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Article

Social media use in international marketing: Impact on brand and firm performance

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Empirical Paper

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Social media use in international marketing: Impact on brand and firm performance

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Abstract: This research investigates the influence of brand and customer orientations on social media (SM) marketing engagement and how applications of SM in international marketing affect brand and firm performance in foreign markets. The study relies on a survey of a representative sample of 245 medium and large companies using SM in international branding. Performance metrics include an index of brand performance (BP) in a foreign market and return on assets (ROA). Structural equation modeling analysis reveals the overall effect of SM use in international branding as positive, with brand-image creation and market research being significant contributors to brand and firm performance in a foreign market. SM effectiveness is negatively moderated by foreign partner involvement and centralization degree. Firms co-owned by foreign entities turn out to be more successful than their Polish-only counterparts. Of the two antecedents of SM international marketing engagement, customer orientation is significant for all firms, while brand orientation is meaningful only for those with foreign capital.

Keywords: brand orientation, customer orientation, international branding, performance, social media marketing

JEL classification codes: F 23, M 31

1 Introduction

In recent years, digital marketing has played an increasingly important role in firms' international marketing and branding. The growing penetration of social media (SM) all over the world contributes to its more frequent use in marketing strategies targeted at both local and foreign customers. These activities are referred to as "social media marketing" (SMM) [Okazaki and Taylor, 2013; Tsimonis and Dimitriadis, 2014].

Scholars indicate several benefits of SMM from the company perspective, such as increased brand awareness, improved brand image, increased consumer brand engagement [Felix et al., 2016], and lower costs of promotion [Qualman, 2010]. As pointed out by Okazaki and Taylor [2013], the application of SM in international marketing, especially in promotion addressed to a foreign audience, is determined by its key features favoring interactions across geographic and cultural boundaries, such as the relative ease of creating networks and transferring brand image with SM, coupled with remarkable flexibility of use. However, studies so far on international digital marketing have focused primarily on the localization of

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transnational corporations and their brands' Websites [e.g., Čermák and Smutny, 2018], while less attention has been paid to the application of SMM. Although, in recent years, a number of papers on SMM have been published, only a few have been devoted to the use of SM in international marketing, branding, and factors influencing it [Berthon et al., 2012; Okazaki and Taylor, 2013; Tsimonis and Dymitriadis, 2014]. Therefore, knowledge on the usage of SM in international marketing is still incomplete.

Moreover, referring to the concept of dynamic capabilities, many authors emphasize the role of dynamic marketing and branding capabilities, including brand orientation and customer orientation [Morgan et al., 2009; Brodie et al., 2016]. Brand-oriented firms tend to have organizational processes revolving around the creation, development, and protection of their brands in continuous interactions with target customers to achieve sustainable competitive advantages [Urde, 1999, pp. 117–118]. Past studies confirm that strong brand orientation influences international marketing strategies [Wong and Merrilees, 2007] and translates into improved BP [e.g., Lee et al., 2017], in both home and foreign markets [Ling-yee and Ogunmokin, 2001; Morgan et al., 2006]. Another focal marketing capability, namely, customer orientation, is a set of organizational behaviors and beliefs that prioritize customers' interests and the creation of greater value for them [Rindfleisch and Moorman, 2003]. Firms with a strong customer orientation are characterized as customer-close, customer-flexible, and customer-accessible [Jeong and Hong, 2007]. Strengthening customer orientation requires the creation and use of information technology (IT) infrastructure, including such applications of SMM that support relationships with customers. Orientation toward customers is considered to be an important factor influencing firm performance [Kirca et al., 2005].

While the importance of brand and customer orientations is widely recognized in the literature, there is no thorough empirical investigation into the effects of both orientations as dynamic capabilities on a firm's engagement in international marketing and branding through SM. Similarly, not much empirical research has been published on the relationship between the application of SM in international marketing/branding and firm performance/BP in foreign markets. Addressing this research gap, the aim of our study is to determine associations along the entire chain of effects, from brand and customer orientations, through the scope of the firm's engagement in international SM brand marketing, to firm and BP in foreign markets. To enhance the validity and reliability of the findings, our conceptual model accounts for the moderating roles of content localization in SM, control over SM activities in foreign markets, involvement of local partners, and the company's capital structure by its country of origin (domestic or foreign).

Data for our study were sourced from a quantitative survey with the computer-assisted telephone interviewing (CATI) method on a sample of 245 randomly selected Polish medium and large firms that own consumer brands sold on foreign markets and use SM in international branding. Statistical analysis for testing the research hypotheses involved partial least squares structural equation modeling (PLS-SEM).

This paper is organized as follows. First, we summarize relevant literature sources and develop hypotheses. Then, we describe our research design and method. Research findings come next, to be followed by the Discussion section. The paper ends with an overview of limitations and recommendations for further studies.

This study contributes to the international marketing literature by simultaneous examination of the influence of the dynamic capabilities of a firm (such as brand orientation and customer orientation) on SM international marketing engagement and on brand and business performance in foreign markets. It also offers novel insights for brand/marketing managers into the influence of various dimensions of SMM engagement in a foreign market on brand and firm performance in this market.

2 Literature review

According to some authors [e.g., Wong and Merrilees, 2007], relations between international marketing strategies, also those involving SM, and brand/firm performance can be considered through the lens of the resource-based view (RBV) and the concept of dynamic capabilities [Helfat and Peteraf, 2009]. According to RBV, a firm's strategy is a way of acquiring, developing, and deploying resources with the goal of achieving business success. As such, a company should develop new capabilities that enable building and

strengthening of its competitive advantages [Eisenhardt and Martin, 2000] and improving its performance [Barua et al., 2004]. By comparison, the dynamic capabilities concept maintains that a firm achieves a competitive advantage and superior results on account of its dynamic capabilities, involving capacities to integrate, reconfigure, renew, and restore resources and operational competencies [e.g., Teece, 2007]. Brand orientation (with a focus on the ability to create and shape a brand) and consumer orientation (centered on developing relationships with customers), viewed as dynamic capabilities, can be positively related with brand/firm performance by fostering the capacity to use SM in marketing effectively. Thus, the conceptual context of both the RBV and dynamic capabilities helps explain the link between the company's brand and customer orientations with SM international marketing, as well as brand and firm performance in foreign markets [Morgan et al., 2004].

2.1 SMM and its links with firm performance and BP

Kaplan and Haenlein [2010, p. 61] define SM as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content”. SM come in many forms, including categories such as: collaborative projects, blogs/miniblogs, user-created communities, social networking sites, virtual game worlds, and virtual social worlds. On the other hand, Peters et al. [2013] define SM as “communication systems that allow their social actors to communicate along dyadic ties” and indicate the four elements of the SM stimulus–organism–response (S–O–R) framework: (1) motives that are drivers of the dyadic tie communication between actors; (2) user-generated content produced by actors; (3) network structure consisting of all dyadic ties; and (4) social roles and interactions as actors not only produce and communicate content but also modify, share, and consume it.

According to Evans [2010, p. 231], SMM is a business strategy involving the use of technological platforms, business rules, as well as community processes and features in order to engage customers in “a joint conversation to ensure mutually beneficial value in a trusted and transparent business environment”. In recent years, firms have intensified their SMM activities, which is reflected in the continuous increases in budgets allocated to these activities [Kaplan and Haenlein, 2010; Lipsman et al., 2012]. As Gilin [2007, p. 285] points out, this is due to the interactive nature of SM, its interoperability, relatively low costs of creating content, and reduced responsiveness of conventional digital marketing tools (e.g., banners, emailing). For certain demographics, such as young consumers, who spend much more time on the Internet than in traditional media and show more trust in their Internet sources than conventional opinion leaders, the benefits of SM are even more apparent. The use of SM allows businesses to implement innovative forms of communication with customers (e.g., blogs, microblogs, social networks, Internet broadcasts, customer forums, online communities, and virtual worlds), which facilitate value cocreation with customers, including their participation in creating content and sourcing new ideas for products and services [Tiago and Verissimo, 2014]. Stelzner [2018, p. 11], reporting managers' perceptions in his survey, lists the benefits of SMM such as improved brand exposure, increased traffic on the Websites of organizations and their brands, new contact acquisition, enhanced fan loyalty, improved market information, increased sales, as well as an opportunity to develop business relationships and strengthen leadership. Moreover, according to Nguyen et al. [2015], knowledge acquisition from SM in market-oriented organizations positively affects brand innovation.

Numerous studies confirm the ever-growing use of SM in marketing, including in applications such as communication with clients [Meske and Stieglitz, 2013], advertising [e.g., Handayani and Lisdianingrum, 2011; Bhanot, 2012], sales and customer service [Bhanot, 2012], innovation development, and even managing human resources [Bhanot, 2012]. As Kim and Ko [2010] note, the use of SM supports building brand reputation. Trainor [2012] points out that SM helps to obtain information on customer preferences, needs, complaints, and experiences. Moreover, SM enables firms to interact with customers and disseminate the acquired knowledge within the organization [Bagozzi and Dholakia, 2006; Trainor, 2012]. SM marketing also contributes to increased efficiency of the sales force [Üstüner and Godes, 2006]. According to Felix et al. [2016], branding in SM has a positive impact on BP by increasing brand awareness, improving its image, and inducing greater consumer engagement.

Research by Barnes et al. [2013] and Barnes and Pavao [2017] confirm that, in recent years, SM has become an important channel for marketing communication in multinational corporations: In 2017, 88% of Fortune 500 companies had Twitter accounts, 85% had Facebook pages, 75% conducted promotional activities on YouTube, 53% had Instagram accounts, 31% were present on Pinterest, 18% were on Google+, and as much as 42% of the surveyed firms actively ran a public corporate blog. In addition, according to Stelzner's [2018, p. 15] survey among 5,700 managers of small, medium, and large firms, the majority of companies used SM in marketing, with Facebook reported by 94% of the sample, Instagram – 66%, Twitter – 62%, LinkedIn – 56%, YouTube – 50%, Pinterest – 27%, and Snapchat – 8%. Interestingly, research on the involvement of multinationals in SMM seems to be inconclusive, and even contradictory. One study [McCorkindale, 2010] examined the content of Facebook profiles for 27 transnational corporations from the Fortune 500 list to conclude their low involvement in SMM. Especially underwhelming were attempts at developing relationships with customers, with only a single new post published on the profiles of 80% of the surveyed Facebook accounts during the time of the research. By contrast, according to Kim et al.'s [2015] research encompassing the Facebook profiles of 92 global brands, their owners actively use SM, publishing, on average, three posts a week, mainly photos and content intended to inspire interaction.

Witek-Hajduk [2018] identified the following benefits of using SM in marketing communication with foreign audiences as perceived by Polish exporters: (1) enhancing brand equity by creating a global brand image, providing emotional brand benefits, as well as increasing brand awareness and consumer brand engagement; (2) improving the effectiveness of promotion on foreign markets; and (3) increasing sales due to both improved knowledge about foreign customers and integration of SM with the purchasing process as a support mechanism. For companies doing business on the international market, it is important that messages published on brands' SM profiles be transferred much faster, be cheaper, and reach a wider and more responsive audience than those channeled through traditional media [Qualman, 2010]. Alarcón-del-Amo et al. [2015, 2016] argue that there is a positive relationship between the use of SM in communication with foreign clients and Spanish exporters' performance. According to a survey by Ainin et al. [2015] on a sample of 259 small- and medium-sized firms in Malaysia, the use of Facebook has a strong positive impact on firm financial performance due to cost reductions in marketing and customer service, improved customer relations, and greater availability of information.

One of the key perennial dilemmas of international marketing is whether to standardize marketing activities across multiple countries and regions or to adapt them to the specificity of local markets [Schmid and Kotulla, 2011]. Due to the dynamic growth of SM, both firms with a global scope (e.g., Facebook, Twitter, Pinterest, and Instagram) and those with a local or regional reach (e.g., Vkontakte and WeChat) face the quandary as to whether their SMM activities addressed to foreign customers should be adapted to local specifics (SMM localization) or standardized internationally (SMM standardization), and what would be the right proportion of both types of content. According to Araujo and Neijens [2012], owners of global brands prefer SM with a global reach more than those relevant only to local audiences, even though the penetration rate of local SM tends to be higher. This may be indicative of global brand managers' propensity for standardization of SM marketing at least when it comes to the SM platforms they choose to deploy in foreign markets.

According to Felix et al. [2017], the localization/standardization dichotomy of SMM is influenced by the way these activities are organized: whether decision-making is centralized with a clearly defined overall plan and strictly enforced rules, or whether it is decentralized with loose guidelines and multiple employees being involved in SMM. According to Witek-Hajduk [2018; 2019, p. 146], one of the key aspects of standardization/localization of SMM aimed at foreign consumers is the method of administering these activities. This implies a choice among the following: (1) strong centralized control by the firm, possibly with limited cooperation from its foreign branches; (2) a mixed model, whereby the firm works together with its local partners to adapt SM activities to the local environment, but still under central control and using content created by the brand owner; and (3) strong autonomy of local brand partner(s) conducting SMM activities with the consent of a brand owner. Brand communication in SM with foreign audiences can, therefore, be carried out by a company (directly or by its branches/subsidiaries) or by external partners, including intermediaries (e.g., foreign franchisees, distributors, and retailers) and local or international SM

influencers [Witek-Hajduk, 2018]. One of the key aspects of digital media marketing localization is cultural adjustment. According to the studies of Okazaki and Škapa [2008] on the localization of Websites, there are three key elements to cultural adjustment: (1) information content localization (e.g., price/value, quality, workmanship, components, availability, special offers, taste, nutrition, packaging, shape, warranty, safety, independent research, company research, and new ideas); (2) adaptation to unique expressions of cultural values (involving concepts such as adventure, beauty, collectivism, competition, comfort, courtesy, economy, efficiency, pleasure, family, health, individualism, free time, magic, modernity, nature, neatness, upbringing, patriotism, popularity, quality, respect for the elderly, safety, sex, social status, technology, tradition, uniqueness, health, wisdom, work, and youth); and (3) creative strategies, including the choice of arguments, emotional references, repeated claims, symbolic associations, imitation, or habit-starting. Pezzuti et al.'s [2021] research confirms that language influences consumer engagement on SM as brand messages that include words expressing certainty are associated with higher levels of consumer engagement (likes, comments, and shares/retweets). Moreover, the indirect effect of certainty on consumer engagement depends on power distance beliefs, which constitute one of national culture dimensions. In the same research stream, based on a data set of 1,038 SM posts, 1,336,741 fan likes, and 95,996 comments on Facebook and Instagram, Shahbaznezhad et al. [2021] corroborate the moderating effect of content context on the link between content type (rational, emotional, and transactional content) and user engagement.

Researchers report multiple benefits of standardizing international marketing activities [Singh, 2012]. Unification of national and regional brand strategies can increase the efficiency and consistency of marketing efforts, leading to lower costs, higher consumer awareness and loyalty, and – ultimately – increased profits and greater brand equity. However, as some authors note [Steenkamp et al., 2003; Özsumer, 2012], the opposite strategy of brand localization based on cultural sensitivity, authenticity, and the ability to respond to local needs may also contribute to the strengthening of brand equity in foreign markets. What is crucial in the context of this current study is that SM can be instrumental in effectively deploying both types of international marketing strategies. Therefore, we hypothesize as follows:

H1: There is a positive relationship between a firm's engagement in international SM brand marketing and firm and brand performance in foreign markets.

2.2 Factors determining SM use in international marketing

Application of digital marketing (which is a broader term than SMM) is shaped by both internal factors (at the individual and organizational levels) and external circumstances in the macro- and microenvironments [Witek-Hajduk and Targański, 2018a,b]. Among the key internal factors of digital marketing usage at the individual level are attitudes, knowledge, and the skills of decision-makers and employees related to their familiarity with new technologies in business, best practices, and expected benefits [Bharadwaj and Soni, 2007; Karjaluoto and Huhtamäki, 2010]. Lack of sufficient human resources, capital, and expert knowledge of Internet tools are considered the major barriers to applying digital marketing in organizations [Federico et al., 2012; Sayre et al., 2012]. According to Alarcón et al.'s [2015] survey on a sample of Spanish exporters, there is a positive relationship between SM competences of a company, its use of SM, and – indirectly – its export performance. The same authors observe in another publication [Alarcón et al., 2016] that managers' perceptions of opportunities from SM usage in developing relationships with foreign clients have a direct impact on their attitudes and intentions to use SM. Based on an analysis of data from 232 companies using Facebook, Wang and Kim [2017] conclude that SM usage plays a moderating role by amplifying the positive impact of a new form of customer relationship management (CRM) capability (social CRM) on firm performance.

Among the external factors influencing digital marketing, the literature identifies the specificity of the industry and the type and features of the products offered, as some products are better suited to digital channels [Karjaluoto and Huhtamäki, 2010]. Similarly, of issue are the “landscape” of the competition in a given market [Chong and Parvan, 2007] and the dominant consumer profiles, in particular regarding computer literacy, language skills, awareness and knowledge of e-commerce benefits, the level of

transactional and institutional trust, and the degree of risk aversion [Chong and Parvan, 2007; Zaid, 2012]. According to Araujo and Neijens's [2012] study on the activity of 132 global brands in Internet portals in three countries (the USA, Brazil, and the Netherlands), global-level new technology brands and consumer brands are more engaged in SMM compared to brands representing other product categories. Brands targeted on younger consumers present a higher level of involvement in SMM in comparison to those aimed at other demographics. Other macroenvironmental attributes potentially affecting the use of digital marketing are sociocultural and demographic conditions [Witek-Hajduk and Wąsowicz-Zaborek, 2018a,b], technological and economic environment (e.g., credit card penetration, purchasing power, availability of information and communications technology [ICT] and other elements of supporting infrastructure), and legal regulations [Witek-Hajduk and Targański, 2018a,b]. Different characteristics of consumers and other contextual considerations make certain countries more fitting for an effective use of SM in marketing [Witek-Hajduk and Wąsowicz-Zaborek, 2018a,b]; as an example, according to Araujo and Neijens [2012] global brands use SM platforms more often in the United States than elsewhere.

2.3 Brand orientation and brand/firm performance

Since the 1990s, many companies have started to treat the brand as a strategic point of reference when making decisions about the company and its business units' development [Urde, 1999]. Thus, the emphasis in strategic management has shifted to "brand-based strategic management" [Mosmans and van der Vorst, 1998], which requires the development of branding capabilities [Abimbola, 2010; Sok and O'Cass, 2011] and the building of a brand orientation [Urde, 1999, pp. 117–118]. Brand orientation is defined as "an approach in which organizational processes focus on the creation, development and protection of a brand identity in constant interaction with target customers in order to achieve sustainable brand competitive advantages" [Urde, 1999, pp. 117–118]. This means that customers and brands are key benchmarks in formulating the company's strategy. Urde et al. [2011] emphasize that brand orientation means "perceiving the brand as the center of an organization and its strategy". According to Bridson and Evans [2004, p. 404], brand orientation determines the extent to which a company appreciates brands, and its practices are geared toward brand capabilities. Firms with strong brand orientation perceive the building of distinctive brands with considerable brand equity as a way to create value and gain competitive advantage [Huang and Tsai, 2013]. Urde [1999, p. 118] states that brand orientation is "market orientation plus", to express the idea that it builds on and takes further the classical concept of market orientation. Similarly, Baumgarth [2009] concludes that brand orientation is a specific type of market orientation characterized by high brand importance from the perspective of top management and a systematic approach to brand management. According to Urde et al. [2011], market orientation is primarily based on an "outside" approach, while brand orientation is mainly an "inside" approach, with brand identity as a key construct.

Many empirical studies confirm a positive relationship of brand orientation with brand and firm performance [Wong and Merrilees, 2008; Ahmad and Iqbal, 2013; Huang and Tsai, 2013], not only in general but also on foreign markets [e.g., Wong and Merrilees, 2007]. As to the nature of this relationship, some studies propose a direct link between brand orientation and company performance/BP [Baumgarth and Schmidt, 2010], while other research argues in favor of an indirect relationship through mediators [Wong and Merrilees, 2008; Hankinson, 2012; Ahmad and Iqbal, 2013; Huang and Tsai, 2013]. Brand orientation supports performance of not only large corporations [Gromark and Melin, 2011] but also small- and medium-sized enterprises [Baumgarth, 2010; Park and Kim, 2013]. According to Huang and Tsai's [2013] survey on a sample of 106 Taiwanese companies, the higher the level of brand orientation, the better is the BP. The results of Gromark and Melin's [2011] study on a sample of 263 (among 500) largest Swedish companies confirm a significant positive relationship between companies' brand orientation and profitability. According to a survey of Wong and Merrilees [2007] on a sample of 315 small- and medium-sized enterprises, there is a positive relationship between brand orientation and international marketing strategy and – indirectly – with brand and firm performance. Moreover, Wong and Merrilees [2007] conclude that a company's international commitment and brand orientation are determined by its control over marketing and branding abroad.

Therefore, we hypothesize as follows:

H2: Brand orientation is positively related to a firm's engagement in international SM brand marketing and firm and brand performance in foreign markets.

2.4 Customer orientation and firm performance/BP

Customer orientation is recognized by many researchers as one of the key components of market orientation [Deshpandé et al., 1993]. This construct has been considered in the marketing literature both at the level of an individual employee [Licata et al., 2003] and at the organizational level [Rindfleisch and Moorman, 2003]. These authors define customer orientation at the organizational level as activities of the firm that create behavior leading to better results. In turn, Narver and Slater [1990, p. 21] state that customer orientation means “sufficient understanding of target buyers to be able to consistently create higher value for them”. In some studies on factors influencing firm performance, customer orientation is one of the dimensions of market orientation as an aggregate construct [Narver and Slater, 1990], but in several other studies, the relationship between customer orientation and performance is considered independently of other types of orientation [Olson et al., 2005]. Research [including those by Cano et al., 2004; Kirca et al., 2005] supports a positive link between customer orientation and firm performance, especially in high-tech industries. Moreover, a work by Dutot and Bergeron [2016] shows that customer orientation is positively tied with the so-called “social media orientation”, which – in turn – is positively linked with SMM performance. According to Trainor et al. [2014], companies that use SM within customer-oriented management systems develop greater opportunities in the area of the so-called “social CRM”.

As such, we propose the following:

H3: Customer orientation is positively related to a firm's engagement in international SM brand marketing and to firm and brand performance in foreign markets.

3 Conceptual model and research methods

The conceptual model of the relations between variables illustrated in Figure 1 corresponds to the three research hypotheses and accounts for control variables to avoid the risk of spurious correlations due to the endogeneity of independent variables. The problem of endogeneity occurs when one or more independent variables are correlated with the error term, typically due to omitted independent variables [Wooldridge, 2020, pp. 496–498]. As Wooldridge explains [2020, p. 496], the lack of important independent variables in a regression model leads to biased and inconsistent estimates of regression weights, frequently of too large a magnitude, leading to overestimation of the effects of the retained predictors. Because the control variables included in the model describe various contextual factors that are not the focus of this study, we treated them as a means to improve the statistical properties of the model, without articulating their expected impacts on the model as separate hypotheses. The two arrows leading out of the rectangle with control variables represent the fact that their investigated role in the regression analysis will not only be as main effects but also as moderators of the relationships between the focal variables, which are embedded in the research hypotheses.

To verify the research hypotheses, we organized a CATI survey on a sample of 245 Polish medium and large enterprises, randomly selected from the general population of companies meeting the following criteria: (1) employment size of at least 50 employees; (2) headquartered in Poland; (3) owning at least one consumer brand offered on foreign markets; and (4) applying SM in brand marketing targeted at foreign customers. Data were collected in February and March 2019 by a hired professional research agency. The respondents were senior managers for SM marketing on the Polish and foreign markets. The final sample was a cross section of both relatively little-known and well-recognized companies; the latter group included such notable international names as CD PROJECT RED (one of the world's largest computer games developers), Inglot (counted among the world's most prominent manufacturers of make-up products), LPP (the owner

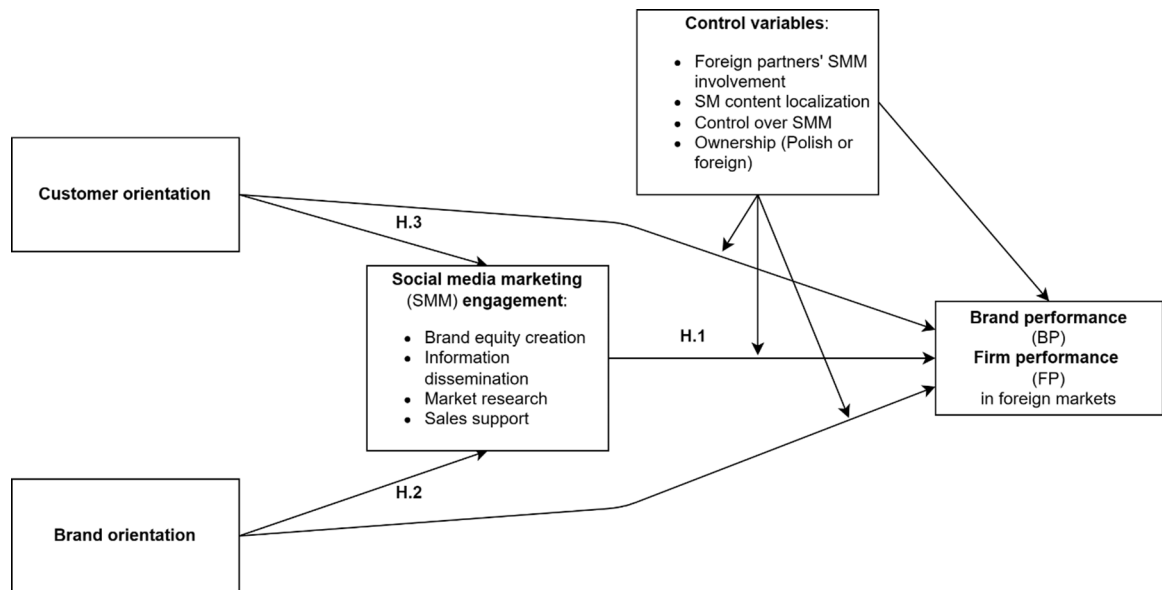


Figure 1. Conceptual model of the research.
Source: Own elaboration.

of the Reserved fashion brand), CCC (one of the biggest shoe manufacturers in Europe with its own network of traditional and Internet stores), Wedel (the oldest chocolate brand in Poland), and Wyborowa SA (its vodka brand Wyborowa is one of the most popular in the world). The questionnaire used in our survey consisted of closed-ended questions, with Likert-scale items and dichotomous scales, complemented with a few open-ended questions. To identify eligible respondents, two filter questions were used, establishing whether the contacted firms sold consumer goods on foreign markets under own brand(s) and whether they used SM marketing tools in branding on foreign markets. The variables included in the conceptual model and hypotheses were measured, similar to earlier research by other authors, as reflective constructs using five-point Likert scales, with the end points labeled as “strongly disagree” (1) and “strongly agree” (5). The content of each statement, together with the relevant literature sources, are presented in Table 1.

The statistical approach used to investigate evidence supporting and refuting our hypotheses was SEM with the SmartPLS software using the PLS method. PLS-SEM combines principal components factor analysis with multiple regression to identify latent variables and investigate their mutual relationships. PLS-SEM is preferred to the other popular method of covariance matrix-based SEM (CB-SEM) when the indicator variables do not follow multivariate normal distributions and the latent variables include not only reflective constructs but also formative ones [Hair et al., 2011]. Bootstrapping calculation of the confidence intervals for the estimator allows for the use of data with any kind of distribution. One major limitation of PLS-SEM is the lack of widely accepted goodness-of-fit tests and metrics for the entire model, a broad selection of which is readily available in CB-SEM. As a way around this problem, PLS-SEM relies on a number of separate metrics for specific aspects of model quality. In this paper, we followed the model validation procedure proposed by Hair et al. [2014, 2018], which involves three areas of analysis:

- 1) Reliability and convergent validity were evaluated with factor loadings for individual indicators and mean factor loadings for all indicators assigned to respective latent variables, which is known in the literature as the AVE metric. We also report the coefficients of composite reliability, which are an arguably better alternative for Cronbach’s alphas, not yielding upwardly biased values for constructs with larger numbers of indicators. With regard to these measures of reliability and convergent validity, a model is deemed to be acceptable if (1) its indicators (i.e., measurable variables) do not have very low correlation coefficients with their latent constructs (it is often assumed that 0.3 is the minimal admissible value), (2) every latent construct explains at least 50% of the variance in its indicator variables, i.e., all AVEs should be >0.5, and (3) the composite reliability coefficients for each construct are >0.7.

Table 1. Likert-scale items used to provide indicators for reflective construct in the study, along with their literature sources and metrics of reliability and validity

Likert-scale items (1 – completely disagree, 5 – completely agree)	Factor loadings	Sources
Customer orientation (AVE = 0.544; composite reliability = 0.877)		
We constantly monitor our customers' needs	0.762	Mueller et al. [2001]
We are aware of how customers perceive our brands and products	0.769	Deshpandé et al. [1993]
In our organization, employees receive incentives based on customer satisfaction measures	0.657	Dutot and Bergeron [2016]; Trainor et al. [2014]
In our organization, business processes are designed to enhance the quality of customer interactions	0.702	
In our organization, various functional areas coordinate their activities to enhance the quality of customer experience	0.785	
Customer needs always come first, even before the requirements of our owners/shareholders	0.744	
Brand orientation (AVE = 0.560; composite reliability = 0.910)		
Branding flows through all our marketing activities	0.734	Wong and Merrilees [2008], and own elaboration
All our departments that contribute to marketing decision-making are also involved in branding	0.655	
Branding is essential to our strategy	0.786	
Our brands are the strategic starting point for all our business operations	0.803	
Long-term brand planning is critical to our future success	0.748	
Our brands are an important asset to us	0.593	
Everyone in our company appreciates that branding is the priority for our business	0.841	
All our business decisions are assessed in terms of how they affect our brands	0.794	
SMM engagement: Brand equity creation (AVE = 0.606; composite reliability = 0.901)		
We use SM to involve customers in online communities for our key brand	0.807	Dutot and Bergeron [2016], and own elaboration
We use SM for creating the desired image of our key brand	0.870	
We use SM to distinguish our key brand from that of competitors	0.847	
We react swiftly to changes in customer needs and behavior revealed by SM	0.679	
SM activities by our different departments are well coordinated	0.626	
We follow SM to make sure that our key brand is viewed favorably by customers	0.810	
SMM engagement: Information dissemination (AVE = 0.734; composite reliability = 0.917)		
We have frequent interdepartmental meetings to discuss market trends identified via SM	0.900	Trainor et al. [2014]
Marketing personnel spend time discussing customers' future needs identified on SM applications with other departments	0.882	
Data collected using SM on customer satisfaction are disseminated at all levels on a regular basis	0.840	
When one department finds out something important about competitors using SM, it is quick to alert other departments	0.801	
SMM engagement: Market research (AVE = 0.543; composite reliability = 0.768)		
We use SM to conduct market research	0.978	Dutot and Bergeron [2016], Trainor et al. [2014], and own elaboration
We use SM to detect changes in our customers' product preferences	0.647	
SM are instrumental in collecting vital data for enhancing customers' loyalty toward our key brand	0.504	

Continued

Table 1. Continued

Likert-scale items (1 – completely disagree, 5 – completely agree)	Factor loadings	Sources
SMM engagement (AVE = 0.549; composite reliability = 0.708)		
We enable customers to buy our products via SM	0.752	Dutot and Bergeron [2016], and own elaboration
Consumers can report and resolve complaints using our SM apps	0.729	
SM content localization (AVE = 0.677; composite reliability = 0.912)		
Our key brand's SM profiles are run in the languages of the countries where we sell our products	0.648	Own elaboration based on Okazaki and Rivas [2002]; Witek-Hajduk [2018]
We adjust the content of our key brand's SM profiles to the cultural specificity of the countries where we sell our products	0.857	
We adapt creative strategies in SM (including sales arguments, emotional references, and symbolism) to the cultural values of the target countries	0.821	
We adjust the content of the posts that we publish on SM to the specific characteristics of our customers	0.862	
We make sure that the layouts of our key brand's SM profiles are in agreement with the cultural specificity of our customers	0.903	
Foreign partners' SMM involvement (AVE = 0.509; composite reliability = 0.744)		
We cooperate with internationally recognized influencers/bloggers	0.505	Own elaboration based on Witek-Hajduk [2018]
We cooperate with influencers/bloggers who are known only locally in the target country	0.625	
We encourage our partners in foreign countries (franchisees, distributors, retailers, and so on) to promote our key brand in SM	0.939	
Control over SMM (AVE = 0.505; composite reliability = 0.752)		
Our headquarters coordinates our key brand's SM communication strategy in the countries where we sell our products	0.699	Own elaboration based on Witek-Hajduk [2018]
Our headquarters provides our local foreign-country partners with guidelines and content for publishing in SM	0.645	
Posts and other brand-related content are published by our local partners in SM only with our agreement	0.780	

Source: Own elaboration.

AVE, average variance extracted; SM, social media; SMM, SM marketing.

- 2) Discriminant validity can be claimed if all latent constructs are better described by their own indicators than the indicators allocated to other constructs. A frequently used routine for investigating discriminant validity is the Fornell–Larcker criterion [Fornell and Larcker, 1981], which compares the average correlation of a construct with its indicators (i.e., the square root of AVE) to correlation coefficients with other constructs in the model. For an acceptable level of discriminant validity, each construct should be stronger correlated with own metrics than with those of other constructs, indicating that the latent variables are sufficiently distinct in their meaning. Otherwise, the content of the constructs overlaps too much, which implies that they might represent so similar ideas that they should possibly be merged. Statistically, a lack of discriminant validity is coupled with high levels of multicollinearity, leading to inflated standard errors of regression weights between constructs.
- 3) Statistical significance of the regression weights corresponding to the relationships between the latent variables is determined with the bootstrap method using 5,000 resamples with replacement from the original data sample.

4 Research findings

Prior to verifying the hypotheses, it is essential to ensure the interpretability of the regression weights in the structural model. This is contingent on meeting several quality criteria by the measurement model

with regard to reliability and validity. As described in the preceding section (Section 3), the procedure for investigating reliability and validity explores the correlational patterns between the latent variables and their indicators, as well as among the latent variables themselves. Table 1 shows the individual factor loadings equivalent to the correlations between constructs and their metrics, together with the synthetic measures of AVE and composite reliability.”

Factor loadings with sufficiently high values imply that no indicator variable should be removed from the measurement model on account of measuring something else than its assigned construct. The average amounts of variance extracted by the latent variables from their respective sets of indicators are all beyond 0.50, which indicates that at least 50% of the information held by the indicators was retained by the latent variables. This allows for interpreting the constructs based on the meaning of their indicators. Each coefficient of composite reliability is greater than its recommended threshold of 0.7, suggesting acceptable levels of reliability. Another important aspect of structural model quality is its discriminant validity, assessed here with the Fornell–Larker approach (Table 2).

It is clear from Table 2 that discriminant validity is not an issue since the average correlations between the constructs and their metrics (along the diagonal) are all greater than the correlations with other constructs (off the diagonal). Thus, there is no risk that the latent variables share too much of the same content, which would present both interpretational and statistical difficulties. It should be stressed that the analyses above pertain only to reflective latent constructs, where the presumed direction of causality leads from the construct to its indicators and the indicators themselves are supposed to be strongly correlated with each other. By contrast, formative constructs are composed of metrics which “form” and not “reflect” the construct, so the directionality here goes from the metrics to the construct. Moreover, formative metrics do not have to be mutually correlated, as they often represent distinct aspects of the latent variable. Therefore, quality assessment of formative constructs should not involve the above-described procedure based on shared correlational patterns. The current research involves only one formative construct, namely, BP, which is the index of possible positive outcomes of using SM in international marketing. It was designed as the mean of six probable effects of SM on brand image and sales, measured on a scale of 1–5, according to their observed intensity. Since all six effects could occur and develop largely independently of each other (at least in the short-to-medium term), the choice of the formative format seems to be justified. Quality assessment of formative constructs typically involves studying the so-called face validity, which does not entail any statistical procedures. Instead, face validity is determined by content analysis of each item (based on common sense and specialist knowledge – here, in management, marketing, and economics) to find out if they indeed belong together as different elements of the same latent variable. Based on the proposal by Wong and Merrilees [2008], we applied the following component items of the formative BP index measuring the possible positive outcomes of SMM in foreign markets (respondents were informed that all statements concern what could have happened with their key brand in the most important foreign market in the past year; scale structured according to a five-point Likert format, where 1 – complete disagreement, 5 – complete agreement with each statement):

- The image of our key brand has improved.
- The awareness of our key brand increased in its target groups.
- We enhanced our reputation as a reliable company.
- Consumer loyalty toward our key brand improved.
- The perceived quality of products sold under our key brand increased.
- The sales of our key brand were greater than the sales 1 year earlier.
- Our key brand enjoys higher profitability compared with that 1 year earlier.

To conclude, the measurement model demonstrates adequate levels of validity and reliability, thus enabling further analysis of regression weights in the structural model and testing of the research hypotheses.

Figure 2 shows the estimated structural model with standardized regression weights (ranging from –1 to +1), representing the strength of the associations between the constructs. Circles for endogenous (dependent) variables contain estimates of the amounts of variance explained by all connected independent variables.

Table 2. Discriminant validity of reflective constructs according to the Fornell–Larcker criterion

	Control over SMM	SMM content localization	Customer orientation	Brand orientation	Foreign partners' SMM involvement	SMM engagement: Market Research	SMM engagement: Brand equity creation	SMM engagement: Sales support	SMM engagement: Information dissemination
Control over SMM	0.710								
SMM content localization	0.264	0.823							
Customer orientation	0.209	0.299	0.738						
Brand orientation	0.181	0.179	0.545	0.748					
Foreign partners' SMM involvement	0.117	0.130	0.081	0.130	0.714				
SMM engagement: Market Research	0.275	0.245	0.197	0.134	0.268	0.737			
SMM engagement: Brand equity creation	0.272	0.646	0.469	0.306	0.097	0.228	0.778		
SMM engagement: Sales support	0.128	0.262	0.137	0.108	0.084	0.126	0.261	0.741	
SMM engagement: Information dissemination	0.266	0.350	0.318	0.151	0.177	0.489	0.500	0.222	0.856

Source: Own elaboration.

SM, social media; SMM, SM marketing.

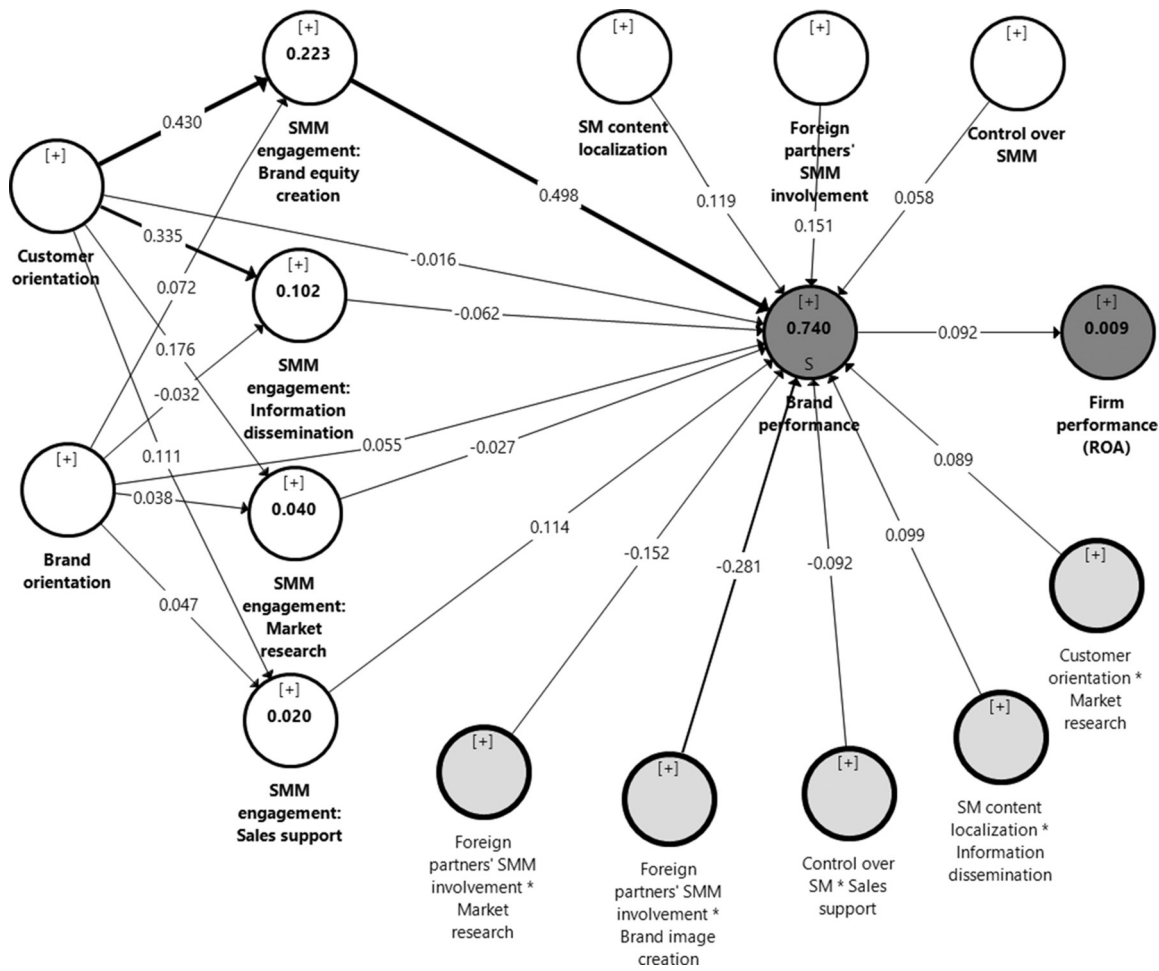


Figure 2. Estimated structural equation model for relationships of social media marketing with brand and firm performance.
Source: Own elaboration.
SM, social media; SMM, SM marketing.

The centerpiece of the structural model is BP, which is the main endogenous construct with most of the regression lines connecting to it. By explaining 74% of the variance, the model demonstrates a high capacity for predicting BP.

Return on assets (ROA) is another endogenous variable and serves as the measure of overall firm performance. It is the only variable that was not measured via the survey method but was obtained from an external, third-party-validated database called EMIS. The link between BP and ROA is weak, but significant. This is not unexpected, since BP is quite narrow in scope, considering only one aspect of operational performance – though the most important – i.e., brand. In comparison, ROA encompasses the whole of organizational performance, including debt, unexpected events, and taxes, while accounting for the efficiency of using assets. Moreover, the full impacts of changes in BP would be registered by ROA with some delay, possibly of >1 year. However, the existence of a positive, statistically significant relationship provides evidence for the nomological validity of our BP index. Table 3 displays the outcomes of the significance tests for all regression weights in the model. Shades of gray are used to improve readability, with light gray indicating weaker effects, significant at the 0.10 level, and dark gray highlighting stronger patterns significant at the 0.05 level.

The above test results demonstrate that, of the four SM engagement areas, only two are significantly and directly correlated with BP at the 0.05 level: brand equity creation and sales support. However, this is not the full picture of the correlational patterns in the model because, in addition to the main effects of SM engagement, their interactions with other variables should also be investigated. In order to not increase

Table 3. Regression weights and significance levels in the structural model (estimation with the bootstrapping method using 5,000 resamples)

Regression paths	Regression weights		
	(beta)	t-statistics	p-values
Customer orientation → SMM engagement: Market research	0.176	1.845	0.066
Customer orientation → SMM engagement: Brand equity creation	0.430	3.789	0.000
Customer orientation → SMM engagement: Sales support	0.111	1.191	0.234
Customer orientation → SMM engagement: Information dissemination	0.335	3.422	0.001
Brand orientation → SMM engagement: Market research	0.038	0.391	0.696
Brand orientation → SMM engagement: Brand equity creation	0.072	1.152	0.250
Brand orientation → SMM engagement: Sales support	0.047	0.519	0.604
Brand orientation → SMM engagement: Information dissemination	0.032	0.435	0.663
SMM engagement: Market research → Brand performance	−0.027	0.4	0.689
SMM engagement: Brand equity creation → Brand performance	0.498	5.866	0.000
SMM engagement: Sales support → Brand performance	0.114	2.955	0.003
SMM engagement: Information dissemination → Brand performance	−0.062	1.092	0.275
Customer orientation → Brand performance	−0.016	0.227	0.821
Brand orientation → Brand performance	0.055	1.277	0.202
SM content localization → Brand performance	0.119	1.804	0.072
Foreign partners' SMM involvement → Brand performance	0.151	2.476	0.014
Control over SMM → Brand performance	0.058	1.198	0.231
Customer orientation * Market research → Brand performance	0.089	1.742	0.082
SM content localization * Information dissemination → Brand performance	0.099	2.161	0.031
Foreign partners' SMM involvement * Market research → Brand performance	−0.152	2.429	0.016
Foreign partners' SMM involvement * Brand equity creation → Brand performance	−0.281	3.854	0.000
Control over SMM * Sales support → Brand performance	−0.092	1.839	0.067
Brand performance → ROA	0.092	2.561	0.011

Source: Own elaboration.

ROA, return on assets; SM, social media; SMM, SM marketing.

multicollinearity unnecessarily, which would raise standard errors, both the diagram and the table include only interactions significant at the ≤ 0.1 level. The interactions were obtained by multiplying pairs of pertinent variables and indicate how the regression weight of one variable changes depending on the level of the other variable. In other words, a significant interaction reveals that regression weights for the interacting variables are not constant (and significant) across all members and subgroups of the study population. Considering the significant interactions in the model, one could make the following interpretations:

- 1) The effect of SM engagement in market research could turn out to be significant for those companies that demonstrate strong customer orientation (beta = 0.089) and do not involve partners (e.g., influencers, bloggers, and other SM personalities) in their foreign SMM activities (beta = −0.152). The negative consequence of partner involvement for benefits from marketing research might be due to the limited access to complete data documenting their contacts with customers. This underscores the importance of a firm's direct relationships with its customers, with as limited participation of intermediaries as possible.

- 2) Information dissemination can have a positive impact on BP if a company is strongly dedicated to localizing its SM content ($\beta = 0.099$). One reason for this could be that the effort expended by employees into modifying SM materials to suit local consumers' tastes contributes to their greater knowledge about foreign markets. This greater knowledge translates into more ample and valuable information that could be used to enhance BP.
- 3) The negative impact of foreign partners' involvement is not limited to only information dissemination but can also dampen the positive effects of engaging in SM for brand-building purposes ($\beta = -0.281$). It is worth noting that this is the strongest identified moderation effect in this study, which can completely cancel out the benefits derived from applying SM in creating brand equity, and with an exceptionally strong partner involvement, it can even turn the regression sign negative. This pattern could be driven by limited control possibilities over partners' activities (in particular, SM personalities), who might be more interested in promoting themselves rather than the brand they were contracted to support. Such risks of cooperating with independent bloggers and influencers in SM were reported earlier in the literature, for instance, by Zaborek and Mazur [2018], who conducted a multiple case study on the use of Internet and SM by Polish exporting companies.
- 4) Sales support with SM is prone to delivering worse effects if the company exerts too much control over its foreign SM activities ($\beta = -0.092$). Greater centralization of SMM management on international markets can delay reaction times to customer complaints and unusual requests, thus working toward decreasing customer satisfaction and undermining the benefits of supporting sales by SM. Considering this, it seems reasonable for an exporter to give more leeway to its local branches in foreign markets.
- 5) The role of foreign partners' SMM involvement is arguably the most complex in the model because of its significant interactions with two other variables. Interestingly, its main effect is positive ($\beta = 0.151$), but the expected complete effect for those companies that are actively using SM to create brand image and collect market data would be negative due to the negative mediation offsetting the positive main effect. Therefore, it is justified to conclude that, as a rule, firms should avoid relying too much on independent partners to assist them in building and maintaining a desirable presence in SM. Instead, the headquarters should allow local branches and/or subsidiaries more freedom, to avoid an overly formal and centralized management structure, which could hamper benefits derived from supporting sales with SM.

Overall, our findings validate the notion that the use of SM is advantageous for both the brand itself and the firm at large. Based on the regression weights for direct effects, some applications of SM seem to be more effective than others (brand equity creation and sales support), but even when the direct effect is insignificant, SM use could still be beneficial through how interactions from other variables boost its positive outcomes. SM engagement in information dissemination and market research shows such a pattern of relationships with BP, without meaningful effect on its own, but potentially beneficial with particular configurations of other variables describing a company's strategy on foreign markets (i.e., high customer orientation, low local partner involvement, and high content localization).

As such, the first research hypothesis (H1) about a positive relationship of SM engagement in international brand marketing with BP and firm performance can be considered supported.

In the conceptual model for the study, it was assumed that engagement in SM and its outcomes will be driven by two major aspects of a firm's organizational culture: brand orientation and customer orientation. This idea was formally expressed as hypotheses H2 and H3.

The research findings reveal a lack of relationships between brand orientation and any form of SMM engagement. There is also no evidence for either direct or indirect impact of brand orientation on BP, controlling for the other latent variables in the structural model. This lack of relationship could be due to a high level of multicollinearity in the model, but this is not the case since the only other predictor of SMM engagement – customer orientation – was only mildly correlated with brand orientation ($r = 0.545$ in Table 2). As will be explained later, there were differences between Polish-owned companies (PCs) and companies with foreign capital (FCs) regarding the role of BP in the model, but this did not change the outcomes at the pooled level (when the whole sample of companies was accounted for). Thus, H2, anticipating a positive link between brand orientation, SM engagement, BP, and firm performance seems to be false.

It is quite different with the role of customer orientation in the model. Regression weights point to the pattern whereby the stronger the customer orientation, the stronger is a firm's engagement in SM, with the sole exception of sales support. To assess the second part of H3, which anticipates a positive link between customer orientation and performance metrics for the brand and the firm, it is necessary to not only look at direct regression links but also consider longer, indirect regression paths going through SM engagement. In the following list, all variables considered as determinants of BP in our model are tabulated according to the absolute strength of the total effect on BP in descending order.

1. SMM engagement: Brand equity creation (0.498)
2. Foreign partners' SMM involvement * Brand equity creation (−0.281)
3. Customer orientation (0.185)
4. Foreign partners' SMM involvement * Market research (−0.152)
5. Foreign partners' SMM involvement (0.151)
6. SM content localization (0.119)
7. SMM engagement: Sales support (0.114)
8. SM content localization * Information dissemination (0.099)
9. Brand orientation (0.097)
10. Control over SMM * Sales support (−0.092)
11. Customer orientation * Market research (0.089)
12. SMM engagement: Information dissemination (−0.062)
13. Control over SMM (0.058)
14. SMM engagement: Market research (−0.027)

The above list shows the metrics of total associations between pairs of variables in the model, which combine direct and indirect effects along all regression paths. From this arguably more complete viewpoint, the total effect of customer orientation on BP is significant and positive, with the beta metric at 0.185. However, the link between BP and firm performance is so weak that any indirect regression path leading to firm performance considered in this study is insignificant. In conclusion, our data provide partial support to H3, except SM engagement in sales support, and with the additional caveat that it applies to BP but not to firm performance.

An interesting complement of the analysis so far is a comparison between companies with only Polish capital ($n = 181$) and those controlled fully or partially by foreign owners ($n = 64$). Table 4 shows the regression weights for these two groups of firms.

The general conclusion from Table 4 is that FCs use SMM in international markets more effectively than their Polish-owned counterparts (PCs). It is highlighted by the significantly higher regression coefficients for the FCs for the relationship between SMM engagement in brand equity creation and BP, with all other applications of SMM showing similar associations with BP in both groups of firms. Among other meaningful differences, the FCs were less sensitive than PCs to the involvement of foreign partners in SMM. For the FCs, brand orientation had significant positive correlations with two aspects of SMM engagement (information dissemination and market research), which was not true for the PCs. FCs and PCs displayed different patterns of relationships between customer orientation and BP, with the former having a stronger direct link, while the latter group was characterized by mediated associations through SMM engagement. The differences between FCs and PCs revealed by this comparative analysis could be explained by FCs' better knowledge of international markets, especially those co-owned by foreign firms from the same industry, and higher marketing sophistication, possibly due to their links with multinational corporations. Operating within the capital group of a multinational gives them access to rich resources of know-how, but also it might require following certain corporate procedures and implementing elements of the general marketing strategy. This seems to be reflected in the fact that FCs had systematically higher levels of brand orientation (z -statistic for the Mann–Whitney U -test was -2.192 , $p = 0.028$), which was the only significant difference between the two groups of firms for

Table 4. Comparison of regression weights in the structural model for firms with only Polish capital and those controlled fully or partially by foreign owners

Regression paths	Regression weights		Difference	Modulus of difference
	Only Polish capital	Some or all foreign capital		
Customer orientation → SMM engagement: Brand equity creation	0.448	0.214	0.234	0.234*
SMM engagement: Brand equity creation → Brand performance	0.426	0.647	−0.221	0.221*
Brand orientation → SMM engagement: Information dissemination	0.087	0.259	−0.172	0.172*
Customer orientation → Brand performance	0.038	0.210	−0.172	0.172*
SM content localization → Brand performance	0.211	0.049	0.162	0.162*
Foreign partners' SMM involvement * Market research → Brand performance	0.246	0.091	0.155	0.155*
Customer orientation → SMM engagement: Information dissemination	0.350	0.217	0.133	0.133
Brand orientation → SMM engagement: Market research	0.142	0.264	−0.122	0.122
Foreign partners' SMM involvement * Brand equity creation → Brand performance	0.287	0.176	0.111	0.111
Control over SMM → Brand performance	0.041	0.135	−0.094	0.094
Customer orientation → SMM engagement: Market research	0.179	0.088	0.091	0.091
Control over SMM * Sales support → Brand performance	0.066	0.139	−0.073	0.073
SM content localization * Information dissemination → Brand performance	0.071	0.144	−0.073	0.073
Brand orientation → SMM engagement: Sales support	0.065	0.005	0.060	0.06
Customer orientation → SMM engagement: Sales support	0.156	0.108	0.048	0.048
Brand orientation → SMM engagement: Brand equity creation	0.129	0.087	0.042	0.042
Foreign partners' SMM involvement → Brand performance	0.165	0.130	0.035	0.035
Brand performance → ROA	0.099	0.078	0.021	0.021
SMM engagement: Market research → Brand performance	0.09	0.071	0.019	0.019
Brand orientation → Brand performance	0.056	0.039	0.017	0.017
SMM engagement: Information dissemination → Brand performance	0.088	0.077	0.011	0.011
SMM engagement: Sales support → Brand performance	0.109	0.103	0.006	0.006
Customer orientation * Market research → Brand performance	0.107	0.105	0.002	0.002

Regression paths were sorted in descending order according to the amount of absolute difference in regression weights;

*differences significant at the 0.10 level.

Source: Own elaboration.

ROA, return on assets; SM, social media; SMM, SM marketing.

all latent variables in the model. A lower average brand orientation might be the reason why PCs do not show positive correlations of this variable with SMM engagement and BP. This could happen if the positive effects become detectable only after a certain critical threshold has been crossed, which apparently was not the case for the Polish firms. The positive correlation between brand orientation and the two aspects of SMM engagement in FCs is in agreement with the literature implying the existence of such a relationship. The lack of a similar relationship in PCs is turning this effect insignificant at the pooled sample level, as there were more than twice as many PCs than FCs in our study.

5 Discussion, limitations, and directions for further research

The primary aim of our research was to investigate how engagement of a company's main brand in SMM in a key foreign market is related to its BP and firm performance. The outcomes suggest that SMM engagement is generally advantageous, but not all areas of engagement are equally important. This conclusion is in line with the research by Felix et al. [2016], Ainin et al. [2015], and Alarcón-del-Amo and Rialp [2015, 2016] confirming a positive impact of branding in SM on BP and firm performance.

What comes to the fore, as the most important driver of BP, is a firm's SMM engagement in brand equity creation, including shaping a favorable brand image [Kim and Ko, 2010; Felix et al., 2016]. It is also beneficial to use SM in supporting the sales process, which involves not only the transaction itself, but also after-sales services, including complaint handling [Bhanot, 2012]. The other two SMM functionalities – market research and information dissemination – can be beneficial under certain conditions, as indicated by statistically significant moderation effects. This conclusion is compatible with the results of Nguyen et al.'s [2015] work validating the influence of knowledge acquisition from SM on brand innovation, which in turn may help improve BP and firm performance. Similar outcomes about the role of SM and information dissemination were reported by Bagozzi and Dholakia [2006] and Trainor [2012]. Our research suggests that it could be particularly dangerous to rely too much on so-called Internet personalities (also known as influencers), whose excessive involvement in international markets can severely degrade the positive impacts obtained from SMM engagement in creating brand equity and, in addition, reduce the value of data and knowledge flowing from the company's SM. This might be related to a certain fickleness of these popular figures and their tendency for self-promotion even at the expense of the brands that they have committed to support. Zaborek and Mazur [2018] describe an illustrative case involving a Master Chef Competition participant to promote brands of a certain Polish food manufacturer. A series of YouTube videos sponsored by the firm, even though popular with Internet users, were promotionally underwhelming due to the lack of proper exposure of the brand names, which went largely unnoticed by the viewers. It is worth noting that this negative effect from involving independent partners to support SMM in international markets is much weaker for FCs, with these also attaining greater benefits from using SMM in creating brand image. Considering that firms with international ownership ties should display a greater familiarity with foreign markets than solely PCs, their choice of local partners should also be more suitable to the sensitivities of the targeted consumer segments. This could reflect a more general issue of inadequate cultural adjustment of SM content to the specificity of foreign markets' national culture [Okazaki and Rivas, 2002], content type (rational, emotional, and transactional content) [Shahbaznezhad et al., 2021], and the language of brand messages [Pezzuti et al., 2021]. This conclusion is reinforced in our study by a negative effect of too much centralization of SMM in markets that are foreign to the brand owner. Excessive centralization appears to reduce the effectiveness of SMM, but this is less pronounced among foreign-owned enterprises, where the centralization effect is marginally positive. Such a pattern is not unexpected and reflects earlier research by Araujo and Neijens [2012], as well as Felix et al. [2017], who found that foreign-owned enterprises, which are usually subsidiaries of global brand owners, may prefer global-reach SM and SMM standardization that corresponds with the centralized way these activities are organized.

The above findings enable us to propose recommendations for managers who would wish to use SM brand marketing abroad more successfully. First of all, SM seems to be an effective tool for shaping brand image and supporting sales, but it is important to have an intimate knowledge of local market conditions. When faced with the alternatives of either relying on its own local branches or getting local partners involved, the better option seems to be upgrading the company's local presence and giving it more autonomy as regards SM activities. Overall, independent partners can disturb the effective use of SM, so the participation of intermediaries and subcontractors should be limited. It is also important to cultivate the right organizational culture among employees – in particular, promoting a strong focus on customers and their needs, as well as encouraging frequent contacts with them from the widest possible groups of employees. This should contribute to creating more suitable conditions for value cocreation with consumers, not being only limited to the task of customization but also involving them in developing

new offerings, which was found to improve business performance at both operational and financial levels [Zaborek and Mazur, 2019].

The main limitation of this study stems from the data collection method used, which involved telephone interviews with business managers. This approach can be a source of misrepresentations and inaccuracies related to imperfect memory of respondents, their lack of sufficient knowledge about the organization, or their confabulations to give answers that are considered socially acceptable. To reduce the associated measurement errors, we made every effort to carefully design the questionnaire based on validated measurement scales taken from reliable scientific publications. The questionnaire was thoroughly pretested, and the entire data collection process was outsourced to a professional research agency with extensive experience in similar projects. It is also worth mentioning that our conclusions concerning FCs are less reliable than those regarding businesses with only Polish ownership. This is due to the relatively small size of this subgroup, consisting of only 64 units. Considering how important differences between firms with different ownership turned out to be, future research on the same topic should ensure oversampling of FCs in order to conduct comparative analyses with more scholarly rigor.

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