AN EXPLORATION OF CONSUMER RESPONSE TOWARDS SPONSORED SEARCH ADVERTISING (SSA) FROM A CONSUMER BEHAVIOUR PERSPECTIVE

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ABSTRACT

The Web has become a major source for information in peoples’ everyday lives. However, finding useful and relevant online information has become an increasingly complicated task for many online users, especially as information on the Web has increased exponentially, and millions of new Web pages are introduced daily into the Web environment. Consequently, Web search engines are now the starting point and major informational sources for online users in facilitating Web search activities related to both commercial and non-commercial Web sites. As such, businesses have recognised the importance and value of having their website highly ranked and visible in search engine result pages, which may be achieved through the use of the Sponsored Search Advertising (SSA) approach. SSA represents an advertising technique in which a fee is paid for specific keywords to guarantee priority placement on search engine results pages. The increased market demand for more consumer-oriented, targeted and non-intrusive Web advertising formats has led to the development of SSA. Such advertising offers Web advertisers the ability to more precisely target and direct Web users to their websites. Accordingly, SSA has become a critical component of companies’ marketing campaigns, with a global annual growth rate predicted to be 37 percent, and scaled rate to be more than US$33 billion in 2010 (Ghose and Yang, 2007).

In addition to becoming the most prominent format of Web advertising in terms of revenue, SSA is also the major source of revenue for Web search engines, for example, 67 percent of Google’s 2008 revenue came from SSA (Google, 2008). However, the success of search engines in generating revenue using SSA depends mainly on the number of users (consumers) who click on Sponsored Search Advertisements (as advertisers are only required to pay when users click). For this reason, it is essential that online users notice and pay attention to SSA, to ensure that the desired communication goal of such advertising (click through behaviour) is achieved. Therefore, the key aspect to whether SSA is a viable business model depends, to a large extent, on the consumer and how he or she responds to this type of Web advertising. More specifically, as suggested by Jansen and Spink (2007a), SSA may be improved and become more effective if a greater understanding is gained of consumer behaviour in such advertising contexts.

Interestingly, despite the phenomenal growth of SSA, scant research attention has been given to how consumers process and respond to this form of Web advertising and, more specifically, the particular factors that drive consumers to pay attention to, and respond positively, towards SSA. Additionally, most previous SSA research has generally been undertaken from the advertisers’ perspective (Bradlow and Schmittlein, 2000; Feng et al., 2003; Telang et al., 2004). At the same time, existing anecdotal studies indicate that, generally, consumers have little awareness of the practice of SSA and, consequently, most tend to ignore them or do not use them. This lack of awareness, and use, has highlighted the need for further and more extensive research. Thus, an exploration of the processes surrounding consumer response to SSA is warranted.

To advance our current understanding of SSA from the consumers’ perspective, the focus here is on examining a range of consumer behaviour variables that may determine how they respond to SSA. Therefore, it is proposed that such an examination will advance the understanding of consumer behaviour within the context of SSA. As such, the primary focus of the current research is on the consumer and those associated consumer related factors that
determine their responses to SSA. Therefore, the following research objective was considered worthy of investigation:

To explore the impact of consumer related factors on consumer response towards Sponsored Search Advertising.

Based on an examination of the extant literature, a preliminary conceptual Model of Consumer Response Towards SSA was presented. This proposed model incorporates a number of relationships, including a representation of consumer related factors, along with consumer attention towards SSA, attitude towards SSA and intention to click on Sponsored Search Advertisements.

The current research methodology combines both qualitative (phase one) and quantitative (phase two) approaches, with semi-structured interviewing and online surveying being used. As little is known about how consumers respond to SSA (with most research focusing on practitioners’ views), an exploratory qualitative approach was initially taken in phase one of the data collection. As such, eight semi-structured interviews were conducted with Australian residents who had Internet access and who had purchased any product or service online using a Web search engine. The purpose of this phase was to explore the research objective and obtain greater understanding of consumer response towards SSA. The findings of phase one were used to clarify and confirm the appropriateness of the preliminary conceptual Model of Consumer Response Towards SSA. Based on these findings, a revised conceptual model is presented.

The second phase (the quantitative research) was based on the development of an online survey which allowed for the measurement of the factors surrounding consumer response towards SSA. The development of the survey followed a logical two-step process which involved utilising and adapting existing measures and then pre-testing these measures and, thus, ensuring that every effort was made to develop a psychometrically sound survey instrument. The final survey used ‘Travel Tickets’ as advertising stimulus for the study. Data collection resulted in 325 usable surveys for subsequent analysis. Analysis of the data was conducted via correlation analysis, exploratory factor analysis, reliability analysis and Partial Least Squares (PLS) regression analysis. Overall, the findings provided support for the Consumer Response Towards SSA Model. All the hypothesised paths included within the inner model were supported, and all components of the measurement model were found to be statistically significant.

The findings provide a number of theoretical and practical implications for research. From a theoretical perspective, we believe this study is among the first studies to examine the impact of consumer related factors on consumer attentional processing, and attitudinal and behavioural responses toward SSA. Therefore, the study adds to and expands our knowledge of the factors that influence consumer attention towards SSA and determining how attention to Sponsored Search Advertisements, along with perceptions of SSA credibility, influence attitude and behavioural intentions towards those advertisements. Thus, the current study has applied proven theories and constructs from marketing, advertising and consumer behaviour research and has extended and validated the theoretical relationships among consumer related factors and attention, as well as the consequence of such attention.
The practical implications of these findings are that they add to the understanding of SSA from a consumer behaviour perspective and, therefore, act as a valuable base for SSA practitioners. Specifically, the current study provides practitioners with insights into consumers and the factors that influence their intention to click on Sponsored Search Advertisements when they use Web search engines. Importantly, the findings identify which type of consumer (according to their experiences, subjective knowledge, familiarity with brands (or websites), and perceptions of credibility and relevancy) is more likely to attend and process SSA, and then links these to the outcomes of consumer response towards SSA, that is, attitude to SSA and intention to click on Sponsored Search Advertisements.
Declaration

I, Mohammad Al Khasawneh, declare that this work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Mohammad Al Khasawneh

September, 2009
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