<table>
<thead>
<tr>
<th><strong>Title</strong></th>
<th>Improving consumers’ willingness to pay using social media activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author(s)</strong></td>
<td>Torres, Pedro; Augusto, Mário; Wallace, Elaine</td>
</tr>
<tr>
<td><strong>Publication Date</strong></td>
<td>2018-10-05</td>
</tr>
<tr>
<td><strong>Publisher</strong></td>
<td>Emerald</td>
</tr>
<tr>
<td><strong>Link to publisher's version</strong></td>
<td><a href="https://doi.org/10.1108/JSM-07-2017-0257">https://doi.org/10.1108/JSM-07-2017-0257</a></td>
</tr>
<tr>
<td><strong>Item record</strong></td>
<td><a href="http://hdl.handle.net/10379/15164">http://hdl.handle.net/10379/15164</a></td>
</tr>
<tr>
<td><strong>DOI</strong></td>
<td><a href="http://dx.doi.org/10.1108/JSM-07-2017-0257">http://dx.doi.org/10.1108/JSM-07-2017-0257</a></td>
</tr>
</tbody>
</table>
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 in 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
reinforcing the image of American Express as partner for small business owners. In this context, achieving a better understanding of consumers’ likely response to pricing is an essential component of banks’ business model recalibration.

Customers that exhibit a willingness to pay a price premium (referred as WTPp hereafter) are more likely to maintain their relationship with a service, and have lower sensitivity to price changes (Keh and Xie, 2009). Therefore, it is asserted that WTPp is crucial for banks in improving their profitability. Extant literature is helpful in informing how this might be achieved. Previous research has emphasised the importance of relationship building (e.g., Javalgi et al., 2006; Yoganathan, et al., 2015). This is particularly important for banks due to the complexity and customisation of the banking service, the potential knowledge gaps perceived by customers, and the dynamic and uncertain nature of the business environment (Brun et al., 2014).

It is long recognised that building service brands are more challenging due to services’ inherent characteristics (Becker et al., 1992). Compounding this, financial services are highly intangible in terms of customer cognition (Devlin, 2000) and, consequently, customers need to evaluate and validate them prior to consumption (Grönroos, 1990). Although it is difficult for customers to evaluate a service promise customers can easily evaluate their relationship with a service; therefore, services can differentiate themselves on the basis of strong relationships (de Chernatony and Segal-Horn, 2001).

Social media marketing is a two-way communication that seeks empathy with customers and enables familiar associations with the brands (Kim and Ko, 2012). It has been defined as “an interdisciplinary and cross-functional concept that uses social media (often in combination with other communication channels) to achieve organizational goals by creating value for stakeholders” (Felix et al., 2017, p. 123). A better understanding the role of social media in
marketing is fundamental for both researchers and practitioners (Schultz and Peltier, 2013), especially in the banking industry, where social media is a relatively new marketing initiative. Yet despite the substantial body of research published over the past 15 years (see Lambert and Stephen, 2016), one persistent challenge is measuring the impact of social media marketing on key brand success factors (Schultz and Peltier, 2013), such as WTPp. Moreover, as in most relationships, communication is a key success factor (Ferguson and Havlinka, 2007). In particular, electronic word-of-mouth (hereafter referred as eWOM) has become increasingly important due to the continued growth of social media (King et al., 2014). Yet little is known about the relationship between eWOM and customers’ WTP.

Social identity theory is appropriate for investigating customer-brand relationships because it establishes that individuals define their self-concepts through their connections with social groups and organizations (Tajfel and Turner, 1979). Consumers tend to include brands in the construction of their self-concept (Sprott et al., 2009). Furthermore, consumers’ self-identity is also developed through how they connect to others within a social network, such as Facebook (Shau and Gilly, 2003). In extant literature, brand identity is a process that is continuously developed (e.g., Gioia et al., 2000). Previous research suggests that this process has significant impact on consumer behaviour including WTPp (Del Rio et al., 2001). In fact, CBI is a critical component of a consumer-brand relationship (Albert et al., 2013). CBI reflects the consumers’ perceived ‘psychological oneness’ with the brand, and the extent to which they feel connected to the brand (Xiao and Lee, 2014). Consumers who have greater CBI will perceive themselves as more relationally connected to the brand (Xiao and Lee, 2014). Thus, CBI can be the missing link between social media marketing and WTPp because CBI can provide understanding of how consumer-brand relationships develop (He et al., 2012).
The purpose of this study is to investigate the influence of social media activities, that is eWOM and other social media marketing efforts (hereafter referred as SMME) on WTPp, with the special consideration of consumer-brand identification (hereafter referred as CBI) as a mediating variable. To enhance these insights, and to explore the possible configurations of the antecedent variables that are sufficient to achieve CBI and WTPp, an analysis of necessary and sufficient conditions to achieve these outcomes is also performed. Therefore, embracing complexity theory (Woodside, 2014), the study investigates whether SMME and/or eWOM as influencers of CBI, may be sufficient to enhance WTPp in banking.

The study therefore addresses a gap in the literature by investigating SMME and eWOM as separate antecedents of WTPp. Previous research (e.g., Godey et al., 2016) has not distinguished eWOM from SMME. This is surprising, given the calls to explore the importance of eWOM for services, and for a differential treatment of this variable (Liu and Park, 2015). This study addresses these calls. To the best of our knowledge, this is the first time that eWOM and SMME are explored separately and integrated into one model. There are several reasons for adopting this approach. First, extant literature on eWOM presents some inconsistencies. While some authors consider eWOM as one dimension of SMME (e.g., Godey et al., 2016), others suggest that some dimensions of SMME, such as entertainment and interactivity, are determinants of eWOM (e.g., De Vries et al., 2012). In fact, social media context facilitates eWOM (e.g., McCarthy et al., 2014), but conceptually the two perspectives are not the same. Therefore, SMME and eWOM should be treated separately. Second, unlike SMME, eWOM is not usually under the control of brand managers and involves the co-creation of customers. Past research shows that to be effective eWOM should not come from advertisers (Alhudari, 2015). It has also been recognised that brand engagement includes a social dimension linked to co-
creation and sharing of brand-related contents (Gambetti et al., 2012). According to Kozinets et al. (2010) consumers engage in eWOM not only because they want to help others or reduce dissonance, but also because the consumer is now an actor in social system. Furthermore, positive eWOM can be linked to consumers’ emotional bonds to a brand (Wragg, 2014), and therefore a consideration of eWOM is crucial in a study of CBI. Furthermore, eWOM can happen without SMME, and therefore it should be considered separately to SMME. Third, eWOM is considered a critical marketing element, which justifies treating this construct separately. In fact, several studies attempt to provide evidence of its importance (e.g., Liu et al., 2010; McCarthy et al., 2014; Liu and Park, 2015), but little is known regarding how to transform social interactions in digital platforms into benefits for profit-oriented companies (Vock et al., 2013). Therefore, isolating eWOM from SMME may provide useful insights on how eWOM can impact WTPp, and through the mediation of CBI.

This study offers a number of important theoretical contributions. First, by testing the mediator role of CBI on the relationship between social media marketing constructs (SMME and eWOM) and WTPp, this paper contributes to the understanding of how banks can use social media marketing to enhance WTPp and, consequently, their profitability. Second, this study supplements previous research on CBI by investigating two constructs (SMME and eWOM) that influence this construct, and by investigating SMME and eWOM separately. Third, the study reveals possible configurations of the antecedent variables that are sufficient to achieve CBI and WTPp. Finally, this study emphasises the importance of differentiating between eWOM and SMME, suggesting that both constructs matter in the conceptualisation of social media marketing. The study reveals that SMME and eWOM can yield positive effects on WTPp through CBI.
The paper is organised as follows. First, the background to the study is provided, and the research hypotheses informing the conceptual framework are set out. Then, the method employed in this study is described. Next, the measurement model, the structural equation model and the results of the fuzzy-set qualitative comparative analysis are presented. The results are then discussed in relation to the existing literature. Finally, conclusions are drawn, and managerial implications are highlighted. The paper opens with a review of the extant literature informing this study.

Background and hypotheses

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

The banking industry is experiencing a unique paradigm shift because of increasing digitisation, technology standardisation, and product commoditisation (Chernev et al., 2011). The recent financial crisis has speeded up the already growing demand for innovation, and collaborative processes and social networks are becoming increasingly important in a world that is moving into a real-time economy (Vanetti, 2010). Furthermore, the financial crisis also had a negative effect on stakeholders’ perceptions of banks’ images (Bravo et al., 2016), which led banks to rethink their corporate identities to re-establish their corporate reputation (Wallace et al., 2013). The significant change in regulation and customer behaviour, coupled with market dynamics and aggressive non-bank competitors calls for new business approaches.

Banks have been encouraged to develop and maintain close relationships with their customers to compete and differentiate themselves, and one way to achieve this is through social media marketing. The term “social media” is generally linked to platforms of digital communication that emphasise participation and collaboration in a digital environment.
In these online platforms, consumers can act as co-producers of value for the brand.

Banks are uniquely challenged due to the increasing scepticism toward their brands, boosted by the recent financial crisis, and the decline on the value of traditional media. This has resulted in an increased importance of CBI for banks (Tuškej et al., 2013). CBI is a source of value and is defined as “a consumer’s psychological state of perceiving, feeling, and valuing his or her belongingness with a brand” (Lam et al. 2013, p 235). CBI reflects the consumers’ perceived ‘psychological oneness’ with the brand, and the extent to which they feel connected to the brand (Xiao and Lee, 2014). Compounding this, the capacity to create meaningful associations, particularly in relation to consumers’ self-identity, has become increasingly important in order to differentiate brands facing a challenge of product commoditisation (Chernev et al., 2011). In this context, the consumers’ identification with the bank is strongly related with their identification with the bank’s corporate brand, therefore much of the literature on corporate brand also applies (e.g., Keller, 2009; Vernuccio, 2014). To enhance CBI, the literature advocates that brands should promote opportunities for socialisation among consumers that can enable positive emotional links between the consumer and the brand (Torres et al., 2017). Thus, as suggested in a Deloitte report (2013b), banks should build a social banking businesses to stay competitive and differentiate themselves. Furthermore, consumers have difficulty in assessing the quality of intangible products, such as bank services, before consumption. Hence, people often rely on online comments from other consumers to gather sufficient information and indirect purchasing experiences to reduce their level of uncertainty (Ye et al., 2011). Customers’ evaluation of a service is also based on how the service is provided
(Grönroos, 1990) – that is, the relationships are also evaluated. Thus, service brands can differentiate through the relationships they offer (de Chernatony and Segal-Horn, 2001).

**Social media marketing and willingness to pay a price premium**

As noted earlier, social media marketing is a two-way communication that seeks empathy with customers and enables familiar associations with the brands (Kim and Ko, 2012). Social media marketing can be defined as “an interdisciplinary and cross-functional concept that uses social media (often in combination with other communication channels) to achieve organisational goals by creating value for stakeholders” (Felix et al., 2017, p. 123). Social media marketing offers an opportunity to enhance banks’ relationships with their customers, enabling the continuation of banks’ brand story and presenting an ideal opportunity for word-of-mouth marketing (Durkin et al., 2014). Despite this, very little is known about the influence of social media marketing on outcomes for the bank, such as WTPp, and measuring the impact of social media marketing on key brand success factors remains a challenge (Schultz and Peltier, 2013).

In this research, social media marketing was divided into two main constructs: social media marketing efforts (SMME) and electronic word-of-mouth (eWOM). SMME encompasses other social media marketing efforts beyond eWOM, it comprises three common dimensions considered in the literature: entertainment, interaction, and customisation (e.g., Kim and Ko, 2012; Godey et al., 2016). eWOM can be defined as “any positive or negative statement made by potential, actual, or former customers regarding a product or company, which is made available to a multitude of people and institutions via the Internet” (Hennig-Thurau et al., 2004, p. 39).

Harnessing social media for marketing presents both opportunities and challenges for organisations (Dellarocas, 2003). Besides digital advertising and promotions, social media can also be used to handle customer service issues, obtain insights for innovation ideas, and to better
engage with customers (Solis, 2010). Furthermore, increasing digitalization on social media platforms can provide insights into individual needs and wishes (Sashi, 2012), which supports customisation (Fels et al., 2017). In this way, social media contributes to build long-lasting relationships (Howcroft et al., 2007).

Consumers may also extract social benefits from their engagement in these online platforms. Thus, social media is often seen as a path to develop customer engagement (Mills and Plangger, 2015) because it facilitates the dissemination of content and interactions between individuals and organizations, and enable the shift from one-way communication, i.e. brand-to-customer advertising (e.g., print, radio, television, etc.), to brand-to-customer-to-brand communication and customer-to-customer social dialogues (Botha and Mills, 2012). Furthermore, word-of-mouth has become much more important to influence consumer behaviour, compared to other forms of marketing communications, such as advertising (Alam and Yasin, 2010).

Social media networks are part of customers’ daily life, and they expand social circles, leveraging the frequency and duration of interactions (Luo and Zhong, 2015). The ubiquity of social media has also changed the way consumers share information with each other and the way they interact with brands (Lamberton and Stephen, 2016), enabling the co-creation of value by consumers (Kao et al., 2016), for example through eWOM. Furthermore, social media can be used to build mental constructs of service brands before they are used (Laroche et al. 2012), which can reduce customers’ perception of risk (Solem and Pederson, 2016), reinforce banks’ brands (Ndubisi, 2007), and enhance banks’ identity (Papasolomou and Vrontis, 2006). Extending these outcomes, can social media activities influence consumers’ WTPp?
The bank’s brand is a key differentiation factor that represents what the bank stands for, and consumers are willing to pay a price premium for a brand that is successful (Ailawadi et al., 2003). A customer’s WTPp is a better indicator of brand success than actual purchase behaviour, because the former signals customer behavioural intentions while the latter is influenced by external factors. In fact, the time gap between intention and behaviour, opens the door to the influence of external factors, such as psychological and instrumental procedures (Bagozzi and Edwards, 1998; Bagozzi, 2007; Erkan and Evans, 2016). Customers that exhibit higher WTPp are more likely to maintain a relationship with a supplier and have lower sensitivity to price changes (Keh and Xie, 2009). Therefore, it can be helpful to study WTPp as an outcome of the effectiveness of SMME and eWOM efforts in banking. This paper explores these relationships.

The conceptual model and hypotheses development

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

---Insert Figure 1 about here---

SMME and CBI. This study proposes that SMME is an antecedent of CBI. The research considers three common dimensions of SMME: entertainment, interaction, and customisation. Entertainment is a strong motivation for social media use (e.g., Muntinga et al., 2011; Park et al., 2009) because social media users expect to have fun and pleasure has a result of their social media experience, and they often use social networks for relaxation and escapism (Manthiou et
al., 2013; Park et al., 2009). In fact, in a recent study, Algharabat (2017) suggests that entertainment can be the most important among SMME. Interaction in social media was defined by Godey et al. (2016) as the sharing of information and the exchange of opinions with others, and it is usually divided into profile-based activities and content-based activities (Zhu and Chen, 2015). Social media facilitates interactive communication (Evans, 2012), and interaction is a critical driver of user-generated content (Daugherty et al., 2008). Interaction is seen as a relevant benefit of building customer-brand relationships within social media (Fournier and Lee, 2009).

Customization refers to the extent to which social media provides customized information search and a customized service (e.g., Godey et al., 2016). Thus, customisation implies a certain degree of personalization, thereby reflecting the degree of individual preferences (Schemenner, 1986). The extent by which brands satisfy individual preferences may improve consumer responses, for example with customization brands can achieve greater brand loyalty (Martin and Todorov, 2010).

It is long recognised that customers do not stay loyal to a given brand just to maximize functional utility (Lam et al., 2010). Social identity theory suggests that individuals define their self-concepts through their connections with social groups (Tajfel and Turner, 1979). Previous research noted that CBI is achieved by creating strong brand associations related to consumer self-identity (e.g., Chernev et al., 2011). Brands help consumers to define themselves (Albert et al., 2013) and consumers will identify with brands they perceive as matching their self-concept (Wolter et al., 2016). Studies have also recognized that brands facilitate social identity creation and expression (Stokburger et al., 2012). In fact, brands are increasingly using social media to build brand-relationships with their target audience (Kelly et al., 2010), and SMME can enhance the brand image (Tsai and Men, 2013) and brand success (Phan et al., 2011). To be effective,
SMME should be congruent and aligned with the needs of social media users (e.g., Zhu and Chen, 2015). Furthermore, if social media can enhance users’ ability to evaluate products (Brown, 2011), then it can also enhance CBI. Thus, because SMME can lead to greater perceived association or similarity between the consumer and the brand, SMME can enhance CBI.

The literature established that brand social benefits lead to CBI (e.g., Stokburger-Sauer et al., 2012; Torres et al., 2017), and SMME can influence the extent to which consumers feel that their interactions with a brand help them connect socially. Furthermore, SMME also enhances customers’ perception of the brand’s reflection on consumers’ inner self (Algharabat, 2017). Therefore, SMME can be considered an antecedent of CBI. Thus, this study postulates that effective SMME will result in higher CBI.

H1. SMME will positively impact CBI.

*eWOM and CBI.* Word-of-mouth has been one of the most important sources of transmission of information since the beginning of human society (Godes and Mayzlin, 2004) and has been recognised as an important driver of consumer behaviour (e.g., Brown et al., 2007). eWOM, which corresponds to consumers’ active engagement in brand activities on social media, differs significantly from traditional word-of-mouth by its convenience, scope, source, and speed of interactions. Unlike traditional word-of-mouth, eWOM participants engage in communication within a network of people, in which individuals may be unknown to each other and rely on this channel to maintain their relationships (King et al., 2014). The Internet can amplify differences between companies and by facilitating the sharing of information it reduces uncertainty, which may result in higher WTPp (Brynjolfsson and Smith, 2000). Therefore, consumers came to be seen as agents who could amplify or undermine the effect of marketing actions (Lamberton and Stephen, 2016). A significant number of studies attempt to demonstrate the value of eWOM
(e.g., Liu and Park, 2015), and considerable attention has been given to eWOM reviews such as customer-generated information and recommendations presented online by customers about a product, service or brand (e.g., De Bruyn and Lilien, 2008; Godes and Silva, 2012; Filieri, 2015). Nevertheless, little is known regarding how to transform social interactions in digital platforms into benefits for profit-oriented companies (Vock et al., 2013).

This study considers eWOM as an antecedent of WTPp through enhancing CBI. Social networks present an ideal opportunity for word-of-mouth marketing (Durkin et al., 2014) as they facilitate co-creation of value, which is an important part of the marketing process for service firms (Utkarsh, 2017). Although some literature acknowledged that eWOM can be either an antecedent or a consequence of identity bonds between consumer and a focal brand (e.g., Tuškej and Podnar, 2018), there is evidence that consumer-brand affective engagement strongly influences CBI (e.g., Hollebeek et al., 2014), which suggests that eWOM can be an important driver of CBI.

Several arguments support the option to consider eWOM as an antecedent of CBI. First, some literature has suggested that consumers should be seen as “co-producers” rather than “targets” (e.g., Vargo and Lusch, 2004) and the importance for brands of co-creating their identity through the interaction with their customers in social media networks has been acknowledged (e.g., Keller, 2009; Vernuccio, 2014). In fact, co-creative customer experiences with a brand in focal service relationships have been acknowledged as the underlying conceptual foundation of consumer-brand engagement (Brodie et al., 2011), thereby influencing CBI (Hollebeek et al., 2014). Such interaction between the consumer and the brand drives symbolic meanings that consumers can use to build their own identities (Belk, 1988). Therefore, it can be asserted that the interaction that takes place in social media networks through eWOM are helpful
in developing CBI. Second, the literature suggests that word-of-mouth is goal driven (e.g. Berger, 2014). With word-of-mouth individuals may want to fulfil five key functions: 

\( i \) impression management; 

\( ii \) emotion regulation; 

\( iii \) information acquisition; 

\( iv \) social bonding; and 

\( v \) persuasion. Impression management relates to identity-signalling and self-enhancement motives, and social bonding involves the reinforcement of shared values (Berger, 2014). Self-enhancement is a strong motivation for consumer engagement in eWOM (e.g., Hars and Ou, 2002; Henning-Thurau et al., 2004) and it is one of the key needs that drives identification (Stokburger-Sauer et al., 2012). For example, Kozinets et al. (2010) suggested that identification may occur when commercial information is transformed into stories that are relevant to the members of online communities. Thus, eWOM can result in social benefits, which is a recognised driver of CBI (e.g., Torres et al., 2017). Hence, it is asserted that eWOM can influence CBI. Third, by engaging in word-of-mouth, the consumer takes a public position that is difficult to change because individuals want to be internally consistent (Garnefeld et al., 2013). This is in line with social psychology literature, which has long ago established that when people take a public position they tend to align their attitudes in the direction of that position (Cialdini, 1971), i.e., commitment arises (Kiesler, 1971). Moreover, the magnitude of such commitment depends on the extent by which the advocacy is public (Cialdini, 1971). Positive advocacy tends to make the communicators’ attitude more extreme (Higgins and Rholes, 1978). Therefore, if consumers engage in positive eWOM towards a brand, they are likely to enhance their identification with the brand, especially when that eWOM is in the public arena of social media.

Therefore, taking these arguments into account, the following hypothesis was formulated: 

H2. Positive eWOM will positively impact CBI.
The mediating role of CBI. Customers’ identification with an organisation is often viewed as the foundation of “deep, committed, and meaningful relationships” (Bhattachrya 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-Wolker, 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
has been recognized that brands are not bought just because they work well (e.g., So et al., 2017), and that word-of-mouth marketing campaigns go beyond the simple abundance of positive mentions (Kozinets et al., 2010). This study proposes that CBI can be the missing link to transform eWOM and SMME into WTPp. In fact, CBI can be a key to understand how consumer-brand relationships develop (He et al., 2012). Customers are willing to pay more for a brand that offers unique benefits (Priem, 2007). Social media marketing can provide unique benefits; for instance, by contributing to customers’ self-enhancement. Customers seek self-definition by expressing themselves on online communities (Schau and Gilly, 2003) and they tend to identify with companies that satisfy one or more of their key self-definitional needs (Bhattachrya and Sen, 2003). Furthermore, brands that present themselves in a human-like way in social media are more likely to be successful in gaining and keeping customers’ attention (Beukeboom et al., 2015). This suggests that brands should take care of their perceived identity in social networks. Consumers tend to identify with the brands that they perceive as matching their self-concept (Wolter et al., 2016). Hence, if SMME and eWOM can help banks project a brand identity that fits into customers’ lifestyles, this study asserts that WTPp can be enhanced through CBI. It is proposed that CBI can mediate the influence of SMME and eWOM on WTPp, and the following hypothesis is investigated:

H4. CBI fully mediates the effect of SMME and eWOM on WTPp.

*Necessary and sufficient conditions for WTPp.* To obtain more insights regarding the links among the constructs, this study also embraces complexity theory, which has been increasingly used in the sub-disciplines of management (Woodside, 2014). Therefore, it is acknowledged that the “recipes”, i.e. the configurations, can be more important than the “ingredients”, i.e. antecedent conditions (Ordanini et al., 2014). That is, a simple antecedent
condition which is not necessary to obtain a given outcome, can be part of the configuration that leads to the outcome. Using this approach, the links between the combinations of antecedent conditions and the outcome are expressed as necessary and sufficient conditions.

The conceptual model presented in this study focus on social media marketing, and posits that an investment in eWOM, SMME, and CBI, can provide a viable path to achieve WTPp. Thus, in line with the conceptual model, the joint presence of eWOM, SMME, and CBI can be sufficient to achieve the outcome of interest, that is WTPp. Nevertheless, other paths not considered in this study may lead to the same outcome, meaning that it is not a necessary condition. For instance, previous research found suitable paths to obtain CBI without implying the presence of social media marketing activities (e.g., Torres et al., 2017). Therefore, although SMME and eWOM could lead to CBI, due to the recognized importance of social media marketing, they are not assumed to be necessary to achieve CBI. Nevertheless, adopting a configurational approach, it can be postulated that the joint presence of both SMME and eWOM can be a sufficient condition to obtain consistently high levels of CBI. In the same vein, following Thompson et al. (2005), it is recognized that other paths that can lead to WTPp, meaning that none of the constructs considered in this study are taken as necessary to achieve WTPp. Therefore, considering the arguments presented herein, the following hypotheses are proposed:

H5. Neither SMME nor eWOM alone are necessary conditions for CBI.

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

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

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

20
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**
The maximum likelihood estimation method assumes the multi-normality of the distribution of the observed variables to measure each construct. To examine the departure from normality, the skewness and kurtosis were first assessed: the values of the skewness range from -.27 and .70, and the kurtosis ranges from -1.22 to -.51, which comply with the thresholds outlined by Kline (2017).

While some previous studies consider the averages of the items proposed in order to measure the different dimensions of SMME (e.g., Kim and Ko, 2012), other research (e.g., Godey et al., 2016), treated SMME as a second order construct of first order constructs: entertainment, interaction, and customisation. The latter was the approach adopted in this study. In addition to extant theoretical support, this approach also has empirical support, taking into account the criteria pointed out by Koufteros et al. (2009) and Blome et al. (2014). These criteria are as follows: the loading factors of the second order and first order factors are all above .70 and they are statically significant (ranging from .76 to .88); the ratio between the Chi-Square of the model that considers the construct as 1st order and the model that treats the construct as 2nd order is higher than .90 (ratio=1); the obtained model guarantees convergent and discriminant validity; and, finally, the 2nd order model has a good global fit [goodness of fit index (GFI)=.96, normed fit index (NFI)=.97, incremental fit index (IFI)=.98, Tucker-Lewis index (TLI)=.94, comparative fit index (CFI)=.98, and root mean square error approximation (RMSEA)=.12]. Regarding convergent validity, the standardized factor loadings exceed the .5 threshold, and are highly significant \( (p<.01) \), and the results show that the individual-item reliabilities are acceptable since \( R^2 \) values are all above the .20 threshold (Hooper et al., 2008). Furthermore, the AVE for each construct exceeded .50 and is larger than the square of the correlation coefficients for each pair of latent variables, which supports the discriminant validity (Fornell and Larker, 1981).
Therefore, considering SMME as 2nd order construct, and incorporating the remaining constructs outlined in the proposed model, we estimated our measurement model. The model result was an adequate fit to the data: $\chi^2=181.98$, $df = 95$, $p<.01$, GFI=.87, NFI=.92, IFI=.96, TLI=.95, CFI=.96, and RMSEA=.08.

---Insert Table 2 about here----

Regarding particular aspects of the model, it can be concluded that the standardized factor loadings were larger (all loadings exceed the .5 threshold), and were statistically significant ($p<.01$). Additionally, the results indicate that the individual-item reliabilities are acceptable, the $R^2$ values were all above the .20 threshold, supporting the convergent validity of the measures. Cronbach alpha coefficients, correlation coefficients, composite reliabilities (CR), and average variances extracted (AVE) are presented in Table 3. The Cronbach's $\alpha$ values range from .89 to .97; the CR varies between .86 and .97 and AVE are in the interval .68-.88. In summary, the results show that the constructs have acceptable levels of reliability, convergent validity, and discriminant validity.

---Insert Table 3 about here----

**Common method variance**

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

**Structural model**

Table 4 shows the results of the structural model. While the chi-square ($\chi^2 = 185.52$, $df = 97$, is statistically significant ($p<.01$), the remaining of the global fit indexes suggest that the model has a good fit to the data (GFI = .87; NFI = .92; IFI = .96; TLI = .95; CFI = .96; RMSEA = .08).

---Insert Table 4 about here---

In the model outlined in Figure 1, we hypothesized that the effect of SMME and eWOM on WTPp is fully mediated by CBI. In order to test this hypothesis three additional models were estimated following the approach suggested by James et al. (2006), and employed by So et al. (2013) and Sáenz et al. (2014), among others. In Table 5, Panel A, the results of the estimated models are presented. In Model 2 only the direct effect of SMME and eWOM on WTPp is considered. Model 3 includes only the direct effects of SMME and eWOM on CBI and on WTPp. Finally, Model 4 corresponds to the proposed model (Model 1) plus the direct effects of SMME and eWOM on WTPp.

To support the existence of mediation effects of CBI the following analysis were performed. First, we verified whether the independent variables have a direct effect on the mediator. Second, we analysed whether the mediator directly influences the dependent variable (WTPp). The results of Model 1 supported both these conditions. Third, we examined whether
the independent variables have a direct influence on the outcome of interest without the presence of the mediator (see Model 2). Fourth, we tested whether the effect of the independent variables on the dependent variable becomes non-significant or reduced when the mediator is included in the model. The obtained results suggest a full mediation because the effect becomes non-significant. Additionally, to test full vs. partial mediation, Chi-square difference analysis was performed comparing the full mediation model (Model 1) with the non-mediation model (Model 3) and with partial mediation model (Model 4). The results presented in Table 5, Panel B, show that Model 1 is significantly better than Model 3 ($\Delta \chi^2 = 11.81, \Delta df = 1, p < .01$). Furthermore, the comparison with Model 4 indicates that this model is not significantly better than Model 1 ($\Delta \chi^2 = 3.54, \Delta df = 2, p > .05$). Thus, the full mediation model was supported. Please see Table 8 for a complete summary of the results of the hypotheses tests.

---Insert Table 5 about here---

**Qualitative comparative analysis**

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

This method requires the specification of full membership and full non-membership thresholds, and a cross-over point of maximum ambiguity (Ragin, 2008). Each of these thresholds translates into a specific fuzzy value – it is standard to use fuzzy values of .95, .05 and .50 for the full membership and non-membership thresholds, and for the cross-over point, respectively (see, for example, Ragin, 2008, Chapter 5). In line with previous research, the percentiles (90th, 10th and 50th) of the distribution of the original values of the variables were used to define the thresholds (e.g., Navarro et al., 2016, Ryan and Berbegal-Mirabent, 2016). To evaluate necessary conditions Ragin (2008) proposed two criteria: consistency and trivialness of necessity. The consistency threshold used to assess necessary conditions should be larger than the one used for sufficient conditions. Additionally, to be considered necessary conditions, it is also required that causal conditions show a non-negligible coverage, thereby indicating that they are not trivial.

The results presented in Table 6 (Panel A) indicate that the consistency of the conditions for CBI and WTPp are beyond the threshold of .90 we used to assess the necessity of conditions (based on Schneider et al., 2010). Thus, none of the conditions are considered necessary for the outcomes of interest. However, as shown in Table 6 (Panel B), a combination of SMME and eWOM is sufficient to achieve a high level of CBI, and a configuration that includes SMME, eWOM and CBI is sufficient for obtaining WTPp. The results exhibit acceptable consistency (.80) and coverage (.631 for CBI and .468 for WTPp). These results further support the proposed conceptual outlined on Figure 1, and showcase that social media marketing can effectively improve WTPp, if CBI is also present. Nevertheless, the solution coverage indicates
that this is not the only solution to achieve the outcome of interest, that is WTPp. Table 7 summarises the results of the hypotheses testing.

Discussion

This study sought to measure the influence of SMME and eWOM on consumers’ WTPp in the banking sector, and to explore the mediating effect of CBI on the relationships between SMME and eWOM on WTPp. The results of the structural model show that SMME has a positive impact on CBI (supporting H1), which implies that SMME can positively influence consumers’ belief that the brand has personal meaning for them. Results also reveal a positive impact of eWOM on CBI (supporting H2). The power of the brand also lies in what customers have heard about the brand (Keller, 2008) and eWOM amplifies this effect, providing a stronger effect on CBI. Our results indicate that CBI clearly influences WTPp (supporting H3), thereby suggesting that it is important for banks to create meaningful brand associations related to customers’ self-identity. Furthermore, CBI fully mediates the effect of SMME and eWOM on WTPp (supporting H4).

The study sought to investigate, for the first time, whether SMME and eWOM would be necessary or sufficient conditions for CBI. As hypothesised, the results of fsQCA show that neither SMME nor eWOM are necessary conditions for CBI (supporting H5). However, results indicate that the joint presence of SMME and eWOM is sufficient to achieve CBI (supporting H6). This result contributes to previous research regarding the drivers of CBI (e.g., Stokburger-Sauer et al., 2012) by uncovering an alternative path to achieve CBI, through SMME and
eWOM. Furthermore, while the results show that neither SMME, eWOM, nor CBI, are necessary conditions for WTPp (supporting H7), they also reveal that the joint presence of SMME, eWOM, and CBI, is sufficient to achieve WTPp (supporting H8). This solution indicates that for social media marketing (i.e., SMME and eWOM) to be effective in improving the WTPp, it requires the presence of high levels of CBI. This suggests that there are synergetic effects among SMME, eWOM, and CBI. Thus, the results obtained in the structural equation model are not only reinforced, but also extended, that is, to produce high levels of WTPp it is not enough to increase the levels of individual antecedent conditions, it is necessary to achieve high levels in all of the considered antecedents.

These findings highlight the pivotal role of CBI as they show that the presence of CBI connects customers to bank brands (in line with Xiao and Lee, 2014), thereby making SMME and eWOM effective in achieving WTPp. Thus, we assert that CBI is the missing link between social media marketing and WTPp. None of the conditions (SMME and eWOM) are necessary to obtain either CBI or WTPp, meaning that there are other paths to achieve these outcomes. Nevertheless, we found a viable path to CBI and WTPp, which has relevance for both theory and practice.

**Theoretical implications**

This study advances knowledge on the influence of social media marketing by theorising and testing the mediator role of CBI on the relationship between social media marketing constructs (SMME and eWOM) and WTPp. First, by exploring CBI in this way, we contribute to the understanding of how banks can use SMME and eWOM to enhance their profitability. The significance of CBI as a basic psychological process that enables the formation of meaningful
relationships with banks’ brands is highlighted. Therefore, our results endorse the use of social media marketing to increase WTPp in the banking industry.

Second, this study supplements previous research on consumers’ identification with a brand by identifying two important factors that influence CBI, namely eWOM and SMME. The results support the idea that social media marketing can yield positive effects on WTPp through CBI. Thus, banks should facilitate customers’ interaction in their social media websites and also personalise their pages to satisfy individual preferences. For example, to achieve greater CBI, marketing managers could create and develop brand communities. According to Martin and Todorov (2010), by connecting with consumers on social networks and promoting brand communities, banks can enhance the strength of consumer brand-relationship. The obtained results support this idea, as they suggest that banks should promote the creation and sharing of content on online platforms. In line with Kozinets et al. (2010), it is advocated that commercial information should be transformed into stories that are relevant to the members of brand communities. In doing so, a greater process of identification may occur. Additionally, this study suggests that when customers use online communities to express themselves (Schau and Gilly, 2003), they can pursue their key self-definitional need, as proposed by Bhattachrya and Sen (2003), such as self-enhancement. This can enhance CBI, and WTPp as a consequence.

Third, this study has considered the influence of eWOM and SMME as separate antecedents of WTPp in the same model. Although previous research has not distinguished between eWOM and SMME (e.g., Godey et al., 2016), a further and differentiated examination of the effects of eWOM in services has been recommended (Liu and Park, 2015). Social media context facilitates eWOM, but conceptually the two constructs are not the same. For example, the level marketing managers control eWOM activities is much less than their control of SMME.
There is a social dimension associated with eWOM that involves the process of co-creation and the sharing of brand related contents (Gambetti, 2012). The results indicate that both SMME dimensions (entertainment, interactivity, and customization) and eWOM are important to achieve marketing outcomes, namely CBI and WTPp. By considering these constructs separately, the findings contribute to a better understanding of the outcomes of social media marketing for the banking industry, and in particular, on understanding consumers’ WTPp.

Fourth, the results of fsQCA indicate that the combined presence of SMME, eWOM, and CBI, is sufficient to obtain consistently higher levels of WTPp. Therefore, the results endorse the view that banks should become more social online, in order to improve WTPp and, consequently, their profitability. Nevertheless, the results also indicate that none of the constructs per se are either necessary or sufficient to achieve this goal. Therefore, to be effective, social media marketing should include both of the dimensions considered in this study (SMME and eWOM) and should not neglect the role of CBI in this process.

Managerial implications

The study highlights how marketing practitioners can leverage the power of social media to increase WTPp, which can improve banks’ profitability. Marketing managers should pay attention and manage all the components of their social media presence, and, in particular, they should try to create and communicate a brand that consumers identify with. Therefore, social media platforms constitute an opportunity for banks, not just to listen to their customers, but also to build their brands and establish stronger ties with their customers. These activities will enhance WTPp. Banks could use social media to better understand the targeted customers’ lifestyles and preferences, and in turn use these digital platforms to communicate and project elements of identity that match these lifestyles and preferences. For example, banks could invite
consumer-generated content such as testimonial videos on their social network sites, to further personalise their brand, and to enhance CBI. Moreover, encouraging testimonials from customers on social media can enhance CBI, as customers may identify with a bank that seems to have customers that are similar to themselves.

The study asserts that marketing managers should strive to enhance both SMME and eWOM to increase WTPp. For example, by using gamification techniques, banks can publically reward customers’ online activities, such as i) watching videos or interacting with peers to promote financial literacy, or ii) inviting friends to join the bank. These will enhance the entertainment dimension that will improve CBI, and, consequently, the joint presence of SMME, eWOM, and CBI will result in higher WTPp.

Limitations and future research

This study is not without limitations that could be addressed in future research. The study was conducted in the banking industry, and it could be also tested in other service sectors, to improve the generalisability of the proposed model. The study defends its focus on the banking sector. This sector has been uniquely challenged by financial recession and the need to subsequently raise prices to ensure profitability, yet at the same time struggling with difficulties in differentiating its brands, and overcoming consumer cynicism or mistrust. It is asserted that research offering bank managers a means to enhance WTPp through CBI is invaluable for this service sector. However, it is advocated that further studies would be conducted in other service sectors with related characteristics, such as the insurance sector. Furthermore, by extending research service sectors with very different characteristics, such as the hospitality or leisure sectors, the generalisability of these findings could be further extended.
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
customers’ emotional bonds with a brand. This eWOM dimension has some particularities, as it involves a process of co-creation. It is less controllable by marketing managers than SMME, therefore requiring different skills. SMME, namely, entertainment, interactivity, and customization, are important dimensions within social media marketing, but alone they are not enough to change consumer behaviour. By identifying the effect of both eWOM and SMME on WTPp, and the mediating role of CBI, the study offers bank managers a new path to enhance CBI and, ultimately, WTPp.
References


Limits to self-expression and the perils of lifestyle branding”, Journal of
Marketing, Vol. 75 No. 3, pp. 66-82.


creating user-generated content”, Journal of Interactive Advertising, Vol. 8
No. 2, pp. 16-25.

influence through viral marketing”, International Journal of Research in

de Chernatony, L., Segal-Horn S. (2001), “Building on services’ characteristics to
17 No. 7–8, pp. 645–669.

brand fan pages: An investigation of the effects of social media marketing”,

associations on consumer response”, Journal of Consumer Marketing, Vol. 18
No. 5, pp. 410–425.


Evans, D. (2012), *Social media marketing: An hour a day*, John Wiley & Sons,
Indianapolis.


Fuller, C.M., Simmering, M.J., Atine, G., Atinc, Y., and Babin, B.J. (2016),


Sprott, D., Czellar, S. and Spangenberg, E. (2009), “The importance of a general measure of brand engagement on market behavior: development and


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>
<thead>
<tr>
<th>Criteria</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>58</td>
<td>40</td>
</tr>
<tr>
<td>Female</td>
<td>84</td>
<td>58</td>
</tr>
<tr>
<td>N/R</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>18-30</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>31-40</td>
<td>60</td>
<td>42</td>
</tr>
<tr>
<td>41-50</td>
<td>25</td>
<td>17</td>
</tr>
<tr>
<td>&gt;50</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>100</td>
</tr>
<tr>
<td><strong>Banks pages in social networks followed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facebook</td>
<td>100</td>
<td>69</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Facebook and LinkedIn or Other</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>100</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school or less</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Graduate</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>Post-graduation or master degree</td>
<td>98</td>
<td>68</td>
</tr>
<tr>
<td>PhD</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>N/R</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>100</td>
</tr>
<tr>
<td><strong>Banks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caixa Geral de Depósitos</td>
<td>53</td>
<td>37</td>
</tr>
<tr>
<td>Santander Totta</td>
<td>28</td>
<td>19</td>
</tr>
<tr>
<td>Millenium bcp</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>BPI</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>N/R</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>145</td>
<td>100</td>
</tr>
</tbody>
</table>
### Table 2: Standardised parameter estimates, critical ratio, and $R^2$ for the measurement model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Stand. loads.</th>
<th>t-value</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMME (2nd order)</strong></td>
<td><strong>Entertainment</strong></td>
<td>.82</td>
<td>---</td>
<td>.68</td>
</tr>
<tr>
<td></td>
<td><strong>Interaction</strong></td>
<td>.76</td>
<td>8.10</td>
<td>.58</td>
</tr>
<tr>
<td></td>
<td><strong>Customization</strong></td>
<td>.88</td>
<td>7.46</td>
<td>.77</td>
</tr>
<tr>
<td><strong>Entertainment</strong></td>
<td>Using this (#brand) social media is fun.</td>
<td>.93</td>
<td>---</td>
<td>.86</td>
</tr>
<tr>
<td></td>
<td>Contents shown in this (#brand) social media seem interesting.</td>
<td>.79</td>
<td>10.11</td>
<td>.63</td>
</tr>
<tr>
<td><strong>Interaction</strong></td>
<td>Conversation or opinion exchange with others is possible through this (#brand) social media.</td>
<td>.96</td>
<td>---</td>
<td>.93</td>
</tr>
<tr>
<td></td>
<td>It is easy to deliver my opinion through this (#brand) social media.</td>
<td>.83</td>
<td>11.07</td>
<td>.68</td>
</tr>
<tr>
<td><strong>Customization</strong></td>
<td>This (#brand) social media offers customized information search.</td>
<td>.81</td>
<td>---</td>
<td>.66</td>
</tr>
<tr>
<td></td>
<td>This (#brand) social media provides customized service.</td>
<td>.93</td>
<td>11.01</td>
<td>.86</td>
</tr>
</tbody>
</table>

Source: Kim and Ko (2012) and Godey et al. (2016)

| **eWOM**                   | 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 |


| **Consumer-Brand identification** | 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 |

Source: Wolter et al. (2016)

| **WTPp**                     | 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 |

Source: Chaudhuri and Ligas (2009) and Park and Kim (2014)

**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 ($\chi^2$) = 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

<table>
<thead>
<tr>
<th>Construct</th>
<th>$X_1$</th>
<th>$X_2$</th>
<th>$X_3$</th>
<th>$X_4$</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMME (2nd order) ($X_1$)</td>
<td>.89</td>
<td></td>
<td></td>
<td></td>
<td>.86</td>
<td>.68</td>
</tr>
<tr>
<td>eWOM ($X_2$)</td>
<td>.42</td>
<td>.94</td>
<td></td>
<td></td>
<td>.94</td>
<td>.81</td>
</tr>
<tr>
<td>CBI ($X_3$)</td>
<td>.47</td>
<td>.48</td>
<td>.97</td>
<td></td>
<td>.97</td>
<td>.88</td>
</tr>
<tr>
<td>WTPp ($X_4$)</td>
<td>.39</td>
<td>.28</td>
<td>.51</td>
<td>.90</td>
<td>.90</td>
<td>.82</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Path</th>
<th>Stand. coeff.</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMME (2nd order) → CBI</td>
<td>.33</td>
<td>3.55**</td>
</tr>
<tr>
<td>eWOM → CBI</td>
<td>.34</td>
<td>4.06**</td>
</tr>
<tr>
<td>CBI → WTPp</td>
<td>.50</td>
<td>5.38**</td>
</tr>
</tbody>
</table>

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 (χ²) = 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.
Table 5: Mediation analysis results

Panel A: Results of models estimated

<table>
<thead>
<tr>
<th></th>
<th>Model 1, full mediation</th>
<th>Model 2, non mediation</th>
<th>Model 3, partial mediation</th>
<th>Model 4, partial mediation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMME(2nd order)</td>
<td>CBI</td>
<td>.33**</td>
<td>.36**</td>
<td>.33**</td>
</tr>
<tr>
<td>eWOM</td>
<td>CBI</td>
<td>.34**</td>
<td>.33**</td>
<td>.34**</td>
</tr>
<tr>
<td>SMME(2nd order)</td>
<td>WTPp</td>
<td>---</td>
<td>.33**</td>
<td>.37**</td>
</tr>
<tr>
<td>eWOM</td>
<td>WTPp</td>
<td>---</td>
<td>.18</td>
<td>.16</td>
</tr>
<tr>
<td>CBI</td>
<td>WTPp</td>
<td>.50**</td>
<td>---</td>
<td>.42**</td>
</tr>
</tbody>
</table>

R²

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CBI</td>
<td>0.32</td>
<td>0.34</td>
<td>0.32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WTPp</td>
<td>0.25</td>
<td>0.18</td>
<td>0.21</td>
<td>0.29</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Panel B: Models comparison

<table>
<thead>
<tr>
<th></th>
<th>χ²</th>
<th>df</th>
<th>Δdf</th>
<th>Δχ²</th>
<th>GFI</th>
<th>NFI</th>
<th>IFI</th>
<th>TLI</th>
<th>CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>185.52</td>
<td>97</td>
<td>Base comparison</td>
<td>.87</td>
<td>.92</td>
<td>.96</td>
<td>.95</td>
<td>.96</td>
<td>.080</td>
<td></td>
</tr>
<tr>
<td>Model 3</td>
<td>197.33</td>
<td>96</td>
<td>1</td>
<td>11.81</td>
<td>.86</td>
<td>.91</td>
<td>.95</td>
<td>.94</td>
<td>.95</td>
<td>.086</td>
</tr>
<tr>
<td>Model 4</td>
<td>181.98</td>
<td>95</td>
<td>2</td>
<td>3.54</td>
<td>.87</td>
<td>.92</td>
<td>.96</td>
<td>.95</td>
<td>.96</td>
<td>.080</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Conditions</th>
<th>Consistency</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBI</td>
<td>eWOM</td>
<td>.774</td>
<td>.722</td>
</tr>
<tr>
<td></td>
<td>SMME</td>
<td>.738</td>
<td>.735</td>
</tr>
<tr>
<td>WTPp</td>
<td>eWOM</td>
<td>.685</td>
<td>.702</td>
</tr>
<tr>
<td></td>
<td>SMME</td>
<td>.659</td>
<td>.721</td>
</tr>
<tr>
<td></td>
<td>CBI</td>
<td>.684</td>
<td>.750</td>
</tr>
</tbody>
</table>

Panel B: The configurations leading to CBI and WTPp

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Configurations</th>
<th>Raw coverage</th>
<th>Solution consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBI</td>
<td>SMME*eWOM</td>
<td>.631</td>
<td>.833</td>
</tr>
<tr>
<td>WTPp</td>
<td>SMME<em>eWOM</em>CBI</td>
<td>.468</td>
<td>.814</td>
</tr>
</tbody>
</table>

Notes: SMME = Social media marketing efforts; eWOM = Electronic word-of-mouth; CBI = Consumer-brand identification; WTPp = Willingness to pay a premium price.
<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. SMME will positively impact CBI.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2. Positive eWOM will positively impact CBI.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3. The greater the CBI, the greater the WTPp.</td>
<td>Supported</td>
</tr>
<tr>
<td>H4. CBI fully mediates the effect of SMME and eWOM on WTPp.</td>
<td>Supported</td>
</tr>
<tr>
<td>H5. Neither SMME nor eWOM are necessary conditions for CBI.</td>
<td>Supported</td>
</tr>
<tr>
<td>H6. The joint presence of SMME and eWOM is sufficient to achieve CBI.</td>
<td>Supported</td>
</tr>
<tr>
<td>H7. Neither SMME, eWOM, nor CBI, are necessary conditions for WTPp.</td>
<td>Supported</td>
</tr>
<tr>
<td>H8. The joint presence of SMME, eWOM, and CBI, is sufficient to achieve WTPp.</td>
<td>Supported</td>
</tr>
</tbody>
</table>