



Master
Thesis

Reinventing Online Video Ads

*Finding a Value Proposition to
Attract Consumers to Online
Video Advertising*

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Preface

This thesis is the end result of the master program in media studies (specialization in media and business) taught at the Erasmus University Rotterdam. I take this opportunity to express my gratitude to all the people who contributed to my personal growth and the completion of my academic career.

First of all I would like to thank the entire teaching staff of the program for making the classes interesting and inspiring by sharing their knowledge with us. I would especially like to thank my thesis supervisor, Matthijs Leendertse, for his useful comments and suggestions that helped me to critically reflect on and improve my own work. I would not have been able to complete this project without the help of all participants who shared their time to fill out my survey. For that, I thank all 211 of you!

Finally, I would like to thank my family and friends, especially my parents, for all their love, support and guidance. I am very grateful for having all of you in my life.

Abstract

Previous authors have suggested that advertising can be seen as stand-alone media content that could bring value to consumers in various ways (O'Donohoe, 1994; O'Keefe, 1981). In search of a value proposition, this study looks for attributes of online video ads that could influence consumers' willingness to watch them. An online survey of 211 respondents was conducted to investigate if internet users can experience any personal value from online video advertising. A factor analysis revealed nine value elements: product interest, creative enjoyment, incentive, pastime, knowledge seeking, product comparing, negative emotions, product relevance and social. These value elements were all found to influence the willingness to watch an online video ad. Based on these factors, a cluster analysis was conducted to see if different customer segments perceived value in different ways. The results of the cluster analysis showed that there were two customer segments to be identified. Both segments indicated an increased willingness to watch an online video ad if it contained the element of creative enjoyment and/or the product relevance element.

1. Introduction

Media industries mostly operate on a so called dual-product marketplace, where they are faced by two kinds of clients. On one hand you have the audience; these people consume the media content, this could be information or entertainment, which the firm produces or offers. On the other hand, there are advertisers that are willing to buy advertising space so that they can expose their messages to the audience, or as advertisers would say: the consumers. For media firms it is thus possible to generate income from both parties, as they can sell media content to consumers or advertising space to advertisers. Advertisers however, are dependent on the media to reach their target audience (Kaiser & Song, 2009).

A large group of media scholars assume that people dislike advertising because it interrupts people from consuming their media content with irrelevant messages (Cho & Cheon, 2004; Ghosh & Stock, 2009; Kaiser & Song, 2009; Lee & Lee, 2012). This ad avoidance may stem from the fact that advertising is so ubiquitous, that most people experience it as a nuisance (Speck & Elliott, 1997). Because of the overwhelming amount of advertisements that are present in our culture, advertisers should be asking themselves if any further advertising is even effective. Advertisers are continuously battling the phenomenon of consumers trying to avoid and duck their messages, as they try to come up with new ways to connect with consumers to spread their messages (Bright & Daugherty, 2010). We have seen this with the development of every new media platform in history. First advertising was placed in newspapers, and then came the radio and the television set, and now after all traditional media is colonized, advertisers turn to various online platforms where they think they can reach their target audience (Speck & Elliott, 1997; Waterman & Wook Ji, 2012). According to an industry report about online video advertising the online video ad spending in the US was \$2.93 billion, and is expected to grow to \$9.06 billion in 2017 (eMarketer, 2013).

Although the internet may seem to be the next logical step for advertisers, it can still be detected, that online advertising spending does not match the advertising spending on television. Even when online advertisers try to mimic word of mouth marketing through social media, it seems that they are not gaining the same success as their colleagues in the television business (Kozinets, Valck, Wojnicki, & Wilner, 2010; Waterman & Wook Ji, 2012). The amount of people that watch television is slowly but surely stagnating while more and more people go online for their information and entertainment needs. However, advertising markets do not seem to follow that trend, television is still the place where marketers spend most of their advertising budget (Danaher, Dagger, & Smith, 2011). This reflects the fact that the traditional television platform is still seen as a more (cost) effective platform for advertising than new media platforms.

Advertising used to be a product of mass media that helped brands and organizations to spread their messages to a specific demographic or psychographic group. However, advertising through mass media does not consider the interest of individual viewers; rather businesses send out marketing messages hoping to reach their target audiences. Because it is fairly cheap, advertisers don't mind if the wrong people are consuming irrelevant information. This leads people to be overflowed with information and causes feelings of annoyance towards ads (Cho & Cheon, 2004; Lee & Lee, 2012; Speck & Elliott, 1997).

Now that interactive television is on the rise in most western countries, people are gaining the ability to choose what films and shows they want to see at the push of a button (Cauberghe & De Pelsmacker, 2010). This should scare advertisers, at least a little bit, as the fast-forward button is becoming increasingly popular in the living room with the developments of technologies such as hard disc recorders and streaming media services (Bellman, Rossiter, Schweda, & Varan, 2012). Suzie Reider, Head of Industry Development at YouTube, puts it this way: "We're living in a day and age where nobody has to watch an ad that they don't want to watch. You can skip them on the Web; you can skip them on TV" (Oreskovic, 2013, p. 1).

Consumers in this day, have more access to vast amounts of digital information and entertainment than ever before. The interactive possibilities of these new media platforms have also given them more control over this content (Bright & Daugherty, 2012). These changes also affect the role of advertising within the new media landscape, offering advertisers new possibilities to connect with their target customers. Due to the availability of various types of consumer information advertisers can, for instance, increasingly personalize messages to gain the attention of specific consumers. Research in the field of advertising has emphasized the fact that people intentionally try to avoid advertising messages that have been 'pushed' to them, however not many studies have conducted research to find answers to when and why people would be willing to consume advertising messages (Cho & Cheon, 2004; Rumbo, 2002; Speck & Elliott, 1997).

Improving the effectiveness of marketing messages is a main priority for advertisers as they look into new ways of advertising their products and services to consumers. In this light, online video advertising combines the power of traditional media with the interactive powers of the web that make this form of advertising more compelling for consumers (Lee & Lee, 2012). As stated before, it is becoming easier to avoid these ads online and offline, but what if consumers have a personal incentive to consume advertising? What would happen if the online ad industry moves from a traditional 'push' media business model to a 'pull' media business model where consumers choose to watch ads for their own gains?

In this thesis the value proposition of online video ads will be explored in the light of business model innovation. Has the online advertising industry sufficiently adapted to its environment in order to service consumers with ads? Are there people who actually assign certain value to online video ads? This research will try to answer these questions by contributing to scholarly work on the understanding of media audiences and advertising avoidance. More specifically I will look at reasons that consumers have to voluntarily consume online video ads. At the same time the results of this thesis will be helpful to develop new business models for the online advertising industry.

2. Theory & Previous Research

This literature review will give an overview of relevant theories and previously conducted research in related fields. In order to improve the effectiveness of online video advertising it is necessary to gain an understanding of what advertising effectiveness means and how the industry tries to measure the effectiveness of online ads. Therefore I will start the literature review by giving a brief overview of metrics used in the online advertising industry to improve the understanding of advertising effectiveness. Afterwards, I will further discuss the effectiveness of online video advertising and the rise of the so called 'on demand culture'. Finally this literature review will address the importance of business model innovation and the role of a value proposition towards consumers on the advertising market.

2.1 Online Advertising Metrics

Online advertising is considered as the marketing and promotion of products or services that use the internet as a channel to target specific audiences with specific messages (Wang, Wang, & Farn, 2009). With the increasing importance of e-commerce for various industries, the internet is potentially one of the biggest channels for advertisers to promote their products. One of the main advantages of online advertising is that it is easier to measure the effectiveness of it compared to traditional advertising that is presented in broadcast or print media. Data of online advertising can be traced to individual consumer behavior levels such as ad exposure, clicks and searches. This so called 'data mining' gives content creators and advertisers the information to create highly personalized media products (Wang et al., 2009).

There are three main ways that advertisers pay for online ads that can be categorized by impressions, clicks and actions. Advertisers use these models not only as an indicator of costs, but also to evaluate the success and effectiveness of their ads. The selection of these metrics depends on the measurement objective, time limit and the advertiser's budget (Rosenkrans, 2009; Taylor, 2011).

The *Cost Per Mille* (CPM) is based on ads that are displayed on a publisher's site. The advertiser pays an amount for the impression per thousand readers. This resembles print advertising, as it is not sure if the consumer actually sees the ad or not. Visitors of a website have had the chance to see an advertisement however, it is not possible to know if they actually processed the information from that message.

Click-Troughs (CTR), also called *Cost per Click* (CPC), are paid for when a visitor actually clicks on the ad or the corresponding ad URL. When the viewer of an add clicks on the ad, it can be measured if

the ad is actually seen, thereby an advertiser can determine the amount of potential customers visiting the advertised site (Rosenkrans, 2009).

The last of the three most popular models is the *Cost per Action* (CPA) model. This model goes one step further than CPC, because it is based on people going to a site and exchanging information or performing another form of interaction with the site. This exchange can vary in form, depending on the advertisers needs. For example, it could mean that CPA is only accounted for when an ad viewer goes to the site and makes a transaction. CPA could however also be accounted for if the ad viewer becomes a member by registering on the site (Taylor, 2011).

2.2 Online Advertising Effectiveness

Naturally advertisers are continuously trying to improve the CPM, CTR and CPA metrics with every online marketing campaign they initiate. Rosenkrans (2010) however, reports that the average CTR is measured to be 0,01%. Cho and Cheon (2004) also noticed that the effectiveness of banner ads, measured by CTR, has declined since the placement of the first banner ad ever. The CTR rating started with 2% back in 1995, but because of the explosion of advertising in general, and specifically online advertising, consumers have learnt to navigate their way through the web without paying much attention to advertising at all (Cho & Cheon, 2004; Rumbo, 2002; Speck & Elliott, 1997). In this light, 'banner blindness' is a term that is often used to indicate the non effectiveness of online advertising.

Advertising avoidance can take place in cognitive, behavioral and mechanical ways. Cognitive avoidance happens when people decide to ignore the ad, for example, when reading a newspaper. Behavioral avoidance takes place when a viewer stops watching television, when a commercial break interrupts the program, for instance, to use the bathroom. Finally people can also use mechanical advertising avoidance, this is the case when pop-up blockers are used to surf the internet (Kelly, Kerr, & Drennan, 2010). Even though much is known about why people choose to avoid ads, advertisers would benefit more by knowing how to get people to want to watch an ad.

In their research, Cho and Cheon (2004) found that advertising clutter, previous negative experiences with ads and perceived goal impediment were all significant precursors for online advertising avoidance. Next to the goals that consumers have when they are online, consumer involvement, as Wang, Wang and Farn (2009) conclude in their research, also plays a role in the effectiveness of online advertising. They claim that a higher personal relevance of an advertised product or service will increase the effectiveness of the ad, causing a consumer to process and store information even better because it is personally important to them. Baek and Morimoto (2012) even tested the

relationship between perceived ad personalization and ad avoidance with a structural equation modeling analysis. They found that increased perceived personalization leads directly to a decrease of ad avoidance.

Rosenkrans (2009) suggests that the characteristics of the ad itself can also influence the effectiveness of online ads. The internet makes it possible to combine different audiovisual attributes of traditional media content to create advertisements that have multimedia elements, such as sound and video, and interactive elements that move or react when viewers engage and interact with the advertisement. Rosenkrans (2009) investigated what role interactivity plays within banner ads and found out that interactive rich media ads had a higher CTR than non-interactive ads. This suggests that effectiveness is also determined by the type of audiovisual ads a user is exposed to, as this also influences their online behavior. Interactivity thus, enables consumers to actively control the advertising message and take part in the persuasion process of marketers. This active participation and elevation of control approaches a form of two-way communication which is not offered by ads that are not interactive.

The digital video recorder (DVR) in particular, is a recent technological development that has caused the media industry to question the effectiveness of advertising. Television viewers can now choose whether or not they want to see advertisements or just fast forward through these commercials so that they can continue watching the content provided by the channel. Ghosh and Stock (2010) describe two ways that viewers can skip ads by the use of a DVR. They can zip through an entire block of ads or they can be more selective when they decide to skip certain ads. 'Independent zipping' suggests that consumers want to be informed about specific ads, at the same time they choose to neglect or skip information broadcasted to them from other advertisers. In this light we can conclude that not all commercials are seen as a nuisance but that some are actually seen as personally beneficial or relevant. So the DVR facilitates selectivity, also during commercial breaks. Viewers can select content based on their personal interests. This goes for all content, including advertising content. Because they only look at the ads that personally intrigue them, and skip all other ads, their cognitive capabilities are used to process only the important messages, leaving more time and room to process these messages because their cognitive abilities are not wasted on other messages (Ghosh and Stock, 2010).

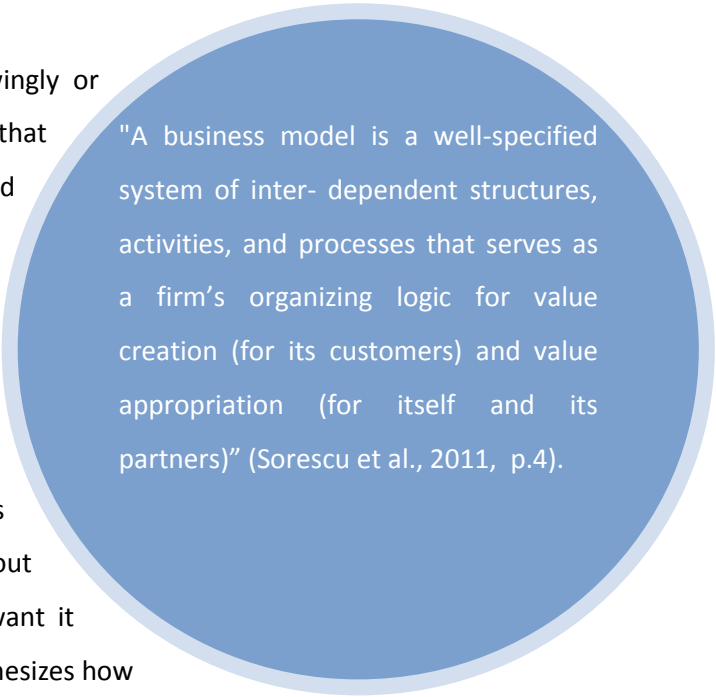
The study that Ghosh and Stock (2010) conducted only focused on television, paying no attention towards other platforms that could disseminate ads. When the effectiveness of one platform is questionable, advertisers have the possibility of placing their messages on other platforms that might have a higher affect on target customers. As different platforms all offer advertising messages to

consumers in different ways, the business models of online advertising methods should be getting more attention from practitioners and scholars. If consumers actually use their DVR's to select specific ads they want to watch, advertisers should note this behavior as a chance to improve the effectiveness of ads throughout various other media platforms.

Research on the effectiveness of online advertising is mostly intended to increase the ability of advertisers to push the right message to the right consumers at the right time. I will take a different take on the concept of advertising effectiveness by shifting the focus towards consumers. There could be a chance for advertisers to fulfill specific consumer needs with the dissemination of online video ads. This study will look for a new way to improve the effectiveness of online video advertising without the necessity of advertisers to push this content to consumers. If online video ads can fulfill specific needs, consumers should pull these messages from the web whenever it suits them. To explore this possibility, I will look at the role that business model innovation can play.

2.3 Business Model Innovation

Every commercially driven company, knowingly or unknowingly, employs a business model that illustrates the value creation, delivery and capture of its operations. The business model communicates how companies deliver value to customers, how these customers pay for the delivered value and how the company can make a profit out of these payments. In essence the business model is a set of company hypotheses about what the customer wants and how they want it delivered to them. The company then hypothesizes how they can meet these customer needs in exchange for a monetary payment resulting into profits (Teece, 2010).



"A business model is a well-specified system of inter- dependent structures, activities, and processes that serves as a firm's organizing logic for value creation (for its customers) and value appropriation (for itself and its partners)" (Sorescu et al., 2011, p.4).

As Teece (2010) puts it, business innovations will fail to deliver or capture value without a well-developed business model. This assumption is especially true for internet ventures because consumers expect online products and services to be free, which makes revenue streams even more complex. To capitalize on innovation it is not enough to focus on product development and design; it is also necessary to focus on business model design. The core question that every business strategist

asks himself is the foundation of a good business model: How do I build a sustainable competitive advantage and turn a super normal profit?

Economic theory often overlooks the importance of business models, as most theories assume that value creation and value capture are self-evident when firms place their products or services on the market at competitive prices. In markets where consumer choice, transaction costs, heterogeneity amongst consumers and producer, and market competition are present, continuous profits can only be made by firms who constantly invent and present new value propositions to consumers. Business models must then also innovate over time due to changing markets, technologies and legal structures (Teece, 2010). To maintain competitive advantage in times of too quickly changing consumer needs, shorter product life cycles and increasing competition, companies and industries need to continuously redesign their business models for the benefit of the entire industry (Hienerth, Keinz, & Lettl, 2011). In order to improve the effectiveness of online video ads, the advertising industry could reexamine their existing business model, which is centered on pushing messages to consumers, and look for alternative business models that put consumers in control of their own advertising consumption.

2.4 Strategy and the Business Model

A business model is a conceptual framework that makes implicit assumption about customers, the behavior of revenues and costs, the changing nature of user needs, and likely competitor responses. In order to benefit the luxury and profitability of competitive advantage, a business model must be differentiated and hard to replicate for incumbents and new entrants (Teece, 2010).

The difference between a firms' strategy and its business model is difficult to separate because both concepts share common roots. Strategy however, always communicates a specific goal. Porter (1996) claims that strategy is focused on how a firm can uniquely position itself in the market, Magretta (2002) supports this idea. She emphasizes the concept of differentiation and ways to compete with competitors to achieve competitive advantage. According to Sorescu et al. (2011) a business model differs from strategy as it focuses on the organizing structures of a firm to answer the question of how to create and appropriate value while maintaining or creating sustainable competitive advantage to reach the goal formulated in the strategy.

Competitive strategy analysis is coupled to business model design by segmenting the market and creating a value proposition for each segment. Afterwards the business model is completed by setting up systems to deliver this value, and creating 'isolating mechanisms' to protect the business model and strategy against imitation by competitors. The corporate strategy is what makes a

business model viable and sustainable. This means that the strategy is used to differentiate operations and activities; this is seen as applying a strategic analysis filter over the business model (Teece, 2010).

A firm can change its strategy, which mostly means that it also has to change its business model. However a change in the business model does not always mean that a change in the strategy framework is necessary. A business model is more detailed than the strategy. Strategic goals are often very abstract: we want to be the biggest supplier of phones in third world countries. The business model, tied to this specific strategic goal, will then focus on how company managers can produce cheap phones with their resources so that consumers in the specific customer segment will acknowledge the value of the product over other offerings from the market (Sorescu et al., 2011).

2.5 Business Model Design

In the firsts section of the literature review I discussed some important changes of the advertising industry's' environment. The importance of continuous business model innovation and the difference between strategy and the business model was described afterwards. This section will address theories about actually designing new business models. In order to do that, I will further expand on the different elements that a business model contains. As will become clear after this chapter, the discovery of a value proposition lies at the heart of any business model design (Teece, 2010). By using theories about the design of business models, I will try to make clear what value online video ads can deliver to their audience.

There is no single definition of a business model that all literature on the subject refers to. Instead, the literature offers a huge selection of definitions to describe what a business model is. All these definitions tend to focus on different particularities but what they all seem to have in common is the communication of a firm's value proposition, a depiction of its revenue streams, the resources used to extract rents, and the structural systems to tie these concepts to their stakeholders (Sorescu et al., 2011).The business model is thus all about value creation and value appropriation. The business model is often seen as a model to identify how revenue streams can be realized. However, it is important to recognize that the value proposition, cost structure, resources and the revenue model all have to be a cohesive whole to create and appropriate value. If these elements of the business model complement each other it will be more likely that the model will effectively return profits (Porter, 1996).

In order to clearly communicate the business activities and logic of an organization to their stakeholders, a business model serves as a useful tool that is essential for managers (Osterwalder &

Pigneur, 2003). Osterwalder and Pigneur (2003) try to conceptualize the business model in order to make it a more usable tool that can foster innovation within companies. The business model of a firm does not only represent the way a firm generates income, it encompasses all aspects of the firm. In their article they break down the business model, applicable for any company, into four main elements. First of all it is necessary to ask *what* a company has to offer, *who* it wants to service with this offer, *how* it plans to get this done and *how much* can be earned by performing this activity. The ‘what’, ‘who’, ‘how’ and ‘how much’ are all elements that can be seen as the cornerstones of the business model.

On a product level, we can zoom in on the value proposition of the firm, which tries to give an answer to the question of what the company has to offer. How the firm gets in touch with their customers, is the question that is tied to the customer relationship element of the business model. To communicate how a company will try to get their activities done, the infrastructure element is considered. Finally, to determine how much the firm will earn, the financial aspects element of the business model gives an answer.

With the business model canvas, Osterwalder and Pigneur (2010) create a framework that makes the business model a tangible idea that can be easily discussed and altered for the benefit of any firm. The canvas is made out of nine building blocks: customer segments, value proposition, channels, customer relationships, revenue model, resources, activities, key partners and cost structure. In each building block you find the essential questions that need to be answered in order to get an understanding of the entire business model of a specific company product or service (see Figure 1).

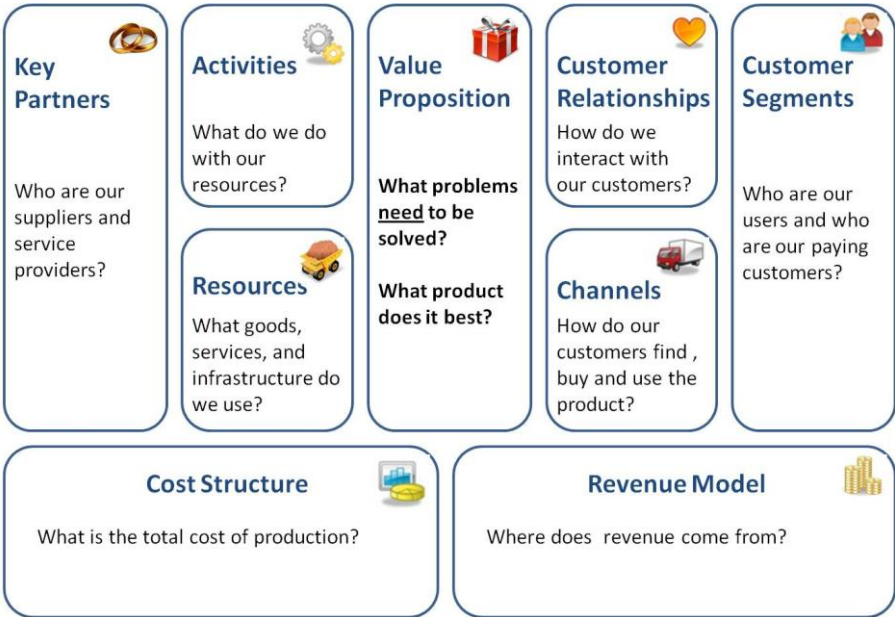


Figure 1. The Business Model Canvas (Coram, 2012, p. 1)

The value proposition deserves some additional explanation as it is an essential element of the business model and forms the core of what and how a company can offer value to its customers and users (Osterwalder & Pigneur, 2003). As will be explained later on, this paper will also investigate how a value proposition can be developed with the help of a structured factor and cluster analysis. In this light the value proposition is indirectly shaped by customer segments on the right side of the business model canvas.

The value proposition of a company or business consists of the value that this party can provide its target customers. A firm can provide value to customers based on the capabilities that it has. The value proposition is made up out of a set of elementary propositions that each describe product or service attributes and explain how these can bring value to the customer. So in other words the value proposition of a firm is an overarching combined value that contains elementary value propositions for a specific target customer. McDonald's for example, offers Happy Meals and includes a toy with every order. Together these two elementary value propositions offer value for children that make sure they will come back to McDonald's for future Happy Meals.

In order to design a potential business model for the online advertising industry it is necessary to determine the value proposition towards target customer segments. As explained before, consumers have a clear problem with advertising that leads them to avoid or ignore ads. This research hopes to address that problem by looking for a clear value proposition that can be offered to the consumers that advertisers want to reach. Once this proposition is found organizations will be able to design profit mechanisms and determine key resources and processes that will help to deliver and capture value through business model innovation (Hienerth & Lettl, 2011).

2.6 The Value Proposition of Online Video Ads

As mentioned above, the advertising market is dealing with consumers that are exposed to an abundance of ads. A lot of people tend to allocate their focus on the information they need, effectively avoiding online ads. The television advertising market is now facing a similar problem as the use of digital video recorders (DVRs) is increasing (Bellman, Rossiter, & Schweda, 2012). Where people were previously pushed to watch ads on television because they interrupted the content they were watching, it is now possible to avoid these ads by fast forwarding through them (Bellman et al., 2012; Kelly et al., 2010).

The old mass media model, where people were seen as the passive audience, has now made way for a model where people are seen as an active audience (McQuail, 2010). New technologies and developments, the internet serves as a prime example here, have made it possible for people to

search and choose exactly what information they need and consume this information in ways that personally satisfies them best. With the help of new media, consumers of media content are gaining control over the way they are able to consume different kinds of available information. This so called 'on-demand culture' can have an impact on how media content and advertising are perceived, consumed and processed (Kim & Lee, 2012; Williams & Edge, 1996).

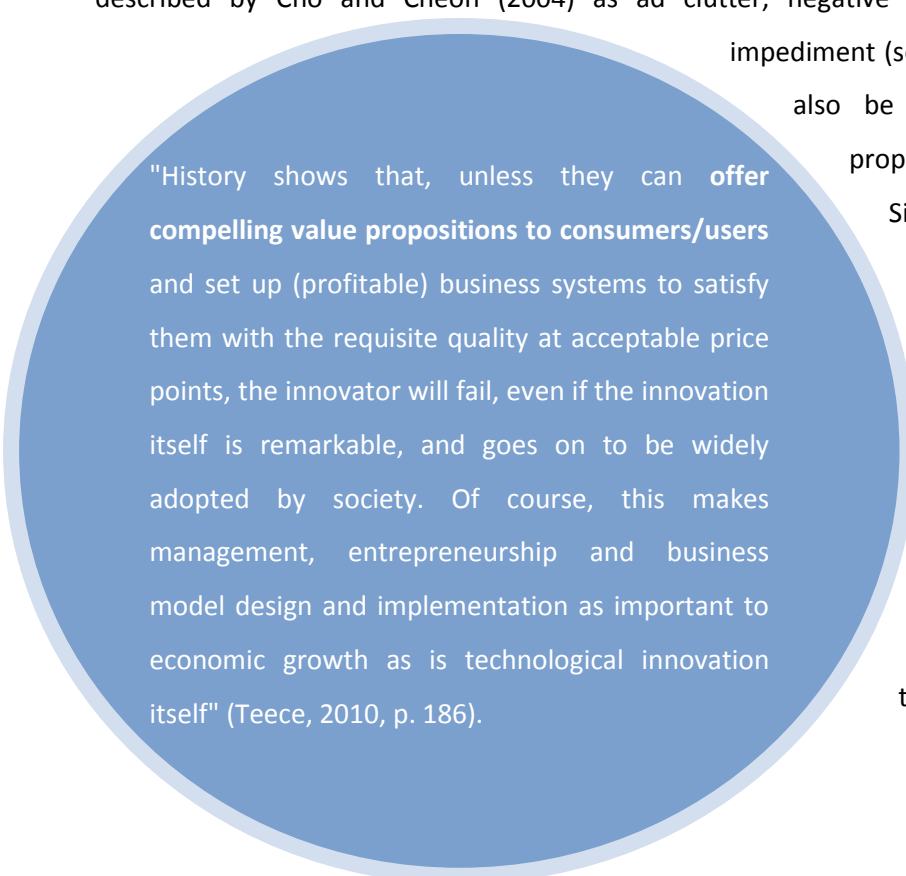
Schultz (2008, in: Kelly et al., 2010) suggests that consumers should react to the oversaturation of advertising messages by shielding themselves from these 'push' messages, hereby avoiding advertising clutter from marketers. Consumers should empower themselves and 'pull' this information from the internet or other media at a time and place that is convenient for them. If consumers voluntarily expose themselves to advertising messages from marketers because they believe they have a specific need for the information or other content provided in the ad, advertising will be seen as valuable media content that people consume with a specific reason or motivation.

This thesis will investigate consumers' willingness to watch an online video ad in order to find a new value proposition for this content. Such a value proposition can open up possibilities for advertisers as well as for consumers. Advertisers can benefit by reducing advertising avoidance, and improving the effectiveness of online video ads. Consumers can also benefit by reducing the elements, described by Cho and Cheon (2004) as ad clutter, negative experience and perceived goal

impediment (see Figure 2). These elements can

also be seen as the 'negative value proposition' for online video ads.

Since this research was conducted to find the most important element of the business model, the (positive) value proposition, for online video ads, the negative value proposition gives us a good starting point to find out what problems consumers face when they watch online video ads.



"History shows that, unless they can offer compelling value propositions to consumers/users and set up (profitable) business systems to satisfy them with the requisite quality at acceptable price points, the innovator will fail, even if the innovation itself is remarkable, and goes on to be widely adopted by society. Of course, this makes management, entrepreneurship and business model design and implementation as important to economic growth as is technological innovation itself" (Tece, 2010, p. 186).

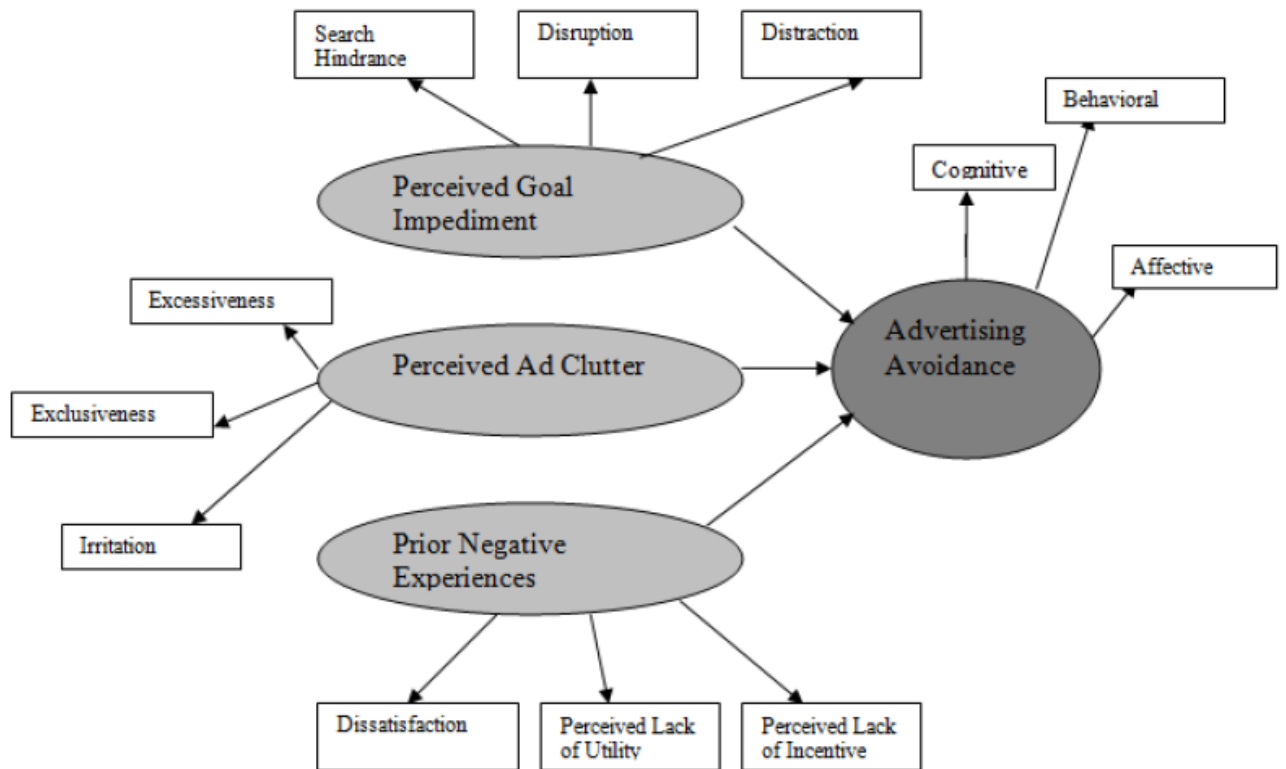


Figure 2. Model of advertising avoidance (Cho & Cheon, 2004, p. 93)

A positive value proposition may help to make online video advertising more satisfactory by increasing the perceived incentive and utility for consumers to view ads. At the same time the formulation of such a value proposition can lead to the improvement of metrics like CTR, helping advertisers improve their effectiveness. By making the consumption of ads a goal by itself, it is also possible that the value proposition facilitates a business model that could bypass feelings of interruption and intrusiveness that are common with other forms of online advertising (Cho & Cheon, 2004; Kelly et al., 2010). In other words, a new value proposition for online video ads can change the negative perspective of advertising and facilitate business model innovation within the online advertising industry. As Cho and Cheon (2004) put it: "Delivering the right message to the right people at the right time might make consumers feel less disruption because the ad messages would be highly consistent with their goals or tasks and might not cause perceived goal impediment or may even be of assistance to their internet goals" (p. 94).

2.7 Uses & Gratifications Theory

The uses and gratifications theory is a widely used theory within the field of media and communications. The concept of this theory lies in the motivations of people to consume media. It is used to identify and understand media use of all kinds. However, most of the research on this topic is to understand why people spend time on specific media, such as television or social networks (Kim &

Lee, 2012; McQuail, 2010; Raacke & Bonds-Raacke, 2008). It is also a common subject to investigate why people tune in to specific genres of content for example, why people watch *dancing with the stars*. Media audiences have different kinds of needs that they try to fulfill by actively exposing themselves to media content. The expectations that they have from media, the sought out gratifications, could occasionally not be in line with the gratifications that are met (Raacke & Bonds-Raacke, 2008). Scholarly work can help media practitioners and advertisers to understand what needs consumers try to fulfill when they consume media content. Using this information, media content can be altered and modified to match user expectations.

In the case of online video ads, the uses and gratifications theory can help to understand what reasons, if there are any, people have to consume advertising. Online video advertising, in this research, will be seen as a form of media content that audiences can actively, that is voluntarily and with a specific goal in mind, consume. By implementing the uses and gratifications theory it will be possible to further understand what motivations consumers have when watching an online video ad. Knowing how, and with what motivations, users are willing to watch online video ads, will make it easier to describe how this advertising format can innovate and add value to the existing advertising market. The uses and gratifications theory is used to find important consumer motivations and shape a value proposition for online video ads using these motivations.

The uses and gratifications theory has been applied to advertising before in prior scholarly work. As O'Donnohoe (1994) explains, advertising through media can be seen by consumers as stand-alone content which can provide a certain satisfaction after it has been consumed. Even though advertisers place messages on media platforms to improve marketing objectives, consumer uses for watching ads are not only marketing related. In fact, O'Donnohoe (1994) has separated marketing uses from non-marketing uses as shown in table 1.

The uses and gratifications of advertising (O'Donnohoe, 1994)	
Marketing	Information Choice, competition and convenience Quality assurance/reassurance Consumption stimulation Vicarious consumption Added value
Structuring time	Structuring time
Enjoyment	Entertainment Diversion Escapism Play
Scanning the environment	Surveillance Familiarity Checking out the opposite sex Education
Social Interaction	Family relationships Peer relationships
Self-affirmation/transformation	Reinforcement of attitudes and values Ego enhancement Aspirations and role models

Table 1. Uses and gratifications of ads

Lee and Lee (2012) also take a uses and gratifications perspective in their research to discover the viewing motivations of consumers for watching online video ads. What motivates consumers to watch online video ads? After analyzing their survey results they found that there are five different types of motivations for consumers to view an online video ad: social interaction, relaxation, information, escapism-pass time and entertainment.

Social interaction motivations refer to the fact that people could watch an ad to build or enhance their personal social relationships. This could occur when people choose to watch an online video ad to talk about it with their peer groups. The motive of watching an ad for relaxation purposes means that people will choose to watch an online video ad to take a break from their busy schedule and mentally refresh their minds. Information motivation reflects the need for consumers to get valuable information from an online video ad. Finally, escapism-pass time refers to consumers' desire to get

away from their daily routines when watching an online video ad and entertainment reflects the motivation of consumers to be amused when watching an online video ad (Lee & Lee, 2012).

My research will take the same approach as the previously described papers that sought out to find out why people want to watch an ad (Lee & Lee, 2012; O'Donnohoe, 1994). Once we understand the possible motivations that consumers have to watch an online video ad, it will be possible to connect the uses and gratifications theory with business model theory by 'extracting' a value proposition from consumers' perceived value of online video ads.

2.8 Perceived Value

The uses and gratifications theory can be applied to traditional advertising content as O'Donnohoe (1994) has demonstrated in her research. This thesis will take a slightly different approach by looking at online video advertising, like Lee and Lee (2012), and what value consumers give them. When taking a business-centric approach, as is done in this research, a so called 'value lens' can be applied on the uses and gratifications theory to examine to what degree certain gratifications are explicitly valued by consumers. Woodall (2003) explains that value for consumers is generated after an internal analysis of the benefits and sacrifices of using or consuming a product or service. Benefits are recognized by product or service attributes, such as quality or features, and by the perceived outcomes (gratifications) that consumer's experience. This explanation of consumer benefits is similar to the uses and gratifications theory that focuses on media consumption. On the other hand there are also monetary and non-monetary sacrifices that come to play when assessing the value of a product. In order to find the value of online video ads we have to know what attributes and outcomes are most important to consumers when they voluntarily choose to watch these ads. At the same time it is necessary to know what sacrifices they want to reduce so that the perceived value of an online video ad can be increased when creating a business model around this product. As has become clear throughout this paper, we take a uses and gratifications standpoint and look at advertising as a genre of media content that can take care of specific consumer needs. If it can be proved that advertising can satisfy at least one of these consumer needs, it cannot be denied that these marketing messages can provide value to consumers (O'Donnohoe, 1994; Sweeney & Soutar, 2001). This research is sought out to discover what consumers value in online video ads and how advertisers should present this value to consumers by finding a value proposition that could facilitate business model innovation in the online advertising industry.

Previous research on the concept of consumer value has suggested that there are various different dimensions of value such as quality value, emotional value, price value and social value. All these dimensions are, consciously and unconsciously, considered when consumers make a product choice.

The perceived utility of a choice, as it is called, makes use of these dimensions on a decision level (buy or not buy), a product level (orange or lemon drink) and on a brand level (Sprite or 7Up) (Sweeney & Soutar, 2001). It is, thus, necessary to understand the conscious choice of consumers to pay attention to advertising instead of avoiding the ad (Cho & Cheon, 2004). O'Keefe, Nash, and Liu (1981) state that the perceived utility of an advertising message is what makes it valuable to consumers. Advertising, they say, can be seen as media content that provides consumers with information about products and services that they can purchase. This explanation could give a primary answer to the question that is asked in the value proposition part of the business model canvas. What problems need to be solved (Osterwalder & Pigneur, 2010)? So when trying to find a value proposition for online video ads, the instrumental utility of the ads must become clear for consumers. What does the viewer get for 'consuming' an ad? The perceived value of an online video ad will increase if the ads are perceived to have an instrumental utility that can gratify specific consumer needs.

Tsang, Ho and Liang (2004) state that the informativeness and the entertainment level of an ad are important aspects of advertising that increase the value of the message for consumers. When creating a value proposition for online video ads, these kind of attributes should be considered together with the motivations that consumers have to consume an online video ad. Yang and Smith (2009) also study consumer viewing intentions for advertising messages. However they focused on how the creativeness of an ad could influence consumers' willingness to watch the ad again after initial exposure. In these studies, the instrumental utility for consumers can be seen as entertainment (Tsang et al., 2004; Yang & Smith, 2009).

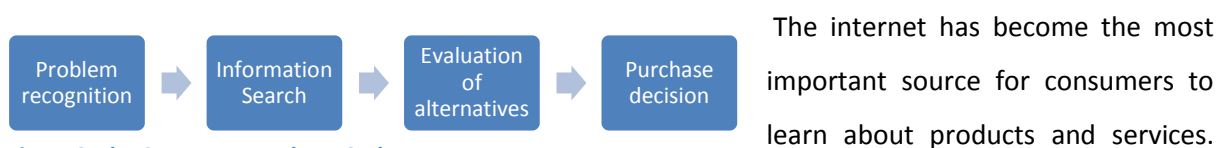


Figure 3. The Consumer Purchase Cycle (Kotler, 1999)

Online video advertising can also help them in this process (Yalcin & Ofek, 2011). In order to increase the perceived user value of online video ads, we can use Kotler's (1999) framework. Advertising can help consumers by providing relevant information for all stages of the purchase cycle (Kotler, 1999; Yalcin & Ofek, 2011). Previous research on consumer attitudes towards advertising has shown that consumers prefer advertising messages that help them to make a decision. The informativeness of ads is believed to be the most important attribute to influence consumers' response to the advertised message and the brand itself (Abernethy & Franke, 1996; O'Keefe et al., 1981). In order to discover how ads can provide more value to users it is important to know how to measure the perceived

informativeness of these messages. Resnik and Stern (1977) have turned their research focus to the content analysis of ad messages to determine the types of information presented in ads. They found that the information presented in an ad is often meant to reduce uncertainty. The usefulness of this information for consumers is, however, subjective and dependent on each individual. The categories of information presented by Resnik and Stern (1977) focus on the informative facts presented in an ad in order to compare levels of information between different messages. In that sense, information can be seen as the communication of specific product attributes and abilities. Information that makes it easier for consumers to compare products could increase the perceived value of online video ads (Aberenthy & Franke, 1996; Jiang, Yang, & Jun 2013; Resnik & Stern, 1977; Talke & O'Connor, 2011).

As mentioned above, value is a subjective term depending on various characteristics of every unique individual. It is predictable that different users will all value, or not value, online video ads in different ways based on demographic varieties (Woodall, 2003). If potential audiences get the feeling that specific media content exists that can be meaningful, appropriate or valuable for their specific (information) needs they will consider in consuming and processing this content. This is also true if certain content is related to their personal interests that make a consumer more involved with the advertised product and the ad itself (Wang et al., 2009).

The perceived lack of incentive is one of the reasons that make consumers avoid advertising (Cho & Cheon, 2004). Incentive-based ads provide the viewer with specific financial rewards in return for consuming an ad (Tsang et al., 2004). In their research to find consumer attitudes, intentions, and behavior towards mobile advertising Tsang et al. (2004) conducted a field survey amongst 430 Taiwanese mobile phone users. One of their findings suggests that incentives can increase consumers' intention to receive SMS-based mobile advertisements. If this incentive is made clear in a monetary way it could be a reason for consumers to face ads, and therefore, increase the consumer value of online video ads.

The perceived value for online video ads is seen as the instrumental value that each consumer believes s/he can extract from a single advertising message. This study is, therefore, meant to investigate alternative ad attributes that may increase consumers' perceived utility of online video advertising, simultaneously increasing the perceived consumer value of an online video ad. This section has described a few possible attributes of online video ads that consumers could perceive as value. The next section will introduce the research question that will help us to test to what degree the sample perceives these attributes as a value of online video ads.

3. Research Questions

From the literature review we can conclude that business model innovation is essential for companies to create a sustainable competitive advantage. Therefore, the advertising industry also needs to look at new possibilities to improve the effectiveness of their marketing messages by developing elements of their business model. From a uses and gratifications perspective it has been stated that advertising, like other media content, can be of certain value to consumers (O'Donohoe, 1994; O'Keefe, 1981). How can this perceived value be presented as a value proposition towards these consumers? This research will try to determine if consumers can personally benefit from the consumption of online video ads. The following research question was formulated to lead this research:

RQ1: What factors influence internet users' willingness to watch online video ads?

Knowing how and to what degree consumers value different factors of online video ads, makes it possible to shape a value proposition that can attract different customer segments to actively choose to consume online video ads, instead of actively avoiding them. In other words, a value proposition can be designed to fulfill the needs of consumers that want to watch an online video ad for different reasons. The second research question will therefore answer to what degree different internet users share similarities and dissimilarities in their value perception of online video ads:

RQ2: To what extent can different customer segments be identified based on the perceived value of online video ads?

Both research questions stem from the business model canvas that was explained in the literature review. The first question looks at the value proposition section of the business model canvas in order to create, or recreate, a value proposition for consumers of online video ads. The second research question is obviously tied to the customer segment section of the canvas in order to examine if there are different groups that can be serviced with online video ads in different ways.

4. Methods

To answer the research questions mentioned in the previous chapter, this research will make use of a survey to gather the appropriate data. The survey was conducted during the month of May in 2013. Respondents were contacted and asked to fill in the survey through the social networking site Facebook. Also, some respondents were contacted through an e-mail that asked them to partake in the survey. The Facebook message and the e-mail both contained a link to the online survey created with the survey program *Qualtrics*.

The goal of this research is to find and define a clear value proposition for online video ads. With this goal in mind this section will provide information about the used epistemology of the research. First I will briefly explain what a survey research is and why this particular data collection method suits this study. Afterwards I will give some information about the research sample used in this research. After the sample and the sampling methods are defined I will elaborate on the questionnaire to give an understanding of how it was designed. The last section of this chapter will elaborate on the types of statistical data analyses that were conducted to examine the collected data.

4.1 Survey

To investigate the value proposition of online video ads for consumers it is necessary to get to know what these consumers value in online advertising and related topics like making a purchase decision. The best way to do this is to ask every single consumer personally why they would choose to watch an advertising message and how this would help them with their purchase decisions. That would uncover various motives and consumer needs that could then be translated into a value proposition for every consumer segment. Asking an entire population, in this case all highly educated young adults between 18 and 30 years of age that use the internet, is referred to as census research (Howitt & Cramer, 2007). This approach is however impossible because it is far too costly and time consuming to manage a research of that scope. With help of a literature review, as is done in this research, it is possible to theoretically derive the factors that are most likely to influence the value of online video ads for consumers. This makes it possible to design a questionnaire, based on the most important elements of consumer value. The questionnaire, also called a survey, makes it possible to gather data from a large number of people that represent the population.

By creating a standardized questionnaire it is possible to ask people for the information that is needed to answer the research questions. There is another method that makes it possible to ask people for specific information: the interview. The benefit of standardized questions, as opposed to an interview, is that the answers of respondents can be compared with each other. Also, the

standardization of the questions makes the research more reliable because it can scientifically be replicated by others (Howitt & Cramer, 2007).

This research will use a non-experimental research design by conducting a survey amongst internet users to statistically examine if there are certain variables that influence the perceived value of online video ads. The use of a non-experimental design will improve the ecological validity because respondents will answer the questions in a more natural setting that is closer to real life situations. An experimental design makes it harder to duplicate these kinds of settings, which can cause a lower validity of the results.

4.2 Survey Design

This thesis will make use of an electronic questionnaire that was filled in by respondents without the assistance or presence of an interviewer. The respondents in this study used a computer, tablet or smart phone to answer the survey. The official terminology for this method is computer-assisted self-administered interviewing (CASI).

At the beginning of the survey a short description of the research topic was given to the participants. The message contained information about the research goal to propose new ways to consume and spread advertising online. Respondents were told that they would be presented with a few statements about their willingness to watch online video ads. After the description, a few demographic questions were asked.

After answering the demographic questions the respondents were confronted with 42 items. The survey items are taken from other surveys that were conducted in previous scientific studies and modified to fit the current research (Burke & Edell, 1989; Burke & Scrull, 1988; Ducoffe, 1996; Lee & Lee, 2012; Smith, Chen & Yang, 2008; Wang et al., 2009; Jiang et al., 2013; Yang & Smith, 2009). Each item presented the respondents with a statement that they had to answer on a 7-point Likert scale. Respondents were given the option to *strongly disagree (1)*, *disagree (2)*, *somewhat disagree (3)*, *neither agree nor disagree (4)*, *somewhat agree (5)*, *agree (6)* or *strongly agree (7)* with the given statements. The Likert scale is a widely used method within social scientific research topics because it is an easy scale for respondents to understand. Asking respondents to agree or disagree on a Likert scale makes the results interpretable on a pseudo-interval level. This means that the survey data can easily be used to perform statistical analyses (Howitt & Cramer, 2007). The 42 items all asked respondents if they were willing to watch an online video ad for varying reasons.

Survey Items

I would be willing to watch an online video ad because...

my friends are talking about it

it helps me to start a conversation with others

it helps me to unwind

it helps me to relax

it helps me to learn about unknown products/services that I'm interested in

it gives me something to occupy my time

it helps me to get free information for something that I'm interested in

it helps me to pass time when I am bored

it helps me to learn useful things about something that I'm interested in

it helps me to forget about school, work or other things

it helps me to be entertained

I would be willing to watch an online video ad if...

the ad is relevant to me

the advertised product/service fits my needs well

the advertised product/service is important to me

I like the music played in the ad

I like the visual elements of the ad (e.g., images, colors, lighting etc.)

the ad is creative

the ad is innovative

the ad is artistic

the ad uses celebrities

the ad is funny

the ad makes me angry

the ad is entertaining

the ad makes me sad

the ad makes me scared

the ad makes me happy

I am curious about the product/service

I am curious about the brand

I am find the product/service interesting

I find the brand interesting

it provides me with product discounts and other special offers

it rewards me with money for watching the ad

If I can have a free trial of the product/service

I can save money by watching the ad

I can earn something by watching the ad

it provides specifications for products/services that I'm interested in

it uses text to give me additional information for products/services that I'm interested in

it uses graphics to give me additional information for products/services that I'm interested in

it gives me price and availability information for product/service that I'm interested in

I get an opinion about products/services I'm interested in from independent experts

I get an opinion about products/services I'm interested in from consumers

I get an overview of similar products/services I'm interested in

Table 2. Survey items

4.3 Measures

The next section will provide more information about the independent and dependent variables and the overall measures that were used to ultimately answer the research question.

4.3.1 Dependent Variables

The main research question refers to one dependent variable. The perceived value of different factors of online video ads is measured by the *willingness to watch an online video ad*. Because the goal of the research is to formulate a value proposition by discovering which attributes of online video ads are valued most by consumers, the items can be seen as value elements that respondents evaluated on the 7-point Likert scale. Because value is subjective, it is necessary to ask consumers to think about online video ads as an instrumental tool to fulfill specific consumer needs. The willingness to watch an online video ad is seen as the dependent measure for perceived consumer value.

4.3.2 Independent Variables

The literature review of this research has shown that there are various important elements that can influence the perceived consumer value of an advertising message (Burke & Edell, 1989; Burke & Scrull, 1988; Ducoffe, 1996; Lee & Lee, 2012; O'Donoghoe, 1994; O'Keefe et al., 1981; Smith, Chen & Yang, 2008; Wang et al., 2009; Jiang et al., 2013; Yang & Smith, 2009). The uses and gratifications theory, which basically tells us that people have different motives to consume media content, is therefore an important theory that can explain that consumers will value advertising in different ways depending on their motives to consume these messages (O'Donoghoe, 1994). The survey presented various motives and value elements to consumers, to determine their willingness to watch an online video ad. All these motives are seen as independent variables that influence the willingness to watch an online video ad. As stated in the first research question, the independent variables can be seen as all factors that influence the willingness to watch online video ads.

4.3.3 Control Variables

All respondents were asked about their *gender, age, level of education* and finally, *in which country they lived*. These questions were asked based on the different ways in which a market can be segmented (Kotler, 1999). Industries and companies can cater to the needs of consumers by making a distinction between different customer segments that can be found within a market. One of the ways these segments can be found is by looking at demographic characteristics such as gender, age and the level of education. These characteristics could also influence the willingness to watch an online video ad. Asking respondents to share this information is very easy, and the interpretation of this kind of segmentation is easy and clear to understand. It is also possible that consumers'

willingness to watch an online video ad differ due to their geographical location, which is why this survey includes a question to determine where respondents reside. Although the main focus of this research will be on the Dutch consumer, the sample does not exclude respondents from other geographical locations.

4.4 Sample

Due to the constraints of time and resources available for this research a random sampling method was not considered. Each member of the population did not have the same equal chance to be selected to partake in the online survey, thus an alternative method to gather respondents for the sample was used based on non-probability sampling.

A convenience based sampling method, also called opportunity sampling, was used because it gives access to the largest amount of data without having to deal with high costs. Also convenience sampling can help to define a sample faster than random sampling methods. By approaching people in my own social network by e-mail or through a private message on various social media I asked them to fill in the survey and also to share the survey link with their own network. This sampling method is known as snow-ball sampling. Although respondents of all demographic backgrounds are included in the sample, the snow-balling method leads to a sample of mostly Dutch internet users that are highly educated in the age group of 18-40. The population from which the sample is extracted can then also be defined as highly educated internet users between 18 and 40 years of age living in The Netherlands. The questionnaire was pretested on 10 individuals on 13-05-2013. After these individuals gave their feedback the questionnaire was revised and the survey was distributed.

5. Results

In total, 211 respondents completed the online survey. Of these respondents 124 were male (58,8%) and 87 were female (41,2%). A closer look at the ages of the respondents shows that the youngest respondent was 14 years old and the oldest respondent was 63 years old. The most common age was 24 and the mean age was 27,61 (SD = 8,75). No formal education was reported to be the lowest level of education, the highest level of education completed was a Doctoral degree, the most common level of completed education was the HBO/WO Bachelor's degree (51,2%). Although most respondents were from the Netherlands (83,4%), the sample includes respondents from 14 other countries as well (Appendix 1). The next sections will show the results of the analyses that were performed with SPSS.

5.1 Factor Analysis

A factor analysis was conducted to identify different reasons that influence consumers' willingness to watch an online video advertisement. To determine the amount of underlying factors within the survey items, a factor analysis is helpful. This analysis can also reveal the meaning of these factors and show us which survey items measure them.

Factor analysis helps us to answer a few important questions in the field of social science research. The first question that this analysis addresses is how many different components exist within a certain data set of scores. Intelligence, for example, can be measured with mathematical tests as well as with general problem solving tests. If we only take the scores of these two tests we can say that intelligence has two underlying components. In social science many concepts, like the concept of consumer value, have numerous underlying components. Using the survey results, factor analysis can help to separate and group the different components of perceived user value to understand how many factors influence the willingness to watch an online video ad. Secondly, a factor analysis helps to understand how these components relate to each other. Factor analysis then, helps us to explain these components by showing us how well these components can be measured and finally, to find out what their exact nature is. By nature, I mean that the factor analysis respectively tries to explain the concepts' components and how these components can be identified.

SPSS gives several different methods to perform a factor analysis, for this research I will use the *principle components analysis* (PCA). What this analysis does, is measure which variables, in this case survey items, group together to measure an underlying concept. These underlying concepts can also be called factors. In other words the PCA helps us to recognize patterns in the data to extract more information from a group of variables than is possible when looking at a single variable.

The KMO of this survey is 0,903, which means that the survey data is excellent for factor analysis. Also the Bartlett's test of sphericity is significant for this data. From these pre-test results we can say that the data proves to be suitable for a factor analysis (appendix A).

From table 3, shown below, it can be seen that 75,7% of the total variance is explained by the first 9 factors. I will only explain these 9 factors because the factors after that do not have an Eigenvalue greater than 1 (see appendix B for full table). A common used rule of thumb is that factors should have an Eigenvalue of 1 or higher. To know what these underlying factors represent we must take a look at the component matrix (Appendix C).

Factor	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	15.004	35.724	35.724
2	4.084	9.724	45.448
3	3.193	7.601	53.049
4	2.387	5.683	58.732
5	2.010	4.785	63.517
6	1.495	3.559	67.076
7	1.331	3.170	70.246
8	1.231	2.931	73.177
9	1.060	2.524	75.701

Table 3. Variance explained

Because it is harder to make sense of the regular component matrix, the factor loadings of the rotated component matrix are presented to see which items each factor represents. This analysis made use of an orthogonal rotation method called *Varimax rotation*. We can make sense of the factors by looking at the highest factor loadings of each survey item in table 4.

Factor analysis results									
	Component								
	1	2	3	4	5	6	7	8	9
I find the product interesting	.824								
curious about the product	.794								
curious about the brand	.786								
I find the brand interesting	.779								
specifications for products	.715								
text as additional information	.709								
graphics as additional information	.707								
price and availability information	.620								
ad is creative		.849							
ad is innovative		.824							
ad is artistic		.810							
like visual elements of the ad		.712							
like the music played		.643							
ad makes me happy		.570							
ad is funny		.553							
ad is entertaining		.502							
earn something by watching the ad			.897						
money for watching the ad			.880						
free trial of the product			.857						
save money by watching the ad			.813						
product discounts and other special offers			.786						

to pass time when I am bored	.813
forget about school, work or other things	.797
to occupy my time	.760
to unwind	.692
to be entertained	.691
to relax	.677
information for something that I'm interested in	.765
learn useful things about something	.740
learn about unknown products	.733
get opinion consumers	.819
get opinion independent experts	.795
get overview of similar products	.688
ad makes me scared	.872
ad makes me sad	.870
ad makes me angry	.820
ad is relevant to me	.751
product is important to me	.744
advertised product fits my needs well	.702
friends are talking about it	.766
to start a conversation with others	.717
if ad uses celebrities	.484

Table 4. Factor loadings per item

- The first factor relates to eight items that all mention product or brand interest, which is why the first factor will be called *Product Interest*.
- The second factor, consisting of eight items that all relate to the production quality of the ad and the ability of the ad to entertain. I will call this factor *Creative Enjoyment*.
- The third factor has to do with items that refer to monetary incentives, which is why this factor will be named *Incentive*.
- The fourth factor is measured by six items that have to do with passing time; this factor will therefore be called *Pastime*.
- The fifth factor is measured by items that ask people about learning from an ad. This factor will be called *Knowledge Seeking*.
- The sixth factor represents three items that ask about some kind of product evaluation, comparison or opinion, which is why this factor will be called *Product Comparing*.
- The seventh factor refers to items that ask about specific negative emotional reactions when watching an online video ad. This factor will be called *Negative Emotions*.
- Product relevance is the central topic of the items represented in the eighth factor, which is therefore called *Product Relevance*.

- The last factor contains items that ask about the social aspects of watching an online video ad which is why this factor is called *Social*.

The factor analysis has made clear that there are nine underlying factors that explain the data of this study. These factors can be seen as separate value elements that influence consumers' willingness to watch an online video ad.

5.2 Scale Construction

In this section I will check the reliability of the scales that have to be constructed with the results of the factor analysis. The reliability of all 42 items together is excellent. Cronbach's Alpha is 0,95 which means that the scale is reliable. The next step is to test if all nine factors are reliable as well so that the scales can be constructed. In order to test if the subscales are reliable I use SPSS to calculate Cronbach's Alpha for each factor with their corresponding items. If the value of Cronbach's Alpha is higher than 0,7 the scale is reliable and can thus be used for further analysis. The scales were constructed by taking the mean score of the corresponding items for each one of the nine factors. The summary of the reliability tests can be seen in table 5.

All scales proved to be reliable and their reliability could not be improved by removing an item, with the exception of a single scale. The *Creative Enjoyment* scale was tested for reliability and could be improved by removing a single item. Improving the reliability of this scale was done by removing the "Like the music played in the ad" item (appendix D). The improved scale was also constructed by taking the mean score of the seven survey items remaining.

Factor	Scale Name	Mean	S.D.	Alpha
1	Product Interest	5,05	1,14	$\alpha = 0,941$
2	Creative Enjoyment	5,32	1,18	$\alpha = 0,916$
3	Incentive	4,92	1,48	$\alpha = 0,926$
4	Pastime	3,07	1,46	$\alpha = 0,892$
5	Knowledge Seeking	4,22	1,63	$\alpha = 0,9$
6	Product Comparing	4,50	1,40	$\alpha = 0,848$
7	Negative Emotions	2,62	2,62	$\alpha = 0,865$

8	Product Relevance	5,28	1,39	$\alpha = 0,948$
9	Social	3,90	1,40	$\alpha = 0,726$

Table 5. Scale construction.

Now that nine reliable scales have been constructed, by taking the mean scores of the corresponding items of each scale, further analyses can be done. Scores on the constructed scales represent the assessment of possible value elements for consumers. Because value is a subjective phenomenon, individuals can differ from each other on how they perceive value from online video advertising. A score on each of these scales will tell us what elements different people value most. The next section will deal with the possible differences of consumers' perceived value for online video ads.

5.3 Cluster Analysis

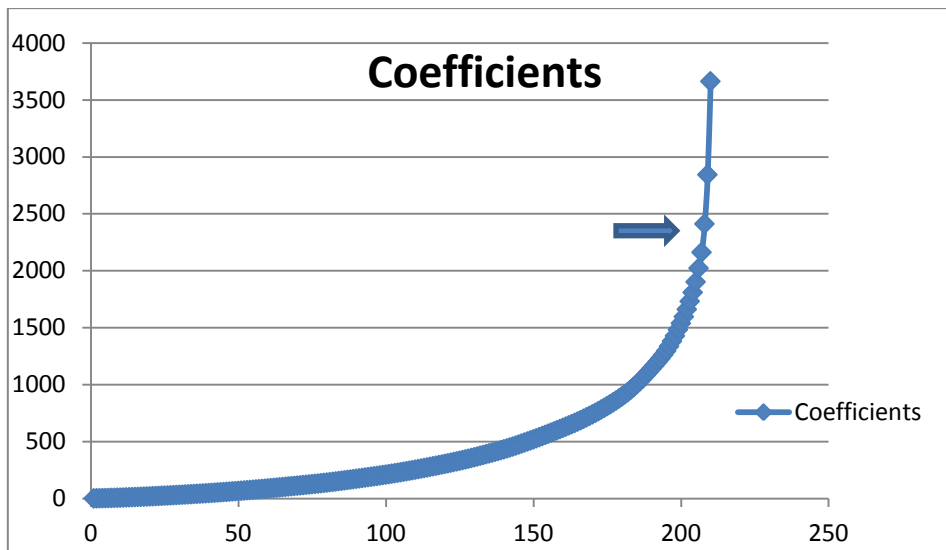
The factor analysis was used to measure the similarity between variables (items of the survey) to determine what value elements exist. The next step is to discover if the respondents share similarities and dissimilarities with each other in order to define customer segments. With a cluster analysis it is possible to discover patterns within a set of data. Because it is still unknown what the exact customer segments are for online video ads, it is necessary to check if these patterns are embedded within the data.

Because the cluster analysis is seen as a follow-up analysis of the factor analysis, the results of the factor analysis are used to create different clusters of consumers. In other words, the factor analysis is used to define value elements of online video ads and the cluster analysis is used to define and extract different meaningful groups of consumers based on their scores on the factors.

Based on the factors found in the previous analyses, it is now possible to analyze how different people score on the constructed scales. I will first conduct a cluster analysis to extract subgroups, corresponding with the found factors. To determine the amount of clusters that need to be extracted from the survey respondents, I will first perform a hierarchical cluster analysis using the Ward's method. The results of this first cluster analysis give a clear idea of the number of clusters to define when performing a non-hierarchical cluster analysis to finalize the clusters and assign the respondents to one of them.

By plotting the coefficients of the Squared Euclidean Distance against the stages used in Ward's cluster analysis (see Appendix E) the following graph is presented (table 6).

Table 6. Ward's cluster plot



The first big jump between the distance coefficients can be detected in the 208th step of Ward's cluster analysis. We can now define the number of clusters to use in the non-hierarchical K-Means analysis by subtracting 208 from the total number of cases (N=211).

The non-hierarchical method chosen for this research is the K-Means cluster analysis. Three clusters have been created, based on the Ward's cluster analysis. In the pie chart (table 7) it can be seen that the 211 survey respondents can be divided into two large cluster groups and one smaller group.

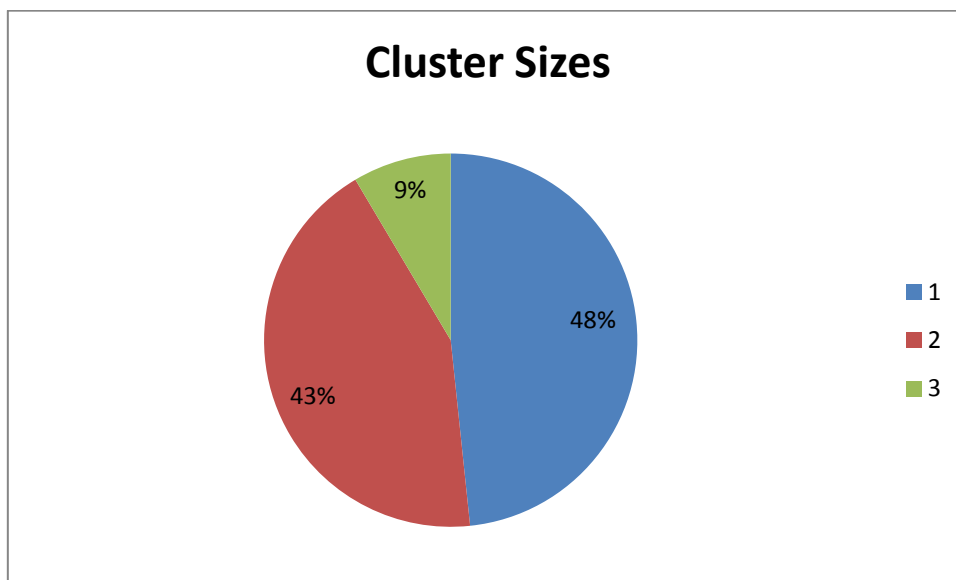
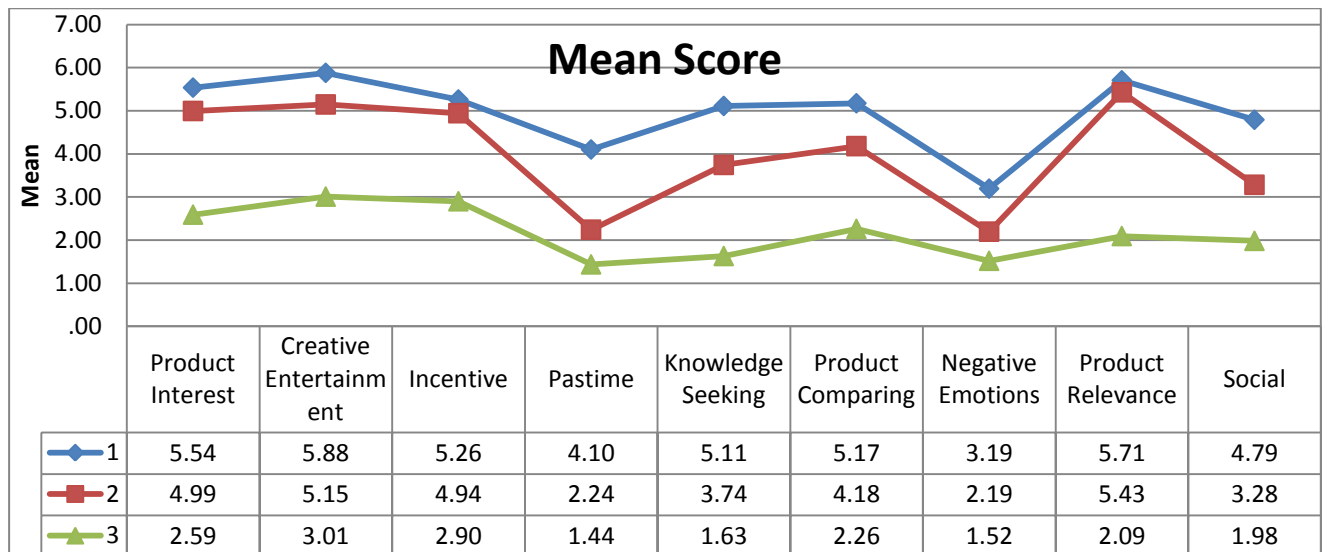


Table 7. Percentage of respondents per cluster

The respondents share similarities within their clusters and dissimilarities with respondents that belong to other clusters. These similarities and dissimilarities are all based on the mean score of the

scales that were constructed with the factor analysis. To visualize the similarities and differences between these clusters, the graph in table 8 shows the mean score on the factors for every cluster.

Table 8. Mean score for every factor per cluster



- Cluster 1, consisting of 102 individuals, scores high on the *creative enjoyment* scale, *product relevance* is also an important factor that these people use to evaluate online video ads. The lowest mean for this group is the mean of the *negative emotions* scale.
- Cluster 2, consisting of 91 individuals, follows the same general patterns as the first cluster, however the mean scores are lower for people in this cluster. In contrast to the first cluster, *product relevance* is the most important factor which is followed by *creative enjoyment*.
- Cluster 3, consisting of 18 people, is the cluster that seems to score low on every suggested value component of online video ads. The highest mean for this group is *creative enjoyment* and the lowest mean score is on the *pastime* scale.

From the cluster analysis it can be concluded that there are only two clusters to be found within this sample that value online video ads for different reasons. The third cluster, based on the 7-point Likert scale, seems to disagree that they will watch an online video ad for most of these value elements. The third cluster does, therefore, not seem to value online video ads at all.

The ANOVA table of the K-Means cluster analysis indicates that the variability amongst the means of each cluster are significantly different ($p < 0,01$) on all of the factors (Appendix F). To determine which groups significantly differ from each other on each of the factors, further analysis is required.

A one-way ANOVA test was conducted to compare the variance between the clusters on all dimensions used to measure the perceived value of online video ads (table 9). A significant

difference was found between the cluster groups and their scores on the product interest, creative enjoyment, incentive, pastime, knowledge seeking, product comparing, negative emotions, product relevance and social scales (see Appendix G for the test of homogeneity of variances and the Brown-Forsythe test).

Table 9. Anova test

		ANOVA		
		df	F	Sig.
Product Interest	Between Groups	2	97.983	.000
	Within Groups	208		
	Total	210		
Creative Enjoyment	Between Groups	2	83.617	.000
	Within Groups	208		
	Total	210		
Incentive	Between Groups	2	23.77	.000
	Within Groups	208		
	Total	210		
Pastime	Between Groups	2	98.956	.000
	Within Groups	208		
	Total	210		
Knowledge Seeking	Between Groups	2	69.199	.000
	Within Groups	208		
	Total	210		
Product Comparing	Between Groups	2	56.987	.000
	Within Groups	208		
	Total	210		
Negative Emotions	Between Groups	2	22.727	.000
	Within Groups	208		

	Total	210		
Product Relevance	Between Groups	2	105.361	.000
	Within Groups	208		
	Total	210		
Social	Between Groups	2	82.09	.000
	Within Groups	208		
	Total	210		

A significant difference between the means of every factor can be signaled. The ANOVA table shows that there is at least one significant difference between the means of every factor. To determine which clusters are significantly different from each other, a Bonferroni post-hoc test is conducted (Appendix H).

From the post-hoc test it can be seen that the third cluster shows the biggest mean differences compared to the other two clusters. This is in line with the mean score graph presented earlier, in which we can see that cluster three scores the lowest score on every value dimension. As stated before, this cluster probably does not value online video ads for any of the found factors. For this reason I will only look at the interesting differences between the two clusters, meaning cluster 1 and cluster 2 that do seem to value online video ads for at least one of the found factors.

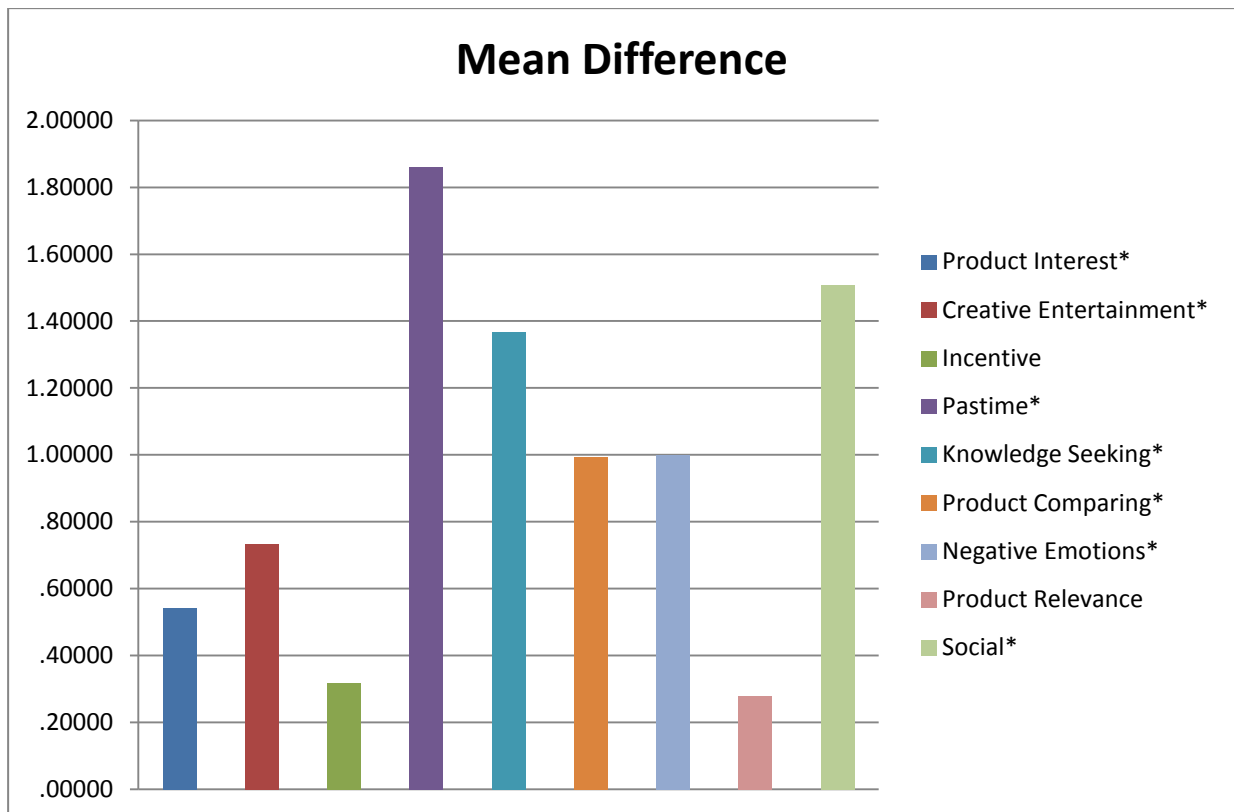


Table 10. Mean differences cluster 1 - cluster 2

The chart visualizes the mean differences between cluster 1 and cluster 2. The stars (*) indicate if the mean differences of the factors between cluster 1 and cluster 2 are significant ($p < 0,001$). Most of the mean differences prove to be significant however; the mean scores on the *incentive* scale and the *product relevance* scale are not. The biggest mean difference can be seen on the *pastime* scale. Apparently cluster 1 gives *pastime* a significantly higher value ($M= 4,1$) than cluster 2 ($M= 2,24$) when watching an online video ad. Together with the mean differences on the *social* ($M= 4,79$; $M= 3,28$) and the *knowledge seeking* scales ($M= 5,11$; $M= 3,74$), these three factors seem to be the most important significant differences between the two clusters. Cluster 1 scores the highest mean on all factors.

Except from the big differences, it is also noteworthy to look at the similarities of the two clusters, or rather the smaller differences between the means of the two groups. It looks like both clusters value the *incentive* and the *product relevance* factors equally, as the mean difference is only 0,32. Although a significant difference was found for the *product interest* ($M=5,54$; $4,99$) and the *creative enjoyment* scale ($M=5,88$; $5,15$), the mean difference for these scales is less than 1 which means that these clusters are quite similar on these dimensions of value for online video advertising.

Now that an understanding of the cluster means has been realized it is necessary to analyze the demographic construct of each cluster. Crosstabs analyses will be used in order to get a picture of how these clusters look in terms of demographics.

First of all the gender constructs of the clusters will be investigated. A significant relationship is found between gender and the clusters that respondents belong to ($p < 0,05$). This means that men and women differ in the ways that they perceive value from online video advertising. The relationship is significantly different $\chi^2(1, N = 211) = 9,865; p < 0,05$, but the symmetric measures show that the link is very weak ($V = 0,22$). The table shows the percentages of males and females across the cluster groups.

Gender	Cluster 1	Cluster 2	Cluster 3
Male	49%	65%	83%
Female	51%	35%	17%

Table 11. Gender construct of clusters

Cluster 1 has a slightly higher percentage of females, whereas cluster 2 is clearly represented by males more. Cluster 3 also contains much more males than females. It can be expected that people who belong to cluster 1, rating high on all value components, could be either male or female. We can also expect that most people who don't value online video ads at all are males.

To determine if there are effects of age and the cluster that respondents belong to, another crosstabs analysis is conducted. The respondents have first been categorized in three different age groups: Young, middle and old. The young group contained respondents from the age group 14-24, the middle age group consists of people of the age group 25-35 and finally the old group contained respondents that were 36 years or older.

There is no significant relationship between age group and the factor that people belong to $\chi^2(1, N = 211) = 4,188; p = 0,381$, so it is not possible to make conclusive statements about age and the perceived utility of online video ads. Nevertheless, the clusters can still be described in terms of percentages that were found in the data.

Age	Cluster 1	Cluster 2	Cluster 3
Young (14-24)	58%	51%	33%
Middle (25-35)	29%	34%	50%
Old (36+)	13%	15%	17%

Table 12. Age construct of clusters

Another crosstabs analysis is conducted to determine if there is a significant connection between educational level and the cluster respondents belong to. The educational level of respondents has been divided into two categories: High and low. Because most of the survey respondents live in The Netherlands I will explain which educational categories fall into the 'low' group and which categories fall into the 'high' group. The *no formal education, primary school, high school* and *MBO* levels of education are categorized as a 'low' educational level. The *HBO/WO (Bachelor), Master* and *Doctoral degree* levels of education are considered to be high.

Education	Cluster 1	Cluster 2	Cluster 3
Low	23%	26%	22%
High	78%	74%	78%

Table 13. Education construct of clusters

The level of education and the cluster that respondents belong to do not have a significant relationship with each other $\chi^2(1, N = 211) = 0,425; p = 0,809$. Again, this means that we cannot make conclusions about the level of education and the willingness to watch an online video ad.

The last crosstabs analysis that is conducted helps to determine if there is a significant relationship between the country people live in and the cluster group they belong to. The Chi-square test shows that the relationship is not significant $\chi^2(1, N = 211) = 3,112; p = 0,211$. To demonstrate the differences between the clusters the following table shows how many respondents are living in The Netherlands and what percentage is from other countries.

Country	Cluster 1	Cluster 2	Cluster 3
The Netherlands	79%	86%	94%
Other	21%	14%	6%

Table 14. Residential construct of clusters

6. Conclusion & Discussion

This thesis was set out to determine if online video ads could bring consumers value in order to increase their willingness to watch an ad. Based on the uses and gratifications theory, previous authors have suggested that advertising can be seen as stand-alone media content that could bring value to consumers in various ways (O'Donohoe, 1994; O'Keefe, 1981). However, advertising avoidance by consumers is also seen as a phenomenon that the advertising industry needs to tackle if they want to get through to consumers via these marketing messages (Cho & Cheon, 2004; Kelly et al., 2010). If consumers could actually benefit from watching online video ads, why would they want to avoid these ads? The gap between these two observations has been the main focus of this thesis.

This study has taken an effort to explore if specific 'value elements' of online video ads could increase consumers' willingness to watch these ads. This goal goes hand in hand with the improvement of online video advertising effectiveness, which is beneficial for the advertising industry as a whole. With the help of the business model canvas presented by Osterwalder and Pigneur (2010), it is possible to foster innovation within the advertising business model by (re)creating a value proposition for online video ads. The current research has tried to shape a value proposition by asking consumers to what degree they were willing to watch an online video ad if certain motivations or value elements were present. Knowing which value factors of online video ads are most important for consumers, can help advertisers to efficiently tailor their messages and try to make consumers actively consume them for the value that they contain. In this light, the advertising industry can turn away from 'pushing' their ads to consumers and put consumers in control of their own advertising consumption.

The first step in creating a value proposition for online video ads is to answer the first research question:

What factors influence internet users' willingness to watch online video ads?

First of all, this research question has tested statements and findings of previous literature that suggested that advertising could contain elements of value for consumers (Burke & Edell, 1989; Burke & Scrull, 1988; Ducoffe, 1996; Lee & Lee, 2012; O'Donohoe, 1994; O'Keefe et al., 1981; Smith, Chen & Yang, 2008; Wang et al., 2009; Jiang et al., 2013; Yang & Smith, 2009). The answer to the research question is closely tied to Cho and Cheon's model of advertising avoidance (2004). As the model presents elements of advertising that could form a reason for consumers to avoid ads, it can also be seen as the 'negative value proposition' for online video ads. To improve the effectiveness of online video ads, elements of the negative value proposition should be eliminated. Cho and Cheon's

model (2004) suggests that consumers (un)consciously do this is by avoiding ads. The advertising industry, however, needs to improve the effectiveness of online video ads, preferably without the occurrence of consumer ad avoidance.

With the help of business model innovation it is possible to look at online video ads as a consumer product that is in need of a new value proposition to remain profitable for advertisers and attractive for consumers (Teece, 2010). It is then, also possible to look for elements of online video ads that will improve consumers’ willingness to watch them. In this light, the current research helps to shape a ‘positive value proposition’ for online video ads by identifying and confirming these elements.

With the help of a factor analysis, nine factors were identified that can all be seen as elements that influence the willingness to watch online video ads: product interest, creative enjoyment, incentive, pastime, knowledge seeking, product comparing, negative emotions, product relevance and social elements were found. From the respondents’ mean score on these value elements we can conclude which elements were found to be most important to consumers (Table 15).

Rank	Value Element
1	Creative enjoyment
2	Product Relevance
3	Product Interest
4	Incentive
5	Product Comparing
6	Knowledge Seeking
7	Social
8	Pastime
9	Negative Emotions

Table 15. Ranking of value elements

Value Proposition

What problems need to be solved?

What product does it best?

The first research question was extracted from the business model canvas, more specifically, from the value proposition element of the canvas. Instead of looking to answer what problems need to be solved, I try to look at what underlying elements consumers value in online video ads. Online video ads should then be designed with inclusion of the most important value elements. By emphasizing the presence of highly rated value elements to the right consumers, consumers’ perceived value of online video ads could increase together with their willingness to watch an online video ad.

The second step of this research tried to investigate if it was possible to assign the value elements, found by answering the first research question, to different customer segments by answering the second research question:

To what extent can different customer segments be identified based on the perceived value of online video ads?

Because value is a subjective concept, the value proposition of online video ads should be tailored to different customer segments (Osterwalder & Pigneur, 2010). To find out if different segments exist within the survey respondents, a cluster analysis was conducted. The market of internet users can be segmented by different criteria. This study has mainly segmented consumers on the basis of their perceived value for the value elements of online video ads.



The analysis revealed three different clusters that all ranked the value elements in a different order. Evaluation of the clusters showed that there was one cluster (cluster 3) that did not value online video ads for any of the found value elements. Clearly, most respondents belonging to this cluster were males. As the research question is directed to find out how to target consumers with the value proposition, the third cluster can be dropped because their perceived value for online video ads will not be increased by presenting a value proposition that is based on the current elements of value.

For the remaining two clusters it can be concluded that they value *creative enjoyment* and *product relevance* most in online video ads. These value elements were found to improve the willingness to watch an ad for consumers belonging to these two clusters. Another interesting finding was that both clusters valued the *incentive* and *product interest* elements of an online video ad similarly.

After analyzing the results of this study, it can be said that the value proposition of online video ads should be defined and presented to internet users as creative and relevant video ads. Advertisers should create online video ads that consumers can enjoy from a creative perspective. At the same time the advertised products in an online video ad should be personally relevant to consumers. By looking at online video ads as standalone media content, it is possible to improve the perceived value with a specific value proposition. However, if consumers look at online video ads because they are creative, it does not mean that these consumers are interested in purchasing the product or service. It just means that the ad itself could be entertaining for internet users to watch. Advertisers should keep in mind that a value proposition consisting only of creative ads will be more likely to improve CPM and less likely to directly improve CTR or CPA metrics. To improve the willingness to watch an online video ad, advertisers could consider giving consumers a monetary incentive in exchange for consuming the ad. Product interest could also increase the willingness to watch an online video ad. Therefore, advertisers should make their ads easily accessible for consumers that are interested in corresponding product categories. This is possible by improving the selectivity of online video ads so that consumers get more control over their ad consumption (Ghosh & Stock, 2010).

Using the findings of this study to create a value proposition that increases the perceived consumer value of online video ads, will give consumers a better reason to voluntarily consume them. Advertisers should make use of competitive strategy analysis by segmenting the market to find a value proposition for various customer segments in order to improve the willingness to watch online video ads (Teece, 2010). In terms of business model innovation, improving the value proposition of online video ads could be the first step to give consumers more control over their own ad consumption.

7. Suggestions for Future Research

Although this research has reached its aim in answering the research questions, there are a few limitations to this study that should be noted.

First of all, the sampling method and the sample size may have caused different results as opposed to conducting the research with a random sampling technique. If the sample data was representative for the population, the results for the cluster analysis could have been different. Therefore the results of this research cannot be generalized. Future research on this topic should try to apply random sampling techniques so the results can be generalized. It could be possible to find more customer segments in the cluster analysis if a broader sample is used. This could lead to a better understanding of the consumers' value perception of online video ads.

Future research should also try to find more possible value elements that could influence the willingness to watch an online video ad. The value elements used in this study were found after analyzing literature about advertising effectiveness and literature on the uses and gratifications theory applied to advertising. Although, it was mentioned in this study, interactivity of an online video ad should get more attention to see if this element can influence consumers' willingness to watch an online video ad (Rosenkrans, 2009). Scholars and practitioners should look at other media content to discover what elements increase the consumer value perception for that content. If those elements can be applied to advertising, the development of a coherent value proposition has the possibility to pull more consumers towards ads. If more value elements and motivations to consume specific media content are known, it will also be easier to measure if these elements can actually improve the willingness to watch an online video ad due to the development of standardized surveys items.

Finally, the results show that product relevance is an important factor that influences the willingness to watch an online video ad. This finding is in line with previous studies on advertising relevance (Naek & Morimoto, 2012; Wang et al., 2009). Combining research of ad personalization with the development of value propositions for online video ads could lead to interesting new insights that can help the ad industry to further apply business model innovation to improve advertising effectiveness.

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9. Appendices

Appendix A

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.903
Bartlett's Test of Sphericity	Approx. Chi-Square	7682.476
	df	861
	Sig.	.000

Appendix B

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.004	35.724	35.724	15.004	35.724	35.724	6.531	15.550	15.550
2	4.084	9.724	45.448	4.084	9.724	45.448	4.962	11.814	27.364
3	3.193	7.601	53.049	3.193	7.601	53.049	4.154	9.890	37.253
4	2.387	5.683	58.732	2.387	5.683	58.732	4.050	9.644	46.897
5	2.010	4.785	63.517	2.010	4.785	63.517	2.640	6.286	53.183
6	1.495	3.559	67.076	1.495	3.559	67.076	2.609	6.211	59.394
7	1.331	3.170	70.246	1.331	3.170	70.246	2.494	5.939	65.332
8	1.231	2.931	73.177	1.231	2.931	73.177	2.300	5.476	70.808
9	1.060	2.524	75.701	1.060	2.524	75.701	2.055	4.893	75.701
10	.913	2.174	77.875						
11	.799	1.903	79.778						
12	.715	1.703	81.481						
13	.679	1.617	83.098						
14	.615	1.464	84.562						
15	.535	1.273	85.836						
16	.470	1.118	86.954						
17	.461	1.097	88.050						
18	.383	.912	88.962						
19	.369	.878	89.840						
20	.350	.834	90.674						
21	.314	.748	91.422						
22	.302	.719	92.142						
23	.289	.688	92.830						
24	.267	.635	93.465						
25	.253	.602	94.067						

26	.238	.566	94.633						
27	.226	.537	95.170						
28	.216	.515	95.685						
29	.215	.511	96.196						
30	.197	.469	96.665						
31	.187	.444	97.109						
32	.173	.411	97.520						
33	.152	.362	97.883						
34	.147	.349	98.231						
35	.139	.331	98.562						
36	.112	.268	98.830						
37	.103	.246	99.076						
38	.095	.226	99.302						
39	.087	.208	99.510						
40	.082	.195	99.704						
41	.074	.177	99.881						
42	.050	.119	100.000						
Extraction Method: Principal Component Analysis.									

Appendix C

Component Matrix ^a									
	Component								
	1	2	3	4	5	6	7	8	9
I find the brand interesting	.792	-.215	-.168	-.022	.102	.187	-.149	-.182	-.078
I find the product interesting	.774	-.284	-.287	-.068	.077	.184	-.149	-.148	-.056
curious about the product	.753	-.289	-.248	-.127	.024	.143	-.217	-.109	-.044
advertised product fits my needs well	.734	-.227	-.304	-.134	-.057	.201	.150	.175	.298
ad makes me happy	.732	-.075	.161	-.243	-.018	-.057	-.058	-.092	-.023
curious about the brand	.731	-.224	-.211	.029	.178	.176	-.172	-.207	-.025
specifications for products	.718	-.137	-.355	.053	.113	.106	-.115	.099	-.124
ad is entertaining	.716	-.071	.078	-.286	-.066	.029	-.057	-.129	.144
graphics additional	.708	.000	-.354	.131	.132	-.064	-.187	.012	-.199

information									
price and availability information	.704	-.150	-.256	.158	.076	-.259	-.161	-.096	.002
ad is relevant to me	.700	-.195	-.267	-.160	.001	.265	.183	.160	.363
product is important to me	.688	-.229	-.217	-.163	-.143	.127	.171	.235	.374
text additional information	.684	.005	-.399	.152	.165	-.050	-.159	.006	-.186
ad is funny	.683	-.141	.161	-.350	-.109	.059	-.146	-.120	.133
ad is innovative	.673	.046	.207	-.451	-.078	-.196	.149	.158	-.130
ad is creative	.661	-.057	.299	-.486	-.103	-.128	.080	.165	-.115
visual elements of the ad	.653	.070	.194	-.391	.015	-.117	-.086	.050	-.141
overview of similar products	.652	-.062	-.115	.261	.002	-.467	-.105	-.067	.067
learn about unknown products	.647	.156	-.339	.129	-.117	.097	.336	.171	-.223
ad is artistic	.616	.107	.223	-.458	-.003	-.247	.170	.155	-.095
to be entertained	.609	.469	.181	.031	-.126	-.024	-.225	.144	-.044
learn useful things about something	.608	.310	-.290	.232	-.168	.055	.265	.170	-.233
information for something that I'm interested in	.605	.235	-.300	.291	-.133	.061	.299	.190	-.240
opinion independent experts	.552	.008	-.223	.267	.099	-.519	.077	-.040	.251
ad uses celebrities	.539	.143	.176	.023	.121	-.139	.108	-.389	-.099
save money by watching the ad	.527	-.460	.441	.267	-.034	.043	-.018	.086	-.103
friends are talking about it	.520	.160	.130	-.032	-.187	.068	.430	-.465	.053
product discounts and other special offers	.519	-.416	.360	.358	-.022	.079	.083	.029	-.116
free trial of the product	.511	-.449	.494	.307	-.052	.064	-.003	.090	-.099

like the music played	.506	.054	.339	-.296	-.025	-.156	-.096	-.003	-.178
to pass time when i am bored	.448	.435	.338	.163	-.173	.054	-.338	.167	.195
relax	.456	.618	.075	.162	-.286	.115	.017	-.069	-.059
unwind	.497	.578	.102	.120	-.282	.151	-.031	-.150	.036
earn something by watching the ad	.342	-.576	.515	.330	.059	.056	.084	.066	-.010
occupy my time	.426	.567	.161	.233	-.198	.028	-.123	.170	.118
forget about school, work or other things	.469	.515	.177	.144	-.043	.205	-.353	.097	.130
money for watching the ad	.347	-.497	.524	.365	-.027	.094	.085	.091	.074
ad makes me scared	.268	.377	.197	.022	.710	.102	.172	.009	.063
ad makes me sad	.322	.386	.155	-.021	.708	.076	.182	.047	.002
ad makes me angry	.329	.337	.227	.044	.671	.060	-.013	.147	.108
opinion consumers	.546	.008	-.079	.289	-.038	-.563	.090	-.017	.291
start a conversation with others	.475	.280	.226	.112	-.084	.176	.198	-.486	.108
Extraction Method: Principal Component Analysis.									
a. 9 components extracted.									

Appendix D

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.915	.917	8

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ad is creative	36.36	67.271	.820	.793	.896
ad is innovative	36.46	66.869	.786	.802	.898
ad is artistic	36.69	67.033	.730	.688	.903
visual elements of the ad	36.94	66.673	.731	.590	.903
like the music played	37.23	68.538	.591	.447	.916
ad makes me happy	36.51	66.803	.727	.618	.903
ad is funny	36.13	70.084	.716	.692	.904
ad is entertaining	36.48	70.108	.698	.690	.906

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.916	.918	7

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ad is creative	31.76	50.420	.832	.793	.895
ad is innovative	31.86	49.980	.801	.802	.897
ad is artistic	32.09	50.273	.735	.686	.905
visual elements of the ad	32.34	50.893	.687	.493	.910
ad makes me happy	31.91	50.130	.728	.615	.905
ad is funny	31.53	52.974	.719	.686	.906
ad is entertaining	31.88	52.737	.716	.687	.906

Appendix E

Agglomeration Schedule						
Stage	Cluster Combined		Coefficients	Stage Cluster First Appears		Next Stage
	Cluster 1	Cluster 2		Cluster 1	Cluster 2	
1	81	112	.493	0	0	28
2	24	169	1.055	0	0	92
3	94	128	1.634	0	0	58
4	67	171	2.312	0	0	108
5	17	76	3.009	0	0	71
6	4	19	3.756	0	0	18
7	43	184	4.577	0	0	55
8	102	107	5.425	0	0	45
9	157	193	6.312	0	0	22
10	50	51	7.294	0	0	40
11	22	173	8.277	0	0	72
12	60	103	9.264	0	0	71
13	29	136	10.303	0	0	67
14	72	186	11.384	0	0	68
15	26	189	12.471	0	0	132
16	1	172	13.562	0	0	24
17	33	148	14.697	0	0	61
18	4	205	15.847	6	0	104
19	97	207	17.006	0	0	115
20	71	210	18.256	0	0	123
21	3	7	19.508	0	0	111
22	41	157	20.790	0	9	69
23	30	129	22.080	0	0	46
24	1	70	23.387	16	0	91
25	16	174	24.699	0	0	79
26	108	139	26.035	0	0	75
27	57	68	27.413	0	0	119
28	48	81	28.821	0	1	52
29	21	83	30.234	0	0	78
30	206	211	31.654	0	0	60
31	168	204	33.110	0	0	94
32	65	138	34.586	0	0	144
33	82	182	36.065	0	0	130
34	8	165	37.544	0	0	114
35	152	197	39.060	0	0	63
36	74	199	40.625	0	0	68
37	11	123	42.213	0	0	58
38	78	208	43.831	0	0	87
39	150	175	45.474	0	0	160
40	50	209	47.132	10	0	64

41	45	80	48.878	0	0	82
42	27	122	50.644	0	0	97
43	77	104	52.422	0	0	124
44	142	162	54.254	0	0	113
45	102	160	56.158	8	0	111
46	10	30	58.105	0	23	126
47	99	144	60.054	0	0	139
48	92	153	62.013	0	0	113
49	79	140	64.046	0	0	107
50	6	198	66.108	0	0	91
51	46	183	68.189	0	0	88
52	48	179	70.295	28	0	105
53	85	109	72.417	0	0	96
54	134	176	74.550	0	0	100
55	43	202	76.701	7	0	133
56	89	119	78.864	0	0	83
57	56	91	81.079	0	0	101
58	11	94	83.304	37	3	127
59	15	188	85.592	0	0	132
60	113	206	87.937	0	30	109
61	33	110	90.311	17	0	123
62	5	180	92.732	0	0	128
63	62	152	95.173	0	35	128
64	50	69	97.625	40	0	115
65	177	200	100.103	0	0	119
66	44	125	102.587	0	0	120
67	29	58	105.072	13	0	105
68	72	74	107.575	14	36	116
69	41	159	110.084	22	0	133
70	141	164	112.599	0	0	120
71	17	60	115.121	5	12	112
72	22	95	117.667	11	0	95
73	28	35	120.219	0	0	117
74	9	185	122.819	0	0	127
75	108	117	125.422	26	0	136
76	90	196	128.096	0	0	124
77	143	155	130.777	0	0	126
78	21	115	133.608	29	0	136
79	16	23	136.475	25	0	104
80	2	98	139.406	0	0	114
81	86	191	142.559	0	0	141
82	45	124	145.791	41	0	140
83	61	89	149.034	0	56	137
84	151	203	152.397	0	0	106
85	14	18	155.762	0	0	129
86	116	131	159.128	0	0	161

87	78	137	162.533	38	0	137
88	46	96	165.945	51	0	107
89	31	105	169.385	0	0	158
90	101	190	172.844	0	0	170
91	1	6	176.367	24	50	165
92	24	64	179.902	2	0	177
93	55	93	183.472	0	0	151
94	156	168	187.071	0	31	121
95	22	201	190.680	72	0	139
96	85	88	194.342	53	0	125
97	27	114	198.048	42	0	168
98	133	181	201.800	0	0	134
99	106	132	205.645	0	0	118
100	120	134	209.522	0	54	149
101	56	154	213.403	57	0	144
102	47	53	217.467	0	0	157
103	84	161	221.582	0	0	173
104	4	16	225.747	18	79	164
105	29	48	230.113	67	52	151
106	54	151	234.498	0	84	171
107	46	79	239.112	88	49	174
108	36	67	243.734	0	4	147
109	113	135	248.407	60	0	152
110	13	146	253.086	0	0	148
111	3	102	257.784	21	45	150
112	17	25	262.648	71	0	155
113	92	142	267.548	48	44	147
114	2	8	272.506	80	34	178
115	50	97	277.516	64	19	169
116	59	72	282.535	0	68	165
117	28	75	287.627	73	0	129
118	106	192	292.817	99	0	175
119	57	177	298.022	27	65	164
120	44	141	303.288	66	70	152
121	20	156	308.618	0	94	166
122	37	194	314.173	0	0	159
123	33	71	319.744	61	20	163
124	77	90	325.343	43	76	163
125	63	85	331.114	0	96	182
126	10	143	336.969	46	77	158
127	9	11	342.855	74	58	155
128	5	62	348.864	62	63	173
129	14	28	355.327	85	117	170
130	82	87	361.796	33	0	172
131	49	167	368.425	0	0	138
132	15	26	375.227	59	15	157

133	41	43	382.056	69	55	161
134	121	133	388.907	0	98	150
135	39	170	395.801	0	0	189
136	21	108	402.810	78	75	148
137	61	78	409.819	83	87	160
138	49	166	416.941	131	0	167
139	22	99	424.100	95	47	174
140	45	178	431.556	82	0	153
141	12	86	439.248	0	81	182
142	130	145	447.300	0	0	181
143	52	100	455.585	0	0	168
144	56	65	464.285	101	32	169
145	34	195	473.095	0	0	179
146	66	126	482.120	0	0	193
147	36	92	491.213	108	113	192
148	13	21	500.341	110	136	188
149	40	120	509.473	0	100	178
150	3	121	518.738	111	134	194
151	29	55	528.303	105	93	192
152	44	113	538.027	120	109	195
153	42	45	547.974	0	140	176
154	32	149	558.005	0	0	175
155	9	17	568.047	127	112	184
156	127	187	578.189	0	0	180
157	15	47	588.488	132	102	183
158	10	31	598.963	126	89	179
159	37	118	609.492	122	0	177
160	61	150	620.130	137	39	181
161	41	116	630.821	133	86	190
162	38	73	641.703	0	0	185
163	33	77	652.623	123	124	190
164	4	57	663.823	104	119	187
165	1	59	675.377	91	116	184
166	20	147	686.934	121	0	171
167	49	163	699.632	138	0	191
168	27	52	712.344	97	143	186
169	50	56	725.219	115	144	194
170	14	101	738.500	129	90	187
171	20	54	752.136	166	106	172
172	20	82	766.402	171	130	191
173	5	84	780.800	128	103	176
174	22	46	795.683	139	107	185
175	32	106	811.082	154	118	193
176	5	42	826.715	173	153	197
177	24	37	843.213	92	159	186
178	2	40	859.932	114	149	196

179	10	34	877.263	158	145	197
180	127	158	895.360	156	0	199
181	61	130	914.563	160	142	198
182	12	63	934.063	141	125	189
183	15	111	956.092	157	0	198
184	1	9	978.131	165	155	195
185	22	38	1002.498	174	162	188
186	24	27	1027.721	177	168	199
187	4	14	1053.107	164	170	200
188	13	22	1081.137	148	185	196
189	12	39	1109.537	182	135	203
190	33	41	1138.347	163	161	204
191	20	49	1167.207	172	167	202
192	29	36	1196.905	151	147	204
193	32	66	1227.564	175	146	205
194	3	50	1260.736	150	169	201
195	1	44	1294.521	184	152	201
196	2	13	1336.372	178	188	200
197	5	10	1381.639	176	179	206
198	15	61	1427.729	183	181	203
199	24	127	1482.944	186	180	210
200	2	4	1538.549	196	187	205
201	1	3	1595.913	195	194	202
202	1	20	1661.102	201	191	209
203	12	15	1731.749	189	198	208
204	29	33	1809.821	192	190	206
205	2	32	1902.126	200	193	207
206	5	29	2022.409	197	204	207
207	2	5	2161.952	205	206	208
208	2	12	2411.439	207	203	209
209	1	2	2843.985	202	208	210
210	1	24	3663.152	209	199	0

Appendix F

ANOVA						
	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Product_Interest	66.676	2	.680	208	97.983	.000
Creativeness	65.456	2	.783	208	83.617	.000
Incentive	42.670	2	1.795	208	23.770	.000
Pastime	109.647	2	1.108	208	98.956	.000
Knowledge	111.213	2	1.607	208	69.199	.000
Product_Comparing	72.974	2	1.281	208	56.987	.000
Emotional	35.905	2	1.580	208	22.727	.000
Product_Relevance	101.690	2	.965	208	105.361	.000
Social	90.975	2	1.108	208	82.090	.000

The F tests should be used only for descriptive purposes because the clusters have been chosen to maximize the differences among cases in different clusters. The observed significance levels are not corrected for this and thus cannot be interpreted as tests of the hypothesis that the cluster means are equal.

Appendix G

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Product Interest	15.091	2	208	.000
Creative Entertainment	24.952	2	208	.000
Incentive	2.607	2	208	.076
Pastime	3.100	2	208	.047
Knowledge Seeking	13.392	2	208	.000
Product Comparing	7.742	2	208	.001
Negative Emotions	5.694	2	208	.004
Product Relevance	.736	2	208	.480
Social	5.552	2	208	.004

Robust Tests of Equality of Means					
		Statistic ^a	df1	df2	Sig.
Product_Interest	Brown-Forsythe	57.541	2	32.154	.000
Creativeness	Brown-Forsythe	41.291	2	27.625	.000
Incentive	Brown-Forsythe	17.245	2	40.510	.000
Pastime	Brown-Forsythe	127.029	2	136.125	.000
Knowledge	Brown-Forsythe	86.381	2	132.862	.000
Product_Comparing	Brown-Forsythe	40.491	2	40.709	.000
Emotional	Brown-Forsythe	28.314	2	121.380	.000
Product_Relevance	Brown-Forsythe	96.005	2	58.772	.000
Social	Brown-Forsythe	70.202	2	54.713	.000

a. Asymptotically F distributed.

Appendix H

Multiple Comparisons							
Bonferroni							
Dependent Variable	(I) Cluster Number of Case	(J) Cluster Number of Case	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Product_Interest	cluster 1	cluster 2	.54226*	.11895	.000	.2552	.8293
		cluster 3	2.94649*	.21089	.000	2.4375	3.4555
	cluster 2	cluster 1	-.54226*	.11895	.000	-.8293	-.2552
		cluster 3	2.40423*	.21280	.000	1.8906	2.9178
	cluster 3	cluster 1	-2.94649*	.21089	.000	-3.4555	-2.4375
		cluster 2	-2.40423*	.21280	.000	-2.9178	-1.8906
Creativeness	cluster 1	cluster 2	.73355*	.12758	.000	.4256	1.0415
		cluster 3	2.87162*	.22619	.000	2.3257	3.4175
	cluster 2	cluster 1	-.73355*	.12758	.000	-1.0415	-.4256
		cluster 3	2.13806*	.22824	.000	1.5872	2.6889
	cluster 3	cluster 1	-2.87162*	.22619	.000	-3.4175	-2.3257
		cluster 2	-2.13806*	.22824	.000	-2.6889	-1.5872
Incentive	cluster 1	cluster 2	.31793	.19320	.304	-.1484	.7842
		cluster 3	2.36078*	.34253	.000	1.5341	3.1875
	cluster 2	cluster 1	-.31793	.19320	.304	-.7842	.1484
		cluster 3	2.04286*	.34562	.000	1.2087	2.8770
	cluster 3	cluster 1	-2.36078*	.34253	.000	-3.1875	-1.5341
		cluster 2	-2.04286*	.34562	.000	-2.8770	-1.2087
Pastime	cluster 1	cluster 2	1.86138*	.15179	.000	1.4950	2.2277
		cluster 3	2.66612*	.26911	.000	2.0166	3.3156
	cluster 2	cluster 1	-1.86138*	.15179	.000	-2.2277	-1.4950
		cluster 3	.80474*	.27154	.010	.1494	1.4601
	cluster 3	cluster 1	-2.66612*	.26911	.000	-3.3156	-2.0166
		cluster 2	-.80474*	.27154	.010	-1.4601	-.1494

Knowledge	cluster 1	cluster 2	1.36752*	.18280	.000	.9263	1.8087
		cluster 3	3.48148*	.32410	.000	2.6993	4.2637
	cluster 2	cluster 1	-1.36752*	.18280	.000	-1.8087	-.9263
		cluster 3	2.11396*	.32703	.000	1.3247	2.9032
	cluster 3	cluster 1	-3.48148*	.32410	.000	-4.2637	-2.6993
		cluster 2	-2.11396*	.32703	.000	-2.9032	-1.3247
Product_Comparing	cluster 1	cluster 2	.99372*	.16318	.000	.5999	1.3875
		cluster 3	2.91394*	.28930	.000	2.2157	3.6122
	cluster 2	cluster 1	-.99372*	.16318	.000	-1.3875	-.5999
		cluster 3	1.92023*	.29191	.000	1.2157	2.6248
	cluster 3	cluster 1	-2.91394*	.28930	.000	-3.6122	-2.2157
		cluster 2	-1.92023*	.29191	.000	-2.6248	-1.2157
Emotional	cluster 1	cluster 2	.99867*	.18124	.000	.5612	1.4361
		cluster 3	1.67429*	.32134	.000	.8987	2.4498
	cluster 2	cluster 1	-.99867*	.18124	.000	-1.4361	-.5612
		cluster 3	.67562	.32424	.115	-.1069	1.4582
	cluster 3	cluster 1	-1.67429*	.32134	.000	-2.4498	-.8987
		cluster 2	-.67562	.32424	.115	-1.4582	.1069
Product_Relevance	cluster 1	cluster 2	.27731	.14166	.155	-.0646	.6192
		cluster 3	3.61329*	.25116	.000	3.0071	4.2195
	cluster 2	cluster 1	-.27731	.14166	.155	-.6192	.0646
		cluster 3	3.33598*	.25343	.000	2.7243	3.9476
	cluster 3	cluster 1	-3.61329*	.25116	.000	-4.2195	-3.0071
		cluster 2	-3.33598*	.25343	.000	-3.9476	-2.7243
Social	cluster 1	cluster 2	1.50880*	.15180	.000	1.1424	1.8752
		cluster 3	2.80937*	.26914	.000	2.1598	3.4589
	cluster 2	cluster 1	-1.50880*	.15180	.000	-1.8752	-1.1424
		cluster 3	1.30057*	.27157	.000	.6451	1.9560
	cluster 3	cluster 1	-2.80937*	.26914	.000	-3.4589	-2.1598
		cluster 2	-1.30057*	.27157	.000	-1.9560	-.6451

*. The mean difference is significant at the 0.05 level.