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Review of Online Advertising Research and Future Research Agenda [Slides]

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**A Review of Online
Advertising Research and
Future Research Agenda**
(published in
*Journal of Current Issues and
Research in Advertising*)

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Growth in Online Advertising

- US Online Ad Expenditure grew from 1998's US\$1.8 billion to 2009's US\$22.7 billion
- Fastest growing advertising medium
- Important revenue source for most editorial content web sites (90%+)



Review Scope

- ◆ All online advertising articles published 1996-2007 in six major refereed advertising journals (N=87):
 1. *Journal of Advertising* (JA)
 2. *Journal of Advertising Research* (JAR)
 3. *Journal of Current Issues and Research in Advertising* (JCIRA)
 4. *International Journal of Advertising* (IJA) - UK
 5. *Journal of Marketing Communications* (JMC) - UK
 6. *Journal of Interactive Advertising* (JIAD)



Scope of Online Advertising

- Definition: Deliberate messages placed on 3rd party web sites including search engines and directories available through Internet access
- Exclude marketers' own web sites, e-mail marketing and shopping sites.
- Include web site traffic/audience measurement studies
- Online advertising NOT necessarily interactive



Justification for the Scope

- Focus on how researchers contribute to advance advertising theories and understanding of “online” as the advertising medium and the message
- Findings to collaborate with industry’s adspend statistics for online advertising
- Examine competition for attention between editorial content and advertising messages
- Revenue implications for editorial web sites



State of Online Ad Research Publications

- Increasing interest in online advertising by major journals:
- Special issues on online advertising (JA, JAR)
- JAR has the largest number of online advertising articles (32).
- US-based ad journals have more online ad articles than UK-based ad journals (online ad growth in Europe similar to US)



Common Topics in Online Advertising

- Attitudes toward online advertising by consumers and practitioners
- Internet advertising media planning
- Creative factors in online advertising
- Online advertising processing



Evolution of Online Ad Research

- Early research: acceptance of WWW as an ad medium (e.g., Ducoffe, 1996)
- Studies found positive attitudes toward Web advertising is positively related to effectiveness of online advertising
- Consumers are less tolerant offensive product ads on the Web than other media (Prendergast & Huang, 2003)
- Attitudes toward ad in a medium can change over time (Brackett & Carr, 2001)



Industry Practitioner's Attitudes toward Online Advertising

- Ad practitioners are skeptical of effectiveness of online advertising – lack experience and expertise in Internet ad (Rodgers & Chen, 2002; Tan & Piron, 2003)
- Diversity of online advertisers reflect high Internet penetration in the market (Pashupati & Lee, 2003)



Comparison between Print and Web Advertising Effectiveness

- Show superiority of Web over print in achieving positive brand evaluation (e.g., Sundar & Kim, 2001)
- Web offers more stimuli and so keep the users' attention and interest longer (Dahlen et al., 2004)
- Web is better than print for low-involvement products and for consumers with a negative disposition toward the brand.



Importance of Online Ad Formats

- Pop up ads not used in comparison between print and web ads.
- Banner ads most frequently studied ad format
- Consumers have different attitudes toward different online ad formats (Burns & Lutz, 2006):
 - Banner ads scored highest on the info factor and most positive attitude from consumers and did best in all behavioral measures in an experiment, contradicting the results of Cho et. al (2001), that forced exposure ads has higher self-reported clickthrough than non-forced exposure



Online Ad Media Planning

- Controversy on the applicability of traditional advertising reach and frequency exposure estimation model in Web Advertising
 - Leckenby & Hong (1998), traditional model still works
 - Huang & Lin (2006), Internet needs its own model because it is not a one-time display with audience cumulation over time.



Media Credibility and Content Compatibility with Products

- High involvement products need to be put in sites with relevant content, low involvement products need to use reputation of web sites to build credibility (Shamdasani et al. 2001)



Search Advertising

- Very few studies on it but most important in ad expenditure (40%)
- Low matching between smart banners and keywords by search engines (Dou, Linn & Yang, 2001)
- Muylle et. Al. (1999) proposed a grounded theory of search behavior that classifies search by the purpose and specificity of search objectives. Banners are considered peripheral info in the search process. Consumers recall banners only when repeated exposed to them at least 3 times or when they were directly related to the consumer's search objective



Different Views on Interactivity

- Media directors use traditional impression-based method of cost per thousand in paying for online ads. But for measures of advertising effectiveness they use transaction based measures such as clickthrough rates (Shen, 2002).
- Interactivity as the # of hyperlinked layers embedded in online ads show higher perceived product knowledge than non-interactive ads (Sundar & Kim, 2005).
- Interactivity performs better for verbal consumers and products rich in info and non-interactive linear presentation is better for visual consumers and images (Bezjian-Avery et. Al., 1998).
- Interactivity is not for everyone. Users with low desire for control and searching for info on the Web do not appreciate interactive features (Ying & Shrum, 2002).



Application of Classical Advertising Theories to Online Advertising

- No new theory in online advertising research
- Online ad info processing models are mostly integration of old theories with some new elements specific to online advertising
- Commonly used theories: **product involvement**, **information processing** such as limited capacity theory, elaboration likelihood, and **psychological theories** such as motion effects, excitation transfer, vividness effects of media modality and availability valence.




Consumer Responses to Advertising

- Same principles of traditional media ad can be applied to the Web (Gallagher et al., 2001a & b)
- Importance of arousing curiosity of consumers to facilitate clickthrough in online advertising: creation of knowledge gaps and use the ad to resolve the question (Menon & Soman, 2002)



Conceptual Models of Online Ad Processing

- **NICM** (Stern & et., 2002): presentation and formation of image in consumers mind and the various message stimuli available on the Internet
- **Integrated model** (Rodgers & Thorson, 2000) identified research, shop, surf and communicate as 4 motives of users that determine online ad exposure
→ development of Web Motivation Inventory



Conceptual Models of Online Ad Processing (cont'd)

- **Modified Elaboration Likelihood Model (Cho, 1999)**, separate voluntary and involuntary ad exposure. Position, download time of ad affect involuntary ad exposure and attitudes toward the site. Attitudes toward the site and its advertising, product-media content compatibility and repeated exposure affect voluntary ad exposure.
- **Web advertising effectiveness model (Rossiter & Bellman, 1999)**, the role of Web ad schema formation in processing of ad. Web navigation ability, product category need, expertise of users and situational factors affect ad exposure. It's similar to traditional hierarchy of effects model (AIDA)



Synergies between Offline and Online Media

- Most view online ad as alternative to offline media ad
- Only 4 studies employ a synergetic approach and show general lack of integration between offline and online media.
- Brand Integration vs. Brand Extension Strategies (Ha, 2003)
- Central route info processing (synergy) vs. peripheral route info processing (non-synergy) (Chang & Thorson, 2004)



Methodological Development in Online Advertising Research

- Most use quantitative approach and experiments
- Online data collection methods vs. offline methods. Morris et al. (2003) demonstrate Internet as reliable and valid in responses as other methods. Internet makes it more convenient to use for cross-national studies.
- Field data vs. controlled experiments – effectiveness of execution elements results differ by settings.



Web Audience Measurement

- Only one original research study has been published in an advertising journal and was published in 1999.
- Lee & Leckenby (1999) shows the length of audience measurement period greatly affects the results especially in website traffic measurement. Site rankings are not affected by the measurement period.



Proposed Research Agenda

1. Economic impact of online advertising on online media
2. Social impact of online advertising (e.g., impulsive purchase, vulnerability to online offers, self-promotion in social networking sites, blurring between online editorial content and advertising)
3. Online advertising formats and comparisons with other new media



Proposed Research Agenda (cont'd)

4. Online advertising for digitizable and non-digitizable products
5. Interplay between advertiser-control elements and user-control elements in online advertising
6. Assessment of online advertising effectiveness and choice of measures
7. International advertising implication and global impact of online advertising



Proposed Research Agenda (cont'd)

8. Incidental and deliberate advertising exposure
9. Methodological research: Sampling and experiment data collection
10. Tracking and longitudinal studies to examine changes in online consumer behavior, attitudes and online advertising practices



How the Research Agenda may Benefit University of Macau's Department of Communication

- Develop cutting edge research topics that are highly publishable and significant to the field of online media and online advertising.
- Online advertising is very useful and cost-effective for tourism and entertainment advertising for Macau: target at visitors outside Macau.
- I can collaborate with faculty and graduate students in UM interested in any of the agenda topics.



My Current Research Projects

- Measuring, Classifying and Predicting Prosumption in Online Social Media
- Business Model of Online News – the Public Goods Perspective
- Media Diversity, Media Consumption and Evaluation in the Multiplatform and Digital Age
- Sampling Problems in International Advertising Research esp. Online



How I may help

- Work collaboratively with faculty members to develop strength areas in the University of Macao's Department of Communication: capitalizes on the unique position of Macau such as tourism & international communication, entertainment and cultural industry
- Experience as Chair of Department in the U.S.
- Increase international visibility of UM and foster ties between UM and U.S. and overseas institutions: exchange/study abroad programs, conferences, etc.
- Take advantage of the location of Macau to develop regional collaboration with China and Hong Kong