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An Efficiency Evaluation of Electronic Advertisement on Purchasing

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ABSTRACT

The present study intends to evaluate the efficiency of electronic advertisement through SMS, online advertising, and email-marketing in the food industry. The conceptual model of the study involves three stages including cognitive, emotional and behavioral as well as six steps including awareness, knowledge, liking, preference, conviction and purchase. Using a questionnaire with 89% reliability, a total of 250 students from Islamic Azad University of Lamerd as statistical sample was examined under a descriptive-survey method. For hypotheses testing, the findings of the present study indicate that none of the electronic advertisement techniques mentioned in the food industry are efficient, because they fail to pass the stages of conceptual model except for knowledge.

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INTRODUCTION

In today's competitive world, there are few people unaffected by advertisement and other promotional techniques. The trend of advertisement has penetrated into the life of individuals in every society almost as a belief. Consequently, consumers have come to the belief that marketing efforts seeking a new channel for communicating their message is inevitable. (Hasani, 2003)

For communicating an advertiser's message with consumers, there are numerous channels distinguished from one another depending on areas such as functional, potential capacities, communication manner and message delivery. There are a number of such channels including TV, radio, print media and the internet. For choosing a suitable advertising channel to convey concepts and ideas, advertisers need to acquire a relative knowledge of the available channels; because, advertisers in most cases design and publish the ads through a mediator. Regarding the traditional advertisement channels, which have been widely used for a long time, advertisers and promoters have gained a universal insight concerning the pros and cons of this advertising strategy. (Fanayee Najafabadi, 2010)

Nowadays, however, a modern world, beyond all infrastructures and characteristics of the message transmitter, has been made available on the web to senders and receivers of a message. The infrastructures freed from restrictions of the traditional media have eliminated the gap between the message sender and receiver by reducing the ownership of the sender or entirely transferring to the receiver. With its unique characteristics, such medium has given the virtual worlds a fresh taste and color and a new definition to the communication process. Such medium reduces the entire processes and transactions of a business to the shortest possible time by replacing new terms such as electronic sale, electronic advertisement, electronic order, electronic purchase, electronic payment, electronic signature etc with traditionally offline transactions (Saloner, 2001). The present study intends to evaluate the efficiency of electronic advertisement such as SMS, online advertising and email marketing based on the steps taken in *hierarchy of effects* as an efficient model. This study, therefore, makes an effort to answer the following question: Is it true that any type of electronic advertisement, i.e. SMS, online advertisement and email marketing can pass the mentioned stages of the model and efficiently influences the decision-making process of the purchasing customers?

Electronic marketing:

There are various definitions associated with the concept of electronic marketing, each focusing on the subject from a specific viewpoint. These definitions can be classified as below:

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A) Information technology as an instrument for marketing

Some of the proposed definitions regard electronic marketing as traditional marketing which merely employs information technology so as to achieve its goals and improve the productivity of marketing.

B) Internet-based marketing

From this perspective, marketing involves a wide variety of activities including customer loyalty programs, advertisement, customer communication etc. According to such definition, any activity done on the internet is considered equivalent to electronic marketing, while the latter is rather broad falling beyond internet marketing.

C) Technical approach to definition of electronic marketing

In this section, electronic marketing is defined from a completely technical perspective, based on which we are employing electronic marketing whenever the technical infrastructure (i.e. servers, softwares etc) have been supplied and communication is ongoing with customers, which is mostly dealt with through website design. (Weng, 2003)

Electronic advertisement:

Just as traditional advertisement has its own methods and tools for transmitting an interesting message, internet advertisement also has methods and various forms to convey a message to customers depending on the environment and distribution channel. There are numerous methods for placing an advertisement on the internet and there are many factors contributing to the chosen type of advertisement and online publishing.

Methods of internet advertisement:

- Advertising via SMS

No activity nowadays is productive enough without employing communication services. Electronic advertisement is the most important and prominent difference between the present world and the past world. Advertising through SMS as a modern low-cost method can function efficiently in the entire advertisement areas.

Nowadays, most managers employ SMS as a modern technology for providing better service to customers. Such idea, as a result, leads to facilitated diverse service for customers and the company would be able to easily communicate with both active and passive customers.

- Website-based advertisement

Website can alone be the largest form of internet advertising, since in every commercial, cultural, political, educational website is created only to introduce and promote something. In contrast to other forms of internet advertising, there is no restriction such as size, cost etc on a website and can embed each message into its content. Probably the most important difference between a website and other forms of advertisement is the attitude through which the website is visited; because the users and viewers seek a website that can satisfy their needs, while other forms of advertisement are exposed to them randomly. In fact, some websites are pulling while the rest are pushing, because all promoters require consumers to pull the content of the website toward themselves.

- Email-based advertisement

Email marketing involves commercial activities in which marketers and businessmen send the information related to their product or service to the email address of their potential customers. The message sent to the email of an individual can contain images, animation and video clips on which an interested customer can click to purchase the product/service or gain further information. In this method, promoters attempt to induce response in a customer through follow-up. In 2004, *DoubleClick* reported that popularity of email was increasing. Hence, such type of internet advertising can be regarded as one of the most essential techniques for marketing. (Hanifzadeh, 2009)

Hierarchy of Effects Model:

In their study on the mechanism of advertisement, Steiner and Lavidge (1961) established the *Hierarchy of Effect Model*, based on which advertisement is expected to bring about *awareness, knowledge, liking, preference, conviction and purchase*. This model was employed in the present study so as to evaluate the efficiency of electronic advertisement in the mentioned three forms, stages and steps of which have been illustrated in the table below:

Hierarchy of Effects Model

Awareness Knowledge	Cognitive stage
Liking Preference Conviction	Emotional stage
Purchase	Behavioral stage

What has been of great concern in the hierarchy of effects model is a series of certain steps taken by the audience when they encounter the various types of advertisement. The six steps of this model have been summed up as follow:

- The cognitive stage: scope of thoughts and ideas (advertisement presents information)
- The emotional stage: scope of feelings (advertisement alters feelings)
- The behavioral stage: scope of motivations (advertisement stimulates motivations)

Hypotheses:

The present study consists of three main hypotheses, the sub-hypothesis of which has been formulated in proportion to the six steps of hierarchy of effects model. The main hypotheses include:

1. SMS advertising leads to high efficiency of customer's purchase behavior.
2. Online advertisement leads to high efficiency of customer's purchase behavior.
3. Email marketing leads to high efficiency of customer's purchase behavior.

Methodology:

In terms of objective, the present study is applied. In terms of data collection, however, it is descriptive/survey. The statistical population comprises a total of 250 students majoring in management at Islamic Azad University, Lamerd Branch. In order to collect information, a questionnaire containing 30 items was designed so as to test the six variables of awareness (items no. 1-5), knowledge (6-10), liking (11-15), preference (16-20), conviction (21-25), and purchase (26-30) for the three types of electronic advertisement including SMS, online and email. For ensuring the content reliability of the questionnaire, several experts were asked for their opinions. For assessing the validity of the questionnaire, the Cronbach's alpha coefficient was employed. Furthermore, the alpha coefficient was calculated to be 0.89. In this study, the deductive statistics was employed for data analysis. The collected data were analyzed through the questionnaire using SPSS at confidence level of 0.95%. For determining whether the data are normal, the Kolmogorov-Smirnov test was used and then compared to the obtained significant level with alpha's value at standard level of 5%, the abnormality of the data distribution was determined. Moreover, the employment of binomial test for the research hypotheses was confirmed.

Deductive findings:

The findings of the binomial testing

The binomial testing was employed in order to test the hypotheses, which can be enumerated as below:

- Electronic advertisement is inefficient (H_0)
- Electronic advertisement is efficient (H_1)

If the significant level is higher than the error level of 0.05, then the null hypothesis (H_0) is proved while the alternative hypothesis (H_1) is rejected. As it can be observed in Table 1, the significant levels of the three main hypotheses are higher than the error level. Therefore, the three main hypotheses (H_1) are all rejected at confidence level of 95%. It suggests that none of the electronic advertisement techniques, i.e. SMS, online and email marketing, were effective on the customer's purchase behavior.

Table 1: Findings obtained from the binomial testing of the main hypotheses

Hypothesis	Significant level	Test result
SMS advertising leads to high efficiency of customer's purchase behavior.	0.323	Rejected
Online advertisement leads to high efficiency of customer's purchase behavior.	0.330	Rejected
Email marketing leads to high efficiency of customer's purchase behavior.	0.285	Rejected

The findings obtained from the binomial testing of the sub-hypotheses formulated based on the mentioned model steps have been illustrated in Table 2. Since the significant level of awareness as one of the variables is zero, i.e. lower than the error level of 5%, the null hypothesis is rejected. In fact, the hypothesis is proved and efficient at confidence level of 95%, that is, SMS advertising is influential on raising awareness of the customers. The rest of the hypotheses (H_1) are rejected, because the significant level is higher than the error level of 5%.

Table 2: Findings obtained from the binomial testing of the sub-hypotheses

Hypothesis	Significant level	Testing result
SMS advertising leads to high efficiency of customer's awareness.	0.000	Proved
SMS advertising leads to high efficiency of customer's knowledge.	0.531	Rejected
SMS advertising leads to high efficiency of customer's liking.	0.482	Rejected
SMS advertising leads to high efficiency of customer's preference.	0.535	Rejected
SMS advertising leads to high efficiency of customer's conviction.	0.323	Rejected
SMS advertising leads to high efficiency of customer's purchase behavior.	0.252	Rejected

Table 3 shows the results obtained from binomial testing of the sub-hypotheses related to the second main hypothesis. As it can be observed, only the significant level of awareness is zero, which is lower than the error level of 5%. Therefore, the null hypothesis is rejected while the alternative hypothesis is proved at confidence level of 95%, that is, online advertisement is effective on raising awareness of customers. The rest of the hypotheses (H_1) are rejected, because the significant level is higher than the error level of 5%.

Table 3: Findings obtained from the binomial testing of the sub-hypotheses

Hypothesis	Significant level	Testing result
Online advertising leads to high efficiency of customer's awareness.	0.000	Proved
Online advertising leads to high efficiency of customer's knowledge.	0.515	Rejected
Online advertising leads to high efficiency of customer's liking.	0.583	Rejected
Online advertising leads to high efficiency of customer's preference.	0.312	Rejected
Online advertising leads to high efficiency of customer's conviction.	0.390	Rejected
Online advertising leads to high efficiency of customer's purchase behavior.	0.371	Rejected

Table 4 shows the results obtained from binomial testing of the sub-hypotheses related to the third main hypothesis. As it can be observed, only the significant level of awareness is zero, which is lower than the error level of 5%. Therefore, the null hypothesis is rejected while the alternative hypothesis is proved at confidence level of 95%, that is, email marketing is effective on raising awareness of customers. The rest of the hypotheses (H_1) are rejected, because the significant level is higher than the error level of 5%.

Table 4: Findings obtained from the binomial testing of the sub-hypotheses

Hypothesis	Significant level	Testing result
Email marketing leads to high efficiency of customer's awareness.	0.000	Proved
Email marketing leads to high efficiency of customer's knowledge.	0.556	Rejected
Email marketing leads to high efficiency of customer's liking.	0.318	Rejected
Email marketing leads to high efficiency of customer's preference.	0.592	Rejected
Email marketing leads to high efficiency of customer's conviction.	0.370	Rejected
Email marketing leads to high efficiency of customer's purchase behavior.	0.541	Rejected

Conclusion:

Companies throughout the world have begun making their presence on the cyberspace ever since the application of information technology, particularly the internet-based business, has been developing. Despite their growing employment of the internet for advertising purposes, many companies fail to pay enough attention to the efficiency evaluation of advertising strategies. As one of the steps taken to evaluate the efficiency, raising awareness of customers is considered a primary goal specifically pursued in electronic advertisement. Nevertheless, companies are expected to employ well-trained personnel expert in marketing and familiar with capabilities of cyberspace so as to efficiently use this potential for improvement of advertisement measures. In other words, companies should make the most out of the online world by confidently providing an attractive environment for doing business transactions and also make a great effort to alter the attitude of end clients. In order to provide a secure electronic environment and gain the customer's trust, companies are expected to take measures for establishment of databases to register personal information, preferences and wishes of customers and send the most appropriate message for every individual, i.e. personalize the advertising message for customers.

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