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# Using statistical reasoning techniques to describe the relationship between Facebook advertising effectiveness and benefits gained

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## Abstract

There is an escalating use of Facebook among marketers. Naturally, the research in this field has also been escalating in recent years. Businesses need to understand Facebook and its benefits in achieving effective advertising campaigns. Further investigation is still needed to understand how effective social media and particularly, Facebook are for advertising. This study aimed to understand if there is a relationship between Facebook advertising effectiveness and benefits gained from such advertising. Statistical reasoning was used to measure the extent of two advertising benefits and their correlation in creating effective advertising campaigns on Facebook. Pearson's bivariate correlation and linear regression analysis were implemented on data obtained from carrying out a survey on undergraduate students. The benefits of "customer relationship management" and "promoting new products" were tested in relation to Facebook advertising effectiveness. The results supported that Facebook is seen as an effective medium for advertising and it has a strong association with the described benefits of "customer relationship management" and "promoting new products".

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## 1. Introduction

Many agree that the Social Media has changed the way we give and receive information. Social media is defined as a connection between brands and consumers offering a personal channel and currency for user-centred networking and social interaction (Chi, 2011). Mangold and Faulds (2009) describe the way business organizations connect

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with their customers and argue that businesses need to learn using the media in parallel with their business plans. Social Media and thus the Social Networking Sites present an opportunity for businesses to reach larger markets as with their communications as with advertising.

Facebook is a Social Network Site that has been the most important social phenomenon of the last ten years. Almost two billion people (Kallas, 2017) are known to use it around the globe every day. Businesses are interested in exchanging information, trading products or services, connecting to current and potential customers, ensuring a better understanding of targeted customers and business benefits offered by Facebook. It should be noted, however, that Facebook is not a substitute for the traditional marketing media but it's a complement to the existing systems.

Advertising campaigns aim to create awareness, inform, promote brand differences and in parallel to business objectives. The essence of making advertisements is to attract consumers to patronize the company's product or service, which in turn garner profits from sales to the company. Advertising without understanding the targeted consumers and the nature of advertising media carries risks. Correlations between benefits gained with what considered as effective advertising are one of the issues that need to be understood.

There is a need to understand if there is a relationship between Facebook advertising effectiveness and benefits gained from such advertising. This study tested the correlation between two advertising benefits and the effectiveness of Facebook advertising. The benefits tested were "customer relationship management" and "introducing new products". The correlations of these benefits with the effectiveness of Facebook advertising were measured.

University students using Facebook are frequently bombarded with advertisements, related or not to their lifestyles, wants and values. Most adverts are mass targeted with little consideration to the demographic backgrounds of customers. Therefore, university students comprised the sample of the study as they regularly use Facebook and come into contact with Facebook advertising.

This study aimed to find out the extent to which Facebook advertising is effective in particular benefits by trying to find answers to the following research questions:

- a. Is there a customer relation management benefit gained with Facebook advertising?
- b. Is there an effective promotion of new products benefit gained with Facebook advertising?
- c. Do University students think that Facebook advertising is effective?
- d. Is there a positive relationship between customer relationship management and Facebook advertising?
- e. Is there a positive relationship between promoting new products and Facebook advertising?

Advertising has the same meaning with marketing to most people. Advertising, in fact, is just one of the communication mix elements. Kotler and Armstrong (2008) define advertising as the delivers information, reminder and persuasion on products and brands.

The aim of advertising is explained by Quinn (1985) as to create a response in buying or a desire to find more about a product. Advertising has types explains Aaker and Mayers (1975) such as to inform, persuade and to remind consumers on given products.

The traditional marketing media included radio, television, magazines and newspapers. There is a decline in the number of people following the traditional media as Gurevitch Coleman and Blumber (2009) reports. The extensive reach to the Internet with smart phones, tablets and other computerised equipment meant more use of Social Network sites by Consumers. Kin (2008) portrays that the popularity of social networks have escalated more than before. The young population are the major adopters. Teenagers are followed by the 25 to 34 age group. White collar workers use the social network sites more than any other occupations.

This growing trend indicates that the marketers need to explore the effectiveness of different social networks as it will be hard to communicate and create value for consumers in the future.

There is little research carried out on the effectiveness of social media for advertising purposes. The current research on social network Sites is mainly exploratory on topics such as networks and network structure, and similar other issues (Boyd and Ellison, 2007). There is still a gap in understanding the effectiveness of social media advertising on consumers.

Many think that the social media has changed the way businesses interact with their customers and business owners greatly. Mangold and Faulds (2009) suggest that businesses must learn how to use social media in parallel

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