CHAPTER-I INTRODUCTION

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1.1 INTRODUCTION

The present chapter provides an introduction to the research topic. All the concepts and definitions related to the topic including internet, advertising, e-advertising, consumer demographics, psychographic, psychological factors and behavioural factors are
introduced in this chapter. It then identifies the research gap. This is followed by a description of the structure of the thesis in terms of the themes of the subsequent chapters.

1.2 INTERNET

International electronic network popularly known as the Internet is the best thing to happen in our times. Since inception it has driven dramatic changes in the ways we live and has revolutionised our world. It can be seen as a parallel universe, with its own inhabitants living a life in the virtual world as important as their real life. Originally conceptualised as encyclopaedia of knowledge, it has now been used for many other things like for communication, entertainment, business and shopping. Few years back, advertising on the Internet was strictly banned and any promotional attempts were discouraged out rightly. Initially it was used mainly by academic institutions and government bodies, as the entire Internet infrastructure was sponsored by them. Advanced Research Projects Agency Network (ARPANET) and National Science Foundation Network (NSFNet) the two predecessors of the Internet had a set of acceptable-use policies that banned its use for commercial activities by business organisations. Then in 1991 NSFNet began phasing out its ban on commercial use (Wikipedia). Gradually as corporate started paying for the large part of the internet infrastructure; advertising found its way on what once was strictly a “nerd” category. They started exploring commercial possibilities of the internet and started using it for promotion to recover the cost. Companies initiated with mass mailing informational and promotional material but unsolicited mails being intrusive in nature were not fertile. In 1980 Prodigy Communications Corporation, a subsidiary of IBM and Sears at that time introduced online advertising. In 1993, Global Network Navigator (GNN) sold the first clickable web ad to Heller, Ehrman, White, & McAuliffe, now a non-operational legal firm in the Silicon Valley. Banner ads were first traded by HotWired in large quantity to many major corporate advertisers. AT&T Corp bought its first banner ad and it was published online on October 27, 1994. HotWired also pioneered with providing reports on click through rates of e-advertising to its customers (Wikipedia). With the technological advancement internet had its makeover and gone multimedia. It gave rise to the numbers of internet servers and users globally. It
penetrated into the lives of people faster than any other technology. As compared to other media the adoption curve of the internet is quite steep. Radio took thirty eight years to become popular; television took 13 years while the internet took just 4 years’ time to surpass it (Joseph, Cook, & Javalgi, 2001). As they say “Where honeybees go, the bears follow” similar is the case with the marketers. Today as people live in a virtual world so the marketers have also landed there. The internet is the real game changer and has affected all the elements of the marketing mix. Place today is not that important element of marketing mix as the global market has shrunk to a computer screen and is just a mouse click away. Easy and economical communication methods are enabling people across the globe to communicate. It is only because of internet that we can think of customised and information based products. Consumers can examine a product online as if they are having direct physical contact. Buying decisions have been made easy as customers today can compare different options and identify the least expensive source to buy a product, so the potential for price discrimination has also diminished. Internet has affected all the Ps of marketing mix but the most quickly transformed component is promotion due to the possibilities it offers in online communications. The internet is not only as a contemporary advertising media, but also a platform for new and innovative forms of interactive advertising. This inherent feature of internet makes it unique and different from the media preceding it. Internet offers a unique promotion media, that has the reach of a mass media along with the ability to personalise that earlier was feasible only with the personal promotions. This offers a huge opportunity to the marketers and the internet today is a vital part of every company’s promotional mix. Every business big or small has its footprints over it. In the recent past internet has emerged as the best advertising platform as advertisers can reach out to a large number of customers at least possible cost and with more flexibility and control over the advertising material. E-advertising has been on the rise and is reaffirming its strong presence. It has changed the traditional methods of advertising. Advertisers are looking at e-advertising with a hope to widen their reach. High impact ad formats have opened up a gamut of options for the advertisers and agencies, who used to primarily advertise on traditional media. The entire web world is flooded with advertisements not only because it is required to fund online content but also because it offers a great platform to the advertisers. The success of e-advertising
can be attributed to its ability to provide common channels for communication and business transactions through hyperlinks. According to Lindsay Pattison, global chief executive, Maxus, India will be the fastest emerging advertising market (Bhushan & Anand, 2016). In the year 2016 Ad spending in India is expected to grow by 15.5 percent and digital advertising is forecasted to expand at the fastest pace of 47.5 percent. Television will continue to be the dominant advertising medium but digital will be the fastest growing advertising medium. According to the report, digital advertising will account for 12.7 percent of the total ad spending in the year 2016 in India (Vidhi Chaudhary, Jan 20, 2016, Live Mint).

1.2.1 INTERNET LANDSCAPE IN INDIA

More than two billion people worldwide are connected through the Internet. The strange fact is that 50 percent of the web users are from rapidly developing, socially and culturally diverse countries with huge economic potential. In terms of internet users, with 120 million user base India today is the third biggest country in the world after China and US. Advanced nations and many of its counterparts are lagging behind India in terms of internet adoption. It has been estimated that India will soon become the second-largest internet user country in the world.

1.2.2 Chronology of the Growth of Internet Infrastructure in India

- **Introduction and primary growth (1995 to 1998):**
  In August 1995, Videsh Sanchar Nigam Limited (VSNL), the state-owned agency, introduced internet in the country. Initially, internet services were a monopoly of VSNL and were restrictedly available in the four big metro cities namely New Delhi, Mumbai, Chennai, and Kolkata. The year 1998 ended with more than a million web users in the metros and cyber-cafés gained popularity.

- **Arrival of private players and mass adoption by the users (1998 to 2009):**
  During 1999-2000, ensuing the new internet service provider policy, the restrictions for private players to offer internet services were diminished
radically. Many private companies started offering internet services. By then, the number of internet users base grew to 10 million internet users. With an objective to link every part of the country the first broadband policy was introduced. At the end of this phase in the year 2009, there were more than 60 million web users in the country, primarily accessing internet through Personal Computers (PCs).

- **The mobile phone revolution (2009 to present):**

  Though the data services on mobile phones were launched in the year 2000, the massive growth in the user base didn’t happen until the launch of 3G services that provided a big boost to the mobile internet access. By the end of the year 2010, nearly 40 percent of the 100 million internet users were surfing the internet on a tablet or a mobile phone. The launch of 4G services in India gave extra impetus to the mobile-based internet. In September, 2016, Reliance launched its affordable Reliance Jio 4G services, making India top mobile data user country in the world.

### 1.3 ADVERTISING

The word "advertising" is stemmed from the Latin word "advertere", which means "to turn the mind to". Advertising does turn the attention of the public to a product, a service, or an idea. It introduces a product; reinforces its familiarity and also convinces the customers to finally buy the product. Advertising is the most visible marketing strategy and have secured a great deal of attention in the decade (Bandyopadhay, Kindra, & Sharp, 2001). Advertising is a very powerful marketing tool and its success strongly depends on how consumers perceive it.

Advertising is a big business and one of the most visible promotional tools of marketing, and it serves as an important link between the marketer and the prospect. It is considered as a medium of providing information to the customers and persuading them to buy a product (Kumar and Meenakshi, 2006).

Some of the definitions of Advertising are as follows:
• “Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor” (American Marketing Association, 1963).

• “Advertising is a means of communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them” (The Advertising Association of the UK, as quoted in Economic Times)

• “Advertising presents the most persuasive possible selling message to the right prospects for the product or service at the lowest possible cost” (Jefkins, 1994) quoted by Padhy (2011)

• "Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." (Bovee & Arens, 1992).

• “Advertising is salesmanship in print” (John E. Kennedy, 1905) quoted on Adage.

• “Advertising is Communication via a recognizable advertisement placed in a definable advertising medium, guaranteeing delivery of an unmodified message to a specified audience In return for an agreed rate for space or time used” Crosier (1999) as quoted by Kitchen (1999).

• "Advertising is a non-personal form of communication conducted through paid media under clear sponsorship" Kotler Philip (1999) as quoted by Jain A (2008).

According to Kotler and Armstrong (2001), marketers are using different promotional tools to manipulate their target market. Advertising is considered as the most effective promotion mix element as it has the maximum reach. Thus marketers are spending heavily on advertising. Advertising and other promotions account for the major part of the marketing expenses (Ambler, 2000). The Nielsen Company President Piyush Mathur said that “the advertising spend in India emerged as the highest in the Asia-Pacific region. Economic prospects are improving rapidly and consumers' spending intentions are turning into actual spending reality. This is an indicator that marketers, manufacturers, and retailers have been eagerly waiting for long”. (Business Standard,
So now advertising is being used as a strategic weapon rather than just an element of promotion mix (Liu, 2002).

1.3.1 Evolution of Advertising

Advertising is not a new concept in our society; its presence can be traced back to the very beginning found in the documents of the recorded history. Archaeologists who worked in the countries around the Mediterranean Sea used to dig up signs which announced various events and offers. Papyrus, wall, and rock commercial paintings, town cries were the ancient forms of advertising. World’s earliest known printing advertising medium used to be a square copper printing plate with a logo of rabbit on it. With modernization, advertising has undergone a drastic change. The 18th century witnessed the debut of first print advertisement in the weekly newspapers primarily to promote books and newspapers in England. In June 1836, the La Presse a French newspaper was the first to print paid advertisements and soon it was followed by all the titles. Thomas J. Barratt “the father of modern advertising” emphasized the significance of re-evaluating the market on a continuous basis through one of his statement that "tastes change, fashions change, and the advertiser has to change with them”. The first advertising agency in the United States was set up by Volney B. Palmer in the year 1840 in Philadelphia. J. Walter Thompson was the first American agency to go international by the opening of J. Walter Thompson London in 1899.

The psychological theories were applied to the field of advertising by psychologists John Watson and Walter Scott in the beginning of the 20th century. John Watson applied the concept of behaviorism to advertising. It focused on applying emotional appeals of love, hate, and fear in advertisements. Such advertisements proved to be extremely effective and strengthened the role of psychology in advertising. During 1920s, the first radio stations were established and Madison Avenue was the one who recognized the importance of radio as a new advertising medium. But in the 1930s advertising came under heavy pressure as the Great Depression compelled businesses to radically cut back on their advertising spend. The postwar era was the prosperous and booming time for the advertising. The introduction of television in the 1950s dramatically broadened the arena for advertising. Late 1980s witnessed the launch of cable TV and specialty TV channels appeared, including channels exclusively devoted
to advertising. The dot-com boom of the 1990s opened new frontiers for the advertisers. From 21st century, a large number of e-advertisers started using behavioral advertising based on user's browsing interests. Today advertising is moving heavily towards the smartphone, leaving television behind (Wikipedia). Advertising is a huge business and it is not restricted to business firms, but it is also used by different non-profit organizations, professionals, and social agencies to advertise their causes to their target publics (Kotler and Armstrong, 2001).

1.4 E-ADVERTISING

Technological advancement has provided advertisers with a wide array of media alternatives to advertise their products. Television, the internet, mobile phone, tablets and game platforms etc. have revolutionized our world. Advertisers are sending text messages to the prospects on their mobile phones, social networking websites are not only inhabited by the users but also by the business houses, these companies have their webpages which are liked by millions and millions of users, online videogames have embedded ads into the games, ad on YouTube ads are running on popular videos with the consent of the creator, then there are viral ads promoted through online word of mouth. According to Interactive Advertising Bureau Google and Yahoo are among the top ten firms which sell advertising space on websites accounted for more than 70 percent of online spending in 2009 and the top 50 for 89 percent. But despite all this television remain the first choice of the advertisers (Kirchhoff, 2009). A large number of people are using television and the internet every day, most of them doing both activities simultaneously. This means that anything seen on TV can be explored for detailed information or to verify its accuracy instantly. This holds true not only for news, sports or documentaries but also for advertising, and the researchers are analysing the extent to which TV commercials have an influence on internet search queries. Thus, the marketing researchers are investigating how advertising can influence consumers’ behavior while carrying out their search which might result in a sale lead (Strategic Direction, 2002). In the year 2015 e-advertisement spent in India outperformed industry expectations and by the year 2020, it is expected to cross INR 255 billion (KPMG-FICCI, 2016). The soaring e-advertising revenue and spending reflect advertisers’ and marketers’ enthusiasm about the Internet and their keenness to
spend heavily for using this media. Over the years the internet has gained enormous importance as an advertising medium. It helps advertisers in using stealth techniques. These techniques allow embedding product within the program content and let the consumers immerse in the branded environment and consumers cannot figure out that they are exposed to marketing campaigns (Calvert, 2008). The internet has unlimited potential for the advertisers, they can use it the way they like it. E-advertising gives advertisers a chance to precisely target customers, allowing them to target ads that are customised to each user's relative interests. Besides that, online venues offer large returns on relatively small investments. In future online advertising is expected to grow. Online advertising or e-advertising offers many benefits to the advertisers as they can easily count the number of people who click on an ad, their ad impressions, visits and time spent by the customers can easily be tracked. The internet has become an established advertising medium and has emerged as a successful alternative to traditional media like TV, radio and billboard. The online traffic is continuously rising and the Internet has a very high growth potential for business. To actualise the potential of internet the researchers and practitioners should refine their understanding of e-advertising (Wang, Zhang, Choi, & D'Eredita, 2002).

E-advertising is termed as any form of commercial content over internet. E-advertising includes related ads on the search engine, rich media ads, blogs, banner ads, interstitial ads, social network advertising, online classifieds, and e-mail advertising (Wikipedia, 2011). Thus, e-advertising can be done through any channel (e.g., audio, video or print), in any form (e.g., banners, games or pop-ups), and deliver information to varied degree of depth (e.g., logo, signage or an official Web site) (Schlosser, Shavitt, and Kanfer, 1999)

E-advertising can be stated as the publication of electronic messages on online platforms to:

- Create awareness for a product or brand
- Stimulate preference/interest in a product
- Provide contact details of the advertiser for purchase
"E-advertising" exclusively offers a single platform for introduction of a product to the closure of sale. Traditional advertising requires consumer’s efforts in terms of making a phone call, visiting a store and/or mailing a coupon etc. E-advertising, on the other hand, enables a company to provide a link for closing the sale with just a click of a button from the convenience of their place. Not only has this, the internet allow consumers to compare different products and brands available in the market with just a click of the mouse.

The marketers are re-thinking how they should distribute information regarding their product, so this requires integration of traditional and contemporary interactive advertising.

According to a report ‘The 'Digital Advertising in India', published by IMRB International and IAMAI (the Internet and Mobile Association of India), the digital advertising spend in India is about 14 percent of the total advertising spend in the country. It is estimated to continue at CAGR (a compound annual growth rate) of 33 percent and by December 2017, it is expected to cross Rs. 9,700 crore (Brand Equity, 2017).

In traditional media, consumers passively get exposed to advertising as ads are pushed at them. It diverts consumers’ attention to other information. But in interactive e-advertising, the consumer consumes pull for e-advertising content as they exercise more control over advertising exposure. It allows consumers to decide when, whether, and how much commercial content they intend to view (Schlosser, et al. 1999). Thus for online advertisers, it is very important to make their ads appealing to the customer so they themselves pull for the ads.

1.4.1 E-Advertising Formats

Despite the growth of e-advertising, marketers are still doubtful about the relative effectiveness of different e-advertising formats. A wide range of e-advertising formats are available and the interactive advertising model argued that different e-advertising formats would result in different processing and outcomes (Rodgers & Thorson, 2017). Over the past few years, e-advertising has transformed drastically, from modest advertising formats like e-mail, the popular banner ads to high-tech interactive, 3D formats. E-advertising formats are continuously evolving. The cluttered e-advertising
environment and the promising growth of e-advertising propose that the advertising industry should be concerned about internet users’ perception towards different e-advertising formats. While many studies have analyzed consumers’ attitude towards advertising in a particular media, very few have addressed the presence of several advertising formats within one media. Most of the previous studies of e-advertising measured consumers’ attitude towards e-advertising as a whole, without reference to specific advertising formats (Schlosser, et al., 1999 and Ducoffe, 1996). Until 2006, banner ad was the only researched topic under attitude towards e-advertising (Korgaonkar & Wolin, 2002) or had not made any distinction among e-advertising formats (Brackett & Carr, 2001; Schlosser, et al., 1999; Previte & Forrester, 1998). But these general measures failed to provide useful insights to the advertiser. In 2006, a study by Burns & Lutz was the first to investigate consumers’ attitude toward e-advertising formats extended beyond banner ads to Pop-ups, skyscrapers, interstitials and large rectangles. The study strongly suggested that the type of e-advertising format is an important feature that influences consumers’ response towards it. Thus for effective e-advertising campaign understanding consumers’ perception of different e-advertising formats is important.

E-advertising offers a wide range of interesting formats to the advertisers, some of them are discussed below:

1.4.1.1 Banner Ads

Banner or display ad is amongst the widely used e-advertising format. Banner ads can be defined as a small graphical area with text, either static or dynamic on a Webpage, typically measures 468 pixels wide by 60 pixels tall, may include commercial messages or logos targeted to influence the viewer to either remember the brand advertised or click it. Banner ads are normally hyperlinked to the webpage having more details about the advertised product advertiser’s primary webpage or to advertiser’s primary webpage. (Kaye & Medoff, 2001). Even an unclicked banner ad could create an exposure effect as strong as a clicked banner ad could do (Yoon & Lee, 2007).
1.4.1.2 Pop-Up Ads

Ads that appear in a separate window above the users’ screen are Pop-up ads. Pop-ups interrupt user’s flow of work over the internet and are perceived as less favorable and more frustrating (Rodgers & Thorson, 2010). Pop-ups put users in a forced exposure mode (Cho, 2000). Interruption based ads are more likely to be viewed as intrusive, leading to the negative responses like feelings of ad avoidance and irritation (Li and Lee, 2002).

1.4.1.3 Sponsorships

Commercial sponsorship can be defined as an investment, in cash or kind, in an event, person, or idea for the purpose of exploiting the commercial potential of this association (Meenaghan, 1983). The sponsorship aims at enhancing the brand awareness and to improve the brand image (Erikson and Kushner, 1999). For sponsorships to be effective there should be Sponsor-event congruency. Sponsor relevance means accord between sponsors and event with regard to mutual semantic features, for example, a traveling service funding the travel section of a website. Pertinent sponsors are more expected to draw stronger brand evaluations, brand recall and purchase intentions than irrelevant sponsors (Rodgers, 2003). It has been found that sponsorships take brand loyalty to a higher degree than advertising (Mazodier and Merunka, 2012).

1.4.1.4 Keyword Search Advertising

Keyword search advertising is also known as, pay per click advertising (Anupam, Mayer, Nissim, Pinkas, & Reiter, 1999), or sponsored search advertising (Fain and Pedersen, 2006). It is a text-based e-advertising. Keyword search advertising is a method in which search engines place advertisements in the search results of specific keywords and the search engine providers charge fees on pay per click basis from the advertisers i.e. they pay only if the consumer clicks on the keyword. GoTo.com later Overture Services was the first company to pioneer keyword search advertising in the year 1998. Then in 2003, it was acquired by Yahoo!, and in 2005 it was re-branded as Yahoo! Search Marketing. In 1999 BeFirst - now MIVA offered a similar product. In 2002 Google also adopted the model and modified it to include click feedback. In 2005, it was adopted by Ask Jeeves, and then MSN Search developed it to support
behavioral targeting (Fain and Pedersen, 2006). Keyword search is better than other e-advertising formats as it provides related information instantly. Consequently, users are unlikely to believe it to be intrusive (Li and Leckenby, 2004). According to a report by the Internet Advertising and Media Association (IAMA, 2008) keyword search advertising will continue to grow, with it being the impetus behind the growth of the e-advertising industry.

1.4.1.5 E-Mail Advertising

E-mail has evolved as an essential portion of companies' marketing strategy capability of enhancing the success of marketing ventures and uplifting the image of brands (Tezinde, Smith, & Murphy, 2002). Due to its large coverage e-mail advertisements are hard to avoid, which is mainly. This has resulted in the problem of spam or UCE (unsolicited commercial communication) (Moustakas, Ranganathan, & Duquenoy, 2006). UCE or spam is termed as commercial electronic communication without consumer’s consent or request (Chang and Morimoto, 2003). Rapid improvements in technology have enabled customers to avoid spam even without reading it. Web users can choose a number of actions while receiving spam like they can “disregard and delete,” “block and delete” and “quarantine,” etc. (Moustakas et al., 2006). However, many customers are also worried that use of filters may block some of their e-mails (Pew Research Centre, 2005). But due to its cost effectiveness, the use of spam e-mail likely to stay as a popular mode of communication for marketers (Mehta and Sivadas, 1995).

1.4.1.6 Interstitial

Interstitials are full-screen rich media ads that use interactive graphics and text. They are often referred to as 'splash' pages. Interstitials appear in the mean time between a user's request to open the webpage and its actual display (Barnes, 2002).

1.5 CONSUMERS PERCEPTION

An Indian today is exposed to at least 300 ads in different forms. However, unfortunately, very few ads are noticed by them and may create an impact in their minds. Perception takes place when an ad is noticed by a consumer. Perception is the way one you look at things or attach meaning to the world outside and it may be
different from the reality. Perception includes all five senses i.e. touch, sight, taste, smell and taste. The perceptual process is a sequence of steps that begins with the environment and leads to our perception of a stimulus and an action in response to the stimulus. Robbins (2001) defined perception as a process in which individual organizes and interprets his/her sensory impressions to assign meaning to one’s environment.

Consumers’ perception of advertising plays a very important role in the success of an advertising campaign. Consumer’s perception of e-advertising can be termed as a complex cognitive practise by which they organize and interpret advertising stimuli to understand and give meaning to it. Different studies have tried to understand the consumers’ perception for advertising and it has been found that consumers have both positive and negative attitudes towards it. Nair Suja R. (2011) stated that as a human being we all carry our experiences in our mind and have our own selfish interests, needs, motives and expectations in the way in which we would like “reality” to exist in the world. Schiffman and Kaunk (2005) stated that as individuals have perceptions of themselves likewise they also have perceptions of brands and products. The perceived image of a product or a brand is significant to its success than are its real features. Similar is the case with advertisements, for an advertising campaign to be successful it should be perceived favorably by the consumers. For an e-advertising to work, consumers must notice it, respond to it, and read through the website related to the ad. For e-advertising to be successful companies should know their intended audience and involve it. To make it possible, companies should be customer focussed, nurture relationships with the customers and engage their audience in personalised communication (Barreto, 2013). But the consumers using internet do not form one homogeneous marketing group. They are different in terms of their demographic, psychological, psychographic, and behavioral characteristics and these characteristics are likely to affect their perception towards e-advertising.

In the purview of the present study, consumers’ perception of e-advertising can be studied on its various dimensions researched and recommended by the experts in the review of the literature. These are informational value, trustworthiness, entertainment, offensiveness, and effect on product price and economy. MacKenzie and Lutz (1989)
explored consumers’ overall perception of credibility of advertising in terms of trustworthiness, reliability, truthfulness, and authenticity. They believe that credibility of an ad is an important factor influencing the development of consumers’ attitude towards it. Schlosser, Shavitt, and Kanfer (1999) studied consumers’ perceptions of advertising in terms of its informativeness, offensiveness, trustworthiness, entertainment value, and its influence on product prices and value, and attitude towards regulatory issues. The results indicated that consumers’ attitude towards advertising is primarily depend upon their perception regarding the entertainment, informational, and behavioral utility of advertising. The results of these researches are consistent with the theories that state that for advertising effectiveness information and entertainment values of an ad are very important (Ducoffe, 1996).

1.5.1 Perceptual Determinants of E-Advertising

The advertising value can be explained as it perceived value to the consumers. Leavitt (1975) linked advertising perceptions to behaviours of interest. Many studies in the past have studied how these perceptual dimensions are related with the likeability of advertising (Aaker and Stayman, 1992). Aaker and Stayman (1990) and Ducoffe (1996) reported that the informativeness of an ad is the most significant factor in determining favorable attitude towards an ad, followed by offensiveness and entertainment value. The perceived entertainment value, informativeness, trustworthiness, offensiveness and effect on product price and economy all impact the way consumers assess them. Each of these factors is discussed below:

1.5.1.1 Information Value

The basic purpose of advertising is to deliver product information. Informativeness can be referred to as the level of effective and valuable information provided by an e-advertisement. An informative ad provides relevant and reliable facts about the product it advertise (Kottler and Keller, 2008). This information, in return permits better marketplace efficiencies in terms of more accurate matching between consumers' wants and marketers’ offerings (Pollay and Mittal, 1993). Prior studies have also reported the constructive effect of product information on attitude towards advertising (Eze and Lee, 2012; and Munusamy and Wong, 2007).
1.5.1.2 Trustworthiness

Though more positive thoughts may be evoked, but there is still possibility for the presence of negative attributions (Ellen et al., 2006; Rifon et al., 2004). Similar is the case with e-advertising, though e-advertising is perceived as informative and entertaining still advertisers have to struggle hard to win over the trust of the customers. Trustworthiness can be termed as the consumers’ trust in the source including honesty, objectivity and good faith (Boyd and Shank, 2004). It can also be referred to as the objective of the source to provide right information (Rhine and Severance, 1970).

1.5.1.3 Entertainment Value

Entertainment value suggests that at times e-advertising can be made entertaining. Advertisements often are presented with visual, audio, printed elements to stimulate responses. An effective advertisement is generally designed to make consumers feel and stimulate their sensory receptions in a positive manner (Speck and Elliott, 1997). Many have claimed that advertising in itself is an entertainment (Petrovici and Marinov, 2007). Ads can be designed to look beautiful, can touch consumers’ feelings, amusing in their depicted events, or enriching in their music, attitude and pace. It can bring farther desire to its spectators than mass media could (Pollay and Mittal, 1993).

1.5.1.4 Offensiveness

Offensiveness can be stated as the level to which the internet is cluttered and annoying to the consumers (Eighmey and McCord, 1998). It may result in an overall drop in the advertising effectiveness and its value seen by the audiences (Aaker and Bruzzone 1985; Luo, 2002). When advertisements annoy, offend, insult or are too manipulative, consumers are more likely to get offended (Ducoffe, 1995). Consumers generally respond negatively to such ads.

1.5.1.5 Effect on Product Price and Economy

Advertising supporters claim that it leads to quick to quick acceptance of new products. Advanced technology, encourages optimum utilisation of resources, reduces cost of the production, leads to healthy competition among marketers, for consumers' benefit, and lead to better standard of living (Pollay and Mittal, 1993). As Galbraith
(1967) studied that advertising and related practices helps to develop the person as required by industrial system. One who consistently spends his income and works consistently.

1.5.2 Consumer Demographics

Demographic factors can be described as Socioeconomic characteristics of a population expressed statistically, such as age, sex, education level, income level, marital status, occupation, religion, birth rate, death rate, average size of a family, average age at marriage (Business Dictionary, 2016). Kwon and Kwon (2007) found a significant influence of consumers’ demographic variables on their perception. Demographic factors are also found to be significant predictors for internet shopping behavior (Sin and Tse, 2002).

1.5.3 Consumer Psychographics

Demographics variables describe "who" consumers are, while Psychographics penetrate deep inside the psychology of consumers and explain "why" they buy and help marketers to design their strategies to attain consumers’ attention and influence them to buy. In social science and market research, psychographic variables are also referred to as attitude, interest, and opinion variables. Psychographics as bases for segmentation gained popularity among marketers in the late 1960s and by the mid-1970s, it became indispensable in marketing. Psychographics were never intended to replace demographics rather these are used as a supplementary to demographics as it helps in better understanding of consumer behavior. It gives key insights of consumer’s lifestyle for effective communication. It is useful for the marketers as they can customize their strategies as per customers’ psychographics. The psychographic segmentation lowers the cost of advertisings and upturns the profits from adapting strategies on consumers’ requirements and desires (Sarli & Tat, 2011).

1.5.4 Consumer Psychology

Marketers need to understand their consumers well in order to develop products and marketing campaigns that appeal to their target audience, consumer psychology helps them in learning more about what makes shoppers tick. Thus consumer psychology can be explained as the study of why people buy things. It helps marketers to find the
underlying cognitive processes that describe consumers' choices and how they react to the influences of marketing, as well as the external stimuli that encourage people to buy certain items. McGuire (1976) studied the consumer psychology from three different viewpoints: the internal directive factors, internal dynamic factors and external factors influencing consumer choice. The first perspective of consumer psychology i.e. the external factors affecting consumer behavior is behaviorism. It argues that people's actions are driven by external stimuli i.e. consumers’ thoughts, actions, and feelings are behavior, and these are caused by external stimuli. The second perspective is internal directive factors. The internal directive factors are personal structural characteristics that control the way information is processed and eventually lead to purchase. It is a process of eight successive stages: perception, exposure, understanding, retention, agreement, decision, retrieval and action. The third perspective internal dynamic factors influence the psychological factors which deal with motivational aspects of one’s personality. These motivational aspects fall into two categories: the cognitive and the emotional. The cognitive aspects deal with an individual’s ability to adapt to his environment and give meaning to his actions. The emotional aspects lead to the experience of satisfaction and the achievement of emotional goals. Pattarin and Cosma (2012) found a positive role of attitude as a psychological factor in influencing consumer behavior. Hackley and Kitchen (1998) argued that understanding psychological concepts is necessary to understand how integrated marketing communications influence consumer perceptions and behaviour.

1.5.5 Consumer Behavioural (Media Usage) Factors

Consumers actively use internet to fulfill a variety of goals. Broadly internet motives can be categorized into researching, communicating, entertaining and shopping. Understanding how people use the internet as important as knowing why people use the internet as it may help marketers to know about the reasons that attract the audience to the internet and revisit again. Understanding what brings people to internet, will offer guidelines regarding the kind of advertisements to create. Motivation to use internet should influence memory, attention and attitude towards interactive ads encountered while fulfilling a need.
As the critical factor in web advertising success is reaching the right audience with the right message, assessing the audience’s predisposition towards web advertising.

In the late 1990s, internet penetration was less than 40 percent, and average profile of internet users, constituted male, upscale and young users. With the current penetration rate of 64 percent, the profile of internet users progressively resembles that of the typical US population. The gender gap has disappeared, socio economic gap has reduced and age gap has also become less significant.

Key issues for media planners is to determine what share of their advertising budgets they should spend on e-advertising and whether e-advertising can build brands as effectively as traditional advertising. In the past decade advertising expenditures have moved from traditional media to the Internet. E-advertising is set to emerge as a strong challenger within the fast changing media landscape in India.

**1.6 IDENTIFICATION OF THE RESEARCH GAP**

Majority of the previous research focused on determining the influence of advertising in relation to its information value, entertainment value, trustworthiness, offensiveness and effect on product price and economy (Calfee and Ringold, 1988; MacKenzie and Lutz, 1989; Pollay and Mittal, 1993; Shavitt, Lowrey, and Haefner, 1998; Schiosser, Shavitt, and Kanfer, 1999; Wang, Zhang, Choi, and Eredita, 2002; Luo 2002; Wolin, Korgaonkar, 2003; Tsang, Ho, and Liang, 2004; Wang, Sun, Lei, and Mark, 2009; Ling, Piew, and Chai, 2010; Azeem and Ul Haq, 2012; Saadeghazaviriz, Dehdashti, Reza Kheyrkhah Askarabad, 2013; Jung, Shim, Jin & Khang, 2016; Xianjin, Jinchao, Yalan, & Jing, 2014). But only a few have addressed the effect of demographic (Dutta, Bergman, 2006; Assael, 2005; Wolin, Korgaonkar & Lund, 2002; Coursaris, Sung, & Swierenga, 2010), psychographic (Dutta, Bergman, 2006; Assael, 2005), behavioural (Muhammad Aljukhadar, Sylvain Senecal, 2011; Flanagan and Metzger, 2000) and psychological factors (James R. Bettman, 1986; Severin and Tankard, 1997; Maddox,1998; Papacharissi and Rubin, 2000 and Ko, Cho, & Roberts, 2005) on consumers’ perception of advertising.

Conventionally demographics have served as the well-established basis for market segmentation. But, with the rising footprints of consumers’ over internet and in
particular with usage and consumption data many firms find psychographic, behavioral and psychological segmentation much more efficient.

Evidently, there is a dire need for segmentation-based research far beyond demographic characteristics on different aspect of the consumers that may influence their attitudes toward advertising. With an objective to fill that void this study is an attempt to draw descriptive profiles of the consumers on the basis of their demographics, psychographics, behaviour and psychology, who hold different perceptions of e-advertising in relations to information value, entertainment value, trustworthiness, offensiveness and its effect on product price and economy.

Psychological constructs as predictors of consumer behavior have been extensively used by the marketing researchers (Endler & Rosenstein, 1997). Unfortunately, there is no theoretical and empirical research studying the effects of psychological factors on consumers’ perception of e-advertising.

Given the increasing prevalence of e-advertising, there is a sore need to analyse consumers’ perception of e-advertising from a holistic standpoint which can provide enhanced understanding of the complex and dynamic phenomena of consumer behaviour. The present study is planned to focus on this literature insufficiency by exploring the effect of consumers’ demographic, psychographic, behaviourial and psychological factors on their perception of e-advertising.

As there is a proliferation of e-advertising formats and each format possesses unique features, perceptions of e-advertising definitely differ across formats. Many studies have confirmed that the type of e-advertising format may influence consumers’ perceived advertising value. Therefore, e-advertising format, while certainly not the only consideration in the development of an e-advertising campaign, is an important factor because the perception of different formats can affect other important advertising objectives. Thus understanding consumers’ attitude of e-advertising formats is important and requires an investigation of the perception from which this attitude is developed (Burns & Lutz, 2006). Regarding perception and attitude; there exist two views, the first considers perception and attitude towards advertising as identical and swappable both operationally and conceptually (Mehta, 2000; Schlosser, Shavitt, & Kanfer, 1999), while other suggests that perception of advertising is an
antecedent of its attitude (Ducoffe, 1996). The present study is based on the second view as it seems to be gaining popularity in the recent research on the topic. The perceptual measures considered in the study are information value, entertainment value, trustworthiness, offensiveness, and effect on product price; these are adopted from the research work of Shavitt, Lowrey & Haefner, (1998). The e-advertising constructs included in the study are built on studies conducted by Cheng, Blankson, Tutaj & Reijmersdal (2012); Burns & Lutz (2006); Burns & Lutz (2008); and Kobylanski (2012).

As the advertising is marching forward and is substantially transformed, if not absolutely revolutionized by the internet, it is very apt to explore the consumers’ perception of opportunities and challenges of e-advertising. Moreover this is an unexplored area. As many studies in the past have explored opportunities and challenges of the internet in general and very few had addressed opportunities and challenges of e-advertising but from marketers’ perspective but none has emphasized on consumers’ perspective.

1.7 OUTLINE OF THE REPORT
The study is presented in five chapters. The chapterization of the thesis followed by reference and appendices is as follows:

**Chapter 1- Introduction:** This chapter provides an introduction of the topic along with related important aspects of the study.

**Chapter 2- Literature Review:** This chapter document the review of relevant literature in order to throw light on different aspects of e-advertising from existing research and to identify the empirical research methodology that exist in the area of the study.

**Chapter 3- Research Methodology:** It explains the research procedures followed to carry out the current research. It also presents development of measurement model, and presents the detail of the model framework employed in the analysis.

**Chapter 4- Data Analysis and Interpretation:** It presents the results of the study based on data analysis along with the interpretation.

**Chapter 5- Findings and Discussions, Recommendations and Conclusions:** It presents major findings of the study, acknowledges the research gap which the study aims to fulfill, offers practical implications along with suggestions, and provides conclusions and presents scope for future work.