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Improving consumers' willingness to pay with social media activities

Structured abstract

Purpose: This study examines the impact of social media activities on consumers' willingness to pay a premium (WTPp) in the banking industry, and investigates the role of consumer-brand identification (CBI) on this relationship. For the first time, the effect of electronic word-of-mouth (eWOM) is considered separately from other social media marketing efforts (SMME).

Design/methodology/approach: Data from a sample of 145 banking customers that follow bank social networks was analysed using structural equation modeling (SEM) and fuzzy-set qualitative comparative analysis (fsQCA) to test a proposed structural model.

Findings: Findings indicate that the effect of eWOM and SMME on WTPp is fully mediated by CBI. The results uncover a viable path to achieve WTPp in the banking industry, which includes the joint presence of SMME, eWOM, and CBI.

Research limitations/implications: The study was conducted in the banking sector in Portugal. It is advocated that further research would investigate the results in other service sectors, across different countries.

Practical implications: Findings highlight the importance of social media marketing in banking. Results reveal opportunities for managers in the banking sector to enhance CBI and ultimately WTPp, through SMME and eWOM.

Originality/value: The study is the first to consider the influence of SMME and eWOM as separate antecedents of WTPp. The findings indicate that the effect of eWOM and SMME on WTPp is fully mediated by CBI. In particular, the results of the fsQCA indicate that the combined presence of SMME, eWOM, and CBI, is sufficient to obtain WTPp.

Keywords: Social Media Marketing, eWOM, Consumer-Brand Identification, Willingness to Pay a Premium, Banking.

Article Classification: Research Paper

Introduction

Within the services sector, the banking sector is uniquely challenged in building brand relationships, and building stronger ties with customers. The banking industry is highly competitive, complex, and dynamic (Beerli, 2004), yet the level of differentiation in financial services and products is very low (Ferguson and Hlavinka, 2007; Foo et al., 2008). Therefore, banks have long faced the challenge of a lack of perceived differentiation between competing brands (O'Loughlin and Szmigin, 2005). Compounding this, the whole industry has also been challenged by the financial crisis; with banks facing restructuring actions in order to restore their operating profitability, while striving to overcome customer scepticism (Tuškej et al., 2013). As a consequence, banks need to increase service charges (PwC, 2014). However, customers have considerable aversion to price increases and there is always a risk that customers would switch banks if fees are increased (Deloitte, 2013a). In this landscape, the brand plays a central role to enhancing banks' value (PwC, 2014). The more a customer values a brand, the more they will be willing to accept a price increase (Aaker, 1991). When consumers feel a strong bond with a brand, their willingness to pay a higher price is enhanced (Horváth and van Birgelen, 2015).

The internet presents a unique opportunity to amplify the differentiation effect of the bank's brand (Brynjolfsson and Smith, 2000). A Deloitte report (2013b) has argued that banks should build a social banking businesses to stay competitive and differentiate themselves. This report provides examples of banks' social media marketing initiatives. For example, BBVA (Banco Bilbao Vizcaya Argentaria) offers points, status, and badges to their customers for performing transactions on their site, thereby driving customer acquisition and ongoing engagement. American Express's OPEN Forum helps small businesses owners connect with each other, and offers insights and resources to help them develop their businesses, while

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3 reinforcing the image of American Express as partner for small business owners. In this context,
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5 achieving a better understanding of consumers' likely response to pricing is an essential
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7 component of banks' business model recalibration.
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10 Customers that exhibit a willingness to pay a price premium (referred as WTPp hereafter)
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12 are more likely to maintain their relationship with a service, and have lower sensitivity to price
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14 changes (Keh and Xie, 2009). Therefore, it is asserted that WTPp is crucial for banks in
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16 improving their profitability. Extant literature is helpful in informing how this might be
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18 achieved. Previous research has emphasised the importance of relationship building (e.g., Javalgi
19
20 et al., 2006; Yoganathan, et al., 2015). This is particularly important for banks due to the
21
22 complexity and customisation of the banking service, the potential knowledge gaps perceived by
23
24 customers, and the dynamic and uncertain nature of the business environment (Brun et al., 2014).
25
26 It is long recognised that building service brands are more challenging due to services' inherent
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28 characteristics (Becker et al., 1992). Compounding this, financial services are highly intangible
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30 in terms of customer cognition (Devlin, 2000) and, consequently, customers need to evaluate and
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32 validate them prior to consumption (Grönroos, 1990). Although it is difficult for customers to
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34 evaluate a service promise customers can easily evaluate their relationship with a service;
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36 therefore, services can differentiate themselves on the basis of strong relationships (de
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38 Chernatony and Segal-Horn, 2001).
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44 Social media marketing is a two-way communication that seeks empathy with customers
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46 and enables familiar associations with the brands (Kim and Ko, 2012). It has been defined as “an
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48 interdisciplinary and cross-functional concept that uses social media (often in combination with
49
50 other communication channels) to achieve organizational goals by creating value for
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52 stakeholders” (Felix et al., 2017, p. 123). A better understanding the role of social media in
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3 marketing is fundamental for both researchers and practitioners (Schultz and Peltier, 2013),
4 especially in the banking industry, where social media is a relatively new marketing initiative.
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6 Yet despite the substantial body of research published over the past 15 years (see Lambert and
7
8 Stephen, 2016), one persistent challenge is measuring the impact of social media marketing on
9
10 key brand success factors (Schultz and Peltier, 2013), such as WTPp. Moreover, as in most
11
12 relationships, communication is a key success factor (Ferguson and Havlinka, 2007). In
13
14 particular, electronic word-of-mouth (hereafter referred as eWOM) has become increasingly
15
16 important due to the continued growth of social media (King et al., 2014). Yet little is known
17
18 about the relationship between eWOM and customers' WTPp.
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24 Social identity theory is appropriate for investigating customer-brand relationships
25 because it establishes that individuals define their self-concepts through their connections with
26
27 social groups and organizations (Tajfel and Turner, 1979). Consumers tend to include brands in
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29 the construction of their self-concept (Spratt et al., 2009). Furthermore, consumers' self-identity
30
31 is also developed through how they connect to others within a social network, such as Facebook
32
33 (Shau and Gilly, 2003). In extant literature, brand identity is a process that is continuously
34
35 developed (e.g., Gioia et al., 2000). Previous research suggests that this process has significant
36
37 impact on consumer behaviour including WTPp (Del Rio et al., 2001). In fact, CBI is a critical
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39 component of a consumer-brand relationship (Albert et al., 2013). CBI reflects the consumers'
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41 perceived 'psychological oneness' with the brand, and the extent to which they feel connected to
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43 the brand (Xiao and Lee, 2014). Consumers who have greater CBI will perceive themselves as
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45 more relationally connected to the brand (Xiao and Lee, 2014). Thus, CBI can be the missing
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47 link between social media marketing and WTPp because CBI can provide understanding of how
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49 consumer-brand relationships develop (He et al., 2012).
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3 The purpose of this study is to investigate the influence of social media activities, that is
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5 eWOM and other social media marketing efforts (hereafter referred as SMME) on WTPp, with
6
7 the special consideration of consumer-brand identification (hereafter referred as CBI) as a
8
9 mediating variable. To enhance these insights, and to explore the possible configurations of the
10
11 antecedent variables that are sufficient to achieve CBI and WTPp, an analysis of necessary and
12
13 sufficient conditions to achieve these outcomes is also performed. Therefore, embracing
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15 complexity theory (Woodside, 2014), the study investigates whether SMME and/or eWOM as
16
17 influencers of CBI, may be sufficient to enhance WTPp in banking.
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22 The study therefore addresses a gap in the literature by investigating SMME and eWOM
23
24 as separate antecedents of WTPp. Previous research (e.g., Godey et al., 2016) has not
25
26 distinguished eWOM from SMME. This is surprising, given the calls to explore the importance
27
28 of eWOM for services, and for a differential treatment of this variable (Liu and Park, 2015). This
29
30 study addresses these calls. To the best of our knowledge, this is the first time that eWOM and
31
32 SMME are explored separately and integrated into one model. There are several reasons for
33
34 adopting this approach. First, extant literature on eWOM presents some inconsistencies. While
35
36 some authors consider eWOM as one dimension of SMME (e.g., Godey et al., 2016), others
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38 suggest that some dimensions of SMME, such as entertainment and interactivity, are
39
40 determinants of eWOM (e.g., De Vries et al., 2012). In fact, social media context facilitates
41
42 eWOM (e.g., McCarthy et al., 2014), but conceptually the two perspectives are not the same.
43
44 Therefore, SMME and eWOM should be treated separately. Second, unlike SMME, eWOM is
45
46 not usually under the control of brand managers and involves the co-creation of customers. Past
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48 research shows that to be effective eWOM should not come from advertisers (Alhudari, 2015). It
49
50 has also been recognised that brand engagement includes a social dimension linked to co-
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3 creation and sharing of brand-related contents (Gambetti et al., 2012). According to Kozinets et
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5 al. (2010) consumers engage in eWOM not only because they want to help others or reduce
6
7 dissonance, but also because the consumer is now an actor in social system. Furthermore,
8
9 positive eWOM can be linked to consumers' emotional bonds to a brand (Wragg, 2014), and
10
11 therefore a consideration of eWOM is crucial in a study of CBI. Furthermore, eWOM can
12
13 happen without SMME, and therefore it should be considered separately to SMME. Third,
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15 eWOM is considered a critical marketing element, which justifies treating this construct
16
17 separately. In fact, several studies attempt to provide evidence of its importance (e.g., Liu et al.,
18
19 2010; McCarthy et al., 2014; Liu and Park, 2015), but little is known regarding how to transform
20
21 social interactions in digital platforms into benefits for profit-oriented companies (Vock et al.,
22
23 2013). Therefore, isolating eWOM from SMME may provide useful insights on how eWOM can
24
25 impact WTPp, and through the mediation of CBI.
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31 This study offers a number of important theoretical contributions. First, by testing the
32
33 mediator role of CBI on the relationship between social media marketing constructs (SMME and
34
35 eWOM) and WTPp, this paper contributes to the understanding of how banks can use social
36
37 media marketing to enhance WTPp and, consequently, their profitability. Second, this study
38
39 supplements previous research on CBI by investigating two constructs (SMME and eWOM) that
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41 influence this construct, and by investigating SMME and eWOM separately. Third, the study
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43 reveals possible configurations of the antecedent variables that are sufficient to achieve CBI and
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45 WTPp. Finally, this study emphasises the importance of differentiating between eWOM and
46
47 SMME, suggesting that both constructs matter in the conceptualisation of social media
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49 marketing. The study reveals that SMME and eWOM can yield positive effects on WTPp
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51 through CBI.
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3 The paper is organised as follows. First, the background to the study is provided, and the
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5 research hypotheses informing the conceptual framework are set out. Then, the method
6
7 employed in this study is described. Next, the measurement model, the structural equation model
8
9 and the results of the fuzzy-set qualitative comparative analysis are presented. The results are
10
11 then discussed in relation to the existing literature. Finally, conclusions are drawn, and
12
13 managerial implications are highlighted. The paper opens with a review of the extant literature
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15 informing this study.
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21 **Background and hypotheses**

22 *The banking industry, social media, and consumer-brand identification*

23
24 The banking industry is experiencing a unique paradigm shift because of increasing digitisation,
25
26 technology standardisation, and product commoditisation (Chernev et al., 2011). The recent
27
28 financial crisis has speeded up the already growing demand for innovation, and collaborative
29
30 processes and social networks are becoming increasingly important in a world that is moving
31
32 into a real-time economy (Vanetti, 2010). Furthermore, the financial crisis also had a negative
33
34 effect on stakeholders' perceptions of banks' images (Bravo et al., 2016), which led banks to
35
36 rethink their corporate identities to re-establish their corporate reputation (Wallace et al., 2013).
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38 The significant change in regulation and customer behaviour, coupled with market dynamics and
39
40 aggressive non-bank competitors calls for new business approaches.
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47 Banks have been encouraged to develop and maintain close relationships with their
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49 customers to compete and differentiate themselves, and one way to achieve this is through social
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51 media marketing. The term "social media" is generally linked to platforms of digital
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53 communication that emphasise participation and collaboration in a digital environment
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3 (Vernuccio, 2014). In these online platforms, consumers can act as co-producers of value for the
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5 brand.
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8 Banks are uniquely challenged due to the increasing scepticism toward their brands,
9
10 boosted by the recent financial crisis, and the decline on the value of traditional media. This has
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12 resulted in an increased importance of CBI for banks (Tuškej et al., 2013). CBI is a source of
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14 value and is defined as “a consumer’s psychological state of perceiving, feeling, and valuing his
15
16 or her belongingness with a brand” (Lam et al. 2013, p 235). CBI reflects the consumers’
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18 perceived ‘psychological oneness’ with the brand, and the extent to which they feel connected to
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20 the brand (Xiao and Lee, 2014). Compounding this, the capacity to create meaningful
21
22 associations, particularly in relation to consumers’ self-identity, has become increasingly
23
24 important in order to differentiate brands facing a challenge of product commoditisation
25
26 (Chernev et al., 2011). In this context, the consumers’ identification with the bank is strongly
27
28 related with their identification with the bank’s corporate brand, therefore much of the literature
29
30 on corporate brand also applies (e.g., Keller, 2009; Vernuccio, 2014). To enhance CBI, the
31
32 literature advocates that brands should promote opportunities for socialisation among consumers
33
34 that can enable positive emotional links between the consumer and the brand (Torres et al.,
35
36 2017). Thus, as suggested in a Deloitte report (2013b), banks should build a social banking
37
38 businesses to stay competitive and differentiate themselves. Furthermore, consumers have
39
40 difficulty in assessing the quality of intangible products, such as bank services, before
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42 consumption. Hence, people often rely on online comments from other consumers to gather
43
44 sufficient information and indirect purchasing experiences to reduce their level of uncertainty
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46 (Ye et al., 2011). Customers’ evaluation of a service is also based on how the service is provided
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3 (Grönroos, 1990) – that is, the relationships are also evaluated. Thus, service brands can
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5 differentiate through the relationships they offer (de Chernatony and Segal-Horn, 2001).
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8 *Social media marketing and willingness to pay a price premium*
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10 As noted earlier, social media marketing is a two-way communication that seeks empathy with
11
12 customers and enables familiar associations with the brands (Kim and Ko, 2012). Social media
13
14 marketing can be defined as “an interdisciplinary and cross-functional concept that uses social
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16 media (often in combination with other communication channels) to achieve organisational goals
17
18 by creating value for stakeholders” (Felix et al., 2017, p. 123). Social media marketing offers an
19
20 opportunity to enhance banks’ relationships with their customers, enabling the continuation of
21
22 banks’ brand story and presenting an ideal opportunity for word-of-mouth marketing (Durkin et
23
24 al., 2014). Despite this, very little is known about the influence of social media marketing on
25
26 outcomes for the bank, such as WTPp, and measuring the impact of social media marketing on
27
28 key brand success factors remains a challenge (Schultz and Peltier, 2013).
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33 In this research, social media marketing was divided into two main constructs: social
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35 media marketing efforts (SMME) and electronic word-of-mouth (eWOM). SMME encompasses
36
37 other social media marketing efforts beyond eWOM, it comprises three common dimensions
38
39 considered in the literature: entertainment, interaction, and customisation (e.g., Kim and Ko,
40
41 2012; Godey et al., 2016). eWOM can be defined as “any positive or negative statement made by
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43 potential, actual, or former customers regarding a product or company, which is made available
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45 to a multitude of people and institutions via the Internet” (Hennig-Thurau et al., 2004, p. 39).
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50 Harnessing social media for marketing presents both opportunities and challenges for
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52 organisations (Dellarocas, 2003). Besides digital advertising and promotions, social media can
53
54 also be used to handle customer service issues, obtain insights for innovation ideas, and to better
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3 engage with customers (Solis, 2010). Furthermore, increasing digitalization on social media
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5 platforms can provide insights into individual needs and wishes (Sashi, 2012), which supports
6
7 customisation (Fels et al., 2017). In this way, social media contributes to build long-lasting
8
9 relationships (Howcroft et al., 2007).
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12 Consumers may also extract social benefits from their engagement in these online
13
14 platforms. Thus, social media is often seen as a path to develop customer engagement (Mills and
15
16 Plangger, 2015) because it facilitates the dissemination of content and interactions between
17
18 individuals and organizations, and enable the shift from one-way communication, i.e. brand-to-
19
20 customer advertising (e.g., print, radio, television, etc.), to brand-to-customer-to-brand
21
22 communication and customer-to-customer social dialogues (Botha and Mills, 2012).
23
24 Furthermore, word-of-mouth has become much more important to influence consumer
25
26 behaviour, compared to other forms of marketing communications, such as advertising (Alam
27
28 and Yasin, 2010).
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33 Social media networks are part of customers' daily life, and they expand social circles,
34
35 leveraging the frequency and duration of interactions (Luo and Zhong, 2015). The ubiquity of
36
37 social media has also changed the way consumers share information with each other and the way
38
39 they interact with brands (Lamberton and Stephen, 2016), enabling the co-creation of value by
40
41 consumers (Kao et al., 2016), for example through eWOM. Furthermore, social media can be
42
43 used to build mental constructs of service brands before they are used (Laroche et al. 2012),
44
45 which can reduce customers' perception of risk (Solem and Pederson, 2016), reinforce banks'
46
47 brands (Ndubisi, 2007), and enhance banks' identity (Papasolomou and Vrontis, 2006).
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51 Extending these outcomes, can social media activities influence consumers' WTPp?
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3 The bank's brand is a key differentiation factor that represents what the bank stands for,
4 and consumers are willing to pay a price premium for a brand that is successful (Ailawadi et al.,
5 2003). A customer's WTPp is a better indicator of brand success than actual purchase behaviour,
6 because the former signals customer behavioural intentions while the latter is influenced by
7 external factors. In fact, the time gap between intention and behaviour, opens the door to the
8 influence of external factors, such as psychological and instrumental procedures (Bagozzi and
9 Edwards, 1998; Bagozzi, 2007; Erkan and Evans, 2016). Customers that exhibit higher WTPp
10 are more likely to maintain a relationship with a supplier and have lower sensitivity to price
11 changes (Keh and Xie, 2009). Therefore, it can be helpful to study WTPp as an outcome of the
12 effectiveness of SMME and eWOM efforts in banking. This paper explores these relationships.
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26 *The conceptual model and hypotheses development*

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28 Following the arguments presented in previous sub-sections, the conceptual model proposes that
29 banks that connect with consumers on social networks and promote brand communities, in which
30 brand-related content is created and shared, can enhance the strength of consumer-brand
31 relationship (Martin and Todorov, 2010), thereby fostering CBI. In turn, CBI can improve
32 WTPp, mediating the effect of both SMME and eWOM. To guide this research, the proposed
33 conceptual model is presented in Figure 1.
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42 ---Insert Figure 1 about here----

43
44 *SMME and CBI.* This study proposes that SMME is an antecedent of CBI. The research
45 considers three common dimensions of SMME: entertainment, interaction, and customisation.
46 Entertainment is a strong motivation for social media use (e.g., Muntinga et al., 2011; Park et al.,
47 2009) because social media users expect to have fun and pleasure as a result of their social
48 media experience, and they often use social networks for relaxation and escapism (Manthiou et
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3 al., 2013; Park et al., 2009). In fact, in a recent study, Algharabat (2017) suggests that
4
5 entertainment can be the most important among SMME. Interaction in social media was defined
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7 by Godey et al. (2016) as the sharing of information and the exchange of opinions with others,
8
9 and it is usually divided into profile-based activities and content-based activities (Zhu and Chen,
10
11 2015). Social media facilitates interactive communication (Evans, 2012), and interaction is a
12
13 critical driver of user-generated content (Daugherty et al., 2008). Interaction is seen as a relevant
14
15 benefit of building customer-brand relationships within social media (Fournier and Lee, 2009).
16
17 Customization refers to the extent to which social media provides customized information search
18
19 and a customized service (e.g., Godey et al., 2016). Thus, customisation implies a certain degree
20
21 of personalization, thereby reflecting the degree of individual preferences (Schemenner, 1986).
22
23 The extent by which brands satisfy individual preferences may improve consumer responses, for
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25 example with customization brands can achieve greater brand loyalty (Martin and Todorov,
26
27 2010).
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34 It is long recognised that customers do not stay loyal to a given brand just to maximize
35
36 functional utility (Lam et al., 2010). Social identity theory suggests that individuals define their
37
38 self-concepts through their connections with social groups (Tajfel and Turner, 1979). Previous
39
40 research noted that CBI is achieved by creating strong brand associations related to consumer
41
42 self-identity (e.g., Chernev et al., 2011). Brands help consumers to define themselves (Albert et
43
44 al., 2013) and consumers will identify with brands they perceive as matching their self-concept
45
46 (Wolter et al., 2016). Studies have also recognized that brands facilitate social identity creation
47
48 and expression (Stokburger et al., 2012). In fact, brands are increasingly using social media to
49
50 build brand-relationships with their target audience (Kelly et al., 2010), and SMME can enhance
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52 the brand image (Tsai and Men, 2013) and brand success (Phan et al., 2011). To be effective,
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3 SMME should be congruent and aligned with the needs of social media users (e.g., Zhu and
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5 Chen, 2015). Furthermore, if social media can enhance users' ability to evaluate products
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7 (Brown, 2011), then it can also enhance CBI. Thus, because SMME can lead to greater perceived
8
9 association or similarity between the consumer and the brand, SMME can enhance CBI.
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11
12 The literature established that brand social benefits lead to CBI (e.g., Stokburger-Sauer et
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14 al., 2012; Torres et al., 2017), and SMME can influence the extent to which consumers feel that
15
16 their interactions with a brand help them connect socially. Furthermore, SMME also enhances
17
18 customers' perception of the brand's reflection on consumers' inner self (Algharabat, 2017).
19
20 Therefore, SMME can be considered an antecedent of CBI. Thus, this study postulates that
21
22 effective SMME will result in higher CBI.
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26 H1. SMME will positively impact CBI.
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28
29 *eWOM and CBI.* Word-of-mouth has been one of the most important sources of
30
31 transmission of information since the beginning of human society (Godes and Mayzlin, 2004)
32
33 and has been recognised as an important driver of consumer behaviour (e.g., Brown et al., 2007).
34
35 eWOM, which corresponds to consumers' active engagement in brand activities on social media,
36
37 differs significantly from traditional word-of-mouth by its convenience, scope, source, and speed
38
39 of interactions. Unlike traditional word-of-mouth, eWOM participants engage in communication
40
41 within a network of people, in which individuals may be unknown to each other and rely on this
42
43 channel to maintain their relationships (King et al., 2014). The Internet can amplify differences
44
45 between companies and by facilitating the sharing of information it reduces uncertainty, which
46
47 may result in higher WTPp (Brynjolfsson and Smith, 2000). Therefore, consumers came to be
48
49 seen as agents who could amplify or undermine the effect of marketing actions (Lamberton and
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51 Stephen, 2016). A significant number of studies attempt to demonstrate the value of eWOM
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3 (e.g., Liu and Park, 2015), and considerable attention has been given to eWOM reviews such as
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5 customer-generated information and recommendations presented online by customers about a
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7 product, service or brand (e.g., De Bruyn and Lilien, 2008; Godes and Silva, 2012; Filieri, 2015).
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9 Nevertheless, little is known regarding how to transform social interactions in digital platforms
10
11 into benefits for profit-oriented companies (Vock et al., 2013).
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15 This study considers eWOM as an antecedent of WTPp through enhancing CBI. Social
16
17 networks present an ideal opportunity for word-of-mouth marketing (Durkin et al., 2014) as they
18
19 facilitate co-creation of value, which is an important part of the marketing process for service
20
21 firms (Utkarsh, 2017). Although some literature acknowledged that eWOM can be either an
22
23 antecedent or a consequence of identity bonds between consumer and a focal brand (e.g., Tuškej
24
25 and Podnar, 2018), there is evidence that consumer-brand affective engagement strongly
26
27 influences CBI (e.g., Hollebeek et al., 2014), which suggests that eWOM can be an important
28
29 driver of CBI.
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33 Several arguments support the option to consider eWOM as an antecedent of CBI. First,
34
35 some literature has suggested that consumers should be seen as “co-producers” rather than
36
37 “targets” (e.g., Vargo and Lusch, 2004) and the importance for brands of co-creating their
38
39 identity through the interaction with their customers in social media networks has been
40
41 acknowledged (e.g., Keller, 2009; Vernuccio, 2014). In fact, co-creative customer experiences
42
43 with a brand in focal service relationships have been acknowledged as the underlying conceptual
44
45 foundation of consumer-brand engagement (Brodie et al., 2011), thereby influencing CBI
46
47 (Hollebeek et al., 2014). Such interaction between the consumer and the brand drives symbolic
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49 meanings that consumers can use to build their own identities (Belk, 1988). Therefore, it can be
50
51 asserted that the interaction that takes place in social media networks through eWOM are helpful
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3 in developing CBI. Second, the literature suggests that word-of-mouth is goal driven (e.g.
4 Berger, 2014). With word-of-mouth individuals may want to fulfil five key functions: *i)*
5 impression management; *ii)* emotion regulation; *iii)* information acquisition; *iv)* social bonding;
6 and *v)* persuasion. Impression management relates to identity-signalling and self-enhancement
7 motives, and social bonding involves the reinforcement of shared values (Berger, 2014). Self-
8 enhancement is a strong motivation for consumer engagement in eWOM (e.g., Hars and Ou,
9 2002; Henning-Thurau et al., 2004) and it is one of the key needs that drives identification
10 (Stokburger-Sauer et al., 2012). For example, Kozinets et al. (2010) suggested that identification
11 may occur when commercial information is transformed into stories that are relevant to the
12 members of online communities. Thus, eWOM can result in social benefits, which is a
13 recognised driver of CBI (e.g., Torres et al., 2017). Hence, it is asserted that eWOM can
14 influence CBI. Third, by engaging in word-of-mouth, the consumer takes a public position that is
15 difficult to change because individuals want to be internally consistent (Garnefeld et al., 2013).
16 This is in line with social psychology literature, which has long ago established that when people
17 take a public position they tend to align their attitudes in the direction of that position (Cialdini,
18 1971), i.e., commitment arises (Kiesler, 1971). Moreover, the magnitude of such commitment
19 depends on the extent by which the advocacy is public (Cialdini, 1971). Positive advocacy tends
20 to make the communicators' attitude more extreme (Higgins and Rholes, 1978). Therefore, if
21 consumers engage in positive eWOM towards a brand, they are likely to enhance their
22 identification with the brand, especially when that eWOM is in the public arena of social media.
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49 Therefore, taking these arguments into account, the following hypothesis was formulated:

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51 H2. Positive eWOM will positively impact CBI.
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The mediating role of CBI. Customers' identification with an organisation is often viewed as the foundation of "deep, committed, and meaningful relationships" (Bhattacharya and Sen, 2003, p. 76). In the banking industry, consumers' identification with the bank is strongly related with their identification with its corporate brand. Following the recent financial crisis, CBI become even more important for the Banking sector in particular. This is due in part to an increased customers' scepticism towards banks (Tuškej et al., 2013). When customers choose among different brands, they engage in both functional and identity-based comparisons (Lam et al., 2010). Lam et al. (2010) assert that CBI creates stronger customer resistance to switch brands rather than functional utilitarian value. Moreover, extant research posits that customers' emotional attachment with a brand predicts their WTPp (e.g., Thompson et al., 2005). When customers identify with a brand, they feel connected to that brand (Xiao and Lee, 2014) and they develop positive feelings toward it (Harrison-Walker, 2001), which can lead to higher WTPp. This is supported by previous studies that suggested that the process of identity creation is continuously developed (Gioia et al., 2000) and has a significant impact on consumer behaviour, including WTPp (Del Rio et al., 2001). WTPp can therefore be regarded as an indicator of the bank relationship quality with its customers (Keh and Xie, 2009). By enhancing consumer's relationship with the brand, CBI can positively impact WTPp. Thus, in line with Horváth and van Birgelen (2014), we assert that CBI can lead to WTPp, and the following hypothesis is proposed.

H3. The greater the CBI, the greater the WTPp.

While some studies have suggested that eWOM has a direct effect on WTPp (e.g., Pavlou & Dimoka, 2006), others did not find empirical support for the direct impact of eWOM on WTPp (e.g. Park & Kim, 2014). In fact, until now, this research question remains unanswered. It

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2
3 has been recognized that brands are not bought just because they work well (e.g., So et al.,
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5 2017), and that word-of-mouth marketing campaigns go beyond the simple abundance of
6
7 positive mentions (Kozinets et al., 2010). This study proposes that CBI can be the missing link to
8
9 transform eWOM and SMME into WTPp. In fact, CBI can be a key to understand how
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11 consumer-brand relationships develop (He et al., 2012). Customers are willing to pay more for a
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13 brand that offers unique benefits (Priem, 2007). Social media marketing can provide unique
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15 benefits; for instance, by contributing to customers' self-enhancement. Customers seek self-
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17 definition by expressing themselves on online communities (Schau and Gilly, 2003) and they
18
19 tend to identify with companies that satisfy one or more of their key self-definitional needs
20
21 (Bhattacharya and Sen, 2003). Furthermore, brands that present themselves in a human-like way
22
23 in social media are more likely to be successful in gaining and keeping customers' attention
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25 (Beukeboom et al., 2015). This suggests that brands should take care of their perceived identity
26
27 in social networks. Consumers tend to identify with the brands that they perceive as matching
28
29 their self-concept (Wolter et al., 2016). Hence, if SMME and eWOM can help banks project a
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31 brand identity that fits into customers' lifestyles, this study asserts that WTPp can be enhanced
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33 through CBI. It is proposed that CBI can mediate the influence of SMME and eWOM on WTPp,
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35 and the following hypothesis is investigated:
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42 H4. CBI fully mediates the effect of SMME and eWOM on WTPp.

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44 *Necessary and sufficient conditions for WTPp.* To obtain more insights regarding the
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46 links among the constructs, this study also embraces complexity theory, which has been
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48 increasingly used in the sub-disciplines of management (Woodside, 2014). Therefore, it is
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50 acknowledged that the "recipes", i.e. the configurations, can be more important than the
51
52 "ingredients", i.e. antecedent conditions (Ordanini et al., 2014). That is, a simple antecedent
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3 condition which is not necessary to obtain a given outcome, can be part of the configuration that
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5 leads to the outcome. Using this approach, the links between the combinations of antecedent
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7 conditions and the outcome are expressed as necessary and sufficient conditions.
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10 The conceptual model presented in this study focus on social media marketing, and posits
11
12 that an investment in eWOM, SMME, and CBI, can provide a viable path to achieve WTPp.
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14 Thus, in line with the conceptual model, the joint presence of eWOM, SMME, and CBI can be
15
16 sufficient to achieve the outcome of interest, that is WTPp. Nevertheless, other paths not
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18 considered in this study may lead to the same outcome, meaning that it is not a necessary
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20 condition. For instance, previous research found suitable paths to obtain CBI without implying
21
22 the presence of social media marketing activities (e.g., Torres et al., 2017). Therefore, although
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24 SMME and eWOM could lead to CBI, due to the recognized importance of social media
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26 marketing, they are not assumed to be necessary to achieve CBI. Nevertheless, adopting a
27
28 configurational approach, is can be postulated that the joint presence of both SMME and eWOM
29
30 can be a sufficient condition to obtain consistently high levels of CBI. In the same vein,
31
32 following Thompson et al. (2005), it is recognized that other paths that can lead to WTPp,
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34 meaning that none of the constructs considered in this study are taken as necessary to achieve
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36 WTPp. Therefore, considering the arguments presented herein, the following hypotheses are
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38 proposed:
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44 H5. Neither SMME nor eWOM alone are necessary conditions for CBI.

45 H6. The joint presence of SMME and eWOM is sufficient to achieve CBI.

46 H7. Neither SMME, eWOM, nor CBI, alone, are necessary conditions for WTPp.

47 H8. The joint presence of SMME, eWOM, and CBI, is sufficient to achieve WTPp.
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Method

Sample

Following Tang et al. (2016), the research was conducted in the context of the banking industry because *i)* banking is closely related with customers' daily lives and consumers are likely to talk about their bank experience online; *ii)* banking services are characterised by their intangibility and therefore consumers may rely on information collected on social media platforms to make informed choices among different banks; and *iii)* banking is a critical services sector in Europe, which is facing a new requirement to focus on social media and brands, to overcome a lack of perceived differentiation and consumer scepticism following recent financial crisis. Our approach is also consistent with extant studies exploring related topics, such as e-relationship marketing (Brun et al., 2014), which focused on the banking industry.

The data for the present study was collected through an online survey of banking customers in Portugal. The questionnaire was sent to a database of people that attended short duration management courses at the Faculty of Economics of the University of Coimbra. The answers were received between the 1st and the 31st of October 2016. Out of 2000 questionnaires issued, we received 168 responses, from which 13 were deleted because they were incomplete. Therefore, a final sample of 145 valid responses was used in the analysis. The respondents are all bank users and all respondents follow bank social networks such as *Facebook* and *LinkedIn*.

Table 1 presents a summary profile of the sample. In the sample, 58% of respondents were females, 40% were males, and 2% did not respond to this question. The largest number of respondents was aged 31-40 (41%), followed by 18-30 (35%), 41-50 (17%), and 7% were aged more than 51 years old. All of the respondents engaged with social networks. About 70% of the respondents have a *Facebook* account while 10% are on *LinkedIn*, and the remaining use both

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3 networks or other social platforms. In terms of education, 68% of respondents have a post-
4 graduate or masters degree, 23% are graduates, and 5% have attended high school or less. This
5 sample is consistent with our desired profile for the study, as the ideal sample target was younger
6 and highly educated people. Finally, the bank brands most represented in the sample are Caixa
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networks or other social platforms. In terms of education, 68% of respondents have a post-graduate or masters degree, 23% are graduates, and 5% have attended high school or less. This sample is consistent with our desired profile for the study, as the ideal sample target was younger and highly educated people. Finally, the bank brands most represented in the sample are Caixa Geral de Depósitos (37%), followed by Santander Totta (19%) and Millenium bcp (13%).

---Insert Table 1 about here---

Measures

The items used to assess the constructs were based on pre-existing scales from previous research, with minor adaptations. These scales have been tested and validated in extant studies and are presented in Table 2.

- SMME was measured as a second order construct that includes entertainment, interaction, and customization. We adapt the scales proposed by Kim and Ko (2012) and also applied by Godey *et al.* (2016). Consistent with extant literature the scale includes 2-items for entertainment and 2-items for customisation. Regarding interaction 2-items out of 3 were used in previous research. Respondents were asked to rate their agreement with statements such as “Using this (#brand) social media is fun”, “It is easy to deliver my opinion through this (#brand) social media”, and “This (#brand) social media provides customized service”.
- To measure eWOM we employed the scale from Carrol and Ahuvia (2006), which was also used by Park and Kim (2014). The scale has 4-items and includes such items as “I have recommended the (#brand) online pages to lots of people” and “I give the (#brand) online pages lots of positive word-of-mouth advertising”.

- To measure CBI the 4-item scale from Wolter et al. (2016) was employed, including such items as “This (#brand) represents who I am” and “This (#brand) helps me express my identity”.
- WTPp was measured using the 2-item scale from Chaudhuri and Ligas (2009), which was also employed by Park and Kim (2014). Respondents were asked to rate their accordance with the following statements “I would be willing to pay a higher price for this (#brand) over other similar brands” and “I prefer to purchase from this (#brand) even if another brand advertises a lower price”.
- For all scales, a 7-point Likert-type scale was used ranging from 1 (“strongly disagree”) to 7 (“strongly agree”).

Methodologies

To fully investigate the relationships proposed in our study, the data analysis incorporated both structural equation modelling (SEM) and fsQCA. The former was used to study the causal relationships between the constructs, testing H1 to H4, and the latter was employed to identify the necessary and sufficient conditions of the outcomes of interest, testing H5 to H8. Regarding SEM, the two-step procedure recommended by Andersen and Gerbing (1988) was employed. Firstly, the measurement model was formulated and evaluated. Secondly, a structural model was used to test the proposed hypotheses. The maximum likelihood estimation method and AMOS 22.0 software were used for SEM. In addition, fsQCA 2.5 software was employed. Results of the analysis are presented next.

Results

Measurement model

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3 The maximum likelihood estimation method assumes the multi-normality of the distribution of
4 the observed variables to measure each construct. To examine the departure from normality, the
5 skewness and kurtosis were first assessed: the values of the skewness range from -.27 and .70,
6 and the kurtosis ranges from -1.22 to -.51, which comply with the thresholds outlined by Kline
7 (2017).
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15 While some previous studies consider the averages of the items proposed in order to
16 measure the different dimensions of SMME (e.g., Kim and Ko, 2012), other research (e.g.,
17 Godey *et al.*, 2016), treated SMME as a second order construct of first order constructs:
18 entertainment, interaction, and customisation. The latter was the approach adopted in this study.
19
20 In addition to extant theoretical support, this approach also has empirical support, taking into
21 account the criteria pointed out by Koufteros *et al.* (2009) and Blome *et al.* (2014). These criteria
22 are as follows: the loading factors of the second order and first order factors are all above .70 and
23 they are statically significant (ranging from .76 to .88); the ratio between the Chi-Square of the
24 model that considers the construct as 1st order and the model that treats the construct as 2nd order
25 is higher than .90 (ratio=1); the obtained model guarantees convergent and discriminant validity;
26 and, finally, the 2nd order model has a good global fit [goodness of fit index (GFI)=.96, normed
27 fit index (NFI)=.97, incremental fit index (IFI)=.98, Tucker-Lewis index (TLI)=.94, comparative
28 fit index (CFI)=.98, and root mean square error approximation (RMSEA)=.12]. Regarding
29 convergent validity, the standardized factor loadings exceed the .5 threshold, and are highly
30 significant ($p < .01$), and the results show that the individual-item reliabilities are acceptable since
31 R^2 values are all above the .20 threshold (Hooper *et al.*, 2008). Furthermore, the AVE for each
32 construct exceeded .50 and is larger than the square of the correlation coefficients for each pair
33 of latent variables, which supports the discriminant validity (Fornell and Larcker, 1981).
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3 Therefore, considering SMME as 2nd order construct, and incorporating the remaining
4 constructs outlined in the proposed model, we estimated our measurement model. The model
5 result was an adequate fit to the data: $\chi^2=181.98$, $df=95$, $p<.01$, GFI=.87, NFI=.92, IFI=.96,
6 TLI=.95, CFI=.96, and RMSEA=.08.
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12 ---Insert Table 2 about here---
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15 Regarding particular aspects of the model, it can be concluded that the standardized
16 factor loadings were larger (all loadings exceed the .5 threshold), and were statistically
17 significant ($p<.01$). Additionally, the results indicate that the individual-item reliabilities are
18 acceptable, the R^2 values were all above the .20 threshold, supporting the convergent validity of
19 the measures. Cronbach alpha coefficients, correlation coefficients, composite reliabilities (CR),
20 and average variances extracted (AVE) are presented in Table 3. The Cronbach's α values range
21 from .89 to .97; the CR varies between .86 and .97 and AVE are in the interval .68-.88. In
22 summary, the results show that the constructs have acceptable levels of reliability, convergent
23 validity, and discriminant validity.
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36 ---Insert Table 3 about here---
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38 *Common method variance*

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40 As the data was collected using the same method, and self-administered online surveys were
41 employed, we acknowledge that common method variance may produce spurious relationships
42 among the constructs. Common method variance (or common method bias) can be assessed
43 using different techniques including Harman's single factor test, correlational marker technique,
44 unmeasured latent method, and confirmatory factor analysis test (for a synthesis of techniques
45 see Fuller et al., 2016). In this study, a confirmatory factor analysis (CFA) test was used to assess
46 the common method bias, following Baldauf et al. (2006) and So et al. (2013). The CFA test was
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3 conducted was assessed using a confirmatory factor analysis (CFA) test with all 16 items loading
4 onto a single common factor ($\chi^2 = 1215.298$, $df=105$). The chi-square difference test was used to
5 compare the common factor model with the CFA results of the proposed measurement model,
6 which include 6 constructs ($\chi^2 = 181.980$, $df=95$). The results show that the proposed model fits
7 better than the common factor model ($\Delta\chi^2 = 1033.32$, $df=10$, $p<.001$). Thus, the results provide
8 reassurance that common method variance is not a major issue in this study.
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16 *Structural model*

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18 Table 4 shows the results of the structural model. While the chi-square (χ^2) = 185.52, $df = 97$, is
19 statistically significant ($p<.01$), the remaining of the global fit indexes suggest that the model has
20 a good fit to the data (GFI = .87; NFI = .92; IFI = .96; TLI = .95; CFI = .96; RMSEA = .08).
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28 In the model outlined in Figure 1, we hypothesized that the effect of SMME and eWOM
29 on WTPp is fully mediated by CBI. In order to test this hypothesis three additional models were
30 estimated following the approach suggested by James et al. (2006), and employed by So et al.
31 (2013) and Sáenz et al. (2014), among others. In Table 5, Panel A, the results of the estimated
32 models are presented. In Model 2 only the direct effect of SMME and eWOM on WTPp is
33 considered. Model 3 includes only the direct effects of SMME and eWOM on CBI and on
34 WTPp. Finally, Model 4 corresponds to the proposed model (Model 1) plus the direct effects of
35 SMME and eWOM on WTPp.
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47 To support the existence of mediation effects of CBI the following analysis were
48 performed. First, we verified whether the independent variables have a direct effect on the
49 mediator. Second, we analysed whether the mediator directly influences the dependent variable
50 (WTPp). The results of Model 1 supported both these conditions. Third, we examined whether
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3 the independent variables have a direct influence on the outcome of interest without the presence
4 of the mediator (see Model 2). Fourth, we tested whether the effect of the independent variables
5 on the dependent variable becomes non-significant or reduced when the mediator is included in
6 the model. The obtained results suggest a full mediation because the effect becomes non-
7 significant. Additionally, to test full vs. partial mediation, Chi-square difference analysis was
8 performed comparing the full mediation model (Model 1) with the non-mediation model (Model
9 3) and with partial mediation model (Model 4). The results presented in Table 5, Panel B, show
10 that Model 1 is significantly better than Model 3 ($\Delta\chi^2 = 11.81, \Delta df=1, p < .01$). Furthermore, the
11 comparison with Model 4 indicates that this model is not significantly better than Model 1 ($\Delta\chi^2 =$
12 $3.54, \Delta df = 2, p > .05$). Thus, the full mediation model was supported. Please see Table 8 for a
13 complete summary of the results of the hypotheses tests.
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30 *Qualitative comparative analysis*

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32 To test the hypotheses H5 to H8, qualitative comparative analysis (QCA) was used. This method
33 examines the relationships between an outcome of interest and all possible combinations of
34 binary states (i.e., presence or absence) of its predictors. This technique performs a systematic
35 cross-case analysis that model relations among variables in terms of set membership using
36 Boolean algebra to identify configurations that reflect necessary and sufficient conditions for an
37 outcome of interest (Ordanini et al., 2014). This approach is being increasingly used in the sub-
38 disciplines of management (Woodside, 2014), and provides complementary insights (Vis, 2012)
39 to conventional techniques, such as multiple regression analysis. Set-theoretic methods such as
40 fsQCA do not use the conventional variable-based approach but rather treat configurations as
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3 different types of cases and it is the combinations of attributes that give cases their uniqueness
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6 (Fiss, 2011).

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8 This method requires the specification of full membership and full non-membership
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10 thresholds, and a cross-over point of maximum ambiguity (Ragin, 2008). Each of these
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12 thresholds translates into a specific fuzzy value – it is standard to use fuzzy values of .95, .05 and
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14 .50 for the full membership and non-membership thresholds, and for the cross-over point,
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16 respectively (see, for example, Ragin, 2008, Chapter 5). In line with previous research, the
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18 percentiles (90th, 10th and 50th) of the distribution of the original values of the variables were
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20 used to define the thresholds (e.g., Navarro et al., 2016, Ryan and Berbegal-Mirabent, 2016). To
21
22 evaluate necessary conditions Ragin (2008) proposed two criteria: consistency and trivialness of
23
24 necessity. The consistency threshold used to assess necessary conditions should be larger than
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26 the one used for sufficient conditions. Additionally, to be considered necessary conditions, it is
27
28 also required that causal conditions show a non-negligible coverage, thereby indicating that they
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30 are not trivial.
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36 The results presented in Table 6 (Panel A) indicate that the consistency of the conditions
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38 for CBI and WTPp are beyond the threshold of .90 we used to assess the necessity of conditions
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40 (based on Schneider *et al.*, 2010). Thus, none of the conditions are considered necessary for the
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42 outcomes of interest. However, as shown in Table 6 (Panel B), a combination of SMME and
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44 eWOM is sufficient to achieve a high level of CBI, and a configuration that includes SMME,
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46 eWOM and CBI is sufficient for obtaining WTPp. The results exhibit acceptable consistency
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48 (>.80) and coverage (.631 for CBI and .468 for WTPp). These results further support the
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50 proposed conceptual outlined on Figure 1, and showcase that social media marketing can
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52 effectively improve WTPp, if CBI is also present. Nevertheless, the solution coverage indicates
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3 that this is not the only solution to achieve the outcome of interest, that is WTPp. Table 7
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5 summarises the results of the hypotheses testing.
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10 Insert Tables 6 and 7 about here
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14 **Discussion**

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16 This study sought to measure the influence of SMME and eWOM on consumers' WTPp in the
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18 banking sector, and to explore the mediating effect of CBI on the relationships between SMME
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20 and eWOM on WTPp. The results of the structural model show that SMME has a positive
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22 impact on CBI (supporting H1), which implies that SMME can positively influence consumers'
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24 belief that the brand has personal meaning for them. Results also reveal a positive impact of
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26 eWOM on CBI (supporting H2). The power of the brand also lies in what customers have heard
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28 about the brand (Keller, 2008) and eWOM amplifies this effect, providing a stronger effect on
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30 CBI. Our results indicate that CBI clearly influences WTPp (supporting H3), thereby suggesting
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32 that it is important for banks to create meaningful brand associations related to customers' self-
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34 identity. Furthermore, CBI fully mediates the effect of SMME and eWOM on WTPp (supporting
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36 H4).
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42 The study sought to investigate, for the first time, whether SMME and eWOM would be
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44 necessary or sufficient conditions for CBI. As hypothesised, the results of fsQCA show that
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46 neither SMME nor eWOM are necessary conditions for CBI (supporting H5). However, results
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48 indicate that the joint presence of SMME and eWOM is sufficient to achieve CBI (supporting
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50 H6). This result contributes to previous research regarding the drivers of CBI (e.g., Stokburger-
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52 Sauer et al., 2012) by uncovering an alternative path to achieve CBI, through SMME and
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3 eWOM. Furthermore, while the results show that neither SMME, eWOM, nor CBI, are necessary
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5 conditions for WTPp (supporting H7), they also reveal that the joint presence of SMME, eWOM,
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7 and CBI, is sufficient to achieve WTPp (supporting H8). This solution indicates that for social
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9 media marketing (i.e., SMME and eWOM) to be effective in improving the WTPp, it requires
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11 the presence of high levels of CBI. This suggests that there are synergetic effects among SMME,
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13 eWOM, and CBI. Thus, the results obtained in the structural equation model are not only
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15 reinforced, but also extended, that is, to produce high levels of WTPp it is not enough to increase
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17 the levels of individual antecedent conditions, it is necessary to achieve high levels in all of the
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19 considered antecedents.
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24 These findings highlight the pivotal role of CBI as they show that the presence of CBI
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26 connects customers to bank brands (in line with Xiao and Lee, 2014), thereby making SMME
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28 and eWOM effective in achieving WTPp. Thus, we assert that CBI is the missing link between
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30 social media marketing and WTPp. None of the conditions (SMME and eWOM) are necessary to
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32 obtain either CBI or WTPp, meaning that there are other paths to achieve these outcomes.
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34 Nevertheless, we found a viable path to CBI and WTPp, which has relevance for both theory and
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36 practice.
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39 *Theoretical implications*

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42 This study advances knowledge on the influence of social media marketing by theorising and
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44 testing the mediator role of CBI on the relationship between social media marketing constructs
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46 (SMME and eWOM) and WTPp. First, by exploring CBI in this way, we contribute to the
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48 understanding of how banks can use SMME and eWOM to enhance their profitability. The
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50 significance of CBI as a basic psychological process that enables the formation of meaningful
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3 relationships with banks' brands is highlighted. Therefore, our results endorse the use of social
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5 media marketing to increase WTPp in the banking industry.
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8 Second, this study supplements previous research on consumers' identification with a
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10 brand by identifying two important factors that influence CBI, namely eWOM and SMME. The
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12 results support the idea that social media marketing can yield positive effects on WTPp through
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14 CBI. Thus, banks should facilitate customers' interaction in their social media websites and also
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16 personalise their pages to satisfy individual preferences. For example, to achieve greater CBI,
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18 marketing managers could create and develop brand communities. According to Martin and
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20 Todorov (2010), by connecting with consumers on social networks and promoting brand
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22 communities, banks can enhance the strength of consumer brand-relationship. The obtained
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24 results support this idea, as they suggest that banks should promote the creation and sharing of
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26 content on online platforms. In line with Kozinets et al. (2010), it is advocated that commercial
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28 information should be transformed into stories that are relevant to the members of brand
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30 communities. In doing so, a greater process of identification may occur. Additionally, this study
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32 suggests that when customers use online communities to express themselves (Schau and Gilly,
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34 2003), they can pursue their key self-definitial need, as proposed by Bhattacharya and Sen (2003),
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36 such as self-enhancement. This can enhance CBI, and WTPp as a consequence.
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42 Third, this study has considered the influence of eWOM and SMME as separate
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44 antecedents of WTPp in the same model. Although previous research has not distinguished
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46 between eWOM and SMME (e.g., Godey et al., 2016), a further and differentiated examination
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48 of the effects of eWOM in services has been recommended (Liu and Park, 2015). Social media
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50 context facilitates eWOM, but conceptually the two constructs are not the same. For example,
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52 the level marketing managers control eWOM activities is much less than their control of SMME.
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3 There is a social dimension associated with eWOM that involves the process of co-creation and
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5 the sharing of brand related contents (Gambetti, 2012). The results indicate that both SMME
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7 dimensions (entertainment, interactivity, and customization) and eWOM are important to achieve
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9 marketing outcomes, namely CBI and WTPp. By considering these constructs separately, the
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11 findings contribute to a better understanding of the outcomes of social media marketing for the
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13 banking industry, and in particular, on understanding consumers' WTPp.
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17 Fourth, the results of fsQCA indicate that the combined presence of SMME, eWOM, and
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19 CBI, is sufficient to obtain consistently higher levels of WTPp. Therefore, the results endorse the
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21 view that banks should become more social online, in order to improve WTPp and,
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23 consequently, their profitability. Nevertheless, the results also indicate that none of the constructs
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25 *per se* are either necessary or sufficient to achieve this goal. Therefore, to be effective, social
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27 media marketing should include both of the dimensions considered in this study (SMME and
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29 eWOM) and should not neglect the role of CBI in this process.
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32 33 *Managerial implications*

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35 The study highlights how marketing practitioners can leverage the power of social media to
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37 increase WTPp, which can improve banks' profitability. Marketing managers should pay
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39 attention and manage all the components of their social media presence, and, in particular, they
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41 should try to create and communicate a brand that consumers identify with. Therefore, social
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43 media platforms constitute an opportunity for banks, not just to listen to their customers, but also
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45 to build their brands and establish stronger ties with their customers. These activities will
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47 enhance WTPp. Banks could use social media to better understand the targeted customers'
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49 lifestyles and preferences, and in turn use these digital platforms to communicate and project
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51 elements of identity that match these lifestyles and preferences. For example, banks could invite
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3 consumer-generated content such as testimonial videos on their social network sites, to further
4 personalise their brand, and to enhance CBI. Moreover, encouraging testimonials from customers
5 on social media can enhance CBI, as customers may identify with a bank that seems to have
6 customers that are similar to themselves.
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12 The study asserts that marketing managers should strive to enhance both SMME and
13 eWOM to increase WTPp. For example, by using gamification techniques, banks can publically
14 reward customers' online activities, such as *i*) watching videos or interacting with peers to
15 promote financial literacy, or *ii*) inviting friends to join the bank. These will enhance the
16 entertainment dimension that will improve CBI, and, consequently, the joint presence of SMME,
17 eWOM, and CBI will result in higher WTPp.
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26 *Limitations and future research*

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28 This study is not without limitations that could be addressed in future research. The study was
29 conducted in the banking industry, and it could be also tested in other service sectors, to improve
30 the generalisability of the proposed model. The study defends its focus on the banking sector.
31 This sector has been uniquely challenged by financial recession and the need to subsequently
32 raise prices to ensure profitability, yet at the same time struggling with difficulties in
33 differentiating its brands, and overcoming consumer cynicism or mistrust. It is asserted that
34 research offering bank managers a means to enhance WTPp through CBI is invaluable for this
35 service sector. However, it is advocated that further studies would be conducted in other service
36 sectors with related characteristics, such as the insurance sector. Furthermore, by extending
37 research service sectors with very different characteristics, such as the hospitality or leisure
38 sectors, the generalisability of these findings could be further extended.
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Moreover, the study was conducted in one country and it is advocated that similar studies would be conducted in other countries to enhance the generalisability of the results. The sample skewed younger and highly educated – perhaps this could have influenced the results in relation to WTPp for example – further study is advocated to investigate these relationships among other demographics. Moreover, this study did not distinguish among the brands presented by the respondents, and further study could investigate whether there are differences between types of brands in this industry across the variables in our study.

Conclusion

This paper investigates the impact of SMME and eWOM on customers' WTPp through CBI in the banking industry. The results support the proposed conceptual model. CBI fully mediates the effect of SMME and eWOM on CBI, meaning that banks should use social networks to communicate their brand identity and enhance CBI, in order to leverage the impact of SMME and eWOM, and achieve marketing desired outcomes, such as WTPp. To stay competitive and differentiate themselves, banks should build their brands and develop their social media presence, enabling customer interaction and providing social benefits to its customers. In sum, CBI is the missing link that enables the transformation of social interactions into WTPp. Thus, the relationships created and developed through social networks may increase the value of banks' offerings.

Uniquely, in this study, eWOM and SMME are considered separately. These new results support the idea that these constructs deserve a differentiated treatment, in order to obtain in deep insights about how to transform social interactions into tangible marketing outcomes. In fact, there is a social dimension in eWOM that should not be neglected, because it can create

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3 customers' emotional bonds with a brand. This eWOM dimension has some particularities, as it
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5 involves a process of co-creation. It is less controllable by marketing managers than SMME,
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7 therefore requiring different skills. SMME, namely, entertainment, interactivity, and
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9 customization, are important dimensions within social media marketing, but alone they are not
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11 enough to change consumer behaviour. By identifying the effect of both eWOM and SMME on
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13 WTPp, and the mediating role of CBI, the study offers bank managers a new path to enhance
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15 CBI and, ultimately, WTPp.
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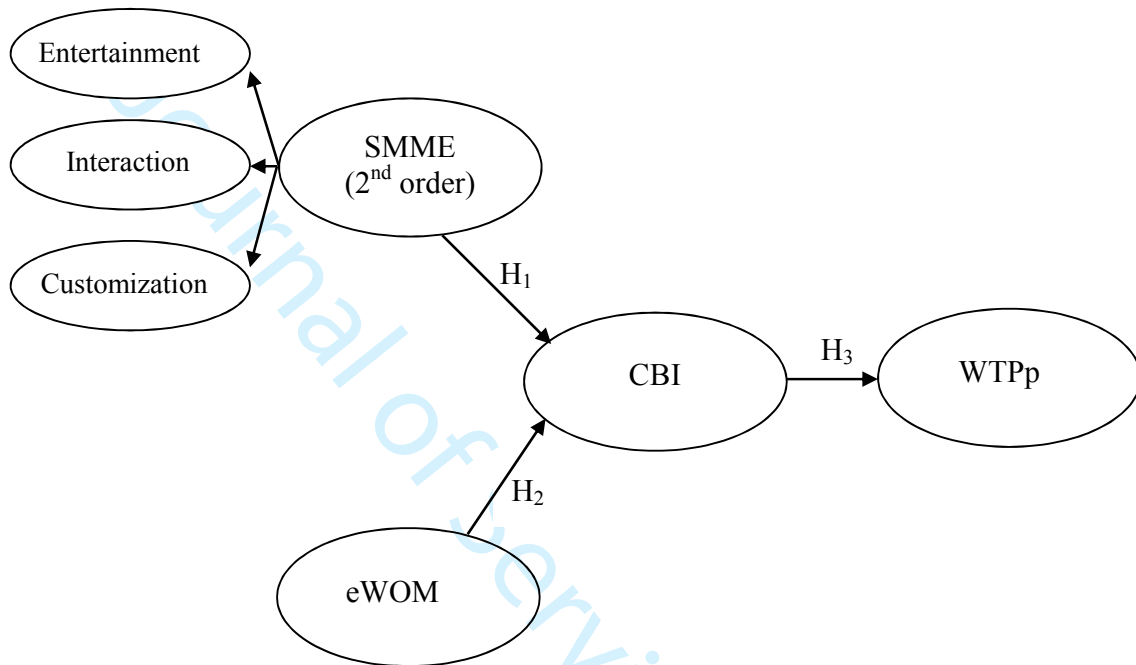
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Figure 1: Conceptual framework



Notes: SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; CBI = Consumer-brand identification; WTPp = Willingness to pay a premium price.

Table 1: Sample profile

<i>Criteria</i>	<i>#</i>	<i>%</i>
<i>Gender</i>		
Male	58	40
Female	84	58
N/R	3	2
<i>Total</i>	<i>145</i>	<i>100</i>
<i>Age</i>		
<18	0	0
18-30	50	34
31-40	60	42
41-50	25	17
>50	10	7
<i>Total</i>	<i>145</i>	<i>100</i>
<i>Banks pages in social networks followed</i>		
Facebook	100	69
LinkedIn	13	9
Facebook and LinkedIn or Other	32	22
<i>Total</i>	<i>145</i>	<i>100</i>
<i>Education</i>		
High school or less	7	5
Graduate	34	23
Post-graduation or master degree	98	68
PhD	5	3
N/R	1	1
<i>Total</i>	<i>145</i>	<i>100</i>
<i>Banks</i>		
Caixa Geral de Depósitos	53	37
Santander Totta	28	19
Millenium bcp	18	13
BPI	15	10
Others	29	20
N/R	2	1
<i>Total</i>	<i>145</i>	<i>100</i>

Table 2: Standardised parameter estimates, critical ratio, and R² for the measurement model

Construct	Items	Stand. loads.	t-value	R ²
<i>SMME</i> (2 nd order)	<i>Entertainment</i>	.82	---	.68
	<i>Interaction</i>	.76	8.10	.58
	<i>Customization</i>	.88	7.46	.77
<i>Entertainment</i>	Using this (#brand) social media is fun.	.93	---	.86
	Contents shown in this (#brand) social media seem interesting.	.79	10.11	.63
<i>Interaction</i>	Conversation or opinion exchange with others is possible through this (#brand) social media.	.96	---	.93
	It is easy to deliver my opinion through this (#brand) social media.	.83	11.07	.68
<i>Customization</i>	This (#brand) social media offers customized information search.	.81	---	.66
	This (#brand) social media provides customized service.	.93	11.01	.86
<i>Source: Kim and Ko (2012) and Godey et al. (2016)</i>				
<i>eWOM</i>	I have recommended the (#brand) online pages to lots of people.	.86	---	.74
	I 'talk up' the (#brand) online pages to my friends.	.95	16.65	.89
	I try to spread the good word about the (#brand) online pages.	.88	14.38	.77
	I give the (#brand) online pages lots of positive word-of-mouth advertising.	.91	15.36	.82
<i>Source: Carrol and Ahuvia (2006) and Park and Kim (2014)</i>				
<i>Consumer-Brand identification</i>	This (#brand) represents who I am.	.96	---	.92
	This (#brand) is part of my sense of who I am.	.97	29.31	.94
	This (#brand) helps me express my identity.	.96	26.96	.91
	I feel personally connected to this (#brand).	.86	17.90	.74
<i>Source: Wolter et al. (2016)</i>				
<i>WTPp</i>	I would be willing to pay a higher price for this (#brand) over other similar brands.	.86	---	.73
	I prefer to purchase from this (#brand) even if another brand advertises a lower price.	.95	9.15	.90
<i>Chaudhuri and Ligas (2009) and Park and Kim (2014)</i>				

Notes: Stand. loads = standardised loads. SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; WTPp = Willingness to pay a premium price.

Model fit: Chi-square (χ^2) = 181.98; df = 95; goodness of fit index (GFI) = .87; normed fit index (NFI) = .92; incremental fit index (IFI) = .96; Tucker-Lewis index (TLI) = .95; comparative fit index (CFI) = .96; root mean square error approximation (RMSEA) = .08.

Table 3: Correlation matrix of constructs, reliability estimates, and variance extracted estimates

Construct	X_1	X_2	X_3	X_4	CR	AVE
SMME(2 nd order) (X_1)	.89				.86	.68
eWOM (X_2)	.42	.94			.94	.81
CBI (X_3)	.47	.48	.97		.97	.88
WTPp (X_4)	.39	.28	.51	.90	.90	.82

Note: Diagonal entries (highlighted) are Cronbach's alpha coefficients. SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; CBI = Consumer-brand identification WTPp = Willingness to pay a premium price; CR = composite reliability; AVE = average variance extracted.

Table 4: Results of the structural model

Path	Stand. coeff.	t-value
SMME(2 nd order) → CBI	.33	3.55**
eWOM → CBI	.34	4.06**
CBI → WTPp	.50	5.38**

Notes: Stand. coeff. = standardised coefficient; two-tailed significant testing:
 ** significant $p < .01$.

R²: CBI: .32; WTPp: .25.

SMME = social media marketing efforts; eWOM = Electronic Word-of-mouth; CBI = Consumer-brand identification; WTPp = Willingness to pay a premium price.

Model global fit: Chi-square (χ^2) = 185.52, df = 97, goodness of fit index (GFI) = .87; normed fit index (NFI) = .92; incremental fit index (IFI) = .96, Tucker-Lewis index (TLI) = .95, comparative fit index (CFI) = .96; root mean square error approximation (RMSEA) = .08.

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Table 5: Mediation analysis results**Panel A:** Results of models estimated

	Model 1, full mediation	Model 2	Model 3, non mediation	Model 4, partial mediation
SMME(2 nd order) → CBI	.33**		.36**	.33**
eWOM → CBI	.34**		.33**	.34**
SMME(2 nd order) → WTPp	----	.33**	.37**	.19
eWOM → WTPp	----	.18	.16	≈ 0
CBI → WTPp	.50**		---	.42**
R ²				
CBI	0,32		.34	.32
WTPp	0,25	0,18	.21	.29

Panel B: Models comparison

	χ^2	<i>df</i>	Δdf	$\Delta\chi^2$	GFI	NFI	IFI	TLI	CFI	RMSEA
Model 1	185.52	97	Base comparison		.87	.92	.96	.95	.96	.080
Model 3	197.33	96		1 11.81	.86	.91	.95	.94	.95	.086
Model 4	181.98	95		2 3.54	.87	.92	.96	.95	.96	.080

Notes: Two-tailed significant testing: ** Significant $p < .01$.

SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; CBI = Consumer-brand identification; WTPp = Willingness to pay a premium price.

GFI = goodness of fit index; NFI = normed fit index; IFI = incremental fit index; TLI = Tucker-Lewis index; CFI = comparative fit index; RMSEA = root mean square error approximation.

Table 6: Analysis of necessary and sufficient conditions to CBI and WTPp**Panel A:** Analysis of necessary conditions for CBI and WTPp

Outcome	Conditions	Consistency	Coverage
CBI	eWOM	.774	.722
	SMME	.738	.735
WTPp	eWOM	.685	.702
	SMME	.659	.721
	CBI	.684	.750

Panel B: The configurations leading to CBI and WTPp

Outcome	Configurations	Raw coverage	Solution consistency
CBI	SMME*eWOM	.631	.833
WTPp	SMME*eWOM*CBI	.468	.814

Notes: SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; CBI = Consumer-brand identification; WTPp = Willingness to pay a premium price.

Table 7: Summary of the hypotheses testing

Hypotheses	Result
H1. SMME will positively impact CBI.	Supported
H2. Positive eWOM will positively impact CBI.	Supported
H3. The greater the CBI, the greater the WTPp.	Supported
H4. CBI fully mediates the effect of SMME and eWOM on WTPp.	Supported
H5. Neither SMME nor eWOM are necessary conditions for CBI.	Supported
H6. The joint presence of SMME and eWOM is sufficient to achieve CBI.	Supported
H7. Neither SMME, eWOM, nor CBI, are necessary conditions for WTPp.	Supported
H8. The joint presence of SMME, eWOM, and CBI, is sufficient to achieve WTPp.	Supported