Brand Equity Creation through a Moderated Mediation Model in the Luxury Brand Industry

Mehrukh Salman
Assistant Professor
Lahore School of Economics
mehrukh.jawaid@gmail.com
(Corresponding Author)

Samra Chaudary
Adjunct Faculty
Southern New Hampshire University, USA

Abstract: *This research gauges the role of brand experience and perceived social media marketing activities in the creation of consumer-based brand equity using a stimulus-organism-response model. The data was collected through a structured questionnaire focused on luxury fashion brands. The sample, consisting of 243 usable responses, was analyzed using structural equation modelling in Smart PLS4. Our results show that perceived social media activities play a vital role in the creation of brand equity. Brand experience partially mediates the association between consumer-based brand equity and perceived social media marketing. Interestingly, high brand trust contributes to higher consumer-based brand equity. This study is adds value to the literature by focusing on the role of perceived social media marketing activities in the creation of consumer-based brand equity through a second-stage approach to moderated mediation using brand experience and brand trust. The study also has valuable managerial implications that could help businesses enhance their consumer-based brand equity. Luxury fashion brands should maximize customer experience through social media activities and engagement. Fashion brands should also invest in personalized recommendation engines on social media platforms to improve consumer experience.*

Keywords: Perceived social media activities, brand experience, brand trust, consumer-based brand equity, moderated mediation.

JEL Classification: M31, M37, D22.

Brand Equity Creation through a Moderated Mediation Model in the Luxury Brand Industry

1. Introduction

Technology has created a high-engagement environment for consumers, predominantly social media-based activities (Ananda et al., 2019; Bazi et al., 2023). Reportedly, Facebook has 2.6 billion active users and there are over 1 billion active users on Instagram and WhatsApp (Tankovska, 2021). A recent report revealed that social networking accounts for 23 percent of the total time spent online (Nielson, 2019). This finding supports the notion that social media platforms are used as effective communication channels by businesses. Marketing communications are increasingly disseminated on social media to build brand awareness and brand image, which boost sales revenue (Bruhn et al. 2012; Kunja & Acharyulu, 2018). It has also improved interactivity by providing two-way communication (Verhagen et al., 2015).

An online brand community is defined as an 'aggregation of self-selected people who share similar interests and interact with each other about a brand through computer-mediated communications' (Baldus et al., 2015). These communities not only promote and advertise the brand but also manage the relationship by providing an experience (Hollebeek et al., 2014). Social media marketing activities (SMMA) are an extension of digital marketing communication (Tuten, 2023). SMMA facilitate and closely monitor customer interaction and communication with the brands and other consumers. Kim and Ko (2012) classify five key forces that characterize SMMA: trendiness, interaction, customization, entertainment, and word-of-mouth (see also Yadav & Rahman, 2017).

Significant growth rates in the luxury brand market have attracted the attention of practitioners and academics. According to McKinsey (2018), digital technology has influenced the global luxury brand market by 80 percent, and luxury brands' online transactions are likely to reach 25 percent of total sales by 2025. Online luxury brand sales made €49 billion in 2020, compared to €33 billion in 2019 (D'Arpizio et al., 2021). Today's consumers are thus significantly impacted by online information about brands and their interactions and communication on social platforms (Kim et al., 2012). The COVID-19 pandemic has also enhanced customers' social media marketing behaviors in US markets (Mason et al., 2021). Social media marketing activities are significant for luxury fashion brands in developing customer behavioral engagement and creating a brand experience (Bazi et al., 2023).

The literature shows that social media has an important role in modelling economic decision-making (Ausat, 2023). Past studies conclude that existing customer spending habits can be affected by social media messages (Goh et al., 2013; Kumar et al., 2016) and help generate revenues (Phan et al., 2011). Brand loyalty is strengthened when customers perceive the SMMA of a particular brand positively (Ismail, 2017). Hence, effective SMMA plays a critical role in shaping consumer-based brand equity (CBBE), which consists of brand loyalty, perceived quality and brand awareness (Ibrahim et al., 2021). Beig and Khan (2018) reveal that regular social media interaction enhances brand experience for followers. Furthermore, Altaf et al. (2017) and Koay et al. (2020) find that a good brand experience can lead to stronger CBBE.

This study suggests that perceived social media marketing activities (PSMMA) influence consumer brand experience (BE) first, leading to CBBE creation. We follow a stimulus-organism-response (S-O-R) model and argue that the PSMMA and CBBE relationship is mediated by brand experience. We address the following research questions: Do perceived social media activities significantly affect CBBE? Does brand experience mediate the relationship between PSMMA and CBBE? Does trust moderate the relationship between brand experience and CBBE?

In doing so, we contribute to the literature as follows. First, we use PSMMA, brand experience, and CBBE as multidimensional (reflective–formative) higher-order constructs. Second, using the S-O-R model, we examine trust as a moderating variable affecting brand experience and consumer brand equity relationships. Previous studies have examined social media activities with different moderating factors (Alsaad et al., 2017; See-To & Ho, 2014). Alsaad et al. (2017) find that trust moderates the online context where the literature is not well established. Our research studies the construct of trust and its role in strengthening CBBE. Third, we test the moderated-mediation relationship between trust and brand experience and its impact on CBBE. To the best of our understanding, this effect has not yet been explored. We aim to establish how social media activities are linked to CBBE through the interaction between brand trust (BT) and brand experience. Lastly, for more conclusive results, we focus on the luxury fashion brands market, as proposed by Koay et al. (2020).

The paper is organized as follows. Section 2 presents the theoretical background to develop the study's hypotheses. Section 3 presents the variable measurement and methodology. Section 4 provides the results of

the proposed hypotheses. Section 5 discusses the results along with their implications and future research directions.

2. Theoretical Background

The foundation of our research is the S-O-R model, in which the environmental characteristics (stimuli) activate the inner state of the consumer (organism) and cause them to engage in specific behaviors (response) (Jacoby, 2002; Mehrabian & Russell, 1974). We propose that PSMMA, a multidimensional construct, acts as a stimulus. It affects consumers' exposure to a brand's social media platform. The forces of social media activities (interaction, customization, entertainment, trendiness, and word-of-mouth) act as stimuli, evoking the inner state of the consumer through brand trust and brand experience.

Brand experience and brand trust are treated as the organism in the S-O-R model and refer to the emotional and rational state of consumer on experiencing PSMMA (Koay et al., 2020). Lastly, CBBE acts as the response. The stimulus and organism lead to a response—creating CBBE. The model was initially established in the retail industry. Later, it was utilized to study e-retailing (Animesh et al., 2011; Jiang et al., 2010; Koay et al., 2020; Seo & Park, 2018). The S-O-R model is illustrated in Figure 1.

2.1. PSMMA and CBBE

Brand equity is a key issue in marketing. Keller (1993) defines brand equity as 'the differential effect of brand knowledge on consumer response to the marketing of the brand'. Brand equity is measured and conceptualized at the individual level (Leone et al., 2006). Brand equity is a multi-faceted concept (brand associations, brand awareness, brand loyalty and perceived quality) (Aaker, 1991). It creates value for the customers and the company.

In the technological era, companies develop strong relationships and associations through social media platforms. Social media marketing activities include creating, communicating and providing market offerings through which brands want to facilitate and improve interactions with stakeholders, providing them with personalized suggestions and enhancing customer relationships (Chen & Qasim, 2020; Yadav & Rahman, 2017).

PSMMA refers to "how consumers perceive company or brand engagement in various social media marketing activities" (Koay et al., 2020, p.55). It does not limit social media to Facebook but also represents all other

platforms (websites, user reviews, forums and media that facilitate interaction, collaborative work and content sharing) where consumers can interact (Richter & Koch, 2008). Thus, companies use entertainment, trendiness, word-of-mouth interactivity and customization to promote their brand, which enhances awareness and brand loyalty (Lim et al., 2020; Nobar et al., 2020; Yu & Yuan, 2019).

Social media has gained immense popularity among brands and consumers. A study by Agarwal and Gulla (2022) on the e-commerce brand Amazon evaluates the significant effect of social media on brand equity. Wei et al. (2023) show that the dimensions of social media activities have an impact on CBBE. PSMMA has great potential to magnify CBBE in the case of Chinese consumers (Chen & Qasim, 2020). Based on these findings, we hypothesize:

Hypothesis 1: PSMMA has a significant positive impact on CBBE.

2.2. PSMMA and BE

Brand experience is denoted as the 'subjective internal consumer responses and behavioral responses evoked by brand-related stimuli that are part of a brand's design, and identity, packaging, communications, and environments' (Brakus et al., 2009). We study brand experience as a mediator between PSMMA and CBBE. Social media activities help create a brand experience (Chen & Qasim, 2020; Koay et al., 2020). Using social media marketing, marketers develop personalization, trendiness, word of mouth, interactivity, and informativeness, which provides a better customer experience (Appiah et al., 2019). Thus, we propose the following hypothesis:

Hypothesis 2: PSMMA has a significant positive impact on brand experience.

2.3. Brand Experience and Consumer-based Brand Equity

Previous literature has concluded that a favorable brand experience creates positive brand equity (Altaf et al., 2017; Farzin et al., 2023; Xie et al., 2017). Studies show that PSMMA can have indirect and direct effects on improving brand experience. Brand experience has a mediating effect on different characteristics of CBBE (Chen & Qasim, 2020; Zollo et al., 2020). Brand experience has a positive effect on brand trust, brand loyalty and brand satisfaction (Sahin et al., 2011). Brand experience enriches the quality-of-brand relationship, thereby supporting customer citizenship behavior

(Xie et al., 2017). However, there is limited literature on the mediating impact of brand experience between PSMMA and CBBE. Hence, we postulate the following hypotheses:

**Hypothesis 3:** Brand experience has a significant positive influence on CBBE.

Hypothesis 4: Brand experience mediates the relationship between PSMMA and CBBE.

2.4. Trust as a Moderator

Trust is an important construct in forming long-term associations (Pennanen et al., 2007). Brand trust is defined as 'feeling secure when interacting with a brand based on the perception that the brand is reliable and meets the consumer's interests' (Delgado-Ballester & Munuera-Aleman, 2001). Brand experience is a critical source of brand trust because it reflects thoughts that are accepted with greater assurance (Krishnan, 1996). Therefore, when consumers perceive higher trust in a certain brand, their brand equity towards it will also be higher (Sanchez-Franco et al., 2009). Thus, we hypothesize that:

Hypothesis 5: Trust moderates the relationship between brand experience and consumer-based brand equity, such that the relationship is stronger when trust is high.

Figure 1: Theoretical Framework
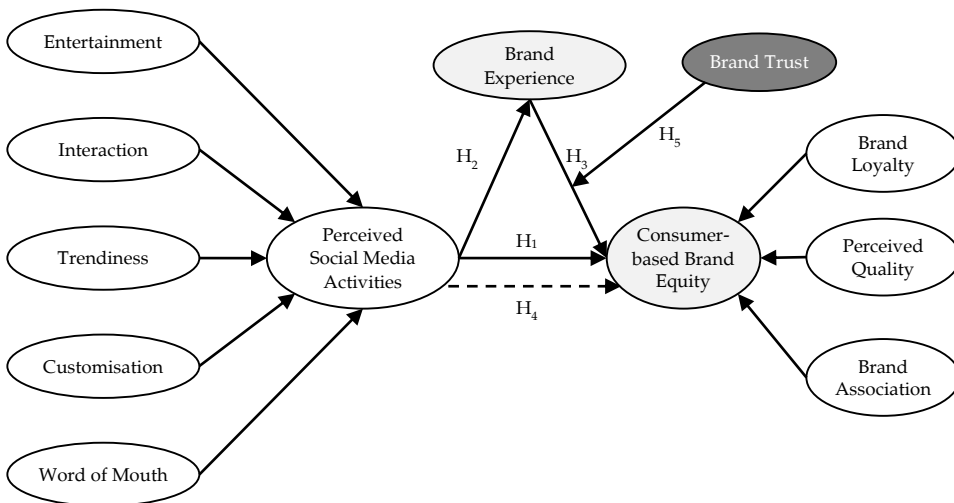
3.   Methodology

3.1. Sample and Data Collection

Purposive sampling was used to collect consumer data through an online questionnaire that required consumers to follow a luxury fashion brand page on any online platform and interact with the brand. This sampling technique is applicable to empirical research in a specific market or context, and it enabled us to select the sample in line with the purpose of the research (Bell et al., 2018). The target sample comprised Pakistani luxury brand consumers who had been exposed to some form of social media marketing activities. The data was collected for PSMMA, brand experience, brand trust, and CBBE. An online survey was posted on different online forums and communities.

The survey had three sections: a cover letter, demographic information and a description of the research instrument. The objective of the study was specified in the cover letter. Respondents had to specify a luxury fashion brand they had followed on social media platforms (Ismail, 2017). Participants were assured that their participation was voluntary (without financial reward), confidential and anonymous. Of the 264 questionnaires, 243 were useable (a return rate of 92 percent). Lastly, basic demographic information related to gender, marital status and education was collected, as shown in Table 1.

Table 1: Demographic Statistics

Demographics (Average)	Statistics
Age Bracket	19–25 years
Education	16 years
Gender	65% females, 35% males
Marital Status	63% married, 37% single
Social Media Brand	30% Elan, 29% Khaadi, 20% Sana Safinaz, 6% Bareeze Men, others 15%

3.2. Measurement of Variables

PSMMA was measured using an 11-item scale instrument that included five first-order dimensions (Polites et al., 2012): entertainment, customization, interaction, trendiness, and word of mouth. A five-point Likert scale, in which 1 indicated 'strongly disagree' and 5 indicated 'strongly agree', was used to measure the response.

A nine-item scale adapted from Morgan-Thomas and Veloutsou (2013) was used to measure brand experience. A ten-item instrument was used to measure CBBE. This construct included three lower-order reflective constructs: brand awareness/association was measured using a five-item scale, brand loyalty was measured using a two-item scale adapted from Yoo and Donthu (2001), and perceived quality was measured using four items from Spry et al. (2011). Brand trust was quantified using a five-item scale adapted from Han et al. (2015) and Beck and Prügl (2018).

4. Results

4.1. Common Method Variance and Indicator of Multicollinearity

When a respondent fills out a questionnaire at a given point in time, it can indicate common method variance (CMV) (Podsakoff & Organ, 1986). In order to determine CMV we use the measured latent marker variable (MLMV) approach (Chin et al., 2013). A marker variable is a theoretically unrelated construct of the variables and framework under study. It is collected while conducting the survey. The measured marker variable is then applied to the independent variables and dependent variables, in which R^2 values and beta values are compared before the measured marker and after the measured marker to confirm that they are not significantly different.

Table 2 shows the analysis of CMV findings after the latent variable scores for the second-order model were computed. The test indicates that the dataset does not suffer from CMV (Kock, 2015). The variance inflation factor (VIF) values are obtained to evaluate the multicollinearity of the constructs (Fornell & Bookstein, 1982). Multicollinearity is not a problem if the VIF's value is less than 5 (Hair et al., 2016). The VIF values for each indicator in the study are less than 5.

Table 2: CMV using the Marker Variable Method

Dependent Variable	R^2 without Marker	R^2 with Marker	β without Marker	β with Marker
CBBE	0.337	0.337	0.441	0.442
BE	0.288	0.294	0.537	0.537
CBBE	0.337	0.337	0.209	0.208

4.2. Measurement Model

We employ a partial least squares-based structural equation modelling (PLS-SEM) method. Table 3 gives the results of our

measurement model. The factor loadings, average variance extracted (AVE), composite reliability and discriminant validity for the reflective constructs are reported in the table. We evaluate the measurement model of first-order reflective constructs by analyzing the factor loadings. All the loadings are statistically significant and above 0.5. We apply the bootstrapping approach with 2,000 subsamples to calculate the t-values (Henseler et al., 2009).

The coefficients of standardized factor loadings of the first-order reflective constructs are greater than 0.5 (t > 1.96). The average variance extracted (AVE) meets the 0.5 benchmark or higher which signifies convergent validity for the reflective constructs (Hair et al., 2016). The internal consistency of the reflective constructs (composite reliability) is greater than 0.7. The discriminant validity is measured through the heterotrait-monotrait (HTMT) ratio of the correlation criteria, as shown in Table 4. The HTMT values are below 1, the predetermined benchmark (Henseler et al., 2015).

Table 3: First-order Measurement Model

Construct Statements	Standardized Loadings	Boot Sample t-value
Consumer-based brand equity (CBBE) (formative construct) (Spry et al., 2011; Yoo & Donthu, 2001)		
Brand loyalty (BL) (reflective construct) AVE= 0.509 CR=0.837		
BL 1	0.747***	15.108
BL 2	0.640***	12.094
BL 3	0.673***	13.497
Perceived quality (PQ) (reflective construct) AVE = 0.813 CR = 0.897		
PQ1	0.927***	28.112
PQ2	0.876***	44.499
Brand associations BA (reflective construct) AVE = 0.630 CR = 0.871		
BA 1	0.830***	27.637
BA 2	0.856***	29.017
BA 3	0.826***	19.738
BA 4	0.646***	9.878
Brand trust (BT) (reflective construct) (Beck & Prügl, 2018; Han et al., 2015) AVE = 0.587 CR = 0.876		
BT 1	0.661***	12.969
BT 2	0.821***	28.258
BT 3	0.827***	29.920
BT 4	0.789***	29.018
BT 5	0.722***	11.730

Construct Statements	Standardized Loadings	Boot Sample t-value
Brand experience (BE) (Morgan et al., 2013) AVE = 0.549 CR = 0.907		
BE 1	0.781***	28.434
BE 2	0.738***	20.544
BE 3	0.792***	26.142
BE 4	0.730***	18.723
BE 5	0.735***	23.225
BE 6	0.721***	19.711
BE 7	0.721***	20.250
BE 8	0.706***	18.724
Perceived social media activities PSMMA (formative construct) (Kim & Ko, 2012)		
Entertainment (E) (reflective construct) AVE = 0.777 CR = 0.874		
E 1	0.868***	28.112
E 2	0.895***	44.499
Interaction(I) (reflective construct) AVE = 0.543 CR = 0.778		
I 1	0.658***	4.116
I 2	0.686***	5.644
I 3	0.851***	9.126
Trendiness (T) (reflective construct) AVE = 0.667 CR = 0.808		
T 1	0.819***	13.775
T 2	0.827***	18.172

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$, AVE > 0.5 signifies convergent validity, and CR > 0.7 signifies internal consistency.

Table 4: HTMT ratio of correlations

Factors	Brand Association	Brand Experience	Brand Loyalty	Brand Trust	Customization	Entertainment	Interaction	Perceived Quality	Trendiness	WOM
Brand Association										
Brand Experience	0.844									
Brand Loyalty	0.692	0.705								
Brand Trust	0.504	0.867	0.665							
Customization	0.114	0.335	0.317	0.206						
Entertainment	0.368	0.547	0.460	0.244	0.441					
Interaction	0.268	0.390	0.298	0.236	0.649	0.727				
Perceived Quality	0.677	0.685	0.748	0.698	0.063	0.343	0.334			
Trendiness	0.583	0.648	0.443	0.331	0.447	0.714	0.694	0.474		
Word of Mouth	0.378	0.619	0.654	0.372	0.691	0.647	0.540	0.127	0.6	N/A

4.3. Second-Order Measurement Model Assessment

A disjoint two-stage method is used in this study (Agarwal & Karahanna, 2000). The first-order model generates a new model. The scores of these latent variables are represented as the single-item weights for the respective second-order latent constructs. To establish high-order construct validity, the t-values (Peng & Lai, 2012), outer weights (Diamantopoulos & Winklhofer, 2001), and VIF (Cassel al., 1999) should be significant (Hair et al., 2016), otherwise, the outer loadings should be above 0.4. The VIF values indicate no multicollinearity because they are not greater than 3.3, and a few of the outer weights of the formative items are found to be insignificant as shown in Table 5. However, the theoretical significance of these indicators was preserved as shown by previous studies.

Table 5: Weights, t-values, loadings and VIF for Second-order Constructs

		Scale	Weights a	t-value b	Loadings	VIF
Consumer Based-Brand Equity	Brand Association		0.328	2.328***	0.777	1.615
	Brand Loyalty	Formative	0.704	4.734***	0.949	1.718
	Perceived Quality		0.111	0.53	0.697	1.69
Perceived Social Media Activities	Entertainment		0.374	3.336***	0.752	1.468
	Interaction		0.018	0.144	0.475	1.462
	Trendiness	Formative	0.367	3.19***	0.702	1.356
	Customization		0.009	0.08	0.488	1.45
	Word of Mouth		0.568	4.481***	0.836	1.478

Note: (a) Formative: Standardized beta weights (Diamantopoulos & Winklhofer, 2001)
(b) Formative: t-value > 1.96 (*) significant at 10% for a two-tailed test (Peng & Lai, 2012)
(c) Formative: VIF < 5 (Cassel et al., 1999).

4.4. Structural Model

Table 6 presents the findings of the direct effects, reporting the effect sizes ($f2$) (Sullivan & Feinn, 2012). The effect size appraisal should follow the standards set by Cohen (1988) and record values of 0.35, 0.15 and 0.02 for the large, medium and small effects, respectively.

The results support hypothesis 1. The relationship between PSMMA and CBBE is significant and positive, with a medium-effect size (β = 0.303, p = 0.000, $f2$ = 0.100). Our findings also support hypothesis 2. The association between PSMMA and brand experience is significant, with a positive coefficient and large-effect size (β = 0.552, p = 0.000, $f2$ = 0.453). Similarly, hypothesis 3 is supported by our results. The relationship

between BE and CBBE is significant and has a medium-effect size (β= 0.376, p = 0.000, f2 = 0.153).

The coefficient of determination of PSMMA and brand experience with CBBE is R^2 = 0.353. The coefficient of determination of PSMMA and brand experience is R^2 = 0.301. This explains the variance in the endogenous variables that is explained by the exogenous variables. The Q2 values are above 0, suggesting that each exogenous variable has predictive relevance for both endogenous latent variables. All the relationships show strong values for power tests (i.e., 0.999 or above).

The mediating impact of brand experience on the association between PSMMA and CBBE is tested by the total effect, i.e., direct and indirect effects. Consequently, the individual indirect effect is produced by bootstrapping (i.e., resampling of 5,000 samples) as shown in Table 7. The total effect of PSMMA on CBBE is significant (β= 0.511, p = 0.000). With the presence of brand experience (the mediating variable), the impact of PSMMA on CBBE is significant (β= 0.303, p = 0.000). The indirect effect of PSMMA on CBBE through brand experience is also significant (β= 0.207, p = 0.000). This finding shows that the relationship between PSMMA and CBBE is partially mediated by brand experience. Thus, we can accept hypothesis 4.

Finally, the product indicator approach is used to test the moderation of brand trust to generate the interaction term (brand experience * brand trust) (Hayes, 2017), as shown in Table 6. The bootstrapping method is used to test the significance of the interaction term for brand experience. Accordingly, hypothesis 5 is accepted (β= 0.131, p = 0.00, f2 =0.056), showing that brand trust moderates the association between PSMMA and brand experience. This finding supports the argument that the indirect effect of PSMMA on CBBE via brand experience varies by brand trust, as the confidence intervals of the moderated mediation index include a value of 0 (Hayes, 2017, 2015).

Table 6: Results of the Direct Effects of PSMMA on BE and CBBE

Hypotheses	Relationships	Path Coefficients	p-value	f2	R2	Q2
H1	PSMMA --> CBBE	0.303***	0.000	0.100	0.353***	0.221
H2	PSMMA --> BE	0.552***	0.000	0.453***	0.301***	0.154
H3	BE --> CBBE	0.376***	0.000	0.153***	0.353***	0.221
H5	BE * BT --> CBBE	0.131***	0.000	0.056*	0.505***	0.324

Note: * p < 0.1, ** p < 0.05, *** p < 0.01

Table 7: Results of Mediation Analysis

Total Effect PSMMA→CBBE			Direct Effect PSMMA→CBBE			Indirect Effect (H4) PSMMA→BE→CBBE		
Coefficient	p-value	t-value	Coefficient	p-value	t-value	Coefficient	p-value	t-value
0.511	0.000	7.375***	0.303	0.000	3.093***	0.207	0.000	4.350***

Note: *p<0.1, **p<0.05, ***p<0.01

5. Discussion and Findings

This research extends the prevailing research by focusing on the significance of PSMMA in the creation of CBBE through the second-stage approach of moderated mediation, using brand experience and brand trust. The theoretical model highlights the significance of social media activities for luxury fashion brand marketers in an emerging market, Pakistan. This research supports the relationship between PSMMA and CBBE. The study model confirms the S-O-R model. Social media activities through entertainment, trendiness, interaction, customization and word of mouth help stimulate customers' inner state, leading to positive outcomes (Chen & Lin, 2019; Ismail, 2017).

A possible explanation for the significant findings of hypothesis 1 is that, when luxury fashion brand marketers use social media, such as for interactive marketing campaigns, and informative and personalized recommendations, this builds the perception that the brand offers customers greater value. As a result, CBBE, including brand loyalty, brand association and perceived quality, is positively influenced. These findings are consistent with the literature (Koay et al., 2020; Sikandar & Ahmed, 2019). A plausible explanation for the significant findings of hypothesis 2 is that, with digital social media, marketing is more about experience than merely the 4 Ps. The trendiness and interactivity of social media activities lead to sensory marketing, which eventually builds up an overall experience for the consumer.

Hypothesis 3 shows that sensory marketing, which creates brand experience, leads to quality perception, loyalty and brand association (positive brand equity), which other studies have also established (Xie et al., 2017; Dwivedi, 2015). Hypothesis 4 shows that the relationship between PSMMA and brand equity exists because of brand experience. The findings of the mediation analysis align with those of Chen and Qasim (2020) and Zollo et al. (2020). The significant results of hypothesis 5 explain that for luxury brands, in the case of high brand trust, a better brand experience

will have an amplified effect on creating brand equity in the form of perceived quality, loyalty and association. These findings are similar to those of Sanchez-Franco et al. (2009).

Luxury brands symbolize high status and users are seen as part of an elite community (Nueno & Quelch, 1998). These luxury brands should strategically aim to promote the feeling of exclusivity and social interaction by providing a brand experience. Our empirical analysis shows that consumers' perceptions of SMMA lead to brand experience, which in turn leads to higher CBBE, including brand loyalty (Brakus et al., 2009), perceived quality and brand association. We discover that brand trust moderates the relationship between CBBE and brand experience, thus indicating that different levels of brand trust impact brand CBBE creation differently. Marketers could work on creating brand trust, which would be reflected in higher brand loyalty, association and perceived quality.

5.1. Managerial Implications

The changing dynamics of business–consumer interaction have allowed consumers to share their ideas on a given brand's social media platforms (Seo & Park, 2018). Thus, luxury fashion brands should focus on maximizing customer interaction and brand experience. This study supports the idea that brands should be actively involved in managing their social media pages. Luxury brands can engage digital agencies to use their expertise in keeping the audience involved. For example, brand pages with an element of entertainment help consumers better engage with the brand. This could be done by involving bloggers and vloggers in promoting the brand. Brands should also respond actively to every issue flagged by customers to prevent any unpleasant experiences. Furthermore, they should invest in customized recommendation engines to improve their experience. Social media websites act as lead platforms for triumphing brand awareness and marketing communication (Li et al., 2021).

These recommendations will help provide a more positive experience to customers. An effective social media marketing campaign would motivate customers to share experiences associated with the brand voluntarily, leading to positive word of mouth (Kim & Ko, 2012; Yadav & Rahman, 2017). Such social media marketing helps create a brand experience and improved CBBE, and this relationship can be further strengthened by high brand trust. Brands can build on trust by providing accurate information, fulfilling their promises and not compromising on quality, which leads to higher brand equity creation.

5.2. Future Research Directions

This study examines the effect of PSMMA on CBBE through the second-stage approach of moderated mediation using brand experience and brand trust. Our findings show that PSMMA play a significant role in forming brand equity. The findings of the mediation model show that brand experience partially mediates the association between PSMMA and CBBE. Moreover, high brand trust contributes to higher CBBE.

As researchers, we faced certain limitations. First, social media platforms were used generically. Using a specific platform might provide a better understanding of the relationships proposed, such as Facebook, Instagram, Twitter or YouTube. Future studies could also include other dimensions of brand equity (e.g., self-congruence and brand affect). Furthermore, this study could be replicated in other industries or sectors. We would recommend using longitudinal data in future research and testing other important mediators, for example, social media engagement and emotional brand attachment.

References

Aaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name*. The Free Press.

Agarwal, B., & Gulla A. (2022). Influence of social media marketing on customer equity drivers and purchase intention: Understanding world's most valuable brand—Amazon. *Management Review*, *30*(3), 99–113.

Agarwal, R., & Karahanna, E. (2000). Time flies when you're having fun: Cognitive absorption and beliefs about information technology usage. *MIS Quarterly*, *24*(4), 665–694.

Alsaad, A., Mohamad, R., & Ismail, N. A. (2017). The moderating role of trust in business-to-business electronic commerce (B2B EC) adoption. *Computers in Human Behavior*, *68*, 157–169.

Altaf, M., Iqbal, N., Mokhtar, S. S., & Sial, M. H. (2017). Managing consumer-based brand equity through brand experience in Islamic banking. *Journal of Islamic Marketing*, *8*(2), 218–242.

Ananda, A., Hernandez-Garcia, A., Acquila-Natale, E., & Lamberti, L. (2019). What makes fashion consumers 'click'? Generation of eWoM engagement in social media. *Asia Pacific Journal of Marketing and Logistics*, *31*(2), 398–418.

Animesh, A., Pinsonneault, A., Yang, S. B., & Oh, W. (2011). An odyssey into virtual worlds: Exploring the impacts of technological and spatial environments on intention to purchase virtual products. *MIS Quarterly*, *35*(3), 789–810.

Appiah, D., Ozuem, W., Howell, K. E., & Lancaster, G. (2019). Brand switching and consumer identification with brands in the smartphones industry. *Journal of Consumer Behavior*, *18*(6), 463–473.

Ausat, A. M. A. (2023). The role of social media in shaping public opinion and its influence on economic decisions. *Technology and Society Perspectives*, *1*(1), 35–44.

Baldus, B. J., Voorhees, C., & Calantone, R. (2015). Online brand community engagement: Scale development and validation. *Journal of Business Research*, *68*(5), 978–985.

Bazi, S., Filieri, R., & Gorton, M. (2023). Social media content aesthetic quality and customer engagement: The mediating role of entertainment and impacts on brand love and loyalty. *Journal of Business Research*, *160,* 113778.

Beck, S., & Prügl, R. (2018). Family firm reputation and humanization: Consumers and the trust advantage of family firms under different conditions of brand familiarity. *Family Business Review*, *31*(4), 460–482.

Beig, F. A., & Khan, M. F. (2018). Impact of social media marketing on brand experience: A study of select apparel brands on Facebook. *Vision*, *22*(3), 264-275.

Bell, E., Bryman, A., & Harley, B. (2018). *Business research methods*. Oxford University Press.

Brakus, J. J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*, *73*(3), 52–68.

Bruhn, M., Schoenmueller, V., & Schäfer, D. B. (2012). Are social media replacing traditional media in terms of brand equity creation? *Management Research Review*, *35*(9), 770–790.

Cassel, C., Hackl, P., & Westlund, A. H. (1999). Robustness of partial least-squares method for estimating latent variable quality structures. *Journal of Applied Statistics*, *26*(4), 435–446.

Chen, S. C., & Lin, C. P. (2019). Understanding the effect of social media marketing activities: The mediation of social identification, perceived value and satisfaction. *Technological Forecasting and Social Change*, *140*, 22–32.

Chen, X., & Qasim, H. (2020). Does e-brand experience matter in the consumer market? Explaining the impact of social media marketing activities on consumer-based brand equity and love. *Journal of Consumer Behavior*, *20*(5), 1065–1077.

Chin, W. W., Thatcher, J. B., Wright, R. T., & Steel, D. (2013). Controlling for common method variance in PLS analysis: the measured latent marker variable approach. In Chin, W.W., Russolillo, V.E., &

Trinchera, L. (Ed.), *New perspectives in partial least squares and related methods* (pp. 231-239). Springer New York.

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Erlbaum.

D'Arpizio, C., Levato, F., Kamel, M.-A., & de Montgolfier, J. (2021). *The future of luxury: Bouncing back from Covid-19.* https://www.bain.com/insights/the-future-of-luxury-bouncing-back-from-covid-19/

Delgado-Ballester, E., & Munuera-Aleman, J. L. (2001). Brand trust in the context of consumer loyalty. *European Journal of Marketing*, *35*(11–12), 1238–1258.

Diamantopoulos, A., & Winklhofer, H. M. (2001). Index construction with formative indicators: An alternative to scale development. *Journal of Marketing Research*, *38*(2), 269–277.

Dwivedi, A. (2015). A higher-order model of consumer brand engagement and its impact on loyalty intentions. *Journal of Retailing and Consumer Services*, *24*, 100–109.

Farzin, M., Bagheri Abbassalikosh, A., Sadeghi, M., & Makvandi, R. (2023). The effect of sensory brand experience and brand equity on WTP: A price premium in Iranian fast food restaurants: Mediating role of eWOM. *Journal of Foodservice Business Research*, *26*(3), 528–548.

Fornell, C., & Bookstein, F. L. (1982). Two structural equation models: LISREL and PLS applied to consumer exit-voice theory. *Journal of Marketing Research*, *19*(4), 440-452.

Goh, K. Y., Heng, C. S., & Lin, Z. (2013). Social media brand community and consumer behavior: Quantifying the relative impact of user- and marketer-generated content. *Information Systems Research*, *24*(1), 88–107.

Hair, J. F. J., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Sage Publications.

Han, S. H., Nguyen, B., & Lee, T. J. (2015). Consumer-based chain restaurant brand equity, brand reputation, and brand trust. *International Journal of Hospitality Management*, *50*, 84–93.

Hayes, A. F. (2015). An index and test of linear moderated mediation. *Multivariate Behavioral Research*, *50*(1), 1–22.

Hayes, A. F. (2017). *Introduction to mediation, moderation, and conditional process analysis: A regression-based approach*. Guilford Publications.

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, *43*(1), 115–135.

Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. In Cavusgil, T., Sinkovics, R.R., & Ghauri, P.N. (Ed.), *New challenges to international marketing* (pp. 277-319). Emerald Group.

Hollebeek, L. D., Glynn, M. S., & Brodie, R. J. (2014). Consumer brand engagement in social media: Conceptualization, scale development and validation. *Journal of Interactive Marketing*, *28*(2), 149–165.

Ibrahim, B., Aljarah, A., & Sawaftah, D. (2021). Linking social media marketing activities to revisit intention through brand trust and brand loyalty on the coffee shop facebook pages: Exploring sequential mediation mechanism. *Sustainability*, *13*(4), 2277.

Ismail, A. R. (2017). The influence of perceived social media marketing activities on brand loyalty: The mediation effect of brand and value consciousness. *Asia Pacific Journal of Marketing and Logistics*, *29*(1), 129–144.

Jacoby, J. (2002). Stimulus-organism-response reconsidered: An evolutionary step in modelling (consumer) behavior. *Journal of Consumer Psychology*, *12*(1), 51–57.

Jiang, Z., Chan, J., Tan, B. C.-Y., & Chua, W. S. (2010). Effects of interactivity on website involvement and purchase intention. *Journal of the Association for Information Systems*, *11*(1), 34–59.

Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, *57*(1), 1–22.

Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research*, *65*(10), 1480–1486.

Kim, K. H., Ko, E., Xu, B., & Han, Y. (2012). Increasing customer equity of luxury fashion brands through nurturing consumer attitude. *Journal of Business Research*, *65*(10), 1495–1499.

Koay, K. Y., Ong, D. L. T., Khoo, K. L., & Yeoh, H. J. (2020). Perceived social media marketing activities and consumer-based brand equity: Testing a moderated mediation model. *Asia Pacific Journal of Marketing and Logistics*, *33*(1), 53–72.

Kock, N. (2015). Common method bias in PLS-SEM: A full collinearity assessment approach. *International Journal of e-Collaboration*, *11*(4), 1–10.

Krishnan, H. S. (1996). Characteristics of memory associations: A consumer-based brand equity perspective. *International Journal of Research in Marketing*, *13*(4), 389–405.

Kumar, A., Bezawada, R., Rishika, R., Janakiraman, R., & Kannan, P. K. (2016). From social to sale: The effects of firm-generated content in social media on customer behavior. *Journal of Marketing*, *80*(1), 7–25.

Kunja, S. R., & Acharyulu, G. V. R. K. (2018). Examining the effect of eWOM on the customer purchase intention through value co-creation (VCC) in social networking sites (SNSs): A study of select Facebook fan pages of smartphone brands in India. *Management Research Review*, *43*(3), 245–269.

Leone, R. P., Rao, V. R., Keller, K. L., Luo, A. M., McAlister, L., & Srivastava, R. (2006). Linking brand equity to customer equity. *Journal of Service Research*, *9*(2), 125–138.

Li, F., Larimo, J., & Leonidou, L. C. (2021). Social media marketing strategy: definition, conceptualization, taxonomy, validation, and future agenda. *Journal of the Academy of Marketing Science, 49*, 51-70.

Lim, J.-S., Pham, P., & Heinrichs, J. H. (2020). Impact of social media activity outcomes on brand equity. *Journal of Product and Brand Management*, *29*(7), 927–937.

Mason, A. N., Narcum, J., & Mason, K. (2021). Social media marketing gains importance after Covid-19. *Cogent Business & Management, 8*(1), 1870797.

McKinsey. (2018). *Apparel, fashion and luxury group: The age of digital Darwinism*. https://www.mckinsey.com/~/media/mckinsey/industries/ret ail/our%20insights/luxury%20in%20the%20age%20of%20digital %20darwinism/the-age-of-digital-darwinism.ashx.

Mehrabian, A., & Russell, J. A. (1974). *An approach to environmental psychology*. MIT Press.

Morgan-Thomas, A., & Veloutsou, C. (2013). Beyond technology acceptance: Brand relationships and online brand experience. *Journal of Business Research*, *66*(1), 21–27.

Nielson. (2019). *State of the media: The social media report*. https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/ nielsen-social-media-report.pdf

Nobar, H. B. K., Kalejahi, H. K., & Rostamzadeh, R. (2020). Impact of social media marketing activities on brand equity and brand commitment in the leather industry. *International Journal of Business Excellence*, *20*(2), 191–204.

Nueno, J. L., & Quelch, J. A. (1998). The mass marketing of luxury. *Business Horizons*, *41*(6), 61–68.

Peng, D. X., & Lai, F. (2012). Using partial least squares in operations management research: A practical guideline and summary of past research. *Journal of Operations Management*, *30*(6), 467–480.

Pennanen, K., Tiainen, T., & Luomala, H. (2007). A qualitative exploration of a consumer's value-based e-trust building process: A framework development. *Qualitative Market Research*, *10*(1), 28–47.

Phan, M., Thomas, R., & Heine, K. (2011). Social media and luxury brand management: The case of Burberry. *Journal of Global Fashion Marketing*, *2*(4), 213–222.

Podsakoff, P. M., & Organ, D. W. (1986). Self-reports in organizational research: Problems and prospects. *Journal of Management*, *12*(4), 531–544.

Polites, G. L., Roberts, N., & Thatcher, J. (2012). Conceptualizing models using multidimensional constructs: A review and guidelines for their use. *European Journal of Information Systems*, *21*(1), 22–48.

Richter, A., & Koch, M. (2008). Functions of social networking services. In *Proceedings of the International Conference on the Design of Cooperative Systems* (pp.87-98).

Sahin, A., Zehir, C., & Kitapçi, H. (2011). The effects of brand experiences, trust and satisfaction on building brand loyalty: An empirical research on global brands. *Procedia – Social and Behavioral Sciences*, *24*, 1288–1301.

Sanchez-Franco, M. J., Ramos, A. F. V., & Velicia, F. A. M. (2009). The moderating effect of gender on relationship quality and loyalty toward Internet service providers. *Information and Management*, *46*(3), 196–202.

See-To, E. W., & Ho, K. K. (2014). Value co-creation and purchase intention in social network sites: The role of electronic word-of-mouth and trust: A theoretical analysis. *Computers in Human Behavior*, *31*, 182–189.

Seo, E. J., & Park, J. W. (2018). A study on the effects of social media marketing activities on brand equity and customer response in the airline industry. *Journal of Air Transport Management*, *66*, 36–41.

Sikandar, M. D. I., & Ahmed, Q. M. (2019). Impact of social media marketing on brand love: Promoting loyalty in the restaurant landscape of Pakistan. *Online Journal of Communication and Media Technologies*, *9*(4), e201927.

Spry, A., Pappu, R., & Cornwell, T. B. (2011). Celebrity endorsement, brand credibility and brand equity. *European Journal of Marketing*, *45*(6), 882–909.

Sullivan, G., & Feinn, R. (2012). Using effect size—or why the p value is not enough. *Journal of Graduate Medical Education*, *4*(3), 279–282.

Tankovska, H. (2021). *Most popular social networks worldwide as of January 2021, ranked by number of active users*. https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/

Tuten, T. L. (2023). *Social media marketing*. Sage Publications Limited.

Verhagen, T., Swen, E., Feldberg, F., & Merikivi, J. (2015). Benefitting from virtual customer environments: An empirical study of customer engagement. *Computers in Human Behavior*, *48*, 340–357.

Wei, L. H., Huat, O. C., & Thurasamy, R. (2023). The impact of social media communication on consumer-based brand equity and purchasing intent in a pandemic. *International Marketing Review, 40*(5), 1213-1244.

Xie, L., Poon, P., & Zhang, W. (2017). Brand experience and customer citizenship behavior: The role of brand relationship quality. *Journal of Consumer Marketing*, *34*(3), 268–280.

Yadav, M., & Rahman, Z. (2017). Measuring consumer perception of social media marketing activities in e-commerce industry: Scale development and validation. *Telematics and Informatics*, *34*(7), 1294–1307.

Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, *52*(1), 1–14.

Yu, X., & Yuan, C. (2019). How consumers' brand experience in social media can improve brand perception and customer equity. *Asia Pacific Journal of Marketing and Logistics*, *31*(5), 1233–1251.

Zollo, L., Filieri, R., Rialti, R., & Yoon, S. (2020). Unpacking the relationship between social media marketing and brand equity: The mediating role of consumers' benefits and experience. *Journal of Business Research*, *117*, 256–267.