Chapter 25
Online Video Advertisements' Effect on Purchase Intention:
An Exploratory Study on Youth

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ABSTRACT

Businesses are shifting their marketing strategies towards social media for promoting their products and services. Online video advertisements are one of the fastest-growing platforms of social media advertising. This article provides detailed models to marketers providing knowledge of different factors impacting consumer purchase intention after watching online video advertisement. The purpose of this article is to propose a model comprising of advertisement value, attitude and their impact on purchase intention in case of online video advertisements amongst Indian youth. The analysis indicated that an advertisement value model given by Ducoffe was not applicable in case of online video advertisements. Invasiveness/Irritation has no significant impact on advertisement value as in case of Ducoffe's model although it significantly impacts attitude towards online video advertisements.

INTRODUCTION

As a customer, using online medium for various reasons in everyday life has become a new normal. Marketers are also adapting this change and making required changes in advertising and communication strategies. This shift is from the use of traditional media advertising towards internet & social media advertising. According to a report by PricewaterhouseCoopers (2010), internet accounts for 16% of total advertising expenditure worldwide, this is a reflection of increased web usage and development of

new advertising formats. Internet advertising saw the biggest increase, with advertisers spending 12.1 percent increase in Q1, then one the previous year (Nielsen, 2012). One of the key reasons of the internet continues to grow is that unlike other mediums of advertising, it gives an opportunity to marketers to advertise their products & services in various formats customized to their budget & requirement. Due to increase in the use of online media, it has been studied that consumer trust in the online advertising is increasing nowadays and the shift in the usage of this new platform is significant (Nielsen study, 2013). There is also an increase in the trust level of consumers which is approximate 7% since 2007. These days, there is a change in the way of doing marketing and it's because of the change in market scenario and customer empowerment. Due to development of new media, the physical store shelf has been changed to new format and also the size of the warehouse has been reduced. Customer buying power has been increased due to a large number of product offerings and service providers (Hanafizadeh and Behboudi, 2012). Online medium is more flexible in comparison to other media, as it gives a wide range of advertising formats to advertisers, including static image formats (e.g. JPG & PNG), simple animated flash formats without interaction capabilities (e.g. .swf formats) and rich media formats that include floating, expendable, video & interactive features (Spalding et al., 2009). The range of formats readily available to advertisers to choose from different advertising formats based on key branding goals. The online stream-video advertisement is emerging as a major category of online advertisements. YouTube's TrueView in-stream video advertisements appear to have succeeded in substantially reducing the negative user impacts of online advertising without sacrificing the value of such advertisements to advertisers (Pashkevich et al., 2012). According to Miller and Washington (2012), online video advertising expenditure was estimated to increase from $505 billion in 2008 to $3.09 billion in 2012. Consumers prefer online video advertisements over traditional TV advertisements by a wide margin while online video advertisement general recall rate reached 65% compared to 46% general recall for TV advertisements (Nielsen report, 2010). According to Hanafizadeh and Behboudi (2012), online advertising message has the promotional elements included in the message which persuades the user to check the website after seeing the message in the mailbox. Online video advertisements offer the higher level of brand recall, message recall, and likeability than TV advertisements. According to comScore (2012) study, 11 billion ads were viewed in June 2011 by US internet users. Just like the US and other countries across the globe, India is also surging in terms of internet users with around 121 million internet users accounting for 5.3% of the world internet population, creating one of the biggest markets for online video advertisement. The latent demand for online video advertising in India is expected to be $1592.5 in the year 2011 (Parker, 2011). Around 27 million smartphones users in India provide immense opportunity to marketers to deliver video advertisements on their tech advanced smartphones. According to a recent study on smartphone usage, smartphones users in India consume multimedia content throughout the day with the majority of time spent on watching videos & playing online music (Nielsen and Informate Mobile Intelligence, 2012). The same study reveals that smartphones users of Chhattisgarh have the high penetration of video streaming while Uttarakhand users spend the maximum amount of time watching online video. Other factors like the launch of 3G & 4G services and growing social media usage will increase the opportunity to advertise through online video medium in India. As the facts emphasize the growing importance of online video advertising in India, it is worth studying consumers' attitude towards online video advertisements.

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