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Evaluating the Efficacy of YouTube Advertising for the Service Industry

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Abstract

In recent years, online video advertising has played a significant role in boosting brand recognition. The purpose of this study is to create and evaluate a workable conceptual framework for understanding how the peculiarities of video advertising and technological interaction affect the receptivity of targeted advertising messages and the behavioural intention of target audiences. Advertising that is both educational and technologically interactive has been proven to have a direct effect on brand identification in a number of studies. Unexpectedly, the level of advertisement intrusiveness was shown to have no impact on recall of specific brands. Recognizability of the brand had an effect on the consumer's propensity to buy.

Keywords: advertisement; effectiveness; examples; industry; service; YouTube



1. Introduction

YouTube is the most popular video hosting website because of the widespread adoption of online video by Internet users. With over 3 billion daily video views, the site is a gold mine for advertisers looking to reach new audiences. It's not only a platform to discover clients in America; in fact, 70 percent of its traffic comes from outside the US. Since its inception in 2005, the video-sharing website YouTube has provided an outlet for previously unheard voices. Users of YouTube may post anything they choose to the site, including short comedic films they created themselves, videos of significant life events, and passionate speeches about any topic they like. We take great pleasure in our ideals of the freedom of expression, and YouTube videos are a great example of this. Many video makers (or "YouTubers") on the video-sharing platform achieved widespread recognition as their audiences grew. With an ever-expanding audience, companies began investigating promotional opportunities with YouTube stars.

There are primarily three types of YouTube commercials: There are three main ways for YouTubers to make money: (1) explicit sponsorship, in which the sponsoring company pays the YouTuber a flat fee or a specified amount per number of views on a video specifically created to market a brand or product, (2) affiliated links, in which the YouTuber receives a commission on sales made through the link, or coupon code provided by the YouTuber, and (3) free product sampling, in which the sponsoring company sends the YouTuber free products in the hope that the YouTuber will create product Marketing via YouTube content may be much more successful than conventional marketing since the marketing strategy is incorporated into the content itself and consumers/viewers typically do not see YouTube videos as a source of advertising.

This is due to the fact that viewers often trust such materials more than others. Ads may play before (pre-roll), during (mid-roll), and after (post-roll) a video on YouTube, but this article does not discuss YouTube's own ads ("In-Stream Ads")³. The study discusses an alternative method of advertising in which brands go around YouTube and instead approach content producers directly to get their goods included in videos. The YouTuber and the sponsoring corporation are the only parties involved in the business arrangement.

1.1 Viral

The viral video, which is a video that rapidly gains a big online audience, became known on YouTube. In an effort to make their videos go viral, marketers may utilise Facebook and Twitter to drive traffic to their YouTube channels. Videos that have received a lot of views often appear on YouTube's main page, which helps the site's overall popularity. You may be the presenter of your own channel on YouTube. In this way, you may gather all kinds of films about your marketed product into one convenient internet spot. This method is useful for making a cluster of connected movies. Maintaining a regularly updated video collection is another benefit. Videos promoting your product or service may be kept online even when newer versions or whole new videos are produced. There are two types of channels that marketers may set up: the free user channel, like the ones that many people set up, and the paid branded channel, which offers greater customization choices and capabilities.

One of YouTube's best features is that viewership statistics can be seen by anybody. There is no need for in-depth investigation or analysis. In its place, the viewing count for each video is shown directly under the thumbnail. As a result, advertisers can see in real time how many people are watching their videos and how well those films perform in terms of audience growth. You may also see the number of people who have shared or commented on your video. YouTube provides more avenues for brands to employ in their marketing efforts to reach the site's audience. Among these choices is the option to purchase advertising on the homepage or alongside specific videos. Marketers may also utilise keywords to have their videos show in user results when certain phrases are typed into YouTube's search bar. The number of people who opt to view the ad is what the marketer ultimately pays for.

1.2 Effectiveness of YouTube Marketing

To briefly recap the three types of YouTube marketing discussed in this paper: (1) a video can be explicitly sponsored, in which case the YouTuber receives payment in exchange for making the video; (2) a video can contain affiliated links, in which case the YouTuber receives a commission on sales; and (3) the YouTuber can

receive free products from companies, with or without guidelines from the company, in exchange for a potential review. In this section, we'll examine the last strategy of free product sample as it relates to YouTube marketing strategies. Expenditures for digital advertising are often represented as cost per impression ("CPM") or cost per click, where the former signifies the advertising expenditures for each time the ad is displayed and the latter implies the cost for each real "click" on the ad.

Two common Key Performance Indicators ("KPIs") used to evaluate the success of digital marketing campaigns are the click through rate and the conversion rate, respectively the proportion of people who take the desired action (in this case, making a purchase) after clicking on an ad. A "view-through" rate, which tracks how many times a video was seen in its entirety, is used to gauge the success of video ads in place of the more traditional "click-through" rate. The impact of advertising on sales may be more easily measured with digital and social media campaigns than with more conventional forms of advertising like TV and radio ads. Affiliate marketing allows you to measure the proportion of your purchases that can be attributed to your marketing budget by using a link in your video's description box or a promo code. For any marketing effort to be successful, it must be monitored for its return on investment and efficiency. As a result, marketing measures like marketing return on investment ("ROI") may be simply included by businesses who use YouTube for advertising.

2. Literature Review

2.1 Informativeness and Brand Recognition

By "informativeness," Oh and Xu (2003) meant the capacity to effectively offer relevant information. Advertisements that provided accurate information to their target audience were more likely to be read and acted upon (Boyer, 1974). According to Resnik and Stern (1977), consumers might make a better purchase choice if advertisements provided more information. These commercials educated consumers about their needs and got them thinking about the products being promoted. Target audiences received tangible advantages from the advertising, making them more desirable to watch. Goodrich, Schiller, and Galletta (2015) and

Li, Edwards, and Lee (2002) found that as a consequence, people experienced less intrusiveness and were less likely to be irritated. Viewers were more likely to sit through an ad if they found it informative, and they spent more time thinking about the commercial's content. Later, when people remembered more about the advertised goods, they were more likely to buy it (Li & Lo, 2015).

2.2 Obtrusiveness and Brand Recognition

The degree to which people are able to notice something is its obtrusiveness. Ads that were more annoying the more often they were seen to be effective. Repeated viewing of an advertising allowed viewers additional time to consider and expound on the ad's content, according to research (Cacioppo & Petty, 1979). Ephron (1995) found that consumers learned and retained more information from a message after being exposed to it more times and given more time for elaboration. With repeated viewings, audiences become more receptive to advertisements and find them more convincing (Singh et al., 1983, 1995; Craig, Sternthal, & Leavitt, 1976). Singh et al. (1995) found that consumers were more likely to remember an ad after being exposed to it twice. Even three exposures to the commercial, according to Krugman (1982), is all it takes to establish brand memory, according to the author. The introduction piqued interest in the item and its maker. Their brand awareness was given a boost after the second exposure. After being acknowledged, the audience began to critically consider the product's merits and make their own assessments. The target demographic would have decided to buy by the third time they saw the ad.

2.3 Interactivity and Brand Recognition

According to Auger (2005), interactivity refers to how much and how well individuals are able to exchange information with one another. In contrast to more conventional forms of marketing, interactive ads provided feedback to businesses on the effectiveness of their campaigns. In addition, it showed advertisers what topics were most popular with their target demographics (Pavlou & Stewart, 2000). Advertisements that were interactive allowed viewers to learn more about a product on their own terms. When compared to more traditional forms of media, it provided viewers with a more intimate experience (Lombard &

Snyder-Duch, 2001). Coyle (1997) also noted that a higher number of clickable surfaces on a website was associated with a more favourable opinion towards the advertising and a higher buy intent. As a result, Coyle et al. (2001) discovered that users' perceptions of telepresence improved along with the website's interaction and visual fidelity. According to the research of Calder, Malthouse, and Schaedel (2009), consumers saw interactive advertising as more successful since it prompted a response. Engagement may draw attention to the content and improve memory, especially for more obtrusive YouTube advertising (Li & Lo, 2015).

3. Conclusion

Repeated commercials have, historically speaking, been shown to have a more lasting effect on viewers. Users have more say over what they see than ever before because to the rise of information technology and increased comfort with using it. They are learning to prioritise what they pay attention to in order to prevent information overload in the digital age. Advertising that is too intrusive may cause people to tune it out rather than remember the brand. The results of this research might have various applications for online marketers. First, information and consumer involvement should serve as inspiration for ad design. Prioritising the formativeness of the advertising scripts will help ensure that consumers remember the featured businesses. Customers' attention spans are becoming shorter and they may easily go to other websites, therefore incorporating interactivity into video commercials is crucial for increasing their efficacy. Users should be able to "skip the ad" if they believe the video to be too long or if they have previously seen it many times. Research might be expanded in the future to evaluate the relative relevance of the factors that determine the advertising success of other product categories. Products that benefit from a more in-depth explanation (such as automobiles) may respond differently to advertisements that are more informative and interactive than those that promote more familiar brands (such as bottled water and disposable cutlery).

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