

The Impact of Online Advertising on the Purchase Decision

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Abstract

The dynamic of the online environment, consumer behavior and marketing practices that came along with the globalization, have created a complex landscape which underlines the importance of adapting marketing approach to the specific local market. The aim of the research is to find which of the online advertising methods has a bigger impact on the customers' final purchase decision. The study wants to be an observation for analyzing the effectiveness and impact of online advertising tools on Romanian market consumers. In terms of research design, we opted for the quantitative method, and we applied a survey on 200 respondents. The quantitative analysis indicated important differences in the way online advertising channels affect respondents' buying decisions. The study reveals insights into how consumers interact with online messages and campaigns. The paper wants to be a tool for future researchers in the field of Romanian consumers' preferences and behavior.

Key words: online advertising, digitalization, purchase decision, social media, digital marketing

J.E.L. classification: A10, B23, M3

1. Introduction

The explosion of the online environment, especially during the last two decades, has been challenging for marketing. This environment has given companies many opportunities to reach their audience, collect and analyze data and customize messages and offers.

This study aims to explore the effectiveness of online and offline advertising on the Romanian market, focusing on the factors that influence purchasing decisions in response to either online or offline advertisements. Additionally, this study aims to identify which of the online advertisement channels has a major impact on the consumers' purchase decision, focusing on the top five online advertising channels: Social Media, Google Ads, You Tube, Websites and E-mail marketing. Therefore, this paper is to explore the related factors and the extent to which online channels impact the customer's purchase intention on Romanian market, during September - October 2023.

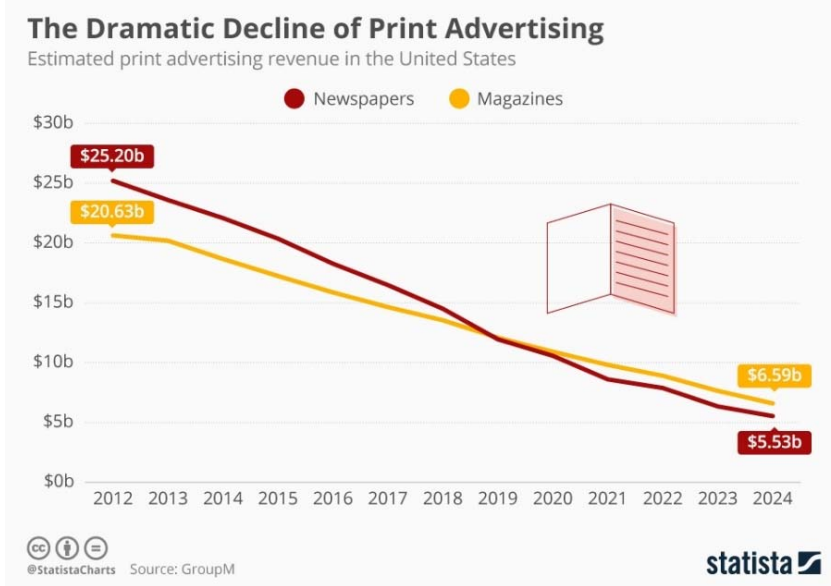
The online presence of a company enables it to communicate more precisely with its customers, as businesses can exert better control over the information they disseminate on the internet. Thanks to the internet, consumers can easily access feedback on the product in real-time.

Statista claims that the last 15 years have been challenging for print publishers all over the world. With the rapid growth of internet and smartphones, the shift towards online news, publicity, advertising and various forms of journalism has outpaced traditional newspapers and magazines. This transformation also led advertisers all over the world to shift their budgets to online platforms, resulting in the closure of numerous print publications (Richter, Statista, 2019).

According to Statista newspapers revenue income in U.S. were expected in 2019 to decline by the end of 2024 to \$5.5 billion from \$25 billion in 2012 and magazines are expected to face the same fate, revenues being expected to drop to \$6.6 billion by 2024, from \$20.6 billion in 2012.

The chart below estimates dramatic decline of print advertising revenue in the United States from 2012 up to 2024, for newspapers and magazines (Richter, Statista, 2019).

Figure no. 1 The print advertising revenue in the United States from 2012 to 2024.



Source: <https://www.statista.com>

2. Literature review

Kotler claims that the online environment has brought a major change in the paradigm of marketing. Instead of exclusivity-based strategies and unidirectional messages, online marketing places particular emphasis on inclusion and interaction (Kotler, 2017, p.7).

In order to better understand the marketing strategy and consumer policy concepts, Robert East et al., suggest we need to understand mechanism behind the decision making process and state that the cognitive model of choice best describes the decision making process when consumers deal with difficult choices. Yet, the above mentioned authors claim that the process of decision making is simplified, even when the decision is hard to make. In order to influence the decision making process of the consumer, the seller must alter the buyer's values and beliefs or to modify the environment of the consumer there where the context controls the behavior. It is obvious that all along the growth of internet that people are able to make better choices, but the extend to which this happens has not yet been determined (East et al., 2022, p.24).

According to Stafford Global Organization, the evolution of digital marketing has completely transformed the marketing landscape, providing all organizations with the opportunity to promote and advertise their brand on a global scale, significantly expanding their potential target audience. This increased digitization of the marketing landscape has also had an impact on how consumers engage with and relate to the various organizations and brands available (Stafford Global, 2022).

According to Mehralian today's digital era, online advertising has become a cornerstone in the marketing strategies used by companies across the globe (Mehralian, 2022).

Chaffey and Ellis-Chadwick define digital marketing as "achieving marketing objectives through applying digital media, data and technology" (Chaffey, Ellis-Chadwick, 2022). The authors refer to digital marketing as a way to apply digital media, data and technology combined with traditional marketing techniques and communications in order to reach marketing objectives. Digital marketing serves as a method for connecting with potential customers who utilize digital technologies. Its fundamental objective is to draw attention and increase sales for various products and services (Chaffey, Ellis-Chadwick, 2022).

The consumers' behavior in digital era marketing

The increased digitalization of marketing has also influenced how consumers engage and connect with the various organizations and brands they can choose from. When speaking product selection, consumers' choices are significantly influenced by the information they find about the targeted

product during their online research. This emphasizes the vital importance for brands and businesses to build an updated online presence, as it is the primary basis upon which consumers assess them (Stafford Global, 2022).

The virtual environment allows companies to reach global audiences without the geographical limitations of traditional marketing (Ahn et al., 2022).

Digital marketing strategy and the identification of online consumers' needs

The evolution of online technologies, the rising significance of the internet, mobile applications, and social media platforms have transformed the way consumers make purchase decisions and conduct their shopping (Stancu et al., 2023).

Consumers become conscious about their requirements either through marketing efforts or external influences. Comprehending the needs of consumers marks the initial phase of the purchasing process (Shafag, 2021).

In their book on digital marketing, Chaffrey and Chadwick offered a research conducted by GWI in 2020 (GWI is an audience research company founded by Tom Smith in 2009, which provides audience insight to publishers, media agencies and marketers around the world), based on a global panel, showing how much the social networks influence the purchase and found that age a variable which could influence the buyers decision. The GWI research showed that younger generations are more likely to be influenced in their purchase decisions by social media, as compared to older generations:

- Discover brands/product via ads on social media (31 percent of 16–24-year-olds compared to 19 percent of 55–64-year-olds).
- Discover brands/products via recommendations on social media (26 percent compared to 15 per cent).
- Research products online via social networks (50 percent versus 25 percent).
- Lots of likes/good comments would increase chance of purchase (27 percent versus 13 percent).
- A 'buy-button' would increase chance of purchase (14 percent versus 6 percent), (Chaffey, Ellis-Chadwick, 2022, p.14 apud GWI, 2020).

One of the most important trends in marketing in the digital age is the use of data-driven insights. By collecting and analyzing customer information, companies can gain valuable insights into their customers' preferences, behavior and needs. This data can then be used to create more accurate and personalized marketing messages that are more likely to appeal to the target audience. According to a report from McKinsey, companies that base their marketing strategy on data see a 20% increase in customer engagement and a 15-20% increase in return on marketing investment (Đađová, Soviar, 2021).

However, emerging trends calling for an end to data transfer to third parties do not meet consumer needs. Kotler et al. (2010), in his book Marketing 3.0, uses the customer-centric approach, where the balance between mind and body plays a role in decision making.

Creating personalized advertising and increasing efficiency are part of an already fundamental strategic marketing approach, namely STP marketing (Hanlon, 2022). Business Research Methodology defines STP as the segmentation, targeting and positioning marketing model which assists classifying population segments according to their needs and common characteristics, selecting specific segments and developing products and services for this particular segment (Business Research Methodology, online).

According to Brand Equity, the best strategy for a business is not to choose between traditional or digital branding but rather to focus on both of them as an integrated approach in order to maximize their impact. They suggest that businesses should use both digital and traditional advertising aiming different outcomes, such as: digital platforms for targeted marketing and data driven insights in order to reinforce digital branding with traditional advertising with the purpose of gaining customers' credibility and trust (Mehta, Brand Equity, 2023).

3. Research methodology

This research was conducted starting from two current topics that are closely linked: digitalization and online advertising, as digitalization has radically transformed the way companies and consumers interact with advertising.

The aim of the research is to find which of the online advertising methods has a bigger impact on the customers' final purchase decision. The survey was based on quantitative method, and it was applied on 200 respondents. The quantitative analysis indicated important differences in the way online advertising channels affect respondents' buying decisions. The study reveals insights into how consumers interact with online messages and campaigns. The paper wants to be a tool for future researchers in the field of Romanian consumers' preferences and behavior.

The study key questions are the following: What are the significant differences in the effectiveness and impact of online and offline advertising in Romania, from the perspective of consumers? And how can this information contribute to the development of a more effective advertising strategy?

The main objective of the research is to find which of the online advertising methods has a bigger impact on the customers' final purchase decision. The paper wants to be of use for future researchers in the field of Romanian consumers' preferences and behavior. We conceived this study as an observation for analyzing the effectiveness and impact of online advertising tools on Romanian market consumers.

In terms of research design, we opted for the quantitative method. The research method used in this study is the investigation positivist, quantitative method based on an online survey with 200 respondents, using the online survey technique. The researchers opted for this method, as the survey offers the benefit of data collecting in a relatively short and efficient time from many consumers in Romania.

Data was collected through the Google Forms platform, and the participation of the subjects in the questionnaire was voluntary. Before applying the questionnaire, the researcher asked respondents for their consent to answer the questions and to take part in the survey. They were informed that their data were confidential, and all of the participants agreed.

Data analysis was performed with SPSS version 26 software. The respondents were persons who have previously had made online purchases, from different regions in Romania, aged between 18 and 55 years old. The questionnaire was applied to 200 consumers from Romania between the 9th and the 30th of October 2023, and was distributed to consumers on LinkedIn, professional WhatsApp groups and e-mail.

The variables used in the study were: Social media advertising (Facebook, Instagram), Search engine advertising (Google Ads), Video advertising on video platforms (YouTube), Web sites advertising, Email marketing, Newspapers and magazines advertising, Radio advertising, TV advertising, Outdoor advertising (advertising panels, buses, etc.).

This study wants to provide a better way of understanding the consumers' online and offline behavior and a deeper understanding of the efficiency when it comes to choosing the proper advertising instruments. Besides that, the study wants to be of use for future researches in the field of Romanian consumers' preferences and behavior.

4. Findings

The quantitative analysis indicated important differences in the way online advertising channels affect respondents' buying decisions. The study reveals insights into how consumers interact with online messages and campaigns.

The results suggest that in this sample, the online advertising, mainly the advertising on social networks, has a significant influence on purchase decisions, while offline advertising, such as newspapers and magazines advertising, has a lower influence. TV advertising also has a significant influence, but lower than online advertising. It is important to mention that these results can vary according to the audience and other demographic and behavioral factors.

We may summarize as it follows:

- Online advertising channels have a major impact on the respondents' purchase decisions as compared to offline advertising.

- Some of the analyzed online advertising channels have a higher impact on buying decisions than others: social media advertising has the highest impact as compared to e-mail marketing which has the lowest impact, as detailed in the table no.1 .
- The quantitative study indicated differences in the way online advertising channels affect respondents' buying decisions, as detailed in the table no. 1, 3 and 4.
- This study investigated the effectiveness of online and offline advertising on the Romanian market, focusing on the factors that influence purchasing decisions in response to either online or offline advertisements. Additionally, this study identified which of the online advertisement channels had a major impact on the consumers` purchase decision, focusing on the top five online advertising channels: Social Media, Google Ads, You Tube, Websites and E-mail marketing.

Table no. 1 Descriptive Statistics

	Mean	Std. Deviation	Analysis N
4. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Social media advertising (for example: Facebook, Instagram)	3.87	1.245	200
Search engine advertising (for example: Google Ads)	2.90	1.367	200
Video advertising on video platforms (for example, YouTube)	2.52	1.295	200
Web sites advertising	2.70	1.323	200
Email marketing	2.18	1.355	200
5. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Newspapers and magazines advertising	1.69	1.109	200
Radio advertising	2.05	1.164	200
TV advertising	2.92	1.295	200
Outdoor advertising (advertising panels, buses, etc.)	2.36	1.319	200

Source: Processing in SPSS program

For *online advertising channels* we obtained the following results:

Social media advertising (Facebook, Instagram) has an average of 3.87 on a scale from 1 to 5, with standard deviation of 1.245. This fact suggests that this advertising had, in average, a significant influence on the respondents` purchase decisions.

Search engines advertising (Google Ads) has a smaller average, of 2.90, with a standard deviation higher than 1.367. Despite that, it still situates itself around the average value (3) on a scale from 1 to 5, indicating a moderate influence.

Video advertising in video platforms (YouTube) has an average of 2.52, with standard deviation of 1.295. This suggests that the influence of this advertising is lower as compared to socializing networks and search engines advertising.

Web sites advertising have an average of 2.70 and a standard deviation of 1.323, indicating a moderate influence, close to average value.

Email marketing has the lowest average of all online advertising channels, with 2.18 and a standard deviation of 1.355, indicating a relatively lower influence.

For *offline advertising channels* we obtained the following results:

Newspapers and magazines advertising has the lowest average of 1.69 and the lowest standard deviation of 1.109, which suggests that the influence of this channel is lower amongst the respondents.

Radio advertising has an average of 2.05 and a standard deviation of 1.164, indicating a higher influence as compared to newspapers and magazines, but still relatively low.

TV advertising has the higher average from the offline advertising channels with 2.92, and a standard deviation of 1.295, indicating a significant influence on the purchase decision.

Outdoor advertising (billboards, buses, etc..) has an average of 2.36 and a standard deviation of 1.319, indicating a moderate influence.

Table no. 2 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.770
Bartlett's Test of Sphericity	Approx. Chi-Square	330.090
	df	36
	Sig.	.000

Source: Processing in SPSS program

We observe that KMO has a value of 0.770 which indicates that our data have an acceptable adequacy in order to be submitted to factorial analysis. In other words, there is a significant correlation between our variables.

The Bartlett's test results indicate the fact that Chi-Square is 330.090, with 36 margins of freedom allowed and a significance value (Sig.) of 0.000. The low significance value is zero, which suggests that the null hypothesis is rejected.

The table below exposes the Extraction Method: Principal Component Analysis with 2 components extracted.

Table no. 3 Component Matrix

	Component	
	1	2
Radio advertising	.720	-.379
TV advertising	.678	
Video advertising on video platforms (for example, YouTube)	.642	.405
Outdoor advertising (advertising panels, buses, etc.)	.623	-.391
Web sites advertising	.618	
5. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Newspapers and magazines advertising	.559	-.328
Email marketing	.519	
4. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Social networks advertising (for example: Facebook, Instagram)		.663
Search engines advertising (for example: Google Ads)	.380	.552

Source: Processing in SPSS program

The first component is strongly associated with all the above-mentioned advertising forms, indicating that they similarly contributed to a general dimension regarding the advertising impact. All the values are positive and high enough (above .5), which suggests a strong association.

The second component presents mixed values. Radio advertising, outdoor advertising and newspapers and magazines advertising have negative values, while video advertising on platforms and search engines advertising have positive values. This can indicate a differentiation between the types of advertising - for example, it may reflect the difference between the advertising which is perceived as being more intrusive (the first three of them) and the advertising perceived as being more oriented and possibly more efficient (the last two of them).

The values for TV advertising, Web sites advertising and e-mail marketing appear under the component 1, which suggests that these advertising forms are not so different, so they do not form a distinct component in this analysis, or the fact that they are unidimensional in their impact.

Social media advertising is strongly associated only to the second component, which suggests that they can have a unique characteristic or a different effect compared to other advertising forms that have been measured.

The table below shows the Rotation Method: Varimax with Kaiser Normalization. Extraction Method used was the Principal Component Analysis.

Table no. 4 Rotated Component Matrix

	Component	
	1	2
Radio advertising	.811	
Outdoor advertising (advertising panels, buses, etc.)	.736	
TV advertising	.667	
5. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Newspapers and magazines advertising	.648	
Email marketing	.396	.346
Video advertising on video platforms (for example, YouTube)	.325	.686
Search engine advertising (for example: Google Ads)		.669
4. On a scale from 1 (lowest) to 5 (higher), which one of the following advertising channels determined you to make a purchase? Social media advertising (for example: Facebook, Instagram)		.666
Web sites advertising	.368	.575

Source: Processing in SPSS program

Component 1 is strongly loaded by radio advertising, outdoor advertising (advertising panels, buses etc.), TV, newspapers and magazines advertising. This suggests that this component can represent the impact of traditional or offline advertising forms. High values (above .6) suggest that these variables are well represented by the component 1 and they can be considered as a mutual dimension of traditional/offline advertising.

Component 2 is strongly dominated by video advertising on online platforms (such as YouTube), search engines advertising (such as Google Ads) and web sites advertising. This suggests that this component reflects digital/online advertising. E-mail marketing and social networks advertising have modest loads on each component, suggesting that they may have mutual characteristics both with traditional and online advertising.

On mixed loads, e-mail marketing and web sites advertising indicate loads on both components, although they are weak. This indicated that this kind of advertising can be interpreted as having an intermediary effect, or less distinct effect as compared to other advertising methods.

5. Conclusions

The results of this study can serve as a basis for developing more effective online advertising strategies, targeting channels that have a more significant impact on the target audience. The study indicates that respondents were influenced to varying degrees by online advertising channels in their purchase decision making process.

The study provides information for companies in Romania about the preferences and consumers' behavior and about the way customers respond to online campaigns and messages.

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