CHAPTER 3
REVIEW OF LITERATURE

Research which is often defined as re-search is a mandatory chapter in the formation of thesis as it aim to provide the background and justification for the research undertaken (Bruce 1994). In his publications, he has identified six elements of literature review that comprises of a list, a search, a survey, a vehicle for learning, a research facilitator and a report (Bruce 1994).

A literature review can be defined as a comprehensive study that includes interpretation of literature that is based on specific topic (Aveyard, 2010).

No study can be conducted, if it does not review the literature based on the topic of the research. Therefore a literature review is very essential before a researcher plans to conduct a study on particular topic so as to understand the amount of work already conducted in that area by the accredited researchers and scholars.

Therefore in order to conduct a study on ‘Effect of Online Advertising on Consumers: An Analysis’, the following literature was reviewed. The literature includes the research papers, research articles and reports by research agencies and depending upon the research topic and methodologies involved, review of literature was studied with three criteria in the mind of the researcher.

3.1 Categories of Studies Reviewed

In order to study the review of literature deeply so as to draw the parameters for content analysis, the study was conducted in three categories for simplification:

A) Studies based on websites and homepages

B) Studies related to online advertising

C) Studies regarding consumer response to online advertising
3.1.1 Studies Based on Websites and Homepages

First part of literature review goes through a series of studies that discusses various aspects of websites and homepages in terms of their relevance, effectiveness and interactions. For example, in one of the studies by ComScore, it was found that the average time spent on the website single page is decreasing drastically as user spent only 40 seconds on single page, thus making it difficult for advertisers to retain the attention of users. Therefore, the various aspects studied by the researcher with context to homepages and websites are mentioned below.

- **Lichterman (2015)** conducted a research study on homepages by creating two fictional news sites that carried 20 news stories selected from actual publications and designed in different formats. The researchers conducted three different studies that involved 2671 participants.

  **Conclusion:** It was found from the research that people engage 90 percent more with modern looking sites than the traditional looking sites. Consumers are able to engage and recall more than 50% content of the news sites that are image heavy and modular looking in design as compared to sites with more staid, newspaper-inspired designs.

- **Vihonen (2013)** conducted a research to study the online behaviour of consumers towards local webpage of ikea.fi in comparison to national webpage. In this research, both qualitative and quantitative approaches were decided to be used by the researcher. The methodology used for data collection was web analytics data and face to face interviews. The data was further analyzed by using a tool called Omniture Site Catalyst. The period of the study was three months starting from September 2012 i.e. beginning of IKEA Catalogue year to November 2012.

  **Conclusion:** It was found that webpages displaying clean structure, easy usability and wide options are the strength of webpage and local pages were found to be boring by customers. Hence, the potential of local store web pages still remains unexplored. It was found that only 10% of the visitors leave the page after entering the front page. Yet customers opined to find inspiration from the national web pages which could be brought more to the local web pages as well in order to make the local customers inclined to visit
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the store like better customer services and personalized attention through email marketing to IKEA members.

The study concluded that the local companies should communicate their offers and schemes more clearly on the front page in order to maximize the effect of the advertisement and to convert online clickers into increasing the walk-ins in local stores and enhancing sales.

💖 Behboudi (2012) did a research on the working of ad agencies in internet world. The study was conducted through survey where questionnaire was used as a tool to collect the response on internal and external variables like relationship management, clean homepages, account manager, creativity, sponsored ads, direct email and lead generation affecting the advertising agencies. To internalise these variables in Iran, t-test was applied on the data collected.

**Conclusion:** Creativity was found to be the most influential variable considered by the advertising agencies whereas the other core variables affecting the activities of advertising agencies includes internal variables like relationship management, account manager, creativity, uncluttered homepage and external variables like direct email and sponsored ads.

💖 Liu Yuping (2012) conducted a study that focused on drivers that enhance the tendency of online consumers to engage in online advertising. In order to evaluate and test the consumer’s tendency to interact online, the researcher adopted both qualitative and quantitative method on factors like expertise, perceived value, perceived risk, time spent, ease of computer access and age.

**Conclusion:** It was found in the study that skilled internet users having their personal computers have higher tendency to interact online. Perceived value of concepts like age, lifestyle risks the consumer perceptions from online interaction. The results of the study also showed that online consumers are not always ready to interact with the advertisers online; therefore the advertisers should shift from push mentality of advertising towards
more adaptive online advertising. Advertisers should indulge in more interactive platforms like viral marketing, advergames, etc. for engaging consumers.

The findings of the research suggested that inspite of blindly increasing the activity of online ads; the marketer should adopt advertising strategies to understand the consumer need.

- **Mitchel (2012)** in a study on uncluttered homepages conducted a survey that included 3200 respondents who were internet representative and were exposed to one of the four websites and one of the four different advertising environments where 200 respondents were allotted to 16 cells each. To collect the eye tracking data, the researcher used eye tracking device by GazeHawk’s proprietary technology among a subset of 200 respondents.

**Conclusion:** The study concluded that clean webpages have high preference for advertisers and consumers. Consumers prefer sites that less cluttered with ads as they have recall value and empower brands. It was also found that consumers spend twice the time on clean webpages that carry one or two ads of particular brand.

- **(Zhang,2005)** studied research papers based on content analysis of websites from 2000 to 2004. To conduct this study, the researcher analyzed 39 studies that were selected from three sources and were conducted from 2000 to 2004 and based on content analysis. The researcher applied meta-analysis to examine the studies conducted through content analysis after 2000.

**Conclusion:** The research concluded that maximum of content analysis has been conducted on websites in business categories followed by political websites and library websites. Most of the websites were examined on the basis of content and interaction and other categories subject to the objective of the study.

Content analysis of the websites increased since 2000. It was also evaluated that two unique characteristics of websites i.e. the hyperlink and multimedia did not appear in most studies conducted.
Singh & Dalal (1999) undertook a research to study the importance of homepage as a platform for online advertisement. Exploratory test was applied on 10 websites selected on various emotional, rational, information and mixed appeals.

Conclusion: The study concluded that homepages are equivalent to advertisements. In this research, it was found that people do differentiate homepages on basis of emotional and rational preference. Homepages that display emotional aspects have a significantly greater impact on the persuasion responses of the consumer as compared to rational aspects.

The study found that homepages generate feeling of happiness and dullness among consumers and affect their attitude towards the homepage. Therefore, the homepages are responsible for generating feelings among consumers and deciding whether to explore the website further or not.

3.1.2 Studies Based on Online advertising

In this part of review of literature, the researcher goes through various studies that highlight various aspects of online advertisements like their popularity, effectiveness and communication theories involved.

Bakshi (2013) in a research to study online advertising and its impact on consumer purchasing behaviour adopted content analysis as a method to study the factors responsible for the affecting the consumer purchasing decision and those contributing towards the effectiveness of online advertisements.

Conclusion: The study concluded that web world is providing business ad world lucrative services of ad formats, interactive platform and vast reach, thus making web world as popular and standardized format for advertisements. Therefore, every caution should be taken by the marketers to strategize as per consumer needs and gain maximum profits.

Associated Chambers of Commerce and Industry of India (ASSOCHAM)(2013) conducted a survey on 3500 dealers and retailers from Delhi, Mumbai, Chennai, Bangalore, Ahmadabad and Kolkata.
Conclusion: The study was conducted among respondents from 18 to 60 years of age groups where 65% were males and 35% were females among online shoppers.

- Due to online discounts, high fuel prices and availability of varied online options, 2013 saw an upsurge in online shopping.

- It was found that majority of products were sold in the category of fashion and technology like Ipad, mobile phone and its accessories, digital cameras, etc.

- The study also concluded that people don’t prefer online shopping due to reasons like fear of sharing personal information, lack of credit and debit card facility, high delivery cost and insecurity of getting products in good condition.

- Consumers unwilling to shop online prefer to use online services for researching about product and services.

- Bany Mohammed, & Alkubise (2012) In order to empirically analyze the effect of internet advertisement on buying intention of consumer, the data was collected from 339 students and evaluated on fire dimensions theoretical model.

Conclusion: The result of the study showed that the key factors affecting the effectiveness of online advertisement are income, internet skills, use of internet per day, content of advertisement and location of advertisement as noticed by the consumer. The study concluded two major findings: language is an important factor for ad effectiveness and the opinions of other users also effect the perceptions of the consumers towards online advertisements.

- Heidarzadeh & Kambiz (2012) conducted a study was undertaken to find out the right format of web advertisement followed in Iran. The research reviewed forty research papers to draw a conceptual model that will form the basis for examining the factors contributing to right format of internet advertisement. The model formed was tested and examined on 150 popular Iranian websites.
Conclusion: Business firms tend to use Internet as an advertising medium and Internet may use this model to select an advertising format that suits their product/service best.

In this study, the researcher has explained two ideal frameworks i.e. one for the advertisement and other for the alternatives. The right advertisement format is one which is ideal with the ideal alternative format. The researcher found seven factors including product involvement, advertising types, audience types, strategy types, situation of ICT, ad subjective features, and ad objective feature which successfully explain the right format of web advertisement.

- **Chatterjee (2008)** for studying the lasting effects of banner and pop-up ads conducted an experimental research was applied on 163 undergraduate students of Northeastern University. The study focused on indentifying the advertising formats that are voluntary and intrusive in nature and the effect of size of advertisement on the consumers with context to brand recall, ad recognition and brand attitude.

Conclusion: It was found from the study that banner and text ads that are voluntary exposure formats are cognitively ignored by the online users as their main focus is browsing internet and they coexist automatically and parallel to their activity. Intrusive ad formats like pop-ups that interrupt and demand immediate attention from the user are physically avoided by closing them.

- **Kozlen (2006)** conducted a research on the importance of banner advertisig on internet and used qualitative method of semi structured interviews of web users to determine if banner ads offer any value to Web users and what gratifications users obtain from them. The interviewees’ response was later generalized to fit into a coding scheme developed by the researcher.

Conclusion: Banner and pop up ads are both annoying & extensively intrusive in nature. The experiences of banner ads depend upon connection speed, whether the consumer is in seeking or surfing mode. Opinion about advertising is positive but opinion about banner ad is negative. Relevance and location of the banner ad was found to be reasons for they being mostly noticed. They also concluded that banner ads with bright colors, interactivity, graphics, video, logos, sizes, discounts are also noticed.
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- **McCoy, Everard, Galletta, & Polak (2004)** conducted a research to study the effect of pop up and pop in ads. The sample size for study was 417 business students from Mexico and US who performed several task under chosen conditions. A 2*2 factorial design was employed, to test various factor like ad placement (pop-up or in-line). The research was undertaken to study the behaviour of online user towards pop up and in-line ads and reasons for its avoidance.

**Conclusion:** The study concluded that ads do not make a significant effect on the minds of online users. It found that consumers often close pop up advertisements that interrupt them from their online task as the mere existence of the pop up ad diverts and irritates the online users, resulting in reduce retention of the site and ad content.

- **Drèze & Husherr (2003)** in order to research the effectiveness of internet advertising conducted a study in which an eye tracking device was applied to investigate online surfers’ attention to online ads. Then a large scale survey of internet users’ was conducted to test their recall, recognition and awareness of banner advertising.

**Conclusion:** It concluded that online users merely click online ads as they actually avoid looking at banner ads while performing online activities. The research also claimed that advertisers should rely more on traditional measures for creating brand equity such as brand awareness and advertising recall. Frequency is important for online and effectiveness artistic execution has little effect.

- **Tavor (2001)** applied a survey method and questionnaire was used as a tool to collect data from Israeli businessmen for the study of development in online advertising and its economic effectiveness. The study was conducted to check the efficiency between two advertisement formats i.e. banner and pop up ads and to characterize the advertisers on the basis of their preferred type of advertisements.

**Conclusion:** The researcher in its findings concluded that banner advertisement are mostly preferred by advertisers especially if the manager is 40 and above female, married and employed in sectors like construction, wedding industry or car dealership. Banners
advertisements were found to have more clicks and higher efficiency as compared to the pop up advertisements.

3.1.3 Studies Regarding Consumer’s Response to Online Advertising

Third part of the literature review consists of the studies that conducted to study the factors affecting the buying behaviour of the consumers and what constitutes to their liking and disliking.

❖ Abideen & Saleem (2012) did a study on influence of online advertising on consumer buying behavior in which population for the study consisted of consumers from different telecom services residing in the cities of Rawalpindi, Islamabad and Lahore. Survey method was used where 200 consumers was taken convenient sample

Conclusion: The major findings of the study demonstrate people indulge and purchase those brands with which they are emotionally attached. The research showed an overall association between variables studied and found emotional connect to be the strongest reason for affecting the buying behaviour of the consumer.

❖ Hooda (2012) conducted a study on consumers of Jaipur and their behaviour towards E-marketing. The study used survey method and questionnaire as a tool to collect the data from respondents residing in urban areas of Jaipur. The researcher used stratified sampling technique in 3 different strata’s i.e. age, income and occupation to select 75 as sample size for the convenience of the research.

Conclusion: It was found that respondents surf internet irrespective of their age and gender.

✓ E-shopping was found to be convenient by the respondents within 18-30 years of age group because of its features like time saving and easy mode of payment.

✓ It also concluded that respondents hesitate to purchase items online due to security concerns regarding personal data.
The research also suggested that in order to achieve the e-marketing objectives, it is important to improve the delivery service and advertising of web products and services.

Kumari (2012) in a study about change in purchasing behaviour of consumers surveyed 80 respondents, kept as sample size, where respondents were mainly residents of Bhubaneswar within the group of 15 to 60 years and secondary data was collected from national and international journals as well as marketing, business magazines, business dailies and text books.

**Conclusion:** The study concluded that Indian consumers give an importance to products with high degree of value orientation. Brands that portray family values, nurturing, care, affection and emotional values are more acceptable and preferable by the Indian consumers.

- They are highly involved when they have to spend on brands that are expensive and infrequently purchased.

- It was found that consumers are highly influenced by visual symbols and images as they can easily remember and recall the brand.

- The study also included that consumers don’t search for products information extensively; rather they receive the information passively from television and magazines while doing work. Therefore, television was found to be more influential medium as compared to print media.

- To influence the minds of the consumers, ad campaigns should run short messages with higher frequency.

- On the marketer’s side, it is vital to highlight the features of the brand in print media accompanied by elaborated copy.
The study also concluded that Internet has made it possible to reach and influence the diversified consumers with varied products but it is equally important to provide information to consumers with the better understanding of their attributes.

*Srivastava Priyanka (2012)* studied the impact of online advertising with specially reference to e-mails advertising, in which respondents belonging to urban class and above 18 years of age was studied. A survey was conducted among 100 respondents selected through cluster sampling. The 100 samples comprised of 50 respondents from Rajaji, Puram, Lucknow and 50 from Alambagh and Lucknow.

**Conclusion:** It was found that internet users from all the age group in different places have similar perceptions about internet advertisement. Respondents believe online advertising to be very informative, but at the same time create irritation. Internet advertisements were found to be very interactive and entertaining. Majority people use internet to access E-mail followed by preference for window shopping, downloading, and net surfing.

*Duncan (2011)* in a study to analyze how different formats of online advertisements affect consumers purchasing behaviour. The research was based on theories like instant gratification theory along with means end theory. Online Survey was used for data collection.

**Conclusion:** People don’t like online advertisements but they do notice them. The research also concluded that though they find them informative similar percentage of respondents find them annoying as well. The people opted banner ads as the most preferred and pop ups as the least preferred.

*Aziz & Ariffin (2010)* conducted a study with reference to the consumers of Malaysia in order to study their response towards online advertising. A survey was conducted with 500 as a sample size where only 432 questionnaires was filled up and returned with an overall response rate at 86%. Self administered questionnaire was distributed among respondents at the work place.
Conclusion: The study found that Malaysian internet users feel good to look at web advertisements but they believe it to be creating positive and negative perception about web advertising.

It was also found that consumers believe that web advertising portray too much of sex but at the same time is considered positive as it provides up to date information about products available in market.

- **Rastogi (2010)** in a study on online consumers of India and their Buying Behaviour conducted a survey for the collection of primary data collection through structured questionnaire as the tool. It was undertaken to study the preference and satisfaction level of the online buyers.

Conclusion: The study concluded that percentage of males engaged in online shopping is very high and are completely aware about it. It was also found that they majorly fall in the income bracket of Rs.10,000 to Rs. 20,000. Maximum numbers of respondents feel that online shopping is having easy buying procedures; wide variety of products, lower price of the products, prefers cash on delivery etc. Maximum numbers of respondents are suggesting to non online buyers to be online buyers.

- **Wang & Sun (2010)** in order to study the beliefs, attitudes, and behavioural responses of online consumer toward online advertising applied purposive sample was collected from Internet users in the U.S., China and Romania. The researcher selected 33 items from previous studies in order to measure subjects’ beliefs about online advertising.

Conclusion: The major conclusions of the research were as follows:

1. It was found that all predictors i.e., information seeking, entertainment, economy, credibility and value corruption were statistically significant of attitudes towards online shopping, which in turn, significantly predicted online ad clicking and frequency of online shopping.
(2) Romanians were found to carry most positive attitude towards online advertising as they click them the most whereas American do most of online purchases. It was also found that consumers’ beliefs, attitudes and behavioral responses toward online advertising vary across countries.

- **Kelly (2008)** This study explores the teenagers’ perception towards advertising in the online social networking environment. The researcher used qualitative methods like Focus group and In-depth interviews to study their response. Four focus groups with six embers each were formed within the age group of 13-17 age groups.

**Conclusion:** It was found that teenagers trust sharing the details on the website that is tagged as private but are somewhat skeptical about the information of products displaying on social networking sites in forms of online advertising. They have high tendency of avoiding advertising due to their distrust on information provided by online ads.

- **Usman Owolabi Akeem (2007)** conducted a case study if Mtn. Nigeria to study the customer attitude towards Internet Advertising and Online Sales. The researcher applied survey method where questionnaire was distributed to the selected staff. The data was collected through simple random probability sampling technique was adopted where the response rate was 90%. For testing the hypotheses, the researcher applied chi square as major statistical tools for data analysis and interpretation.

**Conclusion:** The research concluded that one third of the respondents believed internet services to be very expensive, therefore government make every necessary effort to make internet services accessible to the Nigerians at the low cost.

Some of the respondents also feel that companies promoting their products online should also promote the advantages of online shopping in comparison to traditional means of exchange.

- **Zheng (2006)** study was conducted in order to understand the trend of internet shopping in context to UK and China. Survey method was used by taking questionnaire as a tool. Volly mail software was used to perform survey and
Microsoft excel was used to do statistics and data analysis. Researchers further used SPSS and excel programmes to analyze the outcome from samples.

**Conclusion:** This concluded that information search option is most important factor on any website as it helps the consumer to search suitable product or service as per their requirement. Therefore, all the e-tailers should enhance and improve internal search options for product and service on their website to increase its efficiency. Customers pay a lot attention to website reputation of website while making payment. Online retailers have to attract customer and provide right product or services to fit to the customer needs.

- *Lodorfoz., Trosterud & Whitworth (2006)* did a online market study in order to study consumer satisfaction with reference to E-commerce, attitude and behaviour. A quantitative method was used for conducting this study and 211 consumers were surveyed with earlier purchasing experience in the products ranging from CD, books, music, magazine, DVD purchasing industry. The data was collected through questionnaire as a tool and filled by the focus groups selected for the study.

**Conclusions:** The following conclusions were drawn:

- The study concluded that the past experience of the consumer about online purchase has significant impact on his intention for further re-purchase.

- Conclusion drawn from the study explained that consumer experience with e-brand plays an important role for building is beliefs about trust, security and convenience existing in online business.

- *Schlosser, Shavitt & Kanfer (1999)* This research was conducted to study the attitude and characteristics of netizens towards internet advertising. Over 400 participants were taken as national sample for the survey that was least exposed to the internet.

**Conclusion:** The results of the study revealed that one third of respondents responded towards internet advertisements by liking, disliking or neutrally responding towards them. The researcher used regression analysis method to conclude that enjoyment of looking at
information and the utility of the product contribute towards attitude and behavioral change among participants for making purchasing decision.

**Summary**

In this chapter, the researcher has discussed review of literature that draw the foundation of any research study. The literature has been studied in three categories i.e. the studies focusing on websites and homepages, second category focussing on studies conducted on online advertisements and the third category focussing on consumer response to online advertising that led to formulation of parameters for the study of homepages.