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INVESTIGATING THE IMPACT OF ELECTRONIC WORD OF MOUTH ADVERTISING ON PROMOTING BRAND EQUITY FROM CONSUMERS' PERSPECTIVE (A CASE STUDY OF TABRIZ SEPAH BANK)

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ABSTRACT

The main purpose of this study is to investigate the impact of electronic word of mouth advertising on promoting banks' brand equity based on Keller model which includes six dimensions of brand resonance, brand judgments, brand feelings, brand imagery, brand performance and brand salience. This study is applied–survey research and its statistical population includes the corporate clients of Sepah Bank in Tabriz city, who have macro-financial interactions with this bank; because their views play a significant role in brand equity of bank financially and competitively. The data obtained from 50 questionnaires collected from senior managers of companies were analyzed by correlational analysis and partial least squares method. The findings show that electronic word of mouth advertising has the highest impact on Sepah bank's brand resonance, has the least impact on brand judgments but doesn't impact on brand feelings. Finally based on the results some suggestions are presented to bank directors and future researchers.

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INTRODUCTION

Cyber space provides new tools for marketers to improve the efficiency and effectiveness of marketing communications and new approaches to acquire and maintain customers. One aspect of cyber space is online interpersonal influences (Stephen et al, 2008). Interpersonal influences of individuals in online environments are effective on customers 'evaluations and decisions about purchasing a product or brand. Electronic word of mouth (e-WOM) advertising includes a variety of media forms and different types of websites in which there is access to online customers' ideas and revisions [1]. Online reviews of customers about product has attracted increasing attention of researchers [2]. Research on word of mouth advertising is a relatively new issue and has evolved over the last ten years. Some researchers have combined the evolved theories in order to describe the phenomenon of electronic word of mouth communication [3]. The importance of (e-WOM) advertising in relation to the services and innovation disseminations is highlighted. Specific features of services i.e. intangibility, non-changeability and inseparability of production and consumption, encourage customers to pay more attention to others opinions and advices- especially when they consider the advisor independent of service provider- and consequently service buyers in their own decision making trust in word of mouth advertising [4].The main purpose of this study is to investigate the impact of electronic word of mouth advertising on the dimensions of brand equity from the perspective of Sepah bank corporate clients in Tabriz city based on Keller model. Therefore, the main issue of this study is followed in two parts. At first, the theoretical framework of electronic word of mouth advertising and brand equity dimensions of Keller model are examined and secondly this model in service sector of public banking system is investigated. This study seeks to answer the question of whether Sepah bank corporate clients who have macro -financial interactions with bank, are helpful in strengthening brand equity of bank through online word of mouth advertising or not?

In this study e-word of mouth advertising is word of mouth advertising in electronic environment, in other words it is word of mouth advertising in order to purchase or receive service online. For the first time about 40 years

ago, the term word of mouth advertising was published in Fortune magazine by William White in his classic study of marketing. Although it has been discussed in the social networks of sociology in detail, but in recent years it has been the main focus of marketing researchers due to the clarification of its significant effects on consumer behavior [5].Word of mouth advertising can be both positive and negative, but the present study deals with positive word of mouth advertising. The definition of word of mouth advertising is about a context in which one express positive points about the electronic service to others [6]. Many marketers consider positive word of mouth advertising as one of the most powerful marketing communications, especially when the person is familiar and trusted [7]. Word of mouth advertising to the services is usually more important than the goods. Services are typically experimental in nature and hence it is difficult to evaluate them before purchase. The service features (such as being intangible, heterogeneous and inseparability of production and consumption) makes customers to pay attention to others' perspectives for before purchase evaluation.As a result, usually perceived risk when purchasing services is more in comparison to purchasing goods. Therefore, it is more likely that service customers would trust in word of mouth advertising in their purchase decisions [8]. Managers have been interested in word of mouth advertising, since they consider as an important stimulus on consumer behavior [9].

Brand Equity

Brand equity is the final ideal or value addition that a product creates through brand. Brand equity is like as an asset for the company which increases business cash flows [10]. Brand equity can help customer to interpret, process and store large amounts of information about product and brand. It can also affect the confidence of consumers in the purchase decision since they have experienced it before and are fully familiar with its brand and features [11]. In the literature of brand there are two main methods for assessing brand equity, one of them is financial method which is done based on factors like stock assessment, the current value and etc... , and the other is done through end users [12]. In this context, the emphasis is more on brand equity from the perspective of the customers. Awareness of customers' perspective about the dimensions of brand equity, assists banks in optimizing marketing plans, especially in the field of brand management and advertising effectiveness and supports spending resources for market share growth and brand expansion [13]. Perceiving customers' needs and demands and implementing suggestions for their satisfaction, is the heart of successful marketing. Therefore, Keller introduce a model called customer -based brand equity. According to this model, the brand equity is resulted from the differences of customers' responses in relation to knowledge about brand [14]. In this research, it is focused on customer -based perspective. Several studies have attempted to evaluate brand equity and different methods have been proposed for this [15]. One of the most well-known models of evaluating customer-based brand equity is Keller model which was introduced in 1956. The advantage of this model over other models is that it has a pyramid like shape and specifies the starting point of branding and peak branding that the dimensions of brand equity are connected like stair. In brand equity model of Keller, brand salience is the starting and basis point of branding and brand resonance is in the top of pyramid and is the ultimate goal of brand equity. In Keller model, brand salience is an indicator that measures brand awareness. Brand salience measures the fact that "how many times and to what extent a brand is recalled in customer's mind in different situations? The brand that there is more deep and broad awareness about it in consumers' minds would benefit from a high level of salience. Brand salience is an important first step in achieving brand equity [1].

Brand performance: it is related to how a brand acts successfully in market [16]. Brand performance index describes how product or service can respond to functional needs of customers well [1].

Brand imagery: Based on this, imagery refers to the intangible and invisible aspects of brand. Powerful brands create meaningful images in customers' mind. A strong and reputable brand image increase brand differentiation and has a positive impact on buyer behavior [17].
Brand judgments: it includes customers' individual beliefs and evaluations about brand which is formed by juxtaposing all of performances, associations and mental images [1].
Brand feelings: it is the emotional reactions and responses of customers toward brand. Brand feelings are also associated with social actions that are created in brand impact [1].
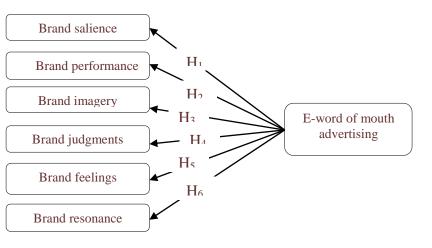Brand resonance: The final step of model relies on creating a final relation between customer and brand. Brand resonance is an index which shows the extent or depth of the customers' mental proximity with a brand and the activities shaped in the impact of this loyalty sense in customer behavior [18].

The Impact of E-word of mouth advertising on Brand Equity Dimensions

In general, very little research has been done on the impact of electronic word of mouth advertising on different aspects of brand equity. [19], by examining the effects of a certain type of electronic word of mouth advertising-the exchange of customer to customer technical knowledge- on customer's perceptions of value and customers' loyalty intentions concluded that exchanging customer to customer technical knowledge impacts on customers' perceptions of product value, possibly of recommending products and purchasing service to others, but has no impact on purchase intentions of customer. Another study showed that e-online reviews of consumers about a product undermines brand equity [20]. Companies mainly consider e-word of mouth advertisings by three objectives that their realization cause the maintenance and achievement of brand equity: 1) the increase of available products and services' sales or newly introduced products and services through an inexpensive means of acquiring and retaining customers, 2) the improvement of customer satisfaction and 3) the achievement to ideas for developing new product and presenting new service where customers provide suggestions about new products and services [21].

Research Conceptual Model and Hypotheses

Fig:1. A conceptual model of research

By examining similar patterns, the conceptual model of present study which consists of six hypotheses was developed in **Figure- 1**. According to this model, the e-word of mouth advertising has a positive effect on brand salience, brand performance, brand imagery, brand judgments, brand feelings and brand resonance.
Figure- 1. A conceptual model of research
According to the conceptual model, the research hypothesis is as follows:
First hypothesis: e-word of mouth advertising impacts on brand salience.
Second hypothesis: e-word of mouth advertising impacts on brand performance.
Third hypothesis: e-word of mouth advertising impacts on brand imagery.
Fourth hypothesis: e-word of mouth advertising impacts on brand judgments.
Fifth hypothesis: e-word of mouth advertising impacts on brand feelings.
Sixth hypothesis: e-mouth of mouth advertising impacts on brand resonance.

MATERIALS AND METHODS

The statistical population of this research includes all the corporate clients of Sepah Bank in Tabriz, who have macro-financial transactions with the bank, since their views play an important role in promoting the brand equity of the bank financially and competitively. A total of 50 companies were selected as sample. Considering that the surface structure of the conceptual model is organizational, the responses of one person within the organization are collected with other responses and model test and analysis has been conducted based on the number of companies (n = 50). Due to the large geographical distribution of companies and time limitations, sampling was done based on the convenience and availability of access to the companies. To

gather data and test the model, a closed questionnaire with 24 questions and a five-point Likert scale was used. The questionnaires were completed through visiting managers of companies who were as possessors of key information due to holding specific knowledge about the studied phenomenon. To measure specific variables of research standard scales were used. For this purpose standard questions were translated and were reviewed and modified by the views of several academic experts. Therefore, the questionnaire has content validity. Cronbach's alpha coefficients for all latent variables were higher than 0.7 threshold level, which indicates the prepared questionnaire has the proper reliability.

Table- 1. Scale, questions, alpha Cronbach and the source of questionnaire questions

RESULTS

Demographic analysis of sample shows that about 85 and 15 % of respondents were male and female respectively. About 82 % of respondents were under 40 years old and 18 % were over 40 years old. 67 % of respondents were graduate students and 23 % had post-graduate or higher degree. To test the conceptual model of research the PLS was used which is a variance-based path modeling technique and provides the simultaneous investigation of theories and measures (Azizi et al, 1390). This method is used where the sample size is small and variables' distribution is not normal.

External Model

In PLS models two models are tested. The first model includes external model which is the equivalent of measurement model in structural equations. The second model is internal model which is the equivalent of structural model in structural equation models. Common fitness indexes in PLS measurement models are presented for the seven latent variables of the study in **Table- 2**. Three important indexes of fitness are: the extracted average variance, the composite reliability and factor loadings. As seen in Table 2, items related to e-word of mouth advertising (E-WOM) accounted for 65 % of the variance in their own construct. Brand salience (BS) items accounted for 50 % of the variance in their own construct. Brand performance (BP) items accounted for 54 % of the variance in their own construct. The items of brand imagery (BI) accounted for 57 % of the variance in their own construct. The items of brand judgment (BJ) accounted for 53 % of the variance in their own construct. Brand feelings (BF) items accounted for 53 % of the variance in their own construct and brand resonance (BR) items accounted for 55 % of the variance in their own construct.

Table: 2. The primary results of measurement model

variable	index	AVE	CR	FL	variable	index	AVE	CR	FL
E-WOM		0.65	0.73		BI		0.57	0.63	
	$E\text{-}WOM_1$			0.581		BI_1			0.536
	$E\text{-}WOM_2$			0.665		BI_2			0.545
	$E\text{-}WOM_3$			0.698		BI_3			0.799
	$E\text{-}WOM_4$			0.590	BF		0.54	0.78	
	$E\text{-}WOM_5$			0.642		BF_1			0.846
	$E\text{-}WOM_6$			0.653		BF_2			0.746
BS		0.5	0.75			BF_3			0.601
	BS_1			0.568	BJ		0.53	0.77	
	BS_2			0.711		BJ_1			0.742
	BS_3			0.820		BJ_2			0.756
BR		0.55	0.78			BJ_3			0.674
	BR_1			0.518	BF		0.53	0.76	
	BR_2			0.896		BF_1			0.901
	BR_3			0.770		BF_2			0.779
						BF_3			0.339

Internal Model

After testing the external model, it is necessary to provide internal model which indicates the relationship between latent variables. Using internal models, we can examine research hypothesis. The internal model of research was conducted by the application of PLS-Graph software. The tested conceptual model is presented in Figure 2.
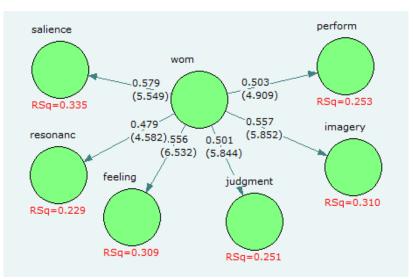
The determination coefficient of two sub-model is presented in the dependent variable of each sub-model. The determination coefficient for the impact of e-word of mouth advertising on brand salience is equal to 0.335, on brand performance is equal to 0.253, on brand imagery is equal to 0.310, on brand judgments is equal to 0.251, on brand feelings is equal to 0.309 and on brand resonance is equal to 0.23. The calculated path coefficients along with t-values are shown in Table 3. According to the results of Table 3, all the hypotheses are supported.
Table- 3. The results of partial least squares for hypotheses

Table: 1. Scale, questions, alpha Cronbach and the source of questionnaire questions

variable	The number of questions	alpha Cronbach	Source of questions
Brand salience	6	0.808	(2009) Lapel et al.
Brand performance	3	0.783	(2006) Ekas and Negu
Brand imagery	3	0.767	‹(2009) Lapel et al.
Brand feelings	3	0.725	‹(2009) Lapel et al.
Brand judgments	3	0.755	‹(2009) Lapel et al.
Brand resonance	3	0.782	‹(2009) Lapel et al.
e-wom advertising	3	0.825	(2011) Bambur and Maghnuld

Table :2. The primary results of measurement model

variable	index	AVE	CR	FL	variable	index	AVE	CR	FL
E-WOM		0.65	0.73		BI		0.57	0.63	
	E-WOM$_1$			0.581		BI$_1$			0.536
	E-WOM$_2$			0.665		BI$_2$			0.545
	E-WOM$_3$			0.698		BI$_3$			0.799
	E-WOM$_4$			0.590	BF		0.54	0.78	
	E-WOM$_5$			0.642		BF$_1$			0.846
	E-WOM$_6$			0.653		BF$_2$			0.746
BS		0.5	0.75			BF$_3$			0.601
	BS$_1$			0.568	BJ		0.53	0.77	
	BS$_2$			0.711		BJ$_1$			0.742
	BS$_3$			0.820		BJ$_2$			0.756
BR		0.55	0.78			BJ$_3$			0.674
	BR$_1$			0.518	BF		0.53	0.76	
	BR$_2$			0.896		BF$_1$			0.901
	BR$_3$			0.770		BF$_2$			0.779
						BF$_3$			0.339

Fig: 2. Tested model resulted from partial least square software

DISCUSSION AND CONCLUSION

The results showed that the e-word of mouth advertising has a positive high effect on brand salience (β = 0.579). The findings of this study are in line with [22]and [23]study results. In other words, the rise of e-word of mouth advertising increases brand awareness and improves satisfying customers' needs. E-word of mouth advertising has a high positive effect on brand performance (β= 0.53). The findings of this study have found similar conclusions along with the results of [20] studies, which have examined the social networking. E-word of mouth advertising has a significant impact on the effectiveness and efficiency of services. According to the results, the e-word of mouth advertising has a high positive effect on brand imagery (β=0.557) which is consistent with the results of [20] study. E-word of mouth advertising is effective in the examination of customers' past experiences for using banking service. E-word of mouth advertising has a high positive effect on brand feelings (β=0.501) which is consistent with the results Lapel and et al (2009) studies. According to the results, the e-word of mouth advertising is effective in providing security to customers and their social acceptance. E-word of mouth advertising has a high positive effect on brand judgments (β=0.501) which is consistent with the results of [20]studies. This advertising can be effective in creating competitiveness for bank in relation to rivals and increasing credit, approval and acceptance for bank by customers. Finally, the e-word of mouth advertising has a high positive effect on brand resonance (β= 0.479) which is consistent with the results of [20, 22] and [23]studies. Creating loyalty in customers and sense of belonging to bank can be the ultimate goal of brand equity from the perspective of Keller model which in this study has had a significant relationship.

CONFLICT OF INTEREST
Authors declare no conflict of interest.

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None declared.

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