Determinant of Intention to Use
Search Engine Advertising:
A Conceptual Model

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ABSTRACT

The innovation of Search Engine Advertising (SEA) acts as a prominent source of revenue for search engine companies, as well as being a solution for businesses to promote their visibility on the Web. However, the underlying factors that contribute to businesses’ decision to adopt SEA have not been well investigated. Building upon known behavioural theories (Theory of Planned Behaviour, Technology Acceptance Model and Unified Theory of Acceptance and Use of Technology) this paper conceptualizes and develops a context-specific model for understanding the factors that influence the decision of businesses to utilize SEA. The conceptual model of the paper proposes that this decision is influenced by four direct factors (attitude toward SEA, subjective norms, perceived control over SEA, perceived benefits of SEA) and ten indirect factors (trust in search engines, perceived risk of SEA, ability to manage keywords and bids, ability to analyse and monitor outcomes, ability to detect click fraud, advertising expertise, using third party tools, using external experts, perceived complexity of SEA tool, commitment to SEA). The study also identifies future research directions.

Keywords: Click Fraud, Direct Factors, Indirect Factors, Paid Search, SEA Adoption, Search Engine Advertising (SEA), Sponsored Search

1. INTRODUCTION

In recent years, search engine advertising (SEA), has become an important and fast-growing source of revenue for search engine companies (Feng et al., 2007) and appears to be their major long-term business model for the foreseeable future (Google Quarterly Report, 2012, Jansen et al., 2009a). For example, it has been calculated that more than 90% of Google’s annual revenue is derived from its sponsored search service which was reported as being around

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$40 billion for 2011 (Google Quarterly Report, 2012). Without SEA, it is unlikely that search engines would be able to finance anything close to their infrastructure to support the massive and extensive infrastructure that they need to be able to provide a free search service to users (i.e., for crawling billions of webpages, indexing the contents, accepting millions of Web queries per day and presenting billions of links per week) (Jansen et al., 2009).

The viability as well as the further development of SEA, as the long-term business model of search engine companies, depends on whether or not businesses decide to adopt sponsored links as a tool to promote their visibility over the Internet. Such a decision could be influenced by a variety of factors as it has been confirmed by an extensive amount of research that decision making is a complex process, and a wide range of elements contributes to the decision of an individual or an organization to take an action or to adopt a technology or innovation (Ajzen, 1991; Venkatesh et al., 2003; Arinze & Anandarajan, 2010; Mendoza & Ravichandran, 2010).

Given the importance of SEA in financing the search industry, identifying the influential factors that form businesses’ decision to utilize SEA is of high importance as it could help to develop effective solutions for enhancing the adoption of SEA. Enhancing SEA adoption eventually will translate into more advertising dollars for search engine providers which in turn will guarantee the provision of their free search service to Internet users.

However, despite its importance, the underlying reasoned behind the decision of businesses to use SEA has not been well researched. As a result, currently it is not really clear what factors form the decision of businesses to become engaged in SEA practice. The present research is an attempt to narrow this gap. The objective is to apply well-known behavioural theories in the context of SEA to foster a more comprehensive understanding of the underlying factors that motivate businesses to make use of SEA.

The rest of the paper is organized as follows: Section 2 discusses the background of the research; Section 3 comes up with a context-specific conceptual model based on existing theories; and finally, Section 4 discusses the future research directions and concludes the paper.

2. BACKGROUND

The innovation of Search Engine advertising (SEA) stems from the creative idea that when there are thousands of websites competing for top positions in organic search engine rankings, it may be more profitable to buy a direct position from search engines in order to gain visibility on the first page (Karjaluoto & Leinonen, 2009). In SEA, businesses can pay the search engine company to place them in the sponsored section of the results pages (Sen, 2005) (see Figure 1). This is a faster way to gain visibility on the Web (Morochove, 2008, Sen, 2005).

In SEA, companies choose some search terms that they think will best link user queries to their website. When a user searches for a term on a search engine, the Web search engine matches a searcher’s query to the keywords that the companies select and displays the corresponding sponsored link next to the organic search results. In most cases, companies pay the search engines whenever a user clicks on the sponsored link. As multiple companies may want to pay for the same terms, search engine companies use an electronic auction system to rank sponsored links; the highest bidder is generally placed in the highest position, the second-highest bidder gets the next rank, and so on. (Jansen & Spink, 2007, Ghose & Yang, 2008).

SEA is now a billion-dollar revenue stream for search engine companies. Total industry revenue increased from approximately US$0.9 billion in 2002 to about US$10 billion in 2005 (Rashtchy et al., 2007) and exceeded US$37 billion in 2009 (Quinn et al., 2012). In 2011, it has been calculated that more than 90% of Google’s annual revenue is derived from its sponsored search service which was reported as being $10 billion for the fourth quarter of 2011 or around $40 billion for the whole of 2011 (Google Quarterly Report, 2012).
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