FACEBOOK ADVERTISING: RELATIONSHIP BETWEEN TYPES OF MESSAGE, BRAND ATTITUDE AND PERCEIVED BUYING RISK

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Abstract

We are witnessing a spectacular growth in electronic commerce in recent years, although we cannot say that it has been without obstacles. Among the barriers mentioned by the literature are the lack of trust in online brands, the perceived purchase risk, the perception of the type of promotional message. More often than not, commercial Facebook posts influence brand image and brand trust, which can lead to an increased buying intention. Our research attempted to determine whether the type of commercial Facebook posts (paid or unpaid) and the type of post content (rational or emotional) influence message credibility, attitude towards the advertised brand and perceived purchase risk. The type of post appeared not to influence any of these variables, while the type of message significantly influenced the credibility and the perceived risk. The rational message generated more credibility, while the perceived purchase risk is higher for the emotional messages.

Keywords: Facebook advertising, brand attitude, perceived buying risk

JEL Classification: M37, M31, M30

1. Introduction

Effectiveness of advertising

Nowadays, communication between businesses and customers is moving towards online social networks like Facebook, Instagram, Snapchat, Qzone or Flixter. Facebook offers companies the possibility to create their own brand pages where they can send messages to customers. There are many different ways to communicate on these branded pages. From a business perspective, the question that arises is: what type of Facebook messages is most effective in terms of influencing the customers’ attitude towards brands, perceived buying risk and intention to buy.

(Mehta, 2000) has indicated consumer beliefs and their attitude towards advertising are essential indicators of advertising efficiency. Respondents with a more positive attitude to advertising have recalled a higher number of ads the next day and were more likely to buy. (Chen & Wells, 1999) suggested that there could be a value in exploring the effect of website attitude in web advertising assessment. A study by (Bauer, et al., 2005) shows that consumers will develop a positive attitude towards advertising when advertising embraces messages that are entertaining or offer high informational value.

A study of (Rog, 2014) reveals that “there are no significant differences between the message type and the efficacy of the message. The attitude towards the message, the attitude towards the brand, the purchasing intention and the engagement rate were not significantly different between the information messages, the entertainment messages and the promotional messages. (…) Nowadays, Facebook ads significantly affects brand image and brand equity, also contributing to a significant change in purchasing intention. The growth of business in consumer electronic commerce has been phenomenal in recent years. Some important barriers to the complete development of e-commerce are still there (Yousafzai, et al., 2005). The specialized literature mentions lack of trust in on-line brands as the most substantial of these. The researchers considered that the Internet users are not very trusty in online shopping. For consumers with a low brand relationship, promotional and entertainment messages lead to a higher attitude towards the message and a higher attitude towards the brand. Customers with a strong brand relationship,
informational messages lead to a higher attitude towards the message and a higher attitude towards the brand. Because of e-tailers and the risk factors associated with them. The trust is a crucial element when we speak about high perception of risk and fear of opportunism in electronic commerce. For consumers with a low brand relationship, promotional and entertainment messages lead to a higher attitude towards the message and a higher attitude towards the brand. Customers with a strong brand relationship, informational messages lead to a higher attitude towards the message and a higher attitude towards the brand.” Another study conducted by (Dehghani & Tumer, 2015) reveals that Facebook advertising significantly affects brand image and brand equity, also contributing to a significant change in purchasing intention.

**Brand attitude**

Brands are one of the company’s most valuable assets in an increasing market competition and globalization. Therefore branding has emerged as a top management priority (Aaker, 1991), (Aaker, 1996), (Ailawadi & Keller, 2004), (Keller, 2013). Defining brand equity as a set of assets (or liabilities), (Aaker, 1991) initially theorized it as a multidimensional concept, consisting of brand awareness, brand association, perceived quality and brand loyalty, all of them being important from the customer perspective.

Brand attitude can be described as the affective response of the receiver to the brand that is advertised in the message. (Sicilia, et al., 2006) study revealed that a customer who has received private advertising is also expected to have a favorable attitude towards the brand that is displayed in the message.

The most important indicators of the customers’ behavior related to brands seem to be transaction likelihood and share-of-wallet. The companies intended brand associations collectively form the brand image (Keller, 1993), which has been established as a key determinant of purchase for profit seeking companies (Batra & Homer, 2004). Another aspect of behavior towards the brand is share-of-wallet. Share-of-wallet is viewed as an important measure of loyalty (Cooil, et al., 2007). Brand associations have been shown to positively relate to loyalty behaviors in both for profit and nonprofit contexts (Ming-Huei, et al., 2004), (Plewa, et al., 2015). Similarly, more general service quality judgments are commonly associated with expressions of loyalty (Zeithaml, et al., 1996). However, while the relationship between satisfaction and share-of-wallet has been well established (Cooil, et al., 2007), the possible relationship between brand associations, brand attitudes and share of wallet has been largely ignored. The study of (Briggs & Janakiraman, 2017) revealed that advertising information only affects behavior indirectly through brand associations and attitudes.

**Perceived buying risk**

Perceived purchase risk is a key concept for understanding consumer behavior (Mitchel & Rieunier, 2012), (Eggert, 2006). The risk is significant in the process of alternatives evaluation (Cunningham, et al., 2003), (San Martin Gutièrrrez, et al., 2010). In fact, the risk is attached not only to what is acquired but also to how or where it is acquired. The perceived risk is explained (Mitchell & McGoldrick, 1996), for both for refusing to use distance-selling and outlet channels. (Gefen, et al., 2008) The authors argue that this "perceived risk" concept helps us to understand consumer resistance for online shopping better than the concept of trust. The risk-based approach provides a better understanding of consumer concerns about website functionality, data misappropriation, and post-purchase disappointment. It helps identify ways to mitigate these concerns. The perceived acquisition risk is seen as "the probability that the acquisition of the item would result in the consumer's general dissatisfaction” (Pires, et al., 2004).

The growth of business in consumer electronic commerce has been phenomenal in recent years. Some important barriers to the complete development of e-commerce are still there (Yousafzai, et al., 2005). The specialized literature mentions lack of trust in on-line brands as the most substantial of these (Grabner-Kräuter & Kaluscha, 2003), (Wang, et al., 2004). Research of
(Bezes, 2016) has identified several types of specific online risks such as performance or time risks, physical or psychological and social risks, or financial ones that can be both dependent and independent. The authors (Liljander, et al., 2009) compare empirically the level and influence of the perceived risks, but also the nature of the risk involved in choosing a merchant's site or shop, such as buyers with multiple distribution channels when deciding to buy.

The researchers considered that the Internet users are not very trusty in online shopping because of e-tailers and the risk factors associated with them. (Ko, et al., 2004), (Eggert, 2006), (Kwon & Lennon, 2009). Concretely, some of the risk factors are the upsurge in payment method fraud or personal information theft, lack of contact with sales staff and the difficulty in relying on item visualization alone (Shim & Lee, 2011), uncertain delivery or product return conditions, ever-fluctuating internet prices that may reinforce the financial risk of buying online (Ha & Coghill, 2008). Multichannel shoppers prefer to obtain the information from the Internet and then to buy from a real shop, and the uncertainly of the Internet purchase process creates a barrier when they have to switch the store with the website (Liang & Huang, 1998) (Gupta, et al., 2004). This is why the websites of the merchants are in disadvantages in comparison with the stores (San Martín & Camarero, 2009).

By transposing their meaning from the product to the channel, Bezes (Bezes, 2016) defines both performance risks and financial, psychological and time risks. Another two risks that appeared in e-commerce literature are transaction risk (privacy and security) and logistics risk (delivery, product pickup or return). The trust is a crucial element when we speak about high perception of risk and fear of opportunism in electronic commerce. For the new online brands, there is a challenge to convince the consumers to generate transactions because they follow the established and known brands, which makes them to feel secured. A number of studies on signaling and asymmetric information have examined how specific Web site characteristics and site appearance, the use of seals of approval, return policies and privacy disclosures, and assurances of security encryption and money-back guarantees all serve as quality signals and risk relievers (Cook & Luo, 2003), (Hampton-Sosa & Koufaris, 2005).

Some opinions endorse the idea that other factors, such as branding, may also build trust and enhance the perception of value and quality (Keller, 1998), (Voss & Gammoh, 2004), (Yousafzai, et al., 2005). A few studies have addressed the use of brand names as a trust-building tactic in an on-line environment. At the same time, there are several reasons why trust marks are not always the best method to instill trust. For instance, consumers may not be familiar with the trust marks, may not view them as assuring, may find them difficult to understand and vague, or may not even notice their presence on the Web (Aiken & Boush, 2006), (Yousafzai, et al., 2005).

The study of (Delgado-Ballester & Hernández-Espallardo, 2008) reveals that brand names are powerful heuristic cues for evaluations and choice decisions. They signal intangible properties that must otherwise be learned through experience. By the halo effect, a new and relatively unknown online brand can overcome the significant weakness of having neither initial recognition nor an established reputation by being linked with a reputed and well-known brand. Several research streams on attitude and belief formation provide robust theoretical explanations for the transfer of perceptions and impressions between brands (Lynch, et al., 1991).

The question is: what characteristics determine perceptions of relatedness? (Delgado-Ballester & Hernández-Espallardo, 2008) synthesized two characteristics: perceived similarities and degree of association. Based on the results obtained, degree of association among brands was found to be a more decisive factor than perceived similarity in consumer reactions to a new online brand. The transfer of trust elicits such behavioral responses as bookmarking the Web site of the unknown brand, providing personal information, and intention to purchase. As for perceived similarity, it has a significant impact on bookmarking intentions. (Wumei, et al., 2017) study shows that a seller's valuation of a product is much higher than a buyer's or consumer's valuation of the same product, which is known as the “endowment effect”. The research shows that people with real
representation are more impulsive, less self-motivated, less consistent in their behavior over time, and more externally-controlled than their abstract representation counter-parts.

(Norazah & Norbayah, 2017) investigate the determinants of consumers' attitude towards online group buying and compares male and female shoppers based on their purchasing behavior. Customers noted that the site of initiator appeals to be more trustworthy than other sites and delivers every promise made. Indeed, they felt trusted for their group buying on the Internet when clear legal privacy statements including guarantees are available on the websites. They were assured that initiator's protective measures for online payment are secured. Online retail managers should improve their transaction security mechanisms and Internet technology to dwindle consumers' perceived risks in terms of financial, product and time risks, strengthen their trusts and grow online trading confidence when executing online group buying.

Our research is focused on the commercial messages posted in Facebook. The goal of this research was to determine whether message credibility, attitude towards brand and perceived buying risk are determined by the type of message (paid ad or friend recommendation) and type of content (emotional and rational). Moreover, we are going to measure the influence of Facebook usage as a covariate.

2. Instrument and methodology

To collect the data for our research, we have employed an online questionnaire. Two types of simulated Facebook messages were conceived in order to be used in the questionnaire. Both messages were recommending a smartphone brand, but the first message was rational and the second was emotional in content. The rational message was based on the product technical characteristics (nano sim card, night vision, 32 GB of memory, Android operating system etc.) while the emotional message presented the benefits of the product in a sensitive fashion (“this smartphone is your world, your freedom, your adventure”, “it is the hottest, the slimmest, but also the strongest” etc.). After being exposed to the message, the respondents had to answer four sets of questions. The questions in each set referred to the following areas, respectively: message credibility, attitude towards the brand, perceived buying risk and Facebook usage habits. The list of questions can be found in Table 1. The Facebook usage scale was adapted from the scale created by (Rapp, et al., 2013).

<table>
<thead>
<tr>
<th>Table 1. Scales and items</th>
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</thead>
<tbody>
<tr>
<td><strong>Message credibility</strong></td>
</tr>
<tr>
<td>This message/ad is credible.</td>
</tr>
<tr>
<td>This message/ad is sound.</td>
</tr>
<tr>
<td>This message/ad is reliable.</td>
</tr>
<tr>
<td>This message/ad is convincing.</td>
</tr>
<tr>
<td>This message/ad is impartial.</td>
</tr>
<tr>
<td>This message/ad is honest.</td>
</tr>
<tr>
<td>This message/ad is helpful.</td>
</tr>
<tr>
<td><strong>Attitude towards brand</strong></td>
</tr>
<tr>
<td>This phone brand is reliable.</td>
</tr>
<tr>
<td>This phone brand is good quality.</td>
</tr>
<tr>
<td>This phone brand is appealing.</td>
</tr>
<tr>
<td>This phone brand is dependable.</td>
</tr>
<tr>
<td>This phone brand is trustworthy.</td>
</tr>
<tr>
<td><strong>Purchasing risk</strong></td>
</tr>
<tr>
<td>There is a risk that this phone will not work properly.</td>
</tr>
<tr>
<td>If I buy this phone I may regret the money spent.</td>
</tr>
<tr>
<td>There is a risk that this phone will not fit my self-image.</td>
</tr>
<tr>
<td>There is a risk that this phone will affect the way other people think of me.</td>
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</tbody>
</table>
Facebook usage
I use Facebook to keep an eye on my favorite brands.
I use Facebook to communicate with other brand users.
I use Facebook to follow sales and promotions.
I use Facebook to keep current on events.
I use Facebook to monitor trends.
I use Facebook to keep in contact with retailers.
I use Facebook to strengthen my relationships with brands.

The questionnaire was applied to a convenience sample of 369 Romanian students and professionals. The sample was randomly divided into two groups, using a custom script, as shown below:
- the respondents in the first group saw the rational message and they were told that it was a paid advertisement
- the respondents in the second group saw the rational message and they were told that it was a recommendation of a Facebook user
- the respondents in the third group saw the emotional message and they were told that it was a paid advertisement
- the respondents in the second group saw the emotional message and they were told that it was a user recommendation.

About 62% of our respondents were male, and 38% were female. The vast majority of respondents (71%) were under 26 years old. We have chosen this group of people because they are hard Internet surfers and use Facebook very frequently, most of them daily. They also utilize this social network to find information about their favorite products, services and brands.

3. Data Analysis
To study the relationship between the type of message and content, on the one hand, and message credibility, brand attitude and perceived risk on the other hand, we have conducted an analysis of covariance (ANCOVA). The factors were type of message, with two categories (recommendation and paid advertisement) and type of content, also with two categories (rational and emotional). The dependent variables were the three mentioned above, while the covariate was Facebook usage. So our intention was to detect whether the Facebook usage influences the relationships between factors and dependent variables.
Three separate analyses were performed, one for each dependent variable. The results are synthetically presented in Table 2.

<table>
<thead>
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<th>Dependent variable</th>
<th>Type of message influence</th>
<th>Type of content influence</th>
<th>Factor interaction influence</th>
</tr>
</thead>
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<tr>
<td></td>
<td>F</td>
<td>P</td>
<td>F</td>
</tr>
<tr>
<td>Message credibility</td>
<td>1.597</td>
<td>0.207</td>
<td>3.812</td>
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<tr>
<td>Attitude towards brand</td>
<td>0.168</td>
<td>0.682</td>
<td>0.055</td>
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<tr>
<td>Perceived buying risk</td>
<td>0.454</td>
<td>0.501</td>
<td>17.007</td>
</tr>
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</table>

By inspecting Table 2, we conclude that the interaction between factors has no effect on any response variable. The type of message (recommendation vs. paid ad) does not influence the dependent variables, while the type of content (rational vs. emotional) affects message credibility and buying intention only.

In order to evaluate the influences, we have computed the means of the dependent variables in the “rational” and “emotional” groups. Table 3 below presents both the initial means and the adjusted means (corrected by statistically removing the influence of the covariate).

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Table 3. Means and adjusted means of the dependent variables
In Table 3 we notice that the differences between the initial mean and the corrected mean are very low in absolute value, so the influence of the covariate is pretty weak. We will further examine all the results of the analysis in the next section.

4. Discussions

The first conclusion of our research is that attitude towards the brand does not depend on either message type or content type. This could be explained by the fact that we have used a fictitious brand in our research – we did not specify a real brand name. In conclusion, the respondents could not shape their opinion about the brand just reading the messages. As a matter of fact, we can notice that the average brand attitude score is around 3, meaning that the respondents’ feelings towards the brand are rather neutral. The reason is the same: no actual brand name was used in this research.

Therefore, the respondents could only judge the message credibility and assess the purchasing risk based on the message. The rational message is a bit more credible than the emotional one – the difference between the averages is very close to significance (p=0.52). The explanation is pretty obvious here: smartphones are usually bought rationally and the customer’s involvement is high. This is why people tend to give more credit to factual messages that present detailed technical information about the product.

As for the perceived buying risk, it is much bigger for the emotional message. This message will probably leave the potential customer with a lot of unanswered questions like: is this product right for me? Will it work well? Would I regret the money I spent for it? This is less probably to happen for the rational message, because this message contains objective information that help the customer make an exact idea about the brand they are going to buy.

Our research also produced a rather intriguing result: the type of message does not influence message credibility. In other words, people seem to trust paid advertisement or disinterested recommendations equally. The rationale behind this finding could be the following: the respondents are people who intensively use Facebook to get information about product and services. This is why they tend to trust a commercial messages they find there, if the message contains specific, useful information about the product and if the person or organization behind the message seems honest. If this is the case, then they will not make a big difference between advertisements and friends recommendations.

5. Limitations and further research

This research suffers of several limitations. First of all, the respondents were only Romanian and only young people (mostly from Romania). Extending the sample to other age categories could be a task for a future similar research. Additionally, only one product category was used in the research design – a smartphone. This is a product that customer buy for rational motives, based on judgments about technical and functional characteristics. Further research could include various product categories, including products that are bought mainly for emotional motives. This could help us identify more connections between type of product and type of message, on the one hand, and message credibility on the other hand. Other way to improve this
research would be to further explore the differences between paid and unpaid messages in terms of impact on credibility, perceived buying risk and even buying intention.

6. Conclusions

Facebook users trust the rational messages more than the emotional ones, especially when they concern technical products that are purchased based on reason. Rational messages are more informative; they make the customer more confident when it comes to take a buying decision and thus reduce the perceived purchase risk. This is why companies that produce and sell technological products should mainly convey rational messages, whether they rely on paid advertisements or on voluntary recommendations posted on Facebook by their fans. This does not mean that emotional appeal should not be used at all. Nonetheless, the message should give the potential customer enough fact-based information to help them make a decision wittingly.

References


