

# A Content Analysis of Value-Based Advertising on the Internet: An Empirical Investigation

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**ABSTRACT.** The internet has attracted companies in different industries to market products and services. According to the U.S. Census Bureau (U.S. Department of Commerce, 2003), the volume of business-to-consumer (B2C) electronic commerce was 71 billion dollars, approximately 6.6% of total internet sales. The greatest growth has been seen in business-to-business (B2B) e-commerce with the remaining 93.4% of sales. The success of companies in B2C and B2B on the internet has been the quality of their website and advertising; however, researchers suggest that value-based advertising is the key concept behind it. Hence, the purpose of this study is to analyze the contents of various websites to determine whether, and to what extent, they implement value-based advertising strategies for high and low involvement products. The results

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Journal of Website Promotion, Vol. 1(3) 2005  
Available online at <http://www.haworthpress.com/web/JWP>  
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doi:10.1300/J238v01n03\_05

showed that most websites reviewed seem to comply with expected value-based advertising strategies. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2005 by The Haworth Press, Inc. All rights reserved.]

**KEYWORDS.** Advertising, internet, involvement, values

### **INTRODUCTION**

Since 1996, the World Wide Web has captured significant public attention. Exponential growth in internet hosts and personal computer adoption has led to dramatic increases in online activity. There are 88 million internet users in the United States. This number is expected to reach 143 million by 2005 (Gilbert, 2001). Millions of people are online for various reasons such as sending email (52%), reading news (22%), surfing on the web for fun (21%), buying products (4%), participating in auctions (3%), and finding friends (2%) (Internet Advertising, 2001). While global usage reached 34%, online purchasers still remain at the 2001 figure of 15% ([www.nua.com/surveys/](http://www.nua.com/surveys/)). However, a study by Jupiter Research estimates that online retail buying will reach 34% of all U.S. retail sales by 2007 ([www.nua.com/surveys/](http://www.nua.com/surveys/)). A shop.org annual retailing study expects total online sales to reach 6.6% of total retail sales by 2005 ([www.clickz.com/stats/markets/retailing/article.php/3361411](http://www.clickz.com/stats/markets/retailing/article.php/3361411)).

Moreover, advertising on the internet has created opportunities for businesses to develop new services and products (Hanson, 1999) resulting in worldwide e-commerce revenues expected to total \$2.7 trillion ([www.nua.com/surveys/](http://www.nua.com/surveys/)). According to the U.S. Census Bureau (U.S. Department of Commerce, 2003), business-to-business e-commerce (B2B) has exploded with 96.4% of total sales in 2001. By the end of 2004, B2B revenues in the U.S. are expected to be \$1.01 trillion ([www.nua.com/surveys/](http://www.nua.com/surveys/)). The remainder was business-to-consumer e-commerce purchases. Info Com Research, Inc. (2002) noted that the top motivation for purchasing online was price and that Windham and Orton (2000) noted that consumer perceived that products were cheaper online than in brick-and-mortar stores.

However, Krantz (1998) found that lack of product assortments, inability to see the product, necessity to reveal personal information, fear of money getting lost, as well as company reputation and poorly

designed sites were key reasons for not buying via the internet. Researchers report that value-based advertising is the key to successful e-commerce, hence, the purpose of this paper was to review the nature of value-based advertising as it applies to the internet. Value-based advertising is advertising that is planned strategically to fulfill customer needs and expectations. It is reflected in the quality of the website and its content and the level of consumer involvement with the product (Ducoffe, 1996). Value-based advertising is designed to meet the needs of consumers and to aid in making decisions as to whether or not to make a purchase regardless of the level of involvement with the product or service.

### ***LITERATURE REVIEW***

Berthon, Pitt, and Watson (1996) and Lamb, Hair and McDaniel (1996) suggest that marketers need to understand the true nature of this medium to enhance the effectiveness of internet advertising. They add that “value” is a factor that plays an important role in the overall effectiveness of the websites. Moreover, value relates directly to the quality of the data provided on the site.

Barker and Groenne (1996) investigated the type of value strategies being used on the internet and concluded that value in internet advertising is provided in three ways: information, entertainment and purchase facilitation. The authors argue further that the level of browser/customer involvement should be taken into consideration when selecting the type of value strategies to implement. These findings are also concurrent with those of Rossiter, Percy, and Donovan (1991).

#### ***Value-Based Content in Advertising***

Researchers studying the content of advertising in traditional media have developed effective value strategies as a result. Aaker and Norris (1982) state that an advertising message can be either image/emotional/feeling or informational/rational/cognitive. Howard (1989) further indicates that examining high versus low involvement situations is the basic criteria before selecting an advertising strategy.

However, Ducoffe (1996) points out the importance of value based ads in traditional media and defines an advertising message as an exchange of communication and value between a company and potential consumers. Ducoffe further states that “. . . from a consumer point of

view, a satisfactory exchange is proposed as one in which the value of the advertising is considered to meet or exceed expectations. Advertising value is an overall representation of the worth of advertising to the consumer” (Ducoffe, 1996, p. 22). In testing this, Stayman, Aaker, and Bruzzone (1989) revealed that 47% of viewers watch an ad for its information content and 45.6% watch it for its entertainment value. Ducoffe (1996) affirms that from the consumers’ perspective, the ability to supply information is the primary reason for watching advertising.

Howard (1989) explored the role of advertising content and argued that the more pleasure, arousal and dominance in advertising content, the more effective the advertising. Results (Howard, 1989) indicated that entertainment is also an effective content of television commercials. He went further to argue that emotional content is crucial for entertainment in the ads.

Ducoffe (1996) found that the value of entertainment lies in its ability to fulfill the emotional needs of the audience. Altheide and Snow (1979) stated that entertainment calls forth behaviors based on emotion. However, emotional content of an advertisement may not be perceived directly. Various tools may be applied to enhance the emotional content including humor, animation, celebrity endorsements, psychological appeals (comfort, safety, etc.) music, and semiotics (signs and symbols).

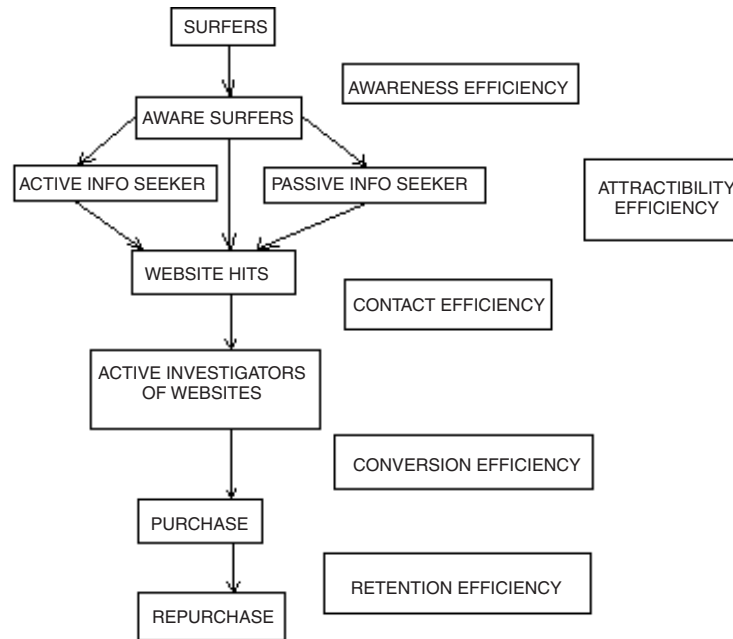
In their research, Steward and Furse (1984) found that information and entertainment are essential content for value-based advertising. If value is provided to the consumer, it is more likely to stimulate purchase interest in traditional media.

### *Importance of Providing Value in a Website*

Barker and Gronne (1996) state that while the traditional media approach to advertising in mass media focuses primarily on capturing attention, the implications of communicating with active media users on the web should not be underestimated. If a site is to receive valuable, lasting positive impression with the customer in the interactive context of the web, it needs to provide value in return for the time the customer spends visiting the site.

Berthon et al. (1996) assert that capturing the attention of web users briefly on the internet is inadequate. The ad must retain and reward their attention in order to get the right exposure. The authors introduce a conceptual framework in a six-stage conversion process (Figure 1) to point out the importance of value on the internet. According to this model, value plays a crucial role in the efficiency of the contact stage. Contact

FIGURE 1. Model of Conversion Process on the Web



efficiency measures the conversion of website “hits” into “visits.” A visit compared to a “hit” implies greater interaction between the surfer and the webpage. The structure of the model implies that the conversion rate of “hits” into “visits” may convert “visits” into purchases of the product. Consequently, from a marketing perspective, the conversion of “hits” into “visits” needs to be as high as possible.

### *Value-Based Advertising Strategies on the Web*

After analyzing selected value strategies in traditional media, Ducoffe (1996) empirically tested the consistency of these strategies on the internet. Findings concluded that information and entertainment are basic value-strategies used on the internet in the same manner as television.

Barker and Groenne (1996) extended Ducoffe’s (1996) research and found that, in addition to information and entertainment, purchase facilitation is another value-based strategy on the internet. However, research indicates that buyer involvement must be considered before developing value strategies for this medium.

In summary, research findings indicate that the internet has some similarities to traditional media in creating value-based advertising. Specifically, information and entertainment content are effective in internet advertising as well as with traditional media. However, because of internet's ability to provide instant transactions and shipping, the purchase facilitation strategy can be developed to add additional value to the site. Furthermore, evaluation of buyer involvement prior to developing value-based strategies is just as important on the internet and points to the type of strategy to be employed.

### **METHODOLOGY**

To assess the level of value-based advertising on the internet, content analysis was performed on 120 major websites. These sites were selected for products pre-determined as being high or low involvement products from the pilot study. For each website, information, entertainment and purchase facilitation variables were systematically examined and measured as dichotomous data for the content analysis.

Before beginning the analysis, websites were classified in two categories: high involvement and low involvement and then analyzed for content. The examination focused on measuring the information, entertainment and purchase-facilitation cues of these sites.

Coding accuracy was verified by having a second researcher review a sample of the websites utilizing the same form. A reliability coefficient of 0.92 was achieved on these independent evaluations. Data regarding the percentage of content of the websites was measured using the following formula: *Content Percentages = Number of "Yes" Items/Number of Attributes in Each Category*.

High involvement products included: automobiles, homes, and jewelry. Low involvement products included: food, beverages, flowers, and books. Based on the literature reviewed the following hypotheses were tested:

- H1.* Websites of high involvement products are more likely to include more information content than websites of low involvement products.
- H2.* Websites of low involvement products are more likely to incorporate more entertainment content than websites of high involvement products.

- H3.* Websites of low involvement products are likely to include more purchase facilitation content than websites of high involvement products.

### **RESULTS AND DISCUSSION**

One hundred twenty websites were divided equally according to high and low involvement product categories. Table 1 represents the analysis for information, entertainment and purchase facilitation content for both high and low involvement product websites.

The findings indicate that high involvement product websites provide a greater amount of product information to the prospective visitors (75.75%) than low involvement websites (42.48%). This may be due to the fact that advertisers understand that consumers use the internet to gather all available information but would not necessarily consummate the purchase on the internet. Moreover, purchase facilitation information for high-involvement products is low at 39.41% followed by 27.92% for entertainment content.

In contrast, the websites for low involvement products included significant entertainment content (63.07%). Entertainment content for low involvement product sites was higher compared to high involvement sites, indicating that the entertainment was an essential part of the advertising to attract visitors and hold their attention. Purchase facilitation content for low involvement products was 50.50%, relatively higher than for high involvement product websites. This difference can be attributed to the higher feasibility of selling low involvement products on the internet.

TABLE 1. Summary of Findings for High and Low Involvement Websites

<i>Type of Content</i>	<i>Product Category</i>	
	High Involvement	Low Involvement
<i>Information</i>	75.75	42.48
<i>Entertainment</i>	27.92	63.07
<i>Purchase Facilitation</i>	39.41	50.50

The weakest content for low involvement sites was “information.” Only 42.48% of product information percentage was found on these sites. This finding supports the literature suggesting that a greater depth of information search for high involvement products is necessary versus low involvement products. Prospective buyers of high involvement products are often more likely to use more evaluative criteria in their purchase decision than for low involvement products and advertisers are aware of those needs.

Regarding high involvement products, findings show that automobile sites are the most product information-providing websites (82.75%) followed by house and jewelry sites (Table 2). Because these are major purchases, usually involving thousands of dollars, consumers demand as much information as possible to make certain that the product will meet their needs. Entertainment played a lesser role for automobile and jewelry sites, but ranked relatively higher for house websites. However, jewelry sites ranked the highest on purchase facilitation content for the high involvement category, probably because in most cases consumers want to make a purchase and have immediate delivery once the decision is made.

Purchase facilitation content ranked significantly lower for houses and automobiles sites. This may be due to the fact that consumers may demand to have visual contact before making purchase decisions. Moreover, much more is involved in purchasing a home or car, such as a credit history, financing, and negotiation between the buyer and seller.

These findings of the study support the first hypothesis that high involvement product websites are more likely to emphasize information content to implement value-based advertising strategies.

TABLE 2. Summary of Findings for High Involvement Product Websites

<i>Product Type</i>	<i>Sites Content in Percentages</i>		
	<i>Information</i>	<i>Entertainment</i>	<i>Purchase Facilitation</i>
Automobile	82.75	16.15	28.82
House	74.5	42.62	30.58
Jewelry	70.0	24.95	58.82
Overall	75.75	27.92	39.41

Table 3 represents the analysis of the low involvement product category that included beverages, flowers, and books. In this category, book sites were found to be the most informative (60.45%) followed by flower and beverage sites. Information content was not apparent for beverage sites, perhaps because people do not seek any information in this category. However, beverage sites ranked highest on entertainment content followed by flowers and books. This may be due to the fact that advertisers realize people do not seek any information for beverages and that providing entertainment may be the only way to attract more visitors to these sites.

Purchase facilitation content is relatively high for book and flower sites. This may be due to the higher potential of these products to sell online as explained in literature review. Beverage sites, however, are found to be very weak (18.92%) in having purchase facilitative attributes. Overall, it is clear that low involvement product websites provide a substantial amount of entertainment and purchase facilitative content compared to high involvement ones.

These findings support the second hypothesis that low involvement product websites are more likely to emphasize entertainment content, and the third hypothesis that low involvement websites have higher purchase facilitation content than high involvement websites.

For high involvement products, the study revealed that all sites provided catalogs. Further, the majority of the sites gave consumers the option of customization, particularly automobile sites. The findings showed that information items ranked high in most categories ranging from detailed information about the price, performance, safety features, company information, shipping information, search function, and FAQs

TABLE 3. Summary of Findings for Low Involvement Product Websites

<i>Product Type</i>	<i>Sites Content in Percentages</i>		
	<i>Information</i>	<i>Entertainment</i>	<i>Purchase Facilitation</i>
Beverage	21.50	86.54	18.92
Flower	45.50	57.69	63.47
Books	60.45	44.99	69.12
Overall	42.48	63.07	50.50

for high involvement product sites. Feedback from customers was approximately 43%. Post-purchase information was also apparent for little over half (55%) of the sites analyzed. Information about quality, product composition, and information about security/privacy received the highest priority.

For low involvement sites, the percentages were relatively low compared with high involvement ones. The most significant information items found were the availability of catalogs and security/privacy information followed by information about the price, shipping, product capability, and the company. Customer feedback was one of the lowest information items found on these sites.

For high involvement products, entertainment content was not as prevalent. Findings showed that these sites put more emphasis on quick download time, attractive background, and special icons.

For low involvement products, however, entertainment played a more important role. Most of the entertainment attributes were prevalent for these categories of products and included special icons, downloading capability, semiotics, emotional copy, and an interesting background. In fact, 95% of the sites used special icons on their sites. More than one-third of the sites were found to provide free time activities and contests, sponsoring activities, having graphic demonstrations and music. Approximately one-third (31.7%) of the sites provided free services such as email and so forth. All these entertainment attributes were effective in creating a positive attitude toward a site and stimulating repeat visits. The reason for intense entertainment content can be explained in terms of building brand image and loyalty.

Seventeen distinct items were used to measure the purchase facilitation content of each website. These are items that assist and encourage the internet user in making the decision to buy.

For the high involvement product websites, the most common purchase facilitation attribute was providing contact-addresses (93.3%). The majority (80.0%) of the sites provided a diverse product line and sales promotions. Other purchase facilitation attributes were not as apparent for these types of products.

Fully 60% of the high involvement product sites did not even provide an online buying option. More than 60% of these sites did not give any information or guarantee about satisfaction, fraud prevention and handling shipping problems. Furthermore, more than 90% of these sites were lacking online help for consumer questions. Purchase facilitation factors were more apparent in low involvement product websites than high involvement ones. Providing contact address was the most com-

mon factor (90%), followed by providing fast transactions, different order options and sales promotions. However, some attributes were less apparent than expected. Approximately two-thirds (66.7%) of the sites had “buy-now” option or a shopping cart icon. Guaranteed fraud prevention and satisfaction, and tracking of shipments were apparent on only a few websites studied. All other factors ranked below 50% and were therefore not viewed as being salient to purchase process.

### ***CONCLUSIONS AND IMPLICATIONS***

Although high value in advertisements is essential for all products, some variables are more important when purchasing items categorized as high involvement, compared to low involvement products.

Knowledge of the impact of these variables on the potential consumer are more important when marketing on the internet because the variables have to speak for the product as there is no face-to-face contact between the company and the consumer. It is vital for effective marketing on the internet that advertisements on the web consider those factors that ranked high in the analysis since they can add value to an ad making it effective (value based) and give consumers what they need when conducting an information search or making a buying decision.

The study revealed that the majority of the websites implement value-based advertising strategies on the internet. Specifically, the findings of the content analysis supported the three hypotheses:

1. High involvement websites emphasize information content.
2. Low involvement websites emphasize entertainment content.
3. Purchase facilitation is more prevalent for low involvement site than for high involvement ones.

Although information was a very salient component for high involvement websites, purchase facilitation and entertainment were not readily apparent. Automobile sites were found to be very informative; however, jewelry sites were found to contain more than 50% purchase facilitation content among high involvement products studied.

Entertainment was the most significant content for low involvement sites. These sites were perceived as having very professional type entertaining activities; however, purchase facilitation was not as prevalent as expected. Particularly, for beverage sites most of them did not provide an online “buy-now” option.

Implications for marketers suggest that prior to developing value-based advertising strategies for internet websites that the target market should be evaluated regarding their involvement for the product/service type. Moreover, marketers may consider evaluating purchasing behavior for the product/service category and the role that advertising plays in helping to facilitate purchase behavior. Finally, marketers should also acknowledge their target market's use of the internet for the product/service category to determine the best value-based advertising strategy for the website.

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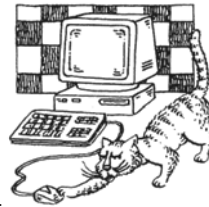
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RECEIVED: October 22, 2003

REVISED: August 2, 2004

ACCEPTED: August 14, 2004

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