

Effectiveness of Internet Advertising: A Literature Review

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Abstract: Internet has transformed our lives in myriad number of ways. From the way we work and study, to the way we live our lives. No aspect of our lives has remained untouched from the convenience that internet offers. Communication is one aspect that has been transformed miraculously with the advent of internet. The way businesses pitch their products and services to customers has undergone a drastic change over the years owing to the advancement in the field of computer technology. Internet advertising has brought with it tremendous opportunities for marketers across the world to reach their customers more effectively, and to understand them in a better way. There are various ways through which companies can use the internet to advertise their products and services including banner ads, pop up ads, paid key word search listing etc. The study attempts to explore various facets of internet advertising and identifies various indicators of effectiveness of internet advertising based on consumer behavior.

Keywords: Advertising, Branding, Consumer perception, Internet advertising, Marketing, Literature review

I. INTRODUCTION

The World has been transformed into a global marketplace. Markets today are more dynamic, consumer oriented and competitive. The entire process of marketing is aimed at the process of satisfying consumers better than the competitors. This is achieved by exchange of information between market and consumers. This process by which companies communicate the information to the consumers is known as advertising. 'Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.' [1]. The basic aim of advertising is to influence consumer behavior regarding products and persuading them to buy them. Advertisements are paid messages intended to influence and inform the receivers [2].

Essentially mass media plays the role of informing, educating and influencing opinions. TV and radio form part of traditional media, which has been challenged by new media, that is changing the participation habits of the audiences [3]. Mass media enables people to take part in events and interact with people all over the world. The various medium of advertising includes television, print (newspapers, magazines, journals etc.), radio, press, the internet, direct selling, hoardings, mailers, sponsorships, visuals, clothes, contests, sounds, posters, events, colors, and even people.

Advertising can take form of print advertising in newspapers magazines, brochures and flyers, outdoor advertising in billboards kiosks, tradeshows and events, broadcast advertising on television, radio and the internet,

covert advertising in movies, surrogate advertising, public service advertising for social causes and celebrity advertising

II. ADVENT OF INTERNET ADVERTISING

Traditional media has served as a companion as well as an important source of information for the audience. But this was relevant until a decade ago when new media emerged with massive technological innovation. Fast-developing technology is fuelling an information revolution. The new media, essentially internet, and digital broadcasting are sweeping away the limitations of the analog world. There is a change in the nature of the relationship between the broadcaster and the audience.

Internet advertising or online advertising is a marketing strategy that involves the use of the internet as a medium to obtain website traffic and target and deliver marketing messages to the right customers. According to internetlivestats.com, there are nearly 462,124,989 internet users in India as of 2016, that is approximately 34.8% of the total population of the country. This number grew by 40% as compared to 2015, which is 4 times the global rate [4]. Internet is becoming an important source of information for consumers and because of this trend; Internet presents a huge opportunity for advertisers who seek effective communication with their target markets.

Internet advertising includes contextual ads on search engine results pages, blogs, Rich Media Ads, Banner Ads, Social Networking advertising, interstitial ads, advertising networks email marketing and online classified advertising. One of the major benefits of internet

advertising is the immediate publishing of information and content. Also, it is not limited by geography or time. Thus, internet advertisements are more comprehensive as compared to any other medium of advertising. Online advertisements are interactive. They give consumers the control over the product, choosing whether to check it out or not. They can also be in form of animated advertisement which makes them more attractive to the consumers.

III. TYPES OF INTERNET ADVERTISING

In an article on Interactive advertising [5], identified five types of ad formats found on the Internet. They are explained as below:

- A. *Banner Ads*: they are graphical images (usually 468*60 pixels) displayed on HTML page used as an ad [6]. Although banners generally appear in a horizontal position, advertisers have also experimented with vertical banners, which appear to the left- or right- hand side of the screen. Vertical banners, however, are more expensive because they take up space where most websites position an index or menu) i.e., on the left-hand side of the screen). Display/Banner ad revenues grew to \$3.6 billion in FY 2012, up 11% from FY 2011. Banner ads are 1.5 times more effective in raising product awareness to consumers than direct mail. The click-through rate for banner ads is continuously declining [7].
- B. *Pop-up ads*: Pop-up ads are forms of online advertising intended to attract traffic on the web. They are generally new web browser windows to display advertisements. The pop-up window containing an advertisement. Pop-up ads originated from tripod.com webpage hosting site in the late 1990s. Pop-ups can be initiated by a single or double mouse click or rollover, and also possibly by voice command or can simply be timed to occur. Pop-up ads were invented by Ethan Zuckerman. Pop-ups can be initiated by a single or double mouse click or rollover, and also possibly by voice command or can simply be timed to occur. According to the findings of a research done by Yahoo and eBay 95% of users reported pop-ups as 'negative' [8]. The man who invented pop-ups has apologized to the world of his original intentions (forbes.com).
- C. *Commercial websites*: A website is known as a commercial website when it generates revenue or cash flows of any type and is not under a nonprofit organisation filed with that state. It includes selling a product, selling advertisements, selling a service through the website. Websites need more active effort in order to achieve exposure than other advertising formats [9]. The reason for this is that consumers have to make an effort to access a commercial website, while they come across banner ads and pop-ups incidentally. Thus the exposure to this form of promotion is not in the hands of advertiser rather consumers have a control on it. This enhances their attitude towards this form of advertising and guarantees that it will be used when the information will be most useful and desired.
- D. *Internet sponsorships*: A sponsorship in an online context can be defined as "an indirect form of persuasion that allows companies to carry out marketing objectives by associating with key content". Sponsorships in traditional media channels are simple and limited to brand name identification. Whereas, online sponsorships can take the form of content of a webpage or as a list of sponsors. Online sponsorships can be interactive as well, for ex. a consumer is directed to the homepage of a browser by the click of a mouse.
- E. *Paid keyword search listing*: Surveys have found that approximately six billion searches are made every day worldwide (Internetlivestats.com). Because of such tremendous number of search engine searches, many advertisers have started using paid search engine listings as a form of advertising to attract consumers to their sites when they use search engines. Advertisers select a few keywords that are relevant to their business and then purchase those keywords from paid listing providers. This ensures that the message reaches to the right audience at the time of making a search on the search engine. Whenever a consumer initiates a search on any search engine, the search engine checks with the paid listing provider's database and provides a list of websites related to key words. These paid listing are displayed at the top or side of a search engine results page and are known as sponsored links.
- F. *Advergaming*: Computer games are played by computer users throughout the world. Playing games have become a major source of recreation for consumers throughout the world. Due to this advertisers have started using these games to promote brands and incorporate advertising messages. There are certain benefits of using advergaming as an advertising tool. They tend to enhance the brand image. In addition to increasing brand awareness, positive attitudes toward an advergaming may lead to favorable attitudes toward promoted brand and the game sponsor. Also, advergaming can serve as a source of trusted consumer databases as they often require players to register before to play games.
- G. *Mobile advertising*: A relatively new concept in the field of online advertising is mobile advertising. This technology uses wireless communication to reach consumers via cell phones, pages, personal digital assistants. With an increase in mobile usage all over the world, the use and importance of mobile advertising are likely to grow in the future. The major importance of mobile advertising is that it is able to

reach consumers at the exact moment when they are making the purchase decision. A major drawback of mobile advertising is that the messages or information disseminated through mobile may be perceived as annoying and irritating by the consumer. Thus prior relationships and permissions to contact the person are likely to be critical in the future success of mobile advertising.

IV. OBJECTIVES OF ADVERTISING CAMPAIGN

The effectiveness of online advertising can be measured in terms of the objectives of the online advertising campaigns. There can be a number of objectives for which online advertising campaigns are carried out. And these objectives may vary from organisation to organisation. The effectiveness with which these campaigns are successful is highlighted in the achievement of these objectives [10].

- A. *Branding*: One of the primary objectives of advertising campaign is to develop a favorable brand image for the company as well as its products. Online advertising campaigns improve the reputation of a firm among its online customers as well as increase awareness about the brand in the minds of target customers as well.
- B. *Developing customer engagement*: Another objective of online advertising campaign is to enhance customer engagement and develop relationships with the prospects. This is often the objectives of most of the online ad campaigns. The aim is to interact effectively with the customers to improve their experience with the brand.
- C. *Growing online and offline sales*: All the marketing efforts of any firm are ultimately aimed at increasing sales and earning more profits. Online advertising campaigns aim improving the levels of not only online sales but the offline sales as well. The purpose of advertising campaign is to create a favorable image of the company in the eyes of the customers.
- D. *Generating leads*: The purpose of some types of advertising is to provide leads that can be followed up by a field sales force or telemarketing team. Sometimes, customers or prospects have a complex decision-making structure and you cannot identify the decision makers. Advertising that generates inquiries can identify the right people and open the door for the sales team. It can also be used to identify prospects in new market sectors in which you do not have an established customer base. Finally, this type of campaign can generate leads for agents, distributors, or retailers who handle your local marketing.
- E. *Boosting coverage*: Having online presence increases the coverage of a company by many folds. Online advertising campaigns are aimed at increasing the

customer base for company's products by making more and more people aware about the company and its products. Thus online advertising campaigns helps in boosting the coverage.

- F. *Reducing acquisition cost*: Acquisition cost is measured both for acquiring new customers as well as getting back the customers who have switched to competitive brand. Companies can lose some of their valuable customers if proper care is not taken in maintaining effective relations with them. Thus one of the objectives of advertising campaign is to reduce acquisition cost of customers.

The above objectives can go hand in hand as well, i.e. the same campaign can aim at growing the sales as well as to develop an impact on the brand.

V. INDICATORS OF EFFECTIVENESS OF INTERNET ADVERTISING

The effectiveness of an online advertising campaign is measured in terms of the above-mentioned objectives. Different indicators can be used for different objectives. One indicator can be used for measuring the effectiveness of more than one objective or a combination of indicators can be used for one objective. Following are some of the indicators that measure the effectiveness of online advertising:

- A. *Display*: Display as an indicator of measuring the effectiveness of online advertising includes a number of points.
 - Firstly it includes the number of impressions, i.e. the number of times a particular ad is displayed. The number in itself does not hold much value but it is a metric used to calculate other metrics. Impression does not mean the number of times someone actually saw the ad, it's just the number of time the ad was shown on a web page.
 - Number of advertisements viewed
 - Exposure time of each advertisement, this basically measures the number of times a particular ad is viewed by someone and the time duration for which it is being viewed.
- B. *Conversion*: Conversion includes click through rates, conversion rates, post view conversion and post click conversion rate.
 - Click-through rates are one of the most important measures of internet advertising effectiveness. But the click-through rates are declining. Click-through rates might be low, but, in the long run, awareness is more important than click through [11]. Click-through rates are low primarily due to the fact that surfers fixate on less than 50% of the banners to which they are exposed. Not only do they not look at the banners, they actually avoid looking at them.

- Conversion rates measures the percentage of visits that resulted in desired conversion actions.
 - A Post-click conversion is a conversion that occurs after a user has clicked on an ad.
 - A post-view conversion refers to a conversion where the user has previously been delivered an impression but not clicked on it.
- C. *Traffic*: Another indicator is traffic. It basically includes:
- The number of visits generated by a particular ad.
 - The number of pages viewed by a particular visitor.
 - The length of visit of each individual visitor and,
 - The abandon rate, i.e. the rate at which a particular advertisement is abandoned by the visitor.
- D. *Interaction*: Another important indicator on measuring online performance is Interaction. It includes:
- Interaction rate, i.e. the percentage of impressions per impression of the ad unit
 - Interaction time
 - Rate of videos viewed
 - Rate of videos viewed in full
 - Video viewing time and,
 - Activity on social networks i.e. sharing of a particular advertisement etc.
- E. *Subscription*: This includes:
- Number of subscriptions received for a particular campaign
 - The requests for information, games, newsletters etc.
 - Subscription rate i.e. the percentage of subscriptions per impression, etc.
- F. *Media*: Another important indicator is Media. Media includes Gross Rating Point (GRP), and coverage rate.
- The gross rating points are a cumulative measure of the impressions an advertising campaign generates. The GRPs quantify impressions of a campaign as a percentage of the population reached.
 - Coverage rate measures the percentage of customers of prospects of a brand or product reached by an advertisement or commercial.
- G. *Distribution*: Distribution as an indicator of online advertising effectiveness includes:
- The additional sales generated (due to a particular ad or campaign)
 - Revenue generated by an advertising campaign
 - Lead conversion rate (percentage of leads that actually become customers)
 - Impact on the frequency and volume of purchases due to a particular campaign
 - Retail outlet traffic generated by the web.

- H. *ROI*: ROI includes acquisition cost (offline vs. online) and the return on investment.
- Acquisition cost through online and offline means is different. A lower acquisition cost through online means suggests the effectiveness of online advertisements.
 - Revenue generated can be measured in terms of the total revenue generated by an advertisement or a campaign, revenue per visit, revenue per page views or revenue as a percentage of advertising expenditure, i.e. ROI.

VI. EFFECTS OF ONLINE ADVERTISING ON CONSUMER BEHAVIOR

- A. *Negative perceptions towards Online Ads*: Online advertisements such as banners and pop-ups are perceived as 'annoying' by internet users. Although traditional media like television commercials have long been criticized as being intrusive and annoying. Research indicated that online consumers are more goal oriented and judge online advertisements even more harshly than those in other media. Users are induced not to return to a particular website because of the negative perception developed by them towards intrusive ads. A Jupiter research survey showed that 69% of users consider pop-ups annoying, and 23% said they would not return to the site simply because of the ads [12].
- B. *Targeted Efforts*: With the increased adoption ad fission of the internet, World Wide Web is becoming gradually a standard advertisement platform. There is a need to understand the behavior of the target customer and then formulate strategies accordingly in order to gain maximum benefit out of this new medium. The actual impact of advertising is hard to track and quantify for internet advertising. 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 [13].
- C. *Needs and Wants of Consumers*: Internet advertising can be an effective tool of advertising if implemented properly. A number of factors need to be considered to drive a potential consumer to the website. The factors like consumers, products, technology and media are most important. Advertisers need to advertise their products on the basis of the needs and wants of the consumers. Consumers differ in their attitudes, behaviors, and ideologies. All these should be considered while targeting different consumers through the internet [14].
- D. *Demographic Differences*: Consumers of all ages and demographics are spending a significant amount of their time on the internet. Because of growing number of internet users, businesses have started expanding

their promotional campaigns to reach the consumers through online platforms. Due to increased popularity of Facebook, Twitter, and YouTube, Business houses are paying to advertise themselves on these popular social networking sites. A survey was conducted to test consumer's perception of online advertisements. According to the survey, majority of the respondents were not receptive to advertising on their favorite social media sites. According to them, most of the respondents were annoyed by online advertisements. In relation to permission marketing, giving the consumer the choice to view online ads has little impact on the effectiveness of the advertisements in general. Majority of respondents reported the unwillingness to be exposed to information shared by businesses [15].

E. Gender Differences: Another survey was conducted to assess gender differences in beliefs, attitudes, and behavior of consumers in online advertising. It was found that the internet follows similar gendered belief and attitude patterns like traditional media. Advertising models that apply to traditional media also apply to internet mass media. The findings also concluded that males hold more positive beliefs about web advertising versus traditional media advertising as compared to females. But not all males/females exhibit similar behavior or hold the same attitude towards web advertising [16].

F. Belief Factors: There are five common belief factors across employees, entrepreneurs, and students: entertainment, information, credibility, economy, and value corruption. Among these five factors, economy belief plays the most important role in predicting ATOA (Attitude Towards Online Advertising). People have a positive attitude towards economy when they believe that online advertising has a positive impact on the economy. Consumers tend to have a more positive attitude toward online advertising when they believe online advertising is credible and trustworthy. Consumers in developing markets often hold deep concern about the trustworthiness of online advertising because of the immaturity of the market and lack of regulation standards. When consumers believe that online advertising is beneficial to the economy, informative, credible, entertaining, and pro-value, they'll have a positive attitude towards online advertising [17].

G. Website and Consumer Perception: A survey was conducted to understand consumer response to websites. Most consumers reported that their perception towards a brand improved by visiting its website. But this was true only for the one-third of the sites visited by the consumers, while about two-thirds of visits had no effect on perceptions of the brands. It was also found that aided recall of brands appearing

on the web also improved the perception towards websites. Thus, a few websites witnessed improved brand perceptions for at least few consumers and have a little overall negative impact. Internet advertising appears to be more memorable than radio, magazines, and newspapers but it does not invite as positive a response as Television advertising [18].

H. Alternative Delivery Approaches: The Internet provides analogies to all forms of traditional media and it is not just one single category of advertising. Alternative delivery approaches can drastically change consumer's perceptions of control and attitudes towards advertising information. To better target consumers to match their interests and desires, one alternative is to track information regarding the location of consumers and the type of websites visited by them. Such data possess the ability to minimize the annoyance of exposure to unwanted products and service, although consumers are very apprehensive about sharing such data as they pose it as a threat to their privacy. Another alternative relies on software programs to select and show ads to consumers based on their searching and surfing habits on the internet. Consumers are likely to find that the internet offers a vast array of information in a large number of formats to affect their brand choices in the future [19].

I. Product Utility: If online advertising is executed properly then it can give a major boost to the brand image of the company. A number of factors are to be considered for online advertising that drives a customer to a website. Some of these factors are products, media, consumers, and technology. These must be given importance. Apart from these, another important factor is the utility of the product. Consumers mostly recall an advertisement because of the utility and usefulness of the product. Consumers also recall advertisements due to the prices quoted on the websites [20].

VII. CONCLUSION

Internet advertising is gaining popularity day by day with an increase in the number of internet users. New methods are being devised by the advertisers to promote brands over the World Wide Web.

A number of parameters are used to analyze the effectiveness of internet advertising some of them are click-through rates, coverage rates, the number of impressions, traffic, etc. Such indicators or parameters help advertisers to assess the extent to which a particular advertisement campaign has been successful in meeting its objectives. Moreover, these parameters are selected on the basis of the objectives of the campaign.

Consumer's behavior regarding online advertising depends on a number of factor like demographics, gender, believes etc. The behavior of consumers regarding internet

advertising highlights their perception towards these ads which in turn analyses their effectiveness. Different consumers can have different perceptions towards online ads. A lot of research has been conducted to assess the perceptions and attitudes of consumers towards different types of online ads. Different researchers have used different methodologies, but the end results have been somewhat similar. While some found that the behavior of consumers varies with gender, others concluded that it also vary with the age group to which the consumers belong to. Most of the researchers concluded that majority of consumers find ads like pop-up ads as irritating. They also found that a lot of consumers accept that they don't pay attention to internet advertising.

Thus the effectiveness of internet advertising can only be judged on the basis of consumer's perceptions towards online ads. However, the objectives of the online campaigns should also be considered. Advertisers should assess various indicators of effectiveness of internet ads. After such assessment, they should direct their efforts at increasing the effectiveness.

VIII. SCOPE FOR FURTHER RESEARCH

Any research regarding internet advertising cannot be comprehensive in its own sense due to rapid changes in this field. The present research provides a brief review of the various parameters of internet advertising effectiveness as well as consumer behavior regarding the same.

Future research can focus on the effectiveness of various forms of advertising as well as their comparison with traditional media advertising. Further research should also account for new parameters for judging this effectiveness as the existing parameters (like click-through rates) are becoming obsolete.

Another area of research can be how the existing effectiveness of online advertising can be increased in the future. This can be measured in terms of increased click-through rates, increased number of impressions, increased conversion rate etc.

A great extent of care must be exerted in carrying on any future research on this topic as when one attempt to compare the new media with the traditional one, a number of aspects of the new media might get ignored.

Finally, care must also be placed in the methods of analyzing consumer behavior regarding internet advertising as it is a subjective concept and is changing with changes in the forms of advertising.

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