THE MEDIATING ROLE OF SEGMENTATION IN SOCIAL MEDIA MARKETING AND BRAND EQUITY: A STUDY IN FOOD AND BEVERAGE INDUSTRY

Ilhaamie Abdul Ghani Azmi

Department of Shariah and Management, Academy of Islamic Studies, University of Malaya, Kuala Lumpur, Malaysia. (Email: ilhaamie@yahoo.com)

ABSTRACT

Food and beverage industry in Malaysia provides a significant GDP contribution. However, majority of firms are SMEs that face financial access as their main problem. Social media marketing is a novel trend in business nowadays due to technology intensification. This article investigates the link between social media marketing and brand equity whereby segmentation is the mediator variable in the SME food and beverage industry. By using questionnaires distributed systematically to consumers at shopping malls, about 329 usable responses were obtained. The results indicated no direct relationship between social media marketing and brand equity. A positive and significant relationship exists, however, between social media marketing and segmentation, segmentation and brand equity which indicates that segmentation is a partial mediator. The findings imply that SMEs especially in the food and beverage industry should carefully segment their market and at the same time, increase social media usage in marketing their products. This study is the first attempt to examine segmentation as mediating variable in the food and beverage industry.

JEL Classification: M31

Keywords: Social media marketing, Brand equity, Segmentation, Food and beverage, SMEs

Submitted: 13/02/2022     Accepted: 08/11/2022     Published: 28/12/2023

1. INTRODUCTION

Social media marketing popularity has increased tremendously nowadays for every type of business even in SMEs such as the food
and beverage industry. Technology advancement, especially the advent of Web 2.0, means SMEs must follow other types of business in engaging social media in marketing and promoting products and services. Moreover, social media marketing has many advantages. One of them is brand loyalty. Brand loyalty of every product and service is associated with brand equity. Without brand equity, any business cannot survive as repeat purchase is important for business sustainability especially for SMEs. In other words, brand equity is essential for any business competitive advantage. Many studies now have attempted to find the relationship between social media marketing and brand equity in automotive, hospitality, clothing, mobile industries and luxury brands, online companies, beauty clinics but not in SMEs food and beverage industry. Hence, this study aims to fill in the research gap.

Furthermore, extant literature has failed to address the value of segmentation in driving the outcomes such as brand equity. It is also unknown how segmentation decisions are influenced by the social media marketing strategies. Customers vary in their perceptions of perceived value, product perceived quality, and consumption situations (Zeithaml, 1988). Given the significance of customer heterogeneity effect on marketing outcomes, it is surprising that not many studies examined the antecedents and results of customer segmentation. Thus, this article aims at investigating segmentation as mediator in the relationship of social media marketing and brand equity in the SME food and beverage industry.

Malaysia is a developing country. It is a progressive country, however, whereby social media use is increasing in marketing and social media has great potential in increasing sales, return on investment, growth, market share and sustainability. The internet has contributed 41.7% to the national economy and it is predicted that this will increase in the next three years (Musa, et al. 2016). In the same vein, SMEs form the backbone of Malaysia’s economy and job creation opportunity especially in the food and beverage industry. SMEs, however, face limitations in resources such as financial, human capital and technology unlike MNCs and large companies which resulted in barriers to potential of social media in marketing. Hence, this triggers the impetus of this study to examine the direct relationship of social media marketing and brand equity and the mediating role of segmentation in food and beverage industry SMEs in this developing country.
2. LITERATURE REVIEW

2.1 SOCIAL MEDIA MARKETING

Communication through social media is a growing trend today, where consumers are the audience of branded content which they share with others (Schivinski et al., 2019). Businesses today depend more on the internet especially social media to advance a positive attitude towards them. Currently, consumers of all age groups are engaging in social media which signifies an innovative movement invaluable to companies (Kaplan and Haenlein, 2010). These consumers communicate to each other about products, services, brand identities and other parts of the marketing mix (Schivinski et al., 2019). Web 2.0 saw acceptance of social media platforms such as YouTube, Twitter and Facebook (Muntinga, Moorman and Smit, 2011).

Social media involves diversity of online information-sharing including social networking sites (SNSs) (e.g. Facebook, MySpace and Friendster), creative work-sharing sites (e.g. YouTube and Flickr), collaborative websites (e.g. Wikipedia) and microblogging sites (e.g. Twitter) (Mangold and Faulds, 2009). Social media platforms support online community interaction with others by creation, dissemination and information retrieval. Kaplan and Haenlein (2010) defined social media as applications such as shared projects (e.g. Wikipedia), blogs, content communities such as YouTube, social networking sites such as Facebook and virtual games and social worlds such as World of Warcraft or Second Life. Other applications such as social bookmarking (e.g., ratings, tagging), and syndication (e.g., RSS feeds) are also considered as components of social media (Thackeray, et al., 2008).

Businesses benefit from social media because such media expand consumers’ favorable attitude of their brands through viral marketing which is known as word-of-mouth or buzz marketing (Phelps et al., 2004). WOM marketing facilitates information sharing about brands among social media users (Thackeray et al., 2008). Social media also enables marketers in encouraging users to share feedback, provide comments, rate products and write reviews (Dolan et al., 2019). This interaction transforms consumer decision making better than traditional forms of integrated marketing communication (Hollebeek and Macky, 2019; Villanueva, Yoo and Hanssens, 2008). All this transformation in the marketing landscape is owing to the growth in social media marketing (Iankova et al., 2019). The boom in
smartphone industry has increased internet usage. Despite the growing number of studies on social media marketing methods, however, there is lack of scholarly understanding of this important area of marketing (Itani, Agnihotri and Dingus, 2017; Salo, 2017).

Literature on social media as a marketing tool has grown in recent years. Khan and Jan (2015) described social media marketing as the use of social media platforms to market products and services. Some researchers proposed that social media marketing is more influential for building brand equity than traditional marketing communications (Bruhn, Schoenmueller and Schäfer, 2012) as it connects brands and consumers in networking and social interaction which is vital for sales and brand loyalty (Riaz, Ahmed and Akhtar, 2019; Khan and Jan, 2015). Khan and Jan (2015) reported that social media marketing has five interesting dimensions: online communities, interaction, sharing content, accessibility and credibility. Research studies have investigated social media use as a marketing strategy and its impact on branding outcomes such as consumer brand knowledge and purchase intentions (Cheung, Pires and Rosenberger III, 2019) and brand awareness in the food industry (Riaz, et al., 2019; Business Bliss, 2018) such as fast food, restaurants and hotels. Today, it is not surprising to see scholarly interest in social media and its inclusion in marketing strategies (Khan, 2017). Studies have found a relationship between social media marketing and brand equity in the food and beverage industry (Riaz et al., 2019; Hanasyha, 2016); however, the brand equity dimension is not similar as examined in this study. Not much is understood about the way social media marketing influences segmentation decisions and brand equity.

2.2 BRAND EQUITY

Brand equity is one of the important insubstantial marketing resources (Iglesias, Markovic and Rialp, 2019). Brand equity is defined as the differential effect of brand knowledge on consumers’ responses to the marketing activities of the brand (Keller, 1998). Brand equity concept helps marketers in managing their brands on social media (Schivinski et al., 2019). Firms benefit from the brand equity concept as it is positively correlated with consumer confidence in brand claims, credibility, price sensitivity (Erdem, Swait and Louviere, 2002), brand utility and shareholder value (Kerin and Sethuraman, 1998), market share (Agarwal and Rao, 1996), and customer lifetime value (Stahl, et al., 2012). Today, consumer activities on social media are having a
substantial effect on brands and brand equity (Christodoulides, Jevons and Bonhomme, 2012; Muntinga et al., 2011).

Managing a brand needs a compatible and dependable set of metrics (Aaker and Joachimsthaler, 2012). Thus, several measures and over 300 concepts have been proposed; however, consensus on effective metrics to manage brand equity concept has yet to be achieved (Mirzaei, Gray and Baumann, 2011). Various researchers proposed conceptual models of brand equity (e.g., Berry 2000; Sharp 1996; Blackston, 1992). The emphasis of these studies was an investigation of brand equity dimensions. Furthermore, various research studies have investigated dimensions of brand equity using empirical evidence (e.g., Shankar, Azar and Fuller, 2008; Sriram, Balachander and Kalwani, 2007). Empirical studies proposed brand equity dimensions which range from perceived quality to revenue premium to discounted cash flow.

A product with favorable brand equity translates into more positive responses towards the brand and other elements of the marketing mix (Keller, 1998). The principle of the brand equity concept is that brand supremacy is attributed to what customers have learned, felt, seen, and heard concerning the brand for a certain period (Kim and Kim, 2004). Brand equity is driven from customer mind-set (Christodoulides et al., 2012) and is explained with the help of constructs such as attitude, awareness, associations, attachment and loyalties (Keller and Lehmann, 2006).

According to Keller (1993), a brand has positive or negative brand equity depending on favorability of customer response to product, price, promotion or distribution as compared to similar marketing strategies associated with nameless or fictitiously named version of a product or service. Thus, brand equity resides in creating positive brand beliefs. Brand beliefs can be created by marketers and other sources such as publicity (Fishbein and Ajzen, 1975). Furthermore, brand identities such as brand name, signs, symbols and slogans have an impact on brand equity (Shimp and Andrews, 2013). Researchers (Aaker, 2009; Robertson, 1989) extensively investigated the effect of brand identities on brand equity. Social media marketing plays a significant part in creating awareness of brand identities (Hutter et al., 2013), thus indicating importance of social media in creating and enhancing brand equity.

Keller (1993) stated that brand equity is a function of brand knowledge that consists of two dimensions namely brand awareness and brand image. Shimp and Andrews (2013) mentioned that brand awareness is linked to the strength of brand node in memory which
enables consumers to distinguish the brand in various circumstances. Keller (1993) classified brand awareness into two subsidiary concepts of brand recognition and brand recall. Brand recognition enables customers to verify a prior experience with the brand-related stimuli, while brand recall enables consumers to trace brand identities from memory. On the other hand, brand image is described as customer observations and likings for a brand, as replicated by the various forms of brand associations in customer memory (Leone, et al., 2006).

Another concept of brand equity was suggested by Aaker (1991) who claimed that brand equity is a multidimensional construct consisting of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary assets. Various scholars such as Yoo and Donthu (2001) followed Aaker’s (1996) model. Similarly, Shocker and Weitz (1988) also suggested that brand loyalty and brand associations are salient measurements of brand equity. According to Aaker (1991), brand equity is a source of value for both firm and consumer whereby value for the firm is linked with value for the customer.

Both Keller’s (1993) and Aaker’s (1991) brand equity models are very popular in the research. Both studies, however; are very qualitative in nature, and thus are not nomothetic. The ideographic nature of these studies calls for new studies to investigate the brand equity construct and its dimensions quantitatively especially in the social media marketing context.

2.3 BRAND EQUITY DIMENSIONS

Although considerable literature exists on brand equity, it is not conclusive and is very fragmented (Christodoulides and De Chernatony, 2010). It is evident that brand equity is a multidimensional construct; however, there is no consensus in literature on attributes and items of these dimensions (Atilgan et al., 2009). Some researchers proposed two (Keller, 1993), three (Netemeyer et al., 2004), four (Yoo, Donthu and Lee 2000; Aaker, 1991), five (Lassar, Mittal and Sharma, 1995), and even eight (Vázquez, Del Rio and Iglesias, 2002) dimensions. These dimensions, however, have not been thoroughly investigated. In classical brand equity literature, two well-known theoretical opinions present good understandings on the concept of brand equity, namely. Aaker’s (1991) and Keller’s (1993) brand equity model. Drawing from these models, salient dimensions of brand equity are presented as below:
2.3.1 PERCEIVED QUALITY

Zeithaml (1988, 3) describes perceived quality as “the consumer’s (subjective) judgment about a product’s overall excellence or superiority”. Consumer judge quality on the basis of personal knowledge with the product, unique needs, situations where the product was consumed (Yoo et al., 2000) and brand or attribute cues (Van Osselaer and Alba, 2000). Zeithaml (1988) considered perceived quality as an important part of brand value which will lead to repeat purchases of the brand. This is evident in Indian cuisine restaurants in Kenya where perceived quality has influenced brand loyalty among patrons (Patel, 2019). Preparation and food and beverage presentation are important to induce perceived quality among customers. Some customers do not mind paying more just to get the quality they perceive before purchase and consumption, for example, taste, hygiene, ambiance, service and so forth (Özkan, 2020). Thus, Davcik (2013) found high association between perceived quality and brand equity in Italy.

2.3.2 BRAND LOYALTY

Oliver (1997, 392) describes brand loyalty as “a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour”. Grover and Srinivasan (1992) asserted that loyal consumers show more positive reactions towards a brand as compared to non-loyal consumers. Brand loyalty results in routine purchase of a brand, defies brand switching behavior (Yoo et al., 2000) and increases growth and profits (Moore, Wilkie and Lutz, 2002). Service quality and customer satisfaction are important in gaining brand loyalty in the food and beverage industry (Özkan, 2020). Japiana and Keni (2021) asserted that social media marketing in Indonesia’s food and beverage sector has positive and significant impact on brand loyalty. It is found that the social media marketing in the food and beverage sector is entertaining, attractive, clear and fit with customer taste and this had induced brand loyalty. Furthermore, daily advertisement in social media results in communication and good relationship with customers and this develops brand loyalty such as in the Malaysian fast food industry (Hanaysha, 2016)
2.3.3 BRAND AWARENESS

According to Aaker (1991, 61), brand awareness refers to “the ability for a buyer to recognize or recall a brand as a member of a certain product category”. Keller (1993) considered brand recognition and recall as main dimensions of brand awareness. Agarwal and Rao (1996) evaluated brand awareness by unaided recollection and acquaintance. They found that measures of acquaintance were very dependable with other brand equity measures; however, recall measure was not similar. Continuous exposure of social media marketing activities resulted in high brand awareness in the food industry (Riaz et al, 2019). Brand awareness effect on brand equity is narrowly investigated in the literature (Atilgan et al., 2009). With the help of empirical methods and nomothetic approach, Yoo et al. (2000) and Yoo and Donthu (2001) used this measure of brand equity in their model; however, they could not find any influence of brand awareness on brand equity.

2.3.4 BRAND ASSOCIATIONS

Brand image is shaped by brand awareness (Yoo et al., 2000). Aaker (1991) describes brand associations as anything that is linked to a brand in memory. Several associations can be created with the brand such as brand name (Zinkhan and Prenshaw, 1994), product attributes (Yoo et al., 2000), and price (Aaker, 1996). Keller (1993) considered brand associations as part of brand image and categorized associations as attributes, benefits, and attitudes. Brand associations can be created with direct experience (Keller, 1998), by tracing usage image attributes from memory (Tulving, 1983) and based on existing brand associations (Keller, 1993).

2.4 SEGMENTATION

Customer segmentation has been developed as a fundamental concept in the marketing domain (Kotler and Armstrong, 2010). Zolfagharian and Cortes (2011) defined segmentation as a basic strategy that uses market information and identifies smaller or larger, actionable, and meaningful market segments by disaggregating or aggregating the currently perceived market segments. Customers can be segmented in several ways using factors such as culture, geography, socioeconomic variables, psychographics, and behavioral factors (Schiffman and Kanuk, 2004). Demography segmentation based on socioeconomic
variables and household lifestyle has been fashionable in the food and beverage industry. For example, Marrybrown uses demography, socio-demography, psychographics and behavioral to segment their markets (Phoong, et al., 2019). Similarly, Coca Cola uses demography and behavioral segmentation while Pepsi engages with demography, behavioral and psychography segmentation (Wang, 2021). Four psychographic segments are found in Malaysia and Iran food and beverage industries which are lenient food, nutritious adventurous, outgoing and rational (Lim and Radzol, 2019). Demography and behavioral segments are frequently used by most companies such as Massimo and soft drink companies in Pristina whereby Begunca (2019) found three clusters which are health sensitive, taste and pleasure and carbonated. While Milbank Project Management (2018) studied old people in South Australia and found four segments which are isolated, proactive health conscious, reactive health conscious and disengaged. Gazdecki et al. (2021) investigated another segment which is environmental sustainability and found three food segments which are doers, conscious and reluctant. Thus, marketing scholars consider it important to understand and determine customer segments’ predictive and explanatory power in driving certain marketing outcomes (Wedel and Kamakura, 2000).

Various studies on perceived value assume that all buyers have homogeneous perceptions of value and act in a comparable way due to such perceptions. This assumption is unrealistic as consumers have varied understandings of perceived value and different groups of customers evaluate value drivers in different ways. This heterogeneity in customer perceptions and behaviors is due to customer tendency to appreciate a higher gain for some products or services (Floh, et al., 2014). Thus, highlighting the necessity to justify for mixed customer groups and their perceptions in designing marketing strategies (Desarbo, Jedidi and Sinha, 2001) is very important for business sustainability.

Although a number of studies have investigated the customer differences with regard to perceived value (Ruiz, Castro and Armario, 2007), very little research has been done on how customer heterogeneity relates with the brand equity in the social media marketing context. This dearth in research is even more surprising considering that customer segmentation which addresses customer heterogeneity is a dominant concept used by firms to better satisfy customer needs (Floh et al., 2014).
2.5 HYPOTHESES

Communicating information by marketers to consumers is affecting all facets of consumer behavior (Mangold and Faulds, 2009). Social media communication can result in positive brand associations, increased perceived quality of brand (Dobele, et al., 2007), increased brand awareness (ElAydi, 2018; Mehr, Mehr and Mehr, 2018; Godey et al., 2016; Zahid, 2014; Schivinski and Dabrowski, 2014; Ashfaq Yan, 2011), brand trust (Ibrahim, Aljarah and Sawafthah, 2021; Diffley, et al., 2011), and brand loyalty (Wang, Kortana and Kuang, 2020; Ibrahim et al., 2021; Bong, 2017; Bilgin, 2018; Khan, 2017; Erdogmus and Cicek, 2012; Diffley et al., 2011; Thackeray et al., 2008).

Marketing communications made on diverse social media platforms, including Facebook, YouTube, Instagram and Twitter that support customers to interact and share information have substantial influences on consumer-based brand equity in terms of brand awareness, hedonic brand image, functional brand image and brand sustainability (Seha, Ashraf and Azam, 2019; Adetunji, Mohd Rashid and Ishak, 2018). Consumers will be more aware of the SMEs products and services due to the exposure in social media marketing by brand posting either on certain topics or comments, events or contests (Zailskaite-Jakste and Kuvykaite, 2013) and they have the opportunity to request for information, give feedback and share opinion (Rugova and Prenaj, 2018). Subsequently, as consumers have better perception towards a brand, positive word of mouth has high impact on consumers while consuming food and beverage, whereby brand trust will increase (Sehar, Ashraf, and Azam, 2019; Adetunji et al., 2018). This means marketers are playing an important part in generating customer-based brand equity with social media marketing strategies. Consequently, this will have the highest impact on brand equity. Therefore, it is posited that;

H1: Social media marketing has a positive and significant effect on brand equity.

Firms tend to segment their customers based on their media habits (Müller, et al., 2018). Consumers vary with their channel choice behaviors, thus they can be easily categorized by their media habits (Kushwaha and Shankar, 2013). Social media enables consumers to share their purchase involvements with others (Chakrabarti and Berthon, 2012) and thus enable marketers to learn more about consumer habits and preferences (Peters, Pressey and Greenberg,
2010). This information is used in social media marketing programs to segment the market especially by promotional activities (Nakano and Kondo, 2018). This is vital as consumers in different segments have different needs, wants and demands. By segmenting, companies will be able to select the right target customers to focus on their marketing program. Thus, the following hypothesis is proposed:

H2: Social media marketing has a positive and significant effect on segmentation.

Market segmentation allows firms to converge their resources on brands targeting a particular customer segment (Kotler and Armstrong, 2010). This also allows them in getting differential advantages over competitor brands (McDonald and Dunbar, 1998). In other words, segmentation decisions affect all sorts of marketing offerings including brands. Specifically, segmentation decisions help firms in creating brand differentiation (Firat and Shultz, 1997), brand loyalty, association and awareness and perceived quality. In fact, segmentation is important for SMEs especially in the food and beverage industry in enhancing brand equity. By segmenting, SMEs will be able to position their products and services correctly in the consumer's mind. This is important as consumers’ feelings, thoughts, and comprehension of the brands can assist them to differentiate against the competitors which are vital for business sustainability (Zailskaite-Jakste and Kuvykaite, 2013). Thus, the following hypothesis is proposed:

H3: Segmentation has positive and significant effect on brand equity.

Segmentation allows for differentiation (Firat and Shultz, 1997; Zolfagharian and Cortes, 2010). For social media marketing to have influence on a brand, it is important that segmentation decisions in terms of level, base and stages are carefully taken especially on the resources which the firms can and will capitalize in gathering and processing customer data especially in the SME sector (Zolfagharian and Cortes, 2010). SME is known for high rate of market penetration and low rate of trade barriers specifically in the food and beverage industry. By selecting the right segment, this will allow for a positive impact of social media marketing variable on brand-related outcomes.
(Solomon, et al., 2014) such as brand equity. Hence, it is hypothesized that:

H4: Segmentation acts as mediator in the relationship of social media marketing and brand equity.

2.6 SOCIAL EXCHANGE THEORY

Social exchange theory proposed by Homans (1958) helps in understanding social activities in relationship to economic behaviors. It states that the trade-off of goods and services occurs between two groups who are rational actors protecting their own self-interests. These can be suppliers and consumers who exchange goods and services through social interactions and relationships, thus suggesting that people do not only exchange resources for the sake of money but also to gratify their need for love, approval, affection, and esteem (Yoganathan, Jebarajakirthy and Thaichon, 2015). Therefore, the exchanges occurring for the sake of social relationships are known as social exchange (Cropanzano and Mitchell, 2005).

Predictive and explanatory power of social exchange theory is based on how people fit together (Lee, et al., 2014). Exchange occurs when two parties interact for the sake of reward (Emerson, 1976). Thus, there is always a loss and gain in trading (Lee et al., 2014). Loss occurs in terms of money, time, and energy (Kelley and Thibaut, 1978). Gains are the positive results of exchange in the form of goods, services, information, love, status, or money (Emerson, 1976).

The two key areas of focus in social exchange theory are “value and utility” and “exchange relationship”. According to social exchange theory, confirming a smooth interaction and connection between the exchange groups brings utility to the brand name of a product or service and adds incremental value to the exchange (Yoo et al., 2000). Thus, through exchange, customers get a good experience of retail outlets and social media marketing and brands build their brand equity. In other words, social exchange theory postulates that a favorable and successful service interaction or relationship with a brand will have a favorable impact on customer observations and attitudes (Lawler, 2001). In other words, if customers have a pleasurable interaction with a brand’s social media marketing, they will have a positive view of the brand and positive brand associations, resulting in increased brand loyalty and subsequently, brand equity.
3. METHODS

This quantitative study primarily used a questionnaire to collect data to attain the research objectives of examining the relationship between social media marketing and brand equity and segmentation as mediator. The questionnaire has three parts. Part one is on demography, part two is on social media marketing and part three is on brand equity. Social media marketing items are prepared based on Baumer, et al. (2019); segmentation items are adapted from Balakrishnan, Dahnil and Yi (2014) while brand equity items are based on Tong and Hawley (2009). A seven-point Likert-type scale ranging from “strongly agree” (7) to “strongly disagree” (1) is utilized for this research instrument. Baumer et al. (2019) items on Facebook were extended to Instagram and Twitter for this study.

The questionnaires were distributed to three states of Selangor, Kuala Lumpur and Johor. There are many SMEs especially in the food and beverage industry in these three states as they are big states in Peninsular Malaysia. The sampling technique used in this study is systematic random sampling whereby every nth customer approached at shopping malls has the same opportunity to be chosen as the respondent. As the research data is collected from single respondent for all variables of the study, henceforth, common method variance is conducted to ensure unbiased data.

Data gathered were analyzed by using AMOS software to execute SEM analysis. Thus, C.R. value of 1.96 is used as the threshold value for hypothesis testing. Normality test was conducted prior to this such as checking skewness and kurtosis, independence of error, multicollinearity and homoscedasticity of the data collected. Discriminant validity was evaluated using Fornell and Larcker criterion whereby the square roots of the AVE for each construct were compared with the correlations between constructs (Fornell and Larcker, 1981). The results support the discriminant validity as the square root of AVE for each construct was greater than the correlations between constructs. The results of the convergent and discriminant validity assessment are presented in Table 1. It is found out the measurement model manifested an acceptable convergent and discriminant validity.
TABLE 1
Validity and Reliability of Research Variables

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>Seg</th>
<th>SMM</th>
<th>BE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seg</td>
<td>0.932</td>
<td>0.821</td>
<td></td>
<td>0.906</td>
<td></td>
</tr>
<tr>
<td>SM</td>
<td>0.949</td>
<td>0.759</td>
<td>0.569</td>
<td>0.871</td>
<td></td>
</tr>
<tr>
<td>BE</td>
<td>0.949</td>
<td>0.824</td>
<td>0.744</td>
<td>0.343</td>
<td>0.907</td>
</tr>
</tbody>
</table>

Notes: Diagonal bold italics entries are square root of AVE; all others are correlations coefficients, SMM: Social media marketing, BE: Brand equity, Seg: Segmentation

4. RESULTS

A self-administered questionnaire was used to gather the data from 341 social media users. However, only 329 questionnaires were usable. The sample comprised of 74.8% female, 49% in the age range of 21-25 years, 49.9% with a bachelor degree, 66.9% lived in cities, and 41.3% were living with an income of RM 1001 or below. Information on the respondent demography is presented in the following Table 2.

TABLE 2
Demography Information of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>86</td>
<td>25.2</td>
</tr>
<tr>
<td>Female</td>
<td>255</td>
<td>74.8</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-20</td>
<td>58</td>
<td>17</td>
</tr>
<tr>
<td>21-25</td>
<td>167</td>
<td>49</td>
</tr>
<tr>
<td>26-30</td>
<td>56</td>
<td>16.4</td>
</tr>
<tr>
<td>31-35</td>
<td>20</td>
<td>5.9</td>
</tr>
<tr>
<td>36-40</td>
<td>28</td>
<td>8.2</td>
</tr>
<tr>
<td>41 years and above</td>
<td>12</td>
<td>3.5</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior high school</td>
<td>19</td>
<td>5.6</td>
</tr>
<tr>
<td>SPM</td>
<td>64</td>
<td>18.8</td>
</tr>
<tr>
<td>Diploma</td>
<td>68</td>
<td>19.9</td>
</tr>
<tr>
<td>Degree</td>
<td>170</td>
<td>49.9</td>
</tr>
<tr>
<td>Master</td>
<td>19</td>
<td>5.6</td>
</tr>
<tr>
<td>PhD</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>
Most of the respondents were regular social media users especially of Facebook (more than 5 years) and Instagram (3 to 4 years) who followed a brand (64.8%) and have made purchase through social media (57.5%). Table 3 provides the information about respondent social media habits.

**TABLE 3**
Respondent’s Social Media Habits

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of years on Facebook</td>
<td>Less than 1 year</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1-2 years</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>3-4 years</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>More than 5 years</td>
<td>235</td>
</tr>
<tr>
<td>No. of years on Instagram</td>
<td>Less than 1 year</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>1-2 years</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>3-4 years</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>More than 5 years</td>
<td>116</td>
</tr>
<tr>
<td>No. of years on Twitter</td>
<td>Less than 1 year</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td>1-2 years</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>3-4 years</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>More than 5 years</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Many times, a day</td>
<td>45</td>
</tr>
<tr>
<td>Brand purchased through social media</td>
<td>Once a day</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Many times, a week</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Once a week</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Many times, in a month</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Once a month</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Less frequently than less than a month</td>
<td>196</td>
</tr>
</tbody>
</table>
Table 3 (continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hour per social media marketing</td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>0-1 hour</td>
<td>93</td>
<td>27.3</td>
</tr>
<tr>
<td>1-2 hours</td>
<td>94</td>
<td>27.6</td>
</tr>
<tr>
<td>2-3 hours</td>
<td>57</td>
<td>16.7</td>
</tr>
<tr>
<td>3-4 hours</td>
<td>47</td>
<td>13.8</td>
</tr>
<tr>
<td>More than 5 hours</td>
<td>45</td>
<td>13.2</td>
</tr>
<tr>
<td>Brand following</td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Yes</td>
<td>221</td>
<td>64.8</td>
</tr>
<tr>
<td>No</td>
<td>117</td>
<td>34.3</td>
</tr>
</tbody>
</table>

Table 4 further depicts the variable mean scores and standard deviations for the study variables which range from 3.79 to 4.87.

TABLE 4
Descriptive Statistics of Study Variables

<table>
<thead>
<tr>
<th>Item</th>
<th>SMM</th>
<th>PQ</th>
<th>BA</th>
<th>Br_Assoc</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.79</td>
<td>5.20</td>
<td>4.82</td>
<td>4.87</td>
<td>4.56</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.18</td>
<td>1.22</td>
<td>1.28</td>
<td>1.25</td>
<td>1.30</td>
</tr>
<tr>
<td>N</td>
<td>329</td>
<td>329</td>
<td>329</td>
<td>329</td>
<td>329</td>
</tr>
</tbody>
</table>

Note: SMM = Social Media Marketing, PQ = Perceived Quality, BA = Brand Awareness, Br_Assoc = Brand Association

Meanwhile, the reliability measured by Cronbach alpha for the research variables is more than 0.7 which is a good indication of the research instrument reliability.

Contrary to our expectations, this study found that social media marketing does not influence brand equity. Following Baron and Kenny’s steps for mediation, it is found that segmentation is the mediator as the findings show an indirect relationship between social media marketing and brand equity. Thus, the mediation relationship is partial. Please refer to Table 5 for the details.

TABLE 5
Hypothoses Testing Results

<table>
<thead>
<tr>
<th>Path</th>
<th>β</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: SMM→BE</td>
<td>-0.09</td>
<td>0.057</td>
<td>Not supported</td>
</tr>
<tr>
<td>H2: SMM→Seg</td>
<td>0.46</td>
<td>0.00</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: Seg→BE</td>
<td>0.61</td>
<td>0.00</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: SMM→Seg→BE</td>
<td>0.29</td>
<td>0.00</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: SMM (Social Media Marketing), *BE (Brand Equity), *Seg (Segmentation)
5. DISCUSSION

This study concurs with Baumer et al. (2019) that young females are more likely to use social media when it comes to marketing. Finding of this study, however, is in contrast to previous findings which showed that social media marketing affects brand equity directly (Sagtas, 2022; Riaz et al., 2019; Hutagalung, Situmorang and Alfifto, 2017). This result can be attributed to several mediating variables that intervene in the social media marketing-brand equity relationship. To illustrate, one possible reason for insignificant relationship of social media marketing with brand equity is that consumer engagement with social media efforts intervene between social media marketing and brand equity (Shankar, 2019). Another possible reason for lack of relationship between social media marketing and brand equity could be because customers of SMEs could not recall the brand names and they could not associate themselves with the brand images. This is because according to Zolfagharian and Cortes (2011), less resourceful firms especially SMEs might capitalize and utilize one or a few customer variables with the assistance of non-specialized hardware and software. Hence, a direct effect of social media marketing on brand equity without any intervening phenomenon is insignificant. In other words, firms should try to use social media marketing to drive positive consumer activities such as consumer engagement on social media which may result in enhanced brand equity (Schivinski et al., 2019). Thus, SMEs especially in the food and beverage industry should intensify social media use in their product marketing. This study’s finding concurs with Chigora (2016) that SMEs did not gain from the power of social media in cultivating brand awareness, image, perceived quality, loyalty and association.

The current study found that social media marketing significantly affects the consumer segmentation of social media in the form of consumer psychographics and behaviors. This result aligns with de Vries, Gensler, and Leeflang (2012) and Hollebeek, Glynn, and Brodie (2014) who found that social media marketing affects consumer attitudes and behaviors. Similarly, this study finding is consistent with Mishra (2019) who found that social media marketing efforts have a significant and positive impact on social media consumer behaviors. The possible cause for this might be the role of social media marketing in engaging consumers with social media content.

Social media marketing is known to generate consumer activities on social media such as liking, sharing, and commenting on
brand posts (Liu, Shin and Burns, 2021). People who engage with the brand posts tend to show a positive disposition toward the brands (Mishra, 2019). In other words, social media marketing leads to segregation between customers by activating their positive attitudes and behaviors towards the firm social media initiatives.

In terms of social media consumer segmentation’s effect on brand equity, this study found that social media consumer segmentation has a significant positive effect on brand equity. This finding is similar to the Schivinski, Christodoulides, and Dabrowski (2016) findings that social media consumer behaviors have a positive relationship with brand equity. This result is also in agreement with Mishra (2019) who found a positive relationship between social media consumer behaviors and overall brand equity. This result verified that consumer segmentation facets such as online behaviors, attitudes, and perceptions result from positive social media initiatives (Muntinga et al., 2011). In other words, positive attitude, social media activities, and perceptions are the outcomes of productive social media activities. Such activities and attitudes eventually derive brand equity in the form of brand awareness, brand loyalty, positive brand associations, and perceived product quality.

Our results show that social media consumer segmentation mediates the relationship between social media marketing and brand equity. This finding is similar to Ismail’s (2017) findings which indicated that social media consumers’ psychographics such as brand consciousness and value consciousness mediate the relationship between social media marketing and brand equity dimensions such as brand loyalty. This result is attributed to social media marketing not directly influencing brand equity (Mishra, 2019); however, it results in positive attitudes and behaviors on social media which can drive brand equity. Such positive activities can be in social media engagement in the form of liking and others on the brand post which eventually leads to enhanced brand equity (Schivinski et al., 2019).

6. CONCLUSION AND IMPLICATION

Segmentation is playing the role as mediator in this study as there is no direct relationship between social media marketing and brand equity; however, when it is added to the relationship, the relationship persists. The findings support social exchange theory that activities such as liking, sharing and commenting among the consumers, with the aid of segmentation, assist in enhancing brand equity of SMEs in the food and beverage industry. The results indicate that SME food
The Mediating Role of Segmentation in Social Media Marketing Equity

and beverage industry should ensure that segmentation activity supports the overall firm’s objectives and goals. Furthermore, they should engage more social media marketing as at the moment, its contribution specifies that it is still insignificant as the purchase made through social media is infrequent. This shows that the SMEs customers are unaware of SME product advertisement and promotion. Specifically, they could not recall the SMEs’ brand names. This can be seen from their lack of time spent on social media, of just 1 to 2 hours per day. This could be because the majority of respondents are still studying; thus time and money are rather tight for them.

In the same vein, it is understood that SMEs are facing problems in obtaining financial access, which could hinder effectiveness of social media use in marketing their food and beverage products. To survive and sustain in the market, however, they have to resolve this problem. Using alternative financing methods is one solution, for example, using own financial source or borrowing from family members or obtaining funds from angel investors. By investing on the right social media marketing platform, diversifying and intensifying marketing activities, they would be able to improve their brand performance and brand equity. In a nutshell, it is never too late for SMEs to utilize social media effectively as a marketing tool even though the technology is evolving rapidly. Lack of skills and technical knowledge too are other problems of SMEs; however; with financial resources secured, they could find the right segments and consumers. In this study, the segments are activities, benefits sought and opinion. Thus, SMEs should focus on these three segments specifically behavioral segments in order to enhance brand equity. As this study is a preliminary work in the SME food and beverage industry, future research might include other variables as mediator, for example, satisfaction or examine the moderating role of race or gender and include other social media platforms such as YouTube or web blog or extend the study to other industry such as banking or telecommunication in order to increase the generalizability of this study. Furthermore, this study engaged in cross-sectional sampling. Future study might utilize longitudinal approach in observing multi-channel segment influence on social media marketing and brand equity.

ACKNOWLEDGEMENT

Special thanks to RK005-2017 for sponsoring this research.
REFERENCES


Yoganathan, D., C. Jebarajakirthy, and P. Thaichon. “The Influence of Relationship Marketing Orientation on Brand Equity in


