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**Extended abstract**

**Attitudes to online banner advertising on the “VK.com” social network as a channel for purchasing clothing**

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## **1. Introduction**

Internet has already become not only a mean of a communication, but also a field for serious business. Traditional media for all their clarity and familiarity are no longer able to provide an adequate level of efficiency required by modern world.

Advertising on the Internet is very effective and covers a huge audience, under the influence of the Internet advertising reaches people of different target groups. Internet provides businesses with a different ways of advertising, for example online banner advertising.

Banner advertising is an advertising tool, it is a creation and placement of graphic banners on popular Internet sites, in order to inform and attract visitors to the advertiser's site. Online banner advertising is one of the most popular types of advertising.

The aim of the thesis is to study the impact of online banner advertising on the social network target audience, to determine user's attitudes to online banner advertising. As well as analysis of banner advertising efficiency of online store Lamoda.

**Keywords:** advertising, banner, online, social network, VK.com, CTR, CPM, effectiveness, user, banner blindness

## **2. Objectives of the thesis**

The main objective of the diploma thesis is to examine how do people perceive and react on the online banner advertising on Russian social network "Vk.com". The aim is to identify if do people buy clothing based on online advertising, to define the reasons why do people purchase clothing based on the online banner advertising. The particular aim of the thesis is to measure the effectiveness of online banner advertising and to determine the features of banner to be effective.

## **3. Main methodological tools of the diploma thesis**

Methodological and information base was the work of the following authors: Harry J., The Digital Advertising Guide and M. Tungate, Adland: A Global History of Advertising.

Diploma thesis consists of two main parts: theoretical and practical. Methodological methods selected for the theoretical part are qualitative and quantitative analysis.

*Qualitative analysis's tools are:*

- Literature analysis (serves to analyze specified literature);
- Collected data analysis (examine data with a subsequent interpretation).

*Selected tools of quantitative research are:*

- Deduction (the conclusion based on the number of partial statements);
- Induction (moving from specific (partial) observations to broader conclusions);
- Graphic method (to represent the statistical data and the results of survey);
- Using of method CPA (cost per action), ratio CTR (click through rate) to calculate the effectiveness of online banner advertising;
- Questionnaire.

The final part includes the *SWOT* (the strengths, weaknesses, opportunities and threats involved in the field) analysis method.

#### **4. Main findings**

##### **H1: Online banner advertising on social network VK.com is economically effective channel for purchasing clothing**

On the basis of the calculation of the banner advertising efficiency by using CAP (Cost per Action) method, the author obtained the following result:

Table 2 Calculation

	2013	2014	2015
Target group(mln people)	7,57	5,34	3,7
Amount of buyers (thousands)	22.7	66.7	82.62
Advertising costs (mln czk)	1	1,33	1,33
CAP (Costs Per Action)	44.03 czk	21.26 czk	15.22 czk
CTR (Click-trough Rate)	0.3%	1,11%	2.4%

*Source: own proceed data, based on the public data*

The average sales receipt exceeds the advertising costs in a few times. For example, in 2013 the average check was 891 czk; advertising costs were 44.03 czk per one buyer. The revenue exceeded costs by 20 times.

In 2014 the average check was 1,375 czk; advertising costs were 21.26 czk per one buyer. The revenue exceeded costs by almost 65 times.

In 2015 the average check was 1,090 czk; advertising costs were 15.22 czk per one buyer. The revenue exceeded costs by almost 72 times.

The calculations show the effectiveness of online banner advertising. The hypothesis is proved.

## **H2: People react on banner advertising on social network**

The issue of the survey is that 72.38% come across banner ad every day. 15.24% of respondents are interested in banners offering discounts and sales. 11.8% of the survey participants always pay attention to banners ads of their favorite store. 8.5 % of the respondents click on banners and the advertising content has no value for them. 21.4% of people click on the banner ad with a picture of certain item. The author of this thesis believes that the hypothesis is confirmed. Summing the answers (15.24% + 11.8% + 8.5% + 21.4%), author got the result: 56.94% do react on banner advertising on social network VK.com.

## **H3: Clothing is the most popular type of products purchasing online**

79.4% of respondents buy products through internet. The majority - 39.42% answered that they usually buy clothing. The hypothesis has been proved.

## **H4: To draw attention of a potential customer online banner should be memorable**

Memorable means that banner catches customers 'eyes. Asking about the banner that drew attention last time, author of the diploma thesis got the answer – that banner was bright, colorful and flashing. 43.8% of the respondents are sure that successful banner should be flashing, with the original design. The fourth hypothesis has been proved.

## **5. Conclusion**

Today advertising is one of the fundamental, integral part of human life, it is an unconscious communication between the seller and the buyer. The main task of the practical part was to confirm or reject the hypotheses that were set up by the author at the

beginning of the thesis. The main tool to get the answers to these questions was a survey of registered users of social network. Summarizing the research, the author received the answers to the questions and confirmed the hypotheses.

Author gave some useful advises how to avoid “banner blindness” effect on the social network advertising. Using the SWOT analysis, the author has identified the advantages and disadvantages of online banner advertising on the chosen social network.

To summarize the thesis, the author came to the conclusion that people notice banners, banners capture the attention of customers and thus increase the attention to the advertised product.

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