Chapter 12

A Comprehensive Summary Review of Internet Advertising and Online Market Places that Provides Detailed Insights and Understanding On What Information Systems Discipline is About

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ABSTRACT

To the best of our knowledge there has been no study that has published a literature review of Internet advertising, online market places, and social e-commerce in the Information System discipline journals. Publishing such articles relating to literature reviews of online market places and Internet advertising is extremely important and essential for the following reasons: (1) to provide insights and understanding to social media and online firms on strategies that can be implemented to improve Internet revenues and click-through rates, (2) provide a comprehensive analysis of some of the most influential studies in Internet advertising and social e-commerce, (3) present some of the benefits and limitations of prior studies in Internet advertising and social e-commerce, (4) encourage scholars and researchers in all disciplines to educate and enlighten college students on what Information systems consist of, and (5) present techniques to measure the effectiveness of Internet advertising and the vast monetary value of Internet advertising.

1. INTRODUCTION

Webster and Watson (2002) argue that in the Information Systems (IS) field, there are very few published review articles. Literature reviews represent the theoretical foundation for research in the IS discipline (Webster & Watson 2002). Thus, the main purpose of our study is to provide a comprehensive summary of literature review regarding some of the most influential studies

in Internet advertising, social e-commerce, and online market places. Also, our study provides important input, insights, and understanding of directions for future research that can help social media and online firms to improve Internet advertising revenues and click-through rates. The result will open the door for IS scholars and researchers to claim research topics such as Internet advertising and social e-commerce. To date, in most leading universities in the world, courses with concentrations on e-commerce, Internet advertising, social media, and business analytics are taught mainly by the marketing, advertising, sociology, and managerial sciences/statistics departments respectively. As a result, the majority of college students do not know the components that make up information systems. A strong indicator, referencing the criteria from Kroenke (2011), we asked two hundred and twenty college students in a large public university located in the eastern part of the US to list the five components that make up information systems; unfortunately, none of the students were able to correctly list all five components of information systems. Also, only 20 percent were able to correctly list one or two component of information systems. Kroenke (2011) argues that the five components of information systems are hardware, software, data, procedure, and people. The literature reviews of Internet advertising and online market places in our study strongly support these five components of information systems.

Furthermore, our study provides indications of some of the limited research conducted in the different areas of Internet advertising in the information systems discipline. One of the main techniques used to determine the effectiveness of Internet advertising and online ads is the click-through rates (Idemudia, 2007; Li et al., 2012). Many studies in the information systems, information sciences, computer science, marketing, and advertising disciplines strongly indicate that click-through rates have been decreasing consistently for the past two decades (Idemudia, 2007; Li et al., 2012). To address this issue and

to help improve the constant growth of Internet advertising revenues, we conducted this research to provide a comprehensive literature review highlighting the gaps in Internet advertising and online market places.

A strong indication that our study has important practical implication is that for the past decade there has been a consistent growth of Internet advertising revenues due to the constant increase of web users and online visitors worldwide. For example, On April 2013, the Internet Advertising Bureau (IAB) announced that the advertising revenues in the US in 2012 were $37 billion (15 percent), having increased over 2011 (IAB 2013). To glean a share from the Internet revenues, companies are investing billions of dollar on online banner ads and Internet advertising (Idemudia, 2009; Li et al., 2012). Companies are using online banner ads to advertise their products and services to web users and new online visitors (Chickering & Heckerman, 2003; IAB, 2013).

Idemudia (2009) argues while the amount of advertising revenues from banner ads have increased steadily over the last decade due to the constant increase in the number of people who have access to the Internet and shop online, the banner ad click-through rates have been decreasing steadily. The main problem with Internet advertising is that web users and online visitors currently pay very little attention to all the online banner ads that are displayed on their computer monitors, so click-through rates are low (Idemudia et al., 2007; Li et al., 2012; Kazienko & Adamski, 2007). The most common technique to measure the effectiveness of online banner ads is the click-through rates, because these rates are easy to measure and capture (Karagu et al., 2001; Li et al., 2012; Nakamura & Abe, 2005).

Currently, research on Internet advertising, social e-commerce, and online market places have focused mainly on mathematical models and data mining techniques for ad personalization and customization (Attardi et al., 2004; Chickering & Heckerman 2003; Feng et al., 2003; Feng et al.,

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