

## APPROVAL

I hereby declared have read this report entitled “Examining the Consumer Attitudes on the Application of Social Networking Sites by Micro and Small Businesses” and from my perspective that it has complied the fulfillment in scope and quality for awarding the degree of Bachelor of Technopreneurship with Honors

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EXAMINING THE CONSUMER ATTITUDES ON THE APPLICATION OF SOCIAL  
NETWORKING SITES BY MICRO AND SMALL BUSINESSES

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JANUARY 2020

**DECLARATION**

“I declared this report entitled Examining the Consumer Attitude on the Application of Social Networking Sites by Micro and Businesses is the result of my own research paper except each as cited in the references”

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## DEDICATION

I dedicate this research to

My mother, Mrs. Azlinda binti Abdullah

And my father, Mr. Maskotem bin Jarkase.

Thank you for raising and support me until now.

My siblings, Nur Farah Aina, Nur Farhana, Nur Farahin, Danial Fikri, Nurin Farisya,  
Nurin Farwizah Shazlyn and Danial Faris Fahmy.

Thank you for having faith in me.

My beloved partner, Muhamad Nur Akmal

My greatest supporter. Thank you for being there.

and all my friends especially, Nurul Syahirah, Nur Faziraizati Nurul Sofiyah, Faizah  
Farhani, Siti Nur Adliyana, Nurul Safika and Nurul Eizzah

Thank you, guys. We made it!

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## ABSTRACT

Social networking sites has been rapidly growing as a central communication channel in today's society. Social networking sites (SNS) give a lot of opportunities for business. First of all, businesses can make advertise their product in an easy way. A lot of SNS users can see companies' advertisements when they use SNS for a different purpose. For marketing management, attitude for advertising is very important. Because consumers' attitude is an important factor in influencing consumers' purchase intention. The purpose of this research is to examine the consumers' perceptions towards social networking sites, to determine the relationship between Perceived Usefulness, Perceived Ease of Use and Perceived Risk towards social networking sites and to identify the most influence factor of consumer attitude towards social networking sites. The data were collected using questionnaires from 379 consumers in Ayer Keroh, Malacca. The result of the analysis showed that perceived usefulness, perceived ease of use and perceived risk had significant in consumers' attitude on the application of social networking sites by micro and small businesses. Perceived ease of use was the most accepted factor on consumers' attitude. The results of this study contribute to know the perceptions and their consumers' attitudes of marketers in Malaysian market especially in Malacca.

Keywords: Social networking sites, attitudes, perceptions, social network, micro business, technology, perceived usefulness, perceived ease of use, perceived risk

## ABSTRAK

*Laman rangkaian sosial telah berkembang pesat sebagai saluran komunikasi pusat dalam masyarakat hari ini. Laman rangkaian sosial (SNS) memberikan banyak peluang untuk perniagaan. Pertama sekali, perniagaan dapat mengiklankan produk mereka dengan mudah. Terdapat ramai pengguna laman rangkaian sosial (SNS) dapat melihat iklan yang dipromosikan oleh syarikat apabila menggunakan laman rangkaian sosial (SNS) untuk tujuan yang berbeza. Di dalam pengurusan pemasaran, sikap dalam pengiklanan merupakan perkara yang sangat penting. Hal ini kerana, sikap pengguna adalah faktor penting dalam mempengaruhi niat pembelian pengguna. Tujuan penyelidikan ini adalah untuk mengkaji persepsi pengguna terhadap laman rangkaian sosial untuk menentukan hubungan antara Kegunaan yang Diperhatikan, Kemudahan Penggunaan dan Risiko yang Dirasakan terhadap laman rangkaian sosial dan untuk mengenal pasti faktor yang paling mempengaruhi sikap pengguna terhadap laman rangkaian sosial. Data dikumpul dengan menggunakan borang soal selidik daripada 379 pengguna di Ayer Keroh, Melaka. Hasil dari analisis menunjukkan bahawa Kegunaan yang Diperhatikan, Kemudahan Penggunaan dan Risiko yang Dirasakan signifikan dalam sikap pengguna terhadap penerapan laman rangkaian sosial oleh perniagaan mikro dan kecil. Kemudahan Penggunaan adalah faktor yang diterima oleh sikap pengguna. Hasil kajian ini menyumbang untuk mengetahui persepsi dan sikap pengguna terhadap pemasaran yang mereka menawarkan di pasaran Malaysia terutamanya di Melaka.*

*Kata kunci: Laman rangkaian sosial, sikap, persepsi, rangkaian sosial, perniagaan mikro, teknologi, kegunaan yang diperhatikan, kemudahan penggunaan, risiko yang dirasakan*

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

The first chapter of this thesis opens with the background of the study and it explain about examining the consumer attitudes on the application of social networking sites (SNS) by micro and small businesses. This is followed by problem statement, the research questions, research objectives, scope and limitation of the research, significance of the study, and the summary that explained more detail.

#### **1.1 Background of the study**

The speedy development in ICT has profoundly affected the way data is processed, stored and shared over the past year. In the 21<sup>st</sup> century, companies must combine

combination of creative technological solutions throughout order to achieve their competitive advantage. Social networking is becoming more vital in the day-to-day lives of users, which has led to fantastic social media and mobile application opportunities. Similarly, the rise of social networks has become more and more popular among Millennials's market segment.

Social networking sites (SNS), which are dedicated to the development of virtual social networks and online communities, are increasingly associated to users who share common interests. Further, with the content, interface and useful functionality, SNS attracts hundreds of millions of users, and this number grows rapidly. In fact, user's expectations, behaviors and trusts of technology affect acceptance and the adoption of such digital technologies. Nowadays, many companies and organizations have allowed their customers to purchase products easily online and keep their customers on SNS. SNS has created new opportunities for companies and organizations, through successful marketing, to increase their business values and generate profit. This also helps managers better understand the user categories that consumers should buy to meet their needs and specifications. For SNS to reach a wide range of SNS users, therefore an understanding of the user segment is advantageous.

Kemp (2017) points out that globally there are over 2.7 billion social media users are active worldwide. Social networking sites (SNSs) are increasing in popularity and number, for instance, Facebook and Instagram. Most people in "Generation Z" living in the digital era are named to be such a phenomenon (Wallace, 2015). According to the report, the mean young people between the ages of 8 and 18 spend more than 6.5 hours on social media while between them spend more than 4.5 hours (Wallace, 2015). It revealed that many people which is adults or kids alike have already been involved in social networking (Bennett, 2015).

## 1.2 Problem Statement

Social networking sites (SNSs) are one of the most popular and fastest innovations in the social media worldwide. Online world has become a new social network which has developed over the last ten years connecting people to different online communities. The potential of online social networks as a marketing tool is increasingly recognized by companies. The fact that many customers reach digitally and display product specifications, cost, design, availability, and other features is a common starting point in SNSs (Facebook, Twitter and Instagram, among others). It is because companies are now selling their products using the internet for the shopping of their products and making customers look at their products like in a brick-and-mortar store. Nevertheless, how do consumers view online shopping the SNSs, and what causes them to go shopping? Social media like Facebook, Instagram, Youtube and Twitter are interactive platforms for online relationships. It's a fairly affordable form of marketing that enables businesses to make direct and end-user contacts. This will encourage and support the use of social media by consumers. Presently, privacy online is currently a major topic (GDPR, 2018) with consumers who consider their data collection or use to be an attack on their privacy for business purposes, and as unethical or unfair practice (Hajli & Lin, 2016).

Besides that, businesses or salespeople have a great deal of market advantage and promote the product via social network sites. Moreover, they can interact with clients or investors. Because the social networking sites are fully utilized, advertisers are not aware of how users view social network sites. Marketers do not know which customer behaviors are primarily being focused on social networking sites.

According to Ariff, (2019), Malaysians were on social media for 5 hours 47 minutes a day. Females spend more time on their social media accounts than men in this study. 21% of women spend over 9 hours a day in social media, while 11% of men spend their time on social networks. The public uses the websites for social networking practices

such as gaming, socializing, collaboration and image sharing (Allen et al. 2014). It soon becomes a standard contemporary trend Boyd & Ellison, 2008, concerns about the future harmful use of social networks have been created.

More research on social networking sites is underway, particularly from the management point of view. Research activities have been reviewed, such as advertisements, eWOMs, brand advertising and the combination of brand shopping. Nonetheless, few studies with impulsive purchases as a key factor in social networking transactions have been reported in the literature. Many people have regular activities in monitoring their social network pages and some appear to be addicted to the social media.

### **1.3 Research Question**

1. What are the consumers' perceptions towards social networking sites?
2. What is the relationship between Perceived Usefulness, Perceived Ease of Use and Perceived Risk towards social networking sites?
3. What is the most influence factor of consumer attitudes towards social networking sites?

## **1.4 Research Objective**

The main objective of this research is to fill up above mentioned gap in the literature. The following listed objectives are identified in addition to the main objectives to achieve through this research.

1. To examine the consumers' perceptions towards social networking sites
2. To determine the relationship between Perceived Usefulness, Perceived Ease of Use and Perceived Risk towards social networking sites
3. To identify the most influence factor of consumer attitude towards social networking sites

## **1.5 Scope of the Study**

The scope of the study is to gain feedback and survey from the community as observer and user that use social networking sites. This study was conducted with a focus on the consumer attitudes on the application of social networking sites (SNS) by micro and small businesses. This study focuses around Ayer Keroh, Melaka because of the higher internet connectivity and there also have many institutions for educations besides have secondary and primary schools. The researcher was focus to the customer and data will collect through survey using questionnaire from customer.

## **1.6 Significance of the Study**

This research is relevant to practitioners especially the marketers because finding may reveal important aspects about the consumer's attitude towards social networking sites. From this research, it will give clear understanding of the consumer attitudes on the application of social networking sites (SNS) by micro and small businesses. The information and results of this study would be crucial to help a business to gain better understanding of social networking sites usage. Besides that, it also helps industry to improve their marketing activities through social networking sites to be more effective and help to increase sale performance. Other than that, it beneficial to the consumer as reference to influence their buying behavior when use social networking sites. Through this research, consumer can gain knowledge and get a lot of information about product they want.

## **1.7 Summary**

This chapter 1 briefly explained about the relationship of consumer attitude towards social networking sites. This chapter consists of seven elements which is background of the study in general explanation regarding the current issues. Second is problem statement to assists the researcher to highlight scope of the research. Third is research question to determine on what want to do. Fourth is the research objective that relate to the purpose of this research study. Fifth is the scope and limitation of the study is focuses to the important this research to the community and limited of doing research. Lastly, significance of the study is to give contribution to society on issues that happen nowadays.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter was discussed about the literature review for this research which the researcher obtained from several sources such as books, journals, newspapers and articles. A literature review can be just a simple summary of the sources. Researcher illustrates theoretical framework development of this study and based on this researcher list hypothesis. Besides, this chapter also describe the perceptions and relationship each of the independent variables with the dependent variable.

## **2.1 Definition of Terms**

### **2.1.1 Social Media and Social Networking Sites**

There are different ways of describing social media. Social media like Twitter, Facebook, Instagram and LinkedIn can be explained as "a set of web-based tools which build Web 2.0 ideology and technology theory and enable user-generated content to be developed and exchanged" (Clark et al., 2018; Kaplan and Haelein, 2010). People worldwide use social media to build and exchange information as common communication approaches. Kietzmann et al., (2011) found that Social media is a very large and highly interactive platform that enables people, groups and communities to develop, develop, share, modify and discover content generated and communications from users by mobile and other web-based technologies. Social media actually refers to particular platforms for communicating, for example forums for discussion, blogs, wikis, social network sites and multimedia websites that are now included in Facebook, LinkedIn, Google+, Flickr, Twitter, Youtube (Bradley & Barlett, 2011). Many platforms can change over time, or some others may replace them, but social media can be viewed through a perspective of the users on the specific platform. Boyd & Ellison identified social network websites in 2008 as Web-based services which allow individuals, (1) to establishment of public or semi-public profiles on restricted networks, (2) to compose other user lists, and (3) to display the links they post, and those completed by other users in the program that differ in their existence and nomenclature on the website.