Factors that Influence the Effectiveness of Online Advertising in Enhancing Consumers’ Purchase Intention among Young Adults in Malaysia

Article in Test Engineering and Management - January 2020

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- Third Gender Research in Marketing View project
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Factors that Influence the Effectiveness of Online Advertising in Enhancing Consumers’ Purchase Intention among Young Adults in Malaysia

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Abstract:
The advertising industry is seeing growth for online advertising, where it has now exceeded the performance of TV advertising. However, the advertising industry in Malaysia still relies heavily on traditional forms of advertising. This paper therefore aims to determine the factors that might affect the effectiveness of online advertising in enhancing consumers’ purchase intention. As young adults are more exposed to online advertising as compared to other age groups, convenience sampling is applied to approach Millennials around the city areas of Malaysia. A sample size of 300 respondents is selected for this study to ensure that the data accuracy is acceptable. Furthermore, the hierarchy of effects model and the source credibility theory are applied to study the effects of online advertising towards young adults in Malaysia. The results show that there are significant relationships between the advertising appeal (emotional), credibility of endorser, and the exposure rate of online advertisements with consumers’ purchase intention. However, it was found that the creativity of online advertisements does not have a relationship with consumers’ purchase intention. This study helps local marketers and advertisers to strategize more effective online advertising campaigns that better attract the attention of young adults and influence their purchase intention.

Keywords: Online Advertising, Effectiveness, Consumer, Purchase Intention

I. INTRODUCTION

Research Background
Advertising according to Abideen & Saleem (2011) persuade potential consumers towards buying products or services. Consumers henceforth become aware of the advertised products and services while simultaneously obtain knowledge about it. The advertising industry acts as an intermediary between firms and consumers. Vault (2015) described the act involves handling the relationship of firms, products and consumers by designing advertising campaigns that effectively convey the intended message. Current adverts are able to reach a wide range of audience mainly due to online advertising (Mutunhire, 2017). Brooke (2016) identified online advertising to include display advertisements, social media advertisements, video advertisements and email marketing. These medium are preferred by marketers as they are more convenient, affordable and accessible to the public.

With the rapid growth of today’s technology, preference for online advertising has been evident though the Malaysian advertising industry still relies heavily on the traditional forms of advertising. Mahalingam (2013) ranked the local dominant advertising medium as newspaper advertising with TV advertising coming in second and Internet advertising being in third place. Reliant towards traditional forms of advertising remain strong due to
the industry’s infancy stage of development. PwC (2015) clarified that only a small fraction of the digital market has been tapped despite notable increase of Internet usage among citizens. Marketers thus must consider advertising trends and apply more than one type of medium in their advertising campaigns. The advancement of Internet connectivity since 2000 (Khong, Jerome & Leong, 2010) nevertheless has provided the advertising industry in Malaysia with an opportunity to expand and incorporate new forms of advertising into their practice. Such move is considered to be fitting in modern times as marketers are able to appeal more towards the younger generation’s purchase intention. This paper therefore aims to determine the factors that might affect the effectiveness of online advertising in enhancing consumers’ purchase intention as young adults are more exposed to online advertising as compared to other age groups.

Research Disposition

Consumers nowadays have more control of what they want and when they want it. Abideen & Saleem (2011) reasoned that the privilege from digital accessibility empower consumers to choose marketing messages and advertisements that they want to view. Unfortunately, it also could lead to ineffective campaigns (Gunne, 2017) even when marketers spend considerable amount of money on advertisements to retain consumer’s attention towards their products or services (Barraclough, 2016). This is especially true for young adults (Sheiman, 2017) as their attention span is lower than other age groups (Castillo, 2017). Young adults are more likely to spend most of their time by scrolling social media platforms, watching and streaming online in order to be updated with the latest happenings.

Literature such as Ang, Lee & Leong (2007) and Adis & Kim (2013) suggested consumers are attracted to advertisements that are creative thus the advertised product or brand becomes more memorable to them. Moreover, Abideen & Saleem (2011) recommended the use of emotional appeal in advertisement as consumer’s purchasing intention are inclined towards such appeal. Appeal of online advertising therefore is a decisive role in the purchase deliberation. Besides that, the credibility of an endorser to influence the purchase intention of consumers (Hsu & McDonald, 2002) and consumers’ exposure rate towards a brand’s activities (Xie & Lee, 2015) have their own role to play. In this paper, the effectiveness of applying the above mentioned aspects will be considered in the context of online advertising in Malaysia.

II. THEORETICAL FRAMEWORK

The proposed conceptual framework in Fig. 1 is based on findings from previous studies. In this paper, the relationship between the variables shown; creativity, advertising appeal (emotional), credibility of endorser and exposure rate of online advertising towards consumers’ purchase intention is discussed. This paper also focuses more on young adults in Malaysia as they are more accepting of online transactions than the older generation (Sin, Nor & Al-Alagga, 2012). Many of these variable however were tested against traditional forms of advertising (Li & Scaringella, 2014; Sahni & Ahuja, 2017). The study adapts these variables to determine whether similar findings could be produced in the context of online advertising. Lee & Hong (2016), Karim & Batool (2017), Gauns et al. (2017) and Dinner, Heerde & Neslin (2014) further noted that previous studies were conducted in countries other than Malaysia such as Korea, Pakistan, India, and the United States. The probability of results from different countries to be identical is low as the differences in terms of culture and speed of Internet adoption among countries would vary.

The framework was constructed based on two main theories; the hierarchy of effects model and the source credibility theory. The hierarchy of effects model helps to determine the effectiveness of an advertisement in influencing consumer’s purchase intention whereas the source credibility theory takes into account an endorser’s degree of influence towards consumer attitudes, intentions and
behaviours. Both theories were applied as the affective stage of the hierarchy of effects model could be influenced by the presence of endorsers. The study considers that endorsers have the capability of positively influencing consumers and subsequently their intention to purchase products or services.

III. LITERATURE REVIEW

Consumer’s Purchase Intention

A consumer’s purchase intention indicates the desire to buy a product or service from a certain brand (Spears & Singh, 2004 and Shah, Jaffari, Waris, Ejaz, Fatima & Sherazi, 2012). In advertisement, Goldsmith & Lafferty (2002) pointed out that consumer’s attitudes towards branding affect the intention of purchasing the advertised product or service. Therefore, advertisers should utilize the Internet as an advertising medium in order to market brands to online consumers. Leeflang, Verhoef, Dahlström, & Freundt (2014) nonetheless warned that online advertising might be more challenging to advertisers compared to the traditional forms of advertising due to the continuous technology development. Consumers are able to skip video advertisement or close pop-up advertisement in contrast to printed advertisement that can be seen everywhere most of the time. Advertisers thus face a harder time influencing consumer’s purchase intention through online advertising as the probability that the advertisements are not viewed by consumers is higher.

There are also studies that offer contradicting findings to indicate otherwise. Sahni & Ahuja (2017) found out that new media has greater influences on purchase intention than orthodox media and Khong et al. (2010) reported that purchase intention in general is a positive influence on the attributes of online advertising. These studies particularly demonstrate the preference of younger generation whom prefers the usage of new media (Misra & Vashisth, 2017) in their daily life. The study however agrees with Noor, Sreenivasan & Ismail (2013) regarding the lukewarm reaction of Malaysian consumers towards the new forms of advertising. Such reaction arising from scepticism and lack of understanding might be caused by the early stage of development in the local advertising industry. Hence, it is imperative to grasp clearer understanding of online advertising in order to enhance consumer’s purchase intention.

Creativity of Adverts

Companies in the advertising industry tend to reach out towards potential consumers by relying on more than one form of online advertising. Lim, Ri, Egan & Biocca (2015) reasoned that this is because new media can delivery advertising messages more effectively through multiple communication channels.Advertisers thus have more flexibility to design creative advertisement and campaigns for their client’s products or services. Lehnert, Till & Ospina (2014) categorized creativity of adverts into two categories; divergence and meaningfulness. The category of divergence mainly consists of elements related to originality, aesthetic depiction, newness and difference that if correctly applied; would make an advertisement stand out and further catch consumer’s attention (Lehnert et al., 2014). Meanwhile, the category of meaningfulness combines elements relating to the idea of meaningfulness itself with the significance of divergence in an advertisement in order to demonstrate how well the advertisement has
achieved the advertising goals set by the brand, company as well as the advertiser (Lehnert et al., 2014). In summary, creative advertisements are more prone of catching consumers’ attention as it is more memorable and might be influential in prompting consumers to buy the advertised product or service. There are however several studies (e.g. Li & Scaringella (2014) and Lee & Hong, 2016) that indicate creativity in adverts could bring adverse effect on consumer’s purchase intention. The study shall test the effectiveness of online advertising creativity within the Malaysian context to determine whether a similar result using traditional advertising could be produced. Accordingly, the first hypothesis is as follows:

**H1:** There is a positive relationship between the creativity of an online advertisement and consumers’ purchase intention.

Advertising Appeal

The vast options of products and services in the current market justify the importance of creating appealing advertisements that attracts consumers’ attention. There are two types of advertising appeal according to Grigaliunaite & Pileliene (2016) which are rational and emotional appeals. Rational appeal is informative advertisements filled with factual and logical messages whereas emotional appeal in advertisements is able to stimulate consumer’s emotions. The study shall only test emotional appeal in order to determine its effectiveness towards consumers. Studies on emotional appeal indicated the consumer tendency of purchasing brands that they are emotionally attached to (Abideen & Saleem, 2011) and the favourable change of consumer attitudes towards certain product, service or even brand (Wijaya, 2012 and Goldsmith & Lafferty, 2002). These studies however were not conducted in Malaysia hence the second hypothesis is as follows;

**H2:** There is a positive relationship between the advertising appeal (emotional) of an online advertisement and consumers’ purchase intention.

Credibility of Endorser

Endorsement of celebrities or well-known personalities is a common practice adopted by marketers to increase brand’s advertising appeal. A study on the practice found out that celebrity endorsements positively influence consumers’ attitudes towards the endorsed product when compared to a product that does not have any endorsement at all (Knoll & Matthes, 2017). Expected results from the practice though is still uncertain as there is no guarantee that the celebrity would always be free of scandals that negatively impact their image and consequently affect the endorsed product or service as well (Parmar & Patel, 2014). Marketers thus put emphasis on the credibility of endorser in order to find the right fit for their products and services. A credible endorser according to Cheung, Luo, Sia & Chen (2009) and Saeed, Naseer, Haider & Naz (2014) is someone that seems attractive, smart and believable in the public’s eye. Gauns, Pillai, Kamat, Chen & Chang (2017) concludes that the overall image of an endorser could influence consumer’s purchase intention. The study shall test whether the credibility of an endorser is still effective in influencing consumer’s purchase intention before they think about the type of endorsements to apply in their online advertising campaign. The third hypothesis is as follows;

**H3:** There is a positive relationship between the credibility of endorser in an online advertisement and consumers’ purchase intention.

Exposure Rate

When Young adults are more exposed to online advertising since those in their 20s and 30s spend more time online than those in their 40s and 50s. The exposure rate for online advertisements can be measured through click-through rate (CTR) whereby the total numbers of times an advertisement is clicked is calculated against the total numbers of advertisement impressions (Lohtia, Donthu & Hershberger, 2003). Higher CTR is therefore desired.
as it means that an advertisement is being exposed more. In terms of product branding, the higher exposure rate of an advertisement from a specific brand, the higher the consumer’s intention to purchase from that brand. Xie & Lee (2015) clarified that the possibility of a consumer buying for a specific brand is dependent on consumer’s exposure to the brand’s social media activities. The study nonetheless also considers the possibility of overexposure that could result in unfavourable attitudes towards the brand. The fourth and final hypothesis is as follows:

H4: There is a positive relationship between the exposure rate of an online advertisement and consumers’ purchase intention.

IV. Methodology

A descriptive design is adopted to study the increasing usage of online advertising among marketers. The design would aid in understanding the reasoning behind current trends (Anastas & MacDonald, 1994) and help scrutinize any relationships between determined variables (Woods & Catanzaro, 1988). The study identified such variables as creativity, advertising appeal (emotional), credibility of endorser and exposure rate of online advertising towards consumers’ purchase intention. In this paper, these variables are discussed to show the relationship between the factors that affect the effectiveness of online advertising and purchase intention. Data for the study is quantitative in nature and collection is done through a questionnaire survey. A quantitative approach is used to obtain measurable data collection that can be generalised into a representative description of a population (Mujis, 2010). The scope of the study covers high density of population areas in Malaysia that have easy access to the Internet as they are more likely to be exposed to online advertising. In particular, the sample size consists of 300 respondents from Kuala Lumpur, Petaling Jaya and Klang ranging between the ages of 18 to 35 years old. The respondents were selected using convenience sampling. The study considers the effectiveness of the emerging trend of online advertising which requires empirical insights of the desired consumer group. Such group is young adults whom a majority is exposed to online advertising. Data collected is then analysed using IBM SPSS software. The software enables the study to yield results that foreshadow future direction of online advertising.

V. Results

Results are analyzed using IBM SPSS software based on data collected from questionnaire surveys with a total of 300 young adults aged between 18 to 32 years. Once data collection is completed, the KMO and Bartlett’s test were applied and tested in order to determine if the results from the factor analysis would have any significance to the study. The outcome from both tests as seen in Table I implied the appropriateness of the factor analysis which is to reduce large set of data into a few components for easier result interpretation and comprehension (Williams, Onsman, & Brown, 2010). Afterwards, the reliability test is applied to test the overall dependability of the data collected. Outcomes from the test seen in Table II indicated that all of the study’s variables have an overall high reliability as the Cronback alpha value are above the recommended 0.75 by Hinton, Brownlow, McMurray & Cozens (2004). The independent variables in the study; creativity, advertising appeal (emotional), credibility of endorser and the exposure rate are used for hypotheses testing whereas the relationship between them and consumers’ purchase intention are analysed with the MLR analysis. As per Table III, all variables meet the requirements for the suitable level of multicollinearity. Dancer & Tremayne (2005) clarified that the R-square value measures the closeness of data to the regression line hence the higher the R-square value, the better the model matches the data collected for the study (Minitab, 2013). The results also provided answers to the study’s hypotheses;

H1: There is a positive relationship between the creativity of an online advertisement and
consumers’ purchase intention. Table II shows that the t-statistics for creativity is 0.364 and the p-value is 0.716. This indicates that there is no significant relationship between creativity and consumers’ purchase intention at a 5% significance level. Therefore, H1 is not accepted. This implies that creativity does not influence the effectiveness of online advertisements in enhancing consumers’ purchase intention among young adults in Malaysia.

H2: There is a positive relationship between the advertising appeal (emotional) of an online advertisement and consumers’ purchase intention. Table II shows that the t-statistics for advertising appeal (emotional) is 2.064 and the p-value is 0.040. This implies that there is a significant relationship between the advertising appeal (emotional) and consumers’ purchase intention at a 5% level of significance. Thus, H2 is accepted. This indicates that the advertising appeal (emotional) of an online advertisement does affect the effectiveness of online advertising in enhancing consumers’ purchase intention among Millennials in Malaysia.

H3: There is a positive relationship between the credibility of endorser in an online advertisement and consumers’ purchase intention. Table II shows that the t-statistics and p-value for credibility of endorser is 6.359 and 0.000 respectively. This displays a significant relationship between the credibility of endorser and consumers’ purchase intention at a 5% significance level. Hence, H3 is accepted. This suggests that the credibility of an endorser for online advertisements do influence the consumers’ purchase intention among young adults in Malaysia.

H4: There is a positive relationship between the exposure rate of an online advertisement and consumers’ purchase intention. Table II shows that the t-statistics for the exposure rate is 6.295 and the p-value is 0.000. This shows that there is a significant relationship between the exposure rate and consumers’ purchase intention at a 5% significance level. Therefore, H4 is accepted. This clarifies that the exposure rate of an online advertisements does help to enhance the consumers’ purchase intention among Millennials in Malaysia.

Table I Reliability Test Results

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>CRONBACH’S ALPHA</th>
<th>NO. OF ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers’ Purchase Intention</td>
<td>0.893</td>
<td>9</td>
</tr>
<tr>
<td>Creativity</td>
<td>0.869</td>
<td>6</td>
</tr>
<tr>
<td>Advertising Appeal (Emotional)</td>
<td>0.879</td>
<td>8</td>
</tr>
<tr>
<td>Credibility of Endorser</td>
<td>0.918</td>
<td>11</td>
</tr>
<tr>
<td>Exposure Rate</td>
<td>0.886</td>
<td>6</td>
</tr>
</tbody>
</table>

Table II Coefficients of Multiple Linear Regressions

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>0.558</td>
<td>0.220</td>
<td>2.531</td>
<td>0.012</td>
</tr>
<tr>
<td></td>
<td>IV1</td>
<td>0.019</td>
<td>0.053</td>
<td>0.019</td>
<td>0.364</td>
</tr>
<tr>
<td></td>
<td>IV2</td>
<td>0.128</td>
<td>0.062</td>
<td>0.118</td>
<td>2.064</td>
</tr>
<tr>
<td></td>
<td>IV3</td>
<td>0.316</td>
<td>0.050</td>
<td>0.330</td>
<td>6.359</td>
</tr>
<tr>
<td></td>
<td>IV4</td>
<td>0.317</td>
<td>0.050</td>
<td>0.340</td>
<td>6.295</td>
</tr>
</tbody>
</table>
Table III Model Summary of Multiple Linear Regressions

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>CHANGE STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
<td>df1</td>
<td>df2</td>
<td>Sig. F Change</td>
</tr>
<tr>
<td>1</td>
<td>0.656a</td>
<td>0.430</td>
<td>0.423</td>
<td>0.52165</td>
<td>0.430</td>
</tr>
</tbody>
</table>

VI. DISCUSSION

The study predetermined several factors that influence the effectiveness of online advertising in enhancing the purchase intention of young adults in Malaysia. The factors; creativity, advertising appeal (emotional), credibility of endorser and exposure rate of online advertising were studied upon and their effects towards consumers’ purchase intention are discussed hereon. Results from data analysis revealed that the creativity of an online advertisement does not have a significant relationship with consumers’ purchase intention. This finding implied that even though creative adverts can leave a more lasting impression, consumers might already have their own preconceived brand image of the advertised product regardless. Other factors however have a positive relationship with consumers’ purchase intention. Advertising appeal especially emotional positively affect consumers’ buying behavior whereas credibility of endorser positively influences consumers’ attitude towards brand image and the higher the exposure rate of an online advertisement, the more likely it is that consumers are able to recall the advertised product or service during their purchasing deliberation. The degree of effectiveness of these factors nevertheless may vary depending on consumers’ gender and age group.

VII. IMPLICATIONS

Past studies have adopted the hierarchy of effects model and the source credibility theory to gauge the reactions of consumers towards the endorser in the advertisement as well as the advertisement itself. Adaptation of such theories in the study might help in determining whether these traditional theories are still applicable in today’s era of advertising due to the changes in communication methods and culture. The study thus focused on the factors that influence the effectiveness of online advertising in enhancing consumers’ purchase intention among young adults in Malaysia. Hence, understanding gained is beneficial to stakeholders in the advertising industry. Findings from this paper are useful to advertisers in identifying the necessary attributes that led towards creating an effective online advert campaign. The campaign created would in particular be able to attract young adults’ attention as the scope of the study are younger generation consumers that spend more time online than any other age group. The study nevertheless not only aid advertising firms to offer a more effective advertisement, consumers also will be able to based their purchasing deliberation on more relatable advertising. With the recent technological improvements, it is necessary for local marketers to take advantage of online platforms to promote their brand and products. Although Malaysia is still in its early stages for online advertising, whereby advertising efforts remain highly placed on newspaper advertising, but it could be seen that marketers are slowly taking the effort to move their advertising campaigns onto digital platforms (Mahalingam, 2013; PwC, 2015; Ibrahim & Adilah, 2018). This would gradually lead to the growth of online advertising in Malaysia, which allows the local advertising industry to further develop in the coming years.

IX. REFERENCES

com/television-advertising/tv-advertising-effective-relevant/


