

CUSTOMER'S PERCEPTIONS TOWARDS ADVERTISING IN THE ONLINE SHOPPING AND SOCIAL NETWORKING WEBSITES AMONG INTERNET USERS IN INDIA

M.Senthil
Dr. N.R.V Prabhu
S. Bhuvaneshwari

Abstract

This study explores customer's perceptions towards advertising in the online shopping and social networking Websites. The future of online shopping and social networking sites is dependent upon the continued support of advertisers for their targeted audience. This exploratory study used the research methods of focus groups and in-depth personal interviews to gain insights from the Internet users.

In recent years, the decline of the mass media and growth of Internet and fragmented audience online have forced advertisers, agencies and publishers to revise their thinking about delivering marketing message to consumers. Change in web technology and customer's behaviour has, in many cases, increased opportunities to target advertising. Yet how to make the most effective use of the web as a channel for commerce and communication has proven to be more elusive.

The main finding from this study is that customers have high levels of advertising avoidance and are skeptical towards advertising on online shopping and social networking sites. This paper investigates the implication of this shift for consumers and industry & the how, where and why of innovations in this field. Using this data, it also looks ahead to the future, and how evolving concepts of relevance and utility for consumers will shape online advertising in the year to come.

Introduction

The World Wide Web has grown so fast in the last decade and it is today an essential daily part of people. The Internet is used for many purposes by an ever growing number of users, mostly for daily activities, tasks, and services. Nowadays, Web advertising is one of the major sources of income for a large number of websites. Its main goal is to suggest products and services to the ever growing population of Internet users. Web advertising is aimed at suggesting products and services to the users. A mere ad- campaign trying to instill a brand image of a product or company cannot sustain without the almighty Web advertising consisting of textual ads, pop-ups, Short video films, the ubiquitous messages, sponsored links etc.

Advertising on the Internet started on October 27, 1994. On this date, the online version of Wired Magazine was credited with being the

first to bring advertising to the World Wide Web (WWW). Magazine executives never imagined the enormous impact that they were making when they signed up 14 advertisers for the online debut of Hotwired. They realized that slow downloads discouraged the customers from using video, audio or even large graphics, so they developed what they termed the "online ad" [1] (Kaye & Medoff, 2001).

The Indian advertising revenue market is projected to grow at 8.7 per cent in 2013 with internet leading the growth at 31.2 per cent, says Magna Global's 'Global Advertising Forecast Report December 2012' report. As per the report, Indian advertising revenue grew by 2.6 per cent to a total of Rs 334 billion in 2012. The growth was led by Internet which saw a 68.1 per cent growth and Television that saw growth of 4.53 per cent. Internet has moved up to third largest media category with 6 per cent market share after

television and newspaper. "Internet has been the clear beneficiary of decelerating Print. Growth is driven by mobile devices which have leapfrogged PC penetration. Online video is considered more and more by TV driven categories like FMCG and Automobile. Paid social and rich media formats continue to keep the display market invigorated," the report said.^[2]

Internet advertising revenues in the U.S. reached \$9.26 billion for the third quarter of 2012, making the quarter the biggest on record, according to the latest IAB Internet Advertising Revenue Report figures released today by the Interactive Advertising Bureau (IAB) and PwC US and 18 percent climb year-over-year, in comparison to Q3 2011's \$7.8 billion. In addition, they mark a 6 percent increase over the Q2 2012 figures of \$8.72 billion. ^[3] IAB Report 2012.

First-half revenues reach \$17.0 billion.

In the Figure 1 Historical Reveune Mix shows that Applying historical seasonal data, the 2012 first six months' revenues of \$17.0 billion are on an annual run-rate to make 2012 the highest annual year, exceeding the \$31.7 billion in 2011, the previous highest annual total.

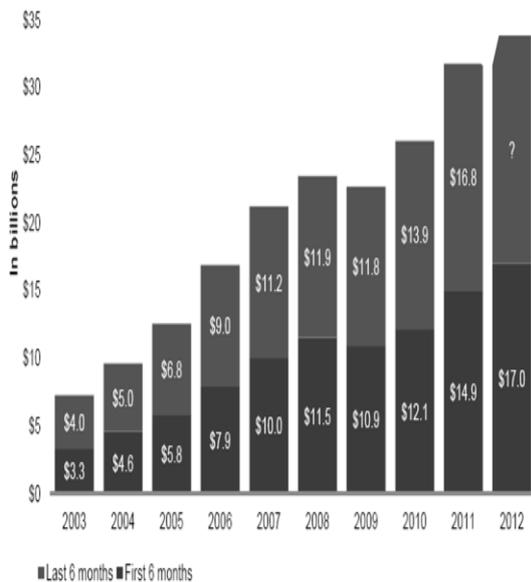


Figure 1: Historical Reveune Mix
Source: IAB Report 2012

Industry advertising year over year comparatives

Industry definitions may have changed over the time period depicted both within the survey process and as interpreted by survey respondents. Internet ad revenues by major industry category, year to date: 2011 vs. 2012 shown in figure 2

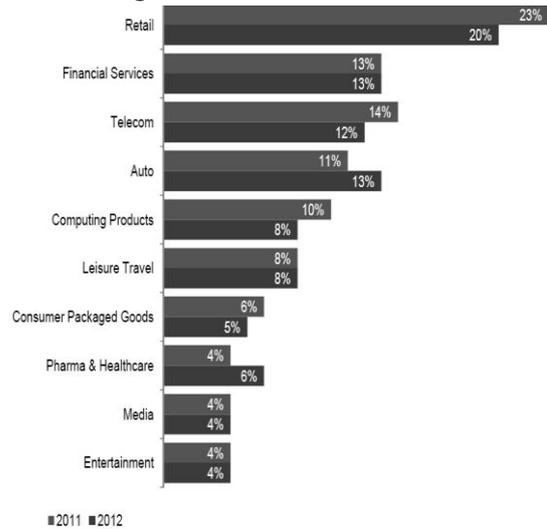


Figure 2: Industry advertising year over year comparatives
Source: IAB Report 2012

Background of Advertising in Online Shopping Sites and Social Networking Sites

The internet has become an ongoing emerging source that tends to expand more and more. The growth of this particular medium 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 product, 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 online, e-mail, in-game, and keyword advertising, including on platforms such as Face book, Twitter, and MySpace. Web-related advertising has a

variety of ways to publicize and reach a niche audience to focus its attention to a specific group.

Online shopping is yet to pick up in India where television has the most perceived advertising persuasiveness across all age groups, according to a survey. Companies in India might be rushing in to tap the e-shopping market, but a lot has to be done to encourage consumer and see more transactions, said the Deloitte's State of the Media Democracy Survey — India 2012. Purchasing products is the least online activity done by those surveyed with only 15 per cent saying they shop online, it said. A large majority of consumers, 72 per cent on an average, use search engines on a daily basis. This has been an amazing change compared with the 2009 survey where only 17 per cent used search engines. Conversations about social networking sites and websites have gained tremendously compared with 2009 survey where the range was 3-4 per cent compared with 45-47 per cent now. Interestingly, newspapers (53 per cent) are the most talked about media topic among consumers, followed by music (47 per cent) and social networking sites (47 per cent) and television shows (46 per cent).^[6] (Online shopping yet to pick up in India: Survey – The Hindu Business Line November 2012).

A social networking site is a web based service which allows people to make profiles, express or share views with other members on the same connection, and allow them to make visible their list of connection to others.^[4](Boyed & Ellison, 2007)

Social networking sites have grown rapidly in the last three or four years. Media coverage accelerated the growth of social networking sites by providing media coverage of various aspects and use of social networking sites. People use these sites as communication tools on the internet. They use them on their PCs and mobile phones. People make contact with their friends as well as others on the network

through this medium. They post comments which are visible to their friends and to everyone. Because of the wide use of social networking sites, companies also get very interested in these sites. They understand that a lot of information is available on these sites about different people and these sites can be very beneficial to attract customers for them by advertising on these sites. However not all the companies are using social networking sites for advertising as Munir Mandviwalla^[5](cited Sawyer, 2008) said "Social networking is new and relevant for business use because it can enable employees to network with each other and exchange knowledge". It is not only helpful to get in contact with employees but also helps companies to reach out to the clients and customers ^[5] (Sawyer, 2008). Therefore social networking sites can be said to be a very beneficial tool to stay in contact with customers and employees as well.

A decade ago it was not possible to chat online. Today everyone can easily login to his/her social networking site to check messages, share photos, create personal blogs and comment on other's blogs. In the late 1990's many sites had the functions of today's social networking sites. Friendster.com was the first social networking website, launched in 2002, which made a big impact on people. After that there was a wave of social networking sites. However, according to Boyed and Ellison (2007)^[4] the first social networking site was started in 1997. It was 'sixdegrees.com' which allowed its user to create profiles and list their friends. After friendster.com many sites emerged with different focus e.g. linkedin.com (2003) for business, myspace.com (2003) and facebook.com (2006) for general and everyone, bebo.com (2005) for school networks and sagazone.com (2007) for older people.

Objective

This study seeks to understand customer's perceptions towards advertising in the online

shopping and social networking Websites. It is exploratory in nature and its primary goal is to gain better understanding of an issue or situation.

Methodology

The in-depth interview is a form of qualitative research used in the study and is used to gain deeper insight into some of the issues identified in the focus groups and in-depth personal interviews [6] [7] [8] (Cooper and Schindler 2006; Hair et al. 2003; Davis 1997) to gain insights from the Internet users. This paper investigates the implication of this shifts for consumers and industry and the how, where and why of innovations in this field. Using this data, it also looks ahead to the future, and how evolving concepts of relevance and utility for consumers will shape online advertising in the year to come.

It prompted the application of a qualitative methodology. This was done by administering both physical and online questionnaires as well as conducting in-depth interviews. Those interviewed had to be Internet users in India. The interviews were transcribed in real time by the interviewer.

In order to gain valuable insight into consumers' perceptions of online advertising and its values, interviews with 86 individuals were conducted in the month of December 2012. The quantity of interviews was enough to show the existence of consistent pattern in the responses from subjects, as well as several unique phenomena, which are equally important to examine as well.^[9] (Pertti Alasuutari 1995).

Each person who was intercepted was asked to participate in the research study about online advertising in the online shopping sites and social networking sites and was informed of the time required for the interview. When respondents agreed to participate, they were asked the research question which are listed below.

1. How long they had been using the Web?
2. How they accessed it (dial-up or broadband)?
3. customer's perceptions & attitude of advertising in online shopping and social networking sites
4. Which kind of media do you consider is more believable for products to advertise with?
5. What do you think; today's traditional way of advertising and Internet advertising is..?
6. Customer accepts Text Summarization a Comparative Study and an Application.

The formal interview began with the definition of an online advertising: A online advertising is a small graphical area that may be a simple graphic, animated graphics or may contain various other multimedia elements. Typically, The Value of online advertising on the Web pixels high, and include logos or messages to persuade the viewer to either click the online advertising or remember the brand advertised in a positive way. online advertising are typically located at the top or bottom of a Web page and are usually hyperlinked to the advertiser's main page with more information^[10](Kaye & Medoff, 2001).

Respondents were shown a screen shot which illustrated exactly what a online ads looked like, and its typical location on a page. Additionally, they were shown a screen shot of a pop-up ad, and the difference between the two forms of advertising was explained. These examples helped respondents to understand what was specifically being studied, and attempted to prevent them from discussing other forms of Web advertising.

The interview subjects were first asked to give their opinions regarding advertising in general and the reasons why they felt positively or negatively about it. The interview subjects were then asked to give their opinions regarding online ads and the reasons why they felt positively or negatively about them. This provided an accurate reading regarding each person's current view of online advertising,

and in some cases, an attempt was made to determine how strongly they felt, positively or negatively toward online ads.

Based upon their response to the previous question, the subjects were asked their perceptions regarding specific negative or positive aspects of online ads and the reasons why they felt that way. This was followed up by what they perceive as the specific opposite (positive or negative) aspects of online ads and why they felt that way. These were both broad questions meant to encourage the respondent to talk about the topic in greater detail. However, efforts were sometimes required by the interviewer to keep the discussion from going off-topic, as well as follow up questions to expand upon vague statements.

The next questions examined how noticeable online ads are to the users. Subjects were asked if they noticed online advertising, if they pay attention to it, and what characteristics or content attract their attention to online ads. Interviewees provided their perceptions and opinions about how and why online ads attract their attention. During these answers the interviewer probed deeper in attempt to get participants to expand upon the reasons he or she clicks on or takes notice of a particular online ads. These follow up questions provided insights into the gratifications sought by users when noticing online ads and the ability of online ads to meet or exceed those gratifications sought. While it was important to determine if respondents' gratifications were being met, it was perhaps even more important to determine if these gratifications worked together to accomplish advertisers' end goal of a purchase. Therefore, subjects were asked whether or not they had ever purchased anything from a online ad, or anything they have seen advertised in an online ads. Follow up questions additionally helped to determine whether or not a online ad was able to encourage a purchase in any way.

Findings

83% of the sample had access to online shopping and social networking sites for one year and average age of focus group was 25 and the average time spent online each week was about 14.5 hours.

100% of respondents are using social networking sites and 65% of respondents are using online shopping sites. The majority of customers have only used online social networking sites for the past year yet it has quickly become an important part of their everyday lives. Many suggested that they spend too much time online and that they go on it to relieve boredom.

The kind of media considered most believable is represented in Figure :3

Figure 3: Most Believable Media

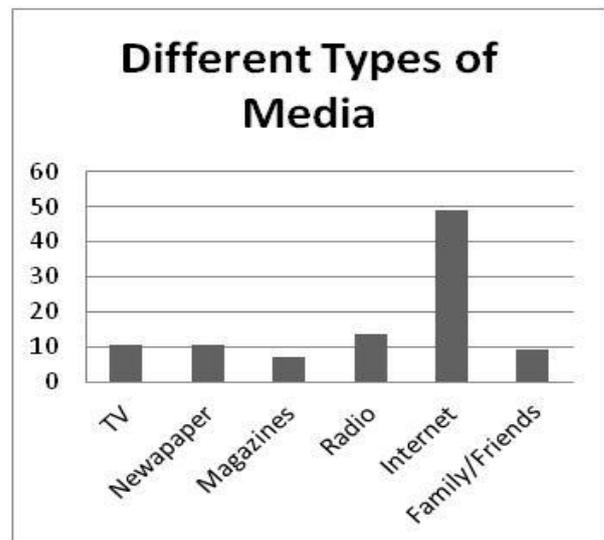


Figure 3 shows that people highly believe in the Internet. This research shows that nearly half (approximately 49%) of the people believe that advertisements on the Internet are more believable as compared to other mediums and very few people believe in magazine advertisements.

People's opinion regarding the effectiveness of traditional advertising and internet advertising

are represented in Figure 4 and Figure 5 respectively.

Figure :4 - Effectiveness of Traditional Advertising

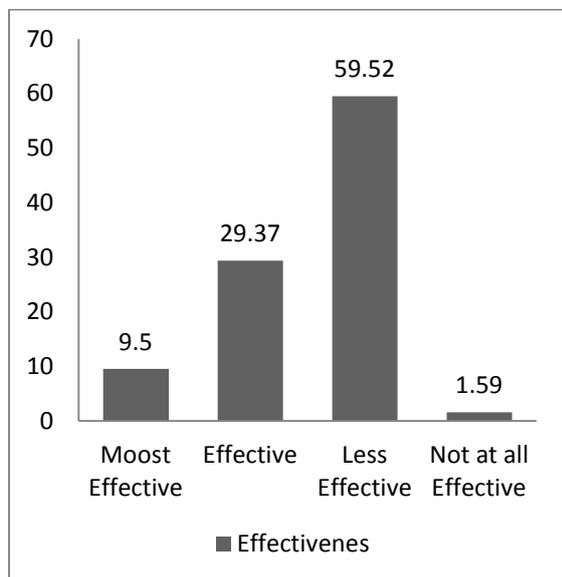
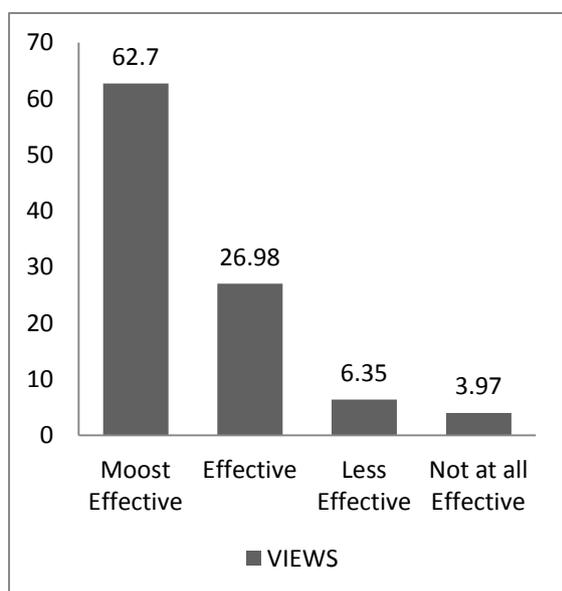


Figure :5 - Effectiveness of Internet Advertising



People have also lost interest in traditional ways of advertising. This is clear from the findings of this research. Nearly 59.5% of people find these advertisements less effective. On the other hand, internet advertising is more effective for approximately

62.7% of the people who participated in the survey.

**Using Snippets in Text Summarization (TS):
a Comparative Study and an Application**

The Table 6 shows that Comparative results on TS techniques. We claim that a snippet could be used as to perform Text Summarization this method was defined to extract summaries from textual documents such as articles, scientific papers and books. In fact, we are interested in summarizing HTML documents, which are often too short to find meaningful sentences composed by at least 3 title-words and 4 keywords in the same sentence.

The problem of automated Text Summarization nowadays is in part due to the dynamic content of a webpage. In fact, classic techniques are no more available for Web created by the adoption of tools for dynamic generation, such as Microsoft Silverlight1, AdobeFlash2, Adobe Shockwave3, or for pages that contain applets written in Java. So we propose a novel method that relies on the adoption of snippets (i.e., the page excerpts provided by the search engines following the user's query), able, at least in principle, to give a relevant content of the suggested links in few lines and features.

Table 6: Comparative results on TS techniques

	P	R	F1	T
T	0.798	0.692	0.729	3
FP	0.606	0.581	0.593	13
F2P	0.699	0.673	0.686	24
FLP	0.745	0.719	0.732	24
MK	0.702	0.587	0.639	25
MT	0.717	0.568	0.634	15
TFP	0.802	0.772	0.787	16
TF2P	0.822	0.789	0.805	27
TFLP	0.832	0.801	0.816	26
MTK	0.766	0.699	0.731	34

In Table 7 Precision at k of the proposed Contextual Advertising(CA) system by adopting: Title, First and Last Paragraph summarization – (TFLP) (CATFLP), the sole snippets (CAS); and the snippets together with the page title (CAST).

Table 7: System Performances

k	CA_{TFLP}	CA_S	CA_{ST}
1	0.868	0.837	0.866
2	0.835	0.801	0.836
3	0.770	0.746	0.775
4	0.722	0.701	0.729
5	0.674	0.657	0.681

Table 6 and 7 shows that, for all the compared systems, the results are quite good, especially in suggesting 1 or 2 ads. It also clearly shows that, except for k = 1, CAST system performs better. This proves the effectiveness of the adoption of snippets as text summarization technique in the field of CA.

Conclusions

Overall, the respondents were very open about their use, perceptions, and opinions of online advertising. While divergent opinions and responses were exposed, there were several patterns that emerged that may help to explain various effects on the issues surrounding online advertising and its effectiveness. These patterns enabled the formulation of several suggestions regarding the answers to the questions raised by this study, and offer additional research insights that may provide greater details around these issues. Respondents felt that advertising was generally neither a good nor a bad thing, but were more willing and passionate when they expressed their frustrations. They seemed to give positive statements later as a way to balance their frustrations.

The primary reasons they gave for their annoyance with advertising were its seemingly ubiquitous nature and its increasingly intrusive nature. Several respondents specifically pointed to pop-up ads as a form of advertising

that fit both of these criteria. Their responses suggest that the participants' opinions of advertising do not necessarily have an impact on their perceptions of online advertising in online shopping sites and social network sites, but it may actually be the opposite. This could be explained by the explosive way in which advertising has emerged on the Web, or it may be the way in which new technologies have been utilize or perceived. Whatever the cause, these new media appear to have a more visible impact on opinions of advertising than mature, perhaps more accepted, advertising media. When respondents were asked about their experience with online ads, they immediately determined that their experience was based on whether or not they were either aware or had clicked on an online ads.

The split in how the participants responded explains the continued, almost even, split in how online advertising is being paid. It was also interesting to note the correlation between connection speed and how respondents felt they had experienced online ads. Those who used a broadband connection cited awareness uses while those who used a dialup connection mentioned click-through uses. This may have been explained by one respondent who said: When I'm on the Web on a recreational type thing... because it's a dial up system, the first thing you see many times is a online ad, and you've got a lot of time for it to load, so you get plenty of time to see what it is... (Male, has been using the Internet for several years). A few respondents also suggested that their experiences with online ads changed depending upon whether they were in a surfing or seeking mode. This is in direct contrast to Li and ^[12]Bukovac's (1999) findings which showed no significant impact on online ad effectiveness based on mode.

Most of the participants generally have somewhat negative or indifferent opinions of online ads based on their prior experiences. While most respondents initially thought of the

negatives surrounding online ads, several balanced their statements by also mentioning unprompted some of the positive aspects of online ads. This may have been due to the subject of the study and respondents willingness to participate. However, participants generally gave the impression that online ads sometimes are able to be relevant or entertaining – and when they are, their opinions of them improve.

Respondents indicated that their opinion of advertising in general is somewhat positive, but their opinion of online advertising is somewhat negative. This gap illustrates their growing frustration with the online ads as a medium, and may help to explain a perception of decreasing effectiveness of online advertising as a medium. In turn, these opinions may be what are causing advertisers to decrease their investments in online advertising. It is clear that participants have been able to find some value in online advertising in their experiences with them.

Their positive opinions of online ads which are relevant and entertaining are valuable insights that are explored in greater detail throughout. All of the respondents claimed to have noticed online ads during their Web use, and say that relevancy and location on the page are the characteristics that most often cause them to notice online ads. However, it takes additional elements for online ads to actually gain their attention, such as: bright colors, graphics, logos, size, interactivity, video, discounts and sales. It is interesting to note, that even though new elements – such as motion, video, and interaction – are frequently being employed to gain the attention of Web users, several more respondents mentioned simple things, such as colors and graphics as elements that most often gained their attention.

Many interviewees mentioned several different characteristics of online ads that gained their attention, and implied that they are not necessarily independent from one another.

The wide variety of characteristics, and the interconnectivity of several of these factors, challenges the ability of previous studies to isolate the effectiveness of specific characteristics. Once the online ad is able to gain the attention of the user, many advertisers hope that they will click on the ad. The participants were split as to whether or not they have ever clicked on an online ad. Of those respondents who have clicked on an online ad, relevancy, mode, and interactivity are the reasons that they gave for clicking. When participants clicked or reviewed online ads, they mention that their experiences have been both positive and negative, but have generally been more positive. Although clicking on online ads sometimes stirred up terms such as irrelevant, misleading, or distracting, respondents say the results were more positive when they were able to find more information on relevant products fairly quickly.

Based on an Expectancy Value Model, this suggests that there may be an opportunity to increase the only one of the participants said he has purchased something advertised in a online ad, and none felt that a online ad had directly affected a purchase. However, this does not mean that online ads do not serve any sort of marketing purpose, or do not have little visible impact on the bottom line.

Consistent with the findings of the ^[13]Briggs and Hollis (1997) study and the ^[14]Millward Brown Interactive (1997) study – which suggested that online ads may be effective as an awareness or branding tool – the responses given by the participants only suggest that online advertising may not be effective as a direct response advertising medium. However, this study extends these studies by suggesting that online ads may also play a part in reinforcing Web users' purchase decisions.

If online ads are to sustain or grow as an advertising medium, it must increase its effectiveness. The first step is to begin meeting the current expectations of Web

users. Respondents suggested throughout this study that online ads must meet those expectations by: breaking through Web page clutter, being relevant to the individual, and providing valuable information

Additionally, participants suggest that more reputable and well-known companies may be more likely to meet these expectations, and may help to lend credibility to the medium. Once online advertising consistently meets these expectations, respondents suggested additional ad characteristics and content that may help reverse the current trend, making future online ads more valuable. Participants suggested several primary gratifications they obtain from online ads, which could improve online ad effectiveness, including: increased individual targeting and relevancy, compelling and entertaining content, and interactive elements.

However, as one participant warned, targeting users with relevant messages can be difficult due to users' increasing sensitivity to privacy issues. Although the participants' responses suggest that online advertisements' effectiveness may still be in a downward spiral, there is still some value in them.

This study provides valuable insights into those values and gratifications currently sought by users, which must be addressed to reverse this trend. If this trend is not addressed and halted, more effective and innovative forms of Web advertising are certain to force online advertising out of increasingly valuable advertising space.

References

1. Kaye, Barbara K. and Medoff, Norman J. (2001). *Just a Click Away: Advertising on the Internet*. Allyn and Bacon, Needham Heights, MA. P. 6.
2. <http://www.indiantelevision.com/mam/headlines/y2k12/dec/decmam8.php>
3. http://www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/pr121912
4. Boyed & Ellison, 2007, *Social Network Sites: Definition, History, and Scholarship*. P. 1- 3
5. Sawyer, G., 2008. *The risks and benefits of social networking as a business tool* [online]. Philadelphia, Temple University.
6. Cooper, D.R and P. Schindler 2006 *Business Research Methods* 9th ed. New York; McGraw- Hill Irwin
7. Hair, .J B. Babin A. Money and P. Samouel, 2003 *Essential of business research methods* New York: John Wiley and Sons.
8. Davis J. J. 1997. *Advertising Research; Theory and Practices* Upper Saddle River, USA Prentice Hall.
9. Alasuutari, Pertti (1995). *Researching Culture: Qualitative Method and Cultural Studies*. Sage Publications, Thousand Oaks, CA. p. 152-157.
10. Kaye, Barbara K. and Medoff, Norman J. (2001). *Just a Click Away: Advertising on the Internet*. Allyn and Bacon, Needham Heights, MA. P. 6.
11. Ducoffe, R. (1996). *Advertising Value and Advertising on the Web*. *Journal of Advertising Research*, September-October 1996, 21-35.
12. Li, H., Bukovac, J. (1999). *Cognitive Impact of Banner Ad Characteristics: An Experimental Study*. *Journal and Mass Communication Quarterly*, 76, 341-353.
13. Briggs, R. and Hollis, N. (1997). *Advertising on the Web: is there response before click through?* *Journal of Advertising Research*, 37 (2), 33-45.
14. Millward Brown Interactive (1997). *1997 IAB Online Advertising Effectiveness Study*. San Francisco, CA: Millward Brown Interactive.

About the Authors:

M.Senthil, Research Scholar of Sathyabama University & Asst- Professor, AMET B- School, AMET University Chennai:
senthilmba20@gmail.com

Dr. N.R.V Prabhu, Director & Professor, Farook Institute of Management Studies, Calicut. He is Research Supervisor of Prof.M. Senthil:drrrvprabhu@yahoo.com

S. Bhuvanewari , Asst- Professor, Indira Institute of Engineering & Technology, Thiruvallur: bhuvimba88@gmail.com