**Aalto University
School of Business**

Building the dream online: Does participation in luxury brand's social media affect brand experience, brand affect, brand trust, and brand loyalty?

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Abstract of master's thesis

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Abstract

The global market for luxury goods has witnessed a phenomenal growth over the past decades. Along with the increasing demand that stems from increased purchasing power, emerging markets, and new wider consumer groups, traditional luxury brands have faced a fierce competition caused by new forms of luxury such as masstige and luxurious fashion. Likewise, the rapid growth of social networks and social media has fundamentally transformed the business environment, and the whole society. Digital networks have facilitated companies and consumers to build online consumption communities, which supports the recent shift of marketing focus on relationships and co-creation of value. Consequently, luxury brands have started to use social media for advertising and relationship marketing. Due to the dynamic and interactive digital environment the importance of brand stories has become even more apparent.

While brand communities and online communities are widely studied, luxury brands and social media based brand communities (SMBBCs) have not received yet much academic attention. This study takes the approach of SMBBCs to investigate the influence of consumers' participation in luxury brand's social media on brand experience, and on key dependent variables in consumer behavior research: brand affect, brand trust, and brand loyalty. The purpose of this study is to examine the effectiveness of social media, and to contribute to the research on social media brand communities and brand-consumer relationships, as well as luxury brands.

The study proposes a theoretical framework that combines two empirically developed constructs: brand experience, and brand affect/trust-brand loyalty constructs, and tests the model within a social media based luxury brand community context. The data were collected as an online survey from various social media, which resulted in 333 valid responses from consumers who follow a luxury brand's social media. The study is quantitative by nature, and uses structural equation modeling (SEM) as the main method of analysis. To further examine the influence of participation on the focal construct, brand experience, analysis of variance (ANOVA) was also conducted.

The results support the reasoning that participation in luxury brand's social media affect consumer behavior. Social media following influences brand experience that accumulates in the long run, but participation affects also rapidly consumers new to the brand. Further, active participation and passive participation appear to have equal influence on brand experience. The findings reveal the chain of effects from brand related stimuli to brand affect, brand trust, and brand loyalty, and confirm the importance of affect in building brand loyalty.

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1   Introduction

The first chapter introduces the topic and context of this research. The study discusses luxury brand-consumer relationships, and scrutinizes them from a social media based brand community perspective. After presenting the background for the focal themes, a more detailed research problem and framework for the study are provided. The chapter concludes with brief definitions of the key concepts in the research.

1.1   Luxury industry and digitalization

> *"The luxury brand is a universe, not a promise. The luxury brand is experiential first and foremost. Its language is mostly non-verbal: it is primarily visual, then related to the other senses. More than words themselves, its way of doing things, what it refers to, its aesthetics, its modes of expression will weave the emotional relationship with its audience."* (Kapferer & Bastien, 2012)

The global market for luxury goods has witnessed a phenomenal rate of growth over the past twenty to thirty years (Dubois & Duquesne, 1993; Hennigs et al., 2012; Nueno & Quelch, 1998; Tynan et al., 2010; Vickers & Renand, 2003). What started as a small local family business is now a global multi-billion industry focused on retail and growth (Kapferer, 2014). When considering the amount of luxury firms, the industry is comparably small (Ko & Megehee, 2012), yet a substantial share of consumer product sales originates from luxury (Jin, 2012). What is even more important, is the tremendous influence of luxury industry on marketing practices in other fields of business (Ko & Megehee, 2012).

The rapidly growing demand for luxury brands stems from the consumers' increased purchasing power in western countries, and the new affordable luxury markets (Nueno & Quelch, 1998; Truong et al., 2008), and it is fueled particularly by the new emerging markets in e.g. Asia (Joy et al., 2014; Kapferer, 2014; Kim & Ko, 2012; Tynan et al., 2010; Vigneron & Johnson, 1999; Nueno & Quelch, 1998), but also by the oil producing countries (Anido Freire, 2014). Various industries have also started to tap into luxury strategies to push premium products up-market into new luxury segments (Truong et al., 2008). What is notable is that luxury is no longer a privilege

of the elite, but increasingly available to the masses, and consumed by young and well-off people (Kastanakis & Balabanis, 2014). Hence, it becomes important to consider that luxury industry as a macroeconomic sector comprises of various companies, many of which actually are fashion or premium, not luxury (Kapferer, 2014). However, better understanding of luxury consumption is needed (Jin, 2012; Joy et al., 2014; Kastanakis & Balabanis, 2014), yet little is known about the meaning of luxury and luxury consumption, as research on luxury brands is continuously scarce (Vickers & Renand, 2003; Kapferer & Bastien 2012; Okonkwo 2009; Joy at al. 2014).

Despite the economical importance of luxury industry in addition to the extensive use of social media by luxury brands, existing research is relatively limited especially concerning luxury brands' digital strategies. Although luxury industry is characterized by innovation, avant-gardism and creativity, incompatibility with modern digital technology has been a dominant perception until recently. (Okonkwo, 2009) An emerging body of research exists on online opportunities and risks for luxury brands (Dall'Olmo Riley & Lacroix, 2003; Jin, 2012; Kim & Ko, 2012; Kim & Ko, 2010; Ng, 2014), but little is known about how luxury codes of communication are transferred into digital environments (Heine & Berghaus, 2014; Maman Larraufie & Kourdoughli, 2014). The increased competition within the luxury sector along with the decline in demand in the traditional markets have compelled luxury brands to engage in social media activities, as customer relationships are regarded one of the key factors to success (Kim & Ko, 2010; Kim & Ko, 2012). The emerging markets and particularly the growth of social networks imply that the digital luxury markets will grow exponentially. To conclude, the increased use of social media by luxury brands calls for empirical research to scrutinize the effects of social media on customer relationships, purchase intention, and brand loyalty. (Kim & Ko, 2012)

1.2   Social media and business transformation

Western societies are moving towards a society of networks, in which people, organizations and societies are increasingly connected globally (Raab & Kenis, 2009). Internet has revolutionized the speed and scope of information distribution, thus

facilitating the development of virtual communities of consumption (de Valck et al., 2009). Social networks and social media have fundamentally changed the ways individuals communicate, consume and create, and transformed the ways companies interact with the marketplace and society, thus representing one of the most considerable impacts of information technology on business (Aral et al., 2013; de Valck et al., 2009). Social media have been especially integral to recent advances in inferring consumer preferences and targeted marketing techniques. (Aral et al. 2013) The infinite outcomes of social media attract cross-functional and cross-disciplinary research, including economics, marketing, computer science, sociology and strategy (Aral et al., 2013; Boyd & Ellison, 2008; Sundararajan et al., 2013). Digital networks engender economic and social transformations, which are estimated to become even more extensive than the considerable changes caused by the adoption of information technology in business in the past decades (Sundararajan et al., 2013).

From marketing research perspective, the field has evidenced a shift from market-based transaction approach to relationship marketing (Berry, 1995; Kozinets et al., 2010; McAlexander et al., 2002; Webster, 1992), that can truly be nurtured in traditional brand communities (Algesheimer et al., 2005; McAlexander et al., 2002; Muniz & O'Quinn, 2001), as well as in virtual online consumer communities (Casaló et al., 2008; de Valck et al., 2009; Kozinets et al., 2010), that place many-to-many communication and consumer networks to a major role (Hoffman & Novak, 1996). The commercial potential of online communities was widely disseminated in the popular management literature already in the 1990s, which resulted in increasing interest of firms to establish their own online communities (Wiertz & de Ruyter, 2007). The growth of online social networks has been phenomenal: the popular social media applications such as Facebook and Twitter, currently reach hundreds of millions of active users (Zaglia, 2013). Consequently, many current marketing efforts utilize digital or social networks to attract or retain customers (Sundararajan et al., 2013), and an increasing number of companies are hosting online communities for strengthening the brand, and for attaining customer information and feedback (Casaló et al., 2008; Kozinets, 1999; Wiertz & de Ruyter, 2007). As brand communities increasingly exist online and cater on social media, the need to explore the unforeseen challenges and opportunities of social networks becomes of major importance (Zaglia, 2013).

Research on social media and on brand communities has until recently adhered to separate streams (Zaglia, 2013). However, there are recent empirical studies that show the existence of brand communities embedded in social media platforms (Zaglia, 2013) as well as their quality and unique aspects (Habibi et al., 2014b). As social media based brand communities are becoming more prevalent and important, the need to gain more insights about them have increased (Laroche et al., 2012). In addition, more research is needed to overcome suspicions of the effectiveness of social media, by establishing the link between consumers' participation in firm-hosted social media and company performance (Rishika et al., 2013)

Social networks provide access to unlimited numbers of consumers, at high speed and low cost, in addition to convenience for companies (Zaglia, 2013). Online brand communities are useful for marketing in many ways: brands can provide information, interaction, and offer experiences to their customers. Consequently, the content of a brand's social media is a combination of firm-generated information and entertainment, enhanced by customer generated content and value. By sharing their experiences online consumers co-create value (Schau et al., 2009), and co-create brand experiences (Prahalad & Ramaswamy, 2004) in online virtual brand communities. As the co-creating involves also brand stories, their importance as powerful framework becomes even more apparent in the dynamic and interactive environment (Hennig-Thurau et al., 2013). Consequently, capturing value from social media is a necessity for any contemporary brand strategy to become successful (Zaglia, 2013).

1.3   Research problem and objectives

This study takes the brand community literature as the main theoretical angle to address the issue of social media effectiveness by combining the two social phenomena, which have mainly represented separate research streams. More specifically, this study links conceptually several streams of research by investigating the influence of participation in social media based luxury brand community on brand experience, and on key dependent variables in consumer behavior research: brand

affect, brand trust, and brand loyalty. The suggested brand community approach to company hosted social media is further combined with a third inherently social phenomenon, luxury brands. Hence, the approach facilitates the investigation of how luxury brands build the dream on social media, with a focus on brand experience, and its relationship to brand loyalty.

The present study proposes a theoretical framework that tests the brand experience construct developed by Brakus et al. (2009) combining it with Chaudhuri and Holbrook's (2001) brand trust – brand affect – brand loyalty model within a social media based luxury brand community context. Thus, this study builds on previous research on consumer relationship theory, while also contributing to the research on social media brand communities, and luxury brands by scrutinizing the role of social media in luxury brand – consumer relationship. To the author's knowledge, the study is the first to empirically investigate the effects of luxury consumers' actual social media participation on their relationship to the luxury brand.

The research seeks to answer the question: *"Does participation in luxury brand's social media affect brand experience, brand affect, brand trust, and brand loyalty?"*
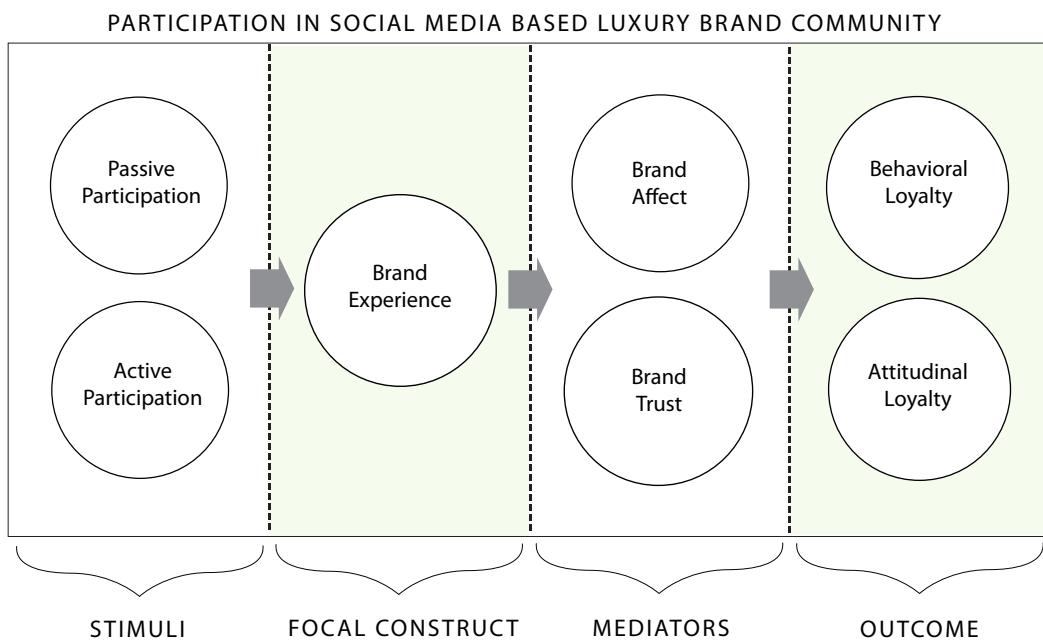
Figure 1. The research framework

1.4 Key concepts

This section presents brief definitions of the key concepts of this study. Further definitions, as well as the research hypotheses within the conceptual framework are provided in the following chapters.

Social media based brand community (SMBBC) refers to a special type of brand community embedded in social networking site or social media (Habibi et al., 2014a; Habibi et al., 2014b; Laroche et al., 2012; Zaglia, 2013). *Brand community* is traditionally conceptualized as a group consisting of people who share the same admire for a brand and a sense of belonging to the group. In addition, the members of a brand community negotiate meaning through shared rituals and traditions, and develop a sense of moral responsibility to the community and its members. Brand communities are consumption communities with a commercial marketplace orientation. (Muniz & O'Quinn, 2001) In this research, SMBBCs refer to company-hosted commercial online communities that can be commonly defined as "affiliative groups whose online interactions are based upon shared enthusiasm for, and knowledge of, a specific consumption activity or related group of activities" (Kozinets, 1999, p. 254).

Brand experience is conceptualized as "subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand related stimuli that are part of a brand's design and identity, packaging, communications, and environments" (Brakus et al. 2009, p. 53).

Brand loyalty can be described as "a deeply held commitment to re-buy or re-patronize a preferred product/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 switching behavior" (Oliver, 1999, p. 34).

Brand trust is conceptualized "as the willingness of the average consumer to rely on the ability of the brand to perform its stated function" (Chaudhuri & Holbrook, 2001, p. 82).

Brand affect is a complex emotional concept, which in the present study refers to "a brand's potential to elicit a positive emotional response in the average consumer as a result of its use". (Chaudhuri & Holbrook, 2001, p. 82)

The study is organized as follows. First, an extensive literature review of social networks and social media, as well as brand communities is provided. The next section presents the theoretical background of luxury brand-consumer relationship through a review of the literature on the concepts of luxury, luxury consumption, brand experience, brand trust, brand affect, and brand loyalty, on which the hypotheses and the research framework are built. After that, the research methods are discussed and the results provided. Finally, the discussion highlights the main findings and contributions to theory and practice, and concludes with limitations of the research and avenues for future research.

2 Social media and brand communities

This chapter provides the literature review and definitions of social networks and social media, as well as brand communities. The recent phenomenal growth of social networks has facilitated the establishment of online brand communities, and attracted marketers to capture value from these virtual environments. As social networks and brand communities increasingly converge, research has started to tap into this new phenomenon. Accordingly, understanding social media based brand communities is a current marketers' interest, as previous research has identified various positive outcomes engendered by consumers participating in company hosted social media, as well as in brand communities.

2.1 Social networks and social media

From information technology perspective, social network sites are web-based services, that allow users to create a public or partly private profile, introduce a list of other users with whom they have connected, and view and explore their list of connections within the system (Boyd & Ellison, 2008). The Internet has its origin in computer networks, which indicates that it inherently fosters social interactions, and gathers users for various purposes and in different contexts (Bagozzi et al., 2007). These collectives constitute online communities of people who interact around a shared interest, purpose, or need (Ren et al., 2007). The digital and social networks represent a high-dimensional preference space of tens to hundreds of millions of diverse users (Sundararajan et al., 2013), a landscape characterized by complexity and richness (Aral et al., 2013). The first recognizable social network sites launched in the late 1990s (Boyd & Ellison, 2008), but the challenges caused by the digitalization disrupting marketing started to emerge in the mid-2000's, when Facebook became accessible to wider audience (Hennig-Thurau et al., 2013). Thus, social media represent a relatively new, yet maturing phenomenon.

Social media is defined as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content" (Kaplan & Haenlein 2010 p. 61). Web 2.0 refers to the utilization of World Wide Web as a platform for collaborative creation and publishing of content and applications, which are continuously modified by users. Web 2.0 can be considered as the ideological and technological foundation of social media. User Generated Content (UGC) on the other hand, represents the ways in which people make use of social media describing the various forms of publicly available media content created by users. Thus, the definition of UGC is encapsulated in three conditions: it is published on a publicly accessible website or on a social networking site, it shows certain amount of creative effort, and finally, it is created outside of commercial market context. (Kaplan & Haenlein, 2010)

Social networking technologies, such as Facebook and Twitter, have significantly accelerated interpersonal communication and word of mouth (WOM), which refer to

sharing information and opinions between people and their social ties, including product related discussion and content sharing, direct recommendations, and reviews (Berger, 2014). Research on social media (Aral et al., 2013; Sundararajan et al., 2013), and especially WOM has accelerated dramatically in the last few years, as the importance of word of mouth in influencing consumer purchasing behavior has been discovered in marketing more than half a century ago (Kozinets et al., 2010). Similarly, researchers in various fields agree to some extent that social media affect consumer decisions (Aral et al., 2013; Sundararajan et al., 2013). However, many questions remain unanswered in the dynamic social media landscape, validating the need for further research (Aral et al., 2013).

"Social interactions occur when agents in a network affect other agents' choices directly, as opposed to via intermediation of markets" (Hartmann et al., 2008, p. 287). Social interaction (SI) is a broader concept than traditional WOM in that it includes also observation of others' actions, and considers the channel through which it influences, the information content, and the impact i.e. ultimate effect of others' action (Godes et al., 2005). Online social interactions often influence participants in a way that the individual becomes identified with and also emotionally attached to the online group. Further, online social interactions have significant impact on participants, such as shaping opinions and influencing their decisions and relationships. (Bagozzi et al., 2007) It is notable, that consumers' choices are directly influenced by other consumers' actions, regardless whether they concern face-to-face recommendations from friends, or passive observing of strangers' clothes (Godes et al., 2005). Hence, the classic question of social theory, how behavior and institutions are affected by social relations (Granovetter, 1985), has become of crucial importance, as the number of social network users continues to rise, and the consumers spend more time in the social networks (Raab & Kenis, 2009).

From marketing perspective, the vast potential of computer-mediated environments for interactive and immediate communication, and the occurring revolutionary changes and opportunities for firms was discovered already two decades ago (Hoffman & Novak, 1996). Social media enables companies to directly connect with consumers at relatively low cost, and more efficiently than would be possible with traditional communication tools (Kaplan & Haenlein, 2010). However, as social

media empowers consumers to actively participate in creating and sharing brand experiences, they are able to change the entire meaning of the original message in numerous immediate and visible ways. This indicates, that companies have lost control of their marketing efforts, especially in the area of branding. (Hennig-Thurau et al., 2013)

2.2 Brand community

Although relationship marketing is an ancient concept, its focus has recently shifted from attracting customers to retaining and enhancing customer relationships (Berry, 1995), as long-term relationships are able to create strategic competitive advantage for the firms (Webster, 1992). Brand communities are extremely valuable for marketing and customer relationship management (Algesheimer et al., 2005; McAlexander et al., 2002), as they are efficient in functioning on behalf of the brand by facilitating information sharing, providing support, and preserving the culture and history of the brand (Muniz & O'Quinn, 2001). Moreover, brand communities provide a foundation to the emerging marketing logic that acknowledges customers as co-creators of value (Schau et al., 2009). One of the most studied variable regarding consumption communities is brand loyalty, and the various ways brand communities engender loyal consumers (see Algesheimer et al., 2005; Brodie et al., 2013; Casaló et al., 2008; Casaló et al., 2010; Habibi et al., 2014b; Laroche et al., 2013; Laroche et al., 2012; McAlexander et al., 2002; Muniz & O'Quinn, 2001; Zhou et al., 2012).

2.2.1 Definition of brand community

The concept of community has widened throughout the twentieth century along with the rise of mass media, and the current changes in computer-mediated communication (Muniz & O'Quinn, 2001). Traditional views of community identify two central issues: a sense of belonging at the individual and collective level, and negotiating of meaning through shared social relationships and actions (Thomas et al., 2013). The concepts of brand community and consumption community have been established long ago (Muniz & O'Quinn, 2001), but only recently the concept of brand communities has become a major issue in the marketing field (Habibi et al., 2014a;

Zaglia, 2013). The importance of brand communities stems from their various benefits for both consumers and marketers (Habibi et al., 2014a), such as enhancing consumers' loyalty (McAlexander et al., 2002), and co-creating value with consumers (Schau et al., 2009), as well as providing the opportunity for effective communication with customers (Laroche et al., 2012). Consequently, many success stories generated by brand communities have encouraged companies to invest in building their own brand communities (Algesheimer et al., 2005). Through communities people share cognitive, emotional, or material resources, such as knowledge and socio-emotional support (Wiertz & de Ruyter, 2007), that strengthen the cultural norms and values of the brand (Muniz & O'Quinn, 2001), and essentially create and socially negotiate meaning through the symbolism of the markets (McAlexander et al., 2002). Thus, brand communities offer convenient means to build and nurture relationships with customers (Algesheimer et al., 2005). In addition to benefits for the company, it is obvious that consumers yield social and hedonic value from the experiences engendered from participating in brand communities (Schau et al., 2009).

Brand community refers to "a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand" (Muniz & O'Quinn 2001, p. 412). Brand communities differ from conventional communities or subcultures in that they are explicitly commercial by nature, as they are formed around a certain consumption activity or brand. Further, brand communities are most likely to be established around a brand that has a long history and a strong brand image. Moreover, brands that are publicly consumed are more likely to attract communities than those consumed privately. (Muniz & O'Quinn, 2001) Consumer communities exist in different forms and sizes differing on several dimensions such as geographic concentration, social context, and temporality (McAlexander et al., 2002). However, all these communities share three common elements: consciousness of kind, shared rituals and tradition, and moral responsibility (Muniz & O'Quinn, 2001).

Shared consciousness of kind emerges from community members' intrinsic feelings of connectedness with other members. Shared rituals and traditions refer to symbolic communication of social processes, through which meanings and cultural norms are created and transferred within the community and beyond the community. They usually focus on shared consumption experiences of the brand. Thus, by engendering

and sustaining shared common values and behaviors, the ongoing process leads to preserving the culture or the identity of the community. Forms of manifestation of these symbolic communications are brand stories, celebration of brand history, and using a specific insider talk within the community, which in turn, strengthen the feeling of consciousness of kind. (Casaló et al., 2008; Casaló et al., 2010; Muniz & O'Quinn, 2001) Moral responsibility refers to the obligations and sense of duty that members of the community feel towards the community and other members (Muniz & O'Quinn, 2001). This sense of duty motivates members of the community to contribute to the community practices, such as to support others by providing help in using the brand (Muniz & O'Quinn, 2001; Schau et al., 2009). However, despite even relatively strong commitment to a brand community, a members' sense of moral responsibility may be only tenuous (Muniz & O'Quinn, 2001).

The membership of a brand community is also determined by consumers' social identity, and sense of belonging to a group (Algesheimer et al., 2005; Bagozzi et al., 2007). Several studies of belongingness have found that forming social bonds occurs easily engendering emotional and behavioral patterns, which rapidly involve strong loyalty and group identification (Baumeister & Leary, 1995). It is also notable, that collective behavior and group identity is innate to human species, and of crucial importance to both cognitive and emotional functioning of an individual (Brewer, 1991). However, in contemporary society the once tight interpersonal ties have faded resulting in consumption communities, whose primary bases of identification are consumption objects or brands (McAlexander et al., 2002). From the perspective of social identity theory, people develop a social identity that goes beyond their personal identity, by identifying themselves as members of various social categories (Brewer, 1991; Tajfel, 1982). In this respect, brand community research intersects with social identity theory by proposing that membership to a group raises judgments about similarities to other group members and dissimilarities to non-members, and further, involves affective commitment that consists of attachment to the group, and a feeling of belongingness to the group (Algesheimer et al., 2005; Bagozzi et al., 2007). Further, community commitment is largely affected by the individual's interaction with the community and by the sense of belonging, which in turn influence consumer's participation in the community activities and collaboration with other community members (Algesheimer et al., 2005). However, according to social

identity theory, it is likely that people recognize their belonging to a social group without any interaction with the group members (Brewer, 1991).

Consumer's identification with a company appears to be a prerequisite for a strong consumer-company relationship (Bhattacharya & Sen, 2003). Similarly, the strength of consumer's relationship with a brand community depends on identification with the brand community, as identification leads to engagement and influences many community- and brand-related behaviors (Algesheimer et al. 2005). However, recent research suggests that social identity value explains only a small fraction of brand identification, and thus, brand communities are able to create collective value that extends beyond the value the company is able to produce (Schau et al., 2009). Another unexplored area is the actual heterogeneity of consumption communities, which are complex and full of subtleties. Members differ from each other in the way they engage in the communities and consumption, and what the membership means to them. Contrary to prior understanding, heterogeneity is not a threat to community continuity, but instead, the heterogeneous community maintains itself through a network of dependent exchange practices between its members. (Thomas et al., 2013)

2.2.2 Virtual and online brand community

The definitions of online community, virtual community, and virtual brand community (VBC) are somewhat ambiguous and overlapping. Virtual communities are traditionally defined as social consumer groups that are originated in the Internet, and that meet and interact online with a common interest, purpose, or need (Casaló et al., 2008; de Valck et al., 2009; Kozinets, 1999; Ren et al., 2007). Consequently, the terms 'virtual' and 'online' are often used interchangeably. These collectives vary by size as well as by the personal or shared goals of their members, which may target information sharing, peer-to-peer support, innovation development and general support. However, current research and practice tend to categorize any online group or social media page a community, which may result in conceptual confusion, as the rigorous definition of a community adheres to the notions of consciousness of kind, shared rituals and tradition, and moral responsibility. (Stokburger-Sauer & Wiertz, 2015)

Similar to offline brand communities, virtual communities facilitate satisfying consumer needs: sharing resources, connecting with other people, and immersing in fantasies (Casaló et al., 2008). When gathered around a commercial product or a brand, these virtual consumption subgroups of virtual communities can be viewed as virtual or online brand communities (Kozinets, 1999). These consumption communities can be formed by consumers, an interested third party, or by a company (Stokburger-Sauer & Wiertz, 2015). Company-initiated commercial online communities can further be defined as "firm-hosted online aggregations of customers who collectively co-produce and consume content about a commercial activity that is central to their interest by exchanging intangible resources" (Wiertz & de Ruyter, 2007, p. 349). Research on consumption communities builds upon community literature and emphasizes consumers' role. However, while not explicitly acknowledged, consumption communities consist of consumers, producers, products, and other resources. (Thomas et al., 2013)

Although social network sites are public and widely accessible, initially many attract homogenous user segments that share factors such as nationality, age, or educational level (Boyd & Ellison, 2008). Controversially, current research suggest that online consumer communities are substantially heterogeneous consisting of members who differ in their demographic profiles, previous experience, and behaviors (Algesheimer et al., 2010; de Valck et al., 2009; Habibi et al., 2014a; Kozinets et al., 2010; Thomas et al., 2013; Zaglia, 2013). Social networks create relationships that are characterized by mutuality and emotional bonds. This view of community emphasizes the primary ties over local solidarity, and explains why physical presence is not a prerequisite for a community (Muniz & O'Quinn, 2001). Identification with the brand community results from the perceived similarities with community members, and on the other hand, perceived differences with non-members. (Algesheimer et al., 2005) A lasting identification depends on two separate but interrelated factors: first, the consumer's relationship with the consumption activity i.e. the importance of the community's consumption activity to the consumer's self-image, and second, the relationship with the virtual community and its members (Kozinets, 1999). Rituals and traditions function as a process of internalization of the values, conventions and practices of the online group (Casaló et al., 2008). What is notable in the context on online communities, is that social interactions have impacts without the need for face-to-face

interactions (Bagozzi et al., 2007; Godes et al., 2005). In line with social interactions theory, recent research on social media found that mere virtual presence (MVP) i.e. passive exposure to a brand's supporters in social media context affected consumers' brand evaluations and purchase intentions (Naylor et al., 2012). One possible explanation is that when the aggregate levels of self are broader, the lack of individual identity emphasizes aggregate group identity (Belk, 2013).

Technological innovations contribute to the development of communities, which warrants a great deal of attention, as new forms of brand communities such as those established on social media are rapidly evolving (Habibi et al., 2014a; Zaglia, 2013). Although research on brand communities has yielded substantial knowledge of brand community definitions and motivations driving consumer community engagement, better insights are needed as in addition to technological advances, online brand communities have become mainstream (Baldus et al., 2015; Brodie et al., 2013; Hollebeek et al., 2014). In the intersection of social media and brand communities, substantial overlaps can be identified. Common to both social networks and brand communities is the basic property of interaction between the like-minded members by negotiating, creating and sharing of contents, meanings and values (Habibi et al., 2014a). These constant interactions are fundamental for the survival and success, as well as growth of social networks and communities. (Zaglia, 2013)

2.2.3 Social media based brand communities (SMBBCs)

Although much research has addressed the existence, functionality, and effectiveness of various offline and online brand communities, as well as social networks and online interactions, only few studies have combined these social fields (Zaglia, 2013). The groups or communities of brand admirers that exist in social networks are labeled social media based brand communities (SMBBCs) (Habibi et al., 2014a; Laroche et al., 2013, 2012). Many groups that are initiated either by consumers or companies, form around a certain brand in social media (Habibi et al., 2014a; Zaglia, 2013). A social media based brand community is a certain form of online brand community (Habibi et al., 2014a). Habibi et al. (2014a) identify five dimensions that characterize brand communities embedded in social media. First, the social context of SMBBCs

position these communities between offline and text-based online communities. Social media platforms allow vast amounts of information about the members' to be visible. Second, the structure of SMBBCs is flat, as contrary to conventional brand communities, there is not an explicit hierarchy distinguishing new members from brand devotees. Then, the scale of social media based brand communities may indicate mega sized brand communities with millions of members, while most traditional communities do not exceed more than tens of thousands of members. Fourth, storytelling in SMBBCs is dominated by visual content, and it is highly interactive. And finally, SMBBCs inspire myriads of affiliated brand communities i.e. subgroups, which is not common in the context of traditional communities.

Social media definitions (see chapter 2.1.) indicate that instead of consisting of static content that is passively consumed, social media contents are based on UGC that is actively produced, shared, and consumed (Habibi et al., 2014a; Laroche et al., 2013). Although there are a vast amount of various social media platforms, much of UGC is initiated in popular Internet based applications such as Facebook, Twitter, and YouTube (Laroche et al., 2013). Consumers join social media brand communities for many reasons, such as for fulfilling a need for belonging, or a need to be identified with aspirational groups and symbols (Bagozzi et al., 2007), for social interaction (Hennig-Thurau et al., 2004), shopping, trading and entertainment (Zhou et al., 2012), for attaining value from interaction with other consumers (Schau et al., 2009), for gaining information (Laroche et al., 2013; Zaglia, 2013), and for filling needs of self-presentation and self-expression (Habibi et al., 2014a).

Research has argued that due to the nature of social media that essentially results in lack of proximity and physical co-presence, the ties between members remain weak. However, other studies have revealed that even weak ties may bring people together and establish strong engagement in society. Similar to other online consumption communities, social media brand communities contain high-level interactions among the brand community entities: participation in SMBBC consists of exploring the brand pages, sharing comments, pictures, videos and experiences, asking questions about the products or the brand, and interacting with other members and marketers. (Habibi et al., 2014a; Laroche et al., 2013)

Compared to conventional brand communities, joining a SMBBC is relatively easy, as it requires only one click of the mouse. This indicates, that the members may not be highly involved with the brand, or with other members of the group. (Zaglia, 2013) Yet, the traditional view of brand community considers common identity and bonding as crucial for members' attachment to the community (Ren et al., 2007). Zaglia (2013) found that all the community markers identified in brand community literature were present in a SMBBC. However, they also differ from traditional characteristics. In the company-hosted SMBBC the feeling of consciousness of kind may be weaker, and the relevance of cognitive and affective social identity is lower. Members of a SMBBC are committed to the topic, and feel attachment to the community as a whole instead of other members (Zaglia, 2013), which appears to be mainly caused by social categorization, interdependence, and intergroup comparisons (Ren et al., 2007). In addition, the company-hosted SMBBC is considered a channel for criticism and opinions targeted to the brand or management. To conclude, the company-hosted SMBBC qualifies for a brand community, but the conventional markers of a brand community are less prominent. (Zaglia, 2013)

This research takes the perspective of social media based brand community, as the core markers of this type of online brand community can clearly be identified from various luxury brands' social media sites (e.g. Vuitton, 2015).

2.3 Communication in online brand community

One of the most crucial factors in relationship marketing is communicating with consumers (Casaló et al., 2008; Morgan & Hunt, 1994). Whereas traditional view of marketing communication considers the narrow relationship between the brand and the consumer, the current approach of extended communication recognizes the importance of many-to-many relationships (Hoffman & Novak, 1996; Muniz & O'Quinn, 2001). The communications model can further be extended to concern a more complex web of relationships, where the meaning and existence of the community is an intrinsic part of consumer experience instead of inhering only in the brand involved (McAlexander et al., 2002). Figure 2 illustrates the difference between the traditional view of communication, the brand community approach to

communication, and consumer-centric view of communication and relationships. This new multimodal communications approach is increasingly facilitated by the online network sites, the creation of social groups and brand communities (Casaló et al., 2008; Muñiz & Schau, 2011). Therefore, the customer-centric model of brand community is particularly applicable to social media based brand communities (Habibi et al., 2014a; Laroche et al., 2013).
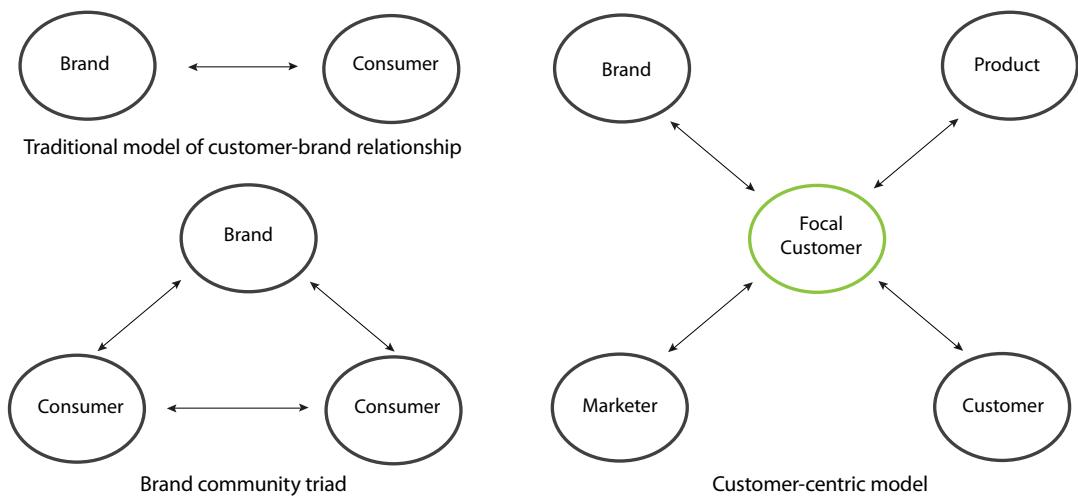
Figure 2. Customer-centric brand community communication model (McAlexander et al., 2002)

The social context of a brand community influences interactions and communication between its members. Interactions can be rich, or even nonexistent. Communication may occur face-to-face, or it can be electronically mediated, or even take the form of corporate mass media. Members may know each other, or they can hide themselves behind pseudonyms. (McAlexander et al., 2002) Online community structure and features, and its restrictions or opportunities, influence the level and modes of participation, interaction, and the information available (Ren et al., 2007). In the context of virtual brand communities, the quality, as well as speed and frequency of communications are important elements, as they affect the members' motivation to participate in the community (Casaló et al., 2008). In social media based brand communities, fan pages provide the opportunity to reach even millions of consumers fast, and hence, they serve as remarkable tools for communication (Zaglia, 2013).

Whereas early interconsumer communications occurred between one consumer and another without direct marketing interference, communal WOM is coproduced through complex processes in consumer networks. Consequently, marketing messages are converted into cultural stories via exchange of meanings among the members of online communities. The co-creation of meaning is influenced by communal norms, which in turn, depend on the community form, size, and the characteristics of the community, as well as of its members. (Kozinets & Valck, 2010) Much of the consumer- or user-generated content is produced within the online brand communities. These widespread activities have far-reaching consequences, influencing every dimension of the brand experience. (Muñiz & Schau, 2011)

Storytelling is essential in forming and preserving community, as stories based on shared experiences with the brand produce meaning that connects the members with the community (Muniz & O'Quinn, 2001). The most loyal online consumption communities are those consisting of members who share passion for a specific consumption object, as passion implies deep and lasting connection between the member's own identity, and the object with its symbolism. Therefore, communicating meaning, connection, aspiration, and even mystery that the members can identify with, is essential in creating loyal consumers. (Kozinets, 1999) Social media appear to fit storytelling well. The communication in social media is about transparency, as consumers often consider information on social media more trustworthy than information on traditional sources (Habibi et al., 2014a).

2.4   Participation in online brand community

Previous research has shown that brand communities exist on various platforms and in different forms such as offline or physical, online or virtual, various sizes, and gathering around any kinds of products, brands, or events. A common finding regarding all these studies is that they demonstrate varying degrees of the conventional brand community indicators. Consequently, the outcomes and the underlying processes vary from community to another. (Habibi et al., 2014b) A substantial body of research has contributed to the understanding of what are the consequences and outcomes of online consumption venues. More specifically, from

the consumers' participation perspective, research has scrutinized e.g. the effect of participation in social media on customer visit frequency and profitability (Rishika et al., 2013), as well as satisfaction and attitudes towards social media and intentions to research online but purchase offline (Jin, 2012). Online brand community research has addressed the influence of online brand community participation on e.g. emotional bonding (Brodie et al., 2013), trust, loyalty, and satisfaction (Casaló et al., 2008, 2010), and examined intermediate mechanisms between community identification and commitment, and brand relationships such as attachment, identification and commitment (Zhou et al., 2012), as well as the effect of visit frequency and duration on purchase decisions (de Valck et al., 2009). And recently, research on social media based brand communities has investigated the effect of participation in SMBBCs on trust and loyalty (Habibi et al., 2014b; Laroche et al., 2012), and value creation (Laroche et al., 2013).

Approach: Social media	
Author(s)	Objective
Jin (2012)	Satisfaction and attitudes towards luxury brand's social media and intentions to research online but purchase offline
Rishika et al. (2013)	The effect of customers' participation in social media on customer visit frequency and profitability

Approach: Online brand communities	
Author(s)	Objective
Casalo et al. (2008)	The effect of participation in virtual community on satisfaction, trust, and loyalty
Casalo et al. (2010)	The influence of participation and satisfaction in virtual community on loyalty
De Valck et al. (2009)	Decision making process & participation patterns in communities and networks
Zhou et al. (2012)	Intermediate mechanisms between brand communities and brand relationships
Brodie et al (2013)	Community engagement effect on trust, emotional bonding, and brand loyalty

Approach: Brand communities based on social media	
Author(s)	Objective
Laroche et al. (2012)	The influence of practices of brand community on community markers, value creation, brand trust and brand loyalty
Laroche et al. (2013)	The effect of social media brand community on brand trust and brand loyalty
Habibi et al. (2014b)	The role of brand community relationships in building trust
Parikka (2015)*	The effect of participation in luxury brand's social media on brand experience, brand affect, brand trust, and brand loyalty

Present research

Table 1. Summary of research on participation in social media, online brand communities, and social media based brand communities

Table 1 outlines research focused on consumers' participation in company hosted social media, online brand communities, and social media embedded brand communities, and the outcomes of participation.

Joining a social media based brand community is easy: one only needs to register to the social network, and then start to participate in the brand community (Habibi et al., 2014b; Zaglia, 2013). Similar to traditional brand communities, consumers participate in SMBBCs to gain various information and other utilitarian values, as well as to share passion and experiences, and to dream and fantasize. However, in the context of company-hosted fan pages, consumers appear to seek mainly utilitarian value. (Zaglia, 2013)

Prior research suggest that brand communities are useful means for nurturing existing customer relationships, but ineffective as tools for customer acquisition (Algesheimer et al., 2005). However, other studies have found evidence that brand communities might be appealing to broader and diverse audiences (Algesheimer et al., 2010). When consumers are strongly integrated to a brand community, they are also emotionally attached to the company and seek to contribute to its success (McAlexander et al., 2002). Unlike many conventional offline brand communities that have brand ownership as a prerequisite and thus, an established relationship with the brand (Algesheimer et al., 2005), online and social media brand communities are usually open for wider audiences (Habibi et al., 2014b; Zaglia, 2013), thus allowing the relationship between consumer and the brand to be of any kind (Belk, 2013; Habibi et al., 2014b). The emerging customer-centric marketing logic acknowledges that although all kinds of collectives exhibit community-like qualities, such as issues related to identity and meaning, they are more importantly sources of substantial collaborative value (Schau et al., 2009).

The relationship development in online consumption communities appears to follow a pattern suggested by meta-analyses of computer-mediated communication: the membership begins with mere browsing or 'lurking' behavior i.e. passive reading, and gradually evolves to somewhat active participation. In other words, virtual community members exhibit various social interaction modes according to their

activity and amount of time spent in communication. Overall, instead of being only passive recipients of consumption information, members of virtual communities of consumption engage in active multidimensional interactions. (Kozinets, 1999)

One of the key factors influencing the success of a brand community is its members' active participation, as it contributes to the involvement with the community (Algesheimer et al., 2005; Casaló et al., 2008), which in turn, may increase members' loyalty to the brand around which the virtual brand community has formed by enhancing the emotional ties with the brand (Casaló et al., 2008). Similarly, Habibi et al. (2014a) found evidence that participating in SMBBCs strengthened consumers' relationships with brand elements. Further, exposure to social media brand community content and other members' experiences appear to influence brand trust (Habibi et al., 2014b), which in turn affects brand loyalty (Laroche et al., 2012). Interestingly, de Valck et al. (2009) found no evidence that engaging in active participation in discussions or contributing to information to others has impact on community influence on decision-making. However, in line with conventional theory about interpersonal influence in face-to-face situations, they found that stronger social ties to the reference group resulted in higher interpersonal influence. Similarly, Zhou et al. (2012) found that community commitment does not automatically result in brand commitment, as consumer emotion or attachment mediates the relationship between community commitment and brand loyalty. In addition, consumers appear to purchase objects that they like or love. In other words, consumers will purchase the brand if they are attached to the brand, not because of identification.

The frequency of visiting online community correlates with the level of exposure to information and communication in the online community. The positive effect of repetitive exposure to information and knowledge on consumer decision processes has been found in advertising and news studies offline and online, as well as in online virtual communities context. (de Valck et al., 2009) In addition, consumer behavior is affected by observing the behavior and opinions of strangers (Godes et al., 2005), even when the consumers do not receive any visual information about them in the online environment (Naylor et al., 2012). Much of the online consumption community literature emphasizes active participation as essential in creating commitment and loyalty, and consequently, it is mainly focused on understanding active participation

(e.g. Kozinets, 1999; Algesheimer et al., 2005; Casaló et al., 2008), in other words, productive participation. However, community participation has substantial consumptive characteristics as well: members do not only write, share and upload, but *actively* receive, browse, and observe content and other members. This vicarious consumption in online environments is actually such a fundamental part of participation experience, that if it were cut off, some of the key features of online community participation would be gone. Yet, this 'lurking' behavior has received only modest attention, as research has somewhat erroneously considered online brand communities to consist mainly of active/productive users, and framed this form of consumptive participation as passive/non-productive. Moreover, these forms of participation are not separate constructs, as members who actively produce and share content also engage in lot of passive practices, such as browsing, dreaming, and 'lurking'. (Hartmann et al., 2015)

Marketers are highly interested in social interactions, as they facilitate social spillovers and social multipliers. However, from the social interactions theory perspective, the conceptualization of active and passive interactions distinguishes between causal effects and other correlated behavior. A passive social interaction refers to a dyadic (i.e. consisting of two participants) relationship where the other agent is not affected, or does not recognize the effect on the other. Active social interaction in turn, refers to a situation, where both agents within the dyadic relationship affect each other similarly. (Hartmann et al., 2008) In other words, the conceptualizing of active and passive behavior in marketing research appears to refer more to the correlated behavior than the actual causal social interactions.

2.5   Luxury brands and social media

The primary channels of retailing of luxury brands have been brick-and-mortar stores, which has supported luxury brands' strategy of uniqueness and exclusivity via strictly controlled distribution (Okonkwo 2009; Jin 2012; Kapferer & Bastien, 2012). However, increased competition caused by new luxury brands, as well as economic downturn in western countries, have put pressure on luxury brands to engage in digital strategies. Although most luxury brands have avoided e-Commerce for a long

time, many brands built their websites, and engaged in multiple social media efforts in 2000's. (Kim & Ko, 2012; Kim & Ko, 2010; Okonkwo, 2009) Today, it is not a question whether luxury brands should develop digital strategies, but how to successfully be online (Heine & Berghaus, 2014; Maman Larraufie & Kourdoughli, 2014).

The year 2009 marked a luxury rush into social media (Kim & Ko, 2012). One of the first luxury fashion brands that invested in digital communications and particularly in social media was Burberry, which set off the brand's success, and facilitated rejuvenating its fading brand into a new trendsetter. Burberry began regular communication in Facebook, Twitter, and YouTube, and in addition, launched its own highly popular social networking site, Art of the Trench. (Phan et al., 2011) Similarly, Gucci established a multicultural social networking site, Guccieyeweb.com, and engaged in Facebook and Twitter communication (Kim & Ko, 2012). Despite of a relatively slow development of luxury brand's digital strategies, currently most luxury brands have extensive social media presence, and some of the luxury icons such as Louis Vuitton and Tiffany have even taken the step towards e-Commerce. (Heine & Berghaus, 2014) Whereas some luxury brands actively encourage consumers to share their stories and pictures on the brand's own online brand communities, such as Burberry's Artofthetrench.com (Heine & Berghaus, 2014; Kim & Ko, 2012), some luxury brands, such as Louis Vuitton, rely on established social networking sites, and to some extent maintain control over user-generated content (Louis Vuitton, 2015).

A fundamental issue concerning social media communication is how to create and retain the 'desire' and 'exclusive' attributes that are essential to luxury brands on the mass and classless Internet. Similarly, pursuing global growth and social media presence increase the risk of overexposure, which is a major concern for authentic luxury brands, as they inherently rest on perceptions of distance and limited supply. (Dall'Olmo et al., 2003; Jin, 2012; Kapferer, 2014; Kim et al., 2012; Okonkwo, 2009) Consequently, empirical research is needed to gain more understanding on the effects of luxury brand's social media on consumer behavior (Jin, 2012; Kim & Ko, 2012; Kim & Ko, 2010).

In their recent study, Kim and Ko (2012) examined the effect of a luxury brand's social media marketing on customer equity and consumers' purchase intention. They found that luxury brand's social media marketing influences value equity, as well as relationship equity and brand equity. However, contrary to prior findings, the customer equity drivers had no effect on customer equity, although a significant positive influence between these drivers and purchase intention, as well as purchase intention and customer equity was found. In another study, Kim and Ko (2010) found that luxury brand's social media marketing has positive effects on customer relationship as measured in terms of intimacy and trust, and purchase intention. Jin (2012) investigated consumers' attitudes towards luxury brands before and after visiting the brand's Facebook, satisfaction, and intentions to use social media for luxury purchasing. The results indicate that satisfaction with a brand's social media is a positive predictor of attitude toward the brand. Further, brand attitude after the social media visit was a positive predictor of consumer's interest to utilize the brand's social media for online shopping, and intention to visit the brand's social media before shopping offline. Chu et al. (2013) studied consumer's responses toward social media advertising and purchase intention toward luxury products and found positive relationships between social media users' levels of brand consciousness and attitudes toward social media advertising. They argue that social media users with favorable attitudes toward social media advertising are more likely to engage in brand messages and search for information about brands, which in turn leads to their intention for luxury purchases. Dhaoui (2014) empirically investigated 52 luxury brands' luxury brand marketing effectiveness and impact on consumer engagement on social media. The results suggest that different attributes of marketing lead to different consumer responses, and that there are significant differences between luxury brand segments.

Today, luxury brands build relationships through social media and use it to enhance brand experiences and sales (Kim & Ko 2010; Okonkwo, 2009). In line with any brand to survive increased competition in the modern, dynamic, and global marketplace, luxury brands have started to strive for long-term loyal customer relationships. Consequently, luxury brands have put much effort on social media, as interaction with consumers on social media can engender affection and stimulate desire for luxury. (Kim & Ko, 2012) However, when bringing forth evidence of successful social media strategies of luxury brands, it becomes crucial to distinguish

between luxurious fashion, luxury for masses (masstige), premium brands, and true luxury. (Kapferer & Bastien, 2012; Anido Freire 2014)

3   Luxury brand-consumer relationship

This chapter lays out the foundation for examining luxury brand-consumer relationship in the proposed framework. First, the definition of luxury is contemplated, followed by a review of various approaches to luxury consumption. Then, the key variables in consumer-brand relationship research are conceptualized. In this study, brand experience is a focal construct: luxury consumption is multisensory experience, while brand experience measures multisensory experiences. The hypotheses are derived from the literature, which are then presented within the research model.

3.1   The concept of luxury

The word "luxury" derived from the Latin term "luxus", refers to e.g. extravagant living, indulgence, sumptuousness and opulence (Dubois et al., 2005; Tynan et al., 2010). Luxury has its origins in ancient civilizations, in hierarchical societies with their sophisticated codes and rules for living, where luxury marked the hereditary and supernatural legitimation of social stratification (Dubois et al., 2005; Han et al., 2010; Okonkwo, 2009; Kapferer & Bastien, 2012). Despite the demystification and the gradual disappearance of social hierarchy due to rational philosophy and democratization since the eighteenth century, the need for knowing one's position in society still exists today. Therefore, the fundamental function of luxury is the recreation of social stratification, fulfilling the symbolic desire to belong to a superior class. (Okonkwo 2009; Kapferer & Bastien, 2012) Consequently, current luxury marketing management considers consumer's motivation to impress others to be the main strategic principle (Hennigs et al., 2012).

Although research on luxury has been conducted in various disciplines during the past decades (Dubois et al., 2005; Truong et al., 2008; Tynan et al., 2010), relatively little

is known about the meaning of luxury and luxury brand consumption (Joy et al., 2014), consumer attitudes towards luxury (Dubois et al., 2005), or the marketing of luxury goods products (Vickers & Renand, 2003). Further, academic research has not yielded consensus about the definition of luxury goods (Vickers & Renand, 2003; Tynan et al., 2010; Kapferer & Bastien, 2012). However, in order to understand luxury brand-consumer relationship, it is essential to consider what constitutes a luxury brand.

Several approaches to conceptualize luxury exist. Attributes that have often been attached to luxury are such as ephemeral, ostentatious, and only useful to satisfy redundant desires of consumers (Anido Freire, 2014). According to Vigneron and Johnson (1999), luxury brands represent the highest level of prestige. Prestige brands contain conspicuous value, unique value, social value, hedonic value, and quality value (Vigneron & Johnson, 1999). Vickers and Renand (2003) suggest three distinctive dimensions of instrumental performance for luxury goods: functionalism, experientialism and symbolic interactionism, that are based on the concept of luxury products as symbols of personal and social identity. Kapferer and Bastien (2012) identify a common core underlying the manifold definitions of luxury that consists of six criteria. First, luxury is a hedonic experience or product made to last. The price of the object exceeds its functional value. Luxury is based on heritage, unique know-how, and culture attached to the brand. The distribution is restricted and controlled. Personalized services are integral to the object, and finally, luxury signifies a social marker, thus contributing to a sense of privilege. (Kapferer & Bastien, 2012)

Luxury goods differ from high-end premium brands by their additional qualities, that are shaped by cultural and historical heritage (Dion & Arnould 2011; Kapferer & Bastien, 2012), and their level of prestige (Vigneron & Johnson, 1999). Heritage is an essential part of a luxury brand, as it creates authenticity and uniqueness to the brand through their history, which is a crucial element of a luxury brand's identity (Dion & Borraz, 2015). Luxury is not premium, neither fashion, as the concepts fundamentally differ (Kapferer & Bastien, 2012). Luxury is also increasingly in a close relationship to the world of art and artists (Joy et al., 2014; Kapferer, 2014). In addition, from its mythical narratives and rituals, and the sacralization of the brand's heritage and aura, it is even possible to identify luxury's connections to religion. However, like any

brands, luxury brands are inherently symbolic and socially constructed objects. (Dion & Borraz, 2015; Kapferer & Bastien, 2012)
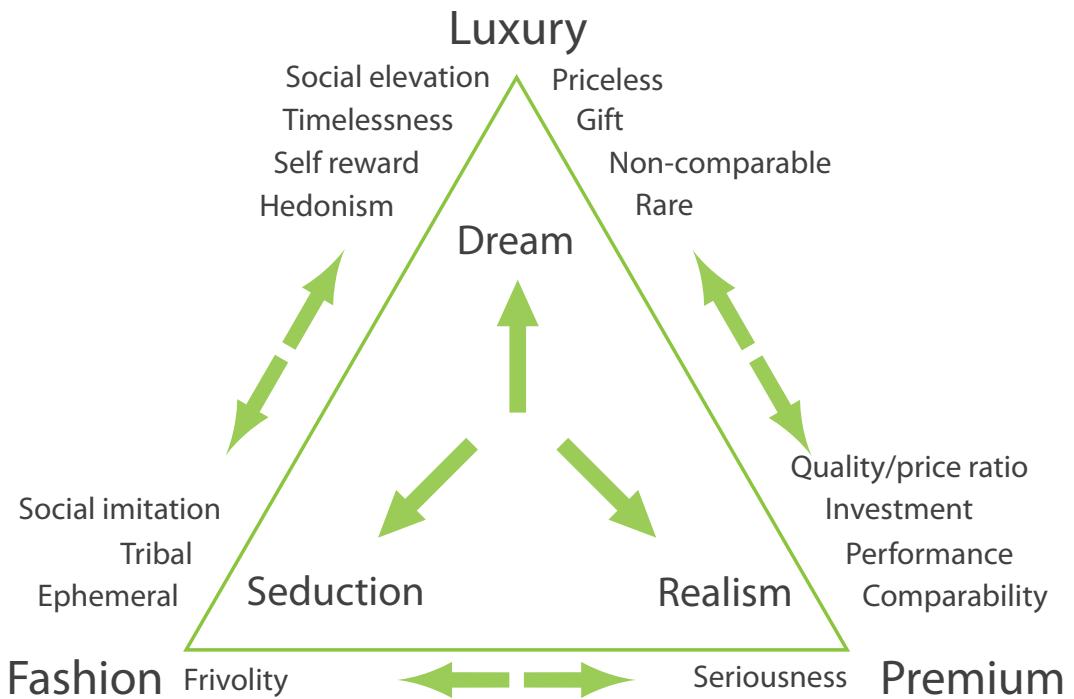
Figure 3. Luxury, fashion and premium (Kapferer & Bastien, 2012)

New forms of luxury, as well as the contemporary fashion of companies to call themselves luxury, has created confusion of the meaning of luxury. Affordable mass luxury, 'masstige' (mass prestige), attracts particularly new younger audiences, yet it mainly comprises of fashion and premium (Anido Freire, 2014; Kapferer, 2014; Truong et al., 2008; Kapferer & Bastien, 2012). Figure 3 elaborates the conceptual relationships between luxury, fashion, and premium. It has been argued that luxury needs no advertising to grow, but due to the rise of new brands and products into luxury category, authentic luxury brands have increasingly begun to communicate their identitary values of luxury. Similar to the problems concerning social media, luxury brands face the question of how to promote their unique products while maintaining their prestigious image, as well as dream and multi-sensory dimensions. (Anido Freire, 2014)

3.2 Luxury consumption

If the definition of luxury varies depending on the approach, so does the research on luxury consumption, which has explained luxury consumer behavior from e.g. conspicuous, hedonic, status, prestige, and symbolic consumption perspectives. The motivations underlying luxury consumption need to be considered in order to understand luxury brand-consumer relationship - whether offline or online.

Over a century has passed by since Thorstein Veblen (1899) labeled purchasing especially expensive goods as *conspicuous consumption* in his classic *Theory of the Leisure Class*, and established the foundation for luxury consumption research, although the concept of conspicuous consumption was already illustrated in 1830's in the writings of John Rae (Leibenstein, 1950). Societies have change, but a certain idea of luxury consumption still remains: the need to impress on others of wealth or status (Kapferer & Bastien, 2012; Okonkwo, 2009). The modern society is particularly characterized by fashion and consumption, as they inherently involve most consumer behavior from clothing and nutrition, to communication and thinking (O'Cass & McEwen, 2004; Svendsen, 2012). Consumer research has mainly treated conspicuous consumption and *status consumption* as a same phenomenon. However, it appears that they are separate constructs yet related in regard of consumers' motivational behavior. (O'Cass & McEwen, 2004; Truong et al., 2008) Whereas conspicuous consumption is continuously determined by consumers' social networks, status-conscious consumers focus more on interpersonal influence and self-monitoring of status. (O'Cass & McEwen, 2004) Thus, O'Cass and McEwen (2004) define status consumption as "the behavioral tendency to value status and acquire and consume products that provide status to the individual", and accordingly, conspicuous consumption as "the tendency for individuals to enhance their image, through overt consumption of possessions, which communicates status to others" (p.34). What is notable is that regardless whether a consumer is seeking for status or conspicuousness, certain products and brands are used as an image portrayal to access certain groups. Hence, the need to identify with a reference group underlies both consumer behaviors, which signifies a desire for social acceptance. (O'Cass & McEwen, 2004) Recent research on consumer psychology has also found evidence of two different facets of pride influencing

consumer motivation and purchasing behavior in the context of brands that signify success and status. Thus, while insecure consumers that have no wealth, status, or personal achievements, may use luxury to signal artificial fabricated self-representations, consumers that are confident with themselves experience less need to signal social superiority. (McFerran et al., 2014)

Consumer and marketing research has a long tradition in distinguishing between cognitive and utilitarian benefits seeking goal-directed behavior, and affective and hedonic benefits seeking experiential behavior (e.g. Alba & Williams, 2013; Batra & Ahtola, 1991; Hirschman & Holbrook, 1982; Mano & Oliver, 1993; Novak et al., 2003). However, a combination of both hedonic and utilitarian motives can often be identified from many of the consumption processes (Alba & Williams, 2013). Accordingly, hedonic value appears to be only one of the many motivations behind luxury consumption (Vigneron & Johnson, 1999). Table 2 elaborates the characteristics of utilitarian consumption and hedonic consumption.

Goal-Directed	Experiential
Extrinsic motivation	Intrinsic motivation
Instrumental orientation	Ritualized orientation
Situational involvement	Enduring involvement
Utilitarian benefits/value	Hedonic benefits/value
Directed (prepurchase) search	Nondirected (ongoing) search; browsing
Goal-directed choice	Navigational choice
Cognitive	Affective
Work	Fun
Planned purchases; repurchasing	Compulsive shopping; impulse buys

Table 2. Distinctions between goal-oriented and experiential behavior (Novak et al., 2003)

Hirschman and Holbrook (1982) describe *hedonic consumption* as "facets of consumer behavior that relate to the multi-sensory, fantasy and emotive aspects of one's experience with products" (p.92). Hedonic approach to consumption is especially suitable for some product categories such as high cultural, fashion, and aesthetic objects, as they provide entertainment and emotions, and further, are more involving because they require more mental activity to experience and interpret the

object. In addition, objects capable of evoking remarkable emotional involvement are possibly more important to consumers than everyday low-involvement consumer goods. Accordingly, hedonic perspective recognizes that products are not so much objective entities than subjective symbols. Consumer's choice of a brand can be highly influenced by intangible symbolic attributes in certain product categories such as those of aesthetic objects. Consequently, a major motivation to consume certain products might be searching for emotional arousal. (Hirschman & Holbrook, 1982) *Aesthetic consumption* is a form of hedonic consumption, as enjoyment and pleasure are aesthetic responses contributing the multisensory and emotive aspects of experience (Joy & Sherry, 2003; Venkatesh & Meamber, 2008). Aesthetic objects have intrinsic value, which results in self-rewarding experiences. Not only art, everyday life is capable of generating aesthetic experiences. As such, aesthetic experiences are involved in the process of individuals' construction of identity and meaning in their lives. (Venkatesh & Meamber, 2008) In the context of luxury, aesthetic consumption approach becomes highly relevant, as luxury brands and art are increasingly intertwined (Dion & Arnould, 2011; Joy et al., 2014; Kapferer, 2014; Kapferer & Bastien, 2012). Although consumer research has acknowledged the substantial role of pleasure and enjoyment at early stage, that has resulted in extensive literature on the topic, hedonic aspects of consumption are still not fully understood (Alba & Williams, 2013).

Leibenstein (1950) classified consumers' demands to be either functional or nonfunctional according to their motivation. Leibenstein further divided the nonfunctional category into demand based on external effects, speculative, and irrational. External effects, bandwagon, snob, and Veblen effect were considered to be the most important kind of demand, as they involved social comparison with other consumers.

Vigneron & Johnson (1999) approach luxury consumption from *prestige-seeking* perspective, and identify two inner and personal effects in addition to these three external and interpersonal effects on consumer behavior. Consumers perceive and create meanings for prestige depending on their socioeconomic background, social interactions (e.g. within a reference group), object properties, and hedonic value. Further, prestige-seeking behavior emerges from multitude of interactions driven by

multiple motivations such as sociability and self-expression. A theory of self-consciousness acknowledges two kinds of consumers: publicly self-conscious persons are concerned how they appear to others, and privately self-conscious persons concentrate on their inner feelings. From this perspective, luxury consumption can be divided into four categories, which demonstrate different combinations of perceived private/public and price value. Figure 4 illustrates different prestige-seeking consumer behaviors.
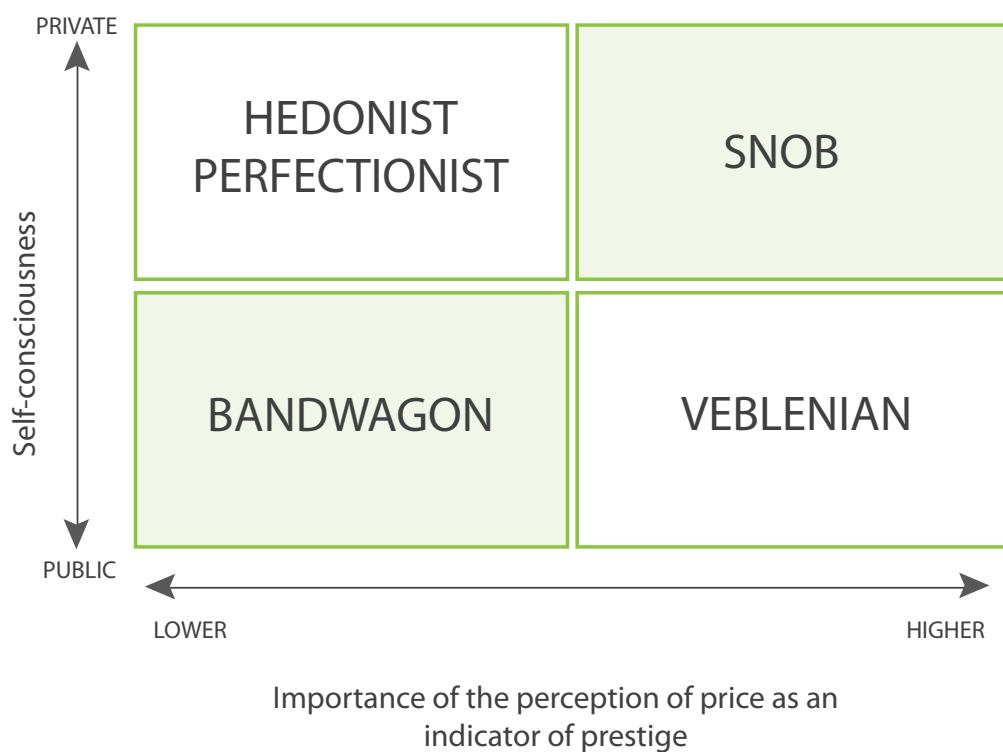
Figure 4. Prestige-seeking consumer behaviors (Vigneron & Johnson, 1999)

Conspicuous consumption (Veblenian) has dominated past research on luxury consumption. Yet, signaling wealth and power is not enough to explain privately consumed luxury products. For some consumers, unique value exceeds the value of impressing others (Snob). The need for rare objects of limited supply refers also to a social comparison process, as it involves perceiving what is consumed by the masses. Similar to snobs, followers (Bandwagon) engage in social comparison process, yet it is the opposite of that for snobs who differentiate themselves through comparison, as

the motivation of followers is to affiliate to the desired group. However, both behaviors emerge from enhancing a person's self-concept. All the three luxury consumption types concern dependence of the consumption of other people. On the contrary, hedonic and perfectionist consumer behaviors focus on personal motivations and values. The former is based on utility derived from emotional and sensory arousal, and the latter attain utility value from the quality and authenticity of the object. (Vigneron & Johnson, 1999) Extending Vigneron and Johnson's (1999) socioeconomic framework Hennigs et al. (2012) argue that psychological benefits and socio-cultural motives are not sufficient to explain consumer's luxury purchasing motives. Consequently, they add a financial dimension to social, functional and individual dimensions, to address monetary aspects to luxury consumption such as price, resale cost, and investment. They also identify global common structures of luxury consumption, and that the markets within countries have significant commonalities, and significant differences between countries. This implies, that the perception and meaning of luxury is integral to the societal environment. (Hennigs et al., 2012) Given the current wider and heterogeneous luxury markets, the prevalent understanding of luxury consumer behavior as homogenous needs re-examining. In fact, Kastanakis and Balabanis (2014) found that while status seeking drives luxury consumer behavior, bandwagon and snobbish purchasing behavior underlie the common conspicuous consumption. In addition, normative influence and need for uniqueness affect consumer's self-concept orientation that determines which purchasing pattern becomes dominant.

Contemplating luxury consumption essentially requires considering also *symbolic consumption*. A symbolic good refers to an object or instance, that contains not only the meaning of it self, but also other meanings, ideas, or feelings. The modern goods that consumers purchase and use inherently signify the social world around them, and may signal something about their social positions. (Levy, 1959) The inherent nature of symbolic consumption is social behavior, as the process of purchasing and using symbolic goods is based on consumers' relationships with these objects within the society, and hence, it necessarily involves producing social meanings (Solomon, 1983). Through consumption and material possessions individuals build their identity and provide meaning to their lives. Material possessions are used as reminders of experiences, accomplishments, and other people, and people seek happiness and even

create a sense of immortality by obtaining material possessions. Consumers develop a relationship to their objects to the extent that the objects become parts of individuals thus creating an extended self, which functions on individual and collective level. (Belk, 1988)

The digital era has provided with various new means for self-extension. Virtual consumption can stimulate a desire for material goods, and daydreams of wealth and status, or impossible fantasies may become real through e.g. virtual games. The digital space comprises of real and imagined communities, which can be considered as "part of the aggregate extended self shared with other participants" (p.486), and within consumers experience pleasurable feelings without the restrictions of physicality, time, and space. The aestheticization of life is present in the Internet in the shape of virtual colossal promenade for shopping that nurture consumers' dreams. (Belk, 2013) This leads back to one of the core ideas of hedonic consumption: consumer behavior is not necessarily based on reality but rather on consumers' desire or inner construction of reality (Hirschman & Holbrook, 1982).

3.3 Luxury brand-consumer relationship

The discussion on luxury consumption shows evidence of the manifold motivations for luxury consumer behavior. There are many approaches to luxury brand-consumer relationship: consumers buy luxury for themselves, to create self-concept, and to access pleasure, and they purchase luxury to create identity in the eyes of others.

Figure 5 illustrates the complex relationship between heritage luxury brands and luxury customers, including initiatory and confirmatory paths. The upper initiatory path elaborates the relationship with novice customers, and the lower confirmatory path in turn, the relationship that results in addiction and loyalty. (Anido Freire, 2014)

Initiatory path

Offer

Luxury advertising

Semiotic / Rhetoric messages

Brand Luxury Dreams

Luxury brands, "griffes"

Brand image

Dream of luxury

CONSUMER

Desires, dreams of luxury

Demand

Product desired

Ostentation

Luxury products

Purchase desire

Supply   Purchase

Ownership

Confirmatory path
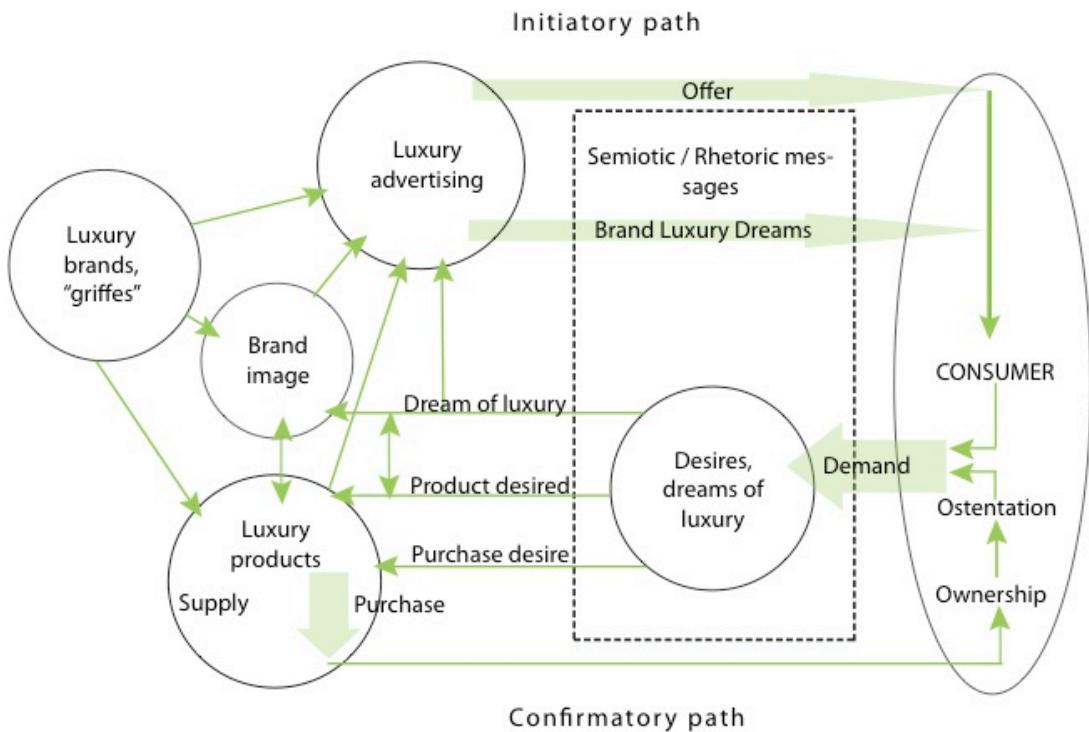
Figure 5. Relationships between luxury brands and consumers (Anido Freire, 2014)

The relationship between a luxury brand, a luxury product, and a luxury customer is strongly affective. The personal and hedonistic aspects of luxury reveal luxury's another function along with social stratification, which is access to pleasure. Luxury is an experience. Luxury offers multisensory hedonic appeal, which creates a connection with customers on an emotional level. (Kapferer & Bastien, 2012) Luxury brands are aesthetic and auratic (Anido Freire, 2014; Dion & Arnould, 2011; Joy et al., 2014; Kapferer & Bastien, 2012). The aura blurs the boundaries between the perceiver and the perceived, which implies an embodied mode of perception, and highlights the aesthetic experience: a deeper sensory level experience of the object and its surrounding atmosphere. (Dion & Arnould, 2011; Joy et al., 2014) The aura engenders the dream, and once purchased, the luxury object will be regarded with awe and devotion (Anido Freire, 2014) – concepts very close to affect and loyalty. The multisensory nature of luxury implies, that in addition to a strong aesthetic experience, luxury is about the sound, the scent and the beauty of it (Kapferer & Bastien, 2012).

Luxury brands communicate their distinctive codes through advertising, which has become increasingly active due to digitalization. The emotional and semiotic

narratives of luxury communication are based on innuendo, representations of art, and implicit. Luxury advertising and communication is based on images, and a combination of iconic support, rhetoric, and semantics. Thus, "the impact and power of luxury advertising lie in the art of combining synergistically, in a spatio-temporal fiction, different symbols and semes to achieve their individual and collective reinforcement, within a coherent semantic context" (p.2673). The emergence of Internet has facilitated consumers to move from individualized experience to collective sharing of multisensory luxury experiences. (Anido Freire, 2014)

To conclude, luxury brands are first and foremost symbolic cultural products and integral to society, and although hedonic and experiential orientation appears to dominate luxury consumption, it involves also utilitarian features, as well as various other sources of value. The questions is if, and how, the multisensory experience can be conveyed online.

3.4 Brand experience

Experiential marketing and focus on consumer experiences have enjoyed an increasing interest in recent marketing literature (Brakus et al., 2009; Pine & Gilmore, 1998; Schmitt, 1999; Schouten et al., 2007; Verhoef et al., 2009), although the concept of consumption experience has been scrutinized and developed in the long history of economics (Holbrook, 2000), but also in marketing and consumer research, that have studied concepts such as experiential consumption (Holbrook & Hirschman, 1982), hedonic consumption (Hirschman & Holbrook, 1982), and hedonic experiences (Arnould & Price, 1993). Research has also addressed various context-specific experience concepts, such as product experiences occurring from interaction with a product (Hoch, 2002), as well as shopping and service experiences, that emerge from interaction with the sales personnel and in physical stores (Arnold et al., 2005). From a retailing perspective, customer experiences consist of cognitive, affective, social and physical responses to the retailer, and they originate from a set of interactions between a customer and a product, a company, or part of its organization (Verhoef et al., 2009). Research on consumption experience has mainly focused on analyzing hedonic objectives during and after the consumption of, for example,

physical extreme sports, but so far, brand experience has gained only modest attention (Brakus et al., 2009).

Whereas traditional marketing approach sees consumers as rational decision-makers, experiential marketing recognizes also the emotional aspect of consuming, and focuses on holistic customer experiences (Schmitt, 1999). The shift from product- or firm-centric view to personalized consumer experiences is visible in many industries, as firms build networks and communities to facilitate interaction, information sharing, and co-creating experiences between consumers and companies, in a way that the brand becomes the experience (Prahalad & Ramaswamy, 2004). The recent experience-centric approach to marketing has emerged from the change in broader business environment: the development of information technology and networks, that have provided with new tools for communication (Pine & Gilmore, 1998; Prahalad & Ramaswamy, 2004; Schmitt, 1999), as well as ubiquitous entertainment (Pine & Gilmore, 1998; Schmitt, 1999), and the extensive focus on branding (Schmitt, 1999).

Much of the current literature on consumer experiences owe to the framework of the three Fs – consumer fantasies, feelings, and fun, developed by Holbrook and Hirschman (1982). The experiential view considers consumption as highly subjective event that contrary to information processing approach, involves symbolic meanings, and hedonic and aesthetic responses. Similar to information processing theory, experiential view considers the cognitive processes of consumer behavior. However, instead of focusing on the semantics and knowledge structures, experiential view recognizes the subconscious cognitive processes. Whereas traditional view considers affect as two-dimensional like-dislike construct, experiential view recognizes multitude of various feelings. Finally, traditional approach sees the actual purchasing as the most important behavioral outcome, yet the decision to buy accounts only a small share of the whole multisensory consumption experience. (Holbrook & Hirschman, 1982)

Multisensory external stimuli evoke multiple sensory modalities, such as tastes, scents, and visual imagery. Most notably, individuals not only respond to stimuli by encoding the impressions, but react by creating internal historic and fantasy imagery. Historic imagery refers to memories of actual events, whereas fantasy imagery is an

imaginary construct originating in the consumer's mind. Accordingly, pictorial stimuli appear to be particularly important for consumer experiences. Emotional arousal underlies the affect variable, as emotional response engenders psychological and physiological states in mind and body. (Hirschman & Holbrook, 1982) Arnould and Price (1993) found empirical evidence of experiences as emotional responses combining a multitude of feelings and emotions. Further, it appears that experiences engender a lasting impression that is easy to remember when necessary, but difficult to describe or put into words. Moreover, experiences have the power to transform consumers' attitudes and behaviors. (Arnould & Price, 1993) Transcendental experiences are flow and peak experiences, which refer to extreme enjoyment or even mystical character (Schouten et al., 2007). These powerful experiences may occur in various contexts, such as during extreme sports (Arnould & Price, 1993), consuming art (Joy & Sherry, 2003), and online environments (Novak et al., 2000).

Schmitt (1999) suggests that experiences consist of five separate constructs: sensory experiences, affective experiences, creative cognitive experiences, physical experiences, and social-identity experiences. Similarly, Brakus et al. (2009) define brand experience as consisting of a sensory dimension, an affective dimension, an intellectual dimension, and a behavioral dimension. According to Schmitt (1999), the relational experience, that results from relating to a reference group or culture, contains the other experience dimensions, although it can be extended to comprise a separate construct. However, the fifth dimension appears to be integral to sensory/affective construct, and consequently, it could not be validated in the Brakus et al. (2009) research. As earlier elaborated, both approaches appear to draw on the conceptualization of the three Fs of Holbrook and Hirschman (1982), which is based on the traditional cognition-affect-behavior framework (Holbrook, 2000). From marketing research perspective, brand experience is conceptually distinct from established brand concepts such as brand attitudes, brand personality, brand involvement, or brand attachment. These can be considered as evaluative, affective, and associative concepts, whereas brand experience refers to actual emotions and feelings. (Brakus et al., 2009)

From relationship theory perspective, consumer-brand relationship depends on emotional elements such as intimacy, passion, self-connection, and commitment that

the consumer experiences towards the object (Fournier, 1998). Brands that are able to engender transcendent experiences are likely to create high levels of those emotions, which result in enhanced relationships (Schouten et al., 2007). Approaching consumer experience from the viewpoint of participation in the realms of experiences, Pine and Gilmore (1998) suggest that entertainment, educational, esthetic and escapist forms characterize the level of participation and connection to the experience. Consumers' experiences vary depending whether they are more observing or co-creating the experience, or whether they are absorbing the object or immersing into the object. Similarly Brakus et al. (2009) argue that brand experience does not require a motivational state, as experiences occur whether consumers show interest in a certain brand, or whether they are attached or connected with the brand. Moreover, brands that are capable at engendering the strongest experiences are not inherently those that consumers are engaged with. This is in line with prior research of vicarious experiences that can emerge from observing (e.g. through watching or reading) other people e.g. using a product, as well as other objects or events (Cohen and Areni 1991; Hartmann et al., 2015). In other words, meaningful emotional experiences occur from vicarious consumption of imagery that surrogates actual consumption (Hartmann et al., 2015). Thus, brand experience is a response to brand-related stimuli (Chang & Chieng, 2006).

As discussed, consumer research has distinguished between cognitive and utilitarian benefits seeking goal-directed behavior, and affective and hedonic benefits seeking experiential behavior (see chapter 3.2). Similar to traditional offline settings, for many consumers, in online environment the process of experience may be even more important than the utilitarian benefit. (Novak et al., 2003) Virtual environments and brand communities may have the potential to create exceptional experiences through communications and social interactions, by exhibiting "dreamscapes" in advertising, and by allowing consumers to share their stories (Schouten et al., 2007, p. 367). Luxury has moved from exclusive clientele consisting the elite towards wider audiences, and from focusing on authenticity towards providing sensations and experiences, which increasingly are communicated in online environments (Anido Freire, 2014). Consequently, the meanings of a luxury brand, the dream and desire, are essentially created through communication and in particular, through visual coherent imagery. What is more important, luxury communication is based on word-

of-mouth: the storytelling among the clients forms the distinction of luxury from a mere brand promise to a brand universe. Finally, the luxury communication strategy targets at building the dream, as the time between pre-purchase i.e. dream and actual buying moment can be years. (Kapferer & Bastien, 2012)

Based on the extensive literature on online community participation and on the discussion on consumer experiences, it is reasoned that both active, and passive participation in social media brand community contribute to consumers' brand experience:

H1a: Passive participation in luxury brand's social media has a positive influence on brand experience.
H1b: Active participation in luxury brand's social media has a positive influence on brand experience.

3.5   Key variables in consumer-brand relationship

Relationships are fundamentally purposive as they form meanings in individuals' lives. They are context-dependent, operating at psychological, sociocultural and relational levels. Moreover, consumer-brand relationships share many similarities with human relationships. Thus, the consumer-brand relationship can only be truly understood when considered within the broader context and network of other relationhips. (Fournier, 1998) As stated, this study follows the brand affect/trust-loyalty framework of Chaudhuri and Holbrook (2001). This chapter covers these key concepts and links them to the research model.

3.5.1   Brand affect

Affect is a somewhat complex and multifaceted construct that can be conceptualized as a trace of an emotional response to an entity with which a psychological contact has occurred. Further, a sufficiently strong affective state i.e. experience is essential for this affective trace to emerge. (Cohen & Areni, 1991) Emotional reactions can occur with minimal stimulation, and as such, they antecede and affect resulting

cognitive processes. Hence, affect can be evoked without the participation of subject's awareness. (Murphy & Zajonc, 1993) Relevant emotions related to the concept are not only liking or disliking as traditionally understood, but affect contains a body of various feelings such as love, hate, pride, greed, and awe (Holbrook & Hirschman, 1982). Consistent with the criticism, Kleine et al. (1995) argue that unidimensional affect is inadequate for explaining attachment.

Prior research has shown that accumulation of consumer experiences, as well as positive sensory experience, contribute to the consumer-brand relationship (Chang & Chieng, 2006). Similarly, Fournier (1998) suggest that consumer-brand relationships can be reinforced through emotional experiences. Accordingly, Chaudhuri and Holbrook (2001) define brand affect as "a brand's potential to elicit a positive emotional response in the average consumer as a result of its use". It should be noted that the concepts of brand experience and brand affect are separate but plausibly related, as brand experience contains two emotional dimensions. Brand experience is a multisensory response to stimuli, whereas brand affect refers more to the active emotional attitude of the consumer. In other words, experiences are psychological and physiological states in mind and body that are capable of elicit lasting attitudes. Thus, it is reasoned that brand experience is an antecedent to brand affect. In addition, it is contemplated here that 'the result of its use' can refer to imaginary use, which is a result of repetitive exposure to luxury communication or advertising (see chapter 3.3, figure 5).

Social group membership influences consumer's affective responses, and also the development of trust (Williams, 2001). Similarly, research has found that participation in an online brand community influences consumers' affective commitment to the brand (Casaló et al., 2008). In the case of hedonic consumption, the experience of emotive stimulation itself may be even more important than the actual purchasing. Thus, enjoyable, exciting, and multisensory environment may become the object of consumer's desire for its own sake, and in addition, contribute to positive affect. (Hirschman & Holbrook, 1982) Further, pleasant vicarious experiences that have emerged from observing (e.g. through watching or reading) others using a product, in addition to associations of affect-eliciting people, objects, and events with the product, may all engender affect (Cohen and Areni, 1991). In fact,

the brand experience and the type of experiential dimension, may be essential for a customer-brand relationship to gradually develop (Schmitt, 2013). Further, affect is a necessary antecedent to satisfaction (Mano & Oliver, 1993), and brand experience has a strong influence on satisfaction (Brakus et al., 2009). Moreover, relationship satisfaction can be conceptualized as customer's affective or emotional attitude toward a relationship, which accumulates over time. (Palmatier et al., 2006) Therefore, on the basis of the literature, a significant and positive relationship between brand experience and brand affect is expected:

H2: Brand experience has a positive influence on brand affect.

3.5.2 Brand trust

Trust is a key concept in brand-consumer relationship research (Doney & Cannon, 1997; Fournier, 1998; Moorman et al., 1992; Morgan & Hunt, 1994; Sirdeshmukh et al., 2002). Trust has been conceptualized as a confidence in another party to perform its responsibility (Doney & Cannon, 1997; Morgan & Hunt, 1994), and "a willingness to rely on an exchange partner in whom one has confidence" (Moorman et al., 1992, p.315) Similarly, Chaudhuri and Holbrook (2001) define brand trust "as the willingness of the average consumer to rely on the ability of the brand to perform its stated function". Major part of trust literature has considered the concept as a belief about the relationship partner's trustworthiness resulting from expertise or reliability. The other stream has emphasized a behavioral intention, a reliance that includes vulnerability and uncertainty. (Moorman et al., 1992) Sirdeshmukh et al., (2002) suggest that trust is a multidimensional construct, and distinguish between trust and trustworthiness.

Relationship marketing is based on trust, as for a strong relationship to exist, it has to be mutually beneficial and built on open and honest two-way communication. Consequently, trust can be used as a marketing tool. (Berry, 1995) Research has shown that trust has a crucial role in consumers' quality perception, relationship communication, and collaboration (Moorman et al., 1992; Sung & Kim, 2010). Many studies also show that consumers' perceptions of the trustworthiness of a company's

communications strongly influence consumers' product evaluations (Bhattacharya & Sen, 2003). In addition to perceptions of trustworthiness, trust is influenced by interpersonal affect. Accordingly, various studies have shown that repeated social interactions contribute to trust. (Williams, 2001)

In the context on online brand communities, the concept of trust refers to a multidimensional construct that consists of honesty, benevolence, and competence in the community (Casaló et al., 2008). The notions of benevolence and honesty reflect the beliefs that the other members will be sincere, and offer support and care, and thus, they clearly refer to moral responsibilities in the conventional communities. However, as discussed earlier, even relatively strong commitment to a brand community may result in only a weak sense of moral responsibility (Muniz & O'Quinn, 2001). Therefore, it is considered here, that in the context of a mega-size luxury brand social media community, the concept of trust refers more to the brand itself, not to the other members of the community.

Thus, following the definition of Chaudhuri and Holbrook (2001), the concept of trust in this study is based on the consumer's reliance on the brand's ability to perform its function – social stratification and pleasure. One-to-one relationship that is created in the luxury store during a sale is based on a strong affective dimension, but trust has a similar importance. This implies that trust is also a prerequisite in luxury brand-customer relationship forming online. (Kapferer & Bastien, 2012) In addition, luxury essentially creates trust that is related to craftsmen and artists by sharing and communicating knowledge and knowhow, as well as trust related to production by showing commitment to corporate social responsibility that covers both natural resources and company stakeholders (Anido Freire, 2014). Thus, luxury communication builds trust through showing competence and expertise (Sung & Kim, 2010). As heritage is an essential part of a luxury brand's value proposition and identity, it adds sincerity and authenticity to the brand, and also reduces purchasing risk (Dion & Borraz, 2015), thus contributing to trust. Therefore, luxury brand's communication also reduces the uncertainty, which contribute to the consumer's feeling of a trusted brand (Chaudhuri & Holbrook, 2001).

In line with the chain of emotional arousal – affect, it is reasoned that a cognitive process underlies trust:

H3: Brand experience has a positive influence on brand trust.

In their framework, Chaudhuri and Holbrook (2001) suggest that affect and trust are correlated without an explicit direction. Accordingly, prior research has found that affect and trust are related concepts. In fact, research in sociology, psychology, and organizational theory agree that affect has influence on trust, as benevolence is based on affective attachment. (Williams, 2001) Thus, it is reasoned that brand affect influences brand trust:

H4: Brand affect has a positive influence on brand trust.

3.5.3 Brand loyalty

Customer loyalty constitutes the basis for sustainable competitive advantage (Dick & Basu, 1994). Brand loyalty refers to development of a deep attitudinal bond with customers. Loyal consumers engage in repeat purchasing, and are willing to pay more for a brand, because the brand contains some unique value the that an alternative brand is not able to provide. Accordingly, one of the most fundamental notions about brand loyalty is that loyalty consists of both attitudinal and behavioral dimensions. (Jacoby & Chestnut, 1978) Thus, customer loyalty can be conceptualized as "the strength of the relationship between an individual's relative attitude and repeat patronage" (Dick & Basu, 1994). Brand loyalty can further be described as "a deeply held commitment to re-buy or re-patronize a preferred product/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 switching behavior" (Oliver, 1999, p. 34).

According to Fournier (1998), consumer-brand relationship is a multifaceted construct. Positive feelings are not sufficient to explain a strong and lasting relationship, as a combination of factors affects the forming of a consumer-brand

relationship. Affective and socioeconomic attachments such as love, passion, and self-connection, behavioral ties i.e. interdependence and commitment, and supportive cognitive beliefs such as intimacy and brand partner quality, influence the relationship development over time. Thus, brand relationship quality is somewhat analogous to brand loyalty in that both consider the strength and stability of the connection between consumer and the brand. (Fournier, 1998) Commitment to relationship refers to a lasting motivation to maintain a valued relationship. Individuals become committed to objects that they positively value, and the commitment is usually enduring. (Moorman et al., 1992) Sirdeshmuk et al. (2002) argue that value partially mediates the relationship between trust and loyalty, especially in the retailing context. Further, it appears that trust alone is not sufficient to build loyalty (Sirdeshmukh et al., 2002).

Cognitive antecedents such as confidence and accessibility, affective antecedents such as emotions and affect, and conative antecedents such as expectations contribute to loyalty relationship. A loyalty state requires both favorable attitude and repeated patronage. The relationship is also influenced by situational factors and social norms. Purchase loyalty depends on the strength of positive attitude, as well as on the perceived differences compared to other brands. Spurious loyalty refers to a situation, where consumer shows low relative attitude, but engages in repeat patronage. Latent loyalty in turn, represents a relationship where consumer has a high relative attitude, which does not result in high repeat patronage. Thus, various separate yet related concepts can be identified within brand loyalty. (Dick & Basu, 1994) According to previous research, satisfaction (Oliver, 1999), is an antecedent of brand loyalty. Satisfaction is a complex human response that consists of both cognitive and affective dimensions (Mano & Oliver, 1993). In addition, research has found a positive relationship between brand trust (Chaudhuri & Holbrook, 2001; Sirdeshmukh et al., 2002) and brand affect and brand loyalty (Chaudhuri & Holbrook, 2001; Dick & Basu, 1994). Although satisfaction and loyalty appear to be intertwined, the importance of satisfaction decreases, when personal determinism and social bonding start to influence consumer-brand relationship. An ultimate state of loyalty can only develop, if the consumer adores and loves the brand, product, or service. This inexhaustible commitment is bound to superior products, which are capable of

engendering determined defenders of the brand, and strengthened in a supportive social environment. (Oliver, 1999)

Following Jacoby and Chestnut (1978), Chaudhuri and Holbrook (2001) suggest a two-dimensional approach to brand loyalty. Behavioral or purchase loyalty refers to commitment to continuously purchase the same brand. Attitudinal brand loyalty in turn, refers to consumer's emotional ties with the brand. Brand trust and brand affect are directly related to both purchase and attitudinal loyalty, which in turn contribute to market share and brand equity. However brand trust and brand affect have distinct antecedents. (Chaudhuri & Holbrook, 2001) Both utilitarian and hedonic value contributes to customer satisfaction, word of mouth, re-patronage anticipation, and loyalty, as viewed from a retail theory perspective. Further, two aspects of hedonic value can be distinguished: a general enjoyment provoked by artistic object, and a more profound experience provoked by an aesthetic object, i.e. luxury. As a consequence, aesthetic experiences in a luxury store, which are frequently stored and reinvigorated in consumer's memory, contribute to brand loyalty. (Joy et al., 2014) Similarly, it is reasoned that continuous exposure to luxury communication and visual imagery in an online luxury venue result in accumulated experience, which eventually contributes to brand loyalty.

Several studies have found that participation in a virtual brand community contribute to brand loyalty and commitment (e.g. Brodie et al., 2013; Casaló et al., 2010; Laroche et al., 2013, 2012; Zhou et al., 2012). When consumers and marketers build brand communities jointly, new concepts of loyalty have emerged (McAlexander et al., 2002). A strong brand community can create consolidated brand loyalty and commitment that is embedded in social relationships. Accordingly, brand communities consist of passionate users of a brand, who are connected to the other consumers (Muniz & O'Quinn, 2001). Strong emotional attachment is associated with feelings of affection, love, and connectedness. Consumers appear to create an intense emotional attachment to only a few brands or objects in their lives, despite interaction occurs with numerous products and brands. The strength of emotional attachment should indicate consumers' willingness to maintain a long-term relationship with a brand by remaining loyal to the brand, and also predict their willingness to invest in the brand by paying a price premium in order to get hold of the object. (Thomson et

al., 2005) Luxury brands are objects that have all the prerequisites to achieve an ultimate loyalty state: luxury products are superior to other goods, they engender brand enthusiasts, and they are kept alive by a supportive social environment (Kapferer & Bastien, 2012; Anido Freire, 2014).

Therefore, based on prior research and discussion above, it is assumed that there is a positive relationship between brand affect and brand loyalty:

H5: Brand affect has a positive influence on behavioral brand loyalty.
H6: Brand affect has a positive influence on attitudinal brand loyalty.

Similarly, based on prior research and above discussion, trust is considered to affect brand loyalty:

H7: Brand trust has a positive influence on behavioral brand loyalty.
H8: Brand trust has a positive influence on attitudinal brand loyalty.

Although Brakus et al. (2009) found that brand experience affects brand loyalty both directly and indirectly, they concluded that the relationship between brand experience and brand loyalty appeared to be mainly mediated by satisfaction. In another study, Iglesias et al. (2011) found that brand experience affects brand loyalty only through affective commitment. Therefore, a direct influence of brand experience on brand loyalty is not expected.

3.6   Research framework

The aim of this study is to investigate whether there exists a relationship between social media luxury brand community participation and brand experience, and how brand experience influences brand affect, brand trust, and brand loyalty. The developed research model draws on the extensive literature discussed on the previous chapters. The present settings are considered to be particularly valid for conducting research from the experiential perspective, as the context of the study is

experiential/social consumption of a highly experiential/social brand, and the study is based on a real sample of actual users (Holbrook & Hirschman, 1982).
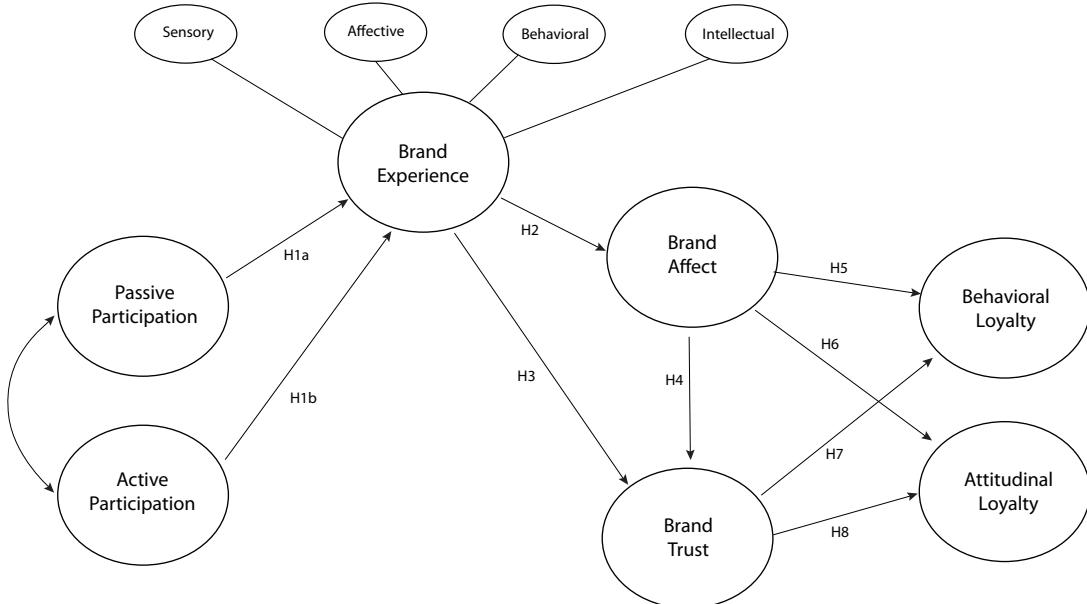
Figure 6. The research model

Figure 6 illustrates the hypothesized relationships. The latent variables measuring passive and active participation are correlated. Summary of the hypotheses is presented in the table 3.

Summary of the hypotheses

H1a: Passive participation in luxury brand's social media has a positive influence on brand experience.
H1b: Active participation in luxury brand's social media has a positive influence on brand experience.
H2: Brand experience has a positive influence on brand affect.
H3: Brand experience has a positive influence on brand trust.
H4: Brand affect has a positive influence on brand trust.
H5: Brand affect has a positive influence on behavioral brand loyalty.
H6: Brand affect has a positive influence on attitudinal brand loyalty.
H7: Brand trust has a positive influence on behavioral brand loyalty.
H8: Brand trust has a positive influence on attitudinal brand loyalty.

Table 3. Summary of the hypotheses

In studying the effect of participation in social media or community on consumer behaviors, the issue of endogeneity or self-selection may be present. This means that the participation does not represent random distribution of consumers, as they may be admirers or loyal customers already before joining the community, which in turn, may result biased estimations when analyzing causal effects. (Algesheimer et al., 2010; Hartmann et al., 2008; Rishika et al., 2013) As the current research takes the approach of investigating interrelations among a set of constructs without any claims of causality, the issue of self-selection is left unaddressed.

4   Methodology

This research is empirical by nature, and uses quantitative methods. This chapter describes the questionnaire development and conducting the survey. In addition, issues concerning the collection of data and description of data are discussed before the analysis and results, which are provided in the next chapter.

4.1   Survey development

All concepts (latent variables) were measured using a multiple-item measurement scale. The questions were measured on a seven-point Likert type format, with response categories ranging from 'very strongly disagree' to 'very strongly agree'. Except for social media brand community participation, only scales validated by previous empirical research were used.

Twelve questions measuring brand experience were adopted from the brand experience scale (Brakus et al., 2009). The scale was slightly altered by rewording the four reverse-coded questions. Three questions measuring brand affect, and four questions measuring brand trust were also adopted from previous research (Chaudhuri & Holbrook, 2001). One of the questions measuring brand affect was mistakenly dropped out of the webropol questionnaire before conducting the survey and thus, the brand affect construct has only two observed variables. However, it is considered that the two questions sufficiently represent the affect construct. Following Chaudhuri &

Holbrook (2001), the four questions about brand loyalty measuring both attitudinal and behavioral loyalty were adopted from Jacoby and Chestnut (1978).

The questions measuring social media participation were derived from the literature on social media and brand communities (e.g. Kozinets 1999; Kaplan & Hanlain, 2010; Kim & Ko, 2012; Algesheimer et al., 2005; Laroche et al., 2013; Habibi et al., 2014a) and adapted to the luxury SMBBC environment. The questionnaire is in Appendix 1.

A pre-survey was conducted to investigate the relevance and validity of the newly developed questions. Based on the participants' (*n*=8) answers and feedback, the questions were slightly reworded, and one question was added. The pre-survey sample size did not allow an acceptable factor analysis, and therefore, a thorough examination of the variables was considered important. As the goal was not to reduce data but to identify parameters reflecting latent constructs, as well as confirm that they are valid and reliable, several procedures were performed using SPSS. Principal components analysis and principal axis factoring extraction method, followed by orthogonal (Varimax) and oblique (Oblimin) rotation were used for analysis to examine the variables (Fabrigar et al., 1999). The aim was to study active participation as well as passive participation, but the newly developed questions were not able to reliably distinguish between these two levels of participation.

The factor loadings were high for the first four items measuring passive participation, although the loadings were relatively strong also on the second factor when allowed to correlate. Notwithstanding the procedure, no more than one of the items measuring active participation loaded strongly on the second factor only. The other two items had substantial cross-loadings, and in addition, the difference between the primary and secondary factor loadings were relatively small. As rejecting these two items would have resulted in only one variable for measuring active participation, it was necessary to consider the implications for using the single variable, or retaining the cross-correlated items.

Several authors recommend that a latent variable should be measured by at least two variables, which is based on following observations: a single measure is too specific,

distinguishing between people becomes cumbersome, and the measurement error tends to increase thus leading to decreased reliability (Churchill, 1979; Fabrigar et al., 1999; Kline, 2005). On the other hand, the SEM analysis requires exogenous latent variables to be uncorrelated. However, examination of the orthogonal correlations and oblique regression coefficients revealed a clear two-factor pattern, and as the discarding or retaining variables always deals with some level of subjective evaluation, both components was decided to be retained in the forth-coming analysis by allowing the latent variables to correlate. (See Appendix 2 for details).

The construct of passive participation in this study measures the *frequency* of visiting the brand's social media, reading and watching the postings, and reading other users comments (WOM) i.e. *vicarious* participation (Hartmann et al., 2015). Active participation, in turn, measures the level of *interactivity*, i.e. sharing and liking content, and motivation to participate. Thus, the concept of participation as such, does not represent e.g. commitment (Wiertz & de Ruyter, 2007), or engagement (Baldus et al., 2015; Hollebeek et al., 2014) to the SMBBC, or causal social interactions (Hartmann et al., 2008).

In order to empirically test the hypotheses, a quantitative study using online survey was conducted among consumers who follow a luxury brand's social media channel(s). The luxury giant Louis Vuitton was chosen to represent luxury brands, because it is the world's most valued luxury brand (Kapferer & Bastien, 2012), and it is ranked as the most valuable luxury brand in international brand rankings (Interbrand, 2014). Moreover, Louis Vuitton is currently engaging in multiple social media marketing activities and channels e.g. Twitter, Facebook, Instagram, YouTube, Pinterest, Foursquare and Google+, having one of the most voluminous social media follower base among the luxury brands (Louis Vuitton, 2015). Table 4 shows the number of followers on Louis Vuitton's various social media.

Social media	Fans/Followers
Facebook	17 676 169
Instagram	4 400 000*
Twitter	4 287 923
Foursquare	732 069
YouTube	99 799
Pinterest	64 955
Google+	(9 922 195)**

*exact number not available

**profile views

Table 4. Followers on Louis Vuitton's social media (8 April 2015)

4.2 Data collection and description of data

Collaboration with the luxury brand proved infeasible, and therefore, a link to the online questionnaire was frequently posted in many discussion threads of Louis Vuitton's Facebook postings, as well as in Louis Vuitton's Pinterest postings, that enable commenting. In addition, the link was distributed several times in Twitter and also placed in Pinterest using the researcher's professional and personal accounts, respectively. Hashtags, such as #LouisVuitton, were attached to these postings to facilitate their appearance in social media searches. Moreover, the link was placed on the wall of a closed Facebook group that is established for general discussion on Louis Vuitton. The group had approximately 1500 members at the time the survey was conducted.

The study was introduced as an academic research studying luxury brands, social media, and brand experiences. In addition, instructions concerning anonymity and confidentiality, and description of users who were qualified to participate (i.e. followers of Louis Vuitton's social media) were provided. The latter aspect was emphasized in the Facebook group to prevent confusion about the subject of the study, that is, the firm-hosted online brand community, not the consumer-initiated community. Further, to motivate consumers to participate in the Facebook group, a

minor incentive, a possibility to participate also in a random drawing to win a small gift card, was included in the cover note. The value of the gift card was not disclosed. The survey was conducted at the beginning of February 2015. The online survey was open for two weeks, and it resulted in total of 335 responses.

Before the initial data analysis, data screening was conducted to assess normality and to detect outliers as well as missing data (Curran et al., 1996). Univariate normality was explored by scrutinizing variable mean, variance, standard deviation, skewness (range from -1.78 to 0.85), and kurtosis (range from -0.96 to 3.67). To test for multivariate normality the Mahalanobis distance was applied to multiple regression analysis. The results showed that the number of potential outliers was minor (n=5). Two responses were omitted due to unacceptable random pattern answers that clearly indicated unengaged respondents. Otherwise, there were only few missing values, which were imputed with maximum likelihood method in SPSS, as they were considered to be missing completely at random (MCAR). Thus, the final sample consists of 333 valid responses. The use of an online survey and the method of distributing the questionnaire link, do not permit estimation of response rates, as it is impossible to determine how many potential respondents were reached through the chosen social media channels.

Due to the difficulties in reaching respondents to a survey in the fast-paced social media, it can be assumed that major part of the data comes from the Facebook group focused on discussion on Louis Vuitton. However, except for the gender distribution, the data are relatively heterogeneous when considering the demographics of the respondents (i.e. age, income, membership duration on Louis Vuitton's social media). In addition, extant research suggest that social media based brand communities consist of more heterogeneous consumers than the conventional brand communities (de Valck et al., 2009; Habibi et al., 2014a; Zaglia, 2013). Therefore, it seems reasonable to consider that the Facebook group also attracts users who do not follow Louis Vuitton's social media, or follow Louis Vuitton's social media among other (luxury) brands' social media. In other words, the Facebook group likely consists of consumers with manifold relationships with the brand as well as different motives to 'register' to the group. To conclude, as the total sample is large (Kline, 2005), it is

considered relevant for testing hypotheses, although any conclusions of generalizability or causality will not be derived.

Gender	n	Percent		Household income*	n	Percent
Female	326	97.9		Under 14 000	36	10.8
Male	4	1.2		14 000-19 999	38	11.4
Total	330	99.1		20 000-39 999	82	24.6
Missing	3	0.9		40 000-69 999	76	22.8
Total	333	100.0		70 000-89 999	43	12.9
				90 000-119 999	30	9.0
				120 000-139 999	11	3.3
Age	n	Percent		140 000 or over	15	4.5
				Total	331	99.4
Under 17	2	0.6		Missing	2	0.6
17-25	127	38.1		Total	333	100.0
26-34	111	33.3				
35-43	68	20.4				
44-52	16	4.8		Product ownership	n	Percent
53-61	6	1.8				
62 or older	3	0.9		Yes	281	84.4
Total	333	100.0		No	51	15.3
				Total	332	99.7
				Missing	1	0.3
				Total	333	100.0

Units in Euros

Table 5. Sample demographics

The gender distribution of the respondents was 98.8% female and 1.2% male. This could be explained by the chosen luxury fashion brand (Anido Freire, 2014). The age distribution reveals that the majority of respondents (71.6%) were between 17 and 34 years of age. Average household income distribution shows that most of the respondents' households represent middle-income segments. These findings can be explained by the chosen luxury brand, or by prior research that suggests, that the major part of online users are wealthy, young, and educated (Agarwal et al., 2009). 84.7% of the respondents stated that they owned a product from the brand. As expected, majority of the respondents (95.2%) reported that they follow the brand on Facebook, as it is one of the most popular social media applications, and also most popular of the Louis Vuitton's social media. The second popular channel was Instagram, which was followed by 52.5% of the respondents. Following of the rest of the brand's social media was modest, and the distribution was: YouTube 17.6%, Pinterest 11.3%, Google+ 6.6%, Twitter 3.3%, and Foursquare 0.3%.

Membership duration	n	%
Less than 6 months	101	30.3
6 months - 1 year	85	25.5
1 - 2 years	63	18.9
2 - 3 years	46	13.8
Over 3 years	38	11.4
Total	333	100.0

Social media	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	Over 3 years	Total	Total of respondents
	n	n	n	n	n	n	%
Twitter	1	5	3	1	1	11	3.3
Facebook	97	78	61	43	38	317	95.2
Pinterest	4	13	8	7	6	38	11.4
Instagram	37	43	42	30	24	176	52.9
YouTube	11	17	6	11	14	59	17.7
Google+	6	4	1	5	6	22	6.6
Foursquare	0	0	0	1	0	1	0.3

Table 6. Duration of membership and social media followed

Except for Twitter and Foursquare, the percentages somewhat reflect the distribution of fans/followers on the Louis Vuitton's social media in general. Possible explanation for low percentage of Foursquare is that it is a local search and discovery service mobile application, which may not be relevant for users that are not located geographically near the places of Louis Vuitton's content. For Twitter, the explanation might lie in that millions of tweets are sent simultaneously, and a single tweet disappears in only seconds. Thus, it is possible that not many respondents were reached through Twitter in the first place. Finally, slightly more than a half of the respondents had followed the brand's social media under one year: 30.3% under six months, and 25.5% 6 months to one year. Similarly, slightly less than half of the respondents had followed the brand's social media over one year: 18.9% 1-2 years, 13.8% 2-3 years, and 11.4% over three years.

To conclude, the data strongly represent Facebook fan page membership reinforced with Instagram, a photo sharing social network site. Currently the research on SMBBCs is mostly based on Facebook, and it has examined fan pages of large, company-hosted global brands, whose fan pages are active, rich, and have lots of members (Habibi et al., 2014a; Zaglia, 2013). Hence the data qualify well for the proposed SMBBC approach, and provide an excellent opportunity to reflect prior research.

5   Data analysis and findings

The empirical part is confirmatory by nature, as it aims at confirming relationships between latent constructs, which have been theoretically or empirically established in the previous research. Structural equation modeling (SEM) was chosen for the analysis method as it can be used for examining the acceptability of theoretical models that are designed to explain interrelations among a set of variables (Hu & Bentler, 1999). The strength of the method is in its ability to combine psychometric and econometric analyses (Fornell & Larcker, 1981). In other words, SEM is a statistical procedure for estimating a series of separate but interdependent relationships among a set of constructs measured by multiple variables (Kline, 2005; Bagozzi & Yi, 2011).

5.1   Measurement model evaluation

A two-step approach to structural equation modeling suggested by Anderson and Gerbing (1988) was conducted using AMOS 22 software. First, a confirmatory factor analysis (CFA) was conducted to specify the relations of the observed variables and the underlying constructs, by allowing the latent constructs to correlate freely. The measurement model analysis enables to assess measurement reliability, and convergent and discriminant validity (Anderson & Gerbing, 1988). Given the sample size and only modest nonnormality of the data, Maximum Likelihood (ML) method was considered appropriate as a method of estimation (Bagozzi & Yi, 2011). The

model satisfies the preliminary fit criteria suggested by Bagozzi and Yi (1988). The measurement model has following goodness-of-fit indices: $\chi2 = 652.4$ *df* = 332 *p* < .001, $\chi2/df$ = 1.97, SRMR = .0419, RMSEA = 0.054 (LO = .048; HI = .060 PCLOSE > .05), CFI = 0.956, TLI (NNFI) = .946, and NFI = .914. As the chi-square statistic with ML estimation is based on multivariate normality, using it as a measure of model fit under the presence of nonnormality often results in erroneous model rejection. Further, the estimate of the chi-square distribution is increasingly biased parallel to the sample size. (Bagozzi & Yi, 2011; Curran et al., 1996) Therefore, it is necessary to consider the other measures indicating the model overall fit. A two-index presentation strategy suggested by Hu & Bentler (1999) was used to evaluate the cutoff values. The results indicate that the measurement model has a good overall fit.

Construct validity is established by measuring how well the indicators load on their posited factors (convergent validity), and on the other hand, by attesting that the shared variance of each construct is higher than the squared correlations between constructs, and that the indicators do not relate too highly with other factors (discriminant validity) (Bagozzi & Yi, 2011; Fornell & Larcker, 1981; Kline, 2005). All the standardized factor loadings are higher than the recommended level of 0.70 (Bagozzi & Yi, 2011) except for two, which are close to 0.70, and one slightly higher than 0.60. All the factor loadings are significant at *p* = 0.001. In the case of large models with many latent variables and indicators, loadings as low as 0.50 may exist within a satisfactory fitting overall model, which indicate, that the hypotheses and overall goodness-of-fit should be prioritized in the context of SEMs (Bagozzi & Yi, 2011).

Internal consistency was examined by Cronbach's alpha (α), which values are mostly near .90. In addition, all constructs exceed the critical values of .70 and .50 for composite reliability (ρ_c) and average variance extracted (ρ_v), respectively (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). Thus, the data support reliability and convergent validity of the model (Tables 7 and 8).

Construct items	Loading	α	ρc	ρv	Author(s)
Passive participation		.87	.87	.63	Researcher
P1. I often visit brand X's social media.	.87				
P2. I often read brand X's social media postings.	.88				
P3. I often watch photos or videos on brand X's social media.	.68				
P4. I read other users' comments on brand X's social media.	.72				
Active participation		.79	.79	.56	Researcher
P5. I often 'like' or 'mark as favorite' content on brand X's social media.	.79				
P6. I often share or upload content on brand X's social media.	.63				
P7. I am motivated to participate brand X's social media.	.81				
Brand experience		.93	.90	.69	Brakus et al. (2009)
Affective experience	.96				
Behavioral experience	.71				
Intellectual experience	.72				
Sensory experience	.90				
Brand affect		.89	.89	.80	Chaudhuri & Holbrook (2001)
AFF1. I feel good when I use this brand.	.89				
AFF2. This brand gives me pleasure.	.88				
Brand trust		.90	.90	.70	Chaudhuri & Holbrook (2001)
TRU1. I trust this brand.	.89				
TRU2. I rely on this brand.	.85				
TRU3. This is an honest brand.	.82				
TRU4. This brand is safe.	.77				
Behavioral loyalty		.84	.84	.73	Jacoby & Chestnut (1978)
BLB1. I will buy this brand the next time I buy luxury (fashion).	.82				
BLB2. I intend to keep purchasing this brand.	.89				
Attitudinal loyalty		.74	.75	.60	Jacoby & Chestnut (1978)
BLA1. I am committed to this brand.	.87				
BLA2. I would be willing to pay a higher price for this brand over other brands.	.68				

Table 7. Construct measures and validity assessment, α = Cronbach's alpha, ρ_c = composite reliability, ρ_v = average variance extracted

Construct items	Loading	α	ρc	ρv	Author(s)
Affective experience		.88	.88	.71	Brakus et al. (2009)
BXAFF1. This brand induces feelings and sentiments	.87				
BXAFF2. I have strong emotions for this brand	.88				
BXAFF3. This brand is an emotional brand	.68				
Behavioral experience		.89	.89	.74	
BXBEH1. I engage in physical actions and behaviors when I use this brand	.86				
BXBEH2. This brand results in bodily experiences	.89				
BXBEH3. This brand is action oriented	.82				
Intellectual experience		.83	.83	.63	
BXINT1. I engage in a lot of thinking when I encounter this brand	.81				
BXINT2. This brand makes me think	.83				
BXINT3. This brand stimulates my curiosity and problem solving	.73				
Sensory experience					
BXSEN1. This brand makes a strong impression on my visual sense or other senses	.86	.91	.91	.77	
BXSEN2. I find this brand interesting in a sensory way	.85				
BXSEN3. This brand appeals to my senses	.91				

Table 8. Second order measures and validity assessment, α = Cronbach's alpha, ρ_c = composite reliability, ρ_v = average variance extracted

Construct	Mean	s.d.	ρc	ρv	1	2	3	4	5	6	7
1. PP	5.24	1.37	.87	.63	**0.793**						
2. PA	3.81	1.44	.79	.56	0.718	**0.748**					
3. BX	4.84	1.09	.90	.69	0.559	0.568	**0.830**				
4. AFF	6.01	1.23	.89	.80	0.469	0.469	0.746	**0.893**			
5. TRU	5.63	1.14	.90	.70	0.494	0.409	0.781	0.823	**0.838**		
6. BLA	5.16	1.43	.75	.60	0.574	0.566	0.835	0.764	0.809	**0.776**	
7. BLB	6.02	1.21	.84	.73	0.545	0.393	0.731	0.887	0.809	0.893	**0.854**

Table 9. The scale means, standard deviations, reliability indexes and correlation matrix. PP=Passive participation, PA=Active participation, BX=Brand experience (second-order construct), AFF=Brand affect, TRU=Brand trust, BLA=Affective loyalty, BLB=Purchasing loyalty, s.d. = standard deviation. ρ_c = composite reliability, ρ_v = average variance extracted. ρ_c : $(\Sigma\lambda)^2/((\Sigma\lambda)^2+(\Sigma\delta))$, ρ_v : $\Sigma\lambda^2/(\Sigma\lambda^2+\Sigma\delta)$, λ = standardized loading, δ = error variance. (Fornell & Larcker, 1981)
Diagonal elements (bolded) are the square roots of the average variance extracted.

Discriminant validity was further investigated by comparing the square root of average variance extracted with the correlation coefficients. For each comparison except for four cases, the explained variance exceeds all combinations of shared value. The correlation matrix indicates several relatively high correlations among latent endogenous constructs, which implies potential multicollinearity. High multicollinearity combined with low measure reliability, small sample size, and low explained variance in endogenous constructs, can result in measurement error. (Grewal et al. 2004) Given that behavioral loyalty (BLB) and attitudinal loyalty (BLA) measure different aspects of brand loyalty, a strong correlation can be expected. In addition, as the present study examines extremely hedonic product category that necessarily involves an intense affective dimension of consumer behavior, strong correlation between affective or emotional constructs is expected. Further, prior research has theoretically and empirically shown that both affect and trust are antecedents to brand loyalty, and established the validity and reliability of the measurement scales used in this study, also in hedonic product category (e.g. Chaudhuri & Holbrook, 2001).

However, to address multicollinearity issue, two measures suggested by Grewal (2004) were considered. First, measure reliability is relatively high for each of the constructs (composite reliability near .90 except for affective brand loyalty .75, and active participation .79). Second, the sample size is sufficiently large (n=333, subjects

to variables ratio = 11.5:1). In addition, data screening for multicollinearity suggested by Kline (2005) was also conducted by investigating variance inflation factors (VIFs). Regression analysis was run on SPSS software to test all the observed variables for brand experience (BX), brand trust (TRU), brand affect (AFF), behavioral brand loyalty (BLB), and attitudinal brand loyalty (BLA). The values of the variance inflation factors were mainly around 2 to 3 and almost without an exception, not significant.

Multicollinearity should be inspected with other factors that have an effect on the accuracy of estimation results. First, a large sample size can compensate the undesirable effects of multicollinearity. Second, highly reliable measures provide that even relatively high levels of multicollinearity can be tolerated. Further, correlations in the 0.7 and 0.8 range are common, yet they are most likely to be distinct from one. (Grewal et al., 2004) To conclude, when considering all the various measures with theory and empirical evidence, the model can be accepted.

5.2   Structural model estimation

To test the hypotheses H1-H8, a structural equation model was developed using AMOS 22. The analysis is confirmatory by nature, as it seeks to investigate whether the research model is supported by the data (Kline 2005). The goodness-of-fit indicators reveal that the model fits reasonably well to the data: $\chi2$ = 868.1 df = 363 p < .001, $\chi2/df$ = 2.39, SRMR = .0644, RMSEA = 0.065 (LO = .059; HI = .070 PCLOSE = .000), CFI = 0.930, TLI (NNFI) = .922, and NFI = .886.   Figure 7 presents the structural equation model with standardized path coefficients (β) between the latent variables, and standardized regression weights of the observed variables. The results show that passive participation in luxury brand's social media influenced brand experience (β = .36, p < 0.001), and also active participation influenced brand experience (β = .31, p < 0.001), supporting both H1a and H1b.

Next, brand experience influenced more strongly brand affect (β = .78, p < 0.001), than brand trust (β = .41, p < 0.001), supporting H2 and H3, respectively. As predicted, brand affect in turn influenced brand trust (β = .51, p < 0.001), providing

support to H4. Finally, brand affect had a strong influence on behavioral loyalty (β = .72, p < 0.001) and attitudinal loyalty (β = .41, p < 0.001), whereas brand trust had weaker effect on behavioral loyalty (β = .23, p < 0.01), but stronger effect on attitudinal loyalty (β = .50, p < 0.001), supporting H5, H6, H7 and H8. In summary, all the hypotheses were supported at p < .001, except for one (H7), which was supported at p < .01. Summary of the results is shown in Table 10.

Figure 7: Structural equation model; goodness-of-fit indices: $\chi2$ = 868.1 df = 363 p < .001, $\chi2/df$ = 2.39, SRMR = .0644, RMSEA = 0.065 (LO = .059; HI = .070 PCLOSE = .000), CFI = 0.930, TLI (NNFI) = .922, and NFI = .886. AIC = 1070.1 *** = significant at p < .001, ** = significant at p < .01. Values in parentheses are the C.R. / t-values. Standardized solution.

Relationship	β	p	*Hypotheses supported*
H1a: Passive participation ⟶ brand experience	.36	.***	Yes
H1b: Active participation ⟶ brand experience	.31	***	Yes
H2: Brand experience ⟶ brand affect	.78	***	Yes
H3: Brand experience ⟶ brand trust	.41	***	Yes
H4: Brand affect ⟶ brand trust	.51	***	Yes
H5: Brand affect ⟶ behavioral brand loyalty	.72	***	Yes
H6: Brand affect ⟶ attitudinal brand loyalty	.41	***	Yes
H7: Brand trust ⟶ behavioral brand loyalty	.23	.007	Yes
H8: Brand trust ⟶ attitudinal brand loyalty	.50	***	Yes

*** p < .001

Table 10. Summary of hypotheses and standardized coefficients

5.3 Comparison with a competing model

One of the criteria for a structural model's success is its better performance compared with competing models (e.g. Kline, 2005). Therefore, alternative models were also tested to investigate relationships suggested by previous theory, and to test the participation variables. The proposed model's nomological network is based on an extensive theory that does not give much leeway that could result to logically sound alternative models. As previous research had shown some evidence of a potential direct effect of brand experience on brand loyalty, these direct paths were added to the competing model:

H9a: Brand experience has a significant positive effect on behavioral brand loyalty;
H9b: Brand experience has a significant positive effect on attitudinal brand loyalty.

Figure 8 presents the competing structural equation model with standardized path coefficients (β) between the latent variables along with the goodness-of-fit indices.

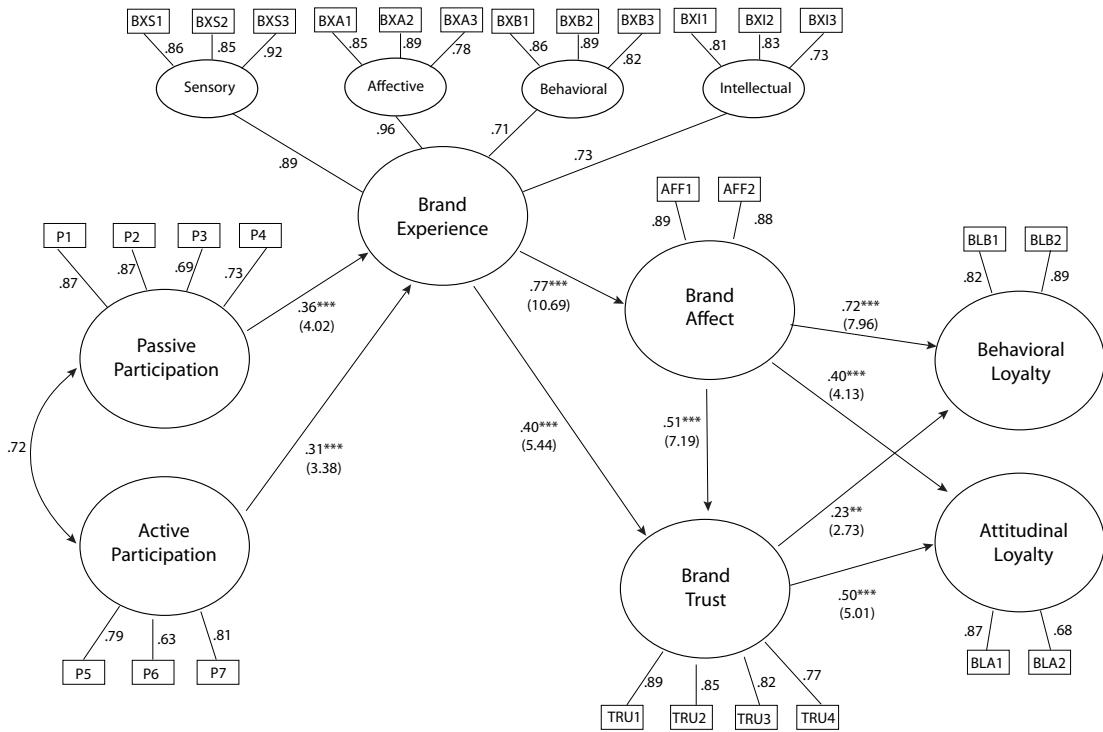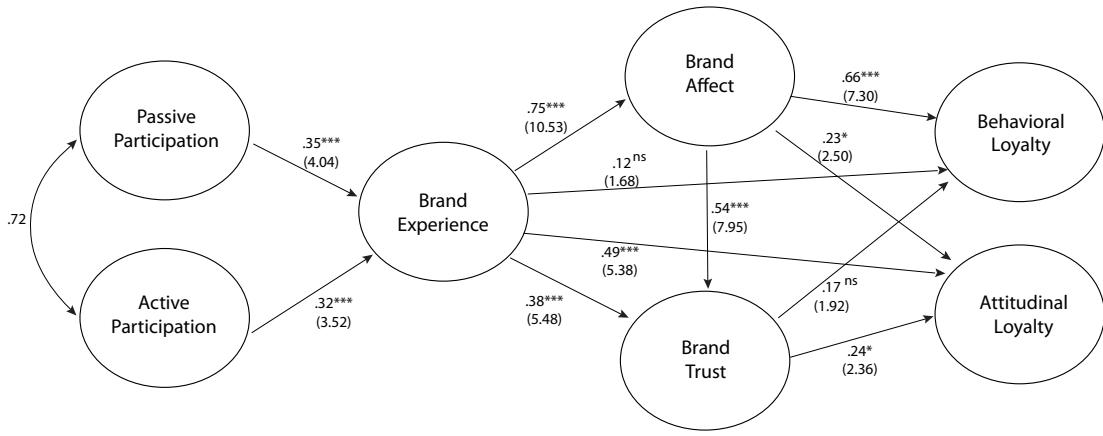Figure 8: Competing structural equation model; goodness-of-fit indices: $\chi2 = 835.2$ *df* = 361 *p* < .001, $\chi2/df$ = 2.31, SRMR = .0644, RMSEA = 0.063 (LO = .057; HI = .068 PCLOSE = .000), CFI = 0.934, TLI (NNFI) = .926, and NFI = .890. AIC = 1041.3. *** = significant at *p* < .001, ** = significant at *p* < .01, * = significant at *p* < .05, ns = not supported. Values in parentheses are the C.R. / *t*-values. Standardized solution.

The results of the competing model indicate a slightly better overall fit, but to the detriment of reduced parsimony. In the original model, 100% (9 of 9) of the hypotheses were supported, whereas only 82% (9 of 11) of the paths in the competing model were significant. Overall, with two models that have equal explanatory power for the same data, the simpler model with higher degrees of freedom should be preferred (Kline, 2005). Most of the changes in the path coefficients were minor, whereas some were substantial and significant. Participation influenced brand experience as before (β = .35, *p* < 0.001 for passive participation, and β = .32, *p* < 0.001 for active participation), thus supporting H1a and H1b, respectively. The relationship between brand experience and brand affect, and brand experience and brand trust was slightly weaker but the change affected both paths similarly: brand experience influenced more strongly brand affect (β = .75, *p* < 0.001), than brand trust (β = .38, *p* < 0.001), providing support for H2 and H3, respectively. As originally anticipated, the effect of brand experience on behavioral loyalty was modest and it was not significant (β = .12, *p* > 0.05), thus H9a was not supported. However, the effect of brand experience on attitudinal loyalty was rather large (β = .49, *p* < 0.001), giving support to H9b. Brand affect influenced brand trust (β = .54, *p* < 0.001), providing support to H4. As within the original model, brand affect had a strong, yet

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slightly smaller influence on behavioral loyalty (β = .68, $p < 0.001$), but the effect on attitudinal loyalty diminished to some extent (β = .23, $p < 0.05$). Interestingly, the effect of brand trust on behavioral loyalty decreased significantly (β = .17, $p > 0.05$), thus H7 was not supported anymore. Also the effect on attitudinal loyalty decreased (β = .24, $p < 0.05$), but H8 was supported. The results are shown in Table 11.

Relationship	β	p	Hypotheses supported
H1a: Passive participation ⟶ brand experience	.35	.***	Yes
H1b: Active participation ⟶ brand experience	.32	***	Yes
H2: Brand experience ⟶ brand affect	.75	***	Yes
H3: Brand experience ⟶ brand trust	.38	***	Yes
H4: Brand affect ⟶ brand trust	.54	***	Yes
H5: Brand affect ⟶ behavioral brand loyalty	.66	***	Yes
H6: Brand affect ⟶ attitudinal brand loyalty	.23	.013	Yes
H7: Brand trust ⟶ behavioral brand loyalty	.17	.054	No
H8: Brand trust ⟶ attitudinal brand loyalty	.24	.018	Yes
H9a: Brand experience ⟶ behavioral brand loyalty	.12	.094	No
H9b: Brand experience ⟶ attitudinal brand loyalty	.49	***	Yes

*** $p < .001$

Table 11. Summary of the hypotheses and standardized path coefficients

Finally, the participation construct was examined by testing both the original and the competing structural equation model with either passive participation or active participation present. The four cases revealed, that both participation variables functioned similarly, and whether passive participation or active participation was applied to the model, or whether they were correlated within the model, did virtually not affect the model fit, or the path coefficients. As separate constructs, both active and passive participation had rather large effect on brand experience ($\beta \approx .58$, $p < 0.001$), and when correlated, the effect was approximately split half.

5.4 Additional findings

As the relationship between participation in luxury brand's social media and the focal construct, brand experience, was particularly interesting in this study's context, additional analyses were conducted to gain deeper understanding of the nature of the relationship. It was reasoned, that participation in luxury brand's social media should

influence (increase) brand experience. First, one-way ANOVA was used to examine separately the effect of brand ownership, age, income, and the duration of social media participation on brand experience. Overall brand experience was calculated as the mean of all the twelve variables measuring the four dimensions of brand experience. The between-groups variances for brand ownership and household income were not significant, thus the results indicate that they do not have an effect on brand experience. However, the variance between groups based on the duration of the luxury brand's social media membership was significant at $p < .05$ (Table 12).

Duration of membership	n	Mean	s.d.	Mean square between groups	F	Sig.
Less than 6 months	101	4.73	1.14	3.326	2.88	.023
6 months - 1 year	85	4.60	1.06			
1-2 years	63	4.99	1.03			
2-3 years	46	5.12	1.03			
Over 3 years	38	5.07	1.05			
Total	333	4.84	1.09			

Table 12. One-way ANOVA: Brand experience and the duration of luxury brand's social media membership

Next, the respondents were divided into two categories according to the duration of their luxury brand's social media participation: short time participation (< 1 year, $n=186$) and long time participation (> 1 year, $n=147$), for investigating the effect of the duration of social media following on overall brand experience using a t-test. The results support the findings from ANOVA by showing that the overall brand experience is significantly higher ($t = -3.23$, $p = .001$) among respondents who have longer history with the brand's social media (M = 5.05, SD = 1.03) than respondents with only a short following history (M = 4.67, SD = 1.10) (Table 13).

	Duration of membership						
	Under 1 year			Over 1 year			
Variable	*n*	Mean	*s.d.*	*n*	Mean	*s.d.*	*t*
Brand experience	186	4.67	1.10	147	5.05	1.03	-3.23**
F	0.221						

** *p* < .01

Table 13. T-test: Descriptive differences of short-time membership and long-term membership

In order to test whether owning a product from the brand differs according to the duration of participating in the luxury brands' social media, a chi-square test was conducted. The chi-square statistics are significant ($p < .01$), and the results indicate that respondents who have followed the brand's social media longer are more likely to also own a product from the brand (Table 14).

	Owns a product from the brand		No ownership		Total	
Duration of membership	*n*	%	*n*	%	*n*	%
Less than 6 months	79	78.2	22	21.8	101	100
6 months - 1 year	66	77.6	19	22.4	85	100
1-2 years	56	90.3	6	9.7	62	100
2-3 years	43	93.5	3	6.5	46	100
Over 3 years	37	97.4	1	2.6	38	100
Total	281	84.6	51	15.4	332	100

χ2 (*d.f.*) *p* value   15.44 (4) 0.004

Table 14. Frequencies and proportions of brand ownership and duration of luxury brand's social media participation

To examine possible interaction effects, n-way ANOVA was first used to investigate simultaneously the effect of four independent variables: age, household income, duration of the brand's social media participation, and brand ownership, on brand experience. Although the overall effect was not significant, the main effect for

duration of the brand's social media participation was significant, as expected. The main effect of age ($F(6,311) = 1.540, p = .165$), the main effect of household income ($F(7,311) = .397, p = .904$), and the main effect of product ownership ($F(1,311) = .009, p = .926$) on brand experience were not significant. The main effect of duration of social media membership on brand experience was significant ($F(4,311) = 2.610, p = .036$) supporting the one-way ANOVA and t-test results.

As the chi-square statistics for owning a product from the brand and the duration of social media following was significant, it was reasonable to consider whether there was interaction effects present. A two-way ANOVA was conducted to examine interaction effects between duration of the brand's social media participation and the other independent variables. The interaction effects were not significant, except for brand ownership and duration of the brand's social media participation ($F(4,322) = 3.836, p = .005$). The model was significant at ($F(9,322) = 3.050, p = .002$).

Simple main effects analysis showed that owning a product from the brand influenced brand experience if the respondent had followed the brand's social media only for a short time. For users, who had followed the luxury brand's social media under six months, owning a product from the brand resulted in higher overall brand experience than not owning a product from the brand ($F(1,322) = 8.521, p < .01$). In contrast, for users, who had followed the luxury brand's social media slightly longer, the overall brand experience was significantly higher if they did not own a product from the brand ($F(1,322) = 4.756, p < .05$). For each of the groups that had followed the brand's social media more than one year, owning a product from the brand had no effect on brand experience. ANOVA source tables for analysis of interaction effects are in Appendix 4.

6 Conclusions

6.1 Discussion

Although the participation construct could not distinguish exactly between active and passive levels, the factor analysis revealed a clear pattern, thus allowing the use of

separate but correlated exogenous latent variables. The study found no evidence that the level of activity in participation influenced brand experience or the brand affect/trust-loyalty chain. The study could not provide information on respondents involvement or identification with the SMBBC, thus it is impossible to contemplate whether the findings were in line with prior research suggesting that active participation results in higher level of involvement and identification with the community, and stronger emotional ties, which may increase loyalty (Algesheimer et al., 2005; Casaló et al., 2008). However, findings from other studies have contested the dominant understanding of the importance of high interactivity. According to Zhou et al. (2012), community commitment does not necessarily translate into brand commitment, and according to de Valck et al. (2009) active participation may not influence community impact on consumer's decision-making. This may indicate, that bonding, identification, and commitment with SMBBCs may have a minor role in the development of consumer-brand relationship. Moreover, the findings were in line with Hartmann et al. (2015), who argue that vicarious consumption plays as important role in online communities as interactive participation. In fact, the effect of passive participation was somewhat stronger than active participation in the present study. To conclude, the findings might have been somewhat different with more sophisticated measurement scales.

In line with previous research, the brand experience construct proved to be separate, although related to other brand concepts. Likewise, the factor loadings revealed that emotional dimensions i.e. affective and sensory dimension, were much stronger than rational intellectual dimension, or behavioral dimension, which was predictable in the context of a luxury brand. Further in line with Brakus et al. (2009), this study proposed a model where brand experience was an antecedent to brand loyalty: one model with indirect effect on loyalty, and a competing model with direct effect on loyalty. Following Chaudhuri & Holbrook (2001), the research model further suggested that affect and trust are antecedents to brand loyalty. The findings concerning the affect-trust-loyalty construct were very similar to the findings of Chaudhuri & Holbrook (2001), except contrary to their results, in the present study the relationships between trust and attitudinal brand loyalty and behavioral brand loyalty were significant. However, the authors predicted that the paths should be significant when analyzed with a larger sample. Interestingly, when brand experience

was allowed to have direct effect on the loyalty variables, the effect of brand trust on loyalty decreased to the point, that it was only minor on attitudinal loyalty, and not significant on behavioral loyalty. The findings were in line with previous research on hedonic product category, by revealing the substantial importance of affect as an antecedent to loyalty. Thus, brand affect appears to be crucial in building a luxury brand-consumer relationship, as the path to purchasing loyalty goes through some affective component. Accordingly, the direct influence of brand experience on brand loyalty may depend on the definition and measurement scales of brand loyalty. The importance of behavioral i.e. purchasing loyalty lies in that it is the key to brand equity and company profits. Therefore, when establishing the link between consumers' participation in company-hosted social media and brand equity, it may be reasoned to study especially the purchasing behavior loyalty instead of only attitudinal or general loyalty. To conclude, the study explains prior contradictory findings by showing that the direct effect of brand experience on loyalty might depend on the type of loyalty.

The results from various analyses support each other, and the reasoning that participation in luxury brand's social media influences consumer behavior. The additional findings from ANOVA and T-test indicate that the overall brand experience is higher among respondents, who have followed the luxury brand's social media for a long time. In addition, the longer the respondents had followed the brand's social media, the more likely they also owned a product from the brand. These findings strongly support the idea that social media participation influences brand experience, which in turn, affect consumers' purchasing behavior. Analysis of interaction effects revealed a very interesting mechanism concerning the luxury brand's social media participation. When joining a luxury brand's social media brand community, consumers who had purchased a product from the brand before joining, had higher brand experience than the consumers, who had no personal experience of the product usage nor experience gained from social media brand community participation. However, when the stimuli of social media brand community continued, brand experience of the consumers who did not own the brand's product, exceeded brand experience of those who owned the product. First, the results appear to support the concept of brand experience, which reportedly does not require a motivational state: not only consumers who find a luxury brand very experiential start to follow the

brand's social media, but on the contrary, consumers have manifold motivations to follow various brands. Moreover, it appears that following influences brand experience not only by accumulating in the long run, but also by affecting rapidly consumers new to the brand. This finding defends the established claim that consumer-brand relationships are enhanced through participation in brand communities or social media. A further explanation is based on the notions of Kapferer and Bastien (2012), and Anido Freire (2014): participation in the luxury brand online community engenders the desire and evokes the dream through initiatory advertising and storytelling. This initiatory dream is so powerful that it is capable of affecting brand experience, which in turn indicates, that the luxury brand has succeeded in creating fans before actual buyers. And as the theoretical model proposed in this study and the results suggest, these fans eventually become loyal customers of the luxury brand: the longer respondents had followed the luxury brand's social media, the more likely they had purchased a product from the brand.

Social media gathers people with same interest together, and likewise, luxury fans are created in communities, which are social by nature. As the discussion on social media embedded brand communities suggested, social impact occurs in mega sized SMBBCs even when the brand supporters remain anonymous. When the other members of a social media based brand community are ambiguous (i.e. their names and photos are not displayed), consumers will project their own characteristics onto the brand's user base feeling commonality and affinity to other members. The same results occur when consumers perceive similarities with other members. In other words, consumers respond as favorably to the brand when they do not know the other online supporters of the brand, as they do when they identify similarities – either in homogenous or heterogeneous group settings. This indicates, that transparency, after all, may not be of crucial importance in developing a brand's online community. (Naylor et al., 2012) If identification and bonding represent only salient importance in large social media based brand communities, the key to understanding affective and loyalty outcomes could lie in social interactions, as the partly unexplored concept implies that active interaction is not needed, since mere exposure to other peoples' actions and opinions can result in experiences and affective commitment (de Valck et al., 2009; Godes et al., 2005), which eventually contributes to loyalty. As such, the luxury brand's social media community culminates in the codes of luxury

communicated through short-films and imagery, which are extraordinary master pieces of art themselves (Anido Freire, 2014), in addition to social support that contribute to consumer multi-sensory experiences and fantasies.

The research revealed dependencies of which some were easily predicted in the light of previous studies, but the model contained also original insights. The empirical data appeared to support the reasoning on the chain of effects from exposure to visual brand related stimuli in a social context, to brand experience that is based on sensory, cognitive, and affective dimensions, gradually developing to brand affect and brand trust, which inherently contribute to brand loyalty.

6.2   Managerial implications

The findings of this study yield several valuable managerial implications. Luxury brand's social media communities are extremely suitable for nurturing customer relationships. Social media are efficient in maintaining relationships with existing customers by strengthening the bond between the brand and the customer, but the online social media brand communities are also powerful in attracting new customers. The social media provide modern channel for advertising, which supports the relationship marketing through initiatory and confirmatory customer relationship paths. Attaining new customers is of outmost importance for luxury brands due to the increased competition, and this is where social media can have a substantial role: luxury consumers tend to choose first the brand, and only second, the product from the brand (Kapferer & Bastien, 2012). Therefore, efforts targeted at social media appear to be strongly justified.

So far no study has found evidence of overexposure and dilution of brand image. Accordingly, the findings in the present study may encourage luxury brands to continue their engagement in strong social media activities, as they appear to engender desirable outcomes. Thus, if luxury brands maintain their superior quality and sensuality online, it should not yield deterioration of the precious brand image but on the contrary, contribute to the exclusive brand image. Further, luxury brands should consider to abiding by the strategy of constraining participation and user-

generated content. If millions of their fans started to publish their positive or negative stories attached to amateur pictures on the luxury brand's Facebook page, it would obviously deteriorate the luxury storytelling of ultimate quality and coherence. Likewise, keeping the privacy of their online supporters is justified based on research, but it is also in line with luxury offline strategy. Thus, a luxury brand's communicating in social media is a balancing act that provides equal access to everyone, while maintains the magical aura, and nurtures the intimate relationship, while stays above the customer.

Finally, the findings may encourage new brands willing to embark on the luxury journey to benchmark heritage luxury brands' social media strategies, as the ever increasing social networks and emerging markets provide limitless opportunities and a fruitful virtual soil.

6.3 Limitations and future research

Despite the substantial knowledge accumulated from research on online brand communities, and growing interest in social media marketing, not much empirical evidence from the effectiveness of social media based brand communities on company performance exists to date. Moreover, considering the economic importance and potential of luxury, and also the potential of social media based brand communities, they have received surprisingly little attention. The purpose of this study was to contribute to this gap. Taking the perspective of brand community to a luxury brand's social media it was possible to examine the luxury brand-consumer relationship in an online environment. A unique model that combined relatively new brand experience construct with more studied affect/trust-loyalty construct was developed to scrutinize actual participation in a luxury brand's social media community. Hence, the study contributes also to brand experience research by demonstrating that it is clearly a part of consumer's online loyalty relationship.

As with any research, this study is not without limitations. First, although the data were considered suitable for testing the research model, more studies with new data are needed in order to generalize findings. Second, despite reasonable effort to

measure participation, more comprehensive scales have to be developed in order to investigate the effect of participation on brand experience. And finally, the study did not address many external factors that could influence the outcome. Future research should control e.g. multiple community memberships, that is, if consumers simultaneously follow consumer-initiated sub-groups of the luxury brand, or if they follow many luxury brands, or whether they are devoted to follow only one luxury brand. Multiple group identities are likely to influence consumer behavior and therefore, the interaction effects need to be examined in order to validate the findings. However, this study has attempted to discuss extensively various issues to achieve relevance, and to contribute to both academia and practice.

This study was placed in a context of heritage luxury brands, which differ from mass-luxury or luxurious fashion brands. Accordingly, more research is needed to generalize the findings from the somewhat promising model in luxury industry. As every brand has unique brand identity, brand experience is also likely to vary from a brand to another. Consequently, it would be interesting to apply the model also to premium, fashion, and other hedonic product categories, and particularly to hedonic services category. It is also left for future research to address whether age and education corresponds to the online community brand experience and consumer behavior. Studying these consumer characteristics could reveal opportunities for luxury brand management, as previous research has shown that younger and less-educated consumers are more prone to be influenced by reference groups (de Valck et al. 2009), and one aspect of a luxury strategy is to attract new young customers with the entry products, which target at building the desire for the brand (Kapferer & Bastien, 2012). Likewise, future research should investigate whether a luxury brand's social media participation evokes different experiences in different cultures, as research has found that the emotions and fantasies products engender depend on the individual's ethnic background, social class, and gender (Hirschman & Holbrook, 1982), and also that the perception of luxury varies between countries (Hennigs et al., 2012). In the era of global luxury brands such as Louis Vuitton, the question becomes of crucial importance.

This study collected data from various social media platforms, but the representation of other social media than already much scrutinized Facebook, in addition to the more

recent Instagram was minor. Thus, many open questions remain concerning different platforms: how the brand communities based on e.g. YouTube or Pinterest qualify as SMBBCs, and how the different platforms convey luxury codes of communication and contribute to the brand experience. One of the most interesting propositions for future research concerns the investigation of interaction in online venues, and development of valid scales for the participation construct. Analysis of the participation variables in this study implies, that the members of a social media brand community do not have to behave interactively, yet they may have a sense of active participation stemming from frequently visiting the brand's social media as observers. The social interactions approach (Godes et al., 2005; Hartmann et al., 2008), and the recent value-based conceptualizing of consumptive participation (Hartmann et al., 2015) are fruitful starting points to examine how the practices and levels of participation actually influence affective and cognitive processes, and consumer behavior. Interestingly, vicarious consumption was originally conceived by Veblen (1899) as class-based consumption, and imitation of wealth of the higher classes by lower classes. The role of other consumers as part of the consumption process could not be more current in the time of social media brand communities (Hartmann 2015), and virtual shopping malls (Belk, 2013). In the context of a luxury brand social media community, this approach comes close to the fundamental concepts in sociology that Muniz and Quinn (2001) already portrayed in their classic writings of brand communities. These ideas derive from the notions of Simmel, Blumer and Bourdieu about social networks, symbolic interactionism, and social position. The modern society of consumption is comprised of human beings who negotiate their identity in relation to others and the society as a whole, and who are at the same time the producers and the observers of the experience in the process of continuous change. (Svendsen, 2012)

To conclude, as online and social media brand communities differ from each other in many ways, the effects of participation in these venues on consumer behavior are versatile, and the underlying mechanisms vary depending on the context. This study was placed in the intriguing intersection of complex social constructions: luxury and brands, which inherently take their shape and meaning in the broader society and consumer culture, and social networks and communities, which provide the space and means to negotiate these meanings in a web of social relationships. Combining

marketing with sociology and information sciences opens up many future avenues for research in commercial social media environment in general, but more specifically, for research to discover all the pieces and subtleties, which build the utmost dream of a luxury brand online.

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APPENDIX 1. Survey questionnaire

Social media and luxury - Louis Vuitton

This survey collects data for Master's Thesis. The research investigates social media and brand experiences within luxury industry. Louis Vuitton represents luxury brands, thus experience on Louis Vuitton's social media is required for participating this study. All the data is strictly confidential and only used for non-commercial academic research purposes. The survey is anonymous: it is not possible to recognize participants.
There are 4 pages and total of 42 questions. Please answer all the questions.
Please start with your background information below.

1. What is your gender? Female Male
2. How old are you? Under 17 17-25 26-34 35-43 44-52 53-61 62 or over
3. What is your household's yearly income in Euros?
Under 14 000/14 000 - 19 999/20 000 - 39 999/40 000 - 69 999/70 000 - 89 999/90 000 - 119 999/120 000 - 139 999/140 000 or over
4. Do you own an authentic Louis Vuitton product? Yes No
5. Which social media of Louis Vuitton do you follow? Please select all that apply.
Twitter Facebook Pinterest Instagram YouTube Google+ Foursquare
6. How long have you followed Louis Vuitton's social media?
Under 6 months/6 months – 1 year/1-2 years/2-3 years/Over 3 years
Louis Vuitton's social media
Listed below are 13 different phrases. Please indicate how strongly you disagree or agree with each by using the following scale:
1 = very strongly disagree, 2 = strongly disagree, 3 = disagree, 4 = neither agree nor disagree, 5 = agree, 6 = strongly agree, 7 = very strongly agree
7. I often visit Louis Vuitton's social media (e.g. go to LV's Facebook page)
8. I often read Louis Vuitton's social media postings.
9. I often watch photos or videos on Louis Vuitton's social media.
10. I read other user's comments on Louis Vuitton's social media.
11. I often "like" or "mark as favorite" content on Louis Vuitton's social media.
12. I often share or upload content on Louis Vuitton's social media.
13. I am motivated to participate Louis Vuitton's social media.
14. I find the content on Louis Vuitton's social media interesting.
15. I consider Louis Vuitton's social media exciting.
16. I follow Louis Vuitton's social media because it is fun.
17. I find the content on Louis Vuitton's social media informational.
18. I consider Louis Vuitton's social media an important source of brand related information.
19. The information found on Louis Vuitton's social media is useful when making purchase decisions.
Brand experiences - Louis Vuitton
Listed below are 12 different phrases that describe experiences and feelings about a brand. In the case of Louis Vuitton, please indicate how strongly you disagree or agree with each by using the following scale:
1 = very strongly disagree, 2 = strongly disagree, 3 = disagree, 4 = neither agree nor disagree, 5 = agree, 6 = strongly agree, 7 = very strongly agree
20. This brand makes a strong impression on my visual sense or other senses.
21. I find this brand interesting in a sensory way.
22. This brand appeals to my senses.
23. This brand induces feelings and sentiments.
24. I have strong emotions for this brand.
25. This brand is an emotional brand.
26. I engage in physical actions and behaviors when I use this brand.
27. This brand results in bodily experiences.
28. This brand is action oriented.
29. I engage in a lot of thinking when I encounter this brand.
30. This brand makes me think.
31. This brand stimulates my curiosity and problem solving.
Brand beliefs – Louis Vuitton
Listed below are different beliefs about a brand. In the case of Louis Vuitton, please indicate how strongly you disagree or agree with each by using the following scale:
1 = very strongly disagree, 2 = strongly disagree, 3 = disagree, 4 = neither agree nor disagree, 5 = agree, 6 = strongly agree, 7 = very strongly agree
32. I trust this brand.
33. I rely on this brand.
34. This is an honest brand.
35. This brand is safe.
36. I feel good when I use this brand.
37. This brand makes me pleasure.
38. I will buy this brand the next time I buy luxury fashion.
39. I intend to keep purchasing this brand.
40. I am committed to this brand.
41. I would be willing to pay a higher price for this brand over other brands.

APPENDIX 2. Factor analysis of participation variables

Study: Participation factor structure

| | Principal components, total variance of 2 factors, Eigenvalue > 1 = 72.3% | | | | | |
| | Orthogonal (Varimax) | | Oblique (pattern) | | Oblique (structure) | |
Variable	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
P1	.848	.240	.877	.009	.882	.429
P2	.851	.235	.882	.003	.883	.424
P3	.754	.219	.779	.014	.785	.386
P4	.788	.220	.815	.006	.818	.396
P5	.431	.710	.291	.651	.603	.790
P6	.053	.898	-.177	.971	.288	.886
P7	.421	.737	.274	.684	.601	.815

| | Principal axis, total variance of 2 factors, Eigenvalue > 1 = 61.3% | | | | | |
| | Orthogonal (Varimax) | | Oblique (pattern) | | Oblique (structure) | |
Variable	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
P1	.826	.257	.884	-.033	.865	.493
P2	.829	.252	.890	-.040	.866	.489
P3	.632	.282	.645	.075	.690	.459
P4	.683	.279	.707	.050	.737	.470
P5	.417	.649	.253	.593	.606	.744
P6	.127	.709	-.114	.782	.351	.715
P7	.402	.700	.217	.660	.609	.789

Rotation: Kaiser Normalization
Kaiser-Meyer-Olkin (KMO): .844
Bartlett sphericity coefficient: 1179.62, p = .000

APPENDIX 3. Correlation matrix

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
1. P1	5.279	1.595	1																												
2. P2	5.177	1.595	.777	1																											
3. P3	5.147	1.637	.531	.620	1																										
4. P4	5.354	1.674	.663	.587	.543	1																									
5. P5	4.423	1.830	.497	.525	.493	.423	1																								
6. P6	2.805	1.672	.296	.301	.253	.274	.517	1																							
7. P7	4.195	1.643	.521	.478	.439	.515	.615	.550	1																						
8. BXS1	5.787	1.254	.409	.423	.358	.353	.336	.154	.340	1																					
9. BXS2	5.384	1.279	.371	.426	.364	.282	.350	.149	.323	.720	1																				
10. BXS3	5.547	1.250	.402	.442	.382	.338	.385	.179	.366	.799	.755	1																			
11. BXA1	5.399	1.337	.389	.436	.367	.348	.370	.219	.352	.689	.674	.727	1																		
12. BXA2	5.255	1.516	.373	.389	.362	.279	.442	.228	.396	.666	.655	.702	.743	1																	
13. BXA3	5.063	1.519	.345	.386	.356	.257	.338	.204	.320	.497	.560	.529	.674	.714	1																
14. BXB1	4.333	1.561	.241	.271	.181	.159	.277	.211	.296	.376	.435	.409	.467	.546	.538	1															
15. BXB2	4.258	1.483	.290	.326	.219	.189	.343	.273	.343	.375	.430	.423	.476	.572	.587	.776	1														
16. BXB3	4.150	1.425	.306	.325	.242	.223	.351	.314	.344	.404	.474	.402	.465	.533	.568	.693	.728	1													
17. BXI1	4.523	1.443	.264	.320	.266	.197	.315	.215	.341	.468	.467	.474	.489	.557	.450	.591	.555	.614	1												
18. BXI2	4.541	1.580	.271	.271	.293	.209	.331	.209	.335	.420	.450	.439	.446	.524	.449	.477	.440	.518	.659	1											
19. BXI3	3.835	1.615	.224	.208	.221	.216	.308	.305	.320	.286	.324	.305	.337	.402	.438	.532	.464	.583	.583	.644	1										
20. TRU1	5.916	1.227	.375	.380	.360	.331	.287	(.101)	.306	.548	.579	.580	.562	.572	.501	.362	.355	.415	.449	.410	.309	1									
21. TRU2	5.399	1.362	.352	.344	.294	.275	.290	.130*	.332	.528	.616	.579	.542	.533	.487	.370	.374	.425	.431	.419	.315	.783	1								
22. TRU3	5.559	1.308	.364	.339	.310	.325	.314	.130*	.306	.503	.507	.539	.516	.541	.527	.422	.410	.467	.448	.429	.349	.703	.689	1							
23. TRU4	5.661	1.316	.318	.313	.316	.315	.274	.141*	.282	.528	.472	.496	.515	.487	.424	.351	.304	.410	.336	.281	.257	.688	.587	.714	1						
24. AFF1	6.042	1.270	.355	.338	.311	.330	.315	(.088)	.275	.586	.548	.585	.565	.594	.402	.362	.321	.314	.401	.371	.231	.693	.603	.615	.605	1					
25. AFF2	5.985	1.321	.355	.365	.327	.338	.322	(.083)	.318	.589	.558	.638	.582	.560	.432	.366	.337	.320	.398	.372	.225	.628	.588	.599	.574	.798	1				
26. BLB1	6.111	1.309	.425	.403	.362	.407	.326	.109*	.271	.556	.518	.567	.496	.524	.372	.284	.302	.338	.369	.341	.214	.615	.566	.511	.461	.655	.633	1			
27. BLB2	5.931	1.296	.379	.373	.368	.343*	.294	(.104)	.295	.568	.563	.604	.544	.541	.389	.358	.310	.317	.403	.343	.280	.656	.623	.556	.555	.696	.716	.729	1		
28. BLA1	5.300	1.554	.385	.390	.382	.325	.347	.227	.400	.555	.563	.577	.538	.645	.496	.441	.451	.461	.468	.412	.351	.606	.635	.553	.517	.590	.591	.636	.676	1	
29. BLA2	5.024	1.646	.394	.406	.405	.308	.385	.240	.378	.481	.453	.449	.425	.514	.397	.317	.386	.417	.416	.376	.332	.466	.498	.468	.403	.492	.409	.547	.495	.588	1

Correlation matrix (Pearson correlation), parentheses $p > .05$, * $p < .05$, otherwise all correlations $p < .01$

APPENDIX 4. Interaction effects, source tables for ANOVA

Table 1. Between Subjects ANOVA, dependent: brand experience

Source	Sum of squares	df	Mean square	F	p
Membership duration	12.53	4	3.13	2.80	.026
Product ownership	1.14	1	1.14	1.02	.314
Duration*Ownership	17.20	4	4.30	3.84	.005
Error	361.03	322	1.12		
Total	8175.76	332			

Table 2. Simple effects ANOVA, dependent: brand experience

Duration of membership	Sum of squares	df	Mean square	F	p
Less than 6 months	9.55	1	9.55	8.52	.004
6 months - 1 year	5.33	1	5.33	4.76	.030
1-2 years	1.54	1	1.54	1.37	.243
2-3 years	0.05	1	0.05	.05	.830
Over 3 years	0.73	1	0.73	.65	.420
Error	361.03	332	1.12		

Table 3. Pairwise Comparisons ANOVA, dependent: brand experience

Duration of membership	Mean difference	Std. error	p
Less than 6 months	.745	.225	.004
6 months - 1 year	-.601	.276	.030
1-2 years	-.532	-.455	.243
2-3 years	-.136	.632	.830
Over 3 years	-.867	1.973	.420

Adjustment for multiple comparisons: Bonferroni