The Impact of Online Advertising on Consumer Purchase Behavior Based on Malaysian Organizations

Naser Zourikalatehsamad, Seyed Abdorreza Payambarpour, Ibrahim Alwashali, Zahra Abdolkarimi

Abstract—The paper aims to evaluate the effect of online advertising on consumer purchase behavior in Malaysian organizations. The paper has potential to extend and refine theory. A survey was distributed among Students of UTM university during the winter 2014 and 160 responses were collected. Regression analysis was used to test the hypothesized relationships of the model. Result shows that the predictors (cost saving factor, convenience factor and customized product or services) have positive impact on intention to continue seeking online advertising.

Keywords—Consumer purchase, convenience, customized product, cost saving, customization, flow theory, mass communication, online advertising ads, online advertising measurement, online advertising mechanism, online intelligence system, self-confidence, willingness to purchase.

I. INTRODUCTION

ONLINE advertising business used electronic commerce (EC) tools to build marketing strategy, establish customer relationships, theories on advertisement and customer purchase behavior because of potential market segmentation. Likewise, online advertising include contextual ads on examine banner ads, rich media ads, social network advertising, online classified advertising, and marketing email like spam [1]-[3]. As far As, online advertising communication offers many opportunities to increase the purchasing behavior proficiency and improving product material availability or service information, qualifying direct multi characteristic evaluations, and reducing the customer costs. Moreover, in online advertising market factors like security, privacy and consumer perceptions are important in affecting consumer's decision in the purchase. However, consumers may be dealing with remote salespersons, they have never met and products that cannot be touched and felt. Likewise, consumers tend to be unwilling to conduct businesses based only on the information provided by EC merchants in market because some information may not be reliable.

Traditional marketing theory continued fundamentally relationship with concept of consumer trust to purchase because it increases the high quality of product with opportunistic behavior by the seller [4]. Therefore, consumer trust has been recognized with both conceptually and empirically dimension to positively impact on customer purchase behavior. There are few types of online advertisements. First, floating ad is a type of high revenue media web advertisement that appears uninitiated, superimposed over a user-requested page, and becomes unobtrusive after a specific period. Fig. 1 shows floating ads simply appear either over the Web page, full screen or in a smaller rectangular window. They may or may not provide a means of escape, such as a close button. More versions that are sophisticated can come in any shape or size and include sound, animation, and interactive components. Further, expanding ads means the ads do not expand just from mousing over hyperlinks, which is a technique used by some other advertisers. They often take a long time to download, which in turn can negatively affect the visitor's experience on that page. Polite ad formats were developed to address this challenge by enabling advertisers to serve larger file formats without disturbing the load time for the rest of the images on the page. A polite ad format is loaded in two phases: First, the initial load is a compact image or SWF file that is smaller, so there is no delay in loading other contents on the page. Second, the main load is the full version of the ad. The full ad can have a larger file size. It is loaded only after the whole web page has finished loading into the visitor's browser. Moreover, Fig. 2 shows a banner-expanding ad that attempts to trick people into clicking, often by imitating an operating system message. Furthermore, pop-up ads are advertisements show up in a new browser window. There is no one standard size for popup ads. Popup ads also vary widely for commands that show in the window. Pop-up ads are just one form of online advertising used by advertisers to get web users' attention. Pop-up displaying is just one part of expanding universe of methods in reaching online consumers. Therefore, pop-up is based a new window which opens in front of the current one, displaying an online advertising, or entire webpage in online market.

Similar to a pop-up except window is loaded or sent behind current window so user does not see it until they close one or more active windows. Thus, we call pop-under. Pop-under is another form of online advertising on the Internet, which emerged from the concept of pop-ups. This form of advertising is mostly acceptable by all advertisers, publishers, and users as they are less intrusive and do not interrupt the user immediately nor take the user away from the publisher site. It gives advertisers a good opportunity to brand their product as well as giving the users sufficient product information. As a result, pop-under of online advertising can also provide advertisers with no creativity to use any page.
within their website as a pop-under advertisement.

Figure 1 Floating ads

Figure 2 Expanding ads

Due to the diversity of products and services, increasing consumer desires and demands, producers and service providers need a faster and more efficient method to reach the consumer loyalty. However, e-commerce has been much slower in meeting the growing demand of online advertising. For instance, while business-to-business communications have increased, there is only limited growth in business-to-consumer (B2C) transactions [5]. In Malaysia, there has been limited academic attention in terms of technology willingness [6] and e-commerce development; research continues to ignore aspects of global business and marketing in Malaysia [7], [8]. To address the gaps study focus on examination of consumer perceptions of risk and trust with online purchasing through EC advertising and how the factors effects on online purchasing behavior. Thus, producers and service providers could utilize and put into practice the basics of online advertisement in an attempt to reach a vast number of consumers in a faster and more efficient manner.

II. LITERATURE REVIEW

Online advertising creates new opportunities for marketer to motivate consumer towards purchasing. It effect on motivation of consumer behavior and support the business and marketing segment in Asian country like Malaysia. A basic of online advertising model on market business is high growing of profit and expand them in global business. A structural of equalization model is developing to test unexpected efficiency between the variables. The scholars discover online advertising are influence by convenience factor, cost saving factor, customize products and services factors [9]. Reference [10] defined successfully development of online advertising in business as rational shopping experience and mission-oriented perceptive. The emotional aspect of online advertising purchase motivation has been taken into consideration of human rights section to improve of processing physical shopping in our society. Reference [11] believes the product is procured or the mission is completed is not enough to represent shopping motivations in market segmentation because they will be able to establish motivation of customer purchase behavior and emotional satisfaction of them during the shopping process. While, some revisions concentrate about the impact of rational stylishness and purchase ability on online advertising approaches. In short, the finding covered Malaysian consumers based of attitude purchasing behavior positively and connect with online advertising request by using the telecommunication method in across the world.

A. The Implement of Online Advertising in Business Structure

Online advertising is distinct as critical mission, rational, effective decision making, and goal oriented. It shows method of customer motivation to grow save costing, product customization to acquire the benefit during efficiency of business process. Reference [12] believes online advertising concept effect on customer motivation from various perceptive such as happiness, fantasy, awakening, sensuality, and enjoyment on marketing globally. So, obtain profit of online advertising create both experiential and emotional to incentive consumer in business segment [12], [13]. Moreover, consumers love shopping as online because they enjoy and it is not about obtaining physical objective or completing of online advertising mission. It shows motivation of customer purchase is in nature of them even they are poor or rich family. Online advertising is impacted by three characteristics on customer purchase behavior in business approach, such as perceived risk, willingness to purchase, and self-confidence.

1. Perceived Risk

Reference [14] defined relationship between perceived risk and customer purchase behavior to innovate of society behavior, and consumer brand loyalty and online advertising implementation. Reference [15] declared consumer behavior could be regarded as an attempt to occupy risk taking on online advertising product. Since then, investigators have found generally, that the risks connected with in-home shopping are much greater than risks associated with in-store shopping. While many scientists have discovered character of perceived risk to convince the consumer purchase behavior,
the present study also concentrate on conceptualization of risk as the subjective expectation of a loss. Thus, perceived risk has been argue from many measurements, like financial risk, performance risk, psychological risk, physical risk, social risk, and time risk [16], [17].

2. Willingness to Purchase

Reference [18] described it is inversely connected to amount of perceived risk and consumer satisfaction, intention to gift-giving, and customer opportunities to customize products or services by increasing the online advertising loyalty. Shoppers naturally have to expend physical dynamism and time to travel to a retail site, and also create the motivation to increase the profit of online advertising in market place. There may be more likely to engage in browsing and/or information gathering without having real purchase intentions. The advertising compromises consumers to the unequaled opportunity to shop for the express of obtaining pleasure in market.

3. Self-confidence

Confidence has been defined as making a brand choice certainty to make decision for judgment of the quality and it is a central construct in explanation consumer purchase behavior [19]. Confidence is derived from consumers’ approaches and directly influences on purchasing intention to implement online advertising in society life cycle. Self-confidence is regarded to be related to anxiety and risk-reducing marketing strategies, as well as a very critical variable to consider investigatory consumers on influence online advertising profit [20]. Thus, analysis of self-confidence within the context of online advertising shop, will balance the appropriately willingness to purchase, and perceived risks.

B. Online Advertising Motivations and Consumer Purchasing Behavior

Reference [14] covered future idea to concentrating on elements like pleasure, feeling, aesthetics, emotion, and satisfaction to obtain high profitability and consumer motivations. Empirical shows that customer motivation has been shifted from the utilitarian online advertising lookout to easy way to access the browse or window shop by implement strategy in business for own mind as determination of customer behavior provide information to easier purchase products in business for own consumer. On the other hand, exploration-oriented consumers do not have a substantial plan in their minds because of using easy way to access the browse or window shop by implementation of advertising purchase. Concentrating Customer behavior on the advertising is similar to that in physical storefronts, which means that consumers could be performing either search activity, with or without a specific purpose. Significantly, [23] indicated behavior theory because is actual behavior to convince the consumer to purchase. However, it consuming online advertising preparations like transform and dressing up, convenient browsing medium and increases capability. So, consumer behavior effects on purchasing base indicating on goal-oriented and exploration-oriented in business organization. Finally, the empirical research verified online advertising value to categorize the consumer purchase behavior, such as amount of money to spend and satisfaction procured, influences consumer behavior.

C. Flow Theory

Flow theory states elements such as playful, fact-finding, and self-motivating will restructure behavior happiness. It also occupied online advertising because of pleasure customers gain from the business cycle process. However, flow does not mention to a specific state exactly, it is a constant variable in that various levels of flow can occur. Some connections within computer facilitated surroundings may be more playful and tentative in empirical documents [24]. Reference [25] stated flow theory created an optimal mentality for those consumers implement individually to purchase the product based on online advertising from market. Moreover, Flow theory effects on limitation period and cost saving to suggesting better customer service because of inherent appearances. On the other hand, customers operating within computer refereed locations to impact of various appointments in different shopping behaviors during various measurements of flow theory based on individual and/or product features to better concentration, creativity, control, and satisfaction in business.

D. Theoretical Framework and Hypotheses

Theoretical model and hypotheses concentrate on online purchase customer incentive and to revision whether various shopping incentives should influence on online customer purchase behavior intention. The theoretical model process analysis the consumer purchase intention to high perspective of loyalty value, in market segmentation. Reference [4] expressed provider of online advertising to shop depend as purchasing gaining the product painlessly during the online customer shopping process. So, different shape of purchasing, looking, one-time buying or duplication online purchase behavior necessarily should be connected to duration of flow theory. Additionally, intensity duration of flow may assist to one of elements such as increase a consumer’s motivation; save costing and consumer cycle life conveniently, as well as, producing consumer to utilize online advertising practically for other aim besides actual purchasing [26]. As result, researcher emphasis on model due to implement strategy in online organization and significant factor lead to high market share and profit in target segment.

Cost-saving is measured as value of online advertising to encouragement customer behavior purchasing in business process. The perspective of cost saving classifies the value of online advertising as adventure, social, idea, value, authority to satisfy the consumer behavior purchasing in market [27].
addition, it is difficult for online advertising customer to reach these elements due to the lack of a physical purchasing surroundings and excitement from physical products. Reference [28] defined that the convenience value of customer to satisfy and cost saving will brought by online advertising because it allows customer to play the expected role within limited time and space in marketplace. Moreover, in Porter’s framework, two vital target positions of theoretically maximizing revenues emphasis on achieve to lower costs or increase incomes through differentiation. Low-cost (LC) business units minimize costs leading to savings form of lower prices in market and Differentiators (DF) offer something unique (product, service component, geographic location) for which they charge a price premium. So, using the Porter framework appeared to capture how types of business divisions make to implement strategy of online advertising on target segment, while, most business items choose either a low-cost or differentiated strategy. Therefore, they try to deliver value by being simultaneously both low-cost and differentiated [29]. Reference [30] expressed organizational culture as a “conscious pattern of shared values and opinions which help to consumer understanding organizational function and behavior in the organization” They stressed that it is necessity to understand the culture of an organization in order to understand the organizations of online advertising strategy. They stated that behavior is culture and culture is strategy; therefore, one must manage culture to manage strategy. Preliminary efforts have been made to reveal relationships among the elements of bridge market orientation and business performance, those being strategy type and to some degree, specific strategy elements [31]. Fig. 3 shows the porter framework based market positioning and profitability of cost saving on online advertising structure in business organization. Hence, H1. Cost saving has an important positive effect on intention to continue seeking online advertising.

Reference [32] stated online advertising as continuous service, which is available by time and space. The value of convenience is the key reason that customer love based online advertising because it provides suitable shopping environment in the home of the shopper. Clients should select to dress more easily and securely when to shop according own schedule. Moreover, connection between judgments of online advertising to shopping value and customer products, should be understood the concept of value and its related measurements of market segmentation. Reference [33] stated that customer convenience is significant to differentiate further of online advertising value because it integrates many intellectual features of attitude like economic value, quality, evaluating, matching traders, and saving time-based and psychological resources. on the other hand, customer purchasing validity concentrate on total assessment of functional profits and costs such as entertainment and escapism to identify as important elements of online advertising in marketplace [34]. Therefore, the perspective of intention to continue seeking online advertising and customer purchase value allows us to investigate efficiently how flow can be managed to facilitate the desired shopping behavior with implement of technology, and services marketing. As result, previous study has hypothesized of convenience value based on simplify exchange between price and quality for multiple dimensions of consumption value in business process. Likewise, convenience value depends on total assessment of functional profits and costs consider purchasing plan based product, service, and price structures in each community intention to continue online advertising [35]. Hence, H2. Convenience has a positive association on intention to continue seeking online advertising.
products in business process. Therefore, the hypotheses of customize the product and services that can be derived positively effect on intention to continue seeking online advertising in marketplace. Hence, H3. Customized products or services have positive relationship on intention to continue seeking online advertising.

III. RESEARCH METHODOLOGY

A survey questionnaire was distributed among UTM students during the winter 2014. A convenience sampling method was employed to collect data from 160 students. The demographic profile shown in Table I indicate that the majority of the respondents are female, 49 percent of respondents are Malay, 56 percent of students have bachelor degree, and 52 percent are in the 18–22 age range. Measures of the study were derived from the previous studies and evaluated through a 5-point Likert Scale where 1 = strongly disagree; 2= disagree; 3= neutral; 4= agree; and 5 = strongly agree. We measured cost saving with a 5-item scale. A sample item of this construct is, ‘Online advertising for shopping is the best way to buy high quality product with less price.’ Convenience construct was measured with a 5-item scale. A sample item of this construct is, ‘Online advertising makes it convenient to develop interactive customer-seller relationships.’ The construct of customization of products and services was measured with a 5-item scale. A sample item of this construct is, ‘Online advertising makes me satisfied as a unique customer.’ The construct of intention to continue seeking online was measured with a 5-item scale. A sample item of this construct is, ‘I intend to continue following online advertising in future.’ In the current study, Cronbach’s alphas were as follows: cost saving α = 0.76 (M =9.45, SD =2.41), convenience α = 0.77 (M =9.57, SD =2.31), customization products or services α = 0.74 (M =8.92, SD =2.39), and intention to continue seeking online α = 0.91 (M =36.05, SD =8.29). Statistical Package for the Social Sciences (SPSS) version 22.0 was employed to analyze the reliability and validity of the data, and for testing the postulates of the study.

IV. FINDINGS

A. Controlling Common Method Variance

The Harman’s single factor test was performed to check the likelihood of the presence of the CMV in the study. The result of a single factor extracted from exploratory factor analysis revealed the cumulative variance of 44.229 percent which is less than 50 percent, proves the common method variance is not an issue here.

B. Regression Analysis

Multiple regression analysis was employed to determine the prediction of a dependent variable from predictors and to test the postulates of the study (Table II). Moreover, there was no concern for multicollinearity, since the VIF scores for all of the variables were well below 10 [40], [41]. Simultaneously, predictors were entered. The total variance explained by the model as a whole was 83.2 percent, F (3, 156) = 401.356, p < 0.000.

V. CONCLUSION

To overcome the concerns optimization strategies are used to deal with the issues by improving the theoretical model based on behavior effectiveness and finding the ideal level of each interposition policy for a hypothetical household. However, researchers offer evaluation of online advertising to design marketplace by factors such as cost saving, convenience, customization of product and services for maintaining high loyalty of customers. Therefore, result shows that online advertising has positive impact on consumer
purchasing behavior. This paper contributes in enhancing the mechanism of online advertising, its goals, and common impact of evaluation strategy to solve the market place error regarding online marketing.

REFERENCES


