

An Empirical Study on Online Advertising v/s Conventional Advertising

Dimple Meena

Abstract

Advertising, a crucial way to persuade information among the each and every section and people of society. It has a significant impact in the mind, opinion and in the crucial decisions of customers towards a product and wherein many types of advertising are available along with conventional mode of advertising. It is any non-personal presentation or promotion of goods, services or ideas. In order to conduct present study, the main emphasis is towards analyzing the importance and effective mode of advertising. In order to conduct this study, the specific preference towards advertising is taken into consideration which is taken by a questionnaire where in the people which have a good interest and obviously knowledge about it. The study was done on a sample of 100 respondents. The analysis of this study was done through Chi square test. It was analyzed that there is a significant impact of online advertising and conventional mode of advertising. After analyzing the data, it was assessed that there is a significant preference for the type of advertising wherein online advertising comparatively more advantageous. The study of this paper might be helpful to various concerned persons in their better decision making and dealing practices and more better services provided to customer which is helpful in increasing the market share, brand image and profit share.

Keywords: Advertising; Online Advertising; Offline advertising; Massmarket; Chi square test; Null Hypothesis; Alternate Hypothesis.

Introduction

In the technology driven business for securing position in the market, attraction of customers towards a product or a company plays a pivotal role. In order to attract a customer or spreading information about the product or company, advertising is epochal and in this competitive scenario to provide information advertising is available only via offline mode is not preferable due to mass market hence advertising is available in both mode i.e. online and offline mode but the effects of online advertising and offline advertising differs in the minds of consumers and the trend of focussing on digital promotion techniques and

slowly abandoning traditional media has started with the growth of popularity of the internet. As the large base of customers mainly devote their time in the internet which becomes an important factor in the popularity of online mode of advertisement and because of this all other offline mode of advertising will lose popularity or stagnate. Mode of offline advertisement are TV, Newspapers, Magazines, Radio, Cinema, pamphlets, display boards etc. and the mode of online advertisement are internet, social sites, mailing system, SMS etc. but due to shortage of time and catching the attention of large base of customers marketers in India are veering towards social media advertising or internet advertising in comparison to conventional mode of advertising. According to a report by digital marketing and communication firm Dentsu Aegis Network, social media currently takes the lions share-28% of all digital and spends in India amounting to Rs 2309 crore. Search advertising commands 26 percent share and display follows with 21 percent share (Rs 1714 crore). The size of digital advertising in India is Rs 8202 crore. While search still enjoys a fair share of spends, industry experts foresee social media emerging as the clear leader in the times to come.

Author's Affiliation: Assistant Professor, Department of Business Administration, University of Rajasthan, Jaipur, Rajasthan 302004, India.

Coresponding Author: Dimple Meena, Assistant Professor, Department of Business Administration, University of Rajasthan, Jaipur, Rajasthan 302004, India.

E-mail: dmeena522@gmail.com

Literature Review

Dating back to the 1960's, various aspects of word of mouth communication have been studied and analyzed by researchers. In particular word of mouth has been studied as a form of communication as it relates to customer satisfaction.

Wayne delozier and Arch woodside (1976) defined word of mouth advertising as oral communication between two or more persons concerning a brand, product or service on a noncommercial basis. Delozier and wood side argued that group influence gives reliable and trust worthy information as it is coming from others consumer rather than the producers of the product or service.

David goods and Bina Mayzlin (2004) noted that word of mouth is the most important communication channel. They argued that it has more impact than any other form of communication.

Marsha Richins (1983) conducted a study on the relationship between negative word of mouth and how likely consumers were to share their dissatisfaction with others. The researcher, performed in 1983 before the advent of the use generated contact on the internet found that 57% of those sample did share their negative experiences with that via traditional word of mouth. The study found that consumers were quick to tell their friends about an experience with a product on service.

Gong et al. (2014) designed a field experiment to measure the casual impact of tweets and re-tweets on rating of a television program. They found that promotional message viewership with larger effects when they center information contain and are re-tweeted by influential users.

Goods and Mayzlin (2004) showed that online discussions of new television programs helped to predict those programs ratings suggesting that measures of online word of mouth reflect broader trends in consumers conversations.

Objectives of the Study

- To explain the importance of online advertising.
- To conduct research on the customized about the preferable mouth of advertising.
- To conduct research on the role of online advertising on customers.
- Effect of online educating on the customers.

- To conduct research on effectiveness of online advertising over offline advertising.

Hypothesis

- H_0 (Null hypothesis) is online advertising is more advantageous / preferable than offline advertising.
- H_a (Alternative Hypothesis) is null hypothesis (H_0) is not true.

Research Methodology

To conduct the study, the data have been gathered by the questionnaire which was prepared by using Likert scale containing 20 questions relating to 5 questions of personal information and demographic information and remaining 15 questions relating to consumers attitude, behavior and preference towards e-commerce companies. The item are included in the appendix. The total 120 respondents were asked so answer the questions by expressing their opinion out of which 100 responses were obtained and for exact calculation of data, a chi square test has been done as chi square test enable us to test more than two population proportion. If we classify a population into several categories with respect to five attributes i.e. age, city, income, job profile, gender). We can use a chi square test.

Chi-square test

The chi square test stated that as t & f dist, a χ^2 distribution is also a function of its degree of freedom.

This χ^2 statistic has been given by :-

O = An observed frequency in a particular category.

E = An expected frequency for a particular category.

To make a difference among categories within a sample. More than two samples can be used in a test of this kind and free making difference between samples like persons with 5 different education backgrounds, trying to find a new curriculum. (In this case $df = (n-1) (c-1)$, when n number of samples and c the number of categories.

When hypothesis of a population valuable is to be tested. The test statistic in this case is $\chi^2 = (n-1) S^2 / r^2$.

In this study, the charts for showing preference towards mode of advertising is as follows:

Table 1:

Type of Advertising	No. of customers preferable the advertising.
Online advertising	65
Offline advertising	35

The hypothesis has checked and stated that there are differential customer preferences been getting information from mode of advertising available.

$$A = 0.05$$

$$df = n - 1 \text{ So,}$$

$$df = 2 - 1 = 1$$

Reject Ho if and only, if chi square (actual) > (more than) 1875

(critical value of chi square = 187.5

$$\text{Chi square (actual)} = \sum_i^n = i \left(\frac{O_i - E_i}{E_i} \right)^2$$

$$\text{Chi square (actual)} = 11$$

$$\begin{aligned} & [(65-50)^2 + (35-50)^2] \times \frac{1}{50} \\ & - 225 + 225 \frac{1}{50} = \frac{550}{50} = 11 \end{aligned}$$

Table 2:

	X_i	X	$X_i - X$	$(X_i - X)^2$
1	65	50	15	225
2	35	50	-15	225
	100			550

Table 3:

	X_i	μ	$X_i - \mu$	$X_i - \mu$
1	65	50	15	225
2	35	50	-15	225
				550

Results

Since chi square (actual) < chi square (critical). Hence do not reject the hypothesis Ho. That is there is significant difference in choosing mode of advertising for various products and services and online advertising is more advantageous than offline advertising.

Findings

- As far as respondent's opinion is concerned the analysis of their responses suggest that the online advertising is helpful in checking the brand experience, growing online or offline sales, generating leads, reducing

acquisition costs.

- It is analyzed that new ways of using the internet help in boost the development of online advertising.
- Internet users spend a tremendous amount of time using exchange and communication services on the web. According to media matrix net ratings study, internet users spend on average around 4 hours 8 minutes on community network. 1 hour and 15 minutes on online auctions on classified ad websites.
- The new use of media including community and social networking sites, generates additional advertising space which provides advertisers with a remarkable targeting opportunity.
- Behavioral targeting has become far more work spread these past few years and is used in advertising campaigns to reach out to the light audience. By examining the browsing behavior of internet users, profits can be established for which display advertisement can then be designed in accordance with the internet users' interest on purchasing habits.
- This interest has become as influential as TV in promoting the impulse to purchase.
- Analysis also reveals that the reach of online advertising is not only restricted to online sales but the impact on offline sales has also been increased.
- Online advertising proves to be effective in enhancing product visibility, reinforcing purchase intent and triggering the decision to purchase.
- A study conducted by IAB, Net impact in 2009 revealed that exposure to an online advertising campaign increased internet user purchase intent by 11%. After having been exposed to an online advertising campaign 59% of internet users said that they intended to purchase or use the advertised product compared to 53% of internet users who had not been exposed.
- Online advertising has become essential to customers in preparing their purchase. In 2010 8 out of 10 internet users surveyed by media metric that they consulted a website before purchasing a product representing 3% more than in 2009.
- Internet users primarily seek reliable information by checking descriptions of the

product they wish to buy.

- Users believe that online advertising plays a key role in the purchasing process.
- According to an IFOP study for Microsoft advertising on the impact of online advertising on preparing purchases, some 3 out of 4 internet users considers that online advertising helps them find more detailed product information than other media.

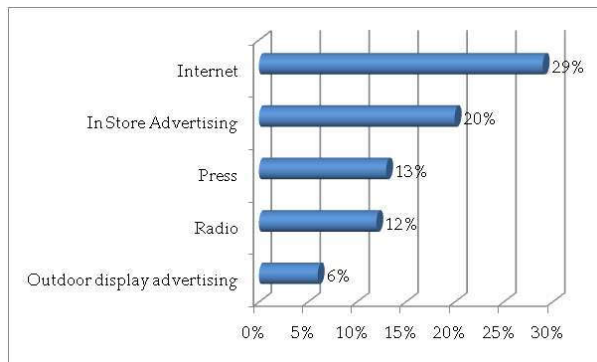


Fig 1. Media considered the most reliable in advertising

Source: PWC France 2009

Conclusions and Suggestions

The internet becomes more widely used day by day for preparing purchases, online advertising is proving to be an effective means for driving brand awareness and guided consumers online advertising is central to corporate digital strategy alongside websites development and e-CRM solutions.

Online advertising boosts campaign effectiveness. It should keep moving towards quality this includes measuring the effectiveness of formats and creativity. Measuring online advertising effectiveness is a complex matter especially in the perpetually changing environment where new resources, formats and uses are constantly being developed with the advent of online advertising, importance of internet as a branding medium has boosted. Online advertising also leaves an impact on branding. Online advertising lifts advertisement more accurately segment their audience and internet with users with the advancement of this online advertising, Occupies a major area in the mind of consumer but offline advertising plays also an important role. According to a study conducted by thin box in partnership with IAB UK on the complementary nature of TV and the internet revealed that 47% of respondents used both media at least once a day. Just a few years ago, advertising still considered that the internet could only be used for targeting and conversion. Internet has since become a powerful medium with a reach that is increasingly comparable to that of TV.

Advantages of Online Advertising

1. Additional product information available by clicking on advertisement.
2. More information available than with other media.
3. Access to printable reductions.
4. Easy access to the website to order the product.
5. Easy access to the website to order the product. More time to see the product than with TV advertising.
6. Higher level of advertisement recalls than with other media.

Levels	Indicators	Level of maturity and trend in use
Engagement	Committing interactions newsletter subscription catalogue request, credit simulation and quotes etc.	Developing, depending on advertisers often associated with purchases through recommendations still not widely used for branding.
Browsing	Number of visits, time, depth, recurrence.	Matures and fundamentals for online retailers developing for brand focused advertisers.
Interactions	Interactions rate / length of interactions.	Developing rapidly, in line with growth in rich media and video often only partially exploited.
Actual exposures	Number of advertisements "viewed" exposure time display surface.	On the rise, being trialled by many advertisers not yet fully available.
Display	number of impressions	Mature minimum indications.

Source: PWC Report

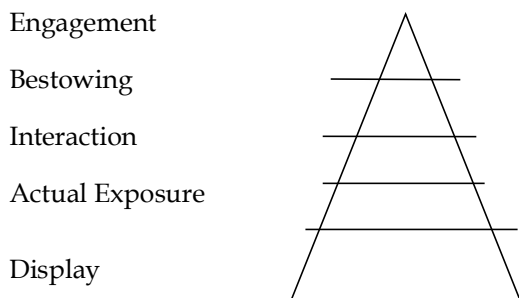


Fig. 2: Five levels for effectively measuring online advertising.

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