

**THE SUCCESS FACTORS OF THE EFFECTIVENESS OF FACEBOOK
ADVERTISEMENT AMONG FACEBOOK USERS IN MALAYSIA**

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I hereby confirm that I have examined this project paper entitled:

The Success Factors of The Effectiveness of Facebook Advertisement
Among Facebook Users in Malaysia

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The Success Factors of The Effectiveness of Facebook Advertisement Among Facebook
Users in Malaysia

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Technology Management (Hons) in High Technology Marketing

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I declare that this project is the result of my own research except as cited in the references.

The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.

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DEDICATION

A special dedication I wish to my loving mother, Zaleha Binti Haji Samani, and my caring father, Razali Bin Mohd Regen, for their support and warm reminders. Without them, this research could not been done. My parents have been the best supporters, pick me up when I fall and be the strength for me to stand tall. Thanks to my family, my brothers and sisters, who always encouraging me to do the best and stay with me through thick and thin. I am blessed because I am loved by all of you.

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ABSTRACT

In this globalization era, it is impossible for a person to not having a Facebook account. Due to this trend, a lot of marketers take it as an opportunity to approach the customers and advertise through Facebook using Facebook advertisement. The purpose of this research is to determine the effectiveness of Facebook advertisement. The research chooses Malaysian Facebook users as the respondents. A survey is conducted by distributing questionnaires to approximately 150 respondents of Facebook users in order to gather primary data. The data collected are analyzed using Statistical Package for Social Science (SPSS) version 22 and the methods used are regression analysis, correlation analysis and reliability analysis. The analysis results indicate that there are relationship between actual profile, growing number of Facebook users and friends on Facebook with the effectiveness of Facebook advertisement and are discussed and briefly explained. The future research for next generation can study on other variables which are related to the effectiveness of Facebook advertisement. The research can be practically useful guideline for advertisers in practice.

ABSTRAK

Dalam era globalisasi ini, ia adalah mustahil bagi seseorang untuk tidak mempunyai akaun Facebook. Kerana trend ini, banyak pemasar mengambil ia sebagai satu peluang untuk mendekati para pelanggan dan mengiklankan melalui Facebook. Kajian ini bertujuan untuk menentukan keberkesanan iklan Facebook. Kajian ini memilih pengguna Facebook Malaysia sebagai responden. Kaji selidik ini dijalankan dengan mengedarkan borang soal selidik kepada kira-kira 150 orang responden daripada pengguna Facebook untuk mengumpul data primer. Data yang dikumpulkan akan dianalisis menggunakan Pakej Statistik untuk Sains Sosial (SPSS) versi 22 dan kaedah-kaedah yang digunakan ialah analisis regresi, analisis korelasi dan analisis kebolehpercayaan. Hasil analisis menunjukkan bahawa terdapat hubungan antara profil yang sebenar, semakin ramai pengguna Facebook dan rakan-rakan di Facebook dengan keberkesanan iklan Facebook dan membincangkan secara ringkas tentangnya. Kajian masa depan untuk generasi akan datang boleh mengkaji pada pembolehubah lain yang berkaitan dengan keberkesanan iklan Facebook. Kajian boleh menjadi garis-panduan yang praktikal kepada pengiklan.

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Chapter 1

Introduction

This chapter explains about the introduction and background of research, problem statement, and list of objective. This chapter also explains briefly about scope and key assumptions of the research. Moreover, the importance of this research will be covered in this chapter.

1.1 Background of the study

Advertisement is a form of communication for marketing and used to encourage, persuade, or manipulate audience regarding any goods or services. Advertisement has been used over decades with the aim of increasing sales and let people know and aware of that particular brands. With the arrival of the ad server, marketing through the Internet opened new frontiers for advertisers.

There are quite some ways in order to advertise. Commercial advertising media can include wall paintings, billboards, magazines, newspapers, town criers, sides of buses and a lot more to be named. As for online advertising, social media is the top medium for advertising.

In this urbanization era, people mostly are connecting only through social media especially Facebook. According to Patton (2007), online social networking has quickly become a communication phenomenon. It is the easiest way to get in touch with people without having to go to any place to meet. As all know, Facebook is one of social media used by millions of people connecting with each others. Day by day, numbers of Facebook's users has grown bigger and bigger. People nowadays even believe whatever news that spread through Facebook.

As Facebook is a medium to connect people and become very popular among internet users, marketing people have started to use social media to advertise their products or services in order to reach their target customers. This strategy is said to be effective as some businesses have boosted up their sales as they successfully reached their target customers after advertise through Facebook.

Facebook has become viral and this made a lot of companies to advertise their products or services via Facebook. As the matter of fact, the factors that lead to the effectiveness of Facebook advertisement are quite a number to be specified. There are several factors that we want to highlight in this study which are actual Facebook profile, growing number of Facebook users and friends on Facebook.

1.2 Problem Statement

By this time, there are a lot of companies that use Facebook to advertise their products or services. Many have succeeded and result in reaching their target customers and increasing their sales. These companies may use intermediaries in order to sell their goods and services. It may be too early to tell if the internet will ever become a wildly successful advertising medium, but there is certainly evidence showing the web quickly has becoming an important communications medium and a necessary productivity tool (McKillen, 2002).

There are some factors that lead to the successful of advertisement, and for this research is Facebook advertisement. Many factors can be said to influence the success of Facebook advertisement. One of the success factors is actual profile of a person's Facebook account. Besides that, growing number of Facebook users is said to be a success factor of Facebook advertisement. Another factor that contributes to the success of Facebook advertisement is friends on Facebook.

By identifying these factors, it can create positive thinking about Facebook advertisement rather than think that it just a waste of money. These factors definitely will bring more revenues to the advertisers.

1.3 Research Questions

This research examined the following key issues:

1. What are the success factors of the effectiveness of Facebook advertisement?
2. What is the relationship between success factors of Facebook advertisement and the effectiveness of Facebook advertisement?
3. Which is the factor that contributes the most to the effectiveness of Facebook advertisement?

1.4 Research Objectives

This research aims for these three objectives:

1. To determine what are the success factors of Facebook advertisement.
2. To describe the relationship between success factors of Facebook advertisement and the effectiveness of Facebook advertisement.
3. To identify which is the factor that contributes the most to the effectiveness of Facebook advertisement.

1.5 Scope and Key Assumptions of the Research

1.5.1 Scope

This research focuses on determine the effectiveness of Facebook advertisement. On top of that, this research describes the relationship between actual profile, growing number of Facebook users and friends on Facebook with the effectiveness of Facebook advertisement. Furthermore, the identification of which factor contributes most to the effectiveness of Facebook advertisement.

1.5.2 Key Assumptions

This research provides the success factors of Facebook advertisement. Besides that, it defines the relationship between actual profile, growing number of Facebook users and friends on Facebook with success factors of Facebook advertisement. On top of that, this research discusses how actual profile, growing number of Facebook users and friends on Facebook can lead to the effectiveness of Facebook advertisement.

1.6 Significance of the Research

This research is significance to advertisers when they want to advertise using Facebook advertisement. Other than that, it is importance also to the advertisers to know what factors that lead to the effectiveness of Facebook advertisement so that they are convinced enough to go for Facebook advertisement. After a basic introduction in Chapter One, this research is organized as, Chapter Two reviews of literature on main focus of the research while Chapter Three explains the method that will be used in this study.

Chapter 2

Literature Review

As we mentioned before, this chapter reviews of literature on main focus of the research. This research focuses on the effectiveness of Facebook advertisement and the success factors of Facebook advertisement. In this section, we will look through about what the previous studies, books and journals discussed on the success factors of Facebook advertisement and how it related to the effectiveness of Facebook advertisement. Other than that, this chapter includes the theoretical framework of the research.

2.1 Facebook advertisement

Advertisements with endorsements create easy remembrance for the customers for the advertised brand or product as the customers associate the brand with the celebrity and can easily register the brand (Deepa, 2013). Advertising objectives are totally distinct from marketing objectives and the focus is on communication objectives that play a part in achieving the marketing goals. Internet advertising, that is the delivery of advertising messages and marketing communications through websites, has presented sustainable revenue growth since its inception in the mid-1990s (Hollis, 2005).

Mark Zuckerberg started the social network Facebook at Harvard University in 2004. Its original purpose was to help students at the university to better communicate with each other (Krivak, 2008). As day goes by, Facebook keeps on receive numbers of people who want to create their Facebook account. Facebook receives its income from companies that want to access members through marketing and advertising activities on the web site (Lilley, Grodzinsky, and Gumbus, 2012). Through online marketing, any business can increase their sales performance at a relatively low cost. There are different options on marketing to choose on Facebook, one of it is Facebook advertisement.

Facebook is said to have the highest number of users compared to other social network. As Facebook has been announced as the most powerful social network, it can be the medium to influence people and find any target customers for business purposes. With more than 600 million active users, Facebook presents a unique opportunity to connect with and educate your ideal audience in a way that your Web site and your blog can't even come close to matching (Porterfield, et al., 2011).

The reason why Facebook has reached such popularity is simply because it opens people to free lines of communication between genders across the world or across the street, in a real time and asynchronous way blending marketing, opinions and suggestions and games perfectly for several minutes of relaxation away from the problems of the world (Naidoo, 2011). At this moment, almost everyone can be found on Facebook. Not just that, even almost every company also can be found on Facebook. This shows that Facebook is a platform for companies to do online marketing. Facebook also has proved that it can be one of the marketing tools in order to grow business. The popular websites such as Facebook, Twitter, and YouTube have close to five million visitors daily and thus have to be considered as a very important hub for marketing (Needleman, 2011).

Facebook is a social network, a utility that aides an individual to connect with one's family, friends and colleagues in a more efficient way (Orpana and Teras, 2011). On Facebook, users create an account with a public or semi-public profile; they then

have the option of showing the identities of their friends, and sharing photos and activity feeds (Palmer and Koenig-Lewis, 2009). Through this, users can share their own information with others, and receive information about other peoples' lives. This leads to a form of collaboration which creates new content (Coulter and Roggeveen, 2012).

Besides the function of social networking, Facebook also acts an effective advertising tool for organizations and businesses (Curran, Graham, & Temple, 2011). Through an application on the Facebook site, Facebook can be used as an advertising tool. Brand or event promotion can be accomplished by creating advertisements and selecting the brand's target audience by location, gender, age, workplace, college, etc. (Curran, et al., 2011).

2.2 Effectiveness of Facebook advertisement

People nowadays are so into social networks such as Facebook. These people are very likely to go for online shopping. Internet has proven itself a useful channel for consumers (Soopramanien and Robertson, 2007) by providing retailers with the ability to broaden target markets, deliver customised offers, enhance customer relationships, extend product lines, improve customer communications, and improve cost efficiency (Srinivasa, Anderson and Ponnayolu, 2002)

Marketing is all about networking. Social Media marketing is like going to a networking event (Safko & Brake, 2009). Lon Safko, 2012 who categorized the entire world of social media as follows: Social Networking, Photo Sharing, Audio, Video, Microblogging, Livecasting, Virtual Worlds, Gaming, RSS and Aggregators, Search, Mobile, Interpersonal.

According to the business dictionary (Business Dictionary, 2009) internet advertising is the "Use of Internet as an advertising medium where promotional

messages appear on a computer screen”. Online advertising are easy, consume time and cheap to publish than the other medium to reach the customers and Internet has no boundaries so business are moving dramatically towards online.

The effectiveness of Facebook advertisement can be measured by the amount of ‘Like’ that the advertisement gets. It shows the amount of people who get attracted to the advertisement. If the people get attracted enough for them to click the ‘Like’ button, it means that the advertisement can be said as successful advertisement.

‘Like’ is way for Facebook users to give positive feedback and connect with things they care about (Suprisanjai, 2011). This statement shows that when Facebook users ‘Like’ an advertisement, they actually are giving positive feedback to the advertiser and it shows that the advertisement has attracted them.

2.3 The success factors of Facebook advertisement

At the beginning, Facebook is just a medium for people to connect through online. Friends from far away can be reached through Facebook just a click away. As social media has rapidly become an important component of hundreds of millions of internet users’ everyday lives all over the world, the different uses of social media are beginning to be understood by marketers (Akar and Topcu, 2011). The term that Facebook has been used for so long is connect with friends and the world around you but at this point of time, Facebook is used to connect with customers rather than just to say hi to your friends. As what Mabry (2010) stated, the evolution of social networks allows for personalized interactions between advertisers and consumers.

Through the explosion of internet based messages, social media has now become a major factor influencing different aspects of consumer behavior including awareness, information acquisition, opinions, attitudes, purchase behavior and post-

purchase communication and evaluation (Mangold and Faulds, 2009). By this statement, Facebook has now become the major medium for advertising as it can influence consumer on their buying behavior.

The reason why Facebook advertisement has been succeed nowadays are, when logging on Facebook, people usually look through everything posted on their news feed and this is considered a great opportunity for companies to have their marketing information exposed to their target audiences. The Facebook users will usually check their news feed on Facebook on a daily basis and will eventually notice the advertisement.

Additionally, Facebook users tend to enjoy content sharing and this has usually been done through the relationship network of users. This means Facebook's fast content distribution feature allows companies to get their messages transmitted to other potential customers by using their current customers as a medium of communication. Besides making personal connection, Facebook is a place where buying decisions are influenced through group interactions (Lee, 2010). These little details mentioned contributed to the success of Facebook advertisement and make the Facebook advertisement more effective as many advertisers can reach to their potential customers without even have to meet them in person.

However, according to the previous research, these factors are not mentioned in a specific name. In this research, there are three factors that have been chosen and rename as actual Facebook profile, growing number of Facebook users and friends on Facebook. These three factors are chosen because they are the most reliable and have been mentioned repetitively in most previous research. The actual Facebook profile is the Facebook users' profile that they inserted in their Facebook page, while the growing number of Facebook users is the number of Facebook users that seems to be grown by time. The friends on Facebook is by the way, the friends that we have on Facebook.

2.4 Actual Facebook profile

Launched in February 2004, Facebook allows users to create personal profiles viewable to anyone in a given network. Individuals can enter information on their background (e.g. high school, hometown), demographics (e.g. birthday, gender), “interests,” political views, and group affiliations, as well as on their cultural tastes (e.g. “favorite” books, movies, and music) (Lewis, Kaufman, Gonzalez, Wimmer and Christakis, 2008)

Facebook advertisement allows the advertisers to analyzing profiles of the audience. This is because people on Facebook tend to give their actual profiles instead of faking it. A typical user profile on a social network site includes information about user: age, location, interests and quite often a profile picture, to mention some examples (Orpana and Teras, 2011). Due this extent, advertisers will have high chance to reach their target customers and this will bring to the successful of Facebook advertisement. Facebook has a massive database with detailed information of its users and the means to utilize that for marketers (Orpana and Teras, 2011).

Knowing the preferences of your customers make it easier for you to enhance your product and plan one’s online marketing campaigns in a much more effective way (Naidoo, 2011). As for that, the Facebook users’ profile can make things better for marketing. On Facebook, each user has a personal page where they can write comments, share photos and be friends with others. Through data mining of the collected user information, marketers can have direct access to their target markets (Kornias and Halalau, 2012).

Users create their pages based on their personal preferences; add others to their network categories; and share events, pictures, videos, or experiences (Safko, 2010). Based on these activities, the advertisers can determine their customers’ personal interest. This is why Facebook users’ profile can be the success factor of Facebook advertisement. Furthermore, due to the exact information on users’ demographic