



# **The Effectiveness of YouTube as a Digital Advertising Platform**

**Exploring the Role of YouTube in Digital Advertising and its Impact on Consumer Decision Making**

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## **Abstract:**

YouTube has attained the status of one of the largest video streaming and search engines due to digitalization. Since the launch of the website, its audience has grown in substantial numbers. With this, organizations have also revealed their interest in using the platform as a method of reaching consumers, which in turn has led the platform to use different methods of reaching consumers with their ad format.

This study was conducted on the base of revealing the link between consumer behaviour and YouTube advertising methods. The aim was to research if there is an evident factor that triggers consumer behaviour and what are these stimuli. A qualitative approach with seven semi-structured interviews was conducted in search of the results. The respondents were interviewed on their knowledge and use of the platform to provide valuable information.

The results of this study revealed that viewers show a negative reaction toward the platform's vast ad formats but, still a minority of these ads fulfil their purpose of leading the viewer to complete its objective. While the result also displayed that the user's own characteristics are the major force of consumer behaviour, the importance of auditorial and visual stimuli are needed for the first steps of attracting viewers.

## **Keywords:**

Advertisement, Attraction theory, Consumer behaviour, Digital marketing, Digitalization, Purchase decision, YouTube

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# 1 INTRODUCTION

As consumers, we make daily decisions that impact our personal and purchasing behaviour without knowledge. Therefore, it is important to understand what drives the consumer in a certain direction and why these actions were made. Studying these metrics allows marketers to present their products in a way that impacts the consumer. (Radu, 2019).

With the result of the study, consumer behaviour acts as one of the major baselines of formulating marketing strategies. This in turn has greater effects of reaching consumers needs and demands. (Santos, 2021)

According to Santos (2021), “The concept of consumer behaviour has been there for a long time now and its study has been instrumental in bringing the crowd to the companies”. But how does this behaviour affect us when we use a streaming platform such as YouTube?

YouTube's global advertising revenue reached 7.34 billion USD in Q2 of 2022 and 63% of consumers say that they have bought from a brand after seeing an ad on YouTube. Simultaneously, the platform has the potential to reach over 2.5 billion monthly users. Being the second largest search engine, advertisers have a significant potential to reach their audience and drive conversions. (Needle, 2022). Even paid ads within YouTube are 84% more likely to reach the viewers' attention which in turn is 1.8 times higher than other social media platforms. (Aura Ads, 2022)

Performing such statistics, it is understandable why organizations choose YouTube as one of the alternatives to advertise their products.

## **1.1 Problem statement**

As development within digital advertising and new trends are advancing at a high rate, the method of connecting with the consumer is more complex than before. Even while consumer behaviour has a significant impact on various trends and outcomes in digital advertising, this is only a small portion of the field.

So, what are the primary reasons consumers are prompted to interact/purchase after seeing a specific ad on YouTube?

Considering that there are different ad formats within YouTube, there must also be a reason why these ads have been created in such way. Could there be a motive why organizations choose these ad formats and why consumers choose to interact with them?

Research questions that are presented in this study are the following:

- How does consumers interact with advertising on YouTube?
- What factors influence their engagement with ads and their likelihood of taking action as a result?

## **1.2 Aim of the study**

This study aims to understand how consumers and mostly how users of the platform, respond to YouTube ads and how it affects consumer behaviour. For this study, consumers are defined as young, avid viewers between the ages of 18-29. The aim is also to get a better understanding of how a younger audience of the digital age, connects with these ad formats. The approach is to study previous research and case studies of successful- and unsuccessful campaigns.

## **1.3 Demarcation**

The main focus will be on relevant case studies that include paid advertising. Paid advertising are targeted to a certain audience, which in turn produces more visibility for the organization and product/service. Another area that the study focuses on is YouTube ad formats, such as their skippable ads, non-skippable ads, bumper ads and overlay ads.

While there are many forms of advertising within YouTube, these are the main focus that has the largest impact on consumers.

## 1.4 Definitions

Skippable Ads – Video ads that allow viewers to skip after 5 seconds.

Non-skippable Ads – Video ads that must be watched before video that lasts up to 20 seconds.

Bumper Ads – Similar to non-skippable ads, but last up to 6 seconds.

Overlay Ads – Overlays an image or text that appears within a certain area in the video.

CTA – Call to action

## 2 THEORY

The following chapter will present previous studies, models and key concepts that are relevant to answering the research questions. As there are countless of studies conducted around digital advertising, YouTube ads and consumer behaviour, the following studies are significant for supporting the study and the theoretical framework. For the first study, research was done regarding what factors have the most value within YouTube advertising. The second study is done regarding social media and its impacts on consumer behaviour.

### 2.1 Previous Studies

#### **YouTube advertising value and its effects on purchase intention**

A study conducted by Firat (2019), investigated what factors affect YouTube's advertising value and how it affects consumer purchasing intention. The findings of this study implied informative, entertainable, and trending factors had a greater effect on advertising values. But also revealed negative effects such as irritation on the values. The study also found a positive link between purchase intention and YouTube ads.

#### **Impacts of social media on consumer behaviour – Decision Making Process**

The following study from Lee (2013), was performed to reveal why, when and how social media impacts consumer decision-making. As a result, the study revealed that consumers are exceedingly careful of attending and selecting the information before completing a purchase, regardless of social or mass media. Additionally, the study found that consumers are actively utilizing social media to justify their purchase decisions.

## **The impact of social media influencer marketing on purchasing decision of Millennials in Finland**

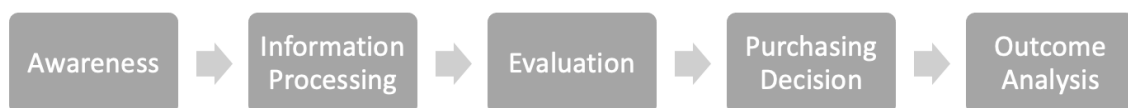
A study from Heinonen (2021), was conducted to grasp an understanding of how social media influencers affect and impact on buying demeanours of Millennials in Finland. The results of the study found that influencers have a large impact on buying behaviour as Millennials seek information and create trust with influencers. The study also found that influencers have a long-lasting effect on consumers and that this is something brands should focus significantly on.

## **2.2 Theoretical models**

The following part will cover the EBK model and attention theory that is used within the study to find the answers to the research questions.

### **2.2.1 Engel-Kollat-Blackwell (EKB) Model**

Engel-Kollat-Blackwell model or EKB was first introduced in 1968 and is one of the structural models for consumer behaviour. The principle of the EKB model is to highlight the relationship between various stages in consumer decision-making. Each stage of the model is supported by its own substage that in turn leads to the final purchasing outcome. (Engel et al., 1995)



*Figure 1 EKB model*

- **Awareness**

The model starts with the first step of awareness (needs recognition). Engel et al (1995), describes that the stage occurs when consumers initiate a state of desire. This can occur from multiple factors such as social interactions or change in values and needs. Additionally, self-image has a large role in this stage of the model and also searching for information is additionally important step before consumers move forward in the behaviour model.

This includes memorizing if their past knowledge of their options is enough, so that a decision can be made without more research. If this requirement is not met, external

research is necessary. However, this is not the case with every individual. As there are also many subfactors that define individuals' process of seeking information, some might complete purchases on impulse. (Engel et al., 1995)

- **Information Processing**

Information processing is the following stage, which is the process of retaining newfound knowledge. As this stage is the most influenced one, several factors can change the final outcome. Consumers can be exposed to different variations of the product or have their attention drawn towards an alternative solution. For marketers, the goal of this stage is to alter or transform the consumer's current beliefs and attitudes. (Engel et al., 1995)

- **Evaluation**

Evaluation is the stage where the consumer compares the product to their own standards and requirements. During this stage, consumers also compare the specific product to similar ones within the line. Creating their own desired criteria for the final outcome. (Engel et al., 1995)

Purchasing Decision is the following stage when the consumer finalized their purchase of the product. While at this stage the consumer has made their decision and believes that no further assessment of the chosen product is needed. (Engel et al., 1995)

- **Outcome Analysis**

Outcome Analysis is the next and last step in the model which presents the question, "Are buyers' expectations met?". According to Engel et al (1995), there has been a dramatic change in customer satisfaction and retention. Depending on the outcome, consumers can have varying expectations of the product which can affect their future decision-making of the product. (Engel et al., 1995)

### **2.2.2 Attention Theory**

While attention theory is a concept that has been researched in the field of psychology, it also holds an important part within the marketing field. Attention theory is a cognitive process by which individuals selectively allocate their attentional resources to stimuli in the environment. The ability to selectively attend is essential for cognitive processing,



and it allows individuals to focus on information that is most relevant to them. (Broadbent, 2013)

- **Selective Attention**

Selective attention is a key aspect of attention theory. This process involves the ability to attend to relevant stimuli and disregard irrelevant stimuli. Within marketing, selective attention is important for understanding how consumers allocate their attentional resources to marketing stimuli. (Grier & Deshpande, 2001)

- **Attentional Bias**

Attentional bias is another important aspect of the theory. Attentional bias refers to the tendency for individuals to allocate their attentional resources to specific types of stimuli. (Fox et al., 2002) Attentional bias can be influenced by a variety of factors, such as emotions or status. In the context of marketing, attentional bias can be used to create advertisements that capture consumer's attention. (Grier & Deshpande, 2001)

Understanding attention theory is important for marketers as it allows them to create marketing materials that capture consumer's attention. By understanding how attention works, marketers can create more effective campaigns that are more likely to influence consumer behaviour. For example, marketers may use attention-grabbing headlines or visually appealing images to engage consumers. (Grier & Deshpande, 2001)

## **2.3 Fundamentals principles**

The next part of this chapter will cover the fundamentals that are needed to acquire an understanding of the principles of consumer behaviour and YouTube advertisements.

### **2.3.1 Consumer Behaviour**

Consumer behaviour is defined as the study of searching, purchasing, using, and disposing of a product and/or service that the consumer in turn is expecting that it will satisfy their needs. Included in the study is also the process of how consumers think, feel and behave before a final purchase is made. However, the process is complex as many areas require to be researched and understood before any actions for the product/service can be included. (Schiffman et al., 2014).

However, consumers often don't know themselves what triggers their own purchase intention. The essential question for many organizations is, "How do consumers respond to various marketing efforts the company might use". Kotler and Armstrong explain that these stimulus responses enter the consumer's "black box" which in turn links the consumer purchase response. To understand the "black box", the marketing stimuli is divided into two parts. Firstly the four P's must be studied: product, price, place, and promotion. Additionally, this stimulus also included a few aspects that are present in the consumer's environment, such as economics, technology, politics, and culture. With these inputs, we can start to understand how the consumer's "black box" operates which in turn structures the buyer responses. (Kotler & Armstrong, 2011)

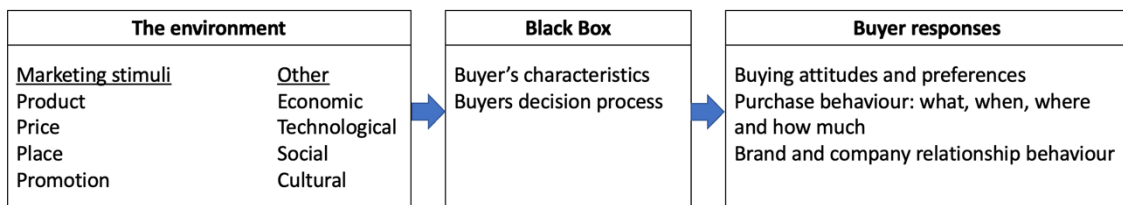


Figure 2. Black box model (Kotler & Armstrong, 2011)

The second part within the marketing stimuli that greatly affects consumer behaviour is cultural, social, personal, and psychological characteristics of the consumer. While every factor has its own subfactor, a few of these aspects are uncontrollable but necessary to consider. They all provide a different viewpoint that is needed to understand the black box. (Kotler & Armstrong, 2011)

### 2.3.2 YouTube Ads

To better understand the effectiveness of YouTube ads and their benefits, it is necessary to comprehend how the platform's ad functions. YouTube debuted ads in 2006 as a method to offer businesses the possibility to reach a broader audience. The launch started with Participatory Ads and Brand Channels with more developments followed quickly in the following years. (Bauer, 2013) The following ads are the standard forms that are available within the video streaming platform.

- **Skippable Ads**

Skippable ads are YouTube's standard form of ad format. These ads will be presented before the selected video will stream and last from 12 seconds up to 6 minutes in length. The viewers also have the possibility to skip the specific ad after 5 seconds. Additionally, these ads can have a specific call to action button that is presented during the whole ad or start after a certain period. (Getting, 2022)

Due to the possibility of skipping this format of ads, the main focus of these ads is to maintain viewer interest. But with the use of Skippable ads, advertisers/organizations can achieve a wide range of data about the performance of the ads such as completed views, partial views, channel subscriptions and CTA completions. (Getting, 2022)

- **Non-Skippable Ads**

As the name implies, this form of ads are Non-Skippable and can be presented before, mid-roll or even after the selected video is chosen. The ads themselves last between 15 and 20 seconds but can only be implemented when the selected video is longer than 10 minutes. (Getting, 2022)

While this form of ads cannot be skipped, a CTA is preferred to be used to optimize the viewers' attention. Similarly, to the previous form using Non-Skippable ads have the possibility of achieving a wide range of data. (Getting, 2022)

- **Bumper Ads**

This ad format is YouTube's shortest available format which lasts up to 6 seconds and displays at the beginning of a video. Bumper ads are very similar to Non-Skippable ads as they cannot be skipped and are mostly effective with the use of CTA. But the main difference is the length of this format. (Getting, 2022)

- **Overlay Ads**

Overlay ads or banner ads are present within the selected video that hovers at the bottom. They can be triggered to appear at any moment of the video and disappear similarly. Advertisers/organizations can with the use of the Overlay ads present the product without having to retain the previous ad formats. (Getting, 2022)

## **2.4 Summary of the theoretical framework**

The following chapter has covered the previous studies conducted within the study area, the research model that will be used and the literature that supports the study. As the previous studies are researched in different areas, one regarding advertisement value within YouTube and the second one regarding consumer behaviour within social media, they are both connected within the field. Advertising value is what impacts this area that will describe the main factors that affect mostly how viewers interact. While YouTube is a social media platform, it is also a search engine and video streaming platform. This gives a different standpoint when coming into consumer behaviour as it can affect multiple areas.

While the EKB model used for this study is more extensive than Figure 2 represents and has been continuously updated since it was introduced, it will cover many factors that are needed to understand consumer behaviour.

In turn, attention theory has a significant impact on how marketers develop a marketing strategy that appeals to their target audience.

## **3 METHOD**

The following chapter of the study will cover the research method used to answer the research questions and justify the chosen method. Following the chapter, the research respondents will be presented and the interview guide. The research approach will also be described alongside the reliability and validity of the study. Finally, the ethics of the study will be presented.

### **3.1 Choice of method**

For this study, qualitative research was done and in particular, a semi-structured interview was performed using primary data.

In qualitative research, theory shouldn't come first, it should come after an investigation. Most qualitative researchers emphasise that they like to view theory as something that evolves during the collection and analysis of data when discussing their preferred method.

Yet, qualitative research is more frequently used to describe a methodology in which theories and categories are created through the collection and analysis of data. (Bryman, 2012)

With a qualitative method, participants can express their thoughts, experiences, and reflections on the subject matter in greater detail. This makes it possible to gather extensive and thorough data from the participants. The likelihood that participants will have views that differ from those of an outsider with little direct contact is raised by closer observation of the participant's social world. (Bryman, 2012)

### **3.2 Respondents**

The respondents that were chosen for this study are consumers and avid users of the video platform. Due to the focus of the study, it was valuable to gather data from consumers who have experience within the platform while also gathering data from viewers between the ages of 18-29. With this, rich and different data could be gathered. All together 7 respondents were interviewed. To preserve the anonymity of the respondents, each individual's answers are referenced in alphabetical order, from A-G.

### **3.3 Interview guide**

An interview guide can be used to refer to either the brief list of instant conversation starters that are commonly used in unstructured interviews or the slightly more structured list of issues to cover or inquiries to make in semi-structured interviews. Flexible interviewing techniques are required, and the interviewers must be capable of evaluating research participants' perceptions of their social environment through their questions. The latter is affected by both the format of the interview guide itself and how the interview is handled. (Bryman, 2012)

The interview consisted of 14 questions (Appendix 1) and a video with four different campaigns was displayed to the respondents during the middle of the interview (Appendix 2). Questions were based on the goal of the study which is to understand how consumers respond to YouTube ads and how it affects consumer behaviour. The questions were also divided into 2 separate categories, how consumers interact with YouTube ads and what

triggers their engagement towards these ads. Questions 1-4 were related to their general knowledge regarding YouTube and its ads, questions 5-9 were based on how participants interact with these ads and finally questions 10-14, are based on how participants engage with these ads.

### **3.4 Research approach**

The interviews were conducted individually and on separate occasions in which some of them were also conducted through the video communication tool Zoom. This was to ensure that no respondent's answers were affected by others. All respondents received beforehand information about what the study is regarding and prior to the interview started, they received a consent form (Appendix 3) to fill in. Audio from each interview was also recorded and interviews conducted through Zoom, were recorded. Respondents were also informed of the duration of the interviews, which majority of them fell under the 40-minute mark.

During the interview, four separate videos were displayed with different advertisement types which in turn were targeted towards a specific audience. The first ad is from a wholefoods company that specializes in selling close-to-expiring food products at a lower price in an attempt to lower food waste. The second ad is from a known furniture supplier that promoted their upcoming products. The third ad is from a tire manufacturing company, in which they also promoted their new release product. The final ad is also from a well-known furniture company, which in turn promoted their organization rather than their products. All these ads have their differences in length, visuality and other aspects. With this, the result from the respondents can give a better understanding of which form of ads has a greater effect on consumers.

Additionally, this method allowed the participants to be included within the experience of viewing YouTube ads. This would also offer the participants the possibility to present detailed answers. During the interviews, notes were also made to ensure all received data was correct and could be processed for the study.

### **3.5 Analysis of the data**

A major part of any research study is the gathering and analysis of data. The researcher determines in advance the general parameters of what is to be learned and then builds the research tools to perform the study. Then, the collected data needs to be analysed. As a result, the researcher must examine the data to determine whether there are any obvious errors. Additionally, the goal is to reduce the amount of gathered data. (Bryman, 2012)

With the recordings of the respondents, a transcript could be created with the gathered data for analysis of similarities.

### **3.6 Validity and reliability**

Validity and reliability are two of the vital principles of evaluating a study's research. The topic of whether the research's findings can be replicated is described as reliability. The phrase is frequently used regarding the issue of the consistency of measures developed for social science topics. The validity on the other hand, refers to the consistency of the study results. It is also concerned as one of the important criteria for the study. When a study consistently produces the same findings or when various researchers generate the same findings when employing the same research techniques, it is said to be trustworthy. (Bryman, 2012)

To ensure that the validity and reliability of the study were met, all respondents were asked the same questions and presented with the same video. This ensured that no respondents would receive different information/material.

### **3.7 Ethics**

Ethical principles can be divided into several categories but should be followed when conducting research studies. Before a person can take part in a study, they must give their informed consent. This means that participants must receive complete information about the study's purpose, the advantages, and their right to discontinue participation at any time. Caution to safeguard the participant's confidentiality is also crucial. This can mean keeping information in a secure location or using pseudonyms to conceal their identities.

Additionally, it presents the option for respondents to be anonymous. This helps to preserve their privacy as their identity won't be associated with the information they submit. Participants should also be debriefed when the study is over. This includes outlining the study's goals, dispelling any misunderstandings or worries, and giving participants a chance to voice their opinions or ask questions. (Bryman, 2012)

For the study, all participants had received information regarding the study's purpose and participants were informed that they would be anonymous. All data that had been gathered from the participants have also been anonymous and only their answers were used for the study.

Finally, the consent form (Appendix 3) was presented and signed by all participants to ensure that the ethical principles will be followed.

## **4 RESULTS**

The following chapter will cover the findings that were provided during the interviews. Answers have been thematically categorised which were presented in the previous chapter.

### **4.1 Exploring YouTube**

The interviews started by asking the respondents regarding their general knowledge and how they use the platform (Q1). Many stated that they use the platform daily or in case they are in search of information. Respondent D also noted that their use of the platform is vague and use it *“Once- twice a year, which is mostly if someone else shows me soothing. But I rarely open YouTube by my initiative.”*. Respondents were also asked what their initial thoughts regarding YouTube ads are (Q2) and many were quick to point out that they are annoying, and many explained that they try to skip them as soon as it becomes possible. Respondent E also pointed out that they use an ad blocker so that the ads will not be shown while respondent F expressed *“While many of the ads are annoying, some of them are also interesting.”*



## 4.2 Interaction

Next, the respondents were asked if there were any specific aspects that make them more interested in the displayed ad (Q3). Four of the respondents stated that if the ad has a catchy or interesting sound/music, then they are more likely to watch it to the end. The remaining respondents then stated that they were more likely to view the ad to the end if it related to their interests. Following this, respondents were asked if they did not find the ad interesting, will they try to skip it as fast as possible or if they would ignore it by focusing on another aspect in the meantime (Q4). Here also half of the respondents stated they will try to skip the ad and half of the respondents said that they will try to ignore it. Respondent C also stated *“It all depends on if I like the content or if it related to my interest. Usually, I try to skip them as I am more interested in the video rather than the ad.”*

Continuing with the interviews, the respondents were asked about their thoughts regarding ads that can be skipped and ads that cannot be skipped (Q5). Overwhelmingly, all respondents stated that the skippable ads are more preferred. Here respondent B stated that *“Skippable ads are much bearable while un-skippable ads are ruining the experience of watching the video”* while respondent D also shared that *“If an ad can be skipped then I will definitely skip it but if it can’t be skipped then I will most likely just focus on something else during the ad and then come back to the actual video.”*

Following this, respondents were asked what their opinion was of ads that can be skipped after they have been viewed for a certain time such as five seconds (Q6). For this question, all respondents had different opinions and while a few stated that this specific system is infuriating, others stated that they are bearable if the first seconds are interesting. Respondent A explained, *“If the ad is somehow catchy, like there is a good song that syncs with the video, then I don’t mind waiting and probably will watch the ad to the end.”*

After this, respondents were asked if they felt like they placed more effort into closing or skipping the ad instead of watching it (Q7). While the majority stated that they feel like they place more effort in closing the ad, respondents B and E explained that they don’t put as much effort into it as it has become more of an automatic reaction for them.

Finally, the respondents were asked about their opinion of ads that are displayed in multiple stages such as before the video has started, during the video and after the video has ended (Q8). While many expressed that this method is infuriating and some even expressed frustration with it, there was a clear indication that the majority of respondents disliked it. But respondent A explained: *“If the video I’m watching is long then I don’t mind but if it is a short like three three-minute video then I might skip watching the whole video if I see there is lot of ads in it”*.

### **4.3 Engagement**

Before the interview continued with the remaining questions, each respondent was requested to watch a video that included four different ads that were collected from YouTube. After they watched the video, they were asked to elaborate on their thoughts regarding the different ads.

Next, respondents were asked if there were any interesting aspects of the ads that caught their interest (Q9). There were many mixed answers with three of the respondents stating that they did not find any interesting aspects that they would enjoy. Others explained that some of the ads displayed information that they would follow up on, but no respondent had any additional information to give.

Respondents were then asked if any specific audio or visual aspects made the ads more interesting (Q10). Also with this question, there were mixed answers. Many stated that the final ad was too long and would like to skip it if possible. Respondents A, D and F all expressed that the second ad had visuals that were suitable for the season and were much more relatable than the other videos. Respondent E also explained regarding the last video: *“The X one had fact-based information that made me more focused on the ad. It wasn’t like a usual ad. However, it also caught my attention in a negative way that why would a Scandinavian ad be in English rather than a Scandinavian language.”*

The respondents were then asked if they would follow up on the product or services that followed the links that were present within the ads (Q11). While six of the respondents stated that they would not follow the links, respondent F stated that they would follow up and investigate more about the offerings presented in the second ad. Respondent F also

explained, *“If there is an ad that is displayed from an known website or shop, then I would investigate but not through the links but through their own website.”* Respondent F was then asked what is the reasoning behind this which they elaborated *“This is a personal preference. While the links are meant for you to be opened, it is easier to go through their official page as the link does not always open or it will change the way their page is viewed.”*

Following the previous questions, respondents were asked what would trigger them to open a link that is displayed during the ads (Q12). Which all the respondents expressed greatly that if the product is interesting or if there is any offers/service that suits their needs.

Next, the respondents were asked if they had purchased anything after viewing an ad through the platform (Q13). Here also there were mixed answers. While respondents A, E and F stated that they have not purchased any items as no item has been in their interest. The remaining respondents stated that they have purchased items a few times. Respondent C also explained *“Yes, I have purchased many items after seeing it being advertised, but not directly through the links. In this case I have done the purchase through a physical store.”*

Finally, the respondents who had made a purchase were asked how long of a period they waited and considered the purchase before they initially did it (Q14). All the respondents had a different waiting period, such as from a few hours up to a week before they purchased it. However, most of the respondents stated that they consider the item around a day investigating a bit more and then purchasing the item.

## **5 DISCUSSION**

The following chapter is devoted to examining and discussing the conclusions reached from the findings as well as considering the participants' positive and negative encounters. In accordance with the interview questions, the gathered information is then discussed to emphasize the research questions.

## **5.1 Research question 1: How does consumers interact with advertising on YouTube?**

As previously mentioned in the study, YouTube is one of the largest platforms for digital advertising. Viewers are more exposed to advertisements and its vast forms within the platform compared to other channels. Hence, all seven respondents explained that they have used the platform many times and are familiar with it. However, three of the seven respondents did explain that their use of the platform is vague and only use it to search for information. Concluding to Needle's, (2022) statement that the platform is the second largest search engine. With this, it can be seen that the platform has a large impact also on consumer behaviour, as it impacts the user's decision-making process. Before viewers are moved on to Kotler & Armstrong's, (2011) "black box" users, are exposed to the different stages of marketing perception. This could be translated from the respondent's answers. As six of the seven respondents explained with deep distaste, their feelings towards the platform's vast form of ads. Simultaneously all respondents revealed that they are more interested in an ad if it falls into their area of interest. Engel et al., (1995) explained that this is one of the first stages in the EKG model as "awareness". "Consumers start their buying behaviour in this stage as a state of desire initiates" (Engel et al., 1995).

Moving on, respondents were asked how they interact with these ads and while five of the respondents replied that they try to skip or ignore the ad, two of the respondents stated that they are more likely to watch or interact with the ad if it has any interest in it. Grier & Deshpande, (2001) explained that this is part of attention theory, as it is a cognitive processing of consumers choosing relevant stimuli and disregarding irrelevant stimuli.

The various ways how YouTube gets consumers involved, along with how they pick ads, show a mix of how they see things and interact with them. This also shows how the platform strongly affects consumer experience.

With this in mind, the respondents were asked how they felt about the platform's function of not being able to skip certain ads and ads that can only be skipped after a certain period. This question was based on Grier & Deshpande, (2001) concept of attention theory and more specifically on "Attention Bias". Hence, all respondents stated that the first form of ads trigger a negative reaction and that many try to skip this format as soon as possible.

Why this format is more negative than the other is shortly explained by respondent B, “*That they are ruining the experience*”. This corresponds to Grier & Deshpande, (2001) theory that individuals allocate their attention to specific types of stimuli. In this case, negative stimuli simultaneously affect their information processing (Engel et al., 1995).

## **5.2 Research Question 2: What factors influence their engagement with ads and their likelihood of taking action as a result?**

Continuing with the following research question, the author wanted to find out what factors trigger the viewer's engagement and how they interact during and in the post-ad stage.

Engel et al., (1995), stated that consumers need to initiate a state of desire for them to be able to continue forward within the EKG model. As this is the first stage in their model, the first imprint of any advertisement is to capture the consumer's awareness. Within the platform, it is more difficult as consumers are not intrigued by the ads, but more of the specific video they are searching for. Therefore, the respondents were asked their thoughts on ads that are skippable after a certain period and also, how they interact with these ads and their thoughts when ads are displayed at certain periods. While there were mixed reactions to this, it was well-defined that the majority of respondents disliked all these types of ads. Although, as respondent A also previously explained, “*If the ad is somehow catchy, like there is a good song that syncs with the video, then I don't mind waiting*”. Retracting to Kotler & Armstrong, (2011) theory regarding the “black box”, this stage also depends on the buyer's characteristics. With these responses, the majority of respondents have a ready-built dislike towards the platforms functions which in turn impacts their buying behaviour and influences their engagement of interaction with the ads.

As previously mentioned in the study, one of the main factors that influence consumer behaviour is the information processing stage where consumers are retaining a specific newfound knowledge (Engel et al., 1995). However, as consumers have different perspectives and characteristics, it is difficult to pinpoint what exact factors influence this process. According to Kotler & Armstrong, (2011), the four P's are the principle to understand what triggers this behaviour. Therefore, the respondents in this study were

shown a video clip with four different ads that display these four P's, product, price, place and promotion. As a result, the replies were divided among the respondents as the majority did not find any interesting regarding these. Although, the majority thought that the visual aspects of these ads were intriguing. While the results of this partially correspond to the previous theories and studies, it all circles back to what the consumer's own characteristics are.

The final part of the interview was conducted to see how the respondents evaluated the ads and if these ads were captivating enough for them to take action as such. Grier & Deshpande,(2001) mentioned that marketers may use attention-grabbing headlines or even visually appealing images to engage consumers. This was also seen with the respondents as four of them agreed that the ads were intriguing enough for them to follow up and investigate in detail the product/service. While the comments from respondent F gave more details about this, it would be reasonable to presume that the majority of consumers would investigate the promotion through the company's website, rather than an ad on a video platform. This also corroborated with Engel et al., (1995) theory regarding evaluations. As the respondents create their own desires for the final outcome of evaluation their needs and criteria's. Finally, the answers from the respondents regarding whether they have purchased an item from an ad that has been shown on the platform and how long it takes for them to make this decision, revealed a different outcome. While the majority stated that they had made a purchase, they still took a few days to analyse the needs and criteria before finalizing their purchase. This, in turn, contemplates both Engel et al., (1995) and Kotler & Armstrong, (2011) theories. Simultaneously the process which Grier & Deshpande, (2001) explain is also strongly relevant to the progress of reaching the final outcome.

### **5.3 Discussion of method**

In general, the author believes that the methods and theories that were conducted in the study, effectively achieved its goal of understanding the aim and revealing the answers to the research questions. While the method in which the interview guide was structured on, did unfortunately give rather naive answers from the respondents. However, this is the author's own dilemma, as the questions were in hindsight not correctly formulated and/or structured, which in turn did not give room for further analysis. While using a qualitative

method, it was clear in the outcome that if this had been approached differently, it would have revealed a broader observation from the respondents. But in the end, the author believes that the chosen method was correct, as it gave the possibility to interact with and observe the respondents. Thus, if chosen a quantitative approach, the sample size could have been greater which would reveal extensive results.

The reliability and validity of the study were satisfied to some extent, providing insightful information. The methodological flaws the author points out, however, imply that some elements might have been improved to boost the study's overall validity and dependability.

## **6 CONCLUSIONS**

The aim of the study was to get a better understanding of how consumers respond to YouTube ads and how these ads affect consumer behaviour, with the use of the aforementioned research questions:

- How does consumers interact with advertising on YouTube?
- What factors influence their engagement with ads and their likelihood of taking action as a result?

Being one of the largest digital platforms and the second largest search engine, YouTube has a significant potential to reach a vast majority of audiences. However, the results from the respondents revealed that the method by which these ads are displayed, has a negative effect. The main downside of these ad formats is their length and not having the possibility to skip them. This in turn explains that users lose interest in the displayed ad within these first crucial seconds unless it meets the user's criteria. As Kotler & Armstrong, (2011) explained, "what greatly affects consumer behaviour is cultural, social, personal and psychological characteristics of the consumer." So, it can be said that consumer's negative reaction towards these ad formats is logical as they are forced to wait a certain period before they can continue, which already decreases their ability to focus on the displayed ad. However, the responses also revealed that a small number of consumers, in this case, three out of the seven respondents, find that the ads that meet their criteria are more likely to take action of investigating further or finalizing a purchase. Based on the result from this study, they also correspond to the same result that Firat, (2019) conducted. Reflection on the study, auditorial and visual aspects that are presented

within the ad, need to attract the consumer's attention within the crucial first second. As the consumer is more likely to further their interest when all the criteria are met equally.

## **6.1 Limitations**

As previously mentioned, if the methodical approach for this study was to be conducted differently and the sample size was to be larger, the result of the studies would have been more extensive. Simultaneously, the sample size would be to include a variety of the platform's users. While this study used consumers and avid users, there are a vast number of groups that use the platform for different purposes. Additionally, the author also acknowledges that the questions that were conducted during the interview, did not provide in-depth answers, but rather simple ones.

## **6.2 Suggestions for further studies**

The most reliable approach for further studies would be to extend the sample size based on the same research questions. Using a sample size with different forms of users, larger differing age groups and experiences would present a more in-depth take on the topic. Also, the sample could be divided within an A/B testing group that present different form of ads, but which include the same message. Overall, the author believes that if further research would consider these aspects, the results can clarify how and what influences viewers and how they can be improved.



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# Appendices

The appendices must be numbered to be able to use internal references in the study.

## Appendix 1

### Questions for Semi-structured Interview

Topic – The Effectiveness of YouTube as a Digital Advertising Platform,  
Exploring the Role of YouTube in Digital Advertising and its Impact on Consumer Decision Making

(Thank the participant for joining and ask if they have any questions before the recording and interview starts)

(Concept of YT)

1. How often do you watch YouTube videos?
2. How do you feel with YouTube advertisements?
3. What influences you to look at the ads?
  - Is there any specific audio or visual aspects that makes more intrigued of the ads?
4. Do you try to ignore them, or do you view them to the end?

(Interaction with YT)

5. How do you feel with ads that you can skip and ads that cannot be skipped?
6. How do feel that an ad cannot be skipped before it has been viewed at least 5 seconds?
7. Do you think that you put more effort on closing/skipping the ads, rather than watching them?
8. How do you feel with ads being displayed in multiple stages (before, during and after)?

(Video of ads will be displayed)

(Engagement)

9. Were there any interesting aspects that caught your attention?
10. Were there any specific audio or visual aspects that made the videos more interesting?
11. Based on the video, did you want to investigate the product/service more by opening the webpage or link?
12. What triggers you to open/follow the link that is displayed during the ad?
13. Have you ever purchased an item after viewing/seeing an ad on YouTube?
  - If not, why?
  - If yes, how often have you purchased?
14. How long does it take to you to make the decision to purchase the item?

(Explain to the participant that the interview is over, thank them for their time and ask if they have any final questions)

## Appendix 2

Screenshot of video from YouTube and link:



### Video Ads

Unlisted

**D** Daniel Vahedi [Analytics](#) [Edit video](#)

[0](#) [Share](#) [Save](#) [...](#)

<https://youtu.be/K26ojahPAgE>

## Appendix 3

### Consent for Participation in Interview Research

I volunteer to participate in a research study “**The Effectiveness of YouTube as a Digital Advertising Platform**” conducted by Daniel Vahedi from Arcada University of Applied Sciences.

1. I have received sufficient information about the study. My participation is voluntary and I can withdraw or decline from the study at any time.
2. I understand that I have the right to decline to answer any questions or to end the interview.
3. I understand that participation will be anonymous, and no answers will be identified by name.
4. I understand that the interview can last approximately 30-60 minutes. During the interview, notes will be written, and an audio tape will be recorded. If I do not want the interview to be taped, I will not be able to participate.
5. I understand that during the interview a video will be displayed and that questions will be asked based on these videos.
6. I have the right to receive and see the collected data.
7. I have read and understand the following form. I have received an answer to all my questions and agree to participate with the study.
8. I have received a copy of the consent form.

Participants signature

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Participants printed name

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Interviewers signature

---

Date

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## Appendix 4

### Answers with direct quotes from respondents

1. **How often do you watch YouTube videos?**

- A - Not very often, only when I want to look up something.
- B - I use it every day for various reasons but mostly maybe for work.
- C - I watch it every single day.
- D - Not very often. Once- twice a year, mostly when someone else shows me something, but I rarely open YouTube by my own initiative.
- E - Almost every day.
- F - About 1-2 times a month, maybe more. Mostly if I see some short clip from another other place (Facebook, TikTok) and I want to watch the whole video.
- G - Not really, only when I need information.

2. **How do you feel with YouTube advertisements?**

- A - Usually just skip it if I can as they are annoying/ irritative.
- B - Extremely annoying.
- C - Don't really like them but it is something I have to deal with.
- D - Short ads are okay, over 15seconds are kind of annoying.
- E - I don't like them at all and also I use an ad blocker so that they don't appear at all.
- F - While many of the ads are annoying, some of them are also interesting.
- G - Very annoying.

3. **What influences you to look at the ads?**

- A - If it's short and if the ad is somehow interesting.
- B - If it is about my area of interest.
- C - I like car ads usually they are like short movie with nice video and music.
- D - Catchy music or music that makes you feel something.
- E - If the content / topic is relevant for me.
- F - Ads that play any music that you will remember.
- G - If it's my area of interest.

4. **Do you try to ignore them, or do you view them to the end?**

- A - If there is good music that fits with the video, then I will watch it
- B - Mostly try to ignore it .
- C - It all depends if I like the content or if it related to my interest. Usually, I try to skip them as I am more interested in the video rather than the ad.
- D - Usually I ignore them.
- E - Skip as fast as possible.
- F - Ignore them if they are not interesting.
- G - Ignore them as they are not interesting.

5. **How do you feel with ads that you can skip and ads that cannot be skipped?**

- A - Kind of dislike them so I usually skip as soon as possible.
- B - Skippable ads are much bearable while unskippable ads are ruining the experience of watching the video.
- C - They are annoying and usually not interesting so I try to skip them as fast as possible.

D - If an ad can be skipped then I will definitely skip it but if it can't be skipped then I will most likely just focus on something else during the ad and then come back to the actual video.

E - Ads that can be skipped are better.

F - Don't really care so much for them as I don't watch so many videos, but I have to choose then skippable are better.

G - Skippable ads are bearable, hate the unskippable ads.

**6. How do you feel that an ad cannot be skipped before it has been viewed at least 5 seconds?**

A - If the ad is somehow catchy, like there is a good song that syncs with the video, then I don't mind waiting and probably will watch the ad to the end.

B - Annoying.

C - I can wait these 5 secs, no problem.

D - Doesn't bother me much, but will most likely still not focus on the ad.

E - Strongly dislike them. if I can't skip, I will still probably not watch it and just turn my attention to something else during the ad.

F - Dislike them as the 5 seconds feels like forever.

G - Its really annoying as you have to wait.

**7. Do you think that you put more effort on closing/skipping the ads, rather than watching them?**

A - If the ad seems too long and boring then yes.

B - Cant really tell, maybe I put more effort into it. It has become automatic for me.

C - Yes.

D - Probably yes. takes more effort to close it but it doesn't bother me.

E - No, as I watch so many videos and have become used to it.

F - Spending more time skipping the ad.

G - Yes.

**8. How do you feel with ads being displayed in multiple stages (before, during and after**

A - If the video I'm watching is long then I don't mind but if it is a short like three minutes video then I might skip watching the whole video if I see there is lot of ads in it.

B - More of a frustrating feeling that they show all the time.

C - Annoying.

D - Cannot really answer this as I don't watch many videos.

E - No opinion as i dislike all ads.

F - Don't like them as they are constantly showing.

G - Frustrating, annoying, disturbing experience.

**9. Were there any interesting aspects that caught your attention?**

A - Maybe some sales from different brands but otherwise did not find anything interesting.

B - Not really but some of them had nice visuals.

C - X add is informative, you can see actual offers but nothing interesting.

D - All of them were short ads and it would have been possible to skip them after 5sec.

E - No.

F - Mostly the home interior ad had some nice visuals but nothing special.  
G – No.

**10. Were there any specific audio or visual aspects that made the videos more interesting?**

A - I liked the summer vibe from X ad.  
B - Dynamic CGI of race cars.  
C - For example X add is too intensive, too fast, didn't like it. X add is quite long, I'll skip it next time.  
D - X - it was spring/summer, it is the same time now and therefore makes it.  
E - The X one had fact-based information that made me more focused on the ad. it wasn't like an usual ad. However, it also caught my attention in a negative way that why would a Scandinavian ad be in English rather than a Scandinavian language.  
F - Well, the second one was more seasonal and for me more relatable.  
G – Not really.

**11. Based on the video, did you want to investigate the product/service more by opening the webpage or link?**

A - Not really.  
B - Maybe.  
C - Yes, I'll check more info about X and X offers.  
D - No, but the X one stayed on my mind.  
E - No, not at all.  
F - If there is an ad that that is displayed from a known website or shop, then I would investigate but not through the links but through their own website.  
**(Asking for more info)**  
This is a personal preference. While the links are meant for you to be opened, it is easier to go through their official page as the link does not always open or it will change the way their page is viewed.  
G - No.

**12. What triggers you to open/follow the link that is displayed during the ad?**

A - If the product seems interesting and I want to know more.  
B - Interest, curiosity  
C - If there is something interesting, I'll open the link  
D - Nothing  
E - Nothing. I've probably never opened a link of an ad.  
F - If there is a good offer for some item then yes.  
G - Interest, curiosity. But I usually don't click on the ad links.

**13. Have you ever purchased an item after viewing/seeing an ad on YouTube?**

A - There haven't been a product I needed or wanted.  
B - Yes, maybe once.  
C - Yes, I have purchased many items after seeing it being advertised, but not directly through the links. In this case I have done the purchase through a physical store.  
D - Not that I know of. might have done it un-subconsciously.  
E - Never. nothing has caught my interest.  
F - Yes and probably a few times.  
G - No, haven't found anything interesting or nothing interesting has been advertised.

**14. How long does it take to you to make the decision to purchase the item?**

A - (No answer as question not asked)

B - Couple hours/days.

C - Maybe few days, max 1 week.

D - (No answer as question not asked)

E - (No answer as question not asked)

F - Usually a day or two, mostly the next day I have made the decision.

G - (No answer as question not asked)