PERCEPTIONS OF EFFECTIVE FACEBOOK ADVERTISING AND ITS RELATION TO CONSUMERS' DECISION TO BUY

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Abstract

The objective of this study is to examine the perception of consumers based on the Six-factor Facets Model of Effect and social factors toward the effectiveness of Facebook advertising and its relation to their decision to buy. As a result, seven (7) hypotheses were developed. A total of 500 questionnaires have been distributed to students of Universiti Malaysia Sarawak (UNIMAS) and 463 questionnaires have been successfully collected and analysed using Pearson correlation and simple linear regression. The results have supported all seven (7) hypotheses. In conclusion, this study has confirmed that consumers’ response toward Facebook advertising and effect of their social factors have significant impacted on their decision to buy. Nevertheless, this study demonstrated that a persuasive advertising message via Facebook and influence of social factors are the strongest determinants on consumer’s decision to buy.
Abstrak

Objektif kajian ini adalah untuk menguji persepsi pengguna terhadap keberkesanan pengiklanan melalui Facebook berdasarkan model 'Six-factor Facets Model of Effect' dan faktor sosial, serta hubungannya dengan keputusan pembelian oleh pengguna. Sehubungan dengan itu, tujuh (7) hipotesis telah dibentuk berasaskan objektif kajian ini. Sebanyak 500 set borang soal-selidik telah diedarkan kepada pelajar di Universiti Malaysia Sarawak (UNIMAS), manakala borang yang berjaya diperolehi adalah 463. Analisis statistik yang digunakan untuk menganalisa data kajian ini adalah Korelasi Pearson dan Regresi Linear Mudah. Hasil kajian mendapati ketujuh-tujuh hipotesis tersebut adalah disokong. Kesimpulannya, respon pengguna terhadap pengiklanan melalui Facebook dan pengaruh faktor sosial mempunyai kesan yang signifikan dan positif terhadap keputusan pembelian pengguna. Kajian ini turut mendapati 'persuasive advertising message via Facebook' dan pengaruh faktor sosial adalah faktor penentu terkuat dalam keputusan pembelian pengguna.
Declaration of Authorship

I, Lily Wong, declare that this thesis titled, 'Perceptions Of Effective Facebook Advertising And Its Relation To Consumers’ Decision To Buy' and the works presented in it are my own. I confirm that no part of the material provided has previously been submitted by the author for a higher degree in Universiti Malaysia Sarawak or any other University. All the work presented here is the sole work of the author.

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1.0 Introduction

The online social networking has become extremely popular. Amongst them are Facebook, LinkedIn, MySpace and Twitter. Usage of online social networking has been extended to business world to serve many purposes mainly as communication channels, marketing tools and business expansion strategy. Different online social networking serves different group of network users.

LinkedIn, which was introduced in 2003, is “the most business-oriented of the four big online social networking websites” (Wilson, 2009). My space was started in 2003 and is more about connecting different bands. While, Twitter is a self-promotional tool used by celebrities and was introduced in 2006. Out of these websites, Facebook is mostly highly used in commercial promotion (Yousif, 2012) with 800 million active users in 2012.

Facebook was introduced in 2004 and open only to students in Harvard University. Consistent with a report from the Malaysian Digital Association (2012), Facebook is one of the most popular websites visited by Internet users in Malaysia and almost every of these users of all ages found to have at least one Facebook accounts.

Facebook has drawn extensive attention from marketers and entrepreneurs, to consider Facebook as one of their new media for their marketing strategy (Moriarty et al., 2012). In order to stay competitive, Facebook has been enhancing and introducing new features from time to time to enable marketer and entrepreneur to easily register their product and service at Facebook Business Pages.
According to Yousif (2012), "Facebook represents an important connecting point for companies to disseminate their advertisement messages including companies with famous brands such as Lacoste, Adidas, Nike and Coca-Cola. They are promoting their product on their Facebook pages and asking Facebook users to express their opinions about the product and the advertising message in terms of level and influence". This has implied the power of "Like" of the Facebook.

Apart from that, Millward Brown and Taco Bell are amongst the company offer service to measure the impact of alternative media such as online word of mouth (WoM), social media and guerrilla marketing campaigns by tracking and analysing posting on blogs, message boards and social media, while Facebook has its own metric tools i.e. Facebook Insight.

Based on the previous paragraphs, it can be perceived that Facebook is a powerful advertising media in nowadays business world, of which consistent with Dave (2010) who has found that users were constantly visit companies' Facebook pages to view their advertisements. Therefore, it is very essential to find out if Facebook is an effective advertising media and how does it work?

1.1 Statement of Problem

Moriarty et al. (2012) believed "if you can't measure, you can't manage it". Of that, they have studied and developed a series of model to help marketer and entrepreneur to measure the effectiveness of advertising. They added, to determine advertising effectiveness based on sales can be difficult consider the impact of many other marketing mix factor such as pricing, distribution, product etc. They have invented the Facets Model of Effects and believed it to be the best model to explain the mechanism of advertising from strategic planning, to advertising message following by media choice and evaluation. However, this model is merely tested on Facebook advertising or any other similar online social networking.
Nevertheless, Facebook has introduced Facebook Insights to provide analytics reports to see how well their pages are performed. For example, marketer will know how many times a page was visited, content viewed, posts clicked, total “likes” for the page. This could provide overall ideas of how many potential customers they have on Facebook (Hamid, 2011).

However, this application does not address or explain how the advertising works through Facebook Business Page. When the Facebook Insights shows poor results with low viewers, or poor response of “clicks”, or total of “likes”, it does not tell what goes wrong that leading to such results. For instance, “does it simply wrong in media choice or poor advertising message design?, will be the question. Without sufficient information, it is almost impossible for the strategic marketing and advertising managers to identify and rectify any causes that lead to poor responds of a Facebook advertising strategies.

Mustaffa et al. (2011) who have studied the adoption of Facebook among youth in Malaysia have found that Malaysian youth are spending tremendous time on Facebook as part of their daily routine. In Malaysia, youth is defined in the age of 15 to 40 years old (Kementerian Belia & Sukan, Malaysia), and between 15 to 25 years old as reported in United Nations 2005. By referring to this definition, most youth in Malaysia are still in secondary school, college or university. In 2003, it was reported that 18.7% of the population fall in this age group. Unfortunately, this group is always been neglected in advertising. In fact, they are the near future potential consumers in the market, who are greatly affected by the impact of online social networking site, for example Facebook.

1.2 Research Questions

The research questions for this study are underlined as follows.

a. What are the advertising effects through Facebook?

b. How do those advertising effect relate to consumer decision to buy?

c. Besides the advertising effect, are the social effect relate to consumer decision to buy?
1.3 Research Objectives

Generally, this research aims to study the perception of consumers on the effectiveness of Facebook advertising by using the Facet Effects of Model and its relation to their decision to buy, while it is also considering the effects of social factors like influence of friends, relative and family. There are seven (7) specific objectives for this study as follows.

a. To determine the relationship between the consumer's perception response toward Facebook advertising and decision to buy
b. To determine the relationship between the consumer's emotional / affection response toward Facebook advertising and decision to buy
c. To determine the relationship between the consumer's cognition response toward Facebook advertising and decision to buy
d. To determine the relationship between the consumer's association response toward Facebook advertising and decision to buy
e. To determine the relationship between the consumer's persuasion response toward Facebook advertising and decision to buy
f. To determine the relationship between the consumer's behaviour response toward Facebook advertising and decision to buy
g. To determine the relationship between the social factors and consumer's decision to buy.

1.4 Conceptual Framework

There are six (6) response effects toward advertising message via Facebook are identified, and used to examine its relation to consumer's decision to buy. These six (6) effects are adopted from the Six-Factor Facets Model of Effect comprises of six (6) response effects namely, perception, emotion, cognition, association, persuasion, and behaviour responses (Moriarty et al., 2012).

Compare to other four (4) classic Response Hierarchy Models (that is AIDA model, Hierarchy of Effect Model, Innovation Adoption Model and
Communication Model), the Six-Factor Facets Model of Effects is considered the most latest and comprehensive model as it has integrated the previous models and at the same time adding new factors (Moriarty et al., 2012). Thus, this is believed that this model will be the best to be used to evaluate the effective of Facebook advertising.

On top of that, this study also examines the effect of social factors on the consumer's decision to buy. Social factors are including the influences from families, relatives, and friends. This factor is perceived as essential in this study because a social factor is one of the most common factors identified in influencing the buying decision of consumers. Mustaffa et al. (2011) found that youths were influenced considerably by peer pressure to use Facebook. Lim and Dubinsky (2005), and Ajzen and Fishbein (1980) in Atilgan-Inan and Karaca (2011) found that subjective norms (eg. family and friends) have the impact on consumer's behaviour. Similarly, Moriarty et al. (2012) have identified three major types of influences that affecting consumers' purchasing decision, that is social / culture influences, psychological influences and behavioural influences.

In conclusion, along with Six-Factor Facets Model of Effect, the social factors (i.e. influence of family, relative and friend) are adapted to develop the conceptual framework depicted in Figure 1.1 to study the consumer's decision to buy.
1. Six-Factor Facets Model of Effect:

- Perception Response
- Emotion Response
- Cognition Response
- Association Response
- Persuasion Response
- Behaviour Response

2. Social Factors

**1.5 Definition of Term**

This section aims to define conceptual definition of each variable found in this study as illustrated by Figure 1.1.

**1.5.1 Perception (see / hear) Response**

According to Wells et al. (2006), perception is a process of receiving information through five senses and translates the information to become meaningful. Similarly, Solomon (2011) defined perception as "the process by which sensations are selected, organised, and interpreted". Solomon (2011) further elaborated, sensations is an immediate response to human sensory receptors like see, hear, smell, taste and touch, towards colour, sound, odour, light, and texture in "three-stage process that translates raw stimuli into meaning". As the result, the sensory stimuli, or sensory inputs, can receive raw data on a number of channels by sensory receptors, which will begin the perceptual process.
Exposure from the past helps to trigger the attention and later interpret the data into information and meaning. While Moriarty et al. (2012) identified five (5) surrogate measures for perception response namely exposure, attention, interest, relevance and recognition. These measures are to evaluate the consumer’s response toward the Facebook advertising in this study.

1.5.2 Emotion (feel) Response

According to Wells et al. (2006), emotion can be described as a person’s feeling about something. Adelaar et al. (2003) explained that emotional response is created by three factors. The three (3) factors are: **Pleasure:** the state in which person feels good, happy, or joyful in a particular situation. **Arousal:** the state of feeling that is varying from person to person in different situations, i.e. feeling of excitement, active, bored, or sleepy. **Dominance:** individual feelings, which are in control of or free to act in a particular situation. While Moriarty et al. (2012) in their Facets Model of Effects, identify emotions and liking, appeals and resonate as the surrogate measures of emotional / affection response of advertising message, of which to be adopted in this study.

1.5.3 Cognition (understand / think) Response

Schiffman (2009) defined cognition as a thinking process, whereas Solomon (2011) described cognition as beliefs that consumers have about an object. Wells et al. (2006), on the other hands, view cognition as how consumers respond to the information, learn and to understand something. For the purpose of this study, cognition response defined as the ability to recall and understand toward the advertising message, adopted from Moriarty et al. (2012), their Facets Model of Effects.

1.5.4 Association (connect) Response

Wells et al. (2006) defined association as “the process of making symbolic connections between a brand and characteristics that represent the brand’s
image and personality”. Similarly, Moriarty et al. (2012) identify brand image as the surrogate measure of association response toward advertising. They also defined brand image as a special meaning or mental representation created for a product by giving it a distinctive name and identity. This definition is to be adopted for the purpose of this study.

1.5.5 Persuasion Response (believe)

Wells et al. (2006) defined persuasion as “the conscious intent on the part of the source to influence the receiver of a message to believe or do something”. Likewise, Moriarty et al. (2012) indicated attitudes, preference / intention, credibility, conviction and motivation are the surrogate measures for persuasion responses.

1.5.6 Behaviour Response (act / do)

Wells et al. (2006) defined behaviour as the response of an action. Solomon (2011) stated that behaviour is a process where consumers select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. According to behavioural theory of learning, behaviour occurs when there is a change in one action as a consequence of another. For the purpose of this study, the surrogate measures for behaviour response are trial, purchase and repeat purchase, adopted from Moriarty et al. (2012).

1.5.7 Social Factor

Moriarty et al. (2012) has categorised social influence into three, namely social class, reference groups and family. Social class is referring to the social status that is determined by income, wealth, education, occupation, family prestige, value of home and neighbourhood. While, reference groups is the group of people that pose as the model for oneself, including informal affiliations such as fellow workers, neighbours, students and peers. These reference groups serve to provide information, or as personal comparison or provide guideline. Eventually,
the family is the most important reference group due to its formative role and
the intensity of its relationship. In this study, social factors will be referring to
the influence by family, relative and friends.

1.5.8 Decision to Buy

According to Moriarty et al. (2012), the traditional view of consumer decision
making is basically based on the classic AIDA Models of message impact, of
which is a linear and information-processing model. Consumers are predicted to
following a sequence of process in five (5) steps. Firstly is need recognition,
following by information search, evaluation of alternatives, purchase decision
and lastly is post-purchase evaluation.

While allBusiness.com defined buying decision as "series of choices made by a
consumer prior to making a purchase that begins once the consumer has
established a willingness to buy". Following of that, the consumer will have to
decide when and where to buy, which brand, model, size etc., how much
(budget), and what payment mode to be used. Zamil (2011) identified three
variables for purchasing behaviour, namely, buying decision, buy and not buy.
The marketer tries to influence each of these decisions by providing information
that may determine the consumer's evaluation process. For this study, decision
to buy is defined as consumers' willing to buy, buy or not to buy.

1.5.9 Facebook

Oxforddictionaries.com defines Facebook as verb "spend time using the social
networking website Facebook". Facebook is one of many online social
networking, and has become extremely popular. Mark Zuckerberg founded
Facebook in 2004. According to Waddill and Marquardt (2011), Facebook is one
category of social networking sites where it allows user to create their profiles,
send and receive messages, networking with friends, etc. In this study, Facebook
is the online social media used either by individuals who create own Facebook
Profile to allow them two-way interaction with friends and family, or by
businesses that create Facebook Page (Fan Page) to promote products and brands. This Fan page is primarily a one-way broadcast from the business where all members are accepted as fans.

1.6 Conclusions

The statement of problem has implied the needs and motivation for this study to be carried out. Based on the problem statement, three (3) research questions and the seven (7) research objective were established respectively. Conversely, the conceptual framework was generally developed based on the Six-Factor Facets Model of Effects (or the Facets Model of Effects).

In general, there are four (4) classic response hierarchy models namely AIDA model, Hierarchy of Effect Model, Innovation Adoption Model and Communication Model; to be widely used by professionals to outlined the impact of an advertisement on the audience (Moriarty et al., 2012). However, the Six-Factor Facets Model of Effects was adopted in this study to develop the conceptual framework. This Model was developed by Moriarty et al. (2012), and believed to be the most comprehensive model as they integrated with other classic responses hierarchy models (Moriarty et al., 2012).

The objective of this study is to examine the perception of consumers on the effectiveness of Facebook advertising by using the Six-Factor Facet Effects of Model and its relation to their decision to buy, while it is also considering the effects of social factors like influence of friends, relative and family. The results and findings of this study will benefit both academician and industry professionals.
CHAPTER 2
LITERATURE REVIEW

2.0 Introduction

This chapter begins with a review of the literature regarding Facebook and its uses as marketing tools. Many theories have been used to explain consumer's decision to buy and the use of online social network as marketing tools. This review will focus on the six-factor Facets Model of Effect and social factors as the factors in effecting on consumers' decision to buy via Facebook advertising.

2.1 Facebook

Mark Zuckerberg launched Facebook on February 4, 2004 for students in Harvard University. Facebook was originally named "thefacebook.com" to enable the students to exchange news, photos, opinions and information. Following the success to attract the students of Harvard to visit the site, Zuckerberg was motivated to further develop it to make it available to other users outside of Harvard University. Users of Facebook enjoy to post their personal lives, social life, to communicate, exchange messages and greeting, images, music, movie, sharing idea and information, making friends, form groups, announcement and viewing advertising messages (Eldon, 2008).

Baker et al. (2011) who studied the effects of online social networking on companies and their employees found that 74% of employees responded that it is easy to damage a company's reputation on social media. Subsequently they believed that usage of social websites could cause confusion the lines between work and private time because they become available to be in constant contact with their superiors all the time, especially when they are provided with a smartphone with mobile Internet.
While Awolusi (2012) who studied the impacts of online social networking sites on workplace productivity, categorized online social networking website into two; namely enterprise social networking (internal use) and consumer social networking (open for public). In his opinion, enterprise social networking could heavily influence organizational productivity outcomes in terms of effective collaboration across geographical (international organization) and hierarchical work structures, while consumer social networking is an efficient strategy to market its products and collection of feedback responses from consumer around the world, as a result of globalization and increase of the online commerce.

2.1.1 Facebook and Marketing

Both practitioner and academic believe that advertising can never work without an appropriate media choice to deliver the advertising message. Moriarty et al. (2012) explained that, apart of the traditional forms of advertising in print media and commercials on television and radio, there are word of mouth, social media and guerrilla marketing campaign – the modern advertising communication media. The use of online social media following the rise of web 2.0 has opened up new ways of marketing and advertising communication tools.

Moriarty et al. (2012) quoted a statement from Jim Stengel, Procter & Gamble’s formal global marketing officer in their book, “It is not just about doing great TV commercial. The day of pounding people with images and shoving them down their eyeballs are over. The consumer is much more in control now.” Of which, they greatly agreed and commented that consumers are in control over the media and marketing for a number of years. For instance, YouTube, MySpace and Facebook have invited everyone into the ad distribution game. They added, the Internet has led to the born of digital media that create new way of marketing communication. Of which, it allows the consumer to initiate marketing communication in many way especially with the emerging of Web 2.0.

According to Carlson (2010), Facebook was not developed for the dissemination of advertisement and promotion of goods and services initially. However, when
it was widespread of its popularity among users in- and outside the United States, more and more corporation, marketer and individuals entrepreneur begin to utilise the site as advertising communication media especially for digital product. Currently, it is reported that there are 982 million active Facebook users as of 18 May 2013 (checkfacebook).

2.1.2 Facebook and Advertising

Yousif (2012) who studied the interest of Facebook users in the advertising messages published via Facebook while to identify the effect of these messages on users’ purchasing behaviour and how the Facebook users perceive Facebook as a advertising media, has found that Facebook users shown very high interest in advertising message via Facebook, as they perceived those messages are credible.

Similarly, Gil-Or (2010) suggested that the use of viral marketing and the word-of-mouth are the key factors to the success of Facebook advertising because the message transferred among members especially friends were perceived as more trustworthy and reliable.

This indicated that Facebook users tend to purchase products promoted via Facebook. This finding was consistent with Dave (2010) who pointed out that Facebook users are found to be constantly visiting companies’ Facebook pages to view their advertisement and products. This encourages the corporation and marketer to actively posting and launching their advertising messages and advertising campaigns via Facebook.

In line with Madden (2012) who has found that Facebook is an important social media platform for advertising because it can reach out many people in one place. Therefore, Facebook was listed as one of the most popular social media platform for a successful marketing campaign. Madden (2012) added that, the new Facebook’s features such as the ability to share video, is going to make Facebook a popular social media platform in more years to come.
2.1.3 How Does Facebook Works as Advertising Media

According to A. C. Advertising (2011), Facebook can be categorised into two: Free Business Page, and Pay Business Page. Free Business Page is generally a Facebook page that allow user create their personal profile, as the official representative of their company. Pay Business Page, on the other hand, allow their user to have a custom designed of their Facebook page, also known as Landing Page. This is where the business put their advertisement gorgeously entertaining.

Based on user’s demographic profiles and stated interest, likes and dislikes, Facebook marketing can target advertisements effectively. This has been an extreme advantage over other forms of advertising media. Additionally, the integration of GPS system into Facebook allow for fast and accurate targeting with its advanced targeting system. This has allowed A. C. Advertising (2011) to quote that, “Facebook is the personality of the business market”.

According to Curran, Graham & Temple (2011), now consumer will go on to their Facebook to view comments about what their peers thought of the new product they are considering buying. It has been a new marketing practice to find Facebook symbol on leaflets, posters, and public transport with wordings like “Find us on Facebook”. They also found that “almost 1 in every 13 person in the world is an active Facebook user”, and with over 500 million users ages between 18 and 34. This group of consumers are considered more relaxed about spending online with a higher disposable income.

In sum, Facebook has been the choice of many marketers because of their digital application feature, of which Facebook Advertising platform allow marketers to effectively and accurately target specific demographic to large numbers of users across region.