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AN INVESTIGATION INTO THE IMPACT OFSOCIAL MEDIAON BRAND PERCEPTIONS: THECASE STUDYOF ESTEE LAUDER DISSERTATION By PALESA MAHLOELE Presented in partial fulfilment of the requirements for the degree of MSc Marketing University of Wales APRIL 2011 ABSTRACT Social media has evolved through many generations and eras, it has been defined in various ways by different authors, researchers as well as academia. Some argue that it stems from the very early forms of interpersonalcommunicationvia email, while others solely accept it as the more recent form of social interaction on social media sites.

Despite all the different arguments that exist regarding social media, extantacademicliterature on the topic is rather sparse. That being said however, the topic of brand perceptions has been studied and researched in depth in both the academic and corporate worlds. The understanding of brand perceptions has been the source of many debates which has resulted in a wealth of literature to draw on for this research study. This research study sought to assess the impact that Social Media has on brand perceptions of consumers, with a specific focus on Facebook and the Blogosphere.

In order to add structure and guidance to the research study, three research objectives were set. The first objective was to review extant conceptual models and theoretical frameworks related to social media and brand perceptions. The second was to evaluate Facebook and consumer blogs in their role as reference groups on consumers. The final research objective was to determine optimal strategies to improve sales and brand reputation

of cosmetics through an increased presence on social media platforms; specifically Facebook and blogs.

The researcher deemed it appropriate to conduct this investigation from a qualitative research paradigm. Given the nature of the topic under investigation, qualitative research would allow the researcher to delve deeper into the subject matter. Consequently, the study was carried out in an inductive approach using a case study strategy where data was collected from Estee Lauder and using multiple sources of evidence. This data collection was coupled with online survey in-depth as well as semi-structured interviews for both employees of the company understudy as well as regular consumers of cosmetics products.

For the purposes of analysis, thematic data analysis method was chosen based of the fact that it would be most appropriate for qualitative analyses. This method of data analysis allowed the researcher to draw major themes that arose from the data collected as well as the few permeated themes that came through. The findings from this research study revealed that in principal, consumers and management accept and appreciate the importance of the impact that social media has on brand perceptions. It would seem, based on the results that the challenges boil down to the execution of social media marketing activities.

Essentially, Facebook and the blogosphere fulfil distinctive roles in communicating marketing messages, both consumer and company generated. Where Facebook is considered to be a social interaction space, blogs are seen to serve an information providing role. Based on the results of this research study, cosmetics companies have failed to recognise these

critical differences. Despite the fact that Facebook is considered a private interpersonal communication space, the findings suggest that adding tangible value in holding a presence on Facebook can yield positive results on brand perceptions.

Results from this study reveal the untapped potential residing in social media provided strategies that have consumer needs and desires are critically considered. Chapter One Introduction 1. 1Enquiry Overview The purpose of this research was to investigate the impact of social media on brand perceptions using Estee Lauder as a case study. Social media in the context of this research study specifically refers to Facebook and Blogs. This research is qualitative in nature and is largely focused on proving the feasible solutions for Estee Lauder concerning leveraging social media.

This enquiry overview seeks to provide the reader with an outline of what to expect from the rest of the paper. Each chapter of the study is concisely summarised to as to achieve this. The first chapter of the study opens up with a comprehensive introduction to the study. This section leads the reader into the study by providing the essential background and justification of the study. Moreover, the aims and objectives without which the paper would have no direction are laid out in this chapter and equally important are the research questions which the research seeks to answer.

The subsequent chapter then delves into literature review of existing material on the subject of social media and brand perceptions, and where possible, literature on cosmetic marketing was also investigated. The purpose of this chapter was to build solid theoretical foundation from which the rest of the study could be built. Additionally, chapter two is aimed at

ensuring that the ' wheel is not re-invented' where certain relevant subjects had previously been researched and could therefore enhance this study. Chapter is primarily concerned with research methodology utilised in the study.

Importantly, chapter attempts to rationalise the chosen research path. Further on to this, the research paradigm, the selected research instruments as well as the sampling methods, ethical considerations and pilot study are discussed in this chapter. This chapter provides the reader with a full understanding of the way in which the research aims and objectives are bridged with the direction the study takes. Chapter four is essentially focused on presenting the data and then analysing it. More interestingly, in chapter four the reader is taken through the data collection and analysis process.

It is in this section that the research questions are mainly addressed. Thematic analysis, which is the selected data analysis tool for this research study is discussed and justified at the same time; alternative analysis tools deemed to be unsuitable for the study are discussed therein. The study concludes with a chapter which proposes feasible recommendations to Estee Lauder concerning the way in which social media can be realistically leveraged in order to positively impact brand perceptions among its target audience.

These recommendations are based on the empirical findings from this research study, discussed in the preceding chapter. Importantly, chapter five seeks to examine the findings of this research in relation to the research aims and objectives set out at the beginning of the study. 1. 2Research Aims

and Objectives The purpose of this study is to investigate the impact of Social Media sites on brand perceptions, with specific focus on the cosmetics industry using Estee Lauder as a case study.

This study will have a two-facet approach. It will analyse the impact of exposure of cosmetics brands, on Social Media sites from the influence of content generated by consumers or general members on Facebook and blogs; and on the other hand, this study will investigate the impact of content generated by cosmetics companies. Consumer generated content, in particular through blogs and ' conversational' interactions on Facebook by way of individual or private comments, status updates and photographs.

Company (brand) generated content will specifically be focussed on fan pages created by cosmetics companies; using Estee Lauder as a case study. This research aims to achieve the following objectives. 1. To review extant conceptual models and theoretical frameworks related to social media and brand perceptions 2. To evaluate Facebook and consumer blogs in their role as reference groups on consumers 3. To determine optimal strategies to improve sales and brand reputation of cosmetics through an increased presence on social media platforms; specifically Facebook and blogs. 1. 3Research Questions

In order to assess the effectiveness of social media platforms as a means of influencing brand perceptions of cosmetics, using Estee Lauder as a case study; the following questions must be answered through this research study. 1. What role do reference groups play in the purchase decision-making process of cosmetics? 2. Is there a link between exposure of brands on Facebook and blogs the consumer's propensity to purchase cosmetics? 3.

Are social media sites, specifically Facebook and blogs effective marketing tools when used in isolation in the absence of monolithic marketing programs? 1. rationale of the study Marketers are presently faced with the ever-increasing challenge of creatively developing communication techniques that will effectively reach their target audience. Where in previous years, consumers did not have access to a wide array of product information or choices, today; consumerism is dominating all aspects of life (Rahman and Rahaman; 2008). Industry expert, Raphael Viton (2009) postulates that social media marketing strategies work best for " high involvement" categories where information, feedback and testimonials from trusted sources play an important role in buying decisions.

He further posits that this being the case for beauty products makes social media " perfect for cosmetics" Viton (2009). What has been clearly evident over recent years is that although numerous cosmetics companies have made efforts to have some presence on social media sites, very few are truly committed and many are unsuccessful in their approach. Many such companies embarked on a social media marketing campaign in the height of digital euphoria but did little to nothing in order to maintain these campaigns.

According to research conducted by Forrester Research (2009) traditional advertising is on the decline with the rise of social media in the UK and the USA. This research further indicates that Social Media spending will increase to $3, 113 (in millions) in 2014 from $716 in 2009 representing a compound annual growth rate of 34% – the highest percentage gain in the marketing

mix. This spending activity also ranks it as the third most prominent program behind search marketing and display advertising.

Edelman (2010) proposes, " Though marketing strategies that focused on building brand awareness and the point of purchase worked pretty well in the past, consumer touch points have changed in nature. For example, in many categories today the single most powerful influence to buy is someone else's advocacy. Social Media presents marketers with a less costly means of micro-targeting their audience effectively. Whereas as previously, exorbitant budgets were required for mass reach, social media is able to achieve the same at a fraction of the cost.

A paradigm shift has occurred where consumers are getting product information and interacting, this revolution calls for an appraisal on the part of companies wishing to remain salient. Whereas more traditional promotional techniques, specifically, television, radio and print advertising once dominated product promotions; offline channels are now taking over. Owen (2010) claims that, " It's important to realise that an expanding audience in one channel does not automatically mean a decline in another. " As much as social media marketing is on the rise, evidence proving the effectiveness of these platforms used in isolation is scant.

Social media is a fairly young discipline and many marketing managers are uncertain on how to effectively approach it in terms of coupling it with traditional marketing methods. Evidence is equally meagre with regards to how brands' exposure on social media platforms affects their image either through brand fan pages or friend's communication Galak and Stephen (2010) put forth that while social media was once the domain of younger,

tech-savvy, early adopter consumers who were faster to adopt new technologies, it has now evolved into mainstream and covers a broad demographic spectrum.

Today, 75% of Internet-using adults in the United States are active on such social media Bernoff et. al. (2009). This large number of users makes it critical to understand not only how social media influences consumers, but also how it operates alongside traditional media. Findings from this research study will add value to the development of effective social media marketing strategies for cosmetics companies (brands) going forward. 1. 5Scope and Limitations The generally accepted definition of Social Media ps to cover a wide spectrum of innumerable online tools.

The extensiveness of existing social media platforms ps further than this research is able to cover. Financial restraints as well as time constraints inhibit this research study to cover the entire scope of social media platforms available today. This research will strictly concern itself with investigating social media in as far as it includes Facebook and beauty blogs. The study will also be purely focussed on the impact of brand perceptions on Facebook and blogs on the cosmetics industry using Estee Lauder as a case study.

Moreover, data collected for this research will be limited to what is accessible through Estee Lauder company reports and secondary information that is publically available. Lack of access to internal marketing and sales data may limit the robustness of the Estee Lauder specific information. In addition to the above stated restraints, in order to achieve a more focussed study, it was deemed necessary to exclude the plethora of demographics that are also active on Facebook and blogs; consequently, this study will only

focus on the female consumers between the ages of eighteen and thirty-five that purchase cosmetics at least once a month.

Consequently, some may regard the generalisation of these findings as inconclusive or rather narrow. There may be product specific factors that affect the outcome of these results as pertaining only to the cosmetics industry and not necessarily to other product categories across the board. There may also be factors that may uniquely affect people within that specific age group that will impact the outcome of the results of this research study. However, the findings of this study will contribute the understanding of social media on brand perceptions albeit for a specific industry.

Notwithstanding the above-discussed limitations, this study will establish a foundation on which to build on when organisations embark social media marketing strategies to enhance their brand reputations. 1. 6Background of the study Boyd and Ellison (2008) define social media sites as " web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.

The nature and nomenclature of these connections may vary from site to site. " For the purposes of this research study, all mention of social media sites refers specifically to Facebook and Blogs. The research will consider both consumer and company (marketing) generated content on these sites. An increasing number of people across the race and age spectrum are

spending significant amounts of time online, socialising with friends through a variety ofsocial networkingsites.

Traditionally, visitors to these social networking sites visited such sites primarily for the purpose of interacting with friends and publicly sharing details, comments and photographs of their lives. Human beings are social and have an innate need or desire to feel accepted and to fit in. Accordingly, they tend to be heavily influenced by the people around them or with whom they spend the most time on making purchase decisions. Such people range in the type or relationships, including-family, friends, colleagues or even just casual acquaintances.

Such groups of people help form and shape perceptions of brands. The word used to define this group of people is reference group. Solomon et. al (2010) define a reference group as " an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behaviour. " These are the people that consumers often rely on for product information they can trust. Stallen et. al clarify this concept further by explaining that, " decision-making is often influenced by the behavior of others.

For instance, people frequently make similar decisions as their friends do (e. g. teenagers may choose to wear clothing that is identical to that of their buddies); while they also often choose differently than the ones they do not like (e. g. the clothing should not be identical to what is worn by " uncool" kids). " As social media sites are where many people are now spending most of their time, these interactions are now taking place on such platforms.

Over time, the social media landscape has evolved into a space where a broad range of information is disseminated.

Consumers are now looking to these sites for product information that they can rely on from trusted sources-friends and family online. Thus, social media sites have in themselves, evolved to become a " reference group" as such. Casteleyn et. al (2008) suitably notes that the information that people display on their Facebook pages is constructed to communicate theirpersonalityto their friends and to the rest of the world. More often than not, these are the ' desired' perceptions that people would like others to have of them.

Nonetheless, a myriad of information is propagated through these channels and reaches a wide spectrum of people beyond any geographical borders. This type of information dissemination is known as online Word of Mouth (WOM). WOM is commonly defined as an unpaid form of promotion in which a satisfied customer tells other people how much they like a product or service or even sharing a positive experience. The same is applicable in a negative sense, in which case a customer may have had a distasteful experience with a business, product or service and shares that with their online network.

Cheema and Kaikati (2010) propose that word of mouth (WOM) communication is central to the exchange process as consumers often rely on others for assistance with purchases, especially for products with high financial or psychological risk. Several studies have empirically demonstrated that WOM is more persuasive than traditional media channels Godes et. al. (2005) WOM is considered to be one of the most credible forms

of promotion because a person puts their reputation on the line every time they make a recommendation and that person has nothing to gain but the pleasure of being heard.

Traditionally the spread of WOM was limited to those within one's geographical area and was bound to a close network of people with whom a relationship was shared. In modern times, the proliferation of the Internet has expanded the network exponentially. The growth of the Internet and particularly the rapid increase in popularity of social networking sites as a preferred medium of communication has broken down the boundaries that once limited WOM communication.

As a result of this, coupled with the recent surge in technological developments worldwide, particularly pertaining to the Internet and continuously advancing social media sites- traditional marketing seems to be losing power and space with a majority of companies. The cosmetics industry is one that has had a significantly increased presence on social media sites. Extensive fan pages have been created on Facebook by both companies and consumers; wishing to share new product information, product experiences and recommendations. Similarly, there has been an equally considerable growth of beauty and cosmetics blogs.

The definition of cosmetics is considered to comprise of skincare products (body and facial), make up, personal care products including deodorants, body washes and soaps. From this point on, for the purposes of this research study, all reference to cosmetics includes only skincare products (body and facial) and make up. Typically, cosmetics are advertised in glossy fashion and beauty magazines as well as on television. However, at present, beauty

product marketers are searching for new ways to expand their consumer reach beyond the traditional avenues of fashion and beauty magazines.

According to Decoursey and Sloan (2009) " Concerns, particularly for smaller companies, include magazine clutter, increased ad rates and policies concerning rotation of advertisers in prime space. And virtually all marketers worry about harried consumers, who have less spare time to pore over fashion and beauty books. " As a result of the above, social media sites have emerged as an increasingly popular avenue for beauty product marketers to explore as a medium to reach their consumers, where social media sites form part of the consumers' reference group.

Consequently, the following research study aims to assess the impact of social media sites on brand perceptions of cosmetics products, using Estee Lauder as a case study. Further to this, the changing role of social media sites as consumption reference groups for brand exposure and product sales of cosmetics brands will be analysed. 1. 8 SUMMARY This chapter comprehensively introduced the research study. It provided an overview of the study by stating the aims and objectives of the research and providing the rationale of the work.

Finally the chapter closed with a discussion of the scope and limitations and the background of this study. Chapter Two seeks to systematically investigate extant literature on the topic. CHAPTER TWO LITERATURE REVIEW 2. 1INTRODUCTION The focus of this section of the paper delves deeper into present research that has been conducted in fields related to the area of focus of this study as laid out in the preceding chapter. The purpose

is to gather theoretical literature to make for a solid study together with the data that will be collected in this investigation.

Research in the area of social media sites and consumer behaviour has only recently become of great interest to researchers in the past three to five years. The reason is two-fold 1) although social media sites have been around since the late nineties; they've only recently started to truly flourish in the past few years. 2) Brand marketers started identifying such sites as a suitable channel to communicate with their consumers over approximately the same period. To begin with, this chapter will explore a conceptual clarification of the terms social media in the way it is intended for this paper.

Following that will be an interpretation of brand perception in the way that it relates to and will be studied in this research. In addition to this, further relevant literature on the topic will provide a broader scope into the subject under research will also be considered and examined. 2. 2Conceptual Clarifications Although social media is a relatively new construct in the communication world, a great many researchers and authors have provided their own interpretations of what it can be defined as (Chung and Austria, 2010; Dutta, 2009; Hoffman, 2004; Cova & Pace, 2006 Jones, 2009).

As varied as the understandings may be from author to author, one thing remains consistent; social media is growing at a phenomenally rapid pace. Furthermore social media has revolutionised the way in which people communicate and that brands communicate with their consumers. Chung and Austria (2010) postulate that Social media includes various methods of online communication such as social networking, user-sponsored blogs,

multimedia sites, company-sponsored websites, collaborative websites as well as podcasts.

This definition includes just about the entire scope of the activities that a majority of individuals who participate in online communications would be involved with. Dutta (2009) further reiterates this point by stating " it's no secret that social media—global, open, transparent, non-hierarchical, interactive, and real time—are changing consumer behaviour and workplace expectations. " It is becoming increasingly difficult and in some cases, impossible to follow traditional communication structures of non-transparency and hierarchy when people communicate via social media platforms.

This is particularly true of business communication. Consumers now have more access to information than they ever had before. Hoffman (2004) supports the above statement, " the Internet makes available numerous information sources that consumers may draw on as they search for information and construct choices about commercial offerings. These information sources include social media sites, online product reviews (either by peers or experts), and uncensored in-depth product information on a variety of Websites, among many other sources. Cova & Pace (2006) put orth that " consumers in consumer-generated brand communities want to become influential participants and regard brands as ' belonging to us' and not as companies that supposedly own them. They are driven by a similar passion or ethos to form and engage in online brand communities, thereby producing their own cultural meanings around brands. Social media is a fundamental shift in the way we discover and share information. It provides

individuals and particularly retailers with the ability to cultivate and have ongoing conversations and touch points with their customers and potential customers.

Every retailer has a unique tribe of customers or a niche group of consumers. Social media helps broaden that group and engage with them like never before. Jones (2009) summarises it well in stating that " Social media essentially is a category of online media where people are talking, participating, sharing, networking, and bookmarking online. " From the above, it is evident that social media sites as a construct have evolved over time to encompass a considerably wider scope of the consumers' online experience. When consumers make a purchase, they are buying more than just the product; they are buying into the brand.

Keller (1993) maintains the above statements by putting forth that brand perceptions are attributes in consumer memory that are linked to the brand name. Solomon et. al (2010) defines perception as the process by which stimuli are selected, organised or interpreted. Marketers play a crucial role in shaping and defining brand perceptions in consumers. Findings from several research studies previously conducted indicate that brand perceptions play a pivotal role in the consumer purchase experience because they are said to influence consideration and evaluation, and therefore ultimately, purchase (Nedungadi 1990; Keller 2003).

Several factors may influence brand perception, the factors include but are not limited to elements such as; price of the product, the way in which the product is packaged, where the product is sold, reviews and feedback by reference groups on the product, and indeed how product information is

disseminated or advertised. This research study will explore the impact of social media sites, namely Facebook and blogs on brand perceptions- including but not exclusively the above-mentioned elements that often shape it.

This review will be focussed on three aspects of the impact of social media on consumer purchasing behaviour as researched in previous studies: 1) The History of Social Media 2) The impact of WOM through social media sites 3)The role of opinion leaders and opinion seekers on social media sites as reference groups 4) Shopping as a social activity on social media sites 2. 3history of social media There are opposing schools of thought as to when social media was born. Some argue that social media did not begin with computers, and that it was born on " line" specifically on the phone.

The era of Phone phreaking or the Rogue exploration of the telephone network of the 1950s was a period when techno-geeks-people who were very clued up ontechnology- began to investigate ways to allow them to make free or cheap calls. " These early social media explorers built " boxes" which were homemade electronic devices that could generate tones allowing them to make free calls and get access to the experimental back end of the telephone system. Borders (2009) While on the other hand, others argue that social media came in considerably more recent years.

Boyd and Ellison (2007) claim that " the first recognizable social network site launched in 1997. SixDegree. com allowed users to create profiles, list their Friends and, beginning in 1998, surf the Friends lists. Each of these features existed in some form before SixDegrees, of course. For instance, profiles existed on most major dating sites and many community sites. Classmates.

com allowed people to affiliate with their high school or college and surf the network for others who were also affiliated, but users could not create profiles or list Friends until years later. SixDegrees. com was the first to combine these features. As defined by Boyd and Ellison (2007), the generally accepted present-day understanding of social media and what it has become would however suggest that these platforms as we interpret them today, concurs with the latter date of origin. 2. 3. 1ORIGINS OF FACEBOOK Facebook was originally born out of the trivial concept of allowing students to judge each other based on their facial appearance. Over a relatively brief period, Mark Zuckerberg-founder of Facebook evolved the platform and introduced innovative ideas into the network, and added some useful features like a comments section, amongst other things.

Within a few months most of the schools and universities in the United States and Canada were on board, and a surprisingly large number of people had joined Facebook. In September 2006, the network was opened to any individual who had an email address and was over the age of 13. Subsequently, Facebook rapidly grew into the most popular social networking website. 2. 3. 2ORIGINS OF BLOGGING Miller and Pole (2010) define a blog as a website containing dated entries, or posts, presented in reverse-chronological order.

Blog features commonly include archives (previous posts, typically grouped by month and year), a blogroll (a list of recommended blogs), and a reader comment section. Today, most blogs are interactive, allowing visitors to leave comments and even message each other via widgets on the blogs and it is this interactivity that distinguishes them from other static websites.

Brown et. al (2007) acknowledge that word of mouth (WOM) communication is a major part of online consumer interactions, particularly within theenvironmentof online communities.

The relative simplicity required to set up and participate in a blog allows for any individual that has a basic understanding of how a computer works to be involved in this online activity. Many blogs provide commentary or news on a particular subject; others function as more personal online diaries. A typical blog combines text, images, and links to other blogs, Web pages, and other media related to its topic. The ability of readers to leave comments in an interactive format is an important part of many blogs. Increasingly, blogs are now emerging as a new form of interactive advertising tool on the Internet.

Cho and Huh (2008) The origins of modern blogging are often a point of great contention. There is a school of thought that believes that the ' Mosaic's what's new' page in 1993 was the first weblog. The ' Mosaic's what's new' in 1993 a list of links some people passed onto others. However, it wasn't until December 1997 that Jorn Barger coined the term " weblog" in his Robot Wisdom Weblog. In 1998, only a handful of blogs existed, and many of the bloggers knew each other and linked to each other's sites. Rebecca Blood, author of The Weblog Handbook, notes that one preeminent site listed only 23 blogs in existence at the beginning of 1999.

The media started noticing blogs later in 1999 and drew attention to the phenomenon. But it was the proliferation of free weblog-creation programs in 1999 that made blogging into a hugely popular pastime. Before this software was widely available, most weblogs were hand-coded by web developers and others who taught themselves HTML. The new programs made it easy for

anyone to create their own weblog. Blogger was released in August 1999 and was an immediate hit. This simple weblog application allows users to create any kind of weblog they desire.

By October 2000, Blogger users were creating 300 new blogs a day, and the Blogger directory had over 5, 500 blogs listed. In November of the same year, the 10, 000th Blogger weblog was created. As of 2002, Blogger claimed over 750, 000 users. The rise of tools like Blogger also changed the content of weblogs. While they had begun as link-driven sites offering alternative viewpoints on news and other subjects, weblogs began to collide with online journals. Blogger-style tools allowed links and commentary to quickly grow into longer essays and diaries on the Web.

Online journals had existed before this, but weblog applications made journals easier to manage for those who didn't know HTML. 2. 4The impact of WOM through social media sites Both scholars and practitioners of marketing are particularly interested in WOM communication behavior in the context of online communities because of the extraordinary popularity, growth, and influence of such communities. Arndt et. al (1967) defines WOM as a consumer-dominated channel of marketing communication where the sender is independent of the market.

It is therefore perceived to be more reliable, credible, and trustworthy by consumers compared to firm-initiated communications. Some literature reviews of studies in the field of social media sites reveal that the rapid spread of WOM on such sites concerning products and brands is one of their most distinguishing benefits. " A key finding from research indicates that 10% of new consumer packaged goods (CPG) account for 85% of viral buzz,

but this does not necessarily indicate a direct link with sales generation. Niederhoffer. (2007) Furthermore, the once accepted belief that word of mouth influence comes only from the elite, highly connected few has been challenged. Consumption-related online communities essentially represent WOM networks, where individuals with an interest in a product category interact for information such as purchase advice, to affiliate with other like-minded individuals, or to participate in complaint or compliment interactions (Cothrel, 2000; Kozinets, 1999; Hoffman and Novak, 1996).

While it can be argued that the WOM communication going on within these online communities has limited social presence in the traditional sense, these communities provide information and social support in both specialized and broadly based relationships, and are becoming an important supplement to social and consumption behavior. Wellmanet. al. (1996) A study conducted by Cyber Atlas (2001), for example, cited 84% of Internet users having contacted at least one online community.

The popularity of these emerging consumption-focused online communities, and the WOM communication going on within them, highlights a need for increasing scholarly attention to be paid to online WOM communication. Smith et. al (2007) state that " Research suggests that most people are moderately connected and are as willing as the highly connected to share marketing messages. " Increased accessibility to the Internet and thus, social media sites has exacerbated the connectivity of people through an increased number of touch points such as mobile phones.

Whereas previously people who did not own or have access to personal computers or home Internet connectivity, were not able to access social

media sites, now through their cell phones they are active participants on such sites. This research proposes that people have an innate desire to share messages with one another-including marketing communications. Social media sites have a unique distinguishing factor that traditional marketing methods lack and that is an ability to stimulate and enable two way dialogue between companies and their consumers and vice versa.

An added advantage of this two-way dialogue is that it is possible for it to take place in real time and instantaneously. Consumers on these platforms are able to engage with companies that were traditionally out of reach to them on matters concerning their brands or products. Likewise, companies (brands) are able to gain insights into their customers and customers' perspective, as well as directly address any issues or concerns at hand. In some cases, consumers engage with one another without the brand intervening at all; sharing opinions and experiences.

In the same breath however, John Marshall Roberts, communications strategist and Chief Executive Officer (CEO) of Worldview Learning, training and Research Company for change makers, highlighted the importance of the need for transparency and honesty, he warns that " half-truths and ' green washing' are quickly exposed on today's social media networks. " It is imperative that companies with a presence on social media sites maintain an uttermost level of integrity in their communication with consumers, as the truth can almost always be uncovered.

In such cases, a positive reputation that a brand may have built over many years can be destroyed in a matter of days and indeed in an instant. Katz and Lazarsfeld (1955) in one of the earliest research studies on WOM

concluded that WOM two times more effective than radio advertisements, four times more than personal selling, seven times more than print advertisements. This research, was investigating traditional WOM in the absence of social media and indeed the Internet. Such WOM was bound by geographical location, as people were limited to the people that they were physically able to interact with.

The Internet and indeed, the exponential growth of social media sites, have eradicated this constraint. Trusov et. al. (2009) find that WOM referrals have a strong impact on new customer acquisition. In their research, they conclude that the effectiveness of WOM referrals on social media sites have resulted in a direct positive effect on sales of products. The creation of social media has meant that WOM can be directly tracked in relation to its impact of consumer behaviour with regards to individuals' decision-making process. There are several motivations that lead consumers' WOM referral behaviour.

These two motivating factors have found to be the primary drivers such as extreme satisfaction or dissatisfaction (Dichter 1966; Richins 1983; Yale 1987), commitment to the firm (Dick and Basu 1994) and novelty of the product (Bone 1992). When a consumer has had an exceptionally pleasing experience with a brand, or on the other hand, a particularly unpleasant one they are more likely to share this with as many of their peers as possible. Depending on the experience, this could lead to extreme benefit on the part of the company behind the brand or it could be detrimental to its image.

Equally significant is the level ofloyaltythat a consumer may have to a brand or company. Once a consumer has a reached a stage of extreme brand loyalty, they develop a deep connection with the brand as they would with a

person. There have been various schools of thought on the motivating influences on spread of WOM. One of these was that consumers who communicate marketing messages to other consumers were previously assumed to engage in this behavior as a result of altruism or reciprocity or to attain higher status (Dichter 1966; Engel, Kegerreis, and Blackwell 1969; Gatignon and Robertson 1986).

However, according to findings conducted by Kozinets et. al. (2010), the motivators are more multifaceted including the individual's personality, specifically at whether they are opinion leaders or opinion seeker; this topic will be discussed in greater detail further on in the next section of the literature review chapter. Additionally, their research study suggests that the sharing of WOM marketing messages is " personal in a communally appropriate manner. " Therefore, advocating that WOM is heavily influenced by personal characteristics of an individual in a communal setting.

Wiedmann et. al. (2007) address the question of why certain personal sources of information have more influence than others to identify general market-place influencers and use them for more effective product and message diffusion. They support that factors such as source expertise (Bansal and Voyer 2000; Gilly et al. 1998), tie strength (Brown and Reingen 1987; Frenzen and Nakamoto 1993), demographic similarity (Brown and Reingen 1987), reference group influence (Bearden and Etzel 1982) and perceptual affinity (Gilly et al. 998) have been identified as important antecedents of WOM influence. 2. 5The role of opinion leaders and opinion seekers on social media sites as reference groups Bearden et. al. (1989) state that the pervasive use of spokespeople in product and service

endorsements reflects the widely held belief that individuals who are admired or who belong to a group to which other individuals aspire can exercise an influence on information processing, attitude formation, and purchase behaviour. Consumers influence other consumers in numerous ways.

They act as models that inspire imitation among those who observe their purchase and consumer behaviour, either directly or indirectly. Flynn et. al (2001) propose that consumers spread information through word of mouth, as consumption is a major topic of social communication. They further influence one another by directly giving out advice and verbal direction for search purchase and use. Research reveals that the time spent online and the benefits pertaining to product information and brand awareness for consumers are impacted on by individual personality traits.

Personality traits in this context are discussed as they pertain to " opinion leaders" and " opinion seekers". Solomon et. al (2010) clarify the term opinion leaders by defining them as " people who are knowledgeable about products and whose advice is taken seriously by others. " These people tend to be respected in their knowledge of specific products and hold great social power, as people tend to go to them for recommendations and advice. Opinion seekers on the other hand " are more likely to talk about products with others and to solicit others' opinions as well. Solomon et. al (2010) Research conducted by Acar and Polonsky (2007) reveal that " gender and extroversion predict online social network size and time spent online; that opinion seekers spend more time online and have larger networks relative to opinion leaders; and that opinion leaders are more likely to communicate

their brand use online" This research further found the " mediating role of opinionleadershipand opinion seeking in explaining the impact of general personality traits online brand communication and social networking. "

From this definition it is established that although people may seek information from various sources, there are certain individuals whose advice carries more weight than others. Opinion leaders also tend to be socially active and highly interconnected in their community. Opinion seekers on the other hand, are often seen to be followers of opinion leaders. They are constantly in search of information from others. This could explain the reason that they would be most active online as revealed in research discussed above by Acar and Polonsky (2007).

Research conducted by Aaker (1991) and Keller (1993) concurs that the set of associations consumers have about a brand is an important component of brand equity. According to the findings from this research, consumers gain a certain level of psychological benefit from using or associating with certain brands. Consequently, the way in which the opinion leader is perceived will have a bearing on the brand perception to those that interact with him.

Escalas and Bettman (2003) found that " students are more are more likely to develop a self-brand connection when there is a strong usage association between a reference group and the brand and there is a strong connection between the reference groups and the consumer's self-concept. " Therefore, in this research, if a student has aspiration or actual associations with a certain reference group, whichever brand(s) that are popular within that group or have a high usage rate within that group will in turn have a level of appeal to that student.

It stands to reason then, that with the copious amounts of time spent online by consumers, and the loads of information imparted particularly by opinion seekers, that social media sites would now form a pivotal role of this brand reference and purchase decision making construct. Social media sites have in themselves evolved dramatically over recent years, occupying a more extensive space in today's society. The advancement of social media has allowed it to reach a point where it could be considered to play a pivotal role in consumer interaction with reference groups.

Childers and Rao (1992) put forth that the reference- group construct has supplanted the notion of group membership as one that explains group influence on individual behaviour. An important point to note is that the relationship between an individual and a reference group should be motivationally and psychologically significant for the influence to be considerable. Lessig and Park (1978) identified and examined three motivational reference group functions (RGFs) that lend themselves easily to the proposition of social media sites as reference groups.

The functions are: informational, utilitarian, and value-expressive. These two researchers defined the terms in the following way. " An informational reference group imposes no norms on the individual. Instead, an influence is internalized if it is perceived as enhancing the individual's knowledge about his environment and/or his ability to cope with some aspect of it. Thus, the likelihood that an individual will accept information from this reference group as evidence of reality increases if he feels uncertainty associated with the purchase and/or lacks relevant purchase related experience. In line with this thinking, consumers in the process of purchasing products may visit

Facebook or a blogging site in order to get product information, often from people with whom they have a personal relationship or connection. The influence of a utilitarian reference group on the other hand as outlined by the research conducted by Lessig and Park (1978) refers to " influence on individuals from a different approach from the informational reference group, these groups are seen to motivate an individual to realize a reward or to avoid a punishment mediated by some other individual or group or is expected to conform to the other's influence. The success of this phenomenon is achieved only if the individual feels that his actions are visible or will be known. Individual profiles are visible to everyone that participates on Facebook as well as blogs other than those with a private setting. Individuals subscribing to this form of reference group would tend to want as many people as possible to see their profile and thus display their group associations. The third motivational reference group function explored by Lessig and Park (1978) is the value-expressive reference group. An individual utilizes a value-expressive reference group for the purpose of expressing himself and/or bolstering his ego to an outside world. The degree of cohesiveness or norm specificity of the reference group is irrelevant for this function. What is important is the psychological image associated with the group whether the group is real or imaginary. A number of well-known cases exist in which attempts have been made to use the value-expressive reference group function in promotions.

Consider the following examples: the " young generation" promoted by Pepsi, the 'seaman image" promoted by Schlitz and the " sophisticated and liberated woman" concept promoted by Virginia Slim cigarettes. " Social

media sites have now created a platform whereby people are enabled to create, aspire and join certain group. This information is more readily accessible and visible to the general public, thereby allowing individuals to display their affiliations with much more ease and higher reach.

Childers and Rao (1992) further establish that from marketing and consumer- behaviour perspectives, the influence of reference groups on individual behaviour is often manifested in the types of products and brands purchased by individuals. 2. 6SHOPPING AS A SOCIAL ACTIVITY ON SOCIAL MEDIA SITES A third view into social media sites and consumer buying behaviour show that these two concepts are intrinsically connected as shopping or sales in themselves are a social activity based on mutual trust.

According to Shih (2009), " relationships can sometimes even trump price as the deciding factor in purchase decisions. " Product information from a trusted source like friends, family or other people that may form a part of one's reference group could result in the purchase of a product just from the mere fact that the information is coming from that specific person. It has been accepted for decades that shopping is more than the mere acquisition of products but rather it is more about the enjoyment, experience and entertainment.

Dennis et. al (2009) state that " as well as its functional role it includes the pleasure of browsing, impulse buying, discovering new shops, topic for casual conversation, focal point for planned and unplanned activities with other people. This statement is particularly true among women. Researchers have drawn attention to the importance of social and affiliation motivations

for shopping. Shim and Eastlick (1998) Social networks lend themselves as an ideal platform for the above-mentioned motivations for shopping.

These networks have drastically revolutionised society in the way people engage and socialise. " Nearly half (49%) of the thirty million Internet users in the UK have used social networking at least once in the last year and 70% of people and households are Internet users. Dutton et. al. (2009) Young females are over-represented as users of social network websites. Research carried out by Lenhart and Madden (2007) reported that 70% of females use social network sites and 48% of teens visit social network websites like Facebook daily.

Findings from research conducted by comScore (2010) reveal that social media users spend, on average, one and a half times more time online than the typical web surfer. In fact, heavy Facebook users spent an average of $67 online during the first quarter of the year—compared with less than $50 for the general netizen. Social networks essentially facilitate social shopping or social commerce as the terms tend to be used interchangeably to take place among users. Social Shopping is a method of shopping where shoppers' friends and family become involved in the shopping experience.

Social shopping attempts use technology to mimic the social interactions found in physical malls and stores. 2. 7cosmetics and social media Estee Lauder has demonstrated willingness and innovation within the cosmetics category in terms of exploring social media sites to enhance brand perceptions and ultimately increase its sales. In 2009, Estee Lauder launched a business to consumer (B2C) social media marketing campaign for their cosmetics division, with their " Lets Play Makeover" initiative.

As a prestigious and global skin care and Cosmetics Company, Estee Lauder saw an opportunity to tap into the increasing share of older women - mothers in particular - who were using social media. They thus created the Estee Lauder " Let's Play Makeover" Facebook application, which in essence is a virtual makeover tool. Women could upload their photos and use Estee Lauder products to create virtual make-up. This is a significant change to cosmetics marketing because it allows potential consumers to test and trial make-up in the privacy of their own homes before making purchases.

This innovative application saves time and also lets them experiment with make-up at their own leisure. The effectiveness of this application is underscored by how it also integrates the full shopping experience by indicating to users which specific makeup they are using, from the eye-shadow to foundation colour - and seals the deal by allowing them to purchase their chosen products online, thus making the purchase experience more convenient for the consumer. The sharing aspect of social media is also encouraged, as the application lets users share their makeovers and before/after shots with friends.

Social media campaigns should not just be considered as a separate entity. It's effectiveness in B2C marketing especially can be enhanced with other marketing methods. This example in particular shows how to effectively tie in offline promotions with social media marketing. The underlying strategy with Estee Lauder's " Lets Play Makeover" campaign is thus to use social media as the major point of purchase, but at the same time, offer alternatives for users to make purchases, ultimately allowing them to fully engage with their products and services whichever way they prefer.

Proctor & Gamble's Olay brand was another successful story in pioneering of cosmetics category of products to explore the use of online interactions through such sites. It rolled out an online interactive diary for the Olay Regenerist anti-ageing skincare brand in 2006. The diary provided detailed information on the skin each week for the first eight weeks of product use, taking the consumer through the process, as the effects of the product were not immediately visible.

Research conducted post this activity revealed that Olay had produced a four to six times higher intent to purchase among the target group, with 78% of the sample saying they had purchased the brand within the last year. According to a report by Stylophane (2010) " if a user joins the fan page as a result of viewing an advert, this action is logged on the advert itself, which means friends of the user can see this action, prompting them to also become a fan of the brand. " Thus highlighting the effectiveness of the spread of WOM on such sites even in the most passive or subtle situations.

Another successful cosmetics brand that has seen great success through its presence on Facebook is MAC. As at March 2010, MAC had the greatest number of fans (542, 613) – more than double that of the second most popular brand, Carol's Daughter. Nichol (2010) 2. 8SUMMARY This chapter was dedicated to the clarification and expansion of existing theoretical studies on the topic under research. The terms Social media and Brand perception were defined and clarified in the way in which they are intended for this study.

Additionally, further research that offers a robust consolidation of theories to support the research at hand were examined and discussed. CHAPTER

THREE RESEARCH METHODOLOGY 3. 1INTRODUCTION The previous chapter comprehensively explored extant literature on the topic under research. Focal points of discussion in the preceding chapter were on conceptual clarification and literature most pertinent to the topic in this study. The core purpose of this chapter is to expound and justify the chosen methodology of collection of primary data for this research.

This chapter identifies research aims and objectives in relation to the research methodology employed. Moreover, this chapter discusses the chosen research paradigm orphilosophyas well as its motives. Following onto this, the chapter explores the research approach, research strategy options as well as the selected data collection methods. Finally, this chapter deliberates the strengths and weaknesses of the research methodology for this study. 3. 2RESEARCH AIMS AND OBJECTIVES

It is imperative that the research aims and objectives mentioned at the beginning of the study are reiterated at this stage of the study as they form a crucial basis of the work going forward from this point. The research aims and objectives feed into the research methodology selected for the research. Therefore, at this point, it is prudent to reaffirm that the purpose of this study is to investigate the impact of Social Media sites on brand perceptions, with specific focus on the cosmetics industry using Estee Lauder as a case study.

This research rests on the following aims and objectives; firstly the study set to review extant conceptual models and theoretical frameworks related to social media and brand perceptions. The following objective was to evaluate Facebook and consumer blogs in their role as reference groups on

consumers. The final objective is to determine optimal strategies to improve sales and brand reputation of cosmetics through an increased presence on social media platforms; specifically Facebook and blogs. The above mentioned aims and objectives guide the researcher in the formulation and design of the research methodology.

It is paramount that these aims and objectives are assiduously concomitant with the methodology employed in order to ensure the success of this research study. 3. 3RESEARCH PHILOSOPHY Galliers (1991) defines research philosophy as a belief about the way in which data about a phenomenon should be gathered, analysed and used. Epistemology which is, what is known to be true, is contrary to doxology, what is believed to be true encompasses the various philosophies of research approach. Latu (2007) elaborates this rationale in stating that the purpose ofscience, then, is the process of transforming things believed into things nown: " doxa to episteme". As discussed by Hussey and Hussey (1997), there are two key research philosophies that have been identified in science and those are positivist (scientific) and interpretivist (antipositivist). According to Weber (2004), positivists attempt to build knowledge of a reality that exists beyond the human mind. Their research is based on a belief that human experience of the world reflects an objective, independent reality and that this reality provides the foundation for human knowledge.

On the other hand, interpretivists are attuned to the belief that knowledge they build reflects their individual structure of interpretation that is based on distinct human experience, background, cultureand other such divergent factors that may impact the way in which they interpret results from their

studies. Interpretivists in other words, try to make sense of the world, acknowledging that their sense-making activities occur within the framework of their life-worlds and the particulargoalsthey have for their work.

Knowledge is built through social construction or interpretation of the world. This research study is conducted from an interpretivist point of view. The results and findings of this study rely heavily on human interpretation as it relates to human perception which is essentially, the way people psychologically organise the world around them. There is a significant human socialisation interpretation involved in the analysis of the way in which social media sites impact on brand perceptions of individuals.

The term perception by its very definition is based on an individual's interpretation of the world around them. It would then stand to reason that an interpretivist research philosophy would be employed in the conducting of this research study. As is stated by Levin (1998), positivists believe that reality is stable and can be observed and described from an objective viewpoint; it would seem a fundamentally flawed approach to take on a positivists view when conducting this research-considering the subjectivity of the topic under research of human perception.

This study is involved with the interpretation of brands exposed on Facebook and blogs by various individuals. The way in which one individual construes the presence of cosmetics brands on Facebook and blogs will invariably be different from the way another may view it- based on their differing understanding of the world. The human element which is inextricably associated with the topic under research could be overlooked in the investigation were it to be conducted from a positivist philosophy.

Therefore, in investigating the impact of social media on brand perceptions, the research philosophy germane and most appropriate is interpretivism. The two principal disadvantages of a positivist application to the study at hand are these; firstly, its quest for rigid laws and perfect standards of scientific methodology and analysis are improbable when dealing with social phenomenon. Positivism standards are meant to be applicable repeatedly overlooking the variations in human behaviour. The second drawback is positivism's inconsideration of the subjective and unique aspects of social phenomenon.

Whereas, in dealing with the interpretation of individuals' brand perceptions, the researcher must factor in varying social backgrounds, brand and brand communication preferences, natural scientists w