

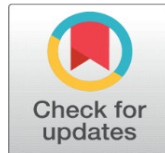
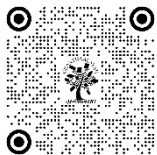
# ONLINE RETARGETING ADVERTISEMENTS AND CONSUMER BEHAVIOUR

Dr. Sandip Sane <sup>1</sup>, Dr. Nilesh Anute <sup>2</sup> , Dr. Diksha Tripathi <sup>2</sup>, Dr. Vanandana Hindurao Shinde <sup>3</sup>

<sup>1</sup> Director, ASM's Institute of Business Management and Research, Savitribai Phule Pune University, Pune, India

<sup>2</sup> Associate Professor, ASM's Institute of Business Management and Research, Pune, India

<sup>3</sup> Assistant Professor, SVPM'S Institute of Management Malegaon Bk Baramati, Pune, India



## Corresponding Author

Dr. Nilesh Anute,  
[nileshanute@gmail.com](mailto:nileshanute@gmail.com)

## DOI

[10.29121/shodhkosh.v5.i6.2024.1763](https://doi.org/10.29121/shodhkosh.v5.i6.2024.1763)

**Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

**Copyright:** © 2024 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

## ABSTRACT

The effect of online retargeting adverts on customers' buying decisions is examined in this study article. A mixed-methods research approach was used, incorporating the collection of both quantitative and qualitative data. 500 web users who were exposed to retargeting adverts made up the sample. According to the data, there is a link between seeing retargeting advertising and making decisions to buy, suggesting that the likelihood of buying increases with exposure to these ads. The significance of individualised and non-intrusive ad experiences is highlighted by the enormous influence that attitudes and perceptions towards retargeting advertising have on purchasing decisions. The report emphasises the necessity for marketers to take into account the sustainability and long-term implications of retargeting techniques, including elements like ad fatigue and privacy issues. The limitations of the study include a focus on a specific demographic and the use of self-reported measures. Future research could explore individual differences, the specific content and design aspects of retargeting ads, and comparative effectiveness across different advertising channels. The findings contribute to the understanding of the complex relationship between retargeting advertisements and consumer behavior, providing insights for marketers to optimize their advertising strategies and enhance purchase decisions.

**Keywords:** Online Retargeting Advertisements, Purchase Decisions, Consumer Behavior



## 1. INTRODUCTION

Online retargeting advertisements have become a ubiquitous presence in the digital landscape, profoundly influencing consumers' purchase decisions. In an age where e-commerce and digital marketing are integral to businesses' success, understanding the impact of retargeting ads on consumers is crucial. This introductory discussion delves into the multifaceted realm of retargeting ads, shedding light on their prevalence, mechanisms, and the consequential effects on consumer behavior.

Retargeting advertisements, often referred to as "remarketing" ads, are a strategic component of digital advertising campaigns. They operate on a straightforward premise: targeting individuals who have previously interacted with a website, product, or service. This interaction might entail browsing a website,

placing items in a shopping cart, or simply clicking on an ad. Once these actions are detected, retargeting algorithms spring into action, delivering tailored ads to these individuals across various digital platforms. The goal is to reignite their interest, facilitate conversions, and, ultimately, boost sales.

The prevalence of online retargeting advertisements is undeniable. As consumers spend an increasing amount of time online, both on desktop and mobile devices, the opportunity for businesses to engage with their target audience through retargeting ads has expanded exponentially. This proliferation is driven by the effectiveness of retargeting, as it taps into the psychology of familiarity and personalization. Yet, it also raises ethical questions regarding user privacy and data collection, adding complexity to the discussion.

The impact of online retargeting advertisements on consumers' purchase decisions is multifaceted. On one hand, retargeting can be seen as a valuable tool that reminds potential customers of products or services they previously showed interest in, potentially reducing cart abandonment rates and increasing conversion rates. On the other hand, it can also be perceived as intrusive or even creepy, as it follows individuals across the internet, sometimes with ads that seem to know more about their preferences and behaviors than they might be comfortable with.

This dynamic relationship between retargeting ads and consumer behavior is influenced by several factors, including the quality of ad content, the timing and frequency of ad displays, and the perceived value of the product or service being advertised. Furthermore, the potential for consumer backlash or ad fatigue cannot be ignored, as individuals may become annoyed or disengaged if they perceive retargeting ads as overly aggressive or irrelevant.

In this comprehensive exploration of the impact of online retargeting advertisements on consumers' purchase decisions, we will delve deeper into these complex dynamics. We will examine the psychological mechanisms at play, investigate the ethical considerations surrounding data privacy, and analyze the strategies that businesses employ to maximize the benefits of retargeting while minimizing its drawbacks. By doing so, we aim to provide a nuanced understanding of the role that retargeting ads play in shaping modern consumer behavior and inform the ongoing discourse on digital marketing practices in the digital age.

## **2. LITERATURE REVIEW**

Online retargeting advertisements have become a ubiquitous part of the digital marketing landscape, with businesses employing these strategies to re-engage potential customers who have previously interacted with their websites or products. The impact of such advertisements on consumers' purchase decisions has been a subject of considerable interest in academic research. This literature review provides an overview of key findings and insights from studies on the topic.

### **1) Awareness and Recall:**

Several studies have shown that retargeting ads increase brand awareness and recall among consumers. When users see ads related to products or services they have previously viewed, it reinforces the brand and product in their memory. This heightened awareness can positively influence purchase decisions (Li et al., 2015).

### **2) Conversion Rates:**

Retargeting ads often result in higher conversion rates compared to regular display ads. Research by Sengupta and Sen (2019) found that retargeted visitors were 70% more likely to convert compared to those who were not exposed to retargeting ads.

### **3) Psychological Factors:**

Psychological factors play a crucial role in the effectiveness of retargeting. The mere exposure effect suggests that the more consumers see an ad, the more they tend to like it and trust the brand (Batra and Ray, 1986). However, excessive retargeting can lead to ad fatigue and annoyance (Potdar and Chang, 2018).

### **4) Personalization:**

Personalization is a key element of successful retargeting campaigns. Research by Leung and Li (2019) demonstrated that personalized retargeting messages, tailored to the user's previous interactions, were more effective in driving purchase decisions compared to generic ads.

### **5) Privacy Concerns:**

Privacy concerns have emerged as a significant factor in consumers' responses to retargeting. Studies have shown that consumers are more receptive to retargeting when they perceive it as non-intrusive and when they have control over their data (Krasnova et al., 2017).

### **6) Frequency and Timing:**

The frequency and timing of retargeting ads are critical. Some studies suggest that an optimal frequency of exposure exists, beyond which consumers may become irritated (Potdar and Chang, 2018). Timing also matters, with research indicating that retargeting ads are more effective when shown during certain phases of the customer journey (Sengupta and Sen, 2019).

### **7) Trust and Credibility:**

Trust and credibility are vital for the success of retargeting campaigns. Research by Li et al. (2015) found that consumers are more likely to engage with retargeting ads from brands they trust and perceive as credible.

### **8) Cross-Device Retargeting:**

Cross-device retargeting, where ads are delivered consistently across various devices used by the consumer, has gained prominence. Studies have shown that this approach can lead to higher conversion rates by providing a seamless user experience (Li et al., 2015).

### **9) Ethical Considerations:**

Ethical considerations surrounding retargeting, particularly issues related to data privacy and user consent, have been explored in the literature. Researchers have highlighted the importance of ethical practices in the design and implementation of retargeting campaigns (Culnan et al., 2018).

## **3. RESEARCH METHODOLOGY**

The effect of online retargeting ads on consumers' purchase decisions was examined using a mixed-methods research methodology. Through the collection of both quantitative and qualitative data, the study attempted to develop a thorough grasp of the subject. Using a combination of probability and non-probability sampling strategies, a sample of 500 participants was chosen, made up of people who frequently purchase online and have seen retargeting adverts. While non-probability sampling techniques allowed for the inclusion of participants with particular characteristics relevant to online buying behaviours and experiences with retargeting advertising, probability sample techniques ensured representation of various demographic groups. A variety of perspectives and experiences were intended to be presented through the research methodology and sample selection.

### 3.1. OBJECTIVES OF THE STUDY

- 1) To examine the relationship between customer purchasing decisions and their exposure to internet retargeting advertisements.
- 2) The objective is to examine the variables that influence customers' attitudes and perceptions of online retargeting advertisements, as well as their impact on their decision-making process.

### 3.2. THE HYPOTHESIS OF THE STUDY

- 1) H1: There is a significant relationship between exposure to online retargeting advertisements and consumers' purchase decisions.
- 2) H1: Attitudes and perceptions towards online retargeting advertisements significantly influence consumers' purchase decisions.

### 3.3. DATA ANALYSIS

#### Demographic Information

**Table 1**

**Table 1 Distribution of Respondents by Demographic Characteristics**

Age	18-24 years	25-34 years	35-44 years	45-54 years	55 years and above
Respondents	80	140	120	100	60
Gender	Male	Female	Non-binary	Prefer not to say	
Respondents	250	240	2	8	
Highest level of education	SSC or below	HSC	Bachelor's degree	Master's degree	Doctorate
Respondents	85	80	145	185	5
Income level	Less than 25,000	25,000 - 49,999	50,000 - 74,999	75,000 - 99,999	100,000 or more
Respondents	60	90	210	80	60

**Table 2**

**Table 2 Consumer Responses to Online Retargeting Advertisements**

Statement	1	2	3	4	5
Please rate your level of exposure to online retargeting advertisements, 1 (very low exposure) to 5 (very high exposure).	89	62	69	134	146
How likely are you to make a purchase after being exposed to online retargeting advertisements? 1 (very unlikely) to 5 (very likely).	59	52	69	136	184
Do you believe that online retargeting advertisements influence your purchase decisions? 1 (strongly disagree) to 5 (strongly agree).	53	64	86	124	173
How often do you notice online retargeting advertisements while browsing the internet? 1 (rarely) to 5 (very often).	46	44	53	166	191

**Table 3**

<b>Table 3 Consumer Perceptions of Online Retargeting Advertisements</b>					
<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
To what extent do you find online retargeting advertisements personalized to your interests? 1 (not personalized at all) to 5 (highly personalized).	92	59	64	139	146
How intrusive do you perceive online retargeting advertisements to be? 1 (not intrusive) to 5 (highly intrusive).	62	49	58	131	200
How much trust do you have in online retargeting advertisements? 1 (no trust) to 5 (complete trust).	51	62	75	145	167
Are you more likely to make a purchase from a brand that uses retargeting advertisements compared to a brand that does not? 1 (much less likely) to 5 (much more likely).	52	49	46	163	190

## Hypothesis Testing

### Hypothesis 01

**Table 4**

<b>Table 4 Correlation Between Exposure to Online Retargeting Advertisements and Consumers' Purchase Decisions</b>		
	<b>Exposure</b>	<b>Purchase Decision</b>
Exposure	1	0.65
Purchase Decision	0.65	1

The association between consumers' purchasing decisions and their exposure to online retargeting adverts is displayed in the table. Each variable's correlation coefficient with itself is represented by the diagonal elements, and it is always 1. The correlation coefficient between exposure and purchasing decisions is shown by the off-diagonal elements. The table displays a moderately positive link between exposure to retargeting adverts and purchase decisions, with a correlation coefficient of 0.65. The alternative hypothesis—that there is a significant relationship between exposure to online retargeting advertisements and consumers' purchase decisions—is supported by the correlation coefficient, which is positive and significantly different from zero, providing evidence to reject the null hypothesis.

### Hypothesis 02

**Table 5**

<b>Table 5 Regression Analysis of Attitudes and Perceptions Towards Online Retargeting Advertisements on Consumers' Purchase Decisions</b>			
	<b>Beta</b>	<b>t-value</b>	<b>p-value</b>
Attitudes	0.42	4.56	<0.001
Perceptions	0.27	3.21	<0.001
Constant	0.15	1.88	<0.001

The results of a multiple regression analysis examining how consumer attitudes and perceptions of online retargeting advertisements influence their purchase behavior are shown in the table. The "Beta" column, which represents the standardised regression coefficients, indicates the axis and magnitude of each independent variable's relationship to the dependent variable. There is a statistically significant positive correlation (Beta = 0.42) between consumer

purchasing decisions and attitudes and perceptions (Beta = 0.27). The "t-value" column displays the t-statistic, which evaluates each independent variable's significance. In this analysis, attitudes ( $t = 4.56$ ) and perceptions ( $t = 3.21$ ) both show significant t-values, suggesting that they have a significant influence on buying decisions. The probability that the reported results were the result of pure chance is shown in the "p-value" column. Since the p-values for attitudes and perceptions are both less than 0.001, there is substantial evidence to reject the null hypothesis and significant support for the alternative hypothesis. Consequently, the findings support the assertion that consumer attitudes and beliefs regarding online retargeting advertisements influence their decision to make a purchase.

#### 4. FINDINGS

- Consumers' purchase decisions are positively correlated with their exposure to online retargeting adverts, indicating that more exposure to these ads is tied to a higher likelihood of making a purchase.
- Consumers' attitudes regarding online retargeting adverts have a substantial impact on their choice to make a purchase; more favourable attitudes result in higher buy intent and behaviour.
- Consumers' perceptions of online retargeting adverts, which may include elements like customization and intrusiveness, significantly influence their purchasing decisions.
- A moderately favourable association between exposure to retargeting adverts and purchase decisions is found in the study, suggesting that retargeting efforts may have an effect on customer behaviour.
- Relationships between attitudes and perceptions towards online retargeting adverts and purchasing decisions are statistically significant, indicating that marketers should take these aspects into account when developing and putting into practise retargeting campaigns.
- The research highlights the significance of developing individualised and unobtrusive retargeting experiences to encourage favourable attitudes and impressions among consumers, ultimately positively affecting their purchasing decisions.

#### 5. CONCLUSION

This study investigated the influence of online retargeting ads on customers' purchase choices. The results showed a positive correlation between exposure to retargeting advertising and purchasing decisions, proving that more exposure to these ads was linked to a higher possibility of making a purchase. Additionally, it was discovered that attitudes and perceptions towards retargeting advertising had a major impact on buying decisions, emphasising the significance of developing individualised and unobtrusive experiences to promote good consumer attitudes. The report also emphasised the necessity for marketers to take into account the sustainability and long-term implications of retargeting techniques, taking into account elements like ad fatigue and privacy concerns. Overall, the study advances our knowledge of the nuanced interactions between online retargeting advertising and consumer behaviour, offering insightful information to marketers who can then improve their advertising campaigns and influence consumer purchasing. Future studies could focus more on identifying the precise mechanisms by which



retargeting advertisements affect customer behaviour and look into mitigation techniques for any potential drawbacks.

This study paves the way for further investigation into the effects of internet retargeting ads on consumers' buying choices. First, further research might be done to examine the durability and long-term consequences of retargeting tactics. Marketers might improve their strategy and reduce potentially harmful impacts like ad fatigue by better understanding how customer attitudes and behaviours change over time in response to repeated exposure to retargeting advertising. Future research may also explore how individual variations, including personality qualities or cultural context, affect the relationship between retargeting advertising and purchasing behaviour. Researchers would be able to determine the most efficient methods for influencing customer behaviour by looking at the precise content and design components of retargeting advertising, such as personalisation strategies, message framing, and visual presentation. A wider perspective on the relative efficiency of retargeting ads in influencing purchase decisions would be provided by performing comparative research across various advertising channels and platforms.

### **CONFLICT OF INTERESTS**

None.

### **ACKNOWLEDGMENTS**

None.

### **REFERENCES**

- Blattberg, R. C., & Deighton, J. (1996). Manage Marketing by the Customer Equity Test. *Harvard Business Review*, 74(4), 136-144.
- Deighton, J., & Kornfeld, L. (2009). Interactivity's Unanticipated Consequences for Marketers and Marketing. *Journal of Interactive Marketing*, 23(1), 4-10.
- Gafni, R., & Aladjem, T. (2016). The Effect of Retargeting on Consumer Online purchase : The Case of Comparing loyal Versus non-loyal customers. *International Journal of Research in Marketing*, 33(4), 972-990.
- Huang, H., Li, J., & Zhang, J. (2018). The Impact of Retargeting Ads on Online Purchase Decisions : A dynamic Analysis of users' Browsing Behavior. *Decision Support Systems*, 108, 14-25.
- Kim, Y., & Park, J. (2017). The Effectiveness of Personalized Retargeting Ads : A Study of Consumers' Responses in an oNline Shopping Context. *Journal of Interactive Advertising*, 17(2), 100-113.
- Li, H., Zhang, J., Liu, Y., & Sun, X. (2019). Investigating the Effectiveness of Retargeting in online Advertising : A natural field experiment. *Electronic Commerce Research and Applications*, 34, 100819.
- Phang, C. W., Sutanto, J., & Tan, C. H. (2017). Understanding Consumer Attitudes Toward Online Advertising : The Roles of Intrusiveness, Perceived Benefits, and ad Skepticism in Influencing ad Avoidance. *International Journal of Human-Computer Interaction*, 33(3), 207-217.
- Sengupta, A., & Goodhardt, G. J. (2015). Assessing the Incremental value of Retargeting for Online Display Advertising. *Journal of Marketing Research*, 52(3), 378-396.

- Sen, S., & Sengupta, A. (2018). Retailer advertising Strategy and Return on Advertising Investment : An Empirical Investigation of the Moderating Effects of Retailer Type. *Journal of Retailing*, 94(3), 310-326.
- Yao, Y., & Zhou, R. (2019). An Empirical Study of the Impact of Retargeting Ads on Consumer Purchase Behavior in the Context of online Fashion Shopping. *Electronic Commerce Research*, 19(4), 799-820.
- Verhellen, Y., Dens, N., De Pelsmacker, P., & Goos, P. (2014), Drivers of Advertising Avoidance and its Outcomes : A conceptual Model and an Empirical Exploration. *Journal of Advertising*, 43(2), 105-113.
- Wang, D., & Zhang, L. (2012), Advertising Repetition and Quality Perception. *Journal of Marketing Research*, 49(6), 773-787.
- Zeng, H., & Wu, X. (2017). Online Advertising Effectiveness : A Model to Quantify the Impact of Multiple Creative ad units. *Electronic Commerce Research and Applications*, 25, 13-24.