CHAPTER 1
INTRODUCTION

“The truth isn’t the truth until people believe you, and they can’t believe you if they don’t know what you’re saying, and they can’t know what you’re saying if they don’t listen to you, and they won’t listen to you if you’re not interesting and you won’t be interesting unless you say things imaginatively”, originally and freshly quoted William Bernbach (Robert, 2013).

The above quote has very simply defined the objective of advertising it used to work earlier. Initially advertising started with the motive of selling the products by the marketers in order to maximize the profits and the very purpose for purchasing the products by the consumers was the utility of the product. But this is the primitive definition of advertising as now marketer’s focus has shifted from profit maximisation to brand building for longer relationship with the consumers.

1.1 Advertising Concept

According to William J. Stanton, “Advertising consists of all the activities involve in presenting to a group, a non-personal, oral or visual, openly sponsored message regarding a product or service or idea. This message called an advertisement, is disseminated through one or more media and is paid for by an identified sponsor “ (Maheshwari, 1997).

Therefore marketers adopted all the media from newspapers to television, personal selling to public relations for building their brand and targeting their consumers in every possible way. This concept was further expanded with the context to diversified market and the peculiar need of the consumers. Marketers these days try all the niche marketing techniques to reach to their consumers. From retailers to wholesalers, street shopping to mall shopping, market scenario has changed drastically. But what has revolutionized the market and the consumer behaviour is the emergence of internet generation, also known as netizens. The word netizen is derived from two words i.e. net and citizen and refers to the population of citizens who are actively involved in the internet activities.
Merriam Webster dictionary defines netizen as a person who actively uses the internet in the proper and responsible way.

Now with the emergence of the concept like LPG i.e. Liberalization, Privatization and Globalization the above scenario has changed inversely. The expansion and segmentation of market according to diversified consumers has led to more and more brands emerging in the online market with larger reach and what had propelled its growth is ICT i.e. Information, Communication and Technologies. ICTs can be defined as a collective term used for the technologies that are developed through the convergence of audio visual mediums in accordance with telephone and computer network and connected through single link. Therefore with the help of ICTs, large number of consumers can be targeted with single technology.

ICTs have not only changed the way of advertising our products but it has also helped the marketers to expand the reach and frequency of their brand to the consumers. Not just this but it has made possible to sell anything from pin to aeroplane to the consumer under one roof with a click of the mouse through internet advertising. Breaking the mode of tradition shopping, it has revolutionized the way people shop.

Hence the marketers are focusing on the concept of consumers promoting brands through interactive marketing where consumers promote and market product, goods and ideas with the help of the internet. (Nicholas, 1971) commented on this concept by saying: ‘It used to be that people needed products to survive. Now products need people to survive.’

Apart from developing online relationships, these social networking sites are designed for marketing online promotion for the internet business owners, and also allow developing close relationships with those who share common interest.

1.2 Emergence of Advertising

Advertising has been derived from the word ‘Advetere’ that means to turn the mind towards something. It has been into our minds and our life since the commencement of human process with the need of social interaction. It is normally believed that the inception of advertising has its roots in Egypt.
The initial trait of advertising was found in Egypt when they invented outdoor advertising by engraved public notices in steel. Then with the invention of printing press, the printed advertisements came in play. The first print advertisement was of a handbill that had information regarding prayer book on sale in England. Then there was an upsurge in the branding and placing of the advertisements, the first billboards were placed in US regarding coming of automobiles.

In 1892, direct marketing came into play when Sears, a vendor send out 8000 written postcards and in return got 2000 orders. With so many independent people working out the advertising orders for their product promotions, advertising emerged as a specialized field that required specialized people for making strategic communications and thus gave emergence to the concept of Advertising Agencies. Thus in 1917, American Association of Advertising Agencies was founded.

The next phase of advertising witnessed the advertisements on radio platform. Thus in 1920, Frank Conrad in his garage in Pittsburgh founded KDKA, the world’s first commercial radio station.

Before television was invented, advertising grew on various aspects like consumerism of non essential products through rampant advertising, growth during political campaigns and emergence of advertising agencies for dealing with unfair advertisements. Then in 1941, a commercial of Bulova watch was broadcasted before baseball game and the company paid $9 for 20 sec of commercial.

1963 saw the professional like David Ogilvy, an epitome of advertising ushers in modern age of advertising by saying that the consumer should not be treated like a moron but your wife that hinted towards better understanding of consumers. In 1970, San Diego for the first time experimented with selling homes through infomercials i.e. information through commercials.

After television advertising reaching to a paramount level, the next technology that changed the structure of the human society and its communication levels is the internet which could not remain untouched from the influence of advertising as well. A website named Hotwired carried first banner advertisement in 1994 and the revenue concept of pay per click was first time applied by Goto site.
In 1997, the first mobile ad was launched by a Finnish news provider that offered free news headlines. In the period from 1995-2000 billions of money was invested in online ads. Around 2000, Google rolls out Ad Words, a pay per click service that has emerged as the biggest revenue convertor for Google.

The internet being the creative medium gave new platform that led to the experimentation with online ads and developed various formats for online advertisements. In 2001 pop up and pop under online ads started merging on the consumers screen and later in 2006, YouTube, the largest video platform gave rise to video advertising that included in-video ads and participatory video ads.

With the enhancement of social media, Twitter and Facebook became the largest platforms for social advertising that gave birth to viral marketing. Now at this stage, the internet is the biggest platform for online advertising at the cost of traditional media like radio, newspaper and television (Infolinks, 2011).

1.3 Concept of Online Advertising

In a layman language online advertising is a form of advertising where internet is used as a medium for displaying the advertisements and attracting the online consumers.

Online advertising refers to the marketing strategy where marketers target the online users and promote their products and services online by delivering message to larger consumer at single point of time. The reach out to consumers by adopting various internet formats like websites, e-mail, ad supported software’s, text messaging and internet enabled smart phones.

The web world is so large that the cyberspace population has become more mainstream and diverse. Therefore, the internet population can be characterized as young, affluent, and better educated who can they easily find their way onto the internet (Kotler, 2000). In internet marketing, consumer has emerged as a marketer who has control over the message and promotion of the product and service. They have better source of information and thus are well informed and upgraded. Through internet they can:
a) Receive updated information about multiple brands without depending on manufactures or retailers.
b) Generate brand inquires from manufacturers and retailers;
c) Customize products.
d) Ask shopping agents to search and can receive offers from multiple sellers.

Internet Advertising is the process of marketing services or products on the www (World Wide Web). This can be done through utilization of search engines, banner ads on website, affiliate marketing, email marketing etc (Khan & Pal, 2014).

Internet advertising can be described as platform for imparting information and enhancing sales at same place. Online marketing can be defined as a space for selling of products, services or businesses through the medium of internet and spreading the information simultaneously. Various strategies i.e. Search Engine Optimization, Pay Per click, Affiliate Marketing, E-mail marketing, Viral Marketing etc. are used as part of internet marketing.

In one of the research, it was found that internet as a medium has numerous advantages but even thought it should be implemented with utmost vigilance while using other mediums for reaching the targeted consumer. (Mann, 2008).

**Pierre Omidyar, founder, eBay** once quoted “We have technology, finally, that for the first time in human history that allows people to really maintain rich connections with much larger numbers of people” (Connell Patricia, 2005).

Therefore internet advertising nowadays is directive to achieve specific objectives and four such goals were explained (Awais & Bilal, 2012) that internet advertising aims to achieve:

a) **Detail but to the point information about the products and services:** As the website pages are very dynamic, therefore online advertisements are designed in such a way that they impact the netizen instantly and provide information to the point. Especially in copy heavy layout format of the online advertisements, crispy words are picked up to influence the consumers and make an impact. For example:
Shop Now, Know more in context to still ads and even videos are for 2 to 3 seconds for creating an impact.

b) **Increase sales:** Interactive marketing is the new thing in the business world where every brand is trying to make consumer a part of its promotion. In the present scenario, every brand either has its Facebook page or has its advertisements on popular websites for enhancing their sales and increasing their profits.

c) **Business value customer satisfaction:** Internet advertising lays a lot of emphasis on customer satisfaction as it is the only way a brand can progress. Internet being a social platform spreads everything at a light speed and thus it is very important for any brand to create a creditable goodwill. As new concept doing the rounds in the marketing world is that consumers are brand ambassadors for a particular brand and its marketers as well.

d) **Customer retention:** Internet has penetrated deep into our society and has made each of us technologically dependant. This feature has been taken to the advantage by the marketers who target the consumers at every feasible point. As people spend maximum of their time online, the brands advertise their product every now and then with popular ad format so as to enhance their brand retention and recall value. To retain the customers, brands provide various memberships, coupons, discount cards, etc.

### 1.4 Online Advertising

The way ICT has revolutionized the world of information has opened many new avenues for the marketing people. It has not only changed the way of receiving, distributing and selling of ideas, products and services but has also made it quick and convenient.

Internet advertising refers to the marketing of products, ideas or services over the internet. The other synonyms of the online advertising are e-marketing or web-advertising or internet advertising. Internet advertising gives the ability to display message to thousands of internet users who visit websites or if one prefers to target a specific set of
internet users, one can display the message on the particular website as exemplified in Figure 1.1.

![Figure 1.1: Spread of internet (RTi Research, 2017)](image)

### 1.4.1 History of Online Advertising

The history of online advertising can be traced to 1978 when first spam email was sent. The first ever clickable web ad (currently known as banner ad) was carried by Global Network Navigation, which emerged as first website ever. This trend was further commercialised by Hotwired in 1994 that sold banner ads in bulk to the corporate advertisers. They were the first one to introduce banner ad and the first company to provide click reports to their customers. During the similar time period Vibe (Times Inc. magazine) receives $20,000 from MCI Communications to carry their advertisement on its homepage. Within a period of one year, with the growth of online market Yahoo converted itself from web portal to site with commercial business. Thus in 1995, GNN acquired AOL for 11 million dollars. Lately in 1997, Pop up ads was invented.

Initially, online ads were charged on the basis of cost per impression which changed in 1998 with the launch of Goto search engine. This search engine disrupted this process and inspite provided a service of auctioning of search results to be placed among the top results where the sites of other advertisers are placed in descending order of their cost per click. This process would give a fair deal to the advertisers with higher bid of their
advertisement to be placed at the top of the search results and creating a competitive market for other advertisers.

Google emerged in 1998 and launched Adwords service in 2000 that gave an advertiser an opportunity to place their ads on the Google page. This service can only be activated through Google website by creating self service sign up by making credit card payment. These ads were sold on different price option for top, medium and bottom ad unit positions. Within three years time period in 2003, Google had more than 1 lakh advertisers investing in search ads through Adword programs which was later advanced to Adsense that displayed advertisers matched keywords in the search results. Then later in 2005, Google introduced Site targeting that led to the release of Google Analytics.

Then in Aug 2006, Facebook became the first company to launch advertising that provided the platform to advertisers around 2007 to target demographics of users for advertising where netizens became the new promoter for the products. Later in September 2007, the focus shifted to Mobiles when Adsense for Mobiles was introduced, thus giving sites an optimized opportunity to host same ads as standard websites. In the next year, ExitExchange.com after 8 years was awarded patent for pop up adverts. Then year later in March 2009, Google launches interest based advertising on partner sites and YouTube and after period of seven months internet advertising overtook TV for the first time. Where internet advertising was outcasting traditional media like Television, social media platforms were also expanding their wings. In April 2010, twitter launched promotional trend and promotional tweets as a boast to online advertising.

With such an expansion of promotional activities on social media in 2012, internet users reached 1.2 billion and Facebook started putting advertisements into newsfeeds in the same year. In addition to its expansion plans, Facebook announced advertisements through video ads in the year 2013(Kerdel, 2014).

1.4.2 Features of Online Advertising

Online advertisements are everywhere these days. On lapops, i-pads and mobile phones like wherever we are in position to access internet, online advertising follows and on rest of places, traditional marketing follows. Online advertising is picking the hold of
the markets due to the prominent features that act as an advantage to the e-marketers. These features are:

a) Instant Feedback

One of the most important feature of advertising online is the instant feedback provided by the consumers in case of likes and dislikes. Online advertising on social platforms immediate source of acceptance or rejection. Generally all the websites provide options for the comment, likes, dislikes and reviews. Consumers give their feedback in terms of probsems faced, utility and fair dealing of the product.

b) Interactive

Online advertising has been an interactive source of getting the consumers involved in the marketing of the product. Online consumers generally tend to like, dislike, comment, complaint, appreciate and respond in every possible way they can. CRM i.e Customer relation management services are provided generally by all the websites that provide services to the netizens and helps in solving the netizens ambiguities and maintaing better relations.

c) Immediate

Like traditional media, consumers need not have to go to the retailers or mall for giving their response to the advertising message send by the marketers. The feedback on internet is immediate, thus effecting the profit or loss of the business directly. Changing and improvising the ads is easier on internet as compared to the traditional media. The promotion of brand is much economical, easier and faster through internet.

d) Promotion

This feature of online advertising makes it easier for the marketers to promote their brand and use the consumers for promoting their brands and making consumers as an active participants for promoting their brands. For example: social media release various contests, competitions, share and care campaigns for promoting their products. Interactive marketing is what marketers are focussing on nowadays.
e) **Immediate Publishing of content**

Being an immediate and instant medium, internet provides instant publishing of content in terms of content marketing and online advertisements. To this effect, consumers can easily make or break the goodwill. Being an immediate source of information, online advertising is a tool that can make or break brand in seconds due to its timeliness feature.

f) **No geographical boundaries**

The most important feature of online advertising is that any product can be purchased and sold from anywhere in the world irrespective of the geographical boundaries. As internet is no more restricted to desktops, mobile marketing is on high these days thus making shopping easier as wherever you go brands follow. Online promotion of brands has made it easier for netizens to approach and purchase their products from any corner of the world.

g) **Easy payment**

Another feature of the online advertising is that it provides easy mode of payment in respect to shopping. Now people can make easy payment through cash delivery, debit and credit card while shopping and doesn’t have to carry cash along with them and can exceed their shopping limits as well.

h) **Portable**

Earlier consumers had to personally take out time for shopping but when people are now technologically connected, they can shop any time anywhere. Mobile shopping is the new trend among consumers where they can purchase their preferred products while traveling, with friends, in office, etc.

1.4.3 **Types of Online Advertising**

Online advertising has enhanced the ad revenues tremendously and is most preferred platform for any kind of marketers i.e. local or national. Thus marketers are turning every table in terms of design, internet type, objective and aesthetics used to attract the online consumer. Hence, the marketers place the internet advertisements at
specific positions and in fixed formats which can be easily located and read by the netizen.

If a person is online, it is impossible that he resists being exposed to an online advertisement. As advertising has penetrated in our lives, online advertising has penetrated the internet where being online means that you are a potential consumer for the online sales. The online ads appear in various formats. Some of them are displayed in Figure 1.2 and also discussed below:

![Types of Ads](image)

**Figure 1.2: Types of Online advertising (Daddy Pins, 2010)**

**a) Banner ads**

Banner ad is the most popular ad format and is the first of its kind on the internet. IBM introduced banner ads in 1994. Banner ads are the one appearing on the web pages and are a special sort of special hypertext.

“A banner ad can be defined as a small graphical area on a webpage, typically measuring 468 pixels wide by 60 pixels high, which include logos or messages to persuade the viewer to either click it or remember the brand advertised in a positive way.
Banner ads are typically hyperlinked to the advertiser’s primary page or one with more information about the specific product or service advertised” (Kaye & Medoff, 2001).

The banner ads uploaded on the web page are in different formats from vertical to horizontal and from rectangular to square shapes depending upon their impressions or click through. It is static like a magazine ad, but it can also be present in multiple images that include animations. The banner ads appear on web page in different sizes and positions.

IAB (Internet Advertising Bureau) specifies eight different banner sizes, according to pixel dimensions:

- 468*60 pixels (Full banner)
- 234*60 pixels (Half banner)
- 120*240 pixels (Vertical banner)
- 125*125 pixels (Square button)
- 120*90 pixels (Button 1)
- 120*60 pixels (Button 2)

![Figure 1.3.1: Type of Banner Ad (Hagen, 2013)](image_url)
b) Interstitials

Interstitials are a form of interruptive marketing that appears between the transitions of two pages. These types of online ads are displayed on screen before a requested page is loaded. These ads normally contain close option on the video, images or graphics as displayed in the ad format.

For example: If you are accessing yahoo.com and you have clicked on another option, then the ads that appear in between shifting from one page to another are interstitials ads.

c) Keyword search ads

The first necessity for using the internet is its information providing facility through search engines like Google, Yahoo, asks, etc. Key word advertising is one of the most commonly used category of internet advertising in which netizens type a name of
product category in the search engine like Google, yahoo that indeed list down all the brands available through searches.

For example: If a consumer put a word car in the search engine, the list of car with brand names would appear as the list as shown in the diagram below.

**Figure 1.4 Example of keyword advertising (Ashley Osgood, Davis Angela, Logic, 2010)**

d) Splash screen ads

These kinds of online ads are used to attain the attention of the viewers with a buzz or appearing suddenly over the screen. As the name suggests, the splash screen ads are in the form of logos, mnemonics, slogan or any other visual representation of the brand appear on the webpage and doesn’t appear for a long time. As the netizen is on the homepage of his preferred site, the splash screen makes an appearance thus seeking an immediate attention from the viewer.

The biggest advantage of the splash screen is that it is visually very appealing and makes an impact immediately and creates effects when seen once and will not bother netizen for a longer time.
e) Pop up/pop under ads

They are the most common advertisements found while surfing the internet. They either appear suddenly on the screen or behind the opening page of the website. IAB has specified few standard sizes for the pop up and pop under ads:

Pop under ads are the one that appear behind the main browser window. Standard sizes for Pop Under ads:

- 300*100 pixels(3:1 Rectangle)
- 720*300 Pixels(Rectangle)

Pop up ads are the advertisements that show up in a new browser window. Standard Sizes for Pop Up ads:

- 300*250 pixels(Medium rectangle)
- 250*250 pixels(Square pop up)
- 240*400 pixels(Vertical rectangle)
- 336*280 pixels(large rectangle)
- 180*150 Pixels(Rectangle)
f) Floating ads

These ads are known as floating ads because they move all across the screen and are either full screen or appear in the square or rectangular window. They are type of rich media web advertisements that overlap user requested page and disappear itself after a specific time period. These kinds of ads move along with the mouse and cannot be deleted with a close option. They also exist in various shape or size and include sound, animation, and interactive components.
g) Rich ads

Rich ads are the synonym used for visual ads and enhance the visual appeal of the website in terms of its aesthetics. These kinds of advertisements are very useful for tangible products that need demonstration and visual medium has always been to its advantage. Rich ads attract the attention of the viewer and are mostly used by the marketer these days.
h) E-mailing ads
Emailing ads are a form of personalised advertising. This format includes sending of emails to the Gmail user’s inbox. This trend of sending the sponsored emails was commenced by Google as a part of promotional activity. The mails gather under promotional tab and its subject headline make it lucrative for user to access it. One time click at the mail makes the advertisers happy and if ignored helps the Google authorities to send more relevant ads next time.

Though it can be treated as type of interactive advertising but often, it results into violating privacy of Gmail users. Google is known for experimenting and building new trends and this format of advertising is an example of promoting brands and offers to their users’ database.

Figure 1.9 Example of Emailing ad (Dino, 2013)

i) Skyscrapers
The vertical ads running down the right or the left side of the web page are called skyscrapers. These ads are sometimes more textual than pictorial. These ads are commonly displayed in two standard sizes i.e. 120*600 pixels and 160*600 pixels. They are designed with help of images, text and animations. They generally contain advertisements about real estate, bank, etc. and when clicked redirect the user to the ad page.
1.4.4 Advantages of Online Advertising

Advertising has always been the lifeline for the media world that earns its revenue through it and circulates it further and things have changed drastically with amalgamation of internet and advertising. Online advertising has been in increasing demand due to the following advantages:
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a) Cost

Placing an ad on website is much easier, compatible and cost effective as compared to any other medium of advertising. The e-tailing sites like Olx and Snapdeal makes it even free for the consumer to post their own ad themselves. The ad posting on internet is much affordable as compared to the insertion of advertisements in radio and television.

b) Interactivity

Internet advertising has not only made the variety of options available but has also made the medium interactive so as to get the immediate response from the consumers. Social media and online classified portals have become popular due to the interactive feature that helps consumers to solve their queries related to product and services offered.

c) Coverage

The internet advertisements posted on website appear for much longer duration as compared to the fleeting advertisements of radio and television. These ads could be placed under various websites in various forms that too with the minimum amount and can be seen anywhere with any geographical barriers. Now even the concept of home delivery has made it even faster and covers a wide range of geographical areas.

d) Measurability

Another advantage of internet advertising is that the data collected from the website is measurable in terms of netizens visiting the website and whether the visit has been converted into sales. The ads on website can also be measured in terms of ad effectiveness, size of potential audience, etc.

Various research agencies are working effectively for measuring the affectability of the online ads in context to visitors, sale and purchase of products, queries generated and many related issues.

e) Feedback

The instant feedback provided by the consumer is also an added advantage to the marketers to gauge the success of the online campaign. Whether the product advertised has been successfully placed or not, whether it will be able to achieve its profit or not, can
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only be decided by the feedback of the consumer that measures the success of the campaign. Consumers provide feedback regarding services of the product, its utility, queries, problems faced, etc. that helps in building brand image.

f) Format

Another advantage of posting an advertisement on internet is that it can be displayed in any format from audio, video, images and links. For example, some websites provide the option of live chat or enquiries for interacting with its customers. Some of the standard ads formats used are banner ads, pop up, pop under, interstitials and video ads.

g) Target

Targeting the millions of netizens in one go is what has taken the internet advertising with a boom. The internet ads are able to target their consumers anywhere at any time and at the same time these ads have created a niche market for their consumers. For example it can also generate the necessary advertisements as per the individual customers demand.

1.4.5 Concerns over Online Advertising

Though online advertising has made shopping pretty easy for its consumers and has been great source for the marketers but it has few grey areas of concern as well. Here we discuss the few points of concerns over online advertising:

a) Spam

Spam is the most common problem that the netizens face while surfing the required content, thus abandoning the main cause of the advertisement. Webopedia defines Spam is usually considered to be electronic junk mail or junk newsgroup postings.

Lot of time it happens that the online campaign gets abandoned due to their bulkiness and unwanted content in them.

b) Brand blindness

People are so brand conscious or brand blinded that inspite of checking the quality product in person, they prefer to buy it online. People get so much fascinated by the
discounts and lower price available on the brands that they hardly consider it trying personally. Promotional offers attract netizens so much that they do bulk purchasing.

c) **Fraud**

Though it seems lot more alluring but the products available online cannot be compared to the traditional shopping methods where the product is actually tried and tested. At times, people have also come across such cases where the product showcased is different and the material send for home delivery is different as well.

d) **Privacy**

Though online advertising has been really creating a buzz but one thing which is still considered to be a hinder in its absolute growth is the issue of privacy of the content and monetary transactions. People still do not depend on internet for their money transactions for bill payment, sale and purchase, etc.

As most of the websites provides payment options through e-banking, thus consumers remain susceptible due to cyber crimes.

e) **Medium for netizens**

Another disadvantage of online advertising is that it is just for the internet literate people. People who can operate internet can only avail the advantage of online advertising as compared to the traditional advertising which targets more people.

In a heterogeneous country like India, online consumers are comparatively less as majority of population is living in rural areas.

**1.4.6 Budget and Revenue from Online Advertising**

After internet has spread its wings across the country, new form of population has emerged known as netizens. The marketers have not only availed this opportunity to enhance their business but have also involved netizens into the business promotions as an interactive medium.

In order to support the above description, the survey conducted by (Pahwa, 2016) has been shown below that makes it very evident that digital advertising has been growing at mushrooming rate in India with 7300 crores spent in 2016 as compared to 4950 crores in 2015. Therefore, it becomes very clear from the graphical presentation that India is a potential market for the online marketers.
Figure 1.11: Growth in Advertising Revenue in India (Pahwa, 2016)

After understanding the expansion of the online revenue industry, it becomes very essential to know the popular internet advertisement formats that are more adopted by the online marketers. Therefore the Figure 1.12.1 show the comparison of popular online ad formats in the year 2015 and 2016.

It is very evident from the images that keyword search advertising is the most popular advertising format adopted by the markets followed by banner ads and video format of online advertisements. The others as described by the research reports are the audio ads, etc (Interactive Advertising Bureau, 2017).
Digitally, India has been growing tremendously in terms of earning revenues from the online advertising and thus creating a market for the multinational players. Due to the digital growth in our country since last 5 years marketers are making every endeavour to reach out to their prospective consumers. This approach has lead to the promotion of various product categories by the marketer to place their ads on the various websites.

Hence, Figure 1.13 shows the popular product categories whose advertisements appear the most on the internet. Retail tops the section followed by the online advertisements of financial sector i.e. banks, stock markets, etc.

Source: IAB/PwC Internet Ad Revenue Report, FY 2016
1.4.7 Trends in Online Advertising

Advertising has been changing itself with times and the recent era of online advertising has opened new avenues for the e-tailers. Some of the recent trends in online advertising are discussed below:

a) Content marketing will be bigger than ever

Content marketing is ruling the online advertising trend these days. Brands have gone content centric and are attracting the netizens through articles, business websites, e-newsletters, and contest thus providing a feedback to the prospective consumers for product purchase. The trend is to create a campaign in which marketers create content for involving the consumer with their brands through contest, photos, suggestions, etc.

b) Social media marketing will require more diversity

Marketers will also utilize the social media more wisely and innovatively for reaching the niche consumers through innovative techniques. Product display, memberships, feedback, reviews and many other methods are already being used by the advertisers to attract the online consumers towards their product.

c) Image Centric content will rule

An image creates a longer impact on the minds of the netizens. Therefore, all the brands are easing out the purchasing process through putting up photographs, demonstrations, reviews and feedback of the brand. These days the brands are concentrating more on building long term connections with the consumers by displaying their product images on the website as a member and many other strategies.

The social media has developed a long network of the consumer brand loyalty and their belongingness towards the brand.

d) Mobile friendly content will be necessary

Another increasing trend in the field of online advertising are brands that are a mobile friendly and have an app that can be accessed by the consumers. Mobile marketing is catching up speed as it has made the brand purchasable at any moment and at any place.
1.5 Operational Definitions

Operational definitions of words used in research are mentioned below:

- **Netizens**
  The word netizens has been derived from the amalgamation of two words i.e. net and citizen and belongs to those categories of people who are internet literate.

- **Online Advertising**
  Online advertising refer to the advertisements that appear on the web pages or home pages of the website. There are various layouts of advertisement available as per the layout of the website.

- **Consumer Behaviour**
  It is the study of understanding the behaviour of a consumer. The term denotes the behaviour of the consumer while going through the various online advertisements on different homepages. How would they react watching a video or a still ad is an example of consumer behaviour?

- **Type of Website**
  It refers to the genre or broad classification of website which caters to the particular layout and content. Websites are classified on various subjects like personal websites, e-commerce sites and many such categories.

- **Space**
  Space refers to the space occupied by an internet advertisement on the home page of a website in terms of length and breadth and is measured in pixels.

- **Product Category**
  Every brand falls under one product category under which it can be categorized. For example: The product category of Nano is Automobile, Cell phones is mobile phones, BSNL is telecommunications, tea is beverages, etc.

- **Purchase Option**
  Purchase option is the payment option available on the website for making an online purchase. This feature specifies that whether the website has options for buying on the online advertisements displayed on the homepage ad.
➢ **Advertising Objective**

It refers to the objective or the motive of displaying an online advertisement on
the home page. i.e. whether the advertisement is for sale, discount, price tag, variety, etc.

➢ **Functionality**

Functionality in this research stands for advertisement that show the functions,
features or utility of the product. For e.g. in case of mobile phones, a consumer might not
be satisfied with just a still ad but would like to know more about its features.

➢ **Search Feasibility**

While studying the content analysis of the websites, search option stood for the
search button given on the homepage for searching more ads on particular website
regarding their preferred products.

➢ **User Friendly**

This parameter was used to study the ease for using the website and attaining
information from it regarding advertisements. For example, if a netizen clicks on certain
ad displays the complete information about the product on page or target the consumer to
another page or appears a link where signing in is required.

➢ **Page Layout**

Every website follows a set pattern for its designing and has many classifications
under it. Various types of website layout are Grid Pattern, Fixed Sidebar, Multi Panel
layout and Headline and gallery layout.

➢ **Information availability**

This parameter would study the amount of information available in the
advertisement regarding the product on sale.

➢ **Tangible products**

The advertisements deal in three categories: idea, goods and services. The term
tangible products refer to the category of the products that can be seen , touched and felt
whereas service and idea related advertisements are considered as non-tangible products as their function and utility cannot be measured.

**Mast head**

Mast head in this research refers to the title of the website displayed on homepages.

1.6 Concept of Consumer Behaviour

India is a land of diverse culture that makes every corner of India and its people diverse in their eating habits, living style, dressing and behavioural patterns. We all have been consumers in one way or the other. Every individual has an unpredictable and demanding behavioural pattern and what adds to the decision making of the consumer are the various individual, social and cultural factors. Thus what we buy, how we buy, where and when we buy, from whom we buy and how much quantity we buy are the questions that trigger every consumer before making his buying decision.

*Therefore the words of Philip Kotler, the renowned marketing strategist about the importance of customer is worth repeating “The best way to hold your customer is to constantly figure out how to give them more for less. It is no longer enough to satisfy your customer. You must delight them” (Burnett, 2008).*

Hence, consumer behaviour can be defined as a process of studying the behaviour of the consumer. This concept focuses on psychological, social and individual factors that affect the purchasing decision of the consumer. “With the advent of the internet, customers are able to compare prices easily and this has raised the importance of pricing among the 4Ps (i.e. Price, Place, Product and Promotion). That being said, branding is still crucial. Customers will not necessarily go for the cheapest brand. However, they are more than likely to buy their preferred brand from the retailer offering the lowest price” Philip Kotler (Kotler Philip, 2000).

Therefore consumer has always been regarded as the king whose approval makes a lot of difference for the existence of the brand and what revolutionized the relationship between the consumer and the marketer is the emergence of internet. This enhanced growth of internet users led to the formation of new type of consumers known as
E-consumers or electronic consumers. E-consumers are the one that purchase products online.

With the mushrooming of social media and online business, consumers have emerged as a king who plays the role of the promoter as well as consumers. Their 24*7 engagement over internet has increased their interactivity and involvement with the brand, hence creating brand loyalties. Where this trend is empowering online consumers, it is diluting the power of marketers, hence making it more challenging for them.

1.6.1 Types of Online Consumers

Consumer behaviour is such a specialist study these days as academician and marketing strategist are making all the efforts to reach out to the niche target market where they can target and strategise the campaign accordingly. Therefore, online consumers has been categorised as mentioned below:

a) Recreational Shoppers

These are the kind of shoppers that are very difficult to catch. They surf websites as a part of recreational activity and shift from one website to another very easily. So in order to attain the attention of their eyeballs, the ads have to be really catchy with appealing offers.

b) Deal Hunters

Deal hunters are the type of online consumers that spend maximum of their time for searching out reasonable deals. Their main purpose to be online is to make the online purchase of the products that provide good offers and might end up purchasing more products if the deals are good. This kind of internet consumers often cracks deals that provide discount, free offers, free shipping, etc.

c) The Flitter

Flitters are those types of online consumers that are very difficult to hold on any one particular website if the services offers are not good. These kinds of netizens are difficult to hold if the shopping cart is not active or the website is heavy to load as this
might create distraction. They avoid wasting time if the deal making makes more time than required.

d) The Researcher

There is also other type of online consumers with inquisitiveness to research about the product that they want to buy online. They are the one who will make a complete research about the product price being offered on various websites and would also read the reviews and comments before making a purchase online.

e) Impatient Shoppers

Impatient shoppers are the one who will not hold on any website for long incase the check out procedure of the website is very time consuming. They prefer short and easy shopping and would avoid signing in or any other formalities that delay the purchasing time.

f) Reward Shoppers

These kinds of shoppers make purchases repeatedly from the same retail websites. They create loyalty towards one website that reward their loyalty with some rewards points with every purchase they make which can be reimbursed with some offers. Rewards shoppers feel rejoiced in attending SMS Text Message Marketing campaigns, where they receive messages about sales promotions like discounts, sales, new launch, free offers, etc. their personal mobile devices.

g) Hipster

There are online shoppers that would buy the expensive products from the high end retail brands on order to stay hot and stylish. These consumers buy brands from company websites even if the price is high.

h) Day Dreamers

Many consumers make a wish list as to what they would like to purchase but will only purchase if the price of the wish list items reduces. They often make wish list on various retails sites and needs a real push for materializing this list into purchases.
i) **Intrepid Explorers**

Intrepid explorers are kind of online shoppers that stick to one thing and will not compromise for its substitute. Once they get their desired item from the particular website, they tend to create the loyalty and reward the particular website for purchasing.

**1.7 Base Papers for Formulation of Research Objectives**

Before the researcher forms the base for this research topic, it is essential to study the extend to which the research has been conducted in context to this genre. Though the field of online advertising has emerged from the past 10 years, various researchers had made the endeavours to study the fastest growing business of online advertising and what has prompted consumers to be part of this trend.

Hence the researchers while growing through the review of literature, gathered few research papers that formed the base for recognising the gaps that have not be studied and also for developing the objectives for the further paper.
## Table 1.1 Base papers for formulation of objectives

<table>
<thead>
<tr>
<th>Research Paper</th>
<th>Authors &amp; Year</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect and Significance of Online Advertising With Reference To India.</td>
<td>(Khan &amp; Pal, 2014)</td>
<td>The study concluded that online consumer is very receptive towards online advertising as a promotional activity and like it. Advertisers prefer it due to low operation cost and are earning profits and hits through online marketing. It is also helping companies by maintaining consumer database through electronic database. Consumers are happy as they are getting huge offers, heavy discounts, delivery on time, no transportation expenses and can stay connected and updated at single time.</td>
</tr>
<tr>
<td>The Effect of Internet Pages and Online Advertising in Consumer Behaviour</td>
<td>(Vihonen, 2013)</td>
<td>The study concluded that customers prefer national webpages because of their presentation of information and clarity in communication which should also be followed by local websites by communicating the local offers on front page for effectiveness of the advertisement.</td>
</tr>
<tr>
<td>How do Online Advertisements Affects Consumer Purchasing Intention: Empirical Evidence from a Developing Country</td>
<td>(Bany Mohammed &amp; Alkubise, 2012)</td>
<td>The result of the study showed that the key factors affecting online advertisement are income, internet skills, use of internet per day, content of advertisement and location of advertisement that make it effective. The study concluded two major findings: language is an important factor for ad effectiveness and the opinions of other users also affect the perceptions of the consumers towards online advertisements.</td>
</tr>
<tr>
<td>The Value of Banner Advertising on the Web</td>
<td>(Kozlen, 2006)</td>
<td>It was found that banner and pop up ads are both annoying and extensively intrusive in nature. Opinion about advertising is positive but opinion about banner ad is negative</td>
</tr>
<tr>
<td>Content analysis of websites from 2000</td>
<td>(Zhang, 2005)</td>
<td>The research concluded that maximum of content analysis has been conducted by the</td>
</tr>
<tr>
<td>Internet Advertising: Is Anybody Watching? (Drèze &amp; Hussenh, 2003)</td>
<td>The study concluded that online consumers are so engrossed and sub consciously involved in browsing internet that voluntary ads formats like banner and text get generally avoided and does not bring any behavioural change in consumer.</td>
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<tr>
<td>Location, Location, Location: Insights for Advertising Placement on the Web (Shamdasani, Stanaland, &amp; Tan, 2001)</td>
<td>The research focuses on placement of web advertising in relation to two variables i.e. the reputation of website and relevance of website content with banner ad of product category. The study concluded that when the content of website is relevant to the banner ad shown on the reputed website, there is high involvement and effectiveness of advertisement and when the website content and banner ad content does not match, then there is low product involvement but it does not matter if website is reputed. Therefore, the effectiveness of the advertisement is relevance as well as reputation driven.</td>
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</tr>
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</table>
1.8 Statement of Problem

Online advertising is the new marketing trend that includes persuading the consumer through online display of goods, ideas and services that have flooded the market with brands and has given a lucrative platform to the marketers and retailers. Therefore, this subject has led to a lot of research studies that have been conducted on various aspects of online advertising from websites to particular homepages, types of internet advertisements, factors affecting advertisements, etc. Homepages are the first point of contact among consumers that decide whether to further surf the site or not (Singh & Dalal, 1999). It is also researched that lot of connection exists between website reputation & website content (Shamdasani, Stanaland, & Tan, 2001).

On one hand where majority of studies have been conducted on the political, business and library websites, there exist contradiction between usage of internet advertisements because of their popularity and irritating properties. Communication of correct information in context to products and offers on the front page of local websites was found to be top priority (Vihonen, 2013).

Though lot of aspects of online advertising are studied but there are various gaps that need to be filled and further researched on. The reviewed studies show that informational category of websites has not been studied to the extent; therefore a lot of scope prevails for further research in this aspect. Most of the studies are on aesthetics of homepages but its layout aspect is yet to be examined which leads to the proposed study. The creative aspect and creative parameters in context to online advertisements are also the area which has been not studied at a length so the proposed study aims for that angles so that a new dimension may be carved out.

As most of the studies have been conducted in context to customer’s preference with the website layout and its content on them. Hence, it is also essential to study the customer’s preference with the aesthetics of the homepage and layouts of the advertisements, their placement and information displayed on them.
1.9 Objectives of the Study

The study on ‘Effect of Online Advertising on Consumers: An Analysis’ is based on the following major objectives:

- To study the content of online advertisements in context to the homepage of informational websites.
- To study the types of layouts used for designing the websites and to examine the layouts of online advertisements.
- To know the consumer response towards online advertisements.

The other objectives are:

- To examine the information given in the online advertisements which are appearing on the homepage of the websites.
- To find out preference of the consumer whether they would like static or video advertisements on homepage of the websites.
- To know what type of product category advertisements are mostly displayed on the homepage of the websites.
- To study whether the online advertisements placed on the top of the homepage really attract consumers.
- To identify features of online advertisement that attract consumer of the website towards advertisement.

1.10 Hypotheses of the Research

The study on ‘Effect of Online Advertising on Consumers: An Analysis’ is conducted to achieve the following hypotheses:

- Hypothesis 1: Options for online advertising would not be varying among respondents.
- Hypothesis 2: Liking of movable and immovable advertisements would not be different among respondents.
- Hypothesis 3: Opinions on website content relating to advertisements would not vary among respondents.
✓ Hypothesis 4: Persuasive words do not influence the purchase behaviour of the respondents.
✓ Hypothesis 5: Opinions on putting the advertisement of products without showing its function is not preferred by the respondents.

1.11 Justification of Research

The study entitled ‘Effect of Online Advertising on Consumers: An Analysis’ undertaken by the researcher is relevant as social media is very popular now days and advertisements coming on it are increasing day by day. This research would help the advertisers to understand to what extent the online advertising is beneficial. This study will bring facts that how advertiser’s use social sites to make their products popular.

This study will also be beneficial for the research scholars to analyze as to how consumers perceive the online advertisements and what are their parameters for purchasing stuff from the online sites.

1.12 Delimitation

The study regarding content analysis was restricted to the homepage of the informational websites, selected through the systematic procedure.

As the study dealt with online advertisements, netizens namely net users who were vigilant about trends were taken as respondents.

1.13 Limitation of the Study

As the data was collected through online survey, therefore there was no control over the response of the respondents.

Summary

This chapter focuses on analyzing the growth of advertising from traditional to online medium used for product promotions. It also emphases on understanding the nuances of online advertising and the way it has penetrated into our society.

Along with introducing the concept of online advertising as historical perspective, its categories and various types of online advertising along with its advantages and
disadvantages would give a clear view of its increasing demand among marketers. The researcher has focused on various research studies that have been conducted earlier in context to online advertising in order to analyze the gap in the earlier studies through statement of problem. Hence these loopholes have been used by the researcher to form the objectives for the current research study that has been listed in this chapter.