

## **CHAPTER II**

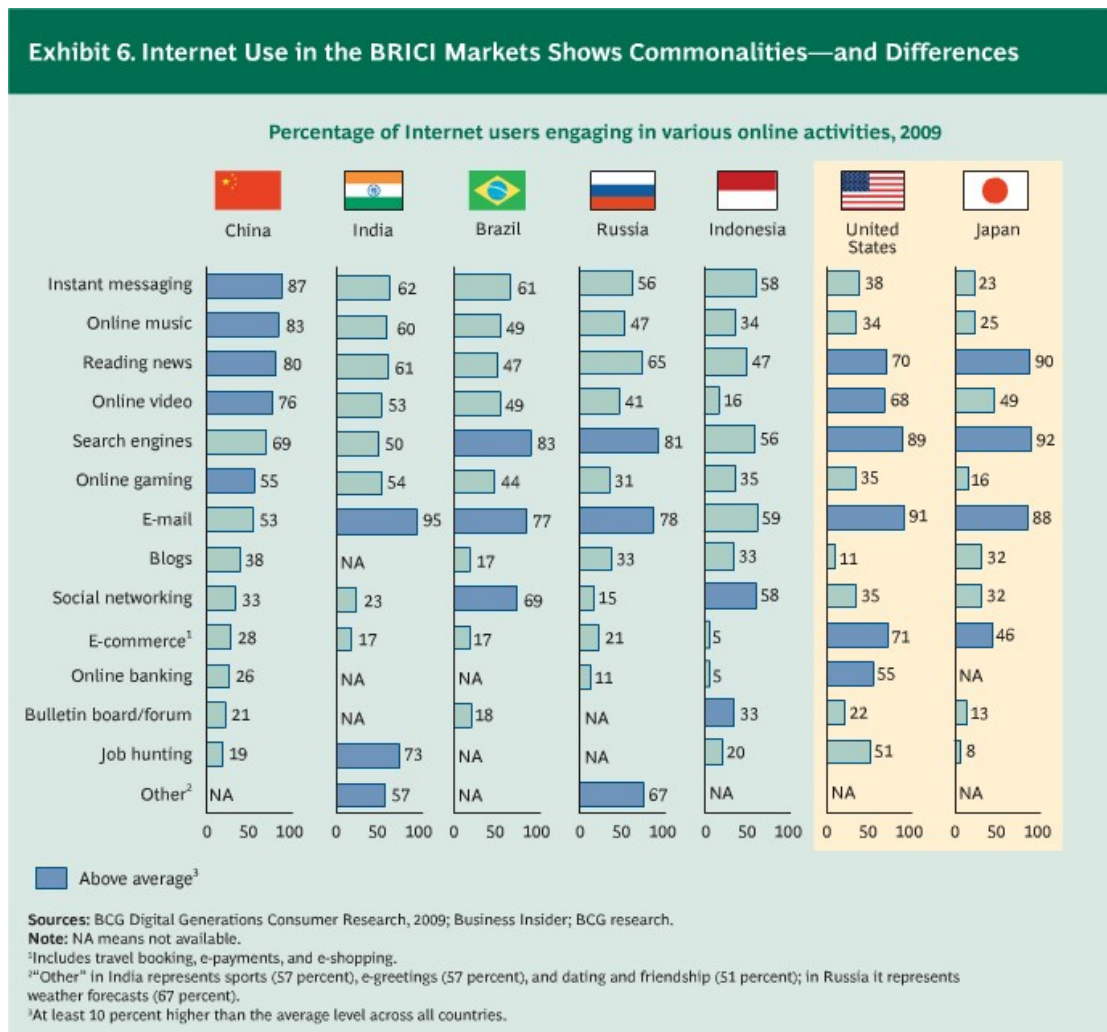
### **THEORETICAL BACKGROUND**

#### **2.1 Consumer Behavior**

Consumer behavior as Hawkins, Mothersbaugh, and Best (2005) explained is the study of individuals or groups and the processes of how they select, secure, use, and dispose of products, services, experiences or ideas in order to satisfy their needs and the impacts that these processes have on the consumers and society.

As more and more websites and portal have been created through the internet, people behavior on the internet is varying between one to another. There are several reasons for people in using the internet. However, most of the reason is because the necessities and the lifestyle or trend. Currently, some of the websites on the internet which usually is the social network portal created the trend that moving the consumer behavior. Mostly use by teenagers and young adult, having an account on one of social media is a must to feel accepted and follow the trend. Other reason would be necessities, in this area people might using internet for several reasons, such as hobbies, work or assignment, looking for information or news, e-mail, watch video or listen to some music, and do the e-commerce.

Based on research done by The Boston Consulting Group, in comparison to the other countries, Indonesia still have the social networking as the most activities done on the internet. (Aguiar et al., 2010)



Source: <http://www.slideshare.net/agarwalvaibhav/bcg-internet-report>

Figure 2.1 Internet Usages in the BRICI (Brazil, Russia, India, China, and Indonesia)

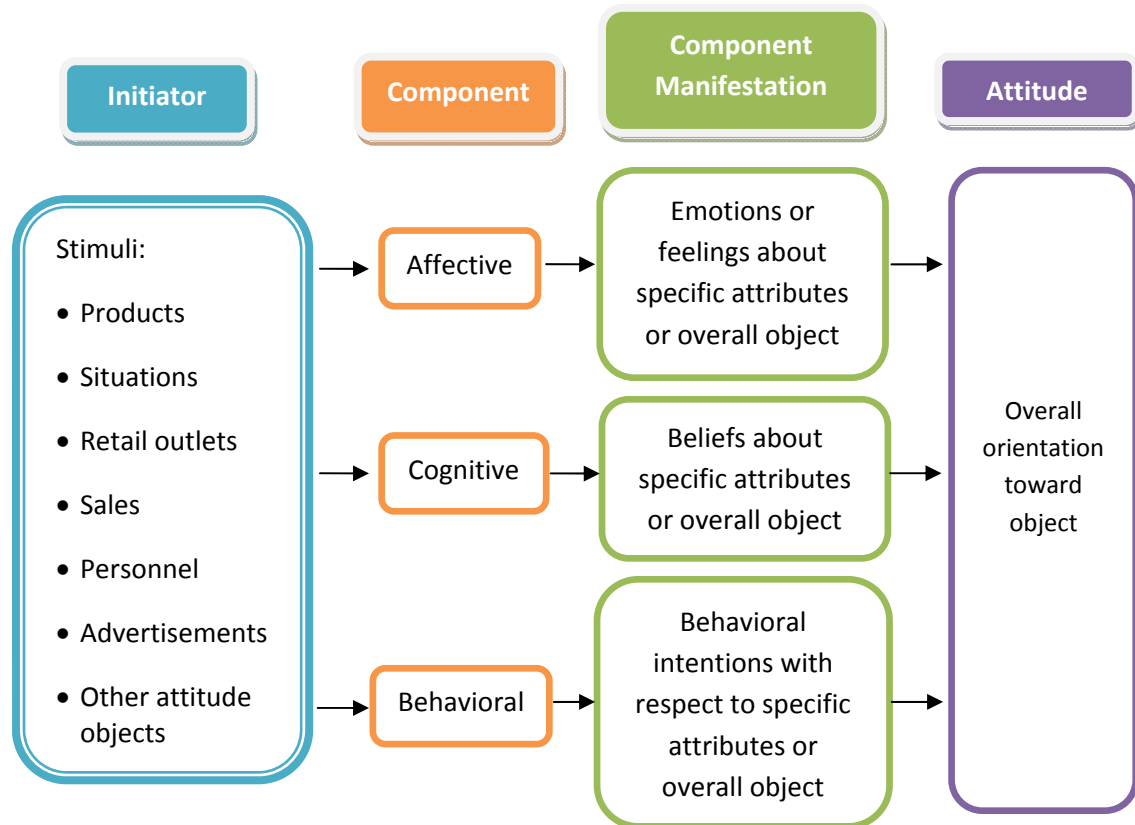
### Market and Differences

Consumer behavior is also affected by two influences which come from external and internal and in the end is determining the decision from the end consumers. In external influences, there are culture, subculture, demographics, social status, reference groups, family and marketing activities. However, on the external influences, it includes the

perception, learning, memory, motives, personality, emotions, and attention. Therefore, it focus more into the external influences, specifically on the attitudes.

## **2.2 Consumer Attitude**

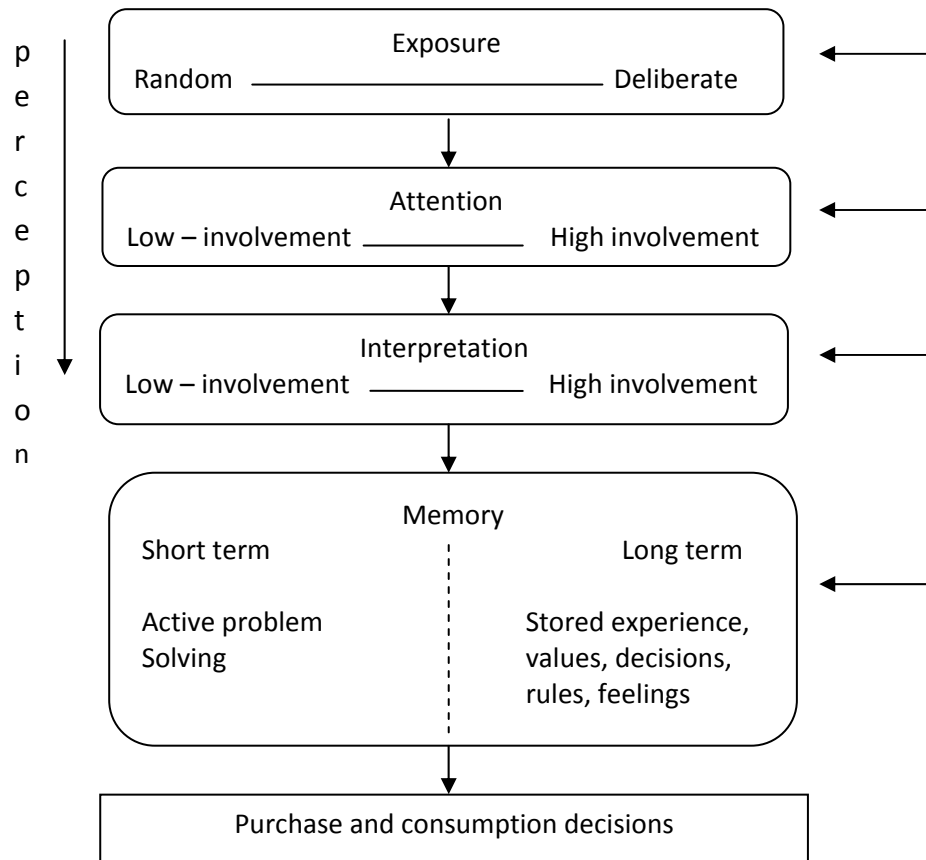
According to Hawkins and Mothersbaugh, consumer attitude is described as the organization of motivational, emotional, perceptual and cognitive processes to some aspect of the environment. In the process of building the consumer attitude, there are several components and initiator which involved. To create an attitude from the end consumers, there are several initiator or stimulus that gave to the end consumers, then those stimulus evaluated to see whether those factors is impacting the end consumers through affective, cognitive or behavioral component. The affective component is focusing more into the end consumers' emotions or feelings regarding the specific attribute which is the display advertising. Cognitive discuss more about the beliefs from the end consumers towards the display advertising and the behavioral is based on the behavioral intentions to specific attributes or the display advertising.



Source: Hawkins, Mothersbaugh, Best (2005). Consumer Behavior 10th edition. (p.397). United States: McGraw Hill.

Figure 2.2 Attitude Components and Manifestations

However, based on the figure 2.2, those components are created from several stimulus or factors which included on the display advertising. The stimulus can be vary and can impact the end consumers in different ways. Based on Hawkins, Mothersbaugh and Best too, the stimulus factors are under the attention factors from the consumer perception. In brief the consumer perception is the process which starts from the consumer exposure and attention to stimuli from the advertising and end with the consumer interpretation.



Source: Hawkins, Mothersbaugh, Best (2005). Consumer Behavior 10th edition. (p.262). United State: Mc Graw Hill.

Figure 2.3 Three Components Forms a Perception

Attention occur when the stimulus activates one or more sensory receptor and in the end, having the sensations that go to the brain to be processed. Consumers are required to be able to allocate several mental resources of the process of incoming stimuli in the attention according to Hawkins, Motherbaugh, Best (2005). Still based by the authors,

attention usually determine by three factors, which are the stimuli, the individual and the situation.

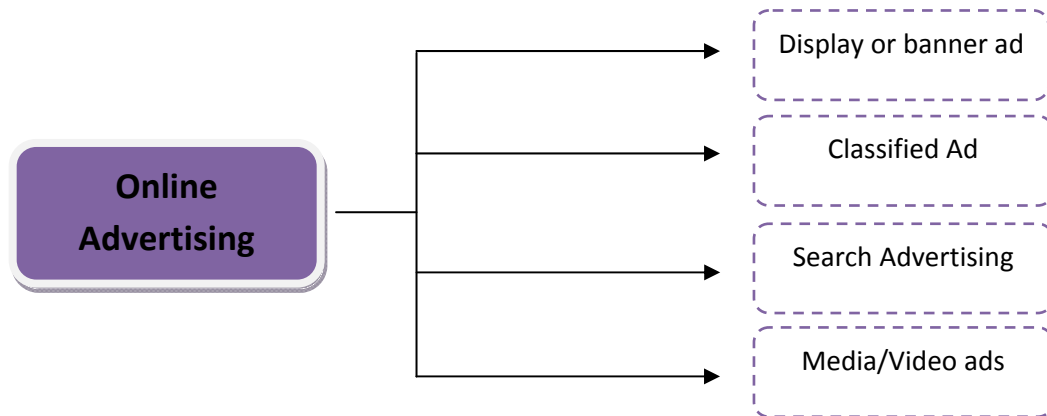
One of the ways to determine the attention is the stimulus factors, this factors are the physical characteristics that showed by the stimulus itself, in this case is the advertising. Stimulus factors are also built by several aspects, such as size, intensity (length of the advertising), attractive visuals, color and movement, position (the placement of the advertising), format (type of advertising), interestingness, and the information quantity or more likely to be called as content of the advertising. (Hawkins, Motherbaugh & Best, 2005)

### **2.2.1 Affective Component**

Due to the experiences that the end consumers have, therefore the focus is more into the affective component. In the affective component, there are three approaches to directly increase affect, which are the classical conditioning, affect towards the ad itself and the mere exposure. The classical conditioning is related to the stimulus such as pictures, music, videos, and other things that attached to the display advertising. For affect towards the ad or website, the stimulus was more related into the content of the advertising itself, such as the information, the celebrity endorsement, and the advertising appeal whether it creates a humor or fear.

### **2.3 Online Advertising**

With the rapid growth of digital business in Indonesia, companies are begin to rely their marketing budget into internet and one of them is through advertising. The main goals of the advertising are to capture attention and convey meaning. There are several advantages that online advertising offer to the companies, based on Campbell, Wright and Clay (2010) on Journal of Information Technology Theory and Application, online media is more interesting than traditional media because of 3 reasons. First is because the internet consumption has more control level towards the consumers who perceived it, next is due to the one-to-one communication and lastly is because there are a possibility of two way interaction possibilities between the consumers and the online provider. Taken from another sources, online marketing is also more measurable, better in reaching the targeted market, more personalization; it also can generate the cheapest promotion ever which is the positive word of mouth (Wall, 2009). However, not all the consumers have the same perception towards the online marketing, especially the advertising. With the advertising clutter that happened in the internet, the consumer perception also differs between one to another and it also depends on the type of advertising itself. Based on Clow and Baack (2010) on the Integrated Advertising, Promotion, and Marketing Communications book, there are several forms of online advertising.



Source: Clow, Baack.(2010).Integrated Advertising, Promotion, and Marketing Communications fourth edition.(p.277).United States:Pearson Prentice Hall.

Figure 2.4 Forms of Online Advertising

Through several format of online advertising, display or banner ad is the most used type of online advertising, which counted for 32 percent and follow by classified ads and search advertising. Research from eMarketer and taken from Marketing by the Numbers book, the growth of online advertising is moving fast and more companies are trying to put their advertisement promotion internet.





Figure 2.5 Example of Display Advertising

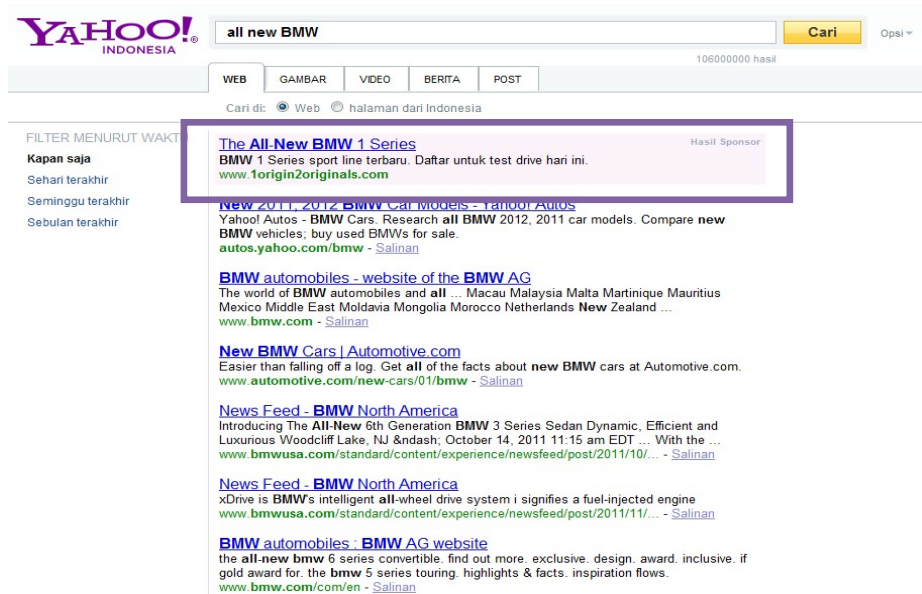


Figure 2.6 Example of Search Advertising

Table 2.1 U.S. Online Ad Spending

<b>U.S. Online Ad Spending by Format, 2006-2011</b>						
<b>Format</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Paid Search	40.3%	40.3%	40%	39.8%	39.8%	39.5%
Display Ads	21.8%	21.9%	21.5%	20.5%	20%	19.5%
Classifieds	18.1%	17%	17%	16.9%	16.8%	16.5%
Rich Media/Video	7.1%	8.2%	9.5%	11%	11.9%	13.1%
Paid Referrals	7.8%	8.1%	8.3%	8.6%	8.8%	8.8%
E-mail	2.0%	2.0%	1.8%	1.7%	1.6%	1.5%
Sponsorships	2.9%	2.5%	2.0%	1.5%	1.3%	1.2%
Total (Billions)	\$16.9	\$21.4	\$27.5	\$32.5	\$37.5	\$42

Source: Harden, Heyman.(2011).Marketing by the Numbers: How to Measure and improve the ROI of any campaign.(p.71).United States:Amacom

### **2.3.1 Format of Online Advertising**

Focusing on display or banner advertising, Yahoo! has several format of display advertising which they offer to the advertisers to put the advertising.

- a. Static Banner: Usually it placed in top of the page or in the right side of the page and the ad is static and do not have the user involvement. The ad just showed up and gives the content information to the consumers.

- b. Panoramic or Pushdown: usually the advertising is located on the top of the pages and it will expand and pushed the content that available on the page for 5-10 seconds.
- c. Custom L Rec: the advertising is located usually on the right of the pages and after the consumers open the pages or roll over the mouse to the ad, it will expand for 5 seconds and cover the content on the current page. Some of the advertising may contain the video, which usually link directly to the youtube page of the advertisers, and the consumers could play the video directly on the banner.
- d. Duo Delight (All WAM formats and wallpaper): the advertising is located on the left and right side of the current page, it could be static and clickable ad.
- e. Jumbo Login Page: the advertising is placed as the background while consumers open the Yahoo! email login page.
- f. Custom Messenger Insider Takeover: when consumers who using Yahoo! Messenger first sign in, Yahoo! will show a dedicated page to make the users easier to check e-mail, news, and playing Yahoo! games online. At the right side of the page, usually there are a specific space for the online advertising (display and search), when the page is opened, the display ad will expand for several seconds and back to static banner.
- g. Custom page tear: in specific page, there will be a custom page tear (usually in the up-right of the page) and the consumers could 'tear' the current page to show what ad that placed. This ad integrating the consumer experience and involvement.

- h. Custom NT1 Magazine Home Page Takeovers: this advertising is placed on the top of the current page and after a few second or after the consumers roll the mouse over the ad, it will expanded and pushed down the current content and the ad looks like the online magazine, which the consumers could turn the page to the next one.
- i. Wallpaper: the advertising is placed in the left side and the right side of the page, therefore it will create an awareness when the customers open the Yahoo!'s pages