

Increasing Brand Equity through Online Video Advertising

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ABSTRACT

Online advertising is a new platform for marketers to create awareness and increase brand equity. The aim of this paper is to examine how online video advertising can be used to optimize users experience and preferences. Online video ads will be based on an empirical study involving a survey of 120 sample size. The dataset underwent The Pearson correlation analysis; to study the relationship between online video ads and its positioning parameters. Findings reveal positive correlation between positioning parameters and online video advertising. Results further reveal that online video ads will generates positive impact on consumers' purchase intentions. Marketers will find these results useful as they can be used to maximize the impact of online video advertising efforts to generate purchase intentions.

Key Words : Online video advertising, User experience, Consumers, Purchase intentions

INTRODUCTION

The emergence and ubiquity of the Internet has proven itself of having huge potential as an advertising medium. Online advertising has been the fastest growing part inside the whole advertising industry. As an interdisciplinary research field, online advertising needs support from different disciplines such as business, psychology and computer science. Unfortunately, the research on online advertising is still remarkably scarce.

The rapid pace of information technology (IT) has transformed the Internet into the most popular channel of communication in the world today. The Internet's high speed, user-friendliness, low cost, and wide accessibility have contributed to its commercialization in the form of online marketing – a new platform for generating attention and awareness among consumers through online advertising (Rowley, 2001). Online advertising is widely used by companies and advertisers to promote their products and services (Kaye and Medoff, 2001). It is crucial that online advertising be effective in order to generate favorable responses from consumers. Online advertising features, therefore, play a significant role

(Armstrong, 2001; Adam, 2003; Baltas, 2003; Yoo et al., 2004; Quester et al., 2007; Kumar, 2008; Online Publishers Association, 2008; Taylor *et al.*, 2008; Tsang and Tse, 2005; Wise *et al.*, 2008). Since generating favorable consumer response is important, it is worthwhile to examine how positioning of online video ads will make it effective.

The intersection between online video ads and its placement creates a unique opportunity for innovation around how online video advertising value is delivered and measured. The online video advertising market is expanding rapidly offering an exciting range of channel and format options for brand and direct response advertisers. The growth in internet advertising expenditures comes with an increasing demand for advertising effectiveness (Danaher and Mullarkey 2003).

YouTube is the most popular online video community in the United States and in the world (com Score, 2012; Nielsen Wire, 2012; Double Click, 2011). Founded in February 2005 and purchased by Google in November 2006, YouTube in mid-2012 served more than 4 billion views per day worldwide; at that time, 60 hours of video were uploaded to the site every minute. More than 800

million unique visitors visited YouTube each month (YouTube, 2012). Online video advertising, still a relatively new and promising concept (Plummer *et al.*, 2007; Double Click, 2009), is an essential part of Google's monetization model for YouTube. In 2012, advertisements (including advertisements from more than 1,000 small advertisers every day) were shown on more than 3 billion YouTube views each week

This research study attempts to explore how different formats of online video ads can be positioned with reference to their impact and recall factor to optimize users experience and their preferences. This study will be helpful to marketers and will enable them to decide the positioning of online video ads which will help in positive purchase intentions. The online video advertising is the integral part of contemporary advertising trends and this study will contribute in best practices for the placement of online video ads to maximize purchase intentions.

Literature Review:

The emergence of technology has made online advertising the major channel of commercial communication around the world. Advertising is defined as any paid form of non-personal communication of ideas and information about products in the media with the objective of creating brand image (Kotler and Armstrong, 2010). The objective of advertising is to create awareness of a company, a brand, a website, or an event in order to stimulate sales and increase profits. For a long time, television, radio, newspapers, and magazines have dominated the advertising media. Now, online advertising is becoming the driving force in many advertising initiatives and efforts (Kotler and Armstrong, 2010). The Internet consists of globally interconnected computer networks that offer companies inexpensive and convenient tools for advertising and communicating with their customers. This is known as online advertising (Palumbo and Herbig, 1998; Kaye and Medoff, 2001). Various types of online advertisements are available on the Internet. According to Rodgers and Thorson (2000), online advertisements can be in the form of banner advertisements, pop advertising, sponsorship, hyperlinks, and websites. Although online advertising is an effective tool to reach larger audiences, it is important that advertisers incorporate features to make it more effective. According to Tsang and Tse (2005), online advertising is effective if it is able to generate an immediate response

from consumers.

Multimedia is a form of expression describing elements of online content such as audio, video, and animation (Rosenkrans, 2007). According to Yoo, Kim, and Sout (2004), animation is one of the innovative features that improve the design and interactivity of online advertisements, particularly banner advertisements. Animation incorporates moving images and graphics to enhance the presentation of the content. It includes several technological developments involving plug-ins, JAVA script, Flash, and streaming media (Yoo *et al.*, 2004). Tsang and Tse (2005) found that consumers respond favorably to animated colors, text, and graphics on websites. Companies, therefore, develop digital video advertisements to increase consumer involvement with their brands. Digital video can be in the form of streaming video, gaming, or music video (Rosenkrans, 2009). Glass (2007) suggested that consumers who are engaged in video games are more likely to develop favorable responses to in-game brands. This finding was supported by Wise *et al.* (2008), who found that companies that build thematic connections between the game and the product's brand would invoke a positive influence on consumer attitude toward the brand.

Objectives:

1. To provide insights into consumers' preference with reference to online video ads positioning.
2. To help agencies and marketers understand the most effective ways to decide placement of online video ads.
3. To provide the initial foundation for "best practices" for maximizing online ad effectiveness and optimizing the user experience with online video advertising.
4. To improve user satisfaction with the positioning of online video ads as per the impact factor.
5. To study online users' overall perception of the site with reference to placement of ads.

Significance of Study:

The study will be significant in suggesting how positioning of online video ads with reference to recall and impact will help in maximizing purchase intentions. The study will be significant in examining how online video advertising can be used to optimize users experience and preferences.

Online Video Advertising (OVA):

As the Internet has grown, so has web advertising. The diffusion of high speed Internet has changed the nature of online advertising. Online advertising was once limited to such formats as banners, interstitials, and pop-ups. Via the Web, advertisers are now able to disseminate messages to audiences using high production video advertisements that were once limited to the medium of television (Golan and Zaidner, 2008). As indicated in Table 1, three features are used in online video advertising, based on models proposed by Burke and Edell (1989) and Escalas and Rutgers (2003). These are: Multimedia, Pictures, and Content.

Online Video Advertising Formats

Video advertisements are available in six common formats summed up in Table 2: Pre-roll, Interactive, Overlay, Companion (MacMillan, 2009), in-text, and Banner (Internet advertising bureau). To address the question how formats of video ad and its placement on the website affect the results of advertisements, Different positions were analyzed

OVA Formats Measures :

To study which format of OVA has maximum impact on male and female internet user dimensions used were preference and liking. When planning an online video advertising campaign, ad length was the primary attribute

to measure the maximum duration for which different formats of OVA were viewed. Recall value of different OVA formats were different with reference to choices of both the genders (Chaturvedi and Mehrotra, 2011). Based on these measures following research questions are formulated:

- R1: Which video advertisement impacted you the most?
- R2: Which video ad you viewed for maximum duration?
- R3: Of the 6 positions, which ad you recall the most?

METHODOLOGY

The Survey :

A survey was conducted to examine the impact of online video advertising positioning parameters on recall value of ads and consumer purchase intentions. The sampling frame was used among students in different colleges of Haryana. The sample size was of 120 students all studying in various undergraduate classes.

Questionnaire Design:

The purpose of the questionnaire was to get insight into the effectiveness of online video advertising with reference to placement and positioning. The questionnaire employed in this study used scaled response questions to measure the attitudes of the participants.

Table 1: Features of Online Video Advertising [Burke and Edell (1989) and Escalas and Rutgers (2003)]

Online video ads	Animation with moving images and graphics enhances the presentation of persuasion messages.	Yoo <i>et al.</i> (2004)
	Mini-games or advert-games, a form of digital video advertising that feature product brand in a gaming environment, create a more elaborate and detailed virtual experience for consumers.	Wise <i>et al.</i> (2008)
	Short videos promote 82% of brand awareness and improve 67% of brand favorability in online Video advertising.	Online Publishers Association (2008)

Table 2: Online video advertising formats (Mac Millen 2009) &(Internet advertising bureau)

Online Video Ad format	Description
Pre-Roll	A 15-30 second ad that viewers watch before a show or video clip at some point during the video.
Interactive	A pre-/mid-/post-roll that offers viewers a form of interaction like rating the advertised commercial.
Overlay	A text or graphic that appears on the bottom of a video for a certain period.
Banner	Leverage the banner space to deliver a video experience as opposed to another static or rich media format. The format relies on the existence of display ad inventory on the page for its delivery.
Companion	A static banner that appears alongside a video player often in conjunction with another ad from the same sponsor.
In text	Delivered from highlighted words and phrases within the text of web content. The ads are user activated and delivered only when a user chooses to move their mouse over a relevant word or phrase.

Procedures:

This exploratory investigation is on the relationships between placement of online video ad and its impact on the viewers, involved two stages. The study also investigated how positioning of different types of online video ads effect the recall value of the advertisements. The various formats of online video ads on different websites were shown to a larger and different group of respondents.

Hypothesis:

In order to analyze how online video advertising can be positioned to optimize users experience and preferences, correlation analysis was done to test the relationship between positioning parameters: Impact, Duration, and Recall.

Six sets of hypotheses are formed to test the relationships of variables on both male and female online users. These variables are the three positioning parameters of online video advertising; i.e., Impact (Variable A), Duration (Variable B), and Recall (Variable C).

The hypotheses follow:

H1: On male users Variable A has a positive influence on Variable B.

H2: On female users Variable A has a positive influence on Variable B.

H3: On male users Variable A has a positive influence on Variable C.

H4: On female users Variable A has a positive influence on Variable C.

H5: On male users Variable B has a positive influence on Variable C.

H6: On female users Variable B has a positive influence on Variable C.

RESULTS AND DISCUSSION

Hypothesis Testing:

The Pearson correlation analysis on SPSS16 was done to test the hypothesis.

In the Pearson correlation analysis, the results show that the impact of online ads and video ad which is viewed for maximum duration have a significantly positive correlation. It suggests that online video ad which is viewed for maximum duration have more impact on male online users (Table 3).

In the Pearson correlation analysis, the results show that the impact of online ads and video ad which is viewed

Table 3 : H1: On Male users, Variable A has a positive influence on Variable B

Correlations		Impact	Duration
Impact	Pearson Correlation	1	.940**
	Sig. (2-tailed)		.000
	N	60	60
Duration	Pearson Correlation	.940**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

for maximum duration have a significantly positive correlation. It suggests that online video ad which is viewed for maximum duration have more impact on female online users (Table 4).

Table 4 : H2: On Female users Variable A has a positive influence on Variable B

Correlations		Impact	Duration
Impact	Pearson Correlation	1	.895**
	Sig. (2-tailed)		.000
	N	60	60
Duration	Pearson Correlation	.895**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

In the Pearson correlation analysis, the results show that the impact of online ads and online video ad which is recalled most have a significantly positive correlation. It suggests that online video ad which has more impact on male online users have more recall value (Table 5).

Table 5 : H 3: On male users Variable A has a positive influence on Variable C

Correlations		Impact	Recall
Impact	Pearson Correlation	1	.823**
	Sig. (2-tailed)		.000
	N	60	60
Recall	Pearson Correlation	.823**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

In the Pearson correlation analysis, the results show that the impact of online ads and online video ad which is recalled most have a significantly positive correlation. It suggests that online video ad which has more impact on female online users have more recall value (Table 6).

Table 6 : H 4: On Female users Variable A has a positive influence on Variable C

Correlations			
		Impact	Recall
Impact	Pearson Correlation	1	.942**
	Sig. (2-tailed)		.000
	N	60	60
Recall	Pearson Correlation	.942**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

In the Pearson correlation analysis, the results show that duration viewed of online video ad and recall value have a significantly positive correlation. It suggests that the online video ad which is viewed for maximum duration have maximum recall value on male online users (Table 7).

Table 7 : H 5: On Male users Variable B has a positive influence on Variable C

Correlations			
		Duration	Recall
Duration	Pearson Correlation	1	.878**
	Sig. (2-tailed)		.000
	N	60	60
Recall	Pearson Correlation	.878**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

In the Pearson correlation analysis, the results show that duration viewed of online video ad and recall value have a significantly positive correlation. It suggests that the online video ad which is viewed for maximum duration have maximum recall value on female online users (Table 8).

Table 8 : H 6: On female users Variable B has a positive influence on Variable C

Correlations			
		Duration	Recall
Duration	Pearson Correlation	1	.950**
	Sig. (2-tailed)		.000
	N	60	60
Recall	Pearson Correlation	.950**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

The findings of the study will help advertisers and marketers to decide about how and where to spent money in online video advertising. The study reflects the rise of

online video advertising and its positioning which will help in positive purchase intention. This paper analyzes existing research and provides new qualitative research on positioning of online video advertisements that will likely lead to optimize users experience and purchase intentions. The Pearson correlation analysis suggests that different formats of online video advertisements namely pre-roll ad, companion ads, overlays ads, banner ads, in-text ads and interactive ads have different impact on both male and female online users with reference to duration and recall value. There exists a positive correlation between impact of online video ad and duration for which it is viewed. Online video ad is likely to have more impact if it is viewed for longer duration. Similarly, positive correlation between impact and recall factor reflects that the online video ad will have higher impact factor if its recalled value is high. The findings clearly establishes the fact that if the online video ad is viewed for longer duration then it will have high recall value since it has a high correlation value. If the advertisers and marketers keep these parameters in mind then online video can be used effectively to optimize users experience and preferences.

Conclusion:

The findings show that positioning of online video advertising does generate a significant influence on attitude toward the recall value of brand as well as purchase intention. This finding implies that advertisers can intelligently use these features for appropriate positioning of online video ads. Based on our findings, positive relationship between impact, duration and recall value of online video ads forms a favorable attitude toward brand and purchase intention. This finding may encourage advertisers to increase their efforts while deciding on positioning different formats of online video ads. The limitation of this study is the possibility of common bias in the survey instrument, where only the internal factors were considered. The small sample size in this study was due to constraints on funding and resources. A sample size of 120 was chosen to ensure that there was sufficient data for meaningful analysis (Hair *et al.*, 2006). The data can be made more representative by extending the sampling frame. In summary, this study focuses on how online video advertising can be used to optimize users experience and preferences. Resolving the above-mentioned limitations would be a fruitful endeavor for future research. Such an effort might involve a more

representative sample of the population and include external factors that may influence users experience and preferences. In conclusion, there is still room for improvement when examining the effective positioning of online video ads with reference to impact, duration and recall factor.

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