THE IMPACT OF BRAND SOCIAL MEDIA MARKETING ON THE DYNAMICS OF THE COMPANY’S SHARE VALUE

Diana FAYVISHENKO1*, Liudmyla CHERNIAVSKA2, Iryna BONDARENKO3, Tetiana SASHCHUK4, Inna SYPCHENKO5, Nataliia LEBID6

1Department of Journalism and Advertising, State University of Trade and Economics, Kyiv, Ukraine
2Department of Journalism, Zaporizhzhia National University, Zaporizhzhia, Ukraine
3Department of Social Communications and Information Activities, Zaporizhzhia National University, Zaporizhzhia, Ukraine
4Department of Social Communications, Taras Shevchenko National University of Kyiv, Kyiv, Ukraine
5Department of Journalism and Philology, Sumy State University, Sumy, Ukraine
6Department of Publishing and Editing, Zaporizhzhia National University, Zaporizhzhia, Ukraine

Received 9 June 2022; accepted 21 October 2022

Abstract. The aim of the study was to determine the impact of brand social media marketing on the dynamics of the company's share value. Methods of analysis and synthesis were used to determine the features of the implementation of the brand advertising campaign in social media. The economics and statistics analysis were used to analyse the costs of social media marketing (SMM) of the brands of global companies – leaders in market capitalization of shares, as well as to determine the capitalization level. The monographic method is used for a comprehensive and in-depth study of social media marketing, the causal links between the implementation of the advertising campaign and the overall performance of companies. The essence and importance of social media in the promotion of modern brands are studied considering the results of research and practice of global companies. The advantages of social media marketing activities of companies for brand promotion in the context of increasing the company's value are identified, which include: increasing brand awareness; increasing the level of conversion and increasing the number of potential customers; direct communication with the target audience; coverage of the target audience which is not covered by traditional types of advertising. The dynamics of expenditures on social media marketing of global brands, as well as the dynamics of the cost of market capitalization of global companies were studied. An econometric regression model was developed to determine the quantitative impact of the costs of global brand social media marketing on the market value of shares of global companies. It was found that with an increase of $ 1 billion in spending on brand social media marketing, the cost of market capitalization of companies' shares increases by an average of $ 1,445,947. Prospects for further research are to find new and increase the effectiveness of existing methods of brand social media marketing in order to maintain a stable competitive position and gain new competitive advantages.

Keywords: advertising, brand, company value, marketing, promotions, social media.

JEL Classification: M31, M37, G32.

Introduction

In the era of universal access to information, the phenomenon of globalization and a dynamically changing environment, modern companies have to face new challenges constantly adapting to changes in the world. In the new economy, companies must concentrate their efforts on creating new innovative products and services, as well as generate new knowledge. A strong brand is among the many tools of competition that guarantees quality, durability and stability of the proposed advantages. This is an important condition for customer loyalty and satisfaction. The importance of the brand in the development of marketing activities is indisputable. Branding allows segmenting the market and adapting to its changing needs. The advantage of the brand is that the brand protects the product, its innovation and uniqueness from imitators compared to other products. The more the brand is present in the minds of consumers, the more it causes thoughts about product quality. It is also important that the value of the
brand also plays a role, as it strengthens the value of the brand and creates positive associations among customers. Exploring the relationship between brand value and company value allows assessing the competitive potential of a brand. The source of benefits can be reliably estimated capital of a competitive brand.

In 2021, social media is an integral part of the daily life of everyone who has access to the Internet. At the same time, the Internet is an ideal place to promote brands, as well as a communication platform that allows consumers to receive more information about services, products, or brands. The Internet is also a space for building economic relations on many levels: between the organization and the customer, between organizations, and between the customers themselves. Media space users can find on specific websites advice, methods of their use, as well as professional articles describing the technical aspects of the use of technical means of a brand. Interacting with visual stimuli, the Internet forms a greater visual perception of graphic symbols of brands in consumers. This means that such items as symbols, logos or colours are easier for potential customers to remember and recognize. These features are also relevant for the use in social media.

Companies are increasingly promoting themselves through social networks, which help to intensify communication by providing direct, easy, and fast contacts with customers. Social media is increasingly becoming a carrier of information aimed at increasing brand awareness among consumers. Communication activities in social media can be a good support for the company’s marketing and image activities in traditional media.

At the same time, market capitalization is an important economic indicator of the company’s performance as a whole. The dynamics of the company’s share value and its elasticity to the impact of external factors are a kind of indicators for investment decisions under modern business conditions. Given the extraordinary popularity of social media, the study of the impact of brand promotion by such means on the dynamics of the companies’ share value is topical.

The aim of the study is to determine the impact of brand advertising on social media on the dynamics of the company’s share value. The aim involved the following research objectives:
- find out the nature of social media marketing;
- identify the benefits of using SMM;
- determine the relationship between brand social media marketing and the company’s share value;
- develop recommendations for companies on social media branding.

1. Literature review

With the advent of the Internet and such websites as Facebook, YouTube and Twitter, marketing communication techniques have been forced to change. Given the capabilities of social networks and the Internet, the marketing efforts will be transformed towards intensifying the development of social communications with customers (Line et al., 2020; Alalwan et al., 2017).

Competition for consumer attention in the media is intense, especially on social networking platforms. Consumers, in turn, are stunned by the spread of online content, and it is obvious that marketers will not succeed without creating such content for their audience (Lee et al., 2018).

Successful brands have changed their communication strategies and moved to social networks to attract new customers. Advertising companies use social networks such as Facebook, YouTube and Twitter to evaluate their brand choices. Numerous fashion houses create their Facebook and Twitter accounts to communicate with customers without any restrictions and increase customer choice. These strategies involve the cooperation of consumers and companies to create new high-quality products and services. Brands on social networks are gaining popularity and building strong relationships with customers (Carlson et al., 2019; Kim & Johnson, 2016).

At the same time, social media are online channels that have become a source of communication and participate in various activities. In turn, this is undoubtedly an important way for brands to communicate with the company’s target audience (Kumar & Singh, 2020).

Social cooperation means online communication with customers in accordance with aspects of social responsibility in social networks through various networks. Social communication binds customers and companies to a greater brand choice (Elaydi, 2018; Lee et al., 2017).

Big brands seek to connect with their customers through social media channels. Websites of social networks, such as Facebook, Twitter, MySpace, etc., have a significant impact on the consumer and information experience (Elaydi, 2018).

Social media provide a platform for brand owners to use behavioural and psychographic data from a customer’s profile to study the impact of an advertising campaign. Conversely, over the years, companies have begun to understand a loyal audience through social media through sharing information and creating various activities (Robul et al., 2019; Song et al., 2019).

If customers are satisfied with the brands, which is reflected in the relevant reactions on social networks, it can positively affect the brand choice; conversely, if there are customers who are dissatisfied with brands, this can negatively affect the company’s loyalty (Ibrahim & Aljarah, 2018).

As Singh (2020) points out on social media, the company has direct access to existing and potential customers, being able to turn this advantage into significant commercial and social profits that the brand can focus on, reaching new segments of the population through socialization tools (MajlesiRad & Haji pour Shoushtari, 2020).

It should be noted that interaction, convenience, openness, freedom, and real time unite all social networks. The concept of social commerce becomes inevitable in the discussion of the company’s promotion on social networks. So, it is important to have a well-thought-out strategy,
confidence that can be created in different ways (original, unique, and high-quality content created by influential people, regular communication), as well as active social consumer interaction. After reviewing the best marketing solutions for small and medium-sized companies in the global market, it can be stated that most of them can be applied to companies in various manufacturing and non-manufacturing industries. Research has shown that effective social commerce involves offering goods and services grouped into common communication, offering an opportunity to buy goods and services here and now, tagging them in photos and redirecting to the chat window (Karim, 2021).

It is worth paying attention to the results of the content analysis of company publications on social networks (on the example of 10 global brands) by Tkachuk et al. (2021), who established the criteria for effective content and communication: simplicity of content and ease of communication, lack of direct product advertising, emphasis on global socio-economic issues, as well as co-orientation, unobtrusive communication, meaningful creativity, indirect information about the product or work and the company’s history through various tools (Machado et al., 2019).

The first strategies of branded content on social networks were aimed at using entertaining video as the main communication technique. At the same time, the number and plot of videos were focused on young people, that is mainly consumers of the young and middle-age segment (Štreimikienė et al., 2021; Tkachuk et al., 2021).

The number of social media users who are supporters of companies can indirectly affect the value of company brands. Such indirect influence can be determined by giving consumers’ preference to individual brands under a free choice of products among the product range (Tkachuk et al., 2021).

However, user behaviour, in particular their reaction on social media to the company’s actions can negatively affect the company’s reputation, because other social media users who may be potential customers of companies pay attention to negative feedback and may refuse to decide to buy (Holt, 2016).

Besides, social media users influence each other’s buying behaviour, leaving positive or negative feedback to the company (Tkachuk et al., 2021). The impact of SMM as a concept is becoming increasingly popular due to the active participation of users in brand building (Lund et al., 2018). Opinion leaders actively influence the brand perception through social media marketing, building popular brand culture among the company’s target audience.

Moreover, Lund et al. (2018) identifies six key areas of research into brand communication in social media, focusing on both key conceptual and theoretical issues of social media, taking into account media agencies’ expectations of content plans. Such areas include: research on influential people on social networks; research of personalized brand content on social networks; research on ethical issues related to the nature of social media content and consumer empowerment; research focused on the characteristics of social platforms other than Facebook; research on the integration of social media into the media mix and the consumer path; research through real data from social networks.

Thus, the scientific publications on the importance of promoting brands on social networks indicate the extreme relevance of this marketing tool in today’s business environment. At the same time, the actual lack of publications on the relationship between brand social media marketing and market capitalization of companies urges the direction of our study and determines its importance for the scientific community and the practice of companies.

2. Methods and materials

The research procedure involves the following stages:

1. Collection of materials from scientific, periodical and statistical literature on a particular research topic.
2. Formulation of the nature of social media through scientific interpretation of the position of scientists and regulatory sources.
3. Finding out the importance of brand social media marketing.
4. Systematization of market value indicators of global companies and costs of brand social media marketing.
5. Development of a regression model of the dependence of the companies’ market value on the cost of brand SMM, a description of its indicators and results of dependence.
6. Development of recommendations to modern business entities on the brand promotion on social media.

The study of social media marketing is associated with identifying the characteristics of such activities, the benefits of promoting brands on social media, as well as assessing the quantitative impact of brand advertising on the market value of shares of companies around the world.

Methods of analysis and synthesis were used to determine the features of the implementation of the brand advertising campaign in social media. The economics and statistics analysis were used to analyse the costs of social media marketing (SMM) of the brands of global companies – leaders in market capitalization of shares, as well as to determine the capitalization level. The monographic method is used for a comprehensive and in-depth study of social media marketing, the causal links between the implementation of the advertising campaign and the overall performance of companies.

The study includes data on advertising costs and the level of market capitalization of shares of 15 companies around the world. The companies were selected based on the global ranking of these companies by the value of the company according to Statista.
3. Results

SMM – social media marketing – is becoming increasingly popular with the development of social networks. SMM not only gives companies a better look at their customers, but also provides many ways to interact with the company. All large companies in today’s business environment should use social networks for SMM, as it is unreasonable to reject cooperation with the already gathered target audience. The advantages of social media marketing include the following (Figure 1).

1) Increasing brand awareness. Social networks provide an opportunity to show their advertising to the world and a huge number of people. This method of marketing promotion is one of the most cost-effective methods used to increase brand awareness. Various social media platforms help to present the brand to various segments of consumers. At the same time, it is worth paying attention to the advantage of this method, which is to make consumers look at advertising, who do not even need a product or service of the brand at the moment. Such advertising creates a need in the customers' head with its presence. Interactions are manifested in such elements as subscriptions, distribution of posts, likes, comments.

2) Increasing the level of conversion and increasing the number of potential customers. All that the company posts on its blog, all the information that is provided, is an opportunity to bring visitors to the company’s account. Every story or publication can help promote a brand. Naturally, it is necessary to have competent copyright and content that would attract consumers’ attention. Planning and working out a planned content on social media increase the conversion and engagement of the company’s audience. Brand building on social media is an easy way to increase the number of potential customers, increase conversions and increase sales, as it involves an audience that has shown interest in the brand by subscribing to the company’s account.

3) Establishing a direct communication with the audience. Contact details in the company’s social profiles makes it much easier for customers to find out information that interests them. Besides, the quick, complete, and polite response of the company’s representatives allows making a positive impression about the brand and the company as a whole.

4) Covering the audience, in contrast to traditional marketing tools. Social networking is a tool for two-way brand promotion, as opposed to traditional media, which offer only one-way communication. The companies cannot directly communicate with its audience in traditional marketing, unlike social networks, which allow them to directly communicate with the target audience. The use of social networks, in contrast to traditional media, which do not allow communication with the consumer, directly provides communication with customers.

To determine the quantitative impact of brand social media marketing on the share value of global companies, we use data on the market capitalization of the international statistical resource Statista (Figure 2).
As we can see from the above data, Apple has the highest value in 2021 ($2,252.3 bln.). It is worth noting that among the 15 companies surveyed, the largest number of companies are American businesses.

To determine this impact, factual statistics were collected on the cost of advertising on social media to promote brands of global companies selected for the study (Figure 3).

Based on these data, we can see the importance of marketing activities on social media for the world’s leading companies, as it costs a lot of money to promote brands through these tools.

To calculate the quantitative impact of brand advertising on social media ($X$) on the market value of company shares ($Y$), we build a regression model of dependence (Figure 4) based on the data provided.

This research method is used to visualize the form of the dependence between the economic indicators being studied. The set of points of the resulting and factorial features form a correlation field. The correlation field allows putting forward a hypothesis (for the general population) that the relationship between all possible values of $X$ and $Y$ is linear. The regression estimation equation (based on sample data) will look like:

$$y = bx + a + e,$$

So, as we can see from the above data, Apple has the highest value in 2021 ($2,252.3$ bln.). It is worth noting that among the 15 companies surveyed, the largest number of companies are American businesses.

To determine this impact, factual statistics were collected on the cost of advertising on social media to promote brands of global companies selected for the study (Figure 3).

Based on these data, we can see the importance of marketing activities on social media for the world’s leading companies, as it costs a lot of money to promote brands through these tools.

To calculate the quantitative impact of brand advertising on social media ($X$) on the market value of company shares ($Y$), we build a regression model of dependence (Figure 4) based on the data provided.

This research method is used to visualize the form of the dependence between the economic indicators being studied. The set of points of the resulting and factorial features form a correlation field. The correlation field allows putting forward a hypothesis (for the general population) that the relationship between all possible values of $X$ and $Y$ is linear. The regression estimation equation (based on sample data) will look like:

$$y = bx + a + e,$$

![Figure 2. The market value of global companies as of 2021, according to Statista, bln. $](image)

![Figure 3. The cost of SMM advertising brands in the world in 2020, according to Statista, bln. $](image)

![Figure 4. The regression dependence between the cost of brand SMM and the value of global companies](image)
where $e_i$ is the value (estimate) of the observed errors $e$, $a$ and $b$, according to the estimate of the parameters $\alpha$ and $\beta$ of the regression model to be found.

The regression equation (empirical regression equation) in our case is as follows:

$$y = 1445.947x - 373.1401$$

The calculated linear correlation coefficient is $r_{xy} = 0.844$, that is the relationship between the feature $Y$ and the factor $X$ is high and direct.

The determined coefficient of determination of the regression model is $R^2 = 0.7116$, that is in 71.16% of cases, changes in $X$ (the cost of brand social media marketing) lead to a change in $Y$ (the market value of the capitalization of the company’s shares). In other words, the accuracy of the regression equation is high. The coefficients of the linear regression equation can be given economic meaning. The regression coefficient $b = 1445.947$ shows the average change in the resulting indicator (in bln. $) with an increase or decrease in the value of the factor $x$ by $1$ bln. In our model, with an increase of $1$ bln. in spending on brand social media marketing, the market capitalization of the company’s shares increases by an average of $1,445,947$ bln.

Thus, we can observe not only a qualitative but also a direct quantitative dependence between brand social media marketing and the market capitalization of global companies.

At the same time, in modern business conditions, the influence of the brand as a factor in the formation of the company’s market capitalization is growing. Because, when deciding on making investment, the value of the company’s brand will be an important indicator of further growth in the company’s value. There is also an increase in the value of companies with significant investment in rebranding and related online marketing tools. Amazon is an example of such a successful strategy, its share value does not depend on the general standing of the company.

At the same time, it is also important to determine the value of the brand itself, which can be achieved by different methods depending on the purpose of the evaluation. It is worth noting that the success of the branding strategy is limited by time, so it is necessary to constantly make efforts to effectively promote the brand, including the use of social media. A positive image of the organization as one of the most important elements of branding is an element which must be emphasized when building customer communication strategies.

It is important that the value of modern brands increases due to the creation of image events in social media at the stage of their introduction to the market. The image itself becomes part of the brand, enriching its values. Important is the fact that the brand is embedded in a strong framework of the company’s strategy, not just in its communication strategy. Therefore, this is not just an action aimed at ensuring that the customer is satisfied with the communication activities, but also at optimizing revenue and introducing brands to the market by establishing a stable competitive position in the market.

It takes years to form a brand image, as the activities are aimed primarily at consolidating and expanding it. Today, brand building is a highly specialized area of management. Its image itself should be seen as a kind of living organism that must respond accordingly, for example, to how the market reacts to it. Under modern conditions, building a successful brand is a corporate policy that must be consistently implemented based on the company’s goals. The brand must also bring measurable profits in the form of, for example, increasing number of customers.

Social media as a means of promoting brands is global, which is why those companies that are not afraid of full disclosure of the image and see their development opportunities in this way use them easily. To meet the challenges of the market, modern companies are forced to observe changes in customer expectations and adapt quickly to them. Organizations are interested in modern types of communication with contractors, which are used to track changes in expectations, thinking, as well as maintain and deepen relationships with customers. These types of communication are currently provided through social media. Their technical capabilities and accessibility are contributing to the increasing use by companies of modern customer relationship management concepts, such as Social CRM (SCRM).

Today, Social CRM offers many opportunities. Related systems allow bringing companies together on different social networks to better manage company’s account. The best of them provide an opportunity to present, view and share information about companies. Besides, it is possible to make purchases directly through the social platform or direct the customer to the company’s main website. SCRM analytical tools help to analyse the competitive market, conduct marketing research of campaigns and measure the effectiveness of service channels. All the information obtained from social networks helps to expand the company’s knowledge about customers to deepen relationships with them and respond to their needs. Instead, customers receive individual offers that they are free to comment on social media.

Besides, the concept of Social CRM gives the opportunity to build relationships with the brand and establish associations with it. Acquiring and maintaining contacts with customers turn into the company’s profit. The company’s success associated with the strategy of managing social relations with the customer is possible only when the processes are properly launched and coordinated for all communication channels. At the same time, it should be noted that the use of the concept of Social CRM will continue to develop even more actively, which will make companies stand out from the growing competition.

Therefore, to further increase market capitalization, it is advisable to use such a valuable intangible asset as a brand. At the same time, it is impossible not to use such a tool as social media in the era of the Internet space. Therefore, the combination and active development of these factors in a competitive environment will increase the company’s share value and strengthen competitive status.
4. Discussion

So, the brand is an important intangible resource without which it is impossible to effectively use the company’s marketing efforts. At the same time, social media is a necessary tool for establishing customer communications under the conditions of information society development. Based on our own research, studying the relationship between the cost of brand social media marketing of global companies – leaders in market capitalization of shares and such capitalization, using the developed econometric model, we can say that the brand in today’s business environment is one of the important factors in making up the value of the company’s shares.

The thesis on the brand’s impact on the total value of the company’s shares is confirmed by researches (Statista, 2021), who note that recognition of intangible assets increases in parallel with the difference between the book value of assets and their market valuation by the stock exchange.

The brand should be considered an intangible asset, as it creates favourable conditions for all parties to the market agreement, both the buyer and the seller. Besides, the brand’s revenue-generating property is one of the key benefits (Lund et al., 2020).

At the same time, we agree with Glucksman (2017) on the value of the brand as the end result of all the company’s work on brand building, the level of success or failure of the brand. The value of the brand is often indicated in the company’s balance sheet as part of its business reputation (Voorveld, 2019).

However, it is advisable to take into account the results of research team organized by Shubhangam et al. (2020) on the impact on the development of the following aspects of the company’s activities in the context of increasing its market capitalization:
- sales increase;
- development of partnerships (Garachkovska et al., 2020);
- creating a unique product that meets the customers’ needs (Shubhangam et al., 2020).

As we can see, the results of these studies confirm the thesis about the importance of social media branding for gaining competitive advantage and increasing the companies’ value. The use of a brand as a valuable competitive resource will contribute to additional profits by giving preference to consumers in the competitive process.

At the same time, social media perform two main functions that interpenetrate and are used in all forms of organization. This is a communication and marketing function (Ahmed et al., 2020; Bessarab et al., 2021; Nisar & Whitehead, 2016).

Communication between users of social networks is based on equal dialogue and exchange of content with each other. The basic model of communication between the sender and the recipient has been replaced. Social networks help to establish contacts, facilitate conversation, build relationships and loyalty, which ultimately helps to increase the company’s profitability as a whole (Tkachenko et al., 2021; Yoshida et al., 2018; Appel et al., 2020).

It is also worth noting that customer service and the evolution of promotion are becoming more efficient. The media is a way to get feedback, use and improve the products and services we offer, but it’s all faster and cheaper with social media. Cost savings on online marketing activities, in turn, leads to increased profits (Lindsey-Mullikin & Borin, 2017; Essamri et al., 2019; Kim & Lee, 2017).

So, it can be generalized that according to researchers, the promotion of brands in social media as an element of marketing activities in modern conditions contributes to the growth of companies’ market capitalization.

Conclusions

Social media is one of the most effective tools for promoting modern brands of goods and services of global companies, which can increase brand awareness, quickly and adaptively share company news with customers, and quickly find new target segments of the consumer market. The importance of social media for increasing the efficiency of companies’ activities is that with minimal financial investments in the development of this direction of communication with customers, social media contribute to the development of business, increase the traffic of the site or pages in social networks, increase the number of conversions to them from search engines or links from other sites; by tracking the actions of consumers in the network, marketers can analyse and understand the needs of the market, as well as distinguish potential consumers; good opportunities for targeting the audience of Internet and social media users in particular; by spreading key messages about the company or its products, services through ordinary users, as well as journalists, bloggers, professionals in certain fields, you can increase the effect, optimize the delivery of information about a new product, promotions, etc. to the target audience.

The results of our study proved that there is a direct link between the cost of brand social media marketing and the market capitalization of global companies. At the same time, this connection is associated with the intensification of marketing efforts of companies in the field of SMM, the growing popularity of brands and the level of their value in the structure of assets of companies around the world.

Therefore, in the modern knowledge economy and digital economy, global companies gain the competitive advantages mainly through non-price factors of competition, which should be considered in the context of the use of their intangible assets.

Further research should focus on finding new methods and improving the use of existing methods of promoting brands on social media.

References


