

# Periodic Research

## A Study of Practices of Online Advertising and its Impact on Consumer Buying Behaviour

### Abstract

This paper aims to highlight the importance or impact of Online advertising on consumer behaviour. The paradigm of marketing is that consumers will maximize their own utility and will prefer low-costs, high quality products to high priced, added value brands. Which results the extent and variety of online advertisements 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 behaviour.

**Keywords:** Online Advertisement, Online Consumer, Consumer Characteristics, Online Purchasing, Consumer Buying Behaviour

### Introduction

In the latest decades, one of the essential problems of Companies 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 behaviour 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 attract 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.

### Online Advertising

Online advertising is a type of mass communication which is based on traditional form of advertising but develops its own communication strategies in correlation with the new technical and medium based requirements. Broadly, online advertising is about delivering advertisements to Internet/online users via Web sites, e-mail, ad-supported software and Internet-enabled smart phones. Examples of online advertising include contextual ads on search engine results pages, banner ads, Rich Media Ads, Social network advertising, interstitial ads, online classified advertising, advertising networks and e-mail marketing, including e-mail spam.

### Review of Literature

1) **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.252-264 conducted on a student sample, we manipulate these factors over several levels. The key

### Praveen Sahu

Assistant Professor,  
Deptt. of Commerce,  
Vrinda Sahay Govt. P. G. College,  
Dabra ,Gwalior

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 recall scores. 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 banner advertisement on that page. In addition, some minimum and maximum thresholds are observed. To achieve reasonable advertising recall, some minimum level of exposure (around 40 seconds) is required. However when a user is in surfing mode, advertising recognition does not increase appreciably when exposure exceeds 40 seconds. In this article the Authors have considered only banner advertising, the other methods of web advertising such as pop-up ads, pop-under ads, interstitial ads, square ads etc. are not considered, which the researcher will consider for the Ph.D. work.

**2) Neelika Arora** has published research article entitled "Trends in Online Advertising" in Advertising Express, Dec 2004. Neelika Arora, "Trends in Online Advertising", Advertising Express, Dec 2004.

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. Out of these, it is estimated that the banking, FMCG and insurance sectors together account for 45% of the total advertising spend. In comparison to this, automotive, travel and retail spend 37% of the total advertising revenue and financial service companies spend 12% only. Some of the top spenders in India are automobiles, followed by brands like Pepsodent, Kellogg's, Cadbury, HDFC (Housing Development Finance Corporation Ltd.) loans and Sunilk. In addition to these the early adopters in the field of finance and IT are also increasing their spending. Globally, the trend is that almost 60% of the revenue goes to five firms - Google, Yahoo, Microsoft, AOL (America Online Launchers), and Overture. Approximately, 90% of the Google revenues come from advertising. In India, portals like indiaindian.com, exchange4media.com, rediffmail.com, etc are attracting major online spender. This article explains demographic profile of Indian users. It also gives the comparison between global trend and Indian trend, which is useful for my research work.

**3) Shelly Rodgers and Esther Thorson** Have published research paper entitled "The Interactive

Advertising Model: How Users Perceive and Process Online Ads". The authors provide an integrative processing model of Internet Advertising, which incorporates the functional and structural schools of thought. The model begins with the functional perspective, which attempts to identify reasons for Internet use. Since most individuals enter cyberspace with some goal or agenda, in mind, the authors argue that a model of online processing should begin with consideration of Internet functions. These functions, according to the authors, operate conjointly with the user's mode - ranging from high goal-directed to playful - to influence the types of ads web users will attend to and process. The authors offer a broad scheme in which to classify most Internet ads, as well as a number of common features unique to these ads. The authors conclude by offering a number of hypotheses suggested by the model. Although the internet provides an efficient medium for advertising (Hoffman & Novak, 1996) practitioners are trying to figure out how to maximize this new medium (Eighmey & McCord 1998). Scholars are attempting to do the same. Their approach, however, generally differs from practitioners in the way rigorous theories, methods and models are built, used, tested and re-tested. Our purpose here is to offer an Interactive model of ad processing that can be used, tested and re-tested by anyone interested in Internet advertising research. The model differs from 33 Shelly Rodgers and Esther Thorson, "The Interactive Advertising Model: How Users Perceive and Process Online Ads", Journal of Interactive Advertising, Volume 1, number 1, Fall 2000.

Other online models in the way it incorporates several paradigms, or schools of thought. In short, we propose an interactive information processing model of Internet advertising that incorporates both function and structure. Our rationale for doing so is simple.

**4) Wikipedia (2012)** defined online advertising as a form of promotion that uses the internet and worldwide 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.

**5) Choi and Rifon (2002)** were of the view that "rapid growth in online advertising revenues indicates 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."

#### Objective of the Study

1. To know the effect of Online Advertising in Consumer Behaviour.
2. To open new ideas for Online Advertising.
3. To know the present importance of Online Advertising.

# Periodic Research

4. To identify the reasons for switching behaviour in Online Purchasing.
5. To open new vistas for further research.

### Hypothesis of the study

**H1.** On line advertising has significant impact on consumer buying behaviour.

**H2.** On line advertising has strong impact on young buyers.

### Methodology

In this research paper an attempt has been made to find out the practices of online advertising and the research is directed to find out the impact of online advertising on consumer buying behaviour. Consumer buying behaviour has been measured on the basis of gender, age, income, education and occupation.

### Sample size

200 Peoples

### Data Collection

#### Primary Data

This is the data collocated a fresh and for the first time. And thus happen to be original in character for the purpose of research. The researcher has collected the data through primary sources. The data has been collected through questionnaire. The area of research is the viewers of online advertising in Gwalior.

#### Secondary Data

In this research paper the researcher has collected data from various sources of secondary data. The researcher has collected data through various sources of secondary data such as newspapers, research papers, articles, reports, magazines, journals, online services and various websites on the internet.

### Statistical Analysis

For the title of research paper "A study of practices of online advertising and its impact on consumer buying behaviour" the data has been collected through questionnaire with test of reliability and validity. data has been analysed by various statistical calculation for this research SPSS has been used as regression test.

SPSS software version 20.0 has been used for hypothesis testing and analysis of data.

### Observation and Results

For the study variables constant variable is online advertising and dependent variable is consumer buying behaviour, has been measured by reliability test and validity test.

Reliability measure:

Variable: Online Advertising

Cronbach's alpha: 0.87

No. of items :10

The cronbach alpha test is more than the set standard value it shows the reliability of questionnaire used for research purposes.

### Hypothesis

Hypothesis (H1) : On line advertising has significant impact on consumer buying behaviour.

Hypothesis (H2) : On line advertising has strong impact on young buyers.

### Model Summary

Model R	R square	Adjusted R square	Std. Error of the estimate
1.733	.687	.410	1.13

Predictors : Online advertising

### ANOVA

Model Sig.	Sum of Squares	D f	Mean square	F
Regression	222.98	1	222.98	174.00

Predictors : Online advertising

Dependent: Consumer buying behaviour.

### Results

The result of regression has shown that on line advertising has significant impact on consumer buying behaviour. Having beta value of .733 tested through t-test having t value of 13.2 which is significant at 00.0%. The model summary table indicates that online advertising has 73.30% impact on consumer buying behaviour. Since the r square value is .687 that shows the impact of on line advertising on consumer buying behaviour.

Test-2

H2 : Online advertising has strong impact on young buyers.

One sample T- test has been used to find out the impact of on line advertising on young buyers.

### One-sample statistics

N	Mean	Std. deviation	Std. Error	Mean	
Age	250	2.41	.79	.05	
Young Buyers	250	2.66	1.40	.088	
Test value=0					
t	Df	sig.	Mean difference	Lower	upper
Age	48	249.000	2.42	2.3	2.51
Young Buyers	30	249.000	2.67	2.49	2.8

### Results

This table indicates that on line advertising has significant impact on young buyers, as the buyer is young the online advertising has a great impact on his buying behaviour.

### Discussion

The researcher has identified that online advertising has significant impact on consumer buying behaviour. The study also identified that online advertising is very effective mode of sales promotion and it has wide area of coverage with a limited span of time and it is very popular amongst the young generation.

### Profile of the Respondents for Research Purpose Out of 200 Samples for Data Collection

Gender	Frequency	percentage
Male	182	91
Female	18	9
Total	200	100

# Periodic Research

Age	Frequency	percentage
	80	40
30-40year	54	27
40-50 year	46	23
50above	20	10
Total	200	100

Level of Education		percentage
Under graduate	125	62.5
Graduate	67	33.5
P.G.(Including Professional Edu.)	8	4
Total	200	100

Occupation		
Self employed	90	45
Employed in public sector	40	21.5
Employed in private sector	37	18.5
Others	30	15
Total	200	100

Monthly Income		
Below Rs. 30000/-	73	36.5
Rs. 30000-50000/-	85	42.5
Rs. 50000-70000/-	22	11
Rs. 70000-90000/-	12	6
More than 90000/-	8	4
Total	200	100

## Findings

- The study has confined to urban areas as it assumed that the rural areas do not have Internet connection yet. Hence the entire findings are limited and refer to urban consumers only.
- Geographical coverage, as only Gwalior areas have been taken from India. It is not sure whether the findings will apply to the whole country.
- 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.

## Suggestions

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.

In this article, I'll discuss the cognitive elements at the intersection of advertising and human behaviour. By taking an approach to advertising that looks at the impact psychological factors have on customer

behaviour, I've learned that customers respond directly to online advertisements, as we can see from their emotions, behaviour, and interactions on the Web.

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.

## Conclusion

With the increased adoption and fission of the Internet, World Wide Web is becoming gradually a standard advertisement platform. The Web is offering business advertisement world with more rich media tools, interactive services, and global reach. The need is to understand the target consumers and then strategize wisely in order to gain maximum out of this new medium.

## References

- Gaurav Bakshi and Dr.Surender Kumar Gupta Volume 3, Issue 1 (February 2013)
- <http://webcache.googleusercontent.com/search?q=cache:h27HjIASP-oJ:www.euroasiapub.org/ijrfm/feb2013/3.pdf+&cd=2&hl=en&ct=clnk&gl=in>
- Annals of DAAAM for 2012 & Proceedings of the 23rd International DAAAM Symposium, Volume 23, No.1, ISSN 2304-1382 ISBN 978-3-901509-91-9, CDROM version, Ed. B. Katalinic, Published by DAAAM International, Vienna, Austria, EU, 2012
- Choi, S. M. & Rifon, M. J. (2002). Antecedents and consequences of web advertising Crability: a study of consumer response to banner ADS. Journal of Interactive Advertising, 3(1). Accessed on the 30th August, 2012, [www.emeraldinsight.com](http://www.emeraldinsight.com)
- Shuai Yuan, Ahmad ZainalAbidin, Marc Sloan, Jun Wang Department of Computer Science, University College London.
- Holani\_Umesh, Lilesh Gautam (2013), Impact of advertising on internet in consumers.
- James Mathew1, Peter M. Ogedebe2, Segun M. Ogedebe31 Ramat Library, University of Maiduguri,-Influence Of Web Advertising On Consumer Behaviour In Maiduguri Metropolis, Nigeria.
- Wikipedia-[http://en.wikipedia.org/wiki/Online\\_advertising](http://en.wikipedia.org/wiki/Online_advertising).
- Business Research Methods-<http://www.slideshare.net/noman332/effect-of-online-advertisement-on-consumer-behaviour>.
- International Journal of Business and Management; Vol. 8, No. 14; 2013 Simona Vinerean1, Iuliana Cetina1, Luigi Dumitrescu2 & Mihai Tichindelean1.
- Marketing Research – Nakoda Publishers, Indore 1<sup>st</sup> ion.
- World Applied Sciences Journal 23 (1): 117-122, 2013 Muhammad Ehsan Malik, Muhammad MudasarGhafoor, Hafiz Kashif Iqbal, Qasim Ali, HiraHunbal, Muhammad Noman and Bilal Ahmad Institute of Business Administration (IBA), University of the Punjab, Lahore, Pakistan.