



## INFLUENCE OF RETARGETED ADVERTISEMENTS ON CONSUMER PURCHASE INTENTIONS IN ONLINE RETAIL WEBSITES

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### ABSTRACT

*As internet technology continues to evolve, the usage of marketing and advertising online are continuously increasing every day. Since online advertising are more cost effective compared to television ads, companies use this medium to reach out to a large number of consumers in short duration. The purpose of the study is to find the major research work that has been carried out earlier on the specified topic and broadly review all the literatures on the same.*

**Keywords:** Online marketing, Behavioural retargeting, Retargeted Advertisements, Attitude, Purchase Intentions

### Introduction

The utilization and alertness of net has improved relatively over the last years, it is also taken into consideration as a very useful device for communication, entertainment, education, and digital exchange(Koyuncu & Lien, 2003). The Internet has grown to be a famous advertising platform due to the fact marketers found that the Internet possess extra flexibility and manage over the advertising and marketing substances (Ducoffe, 1996).Many vendors of Internet content and offerings (“publishers”) rely upon advertising sales to expand and present their offerings to customers. Web publishers range from large-scale media web

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sites and portals that promote marketing immediately to capacity advertisers to so-called “lengthy tail” web sites with smaller and greater specialized audiences (Beales, 2010).

Over the past years, advertising and marketing budgets allotted to net media have grown spectacularly. In 2012, the net represented 26% of overall advertising and marketing expenditure international and this figure may want to attain 31% within the next four years. This increase is appreciably fuelled by seek and overall performance gear (affiliate marketing, email, evaluation web sites, etc.), despite the fact that display marketing maintains to symbolize a large part of on line budgets. Two traits are driving this increase (i) an growth in Web utilization which strengthens the net’s position in supplying recommendations and preparing customers to make purchases and hints (ii) tendencies in focused advertising and marketing formats and techniques which help shape greater communicative and applicable online campaigns(Chaubey & Sharma, 2013)

The goals at the back of focused online advertising campaigns are as diverse because the businesses that run them, but the universal reason of the practice are easy: to monetize the internet. The internet is specific amongst media forms in that it has probably worldwide reach, yet it is also substantial and fairly fragmented, and keeps to get large and more scattered each day. Targeted online advertising and marketing is designed to deal with the daunting venture comparable to finding a needle in a haystack; locating and segmenting the ones clients which are inquisitive about your product, then handing over a message that receives a measurable reaction(Baird, 2008)

Apparently, the focus of the current study is to analyse the impact of Retargeted advertising on the online purchase decision. An extensive review of all the literatures is been carried out and respective variables are identified for further studies. In this study, behavioural retargeting is synonymous with Retargeted advertisements, BT and Retargeting.

## **Literature review**

### **Behavioural Retargeting**

The emergence of internet utilization in Nineties has rather affected the net shopping for potential of the clients. Customers with lengthy statistics of internet utilization are informed and geared up with better abilities and notion of internet environment have appreciably better intensity of on line buying testimonies and are higher applicants to be captured within the well-known concept of flow in cyber global (Novak & Hoffman, 1999). The starting of on-line advertising became in 1994 while Hot Wire bought first Banner on the employer's very own website online, and later on-line advertising and marketing developed to

come to be a key factor wherein agencies gain truthful returns for his or her products and services (Kumar & Rawat, 2013). According to Internet World Stats (2014), the number of humans, the usage of the internet up to 2012 exceeds twoForty one billion. This variety represents about 34.3% of the overall populace of the world. The online advertising and marketing technology has developed to an amazing volume. The advertisers are attempting to find new processes to gain the eye of the purchasers. The cutting-edge trend is the usage of Behavioural targeting and retargeting technologies which uses customers past shopping behaviours to show a tailor made advertisement to them each time they visit any web sites.

Behavioural advertising first received broad interest within the United States in past due 2008 whilst U.S.Rep. Edward Markey held hearings on deep packet inspection generation (“DPI”), a system via which a user’s Internet provider company (ISP) allowed a marketing community access to all of the consumer’s sports, and an advertising community then directed commercials to that. Behavioural advertising and marketing (mainly advertising and marketing networks) accumulate and use patron information across diverse web sites by using placing “cookies” on an individuals computer systems, and then generating advertisements in response to what they know approximately the patron identified via the cookies. That is, because of statistics found out about a person’s activities on website A, centred interest-primarily based advertisements may be located to that user weeks later, whilst she or he is traveling unaffiliated website B. (Sableman, Shoenberger, & Thorson, nd). Behavioural targeting is an application of modern-day statistical device gaining knowledge of methods to on-line advertising. In contrast to different computational marketing strategies, BT does no longer in general rely on contextual records including question (subsidized seek) and web page (content material match). Instead, BT learns from beyond consumer behaviour, specially the implicit remarks (i.e., ad clicks) to match the excellent ads to customers. This makes BT enjoy a broader applicability consisting of graphical show advertisements, or as a minimum a treasured person dimension Complementary to other contextual marketing techniques (Chen, Pavlov, & Canny, 2009).

Although retargeting companies appear to acquire and utilize much less statistics from cookies than the large concentrated on agencies, together with DoubleClick, the give up result of retargeting may be extra confusing for the client because the advertisements being displayed again and again are more obviously meant for them, and but, consumers are unaware they're being tracked, how they're being tracked, and the mechanics in the back of such advertising (Penn, 2012)

Lewis and Reiley (2010) have proven that without an experimental framework, the use of methods based totally on endogenous move-sectional variant in advertising publicity, one may want to acquire a very faulty estimate of advertising effectiveness. Furthermore, while making an online purchase, clients are encouraged via multiple other factors. For example, Bronnenberg et al. (2012) locate robust evidence that beyond reports is a vital driving force of modern consumption. Recent studies carried have proven that the impact of extended targeting may not constantly be high quality, and can depend upon the product category (Goldfarb & Tucker, 2011). Online shops may use patron facts to tailor their offerings and merchandising strategies to character purchasers, this information may be used out of doors of the original buying context. For instance, it is far viable that purchaser's clothing / accent records such as sizes and emblem shopped may be used for insurance disqualification / price putting. It is possible that demographic statistics together with residence deal with, age or earnings stage will be used for evaluating purchasers' ability to pay higher costs or placing adverse loan costs or phrases (Jai, Burns, & King, 2013). The effectiveness of different appeal types varies with consumer browsing behaviour and product alternatives (Lambrecht & Tucker, 2013).

Although there's an increase in income inherent in tailoring gives and expenses to the buyer's behaviour (Nill&Aalberts, 2014), there is no clarity as to at what level retargeted advertisements are probable to be only for a firm, whether or not they're higher at bringing new customers to an employer's website (i.e., an awareness constructing position) or encouraging the ones already familiar with the website online to come back (Hoban & Bucklin, 2015).

## **Theoretical Framework**

An important idea in advertising which usually converting is the Consumer Attitude. Understanding Consumer Attitude is one maximum important factors for any advertiser when he is showcasing the products. The Major theories which had been evolved to expose how mindset effect a primary change in customer behaviour become Theory of Reasoned Action which become first developed in early 1967s and later on become similarly revised in 1988 into Theory of Planned Behaviour.

There had been continuous studies finished on attitudes and behaviors between the years of 1918 and 1925 saw many new theories emerging. Having their emphasis on mindset and behavior, it could be postulated that this theory grew out of the nineteenth century whilst the sphere of psychology started out to have a look at the term "attitude". Those theories

recommended that “attitudes should explain human moves” (Ajzen & Fishbein, 1980). This concept provides a framework to have a look at attitudes closer to behaviours. According to the idea, the maximum important determinant of a person's behaviour is behaviour intent. The individual's intention to perform a behaviour is an aggregate of mind-set in the direction of acting the behavior and subjective norm (Bright, 1993). From this principle came the life of TAM version in 1986 and Ducoffe internet advertising impact version in 1996. To Kim, Yoon, Kim and Lee (2012) recommended a new advertising impact model by way of combining the Ducoffe model and TAM model, and on this foundation contributes to the establishment of a suitable advertising and marketing approach for a Smart environment.

Ashmawy and Sahn (2014) recognized utilization of Ducoffe's advertising and marketing cost model for measuring the mindset of college students in the direction of facebook marketing which incorporates Entertainment, Informativeness, Irritation, Credibility, interactivity, customization as the primary variables. The studies found that The extra the users use facebook, the more is fine the mind-set they have toward the advert. Dao, Le, Cheng, and Chen (2014) also used the identical variables to become aware of the effectiveness of social media advertising in case of conventional economies in south east Asia. Here they have a look at observed that purchasers understand that the maximum critical feature of advertising and marketing is to provide records, which similarly suggests that product-associated information can dominate the marketing content in those economies. Ling, Piew and Chai (2010) used the variables of credibility, Hedonic delight, informative to satisfactory the major determinants of patron attitude towards on line commercials. Murillo, Merino and Nunez (2016) used Credibility, Economy, Hedonic Pleasure, Informative, Attitude to analyse the value of twitter advertisements. The evaluation determined that there's a high-quality effect of Advertisements shown on twitter among the consumers with irritation as the least sizable variable.

Sableman, Shoenberger and Thorson (nd) in their studies cited that clients do choose centered advertising over being served random advertisements. As policy makers and purchaser advocates begin to make selections about potential law for advertisers, they must be aware that marketing primarily based on records amassed approximately customer behavior is each probably to be effective and also favored by using customers. The studies used the variables of privacy threat as a major detail to attention.

Wang and Sun (2010) examined the position of ideals and attitudes in on line classified ads almost about the USA and Romania. The variables value, data, entertainment, credibility, statistics have been used to examine the purchaser mind-set. The research

concluded declaring that even though beliefs and attitudes have a tendency to influence behaviour, there exists an opening between attitudes and real shopping behaviour.

Schlosser et al., (1999) surveyed a country wide pattern of over 400 members and observed no majority opinion of Internet advertising-approximately a third of the contributors liked, disliked, and felt neutrally toward Internet

marketing respectively. The Internet customers observed online advertising and marketing changed into informative however less interesting, and it did not encourage them to make purchases even they did not understand it to growth product expenses.

### **Research Methodology**

This section discusses a section-wise development of comprehensive technique, which chiefly entails selection of attributes, improvement of hypotheses, identification of survey pool, designing and pretesting of questionnaire, and records collection.

#### **Phase I: Selection of Variables**

The variables for the study are derived from Ducoffe's advertising value model and Technological Acceptance Model. The scales objects have specified primarily based upon the suitability of the present day examine. Based on the expert validation and reliability, the variable items of the variables Entertainment, Credibility and Interactivity were combined to form a new variable "Perceived Instructiveness" with five items. The specified scale items along with the notation used to provide an explanation for the scale items for the current observe are proven within the Table-1.

#### **Phase II: Hypothesis**

H1: There is a significant relationship between retargeted advertisements and Attitude of the consumers

H2: There is a significant relationship between Attitude and purchase intentions of the consumers

#### **Phase III – Data collection and sample selection**

According to records gathered from Wikipedia and Times of India, variety of Online Shoppers in India is 3.5 crores. A survey carried out with the aid of TNS Australia (2013), showed that 17% of the entire on-line customers are from Bengaluru Urban District.

Online consumers in Bengaluru Urban District are 59.5 lakhs. A take a look at performed via AdRoll (2016) said the ones customers who see retargeted commercials are three out of four (i.e. 75% of the full populace).

Although 75% of the population view retargeted commercials, the real populace who see and do not see the retargeted commercials are not recognized. Hence, a non-probabilistic sampling method for unknown population is finished. Here convenience-sampling technique is used and a sample of 390 is selected.

In order to test the hypotheses, a questionnaire is developed with the usage of 5 point Likert Scale (1 for strongly disagree and 5 for strongly agree) on re-specified scale objects of Ducoffe (1995) and TAM and in addition, tested for appropriateness through a pilot examine. Based at the issues surfaced during the pilot have a look at, accompanied by using necessary rectifications, the ultimately corrected questionnaire became superior to behavior survey. The

	N	Pearson correlation	Sig (2-tailed)
Perceived Personalisation	30	0.549**	0.002
Perceived Instructiveness	30	0.557**	0.001
Informativeness	30	0.438**	0.016
Irritation	30	-0.555**	0.001
Privacy Concern	30	-0.641**	0.000
Usefulness	30	0.741**	0.000

scale reliability was tested with the aid of deploying the statistical check 'Cronbach's alpha' to the responses finally obtained from 30 respondents. The Cronbach's alpha overlaying the general responses changed into observed to be 0.836, which is considered a very good signal of reliability of the questionnaire.

#### **Phase IV: Analysis & Results**

Reliability Test: The inner consistency reliability of the variables was assessed via computing Cronbach's alphas. The Cronbach's alpha values of all the variables were computed between 0.727 and 0.829 which is considered satisfactory for the measures

#### **Hypothesis Testing**

A simple correlation was being carried out to understand the relation between the variables. The hypothesis was proven by bivariate correlation.

#### **Hypothesis 1**

H1: There is a significant relationship between retargeted advertisements and Attitude of the consumers

Ho: There is no significant relationship between retargeted advertisements and attitude of the consumers

Pearson Correlation test was conducted to test the hypothesis. As given in the Table-1, all the independent variables were tested to check if there is a relationship with the attitude of the consumers. Table-1 shows the correlation value for each variable with attitude.

**Table: 1 Correlation Table of each variable and its relationship to attitude**

As shown in the above table, variables of Perceived Personalisation, Perceived Instructiveness and Informativeness have a weak correlation with consumer attitude which is 0.549, 0.557, 0.438 respectively, followed by Percieved Usefulness with positive high correlation with consumer attitude which is 0.741. Finally it can observed from the above table that Irritation and Privacy Concern are negatively correlated with consumer attitude which is -0.555 and -0.641 respectively.

**Hypothesis 2**

H1: There is a significant relationship between Attitude and Purchase intentions of the consumers

Ho: There is no significant relationship between Attitude and purchase intentions of the consumers

Pearson correlation was conducted to test the hypothesis, As given in the Table-2, the attitude of the consumers were tested to check if there is a relationship with their pruchase intentions through retargeted advertisements

**Table 2: Correlations between attitude and purchase intentions**

		Attitude	Intention to purchase
Attitude	Pearson Correlation	1	.464**
	Sig. (2-tailed)		.010
	N	30	30
Intention to purchase	Pearson Correlation	.464**	1

Sig. (2-tailed)	.010	
N	30	30

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As shown in the above table, it is shown that there is a positive weak correlation between attitude and purchase intentions of the consumers through retargeted advertisements which 0.464, significant at  $P < 0.05$ . This means null hypothesis is rejected and alternate is accepted. This may be understood that there is a significant relationship between consumer attitude and purchase intentions

## Conclusion

From the above studies, it is shown that there is not much research work carried out in the field of behavioural Retargeting, as it is a new technology, which the advertisers use to gain the attention of the consumers. Since the main focus of the current study is to analyse the relationship of retargeted advertisements on online purchase intentions, an extensive review of Literature was carried out so far, the variables identified for further research was identified. From the above hypothesis it can be concluded that all the variables are moderately correlated except for Perceived usefulness which has a high correlation with the attitude of the consumers and finally privacy concern and Irritation factors are negatively correlated to consumer attitude. Concluding which the research shows that there is positive weak correlation between consumer attitude and purchase intentions. Further research can be carried out to find the influence of these variables on the purchase intentions of the consumers

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