

**The Value of Online Advertising:
Exploring the effects of advertisements on
consumer perceptions of media vehicle value.**

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Abstract

In the current media environment, consumers have access to a wide variety of content at little to no monetary cost, with many content providers having adopted advertisement sponsored business models. Indeed, advertising is nearly ubiquitous online, with consumers indirectly paying for website access via their exposure to advertisements. As researchers have demonstrated that consumer negativity towards advertising can spill over onto their perceptions of the media vehicle, content providers must aim to strike a balance between maximising advertisement revenue and providing value to consumers in order to ensure continued visits. Yet, it is argued here that by hosting valuable advertising, for example those advertisements that provide consumers with information or entertainment, it is possible that the negative effect of advertisements identified in the literature is not only negated but that the advertisements themselves could contribute towards consumer value derived from the media vehicle.

This dissertation examines how valuable advertisements can affect consumer perceptions of the value derived from a media vehicle. It proposes that informative or entertaining advertisements contribute to website value, and examines mechanisms by which this can occur, with a particular focus on advertisement exchange value (AEX) and cognitive effort. AEX captures consumer perceptions of the exchange fairness between themselves and advertisers, and is examined in this research as a mediator between advertisement value and consumer perceptions of the value derived from the media vehicle. Similarly, advertisement value is argued to reduce the cognitive effort required in website use through the provision of information and entertainment, and in doing so indirectly influences media vehicle value. Finally, the role of consumer motivations for website use are examined as moderating the effects of advertisement value on media vehicle value perceptions.

This research incorporates two phases, namely an exploratory experiment that leads into a field study. The experiment allowed for controlled testing of the effects of advertisement value on media vehicle value perceptions, as well as the indirect effects through the abovementioned mediators. The results confirms that while irritation with advertising negatively influences the value derived from a media vehicle, the information and entertainment value of an advertisement positively influence the utilitarian and hedonic

value a consumer derives from a website. In addition, the consumer's overall perceptions of the website as a service also benefits from advertisement value. These findings provided a foundation for a field study utilising an online survey to explore consumer perceptions of websites that they have visited and the motivations driving their use of these websites.

The second study contributes towards a more complete understanding of the effects of advertisement value on media vehicle value in a number of ways. Replicating the study in a field setting allows for a more robust overall conclusion that valuable advertising has a positive effect on the value a consumer derives from a media vehicle. Additionally, the inclusion of consumer motivations for website use as a moderator provides insights into the importance of identifying what drives content consumption, and how advertising can aid in fulfilling a consumer's content needs. Across both studies, AEX and perceived cognitive effort are highlighted as significant mechanisms through which advertisement value can influence a media vehicle value.

In conclusion, this research contributes to advertising knowledge by exploring the effects of advertisement value on the media vehicle in a novel manner. With existing literature having an extensive focus on the negative influence of advertisements, this study is unique in examining the specific influence of advertisement information and entertainment value on the value derived from a media vehicle. It is also the first to explore how valuable advertising can have a positive effect on the perceived cognitive effort required in website use, as well as the perceived fairness of exchange. With consumer attention to advertising the currency of the online environment, the importance of valuable advertising is demonstrated in its effects on consumer perceptions of the value they derive from a website. These findings support calls for the need to understand the flow on effects of advertising, as well as provides practical implications for practice by giving managers guidance on the importance of focussing on the quality of advertisements hosted and not just the quantity.

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Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name, in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name, for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying, subject to the provisions of the Copyright Act 1968. I also give permission for the digital version of my thesis to be made available on the web, via the University's digital research repository, the Library Search and also through web search engines, unless permission has been granted by the University to restrict access for a period of time.

Signed: __

Date: 24th March 2016

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