



## A STUDY ON IMPACT OF ONLINE ADVERTISING ON CONSUMER BEHAVIOR (WITH SPECIAL REFERENCE TO E-MAILS)

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### ABSTRACT

An internet broadcast model is what many major advertisers have been waiting for. They want to make Internet advertising more like television advertising. Actually, they want to make it better than TV advertising: all visuals impact of traditional broadcast with the additional value of interactivity. The goal of advertisers is to make their ads more involving. Interactive advertising allows customers to become more involved because they initiate most of the action. Experiences during this interaction will drive brand attitudes. The important trend is that web advertising is moving away from the banner and marketers are experimenting with new forms such as games and interactive product demonstrations in such new forms as pop-up windows, daughter windows and side frames. Feedback is one the strengths of Internet sites, and an effective site captures information from visitors in a systematic way that can be used in strategic planning. It is a type of real-time research. Copy testing methods are beginning to be developed to evaluate a site's ability to motivate click-through behavior.

**KEYWORDS:** e-mail, internet-marketing, consumer behaviour

### INTRODUCTION

The internet has become an ongoing emerging source that tends to expand more and more. The growth of this particular media attracts the attention of advertisers as a more productive source to bring in consumers. A clear advantage consumers have with online advertisement is the control they have over the item, choosing whether to check it out or not.

Online advertisements may also offer various forms of animation. In its most common use, the term "online advertising" comprises all sorts of banner, e-mail, in-game, and keyword advertising, on platforms such as Facebook, Twitter, or Myspace has received increased relevance. Web-87related advertising has a variety of sites to publicize and reach a niche audience to focus its attention to a specific group.

According to the recent research on consumer behaviour on the Internet users (Cotte, Chowdhury, Ratenshwar & Ricci, 2006), there are four distinct consumer groups with different intentions and motivations:

- Exploration
- Entertainment
- Shopping
- Information

Majority of young adults interviewed for purpose of this research tend to be active information seekers. A high level of technological confidence within this group tends to be an encouraging factor when it comes to product information research online.

**Internet marketing**, also known as **web marketing**, **online marketing**, **webvertising**, or **e-marketing**, is referred to as the marketing (generally promotion) of products or services over the Internet. iMarketing is used as an abbreviated form for Internet Marketing. Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes

marketing done via e-mail and wireless media. Digital customer data and electronic customer relationship management (ECRM) systems are also often grouped together under internet marketing.

### Types of Internet marketing

Internet marketing is broadly divided in to the following types:

- **Display Advertising:** the use of web banners or banner ads placed on a third-party website to drive traffic to a company's own website and increase product awareness.
- **Search Engine Marketing (SEM):** a form of marketing that seeks to promote websites by increasing their visibility in search engine result pages (SERPs) through the use of either paid placement, contextual advertising, and paid inclusion, or through the use of free search engine optimization techniques.
- **Search Engine Optimization (SEO):** the process of improving the visibility of a website or a web page in search engines via the "natural" or un-paid ("organic" or "algorithmic") search results.
- **Social Media Marketing:** the process of gaining traffic or attention through social media sites.
- **Email Marketing:** involves directly marketing a commercial message to a group of people using electronic mail.
- **Referral Marketing:** a method of promoting products or services to new customers through referrals, usually word of mouth.
- **Affiliate Marketing:** a marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's own marketing efforts.
- **Content Marketing:** involves creating and freely sharing informative content as a means of converting

prospects into customers and customers into repeat buyers.

### **EMAIL MARKETING**

Email marketing is directly marketing a commercial message to a group of people using electronic mail email. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. It usually involves using email to send ads, request business, or solicit sales or donations, and any email communication that is meant to build loyalty, trust or brand awareness. Email marketing can be done to either cold lists or current customer database. Broadly, the term is usually used to refer to: sending email messages with the purpose of enhancing the relationship of a merchant with its current or previous customers, to encourage customer loyalty and repeat business, sending email messages with the purpose of acquiring new customers or convincing current customers to purchase something immediately, adding advertisements to email messages sent by other companies to their customers

### **TYPES OF EMAIL MARKETING**

Email marketing can be carried out through different types of emails;

#### **Email Newsletters**

Email Newsletters are direct emails sent out on a regular basis to a list of subscribers, customers. The primary purpose of an email newsletter is to build upon the relationship of the company with their customers/subscribers.

#### **Transactional Emails**

Transactional emails are usually triggered based on a customer's action with a company. Triggered transactional messages include dropped basket messages, purchase or order confirmation emails and email receipts.

The primary purpose of a transactional email is to convey information regarding the action that triggered it. But, due to its high open rates (51.3% compared to 36.6% for email newsletters), transactional emails are a golden opportunity to engage customers; to introduce or extend the email relationship with customers or subscribers, to anticipate and answer questions or to cross-sell or up-sell products or services.

Many email newsletter software vendors offer transactional email support, which gives companies the ability to include promotional messages within the body of transactional emails. There are also software vendors that offer specialized transactional email marketing services, which include providing targeted and personalized transactional email messages and running specific marketing campaigns (such as customer referral programs).

#### **Direct emails**

Direct email involves sending an email solely to communicate a promotional message (for example, an announcement of a special offer or a catalog of products). Companies usually collect a list of customer or prospect email addresses to send direct promotional messages to, or

they can also rent a list of email addresses from service companies.

### **LITERATURE REVIEW**

An estimated figure is around Rs. 100 crore worth of ads on the net. Ads on the net are still not paid to the extent of 60-70%. Even billed ads are at discounted rates. The real ad business on the net is still Rs. 25-30 crore. A lot of agencies are coming forward to do net advertising. Clients still are not comfortable with this new medium. On-line media planning is emerging as a new business. In the US, the leading firm is the Doubleclick. In India, firms are Micromedia, MediaAcope and Intercept. A net can narrowcast and target ads at a sharply defined segment. Some sites have a revenue model based on ad income. Ads on the net have to buy audience rather than space or banners. An advertiser can approach his target through a variety of sites, but with one single media buy. Advertisers can select audiences locationwise, say a BPL mobile ad in Mumbai and Bharati Telecom ad in Delhi. Ads can be targeted to editorial content of the web pages, say cosmetic ads to the health and beauty pages. Ads can be targeted in terms of time, say ads in the afternoon rather than in the morning. Research can increase the effectiveness of on-line communication. **SHH Kazmi and Satish K Batra "Advertising and Sales Promotion" p.320, edition 2. ISBN 81-7446-394-1(PB)**

It was certainly a sad day for newspapers and magazines when eMarketer released a report early in 2012 stating that this year would be the year that spending for online advertising would surpass spending for print advertising. Print publishers, of course, knew that this day was coming. After all, in 2011, online ad spending grew 23% in the United States, just passing the \$32 billion mark. In 2012, spending on online ads will grow another 23% to nearly \$40 billion. Meanwhile, the more spending for online ads grows, the more spending for print ads shrinks. Spending for magazine and newspaper ads is anticipated to fall by 6.1% this year to a scant \$36 billion. [www.onlineadvertising.com](http://www.onlineadvertising.com)

### **OBJECTIVE OF THE STUDY**

1. To analyze consumer's attitude towards Internet advertising & its effect on their purchase behavior pattern.
2. To analyze consumer's perception of online ads & the degree to which it contributes to Internet advertising.
3. To analyze consumer's response to online advertisements & their perception of companies which advertise online.

### **Sampling**

The research study has focused on urban consumers of above 18 years of age. So that they can recall the reasons, which affect their perception of Internet advertisements. This research studied the psychology behind online consumer's behavior & also their perception of Internet advertisements. It also seeks the effect of Internet ads on the attitude of online consumers.

A cluster sampling has been used. A total number of 100 respondents were surveyed. 50 respondents from Rajaji Puram, Lucknow and 50 from Alambagh, Lucknow.

**METHODOLOGY**

**Secondary Research:** I first of all surveyed the available literature related to the problem. The published data from various sources like e-Journals, Internet, Books were studied.

**Quantitative research:** After the collection of secondary data, the questionnaire was designed to collect the primary data.

It is analyzed on the basis of suitable table by using – Bar technique and percentage analysis.

Chi-Square test is applied to test the goodness of fit to verify the distribution of observed data.

Test  $(x^2) = (O-E)^2/E$

Degree of freedom =  $V=(R-1)(C-1)$

**HYPOTHESIS**

**1. Analysis of Internet user’s perception of online advertisements.**

**H<sub>0</sub>** – The six options (entertainment, informativeness, irritation, credibility, interactivity and purchase) i.e

perception behind the online advertisements is same for all people(each of these options have same influential value on the respondents).

**H<sub>1</sub>**. The six options (entertainment, informativeness, irritation, credibility, interactivity and purchase) i.e perception behind the online advertisements is different for all people(each of these options have different influential value on the respondents).

**2. Analysis of the relationship between the websites that are most searched for & Age of the respondents.**

**H<sub>0</sub>**– Age of the respondents and the websites that are most clicked at, are independent.

**H<sub>1</sub>** - Age of the respondents and the websites that are most clicked at, are dependent.

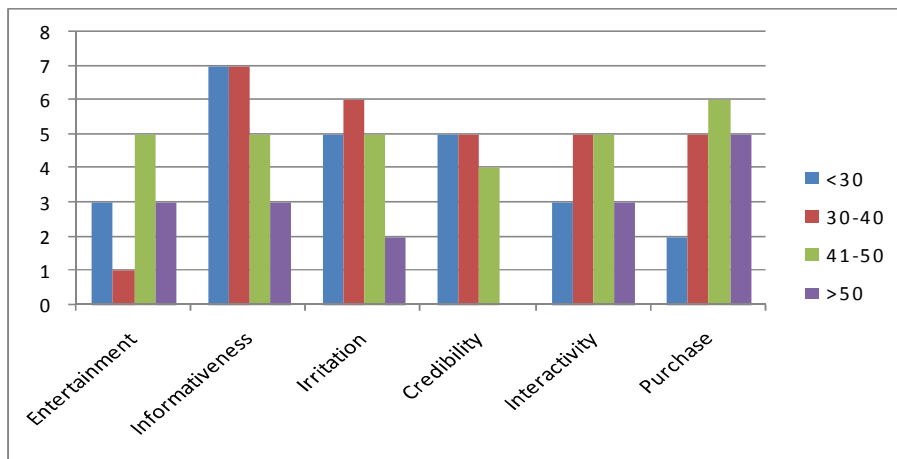
**ANALYSIS**

1. Analysis of the relationship between Internet user’s perception of Internet advertisements and Age of the respondents.

**Relationship between Internet user’s perception and Age-Observed values**

Age	Entertainment	Informativeness	Irritation	Credibility	Interactivity	Purchase	Total
<30	3	7	5	5	3	2	25
30-40	1	7	6	5	5	5	29
41-50	5	5	5	4	5	6	30
>50	3	3	2	0	3	5	16
<b>Total</b>	12	22	18	14	16	18	100

**Figure 1 - Internet user’s perception**



**Relationship between Internet user’s perception and Age- Expected values**

Age	Entertainment	Informativeness	Irritation	Credibility	Interactivity	Purchase	Total
<30	3	5.5	4.5	3.5	4	4.5	25
30-40	3.48	6.38	5.22	4.06	4.64	5.22	29
41-50	3.6	6.6	5.4	4.2	4.8	5.4	30

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>50	1.92	3.52	2.88	2.24	2.56	2.88	16
<b>Total</b>	12	22	18	14	16	18	100

$= (4-1) * (6-1) = 15$

At 95% of confidence Table value of Chi Square at n=15 is 24.996

Chi Square value observed here is 10.82125416 which is lesser than table value.

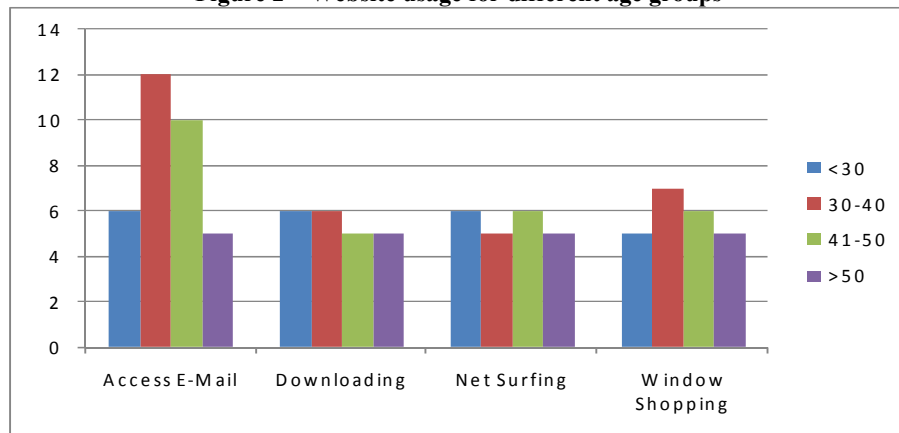
This proves the hypothesis H0 is accepted "Perception behind the online advertisements is same for all people"

### 2. Analysis of the relationship between Internet usage and the Age of the respondents.

**Relationship between age and the website usage-Observed values**

Age	Access E-Mail	Downloading	Net Surfing	Window Shopping	Total
<30	6	6	6	5	23
30-40	12	6	5	7	30
41-50	10	5	6	6	27
>50	5	5	5	5	20
<b>Total</b>	33	22	22	23	100

**Figure 2 – Website usage for different age groups**



**Relationship between age and the website usage-Expected values**

Age	Access E-Mail	Downloading	Net Surfing	Window Shopping	Total
<30	7.59	5.06	5.06	5.29	23
30-40	9.9	6.6	6.6	6.9	30
41-50	8.91	5.94	5.94	6.21	27
>50	6.6	4.4	4.4	4.6	20
<b>Total</b>	33	22	22	23	100

$= (4-1) * (4-1) = 9$

At 95% of confidence Table value of Chi Square at n=9 is 16.911.

Chi Square value observed here is 2.456560586 which is lesser than table value.

This proves the hypothesis H0 is accepted "Age of the respondents and the websites that are most clicked at, are independent".

### CONCLUSION

Overall in a study on impact of online advertising on consumer behavior, the outcomes which came from the survey which is conducted over the 100 number of people

from Lucknow (Raja ji Puram & Alambagh) city. In a research, I found that the Internet users (all age groups people) have the same perception towards the websites advertisements. But they all age group people (22 respondents) agreed that the online advertising is very informative, but at the same time these advertisements creates irritation among all age group people(18 respondents), people(18 respondents) have done purchasing through Internet i.e e-commerce. According to 16 respondents, the internet advertisements have interactivity. Credibility aspect of the online advertisements is assessed by 14 respondents. At last 12 respondents agreed that online advertisements are entertaining.

Secondly I analyze the relationship between Age of the respondents and the websites that are most clicked at, are independent. In a survey of 100 respondents, 33 people used internet for Access E-mail, 23 respondents used internet for window shopping, 22 respondents used internet for downloading, and similarly 22 respondents used net surfing.

Finally I concluded that the online advertising is informative for all age group of people and basically it is used for accessing E-mail in.

#### LIMITATION OF THE STUDY

1. The study has confined to urban areas as it assumed that the rural areas do not have Internet connection yet. Hence the entire findings are limited and refer to urban consumers only.
2. Geographical coverage, as only two areas have been taken from Lucknow, India. It is not sure whether the findings will apply to the whole country.
3. Respondents below 18 years of age were not included in the present study, as it was assumed that respondents of the age 18 years & above can answer questions relating to Internet advertising. This is a limitation as respondents below 18 years also use the Internet and if they had been included in the sample, their opinion on issues relating to Internet advertising may have given important insights.

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