provided by mobile services of a chosen brand (DeLone and McLean 1992). Information offering in advertising has long been recognized as a very important function. Among the various reasons that consumers access advertisements, the main reason is information gathering (Bauer and Greyser 1968). Yoo et al. (2006) found that perceived information quality has a positive impact on attitudes toward mobile advertising. As people can get high quality information from the chosen brand through mobile marketing, they become to have positive attitude toward the marketing of the brand and may want to develop or maintain their relationship with the brand, i.e., brand engagement. Similarly, previous research proposed information resource as an antecedent of customer engagement (Doorn 2010).

**Hypothesis 2:** Perceived information quality has a positive effect on mobile brand engagement.

Social relationship support, as a social value, refers to the perceived capability of the mobile services of a chosen brand in maintaining and enhancing interpersonal relationships with others (Kim et al. 2011). For a long time, people have offered or shared information that can be helpful for others in forming or maintaining a social relationship. The width of social interaction has been extended due to the spread of mobile devices and the interaction becomes much more flexible (Licoppe 2003; Rettie 2008). As people become to develop and maintain relationships with other by using the mobile services of a brand, they may have positive attitude toward the service and want to develop or maintain relationship with the brand, i.e., brand engagement, to enjoy the mobile services. People can easily share information with other people and develop relationships with others by using mobile SNS services in the mobile SNS marketing context. Similar to the argument of our study, social value has been suggested to be positively related to commitment to a relationship with a company (Henning-Thurau et al. 2002; Hsieh et al. 2005). Doorn et al. (2010) also predicted that an environment capable of providing social interaction affects customer
engagement. A mobile SNS environment in which people can share information offered by mobile services of a brand may promote continuous relationship with the brand.

**Hypothesis 3:** Relationship support has a positive effect on mobile brand engagement.

Perceived convenience as functional value refers to the extent to which an individual can use the mobile services of a chosen brand anytime and anywhere to perform what he or she wants (Berry et al. 2002). There are generally five dimensions in the concept of convenience: time, place, acquisition, use, and execution (Brown 1990). The ubiquity of the mobile service enables brands to send marketing messages to customers anytime and anywhere. The mobile channel through which users can receive a brand message became direct and instant. From the customers’ perspective, they can perform what they want by using the mobile SNS service anytime and anywhere. Mobile SNS marketing service there increases convenience both from the brand and customer perspective. As customers become to perceive convenience from the use of mobile SNS marketing of brands, they may become to have positive attitude toward it and develop relationships with the brands, brand engagement. Similarly, previous research showed that functional value has a positive effect on customer commitment (Wetzles et al. 1998).

**Hypothesis 4:** Perceived convenience has a positive effect on mobile brand engagement.

Purchase intention refers to an individual’s level of intention to purchase a product from a chosen brand (Kim et al. 2011). Mobile brand engagement represents an individual’s active and strong relationship with the chosen brand in the mobile SNS marketing context. Relationship marketing literature explains a positive and strong impact of customer’s brand engagement (i.e., customer commitment to a brand) on customer retention from a marketing company perspective (Fullerton 2003). As the level of involvement or engagement with a brand increases, it may be linked to various positive outcomes, such as personal investments in the use of the mobile SNS services of the brand (Blanchard and Markus 2004). For example, they may want to exhibit pro-social behaviors, e.g., purchasing from the brand and positive WOM, in the relationship with the brand. Previous research (Media insight 2007) found causality between engagement and sales about financial brands that consumers highly engaged in media contribute to sales about 3 times more than consumers who are simply exposed. Those who are highly engaged in advertising have the value of 8 times as much. Similarly, previous research found the positive effect of customer commitment on purchase intention.

**Hypothesis 5:** Mobile brand engagement has a positive effect on purchase intention.

Customers can conduct WOM in different ways depending on the valence of the contents (i.e., positive or negative). By considering only the positive valence of the contents, this study defines WOM as individuals’ information sharing and communication activities with others about a chosen brand. As an individual’s commitment to a relationship with a company increase, the person conducts WOM activities and communicates the positive aspects of the company to others (Oliver 1997). Communication between users rapidly increases due to the development of Internet-based information delivery and the introduction of mobile media (Dellarocas 2003). Due to the network environment and the characteristics of mobile devices, the use of mobile SNS can lead to effective word-of-mouth. Similarly, previous research found the positive effect of customer commitment on WOM (Harrison-Walker 2001).

**Hypothesis 6:** Mobile brand engagement has a positive effect on WOM.

4. RESEARCH METHODOLOGY

Data to empirically validate the research model were collected through an online survey. We chose KakaoTalk Plus Service as the context of our study because it is a successful mobile SNS in terms of mobile marketing. In addition to the survey data, we also conducted interviews with the service users and the marketing manager of KakaoTalk Plus Service to gain more in-depth information and assist in the interpretation of survey results.
4.1 KakaoTalk Plus Service

KakaoTalk Plus Service, a mobile SNS with more than 32 million users in January, 2013, was selected for the research. KakaoTalk Plus Service started its service as a mobile SNS, called as KakaoTalk, for individual users. KakaoTalk provides messenger-oriented services, similar to Windows Live Messenger in the smartphone context. People can download and install a free mobile application of KakaoTalk from either AppStore or Android Market on their smart phones. During the installation, the user needs to register his or her mobile phone number. After this, the users’ friends in their mobile phone contact list are automatically included in their KakaoTalk friend list if the friends already use KakaoTalk. Alternatively, the user can register his or her friends in KakaoTalk using the friend’s mobile phone number. KakaoTalk later added new service, KakaoTalk Plus, to facilitate mobile marketing of corporate customers. Corporate customers, called as Plus Friends, register in the KakaoTalk Plus Service after paying for the registration. Individual users then select some of the Plus Friends and register them as friends in their KakaoTalk service. Those Plus Friends then conduct mobile marketing by sending information such as brand and promotion and mobile discount coupons through the KakaoTalk Plus service. Corporate users of KakaoTalk Plus Service can deliver brand messages to individual users through the “friend” relationship, the basic method of Kakao Talk. KakaoTalk Plus was launched in October 2011 and increased exponentially, exceeding 10 million people on October 27 and exceeding 25 million people on January 28, 2012. After making a Friend relationship with a certain brand on KakaoTalk Plus, the KakaoTalk Plus Service provides a recommendation button to share information provided by the brand with acquaintances listed in one’s friend list.

We collected qualitative data by conducting interviews with 20 users (15 interviewees in their 20’s and 5 interviewees in their 30’s) of KakaoTalk Plus Service of brands and one manager of KakaoTalk Plus service. The interviewees mentioned that they registered several Plus Friends, such as McDonalds, Burger King, Outback Steakhouse, Levis, Pizza Hut, Uniqlo, Adidas, KFC, Lotte Department Store, ABC Mart, and Olive Young. Though this is not the focus of the study, to understand the context better, we asked interviewees why they use the service of some brands. The most cited reasons why people use the KakaoTalk Plus Service of each brand were because they “want to get information” about the chosen brand and they “want to get discount coupons” from the brand. The interviewees regarded getting information and discount coupons as the key benefits of using the KakaoTalk Plus service of those brands.

We then asked interviewees whether they redeemed mobile discount coupon provided by their Plus Friends. 3 interviewees out of 20 had redeemed the mobile coupons. They used the coupons to “get price discounts” in purchasing products or “upgrade” set menu. The interviewees also mentioned that they could check the messages sent from the brands “anytime and anywhere”, representing the convenience of the service, and “recommend some promotion events (e.g., price discount) to friends” anytime and anywhere which supports the relationship maintenance and enhancement with their friends. 4 interviewees out of 20 had interpersonal communication with others concerning the positive aspects of the KakaoTalk Plus Service of brands. As we will see later, the interviewees’ comments are corroborated by the survey findings.

4.2 Instrument Development

Existing validated scales were adopted where possible for developing the survey instrument. Elsewhere, scales were adapted from previous research by considering the research context and the definition of the corresponding construct and/or similar constructs in the literature. To assess our dependent variable purchase intention, we adapted scales from Dodds et al. (1991) by considering our research context of KakaoTalk Plus Service of brands. Scales for WOM were modified from Sirdeshmukh et al. (2002) to the context of our study. We adapted the scales for mobile brand engagement from the general measures of brand engagement in Sprott et al. (2009). We highlighted the differences between the scales for mobile brand engagement and previous brand engagement as a control variable by using the terms, “after using the KakaoTalk Plus service” and “before using the KakaoTalk Plus service.” To assess perceived

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1 Based on the interview with a manager of KakaoTalk in 2012
information quality, we adapted the scales for the construct of data quality from Wixom and Watson (2001) by considering key elements (e.g., accuracy, currency, and quantitativeness) of information quality (DeLone and McLean 1992). Scales for perceived price discount were adapted from Gefen and Devine (2001) by considering the research context. We adapted the scales for relationship support from Kim et al. (2011) by considering the research context and the definition of the construct. Scales for perceived convenience were adapted by considering time, place, and execution dimensions of convenience. We used the double-back translation approach, following previous research protocols (Gupta and Kim 2007).

Two information systems (IS) researchers and one marketing research reviewed the survey instrument along with the definitions of constructs. Next, the measurement instrument was reviewed in a focus group of five KakaoTalk Plus Service users to check for any ambiguity of wording or format. We then conducted a pilot test with thirty KakaoTalk Plus users. The questionnaire employed the seven-point Likert scale (1 = strongly disagree, 7 = strongly agree).

4.3 Data Collection

We conducted online survey of users of KakaoTalk Plus service. We determined the population of interest was composed of smartphone users. We employed a market research firms for this purpose. A database from the market research firm was used to create a sample pool of respondents. The market research firm randomly selected members from their pools, each of whom was invited by e-mail to participate in the online survey. The e-mail included a link to the Web-based survey questionnaire. The online survey was available for one week. At the beginning of the survey, we asked participants to enter their KakaoTalk ID to verify their use of the mobile SNS. We also asked each respondent to select a brand that the subject registered as KakaoTalk Plus Friend in the target mobile SNS context. Respondents were then asked to answer the survey questions by considering the KakaoTalk Plus Service of the selected brand.

A total of 300 complete and valid responses (male: 146, female: 154) were collected over one week. The descriptive statistics of the sample indicate that the majority of respondents were between 20 and 39 years of age (mean = 33.15; s.d.= 9.52). Most of them were professionals and employed (69.33%). They had experienced using their smart phones for 14.7 months on average. We assessed nonresponse bias by comparing early and late respondents, i.e., those who replied during the first two days and those who replied during the last two days. T-tests performed on each case showed that the early and late respondents did not differ significantly in terms of age, smart phone usage period, and daily KakaoTalk Plus Service usage. Mann-Whitney tests also revealed no significant differences in gender ratio between the two groups of respondents.

5. DATA ANALYSIS AND RESULTS

5.1 Instrument Validation

We first conducted exploratory factor analysis using principal component analysis with varimax rotation. We identified a total of seven factors with eigenvalue greater than 1.0. All constructs explain 78.4 percent of the total variance. However, the fifth (MBR5) and sixth (MBR6) items of mobile brand engagement were dispersed over factors. Except for these two items, all other items of the constructs were loaded on distinct factors. When compared across factors, the items were loaded highest on their own factors. We dropped the two items of mobile brand engagement construct and the corresponding items of previous brand engagement construct from further analysis.

We then conducted CFA analysis by creating a LISREL path diagram. We assessed the convergent validity and discriminant validity of the constructs. Convergent validity can be established by examining the standardized path loading, composite reliability (CR), Cronbach’s $\alpha$, and the average variance extracted (AVE) (Gefen et al. 2000). As shown in Table 1, the standardized path loadings of all items were significant (t-value > 1.96) and greater than 0.7. The CR and Cronbach’s $\alpha$ for all constructs
exceeded 0.7. The AVE for each construct was greater than 0.5. Thus, each test result met its threshold criterion and the convergent validity for the constructs was supported.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Std. loading of each item</th>
<th>AVE</th>
<th>CR</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived information quality (IFQ)</td>
<td>0.82, 0.79, 0.875</td>
<td>0.62</td>
<td>0.83</td>
<td>0.86</td>
</tr>
<tr>
<td>Relationship support (RST)</td>
<td>0.87, 0.91, 0.83</td>
<td>0.76</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>Perceived price discount (PDC)</td>
<td>0.84, 0.91, 0.89</td>
<td>0.76</td>
<td>0.91</td>
<td>0.91</td>
</tr>
<tr>
<td>Perceived convenience (CNV)</td>
<td>0.80, 0.87, 0.85</td>
<td>0.71</td>
<td>0.88</td>
<td>0.92</td>
</tr>
<tr>
<td>Mobile brand engagement (MBR)</td>
<td>0.83, 0.89, 0.84, 0.75</td>
<td>0.69</td>
<td>0.90</td>
<td>0.89</td>
</tr>
<tr>
<td>Purchase intention (PIN)</td>
<td>0.84, 0.83, 0.92</td>
<td>0.76</td>
<td>0.93</td>
<td>0.92</td>
</tr>
<tr>
<td>Word-of-Mouth (WOM)</td>
<td>0.82, 0.83, 0.88</td>
<td>0.71</td>
<td>0.91</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Table 1. Results of Convergent Validity Testing

Next, we assessed the discriminant validity of the measurement model by comparing the square root of AVE for each construct with the correlations between the construct and other constructs. If the square root of AVE is greater than the correlations between the construct and other constructs then it indicates discriminant validity (Fornell and Larcker 1981). The square root of AVE for each construct (diagonal term) exceeded the correlations between the construct and other constructs (off-diagonal terms).

As some of the correlation terms in the table were greater than the prescribed threshold of 0.6 (Carlson et al. 2000), we conducted a second test of discriminant validity using a process of constrained CFA as suggested by Anderson and Gerbing (1988). All χ² statistics (range of Δχ² is from 71.91 to 562.18) were found significant indicating that the measurement model was significantly better than other alternative models (obtained by combining pairs of latent constructs). Hence, discriminant validity of the instrument was established.

We took a number of steps to reduce the common method bias due to a single source of data. These included appropriate instrument design and data collection procedures suggested by Podsakoff et al. (2003). We also tested our data for common method variance using the Bentler and Bonnet test and Harman’s single-factor test (Podsakoff et al. 2003). Results of the test indicate that our data do not suffer from common method variance.

5.2 Hypotheses Testing

We assessed the structural model using LISREL. The following indices and standards were applied to assess model fit (Hair et al. 2009): normed χ² (χ² to degree of freedom) lower than 3.0, root mean square of approximation (RMSEA) lower than 0.08, goodness-of-fit index (GFI), comparative fit index (CFI), and normed fit index (NFI) greater than 0.90, adjusted goodness-of-fit index (AGFI) greater than 0.80. The structural model satisfied the threshold for all indices except GFI: normed χ² = 2.80, RMSEA = 0.078, GFI = 0.84, AGFI = 0.80, CFI = 0.98 and NFI = 0.97. Because the GFI closely approximated the recommended threshold, the structural model appears to adequately fit the data. The standardized path coefficients were then used for testing the hypotheses. We also tested for multicollinearity. In all cases, the variance inflation factor (VIF) was below 3 and condition index was less than 30, indicating that multicollinearity is not likely to distort testing results in our study (Hair et al. 2009).

Figure 3 shows the standardized LISREL path coefficients and the overall fit indices. The results of hypothesis testing show that, even with controlling the previous brand engagement, perceived price discount (H1), relationship support (H3), and perceived convenience (H4) significantly affect mobile brand engagement, explaining 79 percent of its variance. The results also show that mobile brand engagement has significant effects on purchase intention (H5) and WOM (H6), explaining 44 percent and 52 percent of their variances respectively. However, we could not find significant relationship between perceived information quality (H2) and mobile brand engagement.
We conducted a post-hoc analysis to test the mediating effect of mobile brand engagement on the relationship between the antecedents and the consequences (see Table 2). As there are 2 dependent variables of purchase intention and word-of-mouth in this study, a mediating test was conducted for each of them by adopting both Baron and Kenny’s test and Sobel test. The testing shows that mobile brand engagement partially mediates the effects of perceived price discount and perceived convenience on the purchase intention. The testing also shows that mobile brand engagement partially mediates the effects of relationship support and perceived convenience on the word-of-mouth.

Table 2. Mediation Test (*: p<0.05, **: p<0.01, ***: p<0.001, ns: insignificant at the level 0.05 level)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Sobel Test (z-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFQ</td>
<td>MBR</td>
<td>PIN</td>
<td>PIN</td>
<td>PIN</td>
</tr>
<tr>
<td>RST</td>
<td>0.67***</td>
<td>0.64***</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>PDC</td>
<td>ns</td>
<td>ns</td>
<td>0.54***</td>
<td>ns</td>
</tr>
<tr>
<td>CNV</td>
<td>0.34***</td>
<td>0.32***</td>
<td>0.31***</td>
<td>0.47***</td>
</tr>
<tr>
<td>MBR</td>
<td>0.21**</td>
<td>ns</td>
<td>0.72</td>
<td>0.57</td>
</tr>
<tr>
<td>R²</td>
<td>0.71</td>
<td>0.70</td>
<td>0.72</td>
<td>0.57</td>
</tr>
</tbody>
</table>

Note: Perceived information quality (IFQ), Relationship support (RST), Perceived price discount (PDC), Perceived convenience (CNV), Mobile brand engagement (MBR), Purchase intention (PIN), Word-of-Mouth (WOM)

6. DISCUSSION AND IMPLICATIONS

6.1 Discussion of Findings

There are several important findings obtained from our study. The first is that mobile brand engagement acts as a key motivator for the WOM of mobile SNS users and the purchase intention from the brand in the mobile SNS marketing. This finding agrees with Mollen and Wilson’s (2010) claim that customer engagement leads to optimal customer attitude and behavior. Based on the commitment to an active relationship with the marketing brand, customers become to have transactions with the company and WOM activities. The second is that mobile brand engagement is increased by perceived price discount, relationship support, and perceived convenience. These findings agree with previous research on customer value (Anderson and Srinivasan 2003) that proposed customer value as a key motivator leading to the relationship between customers and the vendor. While Anderson and Srinivan (2003) shows the relationship between overall customer value and customer relationship with brand, our findings explain how the three mobile SNS marketing factors, derived from three sub-types (i.e., monetary value, social value, and functional value) of customer value, affect customer relationship commitment with brand.
Especially, our findings explain the importance of marketing content (perceived price discount), social network service (relationship support), and mobile channel (perceived convenience) in building brand engagement. The third important finding is the mediating role of mobile brand engagement in the mobile SNS marketing context. The post-hoc analysis (see Table 2) supports the importance of mobile brand engagement as a factor mediating the effects of those factors representing mobile SNS marketing activities on customers’ purchase decision makings and word-of-mouth activities.

However, this study could not find the significant relationship between perceived information quality and mobile brand engagement. According to the results that IBM surveyed what customers want about brand engagement in social media, companies think that consumers want to know about new product information but in fact, consumers answered that they build a relationship with brands to receive discount coupons (HBR Blog Network 2011). The insignificance of perceived information quality is in line with the IBM survey results. A potential reason of the insignificance is the lack of information customization to each customer. KakaoTalk Plus provides information on brands but the information is not customized for personal preferences. If a customer is not interested in the delivered marketing information from a brand regardless of its quality, the person may pay less attention to the engagement with the brand. Another potential reason of the insignificance is that the effect of perceived information quality on the mobile brand engagement is fully mediated by relationship support. People tend to form and maintain relationship with others by sharing information. A post-hoc analysis of the mediating effect supports this argument (path coefficient = 0.57, p < 0.001). Additionally, it was confirmed that a control variable previous brand engagement has a significant influence on mobile brand engagement (path coefficient = 0.45, p < 0.001). This explains that customer engagement with a brand in offline context can be transferred to the mobile SNS marketing context.

Despite the significant findings of this study, their interpretation is subject to certain limitations. First, it was conducted using survey-based data from a single mobile SNS. Secondly, our constructs may not have been sufficiently holistic to explain each dimension of customer value. Besides, other value categories based on customer value theory can be examined additionally in future studies. Finally, KakaoTalk Plus Service has attempted to expand its business to other countries. There may eventually be cultural and customization issues.

6.2 Implications for Research and Practice

This study offers several implications for existing research and theory. A primary contribution is in examining brand engagement in the mobile SNS-based marketing context. Although previous research has examined several aspects of mobile marketing (Barnes and Scornavacca 2004; Scharl et al. 2005; Tsang et al. 2004; Wang 2006; Wei et al. 2010), an individual’s engagement with a brand in response to the mobile SNS-based marketing of the brand has not been explored. Our study focuses on brand engagement in the domain of mobile marketing. Regarding brand engagement, there have been a few researches on engagement in the marketing context (Bezjian-Avery et al. 1998; Cadler et al. 2009; Doorn et al. 2010; Mollen and Wilson 2010). Although previous studies on engagement have contributed substantially to our understanding of the the roles and effects of engagement, there has been few theory-driven research on brand engagement of a customer, especially in the mobile SNS-based marketing context. Our study has a contribution in conceptualizing mobile brand engagement and examining its antecedents and consequences in the mobile SNS marketing context. This study thus adds value to the literature on mobile marketing and brand engagement.

This study has another contribution by extending customer value theory (Sheth et al. 1991; Sweeney and Soutar 2001; Zeithaml 1988) in the mobile SNS marketing context where companies conduct marketing activities through the mobile SNS channel and then customer perceive different values from the channel (i.e., mobile SNS channel with convenience), service itself (i.e., mobile SNS with social relationship building and maintenance), and marketing content (i.e., brand information and discount coupon). We applied customer value theory in identifying the antecedents of mobile brand engagement. We conceptualized customer value with its four dimensions (monetary, epistemic, social, and functional) in the mobile SNS marketing context, providing a structured theoretical framework and new insights to electronic commerce researchers. Our study demonstrate that three dimensions of customer value
(monetary, social, and functional), representing key characteristics of mobile SNS marketing, perform a crucial role in explaining customer response to brands in mobile SNS marketing.

Our findings also add to the literature. This study identifies perceived price discount (monetary), relationship support (social), and perceived convenience (functional) as the three most important factors affecting an individual’s engagement with brand in the mobile SNS marketing, i.e., mobile brand engagement. The findings also demonstrate the importance of mobile brand engagement in leading to the customer’s purchase from the brand and his or her personal communication with others regarding the positive aspect of the brand.

The findings in this study offer several implications for practice. In particular, practitioners should pay attention to the key role of mobile brand engagement, its antecedents, and the consequences. Regarding the antecedents of mobile brand engagement, the findings explain the important of marketing content (i.e., perceived price discount), SNS function (i.e., relationship support), and mobile channel (i.e., perceived convenience) in increasing brand engagement in the mobile SNS marketing context. The findings first show that the promotion coupon as part of marketing content is still attractive on the mobile channel, from the perspective of the brand (company) trying to execute the advertisement. Those companies considering mobile SNS marketing should consider providing mobile coupons as part of their mobile marketing strategies.

In addition, while previous research mentioned mobile marketing and SNS or social media marketing separately, this study focuses on the combined marketing approach. The findings suggest that companies should leverage the capabilities of mobile channel and SNS function in their marketing, especially the relationship building and maintenance capability of SNS and the ubiquitous and convenient functions of mobile service, for increasing brand engagement. The findings in this study therefore help companies develop marketing strategies in the mobile context by applying the widely adopted social networking services. We hope that more effort will be devoted to this important research area and that the proposed conceptual framework and model will serve as a useful guide for such future work.

References


Bauer, R.A. and Greyser, S.A. (1968). Advertising in America; the consumer view. Division of Research, Graduate School of Business Administration, MA: Harvard University, Boston.


