



## **ONLINE USERS' ATTITUDES TOWARD ONLINE ADVERTISING AFFECT BRAND IMAGE**

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The purpose of this research is to investigate how online users' attitudes toward Online advertising affect brand image, and how to affect purchase intention in both direct and indirect ways. As the result, for realizing research related knowledge and constructing model, related literature would be discussed in this chapter. There are four sections in this chapter: first section is the introduction of advertising and online advertising; the second is to discuss characteristics of attitude toward advertising, the scope of brand image would be listed in third section and the last one is purchase intention.

### **ADVERTISING:**

Because this research refers to advertising field, the theory of advertising, such as definition and conveyance of advertising, procedure of consumers' information process and advertising outcome, would be introduced in this section.

Advertising is the means of informing as well as influencing the general public to buy products or services through visual or oral messages. A product or service is advertised to create awareness in the minds of potential buyers. Some of the commonly used media for advertising are T.V., radio, websites, newspapers, magazines, bill-boards, hoardings etc. As a result of economic liberalization and the changing social trends advertising industry has shown rapid growth in the last decade.

Advertising is one of the aspects of mass communication. Advertising is actually brand-building through effective communication and is essentially a service industry. It helps to form the basis of marketing. Advertising plays a significant role in today's highly competitive world. A career in advertisement is quite glamorous and at the same time challenging with more and more agencies opening up every day. Whether its brands, companies, personalities or even voluntary or religious organizations, all of them use some form of advertising in order to be able to communicate with the target audience. The salary structure in advertising is quite high and if you have the knack for it one can reach the top. It is an ideal profession for a creative individual who can handle work-pressure. Today, new areas are emerging within advertising like event management, image management, Online marketing etc. Online marketing has also brought about a lot of changes



in advertising as Online means that one is catering to a select group of audience rather than a mass audience. Today 'Celebrity Endorsement' has attracted immense debate on whether it really contributes to the brand building process or whether it is just another lazy tool to make the brand more visible in the minds of the consumers. Although it has been observed that the presence of a well-known personality helps in solving the problem of over-communication that is becoming more prominent these days, there are few undesirable impacts of this practice on the brand. The issue of matching the values of the celebrity with the brand values is also very important, i.e. getting the right celebrity to endorse the right brand. Consumers perceive the brand as having superior quality because it has been endorsed by a credible source. This makes endorsement as one of the indicators of quality for any brand. Corporate credibility along with endorser credibility plays a significant role in the attitude of the consumer towards the brand and the advertisement respectively. On the other hand, the over popularity of the celebrity sometimes overshadows the brand.

From its start in October 1994, the Internet Advertising business has grown to approximately \$300 million, and is expected to top \$5 billion by the year 2000. As the industry has developed, marketing efforts have shifted; while initially, obtaining high web-site traffic was the goal, targeting information and advertising to reach the right customers is now a more valuable quality. With an exponentially increasing market to target, the goal is now no longer to create the market, but rather to define it, through unique and useful applications. While in traditional media, distinct lines between marketing and advertising exist, the composition of the Internet causes a blurring between marketing and advertising efforts. The most important question that online advertisers grapple with is how the Internet both differs from and is similar to traditional media. And everyone has different ideas. Some use a direct mail/marketing model for ad development and measurement. While others rely on capturing a large audience as if the Web were similar to broadcast media. In the absence of new standards and methodologies, advertisers and agencies have fallen back on what they are familiar with, and advertising sites, getting different signals from different advertisers, have responded with a confusing mix of advertising guidelines and measurement tracking and reporting which only serves to make it harder than ever to get a handle on what online advertising is.

#### **HOW IS ONLINE ADVERTISING DIFFERENT FROM TRADITIONAL MEDIA ADVERTISING?**

The Internet medium creates different opportunities and challenges for online advertisers. Specifically, there are three aspects which make it different:

#### **USER CONTROL/SELF-SELECTION:**

Halsey Minor, CEO of c/net describes this - "[The Internet] is a medium of choice, not a medium where you force a person to sit through a 30-second commercial, or force them to flip through the pages of advertising." (Jupiter interview 5/96) Self-selection defines the nature of the Internet visit - how long it is, what sites the user visits, and what pages the user accesses on any particular site. This means that advertisers want a very tight focus on the user; ideally, as in database marketing, they seek to create a one-to-one relationship between company and customer by targeting ad messages to a user's profile.

This is the promise of the Internet and the challenge because it makes the ad development and management process that much more complex. Where one message may have been developed for use in other media, multiple messages are now developed, and using Internet technology, are targeted to specific users/groups -- both within a site and across sites.

Both technology and "culture" work to emphasize user control of the Internet experience. When users search the Internet, the majority looks for specific information. It is up to advertisers to create smart ad campaigns that target the right audiences and lure them to an advertiser's web site. Once there, marketers take over to make the experience as mutually satisfying as possible -- providing everything from entertainment to customer service -- in order to provide the incentive for users to want to repeat the experience.

#### **INTERACTIVITY/DIRECT RESPONSE:**

A recent Jupiter survey found that contests and promotions seemed to be highly effective in drawing consumers' attention to banners that many participants said they probably would not otherwise have noticed. What this demonstrates is another unique aspect of the Internet - its interactive nature. Consumers see an ad which interests them; they click on it and voila, instant gratification. The information they want -- whether it's more information on a product or a contest entry form -- is displayed for them right away. In this sense, advertising does not take away from the idea of self-selection, but capitalizes on it, using creative incentives that draw the user in and then responding immediately to a request for more information.

Interactivity is crucial to the online experience -- and getting more so every day as technology changes and expectations rise. Where once building interactivity into a web site was a "cool" bonus, today it is a necessary feature for successful sites. Users demand interactivity; they want that level of interaction with a site which goes beyond mere query and display of information. As the online representative of a company, the web site becomes a kind of "ultimate" customer service representative. When you want information or have a complaint/request, you want to talk to

someone and get individual attention. Through effective usage of interactive marketing options, companies can ensure that users feel like valued customers.

#### **MEASUREMENT POSSIBILITIES:**

Web technology promises exciting possibilities for measurement and direct marketing. Interactivity and direct response mechanisms that are built into Web technology are very attractive to advertisers -- and very frustrating. At a recent Internet conference, a representative of Modem Media complained that the technology was out there to accurately measure web site and online ad tracking and usage, but no one has come up with universally accepted standards to implement that technology. Internet-specific measurement companies, along with print and broadcast companies are vying to set methodology and standards for the Internet.

Measurement technology is crucial for advertising purposes, but the key quality here is the ability to track and utilize information at an individual user's level. Integrated database technology can be used for lead generation and follow-up contacts as well as for customization of site content.

These qualities of Internet activity provide an opportunity on a large-scale basis to develop a closer, more intimate client relationship than ever before. The very nature of interaction on the Internet demands a different approach to advertising, measurement, and ROI analysis than currently exists.

Here we discussed about various online advertising models -- beginning with the standard banner and moving to increasingly interactive and targeted ad models, including interactive, various types of branding, pay-per-view, and push/narrowcasting types of advertising. The "winners" in terms of advertising models will be the ones that best address the Internet-specific issues/qualities described above. Traditional media advertising should only serve as a starting point for exploring the advertising possibilities on the Internet.

#### **DEFINITION OF ADVERTISING:**

The definition of advertising differs from time, space and each person's point. American Marketing Association (1984) defined advertising as a statement or propagation which is paid by advertisers. The statement or propagation can be displayed in any forms, and they can convey any concepts, commodities or services which are provided by the advertisers. In 1990, Dunn made another explicit definition for advertising, "Advertising is paid, non-personal communication through various mass media by business firms, non-profit organizations, and individuals who are in some way identified in the message and who hope to inform or persuade members of a particular audience. Certain key words distinguish advertising from other forms of communication." Besides, Mehta (2000) explained that advertising should be practical messages which are liked and trusted by public because those messages can provide up-to-date information about commodities or service. Besides

the above definitions, Wells, Moriarty and Burnett (2006) made further complete definition for advertising. Advertisers would pay for advertising. Advertising is what advertisers inform their objects of messages about enterprise, person, commodities, service, creation and concept through proper, public medium. Moreover, the appeal of those messages can lead objects to specific targets, and cannot be personal.

Yang (1992) makes a list of advertising characteristics as following:

1. Advertising is a propagation instrument: Advertising is disseminating information of a product to consumers via an apparatus that is in charge of manufacturing or representing of the product.
2. Advertisers pay for messages propagation: An opportunity for free public propagation is rarely gained, and advertisers cannot control this propagation; therefore, it is unreliable and unpredictable. Advertising is paid to propagate information of a product. It has an objective and a plan to control and dominate the activities of propagation.
3. Propagation activities of advertising are persuasive: persuasiveness of propagation differs from information of propagation. Persuasiveness of propagation is to deliver and to be received. Its final purpose is to let receivers obtain the information that is passed.
4. Propagation activities of advertising are target-oriented, planed, and continuous advertising is persuasive propagation. In order to bring its function into full play, a serious planed propagation is required. The propagation needs prescribed orders, gradual processes, and continuous activities of persuasiveness.

#### **COMMUNICATION PROCESS:**

When consumers receive and utilize information, they would apply a selection model. It also can be called 'consumer information processing model'

1. Exposure: Consumers are in a place where is near the information which can evoke their sensibilities. For example, consumers are surrounded with radio programs and advertisements when turning on radios and consumers can choose not to expose to those messages when turning off radios.
2. Attention: Attention means people focus their sense consciousness on a kind of information. For example, when consumers look forward and walk through aisles in supermarkets, they are exposed to products labels and package information. If consumers stop to check a product or read a package label, it means the information has got consumers' attention.
3. Comprehension/reception: Consumers can understand messages and grant message meanings.
4. Yielding/acceptance: Messages change consumers' belief and attitude or generate a new belief and attitude.

5. Retention: Messages are turned into consumers' long-term memory.

#### **ONLINE ADVERTISING:**

After discussing the advertising issue, in the following section, the definition, the characteristics and the measurements of Online advertising would be talked about.

In 1994, Wired, then known as HotWired, claims it invented the banner ad.

The Mosaic browser was just morphing into Netscape in 1994. And if you think ads slow down page loads now, readers had to download the first banner ads over thin dial-up connections.

Despite those handicaps, the gaudy banner ad took over the web, 468 pixels wide by 60 deep. HotWired launched with banner ads from 14 companies including MCI, Volvo, Club Med, 1-800-Collect and Zima, but legend has it that the first HotWired banner ad was from AT&T, prophetically asking "Have you ever clicked your mouse right here? You will."

The banner ad powered the web's first explosion. HotWired, a digital offshoot of Wired magazine, soon had more employees than the magazine, launched a search engine (HotBot) and was pulling in \$20 million a year in revenue. The banner ad fueled the portal war, as startups ranging from Kozmo to Pets.com poured millions of venture capital dollars to lure net users and secure the elusive "early mover advantage."

By the late 90s, online advertising emerged as the Web's premiere marketing vehicle. Then in 1998, a company named goto.com—later Overture, which was bought by Yahoo! in 2003, began offering text-based ads targeting keywords, and search marketing was born.

Google's foray into the space solidified search as a serious contender for online marketing dollars, threatening display's dominance. For the past decade, Google has raked in billions of dollars from its search advertising revenues. And in recent years, Google has moved aggressively into display ads to oust Yahoo as the biggest display ad player in the U.S.

We recently reported that AOL, Microsoft and Yahoo have teamed up to form an ad pact to take on Google in the online advertising game. Why should you care about all of this? This game economically powers the Internet that you enjoy. While the Internet's bubble may have popped in 2000, at the most recent iAB Future of Display conference, Neal Mohan, VP of Display Advertising at Google, declared that online advertising spending will rise from \$25 billion in 2010 to \$200 billion in the next few years. All those great services and sites—everything from Facebook to The Next Web that you think you're getting for free? Think again. If you don't pay for a service, you're the product. Text-based ads killed classifieds. Display ads killed print advertising and video is about to kill TV Ads. So, let's lay out the basics of how this real-time, optimized, demand side, sell side, exchange, networked, eyeball, click-driven landscape operates.



First, most advertisers are looking for reach in “well-lit” areas and brand-safe environments, aka publishers without porn. And publishers are looking for dollars from advertisers that don’t harm their brand either. It starts to get complicated because there are so many places for advertisers to buy and for publishers to sell.

After dozens of Ad networks popped up to help marketers run display ad campaigns with web publishers, a new kind of industry inventory consolidator emerged: In 2005, the Ad Exchange was born to provide advertisers with more direct access and control over available online inventory. There are two sides to an Ad exchange—a buy side and a sell side, also known as demand side and supply side, respectively. Ad exchanges hit mainstream media when Yahoo acquired the Right Media Exchange (RMX) in 2007 and Google launched the DoubleClick ad exchange (AdX) in 2009. Both exchanges help ad networks, agency holding companies, and third-party technology providers maximize their return on investment (ROI) across millions of sites.

But as Ad networks grew in size such as Collective Media, Blue Lithium (bought by Yahoo), Ad.com (bought by AOL in 2004) and Specific Media (which just bought MySpace), they cared more about making money in any way possible and less about the publisher. Ad networks of this size were referred to as “the black box.”

To increase transparency for the advertiser and quality for the publisher, dozens of smaller intermediary companies sprung up at various points on the buy/sell scale, distinguishing themselves as either DSPs or SSPs with better tailored and targeted technologies. A SSP aka Sell Side Platform or Supply Side Platform is a technology platform for publishers to manage their ad inventory and increase revenue by tapping into the different sources of available advertising income. Companies that offer these services include AdMeld, PubMatic and The Rubicon Project. Many of the world’s larger web publishers including Weather.com, NBC Universal, CBS Interactive, Fox News and Quadrant One use a Sell Side Platform to automate and optimize the selling of their online media space.

A DSP aka Demand Side Platform is a similar technology to SSP where buyers seek online advertising inventory and the exact target audience. While SSP is a technology solution for a publisher, the DSP is a tech solution for advertisers. The two integrate with each other to buy and sell online media inventory. Companies that offer these services include InviteMedia, Turn, MediaMath and DataXu.

Take a look at the current landscape below to understand just how diverse the space has become: When you try to figure out how these companies are making money on the Internet, it can feel like entering a labyrinth of acronyms. Like any big money making business (legal, medical, financial, etc.), online advertising is shrouded in jargon and industry speak. It’s the Internet’s version of the Wall





Street jive. These words are meant to trip you up and spin you around, so make sure to become familiar with these acronyms so you don't get lost in the land of double talk.

#### **ONLINE ADVERTISING MODELS:**

**By Scott Bateman**

Online advertising models show up on Web sites in several forms — cost per click (CPC), cost per thousand (CPM) and cost per acquisition (CPA). Publishers and advertisers should know and use all three depending on the situation.

**CPC:** Cost per click; aka PPC: Pay per click; this is an online advertising model used to direct traffic (human eyeballs) to websites, where advertisers pay the publisher (website owner) when the ad is clicked. Among CPC/PPC providers, Google AdWords, Yahoo! Search Marketing and Microsoft adCenter are the 3 largest network operators, and all 3 operate under a bid-based model. That means that advertisers paying these sites typically bid on keyword phrases relevant to their target market. So if you're a social media consulting firm, you would bid on search terms like "social media" "social networking", "social media consulting", etc.

Cost per click is popular with publishers who use services such as Google AdSense, AdBrite, etc. It is especially popular with advertisers because of the ability to track return on investment. "Contextual ads such as Google AdSense can produce the equivalent of \$2-10 CPMs per ad unit based on the click through rate — especially if the content is properly optimized."

The CPC advertising model splits the risk between the publisher and the advertiser. A campaign with low clicks is bad for the publisher because it receives less revenue, while the advertiser minimizes costs. A high click campaign with poor conversion is great for the publisher, who maximizes revenue, but bad for the advertiser because of high costs and low returns. The goal, of course, is to split risk and reward as evenly as possible between the two parties.

The advertiser places ads on Web sites via Google AdWords, which allows them to track the click through rates, cost per click and conversion rate. Cost per click advertising in a direct sales environment often is less successful because of the high labor costs in setting up and managing the campaign. So CPC deals are worth considering for publishers, but they should be used only for certain types of list-like advertising likely to encourage clicks.

**CPM:** Cost per impression/thousand; the cost of an online advert per thousand views. The M stands for the Roman numeral representing 1,000. For example, in banner advertising you pay for each 1,000 ad views your banner receives.

So CPM = C=Cost P=Per M=1,000.



Cost per thousand impression campaigns produces certain revenue for the publisher and uncertain results for the advertiser.

But it dominates the Internet landscape, and with Internet CPMs far lower than other forms of advertising, it can be argued that an advertiser doesn't necessarily get a bad deal. However, because of the risk to the advertiser, the CPM should be lower than the typical cost of a CPC campaign (converted to a CPM value).

One other creative approach for the reluctant prospect is a hybrid of CPM and CPC. The advertiser pays a base CPM at a discount to the rate card, plus a CPC. That splits the risk more evenly between the publisher and the advertiser.

CPM works best for visual, branding-oriented campaigns while CPC is worthwhile for textual, response-oriented campaigns. Making the right choice could determine the difference in managing expectations for the client and getting them to sign a renewal to the contract. CPM Model is also known as Impression. An impression is the display of an ad on a page in a publisher's site. This model is just like print advertising, and for the advertiser it carries the same disadvantages as print, you only know that a reader has had the chance to see your ad, not whether they actually looked at it or thought about the information you impart in it. Of course, it also carries the same advantages of print advertising, chief among them the ability to "brand" your business's name by placing it in front of thousands of eyeballs.

**CPA:** Cost per action; an online advertising pricing model, in which the advertiser pays for each specified action (a purchase, a form submission, etc.) linked to an advertisement. As opposed to brand marketing, direct response advertisers consider CPA the optimal way to buy online advertising, as an advertiser only pays for the ad when the desired action has occurred.

CPA is sometimes referred to as "cost per acquisition", which typically has to do with acquiring new customers with advertising. Using the term "cost per acquisition" instead of "cost per action" is not incorrect in such cases, but not all "cost per action" offers can be referred to as "cost per acquisition".

It's hard to imagine why any advertiser is still pushing CPA or why any site is willing to consider it. The track record for CPA has been terrible. There are examples of where it has succeeded, but those examples are rare.

#### **AFFILIATE MARKETING:**

CPA works for a very small number of publishers who have succeeded in affiliate marketing. These publishers have found a niche with little competition and usually sell a highly targeted product or service.



So yes, CPA can work in certain circumstances. But the odds of success using affiliate marketing are extremely low. The problem lies with the fact that Internet advertising, like all advertising, is a combination of branding and response. CPA assumes that branding has no value. Further, it places all of the risk and responsibility for the sale on the publisher, while putting none on the advertiser, which is especially tricky if their site is poorly produced. Advertisers of course love CPAs because they have all reward and zero risk. That's why they flock to affiliate marketers such as Commission Junction.

The high risk on the part of the publisher is why an exceptionally high percentage of affiliate marketing sites fail to survive. All three online advertising models have a place in any publisher or advertiser strategy. But they should be chosen with their respective strengths and weaknesses well in mind.



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