

IMPACT OF USER GENERATED CONTENT ON
CONSUMER PURCHASE INTENTION
CASE: COMPANY X

Daria Maksimova

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| Author | Daria Maksimova | Year | 2018 |
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The objectives of the thesis were: to analyse the essence of UGC, to describe consumer purchase intention and to determine the connection between UGC and consumer purchase intention. The objectives of the thesis were based on the main goal of the thesis project which was to define the role of UGC created by Facebook users on the modern businesses in the context of Company X.

The thesis project consists of two main parts: a secondary research and a primary research. The secondary research of the thesis project is based on books, articles, library databases, and collected from media market sources and different reports. The theoretical framework of the thesis project includes marketing communication, the explanation of social media networks and UGC which is content created by non-professionals publicly over the Internet. Furthermore, a customer purchase intention is described as well. For the primary research the quantitative research method was chosen during the thesis studies for the implementation of the thesis in the form of a survey. The questionnaire was made using 'Webropol' programme. The link to the survey was sent via emails of customer database of a case-company, and the data was collected within the first two weeks of April 2018. The results of the thesis are provided for Company X.

The research results showed the answers for the questions regarding social media questions, UGC and Facebook use. It was analysed in order to reach the objectives and the main goal of the thesis project. The most common tendency in the results collected was: people have a level of trust in UGC, and their purchase intention could be influenced by a comment or review of a person, who has made a purchase already.

Key words social media, user generated content, purchase intention, Facebook, marketing communication

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SYMBOLS AND ABBREVIATIONS

UGC- User Generated Content

SMM- Social Media Marketing

HOE- Hierarchy of Effects

IMC- Integrated Marketing Communication

WoM- Word of Mouth

OECD- The Organisation for Economic Co-Operation and Development

1 INTRODUCTION

Digitalisation of communication has become an increasingly prominent phenomenon in everyday life, reflected in the way of marketing communication. People are increasingly spending greater amounts of time on social media platforms instead of reading newspapers and watching television. The Internet provides a range of possibilities of establishing close and lasting relationships with customers and making facilitating working with external partners, who may make marketing communications more effective. (Hajduk 2017, 184.)

Social media marketing (SMM) is used by business-to-customers (B2C) companies, mostly in comparison to business-to-business (B2B) companies (Swani, Brown & Milne 2014, 873). Customers and businesses have been more connected since the huge transformation of the Internet revolution. Facebook has 1.28 billion daily active users (Facebook 2017); Instagram has 200 million daily active users (Instagram statistics 2017). Every second, on average, around 6,000 tweets are tweeted on Twitter, which corresponds to over 350,000 tweets sent per minute, 500 million tweets per day (Twitter 2017). All these social media platforms are expected to experience a continuous growth of the amount of users. Social media communication has changed user generated communication and its influence on businesses, these platforms offer an opportunity for customers to interact with other consumers; thus, companies are no longer the sole source of brand communication. (Li & Bernoff 2011, 181-183.) In addition to this, it brings user generated content (UGC) into the central focus of the marketers and the researchers.

The goal of the thesis is to define the role of UGC created by Facebook users on the modern businesses in the context of Company X. The objectives of the thesis are: to analyse the essence of UGC, to describe consumer purchase intention and to define the correlation between UGC and consumer purchase intention.

The research is implemented for a commissioner- a rental agency in Granada, Spain. Company X provides services for customers and uses social media marketing (SMM) as a main channel for promotion and finding new customers.

Digital marketing is going to be excluded from the thesis project. The thesis studies usage of social media platforms, Facebook mostly, in B2C marketing. Hence, the use of the case-company's website is excluded from the thesis project.

The thesis project consists of two main parts: a secondary research and a primary research. The secondary research of the thesis project is based on books, articles, library databases, and collected from media market sources and different reports. The primary research is based on quantitative research method in a form of a survey. The survey is conducted in order to collect data and achieve the goal of the thesis.

2 COMPANY X

The case-company is a small rental agency located in Granada, Spain. The company was established in 2014. It provides service: helping students and young professionals find an accommodation while on placement or when starting their independent life.

The company operates in the Spanish and English languages mostly, but staff could display proficiency in both German and French as well. They have a young and international team which helps them grow further and develop new links and partnerships. Company X cooperates with Spain-Internship and always offers new internship opportunities: it could be marketing, customer relationship and reservation assistant positions. The rental agency is a small company with few members of staff, but it is a part of a huge enterprise which also runs in the Andalusian region of Spain: Seville, Málaga and Cordoba, making them one big company divided into subsidiaries.

Company X has 37 shared-apartments in different parts of Granada. Most of them are located in the city centre making them more attractive for customers, given that everything they need, including entertainment facilities, is in this area; but some of the apartments are situated in proximity to the university campuses. The price varies from 195€ to 450€ per month excluding utility bills, which depends on the area and conditions of the apartment. Customers of the company are mostly foreign. There are 80 percent of the people from abroad and only 20 percent are locals.

Company X is willing to expand their business and attract even more customers by purchasing the new apartments and utilising a strong marketing strategy. The company uses both traditional and digital marketing in their strategy. Social media marketing is used by the company a lot. By handling social networks new customers can be easily founded and attracted. Facebook is the most useful social media platform for doing marketing at this company: a lot of customers were found there through advertising promotions, that is why the author focuses on analysing Facebook social network for making a thesis project. Company X has also partnerships with local clubs and bars and gets some special tickets for the company's customers.

3 MARKETING COMMUNICATION

3.1 Communication as Core For Marketing

Good communications are an essential part of successful market-oriented companies and their products or services (Jobber & Ellis-Chadwick 2016, 409-411). Companies need to communicate which values they have and what advantages they have to offer in consideration of getting customer's trust and loyalty. However, the way businesses communicate with their customers is always developing and changing. Nowadays, digital technologies are reshaping the form of communication. There are more channels for a customer to engage with a brand.

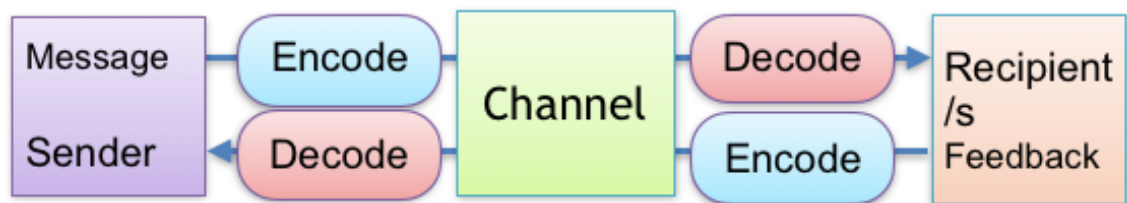


Figure 1. Elements in Communication Process (Schramm model 1954)

Communication can be defined as a process of imparting or exchanging information to one or more people. This process helps to increase the productivity of the company and enhances relationship. Figure 1 demonstrates how communication works: sending and receiving a message among people. Communication channels is the term, thus, describes the way people communicate: face-to-face conversations, telephone calls, text messages, e-mails or the Internet. Encoding messages means a choosing the way of sending messages. Effective communicators encode their messages with the intended audience. Decoding message can be described as the process of understanding received message. Last but not least, the form of feedback is showed in figure 1. Feedback is expressing an opinion, which allows defining how the receiver understands the message. (Skills You Need 2016.) Figure 2 shows that communication is divided into external communication and internal communication.

Internal communication is the exchange of information among employees at different levels within the company. It helps to increase productivity, achieve

company's goals, compose decision-making properly and reduces conflicts between team members. There are different forms of internal communication: group meetings, personal meetings, company's internal server, telephone messages and blog of the company.

External communication is an informal exchange of information between the company and consumers or other companies. To elaborate, communication that takes place outside of the company. It helps to facilitate cooperation with suppliers and investors, provide information to the customers about service or product, present an image of the company, promote and adverse it. There are various forms of external communication: face-to-face meetings, broadcast media, press conferences or annual reports.

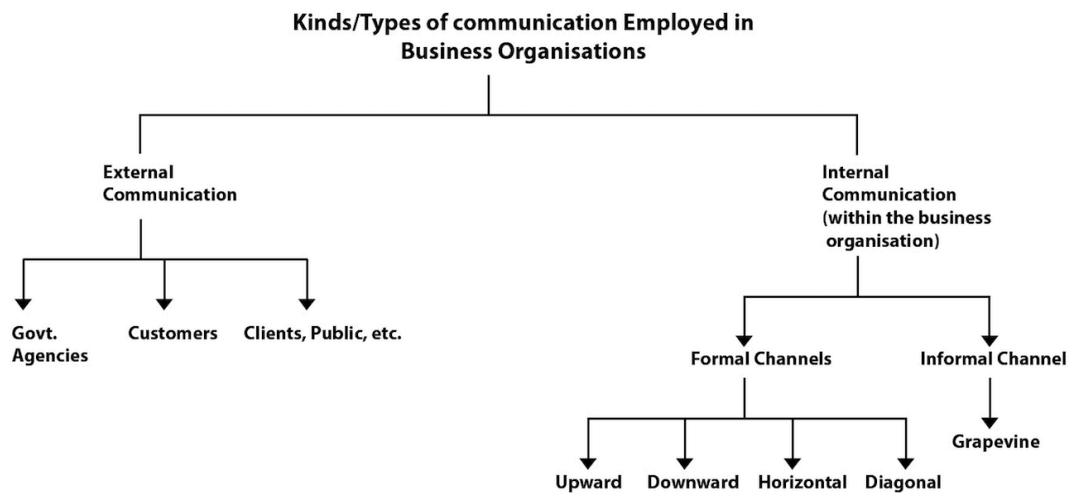


Figure 2. Types of Communication Employed in a Company

External and internal approaches of communication are interrelated, however, in the thesis project external communication is more relevant, because this study considers relationship between the case-company and customers, leading to defining social media impact on consumer purchase intention.

3.2 Brand Management as Form of Marketing Communication

Successful brand management is foundational to brand differentiation and establishing brand-customer relationships which are grounded in strong attachment and stimulate engagement (Mootee 2013, 16). Branding is a key tool for creating competitive advantages and gives an opportunity to create customer value and get their identity from brand meanings. Branding, from a

strategic point of view, is a creation of a trust-based and mutually value producing relationship. (Mootee 2013, 27.) That is why brand management is an essential component of corporate strategy, which shows the expression of business strategy in general.

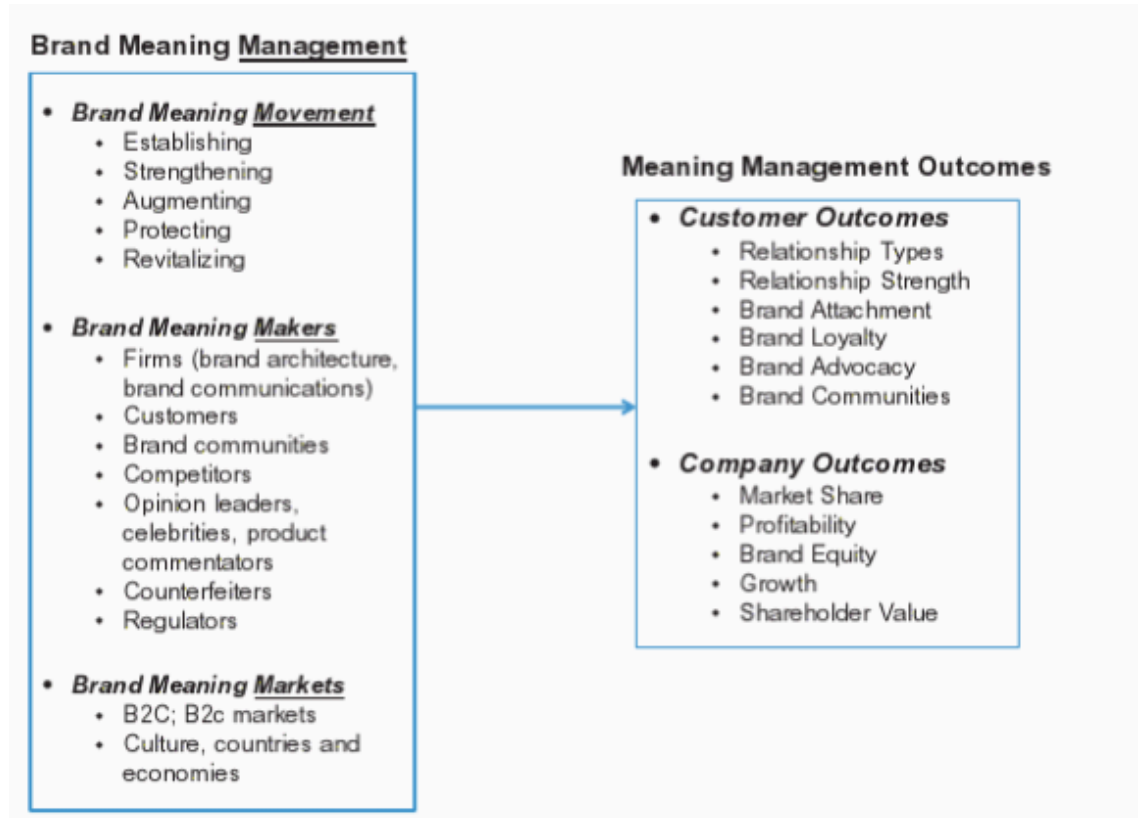


Figure 3. Brand Management (Malhotra, MacInnis & Park 2015, 16)

On the one hand, brand management is an essential part of building brand-customer relationships (Figure 3). Strong brand relationships are based on brand attitude, brand attachment, and brand engagement, which leads to brand loyalty, brand advocacy and allow consumers to establish brand communities. As its consequences, it produces company outcomes like market share, profitability, brand equity, growth and shareholder values. On the other hand, managing this process is complex and dynamic. Moving away from establishing is influenced by brand makers from within and outside the firm. Inside the company, a brand's management can proceed from marketing communications. However, there is some external impact on the brand meaning influenced by consumers, celebrities, competitors or regulators. Those who create brand meaning can influence a lot of people at once by using social media networks. Successful brands must protect themselves from being faked by others. It is

both a crucial and essential thing to protect brand meaning of the company. (Malhotra, MacInnis & Park 2015, 16.) Figure 3 shows three complex categories of brand management structure. The first set presents the subjects involved in the meaning making process itself: marketers, celebrities, brand users. The second set emphasises the influence that brand meaning has on consumers and brand themselves: outcomes that include brand attachment and social relationship management. The last one means when and how brand actions can threaten outcomes, and what to prevent, control and recover the distortion of brand meaning. (Malhotra, MacInnis & Park 2015, 16.)

3.3 Consumer Purchase Intention

In detailing consumer purchase intention, this study follows the Hierarchy of Effects (HOE) model which was created by Robert Lavidge and Gary Steiner in 1961. It is the marketing communication model, which presents six steps namely awareness, knowledge, liking, preference, conviction, product purchase.

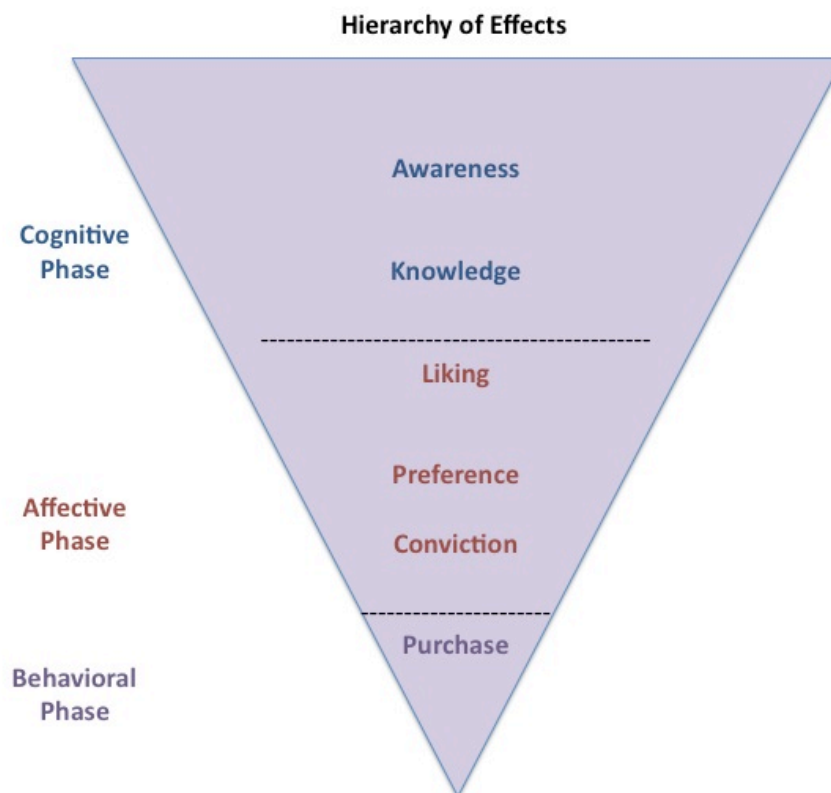


Figure 4. Hierarchy of Effects Model (Steiner & Lavidge 1961)

Figure 4 shows what consumers perceive, process and use marketing communication: the cognitive phase is the way they are thinking, the second is

affective phase and it is about what they feel, and the last one is the behavioural phase which posits how consumers will enact the aforementioned (Jung & Seock 2016). According to this model, the consumers reach awareness and knowledge about the product/ brand, which is the cognitive phase. The cognitive phase is all about information process-making up negative or positive brand attitude and finally deciding, if the consumer wants to make a purchase (Kotler & Bliemel 2001). Perceived quality may influence on brand attitude and brand purchase intention of the customers. Some studies were done, and researches have reported that the higher quality brings the higher brand attitude. There is also relationship between cognitive phase and behavioural (conative) phase: awareness/knowledge to purchase intention through customer's attitude and impressions. Brand attitude is defined as consumer's feelings and the evolution about their perception of brand, and purchase intention is a personal behaviour from the point of buying and purchasing products or services. (Jung & Seock 2016.) Brand attitude and purchase intention are connected and affect each other directly or indirectly.

3.4 Integrated Marketing Communication

A change in the communication environment has led to the integrated marketing communications (IMC), which brings many benefits through integration. IMC is 'a concept that companies coordinate their marketing communications tools to deliver clear, consistent, credible and competitive message about the organisation and its product' (Jobber & Ellis-Chadwick 2016, 409-411). Kotler defines it as a way of looking at the whole marketing process from the point of view of the customer (Kotler & Keller 2006, 19).

Figure 5 demonstrates the components of IMC, which are necessary to deliver the message reflecting product or service of the company and achieve the goals of communication. Advertising, sales promotion, direct marketing, public relations (PR) and personal selling are the components of IMC. The process, showed in figure 5, can be conducted in either both directions.

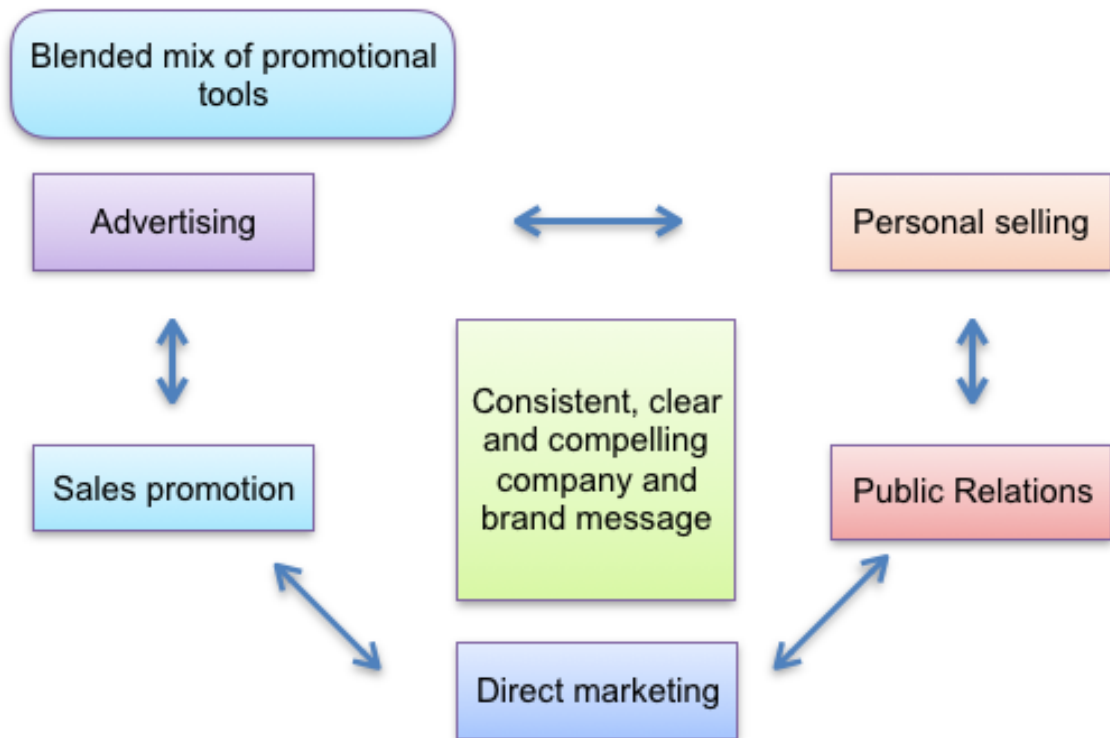


Figure 5. Integrated Marketing Communications (Kotler & Armstrong 2012, 409)

Advertising is defined as a paid form of non-personal communication about companies and their products or services (Belch & Belch 2001, 15). Each marketing strategy includes advertisements through social media platforms, broadcast, television or any kind of billboards. It focuses on gathering attention of a target group. By using advertising as a marketing approach, it helps quickly to create brand image. The second component is sales promotion. It is a marketing activity for providing extra values to sales force consumers or distributors. After utilising the sales promotion campaign properly, sales increase. (Berch & Berch 2001, 21.) Direct marketing is the next aspect of IMC, which is defined as a promotional tool in which companies integrate with customers in order to receive a response. It consists of mailings, direct-response advertisement or e-mails. PR is not about selling but it is about support a favourable public image and telling an association's story to the worlds. It includes interviews, press releases, news, press conferences, which are all about the company. The final stage is personal selling, referenced more commonly as face-to-face transactions, in which a potential customer is persuaded to make a purchase. By using this technique, the company wants to spread awareness about their product or service.

There are steps in developing effective IMC:



Figure 6. Steps in Developing Effective IMC (Kotler & Armstrong 2012, 415-422)

Figure 6 describes identifying target audience, determining the communication objectives, designing a message, choosing a media, selecting the message source and collecting feedback in the end. The first step means that a particular audience is chosen and divided into two categories: existing clients or potential customers. To achieve the step one properly, there must be adequate determination as what, how and where will be said, as well as who will be targeted as base. (Kotler & Armstrong 2012, 411-415.) The second step is about determining the communication objectives, which includes the desired response and using the HOE Model or buyer readiness stages. After determining the objectives, an effective message should be made up by the marketers by using the AIDA model: to get attention from existing clients or potential customers, hold their interest, instigate consumer intrigue about the product or service and take action. Message content includes rational, emotional and moral appeals and uses pertinent messaging. Step 4 is about choosing a media divided into two types: personal communication and non-personal communication channels. Personal channels are a way of communicating with people directly including face to face or person to audience. Non-personal channels are carrying the message without personal contact. Collecting feedback is the last step of figure 6. Campaigns traditionally

aim to evaluate by collecting and analysing data about effectiveness of communication and conduct to improve IMC for the next strategies. (Kotler & Armstrong 2012, 420-421.)

There are three main strategies which define the target groups and IMC campaigns: pull-positioning, push-positioning and profile positioning strategies. (Jobber & Ellis-Chadwick 2016, 434-435).

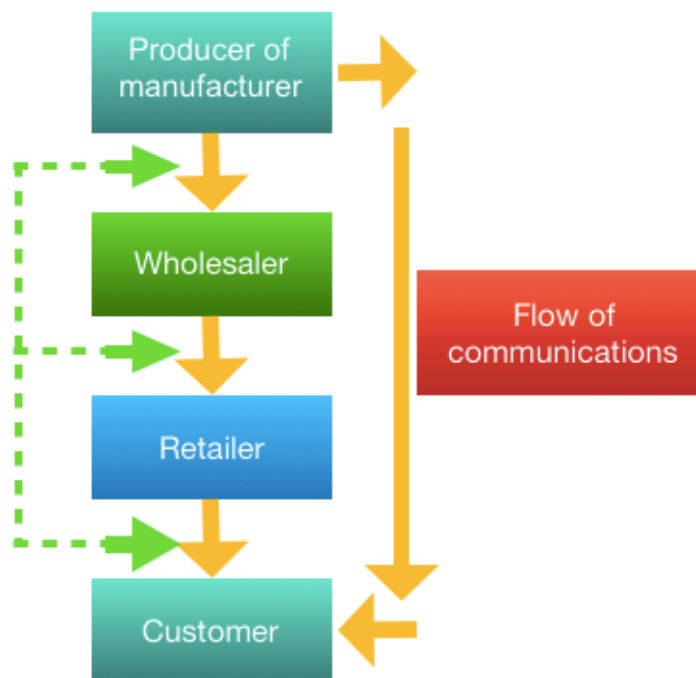


Figure 7. Direction of Communication Flow in Pull-Positioning (Jobber & Ellis-Chadwick 2016, 434)

Pull-positioning strategies are aimed to encourage customers to make a purchase by pulling product or services through chain of communication slowly from producer of manufacturer to the retailer or to the customer as it can be seen in figure 7. In a pull-positioning strategy messages are sent to create awareness and motivate action among the target audience. The idea of this strategy is that customers expect the product to be available when they want to make a purchase.

In the push-positioning strategies the goal is to move good through the supply chain from the producer to the wholesalers, then to the retailer, as figure 8 demonstrates. The objective of this strategy is to build relationships between businesses, where personal selling and trade promotions play the main role.

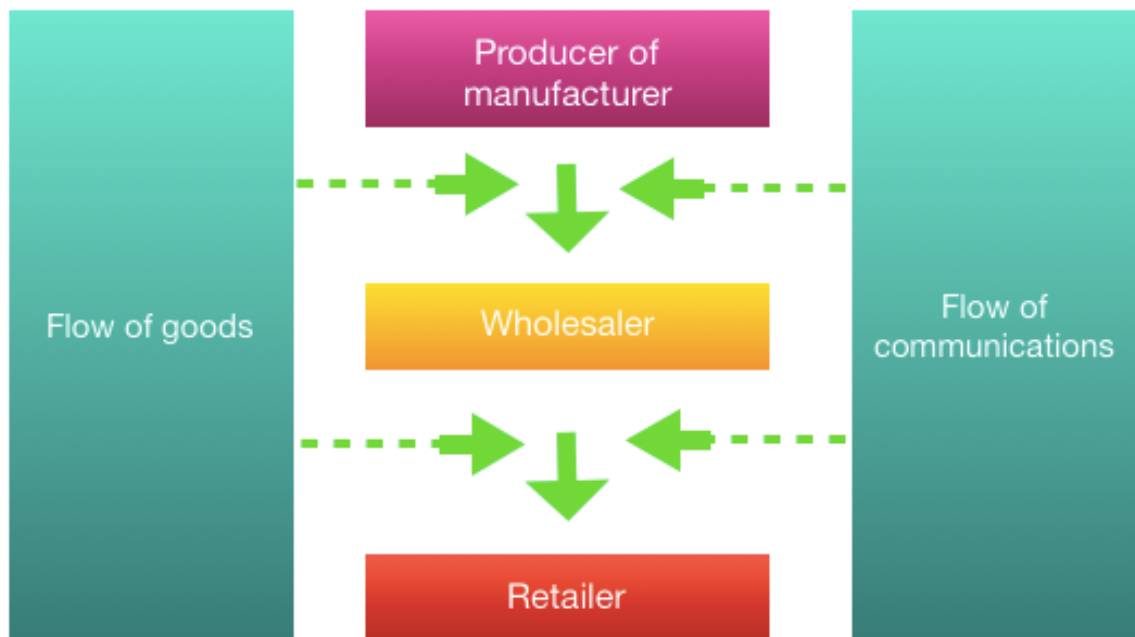


Figure 8. Direction of Communication Flow in Push-Positioning (Jobber & Ellis-Chadwick 2016, 435)

The third strategy is profile-positioning which is for developing the image and identity of the company. Besides the target audience, there are many stakeholders that may be interested in the company: investors, the local community, the media or employees. These stakeholders are important for further developing and use of IMC campaigns.

4 SOCIAL MEDIA

4.1 Influence of Social Media

Nowadays, the use of social media has a greater influence, and first of all, it is better to get to know the definition of it. The term 'social media' can be broken down as 'social', regarding interactivity, and 'media', because it is published on the web (Coles 2015). In brief, it is an online platform for communication, which gives people an opportunity to find or to meet new people at once. There are two ways: brand awareness or networking, meaning creating a personal or a business brand, or building relationships online. As the consequences, there are two ways to engage and interact. (Coles 2015, 3-5.) From a branding point of view, social media platforms allow to find and to attract new customers and make them loyal to the brand, to comprehend their needs and wants at any convenient time, making social media platforms one of the marketing tools for business.

Social media networks could be used for marketing strategy because utilising social media is free of charge, excluding paid advertisement contents. Moreover, a huge audience can be found in one click, especially on Facebook and Instagram as they are the most popular and powerful social media platforms (Facebook 2017, Instagram Statistics 2017). In addition, a company can easily engage with customers and build customer relationships. Feedback is also an important component for any company, and by using social media platforms real-time feedback will be received. Social media is about collaborating, cooperating and sharing ideas with other people. It allows members to create, find or join any communities.

There are many types of social media platforms, including blogs, microblogs, podcasts, forums and so on. This is demonstrated in figure 9: a comprehensive visual map of the social media landscape. It is an ongoing and permanent study that tracks the most popular and dominant social networks and organises them by how they are used in everyday life. The centre of the study is 'you', meaning social media is about people and their online experiences. The next ring presents how to add purpose and vision to that experience by learning, listening, engaging and co-creating. The third ring presents an impact of online

engagement. The fourth layer is about participation and cooperation: what people take away becomes a brand, persona and the foundation for the community.

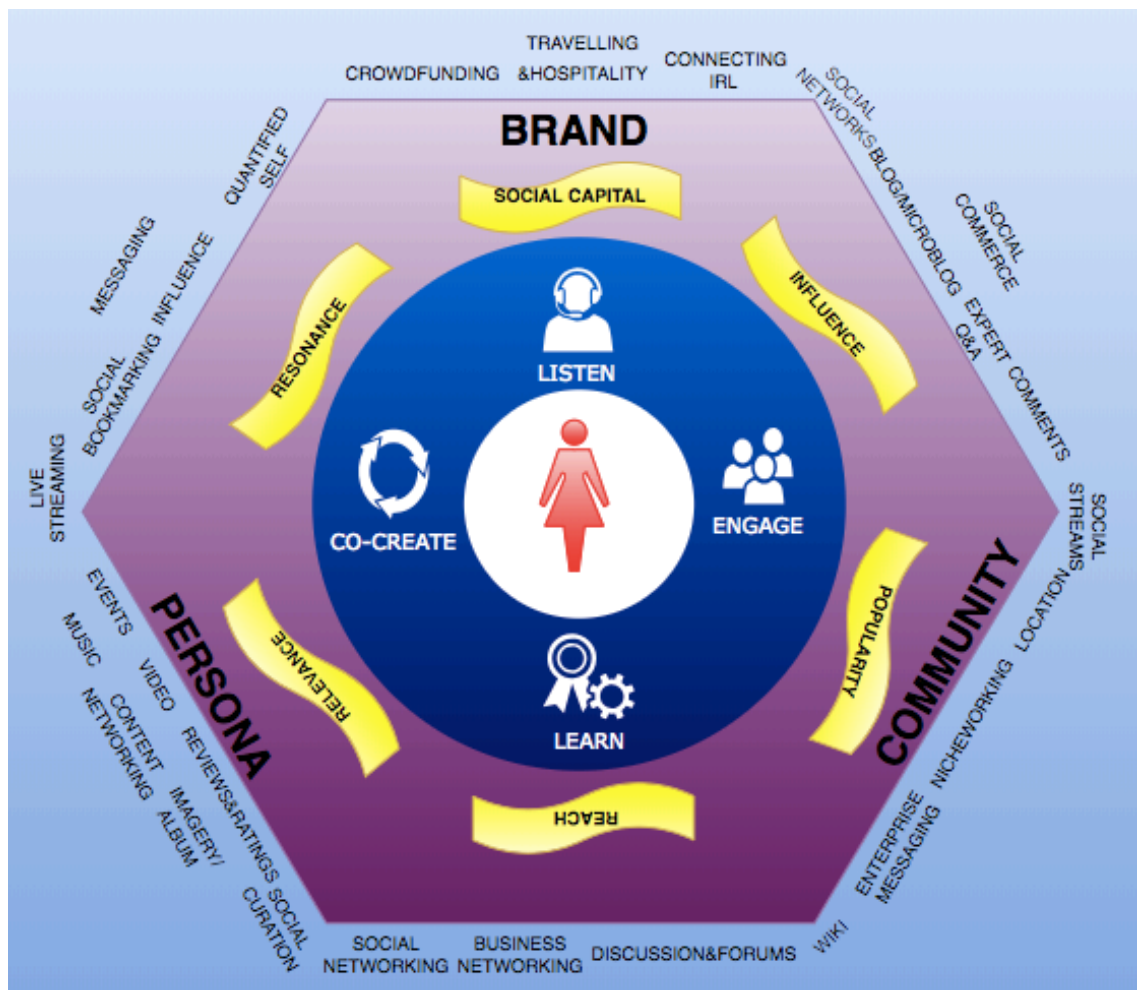


Figure 9. Conversation Prism (Solis 2013)

There is an example how social media has influenced brand and social media users. Starbucks' Unicorn Frappuccino is an illustration of how the Internet platforms, especially Instagram, changes brands. Unicorn food had been taking over Instagram feeds. A lot of accounts were full of unicorn- inspired food in rainbows and holographic colours. This food consists of edible ingredients like colourful cotton candies or sugar incentives products. (Fashion Magazine 2017.) A spokesperson of Starbucks says that it was important to create a look for the beverage, and the company was inspired by fun and spirited and colourful unicorn-themed food and drinks that had been the trends on social media networks. It makes unusual drinks and products to be more focused on online sharing than real consumption. Thus, the way retailers expose

consumers to visual presentation has changed to include in particular Instagram, alongside other social media fora (Mashable 2017). Aaron Allen, restaurant industry consultant, considers it was a part of the marketing departments' responsibilities as major chain restaurants.

Consequently, social media provides marketers to reach consumers and build more personal relationships (Godey, Manthiou, Pederzoli, Rokka, Aiello, Donvito & Singh 2016, 5834). Social media have changed the way brand content is created, distributed, and consumed, transferring the power to shape brand images from marketers to consumers' online connections and content.

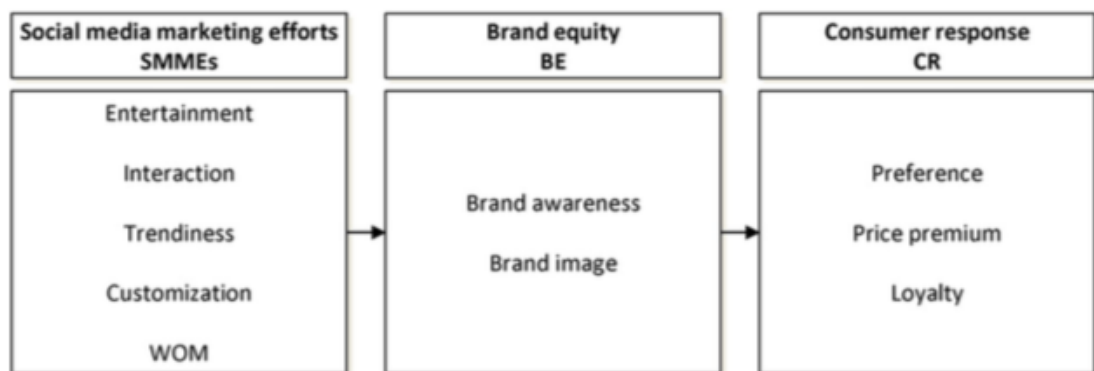


Figure 10. Conceptual Model (Godey, Manthiou et al. 2016, 5834)

Figure 10 describes brands' social media marketing efforts dividing it into five dimensions: entertainment, interactions, trendiness, customisation and WoM (Word of Mouth). Entertainment is the result of the fun and play emerging from the social media experience (Agichtein, Castillo, Donato, Gionis & Mishne 2008, 183–193). Social media users are seeking for enjoyment and entertainment experience. Interaction means communication between customers and brands, which helps forming user-generated content to contribute brand-related social media platforms to interact, communicate and meet people with the same interest (Muntinga, Moorman & Smit 2011, 13-46). Social media marketing (SMM) also helps to figure out the trends, the latest news and topics. Consumers use a lot of social media platform to find information, because they trust it more than traditional forms of promotion. Trendiness information can be divided into four sub-motivations: surveillance, knowledge, inspiration, and pre-purchase information (Muntiga et al. 2011). Surveillance describes observing about brands and products; knowledge refers to brand- related information in

the attempt to learn more; pre-purchase information refers to reading different kind of reviews on brands in order to make a good decision. Last but not least, inspiration. By following brands, consumers get new ideas which can be defined as an inspiration. For example, a lot of consumers pay attention to people's clothes in the attempt to find ideas for themselves. Customisation describes the degree to which a service is customised to satisfy an individual's preferences (Schmenner 1986). In the social media their process refers to the target audience of the posted messages. There are two types of customisation: a customised message and a broadcast. A customised message is for a small audience of just for one person; and a broadcast targets anyone who is interested in brands. The last dimension is WoM. Social media platforms are the great tool for eWoM, because consumers usually interact amongst one another, they disseminate information and impressions amongst friends, family or colleagues. The use of eWoM on social media platforms can be decided into three perspectives: opinion seeking, opinion giving and opinion passing. (Zhu & Chen 2015.) Consumers with a high level of opinion giving are opinion leaders as they have a powerful influence on other people when it is about their attitudes and behaviour. Consumers with a high level of opinion seeking behaviour try to find any information and reviews about brands and products, which leads to brand-purchase decision. A high level of opinion passing generally means sharing, forwarding and uploading any content on social media platforms.

4.2 Most Important Social Media Platforms

The choices of social media platforms are Facebook, LinkedIn, Twitter , Instagram and YouTube. Facebook and Instagram have the same functions: building new relationships, engaging with the customers and increasing brand exposure. LinkedIn is a network for business-to-business, making promotions and building business relationships. Twitter is frequently used to publish articles and writing a short conversation posts, and YouTube can be used for engaging customers and demonstrating products. (Coles 2015, 4.)

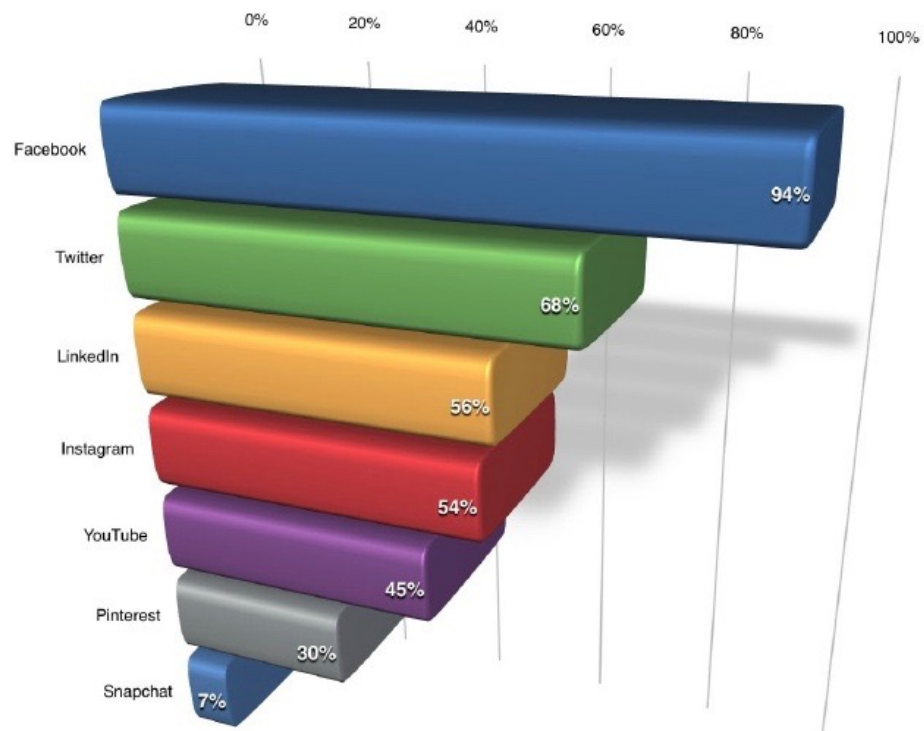


Figure 11. Top Social Networks (Stelzner 2017, 19)

Figure 11 shows statistics of the most popular social media platforms by marketers. The Statistics show Facebook is the most powerful and popular web-site. Before becoming the most integrated system Facebook was created by Mark Zuckerberg as a social networking website for Harvard students, however, they realised the potential to spread it within different universities and worldwide as well, and nowadays it is the largest social media platform. Despite the popularity with the largest demographic number, Facebook also has a manageable easy -to-understand interface. (Levy 2010,10.)

According to Social Media Marketing report 2017, Facebook is the main choice for marketers which are 62 percent, and for LinkedIn is just only 16 percent (Stelzner 2017, 5). Now it is also possible to make a good sales pitch on Instagram as well. Instagram has doubled the amount of users to 800 million monthly actives by adding new features such as stories and explore pages. Brands are more active on that social network. There are 2 million monthly advertisements and more than 1 million brands sharing and promoting their products on Instagram. (Instagram 2017.) That social network might be a good place to invest money and time because half the users follow at least one

business brand, 75 percent of users makes a research about that brand by looking at the Instagram page and web-site. Being in the same company, it allows to create shared advertisement system. In 2017 Facebook has exceeded LinkedIn as the most important platform for B2B marketers.

The case-company focuses on Facebook mostly, but also there is a YouTube channel and Instagram account. YouTube has a lot of 'room-tour' videos which is a convenient way to show an apartment remotely, because there are a lot of customers coming from abroad. Their Instagram page does not have many materials at this moment in time as it has been judged as not the most efficient marketing tool currently.

4.3 Facebook Marketing

Facebook, one of the most common social networking sites, has been dominating over other social media platforms since its creation in 2004. Facebook is the second most visited web-site after Google (Alexa 2017). Facebook has 1.28 billion daily active users (Facebook 2017). Originally, that web-site was created to keep in touch with people but nowadays a lot of business companies have started using it as a marketing tool, and the site has changed into something more than just a platform for communication between people. Marketers see the growth and possibilities of Facebook, and more and more brands are setting up business pages in order to promote their brand, find new customers, interact and make them loyal to the company.

Due to the variety of page types on Facebook, some entrepreneurs can face problems, which page should be created and would be the most effective for the company. The personal page is for individuals to keep in touch with their friends, family or co-workers. Some people use it as a business page, but it is against Facebook terms and conditions. Community page should be avoided as well because they cannot be edited or updated. A group page is always an option for people running a club or café businesses. The group is open for everyone to join, closed or completely private. As a consequence, the most useful page to create is a business page, which has a lot of advantages over the above list of pages. First of all, there is no need to be a member of Facebook. Creating a business page on Facebook can be used as a first web-

site for start-up or small business, which is a great thing, as Facebook has a lot of users and they can potentially see the page. When someone likes a post, his or her friend will automatically get a recommendation to see the page. In that case, it makes Facebook is a small promotion for a company. (Coles 2015, 32.)

Nowadays, companies can use Facebook business manager (business.facebook.com) and Facebook advertisement manager which is an extension from Facebook business manager, if they have registered on this social network. Adverts manager is an all-in-one tool, which helps to manage Facebook, Instagram and Audience Network advertisements on desktop or mobile. Any business can create a promotional campaign, set up advertisements, manage target groups.

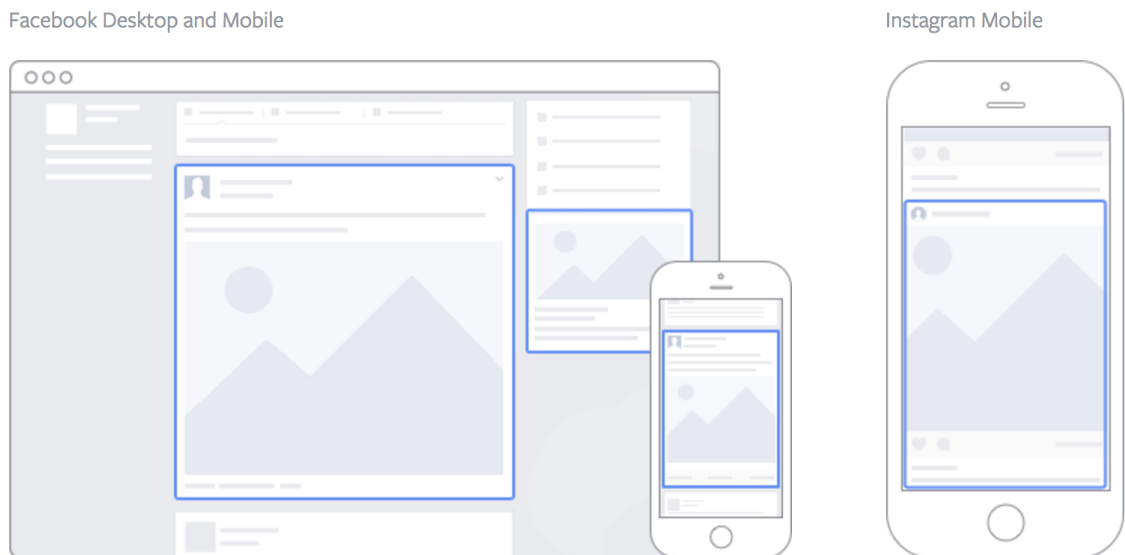


Figure 12. Advertisements Placements on Facebook and Instagram (Facebook Business 2017)

Figure 12 presents advertisements placements on Facebook and Instagram. Facebook allows businesses to place advertisements on the news feed or under the menu on the right side. By using Instagram, it is possible to have any promotion directly on the news feed or “stories”- short video of users for 24 hours.

Facebook provides advertisement on feeds, which can appear using desktop or mobile app; in the groups on Facebook; in the right corner of page under the

menu, which is available only on computers; Instant Articles; In-Stream videos-advertisement appears during live streams. Instagram allows only two types of advertisements: news feed and stories. It is possible to make a sponsor advertisement using Messenger, where messages are delivered to a person directly. The last one is Audience Network, where promotion advertisements appear on the apps and websites on that network. (Facebook Business 2017.) Such a big variety of different advertisements allows Facebook to be a one of the marketing tools for making promotions.

4.3.1 Advertising Costs on Facebook

Facebook allows running advertisements on any budget. There are two types of costs: overall amount spent and cost of each result. It is possible to control money through budget which is one of the components of Facebook auction bidding system. Bidding system is the basic tradeoff between efficiency and stability which is divided into lowest cost and target cost. Lowest cost means that the algorithm will try to advance the advertisement spend to achieve the lowest price. But if a business is interested in getting results faster and avoiding fluctuation, then target bit should be chosen which gives a stable average cost per optimisation event. Budget is an amount of money spending on advertisement which should be published on Facebook. There are two types of budget: daily and lifetime. Daily budgets mean the average amount spent on advertisement every day, lifetime budgets describe the amount of money spent on the whole marketing campaign. It can be approached in two ways: standard delivery-Facebook will spread advertisements constantly during the whole marketing campaign; or accelerated delivery-a platform will show an advertisement as soon as possible. The pricing charged from running advertisements depends on consumer's impressions: the brand pays for the received number of clicks and impressions.

The cost of advertising on Facebook is influenced by advertisement objectives as well. It is all about the level of competition for reaching a particular audience. Figure 13 presents advertisement objectives. Awareness objectives focus on customer's impressions, view and interest in products or service. Consideration objectives mean when customers start thinking about brand and trying to fund more information. This objective provides a lot of powerful and effective tools:

traffic, engagement, application installation, video views, sending messages, and lead generation. Traffic is the link clicks and shows how many people proceeded to a website from Facebook advertisement. Application installation provides information about people's installations made from Facebook advertisement. Engagement is about likes, sharing, commenting an advertisement. In other words, it is an interaction with an advertisement. Lead generation allows people to show their interests by filling surveys and forms, which give an opportunity for a business to be more informed. It can also collect such information like email addresses and phone numbers from people interested in a product. The last objective is conversion which lets people to purchase or use the product.












| Awareness | Consideration | Conversion |
|---|---|--|
|  Brand awareness |  Traffic |  Conversions |
|  Reach |  Engagement |  Catalog sales |
| |  App installs |  Store visits |
| |  Video views | |
| |  Lead generation | |
| |  Messages | |

Figure 13. Advertising Objectives (Facebook Business 2017)

5 USER GENERATED SOCIAL MEDIA COMMUNICATION

5.1 Definition of User Generated Content

There exists a small amount of literature about the use of social media networks and UGC. Most of the literature concerns one of these two components. (Comninou 2013.) Briefly, UGC is a marketing tool, free of charge and created by consumers making a brand popular. Social media networks allow the creation and exchange of it. The Internet has empowered proactive consumer behaviour and purchase process. Social media networks allow easy access to information about the desired brand (Li & Bernoff 2011). There is still no exact definition of UGC (OECD 2007). According to the Organisation for Economic Co-Operation Developments (OECD), there are three main meanings of UGC:

- 1) A public content available on the Internet;
- 2) Content that presents a certain amount of creative effort;
- 3) Content created by non-professionals.

Nielsen made a research and came up with statistics about people's attitude towards user-generated content and here are the results:

Table 1. Global Consumers' Trust in Advertising (Nielsen research 2012)

| Percentage | Results |
|-------------|--|
| 92 % | Consumers trust earned media: WoM and recommendations from friends, family, bloggers. |
| 70 % | Online consumers reviews are reliable form of advertisements. |
| 50 % | Consumers find social media networks more trustful than TV advertisement. |
| 35 % | UGC is more likely to remembered than content from the brand. |
| 20 % | Respondents will make a purchase-decisions based on unknown reviews on the Internet that they will ask for an advice from professionals. |
| 18 % | Social media content is more reliable than traditional way of marketing. |

Table 1 shows, that brand, that lets consumers create UGC, provides an enormous source of content and increases brand loyalty from the consumer side. Nielsen's survey shows dissemination of communications and how well

these media content messages interact with an audience on different platforms. It means that successful brands will try to make contacts with consumers and use their impressions in the form of feedback and sharing experiences. User-generated content is a great marketing tool, however, it cannot control quality of the content- one negative feedback can have negative repercussions consequences for the whole reputation of the brand.

There are some stimulus and motives of why consumers have a desire to participate in a creating of UGC: implicit and explicit motives (UGC/UCC Dossier 2012). The first one is not based on anything material or commercial. These motives include relationship between users and allow respective members to be active members of the online community and get something that an user can get participating there-likes, reposts or comments. Explicit incentives are about getting tangible and material rewards- financial payments, coupons and so on in order to encourage user participation. The purpose of creating and encouraging UGC is to ensure that all consumers have an opinion; they can share and express it without need of a sponsorship. The media companies have started to realise that users can create by themselves many materials to a broader audience and control their models in an appropriate way. Many young companies of the media industry, such as Facebook or YouTube, have foreseen the increasing necessity of UGC, while the traditional media companies have taken much more time to utilise these opportunities. (UGC/ UCC Dossier 2012).

The majority of UGC is created without the expectation of profit. Motivating factors are different: connecting with friends, the desire to express an opinion and impression or achieving some level of fame. All these factors singular UGC a non-commercial phenomenon.

Figure 14 demonstrates the value for UGC, which is provided non-commercially by its creators, motivated by different factors which were mentioned above. However, UGC cannot be a perfect replacement for traditional media content; it creates value for its viewers. UGC creates a strong demand for commercial products to create and consume the content. In the UGC value chain users create content for UGC or on UGC platforms while using devices or the UGC platforms. All users are able to create and publish their content; they are

inspired and therefore build on existing work. The defining of which content works or does not is done by users themselves by recommendations and reviews.

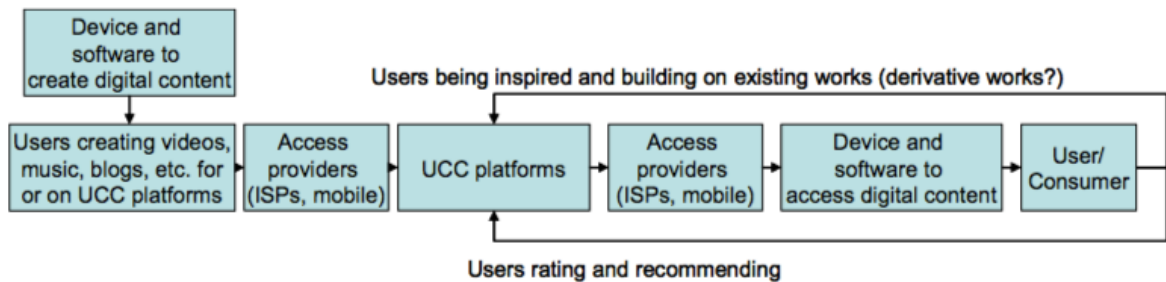


Figure 14. Value chain for UGC (OECD 2007, 22)

5.2 Impact on Consumer Purchase Intention

One of the more significant features of UGC is a WoM, when users and consumers post opinions, reviews and advice. These take form of the Internet-based board where contributors can submit reviews regarding brand and this allows subsequent users to base decisions of previous consumer interactions product impressions and impressing about brand or product, making other users to use obtained information to make purchase decisions. Companies have a better defined and more distinct idea of what customers think and feel about their products and ideas for new products can be gathered as well. (OECD 2007.) It is not only about making reviews about the products. Generally, users use social media networks to exchange knowledge concerning any subject, including everyday life, computer problems or financial issues. The shared content is based on personal experience, which is proven to be more trustful and useful in comparison to firm created content. Online consumers rely on UGC in making a purchase decision (Bae & Lee 2011).

Goldsmith and Horowitz conducted research observing that consumers look for an opinion from other consumers to avoid the risk of disinformation (Goldsmith & Horowitz 2006, 2-14). The negative UGC can affect brand equity and consumer purchase intention, because one negative review can ruin a positive marketing message provided by the company (Cheong & Morrison 2008, 38-49). Moreover, UGC can have an impact on customers' emotions. It was found that positive emotions influence their behaviour even despite of awarding

all information about the product or service. (Yoo, Park & MacInnis 1998, 254-263.)

UGC has implications on the company, because the popular social media platforms, especially Facebook, allow the selling of products within their websites, making UGC an integral part of the purchase decision for customers. In addition to this, it makes B2C companies to realise the potential opportunities and revenues from social selling, and that is why they increasingly start using social networks more, encouraging and rewarding potential customers who cooperate with their company.

6 RESEARCH METHODS AND IMPLEMENTATION OF STUDY

6.1 Research Methods

The definition of research is explained as a systematic process for collecting materials and sources in order to get information and reach new conclusions. Research studies are designed to increase the chances of gathering the needed information to answer a given question. Companies need to use the research methods properly to collect relevant information. Following the techniques will increase the chance that results will be done effectively. There are two ways of making the research: qualitative and quantitative techniques (Thomas 2002, 1-3).

Table 2. Overview of Qualitative and Quantitative Research Techniques (Thomas 2002, 1-3)

| | Qualitative research | Quantitative research |
|----------------------------------|--|---|
| Type of data collect | Non-numerical narrative and visual data. | Numerical data. |
| Period of data collection | Longer period. | Shorter period. |
| Research problem | Research problem and methods involve understanding of topic deepens. | Hypothesis and research procedures stated before. |
| Manipulation of context | No. | Yes. |
| Research procedures | Relies on categorising and organising data into patterns to produce a descriptive and narrative synthesis. | Relies on statistical procedures. |
| Participant interaction | Extensive. | Little. |
| Underlying belief | Meaning is situated in a particular perspective or context that is different for people and the world has many meanings. | People live in a stable and predictable world that can be measured, understood and generalised about. |

Qualitative research, as table 2 demonstrates, is a method of gaining data by describing any kinds of characteristics without using numbers and measurements. Qualitative research is generally based on a variety of empirical materials-interviews, observations, personal experience and case studies.

Qualitative research investigates experience, behaviour, emotions and feelings of people. There are different types of the method: case study, phenomenology, ethnography, biography and grounded theory. Case study is an intensive analysis of an individual unit, which helps to understand a complex issue and extent or add knowledge to the existing one. Phenomenology is a study of phenomena, describing something that exists: situations, concepts, events experiences. Following data collection, researchers look for a common tendency in the results. When it comes to identifying trends, all the statements and proofs should be found out. There is a rule of thumb, which could be explained like this: a statement from one participant is an anecdote; from two - a coincidence; and the statement from three makes it a trend. Unfortunately, a finding trend cannot be analysed statistically, because it should be verified by using the quantitative approach or learning a behavioural coding. (Madrigal & McClain 2012.)

Quantitative research is a second method, which expresses by collecting numbers and measurements within the study, analyses and compares the results of the research. Applying statistical tests in making statements about the data can be used, and this includes crucial elements of the research. The first one is a research design: quantitative research designs are descriptive or experimental. Descriptive elements are strength of the quantitative approach. It means a measuring of two variables. The next element is a choice of data collection instrument in a form of survey. The last one is a choice of analysis tool or using statistics.

There is also a possibility to combine both research methods in the attempt to obtain more necessary data, which gives more effective results. The research could start with using the qualitative technique to identify factors that affect certain areas, and then use the received information to develop the quantitative research method that investigates how these factors could influence on user preferences. At the same time, it is possible to identify trends and statistics through quantitative approach into qualitative method and verify received data.

It is vital to understand the difference in application between both techniques, this will allow for the appropriate choice of research method when the reasons behind its choice can be justified.

6.2 Implementation of Study

To implement the quantitative research of the study it was decided to use a survey to collect all the necessary data. The choice of survey techniques of quantitative research is based on variables, which can be replaced by numbers, regarding the impact of UGC on consumer decision process, the way that customers get information about Facebook content and how they feel about writing reviews. Hence, the survey is selected as a technique in order to collect the data. The target group of the quantitative research consists of men and women, who currently live in Spain and are customers of the case-company. The major group of the respondents includes people at the age from 18 to 34 years old simply because it is the main target group of Company X. The total number of customers is 164, where 20 percent of them are Spanish-speaking nationalities, which are not able to fill the questionnaire out, because the Spanish version is not used for the thesis project.

The research is based on a customer survey, thus, all the data is self-reported by the respondents regarding their subjective opinion. The quantitative research method can provide a statistical analysis, which allows receiving important facts from research data and determining trends. However, it cannot detail crucial information that could explain the data and cannot interpret deeply certain behaviour. (Madrigal & McCLain 2012.) Furthermore, by sending the structured questionnaire, it is not possible to cover the BBA thesis study from all the points of views.

The invitation to the questionnaire consisted of a small text shortly informing about the thesis study and describing the subject with the questionnaire link attached. After clicking on the link, the responded were redirected to the survey and had access to complete it.

The questionnaire was done by using the “Webropol” programme. The link to the survey was sent via e-mails of the customer database of Company X. Part of the invitations were sent personally in an attempt to reach the customers better given that some individuals ignore email requests. The questionnaire consisted of 18 different questions: closed, multiple choice, dichotomous, likert scale and open-ended questions. Table 3 presents which types of questions

were selected in the survey. The data was collected within 15 and 14 weeks in April of 2018.

Table 3. Types of Question Format in Survey

| Types of response format | Number of the question in questionnaire |
|---------------------------|--|
| Closed questions | 1, 2, 3, 4, 5, 6, 7, 9, 14, 15. |
| Multiple-choice questions | 11, 12, 13, 18. |
| Dichotomous questions | 16, 17. |
| Likert scale questions | 8, 10. |
| Open-ended questions | 3, 4, 6, 12, 13, 18: option 'other'; 16: option 'why'. |

6.3 Analysis of Received Data

6.3.1 Results of Survey

The total amount of the respondents of the questionnaire is 64. Only the English version was sent in order to collect data. Spanish-speaking customers frequently faced challenges completing the survey. The first three questions were created in the attempt to collect the basic information about the customers: age, gender and country origin. The questionnaire is answered by 42 women, which presents 66 percent of the total amount of the respondents, and 22 men, which shows 34 percent of the total amount.

For the 18-24 age group is the highest score, which demonstrates 84 percent, whilst the other age (25-34 years old) category presents 13 percent of the total amount of the respondents. As can be seen from figure 15, there are not any customers under 18 that are why it is not showed on the pie chart. The 35+ group shows three percent. Additional information is shown in figure 15.

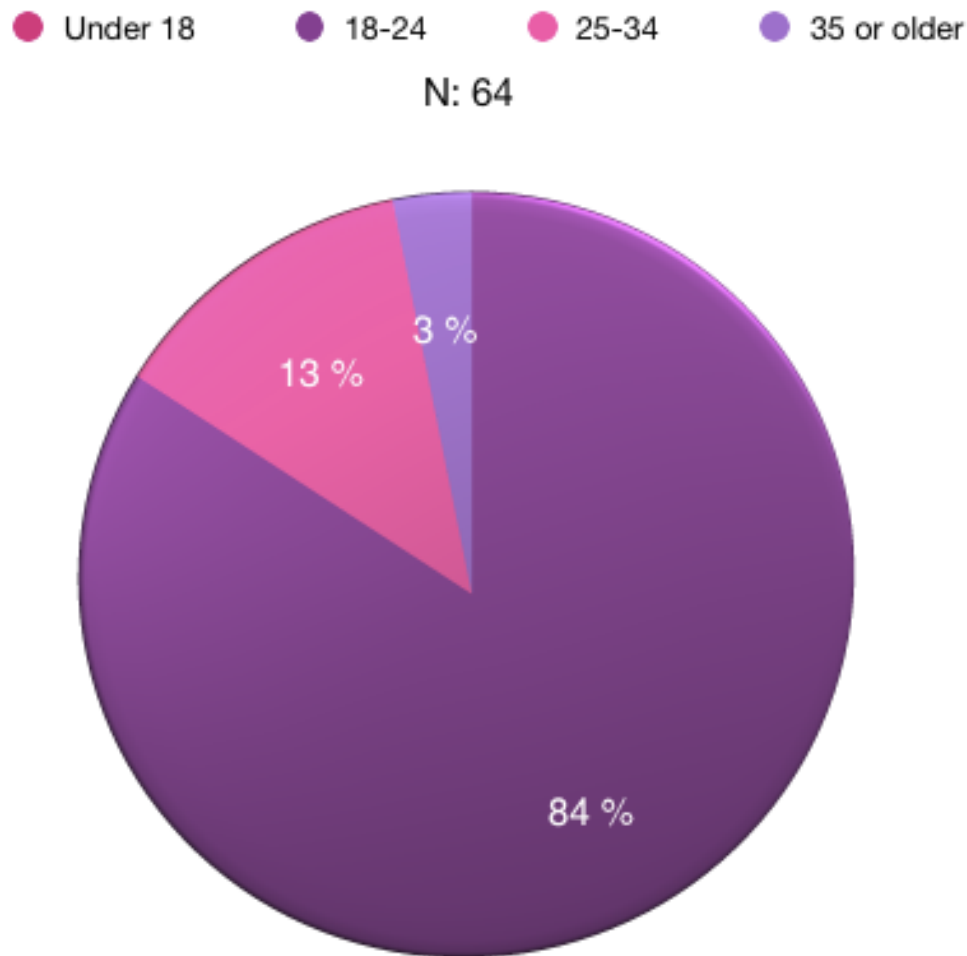


Figure 15. Age Groups of Respondents

The following questions were asked to determine respondents' country of origin. Most of the respondents are non-Spanish natives. According to the findings, only 13 percent of the respondents were from Spain, and the rest of the customers were from different countries, including Russia, the Netherlands, Germany, Peru, Canada, the United Kingdom, Mexico, Italy, France, Uzbekistan, Denmark and Kazakhstan. It can be seen, that Company X focuses mostly on an international demographic. Granada, where the company is located, is an international city, full of young foreign people, who are interested in renting the apartments for a short or a long period of time.

As the thesis project is focused on Facebook usage, it was decided to design the following three questions about platforms for booking apartments because it is necessary to analyse how many customers were found through Facebook platform, appealing time of using Facebook and getting notifications from

Company X. Figure 16 shows that 45 percent of the customers were contacted by the company representative on Facebook and then were redirected to the company's website or to the office to book a room. 31 percent of the respondents made a purchase through company's website and 23 percent of people booked it through other partner-platforms: HousingAnywhere, Student Mundial, Spotahome and Unicplace. Partnership is a key of cooperation and promotion for Company X marketing strategy. The percentage statistic of these results on this question means that Facebook is the most efficient social media platform to reach the target group, attract potential customers and let them make a purchase.

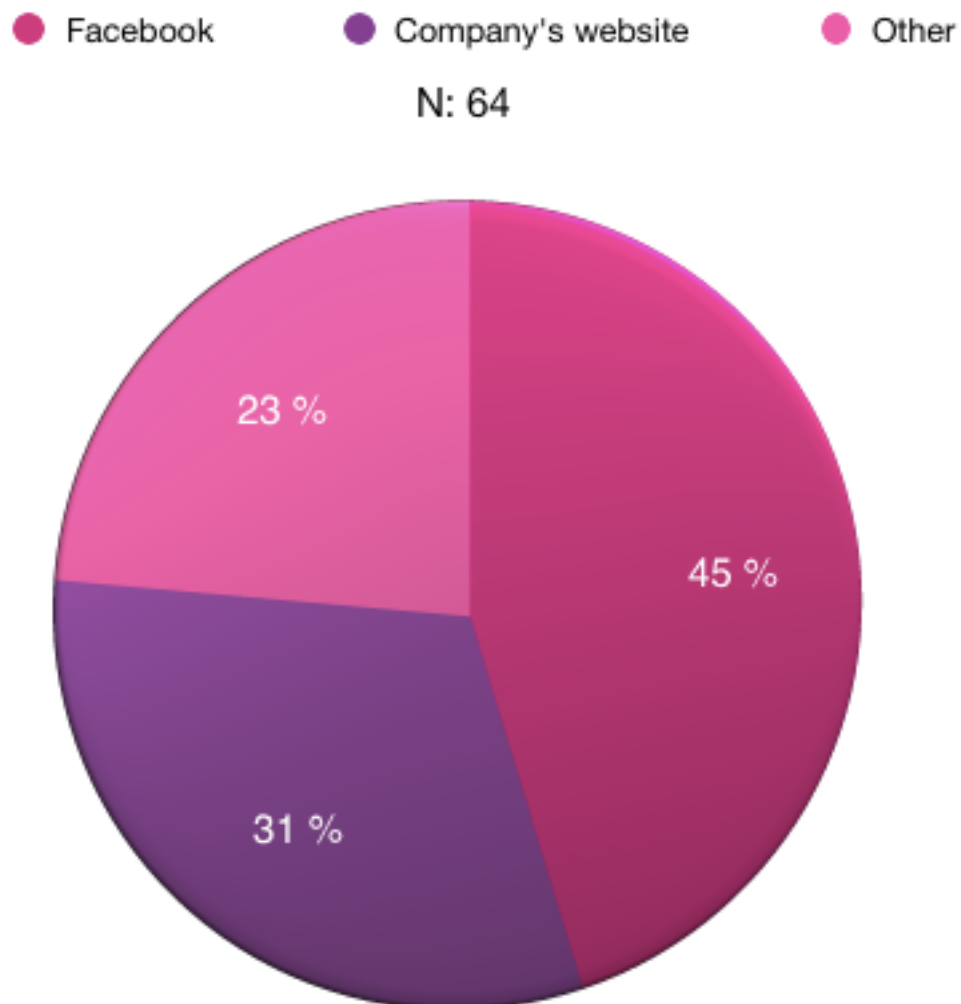


Figure 16. Platforms for Booking Apartment

The next question focuses on Facebook use by the respondents. According to the results of the question, 56 percent of the respondents check Facebook every day, 19 percent of the total amount uses it 2-3 times a week. The rest of

the findings among the respondents are shown in figure 17. The results of this question could help to define general use of that social media platform for making Facebook advertisements more effective and to figure out duration of exposure to information through social media website, which leads to the better understanding of targeting and promotion.

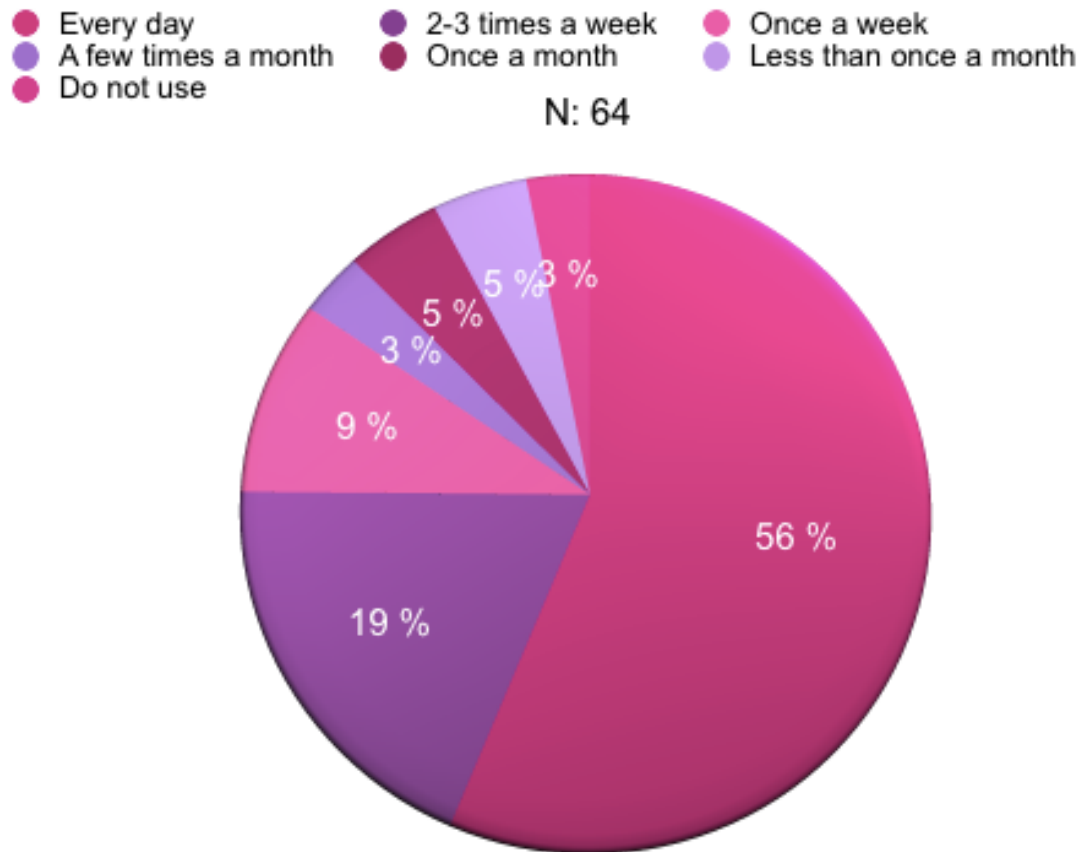


Figure 17. Most Common Use of Facebook

Company X has a business page on Facebook that is why the question about getting notifications from the company was applied. Figure 18 highlights whether the respondents get any notifications from Company X page. The bar chart shows, that 18 respondents, which equals to 27 percent, are notified through notifications on Facebook. At the same time, 18 customers, which presents 27 percentage rate as well, have never seen any posts from the company, meaning that they do not follow the company's page. The rest of the respondents are notified through friends' posts and shared posts, on their start page or other, which was filled out as "when I check it directly". It means, that not all the customers follow the business page of Company X.

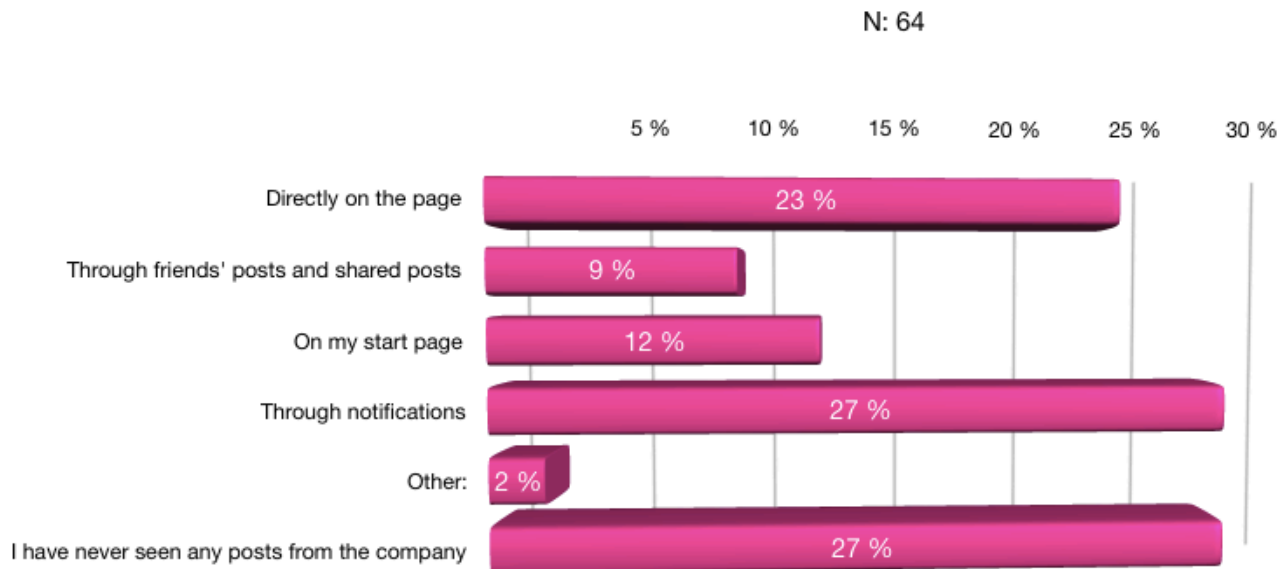


Figure 18. Notifications From Company X on Facebook

The next questions of the survey allows to analyse is how UGC influence on customer decision making process, choosing a room. Respondents were questioned if their decision was influenced by a user comment or a review. The result demonstrates the majority of the respondents partly agree with the question, the percentage rate of this category is 44 percent. The number of the respondents who fully agree about the impact of UGC equals to 28 percent. Only the minor part of the respondents partly or fully disagrees, and it makes 14 percent in general. The last 14 percent of the respondents have a neutral attitude towards any user comments or review when they booked a room.

Table 4 demonstrates the statements focused on impact of a user comment or a review on the respondents. It can be seen from the table 4, that the major part of the respondents feels good purchasing a product that has a positive comment. 44 percent of the respondents chose "5", which means "fully agree" option. 30 percent of the respondents chose "4", which means "party agree" option.

Table 4. Impact of User Comment or Review

N: 64

| | 1 | 2 | 3 | 4 | 5 |
|--|-----|------|------|------|------|
| I feel good purchasing a product that has a positive comment or a review. | 3 % | 8 % | 15 % | 30 % | 44 % |
| If the majority of the reviews are positive, I would make a purchase. | 8 % | 6 % | 16 % | 31 % | 39 % |
| Reading comments/ reviews would change my mind about purchasing a product. | 6 % | 6 % | 19 % | 36 % | 33 % |
| User comments or reviews have in the past influenced my purchase decision. | 6 % | 14 % | 20 % | 28 % | 32 % |
| User comments or reviews may have an influence on my future purchase decision. | 9 % | 8 % | 9 % | 41 % | 33 % |
| If the majority of the reviews are negative, I would not make a purchase. | 3 % | 4 % | 13 % | 39 % | 41 % |

The next statement focuses on making a purchase, when the majority of the reviews are positive. As seen from table 4, the number of the respondents, who would make a purchase based on the positive reviews, is higher than the amount of the customers who would not. It has the same situation with influence of the negative reviews or comments on consumer decision making process. Table 4 also shows, that the minority of the respondents have not been influenced purchase decision by a user comment or a review or may not have an influence on their future purchase decisions. The majority of respondents fully or partly agree with these statements.

As UGC and writing of reviews are connected, it is essential to know how many reviews the customers have written.

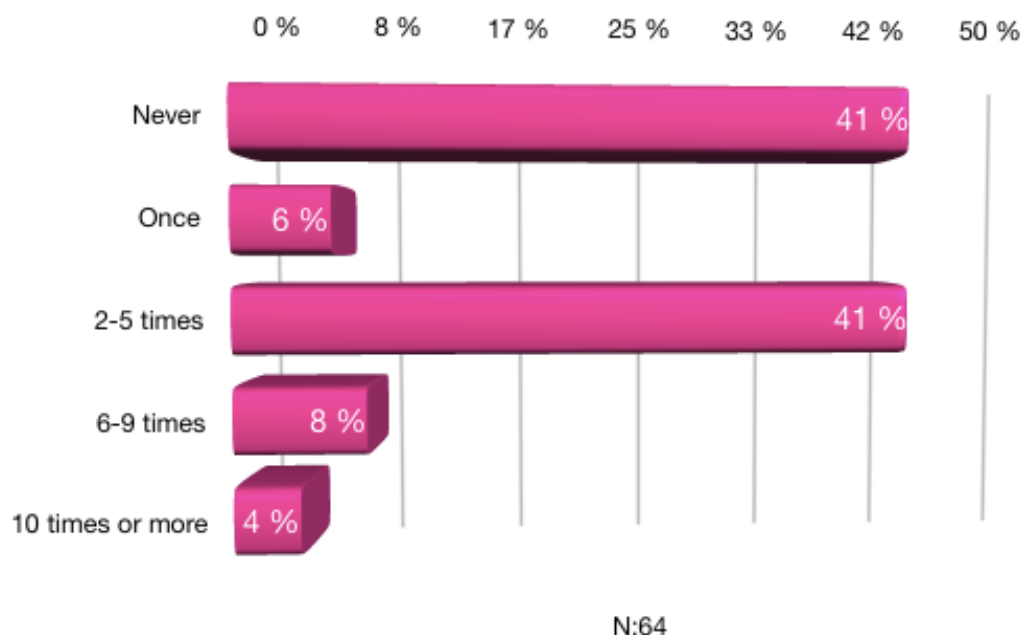


Figure 19. Common Number of Respondents Writing Reviews

Figure 19 describes the common number of the respondents, who have written reviews online. The amount of the respondents, who chose “never”, was equal to the number of the respondents, who chose “2-5 times”, with both composing 41 percent each. Eight percent of the customers chose “6-9 times”. As figure 19 shows, six percent of the respondents have written the reviews once and only 5 percent of the customers have written it online 10 or more than 10 times.

In order to analyse the trust in UGCs, the three statements was conducted, which table 5 displays.

Table 5. Trust in UGC

N: 64

| | 1 | 2 | 3 | 4 | 5 |
|--|-----|------|------|------|------|
| I believe that user reviews about a product are more useful than information from the company. | 5 % | 6 % | 27 % | 34 % | 28 % |
| I would trust a review posted by an average user more than an expert. | 9 % | 14 % | 28 % | 27 % | 22 % |
| I trust user comments from people who have made a purchase. | 3 % | 3 % | 23 % | 31 % | 40 % |

In table 5 the highest score is about trust in user comments from people who have made a purchase. Most of the respondents would fully or partly trust making their purchase decision. Furthermore, table 5 shows, that the majority of the respondents would fully or partly trust a review posted by an average user more than an expert and would believe that UGC about a product are more useful that information from the company. Only the minor part would not trust in UGC.

The next questions of the research refer to gathering knowledge about information searching on the Internet. Based on the results of the multiple-choice questions, 61 percent of the respondents think that finding information on the Internet saves time. At the same time, 60 percent of the customers suppose that information searching on the Internet is useful. Moreover, 58 percent of the respondents define that it is convenient to gather information from the Internet. The percentage of the respondents, who think that high quality reviews are important to them, equals to 49 percent. The majority of these respondents access the Internet through their smartphone, the respective percentage here being 91, or personal computer, which makes up 83 percent.

Only 27 percent of the respondents access the Internet through tablet and 11 percent of the customers access the Internet through computer at work. Based on the findings of the next question related to the reasons of using the Internet, 88 percent of the respondents use it for utilising social media platforms. Moreover, it was concluded, that 84 percent of the respondents use the Internet for entertainment. At the same time, 75 percent of the customers use it for research as well, and 50 percent of the respondents use it for Internet banking. There is also the section “other” eight respondents selected this category, equating to 13 percent of the respondents. The customers of Company X also use the Internet for educational reasons, playing online games, finding and reading books, news and doing online shopping.

Company X focuses on Facebook usage, that is why it was decided to posit a question regarding how many hours the respondents spend on social media sites per day.

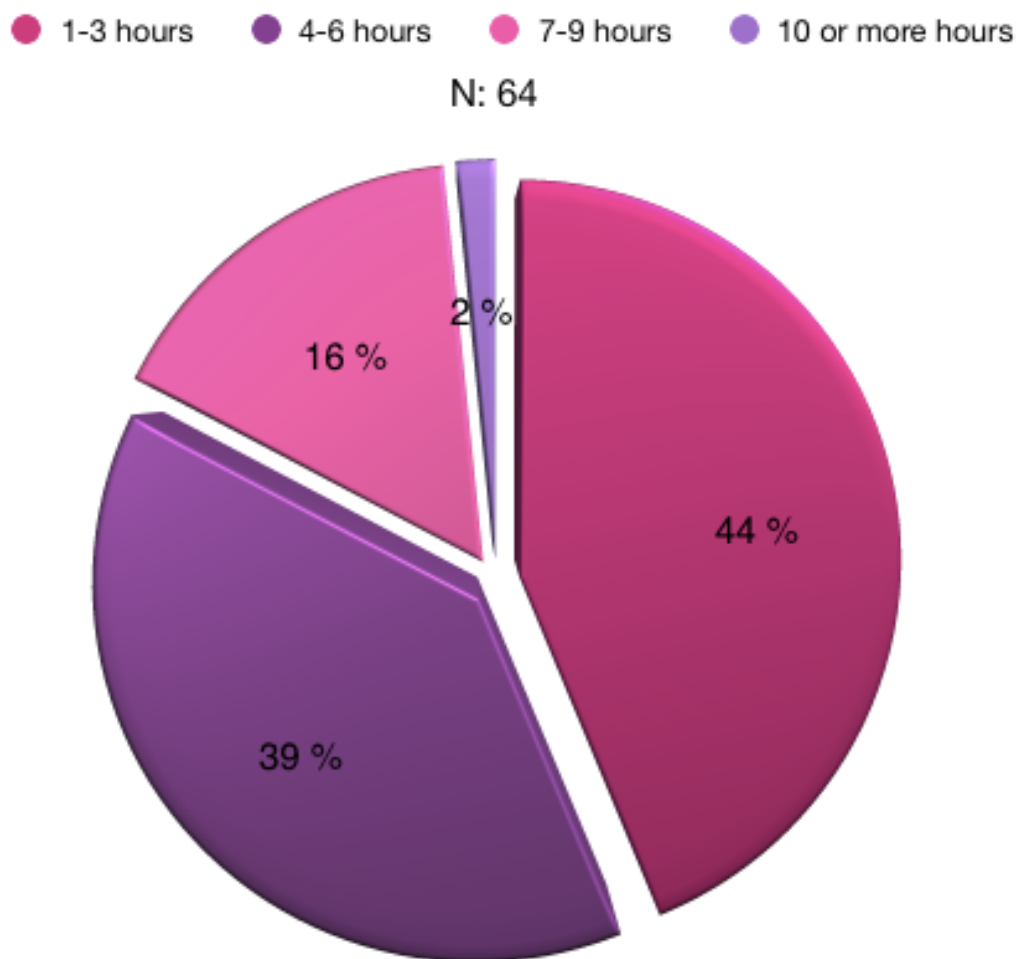


Figure 20. Time Spent on Social Media per Day

From figure 20 it can be seen, that an average time spent on social media sites during the day is 1-3 hours and reaches 44 percent of the total number of the respondents. Furthermore, 39 percent of the customers spend 4-6 hours on social media platforms per day. Figure 20 also presents that 16 percent of the total number of the respondents use social media sites for 7-9 hours, and only two percent of the total amount spend 10 or more than 10 hours on it per day. In order to define the social media usage more, it was essential to define if the social media sites give a possibility to obtain knowledge. Depending on the results of the question, 53 percent of the total number of the respondents partly agrees and 27 percent of the respondents agree, that social media sites are useful for gathering information actively. Furthermore, 14 percent of the respondents have a neutral attitude towards the usefulness of social media sites for information service. The minority of the respondents answer that it is not for obtaining any kind of knowledge.

The last section of the questionnaire refers to brand topic. 75 percent of the total amount of the respondents follows at least one brand on Facebook. The rest of the respondents do not follow it, because they are not interested, they do not use Facebook a lot or delimit their usage to the contacting of friends or relatives. As figure 21 shows, some customers prefer other social media platforms instead of Facebook to follow brands. Moreover, 58 percent of the respondents do not leave comments on brand news, like or dislike posts or share it on their Facebook page directly. The reasons are: 57 percent of the respondents are not interested, 30 percent of the total number of the customers does not feel comfortable sharing their opinion and thoughts, and some respondents prefer face-to-face discussions instead of expressing it on Facebook. Such an opinion amounts to 16 percent of respondents. The respondents, who chose "other", do not have time or any reasons on leaving comments or like/ dislike any posts on Facebook.

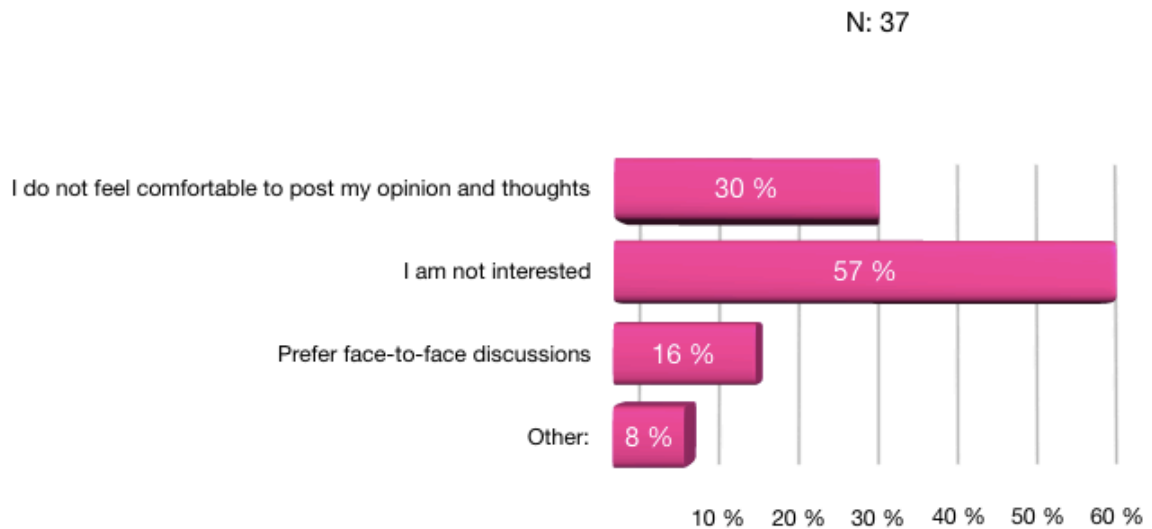


Figure 21. Common Reasons of Not Following Brands

6.3.2 Summary of Results

Due to the requirements to provide useful results for the benefit of Company X, a summary is conducted. After the analysis of the collected information, it can be concluded, that most customers interested in services of Company X are young people at the age of 18 to 24 years old. From this research it can be seen, that the majority of the respondents use Facebook every day, which makes this social media platform is a particular tool to reach the potential customers by utilising Facebook business manager utility and UGC. A large number of the Internet users access the social media sites often, and it gives a possibility for promotions of Company X through other applications, such as Instagram, YouTube or Twitter, which are the most popular platforms according to the Statistics (Stelzner 2017, 19). Thus, it helps to create a better promotional strategy for the company and expand their client database.

Based on the results, the importance of UGC on the modern businesses cannot be underestimated. UGC shows a positive effect on consumer purchase intention. Before making a purchase, the potential customers or consumers usually gather knowledge from content created by Facebook users and start analysing the obtained information. It can be seen from the questionnaire, that the majority of the respondents generally trust in UGC more than an expert.

Most of the respondents find information and trust those who have already made a purchase and left a review. In doing so, customers try to avoid any risks and uncertainty from making unsatisfactory or a negative purchase.

The majority of the respondents has never written their own reviews or has done 2-5 times, however, online reviews are associated with a customer trust in UGC and an intention to purchase based on that content. Furthermore, there is an impact of positive or negative reviews or comments on customers. It can be seen from this study, that prevalence of negative reviews would affect customer purchase intention from making a purchase.

It leads to the question about the information searching on the Internet. Most of the respondents agree that the Internet is an essential information source. It is useful and saves time. It is also a relatively convenient way to find out all the necessary information. Based on the findings of the thesis study, a majority of the total number of the respondents use it for social media platforms, which has a connection to using Facebook website as one of the main social media platform, Facebook marketing and UGC consequently.

7 SUGGESTIONS FOR CASE COMPANY

The thesis research could help businesses to improve new marketing strategies even. Nowadays, social media networks have an impact on the way of interaction between modern businesses and consumers. It means that there are more opportunities for engaging with customers, which helps to build emotive effect with the company.

There are lots of social media platforms, which can lead to marketing improvements. The thesis study is focused only on Facebook. Based on the findings of the theoretical framework, Facebook is one of the effective promotional platforms with a well-developed algorithm. It allows setting up the budget and spend the right amount of money on advertising. Some small businesses, including Company X, do not spend the budget on Facebook advertising, but there are numerous advantages of using it. The thesis study shows the necessity of using Facebook business manager. As has been stated, there is no minimum sum of money spent on promotion. Adverts manager utility allows controlling Facebook and Instagram advertisements at the same time, meaning that it could save time instead of using each app separately. Facebook system is integrated: if someone likes the post, it would appear in people's recommendations, which leads to UGC.

From a company's point of view, Company X can use UGC in their marketing strategy by understating consumers' interactions and expectations in the context of UGC, which empowers consumers through sharing their emotions and reviews to guide purchase intention of subsequent users. Social media networks have a role influencing the behaviour of consumers on the Internet, particularly when paired with the degree of presentation, the emotive relationship created and the consumer intention towards it. The research has added an input of the theoretical part and research to provide further understanding of how customers affect UGC, the level of trust in it and, consequently, characteristics of purchase intention and behaviour. Since online marketing has become so popular, brand messages created by usual customers on social media platforms can be enhanced. Depend on the findings of the thesis studies, the following conclusions are provided for better understanding of UGC for Company X. For the customers, UGC has a positive

impact on their reinforce to make a purchase. Reading the comments and the reviews affect customer's behaviour of the obtained information and perception of the company. It concludes, that marketing managers should encourage their customers writing more useful comments in order to attract potential customers. Figure 22 shows a concept of UGC connection with the company.



Figure 22. Connection Between UGC, Company X and Purchase Intention

For the reasons of the thesis limitations, brand related questions are excluded and the thesis research is focused on purchase intention only. However, marketers are recommended to expand the scope by examining the impact of UGC and other types of social media networks have regarding brand equity, brand loyalty, brand preferences and brand image as well. Social media is a complicated subject with numerous characteristics, that is why marketers should consider impacts and features on the aspects of branding.

8 CONCLUSION

Social media has become one of the latest trends in recent years. SMM have introduced the new ways of IMC, brand management and UGC by customer engagement on social media websites. It has integrated to the marketing agenda. Social media networking sites, like Facebook, offer numerous opportunities to communicate with customers for the reasons of increasing the visibility of companies. It brings to the question of UGC, which has an effect on overall customers' perception of companies or brands.

It should be stressed that business pages on Facebook are unregulated communities. It means that customers engage into conversations or dialogues with other people about the product or the service, which they have already experienced. It creates WoM effect and UGC, no matter if it is negative or positive, that can have some consequences for the company. However, managers can use various methods to influence customer conversations for the company's vision and goals.

Based on the primary and the secondary research, it is can be concluded, that UGC created by Facebook users has an impact on consumer purchase intention. The topic is quite broad, meaning that lots of characteristics should be taken into account: marketing communication, IMC and social media. All these foundations lead to a full understanding of UGC. Hence, the theoretical framework has covered all the existing knowledge of it.

The objectives of the thesis study were to analyse the essence of UGC, to conclude the definition of consumer purchase intention using the Hierarchy of Effects model, and to define the correlation between UGC and consumer purchase intention, which have been done during the thesis studies. Analysis of the theoretical part and the results to meet the objectives has lead to the idea of UGC and of using it as part of marketing strategy.

The research was in the form of the survey, consisted of 18 questions and was sent to the customers of Company X in order to achieve the goal and objectives. The survey embraced several subjects: UGC itself, perception of users' comments and reviews, consumer purchase intention related questions,

brand management questions which can be defined as a form of IMC, Facebook use, information searching and social media sites use.

The survey was conducted for a Spanish company, which focuses on an international group of customers. Analysis of the research has helped to understand the topic deeply and has made conclusions about the issue.

It can be said, that it is not possible to cover all the issues of the topic due to its wide scope or that the results can be improved by increasing the sample populace, who get acquainted with the importance of the topic. It would help to understand the study in a more detailed way. The findings of this study provide an insight for marketers on the implications and usage social media communications, especially UGC.

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APPENDICES

Appendix 1. Social Media Marketing Questionnaire

Social Media Marketing Questionnaire

Appendix 1(4)

1. Age: *

- ☐ Under 18
☐ 18-24
☐ 25-34
☐ 35 or older

2. Gender: *

- ☐ Male
☐ Female

3. Country of origin: *

- ☐ Spain ☐ Italy ☐ Germany ☐ The Netherlands ☐ Russia ☐ Other (please, specify):

4. On which platform did you book a room? *

- ☐ Company's website
☐ Facebook
☐ Other:

5. How much do you use Facebook? *

- ☐ Every day
☐ 2-3 times a week
☐ Once a week
☐ A few times a month
☐ Once a month
☐ Less than once a month
☐ Do not use

6. How are you informed about posts on company's Facebook page? *

- ☐ Directly on the page
☐ Through friends' posts and shared posts
☐ On my start page
☐ Through notifications
☐ Other:

- ☐ I have never seen any posts from the company

7. When choosing a room, are you influenced by a user comment/review? *

- ☐ Fully agree
☐ Partly agree
☐ Neutral
☐ Partly disagree
☐ Fully disagree

8. Consider the statements below and evaluate them from 1 to 5, where 1 is fully disagree and 5 is fully agree.
*

| | 1 | 2 | 3 | 4 | 5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I feel good purchasing a product that has a positive comment or a review. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| If the majority of the reviews are positive, I would make a purchase. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Reading comments/ reviews would change my mind about purchasing a product. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| User comments or reviews have in the past influenced my purchase decision. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| User comments or reviews may have an influence on my future purchase decision. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| If the majority of the reviews are negative, I would not make a purchase. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

9. How many times have you written a review online? *

- ☐ Never
☐ Once
☐ 2-5 times
☐ 6-9 times
☐ 10 times or more

10. Consider the statements below and evaluate them from 1 to 5, where 1 is fully disagree and 5 is fully agree. *

| | 1 | 2 | 3 | 4 | 5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| I believe that user reviews about a product are more useful than information from the company. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I would trust a review posted by an average user more than an expert. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I trust user comments from people who have made a purchase. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

11. Below you can see the statements. Please, consider them and choose the options which corresponds to you. *

You can choose more than one option.

- ☐ Information searching on the Internet is useful
- ☐ It is convenient to gather information from the Internet
- ☐ Finding information on the Internet saves time
- ☐ High quality reviews are important to me

12. How do you access to the Internet? *

You can choose more than one option.

- ☐ Personal computer ☐ Computer at work ☐ Smartphone ☐ Tablet ☐ Other: _____

13. For what do you use the Internet? *

You can choose more than one option.

- ☐ Social network
- ☐ Research
- ☐ Entertainment
- ☐ Internet banking

☐ Other: _____

14. How many hours do you spend on social media sites per day? *

- ☐ 1-3 hours ☐ 4-6 hours ☐ 7-9 hours ☐ 10 hours or more

15. Do you think that with the social media sites you are able to gather information actively? *

- ☐ Fully agree
- ☐ Partly agree
- ☐ Neutral
- ☐ Partly disagree
- ☐ Fully disagree

16. Do you follow any brands on Facebook? *

☐ Yes

☐ No (why?):

17. Do you leave comments on any brand news, like/dislike posts or share it on your Facebook feed? *

☐ Yes

☐ No

18. If you answered 'no' in a previous question, please, choose reasons:

☐ I do not feel comfortable to post my opinion and thoughts

☐ I am not interested

☐ Prefer face-to-face discussions

Other reason:

☐
