

SUPERVISOR'S DECLARATION

'I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of the degree of Bachelor of Technology Management (High-Tech Marketing)'

Signature :.....

Name of Supervisor : Dr. Norfaridatul Akmaliah Othman

Date :.....

Signature :.....

Name of Panel : Puan Azrina Binti Othman

Date :.....

THE IMPACT OF SOCIAL MEDIA MARKETING
ON BRAND EQUITY IN FAST FOOD INDUSTRY

SIAW TENG ON

Partial fulfillment of the requirements for the award of
Bachelor of Technology Management and Technopreneurship with honour
(High Technology Marketing)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2015

CONFESSION

‘Hereby, I declare that the thesis entitled ‘The Impact of Social Media Marketing
On Brand Equity in Fast Food Industry’ is the result of my own research
except quotes as cited in the references’

Signature :.....
Name :.....
Date :.....

DEDICATION

I dedicate this research project to my grandmother who always support and provide me with caring and concern during my life in the university. I also dedicate it to my parents, uncle for their contribution and fully support me to success in my studies in University Teknikal Malaysia Melaka (UTeM).

In addition, I want to thanks to my PSM Supervisor, Dr Norfaridatul Akmaliah Othman for her fully supervision, guidance and teaching along the whole project. I also want to thanks to my PSM Panel, Puan Azrina Binti Othman for the advice in my research and thanks to all lecturer, staff in UTeM.

ACKNOWLEDGEMENT

Sincere gratitude is hereby extended to the following who never ceased in helping until this research is structured:

Dr. Norfaridatul Akmaliah Othman, the thesis adviser, for the unwavering guidance throughout the whole project;

Puan Azrina Binti Othman, the research panel, for the shared of research advice that contribute to the research report;

Respondents of the research, customers of fast food restaurant, for the time and answering the questionnaire and the willingness to participate in the survey;

Friends and family, for the useful opinion, ideas, support, information in completing the research;

Lecturer and staff of UTeM, for the teaching, instruction, facilities given and the help in providing official letter and document;

Lastly, the academic advisor, Dr Mohd Syaiful Rizal Bin Abdul Hamid for the advice, support and encouraged given.

ABSTRACT

Social media is the integration of media and social communication, it is a collection of online tools that facilitate interaction and communications between users. The research with the objective to analyze the impact of social media marketing to the brand equity of fast food brand in Melaka. In light of the growing interest in the use of social media marketing among a lot of companies especially the fast food restaurant and the transformation of social media to an effective to all for building the relationship with consumers. Many companies have utilized social media marketing as a new channel to reach their consumers. The studies showed that social media marketing that company's use as a tool for their marketing activities are Conversations, Sharing, Relationship, Reputation and Groups. This study set out to examine the relationships between the social media marketing application on the brand equity and customers of the fast food industry who are using social media network were the population of the study. Questionnaires were distributed to 150 customers, a number of significant findings were reported, among the five dimensions tested, reputation was found the strongest determinant of brand equity towards fast food industry, followed by relationship, conversation, content sharing and groups. The result also supported the brand equity would lead to customer purchase intentions.

ABSTRAK

Media sosial adalah integrasi media dan komunikasi social, ia adalah alat yang memudahkan interaksi dan komunikasi antara pengguna. Tujuan kajian ini adalah untuk mengenalpasti kesan pemasaran media sosial kepada ekuiti jenama makanan segera di Melaka. Pemasaran sosial media berkesan untuk membina hubungan dengan pengguna terutamanya untuk restoran makanan segera. Terdapat banyak syarikat telah menggunakan pemasaran sosial media sebagai saluran baru kepada para pengguna. Kajian ini menunjukkan bahawa media sosial digunakan sebagai strategi untuk aktiviti pemasaran iaitu Perbincangan, Berkongsi Maklumat, Pehubungan, Reputasi dan Komuniti. Kajian ini bertujuan untuk mengenal pasti hubungan antara aplikasi pemasaran media sosial dan ekuiti jenama serta pelanggan restoran makanan segera yang merupakan populasi untuk kajian ini. Borang soal selidik telah diedarkan kepada 150 pelanggan dan reputasi merupakan penentu yang paling kuat terhadap ekuiti jenama restoran makanan segera diikuti dengan Perhubungan, Perbualan, Berkongsi Maklumat dan Komuniti. Hasil kajian ini juga menunjukkan ekuiti jenama akan membawa kepada niat pembelian pelanggan.

TABLES OF CONTENTS

CHAPTER	CONTENTS	PAGE
	CONFESSION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	ABSTRAK	vi
	TABLE OF CONTENTS	vii
	LIST OF TABLES	xi
	LIST OF FIGURES	xiii
	LIST OF APPENDIX	xiv
1	INTRODUCTION	1
	1.1 Background of Study	1
	1.2 Problem Statement	3
	1.3 Research Question	4
	1.4 Research Objective	4
	1.5 Scope	5
	1.6 Limitation	6
	1.7 Importance of the Project	7
	1.8 Structure of Thesis	8
	1.9 Summary	9
2	LITERATURE REVIEW	10
	2.1 Introduction	10
	2.2 Overview of Social Media	11

2.3	Social Media Marketing	12
2.4	Honeycomb Model	13
	2.4.1 Identity	14
	2.4.2 Conversations	14
	2.4.3 Sharing	15
	2.4.4 Presence	16
	2.4.5 Relationship	17
	2.4.6 Reputation	18
	2.4.7 Groups	18
2.5	Popular Social Media Marketing Tools	19
	2.5.1 Content Creation	19
	2.5.2 Content Sharing	20
	2.5.3 Connecting	20
	2.5.4 Community Buildings	21
2.6	Brand	21
2.7	Brand Equity	23
2.6	Aaker's Brand Equity Model	24
	2.8.1 Brand Loyalty	24
	2.8.2 Brand Awareness	26
	2.8.3 Perceived Quality	27
	2.8.4 Brand Associations	27
2.9	Customer Purchase Intentions	28
2.10	Interrelationship among Social Media Marketing (SMM), Brand Equity and Customer Purchase Intention.	29
2.11	Summary	31
3	METHODOLOGY	32
3.1	Introduction	32
3.2	Theoretical Framework	33
	3.2.1 Hypothesis	34
3.3	Research Approach	35
3.4	Research Design	35

	3.4.1 Descriptive Studies	36
3.5	Methodological Choice	37
	3.5.1 Quantitative Research	37
3.6	Sampling Technique	38
3.7	Data Collect Method	39
3.8	Location of Research	40
3.9	Research Strategy	40
3.10	Measurement Tools	41
	3.10.1 Descriptive Analysis	42
	3.10.2 Inferential Analysis	42
	3.10.3 Pearson's correlation Coefficient	43
	3.10.4 Simple Linear Regression	44
	3.10.5 Multiple Regression Analysis	44
3.11	Time Horizon	45
3.12	Scientific Canon	46
	3.12.1 Internal Validity	46
	3.12.2 External Validity	46
	3.12.3 Construct Validity	47
	3.12.4 Reliability	47
3.13	Summary	48
4	RESULT ANALYSIS	49
4.1	Introduction	49
4.2	Pilot Study	50
4.3	Demographic Analysis	51
	4.3.1 Gender	52
	4.3.2 Age	53
	4.3.3 Education Level	54
	4.3.4 Employment Status	56
	4.3.5 Frequency of Using Social Media	57
	4.3.6 Summary of Demographic	58
4.4	Reliability Test	59
4.5	Descriptive Analysis	61
4.6	Analysis the Simple Linear Regression	62

4.6.1	Conversation and Brand Equity	62
4.6.2	Content Sharing and Brand Equity	64
4.6.3	Relationship and Brand Equity	66
4.6.4	Reputation and Brand Equity	68
4.6.5	Groups and Brand Equity	70
4.6.6	Summary of the impact of Social Media Marketing on Brand Equity	71
4.7	Analysis the Hypothesis Test	72
4.8	Analysis the Multiple Regression	74
4.9	Analysis the Correlations	77
4.9.1	Correlations between Social Media Marketing and Brand Equity	78
4.10	Summary	79
5	CONCLUSION AND RECOMMENDATION	80
5.1	Introduction	80
5.2	Key Determinants of Brand Equity	81
5.3	Result Discussion and Recommendation	81
5.3.1	Recommendation for Fast Food Industry	82
5.4	Limitation	83
5.5	Future Research	84
5.6	Conclusion	85
	REFERENCES	86
	APPENDIX	92

LIST OF TABLE

TABLE	TITLE	PAGE
1.1	Structure of Thesis	8
4.1	Reliability Statistics Test for Pilot Study	51
4.2	Frequency and Percentage according to Gender	52
4.3	Frequency and Percentage according to Age	53
4.4	Frequency and Percentage according to Education Level	54
4.5	Frequency and Percentage according to Employment Status	56
4.6	Frequency and Percentage according to Frequency of Using Social Media	57
4.7	Summary of Demographic Characteristics	58
4.8	Reliability Statistics	60
4.9	Descriptive Analysis	61
4.10 (a)	Model Summary between Conversation and Brand Equity	62
4.10 (b)	ANOVA between Conversation and Brand Equity	63
4.10 (c)	Coefficient between Conversation and Brand Equity	63
4.11 (a)	Model Summary between Content Sharing and Brand Equity	64
4.11 (b)	ANOVA between Content Sharing and Brand Equity	64
4.11 (c)	Coefficient between Content Sharing and Brand Equity	65
4.12 (a)	Model Summary between Relationship and Brand Equity	66
4.12 (b)	ANOVA between Relationship and Brand Equity	66

4.12 (c)	Coefficient between Relationship and Brand Equity	66
4.13 (a)	Model Summary between Reputation and Brand Equity	68
4.13 (b)	ANOVA between Reputation and Brand Equity	68
4.13 (c)	Coefficient between Reputation and Brand Equity	68
4.14 (a)	Model Summary between Groups and Brand Equity	70
4.14 (b)	ANOVA between Groups and Brand Equity	70
4.14 (c)	Coefficient between Groups and Brand Equity	70
4.15	The Impact of Social Media Marketing on Brand Equity	71
4.16	The Hypothesis Test Analysis	74
4.17 (a)	Model Summary of Multiple Regression	75
4.17 (b)	Coefficients	75
4.18	Correlation between Social Media Marketing and Brand Equity	78

LIST OF FIGURE

FIGURE	TITLE	PAGE
2.1	Honeycomb Model	13
2.2	Aaker's Brand Equity Model	24
3.1	Research Model	33
4.1	Gender	52
4.2	Age	53
4.3	Education Level	55
4.4	Employment Status	56
4.5	Frequency of Social Media Use	57

LIST OF APPENDIX

APPENDIX	TITLE	PAGE
A	QUESTIONNAIRE	92

CHAPTER 1

INTRODUCTION

1.1 Background of study

As technology improves, every person can access to the internet and social network sites through mobile phones, tablets and so on. Social media has become the electronic word of mouth (eWoM) which consumer shares their statement via the internet through websites, social network, blogs, messages, feeds about a product and service as well as a brand equity of a company. This has become an important part for the marketer to emphasis Social Media Marketing (SMM) in the marketing sector. Many people perform searches at social media sites to find social media content, discovery of news stories and even become the mainstream search engine among consumer today.

Social media marketing as ‘using social media channels to promote company and its products.’ This type of marketing should be a subset of online marketing activities, complementing traditional web-based promotional strategies like email newsletters and online advertising campaigns. Social media marketing qualifies as a form of viral or word-of-mouth marketing. Viral marketing relies on telling friends about media, products, or services (Barefoot & Szabo, 2010). Social Media was built on the ideological and technological foundations of Web 2.0 to allow the creation and exchange of User Generated Content that occurs at a global level (Kaplan & Haenlein, 2010).

Social media enables companies to accelerate their ability to launch new brands, incrementally strengthen customer relationships and drive revenues from existing customers, new customers and new markets. Social media is being use to grow new revenues from the current customer base, finding opportunities among existing customers to provide new products or services or to augment those already offered. By identifying unmet needs among current customers and developing value-based products and services to meet those needs, companies can differentiate themselves from their competition as well as generate incremental sales and margin (Smith & Wollan, 2011).

Besides, there has been a radical shift in how business is conducted and how people cooperate. The preface of private computers, the Internet, and e-commerce have had a great impact on how businesses function and promote. The preface of social media technology is accelerating and it can expect it to have a similar impact on businesses now and into the prospect. The explosive growth of the smart phone market and mobile computing is affecting the strategy, as social media connectivity is becoming easier and is helping social media grow even faster (Saravanakumar & SuganthaLakshmi, 2012).

In addition, there are more than 250 million people are active Facebook users. More than 346 million people read blogs and 184 million people are bloggers themselves. Twitter has more than 14 million registered users and YouTube claims more than 100 million viewers per month. More consumers are connected than ever before, and the company is not engaging in social media is a wasted of opportunity (Zarrella, 2009).

Keller defines brand equity thus: 'A brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not'. Brand equity relates to the fact that different outcomes result in the marketing of a product or service because of its brand name, as compared to if the same product or service did not have that name (Keller, 2013).

1.2 Problem Statement

Although the use of Social Media Marketing (SMM) to communicate and promote company product and service will speed up the time to market and gaining customers feedback in a short time, but there are still exist argument that the relationship of social media to a company's brand grow and to the customer purchase intentions.

Gunelius (2011) comments that social media marketing offers the single largest opportunity for entrepreneurs, small businesses, midsize companies and large corporations to build their brands and their business. Zarrella (2010) show an example of Dell had tapped the power of social media with its hugely popular IdesStorm website, where users add ideas for new product lines and enhancements, vote them up or down and comment on submissions.

From the branding point of view, the social platforms enable company to engage with their customers in real time and find out what they want, think or feel at any given time, which is a great tool for any company to utilize (Coles, 2011). Besides, with social media, consumer have more option than ever, they can ease to find information online, brands and business to get more exposure.

By focusing on social media marketing as the widely adopted marketing tool across digital platforms, the researcher attempt to find out how this new communication impact on brand equity and also the relationship of SMM and brand equity towards customer purchase intentions especially for the fast food brand in Malaysia, this had motivated the researcher to carry out the research.

1.3 Research Question

The thesis work will address the following main research question:

1. What are the application of Social Media Marketing (SMM)?
2. Does Social Media Marketing bring the impact on brand equity?
3. What is the key determinant of brand equity according to SMM application dimensions in fast food industry?

1.4 Research Objective

Recognizing the importance of understanding of how SMM affecting brand equity in Melaka and the need to examine the importance of brand equity effect on customer purchase intentions. The research objectives are designed to show exactly what the study seeks to achieve (Saunders et al., 2009; Kent, 2007). The research objectives are:

1. To identify the application of Social Media Marketing (SMM).
2. To analyze the impact of Social Media Marketing on brand equity.
3. To find out the key determinant of brand equity according to SMM application dimensions in fast food industry.

1.5 Scope

Melaka, state in Malaysia, located in the southern region of the Malay Peninsula were selected as the target areas for investigation. Melaka had been chosen because it's developed independently with a certain degree of behavior and cultural difference and it is the 'Historic State' which the place attract different background of foreigner and this provide a greater diversification of consumer behavior being investigated in the researcher study. Besides, Melaka was chosen because the researcher stayed in Melaka during 2014 and had chance to conduct survey, discussion with different customers and tourisms with different cultural influence but have a certain degree of behavior similarities can provide significant, representative data input for the study.

Melaka boasted a cosmopolitan resident populace by the early 16th century. Portuguese incentives to marry locally or become 'Portuguese' through conversion further encouraged the growth of mixed-race communities (Sarkissian, 2005). It has been greatly influence by Western culture due to its past development as a Portuguese, Holland and British colony. Culture Melaka began more than six centuries in which various ethnic customs and traditions blended perfectly. Each ethnic group Malay, Chinese, Indian, Baba and Nyonya, Portuguese, Chitty and Eurasia uphold their tradition and this is reflected in the food, religious customs, festivals, culture, design, application, jewelry and handicrafts (MSG, 2014). Melaka is a place ideal for researcher to use the urban and foreign customers as national representatives since they form up with different culture, beliefs, behavior and others demographic will enhance data input for the researcher.

Customers of McDonald in Melaka were chosen as the study subjects, regardless of male and female, age limit, culture, urban customers or foreign tourists, also many of them are active users in social media.

In addition, the researcher's target customers group has to be a fashion-conscious and owns at least one account in one of the popular social media platforms used in Melaka. Besides, target customers should have a basic understanding of well-known fast food

restaurant brands as this study was set to investigate the brand equity in fast food industry. Taking this approach allows researcher to understand our target group and to achieve research objectives in a more comprehensive way.

1.5.1 Brand Choice - McDonald

The researcher choose McDonald because McDonald's is the world's leading quick service restaurant chain with more than 34,000 restaurants worldwide, serving more than 69 million customers daily in over 100 countries. In Malaysia, McDonald's serves over 13 million customers a month in more than 250 restaurants nationwide. McDonald's employs more than 12,000 Malaysians in its restaurants across the nation providing career, training and development opportunities (McDonald, 2014). The researcher choose McDonald's brand for the research because it is a well-known company, despite of its popularities, the food, services, advertisement and marketing strategy launch by the company have a valuable research value to research on it.

1.6 Limitation

The research data for this study is gathered among the customers of fast food restaurant who have use at least one social media in Melaka. The researcher assume respondents who are knowledgeable provide reliable answer. Besides, customers who does not using any social media prohibit researcher to select them as target group customers. Besides, another limitation for the research is the fact that surveys were done in English and Malay, this practically excludes non-English and non-Malay group of tourists to this area, such as Japanese, Chinese, French and so on. Furthermore, respondent may misunderstanding and misinterpret the survey question and discussion due to differences understanding, background and education.

Besides, another limitation would be the lack of cost or budgets and duration of time to conduct the research, some of the data require researcher to purchase and difficult to access. In addition, time available for the researcher to investigate the research is also constrained by the due date.

1.7 Important of the Project

The main focus of the project is on identifying the impact of Social Media Marketing towards brand equity according to Honeycomb Model (Smith, 2007) and to examine the relationship between brand equity and the customer's purchase intention. In addition, the researcher also wants to find out the whether the SMM will influence the fast food industry at Melaka and lastly bring effect on customer purchase intentions. In other words, the research can be serve as a guideline for fast food industry situated in Malaysia for the objective to find out the effectiveness of SMM strategy and continuously enhance and improve their brand equity as well as gaining a larger market share and build competitive advantages.

Furthermore, understanding the use of Social Media Marketing (SMM) strategy with strengthen the relationship between customers and enable fast food industry to get direct response and feedback from customer as well as building appropriate strategy that can fulfill customer's needs and wants. This highlight the way for the industry to capture their customers more effectively because they can get the first hand information on time about their customer's feedback, act quickly and provide customers information and advertising at the right time with the right way.

1.8 Structure of Thesis

Table 1.1: Structure of Thesis

CHAPTER	CONTENT
Chapter 1	The Chapter 1 is use to explain about the Social Media Marketing (SMM) background and explain the problem statement in the environment and find out the research question and build research objective base on that. When the researcher realize the research question and research objective, the researcher must find out the scope and limitation in the research and lastly highly the importance of the research.
Chapter 2	In the Chapter 2, the researcher find the literature review on books, journal and others academy sources and base on these data, the researcher get sources on what is Social Media Marketing (SMM), Honeycomb Model, Social Media Marketing Tools, Brand Equity, customer purchase intentions and more. In the Smith's Honeycomb Model, there are seven components, (1) Identity, (2) Conversations, (3) Sharing, (4) Presence, (5) Relationship, (6) Reputation and (7) Groups. These will explain the interrelationship among brand equity and customer purchase intentions.
Chapter 3	In the Chapter 3, the theoretical framework was presented. The researcher will draw the conceptual framework through the hypothesis. Furthermore, the researcher will analysis data collection method and the data are collected through primary and secondary data. The researcher will also do data analysis and scientific canon which the scientific canon include 4 points such as reliability, internal validity, external validity and construct validity.

Chapter 4	In Chapter 4, the data analysis will be conducted. The researcher analyze the data through the distribution of questionnaire and using Statistical Package for Social Sciences (SPSS) Version 22.0 software to analyze the pilot test, reliability test, descriptive statistics, linear regression and correlation. The hypothesis will also be test through the analysis by the researcher.
Chapter 5	The Chapter 5 will discuss the findings from the result and the researcher will draw conclusion and provide recommendation in this section. The business implication benefits from the research and future research will also be discussed.

1.9 Summary

Based on the research, the introduction is about the briefly explain of Social Media Marketing (SMM) relation with Brand Equity as well as impact on customer purchase intentions. Besides, Chapter 1 also highlight the research objective and research questions of the topics. The data collection use by the researcher is mixed method which include both quantitative and qualitative method. The researcher want to identify impact of Social Media Marketing activities towards brand equity and examine the relationship between brand equity and customer purchase intentions in this research. The researcher using Smith's Honeycomb Model (Smith, 2007) as the main theories and adopt Social Media Marketing Tools to discuss and construct the theoretical framework to highlight the relationship between Social Media Marketing and its effect on customer purchase intentions.