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DO ANIMATED BANNER ADS HURT WEBSITES? THE MODERATING ROLES OF WEBSITE LOYALTY AND NEED FOR COGNITION

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ABSTRACT

While extant research has examined the effectiveness of banner ads, relatively little is known about the effect of animated banner ads on consumers' attitudes and revisit intentions toward the host website and the brand advertised in the ad. This research contributes to and enhances our understanding of this topic by exploring and identifying consumer responses to animated banner ads on websites and then empirically testing a conceptual model. Results show that exposure to animated banner ads on a website results in consumer skepticism toward the website, which negatively influences their attitudes toward the website and the brand in the ad and intentions to revisit the website. These results are moderated by consumers' loyalty toward the website and by need for cognition (NFC). Empirical results support the proposed hypotheses.

INTRODUCTION

Imagine that you are searching for some useful information on a website when you cannot help but notice several banner ads. The banner ads incorporate animation that winks and jumps, and they rotate, with each new ad successively replacing the one that went before on the banner. Exposure to this kind of animated banner ads is common for consumers experience multiple animated banner ads on websites. Past research has shown that consumers were irritated when they were forced to view intrusive pop-up ads (Edwards, Li & Lee 2002) and successfully avoided these by installing pop-up blockers, which led to the demise of pop-up ads. However, since banner ads appear on the same page as the website that consumers visit and since there is no available tool to block them, consumers are often forced to view one or more animated banner ads on a website.

Thus, the following question arises: If consumers hate banner ads, why do marketers use them and why do web sites agree to host them? Since consumers have come to ignore such ads and do not click on them because distractive banner ads take away from the user experience, click through rates have shrunk to .5% (Yaveroglu & Donthu 2008). However, recent research which

studied 139 online ad campaigns by merging data from its panel of U.S. internet users with shopper data shows that banner advertising, despite a lack of clicks, had a significant positive impact on the advertiser (Klaassen 2009, Fulgoni 2008). Specifically, visits to the advertiser's website increased by at least 46% over a month, the probability of making a query using the advertised brand name increased by 38%, and the online purchases for the advertised brand increased by 27%.

Past research on forced exposure to rich media and animation in Internet advertising is divided on the issue of consumer evaluations of banner ads. Yoo and Kim (2005) show that animated banner ads produce negative cognitive and emotional effects on consumers. Contrastingly, another stream of research shows that consumers' repeated exposure to banner ads results in ad liking and consequent effectiveness because of mere exposure effect (Fang, Singh & Ahluwalia 2007). Similarly, another study shows that consumers' highest forced exposure to banner ads leads to favorable attitudes toward the ad, the advertised brand and intentions to purchase the brand (Cho, Lee & Tharp 2001).

Past research is not only divided on consumer evaluations of banner ads and brands featured in such ads, it is silent on the spill-over effects of consumer perceptions on websites that host such ads and intentions to return to the website. Since website managers must attend to the attitude effects of ads not only on advertised brands (which pay for a listing) but also on the website itself since the website, too, is a product with its own brand equity, it becomes imperative – both managerially and theoretically – to understand the effect of animated banner advertising on consumers' attitudes toward the host website as well as toward the featured brands. The purpose of this research is to explore the effects of banner ads on perceptions of host websites and on brands featured in such ads.

The paper is structured as follows. First, a study is conducted to determine consumers' reactions to animated banner ads on websites. Next, a subsequent study incorporates the results of the first study, along with existing theory, and presents and tests a model of the effects of animated banner ads. The results are then discussed and suggestions for future research on banner advertising are offered. Consistent with the view of methodological pluralism, this research combines content analysis following a qualitative study with quantitative research utilizing MANOVA, t-tests, and regression to provide a detailed and analysis of the issue.

FIRST STUDY

The objectives of the initial study were to explore consumers' overall feelings and reactions to animated banner ads on websites. Consistent with past research, (cf. Bitner et al. 1990, Reynolds et al. 2006), we followed the critical incidence method. This technique has been found to be useful in collecting direct observations from consumers when a deep understanding is needed to describe a phenomenon (Gremler 2004). Subjects were asked to think about and report their overall evaluations regarding their encounters with animated banner ads, websites that host such ads, and

brands advertised in such ads. Exploratory interviews were conducted for three weeks by ninety three undergraduate business students. The interviewers were given an interview guide with detailed instructions and further trained to administer the interviews in a manner consistent with the objectives of the study. Two trained graduate students then analyzed the transcribed interviews using content analysis procedures, a data driven technique for assessing the emerging themes of a narrative text. (cf. Spiggle 1994).

Responses to each question were sorted and categorized into overall themes. First, the coders independently analyzed all interviews to identify reoccurring comments on subjects' perceptions of banner ads, websites that host banner ads, and brands featured in such ads. Next, the coders re-examined the responses for each question to identify the frequency of theme occurrence. A list of themes and their corresponding frequencies can be found in Table 1, which indicates that animated banner ads are perceived negatively, most respondents finding them to be distracting. Several respondents also reported that banner ads are a waste of time because they lead to irrelevant sites. A few respondents were less negative, indicating that they were used to banner ads ("Banner ads are just a part of using the Internet") and that animated banner ads have value for the website and are an acceptable quid pro quo ("The website is a valuable tool for me so I don't mind glancing at a few banner ads when navigating through it").

Table 1: Study One Interviews: Emergent Themes, Frequency of Occurrence, and Examples		
Theme	Frequency of Occurrence	Examples
Banner Ad Evaluations		
Distractive	88	Banner ads are very distractive. I cannot concentrate on website content when there are animated banner ads.
		These ads keep flashing all the time and you end up looking at them even when you don't want to!
		Animated banner ads are the worst. I sometimes scream when they keep flash and move annoyingly on my screen!
Hate	82	I hate banner ads – they keep flashing annoyingly at you.
		These are really irritating and make me skeptical of such ads and brands.
Waste of time	90	I followed a banner ad once and it took me to all sorts of irrelevant sites and I wasted a lot of time.
		Are you serious? Waste of my time! Chasing banner ads is very boring and takes very long.
Neutral	14	Animated banner ads are just a part of using the internet.

Table 1: Study One Interviews: Emergent Themes, Frequency of Occurrence, and Examples		
Theme	Frequency of Occurrence	Examples
Host Website Evaluations		
Skeptical	86	I feel skeptical about websites that host such shady ads.
		If a website allows such annoying ads (that could be misleading most times), I feel skeptical about the website and question its credibility.
Revisit Intention	78	I would hate to return to a website that hosts irritating animated ads.
		I would not return to such a website if I really don't have to.
		Such websites are a pain – I try to not return to them if I can avoid them in the future.
Brand Evaluations		
Image	89	If brands advertise in such a cheap manner, they ought to be really cheap.
		Only low brands are seen in such ads – well known reputable brands such as Apple iPod would never advertise in banner ads.

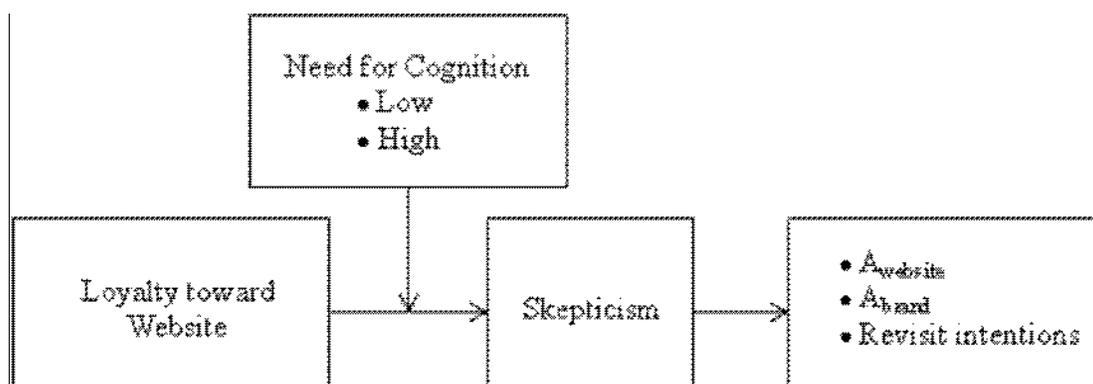
When asked about their perceptions of websites that carried banner ads, respondents indicated that they would be skeptical of websites that host animated banner ads (“If a website allows such annoying ads (that could be misleading most times), I would feel skeptical about the website and question its credibility”). Respondents also said that they prefer to avoid future visits to such websites (“I would hate to return to a website that hosts irritating animated ads”). A few respondents indicated that they are indifferent to banner ads and ignore them. Finally, the coders also noted respondents’ negative evaluations of brands that are advertised in banner ads. Brands that engage in this form of advertising are perceived as lower quality and cheap. It is interesting to note that respondents tended to believe that reputable brands do not engage in annoying and distractive advertising.

The results of this first study indicate that exposure to animated banner ads results in skepticism and negative overall feelings toward websites that host the ads. Particularly interesting is the fact that the negative schema about banner ads is transferred to evaluations of host website and brands that feature in such ads. The findings of the first study are shown in Table 1, which summarizes the themes and frequencies. Overall, Study 1 revealed that subjects have strong feelings (mostly negative) about banner advertising.

CONCEPTUAL BACKGROUND AND HYPOTHESES

Results from the first study and additional theoretical insights – discussed in the following sections – are utilized to conceptualize the basic model for our second study. It is important to note that the first study utilized the critical incidence method and results could not be explored in the context of a particular website. Assessments of consumers' loyalty toward a website are needed to clearly distinguish between different explanations and results that are likely to be obtained when consumers' evaluations of websites, banner ads, and advertised brands are considered. Additionally, we suggest that individuals' need for cognition (NFC) is likely to influence responses to banner ads since individuals higher in NFC engage in more effortful processing, motivated search, and are, in general, more curious and involved than low NFC individuals. They may, thus, be more likely to respond one way or the other when exposed to animated banner ads. Thus, in the second study we hypothesized that loyalty toward a website and NFC influence consumers' skepticism toward the website, which in turn, subsequently influences their attitudes toward the website, brand, and intentions to revisit the website.

Figure 1



Banner Ad Effects on Website and Brand Attitudes in Goal-Directed Consumers

A banner ad is generally 468×60 pixels in size and is a section of other elements of the webpage in which it is displayed. Conventional banner ads were initially designed as static billboards and represented the traditional print ad format online. Web pundits debated the effectiveness of banner ads and predicted their demise because of declining click-through rates (0.5% on average) (IAB 2001 and IAB 2004). Advertisers started using rich media - banner ads that contain moving images and graphics and above all, sounds to combat the decreasing click-through rates and enhance presentation of the message.

In contrast to users of print, radio, and television media who are passive targets, ninety-six percent of Internet users are goal-directed “active manipulators of content” and expect web pages to have appropriate links to relevant material (Gallagher 2001; Morrison, Pirolli & Card 2001). Goal-directed consumers are more focused (Bagozzi & Dholakia 1999; Huffman and Houston 1993) and engage in the classification of information encountered as relevant or irrelevant with respect to their search goals (Meyvis & Janiszewski 2002; Ratneshwar, Pechmann & Shocker 1996; Barsalou 1983).

Being goal-directed, internet users are likely to classify animated banner ads as a distraction and irrelevant to their search goals and evaluate the ads and websites that carry them unfavorably. Equity theory (see Adams 1965; Walster, Walster & Berscheid 1978) suggests that goal-directed internet users will compare their inputs (effort and time spent in searching for relevant and useful information) and outcomes (inefficient search due to slow loading web pages). Since banner ads make the web run slower, they increase the probability that website visitors will evaluate the website negatively because their inputs overbalance their outcomes (Campbell 1995; Oliver & Swan 1989). Thus, Internet users may view rich media banner ads unfavorably because of the increased time and effort required for processing sought after information. We therefore hypothesize:

H1a: Consumers’ attitude toward a website will decrease when they are exposed to an animated banner ad on the website.

H1b: Consumers’ attitude toward a brand will decrease if they are exposed to a banner ad for that brand.

Schemer schema (Wright 1985) and *psychological reactance* (Brehm 1966; Brehm & Brehm 1981) may explain consumer skepticism in response to animated banner ads on websites. According to *schemer schema*, consumers believe that advertisers and marketers use tricky persuasion tactics in an attempt to influence their judgment. Given that ninety-six percent of Internet users engage in goal-directed information search and seek relevant information on the Internet (Morrison, Pirolli & Card 2001), consumers should attempt to cope with and resist such persuasion attempts. They are likely to invoke as a defense mechanisms the *schemer schema* with respect to internet advertising and websites. That is, they may develop beliefs about strategies and tactics employed by advertisers and marketers to persuade them. Because animated banner ads are forced on consumers, distract them from their search, and cannot be blocked, the *schemer schema* with respect to animated banner ads is posited to be instrumental in generating skepticism about websites that feature such ads and subject consumers to these advertising tactics.

Conceivable insights into consumers’ schema of animated banner ads include (a) marketers and advertisers, through distraction, flashy animation, and moving images, often attempt to entice the customer to click on such images to make sales on products or cross-sell their other products,

sign up for additional offers and, most dangerously, extract personal information to build their databases (Knowledge@Wharton 2003; Elgin 2006); and (b) companies like Gator, through pop-up ads (and now through banner ads) are known to surreptitiously load consumer tracking software, e.g., Adware and Spyware, onto consumers' computers that can trace their every click and including personal and financial account information (Elgin 2006; Tedeschi, 2006). Therefore, consumers are likely to develop a schemer schema about websites that host animated banner ads and will become skeptical of websites that associate and collaborate with such ads, resulting in overall negative attitudes toward websites and brands advertised in such banner ads.

Psychological resistance explains consumers' change in behavior when persuasion and coercion attempts intrude upon and threaten their freedom (Brehm 1966; Brehm & Brehm 1981). When advertisers restrict consumers' expected freedom, consumers will attempt to restore their freedom. Thus, when consumers are forcibly exposed to banner ads that blink and flash, distracting them from the contents of the webpage they want to focus on, they could react defensively by thinking such things as "I don't want to see these ads – advertisers know that since I cannot close this ad, I will be forced to see it" or "These advertisers are trying too hard to persuade me," or "Why does this website allow such ads?" Thus, the schemer schema and psychological resistance could lead website visitors to become skeptical about such advertising on websites.

While resistance and the schemer schema may cause website visitors to respond skeptically to banner advertising, these effects may be attenuated by the degree of consumers' loyalty to a website that carries banner ads. Consumers who are loyal to a website may be empathetic toward the website and reason that the website needs to host animated banner ads to survive financially, especially if website access is offered to consumers for free. Accordingly, consumer who are loyal to a website may be less skeptical in the face of banner ads because they highly value the content of the website..

In contrast, consumers who are not loyal to a website may form a schema against the website because it allows distractive and annoying animated banner ads. Specifically, they may argue that reputable and reliable websites are not likely to allow banner ads, because a click on such ads could compromise security. Based on their prior experiences with pop-up ads, consumers may understand that clicking on banner ads could load undesirable programs such as Spyware onto their computers. Moreover, banner ads disrupt the "flow" – "the state characterized by a seamless sequence of responses, intrinsically enjoyable, accompanied by a loss of self-consciousness and self-reinforcing" (Hoffman & Novak 1996, p. 57) – of consumers because of slow download times and overall slowing the loading of web pages. Consumers who are less loyal to a website are likely to feel that actual contents of the website are less important than the frustration caused by banner ads, resulting in their decreased intentions to visit the website in the future. Thus, the following hypothesis is proposed:

H2: Website loyalty has an effect on consumers' responses to animated banner ads with loyal consumer being (a) less skeptical of website content, (b) more favorable toward the website, (c) more favorable toward advertised brands, and (d) more likely to revisit the website in spite of the presence of rich content banner advertising.

It is posited that a variation in responses to banner ads is also likely to be a function of the consumers' need for cognition (NFC). NFC is an individual difference variable that potentially affects a person's motivation to process a persuasive communication. Individuals with a high need for cognition (HNFC) engage in elaborative processing and evaluate information more thoroughly than their low need for cognition (LNFC) counterparts (Cacioppo, Petty & Kao 1984). In accordance with this finding, it is stressed that since HNFC consumers have a chronic tendency to indulge in issue-relevant thinking, they are more (vs. less) likely than their LNFC counterparts to engage in cognitive elaboration when they are exposed to distractive banner ads while visiting a website.

An individual who is *not* loyal to a website and has a high NFC may be more skeptical of websites that allow banner ads than a non-loyal low NFC individual. Specifically, when consumers are not loyal to a website and visit the website to seek certain information, HNFC consumers are more likely to (a) elaborate and question the motives behind the appearance of banner ads on the website, (b) perceive banner ads on the website as more intrusive and contrary to their goals, leading them to become more skeptical, (c) develop unfavorable attitudes toward the website and the brand advertised, and (d) not intend to return to the website.

Contrastingly, if consumers are loyal to a website, they are likely to be favorably predisposed and empathetic enough toward the website to argue for website's need for revenue generation from banner ads. Consequently, website-loyal HNFC and LNFC consumers are not likely to question the appearance and intrusiveness of banner ads. Hence, loyal HNFC and LNFC consumers may not differ as much in their evaluations of a website as non-loyal HNFC and LNFC consumers do. In other words, NFC may moderate the impact of consumers' loyalty toward the website on their skepticism and, consequently, on their attitudes toward the website, the brand advertised, and intentions to revisit the website. Hence, the following is proposed:

H3: NFC moderates the effect of website loyalty on consumers' skepticism toward the website, their attitudes toward the website, and their likelihood of revisiting the website in the future when exposed to banner ads. NFC will have a greater differentiating effect on (a) the skepticism, (b) website attitude, (c) brand attitude, and (d) intentions to revisit the site when consumers are not loyal than when they are.

As discussed earlier, consumers' schemer schema about annoying banner ads makes them skeptical toward websites that feature such ads and makes them likely to transfer to their negative attitudes to the website, brands advertised in banner ads, and intentions to visit websites in the future. Therefore, it is proposed that skepticism mediates the effect of website loyalty and NFC on consumers' attitudes and revisit intentions. Zillmann's (1978) *excitation transfer theory* provides a theoretical explanation for the transfer of skepticism toward the website to the brand in the banner ad and to intentions to revisit the website.

Excitation transfer theory states that individuals often experience difficulties interpreting the causes of their own physiological state. Therefore, residual arousal such as feelings or emotions experienced upon exposure to a preceding stimulus is capable of being transferred to subsequent or adjacent unrelated behaviors or experiences just because of their proximity in sequence. Further, such arousal is mostly nonspecific (Zillmann 1978) and, therefore, an individual's residual arousal from a preceding situation X may be transferred to a subsequent situation Y to intensify the response in situation Y. In support of this theory, Fennis and Bakker (2001) found that effects of irritation previously elicited by a disliked ad carried over to another unrelated ad and brand in that pod of ads..

Further, Thota and Biswas (2009) found that irritation experienced by consumers in response to unrelated product offers in a cross promotion context was transferred to their subsequent attitudes toward the advertiser, the focal brand, and their intentions to purchase the focal brand. We suggest that skepticism generated in consumers upon exposure to banner ads is likely to be intense enough to produce a quota of 'residual skepticism' that might transfer to and adversely influence attitudes toward the brand advertised in the banner ad and intentions to revisit the website. We therefore hypothesize:

H4: Skepticism mediates the effect of website loyalty and NFC on consumers' attitudes toward (a) the website, (b) the advertised brand in the banner ad, and (c) intentions to revisit the website.

METHOD

The objective of this study was to assess subjects' responses when they are exposed to animated banner ads on a website. Specifically, our aim is to examine the effects of consumers' NFC and loyalty to a website on their skepticism and attitudes toward the host website, on the brand advertised, and on intentions to revisit the website. Because the independent variables of NFC and loyalty toward the website must be measured rather than manipulated variables, the study required selection of a website that is familiar to subjects and that elicited a preexisting degree of loyalty that could be measured.

The website www.ratemyp professor was used in the study because students frequently visited it and often encountered banner ads on the website. A pretest indicated that all students had visited

the website at least once in the past ($n = 37$) to rate their professors and seek guidance on which professors they should seek out when registering for new classes. It was important that students not have extremely negative initial perceptions of the website. Since the focus of this study is to examine whether animated banner ads on websites attenuate subjects' evaluations of websites, selecting a website that is already perceived as negative would defeat the purpose of the study and lead to confounds due to prior negative perceptions. A second pretest ascertained that the website was not disliked by subjects (mean = 3.55 out of 5; $n = 43$). Upon selecting the website, the researchers visited the website to see whether an animated banner ad appeared after the web page loads.

During the time of the study, two rotating animated banner ads for Apple iPod + iTunes were featured on the website. To make the study realistic, browsers on computers were set up to display a full size (468×60 pixels) banner ad for the Apple iPod + iTunes ad rotated with the second Apple iPod + iTunes ad on the www.ratemyprofessor.com website. Since both independent variables – loyalty toward the website and NFC – were measured variables rather than treatment variables, no difference in treatment conditions was required. Therefore, the website was kept constant for all subjects.

One hundred and twenty four undergraduate students, who did not participate in the pretests, received course credit for participating in the study. The study was conducted in two stages. In the first stage, subjects indicated their attitudes toward the website www.ratemyprofessor.com and the Apple iPod + iTunes brand. They answered questions on the schemer schema and psychological reactance followed by an eighteen item NFC scale developed by Cacioppo, Petty, and Kao (1984). Subjects were asked to return after two weeks to earn course credit for another supposedly unrelated study. Subjects were misled on this point so that they would not try to remember their evaluations of the Apple iPod + iTunes brand or of the website).

Responses on the key dependent variables were taken independently of their exposure to the website and animated banner ads to eliminate demand artifacts and hypothesis guessing by subjects. After two weeks, subjects participated in the second part of the study in a computer lab. They were instructed to view the [ratemyprofessor.com](http://www.ratemyprofessor.com) website which was found on the "Favorites" menu of their computers and then respond to a questionnaire which contained the key dependent measures of attitudes toward the website, the iPod brand in the banner ads, skepticism toward the website, and their revisit intentions with respect to the website. After the study was completed, participants were thanked and dismissed.

INDEPENDENT VARIABLES

Loyalty toward the website was measured by adapting an existing scale (Pritchard, Havitz & Howard 1999). Subjects reported their loyalty toward the website on four items (1 = strongly disagree and 7 = strongly agree). The items were "It would be difficult to change my beliefs about

the website,” “Even if close friends recommended another website, I would not change my preference for the website,” “I consider myself loyal to the website,” and “The website www.ratemyprofessor.com would be my first choice when looking at professors’ ratings.” The reliability of the scale was satisfactory and all items had satisfactory factor loadings and met the criterion for construct validity (Nunnally 1978).

An eighteen-item scale developed by Cacioppo, Petty, and Kao (1984) was used to measure subjects’ NFC. Subjects responded to statements on five-point Likert scales (where 1 = “Strongly disagree; 5 = “Strongly Agree”). The reliability for the scale was satisfactory at $\alpha = .86$. A median split was conducted to divide the subjects into HNFC and LNFC groups based on their NFC score. Subjects were classified as LNFC if their NFC scores fell in the range 1 through 3.10 and as HNFC if their NFC scores were in the range 3.11 through 5.

DEPENDENT VARIABLES

Skepticism toward the website was measured by adapting the scales used in past research (Mohr, Eroglu & Ellen 1998; Obermiller & Spangenberg 1998). Skepticism was measured on four seven-point Likert scales after exposure to the banner ad on the website. Subjects rated the website/themselves on the following items: “true,” “exaggerated,” “intended to mislead,” and “do not believe the claims on the website.” The reliability of this scale was satisfactory, $\alpha = .91$. A principal components analysis showed that the skepticism factor accounted for about eighty one percent of the variance among the intercorrelations of the four items. As seen in Table 2, all items met the criterion for acceptable construct validity having factor loading of at least .60 (Nunnally 1978)

Dependent Variable	Alpha	Total Variance Explained by Items – Cumulative %	Items	Confirmatory Factor Loadings
Loyalty toward the website	0.84	81.7	Difficult to change beliefs about the website	0.856
			Will not change preference toward the website	0.793
			Loyal toward the website	0.814
			Website would be first choice	0.805

Table 2: Reliability and CFA Statistics for the Dependent Variables				
Dependent Variable	Alpha	Total Variance Explained by Items – Cumulative %	Items	Confirmatory Factor Loadings
Skepticism toward the website	0.91	81.6	Claims on the website as true	0.883
			Claims on the website as exaggerated	0.831
			Claims on the website as intended to mislead	0.754
			Do not believe claims on the website	0.798
Attitude Toward the Website	0.92	90.43	Unfavorable	0.92
			Negative	0.919
			Bad	0.938
			Unattractive	0.876
			Unappealing	0.868
Attitude Toward the Brand	0.96	88.57	Unfavorable	0.918
			Negative	0.925
			Bad	0.919
			Unattractive	0.848
			Unappealing	0.818
Revisit Intentions Toward the website	0.87	79.91	Not visit the website	0.806
			Use the website less	0.834
			Switch to another website	0.757

Attitudes toward the Website, Brand in the Ad, and Website Revisit Intentions

As mentioned earlier, subjects were asked to indicate their attitudes toward the website and the brand advertised in the banner ad both before and after they were exposed to the banner ad on the website. Subjects' intentions to revisit the website were measured only after they were exposed to the banner ad on the website because we wanted to measure whether seeing a banner ad on the website influenced their intentions to revisit the website. Subjects' attitudes toward the website and brand were measured by adapting a scale proposed by Mackenzie and Lutz (1989). Subjects indicated their attitude toward the website on five seven-point scales (bad/good, unfavorable/favorable, negative/positive, unappealing/appealing, and unattractive/attractive).

Subjects' attitude toward the Apple iPod brand was measured on the same five seven-point scales. Higher scores on the items represent more favorable attitudes. Coefficients α for this five-item measure, assessing subjects' attitudes toward the website, before and after exposure to the banner ad, were .95 and .97, respectively. Reliability for subjects' attitudes toward the brand, before and after exposure to the banner ad, was satisfactory at .96 and .97.

Finally, subjects' revisit intentions were measured with three seven-point Likert scales (e.g., "I will probably not visit this website again," "I will use this website much less in future," and "If possible, I will probably switch to another website in the future," (where 1 = strongly disagree and 7 = strongly agree). Coefficient α for this measure was .87. Principal components analyses were conducted for the dependent variables of skepticism, attitudes toward the website and the brand, and intentions to revisit the website to ensure that items for each construct met the criterion of having a factor loading of at least .60 on their respective constructs (Nunnally 1978). Results of confirmatory factor analysis reveal that all of the items used met this condition for their constructs. All of the dependent constructs exhibited satisfactory intercorrelations between their respective variables –skepticism – 81.6 percent; attitude toward the website – 90.43 percent; attitude toward the brand – 88.57 percent; and intention intentions to revisit the website – 79.91 percent (see Table 2).

RESULTS AND DISCUSSION

A central assumption in this paper is that most consumers have prior experiences with animated banner ads on websites. This assumption was validated because all subjects ($n = 124$) reported that they had previously encountered animated banner ads on websites. The study also assumes that subjects possess a schemer schema and believe that advertisers and marketers use persuasion tactics that trick consumers and influence their judgment. Subjects' responses to questions on the schemer schema in the first stage of the study revealed that (a) they are skeptical of websites that feature banner ads (mean = 5.43, standard deviation = 1.76 where 1= strongly disagree and 7 = strongly agree), and (b) marketers and advertisers, through distraction, flashy animation, and moving images, often attempt to entice customer to click on the images to achieve their sales goals, cross-sell, or extract information to build their databases (mean = 6.14, standard deviation 1.63).

Finally, we tested the assumption of psychological reactance by a single item question regarding the extent to which they perceived animated banner ads as coercive and unfair. Results show that subjects felt that animated website banner ads are coercive and unfair (mean = 6.03, standard deviation = 1.07). These results indicate that the assumptions about subjects' schemer schemas with respect to animated banner ads were valid.

The first set of assumptions in this paper is that consumers who are loyal to a website are likely to (a) perceive that the website is relevant to them and is considerably more important than

their frustration due to banner ads on the website, and (b) have sympathy toward the website and defend the presence of banner ads on the website. To check the assumption higher website relevance for loyal consumers, subjects responded to two seven-point scales that measured the extent to which www.ratemyprofessor.com was relevant to them and the degree to which contents of the website were more important to them than the frustration due to banner ads. An average of these two scales was used to determine whether website loyal and non-loyal consumers differed in the perceived relevance of the website. Results of an independent samples t-test show that website-loyal consumers perceived that the website to be more relevant ($\text{mean}_{\text{WEB NON LOYAL}} = 4.12$, $\text{mean}_{\text{WEB LOYAL}} = 6.43$; $t = 6.54$, $p < .001$).

The second assumption check was conducted to validate whether subjects loyal to the website indeed had more sympathy toward the website than those who were not loyal. Subjects were asked the degree to which they agreed (1 = strongly disagree; 7 = strongly agree) with these two statements: “Websites like www.ratemyprofessor.com have connections with such banner ads that employ various marketing gimmicks such as collect information and build databases” and “I sympathize with the website www.ratemyprofessor.com because the website had to find a way to make money when they provide their free, valuable service to me.” Subjects’ responses on the first scale were recoded and an average of subjects’ responses on these two statements was taken to assess subjects’ overall sympathy for the website. Results of an independent samples t-test were in line with our assumption and indicate that loyal consumers showed more sympathy for the website than non-loyal consumers ($\text{mean}_{\text{WEB NON LOYAL}} = 3.43$, $\text{mean}_{\text{WEB LOYAL}} = 4.30$; $t = 4.53$, $p < .001$).

TESTS OF HYPOTHESES

H1a posited that consumers’ attitudes toward the website are likely to decrease after they are exposed to a banner ad on the website. H1b posited that subjects’ attitudes toward the brand in the banner ad are likely to decrease after they are exposed to the brand advertised in the banner ad. Two paired samples t-tests were conducted to test H1a and H1b. Consistent with H1a, the t-test revealed that subjects’ attitude toward the website decreased after they were exposed to the banner ad ($\text{mean}_{\text{PRE-ATTITUDE, WEBSITE}} = 5.49$, $\text{mean}_{\text{POST-ATTITUDE, WEBSITE}} = 4.24$, $t = 14.07$, $p < .01$). A paired sample t-test likewise indicated that subjects attitude toward the Apple iPod + iTunes brand decreased ($\text{mean}_{\text{PRE-ATTITUDE, BRAND}} = 5.69$, $\text{mean}_{\text{POST-ATTITUDE, BRAND}} = 4.61$, $t = 12.61$, $p < .001$). Hence, H1a and H1b were supported.

A MANOVA was conducted to test H2, which posited that website loyalty influences consumers’ responses to banner ads, with greater skepticism and decreased attitudes toward the website and the brand and lower intentions to revisit the website when consumers are less loyal to the website. As shown in Table 3, the MANOVA revealed a significant main effect of subjects’ loyalty toward the website ($F = 11.231$, $p = .000$, $\eta^2 = .335$).

Sources	MANOVA				ANOVA				
	Wilks'	Effect Size	F-value	Sig.	d.f.	Skepticism	A _{website}	A _{br}	Revisit Intentions
NFC	0.855	0.145	3.765	0.007	1	1.775 -0.186	6.191 (.015)	0.965 -0.328	5.577 (.020)
Website Loyalty	0.665	0.335	11.231	0	1	1.483 -0.226	40.1860	7.204 (.009)	5.577 (.020)
Interaction Website Loyalty * NFC	0.905	0.095	3.137	0.029	1	3.854 (.045)	4.297 (.041)	.965 (.328)	5.33 -0.023
Residual					92				

A_{website}: implies attitude toward the website; A_{br}: implies attitude toward the brand featured in the banner ad; Revisit Intentions: implies revisit intentions toward the website

Consistent with H2, results show that a banner ad on the website resulted in (a) greater skepticism in consumers who are not loyal to the website (mean_{WEB NON LOYAL SKEPTICISM} = 5.625, mean_{WEB LOYAL SKEPTICISM} = 3.404, mean difference = 2.221, $p < .01$, $\eta_{H2a}^2 = .082$), (b) a less favorable attitude toward the website in non-loyal than in loyal consumers (mean_{WEB NON LOYAL WEBSITE} = 3.292, mean_{WEB LOYAL WEBSITE} = 5.118, mean difference = 1.826, $p < .01$, $\eta_{H2b}^2 = .322$), (c) a less favorable attitude toward the brand in non-loyal than in loyal consumers (mean_{WEB NON LOYAL BRAND} = 4.402, mean_{WEB LOYAL BRAND} = 4.963, mean difference = .561, $p < .05$, $\eta_{H2c}^2 = .031$), and (d) lower website revisit intentions for non loyal consumers (mean_{WEB NON LOYAL REVISIT} = 3.803, mean_{WEB LOYAL REVISIT} = 6.153, mean difference = 2.350, $p < .05$, $\eta_{H2d}^2 = .200$) (see Table 4). Hence, H2a, H2b, H2c and H2d were all supported.

It is important to note that although the main effect of website loyalty on subjects' attitude toward the brand in the banner ad (H2c) was significant, the effect size was low ($\eta_{H2c}^2 = .031$) compared to the effect sizes of the influence of website loyalty on attitude toward the website ($\eta_{H2b}^2 = .322$), intentions to revisit the website ($\eta_{H3}^2 = .200$) and skepticism ($\eta_{H2a}^2 = .082$). Thus, the explanatory power of website loyalty on attitudes toward the brand was low when compared to effects on attitudes toward the website and revisit intentions and skepticism.

Table 4: Means for the Effect of Consumers' Website Loyalty (Loyal vs. Non-Loyal) on skepticism toward banner ads, attitudes toward the website, the brand featured in the banner ad and intentions to revisit the website		
Variables:	Website Loyalty	
	Low	High
Skepticism	5.625 (.62) ^a	3.404 (.78) ^a
A _{website}	3.292 (1.43) ^a	5.118 (1.22) ^a
A _{br}	4.402 (1.61) ^a	4.963 (1.53) ^a
Revisit Intentions	3.803 (1.65) ^a	6.153 (1.00) ^a

Standard deviations are provided in parentheses; $\alpha = p < .01$
A_{website}: implies attitude toward the website; A_{br}: implies attitude toward the brand featured in the banner ad;
Revisit Intentions: implies revisit intentions toward the website

Website non-loyal consumers' attitudes toward a website that allows a banner ad are most attenuated (explanatory power $\eta_{\text{WEBSITE}}^2 = .322$), followed by their intentions to revisit the website (explanatory power $\eta_{\text{REVISIT}}^2 = .200$) and skepticism ($\eta_{\text{SKEPTICISM}}^2 = .082$). That is, when a website allows banner ads, it is the overall perception of the website that suffers the most attenuation, followed by consumers' intentions to revisit the website, then by their skepticism toward the website. It is likely that if a brand is extremely favorable in consumers' minds and is a favorite – such as the Apple iPod + iTunes brand used in the study – then the placement of such a brand in banner ads does not substantially attenuate consumers' attitudes toward the brand.

H3 states that NFC moderates the effect of consumers' website loyalty on skepticism, website attitudes, brand attitudes, and revisit intentions. This hypothesis was tested by a MANOVA. As indicated in Table 3, there was a significant interaction between NFC and subjects' website loyalty ($F = 3.137$, $p = .029$, $\eta^2 = .095$). The significant multivariate interaction effect was attributable to the three dependent variables: skepticism ($F = 3.854$, $p = .045$, $\eta^2 = .042$), website attitude ($F = 4.297$, $p = .041$, $\eta^2 = .048$) and revisit intentions ($F = 5.330$, $p = .023$, $\eta^2 = .055$) but not to brand attitude ($F = .965$, $p = .328$, $\eta^2 = .010$).

As noted earlier, the effect of website loyalty on brand attitude was low ($\eta_{\text{BRAND}}^2 = .031$). It is likely that this effect was so small that moderation by NFC led to insignificant results. Thus, while the brands in animated banner ads may suffer, consumers do not penalize the brand as much as the website that featured the ad. Consumers who differ in their NFC do not penalize the brand differently. But website loyalty has a significant impact (mean difference = .561, $\eta_{\text{BRAND}}^2 = .031$, $p < .05$) on consumers' brand evaluations and this impact is not contingent on NFC, as proposed

in H3c ($h_{\text{BRAND}}^2 = .010, p > .05$). While results for H3c were not significant, these results point are interesting. If a brand is well-liked by consumers, undesirable placement in a banner ad does little to tarnish brand attitudes. A plot of the interaction between the effects of NFC and website loyalty on brand attitude can be seen in Figure 2.

Figure 2: Effects on Attitude Toward the Brand



For testing H3a, H3b and H3d, four independent samples t-tests were conducted to compare whether a significant difference in means exists for HNFC and LNFC consumers across website loyal and website non-loyal consumers. As predicted in H3a, for HNFC consumers, banner ads on the website resulted in greater skepticism when consumers were less website loyal than when they were more website loyal ($\text{mean}_{\text{LOW WEBSITE LOYALTY}} = 5.310$ vs. $\text{mean}_{\text{HIGH WEBSITE LOYALTY}} = 4.367$; $t = 2.11$, mean difference = .94, $p < .05$) (see Table 5 for means). In contrast, banner ads on the website did not result in a significant difference in skepticism between loyal/non-loyal LNFC consumers ($\text{mean}_{\text{LOW WEBSITE LOYALTY}} = 4.333$ vs. $\text{mean}_{\text{HIGH WEBSITE LOYALTY}} = 4.545$; $t = .53$, mean difference = .21, $p > .05$) (see Table 5 for means). In sum, while HNFC consumers showed a difference in their skepticism levels when they were less loyal versus more loyal, this difference was not significant for LNFC consumers. A plot of the interaction between NFC and website loyalty for subjects' skepticism can be seen in Figure 3. These results support H3a.

Variables:	Website Non-Loyal Consumers		Website Loyal Consumers	
	LNFC	HNFC	LNFC	HNFC
A _{website}	4.000 (1.37) ^a	2.704(1.44) ^a	5.212 (1.41)	5.094 (1.00)
A _{br}	3.742(1.58) ^a	4.544 (1.55) ^a	4.903 (1.60)	5.082 (1.054)
Revisit Intentions	5.444 (1.086) ^a	4.080 (2.09) ^a	6.191 (1.04)	6.176 (.92)

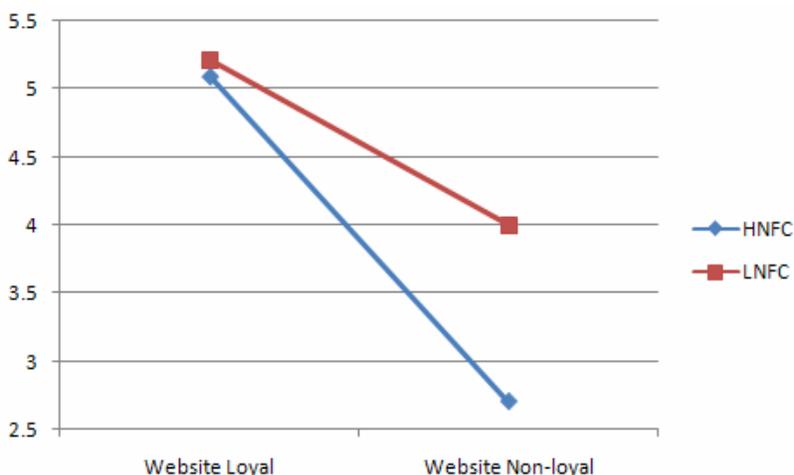
Standard deviations are provided in parentheses; $\alpha = p < .01$
A_{website}: attitude toward the website; A_{br}: attitude toward the brand featured in the banner ad; Revisit Intentions: revisit intentions toward the website

Figure 3: Effects on Skepticism



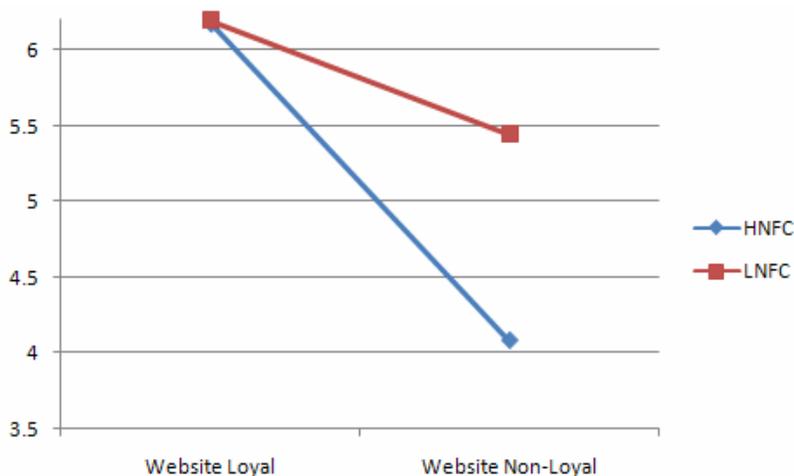
Also, consistent with H3b, banner ads on the website resulted in less favorable attitudes toward the website for less loyal than for more loyal HNFC consumers (mean_{LOW WEBSITE LOYALTY} = 2.704 vs. mean_{HIGH WEBSITE LOYALTY} = 5.094; $t = 6.34$, mean difference = 2.39, $p < .01$) (see Table 5 for means). While banner ads resulted in less favorable attitudes toward the website for less loyal than for loyal HNFC consumers, this difference was less than the one observed for HNFC consumers (mean_{LOW WEBSITE LOYALTY} = 4.000 vs. mean_{HIGH WEBSITE LOYALTY} = 5.212; 3.11, mean difference = 1.21, $p < .01$) (see Table 5 for means). A plot of the interaction between NFC and website loyalty for subjects' attitudes toward the website can be seen in Figure 4. Hence, H3b is supported.

Figure 4: Effects on Attitude Toward the Website



Similarly, the hypothesized moderation by NFC on the effects of website loyalty for subjects' revisit intentions was analyzed to test H3d. The effect of website loyalty on subjects' revisit intentions was found to be greater for HNFC consumers ($\text{mean}_{\text{LOW WEBSITE LOYALTY}} = 4.080$ vs. $\text{mean}_{\text{HIGH WEBSITE LOYALTY}} = 6.176$; $t = 4.41$, mean difference = 2.09, $p < .01$) than for LNFC consumers ($\text{mean}_{\text{LOW WEBSITE LOYALTY}} = 5.444$ vs. $\text{mean}_{\text{HIGH WEBSITE LOYALTY}} = 6.191$; $t = 2.49$, mean difference = .74, $p < .05$) (see Table 5 for means). A plot of this interaction for consumers' revisit intentions can be seen in Figure 5. Hence, H3d was supported.

Figure 5: Effects on Website Revisit Intentions



As posited in H4, skepticism mediates the effect of website loyalty and NFC on consumers' attitudes toward the website, the brand featured in the banner ad, and on their intentions to revisit the website. In accordance with the two step approach advocated by Baron and Kenny (1986), a 2 (high vs. low loyalty) \times 2 (high vs. low NFC) MANOVA with consumers' attitudes toward the website, the brand, and revisit intentions as dependent variables, followed by a MANCOVA with skepticism as the covariate was conducted to test for the mediation effects of skepticism. The MANCOVA revealed that the prior significant moderating effects of NFC relating to the impact of website loyalty on consumers' attitudes toward the website and revisit intentions ($F = 3.137, p < .05, h^2 = .095$) that confirmed H3 (see Table 3) were no longer significant ($F = 2.232, p > .05, h^2 = .054$; attitude toward the website: $F = 2.856, p > .05, h^2 = .056$; revisit intentions: $F = 3.562, p > .05, h^2 = .032$) (See Table 6). Thus, results show that skepticism completely mediated the effects of website loyalty and NFC on consumers' attitudes toward the website, the brand, and revisit intentions. Hence H4a and H4c were supported. Since the interactive effect of website loyalty and NFC on consumers' attitude toward the brand was not significant as discussed in H4c, mediation by skepticism cannot be tested. Hence, H4b is not supported.

Sources:	MANCOVA				ANCOVA			
Main Effects	Wilks'	Effect Size	F-value	Sig.	d.f.	A _{website}	A _{br}	Revisit Intentions
NFC	0.872	0.128	4.363	0	1	5.239 (.02)	2.543 -0.11	4.525 -0.03
Website Loyalty	0.675	0.325	14.266	0	1	37.775 0	6.711 (.01)	21.741 (.00)
Covariate Skepticism	0.963	0.037	1.152	0.33	1	1.846 (.17)	.233 (.63)	2.96 -0.08
Interaction Website Loyalty * NFC	0.921	0.054	2.232	0.09	1	2.856 (.09)	1.112 (.29)	3.562 (.07)
Residual					89			

A_{website}: implies attitude toward the website; A_{br}: implies attitude toward the brand featured in the banner ad; Revisit Intentions: implies revisit intentions toward the website

In sum, this study revealed that exposure to banner ads on websites generates skepticism and this result is contingent on consumers' website loyalty. Loyal consumers were less skeptical of banner ads, possessed more favorable attitudes toward the website, and exhibited greater intentions to revisit the website than subjects who were less loyal. This study also showed that NFC moderates the effect of website loyalty on the dependent variables. The results further highlight the role of

skepticism and demonstrate that skepticism mediates the moderating effect of NFC and consumers' website loyalty on consumers' attitudes and revisit intentions.

OVERALL DISCUSSION AND CONTRIBUTIONS

This paper examines consumer perceptions of animated banner ads on websites. An initial study and a follow on study were conducted to investigate this under-researched and interesting topic. This paper identifies and examines consumers' reactions to animated banner ad encounters on websites both qualitatively and quantitatively. The first exploratory study identified broad thematic concerns of consumers with banner advertising: the skepticism and negative feelings consumers have toward websites that host these ads.

The second study established that consumers' skepticism toward websites that host animated banner ads is a function of their loyalty toward the website. The study further shows that NFC moderates the effect of website loyalty on consumers' skepticism and attitudes toward the website and likelihood of revisiting the website. Findings suggest that NFC does not moderate the effect of website loyalty on attitudes toward the advertised brand. The brand featured in the banner ad was not as damaged because of its placement in the ad.

Results of the second study support excitation transfer theory as the mechanism underlying the transfer of skepticism from the host website to consumers' attitudes toward the website, the brand, and revisit intentions. Specifically, the study demonstrates that consumers' skepticism toward the website that hosted the banner ad was intense enough to result in a strong quota of residual skepticism and it was this residual skepticism that resulted in consumers' decreased attitudes toward the website, the brand, and revisit intentions.

Assumption checks extend support for the premise that consumers possess schemer schema about banner ads, which has been shaped by their prior experiences. Further, consumers perceive animated banner ads to be coercive and unfair and exhibit psychological reactance. Combined, these two studies contribute to and enhance our understanding of consumers' feelings about banner ads, the effect of banner ads on host websites, on brands featured therein, and on the likelihood that consumers will return to the site.

Overall, the empirical results make our research hypotheses more interesting because they suggest that the website may damage its own equity by running the ads. Strategically speaking, the finding that banner ads affect website revisit intentions might pose a threat to websites. If website traffic declines, they won't have anything to sell. So websites are put in an impasse – while banner ads are their main or only way to make money, our data show the banner ads actually harm the website and may reduce future traffic. A possible solution (and one that could be explored in future research) is whether enhancing the relevance of the banner ad could reduce negative effects on the website, i.e., if the banner ad reflected the content of the page the person was visiting, the negative effects on website equity would probably be lower. Double Click and Google have tried to do that

kind of targeting and it may be the solution to the conflict between the need for revenue (and thus ads) and the need to avoid damaging site equity.

MANAGERIAL IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

From a managerial standpoint, this paper suggests that consumer skepticism toward the host website that follows their viewing of banner ads may have undesirable consequences. Because consumers possess a schemer schema about banner ads and think the ads are forced upon them (psychological reactance), they become skeptical of websites that feature banner ads and view featured brands negatively. This finding holds negative implications for websites that feature banner ads. Further, because Internet users are primarily goal-directed and are skeptical of websites that host animated banner ads, it is the websites that stand to lose the most by hosting animated banner advertising. The potential for future damage to such websites is real for the ads negatively impact intentions to return to the website. This study also helps shed light on the effectiveness of banner ads. As websites and advertisers debate the effectiveness of banner ads with websites contending for exposure based metrics, such as impressions and advertisers argue for better evidence of the performance of their ads via click-through rates, websites need to factor in the huge long-term costs of hosting animated banner ads, i.e., the possible damage to the website's overall reputation. Websites may find their associations with banner advertising profitable in the short run but not the long run. Finally, since consumer responses such as skepticism are slow to decay from their memory and continue to shape their attitudes and intentions over long periods of time, websites and advertisers must make a conscious effort to identify and avoid stimuli and contexts likely to elicit negative responses.

This study also offers insights for advertisers with regards to the effects of banner advertising. Advertisers may believe that animated banner ads are an inexpensive way to showcase their brand, increase brand familiarity, and increase awareness as consumers are likely to click-through the banner ads or may simply be exposed to each banner ad (Fang, Singh & Ahluwalia 2007). While the current study shows that a well-liked brand such as Apple iPod + iTunes does not suffer greatly from its placement in an animated banner ad, brands that are not as popular may suffer from their placements in banner ads. Overall, these findings suggest that if consumers' reactions to advertising are defensive and skeptical, it may be ineffective for advertisers and websites to force consumers to view their ads.

This study has limitations. First, the study did not assess the effect of different kinds and sizes of banner ads or the effect of varying number of banner ads on a website. Nor did it study the effect of different kinds of animation in banner ads such as blinking, flashing, or videos with sounds. Future research should also examine whether the brand equity of well regarded websites has a positive effect on perceptions of banner ads run on the website. Cognitive dissonance theories suggest that an attitude equilibrium will be struck. Thus, future research should attempt to answer

a question of great managerial importance for website owners: are there ad targeting strategies that can diminish damage to website equity from hosting banner ads. For example, if the advertised product is very much related to the content of the website or of the story that is being read, would this diminish negative responses to the ad and the website?

The bottom line question posed by this study is whether banner ads should be used given that they are likely to evoke negative responses and that the advertised brand is likely to suffer because of its association with the banner ad. Is there any benefit from banner advertising and should any brand advertise via animated banner ads? This study strongly suggests that the answer to both questions may be “no!”

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