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Study on the Impact of Customer Brand Engagement and Psychological Contract on Brand Equity in the Context of Social Media: The Case of China's Pet Professional Market

(Thesis submitted for the degree of Executive Doctorate in Business Administration)

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ABSTRACT

Successful brand equity construction relies not only on improved product quality, but also on the cultivation of brand-customer relationship leveraging the trend of social media development, so that brand can sustain long-term foothold. Social media also has profound influence on pet product consumption, transforms the logic and thinking in constructing Chinese brands, reshapes paths for corporate brand equity construction, brings earth-shaking changes to Chinese consumers' lifestyles and consumption concepts, and allows more people to share personal life information on social media platforms, which all lay the foundation for investigating the forming mechanism of brand equity in social media context. In pet professional market, pet owners are frequently interacting with pet brands, more and more of them are forming fan groups via virtual communities, KOLs and social platforms, and brands are also interacting with customer by creating social media accounts, which all facilitate the cultivation of customers' psychological contract with brands. In this paper, the author refers to individual working experience, and takes the perspective of customer contract to explore whether customer contract theory can be applied in corporate brand construction within China's pet professional market? Could customer contract theory be applied in corporate brand management in social media context? Hence, dimensions of customer engagement for China' s pet professional brands in social media context will be organized in this paper, and mechanism for customer engagement's effect on brand equity and their correlations studied. Also the theory of constructing China's pet professional brand equity will be improved, so as to find a feasible path for constructing brand equity from the perspective of customer engagement. Since 2012, China's brand marketing has stepped into social media era, where the wave has spawned massive corporate marketing management tools making brand management activities more accessible, and paved new paths for domestic companies to build their brand equity. Considering that social media can intensify competitions within brand markets while empowering brand management with convenient tools, and that live streaming and short videos weaken customers' brand loyalty and make them more vulnerable to switching brands following opinion leaders or trending messages, companies need to pay further attention to the construction of brand equity. Interdisciplinary analysis method will be adopted in this paper, combining interdisciplinary knowledge of communication, psychology and marketing, constructing comprehensive theoretical concept framework, explaining the mechanism of customer engagement and psychological contract's influence on brand equity, and proposing

brand new theoretical relationship model. Besides, despite that scholars had studied customer engagement or psychological contract's influence on brand equity previously, few had launched studies in certain industrial contexts, hence adopting pet professional market could better help explain the inner mechanism.

The paper studies features of brand-customer relationship in the context of emerging social media, which is the possible innovative point. As for research methods, the paper adopts case study, survey study and empirical study simultaneously and proposes the theoretical relationship where psychological contract intermediates customer-brand engagement and brand equity, which is verified by structural equation model. Meanwhile, the author also applies the theoretical outcomes in practices of pet professional market based on hands-on working experience.

In case study, semi-structured interview and ground theory are respectively adopted to interview and analyze consumers of Revolution, RedDog, Myfoodie, Petkit and Fleming, with typical structures of customer-brand engagement, psychological contract and brand equity concluded. Customer-brand engagement is divided into four dimensions, namely cognitive brand engagement, emotional brand engagement, social brand engagement and behavioral brand engagement, while brand psychological contract consists of emotional psychological contract and remedial psychological contract. At last, brand equity includes brand preference, loyalty, satisfaction, brand attitude, willingness to purchase, brand perception and brand word-of-mouth, which all indicate customers' behavioral intentions in bringing brands economic values.

During the process of empirical modeling analysis, emotional brand engagement has been excluded from factor analysis due to its weak validity. Possible reason is that due to the traffic attributes of interactions between pet professional brands and users of social media, interactions are mostly in perceptional, social, behavioral and other external patterns, rather than in-depth reach of affective commitments for brands. Through pattern analyses, cognitive brand engagement, social brand engagement and behavioral brand engagement are believed to have significant positive effects on emotional psychological contract, remedial psychological contract and brand equity respectively, with all major research hypotheses passing significance level test. Emotional psychological contract can partly intermediate cognitive brand engagement, social brand engagement and behavioral brand engagement's influences on brand equity, while remedial psychological contract mainly intermediates cognitive and behavioral brand engagement's influence on brand equity.

At last, suggestions are proposed in this paper that, while conducting pet brand marketing practices in social media context, online brand awareness engagement should be formed, social engagement established to improve relationship with customers, behavioral engagement realized for interactions, and emotional psychological contract utilized to improve relationship with customers. It is hoped that the suggestions could facilitate the construction of pet brands and the optimization of social media marketing strategies.

Keywords: Customer Engagement; Psychological Contract; Brand Equity; Pet Professional brand; Social Media

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