CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

1.1. Introduction

From virtual reality to the information highway, the new technologies are radically transforming almost every aspect of how people communicate and with whom. The computer is one of the major technical foundations of this current development of the information society. The evolution of the internet has provided a new communication tool for people all over the world to access a vast amount of data and resources from any geographical location. Virtual reality can create a communication environment that transcends the limitations of all other media by bringing the immediate and sensually rich domain of the face-to-face encounter into the imaginative, artificial, and control oriented domain of the computer.¹ Considering the multimedia capacity of the World Wide Web and the advent of virtual reality technologies, numerous marketing applications are possible by using virtual humans on the web. The internet has brought people closer to a global village and has provided another conduit for advertisers and marketers to sell their products and services.

Marketing, whether to consumers or to business, has a well-defined purpose in most organizations. That purpose is to create exchanges that satisfy consumer and organizational goals.\textsuperscript{2} As marketing strategy is constructed to address a particular product or market, two tasks must be performed by elements of the marketing mix namely, the communications task and the operating task.\textsuperscript{3} The communication task can be thought of as "information" primarily conveyed through promotion, price, the product label and package. This information is used to position the product in the market and to inform present or potential customers. The marketplace is changing and it has been shifting towards online shopping, and virtual market businesses. Due to the change in trend of the environment, the online businesses have to focus more on web based advertisements. The marketers like to draw the online consumers’ attention among thousands of other products or brands. Companies are considering web advertising as a viable alternative to traditional media. The emergence and ubiquity of the internet has proven itself of having huge potential as an advertising medium. The environment of worldwide advertising is the integration of domestic, international, multinational and global or transnational business. Today the internet is at the core of communication and consumption behaviour. Internet-based commerce is growing rapidly with the

proliferation of the World Wide Web, which serves as a critical component in e-commerce and the overall marketing communication mix. With the increasing importance of the web, advertisers are eager to utilize this new channel for advertising activities that fulfill their communication purposes.

The web is a distinctive advertising medium with such characteristics as multimedia capacity, 24-hour-a-day delivery of messages, directly measurable effects, audience selectivity, direct marketing opportunities, global reach potential, ad exposure controlled by the audience, and interactivity. 4 Multimedia content on the website is delivered by interactive access to both static e.g. text, image, and graphics and dynamic e.g. audio, full-motion video, and animation content across the network with hypertext links. 5 An increasing number of advertisers use the World Wide Web as a means of communicating with consumers and allocate a significant portion of the marketing budget to this new medium. 6 This phenomenon forces the rest of the companies, that do not advertise their products and services on the web yet, to rush into the medium. 7

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number of commercial websites continues to explode, the marketing problems of attracting target consumers to a particular website, engaging them interactively within the site, and then securing repeat visits have become acute.\(^8\)

**1.2. Concept of Web Advertisement**

With the internet becoming accessible by mobile phones now, the internet is becoming all pervasive to the consuming class. Advertising on the web has been labeled "electronic advertising" and refers to advertising that is delivered to users of electronic information services. The term "web advertising" suggests too many ubiquitous banner advertisements commonly found on the web, although advertisers consider them to be just the "ad for the ad."\(^9\) Web advertising refers to placing the advertisements on the website. What appears in the print media and electronic media like television is put on the website and those who visit the website will come to know of the products. Web advertising refers to any form of commercial content e.g. video clip, print or audio available on the web that is designed by businesses to inform consumers about a product or service.\(^10\) It delivers

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ads to internet users via websites, e-mail, ad-supported software, text messaging and internet enabled cell phones also called an "ad network" or "ad serving network." The most common web advertising models are banner, pop-up and pop-under. Compared with traditional media advertising, web advertising features some innate advantages.

1.3. Importance of Web Advertising

The emergence of internet technology has created plenty of opportunities for marketers and all which are involved in vertical environment to carry on their business based on web advertisement.11 With the rapid growth of the internet and the globalization of the world, companies have adopted new information and communication technologies in performing their activities. At the moment, the most stands out opportunities are web advertisements. Most companies established their website as new channels for business transactions and advertisement, which enable customers to make online purchases through the web. A company that has a website is able to access the global market at a low operating cost. Websites provided by the companies usually offer information at depth while providing customers electronic services of superior quality by means of internet interactivity, which has served to boost up competition among

companies. Ease of developing a website, commercial organizations have eagerly established their presence in the web to provide services to customers, promote their products, conduct transactions, streamline internal processes, and create competitive advantages. In order to promote these sites, companies run advertisements in various popular portals, and consequently web pages have become infested with advertisements just like television programs.

The web and traditional media may involve unequal aspects of the advertising process. First, while information flows only in a one-way mode, from advertisers to consumers, non-traditional media, the web enables advertisers and consumers to exchange their information with each other easily and immediately. On the web, consumers are able to send advertisers their concerns and feedback, ask questions, and request more information about products, as well as merely read product information from advertisers. Second, while consumers are passive receivers of


commercial information from advertisers in the traditional media, they are, on the web, required to participate in the advertising process and to interact with advertisers actively. With the arrival of the internet, the business world has become digitalized, and people prefer to buy stuff online, which is easier and faster. Web advertising gives a new dimension and unique charm to the product, which is an added advantage. The primary benefit of web advertising is that it surpasses all geographical boundaries, which cannot be gained locally. This leads to great progress in business, which is the ultimate aim of any businessman. Web advertising offers a wide spectrum of recognition, which is incomparable to any other mode of advertising. Web advertising has no time limitation and can be viewed day and night throughout the globe. In web-based channels, the businesses can cut advertising cost by one quarter of any conventional channels, such as television, radio and magazines.

Certainly, web advertising is one step ahead of others, and helps to keep pace with the fast changing world. The internet enables extensive coverage, as it has the capacity to reach global audiences at a rapid rate. The medium of web advertising offers unparalleled multimedia tools that can make ads very powerful and effective. In addition to large marketing potential, the medium offers unlimited opportunities for creativity. The medium has the advantage of targeting precise customer groups and tracking the effectiveness of ad campaigns. Web advertising, in
combination with traditional media ads, can increase brand recall. Advance targeting capabilities enable advertisers to modulate ads' creative parts and limit their frequencies.

The biggest strength of web advertising is the direct response that it offers to both customers and advertisers. Customers have the advantage of knowing more about products and companies. With the help of impressions, clicks, and conversions, advertisers can easily judge the effectiveness of their ads. Often, advertisers are charged only when visitors click on their ads. They can check out dimensions, read up on product specifications, compare prices, and submit request for information immediately, things that they cannot do with print and broadcast advertisement. Because of the benefits of targeted marketing and effectiveness tracking, conversion rates in web advertising are cheaper than in traditional advertising. Photos of products and videos of company's services in action can be very effective. Furthermore, web advertising creates a sense of immediacy, which may lead to more sales. If a customer sees an ad while surfing the internet, he can go right to the website and make a purchase. Thus, web can serve as an "extra salesperson" for products or services.

1.4. Performance Measurement for Web Advertising

In general speaking, performance measurement is an effective means for marketing people to help them understand and analyze the effectiveness
of performance of posted advertisements. In traditional advertising, performance measurement for advertisements is costly, difficult, and inefficient. Since surveys are usually carried out in telephones, mails or e-mails, and interviews, their results are primitive and static with a very limited coverage. However, performance measurement of web advertisements can be carried out in a systematic manner due to the advantage of web advertising in global access, dynamic interaction, digital presentation, real time tracking, as well as measurable reactions and sales.\textsuperscript{16} In web advertising, performance measurement highly depends on the collected data from web advertisement tracking. The measurable performance data for web advertisements can be classified into four classes namely, visibility indicators, attraction indicators, forcing sale indicators, and impact indicators. In performance analysis, ad performance data can be analyzed between different groups of viewers based on their demographic profiles. Moreover, the ad performance can be analyzed according to its presentations, posting locations, ad spaces, and display schedules.

User reactions to web advertising in the context of information seeking activities are of great interest to both advertisers and providers of web content who use advertising as a source of revenue. When advertising

content is exposed to consumers in a specific manner, the first "communication effect" likely to result from advertising processing responses is the consumers' overall evaluation of the advertising itself, their attitude toward the ad.\textsuperscript{17} Most of the researchers investigating advertising persuasion have focused on advertising attitudes and brand attitudes.\textsuperscript{18} Consumers' attitudes toward advertising have been considered important to track because they likely influence consumers' exposure, attention, and reaction to individual ads through a variety of cognitive and affective processes. The focus of much of the interest in presence concerns a wide range of psychological effects. Though research concerning those effects has only just begun, it is expected that presence may enhance a web users' enjoyment, involvement, task performance, persuasion, and memory, depending on the media content and the users' characteristics.\textsuperscript{19} Unlike other media, the internet allows advertisers to evaluate the effectiveness of their marketing on an almost instantaneous basis thus allowing for quick


refinement of their skills and a readjustment of their target audience.\textsuperscript{20} The effectiveness of web advertising is derived mostly from its interactive nature.\textsuperscript{21} The effectiveness of web advertisements can be measured taking into account the following factors.

**Increased Traffic:** Website traffic is the number of people who visit the website. Track the effectiveness of a campaign by comparing traffic data from before, during and after the campaign. While it is unable to account for every visitor to the campaign, significant increases in daily numbers are likely to be a result of the marketing tactics the campaign employs. A good way to make sure increased traffic is a direct result of a particular ad campaign to use a unique promotional code in the ad.

**Conversions:** Conversions can include many different calls to action, such as sales, clicks and registrations. Banner ads use unique codes that track viewer interaction from the first click to the capture of registration information all the way to the completion of a sale, when possible. Using unique tracking codes to measure the number, frequency and type of conversions allows advertisers to see which ads are most effective.


Engagement: Dwell is a term used to describe the proportion of impressions that users engaged with and the duration of engagement. Mouse touch, click and interaction are all metrics measured to compute dwell. Assuming that users' eyes move in unison with the mouse, it stands to reason that the dwell pertaining to an ad offers a reasonable estimate of the duration of time users physically saw the on-screen impression of that ad. Increased dwell means increased user interaction, which means an effective web advertising campaign.

Reach: Exposure is a key measurement of effective web advertising. Measuring the number of people who see ads is critical to ensuring a successful ad campaign. Even the most engaging ad will produce minimal results if it is not seen by enough people. Cookies, which track unique page visits on users’ devices, allow ad servers to report on the number of visitors reached with a single campaign. There are even adjusted unique metrics to compensate for users who delete cookies to prevent unique page views from being largely overestimated.

Sales and Profits: One of the most important objectives of advertising is to increase sales and profits. A profitable ad is an effective one. The best way to build sales and profits is by reaching the right target audience. In other words, business owners must make sure that their advertising reaches the people who are most likely to purchase their
products. Companies often develop customer profiles from warranty cards or marketing research to gather this information.

1.5. Need for the Study

In the web medium environment, both consumers and advertisers are confronted by the challenge and potential advantages of the new media technology. Advertisers, who have recognized the value of the immediate interactivity and the closer consumer relationship available by the web medium technology, have begun employing various innovative, non-traditional advertising techniques on the web to exercise the advantages of the medium. In responding to web banner advertisements, consumers may perceive these non-traditional advertising practices as difficult or too innovative, or may prefer them, especially, if they have regarded advertising tactics on the traditional media as irritating or deceptive. In considering which strategy to employ, traditional or non-traditional, to understand consumer perception of each is very important, because the web is a consumer controlled medium.\(^{12}\) Therefore, advertisers who would like to use and benefit from non-traditional methods in advertising their products and services on the web should be, most of all, concerned with whether consumers perceive these methods to be convenient and comfortable, and whether they can use them easily and freely. For that reason, this study was developed to understand viewers’ perceptions towards advertising methods
currently used on the web. Currently, there is no known study that has empirically tested the effectiveness of the web advertisements for select services. In this context an attempt has been made to investigate the perception of the viewers towards effectiveness of the web advertising for select services in Salem disitrict. This study would help advertisers to make more effective decisions in the process of media planning and the development of advertising strategies for the web.

1.6. Statement of the Problem

The internet revolution and the consequent growth of e-commerce prompted manufacturers and marketers to quickly take advantage of this important technology. Advertising on the World Wide Web has increased at a phenomenal rate since it first began in October 1994, mainly due to an astronomical growth in web traffic. Web advertising has become a highly effective tool for businesses to promote their products and services. Yet, despite this rapid mainstreaming of web advertising, many advertisers still are not observing a range of established tactics understood to substantially improve the effectiveness of web ad campaigns. In some cases, this is because advertisers are new enough to the internet to remain behind on the learning curve. In other cases, many advertisers have viewed the internet as a source of “cheap” advertising and therefore do not invest sufficiently in experimentation and research to identify for them the tactics that work best.
However, since the web is new and innovative, distinguishing itself from established advertising media, and still being developed, advertisers are uncertain of how to take advantage of the potential advantages present in the medium. While interacting with advertisers, consumers may confront challenges and obstacles, since they perceive the advertising procedure on the web too innovative or too complicated to comprehend.22

Web advertising is still in its infancy and has a limited market. Web advertising needs support from different disciplines such as business, psychology and computer science. Although increasing number of people are becoming tech-savvy and availing the web for their benefit, the average customers are still seen to vote for the traditional forms of advertising. Now, the success rate is measured by counting the number of people who actually buy the product, which in turn is very minimal. Usually one hires a professional, be it a freelancer or some company to design his site and to strategically advertise the concerned product or service. This adds to the additional cost. Besides, the major problem with web advertising is the cluttered view of a web page. Every advertiser has a competitive edge and wants to grab the attention of every consumer, but with so much information on the platter at a time, it is impossible to digest so much and

the consumer in turn ignores most of the advertisements, resulting in low rates of return.

Web advertising is the only form of advertising that is measurable but there are a few challenges that we need to understand. The cookie window needs to be set based on each business objective. Some businesses might have a longer purchase or research cycle which would mean consumers take more time to convert after they see the ad, example laptop computers. It is not possible to have a common cookie window for all the businesses. Typically, the ad servers reporting systems attribute the conversion to the last click and miss out on the multi-touch aspect. For example if a consumer clicks on a banner and then clicks on a paid search and then converts, the paid search gets 100% credit but the display ad also has some contribution in driving the consumer to the website and increase the consumer’s interest in the product.

The complexity of the internet and the innovative web advertising models, like advertorials, add to the difficulty in measuring consumer response to web advertisements. Web advertisement viewership is also determined through ratings, i.e. the number of web users exposed to a particular advertising site or advertisement. Ratings are done by web rating companies like media metrix, net ratings, relevant knowledge and Nielsen Media Research. Lack of standard measures results in different media rating
companies producing conflicting results. Although the internet is by nature a quantifiable medium, online strategies are not yet adequately based on a suitable performance measure. Advertisers realize that measuring performance is an important issue, but for the most part they face difficulties in implementing appropriate methods and indicators. Therefore, before choosing the web advertising, the company has to understand the consumer behaviour. In this context, the present study was conducted. The aim of the study is to explore the perception of web advertising among web users who are present and potential consumers. In an effort to fulfill the research objective, the questionnaire was developed to reveal consumers' media use and habits, their attitudes towards attributes of web advertisements, their satisfaction on web advertisements, and their level of acceptance towards effectiveness of web advertisements for select services in Salem district.

1.7. Objectives of the Study

The main objective of this study is to examine the perception of the viewers towards effectiveness of web advertisements for select services. Besides, the study has the following secondary objectives:

1. To study the need and importance of web advertisements.

2. To study the level of satisfaction of the viewers towards web advertisements for select services in Salem district.
3. To examine the acceptance level of the viewers towards effectiveness of web advertisements for select services in Salem district.

4. To find out the problems in web advertisements for select services in Salem district.

5. To suggest suitable measures to improve the effectiveness of web advertisements for select services based on the findings of the study.

1.8. Testing of Hypotheses

The present study is based on the formulation of the following null hypotheses:

\( H_{01} \): There is no significant relationship among the acceptance levels of the viewers belonging to different socio-economic profiles towards various attributes of web advertisements.

\( H_{02} \): There is no significant relationship among the satisfaction levels of the viewers belonging to different demographic profiles towards web advertisements of select services.

\( H_{03} \): There is no significant relationship among the acceptance levels of the viewers belonging to different demographic profiles towards the effectiveness of the web advertisements of the select services.
1.9. Operational Definitions of Concepts

Ad

For web advertising, an ad is almost always a banner, a graphic image or set of animated images of a designated pixel size and byte size limit.

Ad Space

An ad space is a space on a web page that is reserved for ads. An ad space group is a group of spaces within a website that share the same characteristics so that an ad purchase can be made for the group of spaces.

Ad View

An ad view is a single ad that appears on a web page when the page arrives at the viewer's display.

Banner

A banner is an advertisement in the form of a graphic image that typically runs across a web page or is positioned in a margin or other space reserved for ads.

Click Through

A click through is counted by the sponsoring site as a result of an ad click. A click through, however, seems to imply that the user actually received the page.
Click Rate

The click rate is the percentage of ad views that resulted in click through.

Sponsorship

Sponsorship is an association with a website in some way that gives an advertiser some particular visibility and advantage above that of run of site advertising.

Web Advertising

It is an advertising which is done on the internet.

Advertising Effectiveness

It refers to the extent to which a specific advertisement or advertising campaign meets the objectives specified by the advertisers.

Web Advertising Effectiveness

It means the extent to which a web advertisement meets the objectives of advertising campaign. It can be measured in terms of awareness, product or service recall, attitude changes, and purchasing behaviour.
1.10. Scope of the Study

The present study attempts to examine the effectiveness of web advertisements of the select services. The study is confined only to internet users who are viewing the advertisements of services such as job sites, matrimonial sites, and banking and insurance sites in Salem district. In the present work, viewers’ perception towards message of the web ads, attributes of web advertisements, viewers’ satisfaction towards web advertisements of select services, viewers’ perception towards effectiveness of web ads and problems in the web advertisements are only studied.

1.11. Sampling Design

The area of the study is Salem district of Tamil Nadu. In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted. At the first stage 5 blocks out of the 20 blocks were selected in Salem district. In the second stage, 20 browsing centres were selected from each of the 5 blocks selected on the basis of purposive sampling. At the final stage, 5 internet users who view web advertisements were selected from each of the browsing centres selected on the basis of convenience sampling. Therefore, the sample size consists of 500 viewers. Table 1.1 shows the sampling distribution of the present study.
### TABLE 1.1

**Sampling Distribution**

<table>
<thead>
<tr>
<th>Name of the Block</th>
<th>No. of Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attur</td>
<td>100</td>
</tr>
<tr>
<td>Salem</td>
<td>100</td>
</tr>
<tr>
<td>Mettur</td>
<td>100</td>
</tr>
<tr>
<td>Sankari</td>
<td>100</td>
</tr>
<tr>
<td>Omalur</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
</table>

#### 1.12. Tools for Data Collection

This study is empirical in nature based on survey method. The study is mainly based on primary data. As an essential part of the study, the primary data were collected from 500 viewers of web advertisements with the help of questionnaire. Taking into consideration the objectives of the study, a questionnaire was prepared after a perusal of available literature. The questionnaire was constructed based on Likert scaling technique. Pre-testing of questionnaire was done during March 2012, involving 25 respondents to know the relevance of the questions. In the light of pre-testing, necessary changes were incorporated in the questions and their sequences. The secondary data were collected mainly from journals, magazines, books and unpublished dissertations. The more relevant secondary sources of information were collected from the Indian Institute of Management, Bangalore; School of Economics, Delhi University, New
Delhi; and Karnataka University, Dharwad. The data so collected have been entered into a master table and tabulated to arrive at useful conclusions.

1.13. Period of Study

As an essential part of the study, the primary data were collected for a period of 6 months from July 2012 to December 2012.

1.14. Framework of Analysis

In order to study the perception of the viewers, analysis of variance, student t test, analysis of co-efficient of variation, multiple regression analysis, multiple discriminant function analysis and percentage analysis were employed. Student t test and analysis of variance were used to study the relationship among the acceptance levels of viewers belonging to different socio-economic profiles towards attributes of web advertisements and effectiveness of web advertisements for select services. Student t test and analysis of variance were also used to study the relationship among the satisfaction levels of viewers belonging to different socio-economic profiles towards web advertisements. Co-efficient of variation was used to study consistency in the acceptance level of the viewers towards attributes of web advertisements and effectiveness of web advertisements for select services. Co-efficient of variation was also used to study consistency in the satisfaction level of the viewers towards web advertisements. Multiple regression analysis is used to measure the effect of personal variables on the
acceptance level of the viewers towards attributes of web advertisements and effectiveness of web advertisements. Multiple regression analysis is also used to measure the effect of personal variables on the satisfaction level of the viewers towards web advertisements. Multiple discriminant function analysis was used to find whether any significant difference exists among the three groups of viewers namely job site viewers, matrimonial site viewers and banking and insurance site viewers. To arrive at possible solutions, percentage analysis was also employed in this study.

1.15. Limitations of the Study

The present study is concerned with viewers’ perception towards effectiveness of web advertisements, rather than how it is reported by the advertisers. Besides, the study has the following limitations:

1. In any study having a bearing on attitude, incomplete and non-responses to some questions could not be avoided. However, considerable care was exercised in making the study as objective and systematic as possible.

2. The study has the limitation of time and resources, usually faced by the researchers. Only 500 viewers from 5 blocks of Salem district and web advertisements for 3 services have been selected and studied. Hence, the results from the survey are hard to generalize to the national population, due to some deficiencies in selecting the sample.
1.16. Scheme of the Report

The thesis is presented in five chapters.

The first chapter “Introduction and Design of the Study” presents the introduction, concept of web advertisement, importance of web advertising, performance measurement for web advertising, need for the study, statement of the problem, objectives of the study, testing of hypotheses, operational definitions of concepts, scope of the study, sampling design, tools for data collection, period of study, framework of analysis, limitations of the study and scheme of the report.

The second chapter “Review of Literature” presents the previous studies related to the objectives of the present study.

The third chapter “Web Advertisements: An Overview” deals with the theoretical framework of web advertisements.

The fourth chapter “Viewers’ Perception towards Web Advertisements” analyses the respondents’ perception towards web advertisements for the select services.

The final chapter “Summary of Findings, Suggestions and Conclusion” presents the summary of the findings of the present study and offers suitable suggestions to improve effectiveness of web advertisements.