



**YOUNG CUSTOMERS' PERCEPTION TOWARDS  
FACEBOOK AS A SOCIAL NETWORKING SITE: AN  
EMPIRICAL STUDY OF FILIPINO CONSUMERS**

**BY**

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the degree of Master of Science (Marketing)**

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## ABSTRACT

The ability of social networking site (SNS) to reach a greater range of audience instantly poses a challenge nowadays. Also, several technological advances resulted to changes in the behavior of consumers particularly their perception towards Facebook as SNS. Thus, this research sought to analyse the perception of young Filipinos towards Facebook as social networking site subjects from the viewpoints of young Filipinos in the city of Cotabato, Southern Philippine. The primary focus of this research is to address the applicability of extended TAM. This model should enable pertinent parties to obtain a better understanding about young Filipino customers' perception and able to help online business to promote their goods and services through Facebook. The aim of this study is to know whether the variables of extended TAM affect the young Filipino customers' perception positively or not. Based on the study conducted, a total of 200 young respondents mostly are students (84 males and 116 females) were drawn from a stratified sample randomly. The questionnaire was adopted from four previous studies using 5 Likert scale. Throughout the 4 variables of young Filipino customers' perception towards Facebook as SNS investigated in this study, only 3 were significantly positive. In this research, it asserts that perceived ease of use (PEOU), perceived usefulness (PU) and trust propensity (TP) are positively correlated to customers perception towards Facebook. Furthermore, perceived risk is negatively correlated to customers' perception with regards to Facebook as SNS. This study found that perceived ease of use (PEOU), perceived usefulness (PU) and trust propensity (TP) influence the young Filipino perception. The findings indicate that young Filipino customers purchase goods and services carefully through SNS particularly from Facebook. The results show that the extended TAM structure directly impacts the three variables PEOU, PU and TP contexts. In conclusion, the results show the success of the proposed extension of TAM in achieving the objectives of this research.

## ملخص البحث

قدرة موقع التواصل الاجتماعي للوصول إلى مجموعة أكبر من الجمهور على الفور يشكل تحدياً في هذه الأيام. كذلك، أدى العديد من التقدم التكنولوجي إلى تغييرات في سلوك المستهلكين خاصة تصورهم نحو الفيسبوك كما (إس.إن.إس). وكان التركيز الأساسي وبالتالي، سعى هذا البحث إلى تحليل تصور الشباب الفلبينيين في مدينة كوتاباتو جنوب الفلبين، لهذا البحث هو معالجة قابلة تطبيق (تي.إي.إم) الموسعة. وينبغي أن يتيح هذا النموذج فهم أفضل للأطراف ذات الصلة حول إدراك العملاء الفلبينيين الشباب وقادرين على مساعدة الأعمال التجارية عبر الإنترنت لترويج سلعهم وخدماتهم من خلال الفيسبوك، والهدف من هذه الدراسة هو معرفة ما إذا كانت متغيرات (تي.إي.إم) الموسعة تؤثر على تصور العملاء الفلبينيين الشباب بشكل إيجابي أم لا. وإستناداً إلى الدراسة التي أجريت، اختيرت 200 شاب من وقد تم اعتماد مقابلة. أفراد العينة معظمهم الطلاب (84 من الذكور و116 من الإناث) كعينة ضيقة عشوائية شخصية من أربع دراسات سابقة باستخدام مقياس 5 ليكرت. خلال المقابلة تم للاستجابات عن 4 متغيرات لتصورات العملاء الشباب الفلبينيين نحو الفيسبوك كما (إس.إن.إس)، فقط 3 منها كانت إيجابية بشكل ملحوظ. في هذا البحث، يؤكد تصور سهولة استخدام (بي.إي.أو.يو)، وتصور الافادة (بي.يو)، وميل الثقة (تي.بي) ترتبط ارتباطاً إيجابياً لتصور العملاء نحو الفيسبوك. علاوة على ذلك، يرتبط الخطر المتصور سلباً لتصور العملاء فيما يتعلق بالفيسبوك كما (إس.إن.إس). وفقاً لهذه الدراسة، تبين أن تصور سهولة الاستخدام (بي.إي.أو.يو)، والإفادة المدركة (بي.يو) وميل الثقة (نو) تؤثر على إدراك الشباب الفلبيني. وأشارت النتائج إلى أن العملاء الشباب الفلبينيين يشترون السلع والخدمات بعناية من خلال (إس.إن.إس) وخاصة من الفيسبوك، وأظهرت النتائج أن هيكل (تي.أي.إم) الموسعة يؤثر مباشرة على المتغيرات الثلاثة (بي.إي.أو.يو)، (بي.يو) و(تي.بي). في الختام، أظهرت النتائج نجاح التمديد المقترح ل (تي.أي.إم) في تحقيق أهداف هذا البحث.

## **APPROVAL PAGE**

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science in Marketing.

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## DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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*This dissertation is dedicated to my beloved parents*

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

#### **1.1.1 Customer Perception**

One of the most radical changes, that happened during the start of the New Economy, is the digitalization of processes including marketing. The introduction of several technological advances resulted to the changes of consumers' behaviors which lead to customer perception. Countless studies have been made to prove one thing: people are spending a considerable amount of time on social networking site, such as Facebook. These behavioral changes of consumers cause marketers to revolutionize their approach of marketing. The number of factors depending on how young Filipino customers perceive Facebook (Carvajal, 2014), can influence both customer perception as well as customer satisfaction about goods and services in the Philippines. It is quite significant to ascertain the perception of young consumers towards Facebook as social networking site in the Philippines. It is very crucial to understand the notion of 'consumer perception' to determine its importance as it is an essential tool to understand how the social networking site will work efficiently. Clearly, the perception of consumers is very important in a social networking site since it determines the behaviors of consumers. For long-term success in social media marketing to the interests of customers, companies not only need to create an online marketing strategy for a buyer persona but also need to develop and adjust constantly. It leads to success when figuring out what goes best for which particular audience (Vinerean, Cetina, Dumitrescu, & Tichindelean, 2013).

### **1.1.2 Introduction to Facebook as Social Networking Site**

Social Networking Sites (SNS) have become part of everyday life. In schools, in offices, in different TV shows, everywhere, social media has affected our way of life. Authors Andreas Kaplan and Michael Haenlein (2016) defined social media as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated contents (iconcept-seo.com). The authors classified social media into collaborative projects (e.g. Wikipedia), blogs and microblogs (e.g. Twitter), content communities (e.g. YouTube, DailyMotion), social networking sites (e.g. Facebook, Bebo, and MySpace), virtual game worlds (e.g. World of Warcraft), and virtual social worlds (Second Life).

SNSs allow people individuals to be visible to others and establish or maintain connections with others. These sites can be utilized for business related issues, individual issues, sentimental connections, and shared interests such as music, expressions, games, or governmental issues. Moreover, SNSs allow consumers to connect to social networks, present themselves, develop and maintain relationships with others (Haque, Sarwar, & Yasmin, 2013; Karimi & Ahmad, 2014). Communication is one of the most important ways to connect people to one another. Although SNSs are increasingly becoming a focal topic in the communications arena, SNSs are marked as the form of virtual community (Dunne, Rowley, & Rowley, 2010), such as: Facebook, Instagram, Twitter, LinkedIn, and Reddit, which have become popular among online users due to effective interpersonal organization system (www.investopedia.com 2016).

Facebook, is currently became a market leader among the entire social networking sites. Historically, (www.investopedia.com) mentioned that in 1997,



SixDegrees.com was the first ever social networking service. After that, the strategy was followed by Friendster, MySpace and Facebook respectively. An article published in Statista.com (2016) presented that, Facebook was the most popular choice as a social media with over 1.6 billion users worldwide. The users activities of the Facebook are more likely 30 percent to share and comment on the advertisers' message if any of their friends like or make comment on it (Lilley, Grodzinsky, & Gumbus, 2012 cited by Haque, Momen, et al., 2013).

### **1.1.3 Filipino Facebook Users**

The island of the Philippines archipelago comprises around 7,107 islands with populace more than 102 million individuals, a peak age from 15-65 years of 65% populace. Defining the youth and their age bracket obviously have different results around the globe. In Philippines, the age of youth is from fifteen to thirty years old as declared by the state and the National Youth Commission in the Republic Act No. 8044. However, according to the Catholic Church, the youth are those persons who are between thirteen and thirty-nine years of age as given by the Episcopal Commission on Youth. It is certain that the youth comprises most of the Philippine population.

By citing the survey of Global Web index, Kemp (2012) stated that in social media usage, the Philippines lead the world. Back then (Labucay, 2011) specified that in March 29, 1994 the first Filipino signed into the Internet, when the Philippine Network Foundation acquired the nation's first open changeless associated with Internet both in private and open establishments (referred to Minges, Magpantay, Firth, & Kelly, 2002). Since then the number of Filipino users has been gradually increasing.

Amazingly, one third of Filipino can access internet, however statistically almost 95 percent of young users are involved with social network services, where more than 90 percent users are on Facebook alone. Moreover, it's best to review active users than number of users' account when comparing the most popular social networks. Three years ago, Social Bakers (2012) shows that in the Philippines there are statistically about 27,720,300 Facebook users, which means almost 93.33 percent of total population are using Facebook.

Expanding number of Facebook clients among youths is because of free access to online networking, since the Globe Telecom, one of the best media transmission mark in the Philippines, proceeds with its drive in the Philippines as the Digital Lifestyle Capital of the World by giving free access of Facebook and Viber to its clients with their most loved Globe calls, contents, and surf promos a la mode (Globe.com, 2015). Despite the fact that Facebook could be an extraordinary device to interface with people and look after connections, there is dependable limitations if Facebook is being used too much (Sherman, 2011). Late study found by Statista.com that the year of 2016 is the assemblage of most mainstream informal communities, overall gives a reasonable picture that Facebook is as of now yet administering preeminent with more than 1,590 million active members. Another factor which determines the most engaging social network is shown in Figure 1.1.

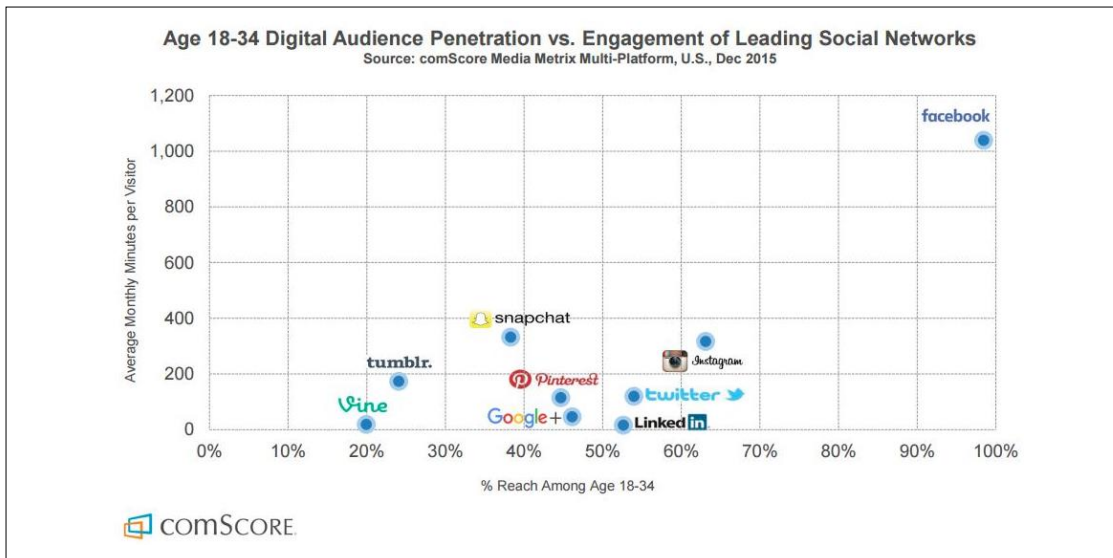


Figure 1.1 Digital Audience Penetration vs. Engagement of Leading Social Networks. Source: comScore Media Metrix Multi-Platform, U.S., Dec. 2015

Based on the statistical representation in Figure 1.1, Duggan (2015) mentioned that Facebook still the main dominant compared to other social media such as tumbler, snapchat, etc. Like Philippines, nearly 72 percent of American utilizes in United States are in Facebook online and the most prevalent clients are ladies. What's more, Duggan (2015) also included that, 82 percent of online grown-ups from ages 18 to 29 utilize Facebook, 79 percent of those ages 30 to 49, alongside 64 percent of those ages 50 to 64 and 48 percent of those 65 and more seasoned. In another word, the adolescent are the key drivers of controlling online networking system whether in Untied States or (Labucay, 2011) in Philippines, with the end goal that half of those matured 18-24 are Internet clients, just little partition around 2 percent of those matured 55 or more utilize the social networking system.

## **1.2 STATEMENT OF PROBLEM**

Marketing becomes much easier nowadays. With the use of social networking sites such as Facebook and Twitter as well as YouTube, a brand can be made well-known around the world with just a few clicks. However, the challenge for brand managers is to maintain a good online reputation all the time. Moreover, the ability of social networking site to reach a greater range of audience instantly also poses a challenge nowadays; several technological advances resulted to changes in the behavior of consumers (iconcept-seo.com, 2016). Perhaps perception and behavior of consumers are usually affected for some reasons (Harrell, 2008).

This research investigates the perception of young Filipino consumers in the Philippines with respect to Facebook as social networking site. It is believed that before the marketers strategize their goods and services in Facebook, they conduct research to ensure the expectation of consumers' needs. Current study on consumer behavior, customer perception, and SNS has conducted an exploratory research since it examines the perception on social network as marketing tools in Facebook. Various studies that have been conducted on Internet technology include e-Business (Mahajan and Venkatesh, 2000; Zhenga et al., 2004; Cazier et al., 2006), e-Commerce (Okoli and Mbarika, 2003; Tarafdar and Vaidya, 2006; Kshetri, 2007), social networks application (Leu et al., 2005; Preibusch et al., 2007), and Internet banking (Suh and Han, 2002; Wang et al., 2003; Eriksson et al., 2004). SNS has been well researched in online study (Haque, Momen, et al., 2013; Haque, Sarwar, et al., 2013; Miller & Lammas, 2010; Reisenwitz, 2013, Al Rasheed, 2013). Privacy and consumer behavior also have been studied (Haque, Sarwar, et al., 2013; & Olivas-Lujan, 2013).

The literature suggests that there is limited research in developing economy in SEA such as Philippines. Thus, it is important to study the perception of SNS in a

holistic way by considering the impact of these (perceived ease of use, perceived usefulness, risk perception, and trust propensity) related factors on consumer perception towards Facebook as social networking site.

### **1.3 RESEARCH OBJECTIVES**

This research was conducted based on general and specific objectives which are based on the current scenarios of the study constructed on perception towards Facebook as social networking site among young Filipinos.

The specific objectives of this study are as follows.

1. To find out if perceived ease of use affects young customer perception towards Facebook as SNS.
2. To find out if perceived usefulness affects young customer perception towards Facebook as SNS.
3. To find out if risk perception affects young customer perception towards Facebook as SNS.
4. To find out if trust propensity affects young customer perception towards Facebook as SNS.

### **1.4 RESEARCH QUESTIONS**

1. Does perceived ease of use affect customer perception towards Facebook as SNS?
2. Does perceived usefulness affect customer perception towards Facebook as SNS?
3. Does risk perception affect customer perception towards Facebook as SNS?

4. Does trust propensity affect customer perception towards Facebook as SNS?

### **1.5 SIGNIFICANCE OF THE STUDY**

Research on perception of customers towards Facebook as social networking site in the Philippines is playing an important role not only to the researchers but also to marketers. For some reasons, it helps the market players to understand the perception of young customers with respect to Facebook as social networking site. Since, information is very vital in making decision with far reaching effects in the marketers' business. When wrong decisions are made with respect to the choice of customers, then the players might pay a lot of price that end up crippling the companies' business. Therefore, it is imperative to understand the social networking site such as Facebook on market environment parameters with respect to young customers' perception before making important decision.

In addition, this study will also contribute to the existing pool of knowledge by providing more information on every subject on perception of customers towards Facebook as social networking site in Philippines. The population will also need this information since it can enhance their horizon and empower them to make decision about Facebook as social networking site, which is also analyzed in this research. Moreover, this study will not only be beneficial to audiences and stakeholders in Philippine, but also to people across the world who may need such information to be aware of young Filipino users.

## **1.6 DEFINITION OF KEY TERMS**

***Perceived Ease of Use-*** defined by Davis (1989) as the degree to which a prospective user expects the new information technology to be free from cognitive effort.

***Perceived Usefulness-*** defined by Davis (1989) as measure of an individual's subjective assessment of the utility offered by a new information technology in a specific task-related context.

***Customer Perception-*** is defined in marketing concept is entails impression, awareness, and consciousness of customers about a brand or a company.

***Perceived Risk-*** combination of uncertainty plus seriousness of outcome involved and the expectation of losses associated with purchase and acts as an inhibitor to purchase behaviour (Featherman & Pavlou, 2003).

***Trust Propensity-*** refers to an individual's general predisposition to trust or distrust of other people (Mayer et al., 1995).

***Facebook-*** is an American for-profit corporation and online social media and social networking service.

***Social Networking Site-*** is an online platform that allows users to create a public profile and interact with other users on the website ([whatis.techtarget.com](http://whatis.techtarget.com)).

## **1.7 ORGANIZATION OF THESIS**

Chapter One covers the rationales underlying this study. The study explores the evolving issues of young customer perception with respect to Facebook as social networking site along with the changes of Filipino perspective. This chapter also focus on the background of the study (Subsection 1.2), statement of problem (Subsection 1.3), research questions (Subsection 1.4), research objectives (Subsection 1.5), significance (Subsection 1.6), and plan of study (Subsection 1.7) respectively.

To assess the understanding of customer perception on Facebook and SNS, Chapter Two explains and appraises theoretical background of the mechanism about customer perception. Chapter Two also highlights previous empirical studies regarding social networking site within the context of four (4) variables studied by this research which are perceived ease of use, perceived usefulness, risk perception, and trust propensity. Moreover, Chapter Two reviews recent studies of Facebook towards young customer perception on social network based on theories and empirical literatures that includes broad perspective on customer behavior, detailed studies, and methodologies used to discover the connecting mechanism between the customer perception towards Facebook and its SNS standpoint. Chapter Two also highlights several empirical studies of SNS where SPSS analysis was conducted as a method of investigation.

Chapter Three explains and gives details of methodology adapted in this study. This chapter explains the model and all variables used in this study. In addition to that, Chapter Three also provides an introduction and the motivation to conduct regression analysis using SPSS statistical software version 20. Questionnaire survey data is the primary source of information which is analyze in this study. Chapter Three further explores the model of SPSS application which helps to explain the specification of regression analysis; describes the output from the procedures; and examines the various views and procedures of its inferential methods.

Empirical results and analysis of this study are provided in Chapter Four. Findings of this study based on descriptive statistics, frequency distribution, and regression method are also discussed in this chapter. Moreover, a thorough analysis is conducted to evaluate all four variables based on the analysis of SPSS.