Analysing Youtube Mid-Rolls Advertising Factors on Watchers' Purchase Intention of Online Travel Agent During Covid-19 Pandemy

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ABSTRACT

The use of mid-roll advertisements on YouTube keeps on increasing, along with the increasing number of YouTube viewers. Especially with the COVID-19 pandemic which has caused people to spend more and more time on social media such as YouTube. Online Travel Agent industry has been one of the business industries that has been significantly affected by COVID-19. Therefore, some OTA businesses have started using social media such as YouTube mid-roll ads as their marketing strategy. This study aims to (1) analyze the factors of YouTube mid-roll advertising (irritability, informativeness, entertainment, congruity) and their effect on the advertising value of online travel agent advertising on YouTube mid-roll; and (2) to evaluate the effect of YouTube advertising on online travel agent customers' purchase intentions. This study is a conclusive quantitative study with 190 respondents aged over 17 years. Data analysis was carried out using structural equation modelling (SEM) with AMOS software. The results show that entertainment, informativeness, and congruity have a significant positive effect on advertising value, while irritability does not have a significant negative effect on advertising value. On the other hand, advertising value affects consumer purchase intention positively and significantly.

Keywords: *online travel agency, purchase intention, social media, YouTube advertising*

1. INTRODUCTION

The Covid-19 that hit the world over the past year has had a major impact on the world economy. Many companies are reducing their promotional costs (advertising budget) to maintain a healthy cash flow to successfully get through the crisis [1]. However, this situation did not significantly affect the digital advertising business, according to the Interactive Advertising Bureau (IAB), throughout 2020 the United States's spending on digital advertising was reported to have grown 12.2 per cent year-over-year [2]. The same thing also happened in Indonesia, according to research by the Global Information and Measurement company Nielsen, advertising spending on digital media in the January-July 2020 period reached Rp 24.2 trillion. This figure is much larger than the previous year which was only around Rp. 9 trillion [3].

In addition, COVID-19 has also affected the increase in social media users, such as YouTube. In the first quarter of 2020, YouTube earned US$ 4.04 billion (Rp 60.2 trillion) in advertising revenue, up 33 per cent from the same period last year which earned US$ 3.03 billion (Rp 45.2 trillion) [4]. This is due to the increasing number of YouTube users in Indonesia. YouTube as of now is the most used social media in Indonesia, and is currently being used by 93.8 per cent of the total internet users in Indonesia [5]. With so many YouTube users in Indonesia, more and more companies are using YouTube as their advertising medium. The number of advertiser's video that are currently running on YouTube is growing by more than 40% annually [6].

On YouTube, there are several types of ads, namely, display ads, pre-roll ads, mid-roll ads, and post-roll ads. In this study, researchers will focus on ads that are displayed during mid-roll or mid-roll ads. Mid-roll Ads are a YouTube ad format that is very similar to traditional

television ads [7]. Various business industries are starting to use mid-roll ad formats on YouTube, one of which is a business engaged in the online travel agent (OTA) field. With the WFH (Work from Home) protocol that prohibits people from travelling without urgent reasons, the tourism industry sector is one of the most affected by this outbreak. Likewise, online travel agents (OTAs) are at a loss because many consumers cannot travel or cancel their orders [8].

In this study, the researcher plans to continue the previous research by using a more specific research object, namely online travel agent advertising in Indonesia. In addition, this research will also focus on one type of advertisement on YouTube, namely mid-roll advertising and replacing the customization variable with congruity. By using mid-roll advertising, this research will be able to find out whether the factor of ad position on YouTube will affect the ad value, and ultimately the purchase intention of YouTube viewers.

2. LITERATURE REVIEW

2.1. Advertising Value

Advertising value according to precious studies is a subjective evaluation on how useful the advertising is to audience, and therefore used as a useful tool to measure advertising effectiveness [9]. Consumers find value when they feel that the message that existed in the advertisement is deemed relevant to their needs. Therefore, advertisements are considered to be effective if they can provide an exchange of value between advertisers and consumers through their content [10].

Preceding studies postulated that there are few factors that support the details on how customer evaluate the value of advertising. For example informativeness and entertainment scale up advertising value, whereas irritability reduce the advertisement value. [10]. The previous study has also measured the value of advertising using entertainment, irritability, customization, and informativeness factors [13]. In this study, researchers will investigate the effect of irritability, informativeness, entertainment, and congruity factors on advertising value.

2.1.1 Irritability

Irritability in advertising can be defined as a measure of content that is messy and annoying according to the viewer's perception [9]. Throughout YouTube, irritability is described as an advertisement that audience considered as annoying [10]. Therefore, YouTube viewers tend to choose to avoid advertising on YouTube because of the distracting aspect of advertising [11].

Based on a previous study conducted by Yang et.al (2017) [12] irritability will negatively affect purchase

intentions. And finally, Dehghani, (2016) [13] also found a similar result, which concluded that irritability on YouTube advertisement will negatively affect customer's attitudes.

2.1.2 Informativeness

Previous studies have defined "informativeness" as way for advertising to provides users with useful information [14]. According to Yang et.al. (2017) [12] the information factor provided in advertisements has a positive effect on the purchase intention of advertising audiences. Dehghani et al., (2016) [13] also shows that the informativeness factor is the most sought after factor by viewers in YouTube ads so that informativeness positively affects the advertising value of a YouTube ad.

2.1.3 Entertainment

Entertainment can be described as the ability to satisfy the pleasure needs of the audience while watching advertisements [15]. The audience usually judges entertainment with its ability to magnify users' needs for pleasure, and a diversion from problems that exist in their lives [16]. Previous studies has found that using more entertainment can encourage social media users to use media more often [17]. Previous studies also found that entertainment can influences customers attitudes toward internet advertising [18].

2.1.4 Congruity

Congruity is consistency or relevance that exist between advertising and its context [16]. Dahlen (2005) [19] describes congruity as the suitability of the ad with the media the advertisement is played, where the advertising media and brand meet and become more similar in the minds of consumers. For example, if a user uses YouTube to watch a video about travel, then tourism ads will match the video. That way, it is more likely that the match will result in a more positive ad evaluation [20].

Based on previous research conducted by Brechman et al., (2016) [21] mid-roll ads produced the highest brand recognition rates compared to pre-roll and post-roll video ads only if the ad context suitability was high. Consumers usually use social media with a specific purpose in mind, so introducing them to a piece of irrelevant information only makes them perceived that as a distraction and seek to consciously disengage from processing inappropriate information [22]. In other words, if the ad has a high congruence with video content on YouTube, it will a positively effect the value of the ad.

2.2 Purchase Intention

Many researchers has found that advertising value is positively related to purchase intention behavior on social media [23]. Dehghani et.al. (2016) [13] investigated that purchase intention relies on recommendations and brands

recognition that previous consumers shared on their social media. Previous research found that advertising will have a positive effect on purchase intention if the advertising is valued positively by the audience [24]

By combining all the variables above, the five research hypotheses are obtained as follows:

H1: Mid-roll ads that contain element of irritability will lead to a negative effect (as opposed to positive effect on advertising value)

H2: Mid-roll ads that contain element of informativeness will lead to a positive effect (as opposed to negative effect on advertising)

H3: Mid-roll ads that contain element of entertainment will lead to a positive effect (as opposed to negative effect on advertising)

H4: Mid-roll ads that contain element of congruity will lead to a positive effect (as opposed to negative effect on advertising)

H5: Advertising value will lead to a positive effect on purchase intention

Those 5 research hypotheses illustrated in research model that showed in Figure 1
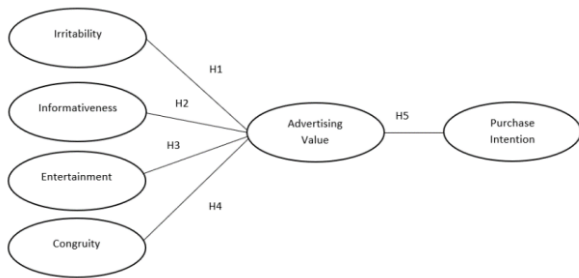

Figure 1. Research Model

3. METHODOLOGY

This study uses convenience sampling, with the minimum number of requirements for the SEM structural model is (19 indicator variables x 10). Respondents in this study were Indonesians over 17 years old who could access YouTube and had watched advertisements for online travel agency products such as (Tiket.com, Traveloka, etc.). The self-administrated questionnaire consists of three parts in the questionnaire: demographics (age, gender, occupation, and provincial domicile), usage (average daily use of YouTube, the most frequently used online travel agent, OTA services that are usually used), frequency of OTA usage since March 2020, respondents' responses to the effectiveness of mid-roll ads, OTA services that are suitable to be advertised with YouTube mid-rolls, information that needs to be displayed, the most important aspect in mid-roll ads, things that make

respondents interested in mid-roll ads -roll, and things that bothered respondents with mid-roll ads) and main questions (entertainment, irritability informativeness, congruity, advertising value, and purchase intention). There are six variables in this study. Irritability, informativeness and entertainment variables have three indicators developed by Firat, (2019) [24]. Furthermore, the congruity variable has three indicators developed from (Li and Lo, 2014) [22]. For advertising value and purchase intention variables, respectively, there are three and four indicators developed by Dehghani et al., (2016) [13]. Outlier tests, normality tests, linearity tests, multicollinearity tests, and homoscedasticity tests were carried out to ensure that only valid and clean data were used for analysis [25].

4. DATA COLLECTION AND ANALYSIS

The online survey, successfully recruited 304 respondents who were selected randomly and assigned to Goolge form. Of the total, there are 272 valid respondents, with a response rate of 89%. The majority of the respondents in this study were female tourists (61%), university students (49%), aged 17-25 years (68%), domiciled in DKI Jakarta (27%). In terms of usage, the average respondent uses YouTube for 1-2 hours every day, and during the pandemic, the majority used OTA 2 times, the most frequently used online travel agent was Traveloka, and the majority used transportation ticket booking services. In addition, most consider mid-roll advertising to be effective, especially to advertise ticket booking services, as well as information about prices. Respondents also think that the most important aspect is information, the thing that makes advertisements attractive is the beautiful visualization, and respondents feel disturbed by advertisements that appear continuously. Internal consistency and convergent validity summarized in Table 1.

Table 1. Internal consistency and convergent validity

Variable	Composite Reliability	AVE	Cronbach's Alpha
Irritability	0.723	0.498	0.699
Informativeness	0.750	0.501	0.837
Entertainment	0.746	0.501	0.811
Congruity	0.750	0.501	0.841
Advertising Value	0.751	0.502	0.845
Purchase Intention	0.798	0.497	0.855

The results of the reliability test on 6 latent variables by looking at the standard Cronbach's Alpha value of 0.5. Schene et al. (2000) [26] indicate that all variables in this study have met the cut-off value. Furthermore, the validity test was carried out where each variable had to meet the standard value of Average Variance Extracted (AVE) and factor loading, respectively 0.5 and 0.4 [25].

The validity test shows that there are no indicator variables that do not meet the cut-off value in this study. The results of the model fit test on the structural model itself are assessed in three parts, namely absolute fit indices, incremental fit measures, and parsimony fit measures. Based on the fit model values that have been generated, three measurement categories pass the cut-off value or standard value, namely CMIN/DF, GFI, PNFI, and PGFI. However, according to Ferdinand (2002) [27] the model is accepted if there are at least three fit categories that meet the standard value. Therefore, this research model is declared acceptable and fit. Hypotheses Testing for this research summarized in Table 2.

The result shows that H2, H3, H4, and H5 are accepted, whereas H1 is rejected. Informativeness has a positive and significant influence on advertising value (β = 0,46, p= 0,000) followed by entertainment (β = 0,56, p= 0,013) and congruity (β = 0,252, p= 0,000). On the other hand, irritability has a negative influence on advertising value (β = -0,033) but the influence is not significant (p= 0,594). Lastly, advertising value has a positive and significant influence on purchase intention (β = 0,86, p= 0,000).

Table 2. Summary of Hypotheses testing

Hypo theses	Variable relationship			P-value	Remark
H1	Irritability	→ (-)	Advertising Value	0,594	Rejected
H2	Informativeness	→ (+)	Advertising Value	0,000	Accepted
H3	Entertainment	→ (+)	Advertising Value	0,000	Accepted
H4	Congruity	→ (+)	Advertising Value	0,000	Accepted
H5	Advertising Value	→ (+)	Purchase Intention	0,000	Accepted

5. DISCUSSION AND CONCLUSION

Through the results of Structural Equation Modeling (SEM) analysis, travel agent companies can find out the factors that can affect advertising value and later affect purchase intention. The results from this study showed that variable entertainment, informativeness, and congruity through mid-roll advertising on YouTube had a positive and significant influence on advertising value.

These findings indicate that the audience on YouTube are more likely to have a positive perception on online travel agent's advertisement that could bring enjoyment, and useful information to the audience. It also indicates that audience prefer to watch advertisement that has a similarity to the video that they are watching. On the other hand, irritability had no effect on advertising value. Finally, this study also found that the value of advertising

also has a positive and significant effect on customer purchase intentions. This indicates that the more audience perceive the ads as a positive influence the more likely that they will purchase the product.

The result of this study possesses a few implications for online travel agent, especially the one that uses mid-roll advertisement on YouTube. Travel agent could take full of advantages their advertisement by generating communicative advertisement. The communicative advertisement considers quality of audience's attraction towards providing promos and elaborate with visualization and music. Providing easier way for the audience to recall and alleged positively the information is the main goal. Other implication is to place an advertisement on certain videos that have similarities with their ads both in theme and activity. Those are all important for advertising because the ads with positive values would be able to lead to audience purchase intention

This study has provided findings on factors that would affect advertising value using a general respondent, using both the negative and positive factors. Future studies can obtain more detail results by involving specific respondents who have a positive perception of YouTube mid-roll ads or vice versa, by carrying out special distribution strategies so that they can reach the intended respondents. In addition, further researchers who will examine Online Travel Agents as the object of their research, can focus on researching respondents who actively use Online Travel Agents as professional tool for their work. That way further research will get more in-depth feedback on Online Travel Agents. And lastly further research can focus on a specific brand of online travel agent in order to produce more detailed and focused research.

AUTHORS' CONTRIBUTIONS

Dani B. Saputro is the corresponding and main author of this article.

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