



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2019; 5(6): 121-126
www.allresearchjournal.com
Received: 16-04-2019
Accepted: 18-05-2019

Dr. Sumathi S
Government First Grade
College, KGF Bangalore,
Karnataka, India

An empirical study on impact of online advertising on the buying behaviour in Bengaluru

Dr. Sumathi S

Abstract

The technological innovations have opened up more opportunities to the advertisers to have wider reach to the online audience through the technology. Web designers and technology developers are looking at effective ways to attract customers as the advertising is conquering online landscape. The flexibility and greater control that the marketers can enjoy has made the online platforms very popular. The increased share of online buying has led the marketers to strategize the online advertising in the development of the advertising media mix. The challenge in front of the marketers is to shift the customers from click-through rates to tangible attitudinal responses. The present study is an empirical study measuring the effectiveness of online advertising in the purchasing behavior of the consumers.

Keywords: Web, internet, apps, buying behaviour

Introduction

The term online advertising simply relates to advertising online, or advertising over the Internet. It is kind of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering messages to attract customers. Online Advertising has an advantage of immediate publishing of information and content that is not limited by geography or time. Online advertising allows for the customization of advertisements, including content and posted websites.

Most common ways in which online advertising is purchased are CPM (Cost Per Mille), CPV (Cost Per Visitor), CPV (Cost Per View), CPC (Cost Per Click), CPA (Cost Per Action) or (Cost Per Acquisition), CPL (Cost Per Lead), CPE (Cost Per Engagement), CPE (Cost Per Engagement) & Cost per conversion. Types of Online Advertising includes Floating ads, Expanding ads, Polite ads, Trick banners, Pop-up ads, Pop-under ads, Video ads, Map ads & Superstitial ads.

Emerging Trends in Online Advertising Domain in India¹

India is on its route to become the fastest emerging nation towards digital economy, accelerated with the demonetization move by the Government of India in 2016 (Raja Chakraborty 2017).

Mobile Will Dominate as An Advertising Platform

We also hold pride in being the first nation with more than 300 million mobile phone users. Clearly, online advertisers cannot afford to lose sight of such a valuable ally. With online advertising on mobile phones, the aim is to not only need create content for mobiles but also power the platform of future. The dropping of data prices steeply due to intense competition plays an important role here, triggered by the entry of aggressive players like Reliance Jio and other incumbent players like Airtel, Idea and Vodafone who had to match the offers made by the new entrant to protect their market shares and provide a heart fight.

Incidentally, majority of the telecom players still consider Indian market as one mobile service are most affordable for consumers and margins of telecom players are likely to remain under pressure. So, online advertising in the mobile medium holds great potential.

Correspondence
Dr. Sumathi S
Government First Grade
College, KGF Bangalore,
Karnataka, India

¹ <https://www.entrepreneur.com/article/294508>

Apps and Online Presence Are Must

With plethora of companies basing their operations on solely app module and the scurry of options for mobile payments and apps, digital market requires a surge of digital promotion and marketing strategies. Presently, an Indian consumer spends more time on social media and internet surfing than on TV. Thus, the visibility of any product is more through digital medium than traditional marketing techniques. There is a case for advertising shifting to online platforms, keeping social media in tune with current advancements. This result to some decrease in the share of advertising spends for conventional TV, affecting the expansion of the market where television and online advertising co-exist. Having said that, it is important to highlight that online presence is no more an option for anyone, but a compulsion to a larger extent.

So, all those who are used to only advertising in conventional sense need to adapt to the online medium as well. Interestingly, internet does not discriminate between large or small or rich or poor companies and all of them have a fair and equal chance to create a buzz, using innovation in online medium. Therefore, online strategies of any business will be a crucial factor in the success of any organisation.

Social Media Is Important

Ad spending in India is growing by more than 15.5% year on year and with this recent move from the government and accessibility to internet, we have a customer base to reach. The consumers are constantly looking and searching more on internet to find the best deal from different sellers and websites around India. Today we all are interconnected through Whatsapp and Facebook and the increasing use of social media is creating new opportunities for digital marketers to attract the customers through digital platform. Digital marketing is a cost effective way to gain more customers with the accessibility to track and target the precise audience to have a great commercial impact on the business. Since, online advertising has an edge over conventional advertising as it is more targeted and economical in the coming times online ad spends will grow faster than they are likely for the conventional modes of advertising.

Integration of Online Ad with Emerging Technologies

Apart from these, a lot of technological advancements and developments are also impacting online advertising directly or indirectly. These include — Big Data Analytics, Artificial Intelligence, augmented reality, internet of things, virtual reality, Chat bots, proliferation of gaming and live streaming of media.

All these factors in some way or the other are changing the way content is created and used on internet. Obviously, all of them have their own bearing on the way advertising is done online. Future networks will have to be designed keeping in mind all these technologies and their impact on online promotion. Depending on the shape that internet based networks take a few of these technologies could become very important and one might have to keep in mind them and make a separate strategy for them.

Reasons for the Growth of Online Advertising in India

- Advertisement can reach very large number of potential buyers globally.
- Web superiority over other advertising medium.

- Web page (advertisement) can be updated any time and changes or corrections are painless.
- Online advertisement works 24 hours a day, 7 days a week, 365 days a year.
- In online advertisement specific interest groups or individuals can be targeted.
- Online advertisement can effectively use the convergence of text, audio, graphics, and Animation.
- Online advertisements are cheaper in comparison to traditional advertisement. There is no printing costs, no postage costs etc²

Review of Literature

Tikno (2017) ^[7] propounds that unlike conventional platforms, advertising on Facebook has no flat rate, but it depends on engagement rate, which measures how much the ads are liked by its target audiences. More engagement will be granted with low advertising cost. The advertisers need to know how to create ads which have more engagement rate potential and lead to minimal cost and high conversion. Research investigated performance measurement of media types used on Facebook advertising platforms such as photos and videos (Tikno., 2017).

Wang (2010) ^[8] investigate the relationships among consumers' beliefs about online advertising, attitudes toward online advertising (ATOA), and consumer behavioral responses in three different nations

The study mentions about the all five belief factors (i.e., information seeking, entertainment, economy, credibility, and value corruption) were statistically significant predictors of ATOA, which in turn, significantly predicted online ad clicking and frequency of online shopping, and consumers' beliefs, attitudes and behavioral responses toward online advertising, and relationships thereof, varied across countries (i.e., the U.S., China, and Romania). Romanians had the most positive ATOA and were most likely to click on advertisements (Wang, 2010).

Jeon (2017) ^[3] feel that with the rapid increase in Groupon-like online daily deals, the behavior of consumers within online group buying has become a popular research topic. In addition, the increase of smart phone group buying has led merchants to consider increasing number of visitors beyond local consumers. The effects of the period, price, discount rate, and product category on sales are examined in the context of local consumers and visitors purchasing restaurant coupons in the group-buying electronic marketplace. The results show that there is a clear discrepancy between the preferences of the two consumer groups. Local consumers tend to think highly of discounts, while visitors are likely to care more about the product category. In addition, the behavior of the two groups differ in terms of product attribute selections (Jeon, 2017).

Drossos (2014) ^[1] propounds that while research in mobile advertising is abundant, limited attention has been paid to date to how consumers respond to mobile advertisements for different product categories and in which way impulsivity affects intentions to purchase. Research study the dimensionality of the product involvement construct and its effects on consumers' purchase intentions via a simulated field experiment (N=736) which show that the cognitive dimension of product involvement and impulsiveness significantly affect purchase intentions. It presents the

² Mishra P (2014) Rise of Online Advertising in India: An Overview. J Mass Communication Journalism 4: 172. doi:10.4172/2165-7912.1000172

relationship between product involvement and purchase intention, moderated by the consumers' impulse buying personality traits. These findings progress the current state-of-the-art in mobile advertising research, while also having significant practical consequences for the design of effective mobile SMS advertising campaigns (Drossos, 2014).

Types of Online Advertising Formats

1. Banner Ad

A banner contains a short text or graphics to promote a product or service. Banner ad is an object on the webpage. It provides a hyperlink to the advertiser's website, Banner ad allows the users to open the advertiser's website as and when they click them, It provides information and at the same time persuades the buyer to buy the product.

2. Pop-up Ad

Pop-up ad appears in its own window, when the user opens or closes a web page. Generally, pop-up-ads are considered very annoying and irritating. The in-built settings in browsers can block such pop-up ads.

3. Interstitial Ad

Interstitial ad opens in one's own browser window when the a user clicks a link to a new web page. The ad appears for a few moments before the intended web page gets loaded. Many interstitial ads close automatically and allow the intended page to open in the existing browser window.

4. Coupons

Certain companies offer their members discount coupons which they can print and use for both online and offline retainers. Coupons encourage customer to save money and enjoy discounts while shopping. When a customer clicks on certain coupons, it is easy for marketer to know the type of products the customers is interested in purchasing.

The coupons enable the marketers to monitor the customer behavior. People get motivated by online coupons, as online coupons help save money. For example, cool savings.com provides Online Coupons from major online retailers and department stores, it saves time and money when consumers shop online and they can use discount codes. The coupons offered by them include health, education, clothing, travel, snacks, groceries, beauty products, etc.

5. Reward Programme

When consumers purchase product on internet, they get reward points. Once the reward points get accumulated, it is used for the purchase of products in future. The idea behind offering reward points is to encourage customers to make large purchases and earn more reward points to get more benefits.

For example, Taj Hotels allow customers to earn reward points and enjoy a host of exciting benefits when they use their services around the world. Taj hotels also have another programme designed for valuable corporate bookers. Bookings at the Taj will enable to earn reward points and special offers from the Taj.

6. Pay per advertising view

Companies pay customer to view their advertisements. Example: Cyber Gold.

7. Banner Swapping

It involves a direct exchange of links between websites. "A" company may agree to display the banner of company "B", which in turn will display the banner of company "A" in the form of a link.

8. Tracking

The response of the viewer of the ad or e-mail can be tracked by placing tiny files called "Cookies" on viewer's computer. It helps advertisers to receive information on what type of consumers are responding to different offers and also to know the kind of offers that evoke generally good response.

9. E-mail

E-mail has the ability to reach global audience at low cost. Unsolicited e-mail creates negative response and solicited e-mail is well received by customers. Email Advertising offers advantages such as Massive reach, Remarkably educated and affluent audience, Unparalleled targeting, Real-time tracking, Rich media branding, Rich media branding, Lead generation and direct sales.

10. Sky scrappers

Sky scrappers are very long skinny ads. It runs down the left or right side of a website.

Disadvantages of Online Advertising Options

Online advertising has exploded as an alternative to print and broadcast placements. During the third quarter of 2012, online ad revenues reached a record \$9.3 billion in the U.S. alone, an 18 percent increase over the same quarter in the previous year. You can create, place and benefit from website-based advertising in much less time that you need to develop other forms of outreach to customers who may be interested in your company and its products or services, but that doesn't mean this new option lacks disadvantages.

▪ Receptiveness

Although some consumers don't object to viewing ads on the websites they visit, others either ignore or refuse to click on them. Because these ads appear in a setting within which the viewer may not expect to see commercial messages -- on a news or informational site, for example -- your message runs the risk of failing to connect with an audience that dislikes and even distrusts online ads. Because online ads run above or alongside the content viewers really want to see or read, they can be seen as nuisances rather than added value.

▪ Measuring Effectiveness

Measuring the reach and effectiveness of online advertising can involve evaluating complex, ongoing sets of metrics. Even after you crunch the numbers and look at how many sales you convert from the ads you place, these simple measurements may not tell the entire story of how effectively your message gets across. Everything from how you pay for your ads -- by the click or by the sale, for example -- to where your ads appear plays a role in how well your online outreach works. Evaluating the full range of outcomes can require time and statistical savvy.

▪ Click Fraud

Depending on how you pay for your online advertising, you may encounter a common form of ad-result fraud based on inflated click through results. If your ad placement costs rely on the number of clicks your messages receive, your competition can pay people to inflate the click rate and drive up your costs. These deceptive strategies can cost the competition much less than they do you.

▪ Ethical and Privacy Concerns

As an online advertiser, you need to remember that even though your commercial messages appear on websites instead of in print or on broadcast media, your ads must comply with applicable laws that regulate truthfulness, disclosure, claims from unhappy customers and other regulations. These regulations can vary from state to state and country to country. At the same time that you face compliance mandates from government, you also can encounter consumers' ethical concerns about the use of cookies, Web bugs and other tracking mechanisms to aggregate together their online clicks.

Growth of Digital Ad Industry³

The digital advertising industry is estimated to grow at a compound annual growth rate (CAGR) of 31.96% to reach ₹ 24,920 crore by 2021, on the back of affordable data and increased content consumption, said a report from Dentsu Aegis Network (DAN). Digital will contribute 29% of the ad market size by 2021. Digital ad spends currently stand at ₹ 10,819 crore, contributing 17% to the total expenditure of the advertising industry. This is expected to touch ₹ 14,281 crore by 2019 growing at 31.9%, said the digital ad spend forecast report published by DAN in association with trade portal exchange4media (Saumya Tewari 2019).

The Indian ad industry stands at ₹ 61,878 crore and is expected to touch ₹ 85,250 crore by 2021 growing at a CAGR of 10.62%. The report clearly stated that the surge in digital ad spends will be led by three main factors including voice-based search technology, vernacular as well as video content. This growth will be further enhanced by engaging mobile experiences based on augmented reality (AR) and virtual reality (VR) technologies. "We have about 500 million people on the internet today and in the next three to four years, another 300-400 million people will join in. Concurrently, the next phase of internet users will speak regional languages and as a result, you will probably see a lot more advertising in regional languages on digital in the years to come," said Ashish Bhasin, chairman and chief executive - South Asia, Dentsu Aegis Network.

Currently, the advertising expenditure on the digital advertising formats is led by social media (29%) followed by search (25%), display (21%) and video (20%). Digital Video is expected to have the fastest growth, with CAGR of 37% that will touch ₹ 5,545 crore by 2021. In terms of brand categories, the service industry has embraced digital media for scaling businesses. Industries such as banking, financial services, and insurance (BFSI) are experimenting with non-traditional media platforms such as YouTube and Instagram Stories to connect with users.

BFSI is the biggest spender on digital media with a contribution of 38% of all their marketing budgets. This is followed by consumer durables (36%), e-commerce (34%) and telecom (31%). Meanwhile, fast moving consumer goods (FMCG) continues to spend heavily on the television (63%) while retail sector spends largely on print (54%). With a user base second only to China, mobile is driving growth for content platforms as well as advertisers who are experimenting with different ad formats to connect with users. The market size of advertising spending on mobile is expected to grow from the current ₹ 5,102 crore to ₹ 16,718 crores by 2021. Currently, spending on the mobile advertising is 47% of the total digital advertising budget which is predicted to be 67% by 2021.

Apart from video content, engaging ads on mobile, voice based interactions and emerging technologies such as virtual reality, artificial intelligence and internet of things will make story telling engaging on digital media.

Analysis and Interpretation of Data

The primary data was collected from 42 respondents from different walks of life. The analysis and interpretation regarding the same are given below.

Table 1: Demographic Profile of the Respondents

Age	N	Percentage
Below 20	12	28.57
20-25	10	23.81
25-30	15	35.71
Above 30	5	11.90
Total	42	100
Gender	N	Percentage
Male	20	47.62
Female	22	52.38
Total	42	100
Occupation	N	Percentage
Student	11	26.19
Self-Employed	9	21.43
Employee	20	47.62
Others	2	4.76
Total	42	100

The smart phone has penetrated the households in India across age groups, gender and the socio-economic backgrounds. The data regarding the age shows that youth constitute about nine-tenth of the total respondents. The male and female category indicates that the female respondents are more than the male respondents. The occupation distribution shows that students constitute 26.19% of the total respondents. The uninterrupted access to internet in the mobile phones is definitely a factor that has led to online advertising to reach out to the masses.

³ <https://www.livemint.com>; Digital ad industry to grow 32% to touch ₹24,920 crore by 2021: report³

Table 2: Activities, Interests and Opinions towards Online Advertising

(N=42)

Activities in online Advertising	Always	Sometimes	Rarely	Never
Do you focus on online purchase by Going through the product online	12 (28.57)	20 (47.62)	8 (19.05)	2 (4.76)
Do you follow the advertisements over social networks you are a member in	8 (19.05)	23 (54.76)	4 (9.52)	7 (16.67)
Personal Interests in online Advertising	Always	Sometimes	Rarely	Never
Surfing as a Hobby	22 (52.38)	10 (23.81)	9 (21.43)	1 (2.38)
Affiliations to Products or Services	13 (30.95)	18 (42.86)	7 (16.67)	4 (9.52)
As Pass time activity	27 (64.29)	6 (14.29)	4 (9.52)	5 (11.9)
Opinion Towards the online Advertising	Always	Sometimes	Rarely	Never
Opinion of Experts	10 (23.81)	14 (33.33)	13 (30.95)	5 (11.90)
Favourite Celebrity endorsements	9 (21.43)	4 (9.52)	18 (42.86)	11 (26.19)
To know consumers' opinions about Brands, Products, and Stores	25 (59.52)	6 (14.29)	10 (23.81)	1 (2.38)

The online purchase of the products is motivated by the knowledge of the same by the consumers who search in various shopping portals. The apps developed by the marketers give customized search options to the customers. The keying of characteristics itself gives various alternatives to the consumers. 47.62% of the customers opine that sometimes they go for the online purchase. 19.05% of the respondents propound that the social networking always motivates their purchases. 16.67% of the respondents turn down the statement.

More than one-half of the respondents feel that they tend to show interest in the online advertising as they pursue surfing

as a hobby. Three-tenth of the respondents contend that the online advertising is by virtue of the affiliations that they hold towards the products or services.

14.29% of the respondents sometimes pursue that as a pass time activity. 26.19% of the respondents turn down the celebrity endorsements to draw them towards the online advertising. About 60% of the respondents say they hook to online advertising to see the reviews, customers' opinions regarding the brands, products and stores. One-third of the respondents seek online advertisement looking out for the opinion of experts.

Table 3: Influence of Online Advertising

(N=42)

Attitude Towards online Advertising	To Full Extent	To Great Extent	To Medium Extent	To Small Extent	Not At All
Provide useful information	13 (30.95)	13 (30.95)	10 (23.81)	5 (11.90)	1 (2.38)
Assistance in Decision making	14 (33.33)	11 (26.19)	11 (26.19)	4 (9.52)	2 (4.76)
As a fun to watch	20 (47.62)	10 (23.81)	5 (11.90)	4	3
Irritate in general	19 (45.24)	13 (30.95)	8 (19.05)	1 (2.38)	1 (2.38)
Do not pay much attention	24 (57.14)	8 (19.05)	5 (11.90)	3 (7.14)	2 (4.76)
As a way to update with the products and services	18 (42.86)	11 (26.19)	9 (21.43)	2 (4.76)	2 (4.76)
Consumer Involvement Variables	To Full Extent	To Great Extent	To Medium Extent	To Small Extent	Not At All
Interactivity	10 (23.81)	12 (28.57)	12 (28.57)	6 (14.29)	2 (4.76)
Accessibility	13 (30.95)	14 (33.33)	9 (21.43)	3 (7.14)	3 (7.14)
Entertainment	15 (35.71)	16 (38.10)	5 (11.90)	4 (9.52)	2 (4.76)
In formativeness	18 (42.86)	11 (26.19)	11 (26.19)	1 (2.38)	1 (2.38)

The influence of online advertising in impacting the attitude towards the same is analyzed through six variables. 30.95% of the respondents contend fully that it provides the useful information. Two-third of the respondents opines that it assists in the decision making. 70% of the respondents feel that it is a fun to watch. 57.14% of the respondents fully contend that it is a way to update with the products and services.

Online advertising as facilitating the consumer involvement is analysed with the five variables. They have been made interactive. As an interactive tool, only 2.39% of the respondents feel it would influence to a small extent. Accessibility is felt by 30.95% of the respondents to be facilitated to full extent. About 50% of the respondents feel that it provides entertainment. 26.19% of the respondents feel that online advertising to a great extent is informative to the consumers.

Conclusion

The online advertising is a very good platform to the marketers as it reaches individually the consumers. Some

advertisements are sponsored. They are also well received. The reach and access is facilitated over the handheld devices, desktops and the like. With various social media a platform it has become community oriented and sometimes follows the interest of the group. This, definitely helps the wider reaches facilitated to the marketers.

Reference

1. Drossos DA. The Effects of Product Involvement and Impulse Buying on Purchase Intentions in Mobile Text Advertising. *Electronic Commerce Research and Applications* 2014; 13:423-30.
2. Estrada-Jiménez JJ, AH. Online Advertising: Analysis of Privacy Threats and Protection Approaches. *Computer Communications*. 2017; 100:32-51.
3. Jeon SJ. Do Local Consumers Behave Differently from Visitors? An Exploratory Study in Online Group Buying. *Electronic Commerce Research and Applications* 2017; 25:95-104.
4. Jonida XA. Effect of Social Networks on Consumer Behaviour. 2019, 504-8.

5. Scholz MC. AKEGIS: Automatic Keyword Generation for Sponsored Search Advertising in Online Retailing. 2019, 96-06.
6. Sundström MSL. Clicking the Boredom Away – Exploring Impulse Fashion Buying Behavior Online. *Journal of Retailing and Consumer Services*. 2019; 47:150-56.
7. Tikno. Measuring Performance of Facebook Advertising Based on Media Used: A Case Study on Online Shops in Indonesia. 2017, 105-12.
8. Wang YA. Assessing Beliefs, Attitudes, and Behavioral Responses toward Online Advertising in Three Countries. *International Business Review*. 2010; 19:333-44.