The Right Format of Internet Advertising (RFIA): A Structural Equation Model

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ABSTRACT

This study was designed to provide some insights into how Iranian marketers can find the right format of Internet advertising. Recent negative trends in Internet advertising, such as “banner blindness” and extremely low click-through rates, make it imperative to study various factors affecting the right format of Internet advertising. Therefore, this study builds a comprehensive theoretical model explaining how marketers are able to find the right format of Internet advertising. Accordingly, seven latent variables related to the right format of Internet advertising were examined: objective ad features, subjective ad features, product type, user types, ad types, advertising strategy, and ICT condition. It was found that these constructs successfully explain how marketers can find the right format of Internet advertising. Product involvement is found to be the most significant antecedent explaining the right format of Internet advertising.

Keywords: Advertising Types, Internet Advertising Format, Objective Ad Features, Product Involvement, Subjective Ad Features

INTRODUCTION

According to Internetworldstats.com (2012), the number of Iranian Internet users reached almost 37 million at the end of 2011, ranking Iran first in the Middle East and fourth in Asia, which is home to 800 million of the 2 billion users in the world. In this situation, Iran—with one-twentieth the number of Asian users—is considered a very appropriate area for studying the Internet and its application as a channel for the distribution of information.

This becomes more important if companies note that advertising through other channels, such as governmental TV, costs more than 500 dollars per second in Iran.

The IAB Internet Advertising Revenue Report for the full year of 2011 revealed the following:

Revenues soared to a landmark high of $31 billion. That milestone represents a 22 percent increase over 2010’s full-year number, which itself had been a record-breaker at $26 billion.

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Also unveils that fourth quarter revenues for 2011 hit a best-ever at $9 billion, marking a 15 percent increase over the third quarter 2011, which came in at $7.8 billion, and a 20 percent growth year-over-year in comparison to 2010’s $7.4 billion. (Iab.net, 2012)

As these statistics indicate, the four major types of Internet advertising are (1) display ads (21%) including banners, hypertexts, and skyscrapers; (2) rich media (7%) including pop-up, pop-under, and interstitial ads; (3) sent emails (2%); and (4) digital video (3%). Despite the valuable studies that have been conducted on Internet advertising (e.g., Cho & Cheon, 2004; Hanafizadeh, Behboudi, Ahadi, & Ghaderi Varkani, 2012; Kelly, 2010; Ko, Chang, & Roberts, 2005; Rodgers & Thorson, 2000), insights into the effectiveness of the various formats of Internet advertisements and appropriate users of each format remain limited. For example, in their book, Hanafizadeh and Behboudi (2012) introduced 18 formats of Internet advertising and attempted to find appropriate ways of publishing each format. This issue and insufficient knowledge of the advertisers about online advertising strategies add more complexity to online advertising campaign. Having this in mind, it is useless to recommend that an advertiser use “the right format” (Heinz, 2004) when he or she does not have an idea about right format (Burns & Lutz, 2006). On the other hand, Iranian companies as new adopters of Internet advertising (Hanafizadeh et al., 2012) need to evaluate the benefits of various formats in selecting the best formats of Internet advertising for their needs. Hence, the present study is designed to provide some insights for those companies by gathering first-hand information to answer the following questions:

1. How can Iranian marketers find the right format of Internet advertising?
2. Different products need to have different ad formats; how this can be done?
3. Which variables affect marketers’ decisions in advertising a certain product on the Internet?

LITERATURE REVIEW

Internet advertising is an Internet-based process by which advertisers communicate, interact with and persuade online users in order to position a brand; it allows a company to promote both consumer awareness and preference in a customized and personalized way and to decrease the time needed to make a buying decision. (Hanafizadeh & Behboudi, 2012, p. 22)

Since Hot Wired published the first advertisement on the web in 1994, many studies have been conducted to examine consumer attitude toward online advertising (Edwards, Li & Lee, 2002; Prendergast & Huang, 2003; Sheehan & Gleason, 2001; Yang, 2004), yet many gaps remain that need to be scrutinized. Here, a brief review on what have been done so far has been provided.

As a pioneering work, Yang (2004) reported the diversity of Internet users in Taiwan and their differing attitudes toward online advertising. He identified three lifestyle clusters: traditionalists, experiencers, and self-indulgents. Although early research focused more on attitude toward ads, some studies focused on the importance of Internet advertising formats. In this regard, some scholars focused on banners and how they could be published properly on the web (e.g., Briggs & Hollis, 1997; Brown, 2002; Cho, 1999; Robinson, Wysocka, & Hand, 2007; Rodgers et al., 2007).

Another group of researchers scrutinized pop-up ads and their effectiveness (Cho & Cheon, 2004; Edwards et al., 2002). According to Ha (2008), the studies examining pop-up ads show negative attitudes and reactance from the consumers, resulting in ad avoidance and a sense of irritation (e.g., Cho & Cheon, 2004; Edwards et al., 2002). By analyzing ad formats, Burns and Lutz (2006) concluded that consumers have different attitudes toward different online ad formats. These authors examined
Application of Data Mining in e-Commerce
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