INTENTION TO SHARE PROMOTIONAL OFFERS IN BRAND SOCIAL COMMUNITIES:
THE ROLE OF PERCEIVED TRANSACTION AND SOCIAL VALUE

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ABSTRACT

INTENTION TO SHARE PROMOTIONAL OFFERS IN BRAND SOCIAL COMMUNITIES:
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This dissertation adopts an equity theory to investigate how the type of promotional offer affects the perceived value of the offer and subsequently the intention to share among users of brand social communities. The study argues that such effect on the perceived value and intention to share is affected by users' familiarity with the brand of the promotional offer and the tie strength between users who share the offer and users who receive the offer. These causal relationships constitute a model of promotional offer sharing behavior in brand social communities.

Equity theory that underlies the principle of reciprocity states that individuals prefer an equitable (balanced) exchange, and if it is unbalanced, the feelings of indebtedness ultimately generate the positive response to reciprocate favors (Adams, 1965). The theory has been applied to marketing and advertising contexts such as the sponsorship of charitable events (Dean, 2002) and the use of sales promotion (Ramanathan & Dhar, 2002), but it has not been applied to the sharing of promotional offers in brand social communities.

Brand social communities are keen on building relationships with consumers through implementing effective promotion strategies. Promotional offers in brand social communities have been one of the common ways to encourage patronage of new users (Guy, 2010). Thus, understanding the response of users to different promotional offers in brand social communities is essential to the growth of brand social communities.

Unlike traditional promotional offers that are typically valid only for the consumers who receive them, promotional offers in brand social communities generally encourage consumers to forward the sharable offers to their friends. Consumers tend to evaluate potential benefits and costs not only for themselves, but also for their friends in sharing promotional offers. Thus, identifying factors that affect consumers' perception of promotional offers and the likelihood of sharing such offers will be useful in advancing the literature of online promotion as well as helpful for managers of brand social communities.

This study uses a 3 x 2 x 2 between-subject factorial design, which varies the type of promotional offer (for me only, for my friend or "you" only, or for both me and you), the brand familiarity (familiar or unfamiliar), and the tie strength (strong or weak). A total of 317 undergraduate students participated in the experiment and the results indicate that promotional offer type significantly affects the perceived value in that transaction value is perceived higher in "offers for me only" whereas social value is higher in "offers for you only," with transactional and social values perceived similarly for "offers for both." The results also show that brand familiarity influences perceived transaction and social value of promotional offers. Finally, the results show that perceived transaction and social value positively affects intention to share promotional offers.

This dissertation is dedicated to my dad Haenggil Lee and my mom Kyungran Kim who have given love, support, and encouragement to me.

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CHAPTER 1 INTRODUCTION

Promotional offers have become one of the most commonly used promotion tools for retaining consumers and stimulating consumers' sharing in social media. Learning about and managing promotional offers in brands' social media have recently attracted a great deal of attention among practitioners. Such interest stems from many reasons: the ability of promotional offers to influence consumers' participation in the persuasion process; to rapidly disseminate promotional offers in social media; to interact with vast numbers of potential consumers; and to retain loyal consumers. As a global culture becomes more and more immersed in social media, industry executives recognize that advertising in traditional media is not sufficient. According to the Internet Advertising Bureau (2008), social media channels attracted 69 million U.S. consumers in 2006, and in 2007 generated $1 billion in advertising revenue. By 2011, social media channels are expected to attract 101 million U.S. consumers and generate $4.3 billion in advertising revenue.

One of the most popular marketing strategies in social media is promotional offers. Companies are spending considerable amounts of their communication budget on promotional offers and on advertising these offers. As indicated by the 2007 Promotion Marketing Association's Annual Promotions Industry Trend Report, companies spent $1.83 billion on promotions like sweepstakes and contests, with expenditures expected to increase to $1.85 billion in 2009 (Jaffee, 2007). The practice of promotional offers in brand social communities is also widespread. For example, in 2010, using its Facebook fan page, Skittles conducted an event, "Valentine the Rainbow," which let members create a digital valentine for an unsuspecting, hand-picked meter maid, one of the most hated professions in the country and one that in their terms, deserved some "sweet lovin.'" Additionally, Adidas and Redbull ran contests on their

Facebook fan pages. It is expected that the use of promotional offers will continue to increase (Wong, 2010).

Despite the fact that many brand social communities have increasingly provided promotional offers, the practices of brand social communities and their uses of promotional offers are unclear—i.e., how brand social communities provide venues for consumers to share promotional offers and how firms can measure the effect of promotional offers. This may be achieved through defining the motivational factors affecting cognitive and behavioral response to promotional offers in brand social communities. For example, one survey shows that the main reasons for consumers to join brand social communities are receiving discount information and social support (Roechner, 2010). This survey provides important implications that both social interaction and personal economic benefit are considerable factors in designing promotional offers of brand social communities.

Considering the underlying principles of social media, social interaction like sharing has been considered as the most crucial factor in the success of social media marketing (Falls, 2010). Carter et al. (2008) presented that social media has the ability to conduct live chats, send e-mails, upload videos, maintain a blog or discussion group, and share files. These features of social media imply that the basic premise of social media is social interaction. Thus, it is important to develop promotional strategies that support social interaction among consumers. In initial efforts to manage consumers' sharing in social media, marketers focused on building brand social communities and targeting influential consumers so that they would provide a positive buzz about products or services to a large audience (Beehler, 2010). Only recently have brand social communities provided promotional offers that are designed to encourage consumers to share

with members of their own personal networks. In these programs, brand social communities offer various types of promotional offers (e.g., sharable coupons, contests, and sweepstakes).

Furthermore, ExactTarget (2010) found that consumers are more likely to participate in a brand social community to receive discount or promotional information. This behavior pattern can be particularly true when the promotional offers meet consumers' needs. This provides a reason for marketers to take advantage of sharable promotional offers within the brand social community context, since this would provide even more opportunities to reach target consumers.

Sharable promotional offers in brand social communities are becoming a phenomenon that can no longer be overlooked by marketing, advertising, and brand experts. Promotional offers in brand social communities often include sharable coupons (Maven, 2010), contests, and sweepstakes (McCarthy, 2009). Theses promotional offers seem to be designed with the same goals to promote consumers' sharing. If the promotional offer of a brand social community is shared, then it is possible that promotional offers might be the foremost driving force for communities to increase members. There is considerable anecdotal evidence suggesting that firms should consider the sharable promotional offers in brand social communities. For example, in 2010, Starbucks conducted "Free Pastry Day promo," allowing fans to print out coupons for complimentary confections with a beverage purchase. This promotion added 200,000 fans in one week (Walsh, 2010). Similarly, in 2010, Einstein Bros. offered a free bagel to fans of Einstein's Facebook fan page. Einstein's "free bagel coupon" increased the company's Facebook fan base from 4,700 to more than 378,000 (Stambor, 2010).

Further, promotional offers have proven effective in enhancing consumers' sharing, referral, and word of mouth (WOM) (e.g., Biyalogorsky, Gertsner, & Libai, 2001; Chen & Shi, 2001; Ryu & Feick, 2007). This consumer behavior pattern was evident particularly when

marketers had an exact target for the promotional offers and provided value to target consumers. This implies another reason for marketers to take advantage of promotional offers in brand social communities, since a brand social community can have targetability and cost effectiveness compared with traditional media.

Regardless of its popularity in the industry, there is limited academic research concerning the effectiveness of promotional offers in brand social communities. In addition, most research on promotional offers has shown the impact of traditional promotional offers on attitudes toward brand and purchase intention. In actuality, the promotional offers have been considered as a strategy of sales promotion (Varadarajan, 1986), and thus promotional offers have been designed as a direct stimulus that provides an incentive for consumers to create an immediate sale. This limited definition of promotional offers has been unable to include more current trends in social media marketing practice.

The promotional offer literature seems to assume that the promotional offers in brand social communities are providing value to the consumers. However, the implications of sharable promotional offers in brand social communities might vary by affecting consumers' own benefits and their social interactions. Therefore, it is important to identify conditions under which a promotional offer is effective in enhancing both personal benefits and social interaction. In general, consumers consider the potential benefits and costs when they are exposed to promotional offers (Arora & Henderson, 2007; Ryu & Feick, 2007). This dissertation also assumes that consumers may consider the potential benefits (value of promotional offers) and costs (efforts, time) when they evaluate the promotional offer in a brand social community.

Equity theory would posit that consumers try to maximize their own benefits and minimize their costs. In previous research on promotional offers, equity theory has been used as

a framework to understand the behaviors that consumers can take when marketers provide

consumers promotional offers to encourage a particular behavior. This theory is based on the

premise that consumers positively respond to promotional offers when consumers perceive that

the relationship between their effort for receiving promotional offers and the promotional offers

is fair. Based on this principle, this study explores how equity of promotional offers might be

extended to social media through its application of promotional offers of brand social

communities.

Brand familiarity would be a salient cue that moderates consumer response to

promotional offers in brand social communities. Brand familiarity has been commonly

considered as an important factor that influences brand marketing and advertising effectiveness.

Consumers of a familiar brand are likely to have greater knowledge or stronger choice

confidence. Such consumers might have a stronger intention to recommend a brand. Conversely,

consumers of an unfamiliar brand are likely to have greater perceived risk or lower choice

confidence. This might reduce consumers' intention to recommend brands.

Another cue that influences consumers' intention to share promotional offers is tie

strength between users who share the offer and users who receive the offer. Previous research

has supported the idea that tie strength is an important cue in determining how social context

affects referral (Brown & Reingen, 1987; Ryu & Feick, 2007). Considering the basic premise of

social media, social tie is one of the key elements in deciding consumers' sharing.

Research Objectives

The objectives in this dissertation are threefold. First, this dissertation presents the

relevant and rational idea of "promotional offers in brand social communities" to fully explain

the term. Second, this study presents the theoretical framework, "equity theory," and extends it to

apply to brand social communities in order to explicate the variables that influence potential consumers' intention to share the promotional offers. In particular, this dissertation argues the importance of considering the target of the promotional offer when designing sharable promotional offers in brand social communities. Finally, this dissertation also examines the impacts of the users' familiarity with the brand of the promotional offer (i.e., familiar or unfamiliar) and the tie strength between users who share the offer and users who receive the offer (i.e., strong or weak).

Specifically, this dissertation intends to answer the following basic questions: (1) How do consumers perceive the transaction value of promotional offers or the social value of promotional offers? (2) Is such a relationship between promotional offers and perceived value moderated by brand familiarity? (3) Is there a relationship between perceived value and intention to share, and if so, is such a relationship moderated by tie strength?

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Dissertation Roadmap

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This dissertation is divided into six chapters. Chapter 1 introduces the background of the study and the significance of the study, and discusses the research objectives. It provides an overview of the dissertation and its intended contribution. Chapter 2 provides a comprehensive literature review of a brand social community with regard to the impact of a consumer's intention to share. Chapter 3 provides an equity theory framework and discusses research hypotheses derived from the conceptual framework. Chapter 4 describes the methodology used to test the research hypotheses, along with the scales used in the empirical data collection. Chapter 4 also discusses research design, data collection, and instrument development. Chapter 5 describes studies that specifically test hypotheses. Chapter 6 reviews the dissertation's main

findings and discusses their implications for theory and for the design of more effective

promotional offers in brand social communities.

CHAPTER 2 MAJOR CONCEPTS

This section first presents the relevant and rational idea of brand social communities. Specifically, this section will review and explain various factors influencing consumers' sharing in brand social communities. This study will discuss different types of promotional offers, features of the brand offering promotional offers, and the relationship between users who share the offer and users who receive the offer.

Brand Social Communities

Early brand social communities on the Web began in the form of generalized online brand communities such as the Harley Davidson motorcycle community (McAlexander, Schouten, & Koenig, 2002), GM's Hummer vehicle community (Luedicke, 2006), and a community of Apple Newton computers (Schau & Muniz, 2006). McAlexander, Schouten, and Koenig's (2002) definition clearly revealed the notion of early brand communities. According to them, a brand community refers to "a fabric of relationships in which the consumer is situated and central relationships include those between the consumer and the brand, between the consumer and the firm, between the consumer and the product in use, and among fellow consumers." These communities have encouraged consumers to share brand knowledge including the brand history, meaning, and value to make consumers increase emotional associations with the brand and the community (Martesen & Grønholdt, 2004) similar to those which a fan develops with a superstar whom he/she admires (Cova & Pace, 2006). Such a social relationship in a brand community has been essential in making the members loyal admirers of the brand (Cova & Pace, 2006).

Muniz and O'Guinn (2001) suggest three core components of early brand communities. First, members in a brand community feel a consciousness of kind, which is the most important

element of community (Muniz & O'Guinn, 2001). A consciousness of kind refers to an intrinsic bond with other members in the community, and a collective sense of separation from non members (Wellman & Gulia, 1999). Even though members have never met each other, they feel that they know each other at some level (Muniz & O'Guinn, 2001). Second, a brand community creates rituals and traditions, which refer to a key social process. The rituals and traditions represent shared consumption experience with the brand. Through these functions, a brand community can maintain the culture of the community and social roles. Further, such functions make members have the commitment to communal goals and follow the norms of interaction. Third, a brand community has the sense of moral responsibility, which refers to consumers' feelings about moral commitment among the community members. Moral responsibility includes integrating and retaining members, and assisting other members in their use of the brand (Muniz & O'Guinn, 2001). Finally, a brand community promotes members to actively create user-generated contents.

In general, the ultimate goals of early brand communities are 1) to develop a sense of emotional association between consumers and brands, and 2) to enhance brand loyalty (Arora, 2009). Thus, many communities have focused on bringing consumers together to share their satisfaction with prospective and existing consumers (Arora, 2009). Further, these communities have encouraged consumers to share their opinions regarding the products with which they are associated.

The other form of brand community is a virtual brand community. The development of technology enables consumers around the world to interact with each other. Particularly, a virtual brand community allows diverse consumers to have a global connection through a platform where they share information about brands. Shang, Chen, and Liao (2006) have also described a

virtual brand community as a cyberspace where an increasing number of people interact, communicate with each other, and create characteristics similar to traditional communities. Virtual brand communities are special forms of brand communities, which are still focused on a specific brand, but where interactions among members mainly take place in cyberspace. Jang et al. (2008) explained that a brand community has both personal and institutional relationships between the members, their interactions, the atmosphere, the evolution of individual and collective identities, and last but not least, physical or virtual spaces for meeting.

Even though several communities have been formed by consumers, the management of the company has also been important in reaping benefits from the brand communities (Arora, 2009). Therefore, several companies have initiated communities to promote consumers' interaction with their brands and establish a link between their consumers (Prykop & Heitmann, 2006). For example, Apple built their brand social community on the Apple Web site. It encourages consumers to join a community through the Apple Web site in mailings to registered customers, and in events hosted at conferences (Thompson & Sinha, 2008).

The emergence of social media has fostered the growth of brand social communities. Currently, it is common practice among firms to launch brand social communities for social media marketing. Brand communities with social media were developed by the mid-2000s, and many social networking sites began to develop more advanced features for companies to interact with their consumers. In the past five years, thanks to the growing social networking sites, brand social communities have become one of the dominant marketing forms of global media. Brand social communities have been around in one form or another since the earliest days of the social networking site itself. The earliest forms of brand social communities are brand profile pages and brand fan sites that enable brands to entertain and engage users though interesting content and

unique assets (Interactive Advertising Bureau (IAB), 2008). This newer generation of brand social communities began to flourish with the emergence of MySpace, and soon became part of the Internet mainstream. MySpace was followed by Facebook and Twitter.

Currently, various social media channels allow brands to build their brand social communities. A prominent example of brand social communities is the brand profile page on social networking sites like Facebook and Twitter. Companies simply create a page for their brands or products. These pages generally provide all kinds of materials and information from demonstration videos to graphics. These communities also allow other members to include the page in their "friend" network, or tag themselves as a "fan" or "follower." Consumers can access those brand profile pages through Facebook's internal search engine or other sites related to brand. In the brand profile page, marketers can communicate with existing and future consumers. Further, they can build consumer-brand relationships and provide rewards to members.

In general, online brand communities have been classified into two large groups, including consumer generated and marketer generated (Leimeister, Ebner, & Krcmar, 2005). Similar to online brand communities, brand social communities can be consumer-generated communities and marketer-generated communities. Consumer-generated communities are usually initiated by community members who have a strong affinity for a certain brand. The other type of community is a marketer-generated one, which is initiated by a company with the intent to build consumer relationships.

The concepts of brand communities and brand social communities overlap, but are not synonymous. Brand communities are often supported by Internet-based technology, but the concept is broader. Brand communities essentially encompass everyone who feels connected to the brand. On the other hand, brand social communities are only defined in the social media. The

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definition given by this dissertation further emphasizes the different scope of online social communities. This dissertation defines brand social communities as a company-endorsed platform or site that focuses on maintaining social networks or social relations among people who share interests and/or activities related to brands. Although brand social communities are endorsed by companies, they have various kinds of media content that is publicly available. Moreover, most content in brand social communities is produced by consumers (i.e., end-users).

Similar to a traditional brand community, the primary purpose of launching brand social communities is building relationships with consumers. Both communities offer a way to enmesh the consumers in a network of relationships with the brand and fellow customers. The most commonly used definition of a brand community, "a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand" (Muniz & O'Guinn, 2001)**,** clearly shows who the target audience of a brand community is. Muniz & O'Guinn (2001) stated that a brand community is built by consumers for the brands that have a strong image, and a rich and lengthy history. Thus, companies purposely make the brand communities in order to retain brand loyal consumers and initiate positive word of mouth. The second aspect of the definition given by Muniz & O'Guinn (2001) says that a brand community is based on a structured set of social relationships among admirers of a brand. In a brand community, members typically share the brand history and the brand meaning, and educate users on issues related to product use and community ethos (Schau & Muniz, 2006). Through such interaction members develop an emotional association with the brand, similar to what a fan develops with a superstar whom he/she admires (Cova & Pace, 2006). The emotional associations are based upon the nostalgic feeling of association with the brand, and develop strongly when the same feeling is found with some more people (Arora, 2008). This social

relationship with a brand converts the members into loyal admirers of the brand (Cova & Pace, 2006; Jang et al., 2008).

In addition to the characteristics of a traditional brand community, brand social communities have the characteristics of social media. As prominent examples of social media channels, Social Networking Sites (SNSs) are Web sites where users build informal and formal connections with people who have similar interests in order to form online communities (Lamb & Johnson, 2006). Most social media channels support the maintenance of pre-existing social networks, but others help strangers connect based on shared interests, political views, or activities. Further, social media sites enable users to articulate and make visible their social networks. Therefore, a lot of users are primarily communicating with people who are already a part of their extended social network (Boyd & Ellison, 2008).

From the perspective of a consumer, a social media channel is primarily comprised of a set of friends and the content they produce. In contrast to a traditional brand community, brand social communities encourage existing consumers to invite members of their personal network to the community (Trusov, Bucklin, & Pauwels, 2009). Brand social communities mostly rely on consumer-generated content to retain consumers. Particularly, brand social communities allow discussion and activities like networking or socializing that lead visitors to participate in the communities for emotional and social reasons (Dholakia & Vianello, 2009). Thus, a community member can obtain a direct benefit from inviting more friends to the community because each new member generates new content, which is likely to be of value to the referring party (Trusov, Bucklin, & Pauwels, 2009).

Promotional Offers

The popularity of branded social media and use of promotional offers has led to increased practitioners' interest in designing promotional offers in brand social communities. These offers target social media users and increase membership of brand social communities. As indicated by ExactTarget (2010), almost 40% of consumers participate in brands' social media to get discounts or promotions. From a research standpoint too, the recent attention given to promotional offers in brand social communities coincides with the overall increasing interest among academic researchers in studying marketing programs within the context of branded social media (e.g., Trusov, Bucklin, & Pauwels, 2009; Zhang, 2010). Despite promotional offers having been applied to several marketing situations, they have not been tested specifically within the context of brand social community. This section will discuss the phenomenon of promotional offers in the social media marketing industries, review the literature of promotional offers, and identify opportunities for growth within the context of brand social communities.

According to the American Marketing Association, promotional offers have been defined as encompassing "marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing." Within the literature, promotional offers have been considered as incorporating elements of both advertising and sales promotion (Varadarajan, 1986). Particularly, promotional offers have emerged as an important marketing and advertising factor in the sales promotion strategy. A sales promotion generally refers to a direct stimulus that provides an extra value or incentive for consumers to create an immediate sale (Haugh, 1983). Various promotional offers, such as coupons, sampling, and premiums, are considered as a method to achieve promotion objectives. The definition of the sales promotion has evolved to reflect either the goals of marketers, or has attempted to take the audience's point of view.

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Within the academic literature, a sales promotion is defined as the inclusion of a promotional strategy that can serve the strongly motivated consumer sales (Massy & Frank, 1965; Sunoo & Lin, 1978; Schindler, 1992). In later years, Banerjee (2009) suggested that a sales promotion is a short-term promotional strategy that encourages consumers' demand.

A rapidly changing environment has challenged broad goals of promotional offers. In particular, promotional offers within the context of interactive media have been defined as marketing communication, which builds a strong relationship between consumers and a brand (Hsueh & Chen, 2010). For example, promotional offers provide distinct advantages in that marketers can create a direct connection with consumers (Hsueh & Chen, 2010). In addition, promotional offers are designed to encourage consumers to forward and share with their personal networks (Hsueh & Chen, 2010; Ryu & Feick, 2007). This study will use the term "promotional offers" to refer broadly to promotion strategy that provides a tangible value that creates a relationship with consumers.

Articles appearing in peer-reviewed academic journals have published studies asking questions regarding promotional offers such as: Why do consumers respond to an on-shelf coupon rather than to a similarly advertised transitory price reduction that provides the same monetary value (Dhar &Hoch, 1996; Schindler, 1992)? Do consumers respond to insignificant price reductions (Hoch, Drèze, & Purk, 1994; Inman, McAlister, & Hoyer, 1990)? Under what conditions do coupons or rebates translate to consumers switching brand (Bawa & Shoemaker, 1989; Dhar & Hoch, 1996; Soman, 1998)? Researchers have also examined the effects of personal traits such as "deal-prone consumers" (Bawa & Shoemaker, 1987; Blattberg et al., 1978; Narasimhan, 1984) and "market mavenism" (Feick & Price, 1987; Lichtenstein, Netemeyer, & Burton, 1990; Mittal, 1994) on sales promotions.

Previous research often observed how promotional offers influence sales of the promoted brand. It did not observe individual consumer response to promotional offers. The current article differs from the foregoing studies in the objective of promotional offers. A key objective of promotional offers in this study is to promote consumers' sharing promotional offers within the context of brand social communities. Consumers in social media frequently forward promotional offers to their personal network so that they can get together in person to share the deal (Guy, 2010).

One of the popular promotional offer strategies is a premium. A premium is effective in stimulating consumers' purchase intention and increasing sales because the premium is instantly available. A hair conditioner attached to a type of shampoo is a typical example of a premium strategy. Furthermore, premiums can improve a brand image (Rudzki & Li, 2007).

Sample strategy has long proved its effectiveness in improving the consumers' attitudes toward the product and increasing purchase intention (Rudzki & Li, 2007). According to Bettinger et al. (1979), providing a free sample positively influences product image because consumers who receive a free sample tend to positively evaluate the product quality. Previous studies also showed the effectiveness of free samples in attracting new consumers. William and Kincaid's (1985) work showed that consumers are more likely to try a new product when it is free than when they have to purchase it. Schultz and Robinson (1986) also supported that samples and trials are effective promotional strategies to reach new consumers. Further, the samples were particularly helpful in improving an old product or opening a new market for an established product. Belch and Belch (1998) also suggested that the provision of free samples is an ideal promotion strategy because it encourages consumers to try the new product or service, or creates brand awareness for a new brand.

Promotional offers can be distributed in different ways. For example, promotional offers can be distributed in stores (Rudzki & Li, 2007). Additionally, promotional offers can be distributed by mail. Several promotional offers are distributed in the form of a coupon. Coupons have been distributed by mail or media like newspapers or magazines. With the development of media, most companies have used online promotional offers or mobile promotional offers. For example, promotional offers are frequently sent via e-mail, and these offers allow consumers to print the offers to receive them. Marketers can distribute their promotional offers via free or inexpensive ways online.

Development of social media has provided several ways marketers can distribute online promotional offers. Marketers can post promotional offers on blogs or social networking sites that are automatically distributed to target consumers. Further, marketers can use a social shopping site like Groupon.com where marketers can offer coupons to local consumers. Among various distribution methods, this study focuses on distribution of promotional offers in brand social communities.

Promotional Offers in Brand Social Communities

In social media, there have been several marketing activities such as brand social communities. In order to provide a range of benefits, brand social communities need an effective promotion strategy. One approach can be promotional offers because these offers can constantly attract consumers. Promotional offers include product sampling, coupons, price-off offers, refunds and rebates, contests and sweepstakes, and premiums (Engel, Warshaw, Kinnear, & Reece, 2000). Several companies have provided promotional offers (e.g., vouchers, gifts, free minutes, miles) to retain existing consumers and attract new consumers (Ryu & Feick, 2007). A promotional offer is a key consumer relationship management tool because in addition to its

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potential to attract new consumers, it improves retention by rewarding existing consumers (Ryu & Feick, 2007).

This dissertation expects that promotional offers influence consumers' sharing (i.e., WOM activity) in a brand social community. When consumers send out invitations to their personal network, community members consider the value of potential gains and losses for themselves and for the receivers because community members may send out the invitation as a way to manage others' impressions of them. Referral behavior generally can be a means of expressing concern about others and helping them make better choices (Ryu & Feick, 2007). When consumers invite their friends to the community, they may expect that the community will make them provide a good impression to others. In particular, promotional offers of brand social community can make consumers perceive that they provide benefits to others. Promotional offers, thus, can strongly influence consumers' sending invitations to their personal network to join BSCs.

Sharing in Brand Social Communities

In general, a brand social community facilitates users' sharing activities by providing users with a convenient tool for sending invitations to nonmembers to join (Trusov, Bucklin, & Pauwels, 2009). A brand social community setting offers an appealing context in which to study sharing activity. Consumers' sharing activity has recently attracted a great deal of attention among researchers who investigated social media (e.g., Gilbert & Karahalios, 2009; Kozinets, Valck, Wojnicki, & Wilner 2010; Trusov, Bucklin, & Pauwels, 2009). For example, Trusov, Bucklin, and Pauwels (2009) investigated how consumers' sharing influences member growth in social networking sites (SNSs). In addition, they investigated how traditional marketing actions increase new member acquisition in SNSs. The results of this study showed that consumers'

invitations have a stronger impact on new member acquisition than traditional marketing actions. This study showed that invitation can be linked to the number of new members subsequently joining the SNS (i.e., sign-ups).

Based on previous studies, this dissertation suggests that sharing activity is a particularly prominent feature of brand social communities. Brand social communities provide numerous venues for consumers to send out invitations to join the community to the members of their own personal networks, as well as chances for companies to take advantage of viral marketing. According to previous research, sending out an invitation (i.e., referral behavior) has been the primary driving force for social media sites to acquire new members. Therefore, it is important to identify conditions under which an element of a brand social community is effective in enhancing a consumer's intention to send out an invitation.

Previous research indicates that promotional offers positively influence sharing behavior. Particularly, consumers' sharing activity in brand social communities has recently attracted a great deal of attention among researchers who investigated social media (e.g., Gilbert & Karahalios, 2009; Kozinets, Valck, Wojnicki, & Wilner, 2010; Trusov, Bucklin, & Pauwels, 2009). Trusov, Bucklin, and Pauwels (2009) investigated how consumers' sending out invitations influences member growth in social networking sites. In addition, they investigated how traditional marketing actions increase new member acquisition in social networking sites. The results of this study showed that consumers' invitations have a stronger impact on new member acquisition than traditional marketing actions. This study showed that invitations can be linked to the number of new members subsequently joining the social networking sites (i.e., sign-ups).

Kozinets, Valck, Wojnicki, and Wilner (2010) investigated an online WOM marketing campaign that engaged consumers who were seeded with a new technology device to generate WOM in social media (i.e., blog). Their study showed that the messages and meanings of the WOM communication in social media are influenced by the promotional characteristics of the WOM marketing campaigns. Moreover, they suggested that WOM communicators (i.e., community members) regularly take WOM marketing messages and meanings, and then alter them to make the marketing messages more credible, appropriate, or palatable to the community. They suggested that in social media, WOM marketing relies on this transformation from persuasion-oriented, market-generated, sales objective-oriented "hype" to appropriate, valuable, communally desirable social information that builds individual reputations and group relationships.

Biyalgorsky, Gertsner, and Libai (2001) provided an analytical model of motivating referrals and deriving the optimal incentive and price that should be provided. Particularly, this study examined when rewards should be provided to motivate the referral behavior and derive the optimal combination of incentive and price that will lead to the most cost-effective referrals. The results of this study indicated that the use of incentive relies on how demanding consumers are before they are willing to recommend. In addition, this study showed the differences between lowering price and offering incentives as tools to motivate referrals. This study emphasized the benefits of using incentives to encourage referral instead of just lowering price. Analysis highlights the differences between lowering prices and offering incentives as tools to motivate referrals. Because incentive is clearly targeted at existing consumers and builds the consumer base, incentives encourage consumers to make recommendations to others (Ryu & Feick, 2007).

When consumers share promotional offers with their personal network, they may consider potential gains and losses for themselves and for the receivers because consumers may forward the offer to manage others' impressions of them. Referral behavior generally can be the means of expressing concern about others and helping them make better choices (Ryu & Feick, 2007). Likewise, when consumers share the promotional offers with their friends, they may expect that the promotional offers make them provide a good impression to their friends. In particular, promotional offers of brand social communities can make consumers perceive that they provide benefits to others. Thus, investigating consumers' perceived benefits of the promotional offer is critical to understanding their sharing of the promotional offer in brand social communities.

Table1 Sample of Sharable Promotional Offers in Brand Social Communities

Retailers	Promotional Offers
Circle+Bloom	Spread the Love and give a 15% coupon to your friends.
Nabisco	Become a fan and get a coupon for a Free package of Chips Ahoy! Cookies! Tell a friend.
Gymboree	Triple Play! Remember to use your Triple Play coupon by Sunday 10/31—use them yourself or share with a friend.
Coca-Cola	Create a message on Ahh Giver and send your message to a friend or yourself which is sent with a coupon, good for $0.99 off a 14 or 16 oz. Coke, this will make for a Free Coke.
Starbucks	Share New Starbucks Ice Cream with a Friend. Sharing can brighten someone's day. That's why Starbucks Ice Cream is inviting you to treat someone special in your life. Find out if there's a pint available for you to share! Share Now.

CHAPTER 3 THEORETICAL FRAMEWORK AND HYPOTHESES

Equity Theory

Equity theory was first introduced by Adams (1963) to explain how people judge fairness/unfairness within interpersonal relationships. Adams' equity theory is derived from Festinger's (1957) work on cognitive dissonance. According to this theory, people generally judge the fairness or unfairness of exchange relationships on the basis of two elements: inputs and outputs. In the most general terms, inputs can be perceived as "investments" in the exchange relationship, for the contributors anticipate some reciprocal return. In the exchange relationships, inputs are only perceived by the individuals who contribute their investments. Such people consider inputs as more relevant elements of exchange relationships, and thus inputs can be an important factor affecting their perceptions of equity or inequity of a relationship. Conversely, perceptions of equity or inequity relationships depend on resources, returns, reward, or compensation, and these represent outcomes (Adams, 1965). In exchange relationships, receivers merely recognize the outcomes, whereas outputs are significantly perceived by the individuals who contribute their investments. Thus, Webster and Rice's (1996) work suggested that judgment of the equity and inequity of exchange relationships is fully subjective because it is entirely affected by the perceptions of givers and receivers of exchange relationships.

Fairness or equity is a term often applied in the context of promotional offers. Originally, this term received great attention by psychologists who broadly examined the perceptions of fairness and the consequences of inequity in social exchange relationships (Drake & Dahl, 2003). Previous literature on equity theory asserted that equity theory is useful to predict when people perceive that they are being treated fairly or unfairly and how they will react when they are in unfair situations (Adams, 1965; Walster, Berscheid, & Walster, 1973; Wilkens & Timm, 1978).

The key process in the judgment of fairness is an individual's comparison of his or her inputs and outputs (Adams, 1965). However, such a judgment may be conscious or unconscious (Campbell & Pritchard, 1976).

Equity theory suggests that there are two main constructs related to perceptions of fairness or unfairness: inputs and outcomes. In the most general terms, inputs can be defined as factors related to an individual's significant contribution (Adams, 1965; Campbell & Pritchard, 1976). Inputs have been defined in various fields of literature. Particularly, literature on workplace relationships has described inputs as an individual's psychological or physical investments (Campbell & Pritchard, 1976); education (Campbell & Pritchard, 1976); productivity or performance (Brounstein, Norman, & Ostrove, 1980); experience (Kilduff & Baker, 1986); seniority, time, loyalty, and compliance (Huseman & Hatfield, 1990); training (Janssen, 2001); and amount of responsibility, knowledge, skills, abilities, and organizational citizenship behaviors (Konopaske & Werner, 2002).

In the advertising and marketing context, there have been two types of inputs including consumer investments and advertiser investments. These two constructs are potential factors affecting perceived fairness of the advertisers' or marketers' persuasion methods. According to Kirmani (1990) and Kirmani & Wright (1989), consumers' inputs include attention, processing, effort, and involvement. Otherwise, money, time, and effort are considered as advertisers' investments. In the sharing context, inputs have been described as expenditure of money, time, or anything else (Alexander, 2002).

Outcomes can be defined as factors related to an individual's valuable rewards for his or her contribution (Adams, 1965). According to the equity theory, perceived outcomes vary across individuals and the context of the relationship. According to the previous literature on equity

theory, outcomes can include factors such as pay, supervisory position, treatment and recognition, benefits, promotions, status, prestige, authority, organizational communication, inclusion in decision making, fringe benefits, job interest, rule administration, work pace, task distribution, raises, incentives, working conditions, intrinsically rewarding tasks, sense of accomplishment, social identity and other social rewards, ethical behavior , product quality, and service received (Adams, 1965; Alexander, 2002; Huseman & Hatfield, 1990; Ingersoll-Dayton et al., 2000; Jannsen, 2001; Kilduff & Baker, 1986; Lawler, 1973; Tombari, 1979; Weick, 1966; Wilke, Rutte, & Van Knippenberg, 2000; Wilkens & Timm, 1978; Zuo & Bian, 2001).

In the advertising and marketing context, there have been two types of outcomes including consumers' benefits and advertisers' or marketers' benefits. These two constructs are potential factors affecting perceived fairness of the advertisers' or marketers' persuasion methods. According to Kirmani (1990) and Kirmani and Wright (1989), consumer benefits include information, entertainment, and amusement. Otherwise, consumer attention, increased brand awareness, and sales are considered as advertisers' or marketers' benefits.

Applications of Equity Theory

Previous literature on equity theory has investigated the effects of equity or inequity on an individual's affective responses. Perceived equity typically generated affective variables such as satisfaction (Sheehan, 1991), positive attitudes (VanYperen, Buunk, & Schaufeli, 1992), and liking (Brounstein et al., 1980). On the other hand, inequity often generated affective responses like depression (Ybema, Kuijer, Buunk, DeJong, & Sangerman, 2001).

According to Campbell and Pritchard (1976), perceptions of equity have positive effects on individuals' behavioral responses. For example, perceptions of equity positively influence individuals' performance (Adams, 1965), engaging in organizational behaviors (Moorman,

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1991), and commitment to the organization (Martin & Peterson, 1987). Previous research has also suggested substantial evidence that inequity affects behavioral responses. In work environments, people exhibit decreased effort (Adams, 1965), decreased enthusiasm, or decreased involvement in organization process (Monge, Cozzens, & Contractor, 1992).

Previous research in promotions has demonstrated that earning rewards or incentives also involves consumers' inputs and outcomes (e.g., Kivetz, 2003; Lacey & Sneath, 2006). These studies have shown that consumers' evaluation of promotions is determined by comparing consumers' inputs and outcomes. In particular, previous research has shown that the fairness of a promotion is determined by comparing consumers' inputs to outcomes. For example, Lacey and Sneath (2006) state that consumers evaluate the aspects of loyalty program fairness by comparing their inputs to outcomes. When their perceived input is proportional to benefits associated with the loyalty program, they judge a program as being fair. Further, maximizing one's own benefits associated with the loyalty program is a major motivation for behavior.

According to Kivetz (2003), equity theory can explain that the perceptions of (un)fairness are determined by the balance (or lack of balance) between consumers' efforts and their rewards. Kivetz (2003) stated that requiring consumers' efforts can increase consumers' anticipation regarding the fair size of the reward. Thus, rewards that fail to meet consumers' anticipation increased by the concomitant effort level can be perceived as unfair losses, whereas rewards that meet or exceed the expectation can be perceived as gains.

Further, advertising research has suggested that consumers' perceived inequity can influence consumer inferences that the advertiser is attempting to persuade by inappropriate, unfair, or manipulative means (Bartos & Dunn, 1979; Bauer & Greyser, 1968; Campbell, 1995; Kirmani, 1990; Kirmani & Wright, 1989). Consumers generally feel that they should benefit

from the effort they expend on promotions and that promotions should provide benefits to the consumer. Therefore, consumers' personal benefits and investments can influence inferences of advertisers' manipulative intent (Campbell, 1995). Kirmani(1990) and Kirmani and Wright(1989) indicated that the consumer's perception of the advertiser's investments (e.g., money, time, effort) and benefits (e.g., consumer attention, increased brand awareness, sales, word of mouth) are potential mediators of the consumer's inferences of manipulative intent. Thus, the perceived personal benefits from and investments in the promotions, as well as consumers' perceptions of the advertiser's benefits and investments, can mediate how and when advertising tactics may produce inferences of manipulative intent (Campbell, 1995).

Consistently, previous studies have supported that a consumer's personal benefits and investment could influence behavior toward promotions. In addition, promotion research suggests that consumers consider required effort for earning rewards (Barnes, Beauchamp, & Webster, 2010; Kivetz, 2003). According to Barnes, Beauchamp, and Webster (2010), consumers respond differently to various levels of rewards (underreward, equal reward, and overreward). They found that consumers exhibit behaviors in a manner consistent with equity theory. According to the results, consumers who are overrewarded showed stronger loyalty, commitment, and willingness to pay. This study also supports that consumers' personal benefits and investments could influence behavior toward promotions.

Extending Equity Theory to Promotional Offers in Brand Social Communities

This dissertation employs equity theory framework for investigating consumers' responses to sharable promotional offers in brand social communities. From this perspective, the consumer's behavioral responses, such as a sharing the promotional offer, depend on the perceived inputs and outcomes related to promotional offers. Based on the equity theory, four

constructs including consumer benefits, consumer investment, communities' benefits, and communities' investments can be potential factors influencing consumers' perceived equity of promotional offers.

Most promotional offers typically require consumer efforts, and the efforts can be consumer inputs. Consumers' perceived effort is defined as any inconvenience inherent in complying with the requirement for earning incentives (Kivetz, 2003). Perceived effort includes buying at a particular store, purchasing more than one, or repeatedly engaging in a certain task (e.g., completing surveys or browsing Web sites). Promotional offers requiring consumer effort with others could be consumers' perceived inputs when they evaluate the equity of promotional offers.

In brand social communities, earning promotional offers generally involves consumers' inputs (e.g., time, processing efforts) and outcomes (e.g., promotional offers). For example, earning promotional offers requires consumers' efforts such as forwarding the promotional offers to their personal network. In this case, the most obvious input is the effort and time spent forwarding promotional offers. The most obvious output is the gain from the promotional offers. From the brand social communities' side, providing promotional offers often involves inputs (e.g., money, time) and outcomes (e.g., growth of the community, sales).

When consumers evaluate the promotional offers that require sharing offers, consumers' perceptions of outcomes are more complex. Consumers might perceive two primary types of benefits. First, the obvious benefit is the economical benefit from the promotional offers. Such economic benefits reflect the transaction value of the promotional offers (Monroe, 1979). Second, sharable promotional offers can help consumers manage others' impressions of them. As consumers share promotional offers with their personal network, they can maintain interpersonal

connectivity. Further, they might feel that they can contribute to behavior for their personal network by means of expressing concern about others and helping them. These psychological and social benefits represent the social value of promotional offers (Dholakia, Bagozzi, & Pearo, 2004). We expect that such complexity of outcomes varies depending on the types of promotional offers. The next section will discuss how consumers' perceptions of promotional offers vary according to the promotional offer types.

Promotional Offer Types and Perceived Value

Although there are various factors that influence the consumer's perceived benefits of promotional offers, consumers may perceive the benefits differently, depending on promotional offer types. Brand social communities typically provide promotional offers to encourage consumers to share offers with other people. Thus, a consumer can obtain a promotional offer in several ways, such as downloading it from a community, or receiving it directly from marketers or friends. According to traditional promotion research, referral reward programs also encourage consumers to share the rewards with new consumers. Previous research categorized referral rewards according to final receivers of promotional offers (Ryu & Feick, 2007). They suggested three promotion types: The first type is "Reward Me." As the most typical type, only the recommender (the existing consumer) can earn this promotional offer. The second type is "Reward You," in which the receiver of the recommendation (the new consumer) receives the promotional offer. Finally, there could be "Reward Both," in which both the recommender and the receiver receive the promotional offer.

Like a referral reward, there are typically both a consumer who shares and a new consumer who receives the recommendation in the social media context. Thus, brand social communities could also have three promotional offer types. The first type is a Promotional Offer

for Me Only. This offer is only provided to a consumer who shares the promotional offer in brand social communities. This offer typically includes the message: "Share with your friend and get a FREE coupon." The second type is a Promotional Offer for You Only, and this offer is only earned by the receiver of the recommendation (the new consumer). This offer generally has the message something like "Share with your friend and get a FREE coupon." The final type is a Promotional Offer for Both, and this offer includes the message: "Share with your friend and you and your friend get a FREE coupon." Consumers' perceived value of the promotional offer in brand social communities varies depending on the type. In particular, promotional offer types can affect perceived transaction value and perceived social value.

Promotional offers typically provide a transaction value, which refers to benefits of the financial terms of the price deal. Perceived transaction value is defined as consumers' evaluation of psychological satisfaction or pleasure that may result from obtaining benefits of the financial terms of the price deal (Monroe, 1979). Perceived transaction value relies solely on the perceived advantages of the deal. Yadav and Monroe (1993) argued that consumers' perceived economic benefits lead to perceived transaction value.

To investigate consumers' perceived transaction value, it may be useful to first consider the three main types of promotional offers. According to Ryu and Feick (2007), consumers mostly perceive economic benefits when the promotion is offered only to consumers who are encouraged to share. In this case, they believe that they receive the full benefits of the promotional offer. When the promotional offer is provided to both the recommender and the receiver, consumers feel that they receive partial benefits of the promotional offer.

In brand social communities, consumers may perceive the transaction value of promotional offers differently according to the types of promotional offers. In the Promotional

Offer for Me Only condition, the promotional offer is offered only to consumers who are encouraged to share. In this condition, consumers receive full benefits of the promotional offer. On the other hand, consumers with the Promotional Offer for You Only condition do not have the chance to earn the promotional offer. Finally, consumers can have partial benefits of the promotional offer in the Promotional Offer for Both condition. Among the three conditions, the Promotional Offer for Me Only condition will lead to the highest transaction value because consumers can get the highest economic gains from this condition. On the contrary, the Promotional Offer for You Only condition will lead to the lowest transaction value because this condition does not provide any economic benefits to consumers.

On the other hand, the Promotional Offer for You Only condition will lead to the highest perceived social value. When consumers share the promotional offers with their personal network, they are likely to consider the benefits of others. Thus, social value generated from the promotional offers can provide social value that consumers have more to do with others. In particular, sharing promotional offers can maintain consumers' interpersonal connectivity. According to Dholakia, Bagozzi, and Pearo (2004), maintaining interpersonal connectivity is defined as the social value generated from establishing and sustaining contact like social support, friendship, and intimacy with other people. In addition, consumers can receive social enhancement by sharing the promotional offers with others. Social enhancement refers to the social value generated from gaining acceptance and approval of other members of a social network (Dholakia, Bagozzi, & Pearo, 2004). Social enhancement is also derived from consumers' contribution to behavior for others. Previous community study suggested that social enhancement is generated when consumers share information with members (Hars & Ou, 2002). Thus, consumers can perceive social value related to social enhancement when they share the

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promotional offers of brand social communities with members of their personal network. Social value such as maintaining interpersonal connectivity and social enhancement emphasizes the social benefits of the promotional offers. Since consumers perceive social value when they can give benefits to others, the Promotional Offer for You Only condition may generate the highest level of social value among three promotional offer types. Contrary to this, the Promotional Offer for Me Only condition will generate the lowest level of social value because this condition does not provide any benefits to others. Thus:

> H1: Consumers are most likely to perceive the transaction value of "promotional offer for me only," followed by "promotional offer for both" and "promotional offer for you only."

> H2: Consumers are most likely to perceive the social value of "promotional offer for you only," followed by "promotional offer for both" and "promotional offer for me only."

Influence of Brand Familiarity on Perceived Value of Promotional Offers

Since this dissertation examines the promotional offers of brand social communities, the moderating role of brand features should not be overlooked. This dissertation focuses on brand familiarity. Following Alba and Hutchinson's (1987) work, this dissertation conceptualizes brand familiarity as the number of direct or indirect brand experiences that have been accrued by the consumer. Brand familiarity can be increased by frequent exposure to the brand. Indirect brand experiences through exposure to promotions like advertising, and direct experiences through purchase or usage of the brand enhance brand familiarity (Alba & Hutchinson, 1987). Kent and Allen's (1993) study also supported that brand advertising in national media (e.g., magazines) strongly leads to brand familiarity. Consumers of familiar brands tend to believe that they know a brand well because enhanced brand familiarity creates a better knowledge structure in a consumer's memory (Alba & Hutchinson, 1987). Thus, consumers of familiar brands can better

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recall and are better able to protect them from competitive advertising interference than less familiar brands (Kent & Allen, 1993).

Research shows that consumers respond to familiar brands and unfamiliar brands differently. In particular, several studies have shown the effects of brand familiarity on responses to promotions (e.g., Anand & Sternthal, 1990; Berlyne, 1970; Campbell & Keller, 2003; Park & Lessig, 1977). These studies revealed that high familiarity actually limits effectiveness of promotions or advertising stimuli. According to Park and Lessig (1977), for consumers of familiar brands, it is less important to provide product information because very little will be used, and it is more important to provide an interesting stimulus to avoid boredom. Campbell and Keller (2003) showed consistent findings. Other studies found that direct affect transfer (attitude toward the ad to attitude to the brand) occurred for unfamiliar brands, whereas the effects were reduced for familiar brands (Machleit & Wilson, 1988; Smith, Feinberg, & Burns, 1998).

This dissertation also expects that brand familiarity affects the impact of promotional offers of brand social communities on perceived value. Brand familiarity will influence consumers' perceptions of promotional offer for me only, promotional offer for you only, and promotional offer for both. In particular, consumers feel more confident in evaluating the value of familiar brands than unfamiliar brand. Thus, familiarity of promotional offers can be an important factor affecting consumers' evaluation of perceived value implied by different types of promotional offers. Thus,

> H3: Brand familiarity will have the strongest influence on (a) transaction value and (b) social value for "promotional offer for me only," followed by "promotional offer for both" and "promotional offer for you only."

Influence of Tie Strength on Perceived Value of Promotional Offers

Tie strength is defined as a "combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and reciprocal services which characterize the tie" (Granovetter, 1973). Strength of tie can be determined by the amount of time, emotional intensity, intimacy, and reciprocity of the relationship (Frenzen & Davis, 1990). Granovetter (1973) dichotomizes strength of tie into strong ties, such as family members or close friends, and weak ties such as merely contacted acquaintances. Strong ties really trust each other, and their social circles tightly overlap (Granovetter, 1973). In opposition, weak ties often share novel information—information not circulating in the closely knit network of strong ties. According to Granovetter (1973), strong ties know more about each other's needs and preferences than weak ties because strong ties enjoy more frequent contact than weak ties. With strong ties, people tend to have communal relationships in which they feel general concern about the other person's welfare. They respond to the other's needs (Clark, 1984). Conversely, with weak ties, people do not feel any special responsibility for the other person.

Several studies have found valid indicators and predictors of tie strength (Walker et al., 1993). For measuring tie strength, close friends have been considered strong ties and acquaintances or distant friends have been considered weak ties (Erickson et al., 1978; Granovetter, 1974; Murray et al., 1981; Wilson, 1998). Additionally, frequency of contact was used as a tie strength indicator (Benassi et al., 1999; Granovetter, 1974; Lin et al., 1981). Friedkin (1980) proposed reciprocity for measuring tie strength. Several researchers have proposed that emotional support offered and received within a tie can also be an indicator of tie strength (Lin et al., 1985; Wellman, 1982; Wellman & Wortley, 1990). Otherwise, some research on tie strength has suggested contextual factors such as social homogeneity (Lin et al., 1981), shared affiliation, and social circles (Alba & Kadushin, 1976; Beggs & Hurlbert, 1997). Marsden

and Campbell (1984) proposed frequency and time spent for measuring tie strength. Desire for companionship, frequent meetings with the tie partner in various contexts, and intimacy have been considered as indicators of tie strength (Blumstein & Kollock, 1988; Mitchell, 1987).

Gilbert and Karahalios (2009) investigated indicators and predictors of tie strength in the social media context. For measuring tie strength in social media, intimacy, which is emotional closeness, best reflects tie strength. The intensity also reflects tie strength in the social media context. Gilbert and Karahalios (2009) stated that interaction with someone over and over despite hundreds of people from which to select, significantly implies tie strength.

In WOM research, tie strength is important in determining how social context influences WOM behavior (Brown & Reingen, 1987; Reingen & Kernan, 1986). In particular, consumers tend to use WOM with strong ties rather than weak ties (Brown & Reingen,1987) because frequent contact among strong ties creates more opportunities for WOM. Likewise, consumers are more likely to share offers of brand social communities with a strong tie than with a weak tie.

There are some reasons why consumers want to share offers with a strong tie. First, a communal relationship among strong ties can motivate consumers to share the pleasure that they received from using brand social communities. Second, consumers have much more knowledge about what their strong ties need and prefer because they can keep track of their needs through frequent contact (Clark, Mills, & Powell, 1986). As consumers know much more about the needs and preferences of strong ties, consumers feel more comfortable about sharing brand social community experiences (Feick & Higie, 1992). Additionally, such greater knowledge about strong ties makes consumers provide more useful information, especially for products from high-preference heterogeneity categories.

On the other hand, previous WOM research showed that strength of ties can moderate the effects of reward on WOM. For example, Ryu and Fieck (2007) suggested that recommendation-involved reward programs can make consumers perceive social risk. In particular, consumers perceive more social risk when they recommend to their strong ties. The potential social risk is a negative influence on a relationship if an economically driven WOM does not work out. When the receivers of the WOM are dissatisfied with the information or product, they might attribute their dissatisfaction to the recommender, and thus social risk can be increased. Folkes (1984) also supported that there is the social risk that if the receiver is dissatisfied with a purchase that results from the recommendation, the relationship will suffer.

Consistent with the result of the previous study, this dissertation assumes that tie strength should influence the perceived value of promotional offers. For strong ties, consumers might consider social relationships more than for than weak ties (Ryu & Feick, 2007). With weak ties, consumers are more motivated by self-interest than social relationships (Ryu & Feick, 2007). Thus, this dissertation predicts that tie strength between users who share the offers and receivers will be important factors influencing consumers' evaluation of promotional offers. In particular, consumers are likely to help strong ties without anticipating any reward and enjoy social value by helping a strong tie (Ryu & Feick, 2007). On the other hand, consumers expect a reward when they help weak ties. Thus, tie strength can determine consumers' perceptions about value implied by three types of promotional offers. Thus,

> H4: Tie strength will have the strongest influence on (a) transaction value and (b) social value for "promotional offer for you only," followed by "promotional offer for both" and "promotional offer for me only."

Influence of Perceived Value on Intention to Share

In the context of promotional offers of brand social communities, a simple assumption is that increasing the required consumers' effort will lead consumers to expect rewards. Consumers can assess promotional offers of brand social communities by comparing inputs (sharing promotional offers with others) and outcomes (promotional offers). When consumers perceive that promotional offers fail to meet their level of effort, they will perceive such promotions as losses. For example, sharing promotional offers with others can involve unnecessary loss of time. When promotional offers require consumers to share with their personal network, offers can include the loss of time. Such promotional offers can also make consumers concerned with risking themselves and the receiver when they make the recommendation. Consumers generally want to minimize the receiver's exposure to risk, and such perceived risk of the promotions may negatively affect the likelihood of sharing.

On the other hand, the promotional offers that provide benefits such as a transaction value and social value can reduce consumers' perception that promotion involves losses. According to Kivetz (2003), valuable promotions are not likely to make the consumer concerned about whether they suffer losses. When consumers perceive that promotional offers provide transaction or social value, they will consider such offers as gains, but they will also feel indebted. For example, if a brand social community provides a free coupon, the community's costs and consumer's benefits both increase (Morales, 2005). Inequity exists because of the imbalance between the costs and benefits of the community versus the consumer. In such cases, consumers feel indebted to the community for incurring such high costs for their benefits. Because these feelings of indebtedness are highly undesirable, consumers are motivated to restore equity by rewarding the community at the same cost to them, like generating positive word of mouth. When consumers perceive overreward, they may reward brand social

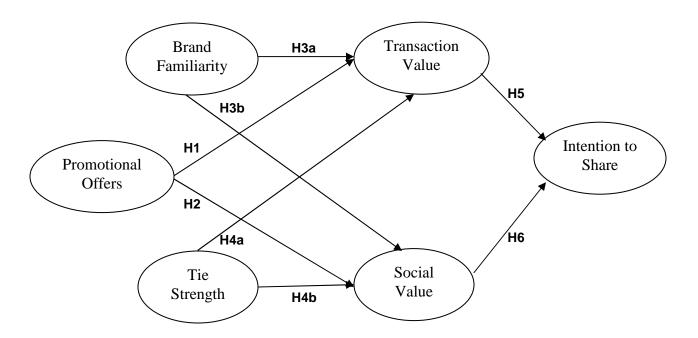communities by following the "norm of reciprocity" (Gouldner, 1960; Morales, 2005). Typically, people want to give benefits to those who give them benefits. Further, individuals are likely to have an innate desire to repay favors that others provide for them, even in cases where favors are unwanted (Regan, 1971). Equity theory underlies the principle of reciprocity (Adams, 1965; Morales, 2005). People prefer an equitable (balanced) exchange, and if it is unbalanced, the feelings of indebtedness ultimately generate the positive response to reciprocate favors.

In addition, consumers generally consider the value of potential gains and costs for themselves and for the other consumer when they share the promotional offers of brand social communities. Previous studies have shown that the consumer's sharing depends on the perceived costs and benefits for themselves and other consumers (Gatignon & Roberston, 1986). Further, consumers use referral as a way to manage another's impression of them, and thus referral behavior can be a means of expressing concern about others and helping them make better choices (Ryu & Feick, 2007). Therefore, consumers' perceived transaction and social value of promotional offers can determine consumers' intention to share the offers with their personal network. In particular, consumers' perceived transaction value will be most strongly related to the sharing of offers that provide the maximum benefits to consumers who share the offers. On the other hand, consumers' perceived social value will be most strongly related to the sharing of offers that provide the maximum benefits to consumers who receive the offers. Thus,

> H5: Transaction value will have the strongest influence on intention to share for "promotional offer for me only," followed by "promotional offer for both" and "promotional offer for you only."

> H6: Social value will have the strongest influence on intention to share for "promotional offer for you only," followed by "promotional offer for both" and "promotional offer for me only."

Figure 1 Conceptual Model

CHAPTER 4 METHODS

Similar to other studies on promotional offers (Kivetz, 2005; Ryu & Feick, 2007), an experiment was used to examine the effects of the promotional offers. The study is a 3 x 2 x 2 mixed factorial experiment in which I vary the promotional offer type (promotional offer for me only, promotional offer for you only, promotional offer for both), the tie strength (strong, weak), and brand familiarity (familiar, unfamiliar). As a result, six versions of the brand social community on Facebook were created for the online experiment. All other information about the tie strength and the brand familiarity is held constant across the three promotional offer types.

Participants

There were 317 undergraduate students, enrolled at a Midwestern university, who participated in the online experiment for extra credit. All participants signed an informed consent form prior to their participation in the experiment. A student sample is considered as being appropriate for this experiment because more than 70% of Internet users under age 35 browsed social networks (eMarketer, 2009). Further, 95.4% of subjects of this study were Facebook users. Of the sample, 41.8% were men and 58.2% were women.

Pretest to the Treatments' Design

The objective of the pretest was to construct more realistic stimuli while retaining the level of control that is needed to test the hypotheses. To accomplish this objective, this dissertation conducted a pretest. The selection of the product categories for the stimuli was carried out according to the following criteria: (Mieres et al., 2005)

(1) The products are bought regularly by consumers, which makes it easier for them to evaluate aspects and perceptions related to their purchase.

(2) They are product categories in which the store brands have significant market shares.

Thus, this dissertation selected "shampoo." Additionally, shampoo is the product category, which has been frequently used by previous studies on promotional offers (e.g., Banerjee, 2009; DelVecchio et.al., 2007; DelVecchio et.al., 2009; Mieres et al., 2005; Ramanathan & Dhar, 2010).

Three versions of promotional offers were created based on the pretest. According to a pretest, subjects can easily evaluate the value of the promotional offers when the promotional offers provide monetary value. In other words, numeric value of promotional offers made subjects easily assess the value of the promotional offers. Thus, this dissertation created the following promotional offers:

Figure 2 Promotional Offer 1

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1. Promotional offer for me only condition

Who doesn't love the sweetest gift?

Simply share PANTENE with your friends and you will receive a coupon for $5 off your

purchase of the PANTENE shampoo.

Tell a Friend.

Figure 3 Promotional Offer 2

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2. Promotional offer for you only condition

Who doesn't love the sweetest gift?

Simply share PANTENE with your friends and your friends will receive a coupon for $5

off their purchase of the PANTENE shampoo.

Tell a Friend.

Figure 4 Promotional Offer 3

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3. Promotional offer for both condition

Who doesn't love the sweetest gift?

Simply share PANTENE with your friends and both you and your friends will receive a

coupon for $2.50 off your purchase of the PANTENE shampoo.

Tell a Friend.

This dissertation classified brands in the study as familiar or unfamiliar according to a pretest among 29 participants who evaluated how familiar they were with each of them. Based on the pretest, "Pantene" was selected as a familiar brand and "ICI Broccoli" was selected as an unfamiliar brand. According to a pretest, mean of brand familiarity ratings differed significantly.

Finally, the tie strength was manipulated by asking subjects to identify (using initials) either "one of your closest friends" for strong ties or a "someone you interact with from time to time, but someone not close enough to count as a friend" for weak ties (Frenzen & Nakamoto, 1993; Ryu & Feick, 2007). According to a pretest, mean of tie strength ratings differed significantly.

Data Collection Procedure

An online experiment was conducted. Participants were given extra credit to participate in the online experiment. Participants were greeted and asked to fill out a consent form. Then, they were randomly assigned to an experimental condition. The first screen of the experiment explained that the study concerned "the evaluation of a brand social community." The screen also contained instructions that upon completion of the Web site viewing, they would be asked to report their opinions and thoughts. The instructions were necessary to make subjects pay close

attention to test materials and actively engage in brand information processing (Li, Daugherty, & Biocca, 2002). After reading the instructions, subjects were directed to a brand social community where they were allowed to take as much time as necessary to examine the community. After viewing the brand community, subjects were asked to complete the survey inquiring about the independent variables and dependent variables of the study. Measures for brand familiarity, tie strength, perceived transaction value, perceived social value, and intention to share were included.

Measures

There were three independent variables including promotional offers types, brand familiarity, and tie strength. Among three independent variables, brand familiarity and tie strength were measured. Brand familiarity was measured using a three-item, seven-point semantic differential scale, bounded by (a) "Familiar–Unfamiliar", (b) "Experienced–Inexperienced", and (c) "Knowledgeable–Not Knowledgeable" (Kent & Allen, 1993). These items resulted in a high internal consistency reliability for this construct (standardized coefficient alpha = 0.87) as well as high item-to-total correlations (all exceeding 0.65) attesting also to its convergent validity. The reliability coefficient also exceeded the commonly accepted level of 0.60 (Nunnally, 1967), recommended for a scale in development.

The tie strength was measured using a four-item, seven-point semantic differential scale taken from the work of Ryu & Feick (2007) that developed metrics appropriate for the promotional offer context. Respondents were asked to indicate the extent of their agreement (anchored by 1 = "strongly disagree" and 7 = "strongly agree") with a series of statements about the tie strength. The items for tie strength included (a) "We share a close bond," (b) "We have a close relationship," (c) "We are supportive of each other," and (d) "Our association is strong."

These items resulted in a high internal consistency reliability for this construct (standardized coefficient alpha = 0.97) as well as high item-to-total correlations (all exceeding 0.90) attesting also to its convergent validity.

There are three dependent variables including perceived transaction value, perceived social value, and intention to share. The measures for the transaction value were taken from the work of Thaler (1985) which developed metrics appropriate for the promotional offer context. Respondents were asked to indicate the extent of their agreement (anchored by 1 = "strongly disagree" and 7 = "strongly agree") with a series of statements about the promotional offer. The items for perceived transaction value included (a)"I would end up getting greater savings from a promotional offer," (b) "A promotional offer would reduce the price I have to pay," (c) "A promotional offer would save me more money," and (d) "A promotional offer appears to me to be a better bargain." These items resulted in a high internal consistency reliability for this construct (standardized coefficient alpha = 0.91) as well as high item-to-total correlations (all exceeding 0.70) attesting also to its convergent validity.

The measures for the social value were taken from the work of Dhalokia, Bagozzi, and Pearo (2004) that developed metrics appropriate for the brand social community context. Respondents were asked to indicate the extent of their agreement (anchored by 1 = "strongly disagree" and 7 = "strongly agree") with a series of statements about the promotional offer. The items for perceived social value included (a) "A promotional offer would make me have something to do with others," (b) "A promotional offer would make me stay in touch," (c) "A promotional offer would help me to feel acceptable," (d) "A promotional offer would improve the way I am perceived," (e) "A promotional offer would make a good impression on other people," and (f) "A promotional offer would give its owner social approval." Again, these

measures yielded an acceptable internal consistent reliability (standardized coefficient alpha = 0.94), and their item-to-total correlations were also satisfactory (the lowest was 0.63).

Intention to share promotional offer was measured using a four-item, seven-point semantic differential scale, bounded by (a) "Unlikely- Likely," (b) "Improbable–Probable", (c) "Impossible–Possible," and (d) "Definitely would not share–Definitely would share" (Fritzsche & Becker, 1984). These items resulted in a high internal consistency reliability for this construct (standardized coefficient alpha = 0.90) as well as high item-to-total correlations (all exceeding 0.72) attesting also to its convergent validity.

CHAPTER 5 RESULTS

Manipulation Checks

Of the participants, 33.1% were subjects who were exposed to the "promotional offers for me only" (POMO) condition, 35% were subjects who were exposed to the "promotional offers for you only" (POYO) condition, and 31.9% were exposed to the "promotional offers for both" (POBO) condition. In order to check the participants' familiarity with the stimuli, the usage of Facebook was measured. As a result, 95.4% of subjects of this study were Facebook users.

To assess the effectiveness of the brand familiarity manipulation, a t test was performed. The result from this t test showed that the brand familiarity manipulation was successful. A t test was calculated comparing the mean scores of subjects who were exposed to the familiar brand condition to the mean scores of subjects who were exposed to the unfamiliar brand condition. A significant difference between the means of the two groups was found (t (313) = 16.885, $p <$ .001). The mean of the familiar brand group was significantly higher ($M = 4.81$, $SD = 1.23$) than the mean of the unfamiliar brand group ($M = 2.44$, $SD = 1.25$).

To assess the effectiveness of the tie strength manipulation, a t test was performed. The result from this t test showed that the tie strength manipulation was successful. A t test was calculated comparing the mean scores of subjects who were exposed to the strong tie condition to the mean scores of subjects who were exposed to the weak tie condition. A significant difference between the means of the two groups was found (t (314) = 10.850, $p < .001$). The mean of the familiar brand group was significantly higher ($M = 6.28$, $SD = 1.14$) than the mean of the unfamiliar brand group ($M = 4.36$, $SD = 1.86$).

Test of H1 and H2

A multivariate analysis of variance (MANOVA) was conducted, examining the effects of the promotional offer types on perceived transaction value and perceived social value. Significant main effects were found (Wilks's λ = .926, F = 6.17, df = 4/626 , p <.001). H1 hypothesized that consumers are most likely to perceive the transaction value of POMO, followed by POBO and POYO. Follow-up univariate ANOVAs indicated that transaction value was significantly influenced by promotional offer allocation schemes (F (2,314) = 4.95, p <.01). Subjects of the POMO condition most strongly perceived the transaction value of promotional offers (M = 4.67, SD = .15). As hypothesized in H1, subjects of the POBO condition more strongly perceived transaction value (M = 4.32, SD = .15) than subjects of the POYO condition (M = 4.03, SD = .14). Therefore, H1 was supported.

Table 2 Perceived Transaction Value in Three Conditions

	Promotional offer for Me only	Promotional offer for You only	Promotional offer for Both
	(n = 105)	(n = 111)	(n = 101)
Mean	4.67	4.04	4.32
SD	0.15	0.14	0.15

H2 hypothesized that consumers are most likely to perceive the social value of POYO, followed by POBO and POMO. Follow-up univariate ANOVAs indicated that social value was significantly influenced by promotional offer schemes (F (2,314) = 5.75 , p <.01). Subjects who were exposed to the POYO condition most strongly perceived the social value of promotional offers (M = 2.71, SD = .13). As hypothesized in H2, subjects of the POBO condition more

strongly perceived social value ($M = 2.60$, $SD = .13$) than subjects of the POMO condition ($M = 2.13$, $SD = .13$). Therefore, H2 was supported.

Table 3 Perceived Social Value in Three Conditions

	Promotional offer for Me only	Promotional offer for You only	Promotional offer Both
	($n = 105$)	($n = 111$)	($n = 101$)
Mean	2.13	2.71	2.60
SD	0.13	0.13	0.13

Test of H3a, H3b, H4a, H4b, H5, and H6

In order to examine the relationship among independent variables and dependent variables, this study conducted structural equation modeling (SEM). SEM shows the causal relationship among three independent variables and three dependent variables.

Confirmatory Factor Analysis

Using AMOS 19.0, a two-step approach to SEM as recommended by Anderson and Gerbing (1988) was followed. First, confirmatory factor analysis was conducted to analyze the measurement model for convergent and discriminant validity. The CFA for the model indicated a significant change in chi-square and good nomological fit of the measurement model ($\chi^2 = 938.642$, df = 537, p = .000, CFI = .936, RMSEA = .049). All standardized factor loadings were greater than 0.54 and significant at the 0.05 level (see Table 4). High factor loadings suggest convergent validity for the constructs (Nunnally, 1978).

Table 4 Factor Loadings with Measurement Items

Factors	Items	POMO	POYO	POBO
Brand Familiarity	Experienced	0.889	0.891	0.927
	Knowledgeable	0.687	0.671	0.703
	Familiar	0.907	0.906	0.917
Tie Strength	We have a close relationship	0.983	0.962	0.968
	We share a close bond	0.975	0.97	0.972
	We are supportive of each other	0.87	0.918	0.902
	Our association is strong	0.92	0.965	0.936
Social Value	A promotional offer would make me have something to do with others	0.536	0.666	0.634
	A promotional offer would make me stay in touch	0.862	0.856	0.867
	A promotional offer would help me to feel acceptable	0.932	0.903	0.906
	A promotional offer would improve the way I am perceived	0.916	0.949	0.877
	A promotional offer would make a good impression on other people	0.804	0.937	0.895
	A promotional offer would give its owner social approval	0.859	0.934	0.928
Transaction Value	I would end up getting greater savings from a promotional offer	0.703	0.778	0.679
	A promotional offer would reduce the price I have to pay	0.919	0.884	0.823
	A promotional offer would save me more money	0.937	0.927	0.899
	A promotional offer appears to me to be a better bargain	0.84	0.882	0.838
Intention to Share	Likely	0.943	0.918	0.895
	Probable	0.772	0.739	0.76
	Possible	0.896	0.818	0.888
	Definitely would share	0.847	0.855	0.829

SEM: Analyses and Results

A three-group analysis was employed to identify the differential influence of promotional offers dimensions for promotional offer for me only (N = 105), promotional offer for you only (N = 111), and promotional offer for both (N = 101) in brand social communities. A maximum likelihood (ML) estimation method was used for model analysis. This is a widely used SEM approach as it performs better than other estimation methods (Anderson & Gerbing, 1988;

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Olsson et al., 2000). Fit indices for the unconstrained model indicated good model fit ($\chi^2 = 966.526$, df =543, p = .000, IFI (Delta2) = .934, CFI = .932, RMSEA= .050). CFI and Delta2 are suggested to be the most stable and robust fit indices for SEM models (Gerbing & Anderson, 1992) and both suggest good fit for the model. Structural estimates with significance statistics are given in Table 5, Table 6, and Table 7.

Table 5 Structural Estimates for Promotional Offer for Me Only

DV	IV	Regression Estimates	S.E.	C.R.	P
Transaction Value	Brand Familiarity	.335	.076	4.384	***
Social Value	Brand Familiarity	.110	.064	1.722	n.s
Transaction Value	Tie Strength	-.003	.054	-.061	n.s
Social Value	Tie Strength	-.073	.041	-1.776	n.s
Social Value	Transaction Value	-.150	.083	-1.803	n.s
Share	Transaction Value	.493	.149	3.321	***
Share	Social Value	.695	.209	3.330	***
*** p value<.001 * p value<.05 n.s. = not significant					

Table 6 Structural Estimates for Promotional Offer for You Only

DV	IV	Regression Estimates	S.E.	C.R.	P
Transaction Value	Brand Familiarity	.119	.082	1.465	n.s
Social Value	Brand Familiarity	.109	.076	1.441	n.s
Transaction Value	Tie Strength	.010	.064	.157	n.s
Social Value	Tie Strength	-.038	.058	-.657	n.s
Social Value	Transaction Value	.179	.095	1.886	n.s
Share	Transaction Value	.119	.124	.963	n.s
Share	Social Value	.979	.148	6.628	***
*** p value<.001					
* p value<.05					
n.s. = not significant					

Table 7 Structural Estimates for Promotional Offer for Both

DV	IV	Regression Estimates	S.E.	C.R.	P
Transaction Value	Brand Familiarity	.138	.079	1.745	n.s
Social Value	Brand Familiarity	.109	.076	1.441	n.s
Transaction Value	Tie Strength	.082	.063	1.313	n.s
Social Value	Tie Strength	.030	.061	.492	n.s
Social Value	Transaction Value	.094	.107	.875	n.s
Share	Transaction Value	.345	.163	2.124	*
Share	Social Value	.779	.170	4.586	***
*** p value<.001					
* p value<.05					
n.s. = not significant					

Brand familiarity for promotional offers had the strongest influence on transaction value for promotional offer for me only (β = .335, p<.000) than promotional offer for you only (β = .119, p>.05) and promotional offer for both (β = .138, p>.05). Thus, H3a was supported. However, brand familiarity did not have the strongest influence on social value of promotional offer for me only ((β = .110, p>.05) versus promotional offer for you only (β = .109, p>.05) and promotional offer for both (β = .109, p>.05). Thus, H3b was not supported.

Tie strength did not have the strongest influence on transaction value for promotional offer for you only (β = .010, p>.05) versus promotional offer for me only (β = -.003, p>.05) and promotional offer for both (β = .082, p>.05). Thus, H4a was not supported. In addition, tie strength did not have a stronger influence on social value of promotional offer for you only (β = -.038, p>.05) than promotional offer for me only (β = -.073, p>.05) and promotional offer for both (β = .030, p>.05). Thus, H4b was not supported.

Transaction value of promotional offers had the strongest influence on sharing of promotional offer for me only (β = .493, p<.000) over promotional offer for you only (β = .119, p>.05) and promotional offer for both (β = .345, p<.05). Thus, H5 was supported. Social value for promotional offers had the strongest influence on sharing of promotional offer for you only (β = .979, p<.000) versus promotional offer for me only (β = .695, p<.000) and promotional offer for both (β = .779, p<.000). Thus, H6 was supported.

CHAPTER 6 SUMMARY AND DISCUSSION

About H1 and H2

The first set of key findings provides evidence that the schemes of promotional offers in brand social communities can independently influence consumers' perceptions of value that underlies promotional offers. Findings of this study show the highest perceived transaction value of promotional offers in the users who share the promotional offers. Contrary to this, findings show the lowest perceived transaction value of promotional offers in people who receive the recommendation of the offers. These findings are consistent with the notion that transaction value can be generated from taking advantage of the financial benefits (Grewal, Monroe, & Krishnan, 1998; Lichtenstein, Netemeyer, & Burton,1990; Thaler, 1985). Thus, results from the current study add to the body of evidence available concerning the transaction value of promotional offers. In addition, the results of this study show the highest social value of promotional offers in people who receive the recommendation of the offers; whereas findings show the lowest perceived social value of promotional offers in users who share the offers. These findings are significantly related to the literature on social value from promotional offers (Hsueh & Chen, 2010; Ryu & Feick, 2007). Previous research has shown that social benefits from promotional offers generate the social value.

Overall, the effects of promotional offer schemes on consumers' perceptions of promotional offers were predicted based on the notion that varying the recipient of the promotional offers has a different effect on consumers' perceptions. These results are consistent with previous research which demonstrated that consumers' perceived benefits of a promotional offer vary depending on promotional allocation schemes (Ryu & Feick, 2007). Although previous studies on promotional offer schemes have supported the proposition that promotional

offer allocations differently affect referral likelihood, results from the present study underscore that promotional offer schemes generate different value. This finding is all the more important in the social media environment, since both economic and social benefits are critical variables in social media advertising, even as consumers primarily engage with a brand's social media to get discounts and promotions or to maintain relationships with others (ExactTarget, 2010).

About H3a and H3b

In testing H3a, there is the significant effect of brand familiarity on consumers' perception of transaction value of promotional offer for me only. The result demonstrates that brand familiarity more positively influences perceived transaction value of promotional offer for me only than promotional offer for both and promotional offer for you only. Therefore, it appears that promotional offer types influence the impact of brand familiarity on perceived transaction value of promotional offers.

In testing H3b, there is no significant effect of brand familiarity on perceived social value of promotional offers. Failure to find support for this hypothesis prompts us to assume that different types of promotional offers did not generate the impact of brand familiarity on perceived social value of promotional offers. Although results show that familiarity of brand does not affect perceived social value of promotional offers, this finding has theoretical implications for researchers in the field of marketing and advertising. In particular, this finding suggests that brand familiarity is less associated with social benefits. Considering the social value of sharable promotional offers, consumers usually expect that sharable promotional offers help them establish and maintain contact with other people. Further, they may anticipate enhancement of their social status within the social media context. Such a concept of social value

makes us assume that consumers give preference to promotional offer types over brand familiarity when they evaluate the social value of promotional offers.

About H4a and H4b

In testing H4a and H4b, there are no significant effects of tie strength on perceived transaction and social value of different types of promotional offers. Failure to find support for these hypotheses prompts us to assume that different types of promotional offers did not generate the impact of tie strength on perceived transaction and social value of promotional offers. Although results show that tie strength does not affect perceived transaction and social value of promotional offers, these findings have theoretical implications for researchers in the field of marketing and advertising. First, this finding suggests that tie strength is not associated with consumers' economical benefits of promotional offers. In addition, tie strength does not affect consumers' evaluation of the value of promotional offers. Finally, these results suggest that in social media context, strength of ties is becoming blurred. Considering the main characteristics of social media, consumers can interact with their existing personal social network and other networks which share similar interests. Thus, perceived value of promotional offers in social media might not be affected by tie strength.

About H5 and H6

The results for emphasizing transaction and social value are in accord with equity theory. Providing a transaction and social value clearly had positive effects on intention to share promotional offers. Equity theory, then, becomes an alternative explanation for reactions to perceived transaction value of promotional offers and perceived social value of promotional offers. The findings that transaction value has the strongest influence on intention to share for promotional offer for me only support the equity theory explanation. Furthermore, the findings

that social value has the strongest influence on intention to share for promotional offer for you only support the equity theory explanation. That is, sharing without any economic benefits may create feelings of unfairness for a consumer. These results suggest that perceived transaction and social value of promotional offers also reduces the level of inequity and creates movement toward equilibrium.

While previous studies on equity theory have supported the proposition that fairness of promotional offers generates stronger behavioral intention than unfairness of promotional offers, results from the present study underscore the significance of transaction and social value of promotional offers. In particular, this result proves that in the social media environment, transaction and social value are critical variables in consumers' sharing promotional offers.

Theoretical Implications

This study has extended the equity theory to the understanding of promotional offers in brand social communities. This study makes several contributions to the literature on equity theory, tie strength, and social media marketing. First and at the most basic level, this dissertation broadens the scope of equity theory from a focus on perceived fairness of promotions, to the examination of more complex dimensions of promotional offers such as perceived transaction and social value. Furthermore, although equity theory has been applied to a wide range of promotions, scholars have rarely approached motivation to share promotional offers from this perspective. I believe that the findings of this study show the utility of applying equity theory to understanding motivation to share promotional offers. According to the basic premise of equity theory, people typically want equitable relationships, and inequitable relationships make them feel distressed. They try to escape such unbalanced relationships by either reducing their investments or increasing their benefits to achieve equilibrium (Walster,

Walster, & Berscheid, 1978). The results of the present study—that perceived transaction and social value of promotional offers increases consumers' intention to share—support the equity theory explanation. That is, perceived value of promotional offers may reduce feelings of inequity for consumers, and intention to share may increase due to their need to achieve equilibrium.

This study also makes important contributions to literature on tie strength. The findings of this study show the utility of applying tie strength to understanding consumers' motivation to share within social media contexts. According to the theory of tie strength, with strong ties, people are likely to maximize mutual benefits for maintaining relationships without expecting any reward return (Kelly, 1979). The results of this study showed that subjects most strongly perceived social value when the promotional offers are for only people who receive the recommendation of the offers. Even though these offers do not compensate them for their sharing, respondents showed strong intention to share the offer with their strong ties. These findings support the tie strength theory explanation.

Finally, the effectiveness of promotional offers in brand social communities provides the importance of considering the promotional offers when developing strategies for acquiring new consumers in social media. Findings of the present study that perceived economic and social benefits increase people's intention to share confirm that both economic benefits and social interaction are major factors that attract people within the social media context.

Managerial Implications

Beyond the theoretical significance of understanding consumer-perceived value of promotional offers and likelihood of sharing promotional offers in brand social communities, this issue has important practical implications. The promotion programs in social media have

produced examples of both great success and dreadful failure (Leggatt, 2010). Indeed, social media advertising experts claim that many promotion programs are structured with a limited understanding of target consumer motivation and behavior (Stuntdubl, 2009).

In general, the results of this study suggest that providing promotional offers can be perceived as a powerful and effective promotional strategy used by social media marketers who intend to engage more consumers. Promotional offers have proven that they can generate much benefit to business. Industry research has already shown that most consumers visit brand social communities to get discount or promotional information (ExactTarget, 2010). Hence, brand social communities that know how to exploit the use of promotional offers are able to gain a competitive advantage over those communities that do not.

In part, the variance in the allocation of promotional offers may reflect different motivations regarding their use. These results suggest that brand social communities need to consider the target of the promotional offers when designing sharable promotional offers. Further, providing promotional offers to both new and existing consumers can make consumers perceive both economic and social benefits. Considering consumers' basic motivation to use social media, brand social communities can provide promotional offers whereby members can maximize gains for themselves and for their personal network. Even though the present study investigated the promotional offers in brand social communities, marketers or firms can use the results of this study to create promotional offers in referral content.

In addition, the finding that the impact of promotional offers on perceived transaction value varied by brand familiarity implies that brand familiarity may be particularly important for promotional offers that are designed to provide transaction value derived from economic benefits. This finding suggests that managers can consider this result in designing promotional

offers for familiar brands or unfamiliar brands. In making promotional offers for familiar brands in brand social communities, managers can place more weight on the economic benefits of promotional offers. Such economic benefits can be critical factors in increasing consumers' intention to share regardless of tie strength.

Finally, the findings of this study suggest that marketers should carefully consider tie strength. Regardless of tie strength, consumers had a strong intention to share promotional offers when they provided economic benefit; whereas consumers had a strong intention to share promotional offers with strong ties when they provided social benefits.

These results suggest that brand social communities may provide promotional offers which target strong ties explicitly. While the social media provides companies with new methods to deliver promotional offers to target consumers (e.g., brand social communities), the proliferation of promotional offer repository channels (e.g., Groupon.com) implies that a channel outside of the company's control is also in existence. Consumers can get their own economic benefits through such repository channels, and brand social communities need to provide social benefit to gain a competitive advantage over those repository channels.

Limitations and Future Research

The present study is limited in several respects. The promotional offers employed here pertained to a single product category (shampoo), so questions of generalizability to other types of products remain. The present study also examined a certain form of promotional offer (coupon), so further questions of generalizability to other forms of promotional offers remain. As with any other experimental design, the one used in this study was the promotional offer of several trades-offs for internal and external validity concerns. Using real companies (Pantene and ICI Broccoli) provided a level of external validity to the findings.

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This study concentrated on the impact of sharable promotional offers on sharing likelihood in brand social communities, but there should be sharing combined with receiver receptivity to maximize the effectiveness of sharable promotional offers. Users who receive the recommendation of promotional offers may have different perceptions than users who share the offers, and may evaluate brand social communities differently. Thus, future research should identify conditions under which sharable promotional offers increase both sharing likelihood and receptivity of users who receive the recommendation.

Zhang (2010) shows that brand social communities such as a Facebook profile page provide entertainment value. This study may have implications for this study. Even though the current study focused on transaction value and social value, creating promotional offers with entertainment value might generate the potential effect of sharable promotional offers in brand social communities. Thus, future research should examine various values (e.g., entertainment/hedonic/utilitarian) underlying promotional offers.

This research's designs assumed that consumers evaluate promotional offers based on the promotional offers and brand features. However, consumers can also evaluate such offers based on the image of brand social community, satisfaction with the brand, and attributions of the promotional offer motive. In examining promotional offers in brand social communities, future research should examine other variables affecting evaluation of promotional offers.

Conclusion

Over the past few years, promotional offers have become an integral part of the promotion strategies of many companies and are now used across a range of industries, such as personal care, food, and restaurant. While some promotional offers are still distributed through mail, magazines, and newspapers, many others are distributed through social media channels

(e.g., brand social communities such as a brand's Facebook page). Moreover, the increased ability to analyze transaction and promotion-related behaviors allows marketers to better address consumer wants and needs. A critical question, then, is what key factors determine preference toward such promotional offers and consumers' intention to share promotional offers in brand social communities. This dissertation has examined the impact of promotional offer types on consumers' perceived promotional offer value and showed that it can increase the likelihood of sharing the offer. Key constructs that influence the evaluation of promotional offers are brand familiarity and tie strength.

This dissertation will be a significant endeavor in understanding and developing promotional offers in brand social communities. In particular, understanding consumer responses to promotional offers in brand social communities is important because brand social communities can combine the prospect of overcoming consumer resistance with significantly lower costs and fast delivery through social media. Brand social communities also allow marketers to spread their marketing quickly. Several companies have taken full advantage of promotional offers in brand social communities.

This dissertation will also be important to both researchers' and marketers' understanding of consumer sharing in brand social communities. Unlike most traditional brand communities that support consumer-brand relationships, brand social communities that allow existing members to interact with the members of their own personal network and make promotional offers, can enhance consumers' sharing, which is a central focus of brand social communities. Unfortunately, empirical evidence is currently scant with regard to consumers' sharing of promotional offers in brand social communities. This study suggests several ways for social media executives to package promotional offers within the content of brand social communities.

APPENDICES

CONSENT FORM

Title of the Study: Consumer response to sales promotions in brand social community

You are invited to be in a research study on brand social community. We ask that you read this form and ask any questions you may have before agreeing to be in the study. This study is being conducted by Sung-Mi Lee, a Ph.D. student in Media and Information Studies at Michigan State University.

Background Information and Procedures: The purpose of this study is to investigate how consumers respond to sales promotions in brand social community. You will be asked to see sales promotions in brand social community. After reviewing the sales promotions in brand social community, you also will be asked to answer some questions about yourself and about the review.

Benefits and Risks of Being in the Study: You are being asked to participate in this study on this single occasion for extra credit in your class. The whole experiment will take approximately 15 minutes to complete. You are not expected to participate in any treatments that would incur the risk of physical or mental injury during your participation in this study. If you do not want to participate in this study, see your instructor. Your instructor will give you an alternative task you can complete at the same time when this study is conducted.

Confidentiality: All responses will remain confidential. Your privacy will be protected to the maximum extent as allowable by law. Data gathered today will be analyzed only in the aggregate so that your name will not be associated with the answers you provide. Your name and signature at the bottom of this consent form will be kept separate from your responses. Your name will be recorded on a separate sheet of paper for sole purposes of verifying your participation to your instructors and will not be attached to your responses. On request, and within these restrictions, results may be made available to you.

Voluntary Nature of the Study: Participation is voluntary. Therefore, you may choose not to participate, and may discontinue participants at any time without penalty.

Contacts and Questions:
You may ask any questions you have now. If you have questions later, you may contact Sungmi Lee (517-604-1856/ leesungm@msu.edu). If you have any questions or concerns about your role and rights as a research participant, or would like to register a complaint about this study, you may contact, anonymously if you wish, the Director of MSU's Human Research Protection Program, Dr. Peter Vasilenko, at 517-355-2180, Fax 517-432-4503, or e-mail irb@msu.edu or regular mail at 202 Olds Hall, MSU, East Lansing, MI 48824.

Statement of Consent:
I voluntarily agree to participate in this study by signing below:

_____   _____
Print your name   Your signature and date

APPENDIX B

Instruments

___

1. Are you a Facebook user?

☐ Yes
☐ No

2. Please enter your email address for the extra credit.

3. Please answer the following items and indicate on which end of the scale you mostly agree in regards with the way you feel about ICI BROCCOLI Brand:

	1 Unfamiliar	2	3	4	5	6	7 Familiar
I	☐	☐	☐	☐	☐	☐	☐
	1 Experienced	2	3	4	5	6	7 Inexperienced
II	☐	☐	☐	☐	☐	☐	☐
	1 Not Knowledgeable	2	3	4	5	6	7 Knowledgeable
III	☐	☐	☐	☐	☐	☐	☐

4. We would like you to express your opinion about ICI BROCCOLI sharable promotional offer. Please indicate your level of agreement or disagreement with the following statement.

	1 Strongly Disagree	2	3	4	5	6	7 Strongly Agree
I would end up getting greater savings from a sharable ICI BROCCOLI promotional offer.	☐	☐	☐	☐	☐	☐	☐
A sharable ICI BROCCOLI promotional offer would reduce the price I have to pay.	☐	☐	☐	☐	☐	☐	☐
A sharable ICI BROCCOLI promotional offer would save me more money.	☐	☐	☐	☐	☐	☐	☐

A sharable ICI BROCCOLI promotional offer appears to me to be a better bargain.	⊙	⊙	⊙	⊙	⊙	⊙	⊙

5. We would like you to express your opinion about ICI BROCCOLI sharable promotional offer. Please indicate your level of agreement or disagreement with the following statement.

	1 Strongly Disagree	2	3	4	5	6	7 Strongly Agree
A sharable ICI BROCCOLI promotional offer would make me have something to do with my friends.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
A sharable ICI BROCCOLI promotional offer would make me stay in touch with my friends.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
A sharable ICI BROCCOLI promotional offer would help me to feel accepTable	⊙	⊙	⊙	⊙	⊙	⊙	⊙
A sharable ICI BROCCOLI promotional offer would improve the way I am perceived by my friends.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
A sharable ICI BROCCOLI promotional offer would make a good impression on my friends.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
A sharable ICI BROCCOLI promotional offer would give me social approval.	⊙	⊙	⊙	⊙	⊙	⊙	⊙

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6. Please identify a person with whom you communicate frequently, often shares personal confidences, is emotionally close to and often lends support to. Please write down his or her initial.

7. To what extent do you agree with following four statements regarding your relationship with the person whom you had identified.

	1 Strongly Disagree	2	3	4	5	6	7 Strongly Agree
We share a close bond.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
We have a close relationship.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
We are supportive of each other.	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Our association is strong.	⊙	⊙	⊙	⊙	⊙	⊙	⊙

8. Please tell me the probability that you will share the ICI BROCCOLI with the above-mentioned person.

	1 Very Unlikely	2	3	4	5	6	7 Very Likely
I	⊙	⊙	⊙	⊙	⊙	⊙	⊙
	1 Probable	2	3	4	5	6	7 Improbable
II	⊙	⊙	⊙	⊙	⊙	⊙	⊙
	1 Impossible	2	3	4	5	6	7 Possible
III	⊙	⊙	⊙	⊙	⊙	⊙	⊙
	1 Definitely would share	2	3	4	5	6	7 Definitely would not share
IV	⊙	⊙	⊙	⊙	⊙	⊙	⊙

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9. What is your gender?

⊙ Male
⊙ Female

10. What is your age?

[   ]

11. Which one of the following best describes your ethnic background?

- ☐ rather not say
- ☐ Caucasian/White
- ☐ African American
- ☐ Indigenous or Aboriginal Person
- ☐ Asian/Pacific Islander
- ☐ Hispanic
- ☐ Latino
- ☐ Multiracial

THANK YOU!

Submit Survey

For interpretation of the references to color in this and all other figures, the reader is referred to the electronic version of this dissertation.

Screenshot Image of "Promotional Offer for Me Only"
Brand Familiarity: Familiar Brand (PANTANE)

Figure 5 Stimuli 1

Screenshot Image of "Promotional Offer for You Only"
Brand Familiarity: Familiar Brand (PANTANE)

Figure 6 Stimuli 2

Figure 7 Stimuli 3

Screenshot Image of "Promotional Offer for Me Only"
Brand Familiarity: Unfamiliar Brand (ICI BROCCOLI)

Figure 8 Stimuli 4

Screenshot Image of "Promotional Offer for You Only"
Brand Familiarity: Unfamiliar Brand (ICI BROCCOLI)

Figure 9 Stimuli 5

Screenshot Image of "Promotional Offer for Both"
Brand Familiarity: Unfamiliar Brand (ICI BROCCOLI)

Figure 10 Stimuli 6

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