THE IMPACT OF CHARACTERISTICS OF SOCIAL NETWORKING SITES TOWARD CUSTOMER BUYING DECISION

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SUPERVISOR VERIFICATION

'I/We*hereby declare have read this work and from my/our view* this work is qualified in the aspect of scope and quality for the purpose of awarding Bachelor's Degree of Technology Management (High Technology Marketing).

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DECLARATION

I hereby declare that the work in this thesis in my own except for the quotations and summaries which have been duly acknowledged. This thesis has not been accepted for any degree and is not concurrently submitted for award of other degree.

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DEDICATION

This thesis is dedicated to my parents,

And

To my friends.

For their endless love, support and encouragement.

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ABSTRACT

The growth of social networking sites had improved the interaction and communication of each other. The users can share their opinions and experiences through social networking sites and this may impact the other's behavior in term of purchasing and communication. The purposes of this study were to determine the characteristics of social networking sites toward customer purchase decision. Quantitative research method was used for this research. An empirical study conducted in Melaka and primary data was collected by contribution of questionnaire to 200 participants who are the users of social networking sites. The results and findings of the study showed that the interactive and customer engagement of social networking sites significantly affected customer purchase decision. Moreover, this research provided also implications and recommendations for future research.

Keywords: Social Networking Sites, Customer Purchase Decision, Characteristics Social Networking Sites, Interactive, Customer Engagement

ABSTRAK

Petumbuhan laman rangkaian social menambah baik interaksi dan komunikasi dengan orang lain. Pengguna berkongsi pendapat dan pengalaman melalui laman rangkaian social dan ini boleh membawa kesan kepada tingkah laku membeli dan berkomunikasi dengan pengguna lain. Tujuan penyelidikan ini adalah untuk menentukan ciri-ciri laman rangkaian social dengan keputusan pembelian pelanggan. Kaedah penyelidikan kuantitatif digunakan dalam penyelidikan ini. Kajian empirical dijalankan di Melaka dan data primer dikumpulkan dengan megedarkan social selidik kepada 200 responden yang menggunakan laman rangkaian social. Keputusan dan penemuan penyelidikan ini menunjukkan interaktif dan penglibatan pelanggan dalam laman rangkaian social menjejaskan tingkah laku membeli dengan ketara. Selain itu, penyelidikan ini juga memberi implikasi dan cadangan kepada penyelikan masa depan.

Kata Kunci: Laman Rangkaian Social, Keputusan Pembelian Pelanggan, Ciri-ciri Laman Rangkaian Social, Interaktif, Penglibatan Pelanggan.

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LIST OF ABBREVIATIONS

UTeM	Universiti Teknikal Malaysia Melaka
SNSs	Social Networking Sites
ISNS	Interactive of Social Networking Sites
CE	Customer Engagement of Social Networking Sites
EUE	Ease of Use and Enjoyment of Social Networking Sites
eWOM	Electronic Word of Mouth
SPSS	Statistical Package for Social Science
FPTT	Faculty of Technology Management and Technopreneurship
FYP	Final Year Project

LIST OF SYMBOLS

%	=	Percentage
&	=	And
n	=	Number
sig.	=	Significant
β	=	Standardize beta
t	=	t-value
p	=	p-value
H_0	=	Null Hypothesis
H_1	=	Alternative Hypothesis

CHAPTER 1

INTRODUCTION

1.1   Background of study

In this high technology decade, internet had changed our lifestyle and habits. Social network had become a most effective way of getting closer and know better about the each other because there were more and more people engage in social network. In this technology driven world, social media is significant for digital marketing and it provides a lot of benefits that help business reach millions of customers worldwide. Based on the study of Fotis (2015), social media facilitate their user to express and share their ideas, opinions, and experiences with people. Social sites can use as a platform to deliver information among consumers (Chitharanjan, 2016). Social media sites are used to exchange ideas and opinions as well as to talk about everything and anything. In this regard, users share their opinions on products that they bought and their experiences with other people (Nyanduko, 2016). The internet and social media has become a part of business strategies in the 21st century and it was normally used in marketing tools. Some of the marketers start to use of social media as a component in their marketing strategies, so that they can reach out more potential customers. According to Social Media Marketing Planning Guide (2018), almost 90% of marketers conclude that social marketing efforts help their business to increase exposure in the market.

Thus, this research will determine some characteristics of social networking sites that will influence the customer purchase decision, which are interactive, customer engagement and ease of use and enjoyment. According to Ariel (2015), interactivity is an essential factor of the communication process that can contributes to relational outcomes. The online participants normally carry out the communication and information sharing through social media networking. They can exchange their experiences of after using a products or services with the other users. Customer decision making process was affected by the online consumer reviews, product and services recommendations and peer opinions. In this research, the research will investigate the relationship between interactivity of social networking sites with customer purchase decision.

Besides that, the customer engagement of social networking sites will also impact customer purchase decision. According to study of Farook (2016), customer engagement acts as an emotional connection between a company and their customer. In this regard, customer engagement can be in form of interaction with customers and their participation. There always some people around them and influencing their buying decisions, for example their family, neighbours, reference groups, close friends, work group or other people that consumers associate with (Lautiainen, 2015). The researcher will determine the customer engagement by click, like, share, comment, and brand mention by customers. The user has voluntarily engage to on-going communication with the owner of the page when the user "liking" a page. The users will become "fans" of these pages and receive business updates. They can observe other fans activity on business page through their new feed. They can also know the advertisements of new items, promotion, recommendations, discount and reviews by the other users (Richard, 2014). Thus, when friends use the social network such Facebook to like, share or other interaction, consumers will notice about the products or firms that can affects purchase decision.

Next, the ease of use when using social networking sites can also influence customer purchase decision. According to study of Tan P. K. (2017), perceived ease of use was the ability of someone that can use an innovation without difficulty. People have ability to differentiate best products or services by compare their features or advantages. Consumer cannot test or touch the products or services so they need reliable information before they make purchase decision. Besides that, enjoyment when using social networking sites also act as a predicting valuable of customer purchase decision. Based on the study of Pinho (2015), social networks always consist of high entertainment functions that can make the users enjoy when using it. In this regard, enjoyment associated with the social networks, can be used in term of entertainment, excitement and relief of a stressful life. The fun that provided in Facebook motivate their users to participate in social networks and also pay more attention of products or services on social networking sites. This shows that enjoyment take a considerable role on customer purchase decision (Di Pietro, 2012). In short, easiness to access information that regarding to products or services will affect the customer purchase decision. Therefore, easiness to access products or services information and enjoyment when using social networking sites affects the customer purchase decisions.

Customer decision processes or buyer decision processes was the decision-making stages, which a consumer undergoes before, during, and after they purchase a product or service. The common example is deciding what going to eat or what things want to buy. According to Dewey (1910), who are the first introduced the decision process in form of five stages, it is a popular consumer behaviour model and widely accepted by the others. The stages are problem recognition, information search, alternative evaluation, purchase decision, and post-purchase decision.

The main business factor of social media is it can make recommendations to others or friends, estimate products or services and share their purchases experiments through social media (Perumal P., 2018). Nowadays, online communities become more influence on customers purchasing decision. Social networks influence the way of people behave during the different stages of their purchase decision-making processes. Social networking sites changed also the way behave of customers in their consumption. According to Duffett (2017), the youth's social media use affects customer's identity formation, formation of habits, engagement of brands and company, participation in value creation, their expectations regarding service, brand loyalty creation, purchase behaviour and the value of the company. Based on the study of Murphy (2014) that had determined that user-generated content on social media influenced behavioural responses, which is the purchase intention of youth respondents in Ireland. This showed that communication through social media will impact on customer decision making. The goal for this research is to create a better understanding of how characteristics of social networking sites affects customer purchase decision in Melaka.

1.2 Problem Statement

Although social networking sites is becoming more and more important, and provides huge advantages that can help business reach millions of target customers in the world, however there are still exist argument that the relationship of characteristics of social networking sites and customer purchase decision. With the development of communication field, social networking sites had spread rapidly with a high speed and start to influence this society and also customer behaviour. Besides that, the researcher found that there is lack of significant research explaining the exact characteristics of social media and how it influenced the customer purchase decision (Khatib, 2016). Most research emphasis to investigate the influence of social media toward purchase decision, but not further explain about the impact of characteristics of social networking sites toward customer purchase decision. The researcher attempt to find out the connection of characteristics of social networking sites toward customer's purchase decision especially for customers in Melaka. This factors motivated the researcher to carry out this research.

1.3 Research Question

The thesis work will address the following main research question:

1. What is the relationship between interactive of social networking sites and customer purchase decision?
2. What is the relationship between customer engagement of social networking sites and customer purchase decision?
3. What is the relationship between ease of use and enjoyment of social networking site and customer purchase decision?

1.4   Research Objective

Recognizing the importance of understanding of how interactivity, customer engagement, ease of use and enjoyment of social networking sites affecting customer purchase decision in Melaka. The research is target to initiate the investigation as to whether or not social networking sites may be a potential mechanism for facilitating customer purchase decisions in Melaka.

The research objectives are:

1. To understand the relationship between interactive of social networking sites and customer purchase decision.
2. To determine the relationship between customer engagement of social networking sites and customer purchase decision.
3. To learn the relationship between ease of use and enjoyment of social networking sites and customer purchase decision.

1.5   Scope

The research explored the relationship between the characteristics of social networking sites toward customer purchase decision (customer purchase motivation). Therefore, respondents focused on the user of social networking sites in Melaka. To smaller the scope of findings, the researcher will select 200 users of social networking sites in Melaka as respondents of the study.

1.6   Limitation

The research data for this study was collected among the user of social networking sites in Melaka. The respondents must use at least one social network platform in daily life so that they can provide accurate result for the research. Besides, another limitation for the research is the question for questionnaire should be in English, Malay, or Chinese since the respondent may have a difference language background. Next, another limitation would be the lack of budgets and duration of time to carry out 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 importance of this study is to understand the characteristics of social networking sites. The researcher wants to find out relationship between the characteristics of social networking sites (interactivity, customer engagement, ease of use and enjoyment of social networking site) towards customer purchase decision. The researcher also intends to find out the most significant characteristics of social networking sites toward customer purchase decision. The research can act as a guideline and reference for owner of business which who want to utilise social networking sites to facilitate the customer purchase decisions.

1.8   Thesis Structure

Table 1: Structure of Thesis

CHAPTER	CONTENT
Chapter 1	Chapter 1 use to explain social media background, explain the problem statement, find out the research question and build research objective. After researcher realize the research question and research objective, researcher must find out the scope and limitation in the research and lastly highly the importance of the research.
Chapter 2	In Chapter 2, researcher finds the literature review on books, journal and others academy sources and base on these data. The researcher get sources on what is social networking sites, customer purchase decision making. Social networking sites that choose by researcher is Facebook, Twitter, and Instagram. The characteristics of social networking sites that influence customer purchase decision are interactivity, customer engagement, ease of use and enjoyment of social networking sites. Researcher will also explain the interrelationship among characteristics of social networking sites and customer purchase decision. The conceptual framework was presented and draw the conceptual framework through the hypothesis.
Chapter 3	In Chapter 3, the researcher will analysis method of data collection. Data were collected in form of primary and secondary data. Furthermore, the researcher will also do data analysis and scientific canon.
Chapter 4	The data analysis was conducted in Chapter 4. The researcher analyzes the data through questionnaire distribution and using Statistical Package for Social Sciences (SPSS) Version 25.0 to analyze the pilot test, reliability test, descriptive statistics and linear regression. The hypothesis will also be test by the researcher.