Abstract—This paper is designed to test the effect of social media advertisements on brand equity in fast food restaurant industry. The data were collected using a survey instrument which was personally administered to 384 customers at different spots in East Coast region of Malaysia. Convenience sampling approach was utilized for collecting the data from respondents. The collected data were analyzed using SPSS and structural equation modeling. The findings indicated that social media advertisements have significant positive effect on brand equity. Moreover, this study found that social media advertisements have significant positive effect on all dimensions of brand equity (brand image, brand loyalty, brand preference, and brand leadership). These results confirm that social media advertisement is one of the key success factors for building and maintaining strong brand equity. It is therefore very important for restaurant managers to focus on social media marketing to establish successful relationships with customers to better inform them about the products or service in an easy and cost effective manner. Such activities would help them to establish successful relationships with customers in order to learn their needs and expectations as well as to respond to their issues on time and work out the appropriate solutions.

Index Terms—Brand equity, restaurant industry, social media advertisements.

I. INTRODUCTION

Brand equity is regarded as one of the most researched topics in marketing, and therefore, building a strong brand has become very important for several organizations as it brings various marketing advantages for them and enhances their competitive strengths [1]. Mudambi et al. [2] defined brand equity as “the total value added by the brand to the core product.” In other words, brand equity is a valuable intangible asset for several successful organizations in the presence of marketplace competition [3]. According to Chen [4], brand equity provides added values on firm’s products and services which would lead to long term profits and stronger capabilities. To build strong brand equity, consumers should perceive significant differences between brands in the same product or service category. Thus, it is important for firms to focus on brand differentiation. As brand equity originates from the value provided to consumers, a meaningful differentiation of the brand must derive from the components of brand value.

Brand equity is a key intangible asset for any organization; hence, strengthening it is a wise investment. According to Keller [5], brand equity can be reinforced by initiating various marketing actions such as delivering unique products or services to customers, communicating the main benefits it offers and the needs that it satisfies them, and its ability to make such products and services superior. The main objectives should be centered toward building strong, positive, and unique brand associations in consumers’ minds [6]. For instance, interactive marketing communications can be used in an effective and efficient way to convey the messages of a brand to a particular target market [7]. Smith and McFee [8] stated that the Internet provides marketers and their customers with better opportunities for useful interaction and beneficial relationships. Yoo et al. [9] also reported that user-generated social media communication as an element of marketing communication plays an important role in shaping a brand in the consideration’s set of its consumers and narrowing brand choice.

Despite the increasing interest of research on the importance of branding in generating higher revenue for various organizations in the physical goods industry, little is known about how brand equity can be created and measured using the internet communication. Rios and Riquelme [10] indicated that there are limited studies that tested the effect of internet marketing communication on brand equity. By looking at past literature, it can also be observed that there are limited studies that have been conducted about the effect of social media advertisements on brand equity. Furthermore, Keller [5] demonstrated that there is little research pertaining to how brands can be built in the presence of modern interactive marketplace. Therefore, this study is designed to examine the effect of social media advertisements on brand equity in fast food restaurant industry in Malaysian market. The next sections provide brief review of literature on social media advertisements and brand equity, and then the methodology of research, discussion and conclusion are presented.

II. LITERATURE REVIEW

A. Brand Equity

Brand equity is a popular marketing topic, and therefore, building it has become vital for several organizations as it provides them with a number of competitive advantages. Such advantages include higher customer loyalty, ability to charge premium prices, easier brand extension, low entry barriers,
effective marketing communication, higher market share, and customers’ acceptance of new products or service. Aaker [11] proposed a comprehensive definition of brand equity as “A set of assets and liabilities linked to a brand, its name and symbol that add or subtract from the value provided to a firm and/or to that firm’s customers.” Moreover, Barwise [12] thought about brand equity as a differentiated and clear image that exceeds the common product preference. Keegan et al. [13] also expressed brand equity as the value endowed to a brand due to the strong relationship that it has created with the potential customers and key stakeholders over time. In general, brand equity reflects the incremental value or the benefits added to a product through its brand name [5].

A number of scholars studied and measured the elements of brand equity. The most widely accepted components were proposed by Aaker [11] whereby brand equity consists of brand awareness, brand loyalty, perceived quality, and brand association. Some scholars also suggested that brand equity can be conceptualized based on five dimensions, for instance, performance, attachment, social image, trustworthiness, and value [14]. Similarly, Shocker and Weitz [15] established brand image and brand loyalty as the key measures of brand equity. On the other hand, Agarwal and Rao (1996) considered choice intention and overall quality as the main components of brand equity. Hanaysha and Hilman [3] also suggested four components to measure brand equity and this includes brand awareness, brand loyalty, brand image, and brand leadership. However, this study aims to contribute to brand equity theory by incorporating four dimensions as its key measures. The dimensions include brand loyalty, brand image, brand preference, and brand leadership.

Oliver [16] conceptualized brand loyalty as a “deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior”. The advantages of customer loyalty appear in the willingness of customers to stay with the brand without intending to switch to other competitors even if they are convinced that other brands have better performance. Brand image is another element of brand equity which was defined by Low and Lamb [17] as “the reasoned or emotional perceptions consumers associate to specific brands”. Moreover, brand preference was expressed by Hellier et al. [18] as the degree to which customers prefer the products or services of a certain brand over those provided by other competitors. Brand leadership is another key dimension of brand equity, but only few studies contributed to this variable in measuring brand equity [3]. Brand leadership exists when firms are able to differentiate their product or service offerings from competitors. Leadership positions are maintained not only by responding to changing demand, but also through steering the market using innovative products and consumer education.

**B. Social Media Advertisements**

The interactive marketing has recently become a key strategy for firms to build their brands and attract larger number of customers. According to Kaplan and Haenlein [19], social media is one of the internet based programs that aim to helps consumers share their opinions, information, and past experiences through the sites, content areas, and blogs of social networking. In other words, social media includes various online applications and platforms which are designed to ease interactions, support, and the dissemination of information [20]. Such media advertisements take different forms such as: weblogs, wikis, social blogs, podcasts, micro blogging, rating, pictures, video, and social bookmarking. The main purpose of social media is to empower customers to show their perceptions about company’s products or services in the public domain. Moreover, the broadcasted messages which are publicized through social media programs reinforce the market visibility which would ultimately lead to greater chances of negotiation for customers [21].

Strong brands pay high attention to the social media advertisements and recognize its power in establishing, maintaining their relationships, communicating, and interacting with their potential customers in current marketplace environment that is characterized by high interactive marketing [22]. Many customers believe that through social media, they can share their opinions and views to many people in a very short time, and this indicates that consumers are recently more used to easily get the news and faster instead of searching for information [23]. According to Soewandi [24], social media emerged as a new mechanism for a brand to interact with its customers and other way around. Moreover, Brodie et al. [25] stated that with the aid of social media, brands wish that it can help them to communicate with loyal customers and improves the perceptions of people toward the offered product or services, then share information and learn better about the customers. The channels of social media are regarded as effective in terms of cost and also a useful way to obtain necessary information on consumer-to-consumer connection [26].

Ahmed and Zahid [27] demonstrated that social media and internet technologies facilitate the interaction and communication between a brand and its customers. They further stated that several brands are now following social networks in order share information about their products and services. Powerful brands seek to communicate with their potential customers through various social media channels. A number of previous studies [28]-[30] indicated that social media advertisements play an important role in building strong equity. According to Kim and Ko (2010a), social media advertisements play a significant role in predicting brand reputation. Karamian et al. [31] found that Social media as an element of marketing activities had significant influence on brand equity and its dimensions; perceived quality, brand loyalty, and brand awareness. Soewandi [24] also found that social media had significant positive effect on brand loyalty and brand image. Based on the above discussion, the following hypotheses are proposed:

**H1**: Social media advertisements have positive effect on brand image.

**H2**: Social media advertisements have positive effect on brand loyalty.

**H3**: Social media advertisements have positive effect on brand preference.

**H4**: Social media advertisements have positive effect on brand leadership.

**H5**: Social media advertisements have positive effect on overall brand equity.
III. METHODOLOGY

This study is designed to examine the effect of social media advertisements on brand equity of fast food restaurant industry in Malaysian market. Quantitative research methodology is considered to be the appropriate approach to examine the link between any two or more variable. Therefore, the data was collected using a survey instrument from several customers of international fast food restaurants in East Coast Malaysia, i.e., Pahang, Terengganu, and Kelantan. Specifically, 384 questionnaires were distributed on the respondents using convenience sampling technique. Based on the suggestions of Sekaran [32], the sample size of this study is acceptable as the population of targeted respondents in this area exceeded one million. The advantages of using convenience sampling include easier access to respondents, cost effectiveness, and better customer response rate. Certain previous studies [33], [34] also relied on convenience sampling in collecting their data.

The measurement scales of social media advertisement and brand equity were taken from past studies. For instance, social media advertisements as measured using six items adapted from Schivinski and Dabrowski [28]. Brand equity as stated above is composed of four dimensions namely, brand image, brand loyalty, brand preference, and brand leadership. As for brand image, four items were adapted from Jin et al. [35], and Park [36]. Additionally, brand loyalty was measured using four items adapted from Gil et al. [37]; and Hameed [38]. To measure brand preference, four items were taken from Sirgy et al. [39]. Finally, brand leadership was measured using five items adapted from Hanaysha and Hillman [3]. All of the scales were selected because they had acceptable values of reliability Cronbach’s alpha of more than 0.70. All of the items were measured on a five-point Likert scale were starting from 1 = strongly disagree to 5 = strongly agree. The collected data was then analyzed on SPSS 19 and structural equation modeling (SEM) using AMOS 18. Past literature [40], [41] indicated that SEM is a powerful statistical technique for testing causal effects between variables and is the preferable choice for many researchers.

IV. ANALYSIS OF RESULTS

The demographic statistics revealed that 97 (33.1%) of the participants are represented by male, while 196 (66.9%) are female. The descriptive analysis also showed that 19.4% of the respondents fall in the age group of 16 to 25 years, whereas 53.2% are aged between 26 and 35 years. Moreover, 20.5% fall in the age category of 36 to 45 years, and those who ages ranged from 46 years or more represented 6.9% of overall response. On education background, it shows that 79 (26.9%) of the participants acquire high school certificate, 111 (37.9%) have undergraduate degree, 34 (11.6%) obtained postgraduate qualification, and only 69 (23.6 %) have diploma certificates. The majority (55.7%) get a monthly income from RM3000 and above, whereas 16.3% receive an income of less than RM500. Besides, 6.8% obtain a monthly income between RM500 and RM1000; while 21.2% get a monthly income between RM1000 and RM3000.

To calculate the reliability of the selected scales, Cronbach’s alpha was employed and the procedure was done through SPSS 19. The output demonstrated that all constructs achieved Cronbach’s alpha values of more than 0.70 as they ranged between 0.755 and 0.882. For example, social media advertisements achieved high a Cronbach’s alpha value of 0.897. The dimensions of brand equity also reported at acceptable reliability with high Cronbach’s alpha values; brand loyalty (0.852), brand preference (0.891), brand image (0.826), and brand leadership (0.780). Moreover, the results indicated that the values of composite reliability are above the level of 0.70 as suggested by Nunnally [42]. The findings also indicated that the values of average variance extracted (AVE) for all construct are more than 0.50 [43]. In sum, these findings provide strong support for the reliability and validity assumptions among all scales.

To test factor analysis, a measurement model was drawn using AMOS 18 and estimated through maximum likelihood method. All of the measurement items were initially included in the measurement model, but subjected to confirmatory factor analysis (CFA). The findings of CFA on all items indicated a reasonable fit to the data. For instance, the value of chi-square of the measurement model is equal to 306.149 (p = 0.000). Also, the value of ratio also is equal to 2.730 which mean that it did not exceed 5 based on the suggestions of Marsh and Hocevar [44]. Further, other fit indices were used to support the measurement model and it was found that they reasonably fits the data (RMSEA = 0.074; TLI = 0.921; CFI 0.931; AGFI = 0.817, and GFI= 0.867). All values of the standardized factor loadings are acceptable and significant, in the range of 0.541 to 0.905. This means that the convergence of indicators is supported [45].

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Std. Beta</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media advertisements → Brand image</td>
<td>0.461</td>
<td>0.097</td>
<td>4.298</td>
<td>***</td>
</tr>
<tr>
<td>Social media advertisements → Brand Loyalty</td>
<td>0.269</td>
<td>0.112</td>
<td>2.556</td>
<td>0.011</td>
</tr>
<tr>
<td>Social media advertisements → Brand preference</td>
<td>0.232</td>
<td>0.131</td>
<td>2.328</td>
<td>0.020</td>
</tr>
<tr>
<td>Social media advertisements → Brand leadership</td>
<td>0.393</td>
<td>0.094</td>
<td>3.630</td>
<td>***</td>
</tr>
<tr>
<td>Social media advertisements → Overall brand equity</td>
<td>0.333</td>
<td>0.085</td>
<td>3.125</td>
<td>***</td>
</tr>
</tbody>
</table>

Furthermore, the structural model was estimated in order to be able to test the hypotheses. The findings indicated that the Chi-square value of the model is equal to 377.123 (p = 0.000). Other fit values were also included to support the assumptions of model fit (RMSEA 0.077; TLI = 0.943; CFI 0.962; AGFI = 0.822, and GFI = 0.851). The hypothesized effect of social media advertisements on brand image as shown in Table II is statistically significant and positive (t-value = 4.298, p <0.01), thus H1 is supported. The effect of social media advertisements on brand loyalty (H2) is also supported by an estimate of 0.269 (t-value = 2.556, p < 0.05), which suggests that more positive perception of social media advertisements leads to higher brand loyalty intentions among customers. Moreover, the effect of social media advertisements on brand

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V. DISCUSSION AND CONCLUSION

This study aimed to examine the role of social media advertisements in affecting brand equity with data collected from several customers of international fast food restaurants in East Coast Malaysia. The findings indicated that social media advertisements have significant positive effect on brand image and this is consistent by the literature which identified the role of social media in affecting brand image [24]. The result indicates that effective social media advertisements would play a significant role in helping firms to develop perceived favourable image that will resultantly lead to perceived customer value. It is evident that focusing on social media considering the presence of competitors and communication mechanism that they use to reach customers should not be an option for business managers, but a key aspect of their marketing communication elements. This is because consumers tend to develop positive images toward brands that concern about them through building relationships using interactive marketing.

The findings also showed that social media advertisements have significant positive effect on brand loyalty. This is in line with the previous literature [46], [47], [30] which supported the positive link between social media advertisements and brand loyalty. According to Karamian et al. [31], firms can rely on social media activities in order to build good relationships with their loyal customers and influence their personal perceptions toward their products or services and also learn from them about their needs. Therefore, using social media as marketing communication tool will enable companies to enrich their communication with customers and develop better customer loyalty day by day.

This study also found that social media advertisements have significant positive effect on brand preference and brand leadership. Greater support was reported in the study of Motwani et al. [48] who found that social media advertisements had significant positive effect on brand preference. Similarly, Neuhauser [49] considered social media advertising as one of the key factors that drive brand preference. The findings suggest that consumers usually prefer to buy from brands that advertise their products and services through social media. The positive effect also reveals that customers tend to develop positive perceptions towards the marketing activity of social media and they may consider the advertisements using social media more interesting, innovative, informative, and interactive as compared to traditional marketing. Therefore, restaurant managers should integrate social media marketing into their strategies in order to facilitate their interactions with customers and again better information about their needs and expectation. By doing so, they would enable them to have better opportunities to build their competitive strength and obtain leadership positions in target markets.

Finally, the outcomes of this study indicated that social media advertisements have significant positive effect on brand equity and this is consistent with previous research works [27], [29]. Bruhn et al. [50] found that social media programs had significant influence on brand equity. Yoo et al. [9] also reported that as a component of marketing communication, social media marketing plays a key role in forming a favourable brand impression in consumers’ minds and thus, narrowing their brand choice. Similarly, Schivinski and Dabrowski [51] found that user-generated social media had a positive effect on brand equity. Based on these findings, it can be concluded that social media is one of the important tools to reach customers and enhance the wealth of brands. It is believed that through social media advertisements, consumers will be aware about the introduction of any products or services and can perceive easier communication with service provider. Such activities will ultimately result in favourable brand perception and better customer value.

Although the findings of this study highlighted significant issues, there are some limitations that need to be addressed in future researches. First, as the convenience sampling methodology was used in the current study, the findings cannot be generalized. Therefore, the results should be interpreted with careful understanding when applying them to other contexts. Besides, the respondents were limited to the customers of fast food restaurants in East Coast Malaysia. Thus, future research should test the causal link between the proposed variables in other types of industries. Third, only social media advertisement was considered in this study as an element of marketing communication; therefore, future studies can examine other marketing communication tools such as publicity and event sponsorship. Finally, this study used four dimensions to measure brand equity which may not be comprehensive enough. Therefore, future researches may integrate other dimensions to provide further contribution to brand equity theory.

APPENDIX A

APPENDIX A: MEASUREMENT SCALES

<table>
<thead>
<tr>
<th>Construct/ Items</th>
<th>Brand Image (Cronbach’s Alpha = 0.826)</th>
</tr>
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<tbody>
<tr>
<td>SM1</td>
<td>The social media advertisements for this restaurant’s brand are frequently seen.</td>
</tr>
<tr>
<td>SM2</td>
<td>The level of the social media advertisements for this restaurant meets my expectations.</td>
</tr>
<tr>
<td>SM3</td>
<td>The social media advertisements for this restaurant are very attractive.</td>
</tr>
<tr>
<td>SM4</td>
<td>The social media advertisements for this restaurant brand perform well in comparison to those of other restaurants.</td>
</tr>
<tr>
<td>SM5</td>
<td>This restaurant’s brand offer extensive advertisement on social media.</td>
</tr>
<tr>
<td>SM6</td>
<td>The social media advertisements for the brand of this restaurant can be easily remembered.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brand Equity Dimensions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Brand Image (Cronbach’s Alpha = 0.826)</td>
</tr>
<tr>
<td>BI1 The brand of this restaurant has a fashionable and trendy image.</td>
</tr>
</tbody>
</table>
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REFERENCES


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