A Study of Factors Affecting Online Advertising and Its Impact on Consumer Buying Behavior

Abstract

This paper aims to highlight the importance or impact ofOnline advertising on consumer Behavior. The paradigm of marketingis that consumers will maximize their own utility and will preferlow-costs, high quality products to high priced, added value brands. Which results the extent and variety of online advertisement is growing dramatically. Businesses are spending more on online advertisement than before. Understanding the factors that influence online advertisement effectiveness is vital. This study seeks to explore the factors that contribute to the effectiveness of online advertisements and affect consumer buying intention or behavior.

Keywords: Online Advertisement, Online Consumer, Consumer Characteristics, Online Purchasing, Consumer Buying Behavior.

Introduction

In the latest decades, one of the essential problems ofCompanies is the knowledge of how the consumer will respond to various things that will be used for achieving their ultimate goal. The study of consumer Behavior became a concern of marketers, as they may learn how consumers choose their goods and services required to meet multiple needs, which are the factors that are influencing their choice. For this purpose Companies now attracts towards online advertising because online advertising has grown rapidly in the last decade. The numbers of peoples becomes very high day by day in connecting and spending more time online. Additional devices (such as mobile phones and televisions) are able to provide further internet connectivity. The rapid technology development and the rise of new media and communication channels tremendously changed the advertisement business landscape. However, the growing dependency on internet as the ultimate source information and communication, make it a leading advertisement platform. The beginning of online advertising was in 1994 when Hot Wire sold first Banner on the company's own site, and later online advertising evolved to become a key factor in which companies achieve fair returns for their products and services.

Objective of the Study

1. To understand the concept of Online Advertising .
2. To identify the relationship between online advertising and consumer buying Behavior.
3. To know the types of practices of Online Advertising.
4. To open new vistas for further research.

Research Methodology

This research is exploratory in nature, where the researcher has collected data from primary and secondary sources. In primary sources the data has been collected through interviews and questionnaire and general observations. In secondary sources the data was collected from various published materials such as magazines, journals and newspapers.The 05 units were selected for data collection. Sample size is 100, and Non probability purposive convenient sampling technique was use for finding sampling units and data collection. The data is collected from various age groups and professionals.

Population

The population for the study has been included at the Gwalior division.

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Sampling Frame

All the visitors including employees, house wives, students from the Gwalior city are the sampling frame.

Sampling Techniques

Non probability, purposive and convenient.

Sampling Elements

Individual respondent are the sampling element of the study

Sampling Size

Sampling size is 100.

Data Analysis

Self design questionnaire will be used to measure all the variables the data will be collected on the scale 1-5 likerts scale. (1-strongly agree, 2-Agree, 3-Neutral, 4-disagree 5-Strongly disagree).

Tools used for Data Analysis

1. Internal consistency
2. Reliability
3. Regression analysis

Observations and Results

Reliability test for all items were carried out by using SPSS 20.0 software trial version and the reliability test measures are given below:

Reliability Statistics		
Variables	Cronbach's Alpha	No. of Items
All Items	0.759	18

The standard value of Cronbach's Alpha is 0.7 but here is Cronbach's alpha value obtain .839 from reliability test. Here is Cronbach's alpha value is more than to standard value, hence our questionnaire has been highly reliable.

KMO Bartlett Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	443.101
	df	176
	Sig.	.000

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy Value was .782 indicating that the sample was adequate to consider the data for several test. The Bartlett's Test of Sphericity was tested through Chi-Square value 443.101significant at 0% level of significance indicating that the has low sphericity and is therefore suitable for factor analysis.

Factor Analysis

Principle component factor analysis with Varimax rotation and Kiser normalization was applied. The factor analysis resulted in the following factors:

1. Product Information
2. Advertising content
3. Awareness
4. Preferences and choices
5. Convection
6. competitiveness
7. pricing policies
8. Utility of the product
9. Discounts

Review of Literature

Peter J. Danaher and Guy W. Mullarkey have published their research article entitled "Factors Affecting Online Advertising Recall: A Study of Students". In this research article we examine factors that might impact on web advertising recall and recognition. These factors include the viewing mode, duration of page viewing, and web page context factors, including text and page background complexity and the style of the banner advertisement. Via an experimental design 31 Peter J. Danaher and Guy W. Mullarkey,"Factors Affecting Online Advertising Recall: A Study of Students"- Journal of Advertising Research 2003, p.252-264conducted on a student sample, we manipulate these factors over several levels. The key finding is that the longer a person is exposed to a web page containing a banner advertisement, the more likely they are to remember that banner advertisement. We also find that recognition scores are much higher than both unaided and aided recallscores.Finally, web users in a goal-directed mode are much less likely to recall and recognize banner advertisements than users who are surfing a site. In addition, a number of personal demographics and site attitude factors are incorporated. The key finding is that web page exposure duration is a strong determinant of banner advertisement recall. Stated simply, the longer a person stays on a particular web page, the more likely they are to remember a banneradvertisement on that page.

Neelika Arora(2004) has published research article entitled "Trends in Online Advertising" in Advertising Express, Dec2004. The global online advertising revenues are expected to touch US $10bn by 2006. In India, the revenues at present are estimated to be Rs. 80 cr. and are expected to increase six times more within the next five years.In India, Internet as a medium is accepted by a wider industrial segment that includes automobiles, telecom, education, banking, insurance, cr cards, FMCG (Fast Moving Consumer Goods), apparel/clothing, durables, media, business services and tourism.

Wikipedia (2012) defined online advertising as a form of promotion that uses the internet andworldwide web to deliver marketing messages to attract customers. Example of online advertising according to Wikipedia, include contextual ads on search engine results pages, banner ads, blogs, rich media ads, special networking advertising, interstitial ads, online classified advertising, advertising networks and e-mail marketing, including e-mail spam. Many of these types of ads are delivered by an ad server.

Choi and Rifon (2002) were of the view that "rapid growth in online advertising revenuesindicates the viability of worldwide web advertising as an alternative to that of traditional media considering internet advertising growth, there is little doubt that the internet is a powerful and viable alternative to traditional media advertising."

Muhammad Aqsa &DwiKartini (2015), in their study aims to analyze and test the effect of online advertising on consumer attitudes and purchase interest online, a survey conducted on students of Internet users in the city of Makassar. The study was conducted on students of public

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and private universities in the city of Makassar. The method used was a quantitative analysis using the technique of purposive sampling method with a sample of 340 people. Testing this hypothesis using structural equation modeling (SEM). The results showed that online advertising has an influence on consumer buying Behavior and online. Dimensions interactivity of online advertising provides the highest influence on the attitudes and interests of consumers purchasing online.

Lim Yi Jin et al (2015), the purpose of their paper is to examine the level of attitude towards online shopping activities among undergraduate and postgraduate students in Malaysian public university. By applying a quantitative survey approach, a total of 800 questionnaires were distributed to the students by handing them out, subsequently 662 questionnaires were usable for analysis. Systematic sampling technique was applied in this research and the measurement instruments are adapted from several resources that high in internal consistency.

Salem Ben Brahim (2016), in his study focussed on the determinants of online advertising and the role of the mediating variable "attitude towards online advertising" in the relationship between perceived advertising value and consumer purchase intent. The results show that online advertising value depends positively on its informativeness, credibility and entertainment value. They also indicate that credibility and online advertising value affect consumers' attitude towards this type of advertising. Finally, we show that attitude plays a mediating role between perceived advertising value and purchase intent.

Umarani Purusothaman (2016) states in her paper that the growth of Information Technology industry provides lot of comfort and technology support to domestic and industrial applications. The volume of sale of products and services through online increases rapidly in India, earlier the people of India had hesitation about security of financial transactions through electronic networks, but now-a-days all kind of bill payments, purchase of products even like grocery, vegetables, etcare purchased through online. The booming of online shopping boosted the purchase of electronic gadgets.

Online Advertising and Consumer Buying Behavior

Online advertising is impacted by three characteristics on customer purchase behavior in business approach, such as perceived risk, willingness to purchase, and self-confidence.

Perceived Risk Reference

Defined relationship between perceived risk and customer purchase behavior to innovate of society behavior, and consumer brand loyalty and online advertising implementation.

Willingness to Purchase Reference

Described it is inversely connected to amount of perceived risk and consumer satisfaction, intention to gift-giving, and customer opportunities to customize products or services by increasing the online advertising loyalty. Shoppers naturally have to expend physical dynamism and time to travel to a retail site, and also create the motivation to increase the profit of online advertising in market place. There may be more likely to engage in browsing and/or information gathering without having real purchase intentions. The advertising compromises consumers to the unequaled opportunity to shop for the express of obtaining pleasure in market.

Self-confidence

Confidence has been defined as making a brand choice certainty to make decision for judgment of the quality and it is a central construct in explanation consumer purchase behavior. Confidence is derived from consumers' approaches and directly influences on purchasing intention to implement online advertising in society life cycle. Self-confidence is regarded to be related to anxiety and risk-reducing marketing strategies, as well as a very critical variable to consider investigative consumers on influence online advertising profit. Thus, analysis of self-confidence within the context of online advertising shop, will balance the appropriately willingness to purchase, and perceived risks. Online Advertising Motivations and Consumer Purchasing

Types of Online Advertisement

Display advertising

Display advertising conveys its advertising message visually using text, logos, animations, videos, photographs, or other graphics. Display advertisers frequently target users with particular traits to increase the ads' effect. Online advertisers (typically through their ad servers) often use cookies, which are unique identifiers of specific computers, to decide which ads to serve to a particular consumer. Cookies can track whether a user left a page without buying anything, so the advertiser can later retarget the user with ads from the site the user visited.

As advertisers collect data across multiple external websites about a user's online activity, they can create a detailed picture of the user's interests to deliver even more targeted advertising. This aggregation of data is called behavioral targeting.Advertisers can also target their audience by using contextual and semantic advertising to deliver display ads related to the content of the web page where the ads appear.[19]:118 Retargeting, behavioral targeting, and contextual advertising all are designed to increase an advertiser's return on investment, or ROI, over untargeted ads.

Web Banner Advertising

Web banners or banner ads typically are graphical ads displayed within a web page. Many banner ads are delivered by a central ad server.

Banner ads can use rich media to incorporate video, audio, animations, buttons, forms, or other interactive elements using Java applets, HTML5, Adobe Flash, and other programs.

Frame ad (Traditional Banner)

Frame ads were the first form of web banners.[17] The colloquial usage of "banner ads" often refers to traditional frame ads. Website publishers incorporate frame ads by setting aside a particular space on the web page. TheInteractive

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Advertising Bureau's Ad Unit Guidelines proposes standardized pixel dimensions for ad units.

Pop-Ups/Pop-Unders

A pop-up ad is displayed in a new web browser window that opens above a website visitor's initial browser window.A pop-under ad opens a new browser window under a website visitor's initial browser window.

Floating Ad

A floating ad, or overlay ad, is a type of rich media advertisement that appears superimposed over the requested website's content. Floating ads may disappear or become less obtrusive after a preset time period.

Expanding Ad

An expanding ad is a rich media frame ad that changes dimensions upon a predefined condition, such as a preset amount of time a visitor spends on a webpage, the user's click on the ad, or the user's mouse movement over the ad.Expanding ads allow advertisers to fit more information into a restricted ad space.

Trick Banners

A trick banner is a banner ad where the ad copy imitates some screen element users commonly encounter, such as an operating system message or popular application message, to induce ad clicks. Trick banners typically do not mention the advertiser in the initial ad, and thus they are a form of bait-and-switch.Trick banners commonly attract a higher-than-average click-through rate, but tricked users may resent the advertiser for deceiving them.

Interstitial

An interstitial ad displays before a user can access requested content, sometimes while the user is waiting for the content to load. Interstitial ads are a form of interruption marketing.

Text Ads

A text ad displays text-based hyperlinks. Text-based ads may display separately from a web page's primary content, or they can be embedded by hyperlinking individual words or phrases to advertiser's websites. Text ads may also be delivered through email marketing or text message marketing. Text-based ads often render faster than graphical ads and can be harder for ad-blocking software to block.

Search Engine Marketing (SEM)

Search engine marketing, or SEM, is designed to increase a website's visibility in search engine results pages(SERPs). Search engines provide sponsored results and organic (non-sponsored) results based on a web searcher's query. Search engines often employ visual cues to differentiate sponsored results from organic results. Search engine marketing includes all of an advertiser's actions to make a website's listing more prominent for topical keywords.

Search engine optimization (SEO)

Search engine optimization, or SEO, attempts to improve a website's organic search rankings in SERPs by increasing the website content's relevance to search terms. Search engines regularly update their algorithms to penalize poor quality sites that try to game their rankings, making

optimization a moving target for advertisers. Many vendors offer SEO services.

Sponsored Search

Sponsored search (also called sponsored links, search ads, or paid search) allows advertisers to be included in the sponsored results of a search for selected keywords. Search ads are often sold via real-time auctions, where advertisers bid on keywords.In addition to setting a maximum price per keyword, bids may include time, language, geographical, and other constraints.Search engines originally sold listings in order of highest bids.Modern search engines rank sponsored listings based on a combination of bid price, expected click-through rate, keyword relevancy and site quality.

Social Media Marketing

Social media marketing is commercial promotion conducted through social media websites. Many companies promote their products by posting frequent updates and providing special offers through their social media profiles.

Email Advertising

Email advertising is ad copy comprising an entire email or a portion of an email message.[1]:22 Email marketing may be unsolicited, in which case the sender may give the recipient an option to opt-out of future emails, or it may be sent with the recipient's prior consent (opt-in).

Chat Advertising

As opposed to static messaging, chat advertising refers to real time messages dropped to users on certain sites. This is done by the usage of live chat software or tracking applications installed within certain websites with the operating personnel behind the site often dropping adverts on the traffic surfing around the sites. In reality this is a subset of the email advertising but different because of its time window.

Online Classified Advertising

Online classified advertising is advertising posted online in a categorical listing of specific products or services. Examples include online job boards, online real estate listings, automotive listings, online yellow pages, and online auction-based listings.Craigslist and eBay are two prominent providers of online classified listings.

Adware

Adware is software that, once installed, automatically displays advertisements on a user's computer. The ads may appear in the software itself, integrated into web pages visited by the user, or in pop-ups/pop-unders.Adware installed without the user's permission is a type of malware.

Affiliate Marketing

Affiliate marketing (sometimes called lead generation) occurs when advertisers organize third parties to generate potential customers for them. Third-party affiliates receive payment based on sales generated through their promotion. Affiliate marketers generate traffic to offers from affiliate networks, and when the desired action is taken by the visitor, the affiliate earns a commission. These desired actions can be an email submission, a phone call, filling out an online form, or an online order being completed.

Content Marketing

Content marketing is any marketing that involves the creation and sharing of media and publishing content in order to acquire and retain customers. This information can be presented in a variety of formats, including blogs, news, video, white papers, e-books, infographics, case studies, how-to guides and more.

Benefits of Online Advertising

Cost

The low costs of electronic communication reduce the cost of displaying online advertisements compared to offline ads. Online advertising, and in particular social media, provides a low-cost means for advertisers to engage with large established communities advertising online offers better returns than in other media.

Measurability

Online advertisers can collect data on their ads' effectiveness, such as the size of the potential audience or actual audience response, how a visitor reached their advertisement, whether the advertisement resulted in a sale, and whether an ad actually loaded within a visitor's view. This helps online advertisers improve their ad campaigns over time.

Formatting

Advertisers have a wide variety of ways of presenting their promotional messages, including the ability to convey images, video, audio, and links. Unlike many offline ads, online ads also can be interactive. For example, some ads let users input queries or let users follow the advertiser on social media. Online ads can even incorporate games.

Targeting

Publishers can offer advertisers the ability to reach customizable and narrow market segments for targeted advertising. Online advertising may use geo-targeting to display relevant advertisements to the user's geography. Advertisers can customize each individual ad to a particular user based on the user's previous preferences .Advertisers can also track whether a visitor has already seen a particular ad in order to reduce unwanted repetitious exposures and provide adequate time gaps between exposures.

Coverage

Online advertising can reach nearly every global market, and online advertising influences offline sales.

Speed

Once ad design is complete, online ads can be deployed immediately. The delivery of online ads does not need to be linked to the publisher's publication schedule. Furthermore, online advertisers can modify or replace ad copy more rapidly than their offline counterparts.

Factors affecting Online Advertising

Psychological factors such as thinking, feeling, sensation, and intuition directly correlate with our customers' online advertising experience. Making customers feel like wanting to do something requires us to offer a completely enthralling experience, *not* one that has negative connotations for our customers. Today, we often see advertisements that clamour for our attention, begging us to view them. Customers' past experiences with the Web set their expectations for online advertising today. How can we shift this prevalent advertising paradigm to one that instead has psychological appeal?

Companies should aim to strengthen customer interactions with advertisements on the Web, keeping both context and cognition in mind. Unfortunately, most companies provide a generic experience to all customers rather than relying on customer analysis to deliver a personalized experience. They've failed to innovate and bring the online advertising experience to a whole new level of interaction and integration that would truly let them achieve effective communication.

Factors affecting the effectiveness of internet advertising Rodgers and Thorson (2000) introduced a model comprising a series of factors with an influence on the processing of internet advertising by the consumer. Fundamentally, they distinguish between functional and structural elements in their advertising model. Functional elements pertain to the motives of online users and their behavior within the online setting, i.e. they revolve around the user (who also happens to be the advertising target) of the online application within which advertising takes place. On the other hand, structural elements of advertising concern the physical presentation and format of the ads, for example their position on the screen, size, type (banner, sponsor link, pop-up), and so forth.

The effect of page viewing duration was established as a major factor affecting brand recall in the study described in (Danaher and Mullarkey, 2003); more specifically, the longer a user was viewing a page, the more likely the user would remember the advertising material on this page. In the same study, the influence of additional factors, such as background complexity, was found to be insignificant, while the user viewing mode (goal-directed vs. exploratory) appeared to affect ad recall, i.e. people in goal-directed mode were less likely to remember the advertising material they had been exposed to. Related findings were gathered by the study of Dahlén (2002), where the product type (functional vs. expressive) and number of exposures were found to significantly affect user response as measured in terms of CTR. In our study, we implicitly consider the user viewing mode through the investigation of the role of user online activity on advertising effectiveness.

Regarding the role of social context on advertising effectiveness, most prior work has concentrated on the topic of word-of-mouth / viral marketing effects. For instance, an online recommendation network is studied in (Leskovec et al., 2007) and the observation was made that online recommendations are not as effective as would be expected by epidemic or innovation diffusion models. In contrast, Richardson and Domingos (2002) find that viral marketing can lead to considerable profit increase over direct marketing when the social ties between individuals of a knowledge sharing network are taken into account to devise the marketing plan.

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Such studies study social context under a different perspective compared to this thesis, since they do not focus on the "conventional" online advertising mechanism (implemented through sponsored link ads), but investigate the viral processes taking place on online social networks. A recent study has dealt with the impact that a user's social network may have on

Factors that attracts the consumers for online advertising

Behavioral	Targets individual customers Based on context and customers' needs Motivates customers to process information
Content Lure	Appealing to customers' emotions Moves customers to their next steps Makes customers want to know more
Contextual Approach	Based on customers' needs Culturally significant Blends in with surrounding content
Information	Based on context and customers' needs Relevant to customers Motivates customers to process information An excess of information can add to customers' cognitive load
Interactivity	Gets customers' attention Engages customers' motor and cognitive skills Motivates customers to process information
Product Placement	Non-intrusive Subliminal information processing affects the psyche positively Shows the product in a real-life scenario
Special Offer	Most persuasive Motivates customers to process information Based on customers' needs
Target Audience	Based on customers' needs Culturally significant Blends in with surrounding content
Visual Lure	Makes a good first impression Gets customers' attention Emotionally appealing Motivates customers to process information
Welcoming Imagery	Warm imagery attracts customers' attention Emotionally appealing Motivates customers to process information

Findings
1. The study has confined to urban areas as it assumedthat the rural areas do not have Internet connection yet. Hence the entire findings are limited and refer to urban consumers only.
2. Geographical coverage, as only Gwalior areas have been taken from India. It is not sure whether the findings will apply to the whole country.
3. Respondents below 18 years of age were not included in the present study, as it was assumed that respondents of the age 18 years

& above can answer questions relating to online advertising. This is a limitation as respondents below 18 years also use the Internet and if they had been included in the sample, their opinion on issues relating to Internet advertising may have given important insights.

Conclusion

On line advertising has great scope in indian market. Most of the organisations are providing online advertising for their target customers. Since large number of prospective customers are the computer savy and most of the time they spend on online activities whether it is professional and personal. On

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line advertising has huge market of target customers and they prefer online advertising because of the responses gatherd.Product Information, Awareness Preferences and choices, Convection competitiveness, pricing policies, Utility of the product and Discounts are some of the factors that affect the selection of online advertising

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