



**MS ritgerð**  
**Markaðsfræði og alþjóðaviðskipti**

**What's on your mind?**  
Examining consumer behaviour on Facebook

Stella Björk Helgadóttir

Leiðbeinandi: Auður Hermannsdóttir  
Viðskiptafræðideild  
Janúar 2012



**HÁSKÓLI ÍSLANDS**

## **What's on your mind?**

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Lokaverkefni til MS-gráðu í viðskiptafræði

Leiðbeinandi: Auður Hermannsdóttir

Viðskiptafræðideild

Félagsvísindasvið Háskóla Íslands

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What's on your mind?

Ritgerð þessi er 30 eininga lokaverkefni til MS prófs við  
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## **Preface**

This research is a 30 ECTS thesis project for a Master of Science degree in Marketing and International Business in 2012 from the University of Iceland. Supervisor of the thesis is Auður Hermannsdóttir.

First of all, I would like to thank the wonderful participants who made this project what it is. Huge thanks to all the people that took the time to proof read my thesis. Thank you Steinunn, Helgi, Ingi Úlfar and Birna. I would like to thank Auður for quick responses and making time to answer all the questions I had while working on this project. Special thanks go to Vilhjálmur Alvar who supported me and encouraged me to keep on when my confidence was lacking in the work that I was doing. Thank you all.

## Abstract

Social media marketing is about creating content that encourages consumers to share the message and promote the business, product or service that is being offered. It is a way to engage in a dialogue with others and share opinions. Consumer behaviour is changing and evolving at a fast pace and businesses need to be ready to adapt to new consumer trends. By understanding the consumer, marketers can engage in a conversation with the customer without fear.

The purpose of the study is to investigate *why Icelandic consumers age 25-30 share ideas, innovations and brand experiences with others on Facebook?* The research is a qualitative study and data was collected by conducting six semi-structured interviews with users of the social networking site Facebook.

Results of the study indicate that sharing content is a means of communicating with others and to be a part of a community among individuals who share similar interests. Participation involves receiving guidance and informational support. It is about meeting needs like entertainment, affiliation and to belong. Consumers online are no longer inactive spectators but can express their opinion and be heard. The power of consumers has increased with the creation of social media. Their message can be heard by so many other consumers. Companies especially need to be careful because it is so easy for consumers to spread the word and it travels very fast.

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# 1 Introduction

Online interactions are becoming an increasingly more important addition to social- and consumption behaviour. Being online now affects how we behave as citizens, community members and as consumers (Kozinets, 1999). Consumer behaviour changes and evolves at a fast pace and marketers need to be aware of current consumer trends. Recently businesses have been discovering social media marketing's potential and are including it in the organisations marketing mix. Marketers are now increasingly looking to partake in social networking activities and are gaining valuable experience in taking advantage of social media and what it has to offer, as well as understanding consumer behaviour in this medium. Social media can directly engage consumers in a creative process, both by producing and distributing information through collaborative projects, content communities, social networking sites, blogs and virtual and social game worlds. It can also add to the power of viral marketing by increasing the speed at which consumers share experiences and opinions with a larger audience (Thackeray, Neiger, Hanson and McKenzie, 2008).

Newspapers, for instance, are taking advantage of social media marketing by enabling their readers to share the news they find interesting. Other companies are joining the social media marketing trend as well, actively trying to create a buzz<sup>1</sup> around their product. A recent example of a successful social media marketing campaign in Iceland is a series of articles written in January and February of 2011. One article was written by Andri Snær Magnason in a campaign for gender equality, Öðlingurinn 2011. The article Andri wrote over 13,000 likes<sup>2</sup> on Facebook, thereby creating a buzz around the article encouraging more people to read it and to visit the website the article was originally posted on (Andri Snær Magnason, 2011).

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<sup>1</sup> Buzz is a marketing technique that attempts to make each encounter with a consumer appear to be a unique, spontaneous personal exchange of information instead of a calculated marketing pitch choreographed by a professional advertiser (Search CRM, 2003).

<sup>2</sup> Like is a way to give positive feedback or to connect with things you care about on Facebook. You can like content that your friends post to give them feedback or like a Page that you want to connect with on Facebook (Facebook, n.d.a).

Social media marketing is about interacting with customers. It is “an opportunity to have a dialogue with the consumer about a product, something traditional advertising increasingly fails to accomplish” (Hanlon and Hawkins, 2008). The goal with social media marketing is to create content that encourages consumers to share the message and promote the business, product or service that is being offered (Nations, n.d.). Consumers are no longer inactive spectators of information. They now have the ability to express their opinion to a large audience, and they can guarantee that it will be heard by other consumers (Howel, Lancaster and Ozuem, 2008). The relationship between consumers and companies has become more complicated than ever before and companies have to take that into account when communicating with their customers (Epstein, 2006). The Internet has shifted the power to consumers which can now access information whenever they want.

The purpose of this study is to investigate and understand in what way Icelandic consumers are using social media, what their reasons are for participating in social networking activities, what motivates their participation and why they share ideas, innovations and brand experiences with others.

The research question the study will seek to answer is:

*Why do Icelandic consumers age 25-30 share ideas, innovations and brand experiences with others on Facebook?*

In order to narrow the field of the research, focus will be on consumers' use of social networking sites. The focus of the study will entirely be on consumer behaviour and activities on the social networking site Facebook, as other social networking sites have not gained as much popularity in Iceland as Facebook has. Kaplan and Haenlein (2010) define social networking sites as applications that allow users to create personal profiles, connecting them with friends and acquaintances and enabling communication between them by sending e-mails and instant messages between each other. The goal of this research is to understand better how consumers behave in social networking activities and what motivates them to participate.

To examine consumer attitudes towards social networking activities and participation, six interviews were conducted where users were asked about their

behaviour on Facebook and their reasons for performing certain actions. As well as asking about their attitudes towards other consumers' actions.

Chapter two to five will address different aspects of social media and its implications for consumers and businesses. In chapter two and three an explanation will be provided on what social media is and gone into details about options in social media and what it has to offer. It will shed a light on the relatively short history of social networking sites as their development has been fast in the past few years. Chapter four will review online marketing as well as studying the connection between viral marketing, buzz and word of mouth. Chapter five will examine consumer behaviour online and what influences their attitudes towards participation and avoidance. It will show how many actors factor into their behaviour in social networking activities. Chapter six will feature the methodology of the study and explain how the research was built and the methods used to generate results. The results chapter will go into detail about the findings from conducting six semi-structured in-depth interviews to reveal the causes of consumer behaviour in social networking activities. The paper concludes with a discussion, summarising the results from the study and connecting the researcher's findings to theories of others and earlier research.

## **2 Social Media**

The topic of social media marketing is a relatively new one and still there is a lot to be researched in the field of consumer behaviour in social networking activities. The phenomenon of social media is gaining more popularity within the field of research, and businesses are as well setting their sights on this new and lucrative consumer market that is getting larger by the minute. The world of social media seems to be without boundaries.

Social media marketing benefits organisations and individuals by providing an additional channel to interact with the customer and can be beneficial in providing customer support, a means to gain customer and competitive insight, recruitment and retention of new customers/business partners, and a method of managing an organisation's online reputation. The key factors that make it successful are the relevance to the customer, the value it provides them and the strength of the content or the brand on which it is built. Strong content or a brand serves as a stand or a platform, which enables the organisation to centralise its information and inform customers to its recent developments through other social media channels, such as article and press release publications (Bhargava, 2010). However, the efforts of marketers can either take a positive or a negative path and therefore it is important for companies to understand how they can influence the conversations occurring (Evans, 2008). If the marketers have no overview of what the discussions of the company are it can become damaging to its image and reputation. A common frustration for marketing executives is that it is nearly impossible to have control over how people write about a brand online. Innovators see social media as a new avenue of communication. After all, the benefit of having a brand community is that you can talk with one another. Although it may seem frightening there is no better way to engage people in a message than to start a conversation and talk to them about the brand (Hanlon and Hawkins, 2008).

## 2.1 Defining Social Media

One way to define social media is to break it down. Media is an instrument of communication, for example a newspaper or a radio. Social media can therefore be explained as being a social instrument of communication. In simpler terms, if traditional media (i.e. television) is a one way communication tool giving messages to consumers, social media can be viewed as a two way communication tool enabling consumers to communicate back (Nations, n.d.).

Statistics show that social media has become a huge part of people's lives. There are more than 800 million users on Facebook as of 2011 and about half of them log into the site on a daily basis. The average number of *friends*<sup>3</sup> is 130 (Facebook, n.d.b). Twitter has around 280 million users and about 95 million of the users tweet every day. In Iceland, 60.6% of Internet users log onto Facebook on a daily basis and 57.5% access YouTube weekly (MMR, 2011). A study by Exact Target (2011) revealed that 39% of Facebook users who become fans do so to publicly display their brand affiliation for their friends. Today, social networking sites are even reporting breaking news faster than traditional media (but perhaps not as reliably). The main difference between a company's official website and a social networking site is that the official website is usually aimed at providing information without the consumer being able to give feedback while social networking sites allow for communication between parties.

Tools and strategies for communicating with the consumer have changed with the emergence of social media. Social media has also been named consumer generated media or user generated content (UGC), as this form of media involves a variety of new sources of online information that are created, shared and used by consumers' intention to educate others, for example about products, brands or services (Blackshaw, 2005). One of the roles of social media is consistent with the use of traditional integrated marketing communications (IMC) tools as companies can use social media to talk to their customers through platforms like Facebook and blogs. Another promotion-related role of social media, and what makes it unique, is that customers can use it to communicate with one another. To sum it up, social media enables companies to talk to

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<sup>3</sup> A friend is defined as an individual who is added to another persons Facebook network. After a request has been confirmed the two individuals are friends online.

consumers, consumers to talk to each other as well as enabling consumers to communicate with the organisations themselves (Mangold and Faulds, 2009). Social media provides platforms for sharing information, videos, photos and blogging. Gartner Inc. (2011) defines social media as websites where:

(1) Content is created, consumed, promoted, distributed, discovered or shared for purposes which are primarily related to communities and social activities, rather than functional, task-oriented objectives; (2) content usually takes the form of words, pictures or videos; (3) the website may be a closed or an open platform; and (4) the flow of expression can be unidirectional or multidirectional.

Social media sites are expected to reach \$10.3 billion worldwide in revenue in 2011, increasing by 41.4% from 2010 when revenue was \$7.3 billion. The market is projected to grow to \$29.1 billion in 2015. Advertising revenue is, and will remain, the largest contributor to overall social media revenue. Social media advertising revenue is forecasted to total \$5.5 billion in 2011, and grow to \$8.2 billion in 2012. Advertising revenue includes display advertising and digital video commercials on any device including PCs, mobile and media tablets. Besides advertising social media sites earn revenue from social gaming. With social gaming the sites earn directly from the users who play the games (Gartner Inc., 2011). Among UGC sites, the role and growth of social networking sites has been overwhelming as more than 55% of teens online use social networks and 48% of them visit social networking sites at least daily (Lenhart and Madden, 2007). The number of teens' online and using social networking sites has probably grown considerably since 2007 when Lenhart and Madden made their study.

## **2.2 Types of Social Media**

Although this research will be centred on attitudes and consumer behaviour on social networking sites there exist various forms of social media that consumers and businesses are taking advantage of. Social media covers a wide range of online activities like collaborative projects, blogs, content communities, social networking sites, virtual game worlds and virtual social worlds.

### **2.2.1 Collaborative Projects**

Collaborative projects are projects that enable users to create content by the joint and simultaneous efforts of many. They are considered to be “the most democratic manifestation of user-generated-content” (Kaplan and Haenlein, 2010, p. 62). Collaborative projects can be divided into two categories. Wikis, which are websites that allow users to add, remove, and change text-based content, and social bookmarking applications, which are sites that enable individuals to add material into a group based collection and the opportunity to rate Internet links or media content. The main idea behind collaborative projects is that “the joint effort of many actors leads to a better outcome than any actor could achieve individually” (Kaplan and Haenlein, 2010, p. 62). Many firms have started to use wikis for their intra net to gather a large amount of information in the same place. Employees can present their ideas to other employees and follow what is happening within the company. Wikis are useful for companies in supplying information and it can lead to increased cooperation within units. Wikis are also considered useful in product development where employees and consumers can make suggestions on how a product should be (Kaplan and Haenlein, 2010). Companies have also created external wikis that allow consumers to share their thoughts on certain topics initiated by the firm when development of new products might benefit from consumer insight and input.

The most used open access wiki today is Wikipedia, a free encyclopaedia accessible by everyone, where individuals can contribute their knowledge to the database of all topics imaginable. Wikipedia is created for the purpose of creating a large database enabling individuals to share information to one another. The site is entirely run on voluntary contributions. Private companies are not allowed to use the site for advertising purposes. All information on the site are to be objective and based on facts (Wikipedia, 2012).

### **2.2.2 Blogs**

Blogs represent the earliest form of social media. They are types of websites that display date-stamped entries in reverse chronological order (OECD, 2007). Blogs can come in a multiple range of variations, from personal diaries that describe events in the author’s life to blogging about one specific content area. The blog is usually run by one

person (Kaplan and Haenlein, 2010). Many compare blogs to newspapers and magazines, but the main difference between them is that blogs contain personal opinions while newspaper- and magazine articles focus on providing facts and citing specialists (Meerman, 2007).

It is relatively easy to start a blog and can be done for free. Many websites focus on providing users with programs that do not need much work on the users' behalf in terms of layout. Blogs usually have a feature for comments which allows for communication from the reader (Meerman, 2007). An increasing trend is that people are making careers' out of blogging. According to Bell (2010) there are approximately 20 million bloggers in the U.S. and about 1.7 million of them get paid to do so.

### **2.2.3 Content Communities**

The main goal of content communities is to share media content between users. Content communities offer users the opportunity to upload new material and share with others online. A lot of informational content can be gathered from such communities. They exist for a wide range of media types like texts (BookCrossing), photos (Flickr), videos (YouTube) and PowerPoint presentations (SlideShare). The high popularity of content communities makes them an attractive channel for many firms to enable consumers to find them (Kaplan and Haenlein, 2010). YouTube for example is one of the most popular content communities in the world and every minute 48 hours of content were uploaded on average to the site in 2011. 800 million unique visitors visit the site each month (YouTube, n.d.).

### **2.2.4 Social Networking Sites**

"Social networking sites [(SNS)] are applications that enable users to connect by creating personal information profiles, inviting friends and colleagues to have access to these profiles, and sending e-mails and instant messages between each other" (Kaplan and Haenlein, 2010, p. 63). The profiles can include any type of content, photos, videos, audio files and blogs (Kaplan and Haenlein, 2010). Boyd and Ellison (2008) define social networking sites 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 (p. 211).

SNS enable individuals to maintain blogs and encourage group interactions through chat rooms, instant messaging and e-mails (Gangadharbatla, 2008). According to eMarketer (2011) 6.9% of advertising spending worldwide will be spent on ads in social networking sites in 2011. Advertising spending in the social networking area is projected to be \$5.5 billion worldwide in 2011 (Garnter Inc., 2011).

Social networking sites are probably the most popular and consumer oriented in the world of social media. Today there exist many social networking sites, like Facebook, Twitter, MySpace, Dogster and others. Some are targeted to all users while others focus on certain groups of consumers.

#### **2.2.4.1 Facebook**

Facebook is the largest social networking site in the world today with 800 million users. The site has been translated to 70 languages to increase traffic and make it easier in use (Facebook, n.d.b). Access to Facebook is free and it is easy to register for an account. Within Facebook users can share content like videos, pictures and news, and send messages and chat to one another. Users have to register basic information like name and date of birth, as there are age restrictions for signing up, but they can control how much information is visible to others and whether they like to share more information like family relations, relationship status, birthday, hometown etc. The age restrictions state that individuals under the age of 13 are not allowed to sign up for a Facebook account (Facebook, n.d.c).

Increasingly popular feature on Facebook is groups. Groups allow individuals to come together around a certain topic. Groups are used for informational purposes and to keep in contact with certain people. It allows people to communicate without having to befriend them. Many use groups for sport related activities, school work, family gatherings and social life, among others. Groups can be open, closed or secret. In open groups anyone can see the group, who is in it and what members post. In closed groups anyone can see the group and who is in it but only members can see the messages. In secret groups only members can see the group, who is in it and posts. An individual always has to be a member to be able to post in a group. Events can also be organised

through the site and invitations sent out. Users can send personal messages or post notes that take the form of blogs.

Firms have begun to see the benefits of Facebook and are increasingly using the site in their marketing strategy. Facebook offers companies the ability to register for a fan page where consumers like their page in the purpose of showing brand affiliation, getting discounts or for information (Loechner, 2010). With fan pages companies can post messages to their fans and communicate with them. When users like pages their friends see it in their newsfeed, thereby increasing awareness about the company.

Facebook has also introduced Social Ads which are designed to help advertisers create new campaigns by allowing users to share their interaction with different brands throughout their network of friends through the newsfeed and a program called Beacon (Klaassen, 2007). This is just one of the ways in which SNS can engage consumers by enabling them to create content and become promoters of different brands (Gangadharbatla, 2008).

### **2.2.5 Virtual Game Worlds and Virtual Social Worlds**

“Virtual worlds are platforms that replicate a three dimensional environment in which users can appear in the form of personalised avatars and interact with each other as they would in real life” (Kaplan and Haenlein, 2010, p. 64). Users can essentially lead two lives, one in the real world and one in the virtual world. According to Kaplan and Haenlein (2010) virtual worlds provide “the highest level of social presence and media richness of all social media applications and are probably the ultimate manifestation of social media” (p. 64).

Virtual worlds come in two forms. The first group requires the users to behave according to strict rules in the context of massively multiplayer online role-playing game (MMORPG). An example of a virtual world game is World of Warcraft which counts for 8.5 million subscribers who explore the planet of Azeroth and take the forms of dwarfs, elves, orcs and humans, to fight monsters or search for treasures (Kaplan and Haenlein, 2010). The other group of virtual worlds, virtual social worlds, allows users more freedom in choosing their behaviour and basically live a virtual life similar to their real life. Like in virtual game worlds, the social world allows you to create your own avatar and interact in a three dimensional environment. The difference between a game world

and a social world is that in the territory of the social world there are no rules restricting the range of possible interactions. It allows a person to present herself according to her own imagination (Kaplan and Haenlein, 2009a; Kaplan and Haenlein, 2009b; Kaplan and Haenlein, 2009c). Second Life is the most popular virtual social game. Users can register for Second Life for free. After registration they make their own avatar and they have free hands in designing it. Users can also design items and trade with others. Second Life has its own economy and currency with the Linden Dollar which can be traded for real money (Kaplan and Haenlein, 2010). Firms are looking to enter the virtual game world and already there are some interesting options for them to partake in. An example of that is the case of Toyota where they opened an online store enabling users to browse their latest products (Springwise.com, 2006). There are several advantages to using virtual worlds as a method of advertising and creating brand awareness. Entering the virtual worlds is a way of accessing a different customer demographic. With the prospect of commercial success within the virtual world firms can reduce cost and time constraints as they can keep the development in-house instead of outsourcing activities to advertising agencies. Also, using virtual worlds provides companies with the opportunity to survey customer reaction and receive feedback. Feedback is very important to the development of a project as it will inform the creators of what users want and dislike (Wasko, Teigland, Leidner and Jarvenpaa, 2011). Having an insight into customer needs can give companies a competitive edge.

From the descriptions above on options in social media it is clear that it is an active and fast moving domain. The possibilities are many and what may be up-to-date today can be obsolete tomorrow. Therefore, it is important to be aware of the options social media brings and see how they can complement a persons' or an organisations' strategy in online activities and help them accomplish the goals they have.

### **3 History of Social Networking Sites**

In the last few years many social networking sites have come and gone. As consumer behaviour changes the social networking sites have to find ways to become sustainable and keep up with the latest trends. If not, they run the risk of becoming obsolete and consumers may decide to go elsewhere. It is important to look at the history of social networking sites as it can provide us with an understanding of why some have survived and others have not. The history reveals how volatile success can be and how quickly popularity can fade.

Many features similar to social networking sites features existed in some form before SixDegrees, the first social networking site, launched in 1997. Profiles existed on most major dating sites and many community sites. AOL Instant Messenger (AIM) and ICQ, homophone for the phrase “I seek you”, supported lists of friends, although those friends were not visible to others. Classmates.com allowed people to associate with their high school or college and surf the network for others who were also affiliated. The option to list friends and create a profile came years later. SixDegrees.com was the first site to combine all these features together. It helped people connect to an extended network of friends and beyond, and allowed users to create profiles and list their friends. SixDegrees was promoted as a tool to help people connect with and send messages to others. Initially, the site attracted millions of users but in the end failed to become a sustainable business and was closed down in 2000. The founder believes the site was perhaps ahead of its time and that consumers were not ready for it (Boyd and Ellison, 2008).

From 1997 to 2001, a number of community targeted sites were launched which supported a range of combinations of profiles. AsianAvenue, BlackPlanet, and MiGente all allowed users to create personal-, professional-, or dating profiles (Boyd and Ellison, 2008). In 1999 LiveJournal was created. Its function was to create a virtual community where Internet users could keep a blog, journal or a diary (Hacker, 2003). A Swedish website, Lunarstorm was launched in 2000 and Cyworld in 2001 (Boyd and Ellison, 2008).

In 2001 the next wave of SNS began when Ryze.com was launched, aimed to help people leverage their business networks (Boyd and Ellison, 2008). It is noteworthy that the people behind Ryze.com, Tribe.net, LinkedIn.com and Friendster.com were connected both personally and professionally. Their belief was that they could support each other without competing (Festa, 2003) but in the end, LinkedIn was the most successful, now a powerful business service. Ryze never managed to acquire much popularity. Tribe.net attracted a passionate niche user base and Friendster became the most significant, if only as “one of the biggest disappointments in Internet history” (Chafkin, 2007, p. 1). Friendster was launched in 2002, with the aim of being a social complement to Ryze. It was designed to be in competition with a profitable and popular online dating site, Match.com (Cohen, 2003). Friendster was founded to create a safer, more effective environment for meeting new people by browsing user profiles and connecting to friends, friends of friends and so on, allowing members to expand their network of friends more rapidly than in real life face-to-face scenarios (Rivlin, 2006). The site grew to 300,000 users through word of mouth before traditional press coverage began (O’Shea, 2003). One of the reasons Friendster failed was because the sites servers and databases were not equipped to handle the large amount of traffic on the site, so it crashed regularly. Frustrated the users started replacing Friendster with e-mails (Boyd and Ellison, 2008). But while popularity faded in the U.S., the site grew in Asia (Goldberg, 2007).

From 2003 many new SNS have been launched. Most have taken the form of profile-centric sites, trying to capture the early success of Friendster or target specific groups. MySpace and similar social sites targeted broad audience, professional sites like LinkedIn, Visible Path and Xing focused on business people, Dogster and similar sites connected strangers based on similar interests, Care2 helped activists meet, Couchsurfing connects travellers to people who are willing to let them sleep on the sofa and so on (Boyd and Ellison, 2008). As the social media and user-generated content phenomena have grown, websites who focused on media sharing have begun implementing SNS features and become SNS themselves. Examples include Flickr (photo sharing), Last.FM (music listening habits), and YouTube (video sharing).

MySpace was launched in 2003 in order to compete against sites like Friendster, Xanga and AsianAvenue (Boyd and Ellison, 2008) and after Friendster failed MySpace was able to grow rapidly by capturing Friendster former users. The key factor that encouraged people to switch sites was that indie-rock bands were expelled from Friendster for failing to comply with profile regulations and although MySpace was not created with bands in mind, they were welcomed. The relationship between bands and fans eventually helped MySpace expand beyond former Friendster users. The relationship was mutually beneficial: Bands wanted to be able to contact fans, while fans desired attention from their favourite bands and used them to signal identity and affiliation. Furthermore, MySpace differentiated itself by regularly adding features based on user demand (Boyd, 2006) and by allowing users to personalise their pages (Boyd and Ellison, 2008). However, MySpace did not manage to sustain their popularity and people started flocking to a new site that was emerging, called Facebook.

The biggest and most popular social networking site today is Facebook. It was originally designed to support distinct college networks only. Facebook was founded in February 2004 as a Harvard-only social networking site (Cassidy, 2006). To join, a user had to have a harvard.edu e-mail address. As Facebook popularity grew within Harvard a decision was made to allow other schools to join but the users were also required to have university e-mail addresses associated with those institutions, a requirement that kept the site relatively closed and contributed to users' perception of the site as an elite community. In September 2005 Facebook started expanding by including high school students, then professionals inside corporate networks, and, finally everyone (Boyd and Ellison, 2008). Facebook continues to grow and evolve every day and has now over 800 million users (Facebook, n.d.b).

## 4 Marketing Online

The Internet is one of the most fundamental changes for companies to communicate with their customers and provide them with information (Belch and Belch, 2003). With time the Internet has developed to enable communication back and forth, where a receiver can take part in information exchange by fixing or adding to the original message, in real time. This has resulted in a shift in the communication of companies from being one sided to being more to the point of talking to consumers, instead of at them (Kári Þór Rúnarsson, 2009).

Explaining online marketing in simple terms, it refers to using the power of Internet communication to generate a response from an audience. Online marketing, also known as Internet marketing or web marketing, is used by companies selling goods and services directly to consumers (Your Dictionary, n.d.). Instead of spending a company's resources on a 30 second spot the consumer will avoid, confident marketers are developing new ways to encourage conversations among consumers, figuring what they can do to get consumers to be active and participate in promoting their brand (Hanlon and Hawkins, 2008).

Online marketing is a relatively recent addition in the strategic implementation of companies. Many companies consider online marketing to be a functional aspect of marketing strategy and of the business model. Online marketing is very different from ordinary business marketing and provides six categories of benefits (Final Touch Inc., 2010):

- 1. Costs are reduced: Communication with customers is more targeted and less capital needs to be spent on ineffective advertising.**
- 2. Capability is increased: Enables a firm to track real time results and see how a marketing campaign is performing.**
- 3. Communications are refined: Allows a firm to target specific demographics such as age, location or gender.**

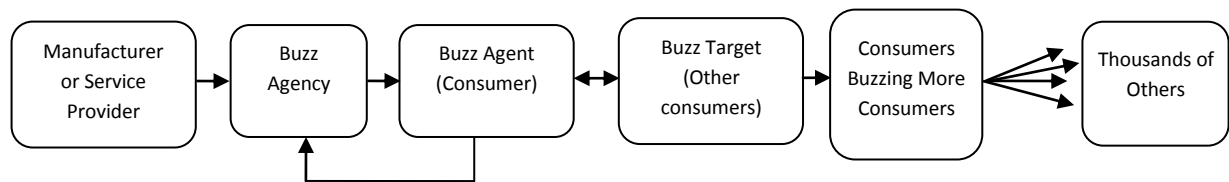
- 4. Control is enhanced: Short response time and changes can be made easily.**
- 5. Customer service is improved: Companies are able to interact with customers and learn more about their needs and build customer databases.**
- 6. Competitive advantage may be achieved, depending on the competitors' reaction: Can lead to brand awareness and distinct competitive advantage in revenue generation, marketing efficiency and return on marketing against competitors (Alinean Research, 2010).**

#### **4.1 Viral Marketing**

Viral marketing is a part of online marketing. It normally starts with the marketer creating some form of electronic content such as a video or a mini-site, the aim of which is usually brand-building (Watts and Peretti, 2007). Viral marketing, also referred to as buzz, is a form of word of mouth (WOM) that relies on live dialogue between consumers to spread the word about a brand or service. It can take place online or offline (Ahuja, Michels, Walker and Weissbuch, 2007). The goal of buzz campaigns is to imitate a naturally occurring conversation, spice it up with sponsor provided product examples and make a script to go along with it (Thomas, 2004). When using buzz, WOM communication has a purpose, e.g. product distribution, advertising or marketing research. "Whereas everyday WOM conversations tend to be random and spontaneous in nature, occurring in a natural, unpredictable pattern of communication. Buzz marketing commercialises WOM communications, giving these conversations a business dimension not found in everyday conversations" (Ahuja et al., 2007, p. 152).

Buzz marketing is communication process that involves sending convincing messages out through buzz agents (consumers) to buzz targets (other consumers) in the form of WOM conversations (offline and online), while also gaining valuable market research information from the buzz agents on the specifics of the buzz marketing experiences. See Figure 1. Often the buzz agents have been coached on what makes for interesting conversation.





**Figure 1: The Buzz Marketing Process (Ahuja et al., 2007, p. 153).**

## 4.2 Word Of Mouth

The significance of word of mouth in influencing consumer decision making is well recognised in the literature of marketing and advertising (Engel, Blackwell and Kegerreis, 1969; Gilly, Graham, Wolfinbarger and Yale, 1998). WOM is defined as the process of exchanging marketing related information among consumers and it plays a vital role in changing consumer attitudes and behaviour towards products and services (Katz and Lazarsfeld, 1955). Gillin (2007) points out that according to conventional marketing wisdom a customer would tell ten people about his dissatisfaction. However, in the new age of social media, a customer has the tools to tell over ten million consumers virtually overnight. According to Mangold and Faulds (2009) the uniqueness lies in the magnitude of the communication. A person is able to tell not just a few friends but hundreds or thousands of strangers with just a few keystrokes.

Consumers search for information before making a purchase in order to reduce their perceived risk (Bettman, 1973; Srinivasan and Ratchford, 1991). One such source of information is WOM (Prendergast and Ko, 2010). Arndt (1967) argued that since WOM is consumer-dominated, it is perceived to be more reliable and trustworthy than firm generated communications. Thomas (2004) findings are that when the information is coming from a friend „there is an implicit level of trust and credibility to the recommendation” (p. 65). According to Evans (2008), social media is all about the smart use of the natural conversational channels developed between individuals. The dialogues happen independently of the company’s or marketers’ efforts and can take either a positive or a negative path. Thus, it is vital for the companies to understand that they can encourage these conversations by providing extremely good (or bad) talk-worthy events and experiences. Furthermore, around these events and experiences awareness is created, and conversations start to flow. These conversations can be considered as WOM and are increasingly manifesting themselves through social media,

where they spread farther and faster. In accordance, researchers suggest that social media as a source of WOM relies on “trustworthiness” (Evans, 2008; Li and Bernoff, 2008). Consumers often consider other consumers to be more trustworthy than the company itself and this peer-based consumer attribute has shown statistical significance in social media. The element of trust is an area that must be built upon (Dittman Incentive Marketing, 2010). Early studies on advertising trustworthiness confirm that “advertising is a great way to hear about something new, but the information presented is not, by itself, considered reliable” (Evans, 2008, p. 20).

It can be implied that social media is an activity based on the notion of influence, which if effectively used, can turn awareness into purchase. Right between awareness and purchase is “customer-driven social media”. Before making the purchase decision customers review what other customers say about the brand, service or product. This model can be complemented with the idea that social media also generates brand awareness (Isakson, 2009).

It seems that traditional forms of communication, such as advertising appear to be losing their effectiveness (Nail, 2005), perhaps because consumers doubt their reliability and trustworthiness (Prendergast and Ko, 2010). Consumers are increasingly turning to the Internet as an information source as WOM does not necessarily need to be communicated face-to-face (Fallows, 2005; Peterson and Merino, 2003). Online WOM (eWOM) provides consumers with the possibility to share their experience, opinions and knowledge with other consumers. These conversations can take place, for example in forums, bulletin boards and newsgroups. As a result consumers are no longer just the receivers of content but creators too (Kliatchko, 2008).

### **4.3 eWOM**

eWOM can be viewed as a conversation between two sources, taking place online. eWOM is more likely to contain references to advertising than traditional WOM as the Internet enables sharing of links, pictures and information, making it more easily accessible for consumers (Keller and Fay, 2009). Henning-Thurau, Gwinner, Walsh and Gremler (2004) defined eWOM as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” (p. 39). eWOM can

be positive or negative. Chevalier and Mayzlin (2006) found, when studying online book reviews, that the impact of negative reviews was greater on book sales than positive reviews.

In order to understand the process involved in the exchange of information from person to person the conceptual framework of Schutz (1966) is proposed to explain why consumers engage in interpersonal communication, as it provides a useful framework for integrating the various motivations that potentially underlie the forwarding of online content. The model of Shutz will be explored in greater detail later in Chapter five explaining motivations for consumer behaviour.

SNS represent an ideal tool for eWOM, as consumers without restraint create and disseminate brand-related information and spread the word to their social networks which consist of friends, classmates and other acquaintances (Vollmer and Precourt, 2008). Although eWOM is a great tool to increase awareness firms need to be cautious in their actions because it is so easy for consumers to communicate online and word can travel fast. Negative word of mouth can be detrimental to a firm's operation and can have long term negative effects on a company's image and income. Recent Icelandic events confirm this. Examples of such negative events spreading through word of mouth are a handicapped woman that was refused a haircut (Hanna Ólafsdóttir, 2011) and the boycotting of news agency that published a picture of a rape victim resulting in over 3,000 people confirming their decision to ignore news from that medium (Enginpressa.com, 2011). Even organisations made the decision to withdraw from advertising on any of the company's websites (Mbl.is, 2011). In both these cases the word spread on Facebook by consumers which lead to financial losses of the companies due to changes in consumer behaviour.

#### **4.4 Why Should Businesses Engage in Social Media Marketing?**

According to Dutta (2010) the best businesses are creating comprehensive strategies in the area of social media to support their goals. Social media is changing consumer behaviour and workplace environment by being global, available to all, transparent, interactive, and taking place in real time. Social networking sites are changing advertising in so many ways, not just by defying traditional media but also in the way it is reaching consumers (Gangadharbatla, 2008). A study by Colliander and Dahlén (2011)

shows that publicity effectiveness is superior in social media as compared to traditional online media and that there is a similarity between social media marketing and word of mouth advertising. The use of social media requires marketers to take a step back from traditional campaign thinking and focus more on relationship building.

Managers cannot directly control the discussions consumers have about their company but they can use methods to influence and shape the discussions in a manner that is consistent with the company's mission and performance goals. Table 1 describes how companies can engage consumers and encourage them to talk about their brand/product/service by using social media according to Mangold and Faulds (2009):

**Table 1: Options in engaging consumers in conversations in social media**

<b>Provide networking platforms</b>	Consumers like to network with people who have similar interests. Organisations can influence this need by creating communities of like-minded individuals. Some networking platforms are intertwined with opportunities for consumers to experience the company's products as well as getting to know the people who use them. The Harley Davidson club is such an example as the company formed a community for people using their products to interact, both online and offline.
<b>Use blogs and other social media tools to engage customers</b>	Consumers feel more engaged with products and organisations when they are able to communicate with the company and provide feedback, especially if something could be done differently.
<b>Use both traditional and Internet based promotional tools to engage customers</b>	People are more likely to communicate through word of mouth and social media when they are emotionally engaged with the product/service. The engagement may come naturally for supporters of causes, political candidates and trendy new technological products. The Icesave case riddled social media and many battles were fought online the few weeks before election. Both parties tried to convince others by using the medium of social networking sites, blogs and discussion forums. If not for anything else than to encourage people to go and vote.
<b>Provide information</b>	Consumers are more likely to talk about companies and products when they feel they know a lot about them so it is important to provide as much information as possible without it being complicated.
<b>Be outrageous</b>	People talk about things they find to be somewhat outrageous. Shocking things are often the talk of the town.

<b>Provide exclusivity</b>	People like to feel special. Those feelings can be produced by offering products, information and special deals that are available exclusively.
<b>Design products with talking points and consumers' desired self images in mind</b>	Products that are fun, intriguing, easy to use and engage emotions are more likely to stimulate conversation than products that do not meet these criteria (Dobele, Lindgreen, Beverland, Vanhamme and van Wijk, 2007; Dobele, Toleman and Beverland, 2005). Organisations that want to build talking points into their product design should also remember that simple things are easier to remember and communicate than complicated things. People are also more likely to talk to others about products when those products support their desired self-image, or the way they want others to see them. This suggests that both product design and promotional efforts should be undertaken with the desired self-image in mind.
<b>Support causes that are important to consumers</b>	People tell others about things to which they are emotionally connected to.
<b>Utilise the power of stories</b>	Stories can be memorable. The more memorable they are, the more likely they are to be repeated.

Earlier research reveal that companies have an opportunity to use social media to their advantage and even to create a competitive advantage if used correctly (Alinean Research, 2010).

Social media is proving to be an effective way for creating and increasing the emotional significance of a brand as people derive emotional meaning when they engage on their own terms (Mangold and Faulds, 2009). It can assist companies in developing a more effective brand positioning and help to reinforce the brand personality. Social media is a process of learning by doing and is an effective way to keep the brand up to date (Isakson, 2009). Social media marketing can be used as a way for increasing brand loyalty as it permits companies to engage in a conversation and build relationships with their customers (Evans, 2008; Li and Bernoff, 2008). Social media generates viral propagation and raises online awareness and provides companies with innovative mediums for the quick spreading of several messages through their customers (Prendergast and Ko, 2010). Social media also helps companies to develop

themselves and their service recovery plan. By continuously listening and interacting with their customers, companies can gather valuable information for resolving problems, before they become a crisis (Mangold and Faulds, 2009). One of the main initiatives of this online community is to uncover problems from the customers' perspective and solve them before they become bigger and more difficult to treat.

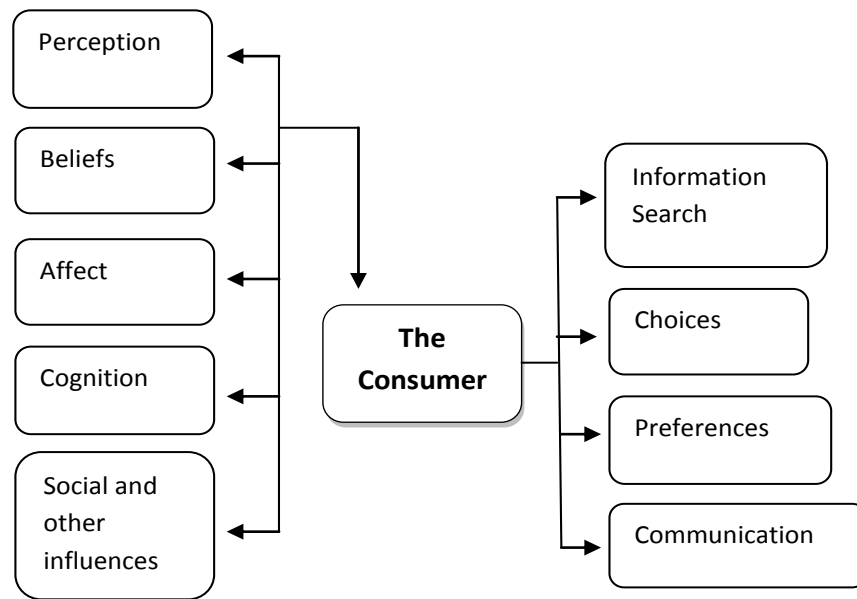
Although marketing managers do not always have the power to control the information that is spread by consumers through social media it is dangerous to ignore the impact it has on consumer behaviour. Therefore, it is imperative for marketing managers alike to join the conversations taking place to be able to influence them in the right direction from time to time (Mangold and Faulds, 2009).

## **5 Consumer Behaviour in Social Networking Activities**

Research has shown that online communications have a positive effect on relationships and result in improved communication between parties (Kiesler, 1997). Kozinets (1999) claims that once a consumer participates in online activities, connecting and interacting with others online, there is a greater chance that he will perform those activities again and increasingly return to the sites for informational and social purposes.

### **5.1 What is Consumer Behaviour?**

What consumers buy, how they buy and where and when they buy depends on their perception, self concept, social and cultural background, age and family cycle, their attitudes, beliefs values, motivation, personality, social class and many other factors as can be seen in Figure 2. A marketer therefore has to understand the needs of different consumers and different behaviours. Consumer behaviour can be defined as “the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services” (Khan, 2010, p. 2). The definition suggests that it is not just the buying of goods/services that are receiving attention in consumer behaviour but, that the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products (Khan, 2010).



**Figure 2: Influences on Consumer Behaviour (Perner, n.d.).**

## 5.2 Consumer Behaviour Online

Social media has become a major factor in influencing various aspects of consumer behaviour. Those aspects are awareness, information acquisition, opinions, attitudes, purchasing behaviour, and post-purchase communication and evaluation, among others (Mangold and Faulds, 2009). The thing that makes social networking sites unique is not that they enable individuals to meet strangers, but rather that they allow individuals to make clear and visible their social networks. On many of the large social networking sites, users are not primarily networking or looking to meet new people, but rather, they are communicating with people that are already part of their extended social network (Boyd and Ellison, 2008). To further confirm this Ellison, Steinfield and Lampe (2007) suggest that Facebook is used to maintain offline relationships and connections, as opposed to meeting new people. The relationships may be weak in ties, but typically there is some common offline element among individuals who friend one another, such as a shared class at school. This is one of the chief dimensions that differentiate social networking sites from earlier forms of public community marketing concepts such as newsgroups.

The key reason as to why people decide to create a personal page online is their wish to present themselves in cyberspace (Schau and Gilly, 2003). "Such a presentation is normally done through self-disclosure; i.e. the conscious or unconscious [act of



revealing] personal information (e.g. thoughts, feelings, likes, dislikes) that is consistent with the image one would like to give” (Kaplan and Haenlein, 2010, p. 62).

### **5.3 Attitudes toward Social Networking Sites**

It is important to understand users of social networking sites and their attitudes towards these sites. Attitude is a disposition that influences behaviour (Allport, 1935), but the general conclusion in regards to the relationship between attitude and behaviour suggests that a person’s intention to perform an action is influenced by the attitude toward a certain action and subjective norms, which as a result influence a persons’ behaviour (Ajzen, 1988; Ajzen and Fishbein, 1980).

Industry surveys indicate that people join and use social networking sites for several reasons, such as to stay in touch with friends, make plans with friends, make new friends or flirt with someone (Lenhart and Madden, 2007). Other reasons may be feelings of affiliation and belonging, need for information, goal achievement, self-identity, values and notions of accepted behaviour (Ridings and Gefen, 2004). These factors are all connected to the individual user’s need for cognition, need to belong and level of collective self-esteem (Gangadharbatla, 2008). Also, the successful adoption of technology depends on the perceived ease of use (Davis, Bagozzi and Warshaw, 1989), which is often referred to as Internet self-efficacy (Daugherty, Eastin and Gangadharbatla, 2005; Eastin and LaRose, 2000).

Existing literature cites four factors that have an influence on the adoption of technologies such as social networking sites. The factors are the aforementioned Internet self-efficacy, need for cognition, need to belong and collective self-esteem.

#### **5.3.1 Internet Self Efficacy**

Self-efficacy refers to the belief “in one’s capabilities to organise and execute the courses of action required to produce given attainments” (Bandura, 1997, p. 3). Usage and adoption of Web technologies, like social networking sites, depend on consumers’ “confidence in their ability to successfully understand, navigate, and evaluate content online” (Daugherty et al., 2005, p. 71) which is defined as Internet self-efficacy.

The more confidence persons have in their ability to perform tasks online, the greater their ability to join and participate in social networking activities and the

creation of user-generated-content. Internet self-efficacy is interesting when considering behaviour and behavioural intentions of consumers, such as the likelihood of participating in social networking activities (Gangadharbatla, 2008). Personal confidence in the ability to understand, navigate and evaluate content successfully when using the Internet, can help in alleviating doubts and suspicions when dealing with UGC sites (Eastin and LaRose, 2000). It can be assumed that an individual's confidence in his ability to use the Internet generates positive influence on the willingness to use social networking sites, because internal beliefs are connected with actual behaviour (Gangadharbatla, 2008). Eastin (2002) found evidence that people with higher level of self-efficacy are more likely to adopt and perform technology oriented tasks. People's level of Internet self-efficacy should relate to their heightened beliefs about the networking sites they encounter online. These beliefs will then reflect a consumer's perceived capability to use the Internet to accomplish tasks (Eastin and LaRose, 2000). In other words, this can be transferred to people going online and being comfortable being there and performing tasks.

### **5.3.2 Need for Cognition**

Need for cognition refers to an "individuals tendency to engage in and enjoy effortful cognitive endeavours" (Cacioppo, Petty and Kao, 1984, p. 1). This characteristic can predict how people deal with tasks and social information (Cacioppo and Petty, 1982; Cohen 1957). Studies on need for cognition (NFC) link it to information-seeking behaviour (Gangadharbatla, 2008). Carenini showed in 2001 that NFC can influence a person's willingness to use complicated interface systems and applications (Gangadharbatla, 2008). According to Zang (1996) humorous ads seem to generate favourable attitudes and purchase intentions among people whose NFC is lower compared to higher.

Petty, Cacioppo and Goldman (1981) found that individuals with a low need for cognition do not enjoy cognitive effort and rely rather on the opinion of others, preferably experts, when dealing with complicated issues. Their attitudes tend to be based on simple cues such as the attraction of the source and the number of arguments offered by the messages (Petty and Cacioppo, 1984). Individuals high in the need for cognition have more cognitive resources available and are more likely to use systematic

rules to process information. These individuals are described as highly intrinsic, motivated, and curious (Olson, Camp and Fuller, 1984). They are naturally motivated to seek and acquire information. Kaynar and Amichai-Hamburger (2008) recently found that people with greater levels of NFC are more likely to use the Internet for professional purposes, such as sending work-related e-mails, using real-time messaging in performing work, and obtaining study related information. Shi, Chen and Tian (2011) performed a study and found that the need for cognition is a significant predictor of problematic Internet use. This is in line with previous findings that the need for cognition is positively associated with use of the Internet for work or study. Shi et al. (2011) results can be interpreted as showing that individuals with higher levels of need for cognition use the Internet in a healthy and controllable way for professional purposes, and are therefore more removed from problematic use of the Internet.

However, there has been little research on the need for cognition phenomenon in online consumer behaviour. The effect of NFC on attitudes and willingness to join and participate in social networking activities therefore requires further investigation.

### **5.3.3 Need to Belong**

The phenomenon of need to belong refers to people's need to be loved and socially accepted (Baumeister and Leary, 1995). This need to belong among people is a "fundamental human motivation that is something all human beings possess [...] to form and maintain at least a minimum quantity of lasting, positive, and significant interpersonal relationships" (Baumeister and Leary, 1995, p. 497). By enabling conversations and information gathering, along with the possibility of gaining social approval, expressing opinions and influencing others, social networking sites offer a place where people can address their need to belong. Peoples' attitudes and behaviour in regards to social networking activities might be connected to their need to belong (Gangadharbatla, 2008). The need to belong varies among people (Baumeister and Leary, 1995).

According to Schutz (1966) three basic needs underlie people's group seeking behaviour;

- 1. Inclusion: The need to belong or include others in a circle of acquaintances.**
- 2. Affection: The need to love or to be loved by others.**
- 3. Control: The need to exert power over others or give power over the self of others.**

Joining social networking sites can meet all of these needs. People may be joining user-generated content sites like Facebook to remain in the loop (Gangadharbatla, 2008). As the level of people's need to belong differs it affects their attitudes and willingness to participate. There is a greater chance that people will join and take part in social networking activities if they rate high on the need to belong scale (Gangadharbatla, 2008).

#### **5.3.4 Collective Self-Esteem**

Collective self-esteem is defined as "that aspect of the individuals' self-concept which derives from their knowledge of their membership in a social group together with the value and emotional significance attached to that membership" (Tajfel, 1981, p. 255). It is referred to as social identity in psychology literature (Gangadharbatla, 2008). Collective self-esteem is similar to personal self-esteem (Tajfel, 1981; Tajfel and Turner, 1986). The fundamental difference between personal self-esteem and collective self-esteem is that collective self-esteem refers to the self-esteem placed within the social group. It focuses on the person within the group it belongs to while personal self-esteem focuses on the person outside of the group (Kim and Omizo, 2005).

Luthanen and Crocker (1992) have proposed four types of collective self-esteem, which they used as subscales to measure individual level of collective self-esteem. The subscales are membership self-esteem, private collective self-esteem, public collective self-esteem and importance to identity. Membership self-esteem scale can be described as an individual's perception of himself and his view of how good or worthy he is as a member of a group, the private collective self-esteem scale related to his evaluation of the group he belongs to. The public self-esteem scale refers to how individuals that are

not members evaluate the group. Finally, importance to identity relates to how important membership in a group is to a person's identity or self-concept.

According to the research of Gangadharbatla (2008) findings imply that user's attitudes toward social networking sites is related to their level of Internet self-efficacy, their need to belong and their collective self-esteem. The findings of Gangadharbatla (2008) are in line with Ridings and Gefen (2004) and Watson and Johnson (1972) as they find that staying in touch with friends, social support and friendship are the main motivations for why people join communities, whether they are online or offline. However, the study of Gangadharbatla (2008) also reveals that need for cognition has no influence on either the attitude or the behavioural intentions of people when it comes to social networking sites.

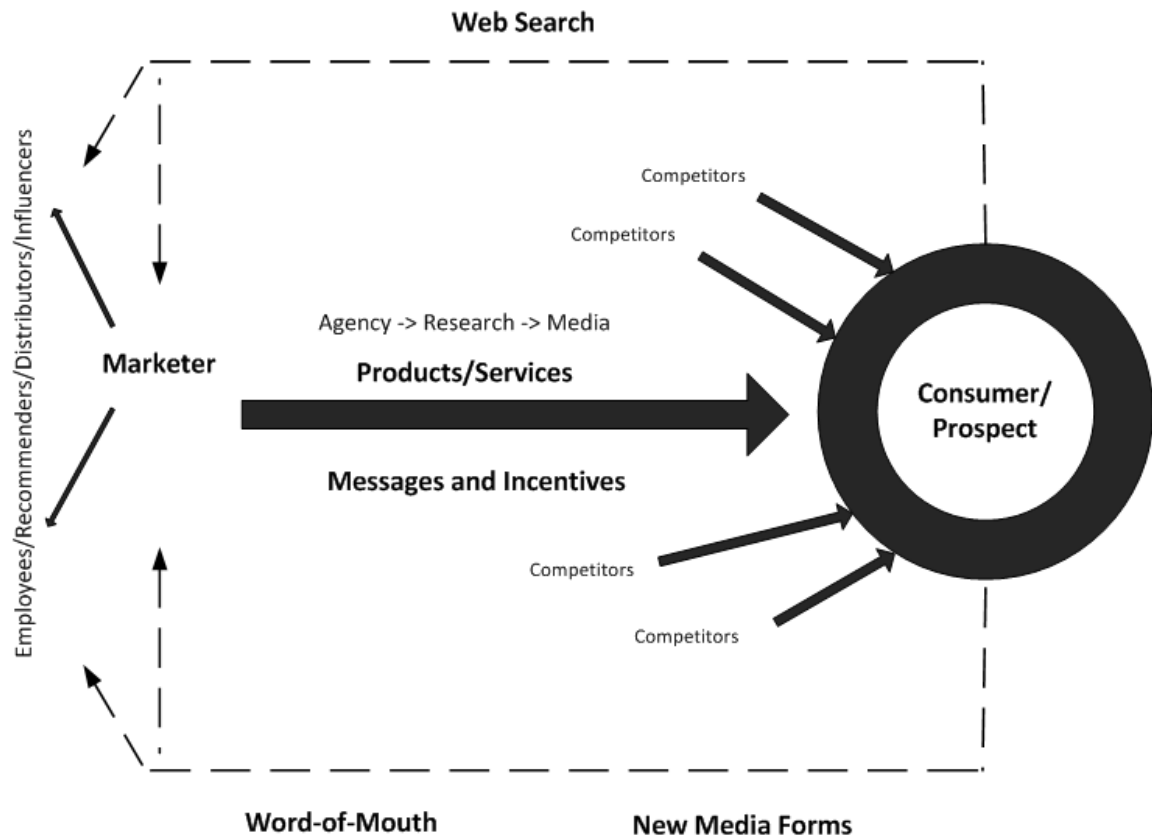
#### **5.4 Avoidance of Advertising in Social Networking Sites**

Advertising is the main source of revenue for most SNS as many users are not willing to pay subscription fees to register with a SNS. Advertisers however find no problem in using SNS for targeted advertisements (Murchu, Breslin and Decker, 2004).

As clutter and media fragmentation increase and now expose consumers to thousands of commercial messages on a daily basis, consumers have increasingly become editors of information, empowered by technology to avoid content and advertising messages that they are not interested in (Gritten, 2007). The knowledge of consumers is considerable and they realise that advertising contributes to the cost of purchased products and their perception is that better value arises from products that are not advertised (Shavitt, Lowrey and Haefner, 1998). They feel that advertising is more manipulative than informative (Mehta, 2000). From these consumer attitudes it can be assumed that advertising avoidance is a likely consequence.

Advertising avoidance can be defined as "all actions by media users that differentially reduce their exposure to ad content" (Speck and Elliot, 1997, p. 61). Advertising avoidance can be divided into cognitive, behavioural and mechanical means. Advertising avoidance can include the choice to ignore an advertisement in a magazine or a newspaper (cognitive method), changing the channel during an advertisement break (behavioural method) or deleting a pop-up on the Internet (mechanical means) (Kelly et

al., 2010). The mechanical means offers consumers a new form of empowerment by enabling them to decide how, when and if the message will be received (Schultz, 2006).



**Figure 3: The Push-Pull Model of Marketing Communication (Kelly et al., 2010, p. 17).**

The push-pull model of marketing communication introduced by Schultz in 2008 shown in Figure 3 shows that consumers can control the flow of information which makes their attitude towards advertising a essential factor in determining whether a shield will be erected and if the message will be received (Kelly et al., 2010). Schultz proposes that consumers erect a shield to avoid the push of the advertising message in order to decrease the clutter. By this, consumers are free to pull the information they desire whenever they feel like it. The research of Moore and Rodgers in 2005, shows that how the consumer views the credibility of the message is influenced by the reliability and trustworthiness of the medium (Kelly et al., 2010).

Cho and Cheon (2004) proposed three factors of advertising avoidance online: 1) interruption of task, 2) perceived clutter on Internet sites and 3) negative past experience with Internet advertising.

The first factor, interruption of task, is important because the Internet is viewed as being more goal and task oriented than traditional media. Consumers may react in a negative way when interrupted in a task. Pop-up advertisements, distracting advertisements, and advertisements that need consumer action before they can proceed with their online activities may encourage the deletion of the message immediately, thereby causing advertising avoidance. The second factor, perception of clutter, can cause a consumer to disregard all advertising messages because the consumer might experience a difficulty in discriminating between the messages due to clutter. The third factor, negative experience, is due to prior experience where advertisements have been deceptive, exaggerated or incorrect and led consumers to inappropriate sites (Cho and Cheon, 2004).

The possibility to reach consumers directly in a personal and social environment has led to increased interest from marketers to advertise on social networking sites (Boyd and Ellison, 2008). By basing their model on the model of Cho and Cheon (2004) Kelly et al. (2010) managed to identify four antecedents of advertising avoidance in the online social networking environment;

- Expectations of negative experiences: This expectation of advertisements can be a result from a prior negative experience or expectations of negative experiences because of word-of-mouth.
- Perception of relevance of advertising message: When the message is not of interest to the receiver, the information is not likely to be processed.
- Scepticism of advertising message claims: Consumers are likely to ignore the message and even disregard other messages in this medium if they are sceptical of the claims made by the advertisement or if the claims are considered not appropriate in the media environment.
- Scepticism of online social networking sites as a credible advertising medium: Consumers do not trust the information gained from social networking sites. Their belief is that social networking sites lack credibility because of insufficient surveillance.

The model provides a starting point to understand why advertising in social networking environment is not as successful as was hoped. By understanding the reasons consumers avoid advertising, marketers can develop strategies to lessen this behaviour (Kelly et al., 2010).

Consumer behaviour in practising advertising avoidance is influenced by their attitudes towards advertising in specific medium (Lee and Lumpkin, 1992), including the Internet (Cho and Cheon, 2004, Kelly et al., 2010). Findings show that the more positive attitude a consumer has towards an advertising medium the less avoidance of advertisements are in that medium. The results of Prendergast and Ko (2010) confirm that source similarity and attitude towards an online forum have a direct relationship on the intention to purchase a product discussed in a forum. The understanding of eWOM and how it influences consumer behaviour is important and will become even more so in the future as the Internet will continue to grow.

SNS like Facebook are a new form of self-representation and communication, and they imply a social behaviour that is different from the real world (Bonhard and Sasse, 2006). When a consumer believes that an advertisement is more targeted to sell rather than to inform and guide, he feels threatened and rejects the advertising claim. Instead he seeks a solution to his problem, to word of mouth (Dichter, 1966). The most effective advertising are those that follow the same psychological channels of communication and satisfy the same motivations, on which the success of WOM rests (Dichter, 1966).

According to Dichter (1966) nobody will talk about products or services unless the talking itself, or the expected action of the listener, promises satisfaction of some kind. That the consumer will “get something out of it”. Dichter says that there are four motivational factors that lie behind WOM decisions:

- 1. Product-involvement: Experience with the product produces a tension which is not eased by the use of the product alone. Talking about the product provides a relief.**
- 2. Self-involvement: The speaker needs to fulfil certain emotional needs.**
- 3. Other-involvement: The product fills the need to give something to the other person. The goal is to share one’s pleasure with others.**
- 4. Message-involvement: Stimulated by the way the product is presented through advertisements, commercials and public relations. Talking about the product projects a certain image according to the message the product has.**



## **5.5 Trust**

Evidence from many SNS indicate that social network users are not afraid to share their thoughts, experiences, images, files and links with others in an environment that is largely without security standards and practises. Users seem to trust other members with personal- and identity information (Lai and Turban, 2008). Users also seem to trust providers of social networking sites to keep their information and photos private. Therefore, it can be assumed that social networking is taking place within a context of trust (Grabner-Kräuter, 2009).

To the reason what motivates consumers to participate in and contribute to social networking activities many knowledge gaps still exist (de Valck, van Bruggen and Wierenga, 2009; Pempek, Yermolayeva, and Calvert, 2009). However, the desire to be a part of a community composed of people who share similar interests is a big factor in many peoples' decision to join SNS. Participating in social networking activities can meet a considerable number of needs. The aspect of guidance and informational support in relation to decision making is an important factor that influences participation in online communities (Macaulay et al., 2007). Other needs that can be met are affiliation and belonging, power and prestige, and entertainment (Andrews, Preece and Turoff, 2002; Balasubramanian and Mahajan, 2001).

Advertising on SNS enables consumers to engage in some kind of social interactions by commenting, liking or sharing with their social connections (Interactive advertising Bureau, 2009). Through these interactions, consumers voluntarily display their brand preference along with their persona (e.g. name and picture) which stimulates eWOM communication (Chu and Kim, 2011).

## **5.6 Brand Affiliation**

Every day we are subconsciously making decisions about our consumption that reflect our lifestyle. Brand affiliation refers to the act of creating a brand and purposefully gearing it towards consumers with a specific lifestyle (Marketing Mastery, 2011).

Around 30 billion pieces of content are being shared on Facebook each month (Facebook, n.d.b). According to a study by ExactTarget, when Facebook users choose to like a company or a brand on Facebook, the primary reasons are discounts, freebies, and to show friends their brand affiliations (Loechner, 2010). While recent research

shows that many users are motivated to like brands and businesses for the chance to win prizes and receive exclusive discounts, research has also started to highlight the growing trend in liking brands in order to visibly display association with that brand on SNS. "It can be said that social media users [...] are building, constructing and displaying their chosen "identities" on one of the world's biggest stages" (Saunders, 2011).

## **5.7 Why Should Consumers Engage in Social Networking Activities?**

People are looking to access information quickly and to share the content they find with others they think will be interested. Today, social media provides the consumers with an easy access to different kinds of information. As a result, the consumers are getting cleverer as they get more informed and organised. The importance of individuals as sources of content, that can be used to make informed purchase decisions, is increasing while the role of the marketer and traditional media diminishes. Moreover, consumers do not ground their decisions on advertisements anymore. Rather, they actively seek to read other consumers' reviews and comments on blogs or websites or using search engines such as Google (Li and Bernoff, 2008).

Consumers are turning away from the traditional sources of advertising: radio, television, magazines, and newspapers. Consumers are demanding control over their media consumption. They require on-demand and immediate access to information when they want it (Rashtchy, Kessler, Bieber, Shindler and Tzeng, 2007; Vollmer and Precourt, 2008). "Consumers are in control; they have greater access to information and greater command over media consumption than ever before" (Vollmer and Precourt, 2008, p. 5). The Internet has become a mass media vehicle for consumer-sponsored communications. It represents the number one source of media for consumers at work and the number two source of media at home (Rashtchy et al., 2007).

In an article by The Economist (2009) it was reported that contemporary consumers use social media to help make purchases as they believe they can rely on recommendations from friends. Social media is perceived by consumers as a more trustworthy source of information regarding products and services than corporate sponsored communications that are transmitted via traditional channels, i.e. radio and television (Foux, 2006). Social media marketing's goal is to create content that attracts attention and encourages those who read it to share it with their social networks. As

the message is coming from the consumer, as opposed to from the company itself, other consumers view it as being relevant and trustworthy (Bhargava, 2010).

## 6 Research Methodology

The aim of the study was to get an insight into consumer behaviour on Facebook and identify the reasons that lie behind certain actions consumers perform online. The study was an in-depth analysis on why users share, like and update statuses and what influences their activities. To discover these opinions a qualitative approach was used, performing in-depth interviews with six active users of the social networking site Facebook. The research question sought to answer is:

*Why do Icelandic consumers age 25-30 share ideas, innovations and brand experiences with others on Facebook?*

The research method used in this research is qualitative. It is applied in order to be able to understand why consumers choose to participate in social networking activities and to explore this relatively new way for consumers to communicate and spread messages to one another. The research was aimed to explore how consumers are using social media, in order to understand the advantages of social media for consumers and businesses and to increase the knowledge of consumer behaviour in social networking activities. The objective was to examine what motivates consumers to participate in social networking activities and why they share their ideas, experiences and interests with one another.

The qualitative method to research is used when the aim is to find out the reason behind certain behaviour. It is a process of inquiry in order to explore and understand a social or a human problem by using distinct methodological traditions. The researcher builds a complex and holistic picture by analysing words and reporting detailed views of informants. The study is conducted in a natural setting (Creswell, 1998).

Qualitative researchers select the participants to be interviewed and integrate a small number of cases according to their relevance (Flick, 2011). Consumer behaviour cannot be captured by short or preselected questions, instead rich and versatile data will be acquired through long and thorough discussions (Silverman, 2007).

## **6.1 Execution and Process**

Data for the research was collected by conducting six semi-structured in-depth interviews with consumers that actively engage in social network activities, as well as using secondary data of earlier research on social media and consumer behaviour. Six interviews were conducted as a part of the thesis projects. One pilot interview was performed to test the questions and see if they needed improvement. The questions asked in the interviews were created to cover the elements social networking activities involve. The interview frame that was used as a base for the interviews can be seen in Appendix A. The interview process was semi-structured allowing for new questions to be asked if discussion lead to further explanations being needed.

The interviews were conducted in a two week period, between the 9<sup>th</sup> of October 2011 and the 20<sup>th</sup> of October 2011. The interviews lasted approximately 30 – 60 minutes and were conducted in Icelandic. Most of the interviews lasted about a half an hour, one took 40 minutes and one interview took around one hour. Four of the interviews were conducted in the participants' home, one at the researcher's home and one was conducted through Skype. The venues for the interviews were chosen based on participants' convenience so that they felt comfortable and relaxed while the interview took place. In one of the interviews the researcher felt the respondent was pressed for time and therefore not as relaxed and open as was hoped.

All the interviews were recorded. The interviews were copied the next day, after each interview so that they were still fresh in mind and the researcher could write down what he was thinking at the time. The researcher listened to them and wrote them down word by word along with making comments about own thought process to the participants' answers. The researcher also summarised her thoughts and how she viewed the participants' thought process and behaviour in social networking activities.

The six participants were chosen on the basis of Facebook usage and activity. The interviewees were informed that the interview was a part of the researchers master thesis project in the quest to investigate consumer behaviour in social networking activities. They were encouraged to be open and expressive on whatever came to mind. The participants were informed that the interview would be recorded for the purpose of being accurate and they were promised anonymity.

The researcher's choice of six participants was decided as by the sixth interview no new reasons for consumer behaviour on social networking sites were appearing. It was therefore decided that six interviews are an indication into the views of consumers at the age 25-30 years old.

## 6.2 Participants

The participants to the study were chosen based on certain criteria. They were to be active Facebook users, logging in to their account on a daily basis, having more than 130 friends as that is the average amount of friends on Facebook (Facebook, n.d.b) and they were to have been on Facebook for two years or longer. They were all contacted and recruited through Facebook. Further description of participants can be seen in Table 2.

**Table 2: Description of the Interviewees**

<i><b>Name*</b></i>	<i><b>Age</b></i>	<i><b>No. of Friends</b></i>	<i><b>Joined Facebook</b></i>	<i><b>Activity per day/time</b></i>
Annie	27	227	2007	Several times / 15 minutes
Mark	27	398	2007	Daily / half an hour
Rachel	27	264	2007	Several times / 5 minutes
Stephanie	28	231	2007	Twice / half an hour
John	30	343	2007	Constantly online
Daniel	26	769	2007	Twice / 10 minutes

\*The names of the participants have been changed to ensure confidentiality

The participants interviewed were between the age of 26 and 30. They were thought to represent that consumers' age group on Facebook, as participants come from different backgrounds in education and life experiences. These consumers have adapted to new consumer behaviour, shopping online, researching the product before it is bought, taking peer review into account before making a decision. The choice of participants was based on convenience to the researcher as she chose friends and acquaintances she considered to be appropriate and fulfil the requirements of the study.

The semi-structured questions were aimed to shed a light on consumers thought process when they are on Facebook and why certain activities are performed. The

questions were targeted to find out why people update statuses, like, share and recommend on Facebook and whether trust is an issue that is important when engaging in social networking activities. When constructing the interview frame, the questions were based on topics of earlier research as well as main subjects of activities on Facebook, the acts of sharing, liking, updating and so on. When making the questions the researcher had a vague idea about how the research should be constructed. The questions were aimed to find out the reasons behind certain actions in order to confirm earlier research of consumer behaviour online.

### **6.3 Data Analysis**

Analysing the data took place after each interview as they were copied down, comments made and the thoughts and feelings of the researcher towards each interviewee summarised. Special attention was given to how the attitudes towards social networking activities influenced the users' behaviour and how their use had changed as their experience of being online has grown. When all interviews had taken place, work on coding and analysing themes began. The researcher read the interviews over several times to identify themes and patterns to them. The interviews were originally coded into eleven theme categories and a few subcategories.

The approach of coding for analysing data used in this study was originally introduced by Glaser and Strauss (1967) and further elaborated by Glaser (1978), Strauss (1987) and Strauss and Corbin (1998). When interpreting the data three methods of coding were used: open coding, axial coding and selective coding. "The methods are different ways of handling textual material between which the researcher moves back and forth, as the procedures are neither clearly distinguishable nor sequential phases in a linear process" (Flick, 2011, p. 148).

The purpose of open coding is to express the data and phenomena in the form of concepts in search for similarities and differences. It may be applied in various degrees of detail. The researcher seeks to code the text sentence by sentence or paragraph by paragraph in order to identify if participants have similar or different values and attitudes towards social networking activities.

In axial coding the connection between categories are further elaborated in order to find new relations between codes and themes. The subject is to clarify the context

between a phenomenon, its causes and consequences, its context and the strategies involved. The aim is for the researcher here is to identify what caused the phenomenon, in which context did it take place, what influenced it and the strategies and consequences that followed.

Selective coding focuses on connecting and elaborating the potential core concepts or core variables and build a theory with the material at hand. This will lead to a formulation of the story of the case (Flick, 2011).

### **6.3.1 Coding**

When analysing the interviews using the coding system, the interviews were partly analysed into themes by subjects of earlier research. In analysing the data the reasons for why participants participate in social networking activities, what drives their participation and motivations for usage were identified. As Strauss and Corbin (1998) suggest the researcher should ask herself:

- What? What is the issue here?
- How? Which aspects of the phenomenon are mentioned?
- Why? What reasons are given or can be reconstructed?
- What for? With what intention, to which purpose?
- By which? Means, tactics and strategies for reaching the goal.

The researcher's summarisation of interviews on the attitudes of participants and her perception of them was used in part to construct the codes.

All interviews were read over and then printed out and read again to see if some similarities in attitudes existed. The ideas of the researcher for themes were then written down. One interview was read over with multiple coloured pens and sentences underlined with possible codes. One colour was used for each theme. Then the other interviews were underlined one by one with each colour for the identified themes. Among themes were humour, promotion, receiving real time information and what others might find interesting. In the end, after reading and highlighting the interviews eleven codes were selected. These codes were grouped into two themes that the results will consist of. The themes were attitudes of consumers and behaviour of



consumers as respondents repeatedly talked about how they felt and acted. Under each theme were then identified several subcategories.

The themes were originally grouped into eleven categories but as the researcher read them over again she discovered that they could be narrowed into two main themes. In the themes recognised the researcher saw several sub-themes as they touched upon respondents' importance of privacy, how they viewed issues as trust and advertising, and having their finger on the pulse on what is happening.

## **7 Results**

In this chapter the results from the six interviews, which were taken to shed a light on consumer behaviour on Facebook, will be revealed. The themes identified in the results are respondents' views of their behaviour and attitudes towards social networking sites, their own activities as well as their perceptions of others.

The participants all signed up for a Facebook account in 2007, so they have been members of the site for a few years and have been a part of the development that the site has gone through since its launch in 2004. Participants all claim they are active users who log in on a daily basis.

### **7.1 Attitudes of Consumers**

There are various factors that affect consumers' attitudes towards activities on Facebook. Consumers are concerned about following latest trends and being up to date on what is happening around them. They view their own privacy to be important and are not ready to reveal too much personal information. They are aware that their actions can affect how others online view them. Their own disposition toward the actions they perform is also a big part of their attitudes and behaviour online. They trust friend opinion more than strangers and view companies as not being trustworthy in their advertisements. In this part the results of consumer attitudes will be explored in greater detail.

#### **7.1.1 Why Facebook?**

Most interviewees joined Facebook to follow others and because they were introduced to the site's benefits through friends. One participant also claimed curiosity. Facebook was something new to test out.

The participants' use of the site has changed to some degree. Two of the interviewees say that their use has diminished as the site has begun to annoy them. Another says his purpose, to keep track of friends, is still the same but the amount of time spent on it has lessened. John said the reason he joined Facebook was that Myspace, where he had previously been registered, was "dying" and everybody was

flocking to Facebook. He thought it would be fun. His use of Facebook has however changed from what it was. In the beginning it was all about playing games and using applications, checking out new addition to the site. Today he no longer uses those additions and applications as his activities are more practical. Both John and Rachel say that the group element Facebook offers is now more important as they use them in relation to school work and for social purposes and interests. The purpose of using Facebook is more centred than before when it was just about playing games. For Mark Facebook is “a way to get other people’s reaction. A way to communicate”.

### **7.1.2 Being Up to Date**

One of the reasons participants joined Facebook was to keep track of friends they otherwise might lose contact with. Facebook allows a person to see what their friends are up to in everyday life, especially if they live somewhere abroad. It is an easy way to follow friends and stay in contact. Annie said that she uses Facebook a lot for the purpose of not missing out on what is happening and to see what others are doing. She also keeps in contact with the extended family through Facebook.

The interviewees told that receiving real time information in the newsfeed on Facebook is both a good and a bad thing. It allows you to see what is happening right at this moment but it also gives you the feeling of stalking your friends and spying on them as you see their actions online as they perform them. Annie said „I feel almost like the new newsfeed is pushing me to look at what other people are doing“. The newsfeed is also about receiving information about what is new from things that you have liked. John recently liked the Economist and the Financial Times to see their news in real time and get updates. Overall the participants use Facebook to see what is new and happening right now. It is a way to stay in contact with friends and be in the loop about what is happening in the society at the moment it happens. News travel really fast on Facebook and interviewees are aware of that. Stephanie mentioned that she has considered quitting using Facebook but is afraid that by closing the account she will no longer be in the loop about things and lose contact with friends and family she keeps track of through Facebook.

### **7.1.3 Consumers Own Beliefs and Attitudes**

A part of user's reasons for activities on Facebook is that they are collecting information for their own benefit. It is their interest and they do it for themselves, like Annie says "I would never share something I wouldn't find interesting". Annie also said that she likes being able to access the information all in the same place instead of going looking for them again. Especially when she has told someone else about it, they can then easily find it on her profile.

Rachel says that some of the activities she does on Facebook are because she likes it and that she does not always have others in mind and how they view her when she is online. It is because of her own opinions that she is taking part and because certain things matter to her. Mark agrees in the view that he is using Facebook for his own benefit and is not concerned with how he is viewed by others. The other respondents have the same beliefs, that their use of the social networking site is mainly to confirm their own interests and that other friends are not on their mind when they perform their actions.

### **7.1.4 The Importance of Privacy**

The participants noted that their behaviour on Facebook has changed over the years and that they are not as open about their private life as they were when they were just starting out. Many have started untagging pictures of themselves as they don't want others to know how they are spending their free time. Like Mark said "The arms of Facebook reach too far".

As all participants have been on Facebook for four years or more they have gained a lot of experience in interacting online and all of them say they are less online and not sharing as they used to. As Stephanie put it; "Whether it has to do with maturity or not, you think about what you put online".

John says he used to be a lot more open about what people could see, but that he cannot identify if the behaviour has also been transferred to his life outside of Facebook. It was just that he realised all of a sudden that he didn't find it okay to have his business where everybody could see it. He also says that others' behaviour online has made him more aware of what he finds to be okay to share.

Daniel also said “I censor what I put on Facebook [...] what I share”. He says he doesn’t share everything he finds to be great as some of it might compromise his credibility, for example in relation to his work.

Annie said she has chosen not to advertise too much what she is up to. That she is more private about her life and does not want to be too visible online. Stephanie said that she always thinks the worst and therefore has made the decision not to share certain things with others, especially, as you do not only have your friends online but acquaintances too, which you might not know that well. She does not share it with others when she, for example gets new things. As Facebook is happening live today there are so many things to be cautious about and experience has perhaps taught the respondents not to share every single thought and event in your life.

#### **7.1.5 Trust**

Trust is an important issue in social networking activities, both when it comes to trusting the people and the site to keep your information safe but also in relation communication. People reveal that they do not trust advertisements of companies promoting their own product. Participants view that the companies’ reasons are too profit oriented so consumers do not believe their message. One interviewee said that he only looks at the commercial if they are conveying information and another said that price is the thing that captures him when considering products or service, as he has taken other measures, like searching online, to get information about the product.

Not all respondents agree in trusting the opinion of strangers or so called peer review. All however agree that they do check their comments out, but say that they have to read a few before making a decision. Stephanie says “I would look at it more closely if I would see many negative comments about something I was thinking of buying. I would reconsider my decision to buy the item”. She also says that she would like to know the reason behind the comment, is it a favour to a friend or because the product/service deserves it. One says that it depends on the item being discussed, if it is a big buy like a television the person would rather go by brands and previous experience than the opinion of strangers as they can differ, but if the topic is a restaurant and it only gets negative comment she would reconsider. Hearing both negative and positive comments would make her want to test it out for herself. Rachel says that if she saw a

lot of negative comments about an item she was considering buying she would look into it again whether or not she should buy the item. Daniel said that he would take peer review into consideration with reservation, that he would have to read a few comments and analyse them before making a decision on whether to trust them or not. Mark is similar in the way that he analyses how the person writes, and whether they seem to know what they are talking about.

Regarding friend recommendation all participants say that they trust them more than they would a company or a stranger. Some friends however are closer to them than others and they trust them more. One says that she looks at it from the view of who is talking. Does the friend know what he is talking about? Annie says she trusts friends more than strangers and would trust a friend especially if she knows their taste and interest are similar to hers. Rachel mentions that there are however some friends on your friends list that are acquaintances or distant relatives and that she wouldn't take their opinion into much consideration. John says he trusts friends the most when recommending movies and restaurants as testing that isn't that expensive, so if you didn't have the same opinion as the recommender not a lot of money has been lost.

Asking about company messages and their trustworthiness on Facebook people say they are sceptical of their reliability. Stephanie's view is echoed in her words; "Of course you don't talk about the negative things when you are marketing a product". Respondents said that they wouldn't take the company's message as the holy truth and that they would rather search for comments about the item elsewhere, like peer review or friends because "which company wouldn't claim their awesomeness to get customers?" (Annie). Mark says he is critical when it comes to companies' promotional messages and that advertisements in general do not capture his attention.

#### **7.1.6 Superficial**

When talking about Facebook, users mentioned its superficiality. Although they consider it a great way to communicate and keep in touch with friends it is thought of as being superficial. "Facebook is of course very superficial" (Rachel). People don't share their inner most feelings and reveal intimate things. They say that you don't share personal stuff on Facebook and being too intimate will result in people finding you weird and even blocking or deleting you. You have to tread very carefully so as not to

offend some of your friends. “You can abuse it, which can lead to that people will stop checking what you are posting and sharing” (Stephanie). Also, talking too much about some subjects can as well lead to people starting to dislike your presence on Facebook and hide you. Like Stephanie says “It is important not to take advantage of your situation and force something onto your friends”.

## **7.2 Behaviour of Consumers**

Behaviour in social networking activities is affected by the actions the consumer takes and his attitudes. The results of the study reveal that the consumer avoids advertising on Facebook, he likes to show his brand affiliation and the main goal is to show humour, be funny and make others laugh. Facebook is a light environment and some discussion topics are not considered appropriate there. People’s decision to promote a product or service depends on their connection to it or whether they believe it deserves being talked about.

### **7.2.1 Being Funny and Making Others Laugh**

Talking to the participants the results revealed that all use humour as a means of communicating with others. Interviewees said that one reason for participating online is to be funny and make others laugh. Status updates are meant to be funny, revealing a comic incident that happened or telling a funny joke a participant had just heard. In some cases activities aim to tease, perhaps posting a humorous story or news report targeted to tease one or more of the friends one has.

### **7.2.2 Promoting**

There are various reasons people have for promoting others. Often they lie in the inner need to share with others because of connections or because they believe they deserve it.

#### **7.2.2.1 Connection**

One reason behind people namedropping brands, whether it is a product or service, is because they have a personal connection to it and want to show their support by recommending it to friends through eWOM. Iceland is a small country and it can be beneficial to do favours for others.

Two of the respondents said that because of a personal relationship with a columnist they promoted his work by reposting it, thereby introducing it to others and drive traffic to the website of the original post. Another respondent did the same by promoting a movie, as he knew the director. Two respondents said that they advertised because of their own interest on Facebook with personal statuses. One interviewee said that he thought it beneficial to recommend an acquaintance's site both because of good service and also to network.

#### **7.2.2.2      *Deserve It***

All promotion isn't because of connections. In some cases the initiative to promote a product or service came because respondents felt the company deserved it. Daniel is an avid fan of Apple products, he has an emotional connection to the brand and promotes the product to his friends because he believes in it and he wants others to know it.

Stephanie says she usually recommends movies or restaurants. Recently she had gone to a good restaurant where she liked the service and the food and therefore she decided to recommend it to her friends. She thought that as the way Icelandic society is today, companies are struggling to survive and if she can help in any way she is willing to do that. "If Facebook were not around I would most likely tell me friends about the place but with Facebook you can share information to so many more people" (Stephanie). Annie has a similar view as she recently tried out a new restaurant she had not gone to before, after having liked the food she posted a status about it. The reason she decided to promote that place was because it was a new place and she reckoned that many had not tried it out, and so she wanted to advertise it. Her view is that if the place is well established and many know about it and have tried it, it doesn't need the advertising, but that new places do.

#### **7.2.3    Showing Brand Affiliation**

Individuals are constantly thinking of others when taking part in social networking activities. Brand affiliation is visible on Facebook and users are active in showing what they like. They claim that they would like to educate others on what is on offer so that friends do not miss out on interesting news. Their belief is that their taste is represented by their friends and that what they find fascinating or relevant others do too. They are also sharing their experiences to benefit others.



Annie says she shows her likes because it is something she feels others should know about or believes others might find it useful. John agrees with her and says he tells people about things he finds interesting because he thinks other might have the same opinion. Rachel wants others to have the chance to study what she finds cool or fun. She wants to increase awareness and show her support to the product/service. As Daniel put it: “I feel obligated to let my main friends know [...] to promote something I would like, or what I believe my friends find useful or fun”.

Individuals are doing it for themselves but also showing others what they think is cool and fun. People mostly show affiliation when liking movies, shows or music. It is also about posting something they feel others should read, as it connects to matters that are important to the interviewees and they would like to share them with others and make them care about it too. Their wish is to increase awareness on the subject.

#### **7.2.4 A Place for Discussion**

Not everything is shared on Facebook and certain topics are avoided by the participants. Discussion on sensitive subjects can become heated and the tone in written communication misunderstood. For example, sarcasm is a delicate humour online. John says he doesn't really participate in sharing and discussing current events on Facebook and that it needs to be something special so that he will join in. He will however participate if he feels it is a topic that should be discussed. One said that she doesn't have a rule on what she shares and what she doesn't but that it is more reflected in what she talks about on an everyday basis. Mark said that the good thing about discussions taking place on Facebook is that everybody has to write under their own name. On Facebook there are also certain codes of conduct and if you break them you risk your account being deactivated.

Annie said she doesn't believe Facebook to be the right place for discussions as things can be misunderstood in translation and that it is wiser for people to talk face to face in order to register emotions and behaviour. She thinks light topics are okay though. Stephanie says that expressing your opinion on certain matters allows for feedback and you have to be ready to answer that. What also plays into account for participants is the question of whether you are ready to stand by your opinion later in

life. It's just like when writing an article on a topic, are you ready to stand 100% behind that opinion 20 years later. Everything can be used against you later in life.

#### **7.2.5 Advertising on Facebook**

From the interviews it became clear that the Social Ads Facebook offers do not have much effect on the respondents. Many said they don't particularly notice them or their subject and one claimed he considered them to be background noise. Another said that they annoyed her and that she had even checked if she could get rid of them. The perception of advertisements on Facebook is that they increase the clutter on the site. Consumers avoid them and try to ignore them. Two participants said that they had clicked on them to see where it took them but that they had not taken any further actions. That it was only for curiosity reasons that they checked them out. Stephanie said that she didn't find the advertisements trustworthy and that she was suspicious of where they would lead her if she clicked on them.

## 8 Discussion

The aim of the research was to study consumers in connection with social media. The focus was on how consumers are behaving on social networking sites, why they perform certain actions and to find out what influences their decisions. The goal was to answer the following research question by interviewing six individuals who are active users on the social networking site Facebook. The question asked is:

*Why do Icelandic consumers age 25-30 share ideas, innovations and brand experiences with others on Facebook?*

Results of the study indicate that the reasons as to why people share content is that it is a means of communicating with others and to be a part of a community among individuals who share similar interests. Participation involves receiving guidance and informational support. Other needs that are met are entertainment, affiliation and belonging. These reasons are in line with earlier research of Macaulay et al. (2007), Andrews et al. (2002) and Balasubramanian and Mahajan (2001). Participants said they wanted to keep in touch with friends and stay connected. Facebook fulfils that need by enabling users to create personal profiles and allow other friends and acquaintances to access these profiles. It allows a person to stay in contact by sending personal messages and chat, along with sharing everyday happenings in your life by posting pictures, update statuses and share things the individual finds interesting. By using social networking sites the individuals' collective self-esteem is confirmed as research finds that staying in touch with friends, social support and friendship are the main motivations as to why people join communities, whether online or offline (Gangadharbatla, 2008; Ridings and Gefen, 2004; Watson and Johnson, 1972).

Results also indicate that a fear of losing contact or being left out of the loop influences consumer participation online which refers to the results of Gangadharbatla (2008) on the need to belong as they enable conversations and information gathering as well as the possibility of social approval, expressing opinions and influencing others. This is also in line with Schutz (1966) on the need for inclusion that affects people's group seeking behaviour. People are not primarily networking or looking to meet new

people, but rather, they are communicating with people that are already a part of their social network (Boyd and Ellison, 2008).

An emphasis was put on trustworthiness and reliability of the source of information by the respondents. As Evans (2008) put it, advertising is considered to be a great way to hear about something new and get information, but by itself the information presented are not considered reliable. According to Moore and Rodgers in 2005, the credibility of the message is viewed in relation to and influenced by the believability and trustworthiness of the medium (Kelly et al., 2010).

Public display of brand affection is a big part of consumers' activities on Facebook, the act of showing others what you like. Consumers are displaying their chosen identities online for others to see (Saunders, 2011; Loechner, 2010). As the results from the interviews show people are more likely to talk to others about things they are emotionally connected to, which is in line with research made by Mangold and Faulds (2009), or things they perceive as being fun, intriguing and engaging as Dobeles et al. (2007; 2005) found. The study also shows that consumers are likely to communicate through word of mouth and use social media when they are engaged with a product, service or an idea as is confirmed by the study of Mangold and Faulds (2009).

What is interesting is how consumers are influenced by others in purchasing decisions as all participants said that they took the opinions of their friends into consideration when making purchase decisions, especially with smaller buys like movie tickets and restaurant options, but relied more on the opinion of specialists with larger buys. It can be implied that social media is an activity based on the notion of influence and when effectively used it can turn awareness into purchase. In between awareness and purchase is customer driven social media as customers review what others say about the brand, service or product (Isakson, 2009).

The results reveal that advertising avoidance is practiced on Facebook. As Cho and Cheon (2004) showed, three main factors underlie people's behaviour in avoiding advertising. The first factor is interruption of a task. People view the Internet as being more task and goal oriented and an interruption of that task can be viewed in a negative manner by a consumer. The second factor and which is more apparent in consumer behaviour on Facebook is perceived clutter on Internet sites which can cause

a consumer to disregard all advertising messages because he might have a difficulty discriminating against them. The third factor which is also in line with the results of the study refers to a prior negative experience where advertisements have been deceptive, exaggerated or incorrect and led the consumer to inappropriate sites. The results are further confirmed by Kelly et al. (2010).

As the results show consumers online are no longer inactive spectators but can express their opinion and be heard. The power of consumers has increased so much with the creation of social media. Their message can be received by so many other consumers. Companies especially need to be careful because it is so easy for consumers to spread the word and it travels very fast, and discussions online are very hard to control. Negative word of mouth seems to have greater influence on consumers purchase decisions (Chevalier and Mayzlin, 2006) and is more likely to be spread as is evident with many public events and happenings in today's society. Recent Icelandic examples are a handicapped woman that was refused a haircut (Hanna Ólafsdóttir, 2011) and the boycotting of news agency that published a picture of a rape victim (Enginpressa.com, 2011). In both these cases the word spread on Facebook by consumers which led to financial losses of the companies due to changes in consumer behaviour (Mbl.is, 2011).

## **8.1 Limitations and Future Research**

The research can be limited to the approach of a qualitative method to the study. That method provides an insight into the subject but does not have generalisability due to limited number of interviews being performed. The study is however believed to provide an insight to the views of consumers between the ages of 25 and 30, as respondents represent different groups of consumers as they are parents, entrepreneurs, students and company employees. Limitations to the research can also be connected to the approach of studying consumer behaviour in online activities after it has taken place. Consumers are not always aware of the actions they take and have a hard time reflecting back on reasons to why certain tasks are performed. As the questions in the interview were not presented to interviewees beforehand, they have perhaps not given much attention to their actions and have a difficulty reflecting back and remembering previous behaviour.

The researcher sees an opportunity for future research that could investigate the power of consumers in relation to negative eWOM and how it influences attitude and purchase behaviour among consumers. It would be interesting to see if consumers are hesitant to spread negative WOM online and if it influences other consumers buying behaviour. The power of consumers has been increased with the creation of social networks and their voice is a lot stronger than before and can be heard by millions with just a few keystrokes.

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## Appendix A

### Questionnaire (translated from Icelandic)

The reason for the interview is that I am researching consumer behaviour in social networking activities on Facebook. The answers to the question will be used to figure out why certain consumer behaviour takes place on Facebook. The interview will take 30-50 minutes and will be recorded. Anonymity will be promised when processing the interviews.

You should consider the questions to be a light conversation and I urge you to say whatever comes to mind. I am aiming to get your opinion and thoughts. No answer is considered to be wrong. If further explanation to certain questions is needed, you do not understand what I am asking about, do not hesitate to ask.

#### *Icebreaker Questions:*

1. How long have you been using Facebook?
2. How much do you use Facebook and how much time do you spend on it each time?
3. Why did you sign up for Facebook originally?
4. Has your use or the reason for being on Facebook changed in some way (i.e. your purpose)?

#### *Interview Questions:*

1. Why do you like (companies/services/brands/bands/TV shows etc.)?
  - a) Is there something you don't want to be connected to? Particular sites?
  - b) Are there any sites you don't like or would never like?
2. What kind of product/service etc. do you like (become a fan of)?
  - a) Does it stand for something?
  - b) Is there a theme in the things you like?
  - c) Does it mean something to you?

3. Why do you share experiences with others? (With experiences I means events or what is happening in your life)
  - a) Have you shared experiences with a product/service with others on Facebook? Why?
  - b) Do you share news or something you see elsewhere online with others on Facebook? Why?
  - c) What kind of news/events do you share?
4. Have you ever been unsatisfied/unhappy with a product/service and shared it with others? (Made a formal announcement of it).
  - a) In a status update? Why did you decide to share it?
  - b) A comment at a friend? Why did you decide to share it?
5. Have you ever been satisfied/happy with a product/service and shared it with others? (Made a formal announcement of it).
  - a) Where did you post it? Why?
6. Do you notice the social advertisements on Facebook?
  - a) Do you take them seriously (trust them)?
7. Do you take the opinion of others seriously on Facebook when it comes to judging a products/service performance?
  - a) The opinions of strangers? Why?
  - b) The opinion of Friends? Why?
  - c) Company advertisements? Why?
8. Why do you share brand experiences, ideas and innovations on Facebook?
9. Do you think Facebook is platform for discussions and different perspectives?
10. Is there anything you don't share? (Something you avoid sharing and discussing)
11. Does Facebook reflect who you are as a person? (your personality)
12. Is there anything else you would like to share with me about Facebook that I haven't asked about?