

**A STUDY ON THE IMPACT OF ONLINE ADVERTISEMENTS ON
BUYING DECISION OF PASSENGER CAR CUSTOMERS**

Author 1: Nikhil.VP, Birla Institute of technology.

Author 2: Dr.Kavita Tiwari, Birla Institute of technology.

Author 3: Dr.V.Ravikumar, CMS College of Science & Commerce.

ABSTRACT

Today's scenario is full of, up-to-the-minute need of contemporary future, which is becoming technically an inevitable part of our life. The present research work explores the significance of various online advertisements and its impact on the buying decision of passenger car customers of selected areas in the United Arab Emirates. As the most formidable consumer durable sectors are concerned, the luxurious passenger car segment is the fascinating and the most influential segment in the country. The data is collected through primary method, using closed ended questionnaires, supported by a pilot study to get the validated information. Purposive sampling is adopted in this study and a sample size of 60 (ongoing study) passenger car customers is considered. The study also emphasizes on the degree of exposure towards the online advertisements in the day to day lives of individuals while purchasing any consumer durable product such as mobiles, laptops, automobiles etc. It also analyses the internet usage behavior in terms of accessibility and experience.

This attempt has been made to understand and analyze the available literature to study the impact of online advertisements on buying decision of customers of passenger cars and update the same, which is going to be undoubtedly a unique contribution to the industry as well as the future research endeavors in this arena. Findings suggest that the most credible source of online advertisement for product information is company websites. Along with this, the research also recommended the demographic factors such as frequency of internet usage and internet usage experience have a strong positive impact on customers' purchasing decisions.

Keywords: Online advertisements, UAE & its passenger car industry, purchase decision.

1. INTRODUCTION

Today manufacturers and marketers are trying to look for flexible advertising tools which ensure the information reach and probe the customers act quickly. They even want better and quicker feedback from the customers which help them to serve better and to move their brand image to better heights through exceeding the customers' expectations.

1.1 Online Advertisements

Online advertisements are all those advertisements, which can be viewed directly on the internet. It is a method of mass communication which is actually based on its own communication strategies and develops a technical platform for delivering advertisements to internet users through Web sites, e-mails, and Internet-enabled smartphones and tablets. Internet advertisements can take several forms such as banner, display, social networking, Email and mobile advertisements.

The most beneficial feature of online advertisements is that the people can watch it according to their convenience at any time and any number of times. The publisher/company can also have the full control over it. They could modify, change or even remove it as and when required. Online advertisers could specifically target the customers through search engine marketing by displaying their advertisements on relevant webpages or related search results. It will not only make the browsers' work easier but saves a lot of time with full control over what to see and what not to see.

1.2 The United Arab Emirates

The United Arab Emirates is a constitutional federation of seven emirates which includes Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ra's al-Khaimah and Fujairah. The federation was formally established on 2nd December 1971. Sheikh Khalifa bin Zayed Al Nahyan was elected as President on 3rd November 2004, following the death of Sheikh Zayed bin Sultan Al Nahyan, who held the post from the foundation of the State on 2nd December 1971 until his death on 2nd November 2004. The Supreme Council meets at five-year intervals to reaffirm the existing President or elect a new one.

The UAE is the world's eighth largest oil producer. Its economic environment for coming years looks very positive and highly stable. The UAE in general and Abu Dhabi in particular, have extensive sovereign wealth funds, established to secure and maintain the future welfare of Emiratis. UAE's Abu Dhabi Investment Authority is the second richest SWF in the world with an investment in a wide range of assets, from equities and fixed-income securities to infrastructure. It also plays a leading role in the development and governance of the industry.

1.3 UAE & Its passenger car industry

For the last few years following the global recession, passenger car sales have enjoyed a steady recovery with automobile dealers reporting double-digit sales growth in UAE. "Porsche Middle East recently reported a 26 per cent jump in sales between 2012 and 2013. German car giant Audi Middle East recorded a 16.3 per cent growth across the GCC during the same period".

"Car sales in the UAE and the rest of the Middle East, Africa and Pakistan (MEAP) region are likely to get a major boost in the next two years, when nearly eight out of every 10 people will buy a new or pre-owned vehicle, a new survey suggests".

According to a new study by Nielsen's Global Survey of Automotive Demand, which polled more than 30,000 Internet users in 60 countries to identify where vehicle demand is greatest and find out the common motivators for car purchase showed that demand for automobiles in the MEAP region and Latin America, could be the strongest in the world, with 75 percent of consumers saying that they intend to buy a car in the next couple of years.

1.4 Passenger car companies in UAE

There are a number of Automobile companies in UAE that produce vehicles of extremely high standard. Some of the leading passenger car companies in UAE are TOYOTA, NISSAN, HONDA, MITSUBISHI, SUZUKI, MAZDA, HYUNDAI, BMW, FORD, LAND ROVER, VOLKSWAGON, CHEVROLET, PEUGEOT etc.

As Luxury car sale in the UAE is booming, TOYOTA, NISSAN, FORD & HONDA have kept their luxurious brands LEXUS, INFINITY, LINCOLN & ACURA in the UAE market in which LEXUS has the maximum popularity.

1.5 Customer buying decision process & purchase decision

There are mainly five stages in the customer buying decision process. These stages were introduced by John Dewey (1910). The stages are:

- Problem/Need recognition
- Information search
- Evaluation of alternatives
- Purchase decision
- Post-purchase behavior

The purchase decision is the fourth stage, where the actual purchase takes place. According to Kotler, Keller, Koshy and Jha (2009), the final purchase decision can be disrupted by two factors: negative feedback from other customers and the level of motivation to comply or accept the feedback. Secondly, the decision may be disrupted due to unanticipated situations such as a sudden job loss or the closing of a particular retail store.

2. OBJECTIVES OF THE STUDY

- To determine the demographic profile of the passenger car customers browsing internet advertisements.
- To analyse the internet usage behavior of passenger car customers in United Arab Emirates.
- To assess the impact of different online advertisements of passenger cars on the buying decision of customers in United Arab Emirates

3. LITERATURE REVIEW

A large number of studies have been carried out related to online advertising and its impact on customers' buying decision in various product categories.

According to , Jianping Peng, Guoying Zhang, Shaoling Zhang, Xin Dai, Jing Li, (2014) , “with the rapid development of Internet, a lot of consumers start to use Internet to get car information that Internet has become 2nd wisely used channel to get information in our study. But there should be a better understanding of the relationship between online advertising spending and automobile sales, which helps business to define sophisticated online advertising strategies to improve sales performance”.

Another research report showed that “As consumers spend more time online, brand and CPG marketers know that traditional media placement alone doesn't cut it when targeting their core audiences. Shifting dollars to include online advertising is a critical component of any successful media plan”, 2010, The Nielsen Company. All rights reserved. 09/09.

Sangeeta Gupta, (2013), “A Study of Buying Decision Influencers for Passenger Car Segment in New Delhi”, concluded that “Besides, the friends, family and relatives as main influencers, users also trust the information available on internet”.

In a research, A STUDY ON IMPACT OF ONLINE ADVERTISING ON CONSUMER BEHAVIOR (WITH SPECIAL REFERENCE TO E-MAILS), Srivastava Priyanka (2012) states that “An internet broadcast model is what many major advertisers have been waiting for” and concluded that “the online advertising is informative for all age group of people”.

According to a study by Gaurav Bakshi and Dr. Surender Kumar Gupta, (2013) proved that “With the increased adoption of advertisement fission of the Internet, World Wide Web is becoming gradually a standard advertisement platform. The Web is offering business advertisement world with more rich media tools, interactive services, and global reach. The need is to understand the target consumers and then strategize wisely in order to gain maximum out of this new medium”.

Therefore this attempt has been made to understand and analyze the available literature to study the impact of online advertisements on buying decision of customers of passenger cars in UAE, which is going to be undoubtedly a unique contribution to the industry and academia.

4. RESEARCH METHODOLOGY

Our thrust was to determine the Impact of Online Advertisements on Buying Decision of Customers of Passenger Cars in the selected areas of UAE.

We prepared a set of 15 questions with several statements reflecting various attributes of the problem. We administered to 60 respondents, out of which 53 responses were found relevant. The respondents were requested to provide their demographic information with internet usage and rank the statements on a 5-point Likert scale basis (from strongly agree to strongly disagree).

Dimension reduction technique (Factor analysis) and cross tabulation was imposed to identify the factors and to assess the Impact of Online Advertisements on Buying Decision of Customers.

Table 4.1 Tabular Summary of Research Methodology

Area of study	Selected areas of UAE
Sampling Method	Purposive sampling
Data Collection technique	Primary (structured non disguised questionnaire with the help of personal interview) & Secondary sources
Category of Respondents	Customers of passenger cars
Statistical Tool	Factor analysis & cross tabulation
Software for Data Analysis	SPSS 17.0

5. DATA ANALYSIS

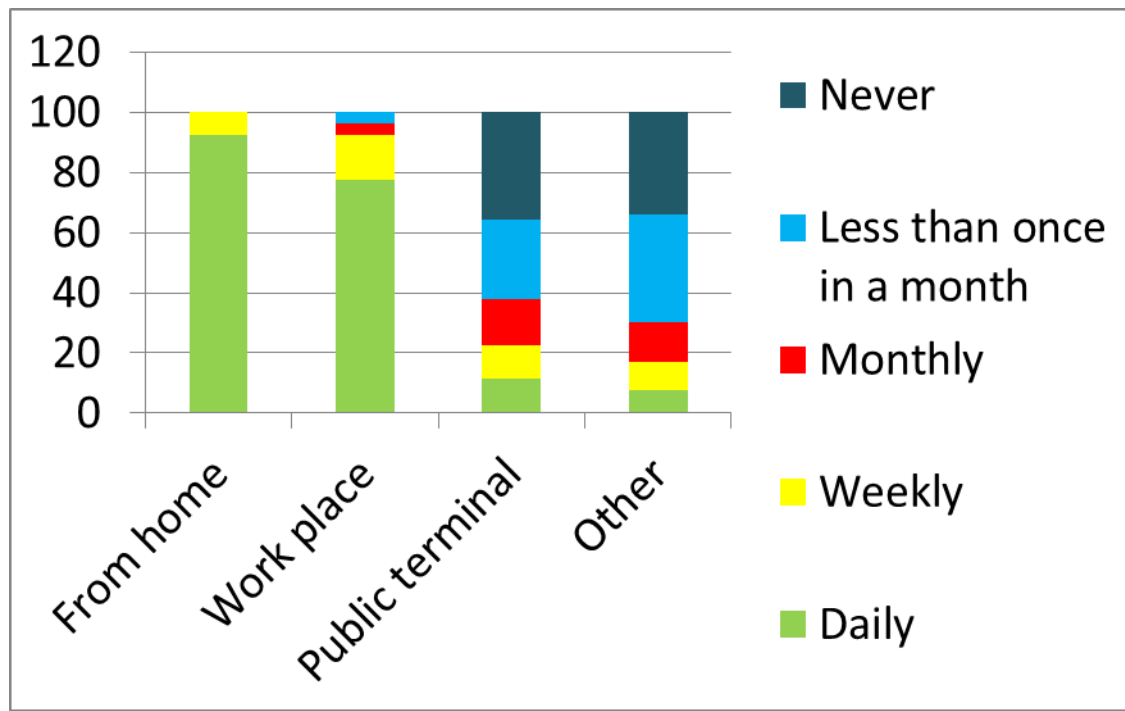
5.1 Demographic Profile of the Respondents

Profile	% of respondents
Gender	
Male	88.7
Female	11.3
Age group	
18 – 25	32.1
26 – 35	37.7
36 – 45	11.3
46 & Above	18.9
Occupation	
Professional	28.3
Business	11.3
Student	22.6
Govt.employee	5.7
Pvt. Employee	30.2
Other	1.9
Income (AED)	
Up to 5000	24.5
5001 – 10000	37.7
10001 – 15000	30.2
Above 15000	7.5
Residing emirate	
Abu Dhabi	11.3
Ajman	1.9
Dubai	18.9
Fujairah	7.5
Ras Al Khaimah	45.3
Sharjah	13.2
Umm Al Quwain	1.9
Experience in using internet	
Less than 1 year	Nil
1 - 2 years	5.7
3 - 6 years	7.5
7 years or more	86.8
Total Respondents(in number)	53

5.2 Frequency of accessing the internet

	From Home	From College /Work place	From Public terminal	From Other places
Daily	92.5	77.4	11.3	7.5

Weekly	7.5	15	11.3	9.4
Monthly	0	3.8	15.2	13.3
Less than once a month	0	3.8	26.4	35.8
Never	0	0	35.8	34.0
Total	100	100	100	100.0



Graph 5.2(a) Frequency of accessing the internet

With the help of the data collected from the respondents, Factor Analysis and Cross tabulation were applied to fulfill the Objectives of the Study and furnish the Results.

5.3 Factor Analysis

5.3(a) KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.708
Bartlett's Test of Sphericity	Approx. Chi-Square	142.996
	Df	45

Sig.	.000
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KMO measure of sampling adequacy is an index used to test appropriateness adequacy of the factor analysis. The minimum required KMO is 0.5. The table, above shows that the index for this data is 0.708 and chi-square statistics, is significant ($0.000 < 0.05$). This means the factor analysis is appropriate for this data. Therefore, we test the null hypothesis that the population correlation matrix is an identity matrix (ie each variable correlates perfectly with itself but is uncorrelated with the other variables).

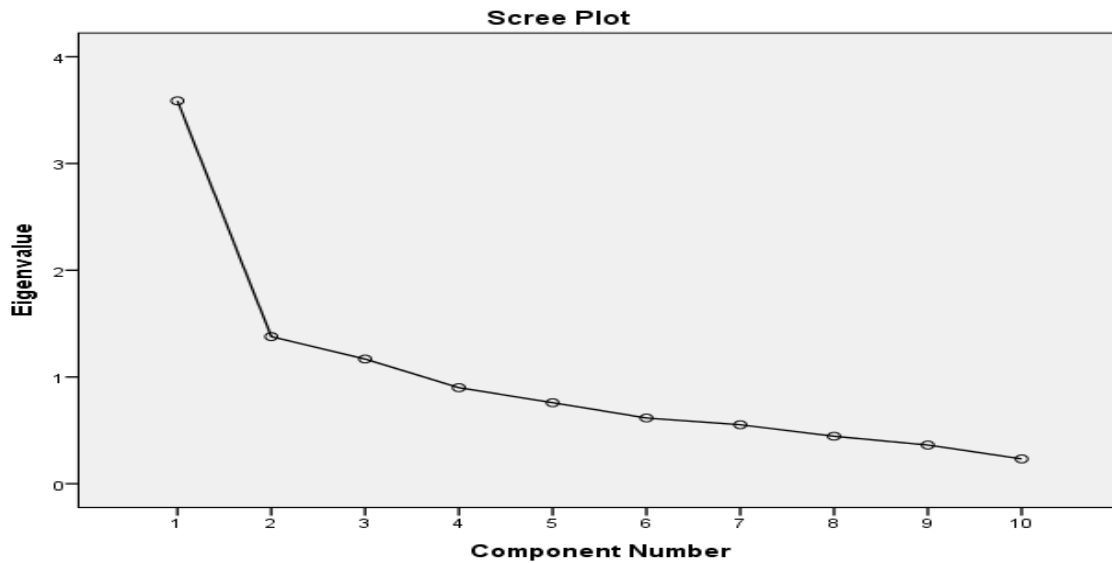
The result of Bartlett’s test (the chi-square value is 142.996 at 0.000 significance level clearly rejects the null hypothesis that the population correlation matrix is an identity matrix. Therefore, we can proceed with factor analysis.

5.3(b) Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	3.587	35.866	35.866	3.587	35.866	35.866	3.406	34.061
2	1.378	13.784	49.650	1.378	13.784	49.650	1.375	13.751	47.811
3	1.168	11.683	61.333	1.168	11.683	61.333	1.352	13.522	61.333

Extraction Method: Principal Component Analysis.

This output gives the variance explained by the initial solution. This table gives a total variance contributed by each component. We can note that the percentage of the total variance contributed by the first component is 35.866, by second component are 13.784, and by the third component, are 11.683. It may be noted that the percentage of total variances is the highest for the first factor & it decreases thereafter. It is also very clear from this table that there are total three distinct factors for the given set of variables.



Graph 5.3.1 Scree plot

The Scree plot gives the number of factors against the Eigenvalues, & helps to determine the optimal number of factors. The factors, which have the steep slope, indicate that a larger percentage of total variance is explained by that factor. The shallow slope indicates that the contribution to total variance is less. In the above plot, the first 3 factors have a steep slope & later on the slope is shallow. It may be noted from the above plot that the number of factors for Eigen value greater than one are 3. Hence, ideal number of factors is 3.

5.3(c) Rotated Component Matrix

Component	1	2	3
S1	0.682		
S3	0.698		
S4	0.742		
S5	0.624		
S6	0.706		
S7	0.627		
S8	0.738		
S9		0.691	
S10		0.690	

S2		0.890
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5.3(d) Factor Analysis & Interpretation

Factor No.	Labels	Factor Name	Statements	Loadings
F1	S1	Availability of information	I mostly come to know about the new car models through internet	0.682
	S3		Email advertisements help in recalling car brands and boost brand recognition.	0.698
	S4		Mobile advertisements can have more positive influence on my car purchasing decision than other advertisements.	0.742
	S5		I pay more attention when I watch YouTube advertisements than TV advertisements	0.624
	S6		Online classified advertisements provide information regarding seasonal offers and discounts of various car models (eg.Dubizzle).	0.706
	S7		Nowadays I spend more time on social media sites (Facebook, Twitter, Linkedine etc) than watching TV.	0.627
	S8		While surfing, I feel Online display ads are always very helpful for collecting related information as it is matching to the website content in a car purchase.	0.738
F2	S9	Viewers' comfort	I feel Banner advertisements (links) are highly annoying because they distract from a web page's actual content and sometimes lead to unwanted sites.	0.691
	S10		I believe search advertisements (You browse and search using key words) have more impact on the customers than non-search advertisements.	0.690
F3	S2	Credibility	I believe company websites provide me the most accurate information regarding various car models.	0.890

Interpretation:

From the factor analysis, it can be easily concluded that the company websites provide the most accurate information regarding various car models to the customers in UAE. Majority of the customers strongly agreed that mobile advertisements, online classified advertisements and display advertisements are very helpful in their car purchase decision-making process.

5.4 Cross tabulation analysis & Interpretation

SL. No.	Independent factor	Dependent factors	Maximum impact values (7 years or more Internet experience)			
			Dealer visit	Test drive	Purchase	Total
1	Internet experience (only 7 years or more is shown in the table as the majority of the customers comes from this segment)	Company website advertisements	39.6%	24.5%	22.6%	86.8%
2		email advertisements	64.2%	15.1%	7.5%	86.8%
3		twitter advertisements	66.0%	15.1%	5.7%	86.8%
4		Facebook advertisements	67.9%	15.1%	3.8%	86.8%
5		LinkedIn in advertisements	69.8%	13.2%	3.8%	86.8%
6		YouTube advertisements	56.6%	28.3%	1.9%	86.8%
7		display advertisements	58.5%	18.9%	9.4%	86.8%
8		web banner advertisements	67.9%	13.2%	5.7%	86.8%
9		classified advertisements	43.4%	20.8%	22.6%	86.8%
10		mobile advertisements	64.2%	18.9%	3.8%	86.8%
11		other online advertisements	62.3%	18.9%	5.7%	86.8%
Average Impact value			60.03%	16.99%	8.40%	86.8%

Interpretation:

Cross tabulation is implemented in almost all cases when all dependent variables change with respect to the change in independent variables.

After the survey, the output of cross tabulation depicts that out of the total 53 respondents, 46 respondents (86.8%) have 7 years or more internet experience with respect to all the selected (11) types of advertisements consistently.

On the other side, more than 60% of the respondents on an average had done dealer visit due to the impact of the various online advertisements, 16.99% of the respondents had gone for a test drive and 8.40% had purchased the car after watching various online advertisements. From the table, we can also see that both company website advertisements and online classified advertisements persuaded a good number of people (both 22.6%) to actually purchase their car over other advertisements.

6. DISCUSSION

The present study emphasized in analyzing the internet usage behavior of passenger car customers and assesses the impact of selected online advertisements on their buying decision in the selected areas of United Arab Emirates.

From the factor analysis, it can be easily concluded that the company websites provide the most accurate information regarding various car models to the customers in UAE. To better understand the impact of various factors (online) on buying decision of passenger car customers, many factors have been identified through exploratory study and came out with the selected factors like Availability of information, Viewers' comfort and Credibility, which ultimately found under online advertising can strongly impact on buying process and buying decision directly.

The cross tabulation analysis shows that classified advertisements and the company websites advertisements have led maximum number of customers to direct purchase than others. The present study also showed that the demographic factors such as frequency of internet usage and internet usage experience have a strong positive impact on customers' purchasing decisions. Majority of the customers who went for dealer visit, test drive and the actual purchase, were heavy internet users with more than 7 years of internet usage experience.

Apart from the selected online advertisements for the study, a few of the customers have opined that online newspaper advertisements (Gulf News advertisements) also had a positive impact on their purchase decisions.

7. CONCLUSION

Online advertising strategy is crucial to the automobile industry. With such a fastest growing market of passenger car sales in United Arab Emirates, an effective online advertising strategy can surely provide novel prospects to automobile manufacturers and marketers. It is important to understand the effects of different mode of online advertisements that directly address the purchase intention of the prospective buyers. Personal selling skills are also very essential to convert the prospective customers (who come for dealer visit & test drive) to the loyal customers of the company.

As the customers are getting more internet savvy, there is a great scope for automobile companies and marketers in this country to utilize the most influential online advertisements to attract the customers and improve their sales in a cost effective way in the upcoming days.

This study was carried out mainly in the selected areas of UAE and therefore, the results obtained may not be applicable to other countries even in the GCC as the consumers differ in their preference, culture and demographics in various countries. Though the geographical area of study is smaller, the sample size of 53 can be increased that it will be helpful and useful to judge the expectation and perception of the customers far better. Anyway the scope for the research in this arena has no limits.

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