

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

PERCEPTION ON SOCIAL MEDIA ADVERTISING AMONG MALAYSIAN YOUTH

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Submission date	15th April 2013
Ethics Number	BUS/PG/CP/00007
Final Word Count	18,765

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ABSTRACT

A rapid growth and an increasing popularity of social media such as Facebook, YouTube, Twitter etc. have drawn more and more attention from marketers and researchers. Companies now are throwing big money at advertising on social media, hoping to attract consumer's attention. But questions remain unanswered regarding the social media users' perception towards social media advertising and also the factors affecting their attitudes towards it. Unfortunately, there is a lack of quantitative studies on social media users' perceptions of or attitudes towards advertising on social media. So this research aims at investigating social media users' perception towards social media advertising. This study is confined to the Malaysian youth who are between the age of 18 to 25 years due to the fact that they engage in social media more when compared to the other age groups. Both primary and secondary data were used for data collection. The proposed sample size is 250. Questionnaires were used as the instrument in this survey. All 250 questionnaires will be distributed equally to male and female respondents. Out of the 250 questionnaire, 180 were effective. Reliability analysis was done to check reliability and validity of the variables. Multiple Regression was used to check the relationship between the independent and dependent variables. The findings of this study indicates that there is a significant association between Informativeness, Credibility, Entertainment, and User perception toward social media advertising. It also indicates that there is no association between privacy and security concern and user perception toward social media advertising.

ACKNOWLEDGEMENT

First of all I would like to take this opportunity to thank INTI International University for providing me this great opportunity to conduct this research. I believe that the knowledge I acquired while completing this dissertation will not only benefit me in my academic path but will also benefit me in my career path as well.

Successful completion of this dissertation and culmination of my efforts reminds me for indebtedness towards my project supervisor, Mr. Arasu Raman for his valuable guidance and encouragement throughout the work. His rich experience and everlasting patience saw me through many unforeseen hurdles. This dissertation would not have happened without the firm support extended to me by him. His lively appreciation was blended with constructive criticism, constant queries and suggestions throughout the course of this thesis. The blessing, help and guidance given by him from time to time shall be carried along with me a long way in the journey of life on which I am about to embark.

Last, but not the least, I also take this opportunity to thank my family and friends who contributed through their valuable suggestions and presence during the completion of this project.

Archana Anand

April 2013

Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

10th April 2013

Archana Anand

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List of Abbreviations

ICT: Information and Communication technology

WWW: World Wide Web

ROI: Return on Investment

IAB: Internet Advertising Bureau

KMO: Kaiser-Meyer-Olkin

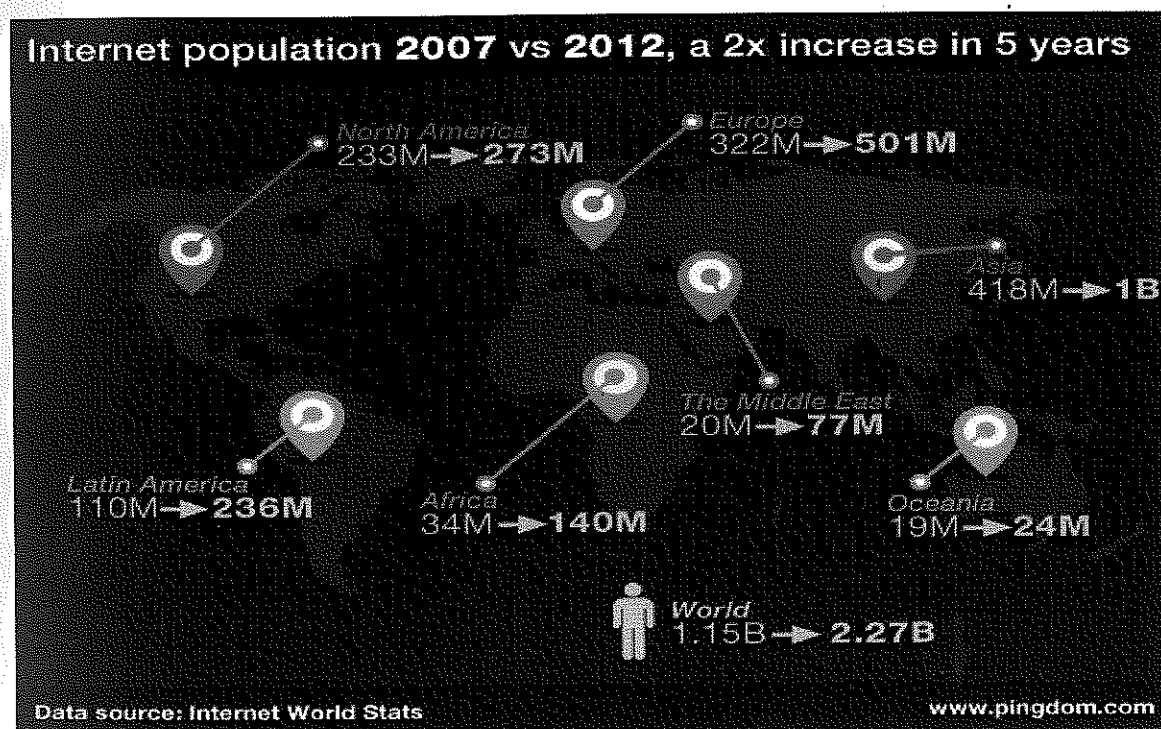
SPSS: Statistical Package for Social Sciences

SMA: Social Media Advertising

3. The ability to communicate messages through images.

According to Herme king (2006) the global spread of modern technology, including information and communication technology (ICT), is commonly regarded both as an indicator of the postmodern era of globalization and as the very precondition for that era of intensive world wide interactions of people and exchanges of goods, services, information, and capital. Hoffman (1995) argues that the popularity of the WWW as a commercial medium (in contrast to other networks on the Internet) is due to its ability to facilitate global sharing of information and resources, and its potential to provide an efficient channel for advertising, marketing, and even direct distribution of certain goods and information services.

Figure 1.1 World Internet Population



Source (Pingdom, 2012)

In the year 2012, number of Internet users worldwide reached 2.27 billion, almost exactly twice what it was in 5 years ago, 1.15 billion. Everybody knows that the Internet is big, but this kind of growth really puts things into perspective. The Internet population has been swelling rapidly since the arrival of the World Wide Web (which rests firmly on top of the foundation provided by the Internet). It's human nature to

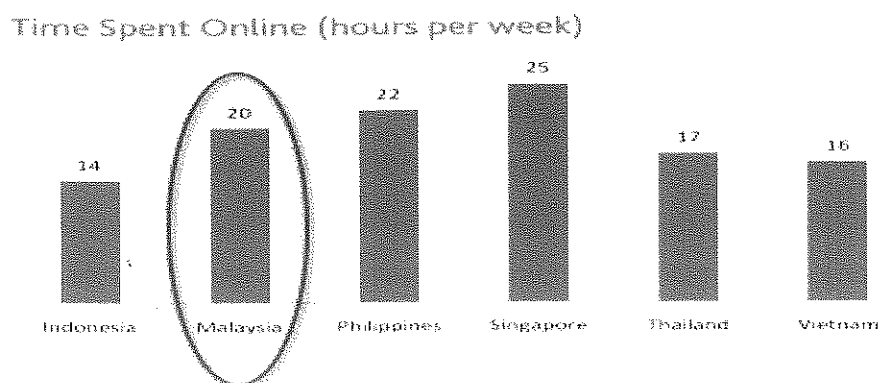
get used to changes, so most of us have a tendency to forget how rapidly the world has changed, and keeps changing.

Since 2007, the global Internet population has grown by 1.1 billion. Africa has gone from 34 million to 140 million, a 317 per cent increase. Asia has gone from 418 million to over 1 billion, a 143 per cent increase. Europe has gone from 322 million to 501 million, a 56 per cent increase. The Middle East has gone from 20 to 77 million, a 294 per cent increase. North America has gone from 233 to 273 million, a 17 per cent increase. Latin America (South & Central America) has gone from 110 to 236 million, a 114 per cent increase. Oceania (including Australia) has gone from 19 to 24 million, a 27 per cent increase.

1.2. Internet users in Malaysia

Malaysia, with a population of 28.73 million in 2012, had 17,723,000 Internet users, with 61.7 per cent Internet penetration, according to Internet World Stats. When the Internet was first introduced to Malaysia in 1995, only about one in a thousand Malaysians had Internet access. The number of the Internet subscribers in Malaysia is expected to rise as it moves further towards advanced information, communications and multimedia services (Internet World Stats, 2011). Malaysian netizens spend an average of 20 hours per week (using the internet.)

Figure 1.2 South East Asia Online Usage



Source (The Neilson Company, 2013)

With increased access to broadband networks, a proliferation of WiFi sites and a burgeoning smart phone market, it is little surprise that residents of six countries in Southeast Asia are going online with gusto. But what is really raising eyebrows is the fact that in some of these countries Internet usage is now surpassing traditional media such as TV, radio or print.

Nielsen's new Southeast Asia Digital Consumer Report (2012) examined the digital media habits and attitudes of consumers in Singapore, Thailand, Indonesia, Malaysia, Vietnam and the Philippines. From this figure, it can be understood that Singaporeans led the region in online usage, spending more than a day (25 hours) online each week, while Malaysians came close behind, spending 20 hours a week online.

1.3. Overview of social media

With advances in technology and the growth in digital media usage (Cheong and Morrison, 2008), advertisers are seeking new ways to reach consumers. Numerous studies indicate an increase in social network usage (Goldsborough, 2009). While teenagers were primarily the first users of social networks, a growing population of 25 to 34-year-olds and white-collar professionals now also use them (Kim, 2008). The growth of these demographics more generally demonstrates the growing applicability of social networks to everyday life. Cooke and Buckley (2008) predicted Web 2.0 and the Internet would be the marketing tactics of the future. In their theoretical essay, the authors identified several trends regarding the growing use of online social networks. The increase in the open source movement through shared intellectual property, the emergence of Web 2.0, and an increase in the number of online social networks and consumer-generated content have contributed to the overall growth of online social networking. Web 2.0, a term first developed by Tim O Reilly (2005), involves online activities in which the user contributes to content creation. Examples of Web 2.0 include Napster, Wikipedia, blogging and pricing online advertisements by cost per click. The interactive nature of these platforms set them apart from their Web 1.0 counterparts, such as mp3.com, Britannica Online, personal web pages, and pricing online advertisements by page views that do not

incorporate the user in their functioning. Social media are another example of one of the many platforms included under the umbrella of Web 2.0.

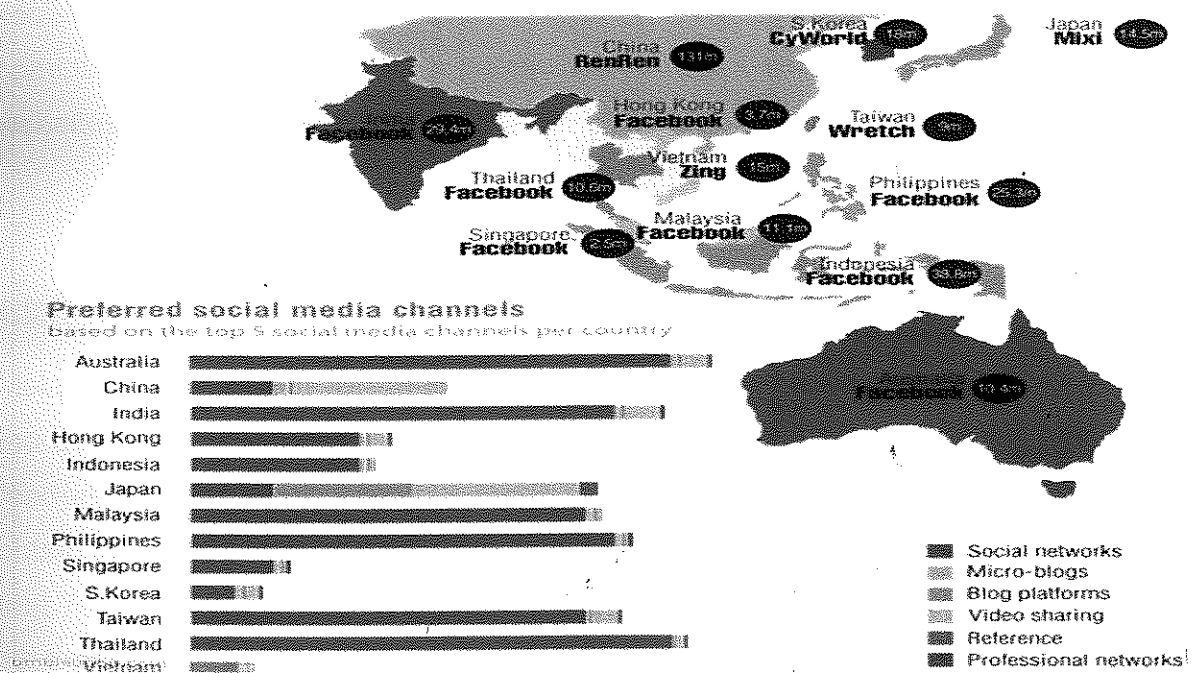
Social media are commonly associated with social networks. Boyd and Ellison (2007) define social networks as "web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system". Basically, social media comes in the form of podcasts, social blogs, weblogs, news portals, internet forums, facebook, Twitter, etc to create a public sphere to communicate. Through these social media, consumers are able to upload videos, photographs, texts comments and the like forming a highly interactive cyber sphere. Social networking sites such as MySpace, Facebook, YouTube, Twitter etc, have allowed consumers to be interactive to chat, to exchange information and also to be persuasive. As such, consumers do not anymore have to feel at odd or frustrated with government control media as the existence of social media have created a more democratic milieu to voice out opinion or to vent anger. At the click of the button consumers are able to channel out opinions to get chains and chains of feedback, globally for that matter.

1.4. Social Media in Asia Pacific

The development of the internet technology has revolutionized the new technology Web 2.0. or social media. This social media has gained global attention as an interactive and affective communication media. It is a global integration process that is able to form a global society through mediation and acculturation where values and common language connects the world political economy in an international network system. And this process involves the support of technology innovation and user acceptance. McLuhan (2007) has metaphorically said that the world has shrunk to be a 'global village' and is getting smaller and has become almost borderless. This is made possible through the development of technological communication that allows fast and effective trans-border communication (Samsudin A. Rahim 2003). Web 2.0 or social media is Internet based applications that enable greater application through user generated content. It has changed forms of communication and interactions among individuals. The application through user generated content

has transformed users to be content producers from content consumers supporting the democratization of knowledge and information. Figure 1.1 shows the results of a study that was conducted by Francis Tan (2012) which explains the social media usage among Asia Pacific users followed by the social media usage among Malaysian users. This will enable one to understand the social media behaviour of users in Asia Pacific as well as Malaysia.

Figure 1.3 Social Media in Asia Pacific



Source (Francis Tan, 2012)

Figure 1.2 is an info graphic showing the usage of social media usage in Asia Pacific as of August 2012. Internet usage is sky-rocketing throughout the Asia-Pacific region, obviously making the growth of social media the fastest in the world. The social media statistics cover the most popular social networks in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam at a top level, but also lists a few basic internet statistics per country, like the total number of people connected to the internet and the top 5 visited websites. It can be seen clearly that Facebook dominated this region being the most popular network in most countries. However interestingly,

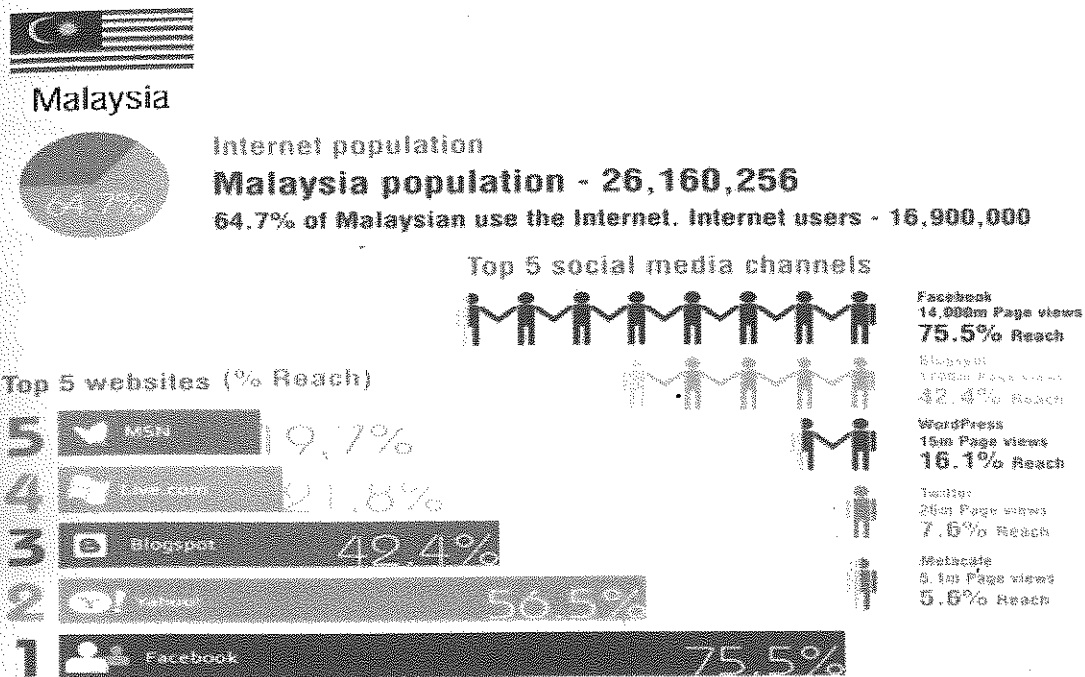
according to Francis Tan (2012), there are some countries in this region like Japan and China where there is not much usage of social networks but there are high usage of video sharing and blog platforms. China, South Korea Taiwan and Japan prefers to use their local social network sites instead such as Renren Cyworld, Wretch and Mixi respectively.

In conclusion it can be said that social networks continues to dominate the certain regions of the Asia Pacific with a strong presence whereas video sharing micro blogs and blog platforms have also gained popularity in some regions. Therefore, this social media has gained global attention as an interactive and affective communication media as more people prefer to get engaged in such social media websites day-by-day.

1.5. Social media in Malaysia

Malaysians are opting for online news for faster and constant updates, as seen by the 35% growth in online newspaper readership over a year, reaching one million readers. But the traditional print medium is still popular as nine in ten readers still obtain their news from newspapers. Through a survey, Simon Kemp (2012) indicated that 75.5 per cent of Malaysians use Facebook as their prime social media network. 42.4 per cent Malaysians are users of Blogspot while another 16.1 per cent are users of WordPress. 7.6 per cent of Malaysians frequent the latest media network Twitter and Metacafe have users which account to 5.6 per cent of the total reach. MySpace being one of the favourite among Malaysian a few years and continued to lose its users due to the popularity of Facebook in the country. Malaysians also use resources such as Slideshare, iTunes and Flickr.

Figure 1.4 Social Media in Malaysia



Source (Francis Tan, 2012)

The top 5 popular websites in Malaysia for the year 2012 includes Facebook which ranks first among the other websites with a reach of 75.5 per cent. The second top website in Malaysia is Yahoo which accounts to 56.5 per cent of the total reach followed by Blogspot with a reach of 42.4 per cent in the third place. The fourth and fifth position of the top websites in Malaysia is held by Live.com and MSN with 21.8 percent and 19.7 percent reach respectively.

By the year 2014, Malaysia is expected to have 2.7 million youngsters who will be active users of social media websites. This is mainly due to the fact that such social media websites not only allows them to stay connected with their close ones but it also allows them to share various kinds of information, videos, pictures, events, music and so on. Apart from this social media also enables individuals to promote and also gain the attention of the others for example, toward a particular cause. This in turn creates awareness among the other users and also make them support the cause if they are interested. According to the Nelson Media Index (2012), a total of 78 per cent of the social media users seek the opinion of the others through social