INFLUENCING FACTORS OF ONLINE ADVERTISING TOWARDS CONSUMER PURCHASE INTENTION

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ABSTRAK (MALAY)

Pada masa kini, disebabkan oleh pertumbuhan pesat dan pertambahan kebolehcapaian dalam internet, komputer dan teknologi-teknologi komunikasi memainkan satu peranan penting untuk mengubah cara-cara tradisi bagi pengiklanan dalam dunia perniagaan. Banyak syarikat sedar kecenderungan ini dan menggunakan pengiklanan dalam talian sebagai satu alat komunikasi untuk meningkatkan strategi bagi meluaskan pasaran. Ini juga boleh membina imej jenama kukuh bagi menarik pengguna-pengguna yang berpotensi dan meningkatkan keseluruhan prestasi pasaran mereka.

Percubaan kajian digunakan untuk meneroka hubungan antara kepercayaan peribadi, maklumat produk, imej sosial, keseronokan, kepalsuan (tanpa perasaan) dan niat pembelian. Namum demikian, hubungan bagi faktor-faktor itu dan pengiklanan dalam talian kebanyakan dipergaruhi oleh faktor sikap merupakan satu pengantara bagi faktor-fakotr tersebut. Oleh itu, sikap boleh membantu syarikat-syarikat untuk meningkatkan keberkesanan perbelanjaan pengiklanan dalam talian dalam pelaksanaan strategi bagi pasaran perhubungan.

Satu kajian telah dijalankan di Beijing, China dan 207 soal selidik telah dikutipkan untuk melanjutkan analisis. Keputusan-keputusan itu menunjukkan kepercayaan peribadi bagi maklumat produk, imej sosial dan keseronokan adalah berkait secara positif dan nyata dengan niat pembelian dan sikap ke atas pengiklanan dalam talian. Kepalsuan(tanpa perasaan) jugs menunjukkan kaitan secara positif dengan niat and sikap pembelian. Selain itu, sikap ke atas pengiklanan dalam talian merupakan satu pergantaraan bagi kepercayaan peribadi dan niat pembelian.

ABSTRACT

Nowadays, with the rapid growth and increasing accessibility of the Internet, computer and communication technologies play an important role in current business advertisement environment, which have changed the traditional ways of advertising. Many companies are aware of this tendency and widely using online advertising as a communication tool to enhance the market strategy and build strong brand image to attract potential consumers and improve their overall market performance.

The present study attempts to explore the relationship between the personal beliefs, namely product information, social image, enjoyment and falsity (no sense) and purchase intention, whilest attitude towards online advertising is included as a mediator. Finding from this study could help companies enhance the effectiveness of online advertising implementation as part of market communication strategy.

A survey has been carried out in Beijing, China and a total of 207 completed questionnaires are collected for further analysis. The results indicate that the personal beliefs of product information, social image and enjoyment are positively and significantly related to purchase intention and attitude towards online advertising. Falsity (no sense) shows significant but not negatively related to purchase intention and attitude. Besides, attitude towards online advertising has a mediating effect between personal beliefs and purchase intention. These findings would be helpful for advertisers on how to effectively utilize online advertising as their market communication.

Chapter 1

INTRODUCTION

1.0 Introduction

Over the years, with rapid development of information, communication and technology (ICT), the Internet application has an increasing penetration in China market. A report by the China Internet Information Center (CNNIC, 2008) indicates that by the end of June 2008, the internet penetration rate in China had reached to 19.1% which increased by 55.3% compared to previous year. Although this penetration rate is slightly lower than the average Internet penetration rate in the world of 21.1% (CNNIC, 2008), the growth trend is escalating from year to year (Figure 1.1).
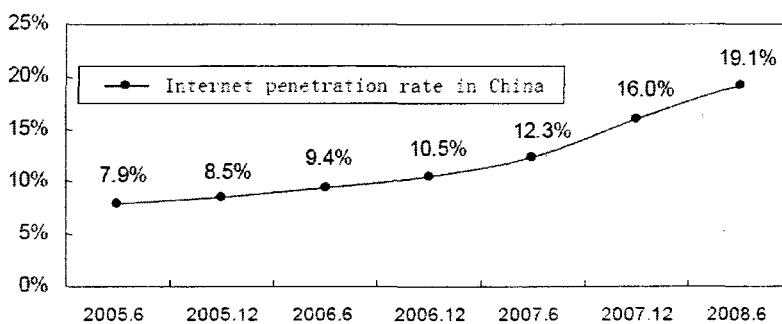
(Source: CNNIC June, 2008)

Figure1.1 Internet Penetration Rate in China

The Internet applications have appeared as an essential part of a marketing communication strategy (Bush, A.J., Bush, V. and Harris, 1998; Geiger and Martin, 1999; Watson, Zinkhan and Pitt, 2000). Internet has been used by many companies all over the world to inform, persuade and build relationships with their consumers along with other traditional marketing communication strategies. As an indisputable advertising medium, Internet plays an important role in current business advertisement environment. According to Jun Yu (2006), being a global communication medium, Internet advertisement is able to remove many barriers created by geographical structures, time zones and location to effectively communicate with customers.

1.1 Worldwide Internet Environment

In the mid-1990s, the Internet emerged as a new tool for companies to reach consumers, and it experienced a dramatic growth over the past decade. Joseph, Cook and Javalgi (2001) suggested that the Internet is growing faster than all other preceding technologies. According to the Internet World Stats (2008), compared with only 360 million internet users by the end of Dec. 2000, today the global online population is around 1.46 billion, which the usage growth rate is 305.5%. This large number of netizens worldwide contributes the online spending significantly. United States of America alone had 200 million online consumers contributing to the US$120 billion spent online in that country in 2004 (The Week, 2004). Australia experienced a 64 percent rise in internet spending in 2004 compared to the previous year (Sinclair, 2005). All these years, Internet has been changing people's lifestyle and buying habits through providing a variety of technologies such as the web and e-mail to influence consumers' opinions and wants (Marie-Claude and Richard, 2006).

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As a relatively new mass medium, the Internet is well-known by its unique characteristics such as easy accessibility, relatively low set-up costs, a global reach, time independence and interactivity, which making Internet an advertising medium as well as customer communications forum and channel of distribution (Berthon, Pitt and Watson, 1996; Wolin and Korgaonkar, 2002). Indeed, Internet represents a merger of opportunities for interpersonal, group, organizational, and mass communication due to its interactivity, multimedia capability, and user-friendly interface (Jeffres and Atkin, 1996). Furthermore, the distinguishable global nature of Internet over other media further enhances these opportunities in terms of crossing the country boundaries and equal participation.

1.1.1 Worldwide Online Advertising

With the rapid growth and increasing accessibility of the Internet, computer and communication technologies have changed the traditional ways of advertising. A growing number of advertisers have built the Internet into their marketing media mix to take advantage of the online advertising environments (Fethi Calisir, 2003). Being supported by worldwide internet connection, online advertising offers unique advantages over other traditional media in implementing marketing strategy.

First, the rapid development of broadband is the basis for the rapid expansion and development of various internet applications, which enables firms to reach a large amount of audiences at a relatively lower cost through the online advertising (Pradeep, Ronnie and Bay, 2002; Jun Yu, 2006). In UK, Interactive Advertising Bureau UK (2004) has estimated that, on average, 5,000 Britons join the internet community every day, with 15 percent of those opting for

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a broadband connection. In China, by December 2007, the number of broadband netizens had reached 163 million, being 77.6% of the total netizens, with an increase of 40.94 million as compared with June 2007 and an increase of 59.38 million as compared with 104 million by December 2006 (CNNIC, 2008). Based on the development of IT infrastructures application marketers can create and maintain close relationships with millions of customers through the Web at the same time.

Second, delivering product information to customers at anytime and any location, and could updated or canceled them immediately is the flexibility attribute possessed by online advertising that marketers take it as another advantage of using online advertising in marketing strategy implementation (Ducoffe, 1996; Zeff and Aronson, 1999; Lori and Pradeep, 2003). As one of the advertising platforms Internet enables marketers to have great flexibility and control over the advertising materials and resources due to the special natures such as constant message delivery, multimedia capacity, measurable effects, global reach, and interactivity (Lori and Pradeep, 2003). On the other hand, from the consumers' perspective, compared to the traditional media, they also have more control over advertising exposure with online advertising such as they can choose how much commercial contents will be exposed and when they are going to be viewed (Lori and Pradeep, 2003).

The unique advantages of online advertising motivate many companies around the world to spend money on online advertising with the purpose of enhancing marketing mix strategy. E-marketer projects that online advertising spending in US will increase from 16.9 billion in 2006 to 37.5 billion in 2010, which is more than double as a percentage of total media, which rises

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from only 6% share in 2006 of total media, to slight over a 12% share in 2010 (2006). The rapid

growth of the online advertising market, the concentration of the budget on portal sites, the

development of advertising delivery software and the trend of media purchase centralization

have no doubt to led to the emergence of online advertising networks as a new business model

(Chin-Tsai Lin and Pi-Fang Hsu,2003).

1.2 Internet in China

Since 1998, China's information technology development including internet access has been

reported to be a dramatically increasing growth and personal computer sales are growing at 60

percent per year (Sylvie and Xiaoyan Li, 2005). Getting online is one of the primary reasons for ·

over 80 percent of Chinese PC purchases (Lynda and Wen Gong, 2005). As a result, internet

usage and penetration rate are increasing significantly in China all these years, and the absolute

size of the internet population in China is already substantial. According to the latest nationwide

survey by CNNIC (2008), by the end of June, 2008, the amount of netizens in China has reached

253 million, increasing by 91 million from the same period last year. In the first half of 2008, the

net increase amount of netizens in China was 43 million as illustrated in Figure 1.2:
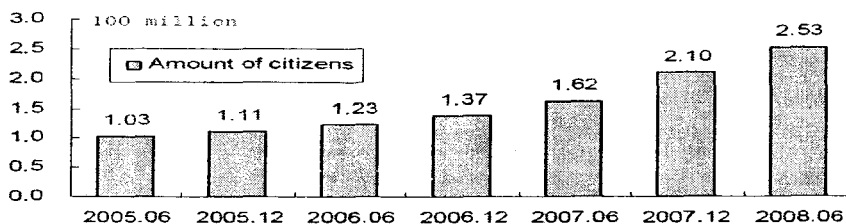
Source: CNNIC (June 2008)

Figure1.2 **Growth of Netizens in China**

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This dramatic development of internet usage encourages the Chinese government to stimulate and promote economic growth via the Internet environment (Lynda and Wen Gong, 2005). Especially, since the entry into the World Trade Organization in 1990s, the need of international trade becomes even more increasingly important for China in which Internet plays an essential role in connecting China with the rest of the world. One research done by Wong, Yen and Fang (2004) predicts that at the current growth rate, China will be most likely to have the largest internet user base in the not too distant future. So companies and managers in China have started to realize the potential benefits of online communication market strategy for a long time. They know that the ability of the Internet to deliver and obtain information in a flexible, effective manner at relatively low costs is very attractive under the current increasingly competitive pressure situation (Ronnie Chu Ting Cheung, 2006). Consequently, many companies have integrated this communication medium as part of its overall marketing strategy for building its brand image and achieving long term goals.

1.2.1 Online Advertising in China

As stated in last section, many Chinese companies has realized the potentials of online communication media, however, the internet advertisement industry in China is still less developed than Western countries (Wen-Ling Liu, 2002). In recent years, with the increasing broadband penetration and a rapid adoption rate of Internet, especially among the young generations who are obtaining good education and have more chance to reach Internet, the Internet quickly becomes the media of choice for the youth of China, which provides plenty of incentives for marketers to advertise online (e-marketer, 2008). According to the latest E-

Marketer (May 2008), the online advertising spending in 2007 in China has reached RMB7 billion ($924 million) and is estimated to have a growth of 317 percent to reach RMB29.2 billion ($4.9 billion) in 2012.

As a communication tool in the marketing activities, online advertising is strongly influenced by cultural differences. Marketers view the online advertising as the culture-related element in implementation of the marketing communication strategy. Because the advertising message and information comprises of language and other communication instruments which have a deep root of history and culture in a given society (Schutte and Ciarlante, 1998). Sometimes the words in the same language have quite different interpretations due to the different culture background. So, some researchers regard the online advertising as a "social contact" between internet users and advertisers (Hong, Muderrisoglu and Zinkhan, 1987; Mary and Kathryn, 1997). The online advertising is one of the forms of social communication, which particularly reflects culture and its norms. In China, the unique social, culture and demographics background impose the differentiation and complication on online advertising in terms of contents and forms (Wen-Ling Liu, 2002), which leads to the different and specific beliefs and attitude towards online advertising compared to other culture background.

In China, the unbalanced development of economy makes the gap between developed parts and undeveloped parts significantly large in terms of internet-related infrastructures and Internet development status. For instance, by the end of 2006, the number of computers owned by the rural families was 2.7 per hundred families, far lower than the average of 47.2 per hundred families in urban areas (CNNIC, 2007). One impact of this unbalanced development is the

distribution of internet users across the different regions in China is highly uneven, which has a main concentration in the better developed coastal and urban areas (Wong *et al.*, 2004). Another impact is that companies trying to open new markets in China first consider entering the better developed urban markets (Jun Yu, 2006).

Beijing and Shanghai are regarded as the two major cities that are booming with internet usage in China, which have a relatively higher level in the Internet penetration rate compared to other cities, being respectively 46.6%, 45.8%, especially in Beijing, almost half of the residents are using the Internet (CNNNIC, 2007). The present study intends to focus on Beijing city to investigate factors that may influence customers' attitude towards online advertising and their purchase intention as Beijing has the highest Internet penetration rate.

1.2.2 Attributes and Types of Online Advertising

The unique characteristics of Internet provide online advertising significant differences in nature from other media such as newspaper, magazine, radio and television, which enable online advertising to be a more effective communication tool and be easier to access compared to traditional media (Hein, 1997). To be summarized from the previous studies, there are three typically unique characteristics possessed by online advertising: Global exposure, interactivity and flexibility.

The Web site containing advertisements is automatically visible to the customers all over the world with Internet access no matter where they are located and when they access, which has the ability to influence consumers globally. Marie-Claude and Richard (2006) suggested that the global nature of the Internet is a highly important and unique element of this channel that has a

particular impact on advertising strategy. No other market advertising media such as television, radio, newspaper possess this global nature.

Consumers could actively seek product information, interact with products and test products through online advertising to achieve the effectiveness in purchase decision, because online advertising combines several qualities of each medium such as text, sound, and visual effects in a way that was not possible before (Lynda and Wen Gong, 2005). Some studies on online advertising suggested that online advertising would be more effective because of the interactive nature of the Internet as individuals were more motivated to revisit a web site containing interactive features (Berthon *et al.*, 1996; Wolin and Korgaonkar, 2002; Joines, Scherer and Scheufele, 2003). In addition, interactivity of the online advertising has been found to positively improve consumers' attitudes toward an online advertising, their desire to browse the web site, and online purchase intention (Fiore and Jin, 2003).

The flexibility nature of online advertising enables marketers to deliver product information to customers at anytime and any location, and could update or cancel them immediately (Zeff and Aronson, 1999). Moreover, it allows consumers to choose advertising information that they want to reach at a relatively lower cost compared to traditional media such as TV and radio (Schlosser, 1999).

Zeff and Aronson (1999) classified online advertising into two general categories: e-mail and Web, then specified each category into several types, as illustrated in table 1.1 below:

Table 1.1

Classification of Internet advertising models

Applications	Types of Internet advertising	Explanations
E-mail	Sponsoring discussion lists and e-mail newsletters	Businesses can sponsor a discussion group or an e-mail newsletter for reaching specific targeted consumers. This is an inexpensive and effective advertising way for reaching a niche market.
	Direct e-mail	A direct e-mail is advertisement that directly sent by online advertisers to consumers' e-mail address.
	Ad-supported e-mail	Marketers offer free e-mail access to people who would use their e-mail readers. But these readers display paid advertising.
Web	banners	Banners are rectangular graphics which is located on Web pages and linked to the sponsor. The form of banners includes static image and animation.
	Buttons	Buttons are similar to banners which can be linked to the sponsor, and they also lead to free downloadable software.
	Text links	Text links are the least bandwidth-intensive, least intrusive and most effective advertisements. They appear on Web pages in simple text.
	Sponsorship	Sponsoring a Web site allow an advertiser to place ad message or links on Web pages. It is more powerful to deliver message within brands what consumers trust.
	Advertorial	An advertorial can be treated as "special advertising section" which appears in print publications. It is a sponsorship that looks more like an editorial than like an advertisement.
	Push technology	Advertisements delivered through push technology are sent directly to a user's computer, not passively wait for visits from Web users.
	Interstitials	Interstitials are sometimes called "pop-ups," "e-mercials", or "intermercials." They are advertisements that pop onto the screen and interrupt users, and often occur in Web pages switches.

(Source: Zeff & Aronson, 1999)

Defined by latest Wikipedia (2007), types of online advertising include contextual advertising on search engine results pages, banner advertising, social network advertising and e-mail marketing, including e-mail spam. Online video directories for brands are also a type of interactive advertising, which is in contrast to conventional forms of interruptive advertising and enable the viewer to actually choose commercial to see. Together these tools form an integral part of an integrated marketing communication strategy (Ronald and Barbara, 2002). The present study mainly focus and examine the personal beliefs and attitude towards online advertising including banners, Buttons, Text links, Interstitials etc.

1.3 Problem Statement

Online advertising appears to be rapidly growing due to the dramatic development of Internet technology and its unique characteristics as a new medium in China market. Many companies are aware of these tendencies and widely using online advertising as one of the communication tools to enhance the market strategy and build strong brand image to attract potential consumers and improve their overall market performance. Watson *et al.* (2000) argued that the Internet technologies and marketing objectives can be interlaced to increase the effectiveness of a company's consumer directed communications. Especially, large corporations are intentional to build brands that are recognizable throughout the world utilizing the global exposure nature of Internet (Marie-Claude and Richard, 2006).

The companies that are spending considerable time and funds each year on online advertising to promote their products or services pursue the entire and updated understanding of consumers' belief and attitude towards online advertising and their influence on consumers'

purchase intention, which could further enhance the investment on online advertising. Therefore, the most important consideration for advertisers and marketers is to have a thorough understanding of how consumers perceive online advertising and value the advertised products or services online under the ever-changing market environment (Wen-Ling Liu, 2002).

China is experiencing rapid economic, social and technological changes and everything may be inevitable to be different from before including the Chinese new generation's perception. They live in the information age unlike older people, and they have opportunities to obtain advanced education. Every part of their life depends on technology, which makes the Internet become a mainstream information source for them (Lynda and Wen Gong, 2005). Now, they are the majority of netizens in China. According to the data from CNNIC (June 2008), young people aged 30 and below are accounted for 68.6% of netizens in China, exceeding 2/3 of the total amount of netizens. Besides, they remain as the main consumer segment in the current Chinese marketplace. It is therefore an important task and premise for marketers to keeping an updated understanding about the dynamic marketing target over time before further action on implementation of online advertising as a communication medium (Wen-Ling Liu, 2002).

Based upon earlier discussions, the problem identified can be stated as such: Keeping updated understanding about consumers' personal beliefs and attitude towards online advertising and their influence on consumer purchase intention is a crucial task under the ever-changing market environment in China. In line with this statement, the present study attempts to explore the relationship between the personal beliefs, namely product information, social image, enjoyment and falsity (no sense) and purchase intention. And attitude towards online advertising

is included as mediator, which could help companies enhance the effectiveness of online advertising spending in implementation of market communication strategy.

1.4 Research Objectives

As stated in previous section, a growing number of companies have built the Internet into their market media mix taking advantage of the online advertising environments (Calisir, 2003) to pursue the effectiveness of marketing advertising strategy, and they target the internet users as the main consumer segment. Consequently, understanding the consumers' personal beliefs and attitude towards online advertising and their influence on purchase intention would benefit the effective implementation and fulfillment of marketing communication strategy under online environment. The ultimate purpose is to achieve the expected objectives pursued through implementation of market mix strategy.

The objective of this study is to examine how the personal beliefs about online advertising, namely product information, social image, enjoyment and falsity (no sense) and attitude towards online advertising influence consumer purchase intention. Thus, this study intends to:

1. Investigate the influence of four personal beliefs about online advertising i.e. product information, social image, enjoyment and falsity (no sense) on purchase intention.

2. Investigate the influence of four personal beliefs about online advertising i.e. product information, social image, enjoyment and falsity (no sense) on attitude toward online advertising.

3. Examine the mediating impact of attitude towards online advertising on the relationship between four personal beliefs and purchase intention.

1.5 Research Questions

Based on the research objectives, the following questions are developed to be studied.

1.5.1 Does product information has an influence on the consumer attitude towards online advertising?

1.5.2 Does social image has an influence on the consumer attitude towards online advertising?

1.5.3 Does enjoyment has an influence on the consumer attitude towards online advertising?

1.5.4 Does falsity (no sense) has an influence on the consumer attitude towards online advertising?

1.5.5 Does consumer' attitude towards online advertising mediate the relationship between the four belief factors of product information, social image, enjoyment and falsity (no sense) and purchase intention?

1.5.6 Does product information has an influence on consumer purchase intention?

1.5.7 Does social image has an influence on consumer purchase intention?

1.5.8 Does enjoyment has an influence on consumer purchase intention?

1.5.9 Does falsity (no sense) has an influence on consumer purchase intention?

1.6 Significance of Study

As a relatively new communication medium, online advertising has a rapid growth in recent years and due to its unique characteristics, such as global reach, constant message delivery,

multimedia capability and measurable effects, online advertising is essentially different from traditional media such as television, radio, newspaper and magazine. Some researchers suggested that online advertising is believed to be at least as effective as traditional media advertising (Gallagher, Foster and Parsons, 2001). However, there are some research articles stated the disadvantages of online advertising in terms of nonsensical, uninformative, unfocused, forgettable, and generally ineffective (Hwang and Kranhold, 2000). The different opinions stated in previous studies reflect different attitudes of consumers towards online advertising which further influencing their purchase decision making.

Especially in China, the ever-changing economic, social and technological trends require marketers to update and enhance the understanding of consumer personal beliefs and attitude towards online advertising and their influence on consumer purchase intention over time. Therefore, the present study would be significant for the marketers to understand the personal beliefs influencing consumers' attitude towards online advertising and the role online advertising plays in consumers' perception of products or services and their purchase intention.

Marketers could effectively assess the implementation of market communication mix strategy involved online advertising. In other words, this study would be significant in drawing out the personal beliefs, which are the key determinants of consumer's favorability or unfavorability of online advertising. Then, the marketers could develop their marketing mix based on the finding and implication of this study to achieve the desired objectives.

1.7 Organization of Remaining Chapters

This study is organized into total five chapters with details as follows:

Chapter one as being discussed here focuses on the introduction of the topic and background of study, problem statement, research objectives, research questions, and significant of study.

Chapter two introduces reviewed literatures which are related to the present study, followed by the framework and hypotheses developed based on the research objectives.

Chapter three introduces the methodology used in this study, questionnaire development, measures, sampling technique and data collection and analysis are explained in this chapter.

Chapter four presents the profile of respondent, statistical data analysis and results of the study.

Chapter five concludes the finding, implication, limitation of this study and suggestion for future studies.

1.8 Definitions of Key Terms

Below are the definitions of the key terms or variables used in this study:

1.8.1 Online advertising

Defined by Schlosser *et al.,* (1999), online advertising is any form of commercial content available on the Internet, delivered by any channel, in any form, designed to inform customers about a product or service at any degree of depth.

1.8.2 Product information

The personal use factor suggests that one of advertising's roles is that of information provider (Pradeep *et al.* 2001).

1.8.3 Social image

Social image refers to the social and lifestyle messages through associated status, portrayal of ideal users and social reactions to the vivid, interactive messages (Pradeep *et al.*, 2001).

1.8.3 Enjoyment

The definition of enjoyment from Cobuild (2003) is that enjoyment is the feeling of pleasure and satisfaction that you have when you do or experience something that you like.

1.8.5 Falsity (no sense)

Pollay and Mittal (1993) defined 'falsity (no sense)' advertising as those that are misleading and providing untrue information.

1.8.6 Attitude

The most frequently used definition of attitudes is written by Allport (1935), who defines "attitudes are learned predispositions to respond to an object or class of objects in a consistently favorable or unfavorable way".

1.8.7 Purchase Intention

Engel, Blackwell and Miniard (1985) argued that purchasing is psychologically a process of decision. According to experience and environment, the consumers gather relevant information then consider and examine the information. After comparing and judging, consumers decide to purchase the product.

1.8.8 Online Purchase Intention

Schlosser, White and Lloyd (2006) conceptualize online purchase intentions in terms of consumer acquisition-consumers' intentions to make an initial online purchase from a firm, despite their online purchase history with other firms.

Chapter 2

LITERATURE REVIEW

2.0 Introduction

This chapter presents an outline of previous researches on personal beliefs and attitude towards online advertising and consumer purchase intention. The roles of variables to be used in this study i.e. product information, social image, enjoyment and falsity (no sense), attitude towards online advertising and purchase intention will be discussed in this chapter. The conceptual models applied in this study will also be described, namely, Theory of Reasoned Action (TRA), Theory of Planned Behavior (TPB) and Belief Factor Model. Finally, the theoretical framework and hypotheses will be included in order to form a base for further analysis.

2.1 Theoretical Background

In order to deeply understand consumer personal beliefs and attitude towards online advertising, TRA, TPB and Belief Factor Model are included in the proposed research model in this study. All these conceptual models have demonstrated a close connection between beliefs, attitude and behavioral intention (W.C. May, Danny Wong and Sculli, 2005).

2.1.1 Theory of Research Action (TRA)

Theory of Research Action was developed by Fishbein and Ajzen (1975), which postulated that consumer choice of behavior is based on conscious thinking leading to the most desirable outcome. TRA presents that behavior is determined by an individual's intention to perform the behavior as a function of two basic determinants – one of a personal nature and the other reflecting social influence.

The personal factor is the individual's positive or negative evaluation of performing the behavior, which is referred to as the attitude toward the behavior. The social factor is the subjective norms, which is the person's perception of the social pressure put on him/her to perform or not perform the behavior in question. As a result, an individual's performance in a specific behavior is determined by his or her behavioral intention, which is determined by individual attitudes and subjective norms (Ajzen and Fishbein, 1980). Figure 2.1 below depicted the framework of TRA.
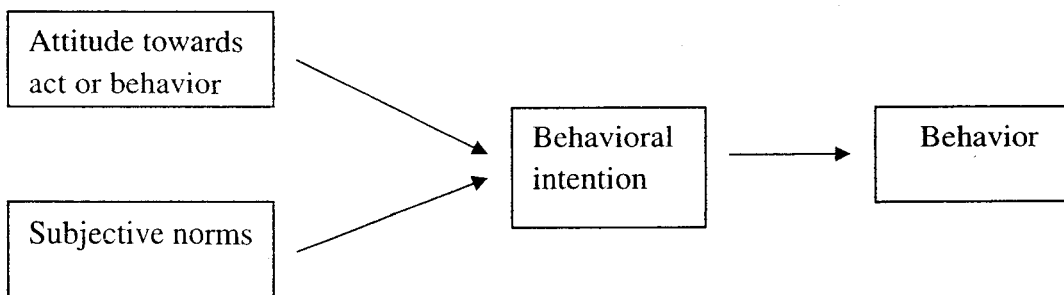
(Source: Fishbein and Ajzen, 1975)

Figure 2.1 **Theory of Reasoned Action**

TRA is formulated as generalized explanations of a broad range of individual behavior. The theory is widely used for predicting behavior using the belief-attitude-intention-behavior relationship in social psychology (Shih, 2004).
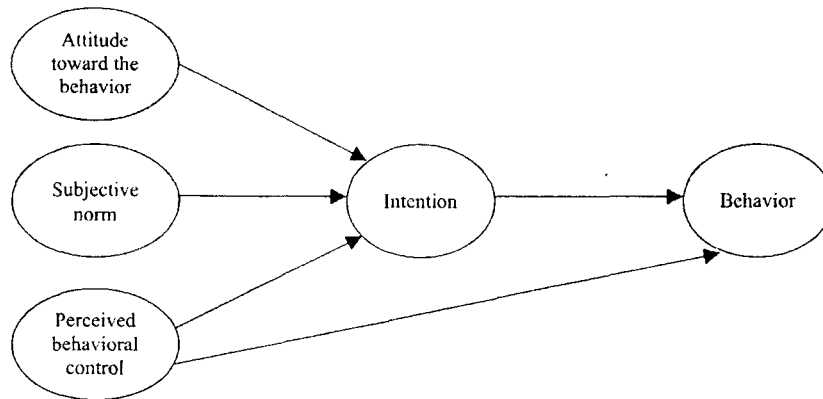
2.1.2 Theory of Planned Behavior (TPB)

TPB developed by Ajzen (1985, 1988) as an extension of the Theory of Reasoned Action proposed that behavior appeared not to be one hundred voluntary and under control and took into consideration of the effects of a person's volitional control in behavioral intentions.

Basically, according to TPB, human action is guided by three considerations which are crucial in circumstances, project and programs when changing behavior of people:

1. Behavioral Beliefs (beliefs about the likely consequences of the behavior)

2. Normative Beliefs (beliefs about the normative expectations of others)

3. Control Beliefs (beliefs about the presence of factors that may facilitate or impede performance of the behavior).

It can be illustrated in figure 2.2 below:

(Source: Azjen, 1991)

Figure 2.2 **Theory of Planed Behavior**

Above figure could be explained that Attitudes are informed by beliefs, norms are informed by normative beliefs and motivation to comply, and perceived behavioral control is informed by beliefs about the individual's possession of the opportunities and resources needed to engage in the behavior (Azjen, 1991). Behavioral beliefs produce a favorable or unfavorable attitude towards the behavior, normative beliefs result in perceived social pressure or subjective norm, and control beliefs give rise to perceived behavior control. In combination, attitude towards the behavior, subjective norm, and perception of behavioral control lead to the formation of a behavior intention. In general, the more favorable the attitude and subjective norm and the greater the perceived control, the stronger should the person's intention to perform the behavior (www.valuebasedmanagement.net).

TPB demonstrates a direct link between perceived behavioral control and behavioral achievement. Given two individuals with the same level of intention to engage in a behavior, the

one with more confidence in his or her abilities is more likely to succeed than the one who has doubts (Azjen, 1991).

Both TRA and TPB models have demonstrated a close connection between beliefs, attitude and behavioral intentions, which is consistent with the research objective and questions in this study that examine the relationship between consumers' beliefs about online advertising and their purchase intention, and attitude towards online advertising is presented as mediator to enhance this relationship.

As a general theory, TPB does not specify the particular beliefs that are associated with any particular behavior, so the researchers will do the determination about which beliefs is presented in their studies. There are a number of researches which have successfully used TRA or TPB as a theoretical framework from which to explain intention toward Internet purchasing or other e-commerce activity (Battacherjee, 2000; Pavlou, 2002; Song and Zahedi, 2001; Tan and Teo, 2000).

2.1.3 Belief Factor Model

A number of published literatures contributed the theoretical foundation of belief factors towards advertising in general. First, the two factor model was developed by Bauer and Greyser (1968) which consisted of economic and social effects. Based on which more factors of consumers' advertising belief were proposed, such as Alwitt and Prabhaker (1992, 1994) found six dimensions in consumers' advertising evaluations and Mittal's (1994) study presented ten consumer advertising belief factors. Meanwhile, a seven-factor belief model was developed by Pollay and Mittal (1993), which comprised of product information, social image,

hedonic/pleasure, good for the economy, materialism, value corruption, and falsity (no sense). This model was adopted by many studies regarding online advertising for two reasons, its reflection of empirically validated measures ((Korgaonkar, Moschis and Bellenger, 2000) and capturing global advertising beliefs (Pradeep *et al.*, 2001).

Further, O'Donahoe (1995) categorized the belief factors towards advertising into two groups, personal experience beliefs and macro beliefs. Personal experience beliefs consist of product information, hedonic, falsity (no sense) and social image, upon which our study builds. Macro beliefs include materialism and good for economy, which are shared beliefs that consumer acquired from secondary information sources, rather than from their own experience with advertising (Soo Jiuan Tan and Lily Chia, 2007). Furthermore, personal beliefs help shape the attitude of person towards advertising on specific medium, while the macro beliefs about advertising shape the general attitude towards advertising, but not specific medium advertising. In the present study, the research objective is to examine the belief and attitude towards online advertising, which is specific medium. Therefore, personal beliefs are used to measure the factors influencing consumers' purchase intention.

2.2 Review of Literature

The literatures on personal beliefs about online advertising have acknowledged the use of variables such as product information, social image, enjoyment and falsity (no sense) in past studies on consumer's attitude and purchase intention. The next sections will describe what and how these variables are used and argue why these are used for research development in this study.