Factors influencing purchase intention based on Facebook advertising: A study on Generation Y consumers in UUM

by

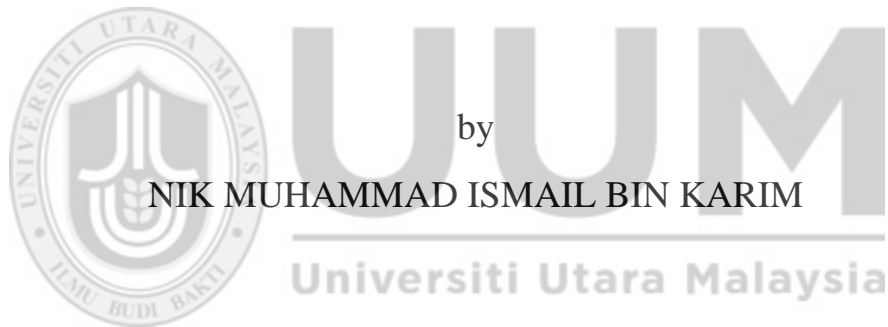**NIK MUHAMMAD ISMAIL BIN KARIM**

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Thesis submitted to the Ghazali Shafie Graduate School of Government,
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in fulfilment of the requirements for the Degree of Master of Science
(International Business)

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ABSTRACT

This purpose of this paper to is to discuss the phenomenon of social media advertising, and investigate the effectiveness of social media advertising on Malaysian Generation Y consumers. The framework as described in the study is adopted from the new model of website advertising effectiveness proposed by a group of Macedonian researchers in 2009. The significance of this study is to illustrate the idea how businesses can strategize on how they can improve their advertisement on social media by improving purchase intention towards their products. For this purpose, the study was focused on advertising on one of the most popular social media platforms, namely Facebook, on Malaysian Generation Y consumers. They study embarked to find out the relationship between Facebook advertising attributes, Facebook page credibility, and communication towards purchase intention. A quantitative study was employed using questionnaire-based survey. The survey took place in Universiti Utara Malaysia, where it received participation from 200 respondents. Data gathered from the survey were analyzed with Pearson correlation coefficient, using SPSS 2, in order to test the hypothesis. The study found that Facebook advertising attributes, Facebook Page credibility and communication have positive relationships towards purchase intention. The study contributes on how businesses can strategize their advertisement on Facebook by putting emphasis on the factors that influences purchase intention.

Keyword: Generation Y, Facebook, advertising, purchase intention, Malaysian
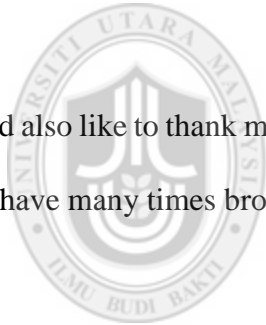
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CHAPTER 1: INTRODUCTION TO THE STUDY

1.1   Introduction

This chapter outlines the research problem, research questions, objectives of the research, context of the current study, potential contributions, research methodology and thesis outlines.

1.2   Research problem

The development of internet has affected the way businesses are done. Many people nowadays prefer online instead of conventional shopping. Despite this ever-growing phenomenon a study indicated that although Generation Y demonstrate the higher usage of the internet and social media in comparison to Generation X and Baby Boomers, they are less likely to make online purchases as opposed to their older cohorts (Moore, 2012). In the context of Facebook, this is an area that can really use an improvement in advertising where business can tap into the potential consumer base, considering that Generation Y Facebook users in Malaysia alone are more than 10 million people, about about 80 percent of the overall users in the country (MalaysiaAsia, 2013).

Not only that, there are only a handful of studies addressing the relationship of social media and advertising/marketing with the majority of the studies were conducted in the context of the developed countries (Okazaki & Taylor, 2013). Thus, it shows that the studies about the social media advertising in developing countries are lacking. In order

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to fill this gap, this study is focusing on the factors of advertisement on social media platform, specifically Facebook, that influences purchase intention among Generation Y consumers in Malaysia.

1.3 Research questions

In particular, this study addresses the following research questions:

RQ1:   What is the perception of Generation Y consumers in Malaysia towards advertisement on Facebook?

RQ2:   What are the factors of the advertisement on Facebook that influences purchase intention among Generation Y consumers in Malaysia?

1.4 Research objectives

As the study attempts to examine the effectiveness Facebook advertising, several criteria that could present the clue to the purpose of the study have to be met. The followings are the objectives of the study:

I.   To determine the how of Generation Y consumers perceive advertisement on Facebook.

II.   To identify the factors of advertisement on Facebook that influences purchase intention among Generation Y consumers in Malaysia.

1.5   *Significance of the study*

As companies now flocking to the social media platforms given their growing awareness of how important and economical social media as a channel to advertise their business especially targeting large base of young and Internet-savvy consumers, it is hoped that from this study, key areas that can contribute to the effectiveness of advertising on social media, especially Facebook, could be identified. These key areas will help companies to design the correct advertising strategy and content so that their effort will not be fruitless. Besides, this study can be used as a guideline in exploring other attributes of social media in the future.

CHAPTER 2: LITERATURE REVIEW

2.1   Introduction

This chapter explores past literatures on the foundation for the conceptual framework, followed by the hypotheses of this study. This chapter aims to build a deeper understanding on how advertising on social media, particularly Facebook can be effective.

2.1.1   Theoretical framework

2.1.1.1 Technology Acceptance Model (TAM)

Davis (1989) proposed Technology Acceptance Model (TAM) in order to explain factors that can influence how users would accept information system. The model indicates that actual technology acceptance is a function of behavioral intention. In TAM, the major constructs are 'perceived usefulness' and 'ease of use'. These two constructs are a set of cognitive response that leads to the required attitude and intention towards acceptance of technology (Davis, 1989). In the sense of application, TAM can be used to predict technology acceptance in multiple contexts because it is simple and robust, particularly when it comes to understanding the variety of purchase attitude (Mathieson, 1991; Venkatesh & Davis, 2000). Other than that, TAM also has been found to be able to explain the purchase intention of online consumers (Chen *et al.,* 2002).

Since its inception, Technology Acceptance Model has been the most prominent theory in the studies of information technology (Gefen & Straub, 1997). In its foundation, TAM is built on the supposition that belief is a precursor of attitude that leads to intention and eventually behavior. In that regard, TAM has also been utilized internationally for the reason to investigate the behavior of consumer towards corporate websites as well as and how the websites would influence consumers purchase intention.

2.2 Generation Y

2.2.1 The study of generational grouping

In general, the study of generational grouping has been in existence for more than thirty years (Reynolds & Rentz, 1981). The study then was made further with the advent of the Strauss-Howe generational theory (Howe & Strauss, 1991), which comprehensively describes the segments of generation dating back from as far as the thirteenth century. Essentially, the theory claims that the members of society can be classified into groups in accordance to the cycle of history, which consists particular events that influence the viewpoint and conduct of the members of each group. Although the inception of the theory was based on the context of the United States population, globalization coupled with technological advancement over the years has made way for cross-border classification (Schewe & Meredith, 2004). Commonly, the theory is put into application with regards to market analysis due to its coherence in determining the markets.

Basically, the current population of the world consists of four distinct groups. Generation Y, or sometimes referred to as the Millennial Generation is the twenty-fourth group in the Strauss-Howe Generational Theory. The people of this generation include those who were born in the years between 1982 and 2004 (Howe & Strauss, 1991). This cohort is preceded by Generation X, which is made up by the population of people born in the years between 1961 and 1981 (Howe & Strauss, 1991), and is preceded by the Baby Boomers, which include those who were born in the years between 1943 and 1960 (Howe & Strauss, 1991). Generation Y or the Millennial Generation is followed by the Homeland Generation, of population born between 2005 until present. These classifications are of course not the definite scheme, in which there are also other proposed classifications, as some researchers do not agree on the distinguishing events that divide these groups (Zemke *et al*., 2012; see Brosdahl & Carpenter, 2011). Therefore, some discussions with regards to the characteristics of Generation Y maybe indefinite and unspecific (Bolton *et al*., 2013).

2.2.2   *Generation Y's usage of social media*

Some notable behaviors can be identified with Generation Y's usage of social media. According to Palfrey and Gasser (2008), Generation Y's affection for social media can be traced back to their need to interact with other people. In this regard, the users from age 18 to 34 years old demonstrate a greater tendency, in contrast to older age groups, for social media interactions with their family, friends and associates (Bolton *et al*., 2013). Other than that, it is also observable that Generation Y exhibits the tendency to think highly of other's opinions in social media, and place themselves in high regard

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when they give response on the matter of brands or products that they prefer (eMarketer, 2010).

2.3   The concept of purchase intention

There has been several definition of purchase intention proposed by academics over the years. Phelps and Hoy (1996) define purchase intention to be the likeliness of purchase of product by a particular customer, while Belch and Belch (2004) came up with the definition of purchase intention as the tendency to purchase a specific brand or product. Nevertheless, researchers have observed that purchase intention serves a rather significant role of which it anticipates the purchase behavior of consumers (Goldsmith 2002; Yi, 1990; Gresham & Shimp, 1985) and has therefore, in several studies, been researched as a dependent variable (Goldsmith *et al.,* 2000; Machleit & Wilson, 1988). Over the years, studies have found that there is a positive relationship between brand attitude and purchase intention (Mitchell & Olson, 1981; Shimp & Gresham, 1985; Batra & Ray, 1985; Mackenzie, Lutz & Belch, 1986; Machleit & Wilson, 1988; Homer, 1990; Brown & Stayman, 1992; Homer & Yoon, 1992; Phelps & Hoy, 1996).

2.3.1   The effect of trust towards purchase intention

According to Jevons and Gabbot (2000) trust, in its broad definition can be described as the inclination to depend on a party that stems from the confidence on the attributes and behavior of that party while positioning themselves against a risk. In that similar remark, while discussing the relationship between brand attitude and trust, the concept

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of brand trust can be described as the inclination to be contingent to a brand, by basing such contingency on the confidence about the brand, regardless of risk or precariousness that can be identified with the brand (Chaudhuri & Holbrook, 2001; 2002; Delgado-Ballester *et al.,* 2003; Becerra & Kargaonkar, 2011). The makeup of brand consists of several elements, of which according to scholars, brand trust is constituted of cognitive beliefs (Delgado-Ballester *et al.*, 2003), and also the perceptions regarding the brand (Elliot and Yannopoulou, 2007).

The trust that consumers have on a brand influences their attitude towards the brand along with other brand-related behaviors and elements that include purchases, loyalty towards the brand, perceived brand value, commitment towards the brand, and brand referrals (Chaudhuri & Holbrook, 2001; 2002; Delgado-Ballester *et al.,* 2003; Elliot & Yannopoulou, 2007). A study by Becerra and Korgaonkar (2011) finds that brand trust escalates consumers' intention to purchase brand online, of which it amplifies the idea of how trust in the online vendor influences online purchase intentions. Similarly, Reichheld (2011) maintains that, since brand referrals require a firm or a brand to wager its reputation, the likeliness of consumers to promote a brand is higher when they have confidence that the brand can live up to the expectations. On that account, it is expected that consumers' trust towards a brand have a positive relationship with the degree to which consumers are involved in brand-related behaviors, where one would of course be brand purchase intention (Beccera & Badrinarayanan, 2013).

2.4   *The definition of advertising*

The word advertising derives from a Latin origin 'advertere', which means 'to turn the mind forward'. Britannica Dictionary defines advertising as 'a form of paid announcement with interest to promote the sale of commodity or services, to advance an idea or to bring about other effect desired by the advertiser". Advertising is basically a method of information transfer, intended for communicating a brand or product to the intended audience for the purpose of establishing awareness so that later the audience can take action on the brand or product. There is, however, no generally accepted single definition of advertising, from which scholars have agreed that any attempt to define advertising in its entirety would only highlight some aspects while ignoring others.

2.4.1   *Origins of advertising concept*

According to Bendixen (1993), a great deal of advertising concepts nowadays was developed back in the early 1960s, where they were primarily designed based on the hierarchy of effects model (Lavidge & Steiner, 1961). The model suggests that consumers who buy a product act through the hierarchy of six sequences beginning from awareness, up to knowledge, liking, preference, conviction, and eventually purchase. From the model, these sequences are classified into three distinct stages, which are:

(a) Cognitive stage - awareness and knowledge

(b) Affective stage - liking and preference

(c) Behavior stage - conviction and purchase

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Based on the model, although to a large extent of consumers who have the chance to observe and/or listen to advertising may arrive at the cognitive stage, a lesser number of them will reach the affective stage and much lesser for the behavior stage (Bendixen, 1993). In observance to this phenomenon, MacDonald (1984) came up with the brand loyalty ladder model that addresses five fundamental stages in the process of communication; unawareness, awareness, comprehension, conviction and action.

2.4.2 Advertising in business

2.4.2.1 The reason why companies spend big money on advertising

In the past, there were many studies investigating the reason for the big budget that companies allocated for the purpose of advertising (Ha, John, Janda & Muthaly, 2011) and they are mostly linked to brand loyalty. As advertising spending affects the expectation on products or the quality of service (Kirmani, 1997; Moorthy & Zhao, 2000; Yoo & Donthu, 2001) its indirect link to brand loyalty suggests that the amount of money spent on advertising affects the perception of consumers towards the firm, which is essential in building brand loyalty, more than the advertisement itself (Ha *et al*., 2011). Another reason for the big spending as noted in past literatures are to reinforce perceived performance and brand usage experience (Kirmani & Wright, 1989; Moorthy & Hawkins, 2005).

2.4.3   Advertising is part of company's strategy

Boudreau and Watson (2005) stated that in doing business, firms are to encounter three strategic challenges, namely demand risk, innovation risk, and inefficiency risk (Child, 1987). As the Internet became more established among the mainstream consumers in the mid-1990s, businesses began to realize that the services that the Internet provides such as web browsing and e-mail can be put together strategically to make advertisements more effective (Watson *et al.,* 2000). In this context, an Internet advertising strategy refers to the inception, positioning, and deployment of electronic messages that are to be read by, have an influence on, the audience that the business intended. The inception of the message content has to embrace technologies that the Internet has to offer, such as audio or video streaming that would appeal the consumers. When positioning and deploying the advertisement, businesses need to consider the platform that would make the advertisement more effective.

Agrawal (1996) proposes that advertising can be viewed as a 'defensive' strategy in order to develop brand loyalty that contributes in keeping hold of loyal customers, while price promotion can be seen as an 'offensive' strategy applied to draw loyal customers away from the competing brands.

2.4.4   Advertising is part of company's survival

Groucutt (2006) suggests that over time, the market could overwhelm companies and they could eventually fail to sustain their operations. Theses failures could be due to microfactors such as customers, financial stability, promotion; or macrofactors such as

politics, economy, law, and environment. In order for a company to survive, it must always keep with the pace of changing environment that it is in, whether by adapting with the changes or rejuvenates its brand from time to time. With regards to brand rejuvenation, it could be accomplished by carrying out two core activities, which are innovation and re-positioning. These two activities are not mutually exclusive and can be observed taking place concurrently. Brand re-positioning, in particular, requires advertising to drive the initiative forward either by physically placing the brand against the competitors or by persuading consumers that the brand is the right one for them.

2.4.5   *Advertising and consumer's attitude towards brand*

2.4.5.1 *Advertising can change perception towards the brand*

Brand perception is the idea that consumers have in mind with regards to a brand. Oftenly linked to quality; brand perception is crucial in ensuring brand loyalty (Ha *et al*., 2011). In past literatures, scholars see perceived quality to be personal and subjective (Anderson & Sullivan, 1993). Oliver (1999) defines perceived quality to be worldwide consumers' verdict on the excellence of product or service that intergrates the expectation and notion of consumers. In order to explain the role of advertising in changing brand perception, we can look at Durgee's (1988) simplistic suggestion regarding the two purposes of advertising, which are to excite and to inform. Advertising can be distinguished between the symbolic, value-expressive (image) basis and functional appeals (Johar & Sirgy, 1991). The symbolic approach focuses on developing a personality for the product or suggesting an image of the product user. On

the other hand, the functional approach focuses on telling the consumers about the benefits of the product that are considered to be very functional and important for them.

2.4.5.2 Advertising can trigger purchase intention

De Chernatony & McDonald (1992) emphasizes that branding is created from the habit-forming tendencies of consumers, suggesting that branding and the ability to make a choice is inseparable; advertising help to control value acquisition and give branding a direction. Meenaghan (1995) explains that in order to describe the role of advertising in influencing purchase intention, we need to consider both cognitive school and behavioral school of advertising effects and consumer behavior. The cognitive school sees consumers as rational decision makers that work their way along a series of physical and mental phases in the direction of making the purchase. The behavioral school, on the other hand, adopts a more symbolic, intuitive and emotional approach towards the product, where advertising is expected to conjure the symbolism and imagery around the product, which will lead to an intuitive and emotional relationship between the brand and consumers.

2.4.5.3 Advertising can trigger desire

Levy (1959) suggested that people purchase goods not only for the purpose of usage, but also the meaning that they carry. In addressing the concepts of brands as social indicators, the general consensus now recognizes the relationship between brand and user self-image as a key influential factor for consumers desire (Belk, 1983; Sirgy,

1982). In general, consumers are being sold at two classes of value; intrinsic values that focus the perceived quality of the product, satisfying consumers functional desires; and extrinsic values that focuses on the symbolic essence of the product that derives from advertising-driven imagery.

2.4.5.4 Advertising on Facebook and purchase intention

Advertising in social media is one of the recent means of Internet advertising. Gruber (2006) raises a question concerning the capability of social media advertising to succeed when the advertisements are most of the time overwhelmed by user-generated content, which the audience normally finds them more interesting than the advertisements. Interestingly, users do not reject these advertisements since social media platforms mostly follow a broadcast media model, where revenues from advertising finance the content. Gruber (2006) highlights that the users would prefer to receive these advertisements than to pay in order to participate in social networking, which brings us to the question of whether or not the users notice the advertisements shown and whether those advertisements present any influence on purchase decisions as well as brand awareness among the users. This situation gradually change social media platforms from a pull medium to a push medium, where users are served with numerous advertisements when they log on to social media, instead of users pulling information from the platforms.

Businesses that have long effectively utilize their corporate websites as a distribution channel are able to distinguish themselves against their competitors. Prior to the

mainstream popularity of Facebook, past literatures highlighted that businesses focuses their online advertising strategy on elements such as the usability of the site, contact information, design (Chung & Law, 2003; Liang & Law, 2003; Law & Hsu, 2005) to evaluate and improve the performance of their sites. With Facebook nowadays, businesses can do a lot more with information that they can give to consumers, and this multitude of information can be viewed as the businesses' all-inclusive internet marketing strategy (Phelan *et al.,* 2013). Corporate websites nowadays provide links to their corresponding Facebook Pages or other social media platforms. This is because by establishing their presence in the social media, businesses can further assist the variety of their prospective consumers by providing responsive, two-way information that can help the consumers to make a more informed decision. For example, while the Baby Boomers and Generation X have a more preference towards websites and marketing messages through e-mails, Generation Y are more heavily connected to social networking sites, of which Facebook has the largest user base, and more inclined to take part in promotions and other activities online (Dickey & Lewis, 2010; Taylor *et al.,* 2011).

In comparison to corporate websites and other communication channel, social networking sites like Facebook has more interactive features that would appeal to prospective consumers. For instance, the quick, instant messaging system available on social networking sites like Facebook Messages, which nowadays are available on both conventional web browsers on personal computers as well as smartphones, allow consumers to interact with businesses easily wherever they are. Moreover, Facebook also provides an easier platform for businesses to incorporate visual aids, such as photos

and videos which enable prospective consumers to find out the latest and updated information about the product while also exploring the array of available products and services (Kessler, 2010). If we take a hotel business for example, these features on Facebook can help traveling backpackers or family in need for an overnight rest in their travel to find out the nearest and the best hotels to stay, all through their smartphones or tablets or maybe pay a few minutes visit to an available Internet café to do so.

In light of this, past researchers has recommended that businesses should focus on providing ample contact, product and service information on their websites as these features are very critical to visitors of their websites (Rong *et al.,* 2009). With Facebook, businesses can do a lot more by expanding user experience from the more formal presentation on their websites to a more relaxed, interactive platform. By doing do, it would allow businesses to provide a more complete and convincing information to appeal prospective consumers (Musante *et al.,* 2009). If the information is in abundance as well as accurate, it has the potential to result in convincing casual browsers of the sites to become buyers (Musante *et al.,* 2009). Hence, the amount and the accuracy of information available on the Facebook Pages can positively or negatively influence consumers' purchase intention (Musante *et al.,* 2009). This is a key factor in ensuring their online marketing strategy to be effective enough in influencing the use intention as well as purchase decision of their custormers (Chung & Law, 2003; Scheuler, 2005; Schlosser *et al.,* 2006; Parboteeah *et al.,* 2009).

Therefore, the study proposes that:

Hypothesis 1: There is a positive relationship between Facebook advertising attributes and purchase intention.

2.5   Social media

2.5.1   The concept of social media

According to Universal Maccan International (2008), social media can be described as online applications, media and platforms which purpose is to smoother the interactions, collaborations and content-sharing. To date, the term 'social media' has the observable tendencies of interchangeable use with the much earlier term of 'Web 2.0', which refers to the second generation of internet-reliant applications where online users can now regulate how information is produced, arranged and distributed (Bell & Loane, 2010; Okazaki & Taylor; 2013; Palmer & Koenig-Lewis, 2009). Other definition of social media from other scholars describe social media as a succession of innovation in technology with regards to both software and hardware, which makes it easier for the creation of inexpensive contents, how information is accessed, used and exchanged by online users (Berthon *et al*., 2012). In comparison to the traditional computer-facilitated communications, social media is different in three, key aspects: a pivotal change in users' activity from the desktop to the web in terms of greater accessibility; a pivotal change in value production by companies to consumers as a result of greater interaction and interactivity; and a pivotal change in power from companies to consumers (Berthon *et al*., 2012).

The significance of social media is evident is the interaction between the users and the community, as well as the establishment of non-chronically confined, quick, interactive, relatively inexpensive communication technology (Miller *et al*., 2009). In general, social media enables online users to build a public or semi-public description of oneself within the bounds of a particular system; to bring into the open a list of other users that

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demonstrate similarities and to view and extend their list of connectivity as well as of others within the boundary of the particular system (Boyd & Ellison, 2007). From this, social media especially social networking platforms can be described as alternative tools of communication that help to manage one's relationships and activities in a more interesting and leisurely manner, which can improve the user's gain from participation (Ofcom, 2008).

On most relatively more extensive social media sites, particularly social networking platforms such as Facebook and Google+, the users are generally more inclined to manage relationships by keeping in touch with old friends who are already inside their network, instead of meeting new people (Boyd & Ellison, 2007; Hart *et al.*, 2008). Other than the social networking sites that emphasize on consumers, there are also platforms that enable professionals and trade associations to establish their networks addressing specific interest to potential members (e.g. LinkedIn) where it helps to focus the activities on the network stay on the desired objective (Palmer & Koenig-Lewis, 2009).

According to Constantinides and Fountain (2008) and Kaplan and Haenlein (2012), social media can be classified into the following categories:

- Social networking platform/sites - web applications that allow users to establish personal websites that other users can access for personal content exchanges and communication (e.g. Facebook, Twitter, Google+)
- Blogs - websites consisting firms' or individuals' online articles or journals which often include videos and audio podcasts (e.g. Blogspot, Wordress, Tumblr)

- Content communities - websites that serve as repository that organize and share particular contents (e.g YouTube, SoundClound, Flickr)

- Collaborative projects - websites that allow access to users to insert or modify generally accessible contents shared by many (e.g. Wikipedia)

- Forums/bulletin boards - (DotaForum, MacRumors Forum)

- Content aggregators - web applications that allow users to have full customization with regards to web contents that they wish to only view or view and distribute (Reddit, ScreamingMedia, Moreover)

- Virtual social world - applications that emulate real-world scenario which that allow users to be part of a simulated community online (Second Life)

- Virtual game worlds - applications that emulate real-world scenarios for the purpose of entertainment (EverQuest, SkyRim, SimCity)
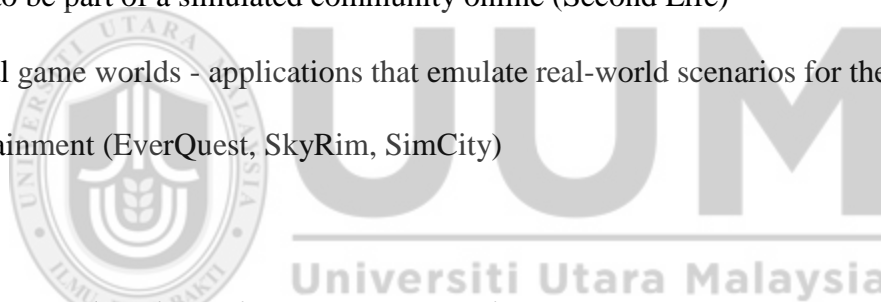
2.5.2   Social media and consumers' attitude

Studies conducted on social media describe user activities to be either contribution (content-creation, posting, editing) or consumption (browsing or reviewing) (Schlosser, 2005; Shao, 2009). Findings indicate that most users prefer to consume instead of contribute to social media. To illustrate, more than 52% users who are actively accessing social media subscribe to a brand (Nielsen, 2009) in preference to do active contribution of content with regards to the brand. In reference to the matter, only a small population of users can be credited to the large portion of generated content (Bughin, 2007), although some less-contributing users do become more active in contribution of content from time to time (Hanna *et al*., 2011). Based on a survey addressing ten global markets,

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social networking platforms as well as blogs receive the most visit by online users in each country, which account for the most hours spent online, accessed by more than 60 percent of active users of the Internet (Nielsen, 2009).

Given the huge and growing number of social media users year after year, we can see that the growing user base can serve as a reflection of the current market online, and how it contribute to Internet marketing especially those from consumer's own suggestion or word-of-mouth. Hennig-Thurau *et al*. (2004) describe electronic word-of-mouth as any positive or negative remark issued by prospective, existing or previous customers with regards to a product or firm that is brought to known to the population of people or establishment through the Internet. Correspondingly, another version of interpretation can be referred to the work of Cheung *et al*. (2009) describing electronic word-of-mouth as the level of one's perception of a recommendation or review as convincing, accurate or fact-based.

Consumers issue online word-of-mouth referral primarily due to the inclination to interact with other people, care for other consumers, economic incentives, and the likelihood of improving one's own self-worth (Henning-Thurau *et al*., 2004). Past literature mentioned that people generally recognize consumer endorsement of products or service to be more reliable than those of professionals (Huang & Chen, 2006). The influence of a 'market maven' - people with general knowledge or mastery of the marketplace (Feick & Price, 1987) - is completely different to an opinion leader with product-related understanding or mastery. Consumers are capable to recognize market mavens, making reference to them when deciding the choice of consumption, and can tell them apart from personnel with product-related know-how (Freick & Price, 1987).

By being able to do so, consumers are more confident in seeking useful information online (Smith *et al*., 2007); therefore can enjoy in doing so while interacting with other consumers in the virtual world while can comfortably place reliance to the network of consumers that can counsel their decisions of purchase.

Some studies point to an interesting influence of social media on the matter of practical cognitive function of encouraging the choice for products among consumers (Palmer & Koenig-Lewis, 2009). This is not; in anyway, suggesting any new aspect of peer influence towards decision of purchase, where the common models of buyer behavior have always incorporated said influence into their frameworks. As a matter of fact, there are a lot of evidences in this matter where in making comparison between products or services, consumers display a preference towards information given by friends and known acquaintances, instead of the company's standard promotion (Harrison-Walker, 2001; Susskind, 2002).

2.5.3 *Social media as brand development strategy*

For many new startups, the social network platform particularly Facebook has enabled them to establish their business and conduct promotional initiatives that are remarkably low in cost, which in some way leveling the playing field for everybody (Indrupati & Henari, 2012). With all the observable changes in business environment with the advent of social media, the focus now rest on the elements that make the demand for social media occur; the online users. In general, the Generation Y or the Millennial Generation represents the majority of online users of who frequent the social media. Having grown

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up in the era of rapid technological advancement and digital environment, the manner of day-to-day work and living are significantly influenced by information technology (Bennett *et al.,* 2008; Wesner & Miller, 2008).

In determining the best products to be advertised on social media especially Facebook, Marsden (2011) further relates the significance of online user word-of-mouth, in which it can accelerate sales by pointing out the products to the customers via referrals. On Facebook, for example, word-of-mouth or referrals allow potential customers to gain more diverse and normally reliable information on the go that can help them make better and quicker buying decision. Marsden (2011) summarizes that, based on how word-of-mouth referrals work normally effective for first-time purchases of new and original products that consumers would regularly take a longer time to buy, products that can sell well from social media advertising are:

(a)   Interest - professional instruments, hobby, beauty, fashion, sports

(b)   Experiential - music, movies, books, restaurants, events, TV shows

(c)   Services - financial services, telecoms, travel, professional services

(d)   'High price' items - smartphones, computers, automobiles

From the listed categories, we can see that many of them appeal to Generation Y, who at the same time makes the largest user base of the Internet and especially social media. Let us take smartphone user base in the U.S. for example. Market research agency, Forrester in 2012 found that nearly all of Generation Y consumers, which belong to the

age group of 24-32 years old have a mobile phone and 72 percent of them are smartphones. On a research that focuses on Generation Y worldwide and smartphones conducted by Cisco in 2012, it was found that:

- From the survey, 9 out of 10 Gen Y said that they participate in online shopping.

- 58% said that they regularly based their online purchase decisions on customer reviews while 28% refer to online reviews only at occasions.

Out of five people, three of them (57%) are willing to give out their email address to online stores in order to receive future updates on discounts and so on. But very few are keen to give out phone numbers and other personal data.

2.5.4 The credibility of Facebook Pages and purchase intention

Credibility can be associated with the objective and subjective components of the plausibility of source or message (Yaakop *et al.,* 2013). In the context of media and advertising, credibility can be described as the magnitude to which the consumer finds plausible or having credentials in the claim of the media or the advertisement (Moore and Rodgers, 2005). In the earlier study, Johnson and Kaye (1998) found that online sources were deemed to be reliable, which young people shown tendencies to trust information available on the Internet. During that period, the study recognized that although that information available on the Internet were somewhat unregulated and the reliability of those information was not subjected to the same manner of probing as was

the traditional media, such as television, radio, and newspapers; they were still regarded as credible source of information.

However, despite recognizing the credibility of online information (Johnson & Kaye, 1998) the credibility of the Internet as a medium of advertising was found to be very minimum. In their progressing study, Johnson and Kaye (2002) found that dependence to traditional sources, political trust and convenience were the factors to predict the credibility of online media.

So how does Facebook Pages ensure credibility exist in their environment? First of all, Facebook is a singular platform where it becomes a hub for users from similar and different backgrounds converge on similar interests; brands for example. In a pre-social media world, the identity supporters of a brand was primarily unknown. Consumers could only speculate the identity of other people who share the same support for the particular brand, or perhaps after seeing them, usually public figures, representing the brand on television, newspapers or hearing them on radio. With social media, Facebook in particular, the identity of brand supporters can be made transparent to other prospective consumers. Facebook users who are browsing through a brand Page are likely to found out who else is supporting the brand, with their photos and other information available on their personal Page, in other words having their virtual presence known (Naylor *et al.,* 2012).

On Facebook, a user generally becomes a supporter of the brand through clicking the 'Like' button. Although marketers do acknowledge that the number of 'Likes', where some are even by the millions, may not necessarily represent a meaningful conclusion (Lake, 2011), consumers are growingly look to social media platform, Facebook

especially, to come up with opinions about brands that they find unfamiliar, through the information that they could find on those Pages (Baird & Parasnis, 2011; Newman, 2011).

People has the tendencies to demonstrate affinity for those that they find sharing similar views (Lyndon *et al.,* 1988; Morry, 2007). Building up from this, affinity for a particular brand will also develop upon seeing others who support the same brand (McCracken, 1988; Escalas & Bettman, 2003; Berger & Heath, 2007). In the context of Facebook, users may find other users supporting the brand come from their own circle such as their family and friends or those whose opinion may matter, such as politicians, celebrities or athletes. Therefore, their evaluation of the brand will be built by confidence that they have on other supporters that they can trust, which can result in making decision to purchase (Naylor *et al.,* 2012).

Therefore, the study proposes that:

Hypothesis 2: There is a positive relationship between Facebook Page credibility and purchase intention.

2.6   *Communication*

Nowadays, the foundation of online activities are based on the attributes of Web 2.0, a term made popular after the collapse of the dot com bubble in the early 2000s (O'Reilly, 2005). Early internet websites or Web 1.0 enabled only unilateral communication via static web pages, in which publishers can be said to be lecturing the users. Conversely, Web 2.0 of our age is based on multilateral communication, where users can share and

collaborate with more emphasis given on user-generated content. According to Thackeray *et al.* (2008) this collective intelligence points to an environment of nobody knows everything, but everybody knows something, and what is known can be passed to others immediately. In the past, consumers made use of the Internet simply for content consumption. They read, they watched, and when Michael Aldrich demonstrated the possibility of online shopping back in the late 1970s, consumers began to use the Internet to purchase products and services. Nowadays, consumers are increasingly using the many platforms on the Internet such sharing sites, blogs and particularly social network to generate, modify, share and discuss the content of the Internet. This illustrates the power of online communication, which in the business world has the potentials to bring significant impact on the reputation of a firm, its sales, and even survival.

One of the key factors of communication on social media is that it is instantaneous. Facebook, for example, enable users to post what they want to say online in a matter of seconds, be it public or personally to other users. Therefore, in placing social media as communication tool for business, it is now particularly important in marketing, where companies can monitor positive and negative feedbacks much faster; and customer service, where companies can have conversation with customers in real-time and therefore can engage and act in providing solutions to customers immediately.

In light of this, nevertheless, promotional efforts by companies now shift from addressing the traditional dyadic company-consumer relationship towards a triadic interrelation of company-consumer-community (Palmer & Koenig-Lewis, 2009). Given the vast and frequently accessed nature of social media, we can see that on

Facebook, in particular, information sharing between friends and acquaintances enables a message pertaining to business, brand or product to enjoy rapid dispersion across the network. Companies nowadays can seize the opportunity to initiate 'viral' marketing where the quick, far reaching distribution of message among friends can bring clusters of friends in each respective network into the loop as well (Ferguson, 2008). For example, the extensiveness of social media referral is evident in reports where more than 63 percent of European users of social media pay a visit to sites mentioned or displayed on their friends' pages, while about 11 percent of visits to entertainment and music sites in 2007 were results of direct referral from social network platforms (Hitwise, 2008). Viral marketing now is becoming more crucial for companies, as it becomes more apparent that pushing brands awareness and other marketing effort using traditional marketing vehicles are becoming less effective, with the immense growth of social media and decreasing subscribers of conventional media (Leskovec *et al.*, 2008; Subramani & Rajagopalan, 2003).

The fast and rapid dispersion of information from online word-of-mouth is not without its own risk. In the past, companies could always take early preventative measures on matters that could jeopardize their reputation in the eyes of the consumers. Due to its speedy nature, online word-of-mouth, particularly on social network platforms can potentially pose a threat to companies as remarks of discontented and disappointed consumers can be rapidly spread inside its networks. It also present a way for people with malice to spread lies and hoax, of which unsuspecting users can easily believe and share to others.

According to Kietzmann *et al.* (2011) the rise of social media can also be interpreted as the democratization of corporate communication. Traditionally, companies could afford a more manageable control of information about their products and services that they want the public to have through their marketing and public relations. In this age, however, such control begins to diminish due to instantaneous share of information on social media platforms, where communications pertaining to the brands, product or services take place either with or without the permission of the companies discussed.

For example, looking into the piece written by Cosh (2009) incident when United Airlines failed to handle musician Dave Carroll's belonging properly and broke his guitar in 2008, it probably was not the first time for such incident to take place. However, it could be the first time that the victim recorded a music video about the incident and posted it on YouTube. It resulted a huge, unfavourable portrayal of United Airlines in servicing their customers as the video went viral and was viewed for almost 9.5 million times. In addition to that, It certainly did not help the situation for United Airlines when the incident was highlighted by Time.com as one of YouTube's best videos and even discussed on television by CNN. The incident brought a brand and public relation crisis for United Airlines, and it serves as an example of how companies could be so very ill-prepared in dealing with public communication about them on social media.

2.6.1 Communicating with customers on Facebook

A study about a small enterprise in New Zealand (Syed-Ahmad & Murphy, 2010)

looked into how a small company that is fully reliant to technology took the advantage of Facebook to grow their business. The Sleep Store is a family-owned, online-only enterprise consisting of a husband and wife duo running the operation full-time with the help of two part-time employees. The company sells a range of product helping toddlers to calm down and sleep at night, which include books, CDs, infant sleeping bags, cotton sleepwear, mattress protectors and so on. The Sleep Store products are sourced from around the globe, focusing in Australia and New Zealand as main markets.

As an online-only business, the company is fully dependable to technology in order to promote their products and communicate with their customers. Moreover, their customer base is also temporary; while some existing customers may be having another child in the future, the category of their product offerings points the business to be always capable to engage with first-time mothers to ensure sales and a viable business growth.

Prior to 2010, both of the owners had no experience with social media. After learning about successes of several enterprises overseas with Facebook, The Sleep Store decided to explore the merits of social networking and adopted Facebook as a mean to improve their level of engagement with their customers. The company decided to use Facebook because the site offers a more profound media experience, as the features of Facebook allow them to host discussions, quizzes, polls, sharing articles, photos, videos, creating events and competitions and so on, which would mean driving the traffic of internet users to their website, all while being free and very user-friendly as well as with the capability to reach a greater market. In comparison to their website, their Facebook page only took a day to be established and since then it has grown continuously and

consistently updated every day.

As the content of their Facebook page grew, their Page became an online community for new mothers who wish to share their experience in taking care of toddlers and other parenting topics. Followers of the community began to use the Facebook Page as a platform to support each other with their own experiences and advices. The owners of The Sleep Store, being parents themselves, also contribute to the community with suggestions and tips, and regularly join the conversation while at the same time addressing customers' questions on products and services.

Prior to using Facebook as mean to communicate with customers, The Sleep Store used e-mail as the primary tool for marketing, using a database of e-mail addresses that they had purchased. The database contains 25,000 addresses of potential customers in New Zealand and 8,000 addresses of those in Australia. Using this database, the company used to send e-mails consisting of newsletter twice a month. After adopting Facebook, it was easy for the company to utilize the database to promote their Page by an article about it that includes a hyperlink to their Facebook Page on their newsletter.

The Sleep Store believes that the Facebook Page has enabled them to engage their customers in a more effective communication. Using Facebook, they can learn more about their customers, particularly regarding their needs and their expectations. They also found out that with the participation of their customers, through comments posted that are available for others to see, it has helped the company to reduce time and effort in responding to to the customers individually.

After a year since its launch, The Sleep Store Facebook Page customer base has grown

so much, and the Page managed to gather a whopping amount of 9750 'Likes'. In that period, while their business model remain unchanged, The Sleep Store managed to double their sales figures. The company has since added another three members to their team in order to keep up with the growing number of orders. The Sleep Store now has more than 45,000 followers on their Facebook Page, whom are not listed in their original database of e-mail addresses.

The success of The Sleep Store is one of many success stories of how effective communication on Facebook can benefit enterprises.

Therefore, the study proposes that:

Hypothesis 3: There is a positive relationship between communication and purchase intention.
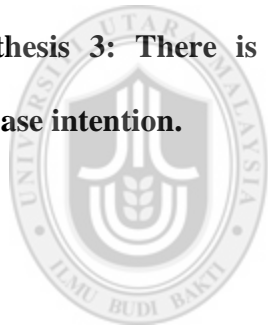
2.7 Research framework

This study adapted the framework model of a past research on the advertising effectiveness of corporate advertising websites (Patsioura *et al.*, 2009).
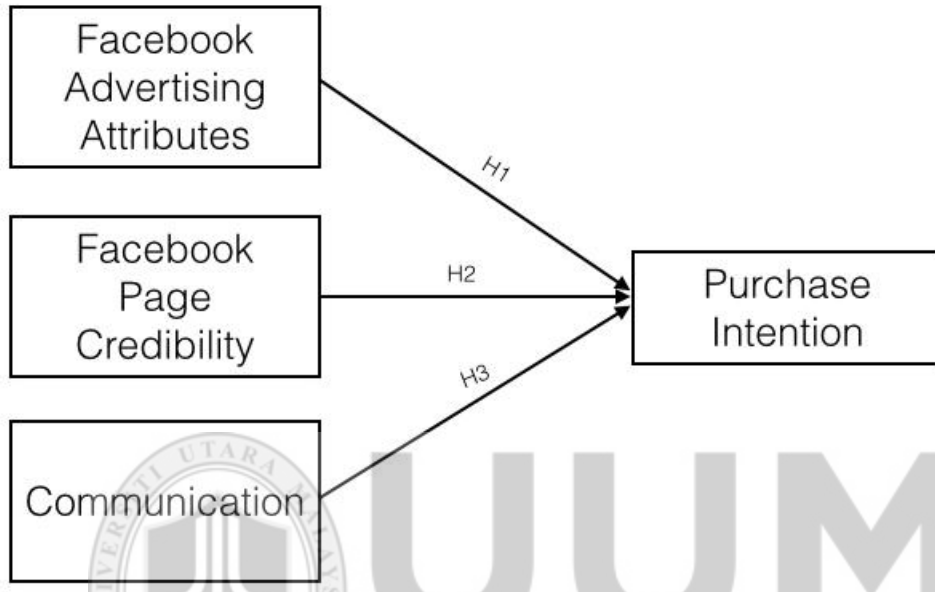
Figure 2.1: The conceptual framework

2.8 Hypotheses

Hypothesis 1: There is a positive relationship between Facebook advertising attribute and purchase intention.

Hypothesis 2: There is a positive relationship between Facebook Page credibility and purchase intention.

Hypothesis 3: There is a positive relationship between communication and purchase intention.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The preceding chapter laid down an extensive review of previous studies that brought to the development of three hypotheses. This chapter explains the research methodology that was put into practice in order to test the hypotheses of the study.

This study adopted an inspired framework based on the model that was proposed by Patsioura *et al.* (2009), which comprises of three independent variables, namely 'Facebook advertising attributes', 'Facebook Page credibility' and 'Communication' that points to a single dependent variable, which is 'purchase intention'. The framework was benchmarked to the advertisement of products or services in general on Facebook, to find out how effective were these advertisement to its audience.

3.2 Research Design

Prior research in advertising effectiveness that specifically tested the message strategy (Patsioura *et al.,* 2009) followed a comparative study between two real corporate websites that utilizes different strategies to convey message to the visitors of their sites. This method would allow an analysis that points out a comparison between the two sites regarding their attributes and how would the two sites perform by finding out how visitors perceive them.

In contrast, this study aimed to find out on how firm would strategize their marketing on Facebook and engage their customers to market their products or services on one standardized platform. Given Facebook's worldwide commercial success and popularity, more and more businesses nowadays use the social media platform to market their products and services. By limiting the platform to a single site, the study can exclude other factors that would normally influence the effectiveness of the message conveyed when comparing different sites, such as navigation (Benbunan, 2001; Palmer, 2002; Zviran *et al., 2006*) transaction capabilities (Kim & Stoel, 2004) aesthetics (Khakimdjanova & Park, 2005; Patsioura *et al.,* 2009) and so on.

This study investigated the influence that Facebook advertising attributes (X1), Facebook Page credibility (X2) and communication (X3) have on purchase intention (Y).

3.3   *Sampling procedures of the unit of analysis*

For the purpose of this study, the researcher embarked on a survey on that followed a convenience sampling on a population of people in Universiti Utara Malaysia that falls under two important criteria, namely:

i) Malaysian citizen

ii) Belong to the Generation Y; those who were born between 1982 and 2004 (Howe & Strauss, 1991)

The reason that the sample has to follow said criteria is to discover the attitude of Malaysian Generation Y consumers towards brands advertised on social media, given their early exposure and practical knowledge of the internet and the long hours spent online.

Data were collected from 200 students of Universiti Utara Malaysia that fit into the criteria required by the study.

3.3.1   Sampling method

In order to reduce sampling errors, respondents were asked to confirm whether or not they belong in the criteria required prior to participating in the survey. This conduct follows the method of stratified sampling, where members of the population are divided to homogenous subgroup before sampling. By utilizing stratification, the representativeness of the sample can be improved, as sampling error would have been reduced.

3.3.2   Survey procedure

Once it has been verified that the participants serve the criteria required, the questionnaires were then distributed. The respondents were instructed to finish the questionnaire immediately upon receiving the booklet and directly return them to the researcher. The purpose of this procedure was to improve the reaction frequency and to

allow time and chances for questions by the respondents should some explanation was required.

3.4   Justification of measurement

The measures of this survey were developed based on the followings:

a. Original items were adopted from empirical studies by past researchers (Patsioura *et al.* (2009) and Phelan *et al.* (2012))

b. Modifications to the original items were made in order to meet the requirements of the context. In order to fit the study, several new items were also introduced.

c. 15 booklets of the questionnaires (n=15) were distributed for a pilot test in order to establish clarity, coherency and conclusiveness of the study.

The researcher found that, having taken all of these aspects into consideration, the measures employed in this study were found to perform satisfactorily.

3.5   Questionnaire design

Questionnaires are oftentimes the most favorable method of mustering data from the population of a study. That being said, an incompetently mapped out questionnaire may result in nonviable responds. The following topic will go through the aspects with regards to the questionnaire design of this study.

3.5.1 Questionnaire background

For this study, the questionnaire is made into five sections, containing questions regarding the independent variables, dependent variables and the demographics of the respondents. The surveys were self-administered by the respondents, with the researcher present in each of the session to provide assistance where needed.

3.5.2 Measurement and scaling

The questionnaire utilizes five-point Likert scales, where the questions require respondents to provide answers in the form their level of agreement accordingly. Likert scale is used for the questionnaire because it is the most common method for surveys and data collection, given its nature of can be easily understood by common people.

The following Table 3.1 describes the constructs that inspire the questions of the survey and the responses required for each questions:

Constructs	Responses
Advertising content, social media credibility, communication strategy, and brand attitude.	(1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly disagree

Table 3.1: Constructs and the answer scale of the questionnaires

3.6   Questionnaire content

The ultimate goal of the questionnaire is to gather enough data that could explain how brand and product advertisement on social media, particularly Facebook can be effective with the audience of Malaysian Generation Y consumers. The questionnaire serves to examine a number of variables that could point out the factors that influence attitude towards brand or product advertised on Facebook, by means of purchase intention.

3.6.1   Questionnaire structure and sequence

The questionnaire was designed in the form of booklets of A5 size. The cover page of the booklet contains background details of the study together with some graphics related to Facebook and advertising. The first page contains instructions, researcher's name, phone number and email address for the convenience of the respondents should the researcher's was not in immediate reach for assistance.

The booklet consists five printed pages including the cover. The design of booklet was made to as appealing as possible to stimulate the interest of prospective respondents to participate.

The questionnaire consists of five sections, each pertains accordingly to the variables required by the study:

Section A: *Facebook advertising attributes*

The questionnaire commences by asking the impact of content of the advertisement made by businesses on their Facebook Pages on the Malaysian Generation Y consumers' attitude towards the brand or product by means of purchase intention. Among the questions asked are about the structure of advertisement content; how respondents perceive the advertisements; and the impact of public figure representation of the brand or product.

Section B: *Facebook Page credibility*

Following the first section, this section aims to find out the effect of social media elements with regards to a brand or product presence in the digital platform, on the Malaysian Generation Y consumers' attitude towards the brand or product by means of purchase intention. Among the questions asked are the impact of the number of 'Followers', 'Likes' and 'Comments'; the businesses' presence on alternative social media platfroms; and the impact of word-of-mouth marketing by Facebook users on the brand or product.

Section C: *Communication*

This section in particular serves to examine the nature of communication between businesses and their customers on Facebook and its influence on the Malaysian Generation Y consumers' attitude towards the brand or product by means of purchase

intention. Among the questions asked are the tendency for Facebook users to communicate with the seller; perceived privacy and safety of business deals on Facebook; and the observed commitment of sellers in communicating with interested customers on Facebook.

Section D: *Purchase intention*

This section seeks to identify factors that influence how Malaysian Generation Y consumers behave towards a brand or product based on their advertising conduct on Facebook, by means of purchase intention. Among the questions asked are the tendency to revisit the Facebook Pages that fits their interest; the tendency to share those Facebook pages; their perception of businesses that handle their social media presence well; and the purchase intention based on factors described in the preceding sections.

Section E: *Demographics*

This is the final section of the questionnaire, which seeks the demographic information of the respondents, such as their gender, academic qualification and hours spent on Facebook daily.

The following Table 3.2 describes the sections of the questionnaire and the source of reference from previous study of each particular section:

No.	Section and respective variables	Sources
1.	Section A: Facebook advertising attributes	Adapted from: • Chen & Wells (1999) • Bruner & Kumar (2000) • Phelan *et al.* (2013)
2.	Section B: Facebook Page credibility	Adapted from: • Phelan *et al.* (2013)
3.	Section C: Communication	Adapted from: • Patsioura *et al.* (2009)
4.	Section D: Purchase intention	Adapted from: • Patsioura *et al.* (2009)
5.	Section E: Demographics	

Table 3.2: Questionnaire sections and respective sources

3.7   *Chapter summary*

This chapter discusses the pertinent element, procedures and methodology of conducting this study, such as study sample, sampling method, measurement used to data analysis and structure of the questionnaire. The complete set of the questionnaire can be found in Appendix 1.

The following chapter will discuss the findings and the analysis of the data gathered pertaining to this study.

CHAPTER 4: FINDINGS AND ANALYSIS

4.1   Introduction

This chapter illustrates and explains the analysis of the collected data. For the purpose of this study, the variables, as described in Chapter 2, have been tested with validity and reliability test. Further into the report, the chapter will discuss the result of hypotheses testing based on regression analysis. All of these tests were conducted using SPSS 22.

4.2   Data analysis

4.2.1   Reliability test

Sekaran (2009) describes that as the Pearson coefficient moves towards 1.0, the statistical value of the data improves. In general, 0.8 value is considered to be good data; those in 0.7 is considered sufficiently well, while values lower than 0.6 are considered to be poor data. For this study, the Cronbach's Alpha values were tested from the variables described in the framework, namely advertising, social media credibility, communication, and brand attitude. The value of the variables, both independent and dependent, can be seen in Table 4.1:

Variables	Items on questionnaire	Cronbach's Alpha
Advertising	A1, A2, A3, A4, A5, A6, A7, A8, A9, A10	.739
Social media credibility	B1, B2, B3, B4, B5, B6, B7, B8, B9, B10	.863
Communication	C1, C2, C3, C4, C5, C6, C7, C8	.883
Brand attitude	D1, D2, D3, D4, D5, D6	.845

Table 4.1: Reliability test for the variables

4.2.2 Descriptive analysis

For the purpose of the study, a total of 200 questionnaires were distributed to population of Universiti Utara Malaysia. Table 4.2 – 4.6 illustrates the demographics of the respondents:

4.2.2.1 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	105	52.5	52.5	52.5
	Female	95	47.5	47.5	100.0
	Total	200	100.0	100.0	

Table 4.2: Gender of the respondents

Based on the data gathered, out of 200 respondents, it was found out that sample was made of 105 male (52.5%) and 95 women (47.5).

4.2.2.2 Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-22	147	73.5	73.5	73.5
	23-27	53	26.5	26.5	100.0
	Total	200	100.0	100.0	

Table 4.3: Age of the respondents

For the purpose of the study, the respondents were divided into three age group, respective of their birth years that match the definition of Generation Y (see Howe & Strauss, 1991). Out of 200 respondents, more than 70% of them were of age 18-22 years old, while the remaining respondents were of age 23-27.

4.2.2.3 Academic qualifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STPM	75	37.5	37.5	37.5
	Matriculation	79	39.5	39.5	77.0
	Diploma	25	12.5	12.5	89.5
	Bacherlor's	21	10.5	10.5	100.0
	Total	200	100.0	100.0	

Table 4.4: Academic qualifications of the respondents

Based on the findings, the majority of the respondents were in their pursuit for their first degree, with two of the largest groups managed to enroll in Universiti Utara Malaysia with their STPM (37.5%) and matriculation certificate (39.5%). This is followed by those who have already completed their diplomas (10.5%), and the least number of respondents are presumably in their postgraduate studies (10.5%).

4.2.2.4 Monthly earnings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1000.00	189	94.5	94.5	94.5
	1001.00 - 2000.00	8	4.0	4.0	98.5
	2001.00 - 3000.00	3	1.5	1.5	100.0
	Total	200	100.0	100.0	

Table 4.5: Monthly earnings of the respondents (MYR)

Based on the findings, the majority of the respondents (94.5%) earns less than RM1000 per month, which is understandable given that they are still pursuing their studies. Only

8 respondents have an income of more than RM1000 and only 3 respondents earn more than RM2000 monthly.

4.2.2.5 Hours spent on Facebook daily

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 hour	49	24.5	24.6	24.6
	1-3 hours	84	42.0	42.2	66.8
	3-5 hours	28	14.0	14.1	80.9
	More than 5 hours	38	19.0	19.1	100.0
	Total	199	99.5	100.0	
Missing	99	1	.5		
Total		200	100.0		

Table 4.6: Hours spent of Facebook daily

Based on the data gathered, it was found out that the majority of the respondents (42%) spend about 1-3 hours daily on Facebook. It is followed by those who spend less than 1 hour (24.5%), those who spend more than 5 hours (19%) and those who spend about 3-5 hours (14%). Out of the 200, only one respondent decided not disclose the hours spent on Facebook daily.

4.3   Pearson correlation coefficient

The study applied a correlation analysis to ascertain the relationship between the independent variables – Facebook advertising attributes, Facebook Page credibility, communication – and the dependent variable, namely purchase intention. Table 4.7 illustrates the test results:

Correlations

		Purchase_intention	FB_ad_attributes	FBpage_Cred	Communication
Purchase_intention	Pearson Correlation	1	.530**	.682**	.616**
	Sig. (1-tailed)		.000	.000	.000
	N	198	195	195	196
FB_ad_attributes	Pearson Correlation	.530**	1	.623**	.514**
	Sig. (1-tailed)	.000		.000	.000
	N	195	197	194	195
FBpgCred	Pearson Correlation	.682**	.623**	1	.626**
	Sig. (1-tailed)	.000	.000		.000
	N	195	194	197	195
Communication	Pearson Correlation	.616**	.514**	.626**	1
	Sig. (1-tailed)	.000	.000	.000	
	N	196	195	195	198

**. Correlation is significant at the 0.01 level (1-tailed).

Table 4.7: Correlations between the variables

Based on the results illustrated in the in Table 4.7, the study found out that there is a positive relationship between the independent variables (Facebook advertising attributes, Facebook Page credibility, communication) and the dependent variable (purchase intention).

4.4 Hypotheses testing

4.4.1 Hypothesis 1

The relationship between Facebook advertising attributes (X1) and purchase intention (Y) was put to test with Pearson correlation. Based on Table 4.7, there is a positive relationship between X1 and Y as the results acquired from the test shows that the correlation is significant with $p < 0.01$. Therefore, the supposition that can be made is that Facebook advertising attributes is an important element in influencing purchase intention.

4.4.2 Hypothesis 2

The hypothesis predicted that businesses that have strong Facebook Page credibility are more likely to improve consumers' intention to purchase their products. Based on the results found Table 4.7, there is a positive relationship between social media credibility and brand attitude, as the correlation is significant with p value is less than 0.01. Therefore, the supposition that can be made is that Facebook Page credibility is an important element in influencing purchase intention.

4.4.3 Hypothesis 3

The hypothesis predicted that businesses who engagingly communicate with prospective customers on their Facebook Page are more likely to improve the customers' intention to purchase their products. Based on the results found on Table

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4.7, there is a positive relationship between communication and purchase intention, with the value of p is less than 0.01. Hence, the supposition that can be made is that communication is an important element in influencing purchase intention.

4.5   Chapter summary

Chapter 4 discusses the reliability of the instruments used in this study, the descriptive statistics of the respondents and the testing of hypotheses sought by the study. The following chapter will explore the conclusion and what the study could implicate.

CHAPTER 5: DISCUSSION, IMPLICATIONS & LIMITATIONS

5.1   Introduction

The study was conducted in the goal of finding the factors that would make advertising on Facebook effective, determined by purchase intention. In doing so, several research questions were addressed:

RQ1:   What is the perception of Generation Y consumers in Malaysia towards advertisement on Facebook?

RQ2:   What are the factors of the advertisement on Facebook that influences purchase intention among Generation Y consumers in Malaysia?

This chapter provides a discussion of whether or not the research objectives are met, the result of the hypotheses and the implication of this study and what the study could mean for future researchers.

5.2   Summary of hypotheses and key findings

In order to address the research questions, the researcher embarked to meet the objectives of the study of determining how Facebook advertising attributes, Facebook Page credibility and communication would affect Malaysian Generation Y consumers' intention to purchase products advertised on Facebook.

The hypotheses of this study, as outlined in Chapter 2 and Chapter 4, were tested using Pearson correlation coeffecient on SPSS 22. From the test, it was found that Facebook advertising attributes (X1), Facebook Page credibility (X2) and communication (X3) do affect purchase intention (Y) in a positive direction. Table 5.1 presents the summary of hypotheses and the result of the correlation analysis:

Hypotheses	Pearson Correlation Coefficient
H1: There is a positive relationship between Facebook advertising attributes and purchase intention.	Supported ($p < 0.01$)
H2: There is a positive relationship between Facebook Page credibility and purchase intention.	Supported ($p < 0.01$)
H3: There is a positive relationship between communication and purchase intention.	Supported ($p < 0.01$)

Table 5.1: Hypotheses summary and the results of Pearson Correlation Coefficient test

Hypothesis 1

Based on the results, we found out that attributes of advertisement on Facebook does affect purchase intention positively. This serve as a reminder that it is very important for businesses to have an idea on how effective is their advertising in order to predict sales and profit generation. In the past, researchers have studied advertising

accountability extensively, but those were focused on the traditional, offline advertising (Vakratsas & Ambler, 1999; Chatterjee *et al*., 2003). While Facebook is indeed more cost effective, instant and has a far-reaching target of audience, business must ensure that they provide the necessary information accurately and comprehensively to appeal visiting customers on their page as well as helping them to make an informed decision regarding the product.

Hypothesis 2

Facebook Page credibility was also found to be a critical aspect for to ensure purchase intention for product advertised on Facebook. While businesses should take the opportunity to make their Facebook Pages as hip and popular as it can be, they must also put an effort that their Page conveys credible information and reliable source. Credibility is important because it allows consumers to have a reference, so that they can develop trust and eventually become more confident in seeking useful information online (Smith *et al*., 2007); all the while enjoying themselves in doing so while interacting with other consumers in the virtual world as they can comfortably place reliance to the network of consumers that share similar opinion that can counsel their decisions of purchase.

Hypothesis 3

Communication, in this case how businesses communicate with prospective customers is also another critical element that would improve consumers' intention to purchase the product. Businesses should communicate well and communicate as engagingly as possible to project a very good first impression (Sunnafrank & Ramirez Jr., 2004) and gain trust (Yeap *et al.,* 2012) so that consumers, particularly those of the Generation Y cohort would stick to them.

5.3 Implications of the study

5.3.1 Academic implication

For the moment, social media has yet to be a topic that researchers heavily look into, albeit the focus is indeed growing. Previous researches pertaining to social media have been focusing on cross-national/cross-cultural study (Shin, 2009); advertising (Okazaki & Taylor, 2013); social study (Lorenzo-Romero & Constantinides, 2011; Bolton *et al*., 2013); and marketing (Hopkins, 2012; Phelan, Chen & Haney, 2013; Patino, Pitta & Quinones, 2012), where most of the studies were conducted in developed countries.

This study aims to provide an idea what factors that would influence purchase intention of products advertised on Facebook. In short, the study found that consumer purchase intention can be improved if the Facebook advertisement is comprehensive, credible and engaging. This factors are in line with the constructs of Technology Acceptance Model (TAM) mentioned in Chapter 2.

5.3.2 Managerial implications

Based on the findings of the study, businesses can now have a supported idea on how to market their products on Facebook more effectively. By making their Facebook Page more comprehensive, credible, and engaging, they can present themselves to be very appealing to prospective customers which can lead to intention to purchase.

By basing their marketing strategy on Facebook with the findings of the study, they should be able to make their presence known in the virtual world and reach the target market that they desired. This would be very helpful especially to small enterprises and startups that have greater concern for cost, as the far-reaching network of Facebook can allow them to be competitive alongside established enterprises.

5.4 Limitations of the study

The main limitation of the study is that the results could be deemed too broad for a practical implementation. This study looked into the conduct of businesses that advertise their brand or product on Facebook. It did not specify the nature of the business, industry, product, specific target market and so on. It also did not take into account the presence of well-established businesses like multinational corporations that also advertise on Facebook, who already have their own consumer base, garnered by means outside of social media such as TV advertisement, sports endorsement and so on.

Besides that, the study only gathered data from the population of Universiti Utara Malaysia. Even though the population is made from variety of people coming from different backgrounds from all over the country, this geographical bound might have

influenced the feedbacks from the respondents due to factors such as internet speed and censorship, logistical issues that would deter purchase, financial concerns, and so on.

5.5   Suggestion for future research

In the future, the study should consider a specific scope with regards to the type of industry or market that the businesses belong to. This would provide more insightful findings that could point out unique factors that would improve the effectiveness of Facebook advertising in the respective market. Besides that, the study could also be extended to a much a larger population, by bringing the survey to another parts of the country.

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