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Unleashing the Potential of Digital Influence: The Impact of Online Advertising on Consumer Decision-Making in the Cosmetic Industry

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ABSTRACT:

Online advertising functions as a pivotal tool in fostering brand recognition among the desired audience, facilitating the progression of potential customers through the company's marketing funnel. At the initial stages, it aims to instil brand awareness, often prompting individuals to explore the company's website. Moving further along the funnel, advertisements may offer valuable resources, such as white papers, in exchange for contact information, catering to mid-funnel prospects. Towards the bottom of the funnel, targeted promotions, like discounts on specific products, may be presented to encourage direct purchases. The inherent measurability and traceability of online advertising significantly outshine traditional methods, enabling precise tracking of conversions. While all forms of advertising contribute to brand enhancement, online advertising excels in this realm. Well-crafted digital campaigns possess the potential to propagate brand recognition virally across expansive audiences. Hence this research study underscores the effectiveness of banner and pop-up ads in capturing attention, with creativity playing a pivotal role in persuasion. Regression analysis utilizing SPSS software further validates the substantial impact of online advertising on consumer purchasing behaviour within the cosmetic products domain.

Keywords: online advertising, cosmetic products, internet, meta-ads

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1. Introduction

Advertising permeates every facet of modern life, operating across a plethora of media channels often unnoticed by individuals. Today, it leverages various platforms such as television, print media (newspapers, magazines, and journals), radio, internet, direct sales, billboards, mailers, contests, sponsorships, posters, apparel, events, colors, sounds, visuals, and even celebrity endorsements to convey its message. Online advertising, a key component of this landscape, utilizes the internet to drive website traffic and deliver targeted marketing messages to specific customer segments. This strategy revolves around delineating markets through innovative digital applications.

Internet marketing emerges as a particularly cost-effective avenue for advertising, given its lower overheads compared to traditional brick-and-mortar establishments. The initial expenses of establishing a website and utilizing marketing tools like articles or social media for online presence are minimal. Moreover, businesses can forego expenses related to property rental and maintenance, as there's no need for physical stock display.

The internet also offers an unparalleled platform for nurturing customer relationships and enhancing retention levels. Following a purchase, companies can initiate contact through follow-up emails to confirm transactions and express gratitude. Encouraging customers to provide product reviews fosters a sense of community. Additionally, internet marketing transcends the constraints of traditional store hours, providing consumers with a 24-hour avenue to discover desired products, irrespective of their schedules or lifestyles.

The cosmetic industry stands as a vivid example of how the digital landscape has redefined consumer behaviour and market dynamics (Smith & Telang, 2016). In this era of ubiquitous connectivity, online advertising has emerged as a transformative force, reshaping the way cosmetic brands engage with consumers, influence their preferences, and drive purchase decisions (Evans et al., 2019).

Consumer behavior, a fundamental aspect of marketing, delves into how individuals, groups, or organizations make choices regarding the acquisition, utilization, and disposal of goods and services to fulfill their needs and desires. Understanding the motivations driving consumer actions enables marketers to discern market demands, identify product relevance, and tailor marketing strategies effectively.

As the digital revolution continues to unfold, the cosmetic industry has witnessed a seismic shift in marketing practices, with brands increasingly allocating resources to online advertising platforms (Möller & Piller, 2017). The allure of digital channels lies in their ability to transcend geographical boundaries, reach highly segmented audiences, and deliver personalized experiences at scale (Kim & Johnson, 2016). Through a combination of targeted advertisements, influencer partnerships, and immersive content, cosmetic brands seek to forge deeper connections with consumers, tap into aspirational lifestyles, and cultivate brand loyalty in a fiercely competitive marketplace.

Expanding upon the theme of online advertising, it's essential to recognize its dynamic nature in the digital landscape. With the advent of social media platforms and search engine algorithms, targeted advertising has become increasingly sophisticated. By leveraging user data and behavioral analytics, advertisers can pinpoint their audience with precision, ensuring that marketing messages resonate with the right demographics at the right time. This level of

customization not only enhances the effectiveness of campaigns but also contributes to a more personalized user experience, fostering brand loyalty and customer satisfaction.

At the heart of this transformation is the concept of digital influence, which encompasses a spectrum of factors ranging from social media engagement and user-generated content to data analytics and personalization (Tussyadiah & Pesonen, 2016). By harnessing the power of digital influence, cosmetic brands aim to not only capture consumers' attention but also guide their purchasing journey from awareness to advocacy. However, the efficacy of online advertising strategies hinges on a nuanced understanding of consumer behavior, market trends, and the evolving dynamics of digital platforms.

Furthermore, the rise of mobile technology has revolutionized the way consumers engage with online advertising. With smartphones becoming ubiquitous, advertisers have seized the opportunity to connect with users on-the-go, whether through mobile apps, responsive websites, or location-based targeting. Mobile advertising offers unparalleled accessibility, enabling brands to reach consumers in moments of intent, such as when they're searching for nearby stores or browsing product reviews. As a result, mobile has emerged as a cornerstone of modern marketing strategies, offering a direct line to consumers in an increasingly digitized world.

In parallel with the evolution of online advertising, content marketing has emerged as a powerful tool for brands to engage and educate their audience. Unlike traditional advertising, which often interrupts the consumer experience, content marketing seeks to add value through informative, entertaining, or inspirational content. Whether in the form of blog posts, videos, podcasts, or social media posts, compelling content can captivate audiences, build trust, and drive conversions over time. By focusing on storytelling and delivering relevant, meaningful content, brands can position themselves as thought leaders in their industry, earning the trust and loyalty of their audience.

Moreover, the advent of influencer marketing has transformed the landscape of online advertising, tapping into the power of social proof and peer recommendations. Influencers, with their dedicated followers and authentic voices, have the ability to sway consumer opinions and drive purchasing decisions. By partnering with influencers whose values align with their brand, companies can reach new audiences and cultivate a sense of authenticity and credibility. This humanizes the brand-consumer relationship, fostering genuine connections and driving engagement in a crowded digital marketplace.

Lastly, as technology continues to advance, the future of online advertising holds exciting possibilities. From augmented reality (AR) and virtual reality (VR) experiences to artificial intelligence (AI) and machine learning algorithms, advertisers are exploring innovative ways to captivate audiences and deliver personalized, immersive brand experiences. By embracing emerging technologies and staying ahead of trends, brands can continue to push the boundaries of online advertising, creating meaningful connections with consumers in an ever-evolving digital landscape. Hence an attempt is made in this research study to assess the impact of online advertising on Consumer Buying Behaviour of Cosmetics Products in Bangalore.

Review of Literature

The following section describes the research work of various authors in the area of online marketing and consumer buying behaviour:

Kwang Yeun Chun et al., (2014) According to them, the internet environment has changed the format of internet advertising. One emerging form of online marketing communication is 'contextual advertising', in which marketers strive to develop customised images or texts more relevant to customers based on the content of web pages. This study investigates the effectiveness of internet contextual ads. In particular, they examine the effect of internet contextual ads on brand memory (i.e. recall and recognition) and attitudes towards the advertisement and/or brand using the theory of priming effect. They found that the complexity of banner ads moderates the relationship between a contextual advertisement and its effectiveness, and generates two distinct priming effects (i.e. assimilation and contrast effects). The results demonstrate that the internet contextual advertisement enhances brand recognition and induces favourable attitudes towards the ad. In addition, consumers have higher recall rates and attitudes towards the brand when they are exposed to a less complex contextual advertisement or when they are exposed to a complex, non-contextual advertisement.

Luk, Sherriff, Yip and Leslie (2008): Their study investigates the characteristics of manufacturers' Internet advertising behavior, including the reasons for using Internet advertising, the factors that determine the firm's commitment to Internet advertising projects, and types of information provided in an Internet advertising message. The framework proposed by Resnik and Stern (1977) was modified to analyze the content of 472 product advertisements advertised in the Web sites. The possible impact of the content and enhancement device of Internet advertising upon the attractiveness and effectiveness of online advertisements was investigated. The findings show that Internet advertising can facilitate selling activities, though the impact is not as strong as expected.
Drawing on a synthesis of empirical studies, industry reports, and theoretical frameworks (Lambrecht & Tucker, 2019), we aim to unravel the complexities of digital influence and its implications for marketers, practitioners, and policymakers. Through a systematic analysis of key themes and case studies, we seek to identify best practices, emerging trends, and future directions for leveraging digital advertising to drive brand growth and market success in the dynamic landscape of cosmetics.

Joshua Fogel & Chaim Teichman (2014): They examined variables associated with seeking information from doctors, the Internet, and a combination of both doctors and Internet after exposure to direct-to-consumer advertisements. Data were analyzed from 462 college students. Younger age, women, and health insurance were associated with greater odds for doctor; women, subjective norms, intentions, and greater time since seen doctor were associated with greater odds for Internet; and African American, Hispanic, subjective norms, intentions, and health insurance were associated with greater odds for both doctor and Internet. Marketers of direct-to-consumer advertisements can use these findings for tailoring and targeting direct-to-consumer advertisements.

Punyatoya, Plavini (2011): Internet being the fastest-growing medium of all time provides a lot of opportunity to almost every industry in the 21st century. As consumers move online, so do advertisers. The purpose of their research was to study the features that lead to an effective internet banner advertising and to compare and contrast the pattern of banner ad that is being used by advertisers in two large categories (products and services). Content analysis was conducted for comparing product and service banner ads posted on Indian websites. It was found that the banners ads were effective due to absence of promotional incentives, presence of information and absence of animation. But ineffectiveness is present in the banner ads due to presence of company logo and action phrase on them. Firms also need to increase size of the banner and length of the message in the ad, to make them more effective. Product and service

banner ads were also found to be different in terms of effectiveness. This research will help advertiser and marketers to have an effective internet banner ad, so that consumer will form a positive attitude for the product or service banner ad.

Radha Mookerjee, Subodha Kumar, Vijay S. Mookerjee (2016): They studied the problem of an Internet advertising firm that wishes to maximize advertisement (ad) revenue, subject to click-through rate restrictions imposed by the publisher who controls the website on which the ads are displayed. The problem is directly motivated by Chitika, an Internet advertising firm that operates in the Boston area. Chitika contracts with publishers to place relevant ads over a specified period, usually one month, on publisher websites. They developed a predictive model of a visitor clicking on a given ad. Using this prediction of the probability of a click, they developed a decision model that uses a varying threshold to decide whether or not to show an ad to the visitor. They vary the threshold depending on (1) the cumulative number of times an ad has been shown and (2) the cumulative number of clicks on the ad. The decision model's objective is to maximize the advertising firm's revenue subject to a click-through rate constraint. The implemented models work in real time in Chitika's advertising network.

2. Research Methodology

Use of internet has changed the way of selling and particularly the cosmetic products. Companies not using this asset are seen to have lost their market share in the country. Advertising is done in many ways and there are various factors like creativity, music, concept, color that make an advertisement appealing to the prospective consumers. The study will enable us to find out the effect of internet advertisement on the consumer buying behavior of cosmetic product.

Type of research: The Study is descriptive in nature
Population: Customers buying cosmetics online in Bangalore City
Sample size: The sample for the study would be limited to 111 respondents.
Sampling unit: For this study, the respondents will be the customers buying cosmetics online.
Type of sampling: The type of sampling used is convenience sampling – a non-probability sampling method
Tools of data collection: Primary data is collected using the structured questionnaire as well as personal interview method while the Secondary data is obtained from Companies Magazines, websites, brochures, newspaper, internet, reports and other promotional activities.
Period of the study: October 2023 to February 2024

Hypotheses stated for the study
H1: There is significant association between Occupation and reason to buy products online.
H2: There is significant influence of online advertising on the consumer buying behaviour of cosmetic products

Plan of analysis:
The data collected from various sources is tabulated and represented using the percentage method. Graphical tools like bar and pie charts were used to illustrate the data pictorially. Inferences and interpretation of data was done based on the tabulated data. The first hypothesis stated for the study was tested using Chi-square test of independence of attributes and the second using Linear Regression analysis with the help of SPSS Software Version 21.

3. Results and Discussion

Table 1: Demographic Details of the respondents

Variable	No. of Respondents	Percentage
GENDER		
Male	50	45%
Female	61	55%
AGE (In Years)		
Less than 20	16	14%
20 – 35	78	70%
36 – 50	10	9%
Above 50	7	6%
OCCUPATION		
Student	45	41%
Self-employed	22	20%
Business	25	23%
Housewife	11	10%
Unemployed	3	2%
Others	5	4%
MONTHLY INCOME (In INR)		
Less than 50,000	31	28%
50,001 - 1,00,000	40	36%
1,00,001 - 2,00,000	13	12%
2,00,001 – 3,00,000	8	7%
Above 3,00,001	19	17%

Source: Primary Data

From table 1, it is evident that majority of the respondents are females with 20-35 years because the use cosmetic is maximum in the college going students and young office employees. Self employed people and business class respondents put together are more in number because these are the ones who has to look presentable at all times of their work. While the next percentage is followed by students who are very much fascinated with looks they carry and hence their number is highest among cosmetic users whereas unemployed cannot spend much on cosmetics which is indicated by their less numbers.

It is observed that majority of the respondents find online shopping as a better option than the traditional way of buying the goods by visiting the shops personally.

Since the respondents are both students and of working class, there is a mixed response in the usage of internet per day. Respondents using less than an hour a day are the ones who log in for specific reasons, respondents who use up to 2 hours are those who have to search some information online and the users of up to 4 hours are those who login for games, shopping etc. whereas users of 4 hours and above are mostly young people who go online for fun or they are unemployed who spent hours looking for job.

Table 1: Type of advertisements in which the respondents are interested

Type of advertisements	**No. of respondents**	**Percentage**
Banner ads	42	38%
Sponsorship	13	12%
Meta-ads	10	9%
Pop-ups	29	26%
E-mail ads	17	15%
Total	**111**	**100%**

Source: Primary data

From table 1, it can be analyzed that banner ads attract most of the respondents because it is one of the largest size among all other advertisements and is usually very colorful and creative. Pop-ups keep popping and hence it is not easy to ignore them whereas Meta ads, e-mail ads and sponsorship ads are ignored easily by the respondents as they are least attractive.

Hypotheses testing

H1: There is significant association between Occupation and reason to buy products online.

Table2: Cross tabulation of Occupation and main reason to buy products Online.

Variable		Main reason to buy products online				
		Convenience	Save time	Open 24/7	Global reach	Privacy
Occupation	Student	45	0	0	0	0
	Self employed	2	12	8	0	0
	Business	0	0	14	11	0
	House wife	0	0	0	8	3
	Unemployed	0	0	0	0	3
	Others	0	0	0	0	5
Total		47	12	22	19	11

Source: SPSS Output

Table 3: Chi-square table

	Value	df	Asym- sig (2 sided)
Pearson Chi-Square	261.7352	20	0.00
Likelihood Ratio	235.8039	20	0.00
Linear-by-Linear Association	96.92855	1	0.00
N of Valid Cases	111		

Source: SPSS Output

Decision based on the test: Since p-value (0.00) < 0.05(α), a significant association is established between occupation and the main reason to buy products online. Hence the hypothesis is accepted. Therefore Occupation and main reason to buy products online are dependent.

H2: There is significant influence of online advertising on the consumer buying behaviour of cosmetic products

Table 4: Model Summary for online advertising and the consumer buying behavior of cosmetic products

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.114	0.013	0.010	0.42122	0.013	3.929	1	298	0.048

Source: SPSS Output

Table 5: Coefficients for online advertising and the consumer buying behavior of cosmetic products

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	4.483	0.065		68.604	0.000
Consumer buying behavior of cosmetic products	0.040	0.020	0.114	1.982	0.048

Source: SPSS Output

The objective of satisfying the customers' requirements can be met by following the advertising practices, thereby enhancing the competitiveness of the firm. Organizations are increasingly attempting to incorporate the views and counter-views of their clients, suppliers, and workforce, for facilitating a favorable buying behavior towards their products. The various stages in which people co-operate and share information for buying a product are crucial in marketing management of a company. In certain conditions, the business practices may even be modified to suit the clients' necessities (Whipple, Lynch and Nyaga, 2010). Modern day competition has compelled several organizations to be extremely efficient in delivering timely products and services. Significant resources, such as industry contacts, appropriate pricing structure, quality consciousness, brand awareness, etc. can be of paramount importance in influencing the buying behavior of consumers (Tsai, Song, & Wong, 2009).
The results obtained through regression analysis suggest that the buying behavior of cosmetic products by the consumers was significantly influenced by the online advertisements (p=0.048). Hypothesis 2 is therefore accepted.

4. Conclusion and Scope for future research

In today's digital age, the internet serves as a ubiquitous medium for disseminating information, yet the power of word-of-mouth recommendations from influencers like family, friends, and experts remains unparalleled. Despite the vast array of products and services available online, people often rely on personal connections and trusted sources for guidance in their purchasing decisions. While internet advertising is particularly prevalent among the younger demographic, its appeal extends to individuals of all ages due to its convenience and accessibility, offering a diverse range of products and services accessible 24/7.

From the findings of our research study, it became evident that search engines are the primary gateway for individuals seeking information online, followed closely by online chat services. Moreover, banner ads and pop-up advertisements emerged as effective tools for capturing the attention of consumers, with respondents expressing a preference for creatively crafted

advertisements. This underscores the importance of innovative advertising strategies in engaging audiences and driving consumer behavior in the digital realm.

However, it's essential to acknowledge the limitations of our study, which focused solely on the cosmetic industry and had a sample size restricted to 111 respondents residing in Bangalore city. Future research endeavours could broaden the scope to encompass a wider geographical area and explore the influence of individual consumer personalities on their purchasing behaviour. By expanding the scope of inquiry, researchers can gain deeper insights into the nuances of consumer behaviour in diverse contexts, thereby enriching our understanding of the complexities of online advertising and its impact on consumer choices.

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