

E-commerce Advertising: Does the Traditional Advertising Elements Still Relevant?

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Abstract

The substantial growth of beauty products' demand from both domestic and export markets has made beauty product become one of the important sectors of economy in Malaysia. On top of continuously introducing new beauty product to the marketplace, advertising of new beauty products is another important mechanize to ensure new product success in the competitive business environment. Recently, e-commerce of beauty product is emerging rapidly in the local marketplace. E-commerce serves as the platform for both online advertising (or namely e-commerce advertising) and online purchase. In addition, the success of e-commerce (which commonly measure in term of customers purchase intention) is very much dependent on the elements of e-commerce advertising. As such the aim for this study is to assess does the traditional advertising elements still stay relevant to e-commerce advertising of beauty product. In conjunction with this, the study explores the relationship between e-commerce advertising elements (which are medium credibility, entertaining celebrities association, quality features of product, advertising frequency, brand image and informativeness) and consumers' online purchase intention of beauty products in Malaysia. The study is quantitative based, data was collected from 260 females between age of 18 to 25 years. Preliminary data analysis was done to assess the normality and reliability of the data, followed by analysis of correlation via Pearson correlation test. Analysis result from Person correlation suggested within the scope of the population under study, three traditional advertising elements still stay relevant to e-commerce advertising of beauty product, which are brand image, quality features of the product and informativeness of advertising.

Keywords: E-commerce, Purchase Intention, Medium Credibility, Quality Features of Product, Advertising Frequency, Brand Image, Entertaining Celebrities Association.

Beauty Product Market in Malaysia

The “Personal care and cosmetics” market or namely the “Beauty products” market in the Asia region has shown a significant growth for the past few years. According to the Asia Personal Care and Cosmetics (i.e. beauty products) Market Guide, Asia countries offered over three million potential consumers, or 32% of the global beauty products marketplace, and is expected to grow by 6.7% over the next five years. In Malaysia, the total trade volume for beauty products was about USD2.24 billion in year 2016, and is expected to increase by 9 to 11% yearly. Meantime, report released by the Malaysian External Trade Development Corporation (MATRADE) revealed that Malaysia’s domestic manufacturers of beauty products exported about USD 270 million beauty products yearly. In addition, according to MATRADE, despite of the lower GDP growth in Malaysia, the beauty products industry in Malaysia is expected to secure a continuous growth of 5% yearly. Hence, the substantial growth of domestic demand on beauty products as well as the continuous growth of export market has made beauty products become one of the important sectors of economy in Malaysia.

E-commerce of Beauty Product

To fulfil the demand and growth of domestic market, beauty products industry in Malaysia should not only focus on introducing new beauty products to the marketplace continuously, but also need to ensure that the new product is made known to the targeted consumer group, creating consumers intention to purchase, and ultimate purchase (Schimmoeller, 2010). Hence, marketing and advertising of new beauty products turn to be one of the important mechanize to ensure new beauty product success.

Traditionally, beauty products in Malaysia are introduced and sold to consumers via conventional marketing and advertising channels such as through spas, salons, retail stores, or via multi-level marketing and direct selling channel (APCCMG, 2016). Recently, e-commerce of beauty products such as “Modbox”, “Luxola”, “HiShop” and “Shins” are emerging rapidly in the local marketplace. About 2% of the sales in Malaysia is done via e-commerce and it is predicted to grow to double digit by 2020. The prediction is supported by the fact that the digital population in Malaysia is more than 20 million people. In addition, the e-commerce platform in in Malaysia is relatively more established as compared with the other countries in ASEAN (except Singapore).

E-commerce platform is not only serving as the platform for on-line business transaction, it is also acts as the landscape for on-line advertising or namely e-commerce advertising (Chu et. al., 2012). As such, the success of e-commerce (which commonly measure in term of customers purchase intention) is very much dependent on the approach and elements of e-commerce advertising (Xiaoli and Pussadee, 2012). Hence, this study aims to assess does the traditional advertising elements still stay relevant to e-commerce advertising of beauty product. In conjunction with this, the study explores the relationship between e-commerce advertising elements and consumers purchase intention of beauty product, with the focus among young female in Malaysia within age range of 18 to 25 years. As such, the main research objective (RO) for this study is:

RO: To explore the relationship between e-commerce advertising elements and consumers’ online purchase intention for beauty products in Malaysia.

Important Elements for E-commerce Advertising

E-commerce advertising forms a crucial part of the e-commerce landscape (Tavor, 2011). The main objective of e-commerce advertising is to influence the consumers' purchase intention via the "purchase funnel" concept, which starts with creating product awareness, promoting consideration to purchase and eventually purchase online (Ansari and Joloudar, 2011). Hence, an effective e-commerce advertising transformed customer awareness towards purchase. Studies done by prior scholars revealed that advertising is the important success factor for e-commerce. Literature review that conducted on advertising and e-commerce advertising revealed that there are 6 common elements that proposed by prior researchers as important elements for advertising and e-commerce advertising success, which are summarized in Table 1.

Table 1.

Important Elements for e-Commerce Advertising

Important elements for e-commerce advertising	Previous Research
Medium Credibility	Ohanian (1990); Adler & Rodman (2000); Gerard, Derek and Poon (2009)
Quality Features of Product	(Dawar and Parker, 1994); Ansari and Joloudar (2011).
Advertising Frequency	Krugman (1972); Zabadi and Elsayed (2012); Chu et. al. (2012)
Brand Image	Dobni and Zinkhan (1990); Tavor (2011), Chu et. al. (2012)
Entertaining Celebrities Association	Kahle and Homer (1985); Nunn and Biressi (2010); Ahmed (2014)
Informativeness	Nelson (1974); Tavor (2011), Xiaoli and Pussadee (2012)

Medium Credibility

Medium credibility can be defined as customers' acknowledgement toward the information conveyed by advertising medium. Credibility is also viewed as the impression of the audiences toward the advertisement regardless of it is good or bad (Adler & Rodman, 2000). From advertiser perspective, credibility refers to how credible the company and the advertising agency in transferring the message to the consumers (Gold smith, 2000). Studies by Ohanian (1990) and Adler & Rodman (2000) suggested that medium credibility has significant impact towards consumers' purchase intention. Credibility of advertising is not only depends on the product that advertised, it is also affected by in what way it is advertised and how the message is delivered to the audiences or potential customers (Aaker and Brown, 1972; Gold smith, 2000).

Quality Feature of Product

Quality has been defined as conformity of the usage, or the degree of how a product fulfils the expectation of consumers (Beverly *et al.*, 2002). Hence, consumers might refer quality as brand name, price, reputation of the retailer and the appearance of the product, which is dependents on consumes' individual expectation (Dawar and Parker, 1994). Therefore, the process of defining product's quality should take into account to understand the impression

and belief of the consumer in order to offer a product that fulfil the consumers' expectation of quality (Dawar and Parker, 1994; Ansari and Joloudar, 2011)

Advertising Frequency

Advertisements convey a functional and emotional message with the ultimate aim to give positive impact toward consumer purchase intention (Zabadi and Elsayed, 2012). Studies done by prior researchers (Krugman, 1972; Zabadi and Elsayed, 2012) suggested that repetition of advertisements enhance consumers purchase intention. The first few rounds of advertising aims to create consumers' awareness toward the existent of the product, while the subsequent series of advertising aims to initiate an intention of experiencing or trying the product which will subsequently enhance consumer's purchase intention Chu et. al. (2012). These incremental impacts made advertising frequency become one of the important element toward consumers' purchase intention.

Brand Image

Kotler (2000) defined brand image as the merger of a nominal, name, layout, and emblem of a particular product. The main objective of creating a brand image is for the consumers to differentiate between the products from the rest that available in the marketplace. Brand image involves consumer's understanding and perception towards the brand's variety, including the internal and external features of the product. It is also represents the consumer's assessment toward brand-related information and exclusive comparison that consumers made with similar brands or products. Hence, brand image is another important e-advertising element that enhance consumer purchase intention (Dobni and Zinkhan, 1990; Tavor, 2011, Chu et. al., 2012).

Entertaining Celebrities Association

From advertising perspective, celebrities refer to individuals who are famous or well known in particularly among the potential consumers (O'Guinn, 1991). Study by prior researchers (Kahle and Homer, 1985; Nunn and Biressi, 2010; Ahmed, 2014) revealed that the popularity and appearance of the celebrity have high influence toward the brand image as well as the effectiveness of the advertisement. As the result, consumers have tendency to attach with the product (Nunn and Biressi, 2010). Study done by Choi and Rifon (2012) also suggested that the behavior of the consumer purchase decisions is closely related to the celebrities image that be depicted in the advertisement.

Informativeness

Informativeness is regarded as the effectiveness of advertisement in conveying the products information to the potential consumers, so that the consumers can make their decision on purchase the product with higher gratification (Ducoffe, 1996). Indeed, product information is the fundamental elements that need to be channelled to the consumers, failing of doing this could undermine objective of advertisement (Nelson, 1974; Tavor, 2011, Xiaoli and Pussadee (2012)). In addition, study from Chen (1999) also revealed that the messages and information delivered in an advertisement have positive relationship with the consumer impression and belief.

Research Framework

The research framework for this study is developed based on the concept that effective e-commerce advertising will lead to online purchase intention by consumers upon an evaluation based on their attitudes and belief (Ahmed, 2014). Hence, the research framework shown in Figure 1 made up of the six important e-commerce advertising elements identified in the literature review as independent variables and online purchase intention of beauty product as dependent variable.

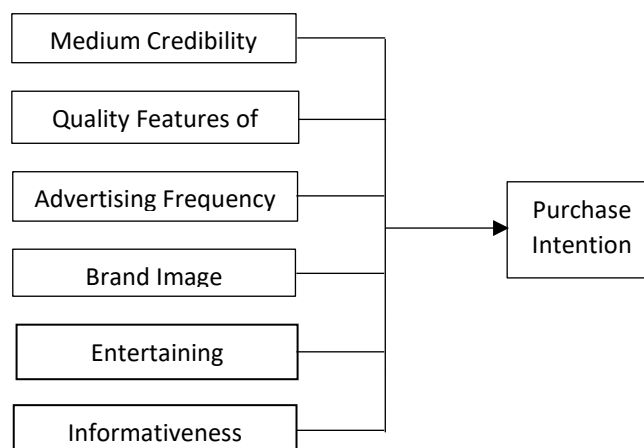


Figure 1. Research Framework

Purchase intention, the dependent variable of the research framework is referring to a person's mindful way of making their attempts to make purchasing on a particular product (Spears & Singh, 2004). Dodds *et al.* (1991) defined purchase intention as the tendency that a purchasing decision will be made. Whereas, Yoo *et al.* (2000) viewed purchase intention as customers' desire in making purchase decisions based on the perception of information received via advertising. In conjunction with this, six hypotheses are developed in line with the research framework.

H1: Medium credibility (MC) is positively related to purchase intention (PI).

H2: Quality features of product (QFP) is positively related to purchase intention (PI).

H3: Advertising frequency (AF) is positively related to purchase intention (PI).

H4: Brand Image (BI) is positively related to purchase intention (PI).

H5: Entertaining celebrities association (ECA) is positively related to purchase intention (PI).

H6: Informativeness (IN) is positively related to purchase intention (PI).

Population and Sampling

According to Asia Personal Care and Cosmetics Market Guide 2016, the younger generation females in the age group of 18 to 25 range made up the major market segment for beauty product. Hence, the population for this study was young female between ages of 18 to 25 from southern part of Malaysia. Convenience sampling technique was used as sampling method for this study. The calculation of the sample size was based on the '10-times rule' proposed by Hair *et al.* (2013). Based on the "10-times rule" method, sample size is estimated by 10 times the maximum number of arrows pointing at any latent variable in the research model or framework. Since there are six independent variables pointing dependent variables, the proposed sample size is 60 (6 X 10). In addition, by taking into the consideration that the

respond rate of similar research conducted in Malaysia is approximately 60%, hence a targeted sample size is set as 100 (i.e. 60 divided by 60%).

Data Collection Method

The study was quantitative based, Questionnaire were distributed to targeted respondents at few shopping malls within southern part of Malaysia. The questionnaire consist of 28 questions which are divided into two parts. First part was to collect the respondents' demographic information, while the second part of the questionnaire was to assess respondents' agreement level on the six important e-advertising elements as well as purchase intention for beauty product. The second part of questionnaire is adapted from the previous studies of e-commerce and advertising (Gerard, Derek and Poon, 2009; Ansari and Joloudar, 2011; Chu et. al., 2012; Ahmed, 2014). The assessment was done via 5-points scales from "1" representing "Total disagreed" to "5" indicating "Totally agreed".

A total of 400 questionnaires were distributed with 263 responded. However, 3 unusable questionnaires were screened out due to missing value. As the result, 260 usable questionnaires were collected, which is above the targeted sampling size of 100, with the respond rate of 65%.

Normality Test and Reliability Test

A preliminary analysis was done on data collected from part 2 of questionnaire to assess the normality and reliability of data collected prior to further analysis. Normality of data was assessed via the Skewness and Kurtosis of data. Result of analysis shown that the value of Skewness and Kurtosis of all measurement items are within -2 and +2, hence there is no issue in regard with data normality (Hair *et al.* 2010). Meantime, reliability of data was evaluated via Cronbach's Alpha test. The Cronbach's Alpha for all the e-advertising elements and purchase intention are above 0.70, this suggests that there is no issue on reliability for the data collected, hence the data can be proceed for further analysis.

Pearson Correlation

To address the research question for this study (i.e. To explore the relationship between e-commerce advertising elements and consumers' online purchase intention for beauty products in Malaysia), as well as to test the six research hypotheses, data collected from part 2 of questionnaires is further analysed via Pearson correlation test. The purpose of Pearson correlation test is to assess the relationship between the important elements of e-commerce advertising and online purchase intention of beauty product. The result of analysis is summarized in Table 2.

Table 2.
Result of Pearson Correlation Analysis

	MC	AF	ECA	BI	IN	QFP	PI
PI Pearson Correlation (r)	-.038	-.033	.001	.425**	.428**	.309**	1
Sig. (2-tailed)	.547	.595	.987	.000	.000	.000	
N	260	260	260	260	260	260	260

As refer to Table 2, the significant value (i.e. sig) for three of the e-commerce advertising elements, which are Brand image (BI), Informativeness (IN) and Quality features of product (QFP) are less than 0.05. This suggested that at confidence level of 95%, the relationship between these three e-commerce advertising elements with online purchase intention of beauty product are significant, with person correlation coefficient of 0.309 to 0.425 (i.e. moderately correlated).

Whereas, the relationship between the other three e-commerce advertising elements, Medium credibility (MC), Advertising frequency (AF) and Entertaining celebrities association (ECA) with online purchase intention for beauty product were not significant at level of 0.05. Hence, based on the analysis result of Person correlation test, three of the hypotheses for this study are supported, and the other three are failed to support (refer to Table 3.).

Table 3.

Result of Hypotheses Testing

Hypotheses	Variables	Results
H1	Medium Credibility→Purchase Intention	Failed to support
H2	Quality Features of Product→Purchase Intention	Supported
H3	Advertising Frequency→Purchase Intention	Failed to support
H4	Brand Image→Purchase Intention	Supported
H5	Entertaining Celebrities Association→Purchase Intention	Failed to support
H6	Informativeness→Purchase Intention	Supported

Discussion and Conclusion

Finding from the study reveals that e-advertising element “Brand image” is positive and significantly correlated with online purchase intention of beauty product. The finding is in parallel with study done by Bian and Mautinho (2011) which suggested that brand image significantly influence consumers’ purchase intention. Hence, from beauty product e-commerce advertising perspective, finding from this study suggested the higher the degree of consumers’ trustfulness toward the product’s brand, the higher the online purchase intention.

Analysis result from this study also reveals that e-advertising element “Informativeness” is positive and significantly correlated with online purchase intention of beauty product. This finding echoes study done by Huq *et al.* (2015) which concluded that consumers have tendency to purchase product that advertised with full detail of product and application information. Study by Eze *et. al.*, (2012) also suggested that consumers in the 21st century tend to search and compare products from the same category prior to make the decision of purchase. Hence, finding from this study reveals that the more positive information the consumer could gathered from e-commerce advertising, the more likely the consumer will place a purchase online.

Finding from this study also suggested that Quality features of product has a significant and positive relationship towards online purchase intention of beauty product. The finding supports Eze et. al., (2012) and Sidiqqi (2014) studies which both revealed that quality feature of product impose a significant influence toward consumer purchase intention. In addition, according to Alexander (2011), due to high competitiveness of beauty product market, quality feature of product nowadays become one of the most important criteria used by consumer to compare and select product to purchase.

However, finding from this study also reveals that e-commerce advertising elements medium credibility, advertising frequency and entertaining celebrities association did not established a significant relationship with online purchase intention for beauty product. The relationship between entertaining celebrities and online purchase intention was found insignificant. The result opposes finding of prior researchers (Kahle and Homer, 1985; Nunn and Biressi, 2010; Ahmed, 2014). This finding suggested that within the context of young female in Malaysia, the behavior of online purchase decision is closely associated with the product brand and product quality while celebrities' image that depicted in the advertisement is less important.

Unlike the other conventional advertising medias such as printed (such as newspaper, poster) and non-printed (such as radio and television) advertising, the frequency of advertising, or the repetition of the e-commerce advertising is unlimited and beyond the control of the advertiser. Instead, the need and the number of repetition are purely dependent on the consumers. Consumer could replay or review the online advertising based on individual needs. Perhaps, this is the reason of the insignificant relationship between advertising frequency and online purchase intention. In addition, printed advertising medium are commonly agreed by prior studies (Moore and Rodgers, 2005. Zheng et. al., 2009;) that it offers a stronger credibility, where online advertising is viewed as the least credible medium to advertise. Perhaps, this is reason that explained the insignificant relationship between medium credibility of e-commerce advertising and online purchase decision of beauty product.

The implication of this finding is, within the scope of the population under study, three traditional advertising elements still stay relevant to e-commerce advertising of beauty product, which are brand image, quality features of the product and informativeness. Whereas, the other three traditional advertising elements, medium credibility, advertising frequency and entertaining celebrities are found irrelevant to e-commerce advertising of beauty.

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