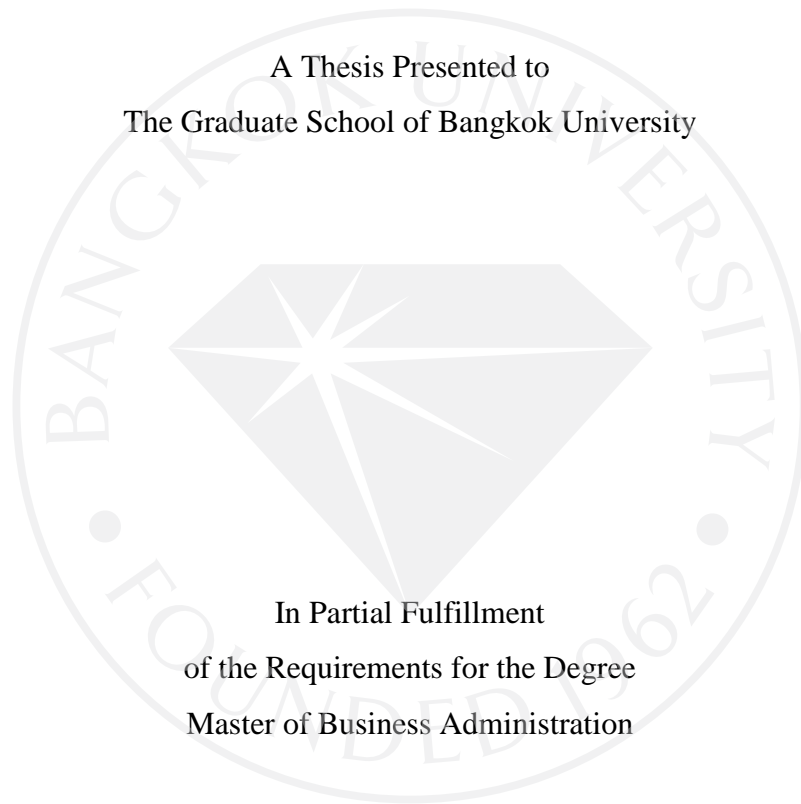ATTITUDE TOWARDS FACEBOOK ADVERTISING

ATTITUDE TOWARDS FACEBOOK ADVERTISING

A Thesis Presented to

The Graduate School of Bangkok University

In Partial Fulfillment

of the Requirements for the Degree

Master of Business Administration

By

Ville Lukka

2013

This thesis has been approved by

the Graduate School

Bangkok University

Title   :   Attitude towards Facebook Advertising

Author   :   Ville Johannes Lukka

Thesis Committee :

Thesis Advisor   _____

(Dr. Paul TJ James)

Thesis Co-advisor   _____

(Prof. Dr. Tun Lwin)

Graduate School Representative   _____

(Asst. Prof. Dr. Kasemson Pipatsirisak)

External Representative   _____

(Asst. Prof. Dr.Thanawan Sangsuwan)

_____

(Asst. Prof. Dr. Sivaporn Wangpipatwong)

Dean of the Graduate School

10 / Jan. / 2011

Lukka, V.J. MBA, May 2013, Graduate School, Bangkok University

<u>Attitude towards Facebook Advertising</u> (102 pp.)

Advisor of thesis: Paul TJ James, Ph.D.

ABSTRACT

The purpose of this thesis was to provide insight on attitudes towards facebook advertising. In order to figure out the attitudes towards facebook advertising, a snowball survey was executed among facebook users by spreading a link to the survey which was further forwarded by the participants themselves. This study was a quantitative study but the results of the study were interpreted in qualitative way. This thesis was executed with the help of factor analysis and cluster analysis, after which Chi-square test was used. This research expected that the results of the survey would lead in to two different groups with negative and positive attitudes. Factor analysis was executed to find relations between variables generated by the survey data. The factor analysis resulted in 12 factors that were put in a cluster analysis to find different kinds of groups. Surprisingly the cluster analysis enabled the finding of three groups with different interests and different attitudes towards facebook advertising. These clusters were then analyzed and compared. One group was clearly negative, tending to block and avoid advertisements. Second group was with more neutral attitude towards advertising, and more carefree internet using. They did not have advertising blocking software in use and they liked to participate in activities more often. The third group had positive attitude towards advertising in facebook and they seemed to enjoy advertising in facebook to some extent. The results of this study can

be used as guidelines for companies that wish to further improve their facebook advertising. This thesis is also a reminder about the complexity of people and their attitudes.

Approved: _____

Signature of Advisor

ACKNOWLEDGEMENT

I would like to thank my dear friend Christian Walter for such massive amount of patience with me and my questions. Christian was there to help me no matter what my question was. Without his help I couldn't have done this thesis. I also would like to thank my father for helping me throughout the process of this thesis and my mother for supporting me. Thank you goes also for my thesis advisor Dr. Paul T.J. James, who guided me through this thesis. I also thank my wife, Pajaree Deeprom, for her patience during this stressful time of my completing my thesis. A special thank you goes to Assistant Professor Marisa Torteeka, who was a big help with my SPSS problems. Thank you all.
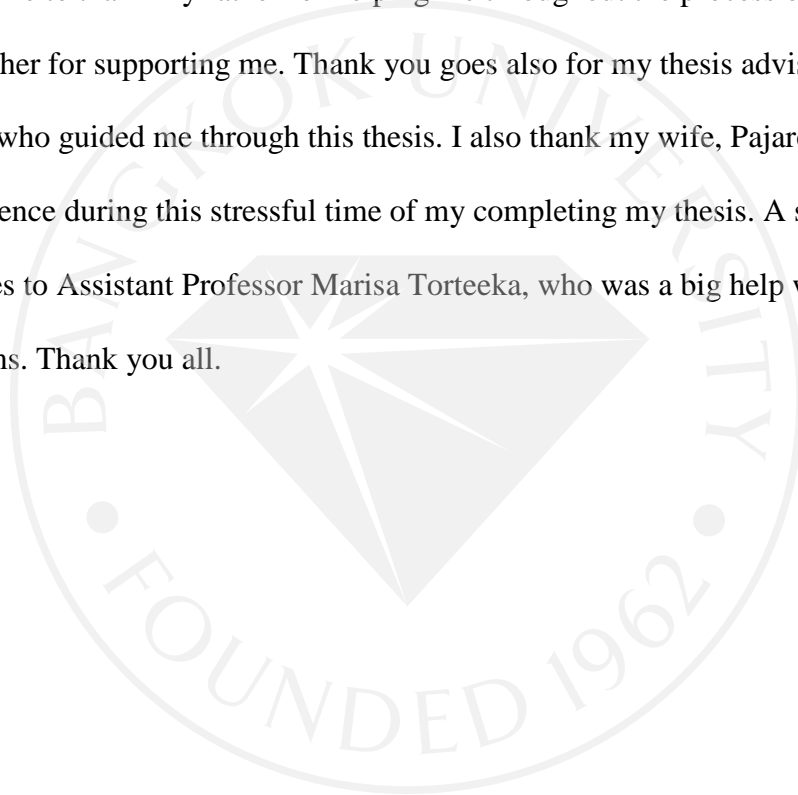
TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

TABLE OF CONTENTS (Continued)

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

1.1 Background

Individuals act in such manner that would maximize their benefits gained from social interactions (James, 2009). Facebook provides an easy to use platform that can be accessed from almost anywhere in the world, to satisfy social needs of people. It can also be used for companies to advertise their products and keeping in touch with their customers. Facebook is also ideal for keeping in touch with large amount of people; a task that was formerly being handled via bulky e-mail message chains.

Virtual community, social networking community, social networking service, online community, are words that are constantly brought up in general conversations, in media and in business world. Not just aggregates of people, social networks are for sharing social interactions, social ties as well as common space. A virtual community differs from any other community only by being in a "virtual space", it still provides the same sociability support, information and sense of belonging (De Moor & Weigand, 2007).

Services such as already mentioned facebook, also Linkedin, MySpace, Twitter and Google+, have reached a vast popularity, especially among young adults. Latest addition to all of this is Diaspora, a Facebook alternative run by its users ("Facebook alternative Diaspora goes live," 2011). More alternatives in their different forms pop up constantly. Sheenan (2010) points out, that if advertising becomes too intrusive, people will go elsewhere to connect with their friends. This has been one of

the ideas behind Diaspora, as well as the idea of not keeping detailed record of their members; a feature that Facebook is being constantly criticized of.

Facebook alone has over 955 million active users and over 50% of active users log on to Facebook every day and an average user has approximately 130 friends on Facebook (Melason, 2012) ("Facebook Statistics," 2012). Linkedin has over 135 million users but is more of an professional network than casual("Linkedin About Us," 2012). Social networking has become so popular, that according to Anderson Analytics, 71 % of social network users could not live without those (Sheehan, 2010).

As the user bases grow, so does the interest of marketers. Marketers are willing to invest large amounts of money to reach their target market. Facebook for example offers customized ways to market your product. These virtual communities enable marketers to customize their advertisements to fit certain group of individuals. This can be done according to their demographic features or by their interests, and all marketers have to do is to choose which factors they are going to target their advertisements towards. This of course is ideal for the marketers; reaching that office worker with certain income and interests, who falls into your target group, is easier. Instead of spending money on trying to reach these people the traditional way, facebook and other online communities offer the better option. New generation of "smart advertising" is making it possible to enable such data mining technologies that enable advertisers to customize everything in their ads to correspond to the user viewing it. These new ways to reach consumers helped Hewlett Packard to reach twenty times the ROI (Return On Investment) it would have reached with traditional advertising methods (Mathieson, 2010).

There are two different ways of advertising of behavioral targeting; Network targeting and On-site Targeting. In network targeting, the data is collected from various different sites and user preferences, where as on-site targeting is based on a specific-site. Facebook used to have on-site targeting, but is now days following its users' moves even outside Facebook. There are two sides to this; Facebook follows users through their cookies as well as their "likes" (Popkin, 2011).

"Like" feature allows a user of facebook to show their preferences on some matter. It can be a company website on facebook, a picture, a text, an article or an online game or a puzzle. Following picture will further clarify the like feature.
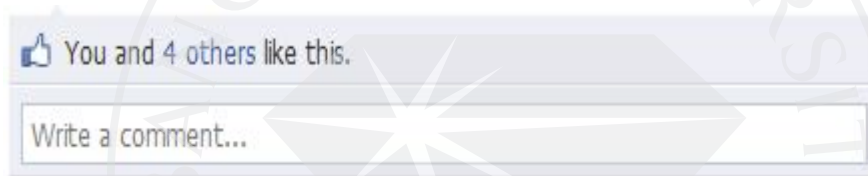
Figure 1 : Liking Something

Like will show a thumb up sign and show who else likes the same topic, picture, person, company, movie or book. These "Likes" will then appear on user's friends' walls and in his own profile working as an advertisement. In the following screen capture, the preferences of the author from April 2012 can be seen.

Figure 2: Likes on User's Own Wall

Facebook stopped following its users on third party websites after user outrage. However, one can still log onto websites with one's facebook passwords, thus enabling them to follow your movements elsewhere in the internet (Mathieson, 2010). This feature is called facebook Connect (Shepard, 2008).

Resent way of marketing in facebook has included sharing something on user's wall. This way you might participate in some contest and at the same time, the company who is responsible for the original post, will get advertisement space on user's very own wall, visible to user's friends.

Alternatively marketers can exploit viral marketing in the virtual community to spread their messages. In viral marketing, community members spread the messages or advertisements amongst themselves. Question raises; do the consumers in virtual communities see the advertisements in the same light as marketers?

This study is made in order to figure out answer to this puzzling question as well as some other related dilemmas regarding facebook advertising. Earlier studies on virtual communities have mostly dealt with virtual community features, meanings and the forms of participation.

1.2 Viral Marketing

Viral marketing, or mouth-to-mouth marketing ("Viral Marketing," 2012), is a marketing form where an advertisement is passed from person to person. This can be through sharing a link, e-mailing, or for example passing a picture through a picture sharing website. Viral marketing is often used to reach audience of 20 – 30-year-olds and one of the most creative marketing tasks available (Zimmerman, 2009).

1.3 Online Marketing

Online marketing, e-marketing, webvertising, web marketing or internet marketing is a form of marketing that is done "online", connected to a network of any sort. It can be done in cellular phone networks as well as in internet. Increasing use of internet has made online marketing very popular among local and small businesses lately. The success of online marketing is decided by the online marketing mix chosen by the company (Ward, 2012). Basically all marketing based actions done with the help of internet are online marketing, according to Spindler (2010). She also includes some of the same subareas to online marketing as Newlands (2011); SEO, e-mail marketing and affiliate marketing.

According to Newlands (2011), online marketing includes the following marketing forms that can be encountered daily in the internet:

1. Social Media

Includes Twitter, Facebook, Google+ and similar. Social media is about cultivating relationships and creating conversations online. The Oxford dictionary ("Social media," 2012) defines social media in the following way: "websites and applications that enable users to create and share content or to participate in social networking."

2. Digital Branding

Digital branding means taking care of the company brand reputation online. Digital branding is branding in the digital form. It allows a company to reach

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will include literature review regarding consumer attitude towards virtual community advertising.

Most of the previous studies considering similar cases have been based either to some certain countries (Virkkala, 2009) or have researched slightly different things; Virtual communities, responding to different kind of advertising, consumer attitude towards advertising etc. These researches surely are similar in some ways to this research. This chapter will include the most remarkable of those studies.

2.2 Previous Studies

Porter (2004) has studied the features of virtual communities in her journal "A Typology of Virtual Communities". She wanted to create a classification system for researchers from various types of disciplinary perspectives to be used in different types of research. As a result, Porter created five Ps of Virtual communities; Purpose, Place, Platform, Population and Profit Model. These five are further affected by such factors as whether relationship in the virtual community is based on establishment and/or relationship. She also found out that people use virtual communities for different purposes; transaction to buy, sell or learn more about products and services, to discuss shared interests, to develop social relations and to explore new identities. Another study (Kim, Lee, & Hiemstra, 2004) made in the same year was focused on

demographic and behavioral characteristics and their effect on loyalty when making purchases within virtual community. What Kim et. al (2004) found was interesting; education background affects on activity within virtual community. Members with low education level tended to participate in membership activities more than their corresponding parts with more education. They also found out that when the period of time being a member increased, so increased the need levels of integration, fulfillment and membership.

The effect of virtual community on decision making was investigated by de Valck, van Bruggen & Wierenga (2009). According to them consumers use virtual communities as social and information networks. They found out that the power of a virtual community, such as Facebook, as reference group is related to heterogeneity of its member base. People from all social classes interact, even though they might never meet in real life. They believe that as virtual communities keep growing, so does their power as reference groups in consumer-decision making.

Recent study on virtual community was executed by Trent J. Spaulding (2010). In his study "Can virtual communities create value for business" he looked into which kinds of businesses could benefit from virtual community advertising. He found out that in order to succeed in virtual community advertising, companies must respect social contracts where again social contracts enable companies to participate in virtual communities. "Participating according to the community's social contract allows the business to develop trust with the community" he concludes.

The significance of facebook was the main idea for Sproull et al. (2007) article "Introduction to the Special Issue: Online Communities" and Wand & Lai (2006) have dealt with forms of participation within virtual communities in their research

"Knowledge Contribution in the Online Virtual Community: Capability and Motivation". They found out that individual motivations do not influence knowledge contribution within a virtual community.

The motives for joining a virtual community have also been under examination. Lot of research has been made of how consumers receive marketing communication. Pervious researches have concentrated on for example, how consumers receive the advertising message in different context and how consumers react to different kinds of advertising types. For example Torres & Briggs (2007) studied ethnicity and product involvement in their article "Identification Effects on Advertising Response". Their study was narrowed down to Hispanic-targeted advertising in low-and high involvement products.

Response to different kinds of advertising types was researched by Park et al. (2008) in their article "Cognitive, Affective and Conative Responses to Visual Simulation: The Effects of Rotation in Online Product" Their study tried to find out reasons why rotation, certain kind of a way to create 3-Dimensional advertising, affects the cognitive, affective, and conative responses of consumers. They looked into how consumers receive visual simulation when rotation is involved.

Consumer attitude towards internet advertising has also been looked into. For example, Kenneth (2006) wrote an article on how humanlike navigation interface affects attitudes towards internet advertising. He found out the result to be positive: When humanlike interface was introduced, it increased users' immersive feeling when navigating. When again clicking advertisings on web pages was investigated in "Internet advertising: Is anybody watching?" (Drèze & Hussherr, 2003). They used an eye-tracking device to see how online surfers pay attention on advertising. They

found out that surfers do not click the banners, but still notice them. This, according to them, indicates that companies should rely more on the traditional brand equity measures, to create repetition to awaken unaided advertising recall, brand awareness and brand recognition.

However, not much research has been done on how virtual community members' attitude is towards advertising in their community. Zafar and Khan (Shandana, 2011) where examining the attitude towards social network advertising among young Pakistani consumers. They found out that young Pakistani consumers have overall positive attitude towards virtual community advertising. They concluded that "The social networks can be therefore considered to be an effective advertising medium for targeting young consumers".

Another one was made in Finland by Virkkala (2009). She was studying the consumer attitude towards Facebook advertising in Finland. She found out that consumers are reluctant to receive advertising within their communities in Finland. Advertisements where experienced more disturbing than useful among Finnish people. She also found out that some people even avoid advertisements in as many ways as they can.

2.3 Receiving Marketing Communication

There are several different models to receiving marketing communication. The following parts of this thesis will go through some of these models; including Elaboration Likelihood-model, AIDA-model and Dagmar-model. These models are then further put to use to form the research model of this thesis.

2.4 Elaboration Likelihood Model (ELM)

"The ELM provides a framework for accounting the diverse results observed in attitude change research." say Bitner & Obermiller (1985). It was introduced by Cacioppo and Petty in 1979 and is basically a model to represent how consumer's level of commitment affects the way how they process and interpret the marketing communication's message. The model suggests that there are two ways to persuasion; the central route and the peripheral route (Mary, 1985). The central route is more or less based on information and careful consideration which then forms attitudes, where again the peripheral route has no thinking behind it but attitudes are formed by cognitive short cuts that come from positive or negative cues (Mary, 1985). Jagpal (1999) points out that attitude change will be more stable for those who process information centrally, thus such consumers will be less sensitive to future advertising by competitors. In ELM, Consumer's motivation is usually bigger with high involvement products, than it is with low involvement products (Birks, 2006).

The following figure will further explain the ELM-model (Petty, 1986).
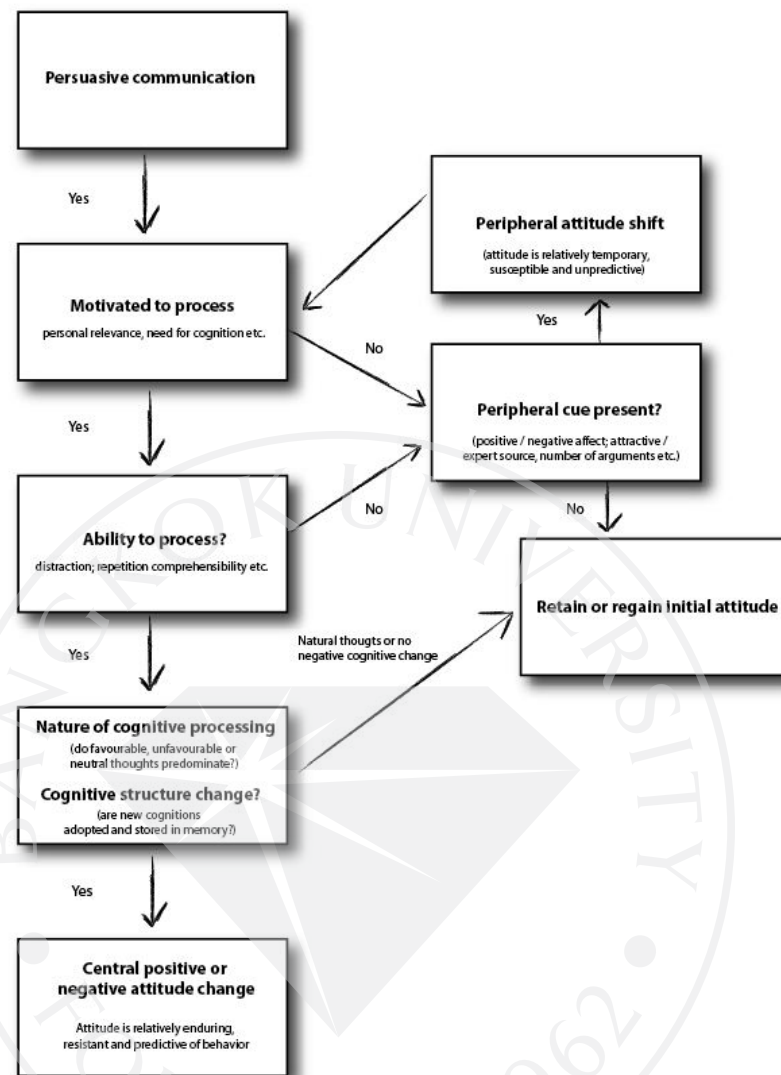
Figure 1: ELM Model Simplified

If a consumer does not have the motivation or the ability to figure out the content of the advertisement, they will form their attitude only according to the advertisement. The visuals of the advertisement play a big role; will it only emphasize technical features or does it try to create images of a certain product or service through advertising? Forming the attitude is also dependable on the consumer and the cultural surroundings. Will these two factors support the technical features or the

image of the product? Marketers should take in account not only the cultural context but the target audience as well (Chang, 2006).

ELM-model has been used for finding out how the front page of a webpage affects on receiving marketing communication. Those consumers that visited popular and interesting webpage were more receptive towards certain advertisement than those visiting the less interesting one. Thus ELM-model found out that the popularity and the attractiveness of the webpage had effect on how consumers perceive and process an advertisement (Virkkala, 2009).

2.5 AIDA Model

AIDA is an acronym used in marketing, which stands for Action, Desire, Interest and Attention. AIDA is one of the Hierarchy-of-effects models that have been used to investigate attitudes towards advertising. Schumann and Thors (2007) say that basic assumptions of these kinds of hierarchy models are based on the following; advertisements affect through;

1. Awareness: Consumer becomes aware of the product or service, thanks to the advertising.

2. Effect: Via advertising, consumer attention is received and they might become interested.

3. Action. Consumer ends up buying the product/service.

AIDA model proposes that consumers respond to marketing messages in the following sequence: cognitive (thinking), affective (feeling) and conative (doing) (Carl McDaniel, 2006) .

AIDA model is one of the most popular ones of the hierarchy-of-effects model. Following figure will further explain AIDA.
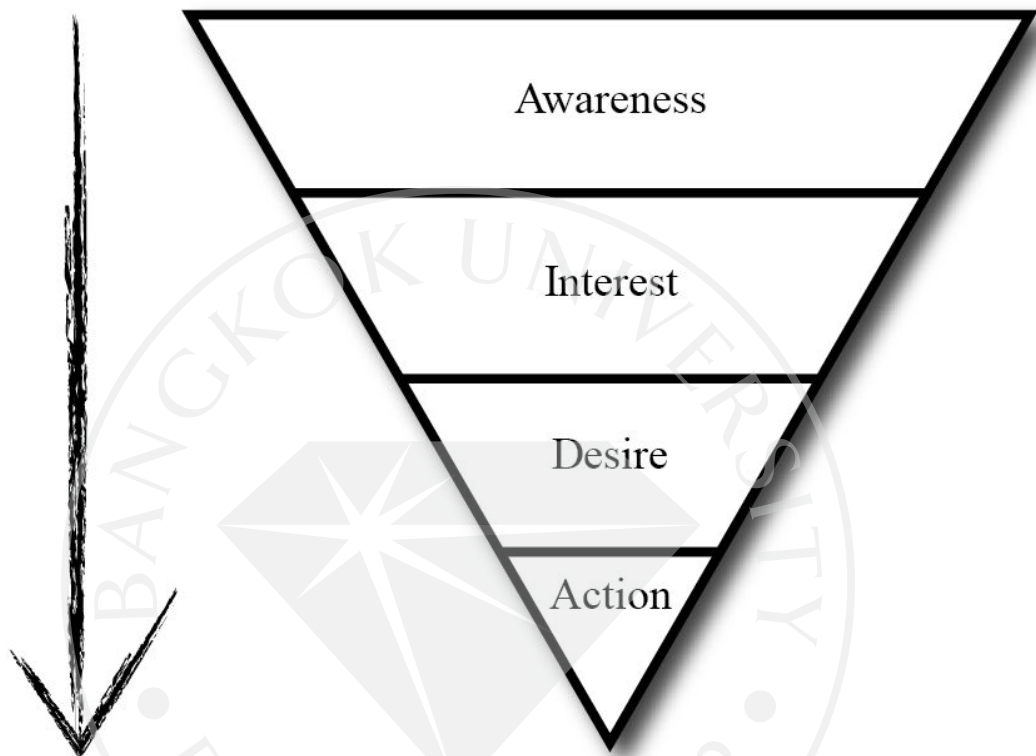
Figure 2: Made after Hauge (2011)

This model follows the decision making process from the very moment the consumer sees the advertisement. When going down the levels, the amount of people reduces from the previous, leading to a situation where the amount of consumers taking action is very different of those that are aware of the product or service (Hauge, 2011). Basically this model starts from an assumption that after reaching the consumer's attention, consumer will pay attention to the advertisement. Interest arises towards particular advertisement which is then followed by the want to know more

about this product/service. This will lead further on to the desire, which drives the consumer further to action; buying the product/service. Most consumers making high-involvement purchases will pass all the four stages of the AIDA model on their journey to acquire a product(Carl McDaniel, 2006).

One could always criticize hierarchy models such AIDA for not counting in the emotions that consumer might have developed towards the brand before the first phase of AIDA. AIDA and similar models do not take in account either that how do the consumers receive the marketing message nor do they give any attention to the fact that seeing the advertisement (awareness) does not automatically mean that someone would be interested in it.

AIDA model does not explain the effect of promotions on purchasing decisions. It only suggests that people will move from one stage to another and that promotional effectiveness can be measured with this process. Mc Daniel etc. (2006) also point out that there has been a lot of debate whether or not consumers really go through all these steps as well as the order of these steps.

Another point for criticism for AIDA is its lack for understanding repeat purchase. This suggests that it will only explain how non-buyers will become buyers, instead of buyers becoming loyal customers. Secondly, the lack of evidence on interest leading to desire makes it questionable: a potential customer may have interest towards the product, but still does not take the matter any further (Ensor, 2005).

These criticisms were noted and later AIDA model was developed to also take in account the lack of brand awareness. In the new AIDA model, called Integrative Model of Advertising, the model was further developed to the following:

A = Attention Ad Attention (paying attention to the advertisement)

I = Interest Brand News (brand news and thoughts)

D = Desire Brand Feelings (feelings towards the brand)

A = Action Purchase Intent (consumer is going to acquire the product)

The first A in this new model means acknowledging the advertisement combined with the emotions. The new I is then again thoughts and news related to this particular brand. The D-letter in the new AIDA model is being replaced by feelings that the consumer has towards the brand. Whereas the final A points straight to a buying intent (Virkkala, 2009).

The new Integrative Model of Advertising is trying to describe how feelings affect the process of receiving the advertisement and how those affect the final buying decision. In this model, different phases do not go forward in hierarchical fashion, but affect each other (Virkkala, 2009).

2.6 DAGMAR Model

DAGMAR-model is based on the fact that setting objectives is very important when designing advertising. These objectives can later on decide how well or bad did the advertising go and did it ever reach these objectives set in the beginning. These objectives will help with setting the budget as well (Mukesh, 2009). DAGMAR-model can also be used to keep the existing customers and strengthen their brand loyalty, or to target potential new customers as well (Tyagi, 2004).

DAGMAR-model was created by Russell Colley in 1961 for setting advertising objectives and measuring the results thus the name; Defining Advertising

Goals for Measured Advertising Results (DAGMAR) (Drypen, 2012). Following

figure will further ease the understanding of DAGMAR-Model.
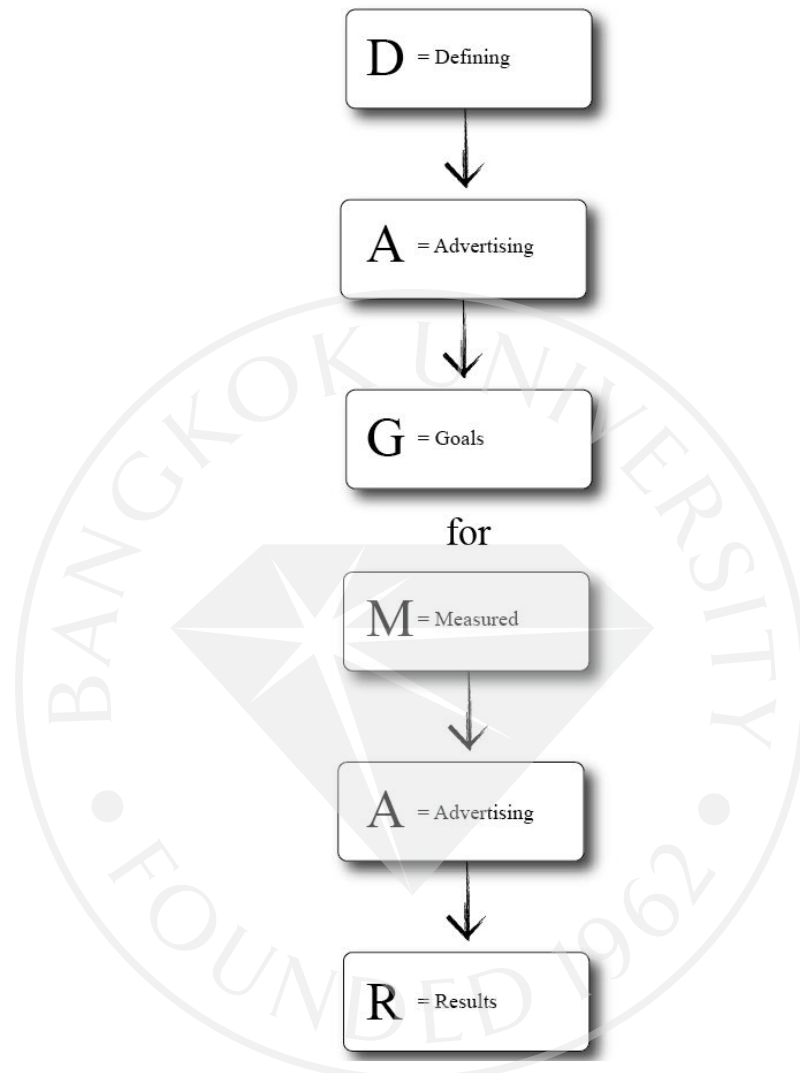
Figure 3: DAGMAR Model Simplified

DAMGAR model implies that awareness on its own might not be enough to

stimulate consumer all the way to execute purchase, but knowledge about this certain

product or service is crucial in order that to happen. Usually this achieved by

providing special information regarding brand attributes of that product or service.

The consumers have to be convinced that the product or service needs to be tried at

the next opportunity; the beliefs about the certain brand must be molded to correspond to that factor. With DAGMAR it is especially important to find the right target audience. Basically DAGMAR model is suggesting that consumers have to be taken from the point of no knowledge at all to full awareness. The consumer must be aware of the company or a brand. He or she must have comprehension as well; the product and its benefits. They must come to mental conviction so that they would buy this particular brand or product. Finally ending up taking affirmative action to buy the product (Drypen, 2012).

However, DAGMAR-model is not perfect and has been criticized quite a lot; It can be costly, the targets are hard to measure, sales can be affected by other factors as well and results do not show in short run (Tyagi, 2004; Mukesh, 2009).

DAGMAR also receives similar critic as the AIDA model; it only expects that non-buyers will become buyers and that the interest leads to desire. Both debated topics when spoken about DAGMAR (Ensor, 2005). DAGMAR also assumes that all of its phases; Awareness, understanding, preference, conviction, and action occur in clean and predictable sequence. DAGMAR in a way neglects convenience or any kinds of impulse purchases. Not all consumers want to find information about certain products before purchases (William, 1987).

However, despite all the criticism, DAGMAR is still widely in use. It is considered to be useful mainly because of its ability to facilitate the elaboration of measurable goals and integrate behavioral science concepts into advertising management (William, 1987).

2.7 Literature Review - Conclusion

As has been seen from this chapter, previous studies have not answered all the questions that still circle around this very subject. Previous studies have concentrated on certain demographic areas or groups or slightly different things (Virkkala, Zafar and Khan) as young Pakistani consumers or Finnish Facebook users. However, these previous studies have been used not only as inspiration for this study but also as an example of what to avoid and what to include in this study as well as how to structure this research. These studies and the information they provide, will also be used in the research model of this thesis.

When it comes down to the marketing models, ELM suggests that the commitment level is affecting the way people process the marketing message. It divides persuasion to two routes; central and peripheral. AIDA is one of the Hierarchy-of-effects models that have been used to investigate attitudes towards advertising. DAGMAR-model is based on setting objectives when designing advertising. These objectives can later on decide how well or bad did the advertising go and did it ever reach these objectives set in the beginning. In the next chapter, these models will be put to further use.

2.8 Research Model and Literature Overview
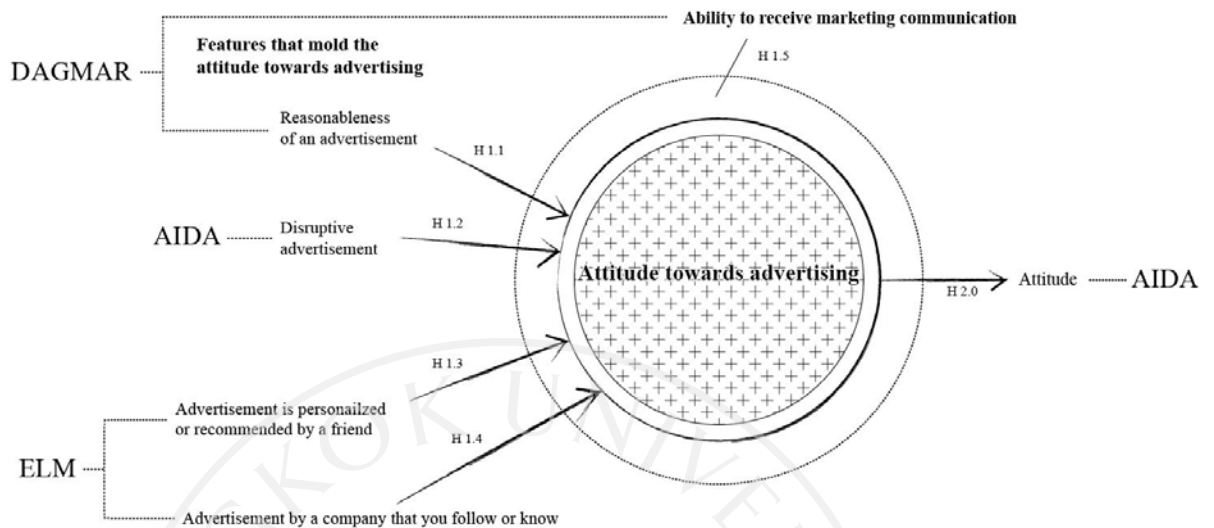
Figure 4: Literature Overview

ELM provides two different ways of forming attitudes; careful consideration or shortcuts. Peripheral cues, or shortcuts are simple cues in the advertising that can trigger primitive affective states that will be associated with the attitude towards the object. If there is a potential cue, it should have the ability to affect attitudes in the absence of any arguments. For example, a message could come from attractive source or unattractive source and a person would be more likely to go for the attractive source (Petty, 1986).

Thus those advertisements that are personalized or recommended by a friend will be more attractive to users resulting in more positive attitudes towards advertising in facebook. When again, in the case where user is following a company, or already is well aware of it the central route is in the picture, meaning that the user has used careful consideration with this brand or product. This would also lead to more positive attitude when the advertisement is being displayed.

AIDA model is based on the assumption that the attention of the consumer is gained, thus advertisement must be disruptive for AIDA to become true. The new model combines emotions as well, thus disruptive could also be something that comes out of an emotional picture or text. In this context the AIDA however would generate negative attitude towards the advertisement, ultimately leading to blocking or avoiding kind of action as marketers try to get the attention of the consumer. I presume facebook users do not want disruptive advertisements, such with their own name on it nor do they want to see blinking or moving advertisements.

AIDA is generating positive or negative attitudes. In the attitude forming part of AIDA, the final step of AIDA, "action" is being put to use. After the features have affected the attitude of the consumer, in this case the user of facebook, the end result is taking action. After forming the attitude, the very final state is action; to avoid, block or ignore when negative and to click, follow or purchase if positive. The new interactive model of AIDA suggests that all the phases of AIDA affect each other and the last result is buying decision. This would more or less support the positive attitude at the end.

DAGMAR suggests that advertisement must be informative enough thus "receivable". Ability to receive marketing communication is crucial with all the features, that is why it is being set in the background of the model. Advertisement must be informative enough for people to understand it and the person must have ability to receive marketing communication. None of the other features can work without the facebook user being able to receive marketing communication.

DAGMAR also suggests that the advertisement must make sense. If the advertisement doesn't make any sense or is understood wrongly, it creates negative

attitude. In some cases the advertisements are displayed in foreign language, have a picture that doesn't make sense to the user or are confusing in some way, it would lead to negative attitude. As DAGMAR suggests, consumer must be aware of the product and must understand its features etc. in order to ever go for action, purchase. This said, reasonableness of the advertisement is crucial in order to generate any kind of attitude at all.

Previous studies will provide general background information on the topic. This part is not visible in the research model, but is crucial in the sense that a reader understands the major trends, functions and purposes of the virtual community research and facebook itself.

All of this connects to the research questions in the following way. The major research question is about perceiving advertising in the virtual community, in this case facebook. This is being answered through the sub-questions that will provide more detailed questions about the major research question. The major research question is hopefully answered with the help of the whole research model, so basically everything in it relates to the major research question. The sub-questions are related to the model as follows.

How consumers perceive marketing communication? This is related to reasonableness of an advertisement and the ability to receive marketing communication.

Which features of facebook advertising have the most significant effect on the attitudes of virtual community members is related to disruptive advertisement part as well as the parts covered by ELM.

Which features of virtual community advertising are found most appealing and which are found most annoying. This is being handled in the Disruptive advertisement as well as the whole model.

consumers through many different digital media channels thus creating brand awareness.

3. Company Websites

Company websites include much more than just displaying brochures online. This includes news, video, real-time feeds and newsletter subscriptions. Latest thing is extensions that allow activity in social media.

4. Blogging

Blogs enable anyone to publish whatever they feel like. Blogging for business is a great chance to reach current and potential customers. Blogging can be used to draw people in the company website by creating interesting and related content to the blog.

5. Online PR and Blogger Outreach

One of the fastest growing sectors of online marketing, the online PR is for large part intertwined with social media and written content is a huge part of it. Online PR is usually mixed with SEO and vice versa.

6. Video Marketing

Video marketing enables easy reach of the masses. Video marketing has been a great success for many, not only for corporate videos and such, but funny viral videos as well. Video marketing can also be live video feed from some important happening that your company is taking part in or for example a customer testimonial.

7. SEO

Search Engine Optimizing is a way to bring the company up when searching certain words in search engines such as Google. For example, if you have a business that sells car parts in Finland, you might want your company website to pop up among the first results when searching for bumper or exhaust within the country.

8. E-mail Marketing

One of the oldest online marketing forms, e-mail marketing is developing towards social media integration. It is a natural continuance for direct mail marketing. It is used to create customer relationships through mailing lists. People that have interest towards your company, or brand, can sign up for a "news letter" which you can then use to reach these people on monthly, weekly or even daily bases.

9. Affiliate Marketing

Includes selecting an affiliate network. In affiliate marketing, a commission or similar is paid to third party that is promoting company's products or services ("Define Online Marketing," 2012). For example, a blogger might be reviewing some running gear, such as shoes. After his review, he will include a link to a webshop that sells these particular shoes. He will get a percentage of the sale if a person follows through his link and buys that product.

10. Digital Advertising

Digital advertising consists of image banners (boxes on web pages that include picture, text or animation) and pay-per-click advertising. Ad banners include data collection, making them even more effective.

1.4 Statement of Problem

Marketing in the internet has never been the easiest task, but marketing within the virtual community further more differs from basic banner and online marketing, going into personalizing, viral and recommendations. Choices for virtual community advertisements are plentiful. Marketers have difficult task choosing their strategy when advertising within a virtual community: What kind of a strategy is suitable and how to advertise without annoying your target audience? How people feel about the advertising within "their" community? Do they see these adverts as convenient source of information of particular company and its products or do they find them to be annoying and misleading, disturbing their virtual community experience?

This study tries to figure out how consumers feel about virtual community advertising within facebook. Hopefully this research will reveal something new and interesting about the attitudes of those who are registered in a facebook. A lot of discussion has been going on around Facebook and its tailored advertisements. As facebook became a listed company in Nasdaq (Bunge, 2012), the ways to advertise will quite likely become more aggressive and the pressure to generate more profit becomes quite obvious. Facebook has already done some experiments on different kinds of advertising, such as mobile advertisements which seem to be working quite well for the social network giant, generating 13 times the clicks and 11 times more

money than the traditional ones (Constine, 2012). They also recently announced another experimental advertising method(Golijan, 2012) where people can cough up some cash and get their status updates more visible. They also announced a new user policy not long ago, that allows them to use all the user data basically however they want (2012). This announcement created a lot of concerns and even European Data Protection Commissioner Gary Davis was concerned since the new policy broke the EU law. What is the consumer opinion? What are the users thinking about this ever expanding marketing phenomena?

1.5 Intention and Reason for Study

The purpose of this study is to research how consumers receive advertising in virtual community environment, facebook. This study intends to conclude an answer to the original topic through first figuring out these sub-problems; what is internet marketing, how consumers receive marketing communication overall and what does one mean with virtual community. The topic of this study concerns of multiple different kinds of companies and businesses as well as public service providers.

The results of this study can help companies to rethink their own facebook advertising as well as give some guidance for those that are new to virtual community advertising.

1.6 Research Objectives

This research is aimed to understand virtual community advertising and;

1.6.1 To determine the general attitude towards facebook advertising.

1.6.2 To figure out the most significant factors that affect attitudes.

The results of this study will provide some understanding of facebook advertising, how to avoid disturbing advertising in facebook and offer a general chassis which to build online marketing on in a virtual community.

1.7 Major Research problem and Sub-Questions

Research question: How do consumers perceive advertising in facebook?

Sub-question: How consumers perceive marketing communication?

Sub-question: Which features of virtual community advertising have the most significant effect on the attitudes of facebook members?

Sub-question: Which features of facebook advertising are found most appealing and which are found most annoying?

1.8. Assumptions of Research

Assumptions of this study include the following:

1.8.1 The data gathered from this research will answer the research questions.

1.8.2 This is researchable study: Enough of people will participate in the survey, survey questions are unbiased and clear and survey will generate enough data to be analyzed and to conclude this research.

1.8.3 Those participating in this research, will deliver honest and clear answers without any unnecessary pranks known to internet communities.

This study also assumes that advertisements in virtual community such as facebook, can be received in different ways by different people thus creating different kinds of attitudes towards these advertisements.

1.9 Scope of Research

This research does not have geographical scope. This research has target community, facebook. Facebook has been chosen simply because it is the most popular virtual community worldwide and it is possible to reach vast respondent amount, which will further increase the validity and reliability of this research. This study is aimed to examine the consumers' attitudes towards facebook advertising. Facebook users come from all over the world, from almost all social classes, almost all ages and races. However, Facebook users do not reflect real life demographics, since it is basically missing young children and very old people and the most poorest of our planet.

Facebook has over 800 million users ("Facebook Statistics," 2012) making it impossible to reach everybody. That is why it is important to reach as many as possible thus this research is not only for people from one country nor does it stick to demographics. This research will use snowball sampling which is one form of non-random sampling (Bajpai, 2010).

1.10 Benefits of Research

This research will help companies to realize what kind of advertising is most suitable for virtual communities and offer some reasons behind why and how facebook members receive advertising in their own community. Furthermore it will be an overall study of virtual community advertising, helping facebook users to become more aware of the advertising in their own community. Hopefully it will raise awareness of both companies advertising and the users when it comes to virtual community advertising.

1.11 Limitations of Research

This research concerns consumer attitude towards virtual community advertising but it is limited to networking communities and facebook only. It is made purely from the perspective of a consumer. This research is not limited to certain demographics other than people that can speak and understand English and use facebook. Facebook does not reflect real life demographics. The time to conclude this research is limited. No budget has been set to conduct this research. Finding participants to answer is a problem for almost any survey and applies to this as well. This also means that the participants can't be chosen from any other demographics but the ones already mentioned above.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Methodology – Introduction

According to the previous chapter, a research model is formed as follows.
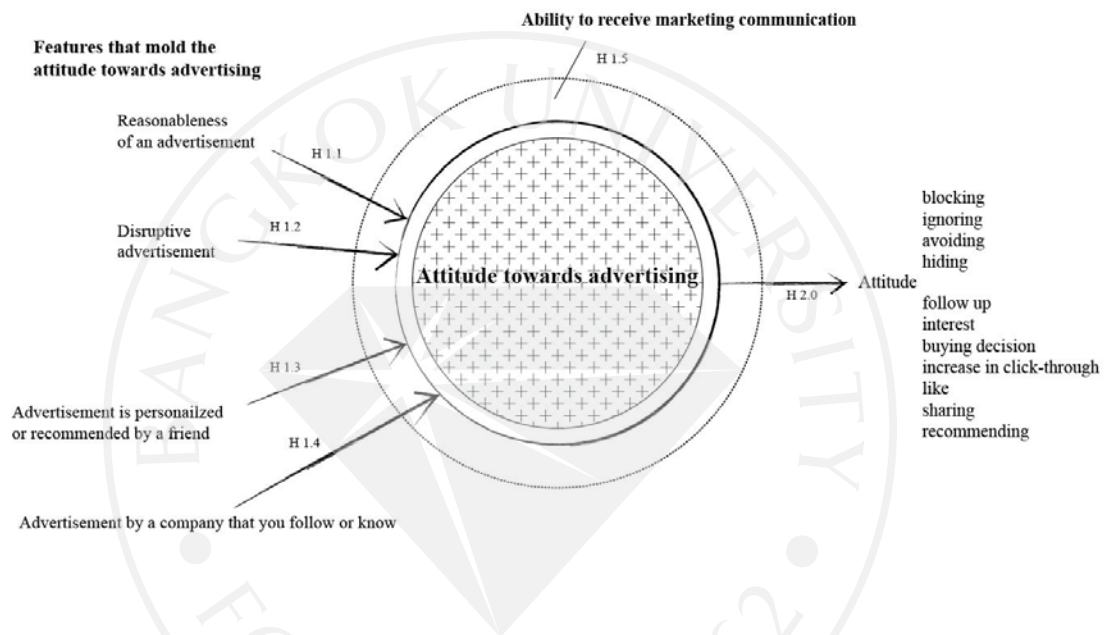
Figure 1: Research Model

This research model is based on the information gathered in the previous chapters. It assumes that the features of the advertisement will affect how consumer attitude develops.

Features that mold the attitude refer to advertising features within the virtual community, Facebook. These features will affect on the attitude towards advertising only if the consumer is able to receive marketing communication thus the ability to receive is the feature in the background. If consumer is able to receive marketing communication, they can form attitudes towards it that are divided to negative and

positive attitudes, this is based on the fact that advertisements are in general seen to form two kinds of attitudes.

The ELM model suggested that the consumers can form attitudes in two ways; short cuts and careful consideration. It also emphasizes the fact that the involvement level affects decision making.

In the AIDA model, consumers become aware of the product or service before creating any interest towards the brand itself. If everything goes according to the plan; it will lead to a purchase. Depending on the case, the advertisement will first create an attitude either positive or negative and that will create two groups; those reject and those who accept.

The DAGMAR model is based on an assumption that the company advertising must be informative enough so that the consumers become fully aware of the product or service. Thus ability to receive is a big factor behind the whole research model.

Considering the previous facts presented according to the earlier chapters, following hypotheses are formed.

H 1.1 Reasonableness of an advertisement has affect on how consumer forms attitude about the advertisement. If advertisement doesn't make any sense, is in foreign language or is in other way confusing, consumer will have hard time forming an attitude about it or in the worst case; the marketing message might be misunderstood.

H1.2 If an advertisement is disruptive, it has negative effect on attitudes towards advertising. One could presume most people want to have control over what their facebook feed includes.

H1.3 When an advertisement is personalized or recommended by a friend consumer is more likely to generate positive attitude towards it that would later on lead to action.

H1.4 An advertisement by a company that you follow or know is more likely to generate positive attitude towards it than the one consumer is not already familiar with.

H1.5 The ability to receive marketing communication will affect all of the features. If marketing communication cannot be received, then none of the other features matter thus attitude cannot be formed.

H2.0 Negative or positive attitude is formed. In the case of negative attitude the consumer doesn't take any action at all or either ignores the whole advertisement, blocks it with the help of an adblocker or browser settings, avoids the advertisement or takes action to hide posts by this certain member, group or a company.

Whereas if positive attitude is formed, the consumer will more likely click the advertisement, share it with his friends, make a buying decision because of it or be just generally more interested in this particular company/brand.

In the next phase of this research, suitable tools are used to figure out what kinds of attitudes these two groups include, how they are formed and what is behind all of this.

3.2 Research Methodology – Discussion

This study is chosen to be made in case study format. To study a social phenomena, diversity of approaches or strategies can be used says Swanborn (2010). He divides these roughly to two different groups; extensive approaches and intensive

approaches. Extensive approaches typically have surveys and are more "in width", whereas intensive approaches are more or less case studies and are done "in depth". He explains case study in his book "Case Study Research – What, why and how?" in the following way: "Case studies are already difficult enough to define as a research strategy, because typologies of research strategies are generally based on different sources of data." He points out that case studies are based on social phenomena and Babbie (2004) agrees. Babbie says that there is little consensus on what may be considered as a "case" and the term is used broadly.

Since this study is done within facebook, I have chosen to mix these two in the following way; this study will be an intensive case study researching social phenomena (facebook), studying one phenomenon in its own content. It will also have some features from extensive approach, allowing me to use survey to gain relevant data from within the community. Vaus (2002) says that survey research seeks to understand what may cause certain phenomenon. He points out that case study tends to focus on certain cases.

Quantitative data has the advantage over qualitative data that it measures numbers. Since this research requires numbers that are generated by the upcoming survey, quantitative approach is being chosen to be the main research method. Quantitative research method reaches bigger amount of answerers which results broader data that is easier to generalize. Members of a virtual community are under examination which means that the sampling is not discretionary. This allows the research to reach more trustworthy end result where conclusions are not pointed to a certain research group. However, some disadvantages are present as well; for the non-mathematicians, the field can be somewhat confusing. Quantitative research does not

leave any room for grey areas either. That is of course inappropriate for social science, since human nature never is as simple as "yes" or "no" (Shuttleworth, 2008). However, qualitative way of analyzing the numbers solves the problem, which in this case is based on the point of view of the author.

3.3 Analyzing Data

Factor Analysis

Factor analysis examines relations between variables. The main idea is to try finding mutual dimensions, factors, from the group of variables. In this analysis, variables are not meant to be explained but the dependencies between variables are the target of the research. Usually factor analysis is being used for simplifying and compressing the material. Factor analysis tries to define factors or dimensions that further explain correlations from the group of variables. Means or distribution are not in a big role in this analysis (Birks, 2006).

This kind of an analysis can be used in many different ways; for example in marketing when doing segmentation. When using it in segmentation one can form different kinds of consumer groups according to their features. Factor analysis can also be exploited in product research when determining brand attributes that affect consumer decisions. Besides these two ways mentioned above, factor analysis can be used in marketing researches as well as when studying consumer attitude towards prices.

In this research, factor analysis can be used to study which variables correlate with each other such as how virtual community members' positive attitude towards advertising correlates with the informativeness of the advertising.

In factor analysis, variables need to be at least distance graduated in order to create a correlation matrix which all the calculations are based on. The idea in factor analysis is that series of new non-correlating variables will replace the original series of correlated variables later on in the multi variable analysis. Factor analysis will create factor loading according to the factor and the variable that is being researched. These factor loadings will represent correlations in between this specific factor the researched variable and these loading will create values between 1 and -1. These values will represent correlations; 1 being absolute correlation and -1 that this variable correlates in negative manner with the factor (Archive, 2004).

There are two ways to apply factor analysis; exploratory or confirmatory. First one is done by finding factors from the group of variables that would explain the phenomenon without the researcher having expectations for the outcome or interpretation of those. It usually starts with theory material related ready hypotheses that can later be either confirmed or declined with the help of the factor analysis. These results are meant to be reached with empirical analysis. The latter way is based on statistics material usually where one or more factors can be found for the research. Exploratory factor analysis is more commonly used one of these two (Archive, 2004).
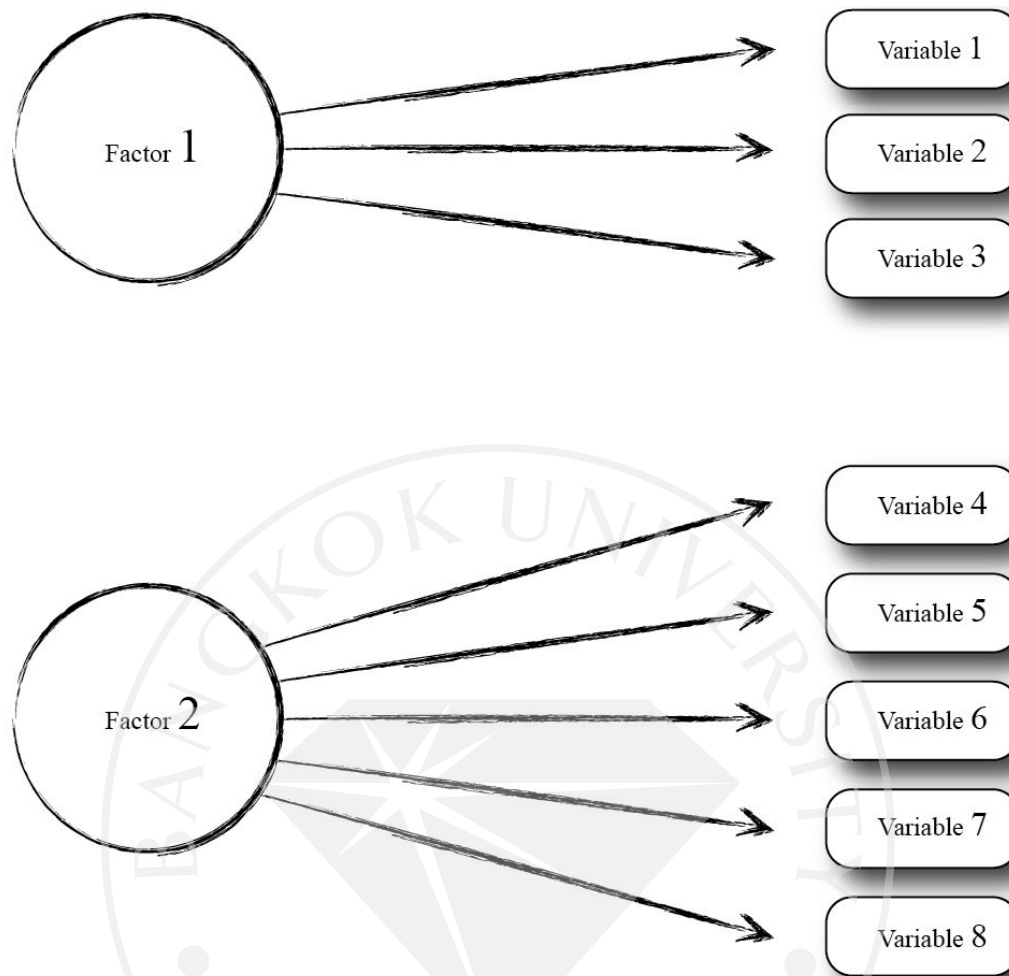
Figure 2: Idea of the Factor Analysis Simplified

There are two important terms in factor analysis that are in need of explanation; Eigenvalue and Communality. Eigenvalue lets us know how well certain factor reflects the spread of the variable. In other words; eigenvalue will represent each background factor's description part. The bigger the value, the better that factor will reflect variable's fluctuation and vice versa. This value can be calculated by dividing the eigenvalue with the sum of variables. This will form the explanation value in percent. When all the explanation values are added together, the sum will be the explanation value of the whole research (Archive, 2004). Communality will

explain how big amount of variable's fluctuation is explained by the factor. If variable's communality is close to 1, factors can explain the fluctuation almost fully. Smaller values will result in worse explanation (Archive, 2004).

Next phase in factor analysis is rotation. This phase will make the interpretation of the results easier. Rotation will not change the results but make them easier to read. Rotation can be divided to two different categories; orthogonal rotation and oblique rotation. Orthogonal procedure will create factors that do not correlate with each other, whereas in oblique rotation will create factors that correlate with each other (Archive, 2004).

After rotation it is time to interpret the factors and whether they are suitable for representing the variables. Eigenvalues are calculated from factors as well as communalities, which will tell us how well factors explain variable fluctuations. The last thing to do is to evaluate the results of the analysis and the design suitability.

Cluster Analysis

Cluster analysis is a grouping analysis which aims to categorize answerers in different groups. Answerers can be asked about their attitudes towards something and with the help of cluster analysis they are categorized in convergent groups. In other words; cluster analysis will figure out different kinds of groups where attitude towards advertising is fluctuating. Cluster analysis can exploit the factor points of factor analysis mentioned earlier and continue from where the factor analysis was left (Heikkilä, 2004). The general principle for cluster analysis is that the groups formed by it will have low internal variance and high variance between groups. This way

these groups will have significant difference and the groups that have been formed are called clusters. In cluster analysis, each observation belongs to only one cluster.

The difference between cluster analysis and factor analysis is that the latter will group events and for example consumers whereas the first groups variables, such as attitudes.

Cluster analysis can be exploited in many ways in marketing; segmentation, understanding the consumer behavior, defining the possibilities of a new product and choosing the target market (Birks, 2006). Depending on intentions, cluster analysis can be used in many ways. Hierarchical clustering starts from having own groups for each case. After that, pairs that resemble each other are found and formed into a group. Process continues until there is only one group left. Non-hierarchical cluster analysis such as K-mean Cluster works in opposite way from hierarchical clustering. It defines clusters beforehand after which a computer program will create groups according to similar features. There is no "right way" with cluster analysis, but the situation will more or less define which procedure is being used. Despite the method chosen, results rarely differ.

Chi-Squared Test

The most typical Chi-squared tests are Pearson's Chi-squared test and G-test. Pearson's Chi-squared test is usually being exploited when statistical significance is being investigated. It is being referred to in general, when speaking of Chi-Square tests. This test is being used to test hypothesis between different groups. The significance is more likely to be emphasized when the relation between variables is strong, sample is big and two combined variables' numbers are vast. Chi-square test's

probability being 0,05 or less, it is considered to be statistically significant (Virkkala, 2009).

The G-Test is an alternative way to test the hypothesis. This method is based on measuring the maximum probability. Even though being calculated differently, G-test is being interpret in the same way than Pearson's test (Virkkala, 2009).

Chi-squared test is the most used for statistical test for nominal scale statistical data handling. This test can measure if it is possible that dependency can be based on sample coincidence effect despite that variables are independent. This test requires however, that 20 % of the frequencies of wait are smaller than 5 and that each expected frequency's value is bigger than 1. Other assumptions of the study are that random sampling is being used, variables are independent and are displayed in one cell at a time. Chi-squared test expects that hypothesis are independent and observations are limited and they are able to be classified in groups (Virkkala, 2009).

Chi-squared test will proceed in four phases; expected frequencies are calculated, Chi-square formula is being defined, degree of freeness is being calculated and Chi-square value is being compared with Chi-square spread values and finally Chi-square table is being used to decide the critical values.

3.4 Population and Sampling

In this survey, a quantitative research is executed with the help of internet survey. The use of internet survey is justified mainly because of the target group of this research is within the internet, and more precisely, in the facebook. The invite for the survey is being sent via facebook to all of the author's friends who from there will

spread the survey forward to their friends. The invite will include a small explanation and will encourage people to send this survey further.

This survey is being done via surveyGizmo. SurveyGizmo which is an online survey site that is free for students. SurveyGizmo is one of the leading tools for marketers, consultants and business professionals worldwide. SurveyGizmo's survey software supports millions of responses daily ("SurveyGizmo is...", 2012).

Snowball-sampling, also known as chain sampling, chain-referral sampling or referral sampling ("Snow sampling", 2012), is suitable when members of the population have not all been previously identified and are hard to contact or locate. It is mostly used when traditional survey methods are not suitable, for example when studying social networks (Miller, 2012). Snowball-sampling has first group which answerers are pre-determined. The main feature required from the group members is to fulfill the sample group requirements. In this case, the group chosen does not have any kind of a scientific method used when chosen. 422 people from the author's friend list (all) will be sent the invite for this survey. They are asked to forward this survey. This way the snowball effect is reached, creating non-probability-sample (Birks, 2006). However, the post is not visible for all of the people mainly because of facebook's preferences. Some of the author's facebook friends might have wanted to block posts from this specific person. Also, facebook does not show all posts on all of the friends' wall, but it is being decided according to the popularity of the post, as well as user preferences.

Snowball sampling is one form of non-random sampling, also called non-probability sampling. Just like a snowball collects particles when moving forward, so does this survey. However, even though being a suitable sampling technique for this

study, snowball sampling suffers from one particular flaw; it is non-random when the sample selection is being executed (Bajpai, 2010). Another problem associated with snowball sampling is that it may create bias because there is a possibility that the sample might not represent proper cross section from the population ("Survey Sampling Methods," 2012).

When locating respondents is extremely hard and costly, snowball survey is suitable survey method ("Survey Sampling Methods," 2012). Snowball survey begins by selecting known members of the population to create a "seed". After this phase, waves are created, where respondents send the survey forward. Sometimes there is limited number of waves, sometimes not. Smaller populations require only a few waves whereas larger require more. The survey can be completed also when certain percentage of the people contacted have answered the survey (Miller, 2012).

With population size as big as 950 million, confidence interval is set to 5. Confidence interval is also called margin of error. It basically means, that if for example that if 47 % of the of the sample picks an answer, one can be sure that if the question was asked of the entire relevant population between 42% (47 – 5) and 52 % (47 + 5) would have picked the answer. Confidence level of 95 % is being used in this thesis. Confidence level then again tells how sure one can be. Basically this means that with 95 % confidence interval one can be 95 % certain. It represents the true population and their answers. These figures are being decided with the help of a sample size calculator provided by "The Survey System" ("Sample Size Calculator," 2012), which is the best survey software of 2013, chosen by TopTenReviews. A demonstration follows.

Figure 3: Determining Sample Size

Thus the sample size will be 384. The mathematics of probability points out that the population size becomes irrelevant in the case where the sample size is less than a few percent of the total population examined. For example, a 500 people sample would be just as relevant for a population of 15, 000, 000 as it is for a 100, 000. This is also the reason why The Survey System ignores the population size when it is large or unknown ("Sample Size Calculator," 2012).

3.5 Statement of Research Methods Used

In this study a quantitative research method was chosen to be used and the data gathered from it would be treated in qualitative ways as well. This was mainly because of the population of this research was a virtual community, facebook, with massive amount of users.

A snowball survey was chosen to be the primary data collection form as it was seen best suitable for this kind of a research. SurveyGizmo website was used to collect the data.

Literature was used to back up the theories of the author. Several different online services were used, as well as libraries both in Finland and Thailand to seek information regarding, not only the topic, but also research methods of similar studies and theses.

3.6 Response Rate

Online surveys like this do not get similar response rates to traditional surveys. There are many possible causes or explanations to this matter. One of these explanations is that web or e-mail surveys do not have similar personalization, precontact letters follow-up postcards and incentives that the traditional surveys usually have. One reason is, that many consider web-surveys to be some sort of "junk mail" or "spam", harmful, bothering electronic junk (Michale, 2004).

As this survey did not have any kind of an incentive, the response rate can be also explained by that. Medium length surveys are considered to be 12 – 25 questions. Normally medium length surveys seem to gather about 15 – 30 % response rates. However, when no incentive is introduced, response rates drop below 10 %. These estimates are made with follow-ups, which this research does not have, thus expected response rate is even lower than 10 %. Median for survey response rate is 26.45 %. It is also likely that over half of the online survey responses are going to arrive on the very first day of the survey and seven out of eight responses arrive within the first week. Recommended run time for an online survey is 2 weeks. Survey length is also seen as an important factor to affect the response rate, longer surveys tend to get less responses ("Survey Response Rates," 2012).

This survey was quite long indeed, as the author wanted to make sure that his survey would really answer the questions asked. There were 5 questions per one hypothesis and some to build background information, the basic demographics questions in the beginning. This resulted in 20 different parts in the survey which each included 5 statements or questions, except questions 11, 12and 18 that included only 4 statements, questions 1 and 17 that were yes/no –questions. Questions 2 to 9 were demographic questions.

3.7 Survey Pilot

Pilot testing is a pretest done before the actual survey, where a smaller sample size is used for testing the survey. It is used for purposes such as determining whether or not the target audience understands the survey instructions, if the survey would fulfill the purpose it is attended to and to find errors before the actual survey (Sincero, 2012).

In this case a 10 person test was done in the premises of the Bangkok University. Survey was printed out and volunteers were asked to fill out the survey and point out spelling mistakes, errors and parts that seemed unclear to them.

Pilot testing was a great success as none of the pilot participants found any major mistakes in the survey. No major changes were made to the survey after the pilot testing as a result of successful pilot test.

CHAPTER 4

ANALYSIS AND RESULTS

This research exploits quantitative and qualitative data. The survey will generate quantitative data, numbers, which is then analyzed by using words. This method allows more analytical take on the subject instead of using just numbers or only text (Mark, 2007).

The survey was published on the wall of the author, visible to 465 facebook users (amount which was increased from the starting point of this thesis), including those that might have blocked the user. Those who saw the link and the invite to this survey were encouraged to participate and share the survey. The survey began on the 20th of March and continued until 15th of April. For the last 5 days of the survey, it did not receive any answers, so cutting it off was well justified and supported the references about the internet surveys presented earlier in this study. Survey started with a question about whether or not a person has facebook account. If the answer was "no", survey would take this person to the end of the survey and not let them answer any of the questions. This was made in order to exclude people that do not have facebook account from answering any of the questions. Those who answered "no", were only showed the "thank you" slide. There were 6 people who answered no, rest of the 148 answerers were 96 %. The survey procedure allowed the collection of 142 answers. 52,1 % of answerers were male and 47,9 % female, thus gender spread was quite even. The diagram below further demonstrates the gender distribution.

5. Gender

5. Gender

Value	Count	Percent %
Male	74	52.1%
Female	68	47.9%

Statistics	
Total Responses	142
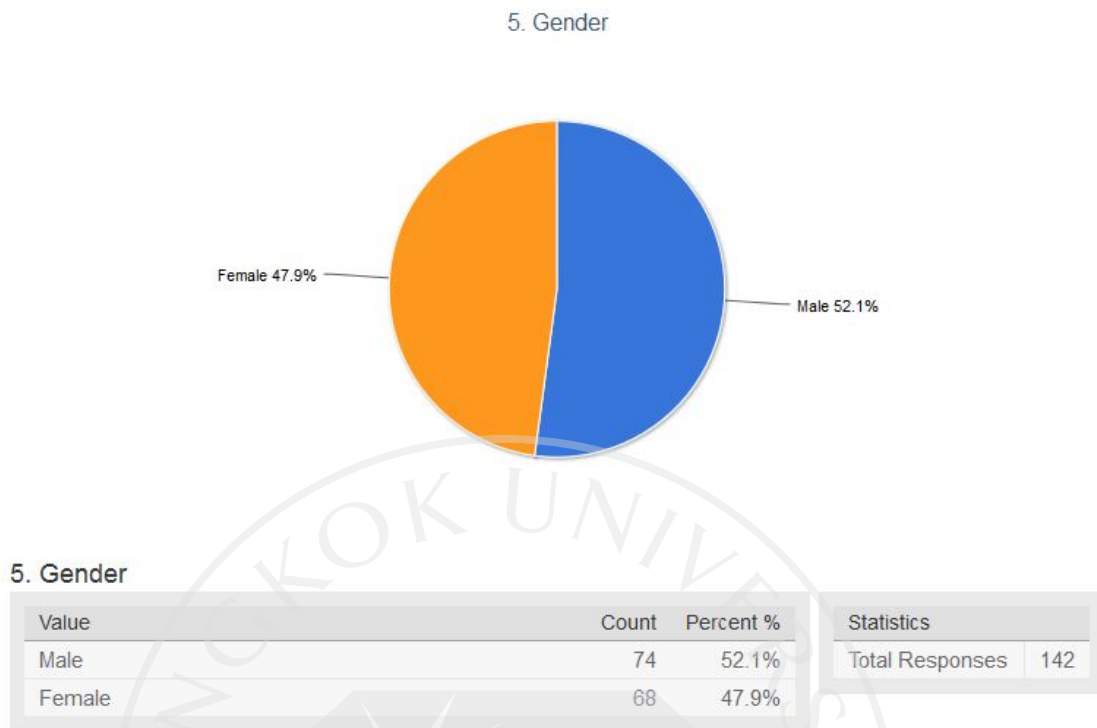
Figure 1: Gender Distribution

Among other demographic questions was a question about answerers' race.

Altogether 61 % of all answerers were Caucasian, Asian/Pacific Islander were 12.7 %

, 12 declined to answer which is 8.5 % of all of the answers. A diagram will follow

with visualization of the results.

2. Race

Value	Count	Percent %
Asian/Pacific Islander	18	12.7%
Black/African-American	2	1.4%
Caucasian	87	61.3%
Hispanic	2	1.4%
Native American/Alaska Native	1	0.7%
Other/Multi-Racial	20	14.1%
Decline to Respond	12	8.5%

Statistics	
Total Responses	142
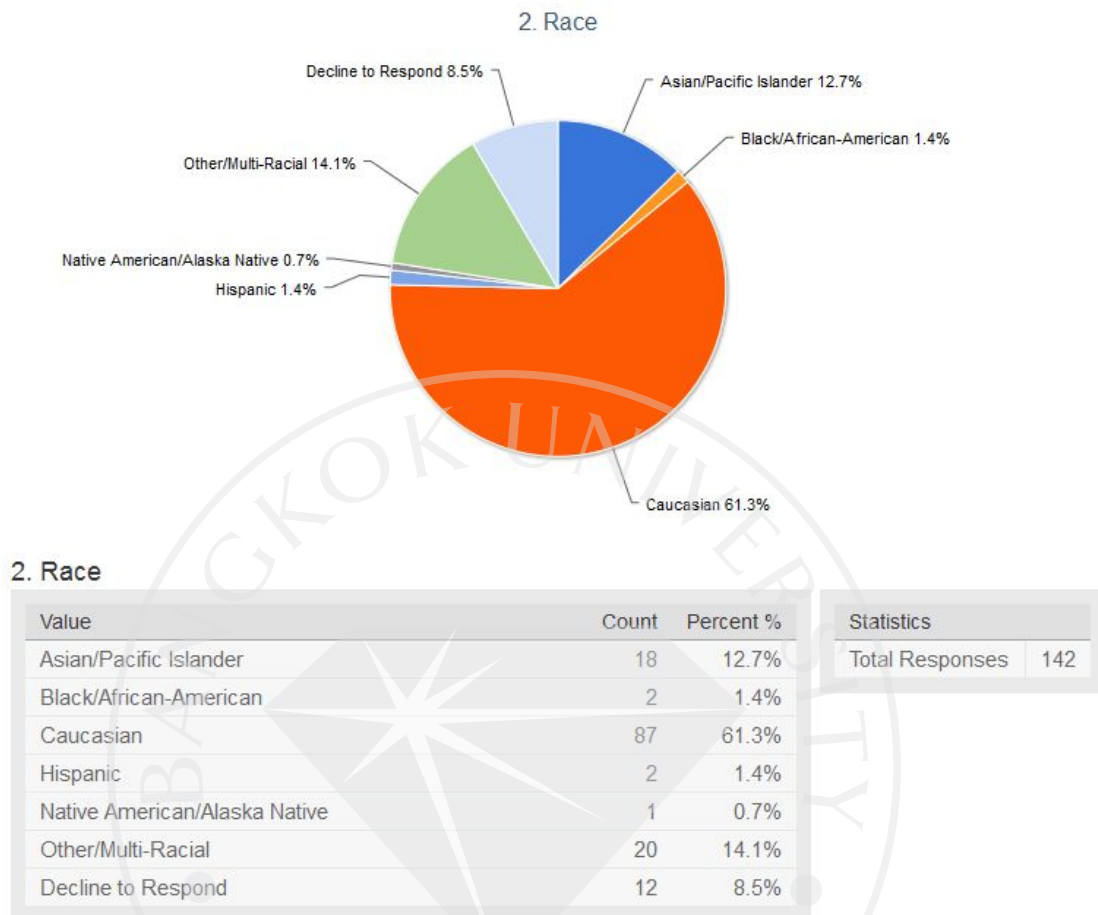
Figure 2: Race

One of the basic demographic questions was about the yearly income of facebook users. Majority of the answerers earned less than 25,000 US Dollars per year. Second were those who earn 25,000 to 34,999 USD per year. The following will further demonstrate the distribution of the income level among answerers.

3. Yearly income U.S. dollar

Value	Count	Percent %	Statistics	
Less than $25,000	50	35.7%	Total Responses	140
$25,000 to $34,999	25	17.9%		
$35,000 to $49,999	27	19.3%		
$50,000 to $74,999	23	16.4%		
$75,000 to $99,999	7	5.0%		
$100,000 to $124,999	4	2.9%		
$125,000 to $149,999	1	0.7%		
$150,000 or more	3	2.1%		
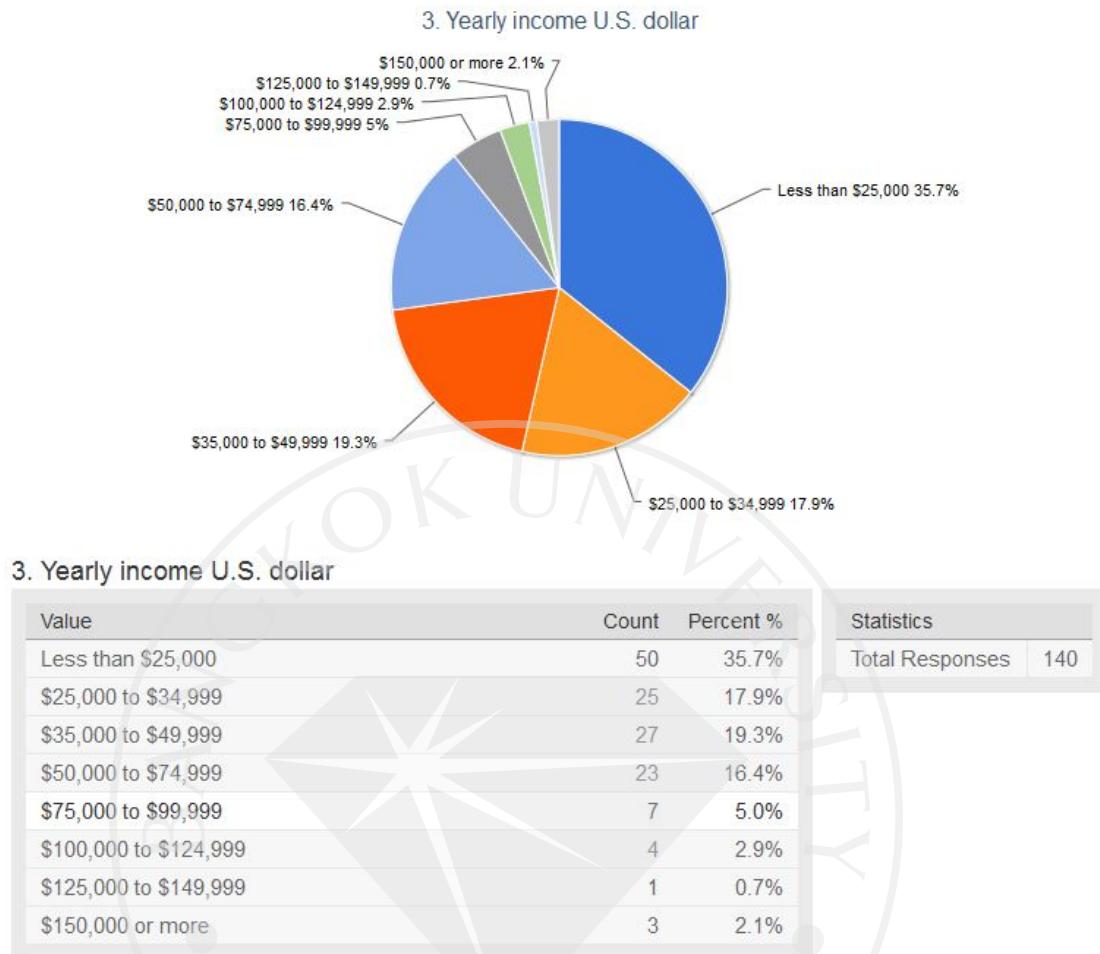
Figure 3: Yearly Income in U.S. Dollar

Education background was among the demographic questions. More than half of the answerers had Bachelor's degree, second most answers went to Post-graduate degree, altogether 18.2 %. Rest of the education background spread quite evenly as can be seen from the following pie diagram.

4. Education

Value	Count	Percent %
12th grade or less	4	2.8%
Graduated high school or equivalent	16	11.2%
Some college, no degree	9	6.3%
Associate degree	13	9.1%
Bachelor's degree	75	52.5%
Post-graduate degree	26	18.2%

Statistics	
Total Responses	143
Sum	48.0
Avg.	12.0
Max	12.0
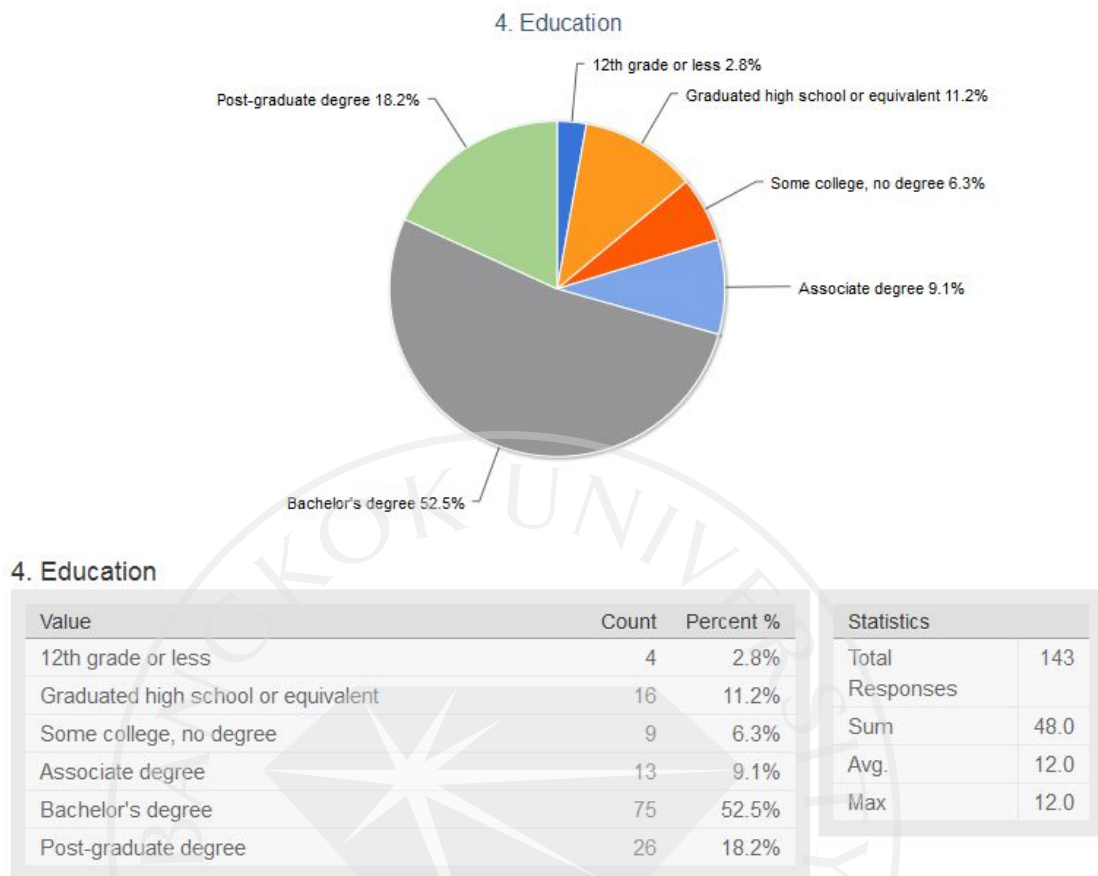
Figure 4: Education Background

Vast majority of answerers were 25 – 34 year-olds. Second most clicked group of users were 35 – 54 years-olds, altogether 18.9 %. Average answerer was 27.6 years old. Following diagram shows the full spread.

6. Age

Value	Count	Percent %	Statistics	
under 18	1	0.7%	Total Responses	143
18-24	24	16.8%	Sum	3,922.0
25-34	82	57.3%	Avg.	27.6
35-54	27	18.9%	StdDev	8.8
55+	9	6.3%	Max	55.0
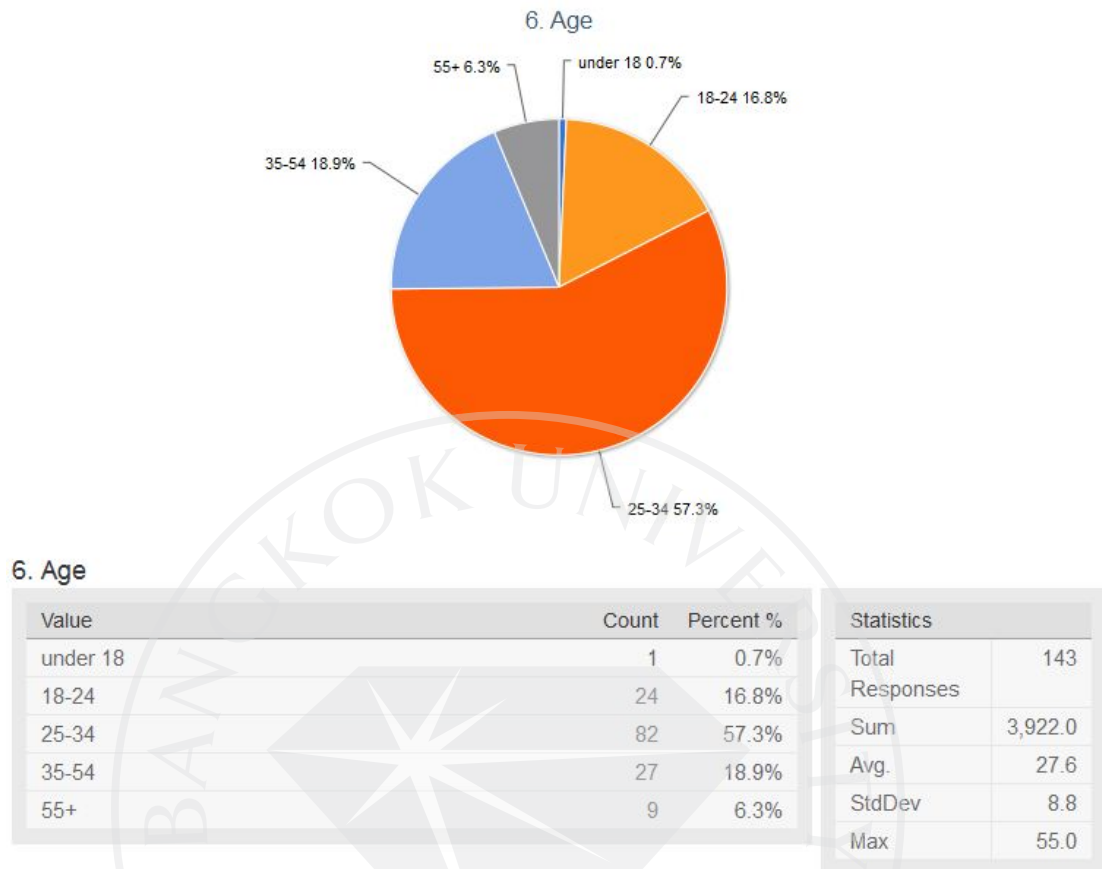
Figure 5: Age

Further background information was required in the form of facebook related questions such as "How long have you been registered to facebook" as well as "how often you log in to facebook". One more background question was asked before the answerer was allowed to answer to the questions about advertising in facebook. That question was about time spent in the service when logged in.

Answerers of this survey had most been registered to facebook more than 4 years, 60,8 % respectively. Second most of participants had been registered 2 – 4 years, accumulating to 32,2 %. Surprisingly no one was a new comer to facebook,

since the option "less than a month" didn't collect any answers at all. A bar chart
follows.
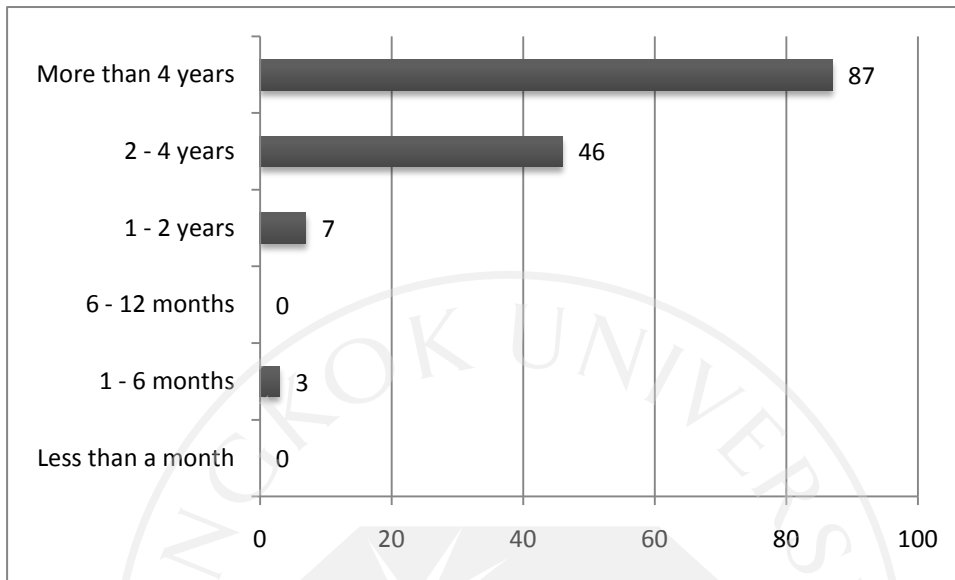
Figure 15: How long users have been registered to facebook

Answerers seemed to be quite frequently visiting facebook, or they were
logged in continuously. 43 % told that they are logged in continuously whereas 37,3
% logged in more than once a day. Logging in more than once might be explained by
usage of several computers; at work or at school and then separately at home. Only
10,6 % logged in once a day when again users with more random logging in habits
were spread quite evenly as can be seen from the bar chart below.
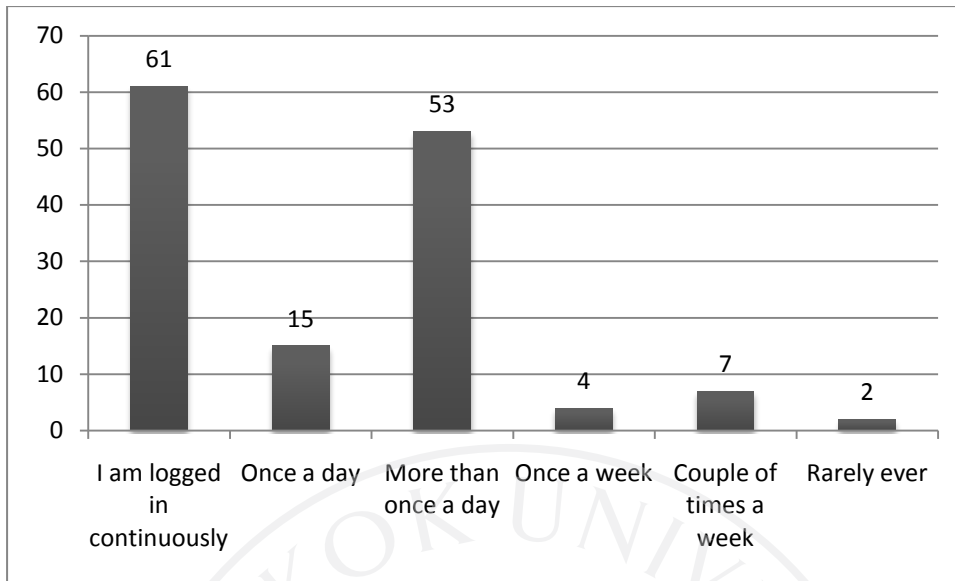
Figure 16: How often users login to facebook

The time spent in facebook while logged in was spread more evenly then the
previous answers as most spent 1 -2 hours in facebook while logged in, 35,7 %
respectively. 31,5 % spend less than an hour in facebook while logged in whereas
third most popular answer was 3 – 4 hours, collecting 23,1 %. True facebook fanatics
that spent 5 – 6 hours were altogether 5,6 % and hardcore users with more than 6
hours of total time spent per login was 4,2 %. The count can be seen from the
following bar chart.
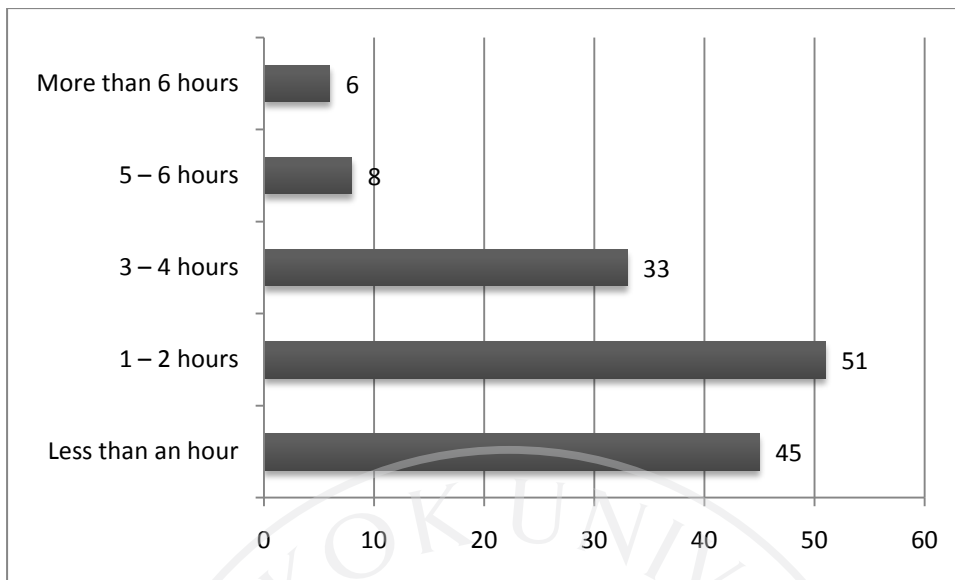
Figure 17: Time spent in Facebook per Login

4.1 Analysis

The analysis was first done with 14 factors which unfortunately resulted in too small KMO sampling adequacy of .512. The whole analysis had to be redone from the beginning in order to make sure that the KMO would be higher securing the validity and reliability of this study. The new analysis firstly considered Pearson's correlation to select some variables that might be fit the factor analysis, or indicated the KMO to be more than .60.

Secondly, the factor analysis was run at first time to show the fitted model by Chi square goodness of fit test at 13 factors. But the result of rotated factor loading indicated that the thirteenth factor might be latent factor. After that the number of factors was adjusted to be 12. The factor analysis was run by varimax rotation for the second time, resulting in better fitted model. The variables were concluded that should be in each factor, including its linear regression model of Z-score. The Z-scores of 12

factors that ran in the second time were gotten to analyze by the cluster analysis (3 clusters).

Finally, crosstabulation was run to show the number and percentage of demography variables by its clusters and to figure out the attitudes within clusters.

4.2 Factor Analysis in Use

In order to get SPSS to perform factor analysis, variable 19 which included yes/no –question and is categorical data had to be changed into a dummy variable and named as "dummy 19". Further on couple of variables which had to be removed from the final data that was to be put in the factor analysis. This included variables 80 and 78, as well as the demographics variables that were questions that were not in set with the likert scale.

Next step was to perform the actual factor analysis. SPSS found 12 factors from the survey data which had high enough Eigenvalue as can be seen from the scree plot. Eigenvalue of these 12 factors was found to be higher than 1,0.

According to the Pearson's correlation, seven variables were not included in the factor analysis. These variables included the ones which had the lowest relationship to run factor analysis. They are var 47, var 51, var 55, var 78, var 80, var83, and var 93.

Table 1: Sampling Adequacy by Keiser-Mever-Olkin and Bartlett's Spherity

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.609
Bartlett's Test of Sphericity	Approx. Chi-Square	1911.140
	df	1035
	Sig.	.000

KMO Measure of Sampling Adequacy of .609 is more than .6 which indicates that based on correlation and partial correlation, data are likely to factor well. By Bartlett's test of Spericity, under the null hypothesis that the correlation matrix is an identity matrix or there is no relationship among variables, it can be seen that the chi-square value (χ^2) = 1911.140, p= .000**, or Bartlett's test of sphericity is significant. This means that correlation matrix is not an identity matrix or there is significant relationship among variables.

For these two results one can proceed with factor analysis.

Table 2: Total Variance Explained

	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.908	21.539	21.539	5.487	11.928	11.928	5.886	12.796	12.796
2	4.500	9.783	31.322	2.672	5.809	17.737	4.905	10.664	23.460
3	3.382	7.353	38.675	2.312	5.026	22.763	2.735	5.946	29.406
4	2.668	5.800	44.475	2.159	4.693	27.456	2.490	5.412	34.818
5	2.410	5.239	49.714	4.198	9.126	36.582	2.241	4.871	39.689
6	1.955	4.250	53.964	2.864	6.226	42.809	2.102	4.571	44.259
7	1.774	3.856	57.821	2.519	5.476	48.285	1.717	3.733	47.993
8	1.549	3.367	61.187	1.901	4.132	52.417	1.634	3.551	51.544
9	1.477	3.211	64.398	1.386	3.013	55.430	1.408	3.062	54.605
10	1.276	2.774	67.172	1.295	2.816	58.245	1.396	3.035	57.641
11	1.194	2.595	69.766	1.178	2.560	60.805	1.298	2.822	60.463
12	1.155	2.512	72.278	.897	1.950	62.755	1.227	2.668	63.130
13	1.058	2.300	74.578	1.123	2.442	65.197	.951	2.066	65.197
14	.990	2.153	76.731						
15	.901	1.959	78.690						
16	.873	1.897	80.587						
17	.787	1.712	82.299						
18	.703	1.527	83.826						
19	.657	1.427	85.253						
20	.628	1.366	86.620						

It can be seen from the scree plot (Figure??) that the curve begins to flatten between factors 13 and 14, also that factor 14 has an eigenvalue of less than 1, as the

above total variance explained table, so only 13 factors have been retained and then 13th factor is dropped off as a latent factor.

The above total variance explained table shows all the factors extractable from the analysis along with their eigenvalues. All 13 factors account for 65.197% of the variance; the first factor accounts for 12.796%, the second 10.664% and so on until the thirteenth which is 2.066%. All the remaining factors are not significant.
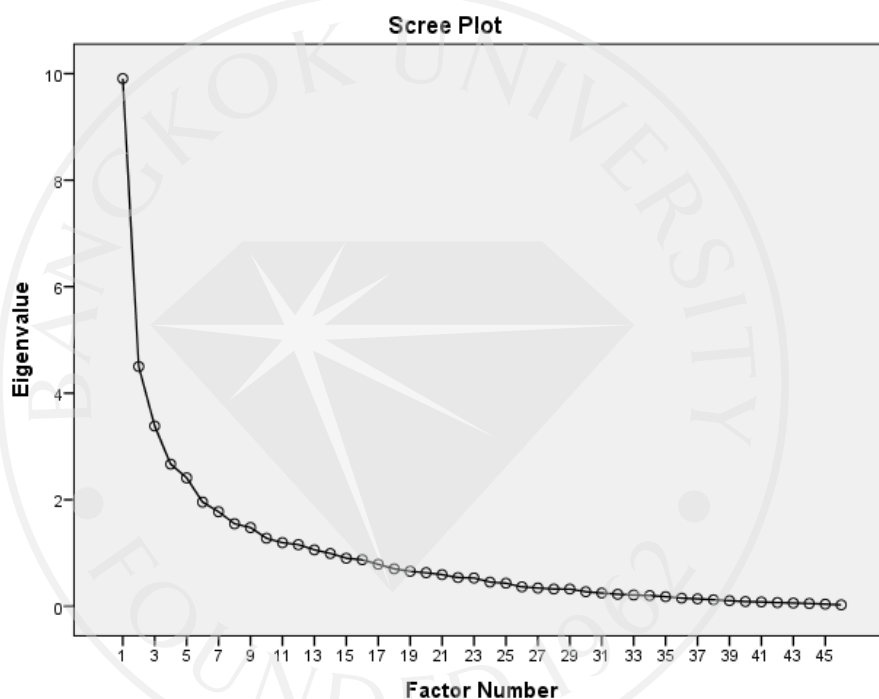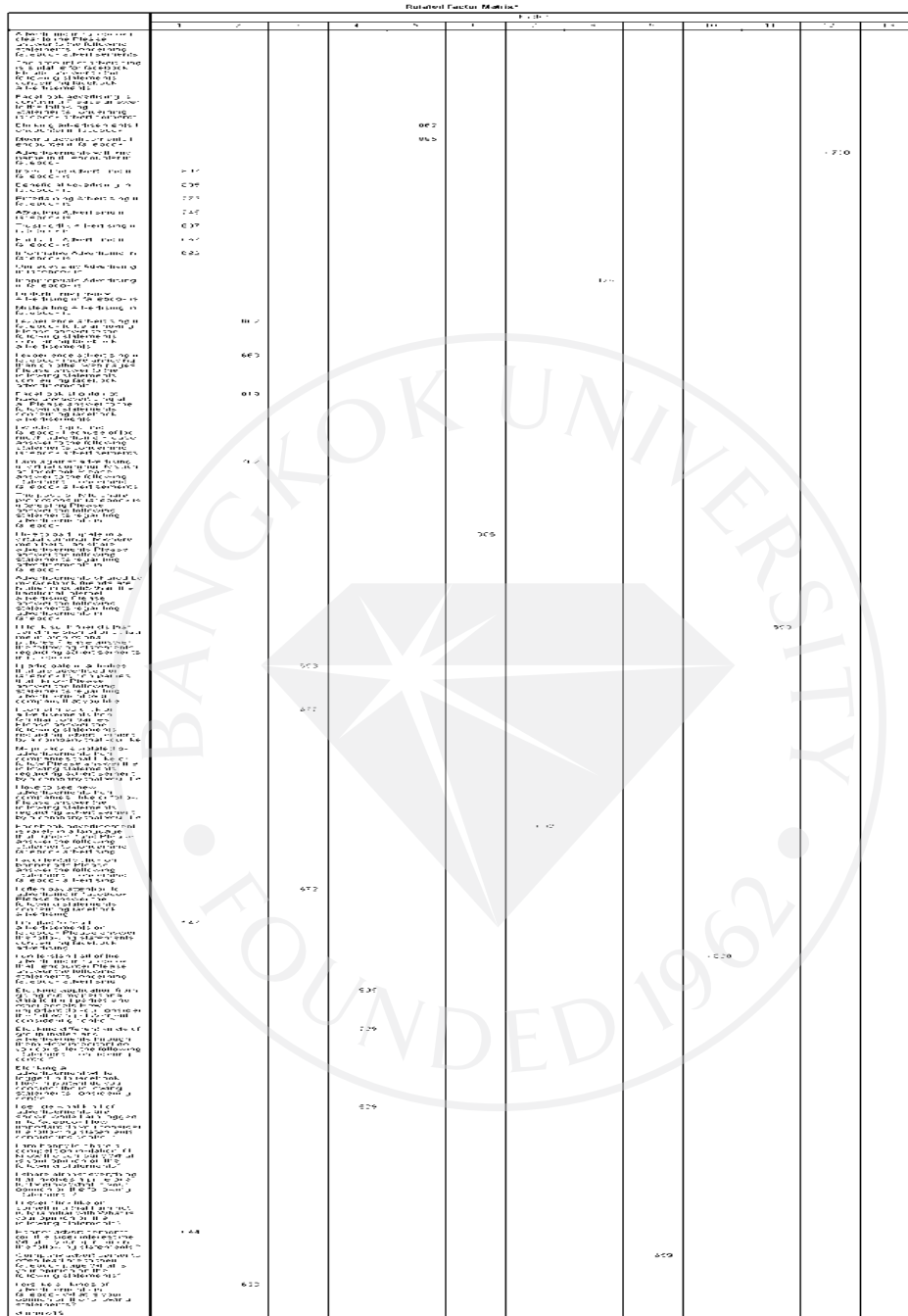
Figure 18: Scree Plot

The following table indicates that one of the 13 factors might be a latent factor. In factor 13 there are no variables that have factor loading more than .50 . Thus varimax is run for 12 factors for next step.

Table 3: Rotated Factor Matrix

The following table shows the factor loading after the rotation of 12 factors. It found out that var 48,49,50,65,70,73,76,79,86,87,89,102,103,104,106, dummy19 were not selected to the model of factor analysis.

Factor 1: consists of 9 variables; var 58 - 64, 92, and 105

Factor 2: consists of 4 variables; var 71-72, 74, and 107

Factor 3: consists of 3 variables; var 84-85, and 91

Factor 4: consists of 3 variables; var 66 - 68

Factor 5: consists of 2 variables; var 53-54

Factor 6: consists of 3 variables; var 99, 100, and 105

Factor 7: consists of 1 variables; var 77

Factor 8: consists of 1 variables; var 96 - 97

Factor 9: consists of 1 variables; var 90

Factor 10: consists of 1 variables; var 81

Factor 11: consists of 1 variables; var 56

Factor 12: consists of 1 variables; var 94

The linear regression model for the standardized of factor 1-12 are

$F_1 = .821Z_{58} + .833Z_{59} + .725Z_{60} + .734Z_{61} + .577Z_{62} + .696Z_{63} + .659Z_{64} +$

$.529Z_{92}$

$+ .592Z_{105}$

$F_2 = .566Z_{71} + .829Z_{72} + .733Z_{74} + .500Z_{107}$

$F_3 = .648Z_{84} + .694Z_{85} + .670Z_{91}$

$F_4 = .715Z_{66} + .592Z_{67} + .625Z_{68}$

$F_5 = .899Z_{53} + .843Z_{54}$

$F_6 = .611Z_{99} + .632Z_{100} - .535Z_{105}$

$F_7 = .923Z_{77}$

$F_8 = .975Z_{96} + .621Z_{97}$

$F_9 = .527Z_{90}$

$$F_{10} = .897Z_{81}$$

$$F_{11} = .836Z_{56}$$

$$F_{12} = -.802Z_{94}$$

Table 4: Corrected rotated Factor Matrix

4.3 Chi-square Test in Use

Table 5: The Chi-square Goodness-of-Fit Test

Goodness-of-fit Test

Chi-Square	df	Sig.
459.836	515	.961

By Chi-square Goodness of Fit Test, under the null hypothesis that 13 factors indicate good fit, we can see that chi-square value (χ^2) = 459.836, df = 515, p= .961 is not significant. This shows that the reproduced matrix is not significantly different from the observed matrix, or it indicates good fit.

4.4 Cluster Analysis in Use

Cluster 1 is very similar to factor 8, and very far from factor 9, 3, and 5.There are 36 cases in the cluster 1. This cluster is named as "anti social ad avoiders" according to their behavior in the facebook. They do not tend to be truly annoyed by advertising in facebook, but this could be straight result of their usage of blocking software as they also state that they do not pay much attention to advertising in facebook. They do not see all the advertising thus they do not get annoyed by it. They don't tend to participate in any kind of activities even though they would be familiar with the company. They are experienced facebook users highly educated and they also understand facebook advertising well. Most of them are from age group 35 – 54. Conclusions can be drawn from this and the group can be seen as the negative part of the research model.

This cluster doesn't find facebook advertising to be so annoying as 38,9 % disagrees that facebook advertising would be annoying and 27,8 % is neutral about it. Altogether 55,6 % disagrees that facebook advertising would be more annoying than advertising on other websites, 13,9 % strongly disagrees. They do not seem to enjoy participating in a virtual community where members can share advertisements. However, they find advertisements shared by their friends to be more interesting than traditional internet advertising. They do not like to participate in activities that are advertised on facebook by companies that they know. In this cluster, 8,3 % strongly disagrees and 44,4 % disagrees on the statement "my privacy is violated by advertisements from companies that I like or follow", thus they do not seem to be that bothered by advertisements from companies that they like or follow. They seem to understand facebook advertising and rarely click anything by accident. They do not seem to pay much attention to facebook advertising and barely notice facebook advertising at all. This cluster understands facebook advertisements best of all the clusters. As many as 63,9 % of them are using some kind of an adblocking software. They also care about their personal information, as 88,9 % considers it very important and 11,1 % somewhat important to block application from giving personal data to third parties or other people. Altogether 41,7 % considers it to be very important and 52,8 % somewhat important to block different kinds of group invites and advertisements through them as well. They do not share or participate in competitions either. Altogether they seem to think that the amount of advertising is suitable for facebook. This cluster is the most highly educated with most post graduate degrees and they consist of biggest percentage of 35 – 54 year-olds. They are also the most

experienced user group with 63,9 % users being registered to facebook more than 4 years.

Cluster 2 is extremely far from factor 8, and more similar to factor 9, and 13. There are 20 cases in cluster 2. This group was named as "sloppy participants" according to their actions in facebook. In general they do not enjoy facebook advertising but they are keen to participate in many kinds of activities and they like to share. This group is most likely to receive facebook advertising and they are not that concerned about their personal data. They do not use any kinds of blocking software and they are the least educated cluster of the three. They also do not spend that much time in facebook as this group is the least active one. Their attitude towards facebook advertising is not all negative, as they do participate in activities and do like to share, however it is not totally positive either thus this is a neutral group that was not anticipated in the research model of this thesis.

This cluster thinks that facebook advertising is annoying. As much as 65 % agrees that they feel good about following a company page on facebook. They also like to participate in activities that are advertised by companies they know. Altogether 55 % agrees and 5 % strongly agrees to click on advertisements from companies that they are familiar with and they do not seem to be bothered by advertisements from companies they follow or like. Relatively big percentage, 80 %, does not use any kind of an adblocking software. They have the most positive attitude towards group invites and advertisements through them of the three clusters. 20 % of them strongly disagree and 60 % disagree that advertising in facebook would be entertaining. 40 % disagrees that advertising in facebook would be misleading. They are the least educated group of all three clusters. This cluster also spends least time in facebook as 50 % spends

less than one hour in facebook per day. It is the only group with fresh facebook members. The sloppy internet behavior can be explained with the fact that this cluster cares least for their personal data. Cluster 2 is also most likely to receive advertising.

Cluster 3 is extremely similar to factor 5, and 11, and far from factor 4. There are 12 cases in cluster 3.They do not seem to be bothered by advertisements by companies they know. They also like to participate in activities that are from familiar of followed companies and are willing to share if the know the company. They tend to encounter most disturbing advertisements than other groups. This group spends most time in facebook of all the clusters. Most of them are male and 25-34 year-olds. Thus this cluster is named as "humble servants". This cluster could be seen as the positive attitude group mentioned in the research model of this thesis.

Vast majority of this cluster experiences advertising in facebook to be annoying, but still not more annoying than on other websites. However, they do not dislike facebook advertising enough to stop using facebook because of the advertising. Altogether 50 % feels neutral about participating in a virtual community where members can share advertisements. As much as 41,7 % agrees that advertisements shared by their friends are more interesting than traditional internet advertising. They do not find advertisements shared by their friends to be higher in quality than traditional internet advertising. They however, think that advertisements shared by their friends stand out better than traditional advertisements. They are also positive towards activities advertised by the companies they know already, as 58,3 % agrees to participate in them. 75 % of this cluster agrees that they click on advertisements from familiar companies, number significantly higher than in the other clusters. They do not think their privacy would be violated by the advertisements from

companies they follow or know and they seem to love to see advertisements from

companies they follow or know. This group is altogether the most active clicker of

advertisements among the three clusters as they have tendency to accidentally click

advertisements or banner ads as well. They do not seem to understand all the

advertisements they encounter. Among this cluster, using adblocking software is quite

evenly spread as majority of 58,3 % is using adblocking and 41,7% is not. As much as

50 % considers it somewhat important and another 50 % very important to block

applications from giving personal data to third parties or other people. They like to

have the control to themselves and decide what kind of advertisements are being

showed to them while they are logged in. 8,3 % strongly agrees and 66,7 % agrees

that they are happy to share a competition invitation if they know the company.

However, they do not seem to share just about everything. They feel that advertising

in facebook is unnecessary, and 41,7 % feels that advertising in facebook is not clear

to them. This cluster seems to encounter disturbing advertisements more often than

the other 2 clusters. They are mainly composed of Bachelor degree holders (83,3%)

and spend most time in facebook of all the clusters. 60 % of them are male and most

are 25 -34 year-olds.

4.5 Similarities between Clusters

As much as 50 % of all the answers from all the clusters were in "I am against

advertising in virtual community such as facebook". However, 51,5 % of all the

clusters agree that the possibility to share promotions in facebook is interesting. One

point that seemed to unite the clusters as well was that 50 % agreed that

advertisements shared by their friends would stand out better than traditional

advertisements. 52,9 % of all answers were "agree" on feeling good about following company page on facebook and similar percentage was in disagreeing on paying attention to advertising in facebook. Surprisingly, 52,9 % disagrees that they would be glad to read advertisements in facebook. All the clusters were mostly logged in continuosly as well.

CHAPTER 5

DISCUSSION AND CONCLUSION

Instead of just creating two kinds of attitude in the end as was speculated in the research model of this thesis, the data revealed that there are three very complex groups of people that can be divided into three categories, the clusters. These categories were created with the help of factor and cluster analysis.

Despite previous studies on similar cases, the background information and supporting marketing models, this research found that the three groups which of one is clearly trying to avoid all kind of advertising in facebook, one seems to be neutral about it and one is clearly positive, participating in activities and sharing.

It was speculated that the features molding the attitude refer to advertising features within the virtual community, Facebook. These features would affect on the attitude towards advertising only if the consumer is able to receive marketing communication thus the ability to receive is the feature was in the background. However, even though the advertising message was misinterpreted, these facebook users were able to form attitude in the cluster 3. The attitude this cluster formed was surprisingly positive in general.

It was also speculated that after forming attitudes towards advertising in facebook, facebook users would eventually end up with two different groups: those who from positive and those who form negative attitude. However, this was not exactly correct, as was seen from the cluster analysis results: instead, there were three groups of people that had not only positive or negative attitudes but neutral as well.

The ELM model suggested that there are two different ways to form attitudes; the shortcuts and careful consideration. This seems to be true in the sense that for example cluster 1 seemed to be considering closely what they would click and why, whereas cluster 2 has less consideration behind clicking. This was further emphasized by the fact that cluster 1 basically tries to avoid advertisements by all means and more or less choose what is displayed to them whereas cluster 2 does not use advertisement blockers and is more or less clicking away without too much concerns. Cluster number 3 seems to be clicking on advertisements from familiar companies as well.

The ELM model also suggested that involvement level has effect on decision making which can be confirmed by this study; when involvement is high in cluster 2, and they like or follow a company, they are also more likely to follow the advertisement and also click advertisements from familiar companies. They also tend to think that sharing, where involvement is higher, is fine. With cluster 3 this is even further emphasized; they seem to enjoy advertisements and competitions from companies they know.

The AIDA model suggested that consumers become aware of the product or service before creating any interest towards the brand itself. This can be considered to be true, as in clusters 2 and 3 consumers would be willing to click on advertisements from companies they know or follow. However, AIDA model also suggested that after becoming aware of the product, it would lead eventually to action. This is not entirely correct as the analysis revealed that some of the banner clickings are not done on purpose. Thus, just by creating awareness doesn't necessarily and doesn't likely lead to any action. Company might have their advertisement shown but get clickings only by accident. Also, it could be partly true as well, since cluster 1 will block

advertisements after becoming aware of it. As was seen the end result was not only two simple groups with negative or positive attitude, but three clusters that each had complex structure still being different from each other having their own kind of attitudes towards advertising.

As the DAGMAR model suggested, advertisement must be informative enough so that consumers become fully aware of the product or service. The awareness would not be enough, but the consumer should have more information about the product. This can be seen to be true, as all of the groups make careful considerations about brands. They seem to create more positive attitudes towards the advertisements that are by companies they follow or know, whereas neither of them really care for banner advertisements. Disruptive advertisements didn't seem to gather that much attention among any of the clusters, only cluster 3 seemed to encounter some disturbing advertising. These findings further support the DAGMAR model's suggestions.

H 1.1 Suspected that reasonableness of an advertisement has affect on how consumer forms attitude about the advertisement. It claimed that if advertisement doesn't make sense or is in foreign language, consumer would have hard time forming an attitude and the marketing message might be misunderstood. Surely the marketing message might be misunderstood, but it seems that the consumer can form attitudes even when they do not understand marketing messages. Those attitudes seem to be in general positive, as can be seen from the cluster 3.

H 1.2 Suggested that if an advertisement is disruptive, it would have negative effect on advertising. Cluster 3 encountered most disruptive advertisements but was still able to form positive general attitude. Thus two conclusions can be drawn:

facebook advertising is rarely disruptive, but when it is, it can still form positive attitudes as well. Also, from all the answerers, cluster 1 used blocking software, cluster 2 didn't and cluster 3 the answers were divided quite even. The vast usage of blocking software might explain why people do not encounter disruptive advertisements any much as blocking sofwares have become more and more advanced.

H 1.3 Speculation was that when an advertisement is personalized or recommended by a friend, consumer would be more likely to generate positive attitude towards the advertisement that would further on lead to action. This is quite strongly true according to the data analysis; as many prefer advertisements by their friends, however as found in cluster 1, some are even willing to block friends that send them promotional pictures or advertisements. Also the quality of the advertisements by friends was found to be less than traditional advertisements in facebook in all clusters.

H1.4 Speculated that a company that you follow or know is more likely to generate positive attitude towards it than the one consumer is not already familiar with. This seems to be exactly true in the case of cluster 3, advertisements by a company that you follow or know was seen to create positive attitude towards advertising. However, as can be seen from the cluster 1, even though advertisements from companies that are being followed are being accepted, it can still generate negative overall attitude towards facebook advertising.

H1.5 Claimed that the ability to receive marketing communication will affect all of the features and none of the other features will matter and an attitude cannot be formed if a person is no able to receive marketing communication. This however was

not so true, as for example cluster 3 was not able to fully understand advertisements in facebook, but was still able to generate mainly positive attitude towards advertising.

H2.0 Speculated that negative or positive attitude is formed in the end of the model and that these attitudes would further on lead to some sort of an action. However, instead of just two groups of people with negative or positive attitude, three groups were found that all represented different kinds of attitudes. Cluster 1 was clearly negative about advertising whereas cluster 2 generated "yes-man" kind of general neutral attitude. Cluster 3 then again was in general, positive about advertisements.

To answer the research questions presented in the first chapter of this thesis, couple of conclusions can be drawn from the analysis; consumers perceive advertising in virtual community in three ways: Negative, neutral and positive. Marketing communication might be misinterpreted but it can still result in positive attitude. The features that have most significant effect on the attitudes of virtual community members, are not necessary disruptive advertisements such as moving, blinking and surprising advertisements, but in most cases following companies resulted in more positive results. Banner ads were in general, found disturbing. The most appealing advertisements were found to be those that require some kind of a commitment e.g. following and liking.

According to the analysis and the results, a corrected research model is being formed:
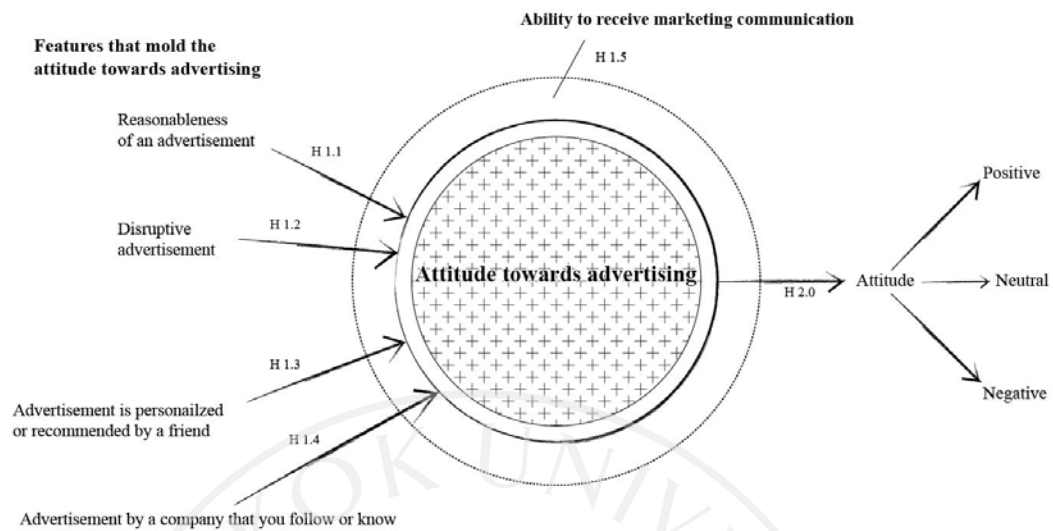
Figure 19: Corrected Research Model

As can be seen from this model compared to the original, the end result is three different kinds of attitudes towards facebook advertising instead of just two.

5.1 Limitations and Further Recommendations

As this was a general facebook case study with massive population, further studies should be made to smaller user groups of facebook. These groups could be political, or sports related as this would be much easier to research when people share an opinion or interest towards one certain phenomena. Also, this study did not focus on certain platform, which could be interesting way of narrowing down further research: Tablets, touch screens and cell phones could result in different kinds of data as well. These kinds of touch enabled devices makes it possible to produce different kinds of

advertisements than the traditional kinds. Facebook has lately increased its income from mobile advertising, thus this could be timely research as well.

This research was pointed to all users of facebook, but further research could possibly be pointed towards certain age group or ethnic group as well.

One possible addition to further research could be to study the effect of facebook presence for e-commerce. This would allow deeper analysis on for example how often people end up on an e-commerce site after visiting facebook site. It would also allow further research on click-through-rates or follow up.

Other virtual communities could also be studied. This study was limited to facebook. As virtual communities grow, they become interest of marketers. Some virtual communities such as Linkedin, could hold more potential information for some researchers, as more people list themselves with real names, job history and other more detailed crucial information not necessary available in facebook.

This study did lots of generalizations and did not break down different types of advertisements: There are several different kinds of advertisements even within banner advertisements and viral advertisements, the features of these advertisements and their effect on attitude could be further studied as well such as how different colors, pictures or certain information might affect attitudes.

BIBLIOGRAPHY

Archive, F. S. S. D. (2004). *Faktorianalyysi.* Retrieved from

http://www.fsd.uta.fi/menetelmaopetus/faktori/faktori.html#esimerkki1

Babbie, E. (2004). *The Practice of social research* (10th ed.): Wadsworth/Thomson

Learning.

Bajpai, N. (2010). *Business statistics*: India: Dorling Kindersley.

Birks, N. M. D. (2006). *Marketing research: An applied approach* (3rd ed.). USA:

Prentice Hall.

Bunge, J. (2012). Facebook tags the Nasdaq. Retrieved from

http://allthingsd.com/20120522/nasdaq-points-up-regrets-in-launching-

facebook-ipo/

Porter, C. (2004). Typology of Virtual Communities: A Multi-Disciplinary

Foundation for Future Research. *Journal of Computer-Mediated*

Communication, 10, 3.

Tyagi, A. K. (2004). *Advertising management*. NY: Atlantic.

Carl McDaniel, C. W. L., Jr., & Joseph, F. H., Jr. (2006). *Introduction to Marketing*.

USA: Melissa Acuna.

Chang, C. (2006). Cultural Masculinity/Femininity Influences on Advertising

Appeals. *Journal of Advertising Research, 46*(03), 315-323.

Constine, J. (2012). *They work! facebook mobile ads are clicked 13X more, earn 11X*

more money than its desktop ads. Retrieved from

http://techcrunch.com/2012/06/19/facebook-mobile-ads/

Schumann, D. W., & Esther, T. (2007). *Internet advertising: Theory and research*:

New York: Psychology.

De Moor, A., & Weigand, H. (2007). Formalizing the evolution of virtual communities. *Information Systems, 32*(2), 223-247.

De Valck, K., Van Bruggen, G. H., & Wierenga, B. (2009). Virtual communities: A marketing perspective. *Decision Support Systems, 47*(3), 185-203.

Define online marketing. (2012). Retrieved from http://reference.yourdictionary.com/word-definitions/define-online-marketing.html

Drèze, X., & Hussherr, F. X. (2003). Internet advertising: Is anybody watching? *Journal of Interactive Marketing, 17*(4), 8-23.

Drypen. (2012). *DAGMAR - Defining Advertising Goals for Measured Advertising Results.* Retrieved from http://drypen.in/advertising/dagmar-defining-advertising-goals-for-measured-advertising-results.html

E, T. Y. B. (2007). Identification Effects on Advertising Response. Journal of Advertising. *Journal of Advertising, 36*(3), 97-108. doi: 10.2753/JOA0091-3367360307

Ensor, G. D. A. J. (2005). *Introduction to marketing concepts*: Elsevier Butterworth-Heinemann.

Facebook alternative Diaspora goes live. (2011). *BBC News, Technology*. Retrieved from http://www.bbc.co.uk/news/technology-11828245

Facebook Statistics. (2012). Retrieved from http://www.facebook.com/press/info.php?statistics

Golijan, R. (2012). *Facebook: Pay up if you want more friends to see your status updates*. Retrieved from http://www.nbcnews.com/technology/technolog/facebook-pay-if-you-want-more-friends-see-your-status-6259427

Hauge, P. (2011). *The role of promotion in business to business markets.* Retrieved from http://www.greenbook.org/marketing-research.cfm/the-role-of-promotion-in-business-to-business-markets

Heikkilä, T. (2004). *Tilastollinen tutkimus*. Retrieved from http://books.google.co.th/books/about/Tilastollinen_tutkimus.html?id=J2UdAQAACAAJ&redir_esc=y

Jagpal, S. (1999). *Marketing strategy and uncertainty*. New York: Oxford University.

James, T., & Tedeschi, B. (2009). *Conflict, power & games - the experimental study of interpersonal relations*. New York: Transaction.

Kenneth, C.C.Y. (2006). The influence of humanlike navigation interface on users' responses to Internet advertising. *Telematics and Informatics, 23*(1), 38-55. doi: 10.1016/j.tele.2005.03.001

Kim, W. G., Lee, C., & Hiemstra, S. J. (2004). Effects of an online virtual community on customer loyalty and travel product purchases. *Tourism Management, 25*(3), 343-355. doi: 10.1016/s0261-5177(03)00142-0

. Linkedin. (2012). *About us*. Retrieved from http://press.linkedin.com/about

Mark. S, Philip, L., & Adrian, T. (2007). *Research methods for business students* (4th ed.). New York: Pearson Education.

Mary, J., & Bitner, C. O. (1985). The Elaboration Likelihood Model: Limitations And Extensions In Marketing. *Advances in Consumer Research, 12*.

Mathieson, R. (2010). *On-demand brand : 10 rules for digital marketing success in an anytime, everywhere world*. Retrieved from http://www.scribd.com/doc/58284168/Research-Proposal

Melason, D. (2012). *Facebook posts first earnings as a public company: $ 1.18 billion in revenue, 955 million users.* Retrieved from http://www.engadget.com/2012/07/26/facebook-posts-first-earnings-as-a-public-company-1-8-billion/

Michael D. K., Timothy, D. H., & Ralph, L. (2004). A Comparison of Web and Mail Survey Response Rates. *Oxford Journals, 68*(1), 94 - 101.

Miller, H. (2012). *Snowball sampling.* Retrieved from http://www.fort.usgs.gov/landsatsurvey/SnowballSampling.asp

RT Question More. (2012). *New Facebook policy raises alarms over sharing of user data.* Retrieved from http://rt.com/news/facebook-privacy-european-law-470/

Mukesh, T., & Ranju. T. (2009). *Advertising and sales management.* New Delhi: V.K. (India) Enterprises.

Newlands, M. (2011). *Online marketing - a user's manual.* UK: John Wiley & Sons.

Park, J., Stoel, L., & Lennon, S. J. (2008). Cognitive, affective and conative responses to visual simulation: the effects of rotation in online product presentation. *Journal of Consumer Behaviour, 7*(1), 72-87. doi: 10.1002/cb.237

Petty, R. E., & Cacioppo, J. T. (1986). The elaboration likelihood model of persuasion. *Advances in experimental social psychology, 19*, 123-205.

Popkin, H. A. S. (2011). *Facebook to stop following you after log off.* Retrieved from http://technolog.msnbc.msn.com/_news/2011/09/27/7991573-facebook-to-stop-following-you-after-log-off

Sample Size Calculator. (2012). Retrieved from http://www.surveysystem.com/sscalc.htm

Shandana Zafar, D. M. M. K. (2011). Examining The Attitude Towards Social Network Advertising: A Study Of Young Pakistani Consumers. *International Journal Of Academic Research, 3*(5), 4.

Sheehan, B. (2010). *Basics marketing : Online marketing*. London, GBR: AVA.

Shepard, L. (2008). *Facebook connect now live*. Retrieved from

> http://developers.facebook.com/blog/post/174/

Shuttleworth, M. (2008). *Quantitative research design*. Retrieved from

> http://www.experiment-resources.com/quantitative-research-design.html

Sincero, S. M. (2012). *Pilot survey*. Retrieved from http://explorable.com/pilot-

> survey

Snowball sampling. (2012). Retrieved from

> http://changingminds.org/explanations/research/sampling/snowball_sampling.

> htm

Social media. (2012). Oxford dictionary. Retrieved from
 http://oxforddictionaries.com/definition/english/social%2Bmedia

Spindler, S. (2010). *Online marketing*. USA: Grin.

Sproull, L., Dutton, W., & Kiesler, S. (2007). Introduction to the Special Issue: Online

> Communities. *Organization Studies, 28*(3), 277-281. doi:

> 10.1177/0170840607076013

Survey Response Rates. (2012). Retrieved from

> http://www.peoplepulse.com.au/Survey-Response-Rates.htm

Survey Sampling Methods. (2012). *Snowball sampling* Retrieved from

> http://www.statpac.com/surveys/sampling.htm

Survey Gizmo. (2012) Retrieved from http://www.surveygizmo.com/

Swanborn, P. G. (2010). *Case study research - what, why and how?* London: SAGE.

Trent, J. S. (2010). How can virtual communities create value for business? *Electronic*

> *Commerce Research and Applications, 9*(1), 38-49. doi:

> 10.1016/j.elerap.2009.07.004

Wang, C.C., & Lai, C.Y. (2006). Knowledge Contribution in the Online Virtual

    Community: Capability and Motivation. In J. r. m. Lang, F. Lin & J. Wang

    (Eds.), *Knowledge Science, Engineering and Management* (4092, pp. 442-

    453-453): Springer Berlin / Heidelberg.

Ward, S. (2012). *Online marketing*. Retrieved from

    http://sbinfocanada.about.com/od/marketing/g/onlinemarketing.htm

Vaus, D. D. (2002). *Surveys in social research* (5th ed.). London: Allen & Unwin.

William, H. C., Isabella, C. M. C., & Christopher, M. S. (1987). *Marketing: A*

    managerial approach (2nd ed.). Cincinnati: South-Western.

Viral marketing. (2012). Retrieved from

    http://www.marketingterms.com/dictionary/viral_marketing/

Virkkala, L. (2009). *Kuluttajien suhtautuminen mainontaan virtuaaliyhteisössä*

    tutkimus facebook-yhteisöstä. Unpublished master's thesis, Helsinki

    University, Helsinki, Finland.

Zimmerman, J. (2009). *Web marketing for dummies* (2nd ed.). NJ: Wiley.

APPENDIX

SURVEY QUESTIONS

Attitude towards facebook advertising

New Page

This survey is made in order to fulfill the thesis requirements of a MBA program. None of the information you give can be connected to you in any way. This survey is completely anonymous, your IP is not collected, nor can this be linked to your facebook account. Taking this survey will take approximately 10 minutes of your time. I really appreciate your honesty while participating in this survey. Thank you. If you have any questions or comments about this survey, please contact me at facebook_survey@outlook.com

1. Do you have a facebook account?

○ Yes

○ No

[Next]
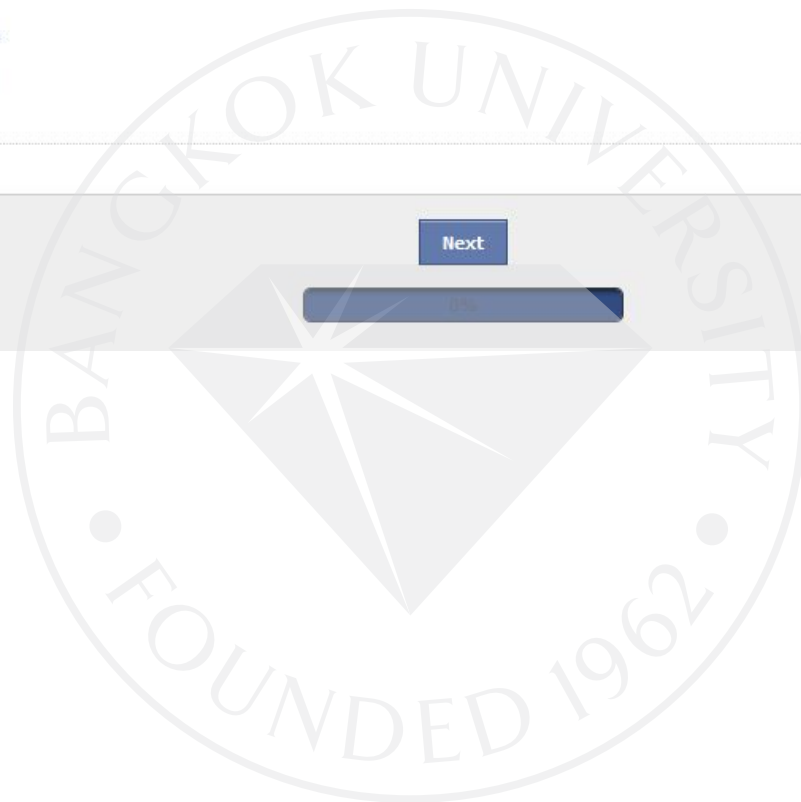
Attitude towards facebook advertising

Page One

2. Race

- ○ Asian/Pacific Islander
- ○ Black/African-American
- ○ Caucasian
- ○ Hispanic
- ○ Native American/Alaska Native
- ○ Other/Multi-Racial
- ○ Decline to Respond

3. Yearly income U.S. dollar

- ○ Less than $25,000
- ○ $25,000 to $34,999
- ○ $35,000 to $49,999
- ○ $50,000 to $74,999
- ○ $75,000 to $99,999
- ○ $100,000 to $124,999
- ○ $125,000 to $149,999
- ○ $150,000 or more

4. Education

- ○ 12th grade or less
- ○ Graduated high school or equivalent
- ○ Some college, no degree
- ○ Associate degree
- ○ Bachelor's degree
- ○ Post-graduate degree
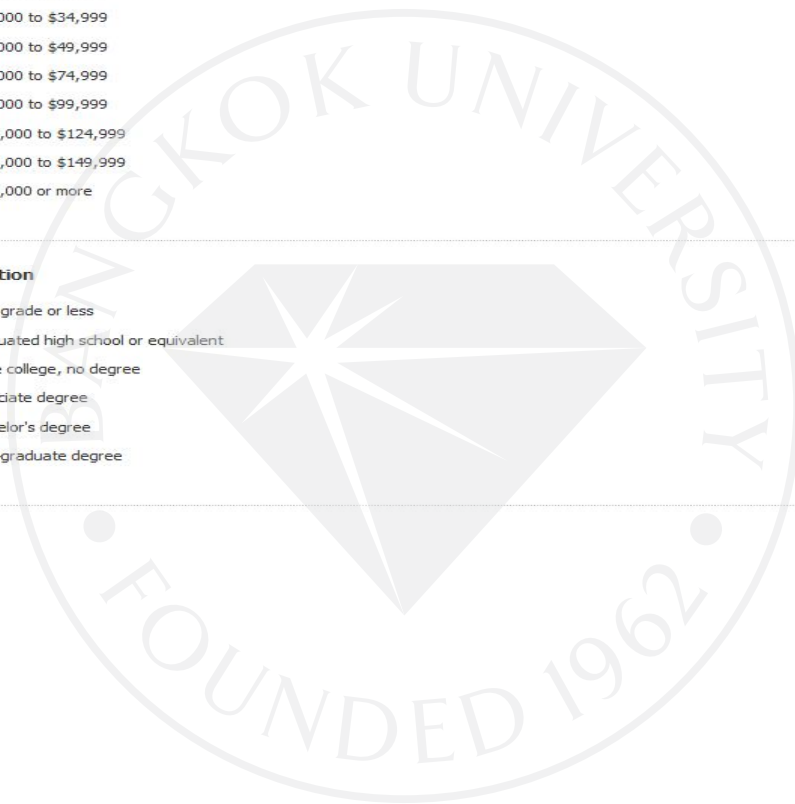
5. Gender

- ⦿ Male
- ⦿ Female

6. Age

- ⦿ under 18
- ⦿ 18-24
- ⦿ 25-34
- ⦿ 35-54
- ⦿ 55+

7. How long have you been registered to facebook?

- ⦿ Less than a month
- ⦿ 1 - 6 months
- ⦿ 6 - 12 months
- ⦿ 1 - 2 years
- ⦿ 2 - 4 years
- ⦿ More than 4 years

8. How often you log in to facebook?

- ⦿ I am logged in continuously
- ⦿ Once a day
- ⦿ More than once a day
- ⦿ Once a week
- ⦿ Couple of times a week
- ⦿ Rarely ever

9. When you are logged in, how much time you spend using in the service per day (24 hours) ?

- ○ Less than an hour
- ○ 1 – 2 hours
- ○ 3 – 4 hours
- ○ 5 – 6 hours
- ○ More than 6 hours

10. Please answer to the following statements concerning facebook advertisements

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
I often do not understand what is being advertised	○	○	○	○	○	○
Advertising in facebook is clear to me	○	○	○	○	○	○
The amount of advertising is suitable for facebook	○	○	○	○	○	○
Facebook advertising is confusing	○	○	○	○	○	○
Facebook advertising fits my needs	○	○	○	○	○	○

11. I encounter in facebook

	Very rarely	Rarely	Sometimes	Often	Very often	Not Applicable / Don't know
Blinking advertisements	○	○	○	○	○	○
Moving advertisements	○	○	○	○	○	○
Surprising advertisements	○	○	○	○	○	○
Advertisements with my name in it	○	○	○	○	○	○

12. Advertising in facebook is

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
Interesting	⊙	⊙	⊙	⊙	⊙	⊙
Beneficial	⊙	⊙	⊙	⊙	⊙	⊙
Entertaining	⊙	⊙	⊙	⊙	⊙	⊙
Attracting	⊙	⊙	⊙	⊙	⊙	⊙
Trustworthy	⊙	⊙	⊙	⊙	⊙	⊙
Fantastic	⊙	⊙	⊙	⊙	⊙	⊙
Informative	⊙	⊙	⊙	⊙	⊙	⊙
Unnecessary	⊙	⊙	⊙	⊙	⊙	⊙
Inappropriate	⊙	⊙	⊙	⊙	⊙	⊙
Disturbs my privacy	⊙	⊙	⊙	⊙	⊙	⊙
Misleading	⊙	⊙	⊙	⊙	⊙	⊙

13. Please answer to the following statements concerning facebook advertisements

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
I experience advertising in facebook to be annoying	⊙	⊙	⊙	⊙	⊙	⊙
I experience advertising in facebook more annoying than on other web pages	⊙	⊙	⊙	⊙	⊙	⊙
Facebook should not have any advertising at all	⊙	⊙	⊙	⊙	⊙	⊙
I would stop using facebook because of too much advertising	⊙	⊙	⊙	⊙	⊙	⊙
I am against advertising in virtual community such as facebook	⊙	⊙	⊙	⊙	⊙	⊙

14. Please answer the following statements regarding advertisements in facebook

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
The possibility to share promotions in facebook is interesting	○	○	○	○	○	○
I like to participate in a virtual community where members can share advertisements	○	○	○	○	○	○
Advertisements shared by my facebook friends are more interesting than traditional internet advertising	○	○	○	○	○	○
Advertisements shared by my facebook friends are higher in quality than the traditional internet advertising	○	○	○	○	○	○
Advertisements shared by my friends stand out better than traditional internet advertising	○	○	○	○	○	○
I block such friends that send me promotions / tag me in promotional pictures	○	○	○	○	○	○

15. Please answer the following statements regarding advertisement by a company that you like

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
I feel good about following a company page on facebook	○	○	○	○	○	○
I participate in activities that are advertised on facebook by companies that I know	○	○	○	○	○	○
I sometimes click on advertisements from familiar companies	○	○	○	○	○	○
My privacy is violated by advertisements from companies that I like or follow	○	○	○	○	○	○
I love to see new advertisements from companies I like or follow	○	○	○	○	○	○

16. Please answer the following statements concerning facebook advertising

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
Facebook advertisement is rarely in a language that I understand	○	○	○	○	○	○
I accidentally click on banner ads	○	○	○	○	○	○
I often pay attention to advertising in facebook	○	○	○	○	○	○
I m glad to read advertisements on facebook	○	○	○	○	○	○
I barely notice advertisements in facebook	○	○	○	○	○	○
I understand all of the advertising in facebook that I encounter	○	○	○	○	○	○

17. Do you use any kind of ad blocking such as browser settings or addons in your browser?

○ Yes

○ No

18. How important do you consider the following statements considering control?

	Totally meaningless	Somewhat meaningless	Not sure	Somewhat important	Very important	Not applicable / Don't know
Blocking application from giving out my personal data to third parties and other people	○	○	○	○	○	○
Blocking different kinds of group invites and advertisements through them	○	○	○	○	○	○
Blocking all advertisement while logged in to facebook	○	○	○	○	○	○
I decide what kind of advertisements are shown while I am logged in to facebook	○	○	○	○	○	○

19. What is your opinion on the following statements?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Not Applicable / Don't know
I am happy to share a competition invitation if I know the company	○	○	○	○	○	○
I share almost everything that involves a price or a lucky draw	○	○	○	○	○	○
I never click like on something that I am not fully familiar with	○	○	○	○	○	○
Banner advertisements (on the side) interest me	○	○	○	○	○	○
Company advertisements often lead me to their facebook page	○	○	○	○	○	○
I dislike all kinds of advertisements in facebook	○	○	○	○	○	○

20. One more click and you are done!

[   ]

| Back | Submit |

50%

Attitude towards facebook advertising

Thank You!

Thank you for taking my survey. I really appreciate your patience and help.

100%

Factor Analysis Data

Descriptive Statistics

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.609
Bartlett's Test of Sphericity	Approx. Chi-Square	1911.140
	df	1035
	Sig.	.000

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.908	21.539	21.539	5.487	11.928	11.928	5.886	12.796	12.796
2	4.500	9.783	31.322	2.672	5.809	17.737	4.905	10.664	23.460
3	3.382	7.353	38.675	2.312	5.026	22.763	2.735	5.946	29.406
4	2.668	5.800	44.475	2.159	4.693	27.456	2.490	5.412	34.818
5	2.410	5.239	49.714	4.198	9.126	36.582	2.241	4.871	39.689
6	1.955	4.250	53.964	2.864	6.226	42.809	2.102	4.571	44.259
7	1.774	3.856	57.821	2.519	5.476	48.284	1.717	3.733	47.993
8	1.549	3.367	61.187	1.901	4.132	52.417	1.634	3.551	51.544
9	1.477	3.211	64.398	1.386	3.013	55.430	1.408	3.062	54.605
10	1.276	2.774	67.172	1.295	2.816	58.245	1.396	3.035	57.641
11	1.194	2.595	69.766	1.178	2.560	60.805	1.298	2.822	60.463
12	1.155	2.512	72.278	.897	1.950	62.755	1.227	2.668	63.130
13	1.058	2.300	74.578	1.123	2.442	65.197	.951	2.066	65.197
14	.990	2.153	76.731						
15	.901	1.959	78.690						
16	.873	1.897	80.587						
17	.787	1.712	82.299						
18	.703	1.527	83.826						
19	.657	1.427	85.253						
20	.628	1.366	86.620						
21	.592	1.288	87.907						
22	.539	1.171	89.079						
23	.530	1.151	90.230						
24	.454	.986	91.216						
25	.431	.938	92.154						
26	.363	.790	92.943						
27	.342	.743	93.686						
28	.323	.702	94.388						
29	.322	.700	95.088						
30	.272	.591	95.679						
31	.248	.539	96.218						
32	.224	.486	96.704						
33	.211	.459	97.163						
34	.201	.436	97.599						
35	.179	.388	97.987						
36	.152	.331	98.318						
37	.138	.299	98.618						
38	.121	.262	98.880						
39	.103	.224	99.104						
40	.087	.190	99.294						
41	.081	.177	99.471						
42	.068	.147	99.618						
43	.061	.132	99.750						
44	.051	.110	99.860						
45	.039	.085	99.945						
46	.025	.055	100.000						

Extraction Method: Maximum Likelihood.

Scree Plot

Factor Matrix

	Factor											
	1	2	3	4	5	6	7	8	9	10	11	12

Extraction Method: Maximum Likelihood.

a. Attempted to extract 12 factors. More than 25 iterations required. (Convergence=.076). Extraction was terminated.

Total Variance Explained

Factor	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.467	7.537	7.537	5.699	12.388	12.388
2	1.672	3.635	11.171	3.891	8.458	20.846
3	1.880	4.087	15.258	2.677	5.819	26.665
4	8.456	18.382	33.639	2.270	4.934	31.599
5	3.510	7.630	41.269	2.223	4.833	36.432
6	2.083	4.528	45.797	2.173	4.725	41.157
7	1.716	3.731	49.528	2.110	4.588	45.744
8	1.767	3.841	53.369	2.083	4.528	50.272
9	1.118	2.430	55.799	1.904	4.140	54.412
10	1.253	2.725	58.523	1.391	3.024	57.435
11	1.165	2.532	61.055	1.316	2.861	60.296
12	.958	2.083	63.138	1.307	2.842	63.138

Extraction Method: Maximum Likelihood.

Rotated Factor Matrix
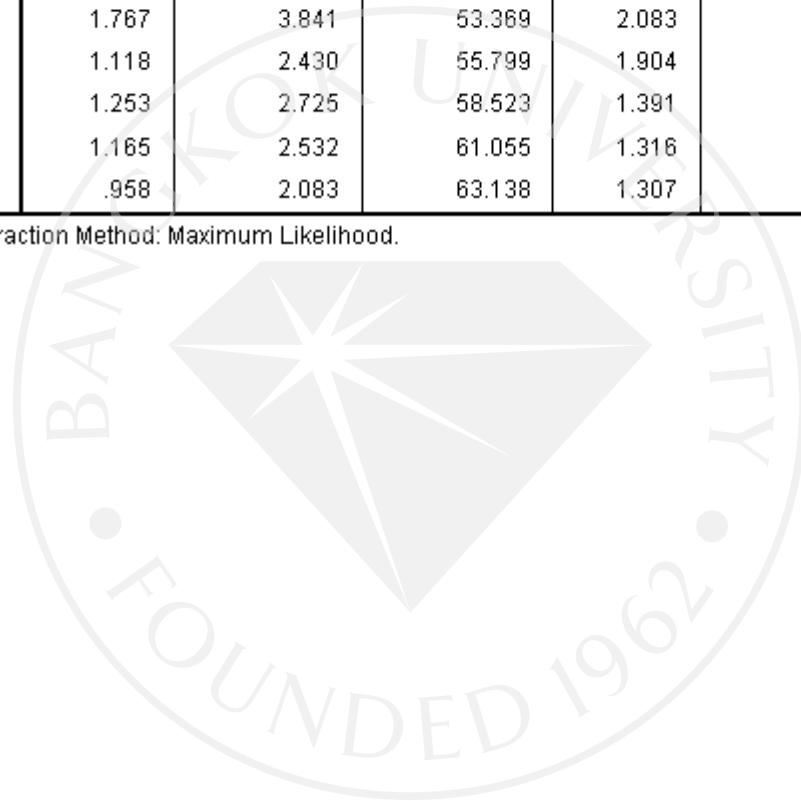
Factor Transformation Matrix

Factor	1	2	3	4	5	6	7	8	9	10	11	12
1	.022	-.126	.206	-.011	.384	-.204	.053	-.161	-.139	-.628	.550	.086
2	-.100	.000	.136	-.059	.211	.013	-.072	.456	.176	.547	.616	.021
3	.065	-.143	-.012	.011	-.083	.062	-.093	.848	-.201	-.396	-.185	-.077
4	.697	-.419	.254	-.246	-.065	-.198	.356	.001	-.022	.195	-.064	-.020
5	.470	.472	.097	.333	.533	.168	-.014	.086	.246	-.030	-.211	.098
6	-.237	.184	.114	.188	-.152	.219	.874	.110	.016	-.062	.071	.070
7	.161	.390	.485	.012	-.618	-.104	-.218	.004	.281	-.180	.186	-.026
8	-.347	.022	.663	.038	.262	-.260	-.013	-.004	-.218	.150	-.340	-.340
9	.168	.045	-.231	.193	-.027	.071	.063	-.062	.000	-.033	.218	-.904
10	-.114	-.596	.250	.331	.001	.430	-.116	-.080	.491	-.098	-.057	-.023
11	.063	-.144	-.097	.792	-.169	-.456	-.034	.025	-.204	.151	.069	.175
12	-.175	-.024	-.229	-.114	.099	-.602	.161	.132	.663	-.133	-.157	-.080

Extraction Method: Maximum Likelihood.
Rotation Method: Varimax with Kaiser Normalization.

Cluster Analysis Data

Initial Cluster Centers

	Cluster		
	1	2	3
REGR factor score 1 for analysis 2	-.22140	-1.84127	.66421
REGR factor score 2 for analysis 2	-1.14237	.77318	-.12244
REGR factor score 3 for analysis 2	.05639	.14741	-1.32499
REGR factor score 4 for analysis 2	-.10716	.21028	.58229
REGR factor score 5 for analysis 2	-.62506	.51701	3.32404
REGR factor score 6 for analysis 2	-.56933	-.41016	1.00634
REGR factor score 7 for analysis 2	1.09043	-.61195	-.58623
REGR factor score 8 for analysis 2	.62907	-3.19699	.77295
REGR factor score 9 for analysis 2	-2.49506	.45691	.30425
REGR factor score 10 for analysis 2	.40893	.02235	.00452
REGR factor score 11 for analysis 2	-.93972	.09088	2.37254
REGR factor score 12 for analysis 2	1.11217	-1.15737	.91979

Iteration History[a]

Iteration	Change in Cluster Centers		
	1	2	3
1	3.093	3.096	3.075
2	.167	.250	.644
3	.201	.178	.407
4	.086	.145	.000
5	.114	.196	.000
6	.103	.000	.301
7	.064	.115	.000
8	.000	.000	.000

a. Convergence achieved due to no or small change in cluster centers. The maximum absolute coordinate change for any center is .000. The current iteration is 8. The minimum distance between initial centers is 6.352.

Final Cluster Centers

	Cluster		
	1	2	3
REGR factor score 1 for analysis 2	-.06483	-.10319	.36647
REGR factor score 2 for analysis 2	-.11498	.08092	.21007
REGR factor score 3 for analysis 2	-.29746	.27915	.42712
REGR factor score 4 for analysis 2	.12035	-.19540	-.03538
REGR factor score 5 for analysis 2	-.26750	-.21055	1.15342
REGR factor score 6 for analysis 2	-.16520	.08564	.35286
REGR factor score 7 for analysis 2	-.04745	-.09678	.30365
REGR factor score 8 for analysis 2	.51846	-1.02985	.16105
REGR factor score 9 for analysis 2	-.30427	.29946	.41371
REGR factor score 10 for analysis 2	-.07316	.03499	.16116
REGR factor score 11 for analysis 2	-.09537	-.22134	.65500
REGR factor score 12 for analysis 2	.01453	-.22546	.33219

Number of Cases in each Cluster

Cluster	1	36.000
	2	20.000
	3	12.000
Valid		68.000
Missing		85.000

BIODATA

Ville Lukka
Date of Birth: 27 March 1982
Nationality: Finnish
Tel: 087-906-4011
E-Mail: ville.j.lukka@gmail.com

Education

2008 - 2010 Metropolia University of Applied Sciences, undergraduate student

Major: Marketing and logistics.

2010- 2013   Bangkok University   Bangkok, TH

Master of Business Administration

Thesis: Attitude towards facebook advertising

Work Experience

2011 - 2013   Expedit Finland

Marketing Assistant, Marketing Specialist