Full Length Research Paper

Advertiser perception of the internet as a marketing communication vehicle: Case study

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For most established businesses, the web's main role is either to reduce costs or to add value for existing customers, but it also has a potential role in customer acquisition and in the case of a web startup. It is a critical role. The aim of this research is to find out how the internet is impacting advertising. The study was carried out through a questionnaire of the top executives of 200 firms in the services sectors in Abu Dhabi, UAE (Banking and Insurance industries). It examined their attitudes about the effect of advertising through the internet. Research findings concluded that the scope of the internet usage in advertising is affected by managements' perceptions of the effectiveness of their websites as a marketing tool. Result indicates that negative attitudes towards advertising through the internet are associated with the banking and insurance businesses, which are the largest two sectors in the services industry. These findings suggest that managers believe there are no economic benefits for advertising through the internet. Based upon the sample size the researcher believes that the findings may prevail in other service industries in Abu Dhabi in particular and the UAE in general.

Key words: Advertising, internet, business, services, marketing, management, UAE.

INTRODUCTION

Exposure to the internet provides a means for exploration of different ideas, cultures and opinions at just a few mouse-clicks away. This exposure to more of the world is reflected by the open-mindedness of the users, as well as their feelings on social issues and resulting active participation in civic duty. Knowledge also means that users may have higher expectation for things because they know what the possibilities are. These values may be reflected in individuals who demand more out of the organizations they support and work for, so that actions match their own value systems (Abram and Luther, 2004).

The speed of development of electronic marketing has been fast by all standards. Such development has a far reaching impact on how business is conducted and perceived. In fact, the speed of development has accelerated the debate on the usefulness and its profound influence on organizations and management. Business and financial markets are recovering from earlier over exuberance about the Internet. Ang and Buttle (2006) recognized that the fundamentals of business have not changed, that most pure-play dotcom business models were widely overoptimistic, especially in business-to-consumer (B2C) markets and that the future role of the internet in marketing will be largely as a part of an integrated combination of “bricks and clicks”.

The internet remains the most wide-ranging and significant area of current development in advertising. The internet allows faster, cheaper and more personalized advertising than any previous medium. McAlister (2005) suggested that advertising by the internet, can dramatically reduce customer search costs and even support purchase decisions made on behalf of the customer by intelligent software agents. Therefore, it allows seamless communication over any distance, local or global increasingly. A firm's knowledge of the internet, including perceptions of opportunities and problems is acquired to a large extent through the experience of engaging in various forms on Internet enabled-commerce (Daniel and Grimshaw, 2002). These capabilities have the potential in principle to transform many aspects of marketing: segmentation and targeting, pricing, customer service and customer relationship management, marketing communication, promotion, channels and value chain. Local advertising costs, as a barrier to entry, will be significantly reduced as the internet makes it possible to reach a local audience more cheaply (Hamid and George, 2005).

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This new way of thinking has raised several importance issues that need further research. The main issue is the lack of meaningful research in our understanding of how managers’ perceptions of the benefits and disadvantages of the internet translate into marketing decisions that may or may not involve an internet presence (Lanz, 2002).

The internet impacts marketing strategy, channel management, marketing communications, customer service and business-to-business marketing. Also, permits the instant establishment of vital branches locally or even throughout the world and allows these firms to improve their images even abroad, (Hamid and George, 2005).

This research focuses on the usage of the internet as an instrument which is available for services institutions to expand their operations in the local market. While several studies have already addressed the importance of the internet in services firms, however, to the researcher's knowledge, such effort is not recognized that the use of the internet for local or even global business enables them to enhance themselves in the marketplace.

The aim of this research is to assess the attitude of commercial firms in the services sector (Banking and insurance) in the UAE towards the usage of internet advertising. This study therefore, provides an important rati-fication of literature as well as extending the validity of its conclusions to include other states in the UAE, or even the Gulf Region and is intended to be representative of the entire emirates.

The researcher expects its impact to increase steadily over the next decade, as the technology improves, its availability and usage continue to grow and businesses learn better how to use it within their wide advertising strategy.

However, the paper deals with empirical research than with theory. The subsequent analysis attempts to address the above research questions.

The role of advertising online

It is certainly exciting to be at the forefront of a new technology. Just as the television in the 1950’s and after, dramatically changed society, the internet is changing society and market operations profoundly for many years to come. The internet is the fastest growing medium in history, considering, for example, the growth rate of radio and television. The use of the internet as advertising channel depends both on the growth in general internet penetration and usage and on how the internet then influences the adoption and diffusion of other products and services, (Adam (2002). In both these contexts, there is the usual caveat that one must be careful not to assume that the predictors of early adoption will also hold for later adoption. The researcher draws on the adoption and diffusion literature to propose how the internet will de-velop and found among early adopters for these firms in the sample, the primary reason for using the web was for entertainment rather than advertising. To determine if there were differences between internet users and non-users between these two groups in their attitudes towards technology, ownership of different technologies and infor-mation versus entertainment needs, the researcher found that compared to non-users as they are the majority, internet users were more interested in technology in general and the benefits it provided, especially if they thought it would save them effort of time, (Mittal et al., 2008). They were also more likely to think that technology was both important and fun. Internet users were primarily motivated by communication/information needs but this did not appear to be because they felt time-pressed com-pared to non-users. A tentative implication of these findings is that the internet may need to become more entertainment-oriented in order to attract a broader active user base.

Internet advertising and marketing will provide the reve- nues necessary to keep the Internet “free” and accessible to anyone with a computer and modem. As of the writing of this paper, the internet as a commercial medium has only been in existence for 3 years. In three short years, however, marketers have turned the internet into an entertaining and fun marketplace, (Cheng et al., 2003). Emmanouilides and Hammond (2000) identified the unique many-to-many property of computer-mediated envi-ronments such as the web. They suggested that market-ing activities will be difficult to implement in their tradition-al form and predicted the evolution of a marketing para-digm compatible with the increased role of the consumer and of interactive technologies. In other words the colla-borative potential of information technology and the internet might react to business as a game with customers rather than a game against competitors.

The demographic profile of the average surfer is mar-keter’s dream. Although the demographic profile changes a little each day to look more and more like the average person in the United States, currently the average surfer is male (59%), in his mid 30’s, educated, a business ma-nager or executive and has a relatively high income. The scales seem to be tipping more evenly between the genders as time elapses. Eventually, it is believed, that the average Internet user will look much like the average television viewer (Lehmann, 2005). Table 1, summarizes the internet indications published by the United Nations /international telecommunication union for the year 2007. The demographic profile of the average user is changing as more people come online. Consequently, usage patterns are likely to change somewhat. Currently, users are often going to the internet for research, education, entertainment and news.

A discussion of the average internet user would not be complete without briefly addressing the geographic loca-tion of the internet users. It is difficult to obtain an exact geographic profile on the average internet users because they can access the internet from anywhere in the world. Users are primarily located throughout the United States. However, it is relevant to discuss the geographic location...
Table 1. World internet usage and population statistics.

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>933,448,292</td>
<td>14.2</td>
<td>33,334,800</td>
<td>3.6</td>
<td>3.0</td>
<td>638.4</td>
</tr>
<tr>
<td>Asia</td>
<td>3,712,527,624</td>
<td>56.5</td>
<td>398,709,065</td>
<td>10.7</td>
<td>35.8</td>
<td>48.8</td>
</tr>
<tr>
<td>Europe</td>
<td>809,624,686</td>
<td>12.3</td>
<td>314,792,225</td>
<td>38.9</td>
<td>28.3</td>
<td>199.5</td>
</tr>
<tr>
<td>Middle East</td>
<td>193,452,727</td>
<td>2.9</td>
<td>19,424,700</td>
<td>10.0</td>
<td>1.7</td>
<td>491.4</td>
</tr>
<tr>
<td>North America</td>
<td>334,538,018</td>
<td>5.1</td>
<td>233,188,086</td>
<td>69.7</td>
<td>20.9</td>
<td>115.7</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>556,606,627</td>
<td>8.5</td>
<td>96,386,009</td>
<td>17.3</td>
<td>8.7</td>
<td>433.4</td>
</tr>
<tr>
<td>Oceania/Australia</td>
<td>34,468,443</td>
<td>0.5</td>
<td>18,439,541</td>
<td>53.5</td>
<td>1.7</td>
<td>142.0</td>
</tr>
<tr>
<td>World Total</td>
<td>6,574,666,417</td>
<td>100.0</td>
<td>1,114,274,426</td>
<td>16.9</td>
<td>100.0</td>
<td>208.7</td>
</tr>
</tbody>
</table>


Table 2. The emerging 20 nations.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>34,672,997</td>
</tr>
<tr>
<td>Brazil</td>
<td>162,661,214</td>
</tr>
<tr>
<td>Chile</td>
<td>14,333,258</td>
</tr>
<tr>
<td>China</td>
<td>1,210,004,956</td>
</tr>
<tr>
<td>Columbia</td>
<td>36,813,161</td>
</tr>
<tr>
<td>Greece</td>
<td>10,538,594</td>
</tr>
<tr>
<td>India</td>
<td>952,107,694</td>
</tr>
<tr>
<td>Indonesia</td>
<td>206,611,600</td>
</tr>
<tr>
<td>Malaysia</td>
<td>19,962,893</td>
</tr>
<tr>
<td>Mexico</td>
<td>95,772,462</td>
</tr>
<tr>
<td>Pakistan</td>
<td>192,275,660</td>
</tr>
<tr>
<td>Peru</td>
<td>24,523,408</td>
</tr>
<tr>
<td>Philippines</td>
<td>74,480,848</td>
</tr>
<tr>
<td>Poland</td>
<td>38,642,565</td>
</tr>
<tr>
<td>Russia</td>
<td>148,178,487</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>19,409,058</td>
</tr>
</tbody>
</table>

Source: Inter@active week, 2005.

There is an opportunity not only in the United States for the internet advertising industry but as more countries hook to the internet, the opportunities will increase abroad as well. Table 2 shows the "emerging 20 nations" as identified by (Inter@active week).

Selnes and James (2003) argued that the internet will prove to be a challenging advertising medium. Because the internet is growing quickly, advertisers must try to standardize and adapt all internet advertising communications to fit a global need. Although growth and users are primarily focused on the United States today, preparation must be taken for the users who are coming online tomorrow and the day after. These new users will most likely not be current demographic average users but will be users with differing education, age, income and ethnicity backgrounds.

The online advertising industry

The exposure to the different forms of visual and interactive media in particular poses a different type of challenge to the firm that is different from processes required for reading, or watching television. Barwise (2002) concluded that like most industries, the advertising industry is large and established with market leaders and recognizable corporate names. Since advertising started on the internet in 1994, advertising agencies have had to answer client questions regarding online advertising and web site development. Christensen and Tedlow (2000) explored that in this new segment of the industry, advertising agencies have had to quickly become experts in a field where researchers and academics have not yet established all of the rules and strategies; an industry where standards of practice have not been agreed upon; where outcomes are still being debated. This is a day in the life of advertising on the internet (Fader and Hardie, 2001).

Because the industry evolved so quickly, there was a barrage of new entries into this undeveloped field. Many entrepreneurs with web site development skills took advantage of corporations’ need to be the first with an...
internet presence. Economists and marketers have long agreed that the first entries into an undeveloped industry typically have a competitive advantage over later entries (Hammond, 2001).

As advertising agencies and marketing research companies assess the value of using the internet in marketing activities as a tool, commercial firms will find more innovations which will lead to faster and more cost effective for their future success. The challenge lies in both firm’s creativity and logistics.

To "catch" a surfer, each company must decide upon the bait. The bait decision comes only after the why, when and how of advertising on the internet has been taken. One must decide why the company needs an internet presence before creating that presence. Companies are jumping on the internet advertising bandwagon too quickly, without first giving thought as to how advertising on the internet fits the rest of the marketing strategy. Internet advertising should begin only after consideration of how the web site will fit into the corporate marketing strategy, (Hornby et al., 2002) (Figure 1).

The web seems to be developing into an effective branding tool as well as a direct marketing tool. Those companies whose marketing objectives and strategies center around building brand awareness and consumer loyalty are taking advantage of the internet’s ability to reach narrow targeted audiences. Those companies’ whose marketing objectives and strategies center on educating the customer of products and product use are taking advantage of the internet’s value as a giant catalogue. The key to using the internet as an effective tool lays in developing ads and web sites that center on the company’s current marketing goals (Van and Bekker, 2003). When developing a web site, the company must keep 3 crucial objectives in mind: Attract, retain and repeat (Figure 2).

The web site must attract visitors, retain them and generate repeat visits. If these 3 objectives are not met, the web site will do little to fulfill the marketing objectives of the company (Bikes and Brynjolfsson, 2000).

One key aspect of the online experience is the time taken for customers to access the information they required. The researcher believes that the potential negative effects of waiting can be neutralized by improving the waiting experience. Customers may feel negative affect as a result of waiting, but this did not necessarily impact on their evaluation of the web material itself as long as the waiting time was signaled and expected.
Lacobucci et al. (2000) found that customer satisfaction was enhanced by quick responses to complaint e-mails. Improving trust and reducing concerns are 2 distinct approaches to managing customer information. The researcher believes that when managing customer information, improving trust is more effective than efforts to reduce concern. Hoffman and Novak (2000) argued that part of customer’s low trust in online activities arises from their perceived lack of control over web businesses’ access to their personal information and the secondary use of this information. The solution they propose is a radical shift towards more cooperative interaction between a business and its customers. Taking a more strategic overview, Wind and Rangaswamy (2001), in a conceptual paper, propose that the next stage in the evolution of mass customization is customerization—‘a buyer company strategy that combines mass customization with customized marketing’. They state that customerization requires the effective integration of marketing, operations, R and D, finance and information, plus a substantial change in the firm’s orientation, processes and organizational architecture.

Customers attitudes towards advertising on the web

The first step to web site success is to attract initial visits to the web site. There are dozens of ways to do this. Those that seem to generate the most traffic are banner advertisements, hyperlinks, search engine registration and tie-in promotions (Figure 3). Banners are the small, usually rectangular shaped blinking ads that attempt to gain user attention.

Hyperlinks are web site addresses listed in other web sites. When clicked upon, hyperlinks take the user directly to the listed web site. A company may pay another company to list its web site address, or it might simply be listed as a complementary service to the customer. For example www.buildingonline.com lists complementary web site addresses of hundreds of manufacturers of building materials; it also sells banner ads (Bellizzi, 2000).

Search engine registration means that the company lists its web site address with a search engine such as Lycos, Yahoo, or Alta Vista. Trifts and Haubl (2000) indicated that, although company registration is free of charge, a company may also purchase key words, words that when typed in during a search will yield the company’s web site information.

It is becoming more common for businesses to use tie-ins as a way of building web site traffic. Most companies today provide web site addresses on television, print and radio advertisements. Many also include web site addresses on the product itself.

Retaining visitors is an even bigger challenge than attracting them. Surfers will move on to the next web site if their entertainment or information needs are not met. Satisfying the entertainment need can be accomplished by providing games, contests and promotional activities. Satisfying the informational need can be accomplished by indexing and cataloging information about the company’s products and service.

Dolan and Moon (2000) explained that once visitors are exposed to the web site and chose to stay a while, the company must draw them back again. The only way to generate report traffic is to give the visitor a reason to come back. Whether entertaining or informing the visitor, the site must be fresh. Continually updating the site by adding news, games, contests, new product uses and

Table 3. The sample.
coupons will generate repeat visits. There is no limit to the creativity a company can use to generate repeat visitors. Some web sites offer interactive chats with television celebrities or product experts.

Travelocity (www.travelocity.com) a national travel agency web site uses 2 approaches to generate repeat visits. Every Wednesday at midnight the "hot deals" page is updated with last minute deals on cruises and airline tickets. Travelocity also has customers pick a departure and destination city and give Travelocity their e-mail address. If the price on a round trip ticket changes by more than $25.00, higher or lower, Travelocity e-mails the respondent with ticket details. Travelocity also facilitates online hassle-free purchases (Dans and Pauwels, 2001).

Once advertising goals have been established, decisions about how to advertise should be made. Although much research needs to be done in the area of the internet web site and advertisement development, the research to date suggests 2 major categories: destination and information web sites.

Destination sites include those web sites that provide entertainment as a form of attracting, retaining and repeat surfer visits. Many companies seek to entertain surfers as a means of exposing them to their brand. These companies spend hundreds of thousands of dollars to keep surfers interested, (Quayle, 2002).

The management of the life savers company used the destination site strategy to capture surfer attention and has won back market share taken away by Ranchers and Werthers. Sales have dropped by 20%. The Life savers web site (www.Candystand.com) helped increase sales by 20% in 1996.

Destination sites are typically used to enhance brand awareness by building consumer interest in the web site. Hence, the goal of a destination site is to get the consumer to use the site on regular basis, destination sites require a commitment to both time and money. Both are needed to continually update and add new features to the web site. Products that lend themselves to the destination site approach include convenience and impulse shopping goods. This approach does not work for products that require a great deal of explanation or are very technical in nature (Adam et al., 2002).

On the other hand, information sites provide information not entertainment, to the consumer in a "catalogue" format. The catalogue value of the internet drew businesses online in the first place. Information web sites offer the customer valuable information about the products and services the business has to offer. Some information web sites look like real catalogues, offering primarily text oriented "down to business" information. Other information web sites offer helpful advice on product use, links to complementary products, and customer support (Harris and Kimberly, 2003).

More and more information sites offer a valuable service to the customer. While they might not have the bells and whistles associated with destination sites, most have integrated graphics and contests as a way to lure customers to the site. The information web site approach is applicable to almost any product and can be easily updated with new products and services (Woonbong et al., 2003).

The home page usually shows whether the company has positioned its web site as a destination site or information site. However, there is some gray area in between. Some sites may be organized as an information site but includes a game, contest, or other entertaining feature. On the other hand, a destination site may include some product information and customer services such as electronic purchasing and locations where to purchase the products (Barwise and Strong, 2002).

Keeping surfers interested enough to return is the only way to maintain a successful web site that meets the marketing and advertising goals of the company.

**RESEARCH METHODOLOGY**

Planning for an internet presence requires more than just purchasing a web site. Planning for an internet means to think about how the internet will fit with firm's current promotional mix. This study aims particularly to answer the following question: Is there any statistical significant benefit by advertising through the Internet in both Banking and Insurance Sector as far as management is concerned?

The study is based on the staff working in the banking and insurance sectors in the city of Abu Dhabi. Employees, who are working in banking and insurance sectors, constitute the sample of this study. The sample is selected based on (200) officials divided according to gender and sector (that is, 50% are male and 50% are female of the total sample). The sample represent (80%) of the sample.

The objectives of this study are to answer the following questions:

1. Is there any statistical significant benefit by advertising through the Internet in both Banking and Insurance Sector as far as management is concerned?
2. What is the level of internet usage by the employees of the two sectors?
3. What is the level of internet usage by the employees of the two sectors?
4. Is there a statistical significant difference between the two sectors in their attitudes towards technology and information versus entertainment

**Table 3**

<table>
<thead>
<tr>
<th>Gender sector</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Insurance</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>200</td>
</tr>
</tbody>
</table>

The researcher compared internet users and non-users to determine if there were differences between these 2 sectors in their attitudes towards technology and information versus entertainment.
The mean for the 2 sectors.

<table>
<thead>
<tr>
<th>The year</th>
<th>X1</th>
<th>X2</th>
<th>X</th>
<th>y1</th>
<th>Y2</th>
<th>y</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2,224</td>
<td>1,666</td>
<td>1,945</td>
<td>1,910</td>
<td>2,363</td>
<td>2,136</td>
</tr>
<tr>
<td>2</td>
<td>2,250</td>
<td>2,250</td>
<td>2,250</td>
<td>2,416</td>
<td>2,302</td>
<td>2,297</td>
</tr>
<tr>
<td>3</td>
<td>2,372</td>
<td>2,440</td>
<td>2,406</td>
<td>2,400</td>
<td>2,758</td>
<td>2,579</td>
</tr>
<tr>
<td>4</td>
<td>2,486</td>
<td>2,511</td>
<td>2,498</td>
<td>2,219</td>
<td>2,375</td>
<td>2,297</td>
</tr>
<tr>
<td>5</td>
<td>2,260</td>
<td>2,185</td>
<td>2,222</td>
<td>2,075</td>
<td>2,220</td>
<td>2,147</td>
</tr>
<tr>
<td>6</td>
<td>2,136</td>
<td>-</td>
<td>2,136</td>
<td>-</td>
<td>2,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Statistical inferences for both sectors.

<table>
<thead>
<tr>
<th>The statistical technique</th>
<th>Banking sector</th>
<th>Insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>The size of the sample</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>The arithmetic mean</td>
<td>2.23</td>
<td>2.13</td>
</tr>
<tr>
<td>The standard deviation</td>
<td>0.31</td>
<td>0.43</td>
</tr>
<tr>
<td>The variance</td>
<td>0.098</td>
<td>0.186</td>
</tr>
</tbody>
</table>

To be sure that the above result is not a temporary phenomenon, the researcher apply the same procedures on another sample which consisted of (60) officials from both sectors and applying the same criteria. The calculation of the means, standard deviation and the variance for this second sample is as follows: (Table 5).

With such result nearly to zero, again the conclusion is that there is no significant effect for advertising through the internet and the H0 hypothesis is correct.

Limitation of the study

The results of this study are due to the conditions of the method used, the sample and the dynamic environment in which business operates. The researcher believes that such findings may be prevailing in other services industries in other emirates of the UAE, as the same environment is prevailing. However this needs further investigation. Yet the study suffers from other limitations and drawbacks, mainly the database is not as robust as one would wish it to be. Data on advertising expenses through the internet are unavailable or missing. Therefore, the results presented in this research should be interpreted in the light of these limitations.

The researcher believes that there are internal factors creating such negative attitudes such as the lack of experience. Such expectations need further studies.

Conclusions

The principle question raised in this paper is what impact does advertising have through the usage of the internet. This study has shed light on the managers' perceptions toward the impact of internet as an instrument for advertising in the services industries. The overriding finding of the study is that the scope of Internet usage as a media is affected by managements' perceptions of the effectiveness of their websites as marketing tools specifically in the context of services industry (that is, Banking and Insurance).

Respondents in this study had a fairly negative attitude towards online advertising and they believe that internet users were more likely to respond to targeted than to non-targeted advertising.

In both sectors, many managers in the sample emphasized that web sites can be effective marketing tools in today's highly competitive marketplace, therefore, managements' commitments and perceived benefits are the most crucial issues, thereby implying faster and cheaper
to world markets. The researcher regards such perception as a healthy attitude and their firms should enhance it as an investment. While it has been known that the greater the degree of interactivity the more popular the website, for the firms in the sample, interactivity does not always enhance advertising effectiveness as it can interrupt the process of persuasion, especially when advertising are targeted.

The researcher’s recommendation in this context is that firms should develop and evaluate a web-based methodology for evaluating the effectiveness of promotional websites, such as studying business-to-business advertising through mentioning or stimulating the website in print advertising and if successfully increasing site traffic significantly. Overall, in the UAE, as a developing country, internet advertising is still a growth area within marketing communications, despite the justifiable reaction against earlier overoptimistic expectations. Marketers are still learning how to use it in terms of marketing strategy, creative execution and evaluation.

The researcher’s point of view is that the future challenge would not only be to understand how each medium and format works, but also how they integrate together.

REFERENCES


