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Dynamic Analysis of Brand Value in the Iranian Dairy Market: The Impact of Multi-channel Advertising and Competition on the Sustainability of Leading Brands' Position

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Abstract

The aim of this study is to investigate the dynamics of brand value in the Iranian dairy market and analyze the effect of multi-channel advertising, market share, and competitive intensity on the persistence of leading brands. Panel data from five major dairy brands during the period 2021 to 2024 were used to model the effects of television and digital advertising, market share, and local competition intensity on perceived brand value. Two non-dynamic empirical models, FE-2SLS and dynamic System GMM, were used to analyze the short-term and long-term effects of these variables. The results showed that television and digital advertising have a positive and significant effect on brand value. Specifically, the coefficients of television advertising were 0.091 for milk and 0.081 for cheese, while digital advertising had coefficients of 0.054 and 0.059, respectively. Also, the negative effects of advertising saturation and neighborhood competition intensity were observed in reducing brand value; the advertising saturation coefficients for milk and cheese were -0.011 and -0.010, respectively. In addition, market share had a positive effect on brand value, with market share coefficients of 0.023 for milk and 0.0201 for cheese. Also, the market concentration index (HHI) showed a positive and significant effect on brand value in both products. These results indicate that brands with higher market share can exploit advertising more effectively. These findings are consistent with the relatively concentrated structure of the Iranian dairy market and consumer loyalty to leading brands. In general, balanced advertising and strategies based on market share and competition can help sustain and increase brand value in the short and long term.

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Extended Abstract

Introduction

The aim of this research is to dynamically examine the perceived brand value in the Iranian dairy market and analyze the impact of multi-channel advertising, market share, and competition on the position of leading brands in this industry. Over recent decades, Iran's dairy industry has experienced significant changes, including increased production capacity, expanded distribution networks, and the digitization of communication channels with consumers. These transformations are particularly significant for milk and cheese, as these two products are staples in the food basket of Iranian households, and their repeated purchase plays an essential role in consumer behavior.

The necessity of conducting this research has emerged from the intersection of three facts: the stagnation or decrease in domestic consumption despite the nutritional importance of dairy products (Aaker, 1991; Keller, 1993), the pressure caused by market concentration, and the need for evidence-based policy-making to maintain a balance between exports and consumer welfare (FAO, 2023; Tirole, 1988), and the rapid migration of advertising budgets to digital media, which has increased the risk of inefficiency (De Haan et al., 2016; Kannan & Li, 2017; Bagwell, 2007; Mishra et al., 2025). Meanwhile, recent studies have shown that several factors, such as brand sensory experience (Mohammadnezhad & Rezaei Dizgah, 2025), personalized advertising on social media (Doroudi & Babaei, 2025), and brand knowledge and perceived quality (De Haan et al., 2016; Kannan & Li, 2017; Bagwell, 2007; Mishra et al., 2025), can enhance customer loyalty and future purchases. These findings underline the importance of scientifically analyzing brand value in various industries, but the dynamic and simultaneous analysis of television and digital advertising along with competitive structures in the Iranian dairy industry remains overlooked. Therefore, the main research question is: In the Iranian dairy market, what impact do television and digital advertising, market share, market concentration, and local competition intensity have on perceived brand value, and how sustainable are these effects in both the short and long term?

Theoretical Framework

Brand value is a fundamental concept in marketing literature, defined and expanded by Keller (1993) and Aaker (1991). In this framework, brand value is shaped by components such as brand awareness, brand associations, and customer loyalty, and as an intangible asset, it enhances a firm's ability to maintain higher prices, attract customers, and reduce price sensitivity. In other words, the more consumers have awareness and positive attitudes toward a brand, the greater their willingness to buy and their long-term loyalty, thus increasing brand value.

In this context, multi-channel advertising, especially the combination of television and digital media, plays a key role in strengthening brand value. Recent studies have shown that television advertising can build trust and offer broad coverage, while digital advertising provides the ability to target more precisely and interact directly with customers (De Haan et al., 2016; Kannan & Li, 2017). The effect of these two channels can either complement each other (especially in the early stages of the purchase funnel) or, in some cases, act as substitutes. Therefore, the simultaneous examination of television and digital advertising is essential and the focus of this research.

Another key concept is local competition intensity (LCI). This concept suggests that the closer two brands are in terms of attributes like price, quality, packaging, and brand positioning, the more competitive pressure they exert on each other, which consequently reduces the effectiveness of their advertising. This idea is rooted in spatial competition

literature (Hotelling, 1929; Hauser & Shugan, 1983) and becomes particularly relevant in markets like dairy, where products have similar characteristics. Moreover, the role of market share and concentration has also been emphasized in the theoretical literature. Evidence shows that larger brands, due to their extensive distribution networks, greater financial resources, and consumer loyalty, achieve higher returns from advertising (Sethuraman et al., 2011). On the other hand, the level of market concentration (usually measured by the Herfindahl-Hirschman Index - HHI) can determine how advertising will impact competition dynamics. In concentrated markets, advertising often strengthens the position of leading brands, while in fragmented markets, its effects are more evenly distributed among competitors. This research is based on the integration of three theoretical foundations in the fields of microeconomics, marketing, and competitive market analysis. The main goal of designing this framework is to explain consumer behavior in brand selection, clarify firms' pricing strategies under competitive conditions, and analyze the effect of market share on perceived brand value. The starting point of this framework is the definition of brand value in marketing literature, where Keller (1993) and Aaker (1991) explain brand value based on components like awareness, brand associations, and customer loyalty. Consequently, it is expected that stronger brands can reduce customer price sensitivity and establish a more sustainable position in the market. To model this situation, the classical Hotelling (1929) model has been used; a model that is one of the most recognized frameworks in spatial competition analysis. In this model, firms and consumers are assumed to be in a linear or multidimensional space, and each consumer chooses a brand based on the lowest "total cost." This total cost includes two components: the price of the product and the cost of distance, or the degree of mismatch between the product's attributes and the consumer's preferences. In this study, the Hotelling model is extended to a K-dimensional space, where each axis represents a distinct product attribute such as taste, durability, packaging, or price. The Iranian dairy market is an example of such a space, as brands are positioned relatively fixed and consumers are distributed in this space based on their preferences.

Conceptual Model of the Research

The conceptual model of this research is based on theoretical foundations and previous studies. The positive and negative relationships between variables have been extracted with reference to the spatial competition model of Hotelling (1929), brand value literature (Aaker, 1991; Keller, 1993), and recent studies in multimedia advertising and competition (De Haan et al., 2016; Bonfrer et al., 2008; Shahbazi, 2023).

Research Methodology This research is applicable in terms of purpose, and descriptive-analytical in nature, and it follows a positivist paradigm with a quantitative approach. The statistical population of the research includes five major dairy brands in Iran (Kalleh, Mihaan, Pegah, Ramak, and Sabah) and two highly consumed products: pasteurized milk and cheese. The study period is from 2021 to 2024. Data collection methods combine archival and field sources. Sales data and television advertising data were obtained from official reports, while the cost data for digital campaigns were extracted from platforms such as Dima, Yektanet, Aparat, and Instagram. Brand perception indicators (awareness, attitude, and consumer preference) were collected through field surveys among 350 households in Tehran. For data analysis, three-dimensional panel data (brand-product-time) were used. In the first step, the static FE-2SLS model was estimated to determine the short-term effects of advertising, market share, and market structure. In the second step, to account for brand value sustainability and cumulative advertising effects, the dynamic model and System GMM estimator were used. This approach was chosen to address the endogeneity problem of variables and provide reliable results.

Research Findings

The results showed that both television and digital advertising have a positive and significant impact on brand value. The coefficients for television advertising were 0.091 for milk and 0.081 for cheese, indicating a positive and significant impact on brand value in the short term. These effects are especially more noticeable in brands that are in the early stages of entering the market or during high-traffic advertising periods. On the other hand, the coefficients for digital advertising were 0.054 for milk and 0.059 for cheese, showing a positive effect, although it was generally lower than television advertising. These findings highlight the importance of both television and digital advertising in enhancing brand value in the Iranian dairy market. Alongside this, negative effects of advertising saturation and local competition intensity were observed in decreasing brand value. The advertising saturation coefficients for milk and cheese were -0.011 and -0.010, respectively, indicating that excessive advertising can negatively affect consumers' perception of the brand. This is especially true when the market reaches saturation, and consumers become indifferent to advertising. Additionally, market share had a positive and significant effect on brand value, with coefficients for market share of 0.023 for milk and 0.020 for cheese, indicating the direct impact of market share on strengthening brand value. These results are particularly evident in brands with larger market shares, as larger brands can utilize more resources for advertising and thus benefit from greater advantages.

Discussion and Conclusion

The findings of this research indicate that leading brands in the Iranian dairy market can effectively strengthen their position in consumers' minds through television and digital advertising. Brands with higher market shares, in particular, are able to leverage advertising more effectively. However, local competition and advertising saturation can have negative effects on brand value. These results are consistent with the relatively concentrated structure of the Iranian dairy market and consumer loyalty to leading brands. In general, balanced advertising and strategies based on market share and competition can contribute to the sustainability and growth of brand value in both the short and long term.