

# A study of factors of Online Advertising affecting Recalling of a Product/Service in Delhi

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**Abstract:** Advertisers are spending millions on Online Advertising in today's time than TV, print ads and other traditional advertising media. With the rapid technological growth, the internet is becoming an important one stop point for the internet users in meeting most of their needs and wants such as communication, entertainment, shopping, information search etc. The present study examined the factors of Online Advertising affecting recalling of product/service by conducting a survey in New Delhi on internet users. The study also investigated the attitude of consumers towards online advertising the target population was the internet users of new Delhi. The study used convenient sampling technique to select 244 study respondents. The primary data was collected using questionnaire. Further data was analyzed using SPSS 16.0. Factor Analysis and percentage was used to show the relationships among the variables.

The study found that consumers have positive attitude towards online advertising as found it to be informative. The study found out that consumers recall of a product/service is affected by Entertaining and Price value advertising, Ad duration emphasizing usefulness, Repeated informative and appealing advertising and Interactive value providing interesting advertising of Online Advertising. The study recommends that in order to be competitively edged and to increase their market share, the advertisers need to invest heavily in creativity and innovation that leads to effective reach and coverage of Online advertising reduces congestion. Also, they should focus on customer as one important asset and brand image to be a leader.

**Keywords:** *Online Advertising, Attitude, Recall of Product/Service, Banner ads, Online users*

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## I. Introduction

Online advertising is a one of the forms of promotion that uses the Internet and World Wide Web for the manifested purpose of distributing marketing messages to pull the customer's attention. There are various forms of online advertising such as display ads, native advertising, contextual ads on search engine results pages, banner ads, Rich Media ads, Social network advertising, online classified advertising, e-mail marketing etc. Also, If the advertiser has provided a option for a response feature, the viewer may also choose to take a tour to the website of the respective brand, or can interact with the advertiser via other touch points like email, chat or a phone. This way response to brand communication will be instant, and conversion of viewers to customers will be very high.

Online advertising is one of the most significant form of advertising. Commonly advertiser's website is hyperlinked with the displayed advertisements. The online users are required to just click on the advertisements and in a fraction of a second could be transferred to another website having full information. Advertisers think that online advertising is one of the economic marketing tool as the marginal cost per advertisement is very low. Raney, Arpan, Padhupati & Brill, 2003 states that, "Online advertising is highly enriched with entertaining contents achieves a more positive appraisal by

recipients and leads to a higher target to re visit the homepage than websites without entertainment features." A target advertisement can be either a one web page advertisement or in continuation of related web pages that are connected by a consumer actively clicking on a specific banner advertisement. Through the perspective of advertiser, they are in particular concerned with viewers visit at online because it helps to pull up traffic on their web sites. Extensive online ad visits result in repeated visit to the website, which will enhance the closer buyer-seller relationships.

Although the volume of visitors visiting websites increasing day by day but the problem is that, the high voluminous consumers are online for their personal work, but do they notice the ads, banners etc. displayed on the respective webpage that they visit, most significantly what is their recall value. Also if the reach of online advertising, is effective across all target sections of the classes.

The advertisers are engaged in measuring banner advertisement effectiveness through the means of counting banner impressions or the total amount of advertisement click through, most of these techniques are specially created to study reach and frequency of visits. But, exposure to online ads is not accidental but intentional and desired by the visitor. As per Novak & Hoffman, (1997) in this mode of

advertising, the extent to which a visitor interacts with the selected advertisement is a much more enhanced measure of the value and effectiveness of web advertisement.

In a cut throat competition, when the stress is on reducing the expenses and globally companies are trying their best to minimise their cost. It is however reasonable to say that online advertising plays critical role. The emerging era of interactive advertising posses new challenges to the advertiser to motivate customer.

## II. Literature Review

A notable advantage for advertisers is the opportunity to communicate instantaneously with individual target customers with the help of this medium. The marketing personnel will also be able to popularize their products and services in a effective and targeted way to interested people within their target market. The wastage of funds allocated to the activities of promotion is oftenly experienced when the promotional messages are exposed to the mass market, that may be minimized as a result of using this new interactive technological medium.

Edwards et al. (2002) ,in web advertising characteristics forced exposure is also a characteristic. Users could not avoid from reaching the web advertisements, at least they were forced to have the first view of them. Although, forced exposure often disrupts a viewer's usual viewing process. Dahlen et. al., (2003), as the web users get more and more experienced, the web advertisements become less effective. Internet users think that the online advertisements are annoying and contain a computer virus. Due to the increment of this kind of advertising, lots of software is built to block them. Anderson (2005) found that about 38% of web surfers make use of some type of web advertisement blocker to block the annoying advertisements.

Wanjoga, (2002), the study aimed to determine the effectiveness of internet advertising on consumer behaviour using a sample of University of Nairobi students. The study concluded that the Internet advertising was effective in providing higher reach and creation of awareness. However, in spite of the diverse usage of internet and wide interaction with various internet advertisements, fewer respondents were able to recall the internet ads they had seen which implied that the reliability of internet advertising is quite low. The study also concluded that internet advertising influenced purchase decision of the customers to a moderate extent as only nearly half of the respondents were influenced purchase decision.

Dreze and Hussherr (2003) studies as what factors influence online advertising effectiveness; it was found that frequency is important. Repetition affects unaided advertising recall, brand recognition, and brand awareness. However, artistic execution has little effect. Banner size seems to be unimportant. Contrast, animation content, and shape of the

banner influence aided advertising recall but no other dependent measure. It indicated that what an ad says is more important than how it says it.

Yoon (2003), in contrast, found that banner image is more significantly effective than text to assess consumers' preferences toward online ads.

Goldsmith and Lafferty (2002) and Metha (2000), with respect to consumer responses in the form of liking online ads, researchers have found that a more favourable attitude towards ads could lead to a higher ability to recall ads. Goldsmith and Lafferty (2002) found a important relationship between positive responses to web sites and the likelihood of recall the brands advertised on the web. The authors reported that "In general, research suggests that those consumers who have a positive attitude toward an ad are more able to recall than those with a negative attitude.

Peter J. Danaher and Guy W. Mullarkey (2003), they investigated the factors that may affect web advertising recall and recognition. The factors included were - viewing mode, duration of page viewing, and web page context factors, including text and page background complexity and the style of the banner advertisement. It was concluded that the longer a person is exposed to a web page containing a banner advertisement, the more likely they are to remember that banner advertisement.

Dreze (1998) stated internet advertising as a viable alternative to traditional media, reach and frequency are used as the standard measures for online ad effectiveness.

Palanisamy and Wong (2003), found a positive relationship between online consumer expectations and web- based banner ad effectiveness. Online advertising can be an effective branding vehicle that could provide marketers with powerful communication tools the web can present information in numerous ways including text, images, videos, and sound and therefore, is a flexible medium.

## III. Research Objectives

1. To study the attitude of consumers towards online advertising.
2. To examine the online advertising factors that make the consumer to recall the product/service advertised.

## IV. Research Methodology

To serve the purpose of the study in terms of understanding the consumers' attitude towards the online advertising in New Delhi, India. A structured questionnaire was developed to collect the required primary data from the consumers. The questionnaire consists of three distinct sections, each of which contains relevant questions pertaining different parts of the study.

Questionnaires were systematically distributed utilizing a non-probability convenience sampling from walk in

customers at malls, market places and academic institutions. No specific characteristics were defined for the respondents except being an internet user. A total of 275 questionnaires were distributed and 244 out of them have been completed, implying a response rate of 88.7 percent. First section of questionnaire included the questions related to the study of attitude towards online advertising and online advertising factors that make the consumer to recall the product/service advertised. The respondents were to respond for factors on a Likert ranking scale of 1-5 (1=Strongly disagree, 2=Agree, 3=Neutral, 4=Agree, 5=Strongly agree). Second section of the questionnaire was to collect the demographic and personal details of the respondents. The data was collected via one-to-one interaction with the respondents from different occupation, income, and age group. All constructs are measured using multiple indicators. The data collected from questionnaires were analyzed by percentage and factor analysis using SPSS-16.0.

## V. Results and Discussion

To study the second objective 12 factors of online advertising were considered that makes the consumer to recall the product/service advertised and further reduced down using factor analysis.

### Factor Analysis

Using the statistical software package SPSS 16.0, factor analysis was carried out on the results obtained from data of 244 respondents. Since, Factor analysis represents an analytical process of transforming statistical data (as measurements) into linear combinations of variables, it is a meaningful statistical method used for combining a large number of data into a considerably smaller number of factors with a minimum loss of information (Hair, et al., 1992). The extraction method the principal component analysis (PCA) and varimax rotation were carried out to explore the underlying factors associated with 12 items of online advertising factors that makes the consumer to recall the product/service advertised. The constructs validity was tested applying Bartlett's Test of Sphericity and The Kaiser-Mayer-Olkin Measure of sampling adequacy analyzing the strength of association among variables. The Kaiser-Mayer-Olkin measure of sampling adequacy (KMO) was first computed to determine the suitability of using factor analysis. It helps to predict whether data are suitable to perform factor analysis. KMO is used to assess which variables to drop from the model due to multicollinearity problem. It also determined the suitability of performing factor analysis. To determine the minimum loading necessary to include an item in its respective constructs, items with loading of 0.50 or greater were acceptable. Result for the Bartlett's Test of Sphericity (669.05) and the KMO (0.645) as shown in table 1, revealed that both were highly

significant and concluded that this variable was suitable for the factor analysis.

The total variance explained by Principle Component Analysis (PCA) is shown in Table 3. It shows that there was a significant drop in the eigen values from 4th component onwards. Hence, the first four components were considered, which together explain 72.13% of the total variance. To determine the minimum loading necessary to include an item in its respective constructs, Hair et al. (1992) suggested that variables with loading greater than 0.30 is considered significant, loading greater than 0.40 more important, and loading 0.50 or greater are very significant. For this study, the general criteria were accepted items with loading of 0.50 or greater. The results shown in Table 3.

The factor loading of 12 variables was then observed, and the variables were clubbed into four factors. Table 5.

Thus looking at the complexion of the above factors, they can be named as:

Factor 1 : Entertaining and Price value advertising

Factor 2 : Ad duration emphasising usefulness

Factor 3 : Repeated informative and appealing advertising

Factor 4 : Interactive value providing interesting advertising

## VI. Findings & Conclusion

A careful scrutiny of the above tables indicates that of the four deduced factors, the first important factor that played a vital role in recall of products/services of customers is "Entertaining and Price value advertising" and could be improved by enriching advertising content with more of entertaining and economic aspects. The second factor "Ad duration emphasising usefulness" is emerged as an important factor which is associated with stay of ad on the web page with more duration explain usefulness of the product/services. "Repeated informative and appealing advertising" as a third important factor, indicates that reinforcement definitely works even for online advertising providing comparative analysis with celebrity endorsement. "Interactive value providing interesting advertising" as fourth influencing factor i.e. ads which are user friendly and open for interaction providing values along with music and thus should not be just content filled but intellectual also. Looking at the importance of these factors, advertisers should concentrate on them as they are indirect components of recalling of products/services through online advertising and strongly influence a customer's recall value.

In the second part of the study, percentage analysis was used to find the attitude of consumers towards online advertising. Table 6 indicates the response of respondents towards attitude of consumers towards online advertising. It clearly shows that a majority (30.73%) of the respondents have a positive attitude towards online advertising. Most of the respondents (30.73%) indicated that advertising was

informative, with a closer percentage indicating that online advertisements are very convincing followed by online advertisements are very entertaining and liking for online advertisements .7.78%, 6.14% and 4% indicated that advertising was either annoying, of no use, a waste of time or misleading. These findings mean that most of the respondents had a positive attitude towards advertising as illustrated by their various perceptions about the use of online advertising.

Hence, the advertisers are characterized by their involvement in competition with each other to attract and acquire the potential consumers. The findings of this study can help them in their operation and strategic plan of marketing. It can be concluded that advertisers should create a virtual relationship with the customer through innovative online advertising plans and enhance their brand image, better connectivity and goodwill with the consumer. In addition, advertisers should train their employees to be more creative and sensitive to the special needs and wants of customers.

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Appendix 1

**Table1:KMO and Bartlett's Test**

|  |                           |               |
|--|---------------------------|---------------|
| <b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b> |                           | <b>0.645</b>  |
| <b>Bartlett's Test of Sphericity</b>                   | <b>Approx. Chi-Square</b> | <b>669.05</b> |
|  | <b>df</b>                 | <b>66</b>     |
|  | <b>sig.</b>               | <b>0.000</b>  |

**Table 2 : Communalities**

|  | Initial | Extraction |
|--|---------|------------|
| Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services.                | 1       | 0.703      |
| Humorous use of online advertisement increases my ability to recall online advertisement of product or services.                     | 1       | 0.816      |
| Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services | 1       | 0.865      |
| background music in online advertisement increases my ability to recall online advertisement of product or services.                 | 1       | 0.724      |
| embedded video used in online advertisement increases my ability to recall online advertisement of product or services               | 1       | 0.58       |
| Price in recalling online product or services advertisement  | 1       | 0.778      |
| Usefulness as an attribute in recalling online product or services advertisement   | 1       | 0.817      |
| Duration of page viewing is a strong determinant of the ability to recall banner ads   | 1       | 0.785      |
| Companies should aim to strengthen customer interactions with advertisements on the Web  | 1       | 0.728      |
| Repeated advertising messages  | 1       | 0.70       |
| Greater the comparative advertising intensity  | 1       | 0.691      |
| Animation content and the shape of the banner ad   | 1       | 0.57       |

Extraction Method: Principal Component Analysis.

**Table 3 :Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 2.985               | 24.878        | 24.878       | 2.985                               | 24.878        | 24.878       | 2.442                             | 20.349        | 20.349       |
| 2         | 2.711               | 22.593        | 47.471       | 2.711                               | 22.593        | 47.471       | 2.183                             | 18.191        | 38.54        |
| 3         | 1.712               | 14.267        | 61.739       | 1.712                               | 14.267        | 61.739       | 2.161                             | 18.011        | 56.552       |
| 4         | 1.248               | 10.397        | 72.136       | 1.248                               | 10.397        | 72.136       | 1.87                              | 15.584        | 72.136       |
| 5         | 0.995               | 8.288         | 80.424       |                                     |               |              |                                   |               |              |
| 6         | 0.912               | 7.601         | 88.025       |                                     |               |              |                                   |               |              |
| 7         | 0.553               | 4.606         | 92.63        |                                     |               |              |                                   |               |              |
| 8         | 0.277               | 2.311         | 94.941       |                                     |               |              |                                   |               |              |
| 9         | 0.243               | 2.028         | 96.969       |                                     |               |              |                                   |               |              |
| 10        | 0.175               | 1.457         | 98.426       |                                     |               |              |                                   |               |              |
| 11        | 0.121               | 1.009         | 99.435       |                                     |               |              |                                   |               |              |
| 12        | 0.068               | 0.565         | 100          |                                     |               |              |                                   |               |              |

Extraction Method: Principal Component Analysis.

**Table 4 :Rotated Component Matrix<sup>a</sup>**

|  | Component    |              |              |              |
|--|--------------|--------------|--------------|--------------|
|  | 1            | 2            | 3            | 4            |
| Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services.                | 0.396        | 0.44         | <b>0.501</b> | 0.318        |
| Humorous use of online advertisement increases my ability to recall online advertisement of product or services.                     | <b>0.737</b> | -0.215       | 0.164        | 0.446        |
| Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services | 0.231        | -0.174       | 0.048        | <b>0.883</b> |
| background music in online advertisement increases my ability to recall online advertisement of product or services.                 | 0.434        | 0.189        | -0.385       | <b>0.593</b> |
| embedded video used in online advertisement increases my ability to recall online advertisement of product or services               | <b>0.723</b> | 0.183        | -0.11        | 0.106        |
| Price in recalling online product or services advertisement  | <b>0.833</b> | -0.21        | 0.2          | 0.019        |
| Usefulness as an attribute in recalling online product or services advertisement   | 0.07         | <b>0.862</b> | 0.236        | -0.115       |
| Duration of page viewing is a strong determinant of the ability to recall banner ads   | -0.144       | <b>0.843</b> | 0.227        | 0.033        |
| Companies should aim to strengthen customer interactions with advertisements on the Web  | -0.415       | 0.469        | 0.23         | <b>0.532</b> |
| Repeated advertising messages affect consumer behavior. This   | 0.002        | 0.208        | <b>0.808</b> | -0.059       |

|  |        |       |              |        |
|--|--------|-------|--------------|--------|
| repetition serves as a reminder to the consumer. |        |       |              |        |
| Greater the comparative advertising intensity    | -0.037 | 0.197 | <b>0.731</b> | 0.341  |
| Animation content and the shape of the banner ad | 0.29   | 0.208 | <b>0.576</b> | -0.103 |

**Table 5**

| Factor 1   | Grouped factors Renaming                            |
|--|---|
| Humorous use of online advertisement increases my ability to recall online advertisement of product or services.                     | Entertaining and Price value advertising            |
| Embedded video used in online advertisement increases my ability to recall online advertisement of product or services               |   |
| Price in recalling online product or services advertisement  |   |
| Factor 2   |   |
| Usefulness as an attribute in recalling online product or services advertisement   | Ad duration emphasising usefulness                  |
| Duration of page viewing is a strong determinant of the ability to recall banner ads   |   |
| Factor 3   |   |
| Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services.                | Repeated informative and appealing advertising      |
| Repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer.                        |   |
| Greater the comparative advertising intensity  |   |
| Animation content and the shape of the banner ad   |   |
| Factor 4   |   |
| Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services | Interactive value providing interesting advertising |
| Background music in online advertisement increases my ability to recall online advertisement of product or services.                 |   |
| Companies should aim to strengthen customer interactions with advertisements on the Web  |   |

**Table 6 : Attitude towards Online Advertising**

| Attitude towards Online Advertising                    | Frequency | Percentage |
|--|-----------|------------|
| I like Online advertisements a lot                     | 21        | 8.606      |
| I think Online advertisements are very convincing      | 51        | 20.90      |
| I think Online advertisements are very informative     | 75        | 30.73      |
| I think Online advertisements are very entertaining    | 42        | 17.21      |
| I think Online advertisements are of no use            | 15        | 6.14       |
| Much of Online advertising is too way annoying"        | 19        | 7.78       |
| I think Online advertisements are simply waste of time | 11        | 4.50       |
| I often have felt misled by Online advertisements"     | 10        | 4.09       |