

**ADVERTISING AND SOCIAL MEDIA: A RESEARCH STUDY
WITH SPECIAL REFERENCE TO USES AND GRATIFICATION THEORY**

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Keywords: privacy, Facebook, consumers, corporate advertising, perception of ads, effective advertising.

Abstract

This research paper is an attempt to study social media (Facebook) consumers and their perception towards advertising. Characteristics such as privacy, micro targeting, facebook use, awareness, and reactions, were all important factors that influenced these responses. The objective of this study is to see how postgraduate students from four universities across the country view Facebook and its advertisers. The results indicated that student reactions did not overwhelmingly lean in a particular direction. Individual users (consumers) perceive the social network site differently, and this determination directly correlates with the uses and gratification theory.

1.1. Introduction

Facebook is a social networking site (SNS), which provides users with a platform to create a personal profile page, add 'friends', and send messages. Since the company was founded in 2004, it has become the top ranked social networking site (Kazeniak, 2009). According to Facebook Statistics (2009), there are over 300 million current active users (i.e. users that have logged-on in the past 30 days). Facebook users have claimed the site a "necessity, along the lines of oxygen, water, and food" (Verna, 2009). For many people, visiting Facebook has become an integral part of their daily lives, and has even caused some to have an unhealthy obsession with the site. Facebook continues to add new features and developments on a consistent basis. Since it is free to create an account, Facebook has to generate its revenue elsewhere, through a venue such as advertising. Companies can utilize Facebook's features to reach their audiences in different ways. Gangadharbatla (2009) states that SNS are changing the way advertisers reach consumers, and that these changes are transforming.

There are a variety of ways to use Facebook, and the different features allow creativity and experimentation in advertising. For instance, when users log-on, they are taken to a homepage called a "News Feed" which highlights recent activities from other users. Each Facebook account also includes a personal profile page, a "Wall" to write public messages to other users, Facebook-generated applications (photos, events, groups, video, notes, and links), and an inbox to write private messages to other users. The site also allows users to add optional features called Platform applications to connect in new ways. According to Facebook's statistics (2013), more than 80% of Facebook users utilize Platform applications on a monthly basis. Since these Platforms are optional, it is significant that users are seeking out additional Facebook features and uses for the site. The purpose of Facebook has shifted, as the continued popularity of added features proves that its users are looking for more than just casual networking with friends. Advertisers also have the option to create a free fan page, where companies and individuals can invite users to become a "fan" of a product, service, person, company, brand, etc. The page is set up similarly to a profile page, with the option to add status updates, photos, announcements, etc. According to Facebook's statistics (2013), over 15 million users become fans of pages on a daily basis, which provides growing possibilities to reach consumers without any financial risk. There is also a chance to buy birthday gifts, as Facebook has expanded its 'gift shop' to include real gifts alongside virtual ones (Klaassen, 2009). This type of online shopping connects cyber space with the real world, so that what happens online does not necessarily stay online.

Another benefit to Facebook advertisers is the site's growth. "Traffic to Facebook is up almost 200% over the last year. Social media is no longer just for techies or younger generations—it has become a mainstream phenomenon" (Swedowsky, 2013). Not only traffic to Facebook increasing, but users are also spending more and more time on the site. All of these increases show how technology has revolutionized the lives of people around the world, and advertisers need to recognize and react to these changes. Klaassen (2009) reports a recent study, where 43% of online purchasers named social-network surfing as the reason they decided to make their purchase. This statistic shows the potential power that advertisers have to reach a willing and active audience. However, to fully understand the effect of Facebook advertising, it is important to understand how consumers perceive Facebook and its advertisers. This study

will show how advertising can affect Facebook users, and provide further suggestions for a more effective means to reach a target audience through social networking.

1.2. Overview of Literature

1.2.1. Uses and Gratification Theory

The “uses and gratification” theory (Katz, et al., 1974) provides important insight into why Facebook is so widely used. As an audience-based theory, uses and gratification hypothesizes that different consumers use the same media messages for different purposes, depending on their individual needs and goals (Sheldon, 2007, p. 40). According to Katz et al. (1974), the uses and gratifications theory is based on the assumption that

1. the audience is active,
2. the media choice lies with the audience member,
3. all mediums compete with other sources of need/goal fulfillment,
4. mass media goals can be found in the message of the source, and
5. cultural value judgments should be not be taken into consideration as the audience explores their own opinions.

By directly applying these assumptions to mass media in terms of the social networking sites (specifically Facebook), a few customized observations can be made. First, the average Facebook user is active, as he or she has willingly created an account, and is a member of the site. Next, the user chose Facebook as a means to fulfill his or her wants and goals over other sources. Essentially, the Facebook user came to the site for a unique purpose. This can include the need to connect interpersonally as well as the want to promote a business or product (i.e. advertising). In order to understand the perspective of a potential consumer, it is essential to study why Facebook users visit the site in the first place. The uses and gratification theory is a reminder that these needs are customized for each person, and therefore cannot be generalized to an entire population. However, meaningful information can be developed covering smaller populations with common characteristics. For the purpose of this study, our subjects are university students who are already Facebook users, having joined the site for their own specific reasons.

1.2.2. Advertising and Social Networking Sites

With individualized motives comes an individualized need for advertising. Social networking sites provide unique opportunities for companies that simply don't exist elsewhere. Among the advantages are increased interaction between the business and customer, a more targeted means for reaching an audience, and a direct way for customers to connect to each other (as well as potential customers). Learmonth (2009) states that Facebook is an effective marketing platform because networking and communication are already taking place. This allows companies to be directly woven into conversations simply by appearing on the site. Facebook presents an entirely new way of scrutinizing a product or brand: “It has not only transformed the research and purchase consideration phase, but it also provides shoppers with a platform to advocate for the products and stores they love” (Swedowsky, 2009). For example, product raves and reviews could appear on a fan page, or in an application.

Not only does interactivity increase, but Facebook also allows for a complete customization of advertisements by the ad creators. For the traditional website advertiser, Facebook advertisements are relatively easy to generate, and allow the creator a variety of choices when making an ad. The site lets advertisers select the exact demographic that sees the ad, which helps them not waste time or energy on people outside of their chosen market. The advertiser can view the results of who is clicking their ad, and modify it accordingly. Facebook ads are extremely relevant to users because they are so highly targeted.

1.2.3. Privacy and perceptions

While the aforementioned story does show a highly effective means in reaching a target audience, it also brings up the question of the accessibility of private information. Although users put up all personal information willingly, they may or may not know that their information can be shared with a third party. Facebook's partnership with Nielsen in September 2013 is just beginning to change the advertising front of the site; so very little research currently exists in terms of consumer response to nano-targeted ads. However, the online privacy debate has existed since the creation of the Internet, with private information becoming increasingly available to companies and individuals alike.

For a variety of reasons, Facebook privacy settings are not always fully utilized. Users can change the way others see their private information, and Lange (2008) hypothesized that privacy settings may not be adjusted due to ignorance or the “it won’t happen to me” assumption. Lange’s study also points out that when users click the “Accept Terms and Conditions” button when joining a site or adding an Application, they tend not to read the fine print, which may say that the user is (unknowingly) agreeing to sell or give away his/ her personal information. Sherman (2008) adds that a term such as “Privacy Policy” on a website may make users automatically assume that their information is safe when that may not actually be the case. Schrage (2013), the vice president of communications and public policy for Facebook, admitted that one of the goals of the site is for the ads to be “relevant and interesting” for viewers. Facebook is also assuring that the information shared is “anonymized,” meaning that advertisers receive demographic information, but no individual information that could be traced back to one person (Schrage, 2013). Although Facebook is improving communication with its users through blog announcements, it does not make it clear as to exactly what information is shared, and to whom the information is given. Therefore, Facebook is not necessarily guaranteeing that certain information will be kept private, and this may be information that the user may not want a third party to have access to. Like Facebook privacy, prior research on SNS in general is limited, as Facebook in particular has only existed for the past five years. Therefore, there has not been a significant amount of research done in the area of social networking sites and advertising’s effect on the users. Since SNS have become such an integral part of our daily lives, it is important for advertisers to understand how customers and potential customers on the site perceive them.

1.3. Research Questions:

To advance that understanding, three primary research questions were constructed. The first question examines the Facebook user’s point of view, which is essential for success and understanding:

- a. How are Facebook and its advertisers scrutinized in the eye of the consumer?

The second question deals with the issue of privacy, as online safety and the control of private information is more difficult to monitor online:

- b. How is privacy perceived on Facebook?

Lastly, the third question yields the opportunity to provide suggestions and ideas for advertisers, which would be beneficial information for advertisers, as well as future research:

- c. What would make Facebook advertising more effective?

1.4. Research Methodology

1.4.1. Sample Size

To address these questions, a survey of university students at four universities across the country was conducted using the Facebook site. The respondents were collected from B.B. Ambedkar University(n=120), Lucknow, University of Lucknow(n=68), Amity University(n=105),and Central University of Orissa, (n=49). These four universities were chosen because they represent all different geographical regions of the country. According to Gangadharbatla (2008), a student sample is a relevant and significant group, as university students fit the demographic of SNS users.

1.4.2. Research Design

Because the goal was to reach as many students at the four universities as possible, a simple survey was developed. The survey consisted of 12 questions, including three major sections: (1) demographic, (2) Facebook and advertising, and (3) privacy and perception. Participants answered close-ended demographic questions. In the Facebook and advertising section, close-ended questions were asked regarding the number of Facebook “friends” the participant currently has, how often the participant checks his or her Facebook, and what Facebook “Applications” the participant has used. In terms of advertising, the participant was asked how aware he/she is of advertising on Facebook, and where he/she has seen advertising on Facebook.

In the privacy and perception section, participants were offered a chance to express how they feel about Facebook advertising, and relate this to their personal privacy. Participants were first asked about their current privacy settings

on Facebook, in an effort to gauge their interest in protecting their personal information and identity. They were then asked about Facebook ads they have seen for their specific demographic and were asked to share what specific ads they had seen. From this information, they were asked if this type of advertising changes their perception of privacy on Facebook, as well as their perception of the companies that advertise, and to elaborate if they so chose. In closing, the participants answered an open-ended question about how companies can utilize Facebook to advertise more effectively.

1.5. Research Findings

The goal of this study was to see how Facebook users perceive the site and its advertisers. Each section of the survey provided information and opportunities for participants to honestly and openly express their perceptions, and give specific examples as to why they feel the way they do.

1.5.1. Demographic Outlines

Out of the total amount of participants: 70.2% were female and 29.8% were male. Individual university demographics were as follows:

Table No.1.

Name of the University	Gender	Freshers	Compare Freshman	Juniors	Seniors
B.B. Ambedkar University	70.2% female, 29.8% male	1.6%	15.2%	24.0%	59.2%
Lucknow University	71.1% female, 28.9% male	0.9%	17.6%	9.3%	72.2%
Amity University	60.7% female, 39.3% male	0.0%	4.3%	23.3%	72.5%
Central University of Orissa	80.0% female, 20.0% male	10.6%	23.4%	6.4%	59.6%

1.5.2. Social Network Site: Facebook and Advertising

Collectively, 48.1% of respondents had between 500 and 1,000 Facebook “friends,” and only 2 out of the total 349 had less than 100 friends.

In terms of Facebook usage, 80.1% of participant’s log-on to their Facebook multiple times daily, and 95% of the respondents check their Facebook at least once a day. At LU, 98.5% of students surveyed check their Facebook daily, and 95% of BBAU students are logging on daily. CUO showed that 95.6% of participants were on Facebook at least once a day, and this number was 92.6% at LU.

Across the board, 100% of participants used Applications on Facebook. All of the students used Facebook-generated Applications, such as events, photos, and groups. The next most popular application was “fan pages,” with a combined 66.2% of participants using this application (76.1% for BBAU; 59.3%, LU; 68.2%, Amity; and 54.3%, CUO).

Advertising awareness varied by universities, but 79% of respondents were aware of advertising on Facebook at least half of the times they log-on. Data from the individual universities in terms of advertising awareness is shown in Table No. 1.

Table 2. Users who were aware of advertising on Facebook

Name of the Universities	100% of the time	75 % of the time	50%of the time	25%ofthe time	0% of the time
B.B. Ambedkar University	30 %	25%	30%	12.50%	2.50%
Lucknow University	27.80%	20.40%	28.70%	22.20%	0.00%
Amity University	25.40%	17.90%	26.90%	26.90%	3.00%
Central University of Orissa	32.60%	23.90%	21.70%	17.40%	4.30%

Students had seen advertising in a variety of places on the site. As a whole, 39.8% of respondents saw advertising on applications; 82.0% saw advertising on their main page; 34.5% saw advertising when they write on a friend's wall for their birthday; and 83.2% saw advertising on the side bar of other people's profiles.

1.5.3. Privacy and Perception

In an analysis of all participants, the majority at every universities considered their profile settings to be "strict," meaning only their Facebook friends can see all of their information, but they are searchable to other users. Of the total, 88.2% of respondents said that their current privacy settings on Facebook are "strict" or "very strict," meaning they do not appear in search results, and have an extremely limited profile. No respondents admitted that their Facebook pages were "extremely open," meaning that everything on their Facebook page can be seen by everyone. Only 4.7% students of LU, 28.4% of Amity, 13.0% of CUO, and 3.5% of BBAU would consider their profile pages to be considered "open," meaning that friends and networks can access all of their information).

When asked about specific Facebook ads, 88.0% of total respondents have seen ads that directly target their demographic. Among those who saw nano-targeted advertising were 90.5% of LU students and 84.4% of CUO respondents. At Amity, the percentage was 83.9%, and at BBAU it was 87.7%. Some of the ads seen by all of the universities included t-shirts for shows they like, lifestyle advertising, dating services for the newly single, internships in their specific majors, study abroad, merchandise, housing in the area where they live, etc. After describing the highly targeted ads, participants were asked if these ads change their perceptions of privacy on the site. For this question, respondents were split. Collectively, 54.7% of students thought that the ads did not change their perception of privacy, but this majority did not hold up at all schools. At LU, only 40.6% of students said the ads changed their perception of privacy, followed by 45.7% at CUO and 45.6% at BBAU. However, Amity was slightly swayed in the opposite direction, with 52.2% of respondents thinking that the advertising changed their perception of privacy. Respondents at Amity cited the following as reasons for the change invasion of privacy, feeling less secure, or questioning why the information is accessible when privacy settings are strict. Each university had respondents that expressed concern over their privacy on Facebook, but the results were not particularly clear either way. When asked how they felt about the companies that create this highly targeted advertising, the majority of respondents at each university answered that the advertising did not change their perception of the company (a total of 66.7% of students). However, each university did have some who disagreed. The number of students who said that they saw the companies in a new light because of advertisements reached 28.3% at LU, 38.8% at Amity, 34.2% at BBAU, and 34.8% at CUO. Their perception of the companies, as described by one exact word they used, is shown below in Table 2.

Table No. 3. Perceptions of Companies by Facebook Users

Open-Ended Answer	B.B. Ambedkar University	Lucknow University	Amity University	Central University of Orissa	Total
Relevant	1	5	1	2	9
Manipulative	4	1	6	0	11
Smart	4	4	2	3	13
Less credible/legitimate	3	3	1	3	10
Technologically savvy	2	2	2	4	10
Desperate	4	0	3	1	08

In the last question, respondents were asked to give constructive criticism, and respond as to how they thought Facebook could be used to advertise more effectively. Table 3 below shows the top eight common responses.

Table 4. Suggestions for more Effective Advertising on Facebook (unit response)

Open-Ended Answer	B.B. Ambedkar University	Lucknow University	Amity University	Central University of Orissa	Total
Not advertise at all	8	6	8	5	27
Keep it the way it is	6	12	5	5	28
More targeted ads	5	10	4	2	21
Less targeted ads	5	4	3	3	15
Not sure	4	3	5	2	14
Fan pages	5	3	1	3	12
Incentives	3	4	3	2	12
More creative/exciting	9	7	8	3	27

1.6. Inferences:

On the basis of the results generated from the surveys, a number of inferences can be made. First, the average participant had between 500-1,000 Facebook friends. This number is significant, because according to Facebook's Statistics (2013), the average user on the site only has 130 friends. This may indicate that the participants in this survey are more active on the site, and know more fellow "Facebookers" than the average user. Another significant statistic was that only 5% of participants did not log-on to their Facebook account on a daily basis. According to Social Peel (2013), 80% of university students log-on daily, making this particular group of university students even more active on Facebook than the average college student. The fact that all participants used applications was expected, as participants were told about the survey through a Facebook event (which is technically an application). The next most popular application set was the fan page, which over 66% of respondents use or visit. This should be noteworthy to business companies and potential advertisers, as it is a free way to get Facebook users connected to a specific brand or product. The rest of the application types did not get enough respondents from the participants to be as important in the same sense.

The study proved that the majority of students are fully aware of advertising on Facebook, with less than 5% of respondents from each university not noticing it at all (at LU, every student noticed the advertising). The most common places these ads were seen were on the “news feed” home page, and on the side bar of other people’s profiles. These are typically displayed as traditional banner ads, and the fact that students did not notice ads in other places could indicate that they are not fully aware of untraditional advertising on Facebook. In terms of privacy, all students surveyed had taken some precautions and modified their privacy settings on Facebook. All participants knew what their settings were—and none classified themselves as having “extremely open” profiles. This indicates that the students are concerned and aware that their information may leak out to third parties. This may also correlate with the fact that the majority of respondents have seen micro-targeted ads, specifically to their demographic. Although participants gave many examples of these nano-targeted ads, it did not necessarily change the way the students thought about Facebook or its advertisers. Participants were split in terms of whether or not it changed their perception, and even when their perception was changed, it was not necessarily for the worse. This indicates that there was not an overall consensus as to the effects of advertising on Facebook users. It may seem obvious that students would prefer the advertising not to exist in the first place; however, less than 30% of all respondents suggested that Facebook stop advertisements all together. For effective advertising, many suggested ideas, such as give-aways, promotions, and more eye-popping advertisements to catch a user’s attention. Advertisers should use this information to their advantage when pursuing an advertising campaign on Facebook.

1.7. Concluding Remark

This research study took a critical look at Facebook advertising and how it affects the users of the social networking site. As of now, there is no conclusive data as to a “universal” perception of Facebook advertising. This conclusion directly relates to the uses and gratification theory mentioned in the literature review. This study was limited because it could not be entirely random due to limitations in contacting students at the participating universities. Also, the manner in which the survey was advertised limited the participants to students who checked their Facebook accounts during the last week of July. Therefore, less frequent Facebook users were not represented in the results. In order to further understand how to effectively advertise on social networking sites, more research should be conducted. It would be beneficial to follow a specific business company who is advertising on Facebook, and see how the company grows or changes as a result of social network exposure.

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