

Dissertation Report

On

Consumer Behavior towards Online Advertisement

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Declaration

I Prashant Pardhe, 2K11/MBA/34, student of Delhi School of Management hereby declare that I have pursued a research study on the topic “Consumer Behavior towards Online Advertisement” under the guidance of Dr. Richa Mishra, Associate Professor, Delhi School of Management. I also declare that this work has not been submitted in part or full to this or any other organization/ institute as part of any project work by me.

Acknowledgement

It is indeed a matter of great pleasure to present this project report on the topic “**Consumer Behavior towards Online Advertisement**” to The Head, Delhi School of Management. I gratefully acknowledge my profound indebtedness towards my esteemed guide **Dr. Richa Mishra, Associate Professor, Delhi School of Management** for her invaluable guidance, excellent supervision and constant encouragement during the entire the project work. I also take the opportunity to thank **Prof. P. K. Suri, Head, Delhi School of Management** for being a constant support in deciding the framework of the research study.

Last but not the least; I would like to express my heartfelt gratitude towards my parents for their constant encouragement & support.

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Abstract

The growing use of Internet in India provides a developing prospect for E-marketers. If E-marketers know the factors affecting online buyers' behavior, and the relationships between these factors and the type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones, while retaining existent online customers.

This research is part of larger study, and focuses on factors which online buyers keep in mind while shopping online. It also investigates how different types of online buyers perceive websites differently. This research found that website design, website reliability/fulfillment, website customer service and website security/privacy are the four dominant factors which influence consumer perceptions of online purchasing. The four types of online buyers; i.e., trial, occasional, frequent and regular online buyers; perceived the four website factors differently. These buyers have different evaluations of website design and website reliability/fulfillment but similar evaluations of website security/privacy issues, which implies that security/privacy issues are important to most online buyers. The significant discrepancy in how online purchasers perceived website design and website reliability accounts for the difference in online purchase frequencies.

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CHAPTER – 1

(Introduction)

INTRODUCTION

What is online advertisement?

Online advertisement is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers.

Competitive advantage over traditional advertising

One major benefit of online advertising is the immediate publishing of information and content that is not limited by geography or time. To that end, the emerging area of interactive advertising presents fresh challenges for advertisers who have hitherto adopted an interruptive strategy. The cost per exposure is less in the case of online advertisement.

Another benefit is the efficiency of advertiser's investment. Online advertising allows for the customization of advertisements, including content and posted websites. For example, Ad Words, Yahoo! Search Marketing and AdSense enable ads shown on relevant webpages or aside of search results of pre-chosen keywords. Another is the payment method. Whatever purchasing variation is selected, the payment is usually relative with audiences' response.

Types of advertising

E-mail advertising

Legitimate Email advertising or E-mail marketing is often known as "opt-in e-mail advertising" to distinguish it from spam.

Affiliate marketing

Affiliate marketing is a form of online advertising where advertisers place campaigns with a potentially large number of small (and large) publishers, whom are only paid media fees when traffic to the advertiser is garnered, and usually upon a specific measurable campaign result (a form, a sale, a sign-up, etc). Today, this is usually accomplished through contracting with an affiliate network.

Affiliate marketing was an invention by CDNow.com in 1994 and was excelled by Amazon.com when it launched its Affiliate Program, called Associate Program in 1996. The online retailer used its program to generate low cost brand exposure and provided at the same time small websites a way to earn some supplemental income

Contextual advertising

Many advertising networks display graphical or text-only ads that correspond to the keywords of an Internet search or to the content of the page on which the ad is shown. These ads are believed to have a greater chance of attracting a user, because they tend to share a similar context as the user's search query. For example, a search query for "flowers" might return an advertisement for a florist's website.

Another newer technique is embedding keyword hyperlinks in an article which are sponsored by an advertiser. When a user follows the link, they are sent to a sponsor's website.

Behavioral targeting

In addition to contextual targeting, online advertising can be targeted based on a user's past clickstream. For example, if a user is known to have recently visited a number of automotive shopping / comparison sites based on clickstream analysis enabled by cookies stored on the user's computer, that user can then be served auto-related ads when they visit other, non-automotive sites.

Semantic advertising

Semantic advertising applies semantic analysis techniques to web pages. The process is meant to accurately interpret and classify the meaning and/or main subject of the page and then populate it with targeted advertising spots. By closely linking content to advertising, it is assumed that the viewer will be more likely to show an interest (i.e., through engagement) in the advertised product or service

Ad server market structure

Given below is a list of top ad server vendors in 2012 with figures in millions of viewers published in an Attributor survey. Since 2012 Google controls estimated 74% of the online advertising market.

Vendor	Ad viewers (millions)
<u>Google</u>	1,118
<u>DoubleClick</u> (Google)	1,079
<u>Yahoo!</u>	362
<u>MSN</u> (Microsoft)	309
<u>AOL</u>	156
<u>Adbrite</u>	73
Total	3,087

Source-Wikipedia

Revenue models

The three most common ways in which online advertising is purchased are CPM, CPC, and CPA.

CPM (Cost per Mille), also called "Cost per Thousand (CPT), is where advertisers pay for exposure of their message to a specific audience. "Per mille" means per thousand impressions, or loads of an advertisement. However, some impressions may not be counted, such as a reload or internal user action. The M in the acronym is the Roman numeral for one thousand.

CPV (Cost per Visitor) is where advertisers pay for the delivery of a Targeted Visitor to the advertiser's website.

CPV (Cost per View) is when an advertiser pays for each unique user view of an advertisement or website (usually used with pop-ups, pop-under and interstitial ads).

CPC (Cost per Click) is also known as Pay per click (PPC). Advertisers pay each time a user clicks on their listing and is redirected to their website. They do not actually pay for the listing, but only when the listing is clicked on. This system allows advertising specialists to refine searches and gain information about their market. Under the Pay per click pricing system, advertisers pay for the right to be listed under a series of target rich words that direct relevant traffic to their website, and pay only when someone clicks on their listing which links directly to their website. CPC differs from CPV in that each click is paid for regardless of whether the user makes it to the target site.

CPA (Cost per Action) or (Cost per Acquisition) advertising is performance based and is common in the affiliate marketing sector of the business. In this payment scheme, the publisher takes all the risk of running the ad, and the advertiser pays only for the amount of users who complete a transaction, such as a purchase or sign-up. This is the best type of rate to pay for banner advertisements and the worst type of rate to charge.

Similarly, **CPL** (Cost per Lead) advertising is identical to **CPA** advertising and is based on the user completing a form, registering for a newsletter or some other action that the merchant feels will lead to a sale.

Also common, **CPO** (Cost per Order) advertising is based on each time an order is transacted.

CPE (Cost per Engagement) is a form of Cost Per Action pricing first introduced in March 2008. Differing from cost-per-impression or cost-per-click models, a CPE model means advertising impressions are free and advertisers pay only when a user engages with their specific ad unit. Engagement is defined as a user interacting with an ad in any number of ways.

Cost per conversion describes the cost of acquiring a customer, typically calculated by dividing the total cost of an ad campaign by the number of conversions. The definition of "Conversion" varies depending on the situation: it is sometimes considered to be a lead, a sale, or a purchase

THEORIES AND CONCEPTS (ONLINE ADVERTISING AND CONSUMER BEHAVIOR)

Traditional theories of consumer behavior identified four main theories traditionally applied to offline consumer behavior which researchers have also used to analyze consumer behaviour towards online shopping:

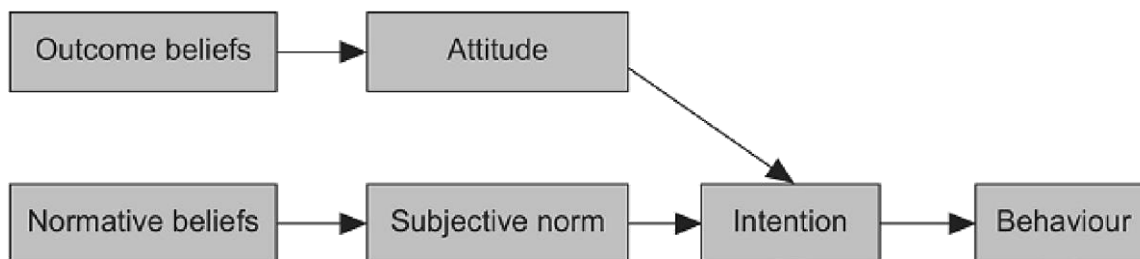
- The Theory of Reasoned Action
- The Theory of Planned Behaviour
- Stimulus Organism Response
- Decision making models of consumer behavior.

We consider each of these in turn below.

The Theory of Reasoned Action

The Theory of Reasoned Action (TRA) is a theoretical approach which has been used extensively as a tool to help explain consumer actions, in both on and offline contexts. Cheung et al. (2005), in a review of 335 different articles on internet shopping, drawn predominately from the fields of Marketing, Business and IT, found that approaches utilizing some form of TRA (including the Theory of Planned Behaviour and the Technology Acceptance Model) were the most prevalent theoretical approaches to the study of online consumer behaviour. The TRA, created by Ajzen and Fishbein (1980, see also Ajzen, 1985), is a psychological model which investigates the various factors underlying the decision of an individual to behave in a particular way. The theory holds that human action is guided by two kinds of considerations:

- beliefs about the likely outcomes of the behaviour and the evaluations of these outcomes (outcome beliefs)
- beliefs about the normative expectations of others and motivation to comply with these expectations (normative beliefs).

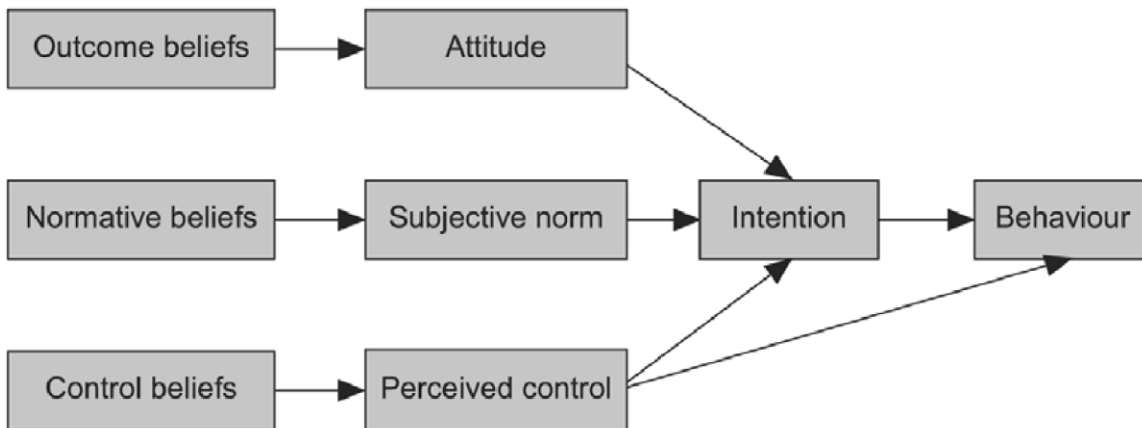


The Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB) closely resembles the TRA, however the TPB adds the important factor of perceived control.

The normative beliefs in this study were measured by asking respondents to identify three people who were important to them and whose opinion they valued, and asking them to indicate on an attitude scale how they believed these people would think about shopping online for these goods.

Perceived control refers to an individual's perception of the difficulty of performing a given action. Perceived control is described as a control belief. Control beliefs suggest that a person's motivation to perform an action is influenced by how difficult that action is perceived to be, as well as the individual's perception of how successfully s/he can, or cannot, perform the activity. Therefore, if an individual has a high degree of confidence that s/he can perform the activity, then s/he will be more likely to perform the action.



Stimulus organism response

A further approach which has been used in the study of consumer behavior, in both on and offline shopping is the Stimulus Organism Response (SOR) model, originally proposed by Mehrabian and Russell (1974). This model, which has been used to study consumption from an environmental psychology perspective, provides a framework for studying the impact which a particular environment has upon individual behavior. The SOR model has also been employed in numerous offline retailing behavior studies, albeit in modified forms (Donovan & Rossiter, 1982; Sherman & Smith, 1986). Mummalaneni (2005) proposes that SOR is applicable to the context of virtual shops

- design factor (for example, was the website colourful/drab; well organized/ badly organized; helpful signage/unhelpful signage)
- ambience (for example, was the website attractive/unattractive; boring/stimulating; dull/bright)
- pleasure (for example, did the website make the individual feel happy/unhappy; bored/relaxed; unsatisfied/satisfied; pleased/ annoyed)
- arousal (for example, did the website make the individual feel frenzied/sluggish; calm/excited; dull/jittery; unaroused /aroused)
- satisfaction (for example, 'this shopping trip was truly a joy'; 'I continued to shop, not because I had to, but because I wanted to')
- intended loyalty (for example, 'I intend to shop at this store in the future'; 'I would recommend this store to my friends'; 'I will avoid this shop in the future').

Consumer's buying process-

Problem identification, information search, selection of alternative, purchase decision and post purchase decision.

Internet specific theories of consumer behaviour

We now turn to consider the second, and smaller, family of theoretical approaches to the study of online shopping. These more recent theories work from the assumption that online shopping behaviour and experience are fundamentally different to offline behaviour and experience. Apart from a consideration of the consumer decision process, the theories covered in this section have not been applied to offline shopping.

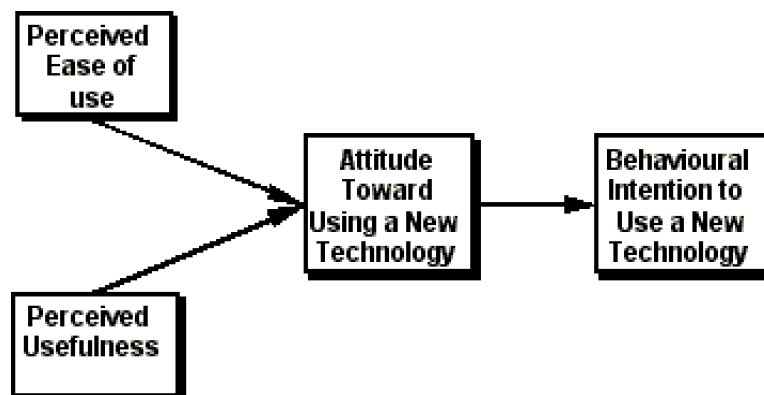
We start by considering the consumer decision making process and how certain authors believe it to be altered when applied to the experience of internet shopping. Nelmapius, Boshoff, Calitz and Klemz (2003) suggest that the nature of the internet (where an individual sits alone, in a familiar environment, before an inter-connected network) means that most of the decision making regarding online shopping is carried out in isolation with little or no interaction with others. Furthermore, they consider that the internet retail environment is relatively unfamiliar and complex and that the sense of unfamiliarity and complexity is compounded by the absence of the stimuli of touch, taste and smell, which are available in the physical environment.

When using the internet, individuals are shopping in dual dimensions, simultaneously. That is to say, they are shopping in the privacy and comfort of familiar physical surroundings (home or work) and, at the same time, in the relative unfamiliarity of the 'virtual' surroundings of websites. Because the shopping takes place in a virtual environment, the consumer is free either to complete the purchase or to discontinue it at any point, if not entirely satisfied, without any social influence from other customers or sales persons. Therefore, Nelmapius et al. (2003) suggest that Lamb's et al. model needs to be adapted to exclude a social dimension.

Technology Acceptance Model

People learn and refine their shopping skills throughout their lives. Learning to shop on the internet however, means developing a very specific set of skills and competencies, with relation to a specific set of technologies. In acknowledgement of this fact, a number of studies of online consumer behaviour have utilized theoretical models, which explore the relationship between attitudes towards technology and actual use of those technologies. The most common model used in this regard has been the Technology Acceptance Model (TAM) (Davis 1985, 1989).

The TAM is a specific application of the Theory of Reasoned Action (TRA) to the case of technology usage. The main factors of the TAM are Perceived Ease of Use (defined by Davis as 'the degree to which a person believes that using a particular system would enhance his or her job performance'), and Perceived Usefulness (defined by Davis as 'the particular degree to which a person believes that using a particular system would be free of effort'). The model states that the likelihood of technology being used is directly related to these two factors.



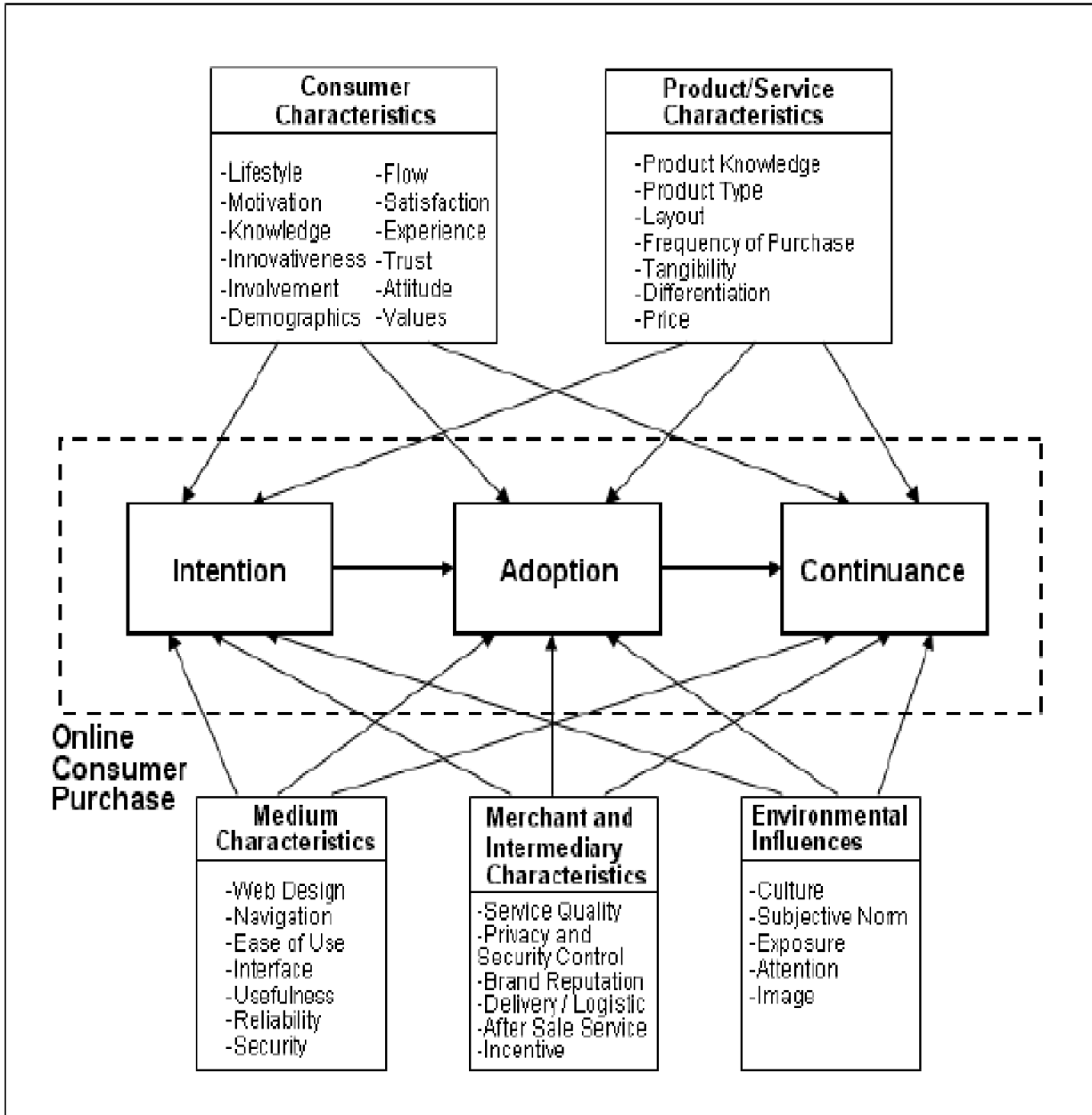
The TAM has been used both in its original form and in a form variously modified for use specifically in the study of online shopping behaviour. Dishaw and Strong (1999) combined the TAM with the Task-Technology Fit model (TTF), which states that technology will be more likely to be used, the closer it supports ('fits') the activities of the user.

FACTORS AFFECTING INTERNET PURCHASING BEHAVIOUR:

The nature of the consumer. This section is not organized according to any theoretical framework, but according to subject matter. Whilst we found no figures about awareness of the internet, or of the possibility of internet shopping, we did identify addressing a wide range of consumer dimensions:

1. demographics
2. gender
3. sexual orientation
4. children/young people
5. people with disabilities
6. career
7. older people
8. cultural difference
9. ethnic difference

ONLINE SHOPPING AND BUYING MODEL



The Changing Trends in Online Advertising

If you are a netizen, then it is assumed that Online Advertising has played a major role in all the activities that you have perform on the web. One shouldn't be a scientist or a researcher to understand that there have been changes in the form online advertising has taken place over the last couple of decades.

The 1990's saw Online Advertising primarily focused on email marketing, classifieds and banner ads. Come the new millennium, there happened a change with contextual advertising in the form of text ads taking the position.

2005 and beyond Soon after 2005, Online advertising practically exploded with displays (static, rich media and pop-ups), rich content multimedia and search engines. This latest trend has gathered the maximum revenue and has grown in leaps and bounds.

What will drive the future?

Going into the technical specifications, Online advertising is done by keeping two factors in consideration – user's demographic information and online behaviour. This is studied by understanding the user's gender, age, location, income bracket, browsing history etc. With the changing trends, the online preferences of user's go through varying degrees of change. As media buyers, the study of the following areas which are doing pretty good nowadays will help strategize for the future –

1. *Mobile Technology* – The drastic decrease in rates of 3G phones have made them affordable for the common man. With figures indicating increase in data services from mobile phones, there lies a scope of building up a partnership between media buyers and mobile content providers. The future holds good here because presently a few companies have successfully followed this in recent times with the introduction of mobile coupons, product campaigns, click to call services etc.

2. *Virtual Communities* – The plethora of social networking communities have started acting as a paradise for online advertisers because these communities bridge the distances between old friends, bring together people with same interests etc. People keep on coming back to these sites and therein the advertiser extends the scope of its services and generates revenue.

3. *Spreading the word* – This is purely intentional in nature and is deliberately done to increase the target audience. This is also termed as Viral Marketing and occurs through word of mouth

which results in a buzz being created about the ad. The first step in advertising i.e. attracting your audience takes place through this and then after the chances of a sale increase significantly.

4. *Ad Customization* – The biggies in this space will soon implement this personalization of ad concept to specific users. Extensive data analytics can reveal the details about a prospective user and thus the advertiser can customize its ad services keeping in mind the user’s needs, wants and desires.

In early 2008, Julie Ruvolo wrote, “Some of the trends in Online Advertising that people talked about were (a) Content versus community ad-targeting emerging as a major debate (b). The gap widening between the proportion of people online, and the proportion of ad dollars spent online”. These concerns are very genuine and our national advertisers should be able to address this issue beforehand so that it does not become a problem for the parties involved.

For sure, Online Advertising is here to stay and can only grow big. It is also expected to change its way to reach the masses as it has done thrice over the last two decades.

Ever wondered – Which is the biggest catalyst in Online Advertising?

It is the “money” that people have and generate from Online Advertising. The APIs will probably be the biggest drivers in the emergence of a new advertising and pricing model in the near future.

Let’s wait and watch “the change”.

CHAPTER – 2
(Literature Review)

Literature Review

Impact of online advertising

Magid Abraham (2009) studied that the internet is widely considered the most measurable of advertising media, but those easily tracked click-throughs and e-commerce sales don't tell the whole story. Far from it, internet advertising stimulates off-line sales, too - in most cases, our firm finds that online campaigns increase sales more at advertisers' retail cash registers than on their websites. Data like that should embolden executives to shift ever more dollars to online advertising.

Mike Bernstein (2010) Studied that the outreach of consumers to marketers has become dramatically more important than marketers' outreach to consumers. In today's decision journey, consumer-driven marketing is increasingly important as customers seize control of the process and actively 'pull' information helpful to them.

Martin Croft (2011) Studied that the biggest factor reducing the impact of banner advertising on the Internet is the growing power of the user. Online advertising, as with almost all forms of new media marketing, is fundamentally a "pull" medium, not a "push" one. Furthermore, consumers viewing websites increasingly dismiss old-style display ads. Advertising specialists have effectively come up with two solutions to the problem. The first is to make the display ads so compelling that they cannot be ignored. At first, this was achieved by increasing the font size, changing the colours and adding movement. The latest iteration of the attempt to make the display ad more interesting is to make them interactive - for example, to include a form which users start to fill in, in the display ad box, before they get taken to another website. There is another way to overcome the problems with banner blindness: and that is to move away from using display ads at all, in favor of sponsored pages or microsites or branded entertainment, which can take the form of a game, a free download or a piece of audio or video that can be viewed on a site.

Mohamed Khalifa (2009) and Vanessa Liu (2009) in their study, empirically demonstrate that although conceptually distinct, online shopping habit and online shopping experience have similar effects on repurchase intention. They both have positive mediated effects through satisfaction and moderate the relationship between satisfactions and online repurchase intention. The results of a survey study involving 122 online customers provide strong support for our research model. We also identify after-sale service, transaction efficiency, security, convenience, and cost savings as important online shopping usefulness drivers. Theoretical and practical implications include establishing a contingency theory to more fully explain online customer retention as well as guidelines for development of customer relationship management initiatives.

Recent trends of online advertising

Deborah Johnson (2011) studied that the Shopsy.co.uk, run by web company Edward Robertson in the town's Bondgate, works with about 4,000 major UK retailers - including Nike, Marks and Spencer, Debenhams and Tesco - all of whom offer a safe online shopping experience. Google wasn't even around then, he said. For us to now have 4,000 retailers on the site and more than 350,000 unique visitors per month is great and we know that this can continue to grow. "Shopsy.co.uk isn't just about *security*, it does much more, such as offer voucher codes and advice to both consumers and retailers and there is much more we can offer as we continue to grow."

Steve Hemsley (2010) studied that Consumer behaviour online is changing rapidly. Facebook overtook Google to become the most popular site in the US last month, according to Hitwise, demonstrating how attached consumers are to their online social lives. The increasing number of smartphones means that owners have access to the web at all times. Brands are keen to capitalize on the rise of real-time social search and Twitter search. Spending money in these areas is a must, argues Shaun Springer, vice-president of brand and digital marketing at MasterCard. The popularity of smartphones is also making marketers think more innovatively about mobile search, with Auto Trader one of the latest brands to launch a search application for the iPhone. Working with applications specialist Endeca, the car listings company has introduced a mobile app based on number plate recognition.

Perception of customers towards online advertising

As per the study by Larry Chiagouris, Ipshita Ray (2012) Consumers' previous shopping experience has been found to be an important influence on future shopping intentions. Prior internet shopping experience, however, has been largely overlooked as a moderator of attitudes and online-retail outcomes. Specifically, key influences on online retail buying behavior such as site reputation, advertising likeability, site security and hedonic and utilitarian shopping values can be expected to have differential effects on intentions to repatronize an e-commerce website based on the level of internet shopping experience by prospective buyers. This study proposes and tests an integrated model in which level of prior internet shopping experience is treated as a moderator of relationships among attitudinal variables and repatronage intentions with the variable attitude toward the site as a mediator of buying intentions. Findings are consistent with the proposed model with an interesting exception. Perceptions of site security were in the opposite direction of the model prediction. Managerial and theoretical implications are provided for consideration.

The study of Fen-Hui Lin, Yu-Fan Hung (2011) states that a sponsored link is an innovative advertisement format that simplifies the advertising message with text forms. This study seeks to investigate the perceptions and attitudes of Internet users toward the sponsored link. The research is made up of two parts. The first part empirically tests the cause-and-effect model of the advertising values and the advertising attitudes. Four advertising characteristics are used as antecedent constructs: informativeness, entertainment, irritation and credibility. The second part of the study performs a cluster analysis according to the information search degrees of Internet users toward and how those four characteristics affect their values and attitudes vice a sponsored link. Using 711 valid replies from the survey, the Partial Least Square analysis shows that the credibility plays the most important role. The cluster analysis segregates the Internet searchers into four groups: light searchers, middle searchers, heavy searchers yet using only a few websites, and heavy searchers. Entertainment is significant for two groups and informativeness shows no importance. The research results imply that Internet users concern more on credible or trustworthy of sponsored links. Irritation generated negative attitudes so that the advertisers should avoid the possible irritating effects of sponsored links such as negative or threatening words.

Online advertising effectiveness

Louise Jack (2012) Studied that advertising portals, ad networks and specialist niche sites all contribute to online campaigns at every stage of a consumer's online journey to purchase, but the key is to look at the complete picture rather than measuring each channel in isolation. He says the Atlas Institute has shown that when it comes to paid search conversions, customers exposed to display ads beforehand are 22% more likely to purchase. Other opinions are presented.

New research by Loise Jack (2012) shows the number of people overlooking ads while surfing is increasing, and they may even ignore marketing on some of the best-known websites out there. Consumer responsiveness to adverts on large websites, such as MSN, Tiscali and Yahoo!, has shown a marked reduction since early 2012. This is because brands are placing too much stock in the advertising reach of generic portal sites, according to Advantage Media's annual Online Advertising Report for 2010, which polled 2,232 British consumers with YouGov. Advantage Media managing partner Edward Tjink says he was expecting a decline in the number of people who pay attention to ads on large portals but admits he is surprised by the 40% reduction. This year's research reveals that targeted advertisements on niche websites are likely to receive a 32% better response rate than standard adverts on major portal sites such as MSN. Young professionals are the most likely to visit niche websites.

Amanda King (2010) Studied if human behavior continues down its current path, you'll spend more time interacting in digital environments than in the real world. Throughout Asia, social lives of the under-30s are run by digital and the under-20s won't make a move without consulting the tribe. As real life and digital life become one, the opportunity for greater relevance and influence grows. You just need to observe it in the right way. All companies have a behavioral opportunity to realize; they just need to recognize and act upon it. Monitoring and analysis tells you only so much, acknowledging and reacting to behavior will be the key to future success.

Suzanne Bearne (2012) studied that online display and video advertising drives users to visit a brand's website and raises the number of search queries for the brand. The researchers examined the effectiveness of online video and display ads for four undisclosed campaigns in the travel, finance, government and utilities sectors. By comparing the behaviour of internet users who were exposed to the campaigns with a control group of panelists who didn't see them, the study found video and display ads increased brand engagement for each of the advertisers. The study also found a declining number of people are clicking on online ads.

Kai Wang (2009), Eric TG Wang (2009), Cheng-Kiang Farn (2009) Studied that determining the best way to utilize on-line media for advertising purposes is a critical question. This research, based on the Elaboration Likelihood Model (ELM), incorporates consumer goal-directedness and involvement as moderators influencing when a particular advertising strategy (i. e., variation strategy vs. appeal strategy) will be appropriate for Web advertisements. The results of a laboratory experiment supported the use of ELM in the Web environment and showed how advertising strategies should be designed and implemented in accordance with consumer goal-directedness and involvement to achieve Web advertising effectiveness. The results demonstrated the uniqueness of the Web media and the importance of goal-directedness and consumer involvement in the Web advertising context.

Bobby J Calder (2009), Edward C Malthouse (2009), Ute Schaedel (2009) research that consumer engagement with a website, provides a systematic approach to examining the types of engagement produced by specific experiences, and shows that engagement with the media context increases advertising effectiveness. Based on experiments using measurement scales involving eight different online experiences, we advance two types of engagement with online media - Personal and Social-Interactive Engagement. Our results show that both types are positively associated with advertising effectiveness. Moreover, Social-Interactive Engagement, which is more uniquely characteristic of the web as a medium, is shown to affect advertising after controlling for Personal Engagement. Our results offer online companies and advertisers new metrics and advertising strategies.

Trust and Security aspect of online advertising

Mike Boyd (2012) studied about the safety aspects of cybershopping and stated that if you're one of those people who dread battling the holiday crowds at the mall, you've probably considered doing at least some of your seasonal shopping online. And while pointing and clicking your way to the bottom of your holiday list can prove faster than picking up presents the old fashioned way, there can be drawbacks and pitfalls associated with shopping cyberspace. The Web is a wonderful place, but just because you're shopping from the safety and security of your home or office doesn't mean that you're completely safe or secure. There are things you can do, however, to limit your Internet shopping liabilities. The Better Business Bureau of Southern Colorado, the National Consumers League and the National Cyber Security Alliance issued the following advice to ensure a safe online shopping experience and to protect consumers from scams: *Know who you're dealing with. This may sound like a no-brainer, but not everyone with a presence on the Internet is legitimate. You can check out unfamiliar sellers online at www.bbb.org or by calling (866) 206- 1094. The groups recommend that you never purchase items advertised in unsolicited e-mails from unknown companies because these are often fraudulent offers. *Get all the details. Again, a no-brainer. But how many of us actually take the time to check the name and physical address of an *online* seller? I'd have to plead guilty to being lackadaisical on this one. The BBB, league and alliance also recommend checking how much the product costs, what is included in the price, what the shipping charges are, the delivery rate, the seller's privacy policy and the cancellation and return policy. *Make sure the Web site is secure. I can probably stop the no-brainer thing, right?

Elizabeth Taylor Quilliam, Nora J Rifon, Robert Larose (2011) studied that The Internet offers consumers a multitude of benefits including ready access to information, instantaneous communication, and twenty-four-hour shopping. Yet the benefits of this evolving technology are mirrored by an explosive growth of new risks. The burgeoning of both threats and solutions augments the challenge to online consumers. This study is a preliminary qualitative examination of adult and teen perceptions of online privacy threats, self-protection capabilities, and behaviors, using a social-cognitive model of *i-Safety*.

This research by Michael Francis Walsh (2010) explores the concept of ad avoidance in the internet media and compares this to traditional media - integrating two separate research streams. In addition, the psychological construct, locus of control is examined as a predictor of ad avoidance. The results of a survey show ad avoidance is more prevalent in the internet medium compared to traditional media. Compared to television, radio, newspaper and magazines, the internet exhibits greater usage, greater breadth of usage, more negative attitudes towards advertising and higher communication consumption problems. Breadth of media usage, attitudes towards advertising and the search hindrance characteristics of advertising were found to be significant predictors of ad avoidance across all studied media suggesting a general model for ad avoidance. Individuals with a high internal locus of control take more active measures to avoid ads on the internet.

New research by Jo Roberts (2012) reveals that the majority of internet users see behavioural targeting akin to "Big Brother". According to the 2010 Online Advertising Report, which polled more than 2,000 consumers, more than half said they would unsubscribe from adverts based on behavioural targeting if they were given an opportunity. The online advertising industry is set to grow by more than 7% this year, according to the European Interactive Advertising Association. But behavioural targeting is not growing in relevancy, according to the study, with 53% of respondents claiming they would make behavioural targeted adverts go away if it was possible. People don't like the thought of their every move online being tracked, says Edward Tjink, managing partner at Advantage Media. Privacy concerns make consumers feel uncomfortable about online advertising practices.

Suzanne Bearne (2010) studied that the industry retail body the IMRG Retail Group, customer satisfaction levels when shopping online were high in the last quarter of 2007. The latest benchmark of eetailing, part of a joint venture with eDigital Research and Maximiles-operated ipoints.co.uk, found high levels of customer satisfaction.

CHAPTER – 3

(Research Methodology)

OBJECTIVES

- Consumer attitude & awareness towards online advertising as a promotional and online shopping tool.
- Confidence about the reliability and security of the online advertisement among customers.
- Study about the advantages and the failures of the concept of online advertising.
- Trend of online advertising in India and its impact on Indian consumers.

Research Methodology

1. Research Design

Exploratory research design- In this research design the research is done by taking each and every aspect of the problem. A detailed analysis or in depth study of the problem is done in this research design.

Descriptive research design-This research design include a brief and overall study of the problem and giving a descriptive study about that particular problem or study. It study the just problem based study and include the aspects like attitude and behavior or the preferences of the consumers.

Causal research design - This research design include study of the both problem and its causes in detail.

The most suitable research design that we used for our study is **descriptive research design** because descriptive research design provides us information about the effects on consumers, purchasing behavior and their preferences regarding the online advertising. Thus it gives us problem based solutions regarding the study.

2. Research Approaches

Qualitative research approach - This research approach enables us to study the qualitative aspects of the study. As the consumer behavior, attitude, influences, preferences regarding the online advertising. This can be recorded through coding.

Quantitative research approach - this research approach enables us to study the statistical and the quantifiable aspect of the study. In this research the data collected is analyzed to interpret the result regarding the study.

3. Research Structure

Research structure refers to the entire framework of the research study.

Experimental-includes causal study

Survey - includes the data collection through questionnaire

History - The in depth study of past and present trends to estimate the future trends.

Thus the research structure on which our research study is based in the survey method because our entire data collection and interpretation of the result regarding measuring the consumer behavior toward online advertising is based on the questionnaire and survey

4. Data sources

Primary data source - through questionnaire and survey

Secondary data source - through internet and review of literature

5. Universe of study

Sample size - 50

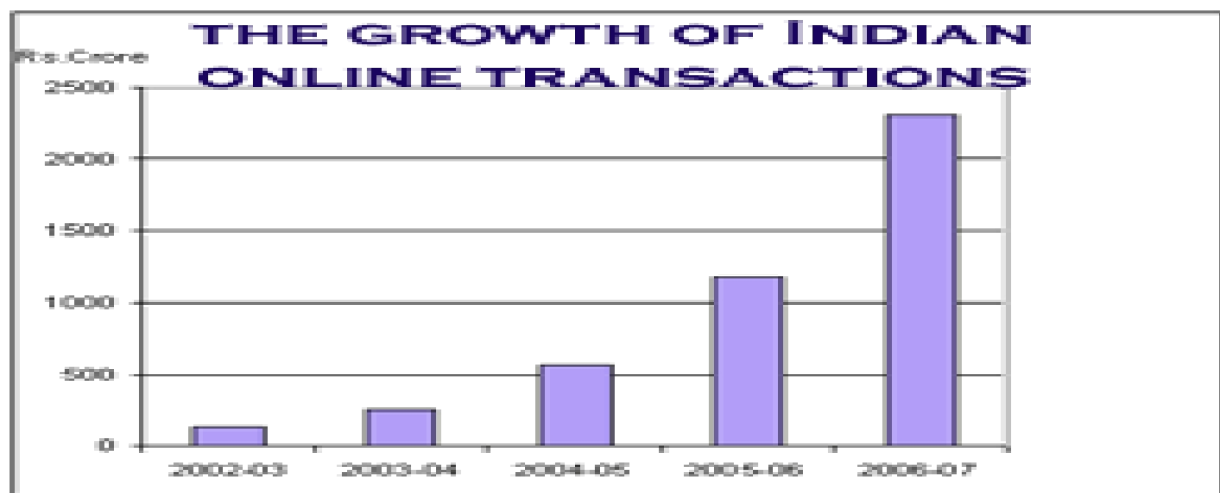
Sampling technique - non probability sampling technique (convenience sampling as per the personal convenience regarding the area)

Area – Delhi/NCR

Secondary data about the online shopping trend in India

ONLINE SHOPPING IN INDIA

It is a fact that a great online shopping revolution is expected in India in the coming years. There is a huge purchasing power of a youth population aged 18-40 in the urban area.



If we observe the growth of Indian online transactions from the above graph, it is getting doubled year by year. The usage of internet in India is only 4% of the total population. This is also getting increased day by day as the costs of computers are decreasing and net penetration is increasing. The cost of internet usage is also getting lower, with good competition among the providers. Wi-Fi & Wi-max is also getting tested in Bangalore and other cities in India. This will increase the usage as it goes more on wireless internet. Indians are proving every time that they can beat the world when it comes to figures of online shopping. More and more Indians are going to online shopping and the frequency of India's online buying is crossing the overall global averages.

Factors That Boost Online Shopping in India

Rapid growth of cybercafés across India

Access to Information

The increase in number of computer users

Reach to net services through broadband

Middle-class population with spending power is growing. There are about 200 million of middle-class population good spending powers. These people have very little time to spend for shopping. Many of them have started to depend on internet to satisfy their shopping desires.

Few Facts about Online Shopping

The figures from IAMAI show that the internet users in India will grow to 200 million by 2013. Around 25% of regular shoppers in India are in the 18-25 age groups, and 46% are in the 26-35-year range.

Indian online matrimonial sector is worth around \$230 million.

Worldwide e-commerce is only growing at the rate of 28%, since India being a younger market, the growth of e-commerce is expected at 51% in the coming years.

In line with global trends finally India has also started shopping online these days. As per the study by IAMAI online shopping in India has rose from \$11million in 1999-2000 to \$522 million in 2007 and it is expected to rise above \$700 million by end March 2014.

Indians are also Shopaholics like other Asians. There is a strong booming young adult population in India with good levels of disposable income.

INDIA - Over \$50 Billion and growing rapidly - Most popular online shopping products include:

Books (45%), electronic gadgets (42%), railway tickets (38%), accessories apparel (35%), Apparel (35%), gifts (34%), computer and peripherals (32%), airline tickets (28%), music downloads (21%), movie downloads (21%), hotel rooms (22%), magazines (18%), tools (16%), home appliances (16%), toys (16%), jewelry (17%), movie ticket (15%), beauty products (12%), health and fitness products (12%), apparel gift certificates(11%) and sporting goods (7%).

There are over 120 million people online in India and this is expected to grow to 200 Million by the end of 2013

CHANGING ATTITUDE TOWARDS ONLINE SHOPPING

Malls malls springing up everywhere and yet people are e-shopping! And not in small numbers either. E-commerce figures are going through the roof, according to Assocham (Associated Chambers of Commerce & Industry of India). Today the figures are touching Rs. 2200 crores, but are expected to increase by 150 percent by 2013 to Rs 5,500 crores! And two metros - Delhi and Mumbai are driving the growth:

It was never thought that Indians would go in for e-shopping in such a big way. Ticketing, travel bookings and even books and movies seem fine to buy online. Knowing that in India sizes vary from brand to brand and quality is inconsistent, even of some electronic items, how is it that there are people buying these items online?

Well, Assocham says that books are the hottest selling item on the internet. In fact most products bought and sold off online are: books, electronic gadgets and railway tickets. However, people are also buying clothes, gifts, computer and peripherals, and a few are buying home tools and products, home appliances, toys, jewelry, beauty products and health and fitness products. Traffic for e-commerce sites is mostly coming from the two metros of Delhi and Mumbai

Here are few reasons for this:

1. Convenience

It is the major reason. Both the cities are spread out over a large area and the best stores in both these cities are often concentrated in certain “posh” areas. In Mumbai for example there are certain items you get only in Crawford market which is at the other end of town in South Mumbai. And demographics show that the population of Mumbai is now concentrated in the suburbs. Ofcourse, huge malls have come up in the suburbs as well, and India’s biggest mall

Nirmal Lifestyle is in far-flung Mulund but often you find a better choice of sizes and styles choice in other malls, say Phoenix (central Mumbai). And though both Mumbai and Delhi have transport system, few people like to travel for two hours just to get to a shop at the other end of town. Clearly the transport systems leave much to be desired. In Delhi, safety is also an issue for women traveling alone in the evenings.

2. Literacy Rate and the Cities’ Internet Savvy Population

Most cities in India have a higher literacy rate as compared to the national average of 64.8 percent. In fact Mumbai has a highest literacy even amongst the cities (86 per cent). Delhi too has a high literate population (81.2 per cent). Oddly, although Bangalore has a higher literacy rate than Delhi, at 83 per cent, the city’s share of e-commerce is not very high. Kolkata too has a literacy rate (80.8 per cent) and so does Chennai (80.1 percent.) If one compares these rates to literacy rates of cities like Patna (62.9 percent), Jaipur (67 percent), Indore (72 percent) or Warangal (73 percent) it’s clear why it’s the metros which are going to continue to lead e-shopping.

3. Home delivery concept

In any case, home delivery is a concept that Indians are familiar with and love. The mall craze has started only now. Earlier it was a choice between sweating it out in small crowded markets, or asking a friendly neighborhood kirana (grocer) to deliver groceries home and this system is still thriving.

4. Increase in the Internet users

Increasing penetration of Internet connectivity and PCs has led to an increase in the Internet users across India. The demographic segments that have witnessed maximum growth comprise college going students and young persons. These segments are the users of advanced applications and technologies online and are most likely to be heavy E-commerce users

5. Increase in the number of buyers and sellers

The success of a marketplace depends on the presence of a large number of buyers and a large number of sellers. In addition to online buyers, many offline stores have begun to sell their products in the online marketplace. The greater the number of sellers and buyers, the faster the market grows.

PRODUCT PREFERENCES CITY WISE

- *Bangalore* loves to buy books, electronic gadgets, computer peripherals, gifts movies, bookings, actually just about everything.
- Well, *Kolkata* prefers to buy music and movies online
- *Mumbai* leads in all categories, except jewelry.
- *Delhites* seem to prefer buying jewelry online as compared to any other city

CHAPTER – 4

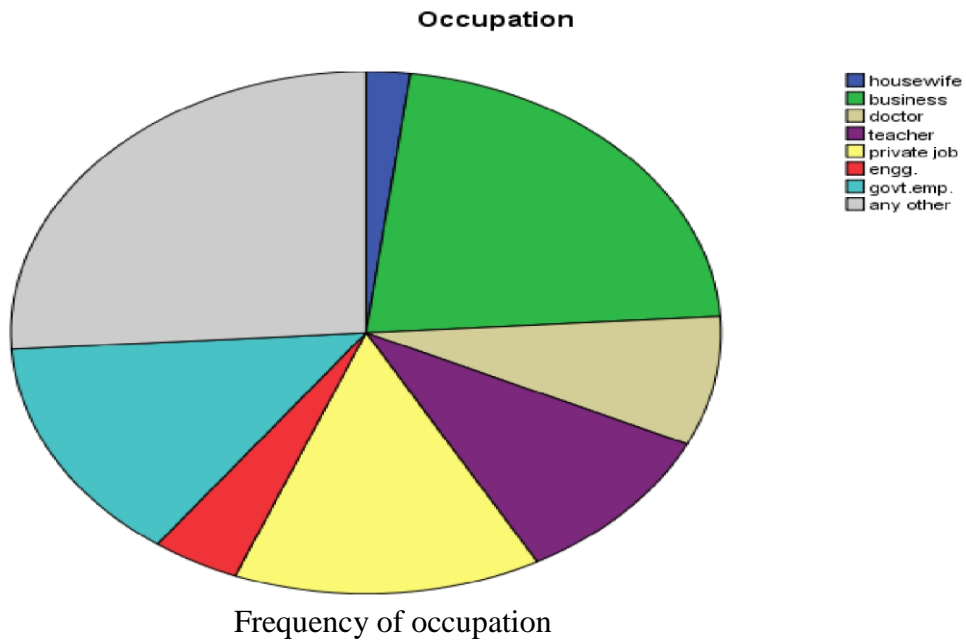
(Data Analysis)

Data Analysis and Interpretation

PROFESSION/ OCCUPATION:-

Frequency Table

	Frequency	Percent	Cumulative Percent
Housewife	1	2.0	2.0
Business	11	22.0	24.0
Doctor	4	8.0	32.0
Teacher	5	10.0	42.0
private job	7	14.0	56.0
Engg.	2	4.0	60.0
Govt. emp.	7	14.0	74.0
any other	13	26.0	100.0
Total	50	100.0	

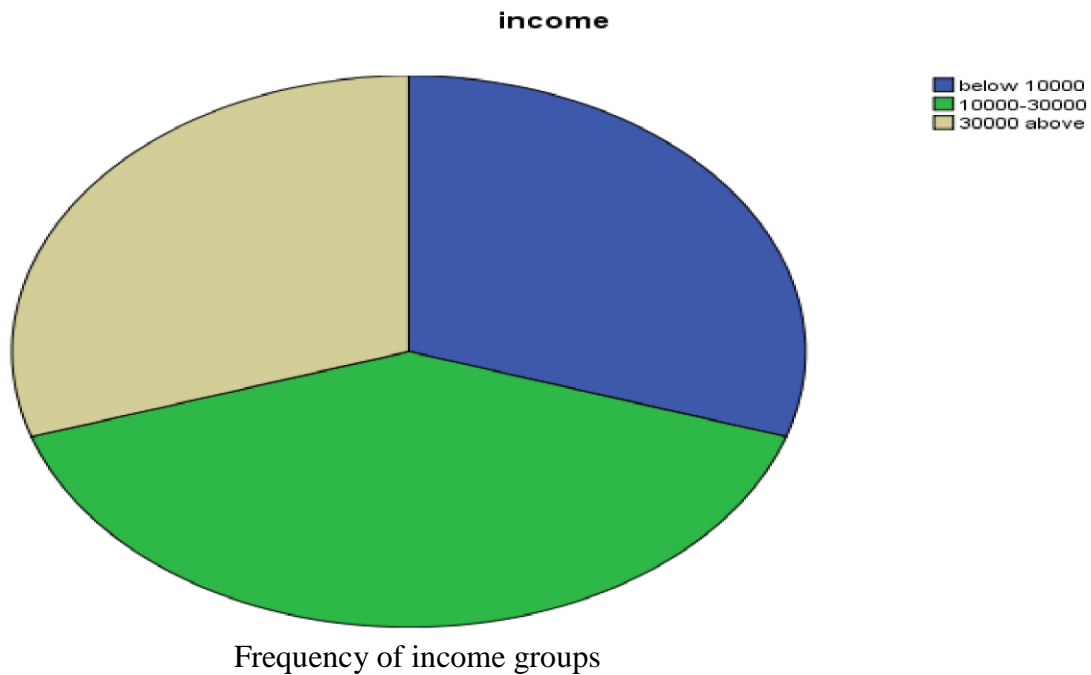


Interpretation:-

As per the survey conducted on 50 respondents we find that maximum respondents are from any other occupations that we mention. It can be students or etc. and the minimum respondents are the housewives.

MONTHLY INCOME

	Frequency	Percent	Cumulative Percent
below 10000	15	30.0	30.0
10000-30000	20	40.0	70.0
30000 above	15	30.0	100.0
Total	50	100.0	

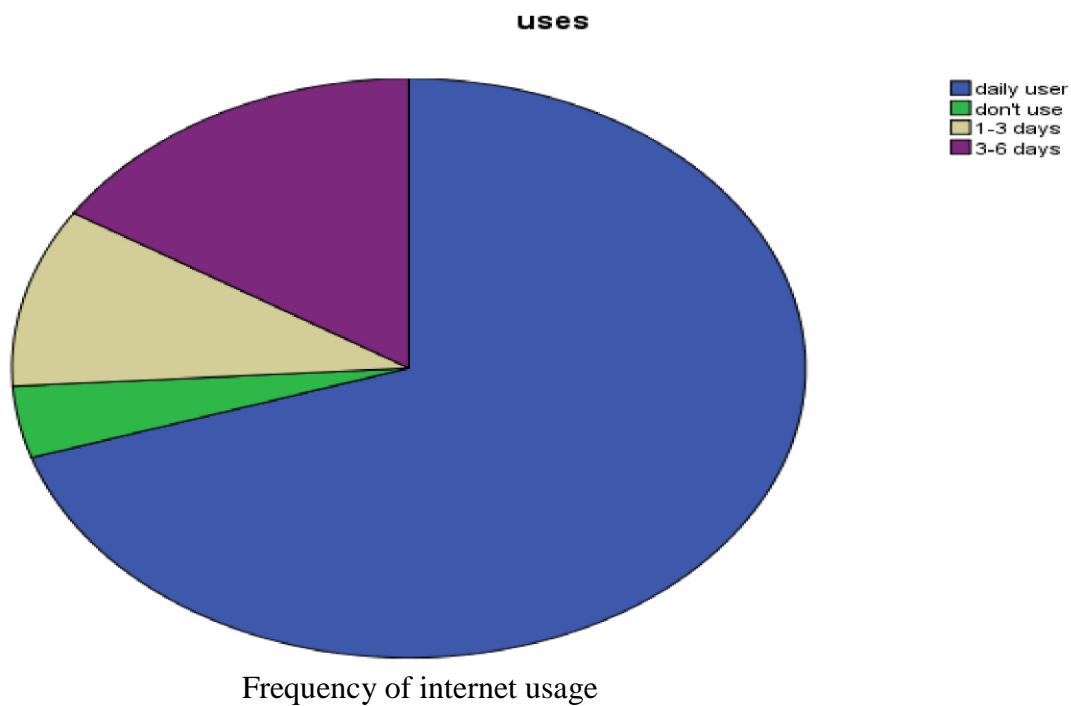


Interpretation:-

Maximum respondents are in the group of income 10000-30000 that is 40% and the respondents lies in the group of income below 10000 and above 30000 are 30% each.

Q1. How many times do you use the internet in a week?

	Frequency	Percent	Cumulative Percent
daily user	35	70.0	70.0
don't use	2	4.0	74.0
1-3 days	5	10.0	84.0
3-6 days	8	16.0	100.0
Total	50	100.0	

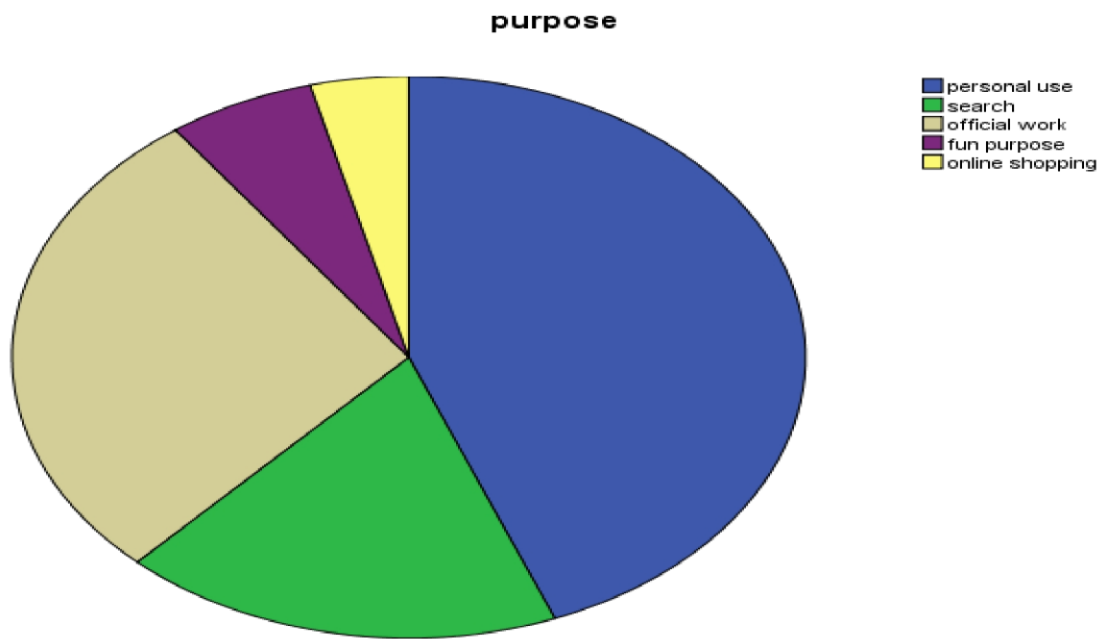


Interpretation

We found that about 70% of the respondents are daily user of internet and just 4% that don't use internet.

Q2. What is your objective behind using the internet?

	Frequency	Percent	Cumulative Percent
personal use	22	44.0	44.0
Search	9	18.0	62.0
official work	14	28.0	90.0
fun purpose	3	6.0	96.0
online shopping	2	4.0	100.0
Total	50	100.0	



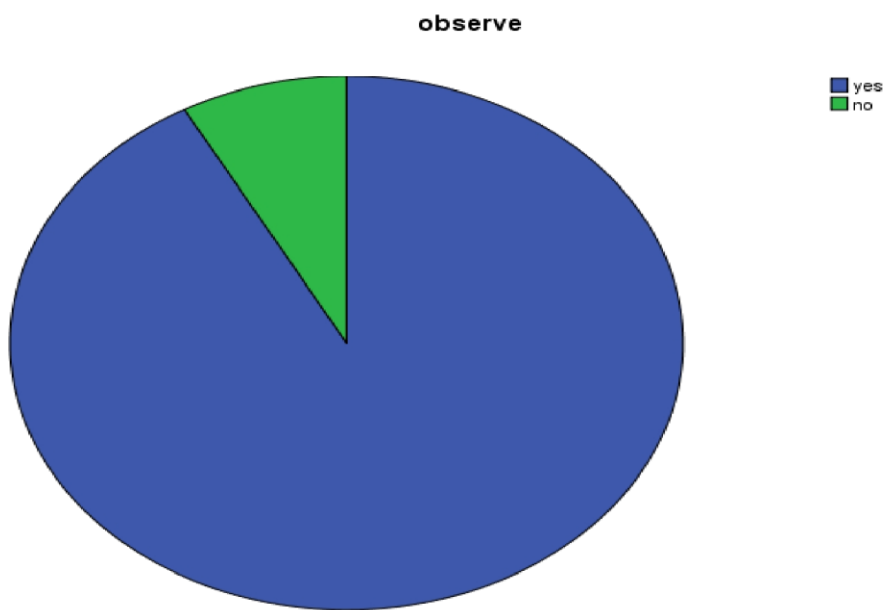
Frequency of the purposes of the usage of the internet

Interpretation

As per the result of the questionnaire conducted on 50 respondents we conclude that about 44% of respondents use internet for their personal use and 28% uses for the official purpose and minimum is for online shopping purpose.

Q3. Do you see or observe the online advertisement shown on the websites?

	Frequency	Percent	Cumulative Percent
yes	46	92.0	92.0
no	4	8.0	100.0
Total	50	100.0	



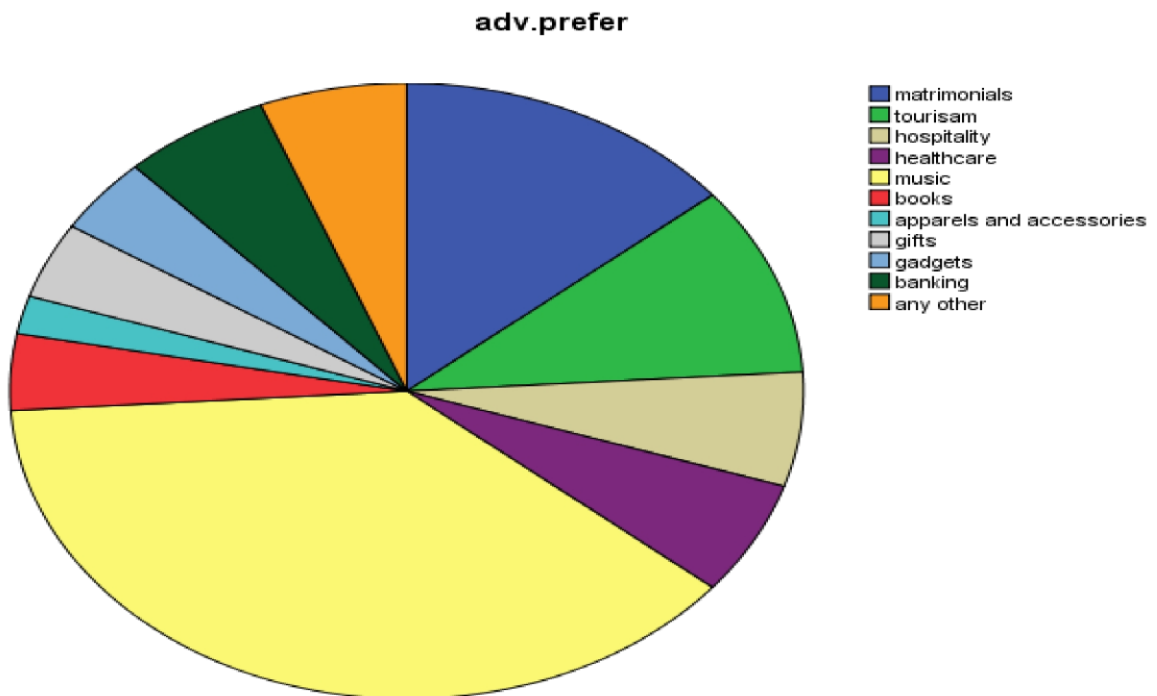
Frequency of observation of online advertisement

Interpretation

About 92% of the total respondents admit that they do observe the online advertisements whenever they use the internet.

Q4. Which online advertisement would you prefer watching the most?

	Frequency	Percent	Cumulative Percent
Matrimonial	7	14.0	14.0
Tourism	5	10.0	24.0
Hospitality	3	6.0	30.0
Healthcare	3	6.0	36.0
Music	19	38.0	74.0
Books	2	4.0	78.0
apparels and accessories	1	2.0	80.0
Gifts	2	4.0	84.0
Gadgets	2	4.0	88.0
Banking	3	6.0	94.0
any other	3	6.0	100.0
Total	50	100.0	



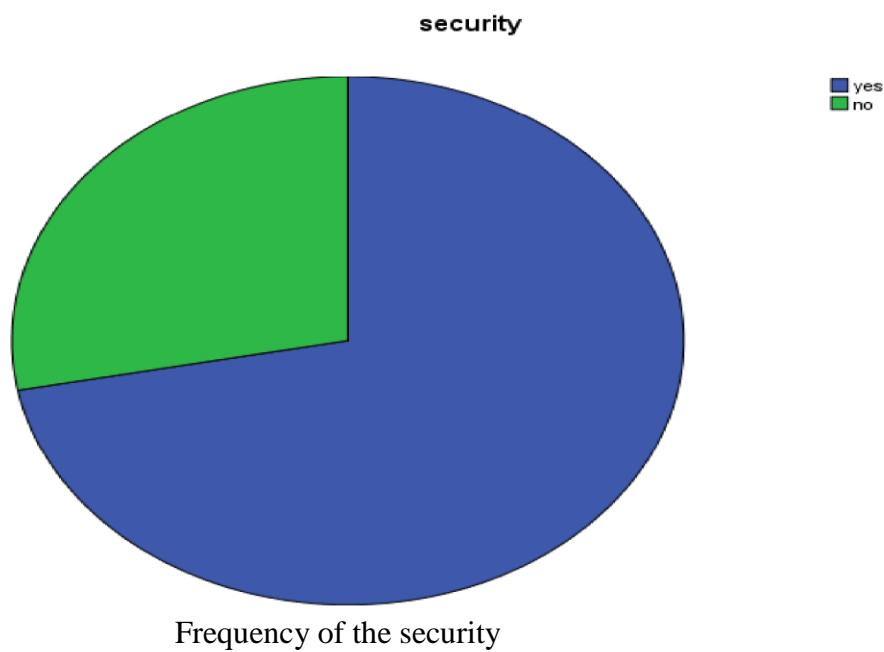
Frequency of advertisement prefer online

Interpretation

Maximum of the respondents prefer watching the music and matrimonial advertisements online and the minimum of the respondents watch the apparels and accessories advertisements online as per the result of our survey conducted in Delhi/ NCR on 50 respondents.

Q5. Do online advertising fulfill your security requirements?

	Frequency	Percent	Cumulative Percent
yes	36	72.0	72.0
no	14	28.0	100.0
Total	50	100.0	

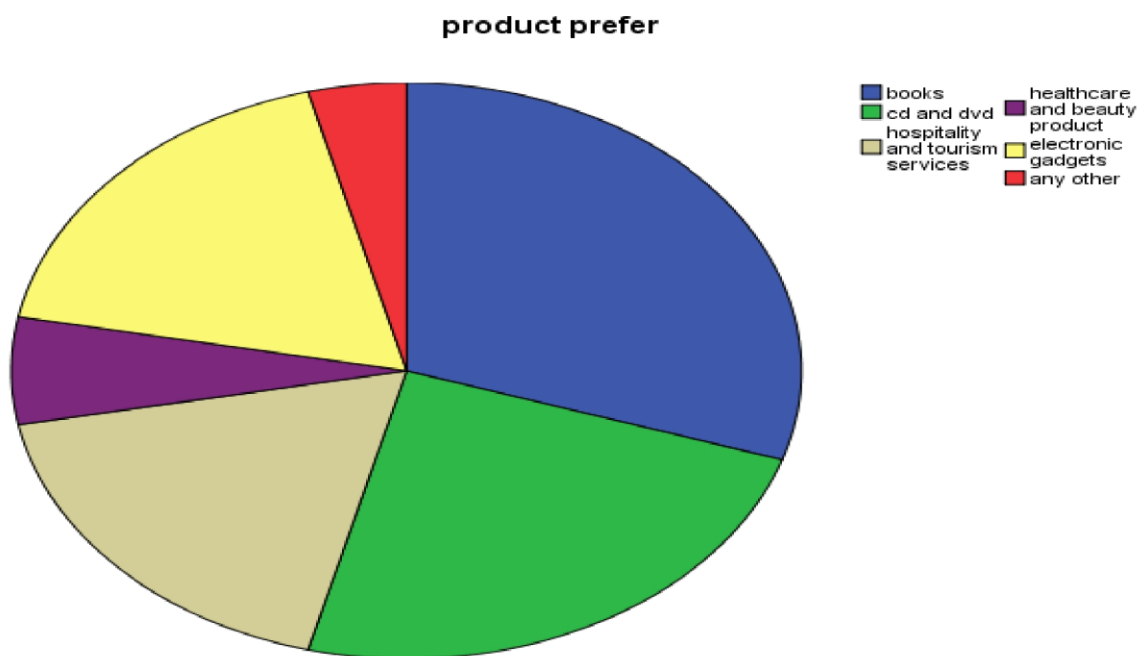


Interpretation

Maximum respondents feel that the online advertisements fulfill their security requirements.

Q6. Which products would you prefer to buy by watching online advertisement?

	Frequency	Percent	Cumulative Percent
Books	15	30.0	30.0
cd and dvd	12	24.0	54.0
hospitality and tourism services	9	18.0	72.0
healthcare and beauty product	3	6.0	78.0
electronic gadgets	9	18.0	96.0
any other	2	4.0	100.0
Total	50	100.0	



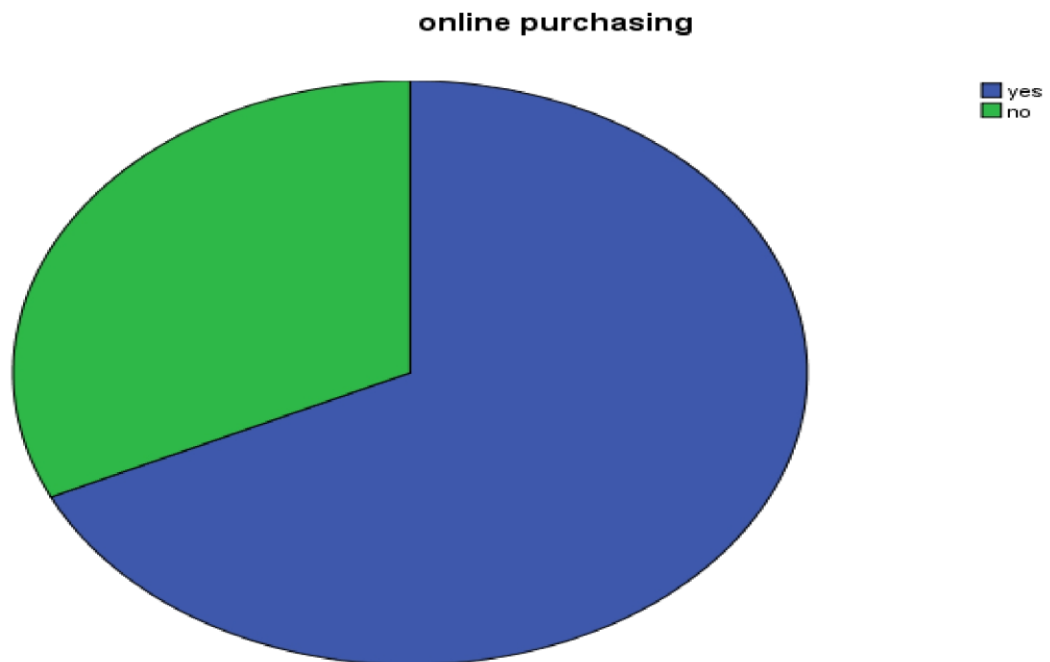
Frequency of product preferred by watching online advertisement

Interpretation

Maximum respondents prefer buying products like cd and dvd and books after watching online advertisements.

Q7. Have you purchased anything online?

	Frequency	Percent	Cumulative Percent
yes	34	68.0	68.0
no	16	32.0	100.0
Total	50	100.0	



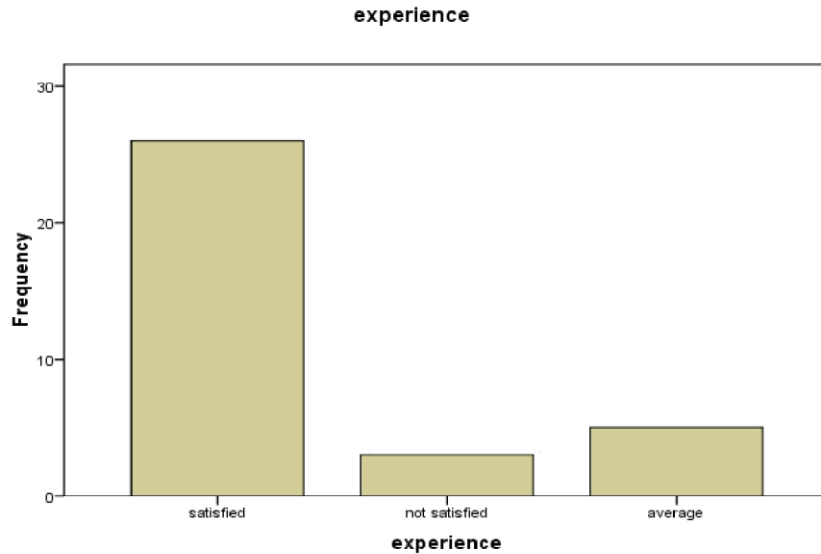
Frequency of online purchasing

Interpretation

As per the data collected we conclude that about 68% of the respondents purchased any product online and the 32% of the respondents have not purchased anything online.

Q8. How was the experience?

	Frequency	Percent	Cumulative Percent
Satisfied	26	52.0	76.5
not satisfied	3	6.0	85.3
Average	5	10.0	100.0
Total	34	68.0	
Missing System	16	32.0	
Total	50	100.0	



Frequency of experience of online purchase

Interpretation

As per the data collected about 52% respondents are satisfied from the online purchase about 32% of respondents skip this question because they have not purchased anything online.

Q9. If you are a habitual online customer then how many times would you shop online in a month?

	Frequency	Percent	Cumulative Percent
1-5	22	44.0	66.7
6-10	9	18.0	90.9
11-15	3	6.0	100.0
Total	33	66.0	
Missing System	16	32.0	
Total	50	100.0	



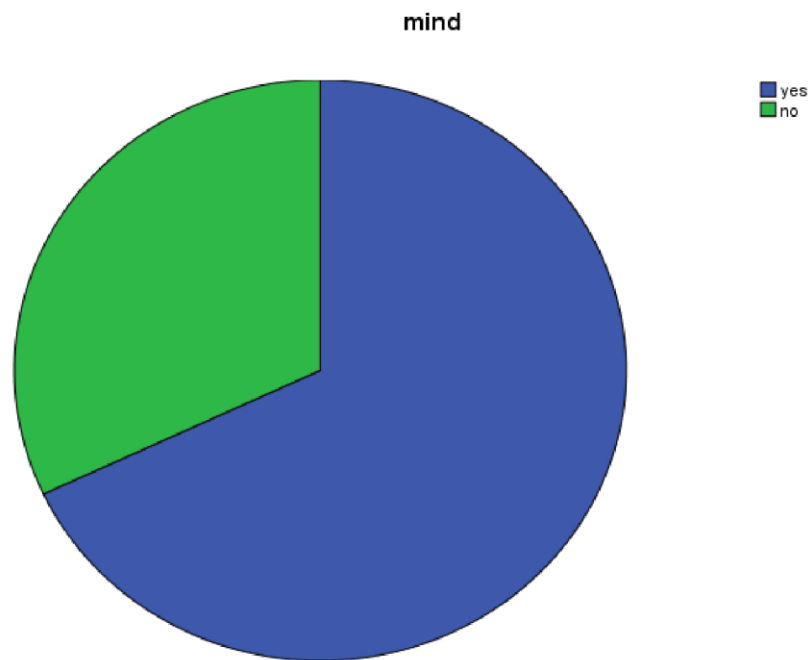
Frequency of monthly purchase

Interpretation

Among the respondents who purchase online about 44% respondents use to purchase online 1-5 times a month and about 18% use to purchase 6-10 times in a month.32% of the respondents do not purchase anything online thus skip the question.

Q10. Do these online advertisements drive your mind towards purchasing a product?

	Frequency	Percent	Cumulative Percent
yes	34	68.0	68.0
no	16	32.0	100.0
Total	50	100.0	



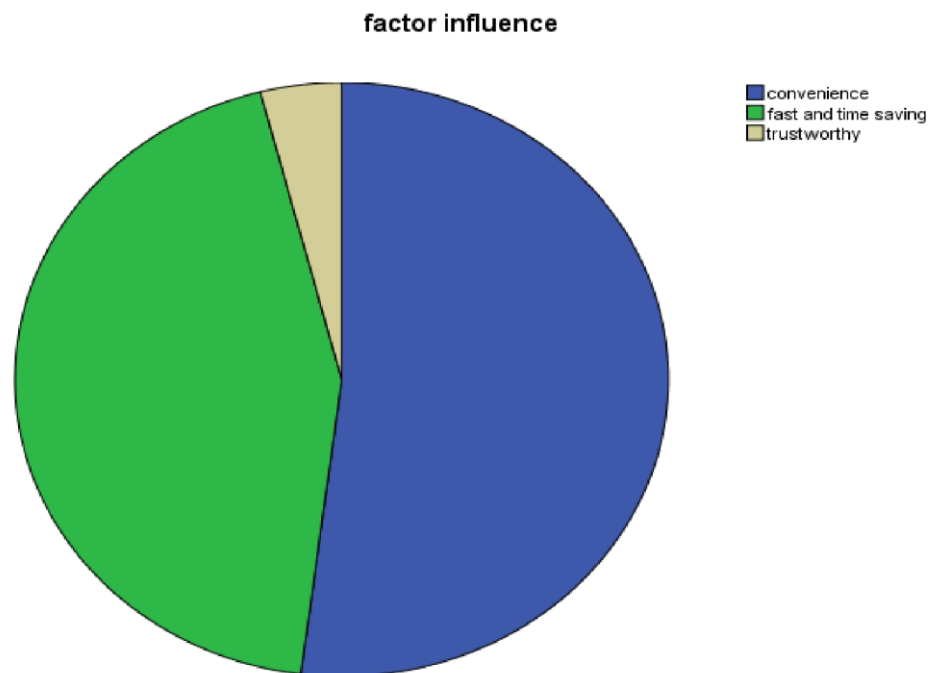
Frequency of influences towards online advertisement

Interpretation

About 68% of the respondents feel that the online advertisement influences the customers to purchase the product and about 32% don't think so.

Q11. Which factor drives you towards online advertising?

	Frequency	Percent	Cumulative Percent
Convenience	26	52.0	52.0
fast and time saving	22	44.0	96.0
Trustworthy	2	4.0	100.0
Total	50	100.0	



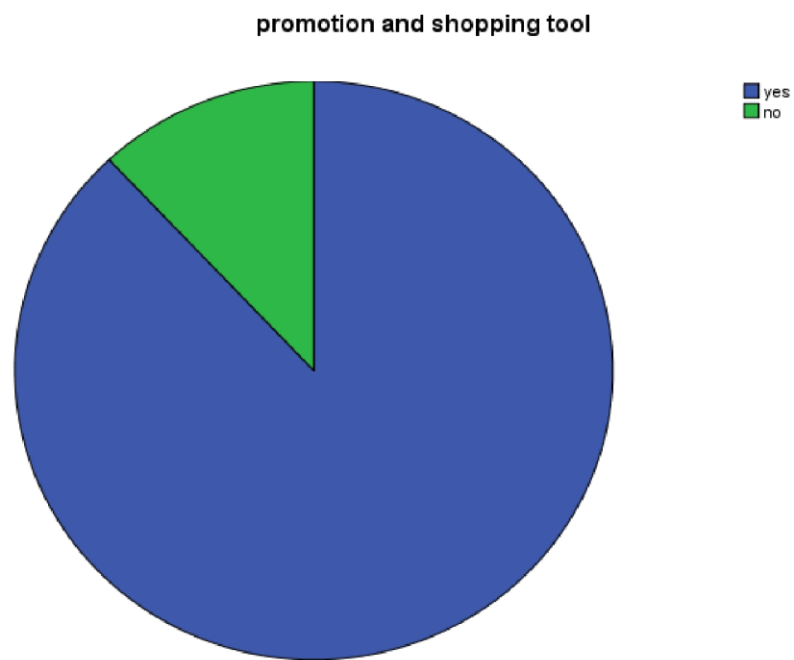
Frequency of factor drives towards online advertisement

Interpretation

Almost all the respondents feel that online advertisements are convenient and time saving mean of online shopping.

Q12. Do you personally think that online advertising is a good promotional and online shopping tool?

	Frequency	Percent	Cumulative Percent
Yes	44	88.0	88.0
No	6	12.0	100.0
Total	50	100.0	



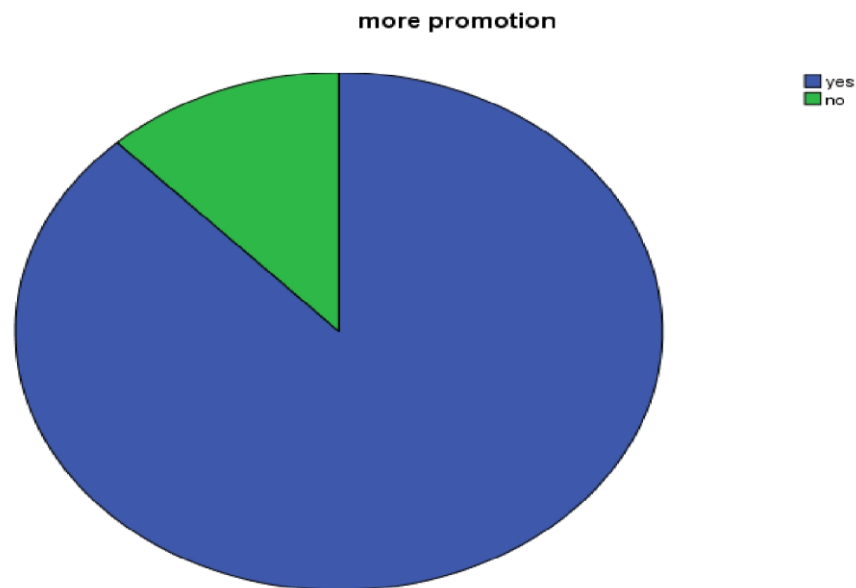
Frequency of online advertisement as a good promotion & shopping tools

Interpretation

Most of the respondents feel that online advertisement is a good promotional as well as good shopping tool.

Q13. Should Online Advertising enhanced and more promoted?

	Frequency	Percent	Cumulative Percent
yes	44	88.0	88.0
no	6	12.0	100.0
Total	50	100.0	



Frequency of promotion of online advertisement

Interpretation

Almost 88% of the respondents think that online advertisement should be promoted more as it is a good promotional tool and provide detailed information about the products online.

Conclusion/Findings

My project research is in regard to study the consumer behavior towards the online advertisement. Thus to study that I have conducted a survey with the help of questionnaire in the Delhi/NCR region on the sample of 50 respondents. After studying the response of the respondents we found that:-

- Almost all the income groups whether low or high are the daily user of the internet as nowadays internet is easily available everywhere.
- As per the data collected maximum user of internet uses it for personal or official use.
- It is concluded from our survey that almost all the users of internet observe or watch the online advertisement.
- Maximum online purchases are for the books, music, healthcare and matrimonial.
- Almost 68% people think that it is a secure source of shopping.
- Out of these we found that almost 52% are satisfied from the online advertisements and online shopping.
- Maximum people go for online shopping nowadays because they think that it is much convenient and faster way for shopping.
- A strong group that is 88% people feels that online advertisement is good promotional tool for awareness of the global brands and local brands also. Thus they think that online advertisement should be more promoted.

Thus as per our study we found that online advertisement is good and trustworthy and a convenient tool for promotion as well as shopping in this modern era. Thus companies are putting more emphasis on online shopping as the cost per exposure is much less for this advertisement. Also various tie ups with the social networking sites are enhanced as online advertisement regarded as much effective promotional tool.

Limitations of the study

Though every effort was put in to make this report authentic in every sense, yet there were few factors, which might have their influence on the final report. Hence limitations of the study are: -

- This study is conducted only in some part of Delhi due to of limited time constraints, so that results are confined to that area only.
- Data could not be collected correctly as sometimes respondents did not respond seriously to the questions and their response may not reflect the real picture.
- Major limitations number of respondent was very small which may not be true representative of population.
- Respondents, no matter, how honest they, normally do not exhibit their attribute and this kind of study retains such limitations.

CHAPTER – 5

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CHAPTER-6

(APPENDIX)

QUESTIONNAIRE

Dear Sir/Madam

I am a student of MBA 4th semester (DSM, DTU). I am doing my dissertation project: A Study on “**Consumer Behaviour towards Online Advertisement**”. Sir/Madam I need to get a questionnaire filled by you. All the data and information you provide will be kept confidential and will be used only for the academic purpose.

NAME: _____

CONTACT NO.: _____

GENDER: Male Female

AGE: _____

PROFESSION/ OCCUPATION:-

Housewife Business Doctor Teacher
Private job Engg. Govt. employee any other

MONTHLY INCOME:- Below 10000 10000-30000 30000 above

Q1. How many times do you use the internet in a week?

- A. Daily user
- B. Don't use
- C. 1-3 days
- D. 3-6 days

Q2. What is your objective behind using the internet?

- A. Personal use
- B. Search
- C. Official work
- D. Fun purpose
- E. Online shopping

Q3. Do you see or observe the online advertisement shown on the Websites?

- A. Yes
- B. No

Q4. Which online advertisement would you prefer watching the most?

- A. Matrimonial
- B. Tourism
- C. Hospitality
- D. Healthcare
- E. Music
- F. Books
- G. Apparels and accessories
- H. Gifts
- I. Gadgets
- J. Banking
- k. Any other (_____)

Q5. Do online advertising fulfill your security requirements?

- A. Yes
- B. No

Q6. Which products would you prefer to buy by watching online advertisement?

- A. Books
- B. CD'S OR DVD'S
- C. Hospitality and tourism services
- D. Healthcare and beauty products
- E. Electronic gadgets
- Any other (_____)

Q7. Have you purchased anything online?

- A. Yes
- B. No

Q8. How was the experience?

- A. Satisfied
- B. Not satisfied
- C. Average

Q9. If you are a habitual online customer then how many times would you shop online in a month? (FILL IF APPLICABLE)

- A. 1-5
- B. 6-10
- C. 11-15
- D. More than 15

Q10. Do these online advertisements drive your mind towards purchasing a product?

- A. Yes
- B. No

Q11. Which factor drives you towards online advertising?

- A. Convenience
- B. Faster and Time saving
- C. Trustworthy

Q12. Do you personally think that online advertising is a good promotional and online shopping tool?

- A. Yes
- B. No

Q13. Should Online Advertising enhanced and more promoted?

- A. Yes
- B. No

