Abstract—The use of YouTube advertising by companies to communicate with their customers is increasing nowadays, along with the increasing number of YouTube audiences. But only a few scholars have examined the effectiveness of YouTube advertising on customers’ purchase intention. This study aims (1) to analyze the factors of YouTube advertising (e.g. entertainment, informativeness, customization, and irritation) and their impact on perceived YouTube advertising value; and (2) to evaluate the effect of YouTube advertising towards customers’ purchase intention. This was a conclusive quantitative research with 261 respondents aged 18–29 years. This study found that the more entertaining and the more informative the YouTube advertising, the higher the YouTube advertising value. However, the customization and irritation factors that were assumed to influence the YouTube advertising value, were not proven. Finally, the YouTube advertising value significantly positively influenced the customers’ purchase intention and was partially mediated by brand awareness.

Index Terms—YouTube advertising, advertising value, purchase intention

I. INTRODUCTION

Advertisement always moves along with technological changes, from television commercials, online banners, to advertisements in social media [1] (Stephen & Galak (2012) in [2]). According to Aslan and Karjaluoto, the advertising paradigm is now shifting from traditional advertising media (TV, outdoor, direct marketing, etc.) to digital-centric approaches and advertisers are increasingly investing digitally at the expense of the traditional format [3]. Zenith Optimedia predicts the value of advertising in online video is expected to touch US$ 35.4 Billion worldwide by 2019 [4]. According to Nielsen Indonesia in 2017, advertising spending in the digital sector in Indonesia was more than US$ 900 M, with the social media portion of up to US$ 600 M [5]. The rapid penetration of smartphones, social media and online video in Indonesia caused the tremendous growth of digital ad spending.

YouTube is one of the social media platforms which allows users to upload, watch and share videos [6]. According to Socialbakers (2013) in [7], that YouTube attracts one billion visitors and more than six billion views per month. YouTube was ranked the third most visited website in Indonesia, according to the Internet traffic ranking website Alexa.com in December 2017. According to We Are Social and Hootsuite 2017, YouTube ranked first in the category of social media platform as the most active social media in Indonesia and has a percentage of 49% of the 12 social media platforms included in the research. Therefore, companies could not ignore this fact, by including their communication strategy in YouTube to engage with their customers.

Ducoffe (1995) in [8] had built an approach to study the effectiveness of attitudes toward advertising, which focused on advertising value. They stated three antecedents of advertising value on internet advertising, including entertainment, informativeness, and irritation. Entertainment is a positive predictor of advertising, due to audiences seeing advertising as a fun and enjoyable thing [9]. Informativeness is the advertisements’ ability to provide product-related information to audiences. While irritation is a negative predictor that reflects the techniques used by advertisers that could irritate, offend, criticize, or manipulate the audience. Moreover, customization was also found to be an antecedent for advertising value of internet advertising, in which an audience could customize the information that suits his/her own interests and needs [10] in [11]. These four antecedents could be used to predict the advertising value on YouTube, which is one of the advertising in the form of social media [7].

The customer would have the intention to buy a product or brand based on their experiences, preferences, external environment, including advertisement [12]. Khan argued that customers’ purchase intention depends on their awareness of a particular brand [13]. Moreover, Mkik, et al. found brand awareness to be a mediating variable for the relationship between the attitude toward advertising and behavior intention [14], and Deghani, et al. concluded that advertising value would affect purchase intention through brand awareness [7].

This study took one YouTube advertising that was popular among young consumers, it was the “dijamin Ori” or “guaranteed original” advertising from JD.ID. JD.ID is one of the e-commerce platforms based in Indonesia. Based on that, the purpose of this study were (1) to analyze the antecedents (entertainment, informativeness, irritation, and customization) of “dijamin ori” YouTube advertising value; and (2) to find out whether the advertising value would have an effect on customers’ purchase intention mediated by brand awareness.

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II. LITERATURE REVIEW

An advertisement is defined as paid non-personal communication form that informs the organization, product, service, or idea of the sponsor [15]. Advertisements are the most important promotion tool especially for a company that targeted mass consumers [16]. Technological changes have also made changes in advertisements. The media for advertisements moved from traditional (TV, outdoor, direct marketing, etc) to digital media, one of which is the online video on YouTube.

Advertising value is defined as “subjective evaluation of the relative value or utility of advertising to the customer”, and used as a useful tool for measuring the effectiveness of advertising [17] and [18] in [7]. Consumers find value in advertising when the advertised message is relevant to their needs [7]. As stated before, there are four antecedents of advertising value that would be examined in this study, namely entertainment, informativeness, irritation, and customization.

The term “entertainment” refers to the customer’s response to the pleasant and enjoyment found in the advertisement; enjoyment and escapism are positive and negative responses, resulting to customers to feeling satisfaction or disappointment (Ducoffe (1996) in [19]). Entertainment could be described as the ability to meet the needs of an audience for escape, distraction, aesthetic pleasure, or emotional pleasure while watching advertisements (Ducoffe (1996) in [20]).

Informativeness can be defined as the advertising ability to inform the customer about an alternate product or service, and therefore, it could satisfy the customers (Ducoffe (1996) in [20]). Information is perceived by the customer as a positive aspect of advertising in situations where they learn about new products, such as product benefits, and comparative product information (Shavitt, Lowrey, & Haefner (1998) in [21]). Furthermore, Lee and Choi stated that social media provides the right tools in the exchange and provision of information because of the format that displays more product information [22].

Customization is how ads can customize the information that suits the interest and needs of the audience [11]. Customization involves adjusting user-generated information, where users can actively determine the content they want to receive [10]. Customization allows users to inform their systems of interest through “personal settings” [23] and to see themselves as those who dictate the delivery process and the delivery of the information itself [24]. Customization is possible to do so because of the interactivity provided by the Web. Companies can collect and update information according to customer preferences from surveys directly in place and from traces left by customers as they navigate through the Website [25].

Irritation could be described as messy and annoying content for Internet surfers (Eighmey & McCord (1998) in [7]). Previous research have shown that people are increasingly resistant to TV commercials and therefore they ignore advertisements or use that advertising time to participate in other activities (Clancey (1994); Speck & Elliott (1997) in [7]).

Online advertising such as banner ads and pop-up ads were also considered as annoying advertisement [17]. People tend to avoid online advertising because of those annoying aspects of advertising (Benway (1998); Cho, et al. (2004) in [26]). In social media like YouTube, irritation is related to ads that indicate a disruption of purpose and customer concerns about losing their privacy [26].

III. MODEL

Empirically, Dehghani, et al. found that entertainment, informativeness, and customization had a positive effect on advertising value, meanwhile, irritation had a negative effect on advertising value [7]. Advertising value is defined as “subjective evaluation of the relative value or utility of advertising to the customer”, therefore, it was used as a useful tool for measuring the effectiveness of advertising [17] and [18] in [7].

Previous research have confirmed the growing effect of entertainment toward positive advertising attitude, while advertising channels have changed from non-mobile advertising to mobile advertising (Newman, et al. (2004); Rau, et al. (2006) in [19]). Unlike non-mobile advertisements, mobile ads can take advantage of the various features provided by apps and smartphones, and thus can entertain customers more thoroughly (Charlesworth (2009); Oulavirta, et al. (2012); Yang, et al. (2013); [27] in [19]). Advertisers try to improve the effectiveness of messages; they believe it can make the audience have a positive attitude towards advertising and a positive attitude toward the brand (Bauer, 2005). Many marketers combined advertising and entertainment to reach more customers to break the clutter and create new ways to get more attention from customers [28].

Thus H1: When customers perceive the “dijamin ori” YouTube advertising to be entertaining, its advertising value would be more positively perceived by customers.

Several studies have revealed the importance of informativeness when evaluating advertising. Brown & Stayman (1992) in [29] found that informative was the most important factor in predicting attitudes toward brands. Shavitt, et al. (1998) in [29] also found that customers perceived information as a positive aspect of advertising when they learned about new products, product benefits, and product information comparatively.

Thus H2: When customers perceive the “dijamin ori” YouTube advertising to be informative, its advertising value would be more positively perceived by customers.

Customers would be able to rely more on advertising when the advertising was considered personal and relevant to their lifestyles (De Zoysa (2002) in [7]). Therefore, advertisers should follow their customer needs, profiles and consumption patterns [18]. Deghani, et al. believed that advertising works effectively when its value was exchanged between customers and the advertiser through the advertising message [7]. In other words, customers might notice differentiated ads to be more personal and avoid ads that are considered less customized [30].

Thus H3: When customers perceive the “dijamin ori” YouTube advertising to be customized or appropriate with
them, its advertising value would be more positively perceived by customers.

The variables of entertainment and informativeness are positive predictors of the advertising value model (Ducoffe (1995, 1996) in [29]), while irritation served as a negative indicator. Irritation can reduce the effectiveness of advertising and the audience's perceived value (Aaker & Bruzzone (1985) in [31]). Irritation have the potential to divert attention from real social objectives (Galbraith & Crook (1958) in [32]), undermining human experience (Boorstin, et al. (1974) in [32]) and exploiting human anxiety to have excellent expectations (Schudson (2013) in [32]). Gao & Koufaris (2006) in [32] suggest that unexpected results from visiting websites may result in a user’s feeling of irritation.

Thus H4: When customers perceive the “dijamin ori” YouTube advertising to be irritating, its advertising value would be more negatively perceived by customers.

Brand awareness was described as the awareness of a brand or memory of a brand [33]. Meanwhile, according to Bush, et al. purchase intention includes positive and negative behaviors that could be shown by the customer toward the brand or company [34]. This represents the level or likelihood the customer will be willing to buy. Customers acquire brand awareness through effective marketing communication channels such as television, mobile phones, and online advertising as they provide information on product quality assurance and credibility that help reduce risk in product evaluation and selection when customers purchase products [35]. According to Khan customer intention to buy something depends on how much awareness of a brand or a particular brand the customer has [13]. Dehghani, et al. also found that there was a relationship between advertising value and brand awareness, and between brand awareness and purchase intention [7].

Thus, H5: The more positive the “dijamin ori” YouTube advertising value, the customer intention to purchase in JD.ID would be higher.

H6: Customers’ brand awareness of JD.ID would mediate the relationship between the customers’ advertising value of “dijamin ori” YouTube advertising and customer intention to purchase in JD.ID.

IV. Method

Data was collected from respondents from all over Indonesia, aged between 18–29 years old, and who had seen any kind of “dijamin ori” JD.ID advertisement series in the last three months since they received the questionnaires. The total number of respondents obtained was 240, consisting of 142 female respondents (59%) and 98 males (41%), whereas there were 147 people (61%) in the age range of 18 to 21 years old, 64 respondents (27%) who were 22 to 25 years old, and 29 respondents (12%) who were 26 to 29 years old. 80 respondents (34%) spent 2 to 4 hours using social media daily, 57 respondents (24%) spent 4 to 5 hours a day, 56 respondents (23%) spent more than 5 hours daily, and the rest (19%) spent less than 1 hour a day. 193 respondents (82%) had been using social media for more than 4 years, 38 respondents (17%) for 2 to 4 years, and only 1% respondents who had been using social media for less than 6 months.

There were a total of 22 indicators from 7 variables that were used in this study. All indicators were measured on a 6-point (1 = strongly disagree; 6 = strongly agree) Likert scale. The measurements were derived from a previous study by Deghani, et al. [7]. All variables were reliable (Cronbach alpha of more than 0.6) and all indicators valid showed factor loading more than 0.5, so it could be used for further analysis. The multiple regression analysis was used to test the H1 to H5, also Baron and Kenny analysis (Kenny (2013)) was used to examine the mediation effect in H6.

V. Result and Discussion

Before we did the multiple regression analysis, we conducted the classical assumption test that consisted of residual normality test, multicollinearity test, and heteroscedasticity test. The significance value of Kolmogorov-Smirnov was 0.200 for residual normality test, which could be said that the residual value of the variables was normally distributed. The multicollinearity test results indicate that there were no symptoms of multicollinearity, which could be seen from the tolerance value of each independent variable which was greater than 0.1. The heteroscedasticity results showed that there was no obvious variance in the residuals, and the residual distribution was relatively evenly distributed.

The results of the multiple regression analysis showed that all variables were significant, with an R² value of 0.53. The advertising value had a significant positive effect on purchase intention (β = 0.67, p < 0.01). Brand awareness also had a significant positive effect on purchase intention (β = 0.34, p < 0.01). Therefore, H4 and H5 were supported.

The mediation analysis results showed that brand awareness mediated the relationship between the advertising value and purchase intention (direct effect: β = 0.67, p < 0.01; mediated effect: β = 0.34, p < 0.01). Therefore, H6 was supported.
# TABLE I

**REGRESSION ANALYSIS RESULTS**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable(s)</th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t-value</th>
<th>Significance</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising Value</td>
<td>Entertainment</td>
<td>0.715</td>
<td>0.172</td>
<td>2.728</td>
<td>0.007</td>
<td>Sig</td>
</tr>
<tr>
<td></td>
<td>Informativeness</td>
<td>0.537</td>
<td>0.534</td>
<td>8.691</td>
<td>0.000</td>
<td>Sig</td>
</tr>
<tr>
<td></td>
<td>Customization</td>
<td>0.090</td>
<td>0.083</td>
<td>1.514</td>
<td>0.131</td>
<td>Not Sig</td>
</tr>
<tr>
<td></td>
<td>Irritation</td>
<td>-0.021</td>
<td>-0.023</td>
<td>-0.482</td>
<td>0.630</td>
<td>Not Sig</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>Advertising Value</td>
<td>0.588</td>
<td>0.525</td>
<td>9.520</td>
<td>0.000</td>
<td>Sig</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>Brand Awareness</td>
<td>0.599</td>
<td>0.625</td>
<td>12.352</td>
<td>0.000</td>
<td>Sig</td>
</tr>
<tr>
<td></td>
<td>Advertising Value</td>
<td>0.537</td>
<td>0.515</td>
<td>11.105</td>
<td>0.000</td>
<td>Sig</td>
</tr>
</tbody>
</table>

![Fig. 2. Mediation effect.](image)

As we could see in table I, the value of entertainment variable to advertising value was 2.728, sig 0.007 (sig ≤ 0.05). This indicates that H1 was accepted. It indicates there was a significant influence with a positive direction from entertainment to advertising value and indicates that respondents perceived the “dijamin ori” YouTube advertising by JD.ID was entertaining, made them feel enjoyment and pleasure, therefore their attitude toward its advertising value became more positive. The value of informativeness to advertising value was 8.691, sig 0.000 ((sig ≤ 0.05), H2 was accepted. This means that the respondents perceived the “dijamin ori” YouTube advertising series from JD.ID was informative and had the ability to inform consumers about the benefit of the product and service. It made the respondent have a positive attitude on the value of those YouTube advertising. H5 was also accepted, that advertising value significantly positively influenced (11.105; 0.000) purchase intention. That means the more positive the advertising value of “dijamin ori” YouTube ads series, the customers’ purchase intention to buy products from JD.ID would also be higher.

On the contrary, the value for customization variable to advertising value was 1.514, sig 0.131 (sig ≤ 0.05), showing that H3 was rejected. It means that respondents perceived the customization on “dijamin ori” YouTube advertising series from JD.ID was not good and not in accordance with their need and want, so the customization on those ads did not significantly influence the value of those ads. Moreover, the value for irritation variable also was -0.482, sig 0.630 (sig ≤ 0.05), which also show that H4 was rejected. It means the respondents did not perceive that the “dijamin ori” YouTube ads series from JD.ID irritated or annoyed them, so it would not affect their attitude toward those ads values.

To examine the mediation effect, we conducted the Baron...
and Kenny analysis [36]. The value of the path could be seen in Figure 2. In that picture it can be seen that the direct relationship value between advertising value to purchase intention (c) was 0.537; sig. 0.000 (c) and the indirect relationship value mediated by brand awareness (c’) was 0.255; sig. 0.000. Because either direct and indirect both were significant, and the coefficient value of c’ < c, therefore it is considered as partial mediation. Partial mediation is defined as the influence of the independent variable (advertising value) on the dependent variable (purchase intention) that would decrease after passing the mediator variable (brand awareness), but there was still significant direct influence [36]. In other words, the customers’ attitude toward advertising value of “dijamin ori” YouTube ads series, would affect their purchase intention positively both directly or indirect by brand awareness as a mediator. Thus, H6 was accepted.

VI. CONCLUSION

In this study, the results showed that entertainment and informativeness through advertising on YouTube had a positive influence on advertising value. This indicates that the customers thought that they could feel the enjoyment and pleasure of the “Dijamin Ori” ads series on YouTube. It also means that the customers perceived the ad possess the ability to give knowledge to the customer about alternative products or services so could give possible satisfaction to customers. Customization as a positive predictor did not have an influence on advertising value. Irritation as a negative predictor had no influence on advertising value. This indicates that the customers did not perceive the ad as an annoying and manipulative advertising.

Based on the result of this study, companies like JD.ID who decide to have ads on YouTube should pay more attention to the informativeness aspect because it has a higher value in influencing the advertising value than other aspects. Besides that, the company should also be paying more attention on the entertainment aspect. The company, especially JD.ID should create an entertaining and interesting ad to get customers’ attention, and also contains good and relevant information about the product or service. This could be done by creating teaser content or mini-series that are packed in comedy but still have clear information. Moreover, the ads need to have relevant information settings and adjustments to the user’s interests in order to obtain a positive appraisal by the customers. This can be done by tracking customers’ cookies that make it easier to customize the information. The ads also have to minimize irritation that becomes negative predictor to the value of advertisement for customers. This can be done by using customization features on YouTube such as skip or other, so that customers can customize the ads they want to receive and which they do not want to receive. Those are all important for advertising because the ads with positive values would be able to lead to purchase intention and can also increase brand awareness.

The results of this study strengthen many previous studies in the context of conventional advertising and the still few research in digital advertising. Based on these results, both conventional and digital advertising value were influenced by the customers’ perception toward the ads itself, whether it was entertaining and informative. On the other hand, customization and irritation still need further study, especially in the context of digital advertising.

In addition, this study only examined the four predictors of digital advertising (entertainment, informativeness, customization, and irritation) toward advertising value. Further research should add other predictors such as credibility (the perception of honesty and ads trust) and incentives (the perception how advertising provides benefits in non-monetary form and in monetary forms, such as discounts, coupons, gift) [27]. Another limitation of this study is that it only uses one case which may not represent the phenomenon that exists in advertising via YouTube. Thus it would be better to use several cases in one study, so that it would better represent the actual conditions.

REFERENCES


