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## The Role of Interactive Advertisements in Developing Consumer-based Brand Equity: A Conceptual Discourse

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### Abstract

Recently, the effects of advertising campaigns are not only by increasing sales revenues but by something even more important in the long run – brand equity. Brand equity is currently one of the most sought after field of research. Meanwhile, considerable efforts have been put into studying online advertising impacts, but the effects of advertising on the demand, sales and market shares of Libyan products in the information age are still understudied. Adopting the theoretical perspective of a consumer-based model of brand equity, this study reviews past studies and proffers recommendation for future researchers to approach the highlighted gaps.

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### 1. The relationship between advertising and brand equity

According to Wilbacher (1984) “advertising is a marketing tool that helps sell brands of products and helps to build confidence in companies and institutions by conveying accurate and compelling information about the brand and the company or institution” (p. 8-9). It is evident that this definition focuses on three tasks, namely, to help to sell, to help to build confidence and to convey information. In much the same way, Koekemoer (1998) defines advertising as “any paid form of mass presentation of ideas, products and services by an advertiser, addressed to a selected target audiences with the objective of creating awareness, informing, reminding, influencing, and

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persuading them to buy the product or service or to be favorably inclined towards those ideas, products or services” (p. 57). Meanwhile, examining the effectiveness of advertisement is multidimensional.

There are different methods and approaches to examine the effectiveness of certain advertisement (Kelley & Turley, 2004). For instance it was concluded in an intensive study conducted by PwC (2010) on the measurement of online advertisement effectiveness that there are several approaches to measuring the effectiveness of online or new media advertisement. These approaches includes the exploration of the essence of online communication strategy, the measurement of web contribution to branding objectives, measuring the effectiveness of online campaigns on sales, examining the effectiveness of media mix, assessing the effectiveness of new media advertising on internet surfing behavior, examining the impact of audience targeting in online advertising and lastly is measuring the effectiveness of advertising formats in relation to brand equity.

In essence, advertising endeavors to “turn people’s minds around” as derived from the Latin word *advertise*. Basically, this is achieved through six stages, that is, exposure, attention, comprehension, acceptance, retention and action. It is important to note that in extant literature, advertising has evidently eclipsed brand equity as a sought after field of research. But more importantly, what is the fundamental premise by which advertising is thought to work? Generally, there are two polarized views or perspectives on advertising, namely, the strong theory of advertising and the weak theory of advertising.

In the pursuit for effective communication, advertisers cannot ignore the essential role of the internet as a major and effective channel for engaging with wide range of audiences and consumers (Keller, 2009). For instance, it has been reported that the internet embodies different demographic classes of users that range from young, high-income, high-education customers’ and lower income users universally.

A review of literature undertaken by Mortimer (2002) on integrating advertising theories with conceptual models of service advertising, it was identified that brands are the most valuable assets a marketer has, and as such we need to thoroughly examine what they are all about. It should be noted that a product is not a brand. Basically, a product is manufactured while a brand is created. A product may change over time but a brand remains the same. This suggests that a brand exists only through communication. The communication of a brand proclaims its singular and durable identity, its territory as the brand. It is therefore not sufficient for a brand to promote a motivating quality of the product, because other products can always equal or copy it. Marketers do certainly expect returns from their investments, not only by increasing sales revenues but by something even more important in the long run – brand equity.

Brand loyalty has a mystery power of attaining customers over and over again. At the beginning, consumers might buy a specific brand because of objective reasons. Nevertheless, over long time of being advertised and exposed to the market, the brand might become part of the memory and also part of the consumers. After successful advertising, consumers might associate the brand with many different and important occasions throughout time (Fisher, 1985). Therefore, brand loyalty makes consumers deeply committed to a specific brand. This is something that marketers are constantly searching for by running a vast amount of marketing campaigns. One scholar reasoned that, “Brands acts as comfort anchors in the sea of confusion fear and doubt”. The essence of strategic brand communication through advertising is to build strong brands and build brand equity. Successful marketers deal with creating and sustaining a competitive edge and this usually means breaking away from a bunch of me-too brands by embarking on differentiation strategy. The brand must be distinct from competition. In fact it is competition that helps from the brand’s identity. A brand is a memory bank carrying all its history, which constitutes accumulated capital.

Aaker (2002) contended that at any point in time a brand is made up of rational and emotional elements. Rational elements stem predominantly from what the brand is doing, telling or showing. These rational elements embody the content and the theme of brand’s communications; speak more to the left or rational side of the brain; and are the most visible part of the brand. On the other hand, the emotional elements can stem mainly from ‘how’ the brand is expressing itself, telling or showing or promising. They set the brand style, tone, character, mode, mood of execution; speak more to the right or intuitive/non-verbal side of the brand; and are less visible and therefore more difficult to express directly and measure. In evaluating a brand it is crucial to understand both the rational and emotional elements that define it. One way to build strong brands and create brand identity is to differentiate the brand from competitive brands. Strong brands (high brand equity) are more likely to be sustainable in the market as they create competitive barriers.

## 2. Problem statements; An account from Libya

Advertising activities in an authoritarian regime as was the case with Libya under Colonel Gadhafi's rule had a limited role in the economy. Generally speaking, authoritarian regimes have distaste towards media and free speech which impacts negatively on advertising freedom. In actual fact, Libya under Gadhafi had no internet connections for most of the 1990s despite being relatively wealthy as indicated by Maslen (1996) who made the following observation when commenting on countries that had no internet connection until 1996. Therefore, it is fair to conclude that the online advertisement industry in Libya is still in its infant stage. According to Leff and Farley (1980) cited in Kshetri, Williamson and Schiopu (2007) there are a number of factors that work against increasing the advertising intensity in a developing country. Some of these factors include "higher illiteracy rates among older groups that make most buying decisions; more costly advertising relative to its reach; and a higher proportion of rural population discourage marketers' ad spending in developing countries (Leff & Farley, 1980). Additionally, the use of technology (including communications technology) in Libya for a long time was minimal, despite it being one of the wealthiest countries in Africa (Twati & Gommack, 2006). This may have been the result of the long reign of Colonel Gadhafi whose authoritarian regime controlled media availability in an attempt to discourage public interactions. As indicated in the Internet World Stats (2004), internet services in Libya's Gadhafi era were in the early growth stages and had one of the lowest penetration rates and one of the lowest percentages of internet users in the Arab region.

In June 1996, just 20 countries remained with absolutely no e-mail or internet connection: Afghanistan, Bhutan, Burma, Burundi, Congo, Gabon, Guinea Bissau, Iraq, Liberia, Libya, Mauritania, North Korea, Oman, Rio Muni, Rwanda, Somalia, Syria, Western Sahara, Yemen, and Zaire. . . Of these countries, more than half are in Africa, in most cases only recently (50 years or less) free from colonial rule. . . Many of these countries are not wealthy, but there are surprising exceptions. Libya, Western Sahara, Oman and Gabon are relatively affluent, so their abstention from the internet cannot be explained in purely economic terms (as cited in Kshetri, 2007).

However, for many young Libyans, marketing is currently a noble subject in the post-Gadhafi era. The country is slowly progressing towards democracy and is thus expected to trigger marketing activities. For some scholars advertising has the 'essence of democracy' (Carter, 1997 as quoted by Kshetri et al., 2007). In this sense, a country with stable democratic institutions is characterized by a higher penetration of communications media and freedom of the press and of speech. More importantly, in such countries, the effort to control advertisements, even fraudulent ones, is perceived as an infringement on the freedom (Martinson, 2005).

## 3. Literature review

Historically, online advertisement started in the year 1994 with the development of simple online banner ads published on Hotwired site (Adams, 1995). Since then, banner ads has represented the most common design of online advertisement. Meanwhile, by the year 2000, the share of banner ads decreased from 56% of the 4.6 billion of total internet advertising revenue to 48%. Advertisers are yet to be confident about the effectiveness of online advertisement efforts. Considerable efforts have been put into studying advertising impacts, but the effects of advertising on the demand, sales and market shares of Libyan products in the information age are not fully understood.

There have been undeniable changes in world of advertising since the advent of internet ubiquity (Keller, 2009). The dramatic advancement in the internet and the pervasiveness of the social networking sites has reshaped the face of advertng industry. Similarly, branding has evolved as the cynosure of marketers and the goal of most companies (Aaker & Joachimsthaler, 2000). Yet, advertisers are concerned on how the internet can be adopted as an astute channel for developing effective brand (Keller, 2009).

There is no iota of doubt that information and communications technologies (ICT) have had a significant impact on the so-called "Arab Spring", the popular uprising that has transformed the political landscape in a number of Arab countries. As noted by Benmamoun, Kalling and Cropf (2012) the "Arab Spring has been spurred by expanding broadcast and internet technologies and significant absorption of collaborative technologies by the Arab world's educated middle class and dominantly young population" (p. 26). Keen for political change and economic

opportunities, the leaderless and adventurous youth took advantage of the relative openness, affordability, and widespread accessibility of collaborative technologies to escape traditional media censorship and transform their societies. Collaborative technologies such as YouTube, Twitter, Facebook, blogs, cell phones, chat, and other Web 2.0 collaboration tools transformed into tools of political activism, and advocacy. The remarkable political use of collaborative technology tools and web-based social networks by Arab youth took Arab governments so much by surprise that they responded with uncalculated censorship, filtration, manipulation, and intimidation. Nonetheless, the new information and networking technologies have changed not only Arab politics but its business environment particularly the advertising sector.

Studies have revealed that the internet has been playing the hub role of marketing communication and consumption behaviour universally. For example, internet users in the US spend more than 58 minutes watching online video or surfing the internet on daily basis. 78% of internet users also revealed that information they obtain online influence their purchase of any product. More importantly, the internet has also become a force for shaping and reshaping brand image through social networks (PwC, 2010). Evidently, the internet has become an astute media for interacting with consumers of different products and services. A study reported that 16% of internet users encounter advertisement during their internet browsing seasons. As the influence of the internet on advertisement grows more solid, the examination of the effectiveness of online advertisement and its role on brand equity becomes more important.

Pfeiffer and Zinnbauer (2010) revealed that advertising spending for both traditional and online advertising is faced with major pitfall recently. Online advertising in particular has been affected with about 5.4% decline in revenue generation. Interestingly, the momentary declination in the online advertisement does not bury the fact that online advertisement is overtaking the traditional media in terms of accountability and interactivity. Evans (2009), reported that different studies have emerged to contribute empirically on the major effectiveness of online advertisement and the assessment of online advertisement as regards to brand development. The interests of these extant studies have been on advertisement recall factors (Danaher & Mullarkey, 2003) and design implementation of advertisement copy (Spalding et al., 2009). Some studies (e.g., Manchanda et al., 2006; Lin & Chen, 2009; Resenkren, 2009) have also presented a comparative assessment of the online advertisement and traditional offline advertisement. Meanwhile Pfeiffer and Zinnbauer (2010) charged future research to attempt examining the role of online advertisement in the development of brand and brand equity.

In essence, the electronic social media such as Twitter, Facebook, MySpace, and so forth have become a major form of communication, and the expression of attitudes and opinions, for the general public (Branthwaite & Patterson, 2011). Recently, they have also become a source of data for market researchers. In a way, the main purpose of this study is to investigate the impact of the communication technological revolution on the advertising industry in Libya. In recent years, the advertising industry in the developed world has captured the attention of scholarly research due to developments in the communicating technological sector, particularly the coming in of the internet age which has unleashed new media platforms. Nonetheless, there has been little academic research on the rapidly changing advertising landscape in some parts of the developing world such as Libya. Although the new information and networking technologies (new media) have already made a sizable impact in terms of paving the way toward political and social changes in the Arab world (the so-called Arab Spring), little is known about their impact on the business environment especially the advertising industry. A key incentive for conducting this study is due to the absence of extensive and in depth research exploring the effect of new communication technologies.

Furthermore, researchers have documented that the noticeable upsurge of online advertising is not as effective compare to the substantial amount of effort and resources advertisers have invested in advertising through the digital channel. That is because the method of documenting the effectiveness of advertisement has been strictly based on messages that are able to stipulate internet users' click, which is known as the click through method (Novak & Hoffman, 1997). Evidently, DoubleClick (2003) recorded a significant decline in the domination of click-through method from 7% to 0.7%. This calls for a more consistent method of establishing the sheer effectiveness of online advertisement messages on the advertised brand, other than just headcount of viewers through click-through methods.

Dreze and Hussherr (2003) opined in their study of the effectiveness of online advertisement that the so called "click-through" renowned methodology adopted in examining the effectiveness of online advertisement was discovered to be ineffective. The authors assessed the effectiveness of online banner advertisement through online

tracking technology and their analysis revealed that the traditional measures of examining the effectiveness of advertisement; such as establishing the connection between online advertising and brand equity, brand recognition and awareness are still very much appropriate and reliable in the context of online advertising. In view of the highlighted theoretical and practical gaps highlighted above, this study aims at assessing the role of interactive advertisement in developing brand equity particularly in the Libyan electronic product market.

#### **4. Theoretical perspective**

##### *4.1. Brand equity*

In other to provide theoretical justifications and connections to the aforementioned model adapted in this study, the brand equity's theoretical development and measurement is reviewed in order to wittingly justify its relevancy in the theoretical realm of online advertisement. Keller (1993) stated that the approach towards the understanding of brand equity differs; it is either studied through customer perspective approach or through its organizational influence approach. In any of these approaches, the connotation of brand equity is analogously believed to be the reward of an effectively executed marketing and communication effort. More recently, there has been no notable difference in the terminological usage of advertisement, branding, brand building and development, in fact brand equity and brand development are the main reasons why most organizations increase their advertisement budget and their advertising efforts (Shimp, 2003). Theoretically, the term "Branding" is often used to refer to the totality of the terms, tools, designs, messages, and approaches used in creating knowledge and awareness about a product, service, or sellers of the product to their targeted audiences, purposefully for a unique differentiation and identification of the products to the competitors (Kotler, 1991; Keller, 1993; Shimp, 2003). The fact that advertisement is functionally a communicative vehicle to create awareness and provide knowledge about the advertised product as illustrated by the hierarchy of advertisement effects model (Weilbacher, 2001) rationalizes the interchangeable usage of advertisement and branding in both literatures and practical explanations. Consistently with the graphical portrayal of the brand knowledge model developed by Keller (1993), regardless of the source of information or knowledge about a brand, as long as it is understandably encoded by consumers and audiences the effective threshold of such information is twofold and are namely; brand awareness and brand image. More relevantly, Keller (1993) discussed the measurement of these facets of brand equity and revealed that both are directly or indirectly related to the influence, source and effect of information about the brand. Convincingly, advertisement has overly demonstrated to be an informative, creative and attractive form of branding, reportedly more effective in an integrated form.

#### **5. Conclusions**

This study discusses arrays of crucial issues that calls for researchers' attention from domain of advertising and brand equity development and management. It is reviewed that the nexus between advertising and brand equity is predominantly justified and justifications are replete on it. However, studying the effectiveness of advertising and examining the role of advertising in the development of brand equity measurements (such as; brand awareness, brand image, brand loyalty and so on) is not common in the literature. Additionally, the online/interactive advertising are of course one of the most widely accessed advertising across the globe. That is certainly because of the widespread of the internet and digital media. The interactive advertising has opened so many economic prospects and advancements for marketers and advertisers and even researchers. But little studies can be found delving on the peculiar role of interactive advertising in managing and developing brand equity. Empirical studies and conceptual discourses have unanimously shown the importance of brand equity as being the cynosure of most of the marketing and advertising efforts. Although, there have been several theoretical models that proffer the multilayer phases of brand equity and the dimensions and perspectives to study it. One of the renowned theories is the consumer-based brand equity propounded by Keller (1993). This perspective is considered most appropriate model of all brand equity models to explain and examine the role of advertising in relation developing brand equity. This is because advertising itself is a form communicating and creating awareness.

Meanwhile, testing the effectiveness of a communication is better done from the audience or consumer perspective. In this case, the consumer-based brand equity model emphasize more on the perspectives, opinions and

reception of the advertising audience and brand consumers and how the awareness created by advertising has been true effective. Testing interactive advertising in a developing country like Libya is considered an important gap that can be explored by advertising researchers. Internet and digital media is still growing day by day in that part of the world, giving empirical justifications and findings on the nature of consumers and advertising audience from a developing world Libya would proffer invaluable contribution for future investors and brand managers. The problem highlighted above can be tackled through empirical methodologist scope. Thus future researchers should examine the role of online advertisement in developing consumer-based brand equity, hence assessing the effectiveness of three types of online advertisement such as search ads, display ads and video ads in developing effective brand awareness, brand image and brand purchase in the development of effective brand equity of electronic products. The scope of this research will also extend to discerning the disparity in the demographic characteristics of internet users and the role of their demographic characteristics in the reception of different online advertisement. Methodologically, quantitative research design will be employed, whereby online questionnaire should be distributed amongst internet users and electronic product buyers. The collected data should be analyzed using different multivariate statistical tools in SPSS and PLS-SEM.

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