# CHAPTER I

INTRODUCTION

1.1 Background

Internet is one of the innovative technologies that have been growing rapidly in these recent years. It also brings a massive impact towards human behavior, as people used to have internet as a 'supply' and now has been shifted into 'demand'. Based on statistic numbers, Indonesia has reached over than 39 million people of internet users and penetrates 16.1% from total population which estimated to be more than 245 million citizens. With those numbers, Indonesia is placed as the fourth-ranked-country that has the most internet users in Asia, after China, India and Japan (*Asia Internet Usage and Population*, 2011).
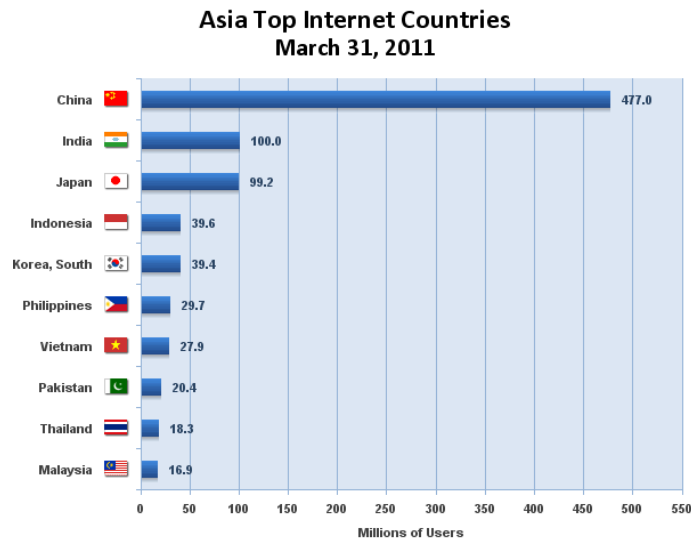
Source: *Internet World Stats – www.internetworldstats.com/stats3.htm*

Figure 1.1: Asia Top Internet Countries

Tempo Interaktif.com also figured that the percentage number of people's activities on the internet was increased; however as the vice versa the other activities, such as watching television, listening to the radio, reading newspaper and magazines are fluctuates in the past three years (*Membedah Perilaku Berinternet Orang Indonesia,* 2011*).*

Table 1.1: People's Attitude – In Comparison between Online and Traditional Marketing

Media

Kebiasaan Mengakses Internet

Kegiatan	2009 (Persen)	2010 (Persen)	2011 (Persen)
Berselancar internet	6	23	33
Menonton teve	96	98	97
Mendengar radio	24	28	24
Membaca koran	17	26	25
Membaca majah	1	3	2

Source: www.tempointeraktif.com

With the number shown by the table, those habitual activities would be a good opportunities for companies to increase the promotion and advertising activities on internet and because based on survey, most of the companies' budgets mostly spend in advertising and promotion activities (Amber, 2000). Another research done in 2009 said that by 2011, online advertising is expected to grow until 15.1% from all advertising expenditure globally (Zenith Optimedia, 2009).

Total Internet Advertising Forecast (in Billions of Constant USD)
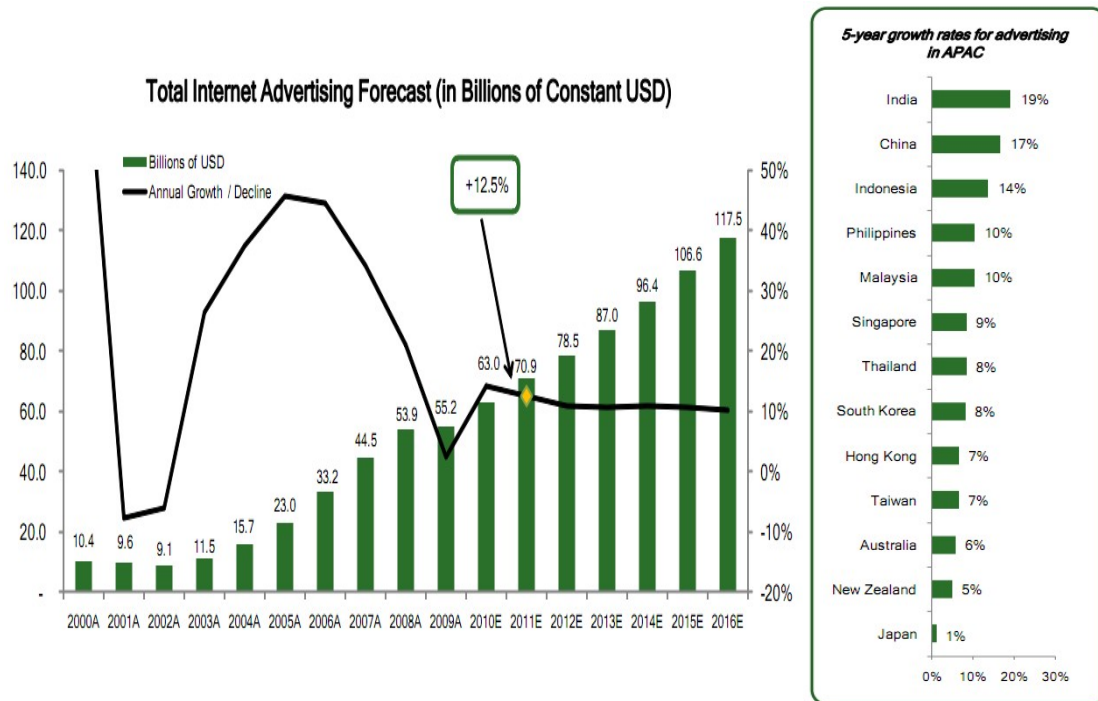
Source: ManaGlobal – 2011 Advertising Forecast - http://www.neoadvertising.com

Figure 1.2: Total Internet Advertising Forecast and the Growth Rates for Advertising in

APAC

According to the research done by ManaGlobal in Figure 1.3, globally, the total advertising expenditure in internet is forecasted to keep increasing until 2016, counted based on US dollars. If it divided based on region, Indonesia is expected to be the third countries which will have a significant growth from overall advertising media in Asia Pacific countries.

The chairman of the Central Association of Indonesian Advertising Companies (PPPI), Harris Thajeb said that comparing to the conventional media in the basis of amount, even though the spending value is still considered as minimum, the growth of advertising on internet network media is improving in these recent years (in Indonesia).

He continued, by 2010 the total advertising expenditure in all over Indonesia has reached almost 65 trillion rupiah. From that amount, the online advertising spending value is only about 1-2%, however in 2011 the online advertising expenditure is considering to grow until 11-12% from the total value of advertising spending in all media in Indonesia. (*Potensi Iklan Media Online Menjanjikan,*2011)

Besides the company who put their advertising on online, there are also companies who provide those services of online advertising. Online advertising is divided into two major categories, such as paid search and display advertising; however some of the companies also included the video advertising and the mobile advertising. Globally calculated, according to comScore data in 2009, there are top 10 display advertising publishers, such as Yahoo! sites, Fox Interactive Media, Facebook.com, Microsoft sites, AOL, Google Sites, eBay, Viacom Digital, Glam Media, and CNN. Those providers could grab more benefits, such as to add up the revenue and increase the awareness, not only for them, but it also affects the company who advertise.

Table 1.2: Top 10 Online Display Ad Publishers

	Total Display Ad Views (MM)	Share of Display Ads	Advertising Exposed Unique Visitors (000)
Total Internet	*323,647*	*100.0%*	*184,002*
Yahoo! Sites	42,847	13.2%	138,968
Fox Interactive Media	31,402	9.7%	82,527
Facebook.com	24,847	7.7%	52,931
Microsoft Sites	17,788	5.5%	89,135
AOL LLC	17,380	5.4%	91,272
Google Sites	4,235	1.3%	97,416
eBay	2,811	0.9%	47,991
Viacom Digital	2,367	0.7%	36,876
Glam Media	2,127	0.7%	37,237
CNN	1,984	0.6%	27,616

Source: comScore Ad Metrix

In Indonesia, the global top players are still dominating the market for online advertising provider, which are Yahoo! with the display advertising and the SEO (Search Engine Optimization); Google mostly with search, and Bing (owned by Microsoft) which the SEO alliances with Yahoo! Search Engine Marketing, and several local site, such as detik.com, kompas.com and viva news are for the news seeker, and other sites including some of the social media provider.

The research was conducted based on the project proposed to collaborate with Yahoo! Indonesia. In which it also a part of the author's thesis to complete the study program for undergraduate degrees and as one of the requirements to obtain her Bachelor degree.

1.2 Problem Statement

Internet as one of new media that companies can use to do their advertising besides television, radio or other printed media has brought a significant changes. The online advertising also delivers different perception and unique attitude for the end consumers, whether it will result the positive attitude or the negative attitude.

From the basis of these trends, the author proposed an issue to Yahoo! Indonesia as the company that associated with the author in the process of making the applied research for the thesis. The issue that the author proposed is to know the consumer attitude towards the online advertising shown in Yahoo! pages. By doing this research, the author provided the data from the respondents based on the research to Yahoo! Indonesia; therefore in the end of the research, Yahoo! Indonesia had has those data as one of the authentic sources when they do the presentation to the client in the future.

1.3 Scope

In this research, the author researched about the awareness, preferences and attitude from the end consumers towards Yahoo! Indonesia in general and the display advertising shown on Yahoo! Indonesia pages. In order to focus more to Yahoo! Indonesia, the author was only using the display advertising on Yahoo! Indonesia and did not compare it to other display advertising provider. Therefore the author got the significant data that is useful for Yahoo! Indonesia in the future. Other than questionnaire, the author also used a simulation process which shows the display advertising which requires the consumer's interaction as the example. However, the

simulation did not related to the type of business that shown on the display advertising, it was randomly picked whether the advertising related to products or services.

1.4 Aims and Benefits

With conducting this research, the author covered several objectives, as follows:

1. To explore the consumers' behavior on the internet activities, since it will be vary between one respondent to another.

2. To examine the consumers behavior, awareness and preferences towards activities in several Yahoo!'s products and pages

3. To understand the consumers' attitude (awareness and preferences) towards the online advertising, focusing more into display advertising in Yahoo! Indonesia pages.

Aside from the aims, this research also provides several benefits to Yahoo! Indonesia, such as:

1. To identify the consumers' behavior on the internet activities.

2. To clarify about consumers' awareness towards Yahoo! Indonesia.

3. Have an insight regarding consumers' preferences in using the services provided by Yahoo! Indonesia.

4. Enabling Yahoo! Indonesia to have an insight about their display advertising and have a statistical data from the simulation process to be shown to the clients in the future for better solution.

1.5 Research Question

From the objectives that the authors have, there are several research questions that the authors have in order to conduct the research, as follows:

RQ1: What is the consumer's behavior in doing the internet activities?

RQ2: Do people aware towards Yahoo! Indonesia's products and services?

RQ3: How the people's preferences towards Yahoo! Indonesia products and services?

RQ4: How the consumers' attitude towards the effectiveness of display advertising

which shown in the several pages of Yahoo! Indonesia?

1.6 Structures

CHAPTER 1: INTRODUCTION

In this chapter consist of background of the current situation of online behavior and advertising in globally and locally, a brief history of Yahoo! Indonesia, problem statement, scope, aims and benefit, research questions, and the structures of this thesis.

CHAPTER 2: THEORITICAL BACKGROUND

This chapter discuss about the theoretical background that the author have to support the experimental research which is done for the improvement of Yahoo! Indonesia performance.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter cover the methodology which the author use to do the research project and simulation process, including the questionnaires.

CHAPTER 4: RESEARCH AND ANALYSIS

This chapter summarized the results of the survey and the simulations done by the authors which calculated and evaluated using Microsoft Excel. The percentage data presents in Histogram, Pie Chart, Bar Charts and Data Tables or comparison.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

The final chapter of this thesis concludes all the findings which the author have according to the research and have several insight for Yahoo! Indonesia.