

## **Learning for E-Marketers (Web-Advertising) through Consumer Perceptions**

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### **Abstract**

The rapid growth of internet users in the world, in the last few decades has opened up opportunities for everyone, particularly as a tool for communication, entertainment, and marketplace exchange. The e-commerce industry is growing rapidly in the developing countries, which offers huge business potential for digital advertising, a necessity for businesses to function and grow. The ad-revenue in 2014 was at \$146.42 billion and is projected to be at \$252.02 billion by 2018 as per eMarketer.com, at the world level. In the Asia-Pacific area it is expected to rise 30.3% to a total of \$46.59 billion this year. The Consumer is on the internet and hence the marketer has to be on the internet to find an audience for advertising their product/service and lure consumers down the marketing funnel. This rapid growth has been accompanied, however, by concerns of consumer's privacy intrusion, distractions caused while surfing, and the security of debit/credit card information as well as with the collection, dissemination, and use of consumer information by marketers who participate in online retailing. This paper explores the concerns and risk perceptions among consumers of various age groups and with varying levels of internet experience. It analyses how the perceptions of the surveyed group of population relate to online shopping activity, and what an eMarketers learns from the information gained through the research. A consumer survey of India where e-commerce is in its nascent stage and the U.S. (North America), where e-commerce has existed for around two decades now, explored the behavior of consumers towards digital advertising. The comparison of the two countries' data provides learning for the e-marketers, e-commerce industry's picture, along with consumer's expectations for privacy, quality, and authenticity of product/service while shopping on the websites.

**Keywords:** internet security, consumer perceptions, digital advertising, e-commerce

## Introduction

The world's digital population is increasing. By the end of 2014, there were almost 3 billion Internet users in the world, which is 40% of world's population according to International Telecommunication Union, 2014. Growth in the digital world due to proliferation of technology and its lowering cost in last couple of decades have opened up opportunities for everyone, particularly as a tool for fast communication, entertainment, and marketplace exchange. This growth has allowed many small businesses in the e-commerce sector, especially in the developing countries, to flourish due to low overhead costs. On the World Wide Web, the internet surfer gets information easily with product reviews, comparative analysis and best deal information. Marketing is one of the business functions affected by emerging information technologies.

As a new medium of business, the internet has the potential to satisfy functions of advertising selling, and supporting consumers in their decisions to purchase products and services. The internet also allows the marketer to maintain long-term relationships with consumers by repeatedly informing the consumer of their services and new products by the use of saved data. Digital Social Media has become a powerful tool for such exchanges. Hence digital/web-advertising has become more a necessity than a choice for advertising products/services. Internet is the place where marketers need to tap the larger market share, eventually bringing the shopper down the marketing funnel. Digital advertising has become a necessity, even to those businesses that are primarily brick and mortar. By tracking consumers' on-line surfing and researching to shop products/services, that is their buying behavior; digital advertising can be personally targeted through email to a mass audience. Consumers' net-surfing data gets downloaded. This data is referred to as BIG DATA. The buzz about BIG DATA is loud and clear, after all, this data provides the answers to the marketers for personalized targeting. Hence E-commerce is taking the lead in shopping where it's easy to purchase with the click of a button. Online shopping provides convenience in today's fast-track world—from booking online tickets, paying bills, buying books, electronics, shoes, cosmetics, to even grocery shopping. The brick and mortar overhead costs are cut reducing the price of items. The ecommerce businesses are flourishing. In India, the small, mom and pop businesses are more in market and doing good due to the help of technology.

This growing e-commerce industry offers huge business potential for digital advertising industry. The ad-revenue in 2014 was at \$146.42 billion and projected to be at \$252.02 billion in 2018 (e-marketer.com) at an international level. It is expected to rise 30.3% to a total of \$46.59 billion this year in the Asia-Pacific area, surpassing North America in a couple of years with a bigger share of advertising revenue, according to e-marketer's latest estimates of digital ad spending worldwide.

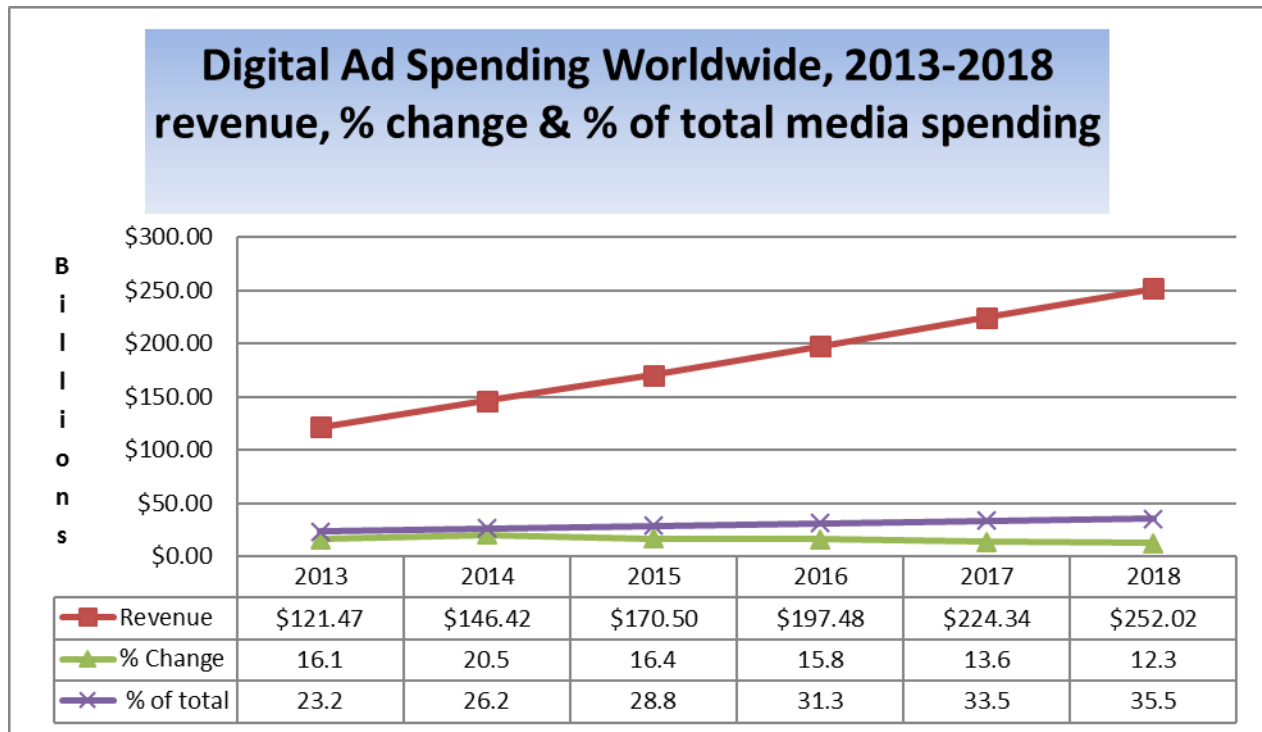


Chart - 1: Source [www.eMarketer.com](http://www.eMarketer.com)

### E-commerce Concerns

Two decades have passed since HotWired.com hosted the world’s first online banner advertisement in October 1994 on behalf of AT&T. The technology has allowed the huge potential access to “connected” consumers. Access to retrieved data, new interactive creative units and the promise of *accountability* letting marketers and publishers plan a careful balance of ad inventory, and contextual relevance with an eye on consumers to unlock vast new repositories of value. It is not easy as it sounds.

Consumers may protect their privacy with tools like “to-opt-out” (Microsoft Explorer) and also with browser level protections used by internet service providers. Marketers still get general information from websites visited by consumers. At the same time, government and industry organizations have declared information privacy and security to be major obstacles in the development of consumer-related e-commerce. Risk perceptions regarding internet privacy and security have been identified as issues for both new and experienced internet users. These concerns pertain to the privacy and security of accumulated consumer data (Miyazaki & Fernandez, 2001) and the perceived risks that consumers may experience with respect to these issues.

The advertising industry is faced with the concern that a 100% ability to view ads is not possible and it is not technically and commercially feasible to measure every impression in the digital ad campaign (IAB). The matrices used by publishers, advertising agencies and advertisers themselves are not technically compatible enough to measure every impression as viewable; they work differently, generating different numbers.

### **Consumer Concerns: The other side of Ad-World**

Internet surfers, the audience of the ad-world, are online for work, email, chat, searching information, deals etc. Social networking sites are keeping consumers active online. Facebook and LinkedIn have 58000 according to Indian Association of Mobile and Internet (IAMAI) new users connect every day just in India, which is why it is not a surprise that social networking is the second largest market in the world. These sites provide the best source of information, and the low cost of internet connectivity is keeping a larger audience online. No wonder Facebook has grown to be a billion-dollar company. The likes of Twitter and Pinterest are not far behind. Marketers are strategically using this media to market to consumers. This is the place where a shopper gets information easily with reviews of product, comparative analysis and best deal information. There is growing literature on website security indicating that consumers trust in the websites they visit and make purchases online. Consumer behavior is key in analyzing these factors for e-businesses. Historical data on e-commerce industry shows that it is around 40 years old, but actual impact on our daily life has been for more than 20 years in developed countries as opposed to being in its nascent stage in developing countries: thus, the interest in these topics for research is increasing.

The concept of trust is studied in every discipline and is defined in variety of ways by several authors in the marketing literature. Different views of concepts of trust and background by different authors/researchers are confusing. (Williamson 1993, Rotter 1967, Zucker 1986). A simple analytical model was built to help crystallize the concept of trust. The authors conclude that trust supports cooperation through its impact on two main threats to cooperation, namely fear and greed (Hwang & Burgers, 1997). According to Luhmann trust is based depending on the interpersonal relationship within in systematic setting.

Along with some divergent views, there are some similar views too regarding the conceptualization of trust. In an exchange relationship, between the shopper and the buyer on an online platform where there is no personal contact, some amount of trust as well as risk is a factor. However, all studies do not accept the perception of uncertainty and risk as elements of trust. (Doney & Cannon, 1997; Dwyer, Schurr & Oh, 1987; Morgan & Hunt, 1994). The researchers cited above have studied trust in the context of marketing relationships. The congruence between desired and perceived participation best predicts satisfaction with participation in decision making. Satisfaction comes along with trust as a predictor of satisfaction (Driscoll, 1978). Mayer etc. proposed a theory based on the characteristics of the trustee (marketer) and hence the party's (consumer's) trust makes the effect on the actual level of trust in that trustee (Mayer, Davis & Schoorman 1995). For developing and growing e-businesses trust is important as it affects the adoption of new technologies including the Web by explaining trust as a factor in creating social wealth in a social setting (Fukuyama, 1995). The importance of trust in the online environment is significant (Urban, Sultan & Qualls, 2000), because implementation of a technology such as the Internet can impact trust (Zuboff 1982) and trust is relevant in virtual organizations (Handy, 1995).

The establishment of trust between a firm and its customers leads to long-term relationships that prove beneficial to both parties. Some authors have proposed that the consequences of trust are a long-term exchange relationship (Ganesan & Hess, 1997) and cooperation (Morgan & Hunt, 1994). Satisfaction and long-term orientation have also been proposed as consequences of trust (Geyskens, Steenkamp & Kumar, 1999). Sultan, Urban, Shankar & Bart (2002) conducted a large scale empirical in which they propose that trust acts as a mediating construct between website and consumer characteristics, and consumer behavior on the website.

Based on the above literature discussion, the authors' premise is that trust and security are important aspects of online businesses and understanding how trust works in the online environment is essential for firms to develop a long-term relationship with consumers in the e-business context.

### **Change in Consumer Behavior**

As previously stated, trust is important in business especially when on digital media and, where a consumer can purchase by credit/debit cards which are vulnerable to risk and frauds in the online transactions. The establishment of trust between the consumer and the website for e-businesses leads to a long-term relationship and is of major effectiveness. Consumer behavior may change depending on the perceived risk she/he senses while shopping. According to a recent global research study from ISACA, internet users in India are significantly more likely to change their digital purchasing behaviors because of retailers' data breaches. In the UK, USA and Australia, between three and four in 10 internet users surveyed during September 2014 said such breaches had no effect on their shopping behavior. Only 12% in India failed to change their habits to protect themselves. Table 2 gives the data of different countries' consumer behavior for use of online services.

Due to security breaches, the first safety-related change in all countries, including India was to change passwords or PINs. Nearly half of the internet users in India had done so after a data breach. Around one-third said they had started using cash rather than credit cards—a tactic much less popular in the other countries studied. Another third said they made fewer mobile purchases, more than twice the number of consumers who cut back on mobile buying in the UK, USA or Australia.

The survey done by the researchers also signifies the same issue of trust and security, which is faced by all internet users, not just in India, but by all developed and developing countries internet users. India's e-commerce has long way to go; in order for it to develop or succeed, the sellers/retailers will have to assure buyers that they will have secure transactions. The ISACA survey also revealed the concern for security in India where Indians were more than twice as likely to say they made fewer online purchases overall because of data breaches, compared with the e-commerce markets in the Australia, the US and UK.

<b>Changes that Internet Users in Select Countries Have Made as a Result of Data Breaches at Major Retailers, Sep 2014 ( % of respondents)</b>				
<b>Action</b>	<b>UK</b>	<b>India</b>	<b>US</b>	<b>Australia</b>
Changed one or more online passwords/Pin codes	55%	47%	45%	45%
Shopped less frequently at one or more of the retailers that experienced a breach	14%	29%	28%	10%
Started using cash more often than credit cards when shopping	14%	34%	23%	10%
Made fewer mobile purchases (e.g., via laptop, smartphone, tablet)	13%	33%	15%	15%
Made fewer online purchase (e.g., via desktop)	11%	31%	13%	12%
Other	1%		3%	2%
Haven't changed shopping behavior as a result of a data breach	32%	12%	30%	36%
Source: ISACA, "IT/Risk/Reward Barometer" conducted by M/A/R/C Research, Nov 12,2014				
<a href="http://www.eMarketer.com">www.eMarketer.com</a>				

As discussed, the internet is providing a place for e-businesses, advertising and selling the product due to its economic feasibility and effectiveness. Let's see the concerns of the targeted audience's (consumer or web-surfer's) point of view, who are plagued with many issues while surfing online, shopping, or simply chatting. A short survey of consumers in India and North America reveals a lot of information from which e-marketers can learn.

### **Methodology**

The research paper's findings are based on an online survey done which was floated delivered through email and personal and telephone interviews of more than 30 consumers from the U.S. and 30 consumers from India.

### **Data Collection**

The data was collected from consumers who use web services for daily news, to chat on social websites, for their work, or to shop online for travel tickets, books, electronics, shoes, and apparel. The electronic device used can be a mobile, smart phone, a laptop, or a desktop. The respondents of the survey were ages 15 and above. The survey questions were asked in a general and probing manner. Aim was to get views of respondents to know benefits and problems faced by them as consumers.

### **Analysis**

The results from the survey fulfill the objective of the functions of advertisements on digital media. Table 1 below gives the idea of consumers by choice.

Number	Consumer Opinions	Indian Consumers (%)	US Consumers (%)
1	Entertainment	20.00	16.67
2	Save Money & pass that to consumers	23.34	13.33
3	Brand Awareness	36.67	23.33
4	Information of New product/service	63.34	26.67
5	Influence to buy	20.00	20.00
6	Influence to search	26.67	16.67
7	They bother me	13.34	43.33

Table 1: Consumer opinions

Results show little similarity in thinking apart from “Influence to buy” being a 20% of choice by both Indians and US consumers. Getting information on new products or gaining brand awareness is of the high Importance in both countries. Consumers are put off by the intrusion of digital advertising while they are working on the web. Chart 2 shows graphical representation of the same table above.

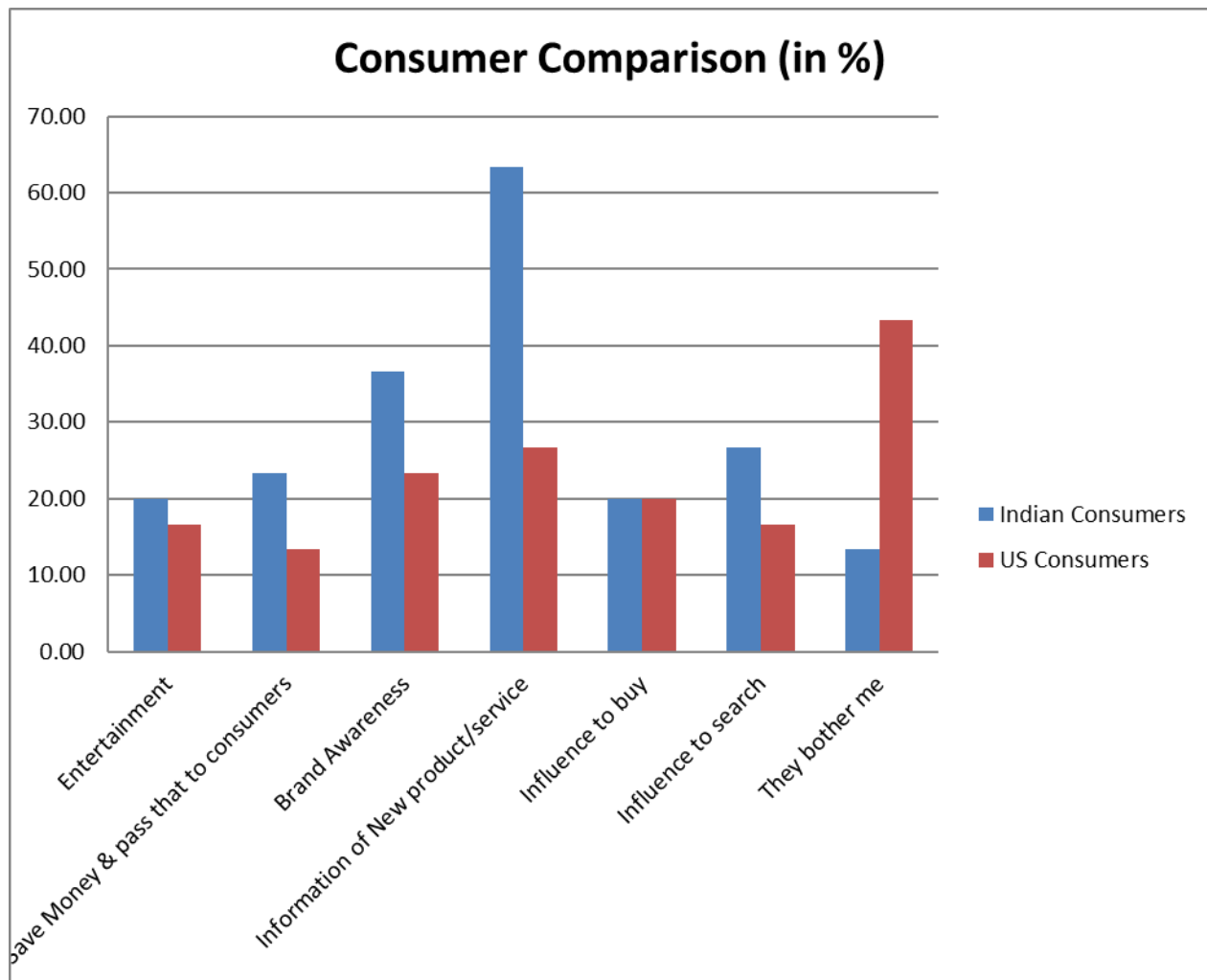


Chart 2- Consumers opinions of web-advertisement.

The fact that India's e-commerce industry is at its nascent stage is evidenced by the novice enthusiasm revealed through the higher percentages, as compared to US data, below.

- 63.34% of Indian consumers and 26.67% of US consumers replied that the advertisement makes them aware of the new products/services through web-advertising.
- 36.67% of Indian consumers and 23.33% of US consumers agree that web advertisements make them aware of advertisers' brands'.
- 20% of Indian consumers and 16.67% of US consumers responded that they look at rich video media used in the web-advertising '...as entertainment'
- 23.34% of Indian consumers and 26.67% of US consumers believe that 'Advertisers should save their money and pass the savings on to us'. It was the youngest population, from 15-25, who thought that advertisers should just pass on the savings to the consumers.
- 26.67% of Indian consumers and 16.67% of US consumers believe that advertisements influence them to search online for more information. The inquisitive minds of the brigade were influenced to find more about the product and went and searched online for more information.
- Only 20% of Indian consumers and 20% of US consumers were influenced to buy products from the advertisers.

Here is the answer to the advertisers to be more practical and realistic for their services/products which are marketed.

- 13.34% of Indian consumers and 43.33% of US consumers are bothered/disturbed by the web-advertisers. The eMarketers' have to check how the consumers are targeted. Many remarked that the pop-up advertisement distracts them in their work and the web-surfer don't get attracted to it, but are irritated to an extent that they just close the adv., turn the videos' off or move to different location/website.

### Internet security- the biggest issue

When questions related to shopping online were asked, the issues which plagued the consumers Indian and US consumers showed very little difference in their views. Table 2 gives the opinions of consumers regarding security and service.

No.	Online Shoppers Concerns	Indians (%)	US (%)
1	Security (Credit/Debit card)	33.33	30.00
2	Poor service	16.67	6.67
3	Timely delivery	13.33	6.67
4	Quality	30.00	23.33
5	No return policy	10.00	3.33

Table 2: opinions of consumers regarding security and service



Inexperienced Indian consumers usually shop online for electronics and books, while experienced Indian consumers, similar to U.S. consumers, shop for everything available online. These are experienced populations, such as software professionals, who are aware of the web-network security provided. These consumers like the convenience of online shopping versus shopping at brick and mortar stores. Online shoppers' biggest concerns are about the security websites provide. Online credit/debit card frauds are on the rise due to security lapses which put-off the consumers from completing the task of shopping. In India, there is no return policy by most retailers, so consumers find it easier and more feasible to shop in brick & mortar shops. Only safe products and services are options for these online shoppers.

### **Conclusion**

The US e-commerce industry is about 40 years old, with the impactful 22 years in our everyday life, had similar concerns earlier, as previous results indicate. Consumers were also worried about their privacy and security breaches. Developed countries' consumers have not stopped shopping online, however, they have made a few changes in their behavior and are shopping for electronics and books, with experienced consumers shopping for all things available online. The U.S.'s e-commerce industry is well developed and equipped to tackle the safety issues. One can say that they have learned from the consumer's behavior, from years of experience, that being consumer oriented, being ethical and adhering to the moral values of the society, you gain. Consumers, build trust for long time and do not leave the brands and jump on to different brands in lieu of less price or mere good service. Though, inexperienced or old (age-group) consumers prefer shopping in brick and mortar stores, they benefit from web advertisement. They may just surf the web, for information, daily work, e-mail, comparison of prices of products/service, or to just chat on social networks.

Since the e-commerce industry in India is still developing, it is facing challenges. The research shows that IT professionals who are aware of internet-security are willing to shop online. To tap a larger market segment, (other than just software professionals) e-marketers have to educate the consumer on the safety of their information and provide authentic, high quality products/services. Overall, both countries' consumers feel intruded upon and bothered by web-advertisement, hence development on that front is required for great viewership and greater ROI.

The survey by the researchers signifies the same issue which is faced by all internet users. Not just in India but all developed and developing countries are facing this issue. India's e-commerce being in its nascent stage has long way to go and if it is to develop or succeed, the sellers-retailers will have to assure buyers that they will have secure transactions. The ISACA survey also indicated the concern for security in India where Indians were more than twice as likely to say they made fewer online purchases overall because of data breaches, compared with the e-commerce markets in Australia, the USA and UK.

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