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Predicting user response to sponsored advertising on social media via the technology acceptance model



Carolyn A. Lin^{*}, Tonghoon Kim

Department of Communication, University of Connecticut, Storrs, CT 06269-1295, United States

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ABSTRACT

Sponsored advertising has generated strong advertising revenues for Facebook in recent years. As sponsored ads are built on an interactive platform that could be seen as invasive to user privacy, the growth of this advertising platform has important implications for consumers, and advertisers alike. As little research is available on consumer response to sponsored advertising as an interactive technology innovation, the current study assesses the effects of user perceptions of privacy risk, intrusiveness concerns and utilities of sponsored advertising on consumer attitudes and purchase intent. Testing a model derived from the technology acceptance model (TAM), the study found that privacy and intrusiveness concerns are both valid antecedent variables to perceived usefulness but not perceived ease of use of sponsored advertising. While both antecedent variables also influence consumer attitudes toward sponsored advertising, only privacy concerns have an impact product purchase intentions. The hypothesized relations between perceived usefulness, ease of use, attitudes and purchase intentions were also validated.

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Online social networks are one of the most promising tools in the digital advertising environment (Brettel et al., 2015; Carlson & Christopher Lee, 2015). Preliminary research indicates that Facebook is an effective advertising venue capable of competing with traditional advertising channels such as television and radio (Nelson-Field, Riebe, & Sharp, 2013). According to the most recent Pew data, 65% of American adults are users of social network sites (Perrin, 2015). As Facebook claimed to have over one billion users in a single day, this translates to one in seven people in the world using Facebook for connecting with others daily. It is thus not surprising that Facebook advertising revenue has been steadily rising, surpassing an estimated 9 billion dollars in 2015 (Duffett, 2015).

In particular, the sponsored advertising section on Facebook has provided an important pathway for marketing message dissemination through setting up direct connections among advertising consumers, producers and brands (Dehghani & Tumer, 2015). Sponsored advertising that appears on such social network sites as Facebook can be customized based on a user's web search history and hence are more reliable at consumer targeting, relative to

banner advertisements (Barreto, 2013). Specifically, Facebook features tailored advertisements via a dedicated sponsored advertising section or sponsored stories that are integrated into a user's story line (Cox, 2011; Villiard, & Moreno, 2012). A sponsor could frame an advertisement as a friend's story in a newsfeed by uploading the person's real time experience with a product, which could then enable social network service (SNS) followers to be involved in more intensive brand experiences, including repeat story-telling and additional information sharing and exchanges about the product (Dyrud, 2011).

Early research suggests that Facebook users' concerns about privacy have a negative effect on user attitudes toward Facebook advertising (Taylor et al., 2011); the same is true with perceived intrusiveness of Facebook advertising. As sponsored advertisements on Facebook are growing in both volume and frequency on Facebook, potential consumer privacy or intrusiveness concerns could also increase. However, existing research on consumer privacy and intrusiveness concerns and how such concerns may influence their beliefs and attitudes toward Facebook advertising – and product purchase intentions – is limited. Likewise, theory-based research on consumer response to Facebook advertising is still needed.

The current study explores consumer evaluations of Facebook sponsor advertising, both as a new technology innovation and an

^{*} Corresponding author.

E-mail addresses: carolyn.lin@uconn.edu (C.A. Lin), tonghoon.kim@uconn.edu (T. Kim).

interactive advertising venue. Specifically, this study applies the technology acceptance model to examine consumer belief, attitude and intention toward adopting Facebook advertising as an interactive technology innovation, with perceived privacy and intrusiveness of Facebook advertising as the external factor that may influence consumer acceptance of this interactive advertising venue. The objective of this research is to help advance a better understanding of 1) digital advertising innovation adoption, 2) consumer acceptance of customized advertising, and 3) the influence of customized advertising on product purchase intent via an online social network.

1. TAM and innovation adoption

Based on the Theory of Reasoned Action, the Technology Acceptance Model or TAM was developed to include critical technology-related factors to explain an individuals' decision-making process to accept new information system technologies in an organizational setting (Davis 1989). The model's thesis states that: 1) external variables will influence perceived ease of use and usefulness of a technology; 2) perceived ease of use of a technology will have a direct effect on its perceived usefulness; 3) perceived usefulness and ease of use will impact attitude toward the technology; 4) perceived usefulness and attitude toward the technology is expected to influence its use intention; and 5) technology use intention, along with perceived technology usefulness, can lead to its use.

TAM has been utilized to study a wide variety of consumer technology adoption research. For instance, studies have found that the audience is more likely to adopt mobile phone technology (Schejter, 2006; Shin, 2011), Wi-Fi networks (Wei, 2006) or a satellite radio system (Lin, 2010), when those technologies and the services they provide are perceived as useful, easy to use and fluid in their functions. Additional research has indicated that a greater perception of usefulness and ease of use associated with web services, such as online travel sites (Munoz-Leiva, Hernandez-Mendez, & Sanchez-Fernandez, 2012) and online radio service (Lin, 2009), is also related to web-service adoption levels.

2. SNS and online advertising

Early research examined the effectiveness of Facebook advertising by considering the interaction between SNS users who shared information about brands/products or 'word of mouth' advertising (e.g., Yang, 2012). Other work has also investigated the effects of fan-based advertising methods such as the number of 'Like' of Facebook ads and the size of the 'followership' on Twitter – on brand image (e.g., Rohm, Kaltcheva, & Milne, 2013; Vukasovic & Strasek, 2014; Xie & Lee, 2015). Research on consumer response to sponsored advertising on social media, an emerging interactive advertising platform, remains scarce.

Scholars have begun to apply the TAM to explain the factors influencing SNS adoption and uses. For instance, past research indicates that SNS user's perceived usefulness of SNS is influenced by their perceived ease of SNS use, as perceived ease of SNS use has a direct impact on attitudes toward SNS use (Shipps & Phillips, 2013). One of the most popular functions on SNSs is the posting and sharing of photos with others on one's social media networks. A study testing the TAM via photo-messaging adoption and use reported that social network activity is a positive predictor of perceived ease of use, usefulness and use intention of photo-sharing services; as perceived ease of use and usefulness significantly influenced photo-messaging intention, the latter is also a positive predictor of photo-messaging use frequency (Hunt, Lin, & Atkin, 2014).

Related research on online advertising reveals that intention to purchase products through an online shopping mall is determined by attitude toward online shopping malls, which is predicted by perceived ease of use and usefulness of these virtual venues (Ahn, Ryu, & Han, 2004). Similarly, the online customer review system – which can play a critical role in influencing consumer referrals for online shopping malls – is also valued more highly by users who have perceived the review system to be more useful and easier to use (Rese, Schreiber, & Baier, 2014). Likewise, bank customers who perceive greater utility from an online banking system – and greater ease of use via the online transaction system – are also more willing to utilize online banking for financial transactions (Vatnani & Verma, 2014).

Based on the ability of TAM to explain adoption and uses of various digital technology innovations, including a wide variety of online media services and SNS, we propose that the TAM will be a valid typology to explain the decision-making process of adopting a social media advertising innovation. In particular, TAM's key components – perceived usefulness and perceived ease of use – should be positively related to Facebook-ads related attitudes and purchase intentions. The following hypotheses are posited to test this proposition.

H1a. Perceived ease of use will be positively related to perceived usefulness of Facebook ads.

H1b. Perceived ease of use will be positively related to attitudes toward Facebook advertising.

H2a. Perceived usefulness of Facebook ads will be positively related to attitudes toward Facebook advertising.

H2b. Perceived usefulness of Facebook ads will be positively related to product purchase intentions.

H3. Attitudes toward Facebook advertising will be positively related to product purchase intentions.

A majority of the studies that applied the TAM literature failed to include the "external variables" component of the model, which is the antecedent variable to the variables of perceived ease and use and usefulness. A recent meta-analysis reported that only 60% of the 22 articles in the sample (selected from six major journals) investigated external variables and no clear set of external variables were tested (Legris, Ingham, & Colletette, 2003). External variables could include a variety of factors – such as demographic and system-use experience (e.g., Burton-Jones & Hubona, 2006) as well as perceived risk and necessary trust associated with system use (e.g., Gefen, Karahanna, & Straub, 2003a) – that could influence individual beliefs about adopting a technology system. Another meta-analysis of 88 TAM studies (King & He, 2006) summarized and affirmed the empirical evolution of the TAM and its integration with other theories, including theoretical constructs such as risk and trust factors.

Even though research integrating privacy risk with the TAM is limited, available empirical findings generally support the influence of privacy risk on perceptions about a technology's attributes and an individual's adoption intention (e.g., Gefen, Karahanna, & Straub, 2003b). For instance, privacy risk was found to be strongly related to ease of use, perceived usefulness and adoption intention of an e-commerce transaction system; next to financial risk, privacy was also the most important risk factor relative to other risk factors including performance, psychological and social risk (Featherman & Pavlou, 2003). Moreover, intrusiveness is considered an aspect of privacy in e-commerce, including email advertising, which is often considered as "spam" and an irritant by consumers (Morimoto & Macias, 2009).

The current study intends to test the TAM by integrating

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