

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## The Effect of Electronic Word of Mouth Advertisement on Brand Especial Value with Structural Equation Modeling

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### **Abstract:**

*The goal of this study is considering the effect of electronic word of mouth advertisement on brand especial value. Current research is descriptive and regarding goal it is applied. Regarding data collection it is counted field. Tools of data collection in this research are questionnaire that includes 22 questions for assessing all variables of research. For assessing variables 5-spectrum of Likert test is used. Validity of questionnaire has been confirmed by viewpoint of professors and experts and its reliability was confirmed by Cronbach alpha. Statistical society of current research is all customers of Sepah bank in Guilan province. By using Cochran formula 384 people were considered as final sample of research. For testing hypothesis structural equation modeling was used. The result showed that word of mouth advertisement has meaningful effect on brand especial value.*

**Keywords:** *Electronic word of mouth advertisement, brand especial value, Sepah bank, structural equation modeling*

### **1. Introduction**

Nowadays new methods of marketing has been introduced to the world that is more efficient, cheaper and effective than old methods that can point kinds of rebound marketing, telephone marketing, distance marketing, guerrilla marketing, viral marketing, and word of mouth marketing. One of the most extensive concepts accepted about behavior of consumer is word of mouth communication or advising communication that plays important role in the form of relating behavior and attitude of consumer. Speed and lack of business bias toward brand of especial product or service, has changed it to an efficient information source for business choices of consumers, especially in cases of importance and penetration that previous shopping experience is limited (Khabiri et al, 2013). Interpersonal penetration and effects of people in online environments are effective on assessment and decisions of customers about purchasing a product or brand. Electronic word of mouth advertisement includes a variety of media forms and kinds of websites in which there are the highest access to believe and reviews of online consumers and statistics (Jason et al, 2010).

Marketing through word of mouth communication is more reliable than other marketing techniques because only 14% of people rely on the thing that see in business advertisements or hears. More interesting that 90% of people rely on family, friends or their colleague that confirm a product or service, because they know that there aren't benefits in this confirm for them (Jalilvand and Ebrahimi, 2011). Therefore in this research we consider the effect of word of electronic mouth advertisement on brand special value in Sepah bank in Guilan province.

### **2. Research Theoretical Framework**

In an environment that organizations and advertisement has decreased, word of mouth communication is a way for achieving competitive excellence. Effectiveness on belief of other people for organizations of supplying good and services, has led to significant benefits (Jalilvand & Ebrahimi, 2011). Word of advertisement points interpersonal communication among consumers in relationship with assessment and their personal experience of a company or product (Jason & Georgiana Dongwoo, 2010).

One reason of reducing market share of Melli bank in Iran can be negative word of mouth advertisement about it and positive word of mouth advertisement for competitor banks. Therefore current research is going to suggest marketers of banks by considering effect of electronic word of mouth advertisement on main fourth dimensions of brand special value of Acker that is awareness of brand, brand perceived quality, loyalty to a brand and brand association, to be able to strengthen their brand especial value by effectiveness on movement of electronic word of mouth communication of product and services in websites and online societies and leading these advertisement and communications in their considered goals. Since appearance of IT and internet, word of mouth advertisement has taken some new names: viral marketing, marketing through electronic post, word of mouth advertisement marketing and internet or electronic word of mouth advertisement (Goyette, Ricard, Bergerton, Marticotte, 2010). Electronic word of mouth advertisement is defined as all informal communication of consumers through technology based on internet, in relationship with applications or features of special goods or services or their sellers (Stephen, Ronald Bing, 2008). These kinds of advertisement has become important

field for viewpoint of consumers and it seems that due to more accessibility to it even it will be more efficient that word of mouth communication in offline word(out of line) (Jalilvand & samiei, 2012). Electronic word of mouth advertisement can be considered as interpersonal communication within a new generation of cybernet (Christy, Matthew & Neil, 2008).

The subject of personal penetration has now developed in cyber atmosphere in the form of online interpersonal effect of electronic word of mouth advertisement (Khammash & Havard, 2011). At the internet consumers can send, explain and comment their viewpoint, assess products in weblogs, discussion rooms, review websites, news groups and social websites (Christy & Dimple, 2012). Specifically more than 30 percent of internet users have assessed products online and up to 70 percent of adults use review of consumers (Zhang, Yelam & Li, 2010).

Therefore online review of consumer is an important source of electronic word of communication. This review of information present viewpoint and assessments about company, product and services (park & Lee, 2008).

Electronic word of mouth advertisement is different from traditional word of mouth advertisement in some dimensions. Firstly electronic word of mouth advertisement has unique speed of distribution and scalability. Secondly, against traditional word of mouth advertisement, electronic word of mouth communication is more stable and available. More information presented on the net are archived and so they can be accessed for more unlimited time. Electronic word of mouth communication is more measurable by traditional word of mouth advertisement. Researchers can recycle many number of electronic word of mouth messages easily and features of these messages like number of applied emotional words, situation of messages, styles of messages and so on are analyzed. The difference of final key is that in word of mouth advertisement the credit of sender and message is known for receiver (Christy & Dimple, 2012). Regarding mentioned subjects the main problem of current research is considering the effect of electronic word of mouth advertisement on brand special value in the view of Acker in customers of Melli bank

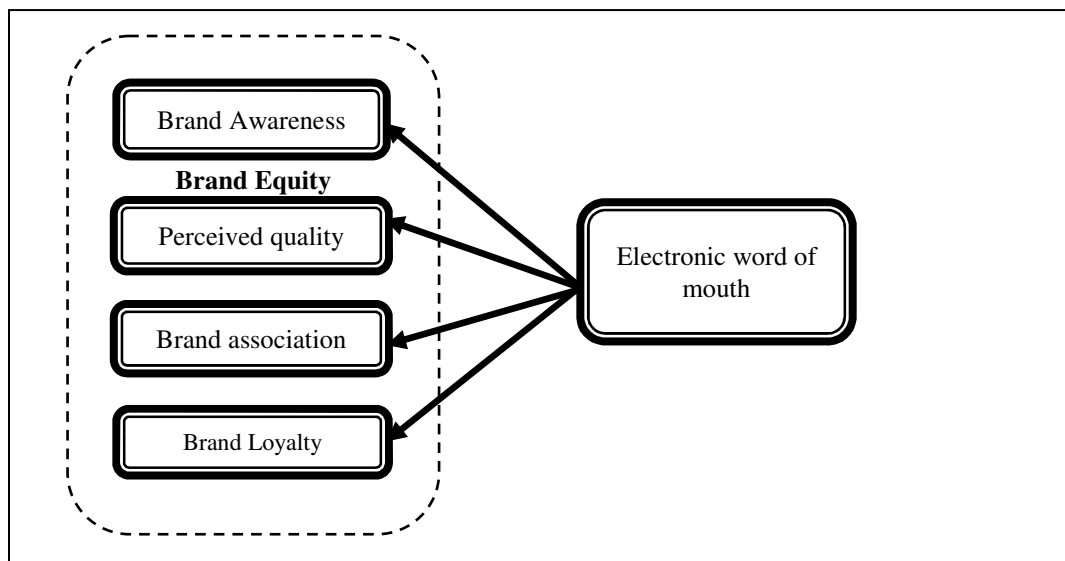


Figure 1: Research Conceptual Model

Brand special value is an important concept about university research business; because marketers can achieve competitive excellence through successful brands (Sharma, Lassar, Mittal, 1995). Since brand especial value has identified in literature increasing attention among researchers and activist of marketers have been paid, different definitions has been done.

Lasser et al(1995) believe that there are 5 important regards in definition of brand special value: first, brand special value in comparison with any obvious index points customer's perception. Secondly brand special value point's general value related to brand. Thirdly, general value related to a brand is resulted from brand name and not from physical aspects of brand; fourthly brand special value is not an absolute excellence but a relative excellence. Finally, brand especial value affects financial performance positively (lassar, Mittal, sharma, 1995). By the attention that is paid to brand special value, there isn't consensus about measuring this complicated and multidimensional structure. One of its main reasons is different viewpoints for definition and measurement of this concept (Chernatony & Eva, 2001). Brand special value has been considered from two viewpoints: financial viewpoints and viewpoint based on customer.

The first viewpoint discusses about financial value that a brand creates for a company. Second viewpoint is based on customer in whom customer response is assessed in the name of a brand (Lassar, Mittal Sharma, 1995). Brand special value is considered from combination of these two viewpoints (Kaller, 2003). In this research the viewpoint based on customer is concentrated. Various scientific researchers have tried to assess brand special value and various methods have been suggested for its assessment. One of the most famous models of assessing brand special value based on customer is David Aker model (1991).

In Aker model the goal of brand awareness, is degree of presence that a brand has in mind of consumer. There are types of awareness of brand: a) high mental awareness B) brand reminding c) brand distinguishing and D) unawareness (Aaker, 1996).

The role of awareness of brand in brand special value depends on the level of awareness. In higher levels of awareness, the probability of seeing brand and effect on shopping decision of consumer is more (Rundle-Thiele & Bennett, 2001). Brand perceived quality is a

kind of brand mental association that is reached higher levels and considers conditions and the way of brand assets (Aaker, 1996). Received quality, "perception of consumer about general quality or excellence of a product of service toward other choices". Received quality is not real quality of a product but mental assessment of customer toward a product (Zithamel, 1988). Questions that are applied for measurement of this index are: does this food is higher than average limit? is its quality permanent? (Nikokar, Ekhlasi and Toloei, 2011).

Brand association that constitute brand identity is said the thing that is directly or indirectly related to the brand in the mind of customer. Brand association is an assets that can create discriminating reason for shopping, affect emotions about a product and create brand development basis (Aaker, 1996).

Associates of brand include performance quality, advantage, situation of shopping and consumption (Romaniuk & Nenycz-Thiel, 2011).

Loyalty to a brand is an important concept in marketing strategy and in Aker quotes loyalty to a brand is central core of brand special value. Shopping decision based on loyalty may be in the form of habit and this may be the result of satisfaction of current brand (Rundle-Thiele & Bennett, 2001). Apart of this point loyalty can gives the opportunity to a company for reaction to threats like competition; because as consumers are more loyal to a brand, due to ability that a product has for meeting those needs, it will have less sensitivity to the increase of price (Graham, Harkar, Harker & Tuck, 1994). Index of assessing loyalty to brand has long history in marketing. In this long history there are significant discussions about conceptualization and operationalizing and combining both behavioral and attitudinal component (Romaniuk & Nenycz-Thiel, 2011). Loyalty is measured by repeating repurchase and advising products or brand to others (Thomas, Talai & Andrew, 2006). Questions that are applied for measuring this index are: were you satisfied of this good or not? Do you buy this good also? Is it the only brand that you use in the market? Do you suggest this good (Nikokar, Ekhlasi and Toloei, 2011).

Aker introduce new model for measuring brand special value named ten special value of brand. This model includes structure of brand-oriented customer value, communication, inferred quality, loyalty and satisfaction and also measuring market behavior like market share, market value and distribution coverage (Ghazizadeh, Soleimani /boshli and Talebi, 2010).

By the increase of importance of electronic word of mouth advertisement, considering behavior of customers that are exposed to this kind of advertisement has become more useful for managers especially specialties of marketing (Jeong & Jang, 2011). Word of mouth advertisement can be positive or negative and is resulted from extensive range. Generally it is proved that this extensive volume of information affects consumer's behavior (Bickart & Schindler, 2001; Ratchford Talukdar & Lee, 2001).

Other researchers showed that electronic word of mouth advertisement can be significant force that affect advertisement of loyalty of consumer and shopping decision (Thomas, Talai & Riegner, Park, Lee and Han, 2007, Andrew, 2006).

Research of Natel and sankal (2004) showed that online advice about product affects online choices of consumers. By facilitation of the method of developing viewpoints of consumer and facilitation of access to such viewpoints, different websites have had deep effect on shopping decisions of consumers (Zhang Ye, Law & Li, 2010). Also this kind of advertisement has significant effect on behavior of shopping and communications of consumer and finally success of product in the market (Park & Lee, 2008). Another research showed that electronic word of mouth advertisement is one effective factor on mental image of brand and shopping intention of brands in consumer markets (Samiei & Jalilvand, 2012).

Generally few researches have been done about the effect of electronic word of mouth advertisement on different dimensions of brand especial value. Tomas et al (2006) by considering the effects of an specific type of electronic word of mouth advertisement-exchange of technical knowledge of customer to customer- on customer perception about value and goals of customer loyalty concluded that exchange of technical knowledge of customer to customer affects customer perceptions of product value and probability of advising a product to others; but it doesn't affect goals of customer shopping. Another research shod that online or electronic review of consumer about a product causes weakness of brand special value (Bambauer-Sachse & Mangold, 2010). Electronic word of mouth advertisement is mainly paid attention by three goals by companies that their realization causes saving and acquiring brand special value: 1. Increasing sale of available products or products introduced recently through a cheap tool of acquiring and keeping customer 2. Improving index of customer satisfaction 3. Achieving ideas for developing new product in which customers presented suggestions about new products (Ravi & Tushar, 2011).

Regarding identified subjects and consideration of available relations in conceptual model of current research that has been shown in fig 1, hypothesis is written in the following form:

Main hypothesis: electronic word of mouth advertisement is effective on brand especial value.

Subordinate hypothesis 1: electronic word of mouth advertisement is effective on awareness of brand.

Subordinate hypothesis 2: electronic word of mouth advertisement is effective on brand perceived quality.

Subordinate hypothesis 3: electronic word of mouth advertisement is effective on loyalty to a brand.

Subordinate hypothesis 4: electronic word of mouth advertisement is effective on brand association.

### 3. Methodology

Current research regarding goal is applied and regarding nature and method it is descriptive-analytic. Statistical society of current research includes all customers of Sepah bank in Rasht city. By using Morgan table and available improbable method 384 customers have been considered as final sample of research. In current research attribution research methods (library) and field were used. Questionnaire of research has been set in two sections that the first section includes general information related to respondents and second section includes 19 questions that asses research variables. Variable of word of mouth advertisement are measured based on indexes of Bamboer et al (2011) and through 6 items. For assessing variable of dimension of brand especial value 5 dimensions of

Aker model (1991) including awareness of brand, perceived quality, brand association, loyalty to a brand including 13 items were used. In this research among different kinds of methods of determining reliability of measurement of validity, content validity and factor validity have been used. Reliability of questionnaire or its reliance capability has been calculated through Cronbach alpha method that the result has been shown in table 1:

Variable	Number of Questions	Cronbach Alpha
Word of mouth advertisement	6	0.902
Brand especial value	13	0.839
Awareness of brand	3	0.799
Perceived quality	4	0.804
Brand association	3	0.787
Loyalty to a brand	3	0.772
Sum	19	0.922

Table 1: Calculating Reliability of Variables

#### 4. Main Findings of Research

##### 4.1. Descriptive Findings

Demographical features of considering samples based on age gender and education has been considered in table 2.

Variable		Frequency	Percent
Gender	Male	235	61.2
	Female	149	38.8
Age	Under 30	95	24.7
	Between 31-40	132	34.4
	Between 41-50	112	29.2
	Over 50	45	11.7
Education	Diploma and lower	99	25.8
	Post-secondary	64	16.7
	Bachelor	169	44
	M.A and higher	52	13.5

Table 2: describing demography of the research sample

#### 5. Testing research hypothesis

In this research for considering structure f model and also testing hypothesis structural equation modeling and maximum likelihood method has been used by Lisrel 8.54 software. However one of pre-conditions of using this method is normal distribution of variables that was confirmed by using Kolmogorov-smirnov test. The result of consideration of hypothesis has been shown in table 3 by using structural equation modeling. In these tables all existing directions that are based on research hypothesis and also meaningfulness number of T were shown and we can do necessary considerations about rejecting and approving hypothesis.

H	Path	$\beta$	t-statistic	R <sup>2</sup>	Conclusion
Main	Word of mouth advertisement to brand especial value	0.75	10.88	0.54	Approved
1	Word of mouth advertisement to awareness of brand	0.67	9.74	0.44	Approved
2	Word of mouth advertisement to perceived quality	0.38	5.60	0.13	Approved
3	Word of mouth advertisement to loyalty to a brand	0.65	8.87	0.24	Approved
4	Word of mouth advertisement to brand association	0.56	7.75	0.16	Approved

Table 3: analyzing direction of hypothesis

#### 6. Conclusion and Suggestion

Regarding obtained results and confirming hypothesis and observing positive effect of word of mouth advertisement on dimensions of brand special value of Melli bank the following cases are suggested:

Management and leading movement of publishing word of mouth advertisement in websites and reliable online channels having many visitors; presenting word of mouth advertisement messages in which high perceived quality of customers about bank services s shown; presenting comparative and convincing word of mouth advertisement for using special plans of banks and various services toward services of other banks; relationship with managers of electronic communicative channels and virtual atmospheres that the most volume of word of mouth advertisement is done; presenting services by the quality expected by customer or higher than customer expectation; presenting special services to customers especially main customers for making favorable mental image in them; giving correct and sufficient information, proper confrontation, and presenting problem-solving suggestions for customers of banks, providing secure business for making certainty in customer toward correct, secure and on-time implementation of services, permanent

relationship with customers by using SMS systems or e-mails and creating association of positive brand in mind of customer, creating more added value for customer through different methods for encouraging customers to repeating use of banking services; creating especial customer information, relationship with them and encouraging them to do advertisement to friends, acquaintance, et al; implementing weblogs and websites elated to customers of Melli bank to exchange idea and suggestions about services of Melli bank; presenting aware of advertisement through catalog and internet banner, advertising brand of Melli bank as a brand that its favorability is increasing due to different reasons like favorable performance and services; using loyal customers who are leader of belief, for publishing advertisement.

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