

IMPACT OF ONLINE ADVERTISING ON CONSUMERS

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Abstract : The extent and variety of online advertisement is growing dramatically, and play a major role in Indian advertising industry. In the present generation, advertisers are looking for major break to go beyond traditional offline advertisements as a result of which the goal of advertisers is to make their ads more involving. Interactive advertising allows customers to become more involved because they initiate most of the action. This paper highlights the various tools of online advertising and its impact on consumers buying behaviour.

Key words: Online Advertisement, Types, Consumer Behaviour .

INTRODUCTION

There is no doubt that the World Wide Web has grown phenomenally within the last 10 years. Nowadays, most households have at least one computer or device that has an Internet connection, whether it is built in or wireless and the percentage of world's population that is using internet is rising day by day. As technology progresses and evolves, so does the amount of Internet users. This is because there are more and more ways to connect and access the Internet; through mobile devices such as smartphones, notebooks, iPads and gaming consoles. It can also be said that most people now tend to get most of their news and information from the Internet. It has also revolutionized the way in which we communicate with each other, and it has also become the cheapest way to get in touch with friends, family, and coworkers across the world.

According to the recent research on consumer behaviour on the Internet users (Cotte, Chowdhury, Ratenshwar & Ricci, 2006), there are four distinct consumer groups with different intentions and motivations:

- ◆ Exploration
- ◆ Entertainment
- ◆ Shopping
- ◆ Information

Internet marketing, also known as web marketing, online marketing, webvertising, or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and wireless media. Digital customer data and electronic customer relationship management (ECRM) systems are also often grouped together under internet marketing.

OBJECTIVES OF THE STUDY

The purpose of this research paper is to analyze different types of online advertising and explore how online advertisements affects consumers purchasing behavior. Further the paper highlights the

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advantages and disadvantages of online advertising.

LITERATURE REVIEW

An estimated figure is around Rs. 100 crore worth of ads on the net. Ads on the net are still not paid to the extent of 60-70%. Even billed ads are at discounted rates. The real ad business on the net is still Rs. 25-30 crore. A lot of agencies are coming forward to do net advertising. Clients still are not comfortable with this new medium. On-line media planning is emerging as a new business. In the US, the leading firm is the Doubleclick. In India, firms are Micromedia, Media Acope and Intercept. A net can narrowcast and target ads at a sharply defined segment. Some sites have a revenue model based on ad income. Ads on the net have to buy audience rather than space or banners. An advertiser can approach his target through a variety of sites, but with one single media buy. Advertisers can select audiences' location wise, say a BPL mobile ad in Mumbai and Bharati Telecom ad in Delhi. Ads can be targeted to editorial content of the web pages, say cosmetic ads to the health and beauty pages. Ads can be targeted in terms of time, in the afternoon rather than in the morning. Research can increase the effectiveness of on-line communication.

METHODOLOGY OF THE STUDY

The data and information has been collected from secondary sources like business newspapers, journals, reports, text books and websites.

LIMITATIONS

The paper is made on the basis of secondary data alone.

TYPES OF INTERNET MARKETING

Internet marketing is broadly divided in to the following types:

◆ **Display Advertising:** the use of web banners or banner ads placed on a third-party website to drive traffic to a company's own website and increase product awareness.

◆ **Search Engine Marketing (SEM):** a form of marketing that seeks to promote websites by increasing their visibility in search engine result pages (SERPs) through the use of either paid placement, contextual advertising, and paid inclusion, or through the use of free search engine optimization techniques.

◆ **Search Engine Optimization (SEO):** the process of improving the visibility of a website or a web page in search engines via the "natural" or un-paid ("organic" or "algorithmic") search results.

Social Media Marketing: the process of gaining traffic or attention through social media sites.

Email Marketing: involves directly marketing a commercial message to a group of people using electronic mail.

Referral Marketing: a method of promoting products or services to new customers through referrals, usually word of mouth.

Affiliate Marketing: a marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's own marketing efforts.

Content Marketing: involves creating and freely sharing informative content as a means of converting prospects into customers and customers into repeat buyers.

FACTORS INFLUENCING THE CONSUMER BUYING BEHAVIORS

There are four factors affecting the consumer buying behaviour, namely psychological, social, personal and cultural. In some studies, the cultural factor has been taken separately but in most of studies, the cultural factors come under the social factors.

For this study, the psychological factors is considered and the main focus is on the beliefs and attitudes of the consumers.

Online advertising became popular in the early 20th century in the United States. Internet advertising continues to grow and capture the attention of traditional and new direct marketers.

On-line stores can do many of the things like the real stores such as display products; offer special deals, take orders from customers, process credit card transactions, calculate applicable taxes on purchases. The only thing that is extra is to add a shipping charge and then process the shipping.

In the beginning, the consumers only relied on the internet for the information. They would search the product online, would look up for the alternatives, but were hesitant to buy it. But with the passage of

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time, and increase in awareness, consumers now shop online. At first, only luxurious items were purchased online for example, laptops, cameras etc. But now-a-days people also buy their groceries online.

BENEFITS OF ONLINE ADVERTISING

Online advertising, however, is much less expensive and reaches a much more wider audience and will probably give you more profit than traditional advertising. It has a lot of advantages that traditional advertising haven't even dreamed about. This new form of advertising gives such wide possibilities, that it makes your head spin: video advertising, advertising on social networks, mobile advertising, e-mail advertising, banner advertising, Google Search advertising and a lot more. These are the benefits of online advertising:

1. Less expensive. A main benefit of online advertising is that it has a much affordable price when compared with the traditional advertising costs. On the internet, you can advertise at a way more inexpensive cost for a much wider audience.
2. Wider geographical reach. Online advertising gives your campaigns global coverage, which helps your online campaigns reach more audiences. This will definitely help you achieve superior results via your online advertising strategy.
3. No rigorous payment. This is another appealing benefit of online advertising. In traditional advertising you have to pay the full amount of money to the advertising agency, no matter the results. In online advertising however, you have to pay only for the qualified clicks, leads or impressions.
4. Easy result measurement. The fact that it's so easy to measure makes online advertising more appealing than the traditional advertising methods. You can find a lot of effective analytics tools in order to measure online advertising results, which helps you know what to do and what not to do in your following campaigns.
5. More targeted audiences. In comparison with traditional advertising, online advertising helps you to easily reach the targeted audience, which leads to your campaign's success.
6. Speed. Online advertising is faster than any of the offline advertising activities and you can start sending out your online ads to a wider audience, the moment you start your advertising campaign. So if you have a large targeted audience online at the time of triggering your online advertisements, then your ad will be served to majority of the audience in no time.
7. Informative. In online advertising, the advertiser is able to convey more details about the advertisement to the audience and that too at relatively low cost. Most of the online advertising campaigns are composed of a click-able link to a specific landing page, where users get more information about the product mentioned in the ad.
8. Better ROI. Since online advertising is mainly focused on performance based payment, your ROI is sure to be far better when compared with offline advertising. You can also easily track and analyze the performance of your online advertisements and adjust them so as to improve your ROI.
9. Easy Audience Engagement. Most of the online advertisement platform makes it easy for the audience to engage with your ads or products. As an advertiser we would be able to get more feedback from the audience and thereby improve the quality of our ads going forward.
10. Better Branding. Any form of advertising helps in improving the branding and online advertising stands a notch high in improving the branding of your company, service or product. If your digital advertising campaign is well planned, you have the chances of getting your brand name spread virally over a larger audience.

DISADVANTAGES

One disadvantage of advertising on the Internet is that your marketing materials are automatically available for anyone in the world to copy, regardless of the legal ramifications. Logos, images and trademarks can be copied and used for commercial purposes, or even to slander or mock your company. This is not the case with television and magazine advertising, wherein images must be replicated rather than simply copied electronically.

Another disadvantage is the fact that the Internet-advertising gold rush has begun to introduce ad clutter to the Web. Web users are so inundated with banner ads and spam email that they have begun to ignore internet advertising just as much as ads on traditional media.

Effects of online advertising on customers

Online advertising techniques such as banners, pop-ups, and pop-unders are quite annoying to Internet users (McCoy, Everard, Polak, & Galletta, 2007). This is surprising because traditional media like television commercials has been long been criticized as being intrusive and the leader in advertising

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annoyance. Rust and Varki predicated that advertisements in new media would be less intrusive than in traditional media (McCoy et al., 2007). However, researched indicated that online consumers are more goals oriented and judge online advertisements even more harshly than those in other media. The negative perception that users develop towards intrusive ads leads them to not return to that website. A Jupiter Research survey showed that 69% of users consider pop-ups annoying, and, further, 23% said they would not return to the site simple because of the ads (McCoy et al., 2007). With users needing instant gratification not being able to complete their goals while online is starting to diminish their feelings towards advertisements, company's brands and website environments. Abernethy describes intrusive online ads to being a television viewer who cannot leave the room or change the channel during a commercial, the user are deterred and feel helpless because there is little they can do to escape these ads other than interrupt their task, scroll past ads, or close the pop-up/pop-under windows (McCoy et al., 2007).

CONCLUSION

The actual impact of advertising is hard to track and quantify for both mass media and the Internet, although interactive technology presents new possibilities for the entire advertising industry. In the case of mass media, there are companies that measure the size of the audience per commercial message, for instance Nielson TV and radio ratings, and efforts are underway to further evaluate the economic impacts of advertising by correlating advertising and an increase in sales. But broadcast advertising is fundamentally inefficient because of its redundancy. It sends messages regardless of whether people are interested, receptive, or relevant to the product. In comparison, selecting an audience and verifying the number of people who received a message is relatively easy on the Internet. However, the advertiser still does not know whether the receiver actually read the message or not. Refined measures and methods are being proposed for the Internet. Proctor & Gamble, for example, limits payment for its ads on the Yahoo! search engine to the number of people who actually request more information by clicking on their advertisement rather than paying based on the number of Yahoo! customers to whom its advertisement is presented on their search pages. This is in contrast with the traditional method of measuring viewer-ship, and payment—based on "eyeballs," equivalent to the number of connections to Yahoo!. As more and more sellers begin to doubt the effectiveness of broadcast advertising on the Internet that simply flashes banner advertisements, have to rely on different revenue sources. As a result, there will be reduced outlets for broadcast-based advertising in the future. An alternative is targeted advertising.

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