

**A Project Report On**  
**EFFECTIVENESS OF INTERNET ADVERTISING ON CONSUMER**  
**BEHAVIOUR**

**Submitted in the Partial Fulfillment for the Award of the**  
**Degree of Bachelor in Business Administration (BBA) Of Savitribai**  
**Phule Pune University, Pune**  
**In Marketing Management**

**By**  
**Mr. Akshay Shivaji Sonwane**

**Under the Guidance of**  
**Prof. Sayyad L.R.**

**MES, Arts, Commerce & Science College, Sonai,**

**Tal. Newasa Dist. Ahmednagar**


**A.Y. 2020-21**


## DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

This research project has been submitted for examination with my approval as the University Supervisor.

  
Project Guide

  
Internal Examiner

  
External Examiner

## DEDICATION

This study is dedicated to my family especially my wife Terry and my Mum for their constant encouragement and patience throughout my academic struggle and my mentor Terry Little for his continuous financial support thus realizing my long cherished dream.

  
Signature

## **ACKNOWLEDGEMENTS**

The completion of this study would have been impossible without the material and moral support from various people. It is my obligation therefore to extend my gratitude to them. First of all I thank the Almighty God for giving me good health, and guiding me through the entire course.

I am greatly indebted to Dr. Justus Munyoki who was my supervisor for his effective supervision, dedication, availability and professional advice. I extend my gratitude to my lecturers who taught me in the MBA programme, therefore enriching my research with knowledge. The University of Nairobi students, who were my respondents, deserve my appreciation for their support and willingness for providing the required information during my study. My appreciation finally goes to my classmates, with whom I weathered through the storms, giving each other encouragement and for their positive criticism

## ABSTRACT

Advertisers are expected to shift and spend millions in internet advertising in the coming years than TV, print ads and other traditional advertising media. With the rapid growth in technology, the internet is becoming an important one stop point for consumers in finding most of their needs. Be it communication, entertainment, shopping, information search, internet serves as a panacea for all their requirements. Many consumers are online every day for their personal work, but do they notice the ads, banners displayed on that webpage, and most important their recall value. The current study investigated the effectiveness of internet advertising on consumer behavior by conducting a case study of University of Nairobi Students. The study sought to determine the effectiveness of internet advertising on reach and creation of awareness; to establish the reliability of internet advertising through recall; and to determine the relationship between internet advertising and purchase decision. The study used a case study research design. The target population was the University of Nairobi students. The study used stratified sampling technique to select 100 study respondents. The primary data was collected using questionnaires. Content analysis was used to analyze qualitative data while the quantitative data was analyzed using descriptive statistics using SPSS. Regression and Correlation analysis was used to show the relationships among the variables. The data was presented through percentages, means, standard deviations and frequencies. The study found that internet advertising was effective on reach and creation of awareness due to diverse usage, and established that its reliability as an advertising media was low compared to TV. Internet advertising has significant relationship with purchase decision of the consumers and therefore is a key determinant in influencing consumer behaviour. The study determined that there is a positive relationship between internet advertising and consumer purchase decision and further recommends that companies should conduct a market research on the different markets in various countries to ensure that the internet advertising initiatives being implemented suits the targeted markets to improve product purchases.

## TABLE OF CONTENTS

Declaration.....	ii
Dedication.....	iii
Acknowledgements.....	iv
Abstract.....	v
Table of contents.....	vi
List of tables.....	viii
<b>CHAPTER ONE:INTRODUCTION.....</b>	<b>1</b>
1.1 Background tothe study.....	1
1.1.1 The Conceptof Promotion.....	2
1.1.2 The Concept ofInternet Advertising.....	3
1.1.3 The Concept of Consumer Behaviour.....	4
1.2 Research Problem.....	5
1.3 ResearchObjectives.....	6
1.4 Value ofthe Study.....	7
<b>CHAPTER TWO :LITERATURE REVIEW.....</b>	<b>8</b>
2.1 Introduction.....	8
2.2 Theoretical Foundation ofthe Study.....	8
2.3 InternetAdvertising.....	10
2.4 IntegratedMarketingCommunication.....	11
2.5 Effectiveness ofInternet Advertising.....	12
2.6 Consumer Behaviour.....	13
2.7 Internet Advertising andConsumer Behaviour.....	16
<b>CHAPTER THREE:RESEARCHMETHODOLOGY.....</b>	<b>18</b>
3.1 Introduction.....	18
3.2 ResearchDesign.....	18
3.3 Population ofthe Study.....	18
3.4 SampleDesign.....	18
3.5 DataCollection.....	19

3.6 Validity and Reliability.....	19
3.7 Data Analysis.....	20
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>21</b>
4.1 Introduction.....	21
4.2 Background information.....	21
4.3 Effectiveness of internet advertising on reach and creation of awareness.....	23
4.4 Reliability of internet advertising through recall.....	25
4.5 Relationship between internet advertising and purchase decision.....	27
4.6 Inferential statistics.....	30
4.7 Discussion of findings.....	33
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS</b> .....	<b>35</b>
5.1 Introduction.....	35
5.2 Summary of the Study.....	35
5.3 Conclusion.....	35
5.4 Recommendations.....	36
5.5 Suggestions for further studies.....	37
REFERENCES.....	38
<b>APPENDICES.....</b>	<b>Error! Bookmark not defined.</b>
APPENDIX I: RESEARCH QUESTIONNAIRE.....	<b>Error! Bookmark not defined.</b>

## LIST OF TABLES

Table 4.1 Distribution of the respondents by year of study.....	22
Table 4.2 Distribution of the respondents by age bracket.....	22
Table 4.3 Gender distribution of the respondents.....	22
Table 4.4 Attitude towards Advertisements.....	23
Table 4.5 Time spent on various platforms of advertising.....	24
Table 4.6 Watching the TV commercials during commercial break.....	24
Table 4.7 Change the channel during commercial breaks.....	25
Table 4.8 Checking an online advert.....	25
Table 4.9 Ad recall.....	27
Table 4.10 Mode of advertising influencing intention to buy product.....	27
Table 4.11 Statements on internet advertising and purchase decision.....	29
Table 4.12 Model Summary.....	30
Table 4.13 ANOVA of the Regression.....	31
Table 4.14 Coefficient of determination.....	31
Table 4.15 Correlation matrix and the coefficient of determination.....	32



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

Internet has grown tremendously in both its applications and number of users due to its unique characteristics of flexibility, interactivity, and personalization. It has been a very useful tool for communication, entertainment, education, and electronic trade (Ko *et al.*, 2004; Koyuncu and Lien, 2003). The revolutionary change brought forth by information technology has an important impact on the daily lives. It has transformed the way we do business by allowing retailers to offer unlimited range of products and services to all consumers from around the world at any point in time. The Internet has emerged as an advertising medium (Silk *et al.*, 2001). Many companies have turned to the Internet to advertise their products and services; and the Internet is deemed to be the most significant direct marketing channel for the global marketplace (Faber *et al.*, 2004; Ko *et al.*, 2004; Korgaonkar and Wolin, 2002). Companies are pouring billions of dollars into Internet advertising to obtain greater return on investment on ads (Edwards, 2005; Joines *et al.*, 2003).

The Internet has given consumers more control in accessing information on products and services. There are several factors that contribute to consumers pull for online content—consumers are the one who decide when, where, what, and how much commercial content they wish to view (Korgaonkar and Wolin, 2002). The Internet enables consumers to access an unlimited range of products and services from companies around the world, and it has reduced the time and effort they spend on shopping (Ko *et al.*, 2004).

Consumers play a much more active role in searching for information online with some goal in mind, and that goal can influence individual behaviors and responses to online information and advertisements (Smith, 2002). With the rapid advancement in the computer industry, many companies have made the Internet as part of their advertising media mix to take advantage of the online technologies (Calisir, 2003).

The Internet has become a popular advertising platform because marketers found that the Internet possess greater flexibility and control over the advertising materials (Ducoffe, 1996). Since the Internet can be used as an efficientmarketing

communication tool, both scholars and practitioners are interested in understanding how to take full advantage and maximizing the value of this communication medium (Rodgers and Thorson, 2000).

Consumers within Kenya have been largely exposed to the traditional advertising forms as the main media used by advertisers to provide information. However, over the years marketing strategies have evolved with technology leading to the internet creating unprecedented opportunities for digital marketers to connect with customers to create an immersive connected digital environment, influence and drive purchases, fuel new growth and create new market share. The growth of internet advertising is both globally and locally outpacing offline advertising. While outdoor advertising is also experiencing growth, it is not growing as rapidly as Internet advertising. It is on this basis that the study investigated the effectiveness of online advertising based on a consumer sample from University of Nairobi to determine the relationship between advertising and consumer behaviour.

### **1.1.1 The Concept of Promotion**

Promotion is the component of a company's marketing system that involves delivery of messages to target customers that emphasizes the benefits of your brand, products and services. A few common communication tools such as advertising are used in a promotional plan. Goals of promotion include building brand awareness, creating favorable brand attitudes, gaining market share, inducing buying, building loyalty and growing sales (Kurtz 2010).

To reach its promotional goals, a company develops an effective promotional mix, which is a combination of strategies including advertising, personal selling, sales promotion, direct marketing and public relations through a cost effective allocation of resources (Robinson, 1991). In large companies, the marketing department has many roles. It determines the promotional mix, establishes the budget, allocates resources, coordinates the campaign, supervises any outside resources, and measures the results.

Manufacturers often develop a promotional mix for each segment of the distribution channel. To promote a product to larger retailers that sell its products, a manufacturer

might want to use a mix of personal selling, advertising, and buying discounts. This is known as the push policy. (The manufacturer pushes the product to the retailer.) The same manufacturer might use a different promotional mix of local and national advertising, in-store displays, sales promotion, and public relations to reach consumers. The pull policy directs promotions towards the consumers. It is used to create customer interest and demand. This study focuses on advertising as one of the strategies in the promotional mix used by companies within Kenya.

Advertising is the communication relayed from companies to persuade an audience to purchase their products. This communication is usually through various forms of paid media -- TV and radio commercials, print ads, billboards and more recently, product placements, social media and online ads. Ads are placed where advertisers believe they will reach the largest, most relevant audience. Commercial businesses within Kenya e.g. Unilever, Safaricom use advertising to drive the consumption of their product, while non-profit organizations may place ads to raise awareness or encourage a change in behavior or perception.

### **1.1.2 The Concept of Internet Advertising**

Internet advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Examples of online advertising include contextual ads on search engine results pages, banner ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam. Online video directories for brands are a good example of interactive advertising. These directories complement television advertising and allow the viewer to view the commercials of a number of brands. If the advertiser has opted for a response feature, the viewer may then choose to visit the brand's website, or interact with the advertiser through other touch points such as email, chat or phone. Response to brand communication is instantaneous, and conversion to business is very high. This is because in contrast to conventional forms of interruptive advertising, the viewer has actually chosen to see the

commercial.

Consumer can gather information about products and services, communicate with other consumers and firms for related products and services, and sometimes complete transactions. As the Internet session is a self selected environment of the consumer, the promotion message will be more effective. Internet advertising is also capable of providing an experiential environment to the consumer through virtual reality interfaces thus allowing the consumer to experience some of the features of products before making the purchase decision. Consumer can provide feedback content about the product, to the firm and to other consumers. A positive feedback becomes a good promotion for the marketer. A marketer can even exploit a negative feedback by solving the consumer's problem and showing the commitment of the organization to satisfying consumer needs. Consumer can also add "collective content" to the medium through discussion forums like the virtual communities (Ducoffe, 1996). In Kenya, online advertising has gained increased popularity with more people spending time online.

### **1.1.3 The Concept of Consumer Behaviour**

The term "consumer behavior" refers to actions and decisions that factor into a customer's purchase. Researchers, businesses and marketers study consumer behavior to understand what influences a consumer's shopping preferences and selection of products and services. Multiple factors affect consumer behavior, among them economic status, beliefs and values, culture, personality, age and education (Kotler, 2004). Findings on consumer behavior are used to develop methods and products that will boost company performance and sales.

Customers are becoming more powerful, more knowledgeable and more sophisticated, and research into modern consumer behaviour is increasingly important for businesses according. Advertising to attract consumers, providing better environment, product, services and policies is important in improving today's consumer experience to support businesses in retaining customers. This study seeks to determine and explain the effectiveness of internet advertising in stimulating consumer response.

The number of internet users in Kenya was estimated at 10.2 million in 2011 according to Communications Commission of Kenya (CCK). This majority of internet users are youth especially university students, who regularly use the social network sites through their mobile phones, either searching for information or chatting with friends online. Many students from the University Nairobi have embraced the evolution in technology, and adopted latest variety of android products, tablets, ipads, and the popular models of Samsung galaxy for easy access of the internet. The growth has been fuelled by the implementation of the ICT policy by the government and the introduction of the fibre optic network offering fast internet connections.

This study used a sample of these university students from the main campus to determine and explain the relationship between internet advertising and consumer behaviour. The students come from a diverse background and were ideal in studying various characteristics related to consumer behaviour. Students are enrolled in different study programmes through fulltime and module II, with some operating from outside the institution while others have residence within the university leading to variability in exposure to advertising.

## **1.2 Research Problem**

Advertisers are expected to shift and spend millions in internet advertising in the coming years than TV, print ads and other traditional advertising media. Internet advertising broadly consists of various commercial content formats delivered by video clip, print, and audio; either solicited or unsolicited and includes company web sites, corporate logos, e-mail messages, pop-ups, banner ads, skyscraper ads, buttons, interstitials, hyperlinks, dynamic media, and interactive games (Ducoffe, 1996; Goldsmith and Lafferty, 2002; Korgaonkar and Wolin, 2002; Wolin and Korganokar, 2003).

With the rapid growth in technology, the internet is becoming an important one stop point for consumers in finding most of their needs. Be it communication, entertainment, shopping, information search, internet serves as a panacea for all their requirements. This has led 70% of the ever



users to glue themselves to the Internet and access it on a regular basis. The problem is that, volumes of consumers areonline

everyday for their personal work, but do they notice the ads, banners etc. displayed on that webpage, most important what is their recall/remembrance value. What about the reach of online advertising, is it effective across over all target groups?

While a lot of research has been done on advertising, the effectiveness of online advertising in Kenya is a segment that has been missing from these studies. Research done by Wanjoga, (2002) mainly focused on consumer attitudes towards online advertising in Nairobi, and showed that consumers were aware of the online adverts though with no preference to the advertising forms. It however, failed to quantify and explain the effectiveness of internet advertising on such consumers. Similar research done by Wakukha, (2011) on the use of internet advertising by Kenya mobile telephone industry, explained forms of internet advertising in use, the success and challenges faced in its use and the level of adoption, but failed to provide information on its effectiveness in influencing or stimulating consumer response. The findings of a survey of the attitude of consumers towards retail media advertising by tobacco firms in Kenya, showed that the consumers are aware and knowledgeable about Retail Media Advertising tools. The study used a sample of 200 consumers from retail outlets in Nairobi, which was not a viable sample to determine its effectiveness on all consumers from Kenya. However, as suggested by Gong and Maddox (2003), "future research can look into the impact of web advertising across different countries and cultures to enhance the global understanding of web advertising effectiveness" (p: 46). In addition, more studies are needed to cover various samples in different countries to increase external validity of the research findings (Calisir, 2003).

To fill these gaps, the current study sought to determine the effectiveness of internet advertising on consumer behaviour.

### **1.3 Research Objectives**

The objectives of the study were to;

- i. Determine the effectiveness of internet advertising on reach and creation of awareness.

- ii. Establish the reliability of internet advertising through recall.
- iii. Determine the relationship between internet advertising and purchased decision.

## 1.4 Value of the Study

The study may benefit marketers, businesses, government and academicians. This study may be able to inform marketers on the consumer preference of the advertising media and whether using Internet advertising would be effective in reaching and increasing awareness of the target audience.

Before adapting marketing practices to the Internet, it is imperative to understand the characteristics of the online customers towards online advertising as would be revealed by this study. The Internet has grown in popularity as an advertising medium because, among other things, it allows 24-hour interactivity between the advertiser and customer. It is important for local businesses to look into internet advertising as more consumers turn to the internet for their purchasing. A small business that can offer online purchasing may be able to tap into this customer base.

The government from this study would understand the value of internet advertising and its influence on consumer decisions which ultimately impacts electronic commerce/trade, and therefore would effectively regulate how internet advertising is delivered by acting rationally on laws that would restrict data usage, creating an ambient environment and availing resources to internet providing companies and at the same time safeguarding the interest of consumers.

For scholars and academic researchers, the current study forms a basis upon which future research on Internet Advertising may be established. The findings may be resourceful in providing viable information to academicians, researchers and consumers on various concepts related to internet advertising.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter provides, through selective reference to some of the literature, a clearer understanding of Internet advertising concept and outlines previous research findings on the effectiveness of internet advertising based on measures of advertising effectiveness.

#### 2.2 Theoretical Foundation of the Study

Emotional appeals in advertising theory and classical conditioning theory in learning consumer behaviour form the theoretical basis of this study. Extensive academic research has been conducted on the psychology of emotion (e.g., Lazarus 1984) and the ways in which ad-evoked feelings may influence consumer response to marketing communication (e.g., Batra and Ray 1986; Holbrook and Batra 1987). Scholars have also observed that advertising may evoke both positive and negative emotions when seeking to persuade. Indeed, Brown, Homer and Inman (1998, p.115), suggest that from a practical perspective, "the relative strength of positive and negative feeling effects potentially could guide advertisers' decisions regarding executional strategies."

It has been suggested that ads use positive affect to make consumers like the ad and then buy the product, and negative affect to evoke an uncomfortable state that makes consumers want the "solution" offered by the advertiser (Aaker, Stayman and Hagerty 1986). Unfortunately, there are no guarantees that what the consumer actually experiences will be the affective response the advertiser intended to create: Research has shown that this kind of mismatch between advertiser intentions and consumer response occurs all too often (Cotte, Coulter and Moore, 2004; Englis 1990; Stout, Homer and Liu 1990).

These insights notwithstanding, a number of fundamental questions remain unanswered with respect to ad appeals. Why, for instance, do these appeals induce such powerful consumer responses in certain cases? What causes them to be more or

less effective on consumers? With specific reference to internet advertising, this study will attempt to answer these questions.

Classical conditioning is often referred to as a means in which humans learn by association. In the classical conditioning paradigm, Pavlov's Dog, a neutral stimulus is paired with an unconditioned stimulus to elicit an unconditioned response. For example, after repeated pairings of meat (known to cause salivation) with the sound of a bell, the sound of a bell alone elicits salivation. This association is dependent on two characteristics of the association: contiguity and frequency. The law of contiguity states that in order for associative learning to take place, the unconditioned stimulus and the neutral stimulus must be paired close in time to each other. Furthermore, it is not enough for a neutral stimulus and an unconditioned stimulus to simply co-exist in a close period of time. The more frequent the pairing, the easier it is to form an association.

Proponents of applying classical conditioning to marketing believe that the association between a product and positive stimuli may help explain the effect of many variables in communication and attitude change. Gorn (1982) tested the effects of a positive unconditioned stimulus on product preference. His results support the notion that the simple association between a product (conditioned stimulus) and another stimulus such as music (unconditioned stimulus) can affect product preferences as measured by product choice.

However, these effects were diminished in situations where consumers were in a clear decision making mode. The learning's of classical conditioning give us some insight on the characteristics of an effectively branded Internet advertisement. First and foremost, the frequency with which an ad is served impacts brand awareness. Frequency also impacts whether or not, an association between a message and a brand, is made by a consumer.

## 2.3 Internet Advertising

As a new advertising channel the Internet and particularly the World Wide Web (WWW) portion of the Internet, are challenging traditional forms of mass media advertising (Hoffman and Novak, 1996; Hearn, Mandeville and Anthony, 1998). Meeker (1998) defines a mass communication medium as the communication from “one person or group of persons through a transmitting device (a medium) to a large audience or market”. The Internet offers an interactive alternative to mass media communication through the use of web pages, discussion groups and email (Hoffman and Novak, 1996).

A significant advantage for advertisers will be the opportunity to communicate more directly with individual consumers through this medium. Marketers will also be able to promote their products and services in a personalized, targeted manner to interested people within their target market. Importantly, wastage of advertising and marketing funds often experienced when exposing promotional messages to the mass market, may be reduced as a result of using this new interactive medium. Advertisers will need to re-address their techniques, services and agency structure and evolve new communication strategies for the Internet as market share is being lost to this more personalized, interactive form of Internet advertising.

Schlosser *et al.*, (1999) surveyed a national sample of over 400 participants and found no majority opinion of Internet advertising-about a third of the participants liked, disliked, and felt neutrally toward Internet advertising respectively. The Internet users found online advertising was informative but less entertaining, and it did not encourage them to make purchases even they did not perceive it to increase product prices. Korgaonkar and Wolin (2002) examined the differences between heavy, medium, and light web users and concluded that “heavier users hold stronger beliefs about and attitudes toward Web advertising which likely lead to stronger purchase



intent” (p: 201). Comparing with lighter users, the heavy Internet users believed that web ads were more believable, entertaining, informative and helpful; but harder to

understand. They perceived that web advertising was a good thing, moderately essential, and it reduced the cost of products. Marketers should include web advertising in their promotion efforts but the ads should be designed with the respective user groups in mind. For example, ads targeted to heavy web users should stress the price value relationship of the products, since they engage in more frequent purchasing and believe that web advertising helps to decrease the prices of products. Similarly, Ducoffe (1996) found that Internet advertising was perceived to be informative, entertaining, useful, valuable, and important.

## **2.4 Integrated Marketing Communication**

The Internet has contributed to a greater adoption of integrated marketing communication (IMC) strategies, by allowing marketers to communicate more directly with individual consumers (Low, 2000). Internet functions become integrated into a company's communications mix, which permits the operation of the Internet as an advertising medium to be incorporated alongside more traditional media types. The application of the IMC concept involves the progression away from the traditional one-to-many marketing communication model for mass media to the one-to-one communication, or many-to-many communication model (as illustrated in Figure 2.2) (Hoffman and Novak, 1996).

The inclusion of the Internet in the promotional mix will not eliminate the use of mass media advertising channels such as television, radio, newspapers and magazines. However, the Internet may reduce the amount of mass media advertising required. Arguably, this will occur because the personal computer with Internet access is being utilized frequently by target audience members as an effective communication channel to make both social exchanges using email and commercial exchanges to purchase products on the web. The advertising industry is being challenged to create more direct, personal and interactive communication with the target market through the use of the Internet.

The influence of the Internet on business-to-consumer (B2C) relationships

has introduced a new dimension of interactivity to the communication industry (Shiva, 1997). Along with the introduction of the Internet, advertising as a form of

communication has become more interactive. Traditionally advertising has involved the reduction of information about a product, service or idea's core benefits into a 30 second TVC, a full page colour magazine advertisement, or a 15 second radio spot, in order to persuade the target market to take action (Shiva, 1997). However, while traditional advertising involves the reduction of information, the Internet enables the advertiser to provide consumers with detailed information with no time or space restrictions. Internet-based advertisers do not need to rely on traditional media channels, and are becoming liberated from these limitations, thus taking advantage of interactive communication and informing and educating consumers online.

Berthon, Pitt and Watson (1996, p. 53) argue that the WWW represents a "remarkable new opportunity for advertisers and marketers to communicate with new and existing markets in a very integrated way." This is because the Internet, and in particular the WWW, frees consumers from their traditional 'passive' roles as receivers of marketing communication and gives them greater control over their information search and acquisition process. As a result, consumers are now becoming interactive and more active participants in advertising and marketing processes (Hoffman and Novak, 1996; Hoffman, Novak and Chatterjee, 1997).

## **2.5 Effectiveness of Internet Advertising**

Various researchers have studied numerous factors that might have an impact on Internet advertising recall. The factors include ad characteristics, Internet users' viewing mode and duration of viewing, campaign publicity, attitudes toward the web site or ad, and curiosity and innovative advertising strategy (Danaher and Mullarkey, 2003; Goldsmith and Lafferty, 2002; Menon and Soman, 2002). Danaher and Mullarkey (2003) examined the effects of such factors as viewing mode, visit duration, text and page background complexity, and the style of banner ads on both aided and unaided recall. The authors did not find any significant impact of the web site context factors on advertising recall. The key finding was that the duration of page viewing is a strong determinant of the ability to recall banner ads; however, a minimum level of exposure (around 40 seconds per

page) is required to achieve a reasonable level of advertising recall.

Dreze and Hussherr (2003) also examined the effectiveness of ad characteristics on the ability to recall ad. Animation content, the shape of the banner ad, and frequency of the ad (repetition) leads to higher advertising recall but not the size of the banner. In addition, the authors reported that “a banner’s message influences both aided advertising recall and brand recognition. This indicates that what an ad says is more important than how it says it” (p: 21). In contrast, Yoon (2003) found that banner image is more significantly effective than text to assess consumers’ preferences toward online ads.

In terms of consumer responses in the form of liking online ads, researchers such as Goldsmith and Lafferty (2002) and Metha (2000) have found that a more favorable attitude towards ads can lead to a higher ability to recall ads. Goldsmith and Lafferty (2002) found a significant 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 (p: 320). Metha (2000) made a similar conclusion but the study was based on print advertising performance.

Click-through rate is a widely used measure for assessing the effectiveness of banner advertising, which is the average number of times a viewer clicks on a pop-up ad and is then exposed to the target web site (Dreze and Hussherr, 2003; Faber, *et al.*, 2004). As reported by Cho (2003), “the banner advertisement click-through is believed to be the most common way to draw consumers into a target site and engage them with a brand or product.

## **2.6 Consumer Behaviour**

According to Warner, consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Malcolm). Warner emphasized the consumption related behaviours are often undertaken

collectively. For example, some activities performed by individuals but consumed by a family or group of people, similar as

organization purchasing activities usually followed by group decisions. Beside this point, the consumer behaviour is not just purchasing, but has usage and disposal the goods, this type of information always be useful for company to make marketing decisions (Malcolm). It blends elements from psychology, sociology, social anthropology and economics, and attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants, and also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether his product has been a success or not (Malcom).

The black box model shows the interaction of stimuli, consumer characteristics, decision process and consumer responses. It can be distinguished between interpersonal stimuli (between people) or intrapersonal stimuli (within people). The black box model is related to the black box theory of behaviourism, where the focus is not set on the processes inside a consumer, but the relation between the stimuli and the response of the consumer. The marketing stimuli are planned and processed by the companies, whereas the environmental stimulus is given by social factors, based on the economical, political and cultural circumstances of a society. The buyer's black box contains the buyer characteristics and the decision process, which determines the buyer's response.



Measuring customer behaviour is a crucial part of any business. Knowing what the consumer wants and how he acts is vital in terms of product design, and marketing

(Todd, 1997). Assessment of consumer behavior in specific situations, using observational and physiological methods, is becoming increasingly important in understanding conscious and unconscious consumer behavior. An increased understanding of consumer behavior may result in the development of improved consumer products and in more healthy dietary patterns. A growing number of techniques is available to assist researchers in measuring various aspects of consumer behavior such as walking patterns, product selection, meal composition, and eating/drinking. Due to advances in digital video, sensor technology and computer speed, complex measurements of behavior and physiology are now possible. Integration of these techniques allows multimodal measurements. With the growing number of techniques, the challenge for the researcher to choose the right solution becomes larger.

There are different ways of measuring consumer behaviour, depending on the interest. Regularly conducting market research allows businesses to know their customers, and take them into account when making business decisions. This greatly improves business performance, and profits.

Common measurements includes, conducting a survey to determine consumer behaviour. There are two main types of consumer survey: qualitative or quantitative. Qualitative studies involve asking a few consumers a lot of in-depth questions. Quantitative studies involve asking lots of consumers a few questions. The latter would be better for determining the market for a totally new product, since you only need to find out if people would buy it. If you are amending a product, or making one similar, a qualitative study would allow you to gain more detailed information.

Similarly, consumer behaviour would be measured by observing consumers going about their business within permitted stores or shopping malls. By watching consumers, it is possible to discern a great deal of information about their behaviour. Information such as optimum height and location of a product and store layout is all gleaned from observational consumer behaviour measures. Other techniques involve using raw data to provide a

measurement tool. For example, releasing a new product to the market, and observing if it is bought regularly in conjunction with another

product. If so, then an assumption can be made that it has a similar demographic to the second product. Using the raw data to determine what time of day, or weather, or time of year people buy a product gives information on consumer behaviour. Using separate objective and subjective data obtained from an interview or survey. The primary data from respondents is used to make objective judgements, which are free from bias.

## **2.7 Internet Advertising and Consumer Behaviour**

The evolution of the Internet as a global communication infrastructure (Cae, 2000) has created a new advertising channel for advertisers and advertising agencies to utilize and will provide advertisers with the means to more cost effectively target their promotional messages to consumers. Psychological factors such as thinking, feeling, sensation, and intuition directly correlate with customers' online advertising experience. Companies should aim to strengthen customer interactions with advertisements on the Web, keeping both context and cognition in mind. Unfortunately, most companies provide a generic experience to all customers rather than relying on customer analysis to deliver a personalized experience. They've failed to innovate and bring the online advertising experience to a whole new level of interaction and integration that would truly let them achieve effective communication.

As consumers experience and respond to stimuli around them, emotions arise. Their reactions manifest themselves as physiological changes they experience as feelings. Likewise, as people react to stimuli online—for example, to an online advertisement—they have emotional responses that are directly proportional to their reactions to these stimuli. On the other hand, when customers repeatedly experience the same stimuli, they may not cause any emotional response. People become conditioned to ignore the ever-present ads on Web sites, which is called ad blindness (Wolhandler, 1999).

Advertising and promotion offer a news function to consumers. As Yoo W., Suh K. and Lee M. (2002) mentioned in their report, personal interactions with other customers and service providers play a very important role while

shopping online. Viewers of ads learn about new products and services available to them, much like

they learn about events in the news. This information function has a neutral role. It provides facts without approval or disapproval from consumers. Customer behavior at this stage encompasses expressions of curiosity. Consumers have a rational response to advertising when they look at the features of a product or service. This response focuses on a logical listing of all the functional aspects of the offering. This is an intellectual response, rather than an emotional one (Lee, 2002).

When customers weigh benefits, they become emotionally involved with advertising and promotion. Consumers identify ways the product or service can make them happier, improve their lives or give them pleasure. This part of the consumer response is irrational and can lead to impulse buying and competition to obtain the product. Repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer. Behavior that stems from reminders includes suddenly thinking of a product while shopping and making a decision to buy it, as if it had been on the consumer's "to-do" list (Lee 2002).

Consumer behavior splits between loyalty and alienation depending on how well the product lives up to its advertised benefits (Thorson, 2000). Corporate behavior – such as scandals or charity work – can also affect alienation and loyalty responses. Once the consumer makes this choice, advertising and promotion are not likely to undo that decision. The Cannon-Bard Theory that Walter Cannon and Philip Bard advocated suggests human beings feel emotions first, and then act upon them. When customers visit a Web site, the ads they encounter evoke an emotional response—before they even decide what their next step should be. If ads don't trigger customers' emotions, they may not take any action in response.

Based on the review of the research studies mentioned above, it is clear that Internet advertising is gaining much attention and should be an essential part of a marketer's advertising media mix. The inconclusive findings call for further studies on Internet advertising to gain more insight into consumers' response and perception of the Internet as an advertising medium. Hence,

this study determined the effectiveness of internet advertising as an ad medium, and its relationship to consumers' response e.g. online purchase decision.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter focuses on research methodology that was used in the study. It provides a detailed description of the research approach adopted in this study. Research design, target population, research instruments, data collection and analysis methods used were presented in the subsequent sections.

#### 3.2 Research Design

This study used descriptive research. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection (Glass & Hopkins, 1984). It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution and therefore offered a better clarification on online advertising, and ultimately give a clear picture on the effectiveness and reliability of online advertising and its relationship to purchase decision.

#### 3.3 Population of the Study

University of Nairobi has over 63,000 registered students with 48,000 in undergraduate and 15,000 in postgraduate as at July 2013 according to the Varsity Focus Newsletter. This study targeted undergraduate students of the University of Nairobi because of their background diversity and exposure to advertising with a larger percentage using the internet. Students of the University of Nairobi are provided with the Internet access through wireless connection, and therefore, the chances for them accessing online advertising via social media are very high. On the same basis of their diverse background, only undergraduate students from the Main campus were chosen for this study.

#### 3.4 Sample Design

Stratified sampling technique was used to select the units for study. 100,



module I and II undergraduate students of the University of Nairobi Main campus was used as a study sample to represent the population of consumers. This sample was stratified into

each of the four years of study and respondents were randomly selected from each stratum to come up with the representative sample of 100 for the entire population. This was a viable sampling technique since it gave the advantages of focusing on important subpopulations and allowed the use of different sampling technique for different subpopulations in improving the accuracy of estimation.

### **3.5 DataCollection**

The research made use of primary data, which was collected using structured questionnaire distributed to the 100 respondents sampled from the University of Nairobi main campus, found outside the library, from classes, within the university square and within the hostels. The administered questionnaires were collected after completion by the respondents on the same day and their responses used for analysis. The questionnaire had both open ended questions to enable guide the respondent through filling of the questionnaire as well as probe them for more information.

### **3.6 Validity andReliability**

Content validity refers to the extent to which an instrument represents the factors under study. To achieve content validity, questionnaires included a variety of questions on the knowledge of students on internet advertising and consumer behaviour. All the subjects completed the questionnaires in the presence of the researcher. This was done to prevent subjects from giving questionnaires to other people to complete on their behalf.

Reliability can be ensured by minimizing sources of measurement error like data collector bias. Data collector bias was minimized by the researcher's being the only one to administer the questionnaires, and standardizing conditions such as exhibiting similar personal attributes to all respondents, e.g., friendliness and support. Pilot testing was carried out by the researcher to identify any flaws on the questionnaire to reduce errors of measurement and test for consistency.

### **3.7 Data Analysis**

The study applied both nominal and ordinal scale to measure a range of factors establishing the effectiveness of internet advertising on consumer behaviour and an interval scale in determining the relationship between internet advertising and consumer behaviour. Descriptive statistics was used to analyze this data. The mean responses, standard deviation and other relevant statistics were computed to better understand the data. The data collected was compiled and edited to check for logical inconsistencies. The data was then coded according to the responses. Relationships between responses was assessed and presented using tables and graphs and analysis was done using SPSS. Regression and Correlation analysis was applied in this study to reveal relationships among variables in the findings from the data.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on the effectiveness of internet advertising on consumer behaviour: the case of University of Nairobi Students. The study objectives were; to determine the effectiveness of internet advertising on reach and creation of awareness; to establish the reliability of internet advertising through recall; and to determine the relationship between internet advertising and purchase decision. The study targeted 100 respondents out of which all the 100 respondents responded and returned their questionnaires contributing to a response rate of 100%. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent. This commendable response rate was due to extra efforts that were made via courtesy calls made to remind the respondents to fill-in and return the questionnaires. The chapter covers the demographic information, and the findings based on the objectives. The findings were then presented in tables, graphs and charts as appropriate with explanations being given in prose thereafter.

#### **4.2 Background information**

The study initially sought to ascertain the general information on the respondents involved in the study with regards to the year of study, age, and gender. The demographic information points at the respondents' suitability in answering the questions on the effectiveness of internet advertising on consumer behaviour: the case of University of Nairobi Students.

The respondents were asked to indicate their year of study. The study findings are illustrated in Table 4.1.

**Table 4.1 Distribution of the respondents by year of study**

	Frequency	Percentage
First year	20	20
Second year	29	29
Third year	33	33
Fourth year	18	18
Total	100	100.0

Source: Field data.

As shown in table 4.1, the study sample was representative of all the years of study with the third year students forming the highest proportion of the sample.

The respondents were also asked to indicate their age bracket. The study findings are illustrated in Table 4.2.

**Table 4.2 Distribution of the respondents by age bracket**

Age bracket	Frequency	Percentage
19- 25 years	82	82
26- 35 years	18	18
Total	100	100.0

Source: Field data.

The findings indicate that majority of the students at the university of Nairobi were aged 19- 25 years.

The study sought to establish the gender of the respondents and the findings are as shown in Table 4.3.

**Table 4.3 Gender distribution of the respondents**

	Frequency	Percentage
Male	72	72
Female	28	28
Total	100	100.0

Source: Field data.

From Table 4.3, the study recorded a higher response rate from males than females in their various years of study.

### 4.3 Effectiveness of internet advertising on reach and creation of awareness

The first objective of the study was to determine the effectiveness of internet advertising on reach and creation of awareness. The study sought to establish whether the respondents were aware of various forms of advertisements adopted by various companies. Majority of the respondents (98%) attested to being aware of various forms of advertisements adopted by various companies. This illustrates that the effectiveness of internet advertising on reach and creation of awareness was determined by the level of knowledge about the existing platforms of advertisements adopted by various companies in Kenya.

The respondents were asked to indicate their attitude towards advertisements. Table

4.4 illustrates the study findings.

**Table 4.4 Attitude towards Advertisements**

	Frequency	Percent
Informative	35	35
Creates awareness	31	31
Entertaining	25	25
Irritating	3	3
Annoying	3	3
Waste of time	3	3
Total	100	100

Source: Field data.

As shown in Table 4.4, most of the respondents (35%) indicated that advertising was informative, with a closer percentage indicating creation of awareness. 3% indicated that advertising was either irritating, annoying or a waste of time. These findings mean that most of the respondents had a positive attitude towards advertising as illustrated by their various perceptions about the use of advertising. This clearly shows a positive

attitude toward advertising and hence is a good indication for marketers. In order to further identify the effectiveness of internet advertising on

reach and creation of awareness, the respondents were requested to indicate the amount of time spent on various platforms of advertising. The responses were rated on a five point Likert scale where: 1=less 1hr, 2=1- 2hrs, 3=2 - 4hrs, 4=4 - 6hrs while 5=over 6hrs.

**Table 4.5 Time spent on various platforms of advertising**

	Mean	Standard deviation
TV, Movies	2.42	1.241
Newspaper, Mags	1.11	1.372
Radio	1.03	0.927
Internet	4.21	0.515

Source: Field data.

According to the findings in Table 4.5, on an average, a person spends more than 4 hours on the internet during his free time which is more than that of TV and movies, radio and print medium. Hence, on an average the exposure of internet to an individual is around 40% more than that of other mediums i.e. the reach of medium internet is much better than that of others.

The study sought to establish whether the respondents watched the TV/ or listened to Radio commercials during commercial break. The findings are as shown in Table 4.6.

**Table 4.6 Watching the TV commercials during commercial break**

	Frequency	Percent
Yes	70	70
No	30	30
Total	100	100

Source: Field data.

According to the findings, the majority of the respondents attested to watching the TV/ commercials during commercial break. This implies that for television commercials, around 70% of consumers had a positive perception towards advertising on TV.



**Table 4.7 Change the channel during commercial breaks**

	Frequency	Percent
Never	26	26
sometimes	17	17
depends on ad	33	33
Often	13	13
every time	11	11
Total	100	100

Source: Field data.

Respondents were asked to indicate if they changed channels during commercial and the results were tabulated. Table 4.7 shows that the degree of attractiveness of the advert and its relevance to the respondents determined their attention to the advert. The viewers would see the advertisement if the ad is attractive and appealing. Hence there is a probability of 0.75 of a consumer viewing the particular advertisement (for creating awareness and information) on television making it an effective mode of communication.

#### **4.4 Reliability of internet advertising through recall**

The second objective of the study was to establish the reliability of internet advertising through recall. First, the respondents were asked whether they would check an online advert and the findings presented in the Table 4.9.

**Table 4.8 Checking an online advert**

	Frequency	Percent
Yes	21	21
No	79	79
Total	100	100

Source: Field data.

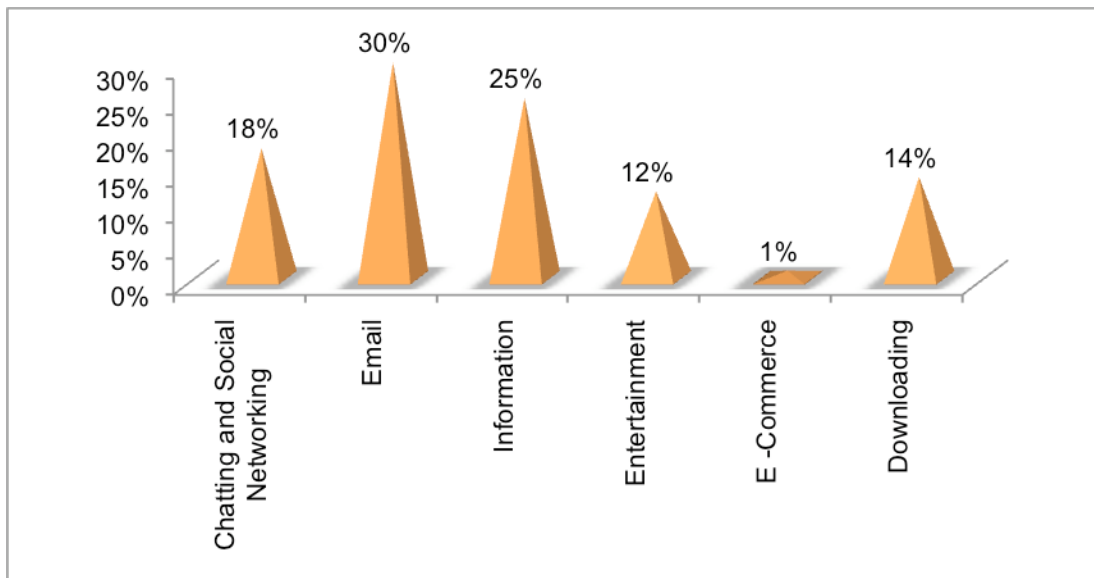
In case of online advertising, majority (79%) of consumers ignored the advert completely while 21% indicated that they would check an online advert. Further the study found out that, out of the 21% respondents, 15% said that

the intention was not to see the ads, but they didn't have any option but to see them as they were interstitial

Adverts, Pop – up ads or Floating ads. These ads either block the view of the content, or appear right in the middle of the page, or keeps on floating (moving) around which is considered to be very irritating for the consumers. Checking the ads determined the level of interaction with the online ads. Therefore, even though the reach of internet is much higher than that of other modes, its ability to attract consumers for awareness creation is very low.

The respondents were further asked to indicate their purpose of using internet. The study findings are illustrated in Figure 4.1.

**Figure 4.1 Internet usage**



Source: Field data.

As shown in Figure 4.1, 30% of the respondents used internet for E-mail, 25% for information, and others for chatting and social networking, indicating that communications has been the fundamental value of the internet to consumers. There was a higher chance of interaction with various online ads as reflected by the diverse usage of internet.

To establish the reliability of internet advertising through recall, the respondents were asked to indicate whether they would recall the last three TV and online ads.

**Table 4.9 Ad recall**

	Recall		
		Frequency	Percent
TV	Yes	84	84
	No	16	16
Online ads	Yes	30	30
	No	70	70
Total		100	100

Source: Field data.

This is for the last three ads that they had seen consciously or unconsciously. In case of TV ads, 84% remembered their last three ads which is a very good score in terms of creating awareness. In case of Online ads, only 54% could remember their last three interaction with the online ads. Therefore, one can easily make out the reliability of online and TV ads recall values. The study found out that TV ads are much reliable than internet advertising and other forms of advertising.

#### 4.5 Relationship between internet advertising and purchase

**decision** The third objective of the study was to determine the relationship between internet advertising and purchase decision. Respondents were asked to indicate the mode advertising that mostly influenced their decision to purchase a product. The results were tabulated in Table 4.10.

**Table 4.10 Mode of advertising influencing intention to buy product**

	Frequency	Percent
Magazines and newspaper	17	17
Friends and relatives	40	40
TV Commercial	29	29
Online advertisements	6	6
Social Media – Blogs, forums, Social Networking sites	8	8
Total	100	100

Source: Field data.

Based on Table 4.10 above, the highest number of students, 40% of the respondents were influenced to buy a product based on information provided by friends and relatives, with TV commercials being second. Online advertisements was least in influencing their decision at 6%. Therefore, friends and relatives were the major influencers behind decision making. This depicts that traditional form of advertising has an edge over internet advertising in terms of consumer preference to mode of advertising. Traditional mode got over 86% preferences than that of internet advertising which is a huge margin.

Secondly, the respondents were also asked to indicate whether the internet ads they came across influenced their purchase decision. 52% of the respondents indicated that the internet ads they came across never influenced their purchase decision while 48% posited that the internet ads they came across influenced their purchase decision. This depicts that the internet advertising influenced purchase decision of the customers to a moderate extent as only nearly half of the respondents were influenced purchase decision.

In order to further determine the relationship between internet advertising and purchase decision, the respondents were requested to indicate their level of agreement on relevant statements on effects of internet advertising on purchase decision. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4- To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS and presented in Table 4.11.

**Table 4.11 Statements on internet advertising and purchase decision**

Statements on Internet advertising and purchase decision	Mean	Standard deviation
Internet advertising influences customers' purchase decision	4.21	0.513
duration of page viewing is a strong determinant of the ability to recall banner ads	4.13	0.746
Animation content, the shape of the banner ad, and frequency of the ad (repetition) leads to higher advertising recall	3.92	0.841
Companies should aim to strengthen customer interactions with advertisements on the Web	4.11	0.62
Most companies provide a generic experience to all customers rather than relying on customer analysis to deliver a personalized experience.	4.01	0.738
When customers weigh benefits, they become emotionally involved with advertising and promotion.	4.05	0.673
Repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer.	3.98	0.847

Source: Field data.

The study established that Internet advertising influences customers' purchase decision (Mean=4.21) and duration of page viewing is a strong determinant of the ability to recall banner ads. Other factors as repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer (Mean=3.98), and that animation content, the shape of the banner ad, and frequency of the ad repetition leads to higher advertising recall .This implies that the internet advertising is a key determinant of purchase decision of the customers as they consider it to be an interaction point between them and the company from which they buy their products from.

## 4.6 Inferential statistics

In determining the effectiveness of internet advertising on consumer behaviour, the study conducted a multiple regression analysis to determine the nature of relationship between the variables.

The regression model specification were as follows  $Y = \alpha + \beta_1 X_1 + \epsilon$ .

Where;

Y= consumer

behaviour  $X_1 =$

internet advertising

$\epsilon =$  error term

$\beta =$  coefficient

$\alpha =$  constant

The study further applied multiple regressions to determine the predictive power of the internet advertising on consumer behaviour. The researcher conducted a multiple regression analysis so as to test relationship among variable (independent) on the consumer behaviour. The researcher applied the statistical package for social sciences (SPSS V 17.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (consumer behaviour) that is explained by the independent variable (internet advertising).

**Table 4.12 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.919	0.845	0.789	0.6273

Source: Field data.

The independent variable that was studied, explain only 84.5% of the consumer behaviour as represented by the  $R^2$ . This therefore means that other factors not studied



in this research contribute 15.5% of the consumer behaviour. Therefore, further research should be conducted to investigate the other factors that affect consumer behaviour.

**Table 4.13 ANOVA of the Regression**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.534	50	1.267	9.475	.000 <sup>a</sup>
	Residual	9.307	200	2.327		
	Total	11.841	250			

Source: Field data.

The significance value is 0.000 which is less than 0.05 thus the model is statistically significance in predicting how internet advertising affects the consumer behaviour. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.

**Table 4.14 Coefficient of determination**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.147	0.2235		5.132	0.000
	Internet advertising	0.752	0.1032	0.1032	7.287	.000

Source: Field data.

Multiple regression analysis was conducted as to determine the relationship between consumer behaviour and the one independent variable (internet advertising). As per the SPSS generated table , regression equation

( $Y = \alpha + \beta_1 X_1 + \epsilon$ ) becomes:

$$(Y = 1.147 + 0.752X_1 + \epsilon)$$

According to the regression equation established, taking all factors into account (internet advertising) constant at zero, consumer behaviour will be 1.147. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in internet advertising will lead to a 0.752 increase in consumer behaviour; This infers that internet advertising contribute most to the consumer behaviour. At 5% level of significance and 95% level of confidence, internet advertising was a significant, factor in predicting the consumer behaviour.

To quantify the strength of the relationship between the variables, the study used Karl Pearson’s coefficient of correlation. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient for short) is a measure of the strength of a linear association between two variables and is denoted by  $r$ . The Pearson correlation coefficient,  $r$ , can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicates a negative association, that is, as the value of one variable increases the value of the other variable decreases. The data presented before on internet advertising was computed into single variables per factor by obtaining the averages of each factor. Pearson’s correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The Table 4.15 below indicates the correlation matrix between the internet advertising and consumer behaviour.

**Table 4.15 Correlation matrix and the coefficient of determination**

	Consumer behaviour	Internet advertising
Consumer behaviour (r) (p) Sig. (2 tailed)	1.000	
Internet advertising (r) (p) (2 tailed)	0.894 0.018	1.000

Source: Field data.

According to the Table 4.15, there is a positive relationship between

consumer behaviour and internet advertising of magnitude 0.894. The positive relationship indicates that there is a correlation between the consumer behaviour with internet advertising.

This notwithstanding, all the factors had a significant p-value ( $p < 0.05$ ) at 95% confidence level. The significance values for relationship between consumer behaviour and internet advertising was 0.018. This implies that internet advertising was a significant factor on consumer behaviour.

#### **4.7 Discussion of findings**

The study established that the effectiveness of internet advertising on reach and creation of awareness was determined by the level of knowledge about the existing platforms of advertisements adopted by various companies in Kenya. Most of the respondents had a positive attitude towards advertising as illustrated by their various perceptions about the use of advertising. This clearly shows a positive attitude toward advertising and hence is a good indication for marketers. The findings augment the findings of Baltas (2003) who indicated that marketing is perceived by the internet users as a major source of information on available product in the market as reflected by their positive attitude in the world over. According to Calisir (2003) internet advertising is an effective channel for marketing as the ad is attractive and appealing which changes from time to time.

The study established that even though the reach of internet is much higher than that of other modes, its ability to attract consumers for awareness creation is very low. The study concludes that the reliability of internet advertising through recall was low as only a small percentage of the respondents could recall the online ads they had seen.. The study found that TV ads are much reliable than internet advertising and other forms of advertising. The findings are corroborated with Danaher and Mullarkey (2003) who posited that TV ads are much reliable than internet advertising.

The study established that friends and relatives were the major influencers behind decision making. This depicts that traditional form of advertising has an edge over internet advertising in terms of consumer preference mode of advertising. Traditional mode got high preferences than that of internet advertising which is a huge margin. According to Cho (2003) in the developing economies the traditional form of advertising has a greater

market share compared with the internet advertising in terms of consumer preference mode of advertising.

The study established that internet advertising influenced purchase decision of the customers to a moderate extent as only nearly half of the respondents were influenced purchase decision. The study established that internet advertising is a key determinant of purchase decision of the customers. The study also established that internet advertising has significant relationship with purchase decision of the consumers. The findings augment earlier findings of Goldsmith and Lafferty (2002) that internet advertising is a key determinant of purchase decision by the customers and that internet advertising has an association with purchase decision of the consumers.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents summary of findings, conclusion and recommendations of the study in line with the objectives of the study.

#### 5.2 Summary of the Study

The study found that the effectiveness of internet advertising on reach and creation of awareness was determined by the level of knowledge about the existing platforms of advertisements and time spent on these media. On average, a person spent more than 4 hours on the internet during his free time than that of TV and movies and print medium and therefore the reach of internet medium is much better than that of other media. A higher percentage indicated that they were made aware of existence of various products through internet advertising and therefore it was effective in creating awareness. The study revealed that the ability of the respondents to recall the internet ads was low compared to TV, and therefore even though the reach of internet is much higher than other forms, TV ads are much more reliable than internet advertising Danaher and Mullarkey (2003). Internet advertising is a key determinant of purchase decision of the customers as they consider it to be an interaction point between them and the company from which they buy their products from. The study also established that internet advertising has significant relationship with purchase decision of the consumers. From the Pearson's correlations analysis, the study established that there is a positive relationship between consumer behaviour and internet advertising

#### 5.3 Conclusion

The objective of the study was to determine the effectiveness of internet advertising on consumer behaviour using a sample of University of Nairobi students. After analysis of the study findings, the study concludes that the effectiveness of internet advertising on reach and creation of awareness

was determined by the level of knowledge about the existing platforms of advertisements adopted by various companies in Kenya and time spent on various media. 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. This implies that the reliability of internet advertising is quite low. The research established that TV advertising is more reliable than internet advertising therefore conforming with Danaher and Mullarkey (2003), that TV ads are much reliable than internet advertising.

The study concludes that internet advertising influenced purchase decision of the customers to a moderate extent as only nearly half of the respondents were influenced purchase decision. However, internet advertising is a key determinant of purchase decision of the customers as they consider it to be an interaction point between them and the company from which they buy their products from. The study also concludes that internet advertising has significant relationship with purchase decision of the consumers. The study further concludes that internet advertising contributes most to the consumer behavior and that internet advertising was a significant factor in predicting the consumer behaviour. In addition, there is a positive relationship between consumer behaviour and internet advertising. This implies that companies should invest more in internet advertising to increase their market share and conduct a market research on the different markets in various countries to ensure that the internet advertising initiatives being implemented suits the targeted markets to improve product purchases.

#### **5.4 Recommendations**

The study established that the reliability of internet advertising is low and therefore recommends that the management of companies using internet advertising should provide unique experience to its customers based on customer analysis to deliver a personalized experience to the customers, Calisir (2003). The study also found that internet advertising is effective in reach and creation of awareness and recommends that the companies should invest more in internet advertising to increase their market share and provide product information.

Finally, the study determined that there is a positive relationship between

internet advertising and consumer purchase decision and further recommends that companies should conduct a market research on the different markets in various countries to

ensure that the internet advertising initiatives being implemented suits the targeted markets to improve product purchases. This is because there exist different contextual realities between different markets Wolin (2002).

### **5.5 Suggestions for further studies**

Since this study explored the effectiveness of internet advertising on consumer behaviour: the case of University of Nairobi Students, the study recommends that a similar study should be done in a private university for comparison purposes and to allow for generalization of findings on the effectiveness of internet advertising on consumer behaviour. As suggested by Gong and Maddox (2003), "future research can look into the impact of web advertising across different countries and cultures to enhance the global understanding of web advertising effectiveness" (p: 46).

## REFERENCES

- Alvin, J. S, Lisa R. K, and Ernst, R. B (2002), *Intermedia Substitutability and Market Demand by National Advertisers*, (20:4)
- Baltas, G., (2003), *Determinants of Internet advertising effectiveness: An empirical study. International Journal of Market Research*, 45: 505- 513.
- Berthon, P.L., Pitt, F. and Watson, R.T.,(1996), *The World Wide Web as an advertising medium: Toward an understanding of conversion efficiency. Journal of Advertising Research*, 36: 43- 54.
- Bhat, S., Bevans, M. and Sengupta, S., (2002), *Measuring users' web activity to evaluate and enhance advertising effectiveness. Journal of Advertising*, 31: 97- 106.
- Bloch, P.H., Sherrell, D.L. and Ridgway, N.M., (1986), *Consumer search: An extended framework. Journal of Consumer Research*, 13: 119- 126.
- Calisir, F., (2003), *Web advertising vs. other media: young consumers' view. Journal of Internet Research: Electronic Networking Applications and Policy*, 13(5): 356- 363.
- Cho, C.H., (2003), *Factors influencing clicking of banner ads on the WWW. CyberPsychology & Behavior*, 6: 201-215.
- Danaher, P.J. and Mullarkey, G.W., (2003), *Factors affecting online advertising recall: A study of students. Journal of Advertising Research*, 43: 252- 267.
- Dreze, X. and Hussherr, F.X., (2003), *Internet advertising: Is anybody watching? Journal of Interactive Marketing*, 17: 8- 23.
- Ducoffe, R.H. (1996), *Advertising value and advertising on the web. Journal of Advertising Research*, 36: 21- 35.
- Edwards, J., (2005), *Pharma formulates plans to move marketing from TV. Brandweek*, 46: 5.
- Faber, R.J., Lee, M. and Nan, X., (2004), *Advertising and the consumer information environment online. American Behavioral Scientist*, 48: 447- 466.
- Goldsmith, R.E. and Lafferty, B.A., (2002), *Consumer response to Web site and their influence on advertising effectiveness. Journal of Internet Research: Electronic Networking Applications and Policy*, 12: 318- 328.
- Gong, W. and Maddox, L.M., (2003), *Measuring web advertising effectiveness,*

Journal of Advertising Research, 43: 34-49.

- Kent W., Ian, F., (2010), *The Essential Guide to New Media & Digital Marketing*
- Ko, H., Jung, J., Kim, J.Y. and Shim, S.W., (2004). *Cross-cultural differences in perceived risk of online shopping*. *Journal of Interactive Advertising*.
- Kotler, P., (2004), *Marketing management, 11th International edition—Prentice-Hall, pp 706*.
- Korgaonkar, P. and Wolin, L.D., (2002), *Web usage, advertising, and shopping: relationship patterns. Internet Research: Electronic Networking Applications and Policy*, 12: 191-204.
- Koyuncu, C. and Lien, D., (2003), *E-commerce and consumer's purchasing behaviour. Applied Economics*, 35: 721-726.
- Kurtz, D., (2010), *Contemporary Marketing Mason, OH: South-Western Cengage Learning*.
- Lee H., Cho D. and Lee S., (2002), *Impact of e-Business initiatives on firm value. Electronic Commerce Research and Applications*, 1: 41-56.
- Malcolm Warner, *International Encyclopaedia of Business & Management*, 2nd Edition
- Menon, S. and Soman, (2002), *Managing the power of curiosity for effective web advertising strategies. Journal of Advertising*, 31: 1-14.
- Metha, A., (2000), *Advertising attitudes and advertising effectiveness. Journal of Advertising Research*, 40: 67-72.
- Newman, E.J., Stem Jr . and Sprott, D.E., (2004), *Banner advertisement and web site congruity effects on consumer web site perceptions. Industrial Management & data Systems*, 104: 273-281.
- Palanisamy, R., (2004), *Impact of gender differences on online consumer characteristics on web-based banner advertising effectiveness. Journal of Services Research*, 4:45-74.
- Robinson, W., (1991), *Promotional Marketing on the web*.
- Rodgers, S. and Thorson, E., (2000), *The interactive advertising model: How users perceive and process online ads. Journal of Interactive Advertising*.
- Rowley, J., (2000), *Product search in e-shopping: A review and research propositions. Journal of Consumer Marketing*, 17: 20-35.
- Schlosser, A.E., Shavitt, S. and Kanfer, A., (1999), *Survey of Internet users' attitudes towards Internet*, *Journal of Interactive Marketing*, 13: 34-54.

- Silk, A.J., Klein, L.R., and Berndt, E.R., (2001), *The emerging position of the Internet as an advertising medium*. 3: 129- 148.
- Smith, S.M., (2002), *Electronic commerce issues for consumers and marketers*.
- Todd P. A., (1997), *Consumer reactions to electronic shopping on the World Wide Web*. International Journal of Electronic Commerce, 1 (2): 59- 88.
- Tom, D. (2008), *Principals of Advertising and IMC*
- Wanjoga, E., (2002), *Consumer attitudes towards online advertising in Nairobi*, Research Project Report.
- Wakukha, D., (2011), *The use of internet advertising by Kenya mobile telephone industry*, Research Project Report.
- Wolin, L.D. and Korgaonkar, P., (2003), *Web advertising: gender differences in beliefs, attitudes, and behavior*. Journal of Internet Research: *Electronic Networking Applications and Policy*, 13: 375- 385.
- Wolhandler H., (1999), *Real numbers behind Net Profits. (6th annual survey of online commerce)*.
- Yoon, S.J., (2003), *An experimental approach to understanding banner advertising effectiveness*. Journal of Targeting, *Measurement and Analysis for Marketing*, 11:255- 272.

## APPENDICES

### APPENDIX I: RESEARCH QUESTIONNAIRE

#### SECTION A – BACKGROUND INFORMATION

1. Year of study?

Year I  Year II  Year III  Year IV  Other, Specify

2. Age Group (yrs):  up to 18  19 to 25  26 to 40  41 to 55  55+

3. Gender:  Male  Female

4. Programme enrolled in?

Module I  Module II

5. Where is your place of residence?

University Hostels  Other, specify \_\_\_\_\_

#### SECTION B – ATTITUDES, REACH AND AWARENESS

6. Do you like Advertisements?

Yes

No

Informative

Irritating

Entertaining

Annoying

Creates awareness

Waste of time

7. How much time do you spend on?

TV, Movies  < 1hr  1-2hrs  2-4hrs  4-6hrs  >6hrs

Newspaper, Mags  < 1hr  1-2hrs  2-4hrs  4-6hrs  >6hrs

Radio  <1hr  1-2hrs  2-4hrs  4-6hrs  >6hrs

Internet  <1hr  1-2hrs  2-4hrs  4-6hrs  >6hrs

8. Do you watch the TV/ or listen to Radio commercials during commercial break?

Yes

No

Informative

Irritating

Entertaining

Annoying

Creates awareness

Waste of time

9. I change the channel during commercial breaks...

Never

sometimes  depends on ad

often

everytime





Baners,Posters  \_\_\_\_\_

Online Ads:Banners,Emails,  \_\_\_\_\_

19. Have you made any purchases after seeing internetads?

Yes No

20. What is the relationship between internet advertising and purchase decision, Please tick where appropriate: 5-To a very great extent, 4-To a great extent, 3- To a moderate extent, 2- To a little extent, and 1-To noextent.

	1	2	3	4	5
<b>Statements on Internet advertising and purchase decision</b>	<b>To no Extent</b>	<b>To a little exten t</b>	<b>To a moderat e extent</b>	<b>To a great exten t</b>	<b>To a very grea t extent</b>
Internet advertising influences customers' purchase decision					
duration of page viewing is a strong determinant of the ability to recall banner ads					
Animation content, the shape of the banner ad, and frequency of the ad (repetition) leads to higher advertising recall					
Companies should aim to strengthen customer interactions with advertisements on the Web					
Most companies provide a generic experience to all customers rather than relying on customer analysis to deliver a personalized experience.					
When customers weigh benefits, they become emotionally involved with advertising and promotion.					

Repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer.					
---	--	--	--	--	--