CHAPTER 1
BACKGROUND

1.1 Background

Website advertising is the body of websites, it does advertise certain products or services. Website advertising was first introduced in 1994 on Hotwired.com the digital offshoot of Wired Magazine, one of the famous American magazine (Singel, 2010). At that time the cost of creating a website was expensive which give Wired a pressure to earn more revenue. Therefore, Wired creating website advertising whereby another company allowed to put their advertisement on Wired's page. The first client was AT&T the largest telecommunication company in the USA. The success of AT&T's website advertising and internet popularity in that year (McCullough, 2014), encouraged other companies to advertise their products on the website.

Nowadays, the use of website advertising is increasing year by year. It is because the number of internet users in both national and global level is increased rapidly. In Indonesia alone, the number of internet users is increased up to 15.64 million users for the last 3 years (Statista, 2018). In 2017, 104.96 million people were using the internet. This number is projected to surpass 130 million users in 2021 see Fig 1.1.

The increasing number of internet users affected the business to shift from offline to online business. The data showed that Indonesia e-commerce sales revenue in 2016 was striking up to IDR 69.8 trillion. The number is expected to grow to IDR 144 trillion in 2018 (Abdurrahman, 2017). In fact, Google (on iPrice, 2017) stated that public interest in e-

commerce is growing rapidly. It is seen from the increasing search volume on e-commerce website which doubled in numbers.
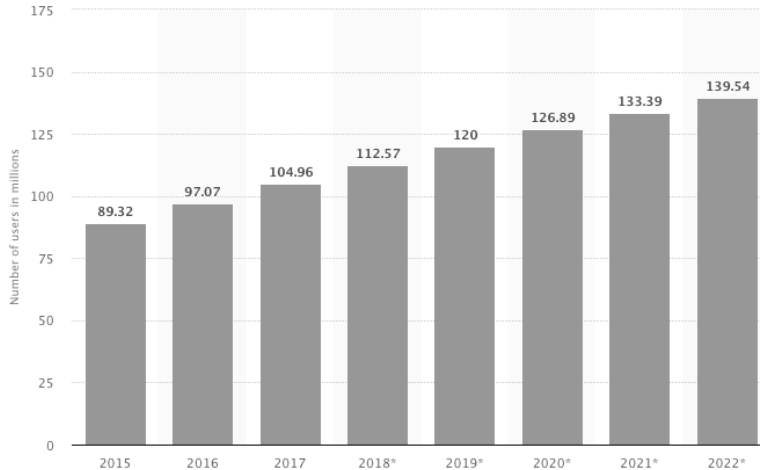

Fig 1.1 Indonesia Internet Users

Source: www.statista.com

Viewed on 04th of July 2018 at 08.16 A.M

The growth of the online business enforced the company to change their marketing strategy from offline to online. One of the main tools of marketing strategy is advertising. According to Kotler and Armstrong (2012:460) advertising is a must for the company to communicate and persuade the customers about their products or services. Website advertising is one of the solutions that can be used to cope up in this situation.

The emergence of website advertising required the advertiser to make a unique advertisement to deliver the message effectively. It is due to the increasing number of online advertising worldwide. RTB House

(on Indonesia-Investment, 2016) forecasted Indonesia's online advertising spending to reach US$ 4.95 billion in 2019, increased up to 250 percent from the estimation of 2016 online ads spending. However, this number is not included the whole spending on the online advertising in Indonesia. Thus, it is possible that the online advertising spending will surpass the estimation number.

Additionally, the increasing number of online advertising worldwide is not the only reason why the advertising should be made as unique as possible. Nielsen (2011) mentioned that consumers only take about 10 seconds to decide whether to stay or leave the website. This found to support the grounds for the advertiser to pay more attention to online advertising. According to Cho (1999) in order to earn consumer attention to website advertising, the use of visual design could be the answer.

The visual design of the website advertising has the power to catch the potential buyer's attention (Cho, 1999). For example, the larger is the size of the website advertising the more attention is the audiences given. The visual design of the website advertising is capable to deliver the commercial message effectively (Lagerwerf *et al*., 2012). At last, as visual design is the first eye contact of potential buyer towards website advertising. Thus, it is important to manage Website Advertising Visual Design in full consideration.

Attitude has appreciably become the useful variables to predict one's behaviour (Mitchell and Olson, 1981). This variable is the most common to use by the researcher to measure the behaviour (Spears & Singh, 2004). Attitude toward advertising is feelings of one's whether

favourable or unfavourable to the advertising itself (Schiffman & Kanuk, 2010:253). The use of attitude is important to analyse the succession of advertising (Assael, 2001:298). According to Saadeghvaziri *et al.,* (2013) attitudes is the main issue in advertising succession. Therefore, the use of attitudes variable in this research is a good thing.

Attitudes toward Brand is an overall feeling of individuals whether favourable or unfavourable toward the brand (Schiffman and Kanuk, 2010:252). According to Chaudhuri (2001, on Sasmita, 2015), brand attitude is explained as the overall evaluation towards the brand. Afterwards, this attitude will help the consumer to form their decision toward the brand. A positive brand attitude is possibly affected consumers purchase decision. The more positive is one's attitudes toward the brand, the more possible they will purchase the brand. The statement is in the same view with the study by Fishbein and Ajzen (1975:28) which stated that attitude has the ability to influence individuals behavioural intention.

Pavlou (2003, on Kusuma and Septarini 2013) defined Online Purchase Intention as the situation when the individuals willing to do the commercial transaction based on internet. According to Chiu *et al.,*(2005) Online Purchase Intention is the tendency of the individual to buy the products or services that offered on the e-commerce or online businesses. Schiffman and Kanuk (2010:254) mentioned that individuals online purchase intention will lead to actual purchasing. Thus, the research that measures individuals online purchase intention is important to do.

Previous research by Shaouf *et al.,* (2016) is titled The Effect of Web Advertising Visual Design on Online Purchase Intention: An

Examination Across Gender. The study is moderated by gender differences. The study indicated that Website Advertising Visual Design had a direct and positive effect on Attitudes toward Advertising and Attitudes toward Brand. The study did not find the significant impact of Website Advertising Visual Design on Online Purchase Intention for the female. But, did find a direct effect on the male group. In addition, the study found that Attitudes toward Advertising and Attitudes toward brand has a significant impact on the Online Purchase Intention.

The second previous research conducted by Saadeghvaziri *et al.,* (2013) is the study entitled Website Advertising: Assessing Beliefs, Attitudes, Purchase Intention and Behavioural. The study indicated that attitude is positively affected by product information, hedonic, and social role. The study also found that attitude has a significant effect on Online Purchase Intention and Advertising Behaviour.

Pomelo Fashion is an online fashion company that provides fast fashion products for female customers. It started to sell the fashion products online that brought from Seoul, Tokyo and Hongkong to South East Asia. Founded in Thailand in 2013, now Pomelofashion.com is accessible for delivery worldwide. It Launched its official website on the 22nd of October 2014. Fifteen days before the date of its launch, Pomelo Fashion already gained positive response from the public in Thailand. After 10 days of the website launch, Pomelo obtained about 20.000 fans on Facebook and 25.000 visitors on the website (Bui, 2013).

Pomelo as a fast fashion e-commerce claimed to have more than 800 styles selling online on their site and hundreds of new products coming every few weeks. On top of that Pomelo provides special services

for its customers such as 365 days of return, cash on delivery, free delivery for the first buy, even same day and free delivery for Bangkok city. At the same time, David Jou the CEO of Pomelo Fashion in an interview with e27 magazine also stated that Pomelofashion.com is one of the safest online company for online transaction in South East Asia.

Pomelofashion.com first page contains website advertising. The website advertising is have contents of Pomelo Fashion brand. It is seen that Pomelo tend to detail when it comes to the design of website advertising. Their website advertisement shaped like an announcement board or tv screen that hold the advertised products which can be changed manually by clicking the arrow on the left side and right side of the screen. They also use moving words or animation to make it more attractive. The lowest part on the first page, Pomelo present a video advertising. The overall visual is designed aesthetically. David Jou in one occasion mentioned that the use of images and videos are very important especially in an online environment (Bui, 2013). That is why Pomelofashion.com always presents advertising that is not only good in content but beautiful visually.

The object in this research is website advertising of Pomelofashion.com. The object is chosen because of several reasons. First, the object is unique because it is the first time that the object used in a research with variables of Website Advertising Visual Design, Attitudes toward Advertising, Attitudes toward Brand and Online Purchase Intention. Second, Pomelofashion.com through David Jou the CEO admitted that they give more attention on visual appearance of their websites. It means conducted a research about the visual design on

Pomelofashion.com is appropriate. Third, the previous research found an insignificant impact of Website Advertising Visual Design on Online Purchase Intention in the female group. It probably because the previous object is not specifically designed for the female. In contrary, this research is using an object that is intended for the female group. Hopefully, this research will find a positive impact in the female group. It also supported by the fact that women are enjoying shopping. Especially, buying dresses or aesthetical items according to Rook and Hoch (1985, on Kusuma and Septarini, 2013).

This research will be conducted in Surabaya city. It is because the industry is growing in Surabaya. It is seen from the increasing number of the department store and fashion retail store in Surabaya (Surabaya Incaran Ritel Fashion, 2013). It also supported by the growth of fashion events such as Surabaya Fashion Parade and Fashion Hijab Accessories. Moreover, the emergence of the fashion school in Surabaya affected this growing industry as well (Kurniawan, 2018).

According to the description above, this research will analyse the impact of Website Advertising Visual Design, Attitudes toward Advertising, Attitudes toward Brand towards Online Purchase Intention. The object that is used in this research is Pomelofashion.com a fast fashion online company. This research will take place in Surabaya city.

1.2   Problem Statements

According to the background of the research above, the problem statements are formulated as follow:

1. Does Website Advertising Visual Design influence Attitudes toward Advertising on Pomelofashion.com in Surabaya?

2. Does Website Advertising Visual Design influence Attitudes toward Brand on Pomelofashion.com in Surabaya?

3. Does Website Advertising Visual Design influence Online Purchase Intention on Pomelofashion.com in Surabaya?

4. Does Attitudes toward Advertising influence Attitudes toward Brand on Pomelofashion.com in Surabaya?

5. Does Attitudes toward Advertising influence Online Purchase Intention on Pomelofashion.com in Surabaya?

6. Does Attitudes toward Brand influence Online Purchase Intention on Pomelofashion.com in Surabaya?

1.3   Research Objectives

According to the presented problem statements above, therefore the objectives of this research is to analyse the impact of:

1. Website Advertising Visual Design on Attitudes toward Advertising of Pomelofashion.com in Surabaya.

2. Website Advertising Visual Design on Attitudes toward Brand of Pomelofashion.com in Surabaya.

3. Website Advertising Visual Design on Online Purchase Intention of Pomelofashion.com in Surabaya.

4. Attitudes toward Advertising on Attitudes toward Brand of Pomelofashion.com in Surabaya.

5. Attitudes toward Advertising on Online Purchase Intention of Pomelofashion.com in Surabaya.

6. Attitudes toward Brand on Online Purchase Intention of Pomelofashion.com in Surabaya.

1.4 Research Significances

The significances of this research are both theoretical and practical. The significances are describe as follow:

1. Theoretical Benefits

   This research provides information for the readers and references for the researchers to conduct their own research. Especially, a research that related to Website Advertising Visual Design, Attitudes toward Advertising, Attitudes toward Brand and Online Purchase Intention.

2. Practical Benefit

   This research is expected to contribute to the development of Website Advertising Visual Design, Attitudes toward Advertising, Attitudes toward Brand and Online Purchase Intention in business.

1.5 Systematic of Writing

In order to ease the understanding of research concept, therefore the systematic of writing are presented as follow:

CHAPTER 1. BACKGROUND

This chapter explains the background of the study, problem statements, research objectives, research significances and systematic of writing.

CHAPTER 2. LITERATURE REVIEW

This chapter explains the previous study, theories about Website Adverting Visual Design, Attitudes toward Advertising, Attitudes toward Brand and Online Purchase Intention, and the relationship between those variables, as well as the research model and hypothesis.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter explains the research design, variables identification, variables operational definition, variables measurement, type of data and sources, tools and methods of data collection, population, sample and sampling technique, and technique of data analysis.

CHAPTER 4. ANALYSIS AND DISCUSSION

This chapter explains the respondent characteristics, descriptive statistics of research variables, structural equation modeling data analysis, and discussion.

CHAPTER 5. CONCLUSION

This chapter contains the conclusion of the research and suggestion which is expected to help in academic purpose and in practice.