Social Media Advertising and Its Impact on Consumer Behaviour

Abstract Submitted to the University of Delhi
for the Award of the Degree of

DOCTOR OF PHILOSOPHY
IN
COMMERCE

Submitted by

Emmanuel Elioth Lulandala

Under the Supervision of

Prof. Dr. Kavita Sharma

Department of Commerce
University of Delhi
Delhi-110007
India

2020

TABLE OF CONTENTS

Page No.

LIST OF TABLES i

LIST OF FIGURES iii

LIST OF ABBREVIATIONS iv

CHAPTER 1: INTRODUCTION 1

1.1 Background to the Study 1

1.2 Concept of Social Media Advertising 7

- 1.2.1 The Phenomenon of Social Media Advertising 7
- 1.2.2 Benefits of Social Media Advertising 8
- 1.2.3 Social Media Concept 10
- 1.2.4 Social Networking Sites Concept 11
- 1.2.5 Concept of Advertising 12
- 1.2.6 Overview of Advertising in the Most Popular Social Networking Sites 13
- 1.2.7 Facebook Advertising 15

1.3 Previous Researches on Social Media Advertising and Consumer Behaviour 16

- 1.3.1 Integration of Social Media in Promotion Mix 17
- 1.3.2 Social Media Effects on Consumer Attitude 18
- 1.3.3 Consumer Response to Social Media Ads 21
- 1.3.4 Research Gaps 22

1.4 Rationale of the Study 25

- 1.4.1 Theoretical Rationale 25
- 1.4.2 Managerial Relevance 26

1.5 Problem Investigated 26

- 1.5.1 Statement of the Problem 26
- 1.5.2 Research Objectives 28

1.6 Scope of the Study 28

1.7 Structure of the Thesis 29

CHAPTER 2: CONCEPTUAL FRAMEWORK 33

2.1 Technology Acceptance Model 33
2.2 Theory of Reasoned Action 36
2.3 Social Influence Theory 36
2.4 Personality Trait theory and Identity theory 37
2.5 Consumers’ Concerns 39
2.6 Behavioural Outcomes 40
2.7 Cultural Differences 41
2.8 Development of Research Hypotheses 47
  2.8.1 Antecedents and Behavioural Consequences 47
  2.8.2 Cognitive Antecedents 47
  2.8.3 Affective Antecedents 53
  2.8.4 Personality Antecedents 61
  2.8.5 Social Related Antecedents 67
  2.8.6 Consumer Behaviour in Social Media 71
  2.8.7 Ad Engagement and Purchase Behaviour 81
  2.8.8 The Conceptual Framework 82
  2.8.9 Mediating Role of Attitude to Social Media Advertising 84
  2.8.10 Cultural Differences and Consumer Behaviour in Facebook Context 86
2.9 Chapter Summary 94

CHAPTER 3: RESEARCH METHODOLOGY 98

3.1 Research Philosophy 98
3.2 Research Approach 108
3.3 Research Design 109
  3.3.1 Choice of Research Design 110
  3.3.2 The Logical Structure of Descriptive Research Design 112
  3.3.3 Research Strategy 117
  3.3.4 Choice of Research Method 119
  3.3.5 Time Horizon of the Study 120
3.4 Techniques and Procedures for Survey Strategy 121
  3.4.1 Sample Selection 121
  3.4.2 Data Collection 130
  3.4.3 Data Analysis Techniques 149
3.5 Ethical Considerations 160

CHAPTER 4: ANALYSIS I- FACEBOOK AND SAMPLE PROFILE 164

4.1 Facebook Usage Profile 165
    4.1.1 Facebook Subscription 166
    4.1.2 Facebook Log-on 166
    4.1.3 Reasons for logging on Facebook 166
    4.1.4 Log-on duration 167
    4.1.5 Length of Usage (Facebook Experience) 167
    4.1.6 Ads Acceptance on Facebook 168
4.2 Sample Demographic Profile 168
    4.2.1 Gender 168
    4.2.2 Age 169
    4.2.3 Education 170
    4.2.4 Annual Household Income 170
    4.2.5 Countries studied 170

CHAPTER 5: ANALYSIS II- ANTECEDENTS AND BEHAVIORAL OUTCOMES OF SOCIAL MEDIA ADVERTISING 172

5.1 Antecedents of Attitude to Social Media Advertising 172
    5.1.1 Testing the EFA assumptions 172
    5.1.2 Extraction Method 173
    5.1.3 Elimination of Items and Number of Factors 174
    5.1.4 Factor Labelling 175
    5.1.5 Reliability 175
    5.1.6 Convergent, Discriminant and Face Validity 176
    5.1.7 EFA Summary 177
5.2 Confirmatory Factor Analysis 177
    5.2.1 Measurement Model (Initial) 178
    5.2.2 Model Reliability 180
    5.2.3 Model Validity 181
    5.2.4 Common Method Bias (CMB) 185
5.3 Structural Models 187
    5.3.1 Multivariate Assumptions 187
5.4 Significance and Impact of Identified Antecedents of Attitude to Social Media Advertising 188
    5.4.1 Path Modelling 189

5.4.2 Standardised Regression Weights 192
5.4.3 The Squared Multiple Correlations 192
5.4.4 Actual Regression Weights 192
5.4.5 Hypothesis Testing Results 193

CHAPTER 6: ANALYSIS III- SOCIAL MEDIA ADVERTISING AND BEHAVIORAL CONSEQUENCIES 195

6.1 Effect of Attitude to SMA and Social Factors on Consumer Behaviour 195
  6.1.1 Path Modelling 195
  6.1.2 The Standardized Regression Weights 198
  6.1.3 The Squared Multiple Correlations 198
  6.1.4 Actual Regression Weights 199
  6.1.5 Results of Hypothesis Testing 199
6.2 Mediation Effect of Attitude to Social Media Advertising 200
  6.2.1 Path Modelling (Mediation Effects) 201
  6.2.2 Baron and Kenny’s Mediation Analysis 202
  6.2.3 Structural Model without a Mediator 204
  6.2.4 Structural Model with a Mediator 205
  6.2.5 Baron and Kenny’s Mediation Results 208
  6.2.6 Direct Effects of Privacy on Ad Engagement and Purchase Behaviour 210
6.3 Comparison of Consumer Behaviour and Relationship with Hofstede Cultural Values 210
  6.3.1 Comparative Analysis of Attitude to Social Media Advertising, Ad Engagement and Purchase Behaviour between India and Tanzania 210
  6.3.2 Cultural Differences among Facebook Users in India and Tanzania 212
  6.3.3 The Relationship between Cultural Values and Consumer Behaviour 213
6.4 Chapter 4-6 Summary 216

CHAPTER 7: DISCUSSION AND CONCLUSION 219

7.1 Discussion 219

7.1.1 Antecedents of Attitude to Social Media Advertising 219

7.1.2 The Impact of the Identified Antecedents on Attitude to Social Media Advertising 222

7.1.3 Social Media Advertising and Behavioural Outcomes 225

7.1.4 The Mediating Role of Attitude to Facebook Advertising 227

7.1.5 Cultural Values and Consumer Behaviour in the Facebook Advertising Context 231

7.2 Conclusion 234

7.2.1 Theoretical Contribution 236

7.2.2 Managerial Contribution 240

7.2.3 Limitations 244

7.2.4 Scope for Future Research 245

BIBLIOGRAPHY 248

APPENDICES 284

Appendix 1: Self-Administred Questionnaire 284

Appendix 2: Google Data Collection Link 289

Appendix 3: Facebook Post 291

Appendix 4: Codebook for the Variables of the Study...292

Appendix 5: Assessment of Normality Distribution...295

Appendix 6: Trailing Communication for Data Collection 296

Appendix 7: Departmental Certificate for Data Collection 297

Appendix 8: ICCR Permission for Data Collection..298

Appendix 9: Plagiarism Report...299

Appendix 10: Communalities based on Principle Axis Factoring with Promax Rotation 300

Appendix 11: Curve Fit Models for Selected Constructs 301

Appendix 12: Factor Correlation Matrix 303

ABSTRACT

Social media advertising (SMA) refers to a promotional tool that is widely used by more than 160 million businesses globally to facilitate interaction among consumers and brands. Despite the wide usage, consumer ad attention has been scarce. Thus, putting into question the effectiveness of SMA in influencing consumer Behaviour, particularly in a social media context which is characterised by high-end innovations in ad formats, increased social media and e-commerce integration, ad clutter, application of artificial intelligence in SMA, and privacy breaches. The purpose of this quantitative descriptive study is to investigate the impact of SMA on consumer behaviour based on interactions of active Facebook users. The objectives of the study are fivefold, to (1) identify the antecedent factors of consumer's attitude to social media advertising (2) examine the impact of identified antecedents on attitude (3) determine the impact of attitude and social influence on consumer behaviour (4) assess the mediating role of attitude on the effect of identified antecedents on ad engagement and purchase behaviour, and (5) compare consumer behaviour between India and Tanzania, and find out its relationship with Hofstede cultural values.

In this regard, the study was underpinned by positivists and objectivist philosophical world views. Thus, a descriptive, deductive, cross-sectional survey strategy was adopted to collect data from 700 university students. The participants were purposively recruited into a sample from a population of Facebook users in Indian and Tanzanian universities. Data were collected by administering questionnaires offline and online through Google forms. Clean data were analysed by using various techniques; descriptive statistics (mean, mode, frequencies, and standard deviations), independent sample t-test, Spearman correlation analysis, exploratory factor analysis, confirmatory factor analysis, and structural equation modelling. Ethical standards were upheld in undertaking this study.

The results suggest that, in developing countries-India and Tanzania, the attitude of consumers to Facebook advertising is determined by six factors. These include perceived usefulness, perceived entertainment, perceived intrusiveness, self-identity

expressiveness, privacy concerns and consumer innovativeness. All factors have a positive influence on consumer attitude to Facebook advertising, except perceived intrusiveness which has a negative influence, and privacy concerns which do not have a significant influence on attitude. Furthermore, attitude to Facebook advertising impacts ad engagement as well as consumer Behaviour positively.

Also, the study found that social factors have an impact on how consumers behave on Facebook i.e. subjective norms have a positive influence on ad engagement and purchase Behaviour, meanwhile perceived herd behaviour has a positive impact on ad engagement and insignificant impact on purchase behaviour. Importantly, the study revealed that purchase behaviour is positively influenced by how consumers engage with ads, which underscore the importance of ad engagement. Furthermore, attitude to Facebook advertising partially mediates the effect of perceived intrusiveness perceived entertainment and on ad engagement. Even though, there is no mediation for the effect of perceived usefulness on ad engagement. Also, attitude fully mediates the impact of perceived entertainment, and perceived intrusiveness on purchase behaviour. Also, it has partial mediation effect on the impact of perceived usefulness on purchase behaviour. Privacy was found having insignificant direct impact on purchase behaviour and significant negative impact on ad engagement.

Furthermore, this study has demonstrated how consumer behaviour differs between India and Tanzania. Facebook users in Tanzania have a more positive attitude to Facebook advertising, engage more with ads, and are more likely to purchase products/services on Facebook. This is partly due to cultural values whereas India and Tanzania are not only similar in individualism and masculinity but also differ in indulgence and uncertainty cultures. India is higher in indulgence and Tanzania is higher in uncertainty avoidance.

In addition, indulgence has significant positive relationship with ad engagement and purchase behaviour in both countries. Similarly, attitude is positively related with indulgence and uncertainty avoidance values in both countries. Furthermore, the following relationships are country specific; (1) Individualism with attitude to Facebook advertising and ad engagement (less individualistic users have more

positive attitude and engage more with Facebook ads) (2) uncertainty avoidance with ad engagement and purchase behaviour (the higher the UA the more the engagement and purchase) and (3) masculinity and attitude to Facebook advertising (the more masculine the more positive attitude). Furthermore, there is no significant relationship between individualism and purchase behaviour, and between masculinity and ad engagement as well as purchase behaviour.

This study makes five contributions to knowledge. First, to the theory of reasoned action, technology acceptance model, and social media research by establishing the partial mediating effect of attitude on the relationship between perceived usefulness and purchase behaviour, and the relationship between perceived intrusiveness and perceived entertainment with ad engagement. Second, to social media advertising (SMA) research by advancing a model for the impact of SMA on ad engagement and consumer behaviour in the Facebook context. Third, to social media advertising research by establishing that attitude to social media advertising is the most important determinant of consumer engagement with ads, and that ad engagement is also the most important predictor of purchase behaviour. Fourth, to the Hofstede Model by confirming significant cross country cultural convergence in the Facebook advertising context. Five, to cross-cultural SMA literature by establishing the relationship between cultural values and attitude to SMA, ad engagement, and purchase behaviour. Several limitations, managerial contributions, and areas for future research are drawn.