All in the Value: The Impact of Brand and Social Network Relationships on the Perceived Value of Customer Endorsed Facebook Advertising

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Structured Abstract

Purpose: Social advertising featuring endorsed brands has significantly grown in the past few years. Companies and social networking sites (SNSs) are hailing such types of advertising as being more credible to users as they feature their friends’ indirect endorsements; however, the issue of friends’ likability alongside the users’ relationships with the actual SNS is seldom considered with regard to any potential negative/positive effects they might have on brands’ relationships and the perceived value of advertising within SNSs.

Methodology: Taking a customer-centric approach and based on the social information processing theory, this study investigates the influence of friends’ likability and similarity, and users’ relationships with the SNS (Facebook) on brands’ relationships and advertising value using a web-based survey. The total number of responses included in the analysis is 305. The data was analysed using SEM and LISREL 8.8.

Findings: The findings show that the overall user experience on Facebook is based on three key areas: socializing with friends, the relationship with the social network itself, and the relationship with the advertised brands. These contribute to the perceived value of customer endorsed Facebook advertising.

Implications: The study discusses various significant implications for online platforms, brands and the success of online advertising within social network sites.

Originality: This study contributes to the existing literature by making the link between users’ experiences/friendships within SNSs, their relationships with the SNS (FB) itself, and their relationships with the advertised brand, and examines how these three combined relationships impact the perceived value of the ads by users of FB.

Key words: social network sites, likability, Facebook, social advertising, brand relationship.
**Introduction**

Internet technologies have massively changed the landscape of global advertising. The literature on social network sites (SNSs) discusses the value and opportunities that SNSs present to brands and consumers alike (e.g. Fraser and Dutta, 2010; Mangold and Faulds, 2009; Shih, 2009; Kim and Ko, 2010; Sponder, 2012; Beukeboom, Kerkhof, and de Vries, 2015; Kumar et al., 2016). Indeed, SNSs empower consumers to create positive influence on brands (e.g. Hanna, Rohm, and Crittenden, 2011), and supercharge the power of customer endorsement and electronic word of mouth (eWOM) with real positive impacts on the SNSs advertising (e.g. Strutton, Taylor and Thompson, 2011; Taylor, Strutton and Thompson, 2012; Okazaki and Taylor, 2013; Chen, Tang, Wu and Jheng, 2014). The literature has long recognized that WOM communications appear more reliable and trustworthy than non-personal communications (e.g. Bayus, 1985; Richins, 1984; Dobele, Toleman and Beverland, 2005). The speed and effectiveness of eWOM has meant that advertisers are designing campaigns that encourage SNSs’ users to endorse and socially exchange ads, thus further enhancing brand related activities (Southgate, Westoby and Page, 2010).

Recent studies examining online advertising highlight the interactivity that SNSs provide for brands and customers as well as the relationships that brands were able to develop within SNSs, engaging three key elements: (1) customers; (2) customers’ friends within SNSs (interpersonal relationships); and (3) brands (e.g. Hennig-Thurau, Gwinner, Walsh, and Gremler, 2004; Mangold and Fualds, 2009; Kaplan and Haenlein, 2010; Eckler and Bolls, 2011; Hayes, King and Ramirez, 2016). Yet most studies have omitted customers’ relationship with the SNS itself and its added effect on brand relationships and customers’ perceived value of advertising. The findings of Hayes et al. (2016) suggest that brand relationships and interpersonal relationships impact the referral of ads within SNSs. Yet, the extant research on the impact
of interpersonal relationships amongst consumers within SNSs on consumers’ relationship with SNSs, on brand relationship and the perceived advertising value is rather limited.

This paper addresses the role of a SNS – Facebook (FB) – in facilitating customers’ relationships, brand relationships and the perceived value of advertising within the SNS. We propose a conceptual framework consisting of three highly relevant theoretical foundations that are essential for understanding the perceived value of advertising within FB. These are the relationships amongst users of FB, the users’ relationships with FB itself, and the relationships with the advertising brands. These foundations are core interactive dimensions from which brands can derive additional value in advertising within SNSs (FB). We selected FB as it is the largest and most successful social networking site (Dutta, 2010), which reached 1.79 billion monthly active users (Statista, 2016). FB uses social endorsements for advertised brands as one of its sources of monetization. These social endorsements (what FB calls “Page Like Ads”) are based on advertising brands to users who have friends that have already liked these brands. Users receive posts on their newsfeed from brands mentioning specific friends who have already liked them as a form of endorsement.

The paper is organized as follows. First, we justify our conceptual framework for understanding the three key theoretical foundations. Next, we discuss the methodological steps taken and discuss the analysis and results. Finally, we provide discussion on the findings, coupled with discussion on implications from this study.

**Theoretical Background: The Conceptual Framework**

The conceptual model draws on recent developments in the marketing literature, including studies on online brand communities (e.g. McAlexander, Schouten, and Koenig, 2002; Algesheimer, Dholakia and Herrmann, 2005; Chan and Li, 2010), online brand relationships (e.g. Morgan-Thomas and Veloutsou, 2013), social identification (e.g. Bhattacharya and Sen, 2003), and customers’ experiences in online
communities (e.g. Novak, Hoffman and Yung, 2000; Rose, Clack, Samouel and Hair, 2012). It adds to these areas by directly including customers relationships with the SNS (Facebook) and the impact on the perceived value of advertising on Facebook. Thus, key determinants of successful advertising on SNSs (Facebook) include consumers’ social experiences on SNSs (e.g. Kim and Ko, 2010; Wetsch, 2012), their experiences with the SNS itself (e.g. Schau, Muñiz and Arnould, 2009) and their similarities with brands (e.g. Rowley, 2004; Benedicktus et al., 2010; Kabadayi and Price, 2014).

Most studies that focus on understanding social interaction in online brand communities have used the theory of social identity (e.g. Bhattacharya and Sen, 2003). It explains identification in relation to a social need for satisfaction (e.g. Bergami and Bagozzi, 2000; Hogg and Terry, 2000). However, social interaction is suggested by Bagozzi and Dholakia (2006) and found by Stokburger-Sauer (2010) to antecede online community identification. Algesheimer et al. (2005, p. 20) point out that community identification emphasises “the perceived similarities with other community members and dissimilarities with non-members”. Thus, the authors prefer the term ‘similarity with friends’ community identification. Algesheimer et al. (2005) does not directly define brand community identification, and the operationalisation of the construct is more reflective of similarity with friends than ‘identify’.

Nonetheless, the construct was discussed to have cognitive (the process of self-categorisation that aims to formulate and maintain a self-awareness of his/her similarity with the group) and affective (a sense of emotion similarity with the group) dimensions.

Furthermore, the existing studies on online brand communities have a broader take on social interaction without identifying the key variables that may lead to identification with the community (e.g. Ren et al., 2012). Drawing on the bonding aspect of social capital theory, we include friend likability as a powerful antecedent that increases identification/similarity with friends (Vallor, 2012). Friend likability is defined by Reysen (2005, p. 201) as “a persuasion tactic and a scheme of self-presentation”. Yoo et al. (2012) also define likability as the active bonding that an individual may feel toward another person. We argue that an increased feeling of likability between members of the online community increases the
identification/similarity between/among friends. Hence, stronger liking amongst consumers of the online brand community leads to greater similarity within the community, better engagement with the SNS (Facebook), and consequently enhanced similarity with the brand and a more favorable perception of the advertising value within Facebook.

Figure 1: The Conceptual Model

**Friends’ Likability and Similarity with Friends on Social Networking Sites**

As millions of websites are becoming integrated with FB, the latter is positioned today as a “social utility”, where people browse through the Internet using their social identity and profile, enabling third party websites alongside FB to collect and derive value out of that information (The Economist 2012). The social platform itself has evolved into providing networking, group discussions, social publishing and media sharing, social commerce and social entertainment (Tuten and Solomon, 2012). In what Shih (2009) calls as being the “Facebook era”, we are witnessing today a movement around the online social
graph where every connected person is mapped, alongside who and what he/she is connected to. This forms the essence of making business interactions more tailored, personal, and precise that is now social.

Social networking sites (SNSs) are differentiated by their content creation, as the information being pushed or distributed within the network takes into consideration the individual user’s profile information, friend activity and recommendations (Shih, 2009; Qualman, 2010). The Internet has begun to move to an online social graph era, based on people and their conversations rather than on static information broadcasted by marketers (Fraser and Dutta, 2010). SNSs are based on trusted members’ identities and the development of continuous engagement. Carter (2004, p. 110) argued that online friendship is similar to the traditional notion of friendship as both “are formed and maintained in similar ways to those in wider society”. Such friendship is found to primarily be influenced by information received from other users within SNSs (e.g. FB) (Valkenburg, Peter and Schouten, 2006). A continuous sense of information recency and relevancy arises from the users’ network of friends, contributing to the high adoption and success of these social sites (Qualman, 2010).

The tendency of people to cluster with similar others (homophily) has been studied in social network analysis (McPherson, Smith-Lovin and Cook, 2001). FB users are characterized by their social motivations, where they are driven by a desire for social connection (Tufekci, 2008) and developing and maintaining friendships (Raacke and Bonds-Raacke, 2008). Individuals within friendship and social ties forge a sense of group identification, driving a higher similarity feeling (McPherson and Smith-Lovin, 1987; Turner 1988). In an online context, members invest in this group’s social capital, leading to a higher level of understanding and similarity (Brown, Broderick and Lee, 2007). As argued by Vallor (2012, p.191), “social networking tools might provide separated friends of virtue with a continued means of access to one another’s cognitions, preserving this reciprocal understanding and in turn, the ability to act virtuously as ‘one mind’”. Hence, close likable friends maintained through the use of SNSs mirror a collective group characteristic (Vallor, 2012).
The notion of similarity with others can be traced back within the sociology literature where it is viewed as a “consciousness of kind” (Giddings, 1896). Consciousness of kind is defined as “a state of consciousness in which any being, whether high or low in the scale of life, recognizes another conscious being as of like kind with itself” (Giddings, 1896, p. 17). In the American sociological literature, the concept of consciousness of kind is viewed as a “social distance” (Abel, 1930). Social distance is based on how people feel with like-minded people compared with less similar individuals (Giddings, 1896; Simmel, 1908; Bogardus, 1926; Monaghan and Just, 2000). To determine like-mindedness, people must conduct a “definition of the other”, which is based on the consideration of the individual’s behaviour that translates his or her interests, personality and character (Abel, 1930). In an online context, the literature on online commitment mainly notes aspects of reciprocity, kinship, and the sense of belonging to a group of people or members with family-like attributes (Kozinets, 1999; Dholakia et al., 2004; Rosenbaum and Massiah 2007; Mathwick et al. 2008; Chan and Li 2010). FB was found to support and strengthen friendships reflecting key dimensions, namely: reciprocity, empathy, self-knowledge and the share of life, especially when used to supplement face-to-face interactions (Shannon, 2012). Hence, FB friends tend to be like-minded people who are homogeneous/similar with regard to many sociodemographic, behavioural, and intrapersonal characteristics. Therefore, it is hypothesized that;

\[ H1: \] The higher the Facebook’s friends’ likability, the stronger the feeling of similarity with those friends.

Trust refers to depth and assurance of feelings and is a cornerstone for construction of relationships (e.g. Moorman, Deshpande and Zaltman, 1993; Morgan and Hunt, 1994; Garbarino and Johnson, 1999). It comprises ability, benevolence, integrity and predictability (McKnight & Chervany, 2001). Trust also describes the tendency of individuals to believe in the trustworthiness of others (Das and Teng, 2004). While trust level varies from one individual to another (Worchel, 1979), an individual’s readiness to trust largely depends on the shared nature of the personalities of those involved (Luhmann, 1979). Similarity and trust are the main criteria in the group formation process, also in the social media environment (de
Meo et al., 2015). Similarity with friends has long been found at the interpersonal level (e.g. Feick and Higie, 1992; Gilly Graham, Wolfinbarger and Yale, 1998), to increase not only trust among themselves but also with the agent/platform through which information is exchanged (Duhan, Johnson, Wilcox and Harrell, 1997; Gilly et al., 1998). The fact that FB is selected by huge number of users as a means to interact with each other, gives it more credibility because members are happy to share their information within FB. The massive number of users of FB shows a clear endorsement of the SNS based on consumers’ experience within FB. Smith (1993) posited that others’ experience is more trustworthy than market and advertising information. Accordingly, similarities with friends and their combined experience within FB increases their trust in FB.

Website trust is essential in earning and retaining the trust of current or potential customers (Shankar, Sultan and Urban, 2002) as “people can trust a system in which actors are bound by society’s rules” (Sinclair and Irani, 2005, p. 61). Most studies see SNS’s trust to stem from the integrity and reliability of the platform and system used (e.g. Bhattacherjee, 2002; Wu and Tsang, 2008; Wu, Chen and Chung, 2010; Grabner-Kräuter and Bitter, 2015) and from the perception of similarity and likability with friends within the online community (Mathwick, 2002; Kim, Lee and Hiemstra, 2004; Algesheimer, Dholakia and Herrmann, 2005; Chan and Li, 2010). Bendapudi and Berry (1997) and Abosag and Lee (2013) indicate that social likability and bonding increase trust. FB becomes the trusted platform and a source of both trusted information and opinions that are shared by likable friends. Therefore:

H2: Friends’ likability leads to a higher level of Facebook trust.

According to Batra and Keller (2016), social media channels have potential strong communication outcomes compared to other communication options in creating awareness and salience, brand imagery, building trust, eliciting emotions and in connecting people. The business studies arena has long found that a high level of likability tends to motivate emotional development and affection toward the relationship (e.g. Nicholson, Compeau, and Sethi, 2001; Hawke and Heffernan, 2006). According to Carter (2011, p.
online friendships “are formed and maintained in similar ways to those in wider society”. Friendship promotes closeness and similar feelings toward the platform within which the friendship is developed and enhanced (e.g. McPherson et al., 2001). Friend likability is an important factor in the success and popularity of SNSs, and reflect positively attachment and affection toward the SNS itself, which allowed friendship to be “informal, personal and private” (Carter, 2016, p. 123). We argue that friend likability, which to some extent, was developed because of the atmospheric surrounding designed and created by the SNS itself, would increase affection and positive feeling toward the SNS. Hence, we hypothesize the following:

H3: Friend likability positively increases affective feelings towards Facebook.

Similarity with friends makes shared information within SNSs more relevant and persuasive (Brown et al., 2007). Relevant information – or similarity information – is information that is viewed as valuable based on users’ similar interests (Bickart and Schindler, 2001; Jensen, Davis and Farnham 2002; Prendergast, Ko and Yuen, 2010). The information contained in an ad hence relates positively by a similarly perceived group social identity in online social networking communities (Zeng, Huang and Dou, 2013). Thus, such similarities with friends are likely to increase the perceived ad value on SNSs, meaning they would motivate consumer to pay greater attention to ads within SNSs. This is further accentuated via the level of friends’ likability on the similarities with friends on SNS. On the other hand, friends that are not much liked and who are featured on social endorsement ads might give a negative connotation to the advertised brand. On that basis, it is hypothesized that;

H4: Similarity with friends leads to a higher perceived ad value on Facebook.

The Consumer–Social Networking Sites Relationship

According to the social information processing theory (SIP), individuals build strong and lasting relationships with others in online environments, without traditional face-to-face communication
Online relationships could be “hyperpersonal”, stronger than face-to-face relationships, due to a more socially desirable image of both sender and receiver. Because of a strong focus on the communication, an exaggerated sense of similarity can develop. Identification with other similar friends on the SNS, which acts as an overall online community based on conversation, implies a sense of emotional involvement towards the community (Algesheimer et al., 2005). Similarity with friends enhances positive feelings and emotions (Biel and Bridgewater, 1990) and is driven by high level of liking amongst friends within SNSs (Kim et al., 2004), leading to stronger affective bond. This affective bond does not occur in isolation of the SNS (FB) itself as it is formed when individuals’ express similar feelings (Bateman, Gray and Butler, 2011), producing affection for the SNS within which the friendship is formed, developed and maintained. An authentic relationship creates strong emotions and bond-based trust (Malär, Krohmer, Hoyer and Nyffenegger, 2011), while also linking satisfaction and affective feelings (Hendrick, Hendrick, and Adler, 1988). Hence, it is hypothesized that;

H5: Similarity with friends positively increases affective feelings towards Facebook.

The Consumer–Social Networking Site Relationship vis-à-vis the Brand Relationship

The literature on online brand experience has grown in recent years, making the argument that a positive online brand experience (e.g. FB) is reliant on an information system within which it “conceptualizes online brands as pieces of technology” (Morgan-Thomas and Veloutsou, 2013, p. 21) where system usability and task-related features of the brand is important to the users’ experiences (Pavlou, Huigang and Yajiong, 2007). Such online experience is essential to the brand relationship within SNSs. Scholars focusing on brand relationship argue that brands encompass emotional and non-tangible benefits for consumers (e.g. Fournier, 1998). As a result, consumers develop a special bond and emotions toward a particular brand (Dall’Omlo Riley and de Chernatony, 2000), hence leading to greater similarity with the brand. Brand similarity is defined by Thorbjørnsen et al. (2002, p. 21) as “the degree to which the brand delivers on important identity concerns, tasks, or themes, thereby expressing a significant aspect of the
Numerous studies have consistently found that consumers formulate a sense of similarity with a brand that they identify themselves with (e.g. Bern and Funder, 1978; Sirgy 1982; Anselmsson et al., 2008; Kuksov et al., 2013; Langner et al., 2014). Trusting a brand can help establish a relationship with its consumers if the consumers were able to develop a sense of brand similarity (Torres, Augusto and Godinho, 2017). Trust is a cornerstone in online brand relationships as it influences consumers’ intentions to engage or abstain from interaction with the online brands (Pavlou et al., 2007) and reduces uncertainty and the associated fears relating to online issues – e.g. security and opportunism (Eastlick, Lotz and Warrington, 2006), thus, leading to a closer relationship with online brands and allowing for increased similarity with those brands. Therefore, we hypothesize the following:

H6: Facebook’s trust positively increases similarity with a brand.

Advertising value within an online community was first discussed by Ducoffe (1995, 1996) and is the “overall representation of the worth of advertising to consumers” (Zeng, Huang and Dou, 2009, p. 4). A consumer’s perception of advertising value is high when the advertising has the ability to provide relevant, useful and valuable information (Ducoffe, 1996; Zeng et al., 2009). Trust in the SNS is important in consumers forming a positive perception of an ad’s value; the greater the trust in the SNS the more likely it is to motivate consumers to pay greater attention to the ads within that SNS. According to Batra and Keller’s (2016) Dynamic Expanded Consumer Decision Journey, a high degree of consumer trust leads to a high perceived value based on functional, emotional, social and symbolic benefits. Consumers with a good level of trust within an SNS tend to interact with and endorse ads that enhance their own image (Ho and Dempsey, 2010) and demonstrate superior knowledge in comparison to other friends within that SNS (Hennig-Thurau et al., 2004). Endorsing ads within SNSs, such as by ‘liking’ a page on FB, influences how members of the community within FB perceive those ads. Thus, because users trust FB, users tend to have a higher perception of an ad’s value once it has been endorsed by other users in their SNS. The online endorsement of ads by users has a significant positive implication for
advertisers, but without the users’ trust in FB as the social online platform, such endorsements cannot add much value (Southgate et al., 2010). Therefore, we hypothesize the following:

H7: Facebook’s trust leads to a higher perceived value of ads on the SNSs.

The perception, attitude and feeling users develop with the SNS itself is influential in the way that users perceive and interact with the advertised brand within the SNSs. Beukeboom et al. (2015) provide evidence for a causal relationship between FB brand page liking and positive changes in brand evaluations, explained by the consumers’ perceived conversational human voices in the consumer–SNS relationship. According to Bateman et al. (2011), individuals within a community (on FB) develop feelings of similarity with each other, helped by the community itself, to which they develop an affective bond as it is the host of the community. SNSs allow interaction between their members/users and advertised brands. Advertisements contain brand information that consumers may evaluate (Bauer and Greyser, 1968) and share their opinion about within the social networking sites (Chan, Li and Zhu, 2015; Batra and Keller, 2016). Based on the advertising literature, there is a consensus that when consumers perceive that advertising contains useful information, they are more likely to respond to it (Zeng et al., 2013). Such response is impacted by the SNS consumers’ experiences, their bond with the SNS and the ability of the advertised brand to evoke an emotional response and feelings of similarity with it (Dobele, Lindgreen, Beverland, Vanhamme and Wijk, 2007; Eckler and Bolls, 2011; Hayes et al., 2016). In this study, we further argue that the more people enjoy the social network, the more they perceive themselves as similar to the brands featured on that social network. We therefore hypothesize that:

H8: The higher the affective feelings towards Facebook, the higher the similarity with an advertised brand.

It has long been argued that the feeling of similarity with brands, based on implicit or explicit relatedness between members, can be developed between like-minded people sharing the same interest in brand communities (e.g. McAlexander, Kim and Roberts, 2003; Kim et al., 2004; Mathwick et al., 2008; Chan
and Li, 2010). A fit between the consumer’s self and the brand’s personality, or what Aaker (1999) calls “self-congruence”, enhances the consumer’s response to that brand (Malär et al., 2011). The more the brand reflects a consumer’s self, the more that consumer is motivated to keep on verifying and validating his/her self-concept image with the brand (Swann, 1983). Zinkhan and Hong, (1991, p. 351) found that “advertising appeals which match the viewer's self-concept would bring forth preference toward the advertised brand”. Through this, any relevant brand message would be perceived by the consumer as a valuable contribution in sustaining his/her self-concept image with the brand. Therefore:

H9: Similarity with advertised brand leads to higher perceived ads value on Facebook.

**Research Methodology**

**Research Context**

The study focuses on Lebanese users of FB, the most widely used social networking site in the Middle-East (Arabnet, 2016). Middle-Easterners are among the high intensity users of FB and SNSs in general; the number of active monthly users in this region has tripled since 2012 (Arabnet, 2016; Radcliffe, 2017). Digital advertising in Lebanon has been the dominant and fastest growing segment in the past decade or so, with a cumulative annual growth of 15.93% since 2008 (Blominvest, 2015). This study contributes to the existing literature by making the link between users’ experiences/friendships within SNSs, their relationships with the SNS (FB) itself, and their relationships with the advertised brand, and examines how these three combined relationships impact the perceived value of the ads by users of FB.

**Data Collection**

This study empirically tested the discussed hypotheses in the theoretical model to prove or disprove these relationships. An Internet survey written in English was conducted via a survey link posted on the social networking site (FB), and further samples were recruited through a snowballing effect (as respondents were asked to re-post the link on their own page to maximize the survey’s exposure). The Lebanese
population is highly proficient in English as “Lebanon has been one of the very few countries in the world where foreign language education is introduced in the first year of schooling, whereby students study French/English as a foreign language at the rate of 8 hours a week in the Elementary, 6 hours in the intermediate, and 4 hours in the secondary” (Shaaban, 1997, p.251).

The questionnaire was posted on September 2015 and remained open for one month. The questionnaire contained three main parts: Part I contained questions regarding the respondents’ length of time using FB, and reasons for using FB. Part II contained all item scales for the constructs in the conceptual model. Part III contained general information regarding the sample, such as age, gender, and occupation.

The face validity test was conducted with eight respondents prior to the distribution of the final version of the questionnaire. Participants were asked to comment on the length of the questionnaire, clarity of the questions, and overall structure. Participants found the questionnaire to be adequate and no modifications were suggested.

The link to the questionnaire was posted on FB, asking respondents to take part. The number of returned questionnaire was 363, of which 58 questionnaires were removed due to incomplete responses. Thus, the final number of cases included in the analysis is 305. The data was analysed using SPSS 20 and LISREL 8.8.

Sample Profiling

The average reported FB usage of the respondents was less than 1 hour per day (53%), followed by 1–5 hours (39%) and 5–10 hours (7%), leaving around 1% of respondents reporting over 10 hours of usage. The respondents reported that they have been using FB for some years, with the majority having used it for over 5 years (72%), followed by 3–5 years’ use (19%), and just 6% of respondents selecting 1–3 years’ use and 3% less than one year’s use. The main reason reported for joining FB was for staying in touch with friends (45%) and interacting with new friends (35%), followed by “staying up to date with information” (13%), and other reasons (7%). The gender split was 51% female, 49% male. The majority of respondents were under 30 years of age (68%). The age group split resulted as follows: age 18–20
years (26%), 21–29 years (42%), 30–39 years (17%), 40–49 years (11%), 50–59 years (3%), and over 60 years (1%).

Most of the respondents were single (68%) and still studying (46%). The respondents’ occupation status comprised students (46%), employed (36%), self-employed (5%), unemployed (10%), and other (3%). The majority of respondents have bachelor’s degrees (42%), followed by 39% being undergraduates pursuing their bachelor’s degrees. The education level of respondents comprised those with secondary school or under (1%), undergraduate (39%), bachelor degree (42%), master degree (16%), PhD (1%), and other (1%).

**Measures**

All scales were adopted from the literature and were seven-point Likert scales with anchors at the end points. The scale for similarity with friends was adopted from Algesheimer et al. (2005). The scale was originally called ‘brand community identification’. We think it is more appropriate to rename this construct ‘similarity with friends’ because of the following: 1) community identification implies a shorter process that consumers engage with once inside the community; 2) a successful identification process typically results in greater similarity between friends within the community; 3) once friends interact with each other within the community, they will be there for the long-term, making similarity between them more important than the identification periods initially experienced; 4) identifying the self with others in the community emphasises the reason for engaging with the community, which is seeking greater similarity with others; 5) ‘similarity with friends’ better reflects the items used to measure the construct. There are five items that reflect the ‘cognitive’ and ‘affective’ dimensions of the construct. Of these three items were used included the following statements: “I am very attached to my Facebook friends”, “The friendships I have with my Facebook friends mean a lot to me”, and “My Facebook friends and I share the same objectives”. The construct of social network affect was measured using three items adopted from Thorbjørnsen, Supphellen, Nysveen and Pedersen (2002). These items’ statements were as follows: “I
have a powerful attraction toward Facebook”, “I feel my relationship with Facebook is exclusive and special”, and “I have feelings for Facebook that I don’t have for many other social networking sites”. The construct of similarity with brand was also adopted from Thorbjørnsen et al. (2002), originally generated by Fournier (1994), covering the following three items: “These brands say a lot about the kind of person I am”, “These brands' image is consistent with how I would like to see myself”, and “These brands help me make a statement about what is important to me in life”. The scale for perceived ad value was adopted from Ducoffe (1995). The three items used included the following statements: “Page Like Advertising in Facebook is useful to me”, “Page Like Advertising in Facebook is valuable to me”, and “Page Like Advertising in Facebook is an important source of information to me”. As for the social network trust construct, the scale from Lacey’s (2007) study was used, adopting three items: “The social networking site has high integrity”, “The social networking site can be trusted completely”, and “Can be counted on to do what is right”. The scale measuring friends’ likability was originally developed by Chaiken and Eagly (1983) to reflect two dimensions: attractiveness and expertise. Reysen (2005) combines the two dimensions of friends’ likability and produces one overall scale for the construct. However, given the context of the study, the present study only includes the items that reflect the ‘attractiveness’ dimension of the scale. This is of importance as the items measuring ‘expertise’ do not apply to the context of this study. The scale measures cover three items: “These persons are friendly”, “These persons are warm”, and “These persons are approachable”.

**Analysis and Constructs Validation**

The used constructs were operationalized using multi-item scales with interval properties (Albaum, 1997). The scales were tested for reliability using the Cronbach’s \( \alpha \) coefficient. The result was greater than 0.85 for all constructs, indicating good internal consistency (Nunnally, 1978). Construct validity was tested using the average variance extracted (AVE) (Crocker and Algina, 1986). AVE measures the variance explained by the scale, where a value of .50 or greater for the AVE measures can be taken as indication
for good validity (Fornell and Larcker, 1981). The AVE scores ranged from .62 to .75. These results indicate that all scales have sufficient construct validity. Table 1 shows the scales, the mean, standard deviation, Cronbach’s α, Composite Reliability and the factor loadings.
Discriminant validity was first assessed by conducting exploratory factor analysis. All items loaded correctly with no cross-loading above .40, providing support for discriminant validity (see Table 1).

Table 1: General Statistics & Exploratory Factor Analysis

<table>
<thead>
<tr>
<th></th>
<th>Mean (S.D.)</th>
<th>Median (Mode)</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability</th>
<th>C.S Loading</th>
<th>Exploratory Factor Analysis loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1- Similarity with Friends:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am very attached to my Facebook friends</td>
<td>3.28 (1.46)</td>
<td>3 (3)</td>
<td>.85</td>
<td>.79</td>
<td>.893 (*)</td>
<td>.822</td>
</tr>
<tr>
<td>My Facebook friends and I share the same objectives</td>
<td>3.01 (1.40)</td>
<td>3 (4)</td>
<td>.759 (15.9)</td>
<td>.792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The friendships I have with my Facebook friends mean a lot to me</td>
<td>3.15 (1.58)</td>
<td>3 (4)</td>
<td>.883 (19.6)</td>
<td>.818</td>
<td></td>
<td></td>
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<tr>
<td><strong>2- Perceived Ad Value:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Page Like Advertising in Facebook is useful to me</td>
<td>3.51 (1.71)</td>
<td>4 (4)</td>
<td>.93</td>
<td>.85</td>
<td>.933 (*)</td>
<td>.878</td>
</tr>
<tr>
<td>Page Like Advertising in Facebook is valuable to me</td>
<td>3.33 (1.71)</td>
<td>3 (4)</td>
<td>.956 (32.6)</td>
<td>.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Page Like Advertising in Facebook is an important source of information to me</td>
<td>3.52 (1.74)</td>
<td>4 (4)</td>
<td>.903 (27.6)</td>
<td>.850</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3- Social Network Trust:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has high integrity</td>
<td>3.79 (1.40)</td>
<td>4 (4)</td>
<td>.88</td>
<td>.82</td>
<td>.768 (*)</td>
<td>.718</td>
</tr>
<tr>
<td>Can be trusted completely</td>
<td>2.94 (1.49)</td>
<td>3 (2)</td>
<td>.919 (17.4)</td>
<td>.839</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can be counted on to do what is right</td>
<td>3.05 (1.47)</td>
<td>3 (2)</td>
<td>.924 (17.4)</td>
<td>.800</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4- Similarity with Brand:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These brands say a lot about the kind of person I am</td>
<td>3.05 (1.50)</td>
<td>3 (4)</td>
<td>.931 (*)</td>
<td>.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>These brands' image is consistent with how I would like to see myself</td>
<td>3.06 (1.54)</td>
<td>3 (4)</td>
<td>.982 (36.4)</td>
<td>.830</td>
<td></td>
<td></td>
</tr>
<tr>
<td>These brands help me make a statement about what is important to me in life</td>
<td>2.99 (1.51)</td>
<td>3 (4)</td>
<td>.878 (25.5)</td>
<td>.782</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5- Social Network Affect:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a powerful attraction toward Facebook</td>
<td>3.62 (1.53)</td>
<td>4 (4)</td>
<td>.928 (*)</td>
<td>.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel my relationship with Facebook is exclusive and special</td>
<td>3.14 (1.59)</td>
<td>3 (4)</td>
<td>.941 (27.9)</td>
<td>.799</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have feelings for Facebook that I don’t have for many other social networking sites</td>
<td>3.35 (1.77)</td>
<td>3 (4)</td>
<td>.821 (20.6)</td>
<td>.825</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6- Friend Likability:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These persons are friendly</td>
<td>4.27 (1.37)</td>
<td>4 (4)</td>
<td>.92</td>
<td>.75</td>
<td>.864 (*)</td>
<td>.859</td>
</tr>
<tr>
<td>These persons are warm</td>
<td>4.03 (1.41)</td>
<td>4 (4)</td>
<td>.911 (21.7)</td>
<td>.840</td>
<td></td>
<td></td>
</tr>
<tr>
<td>These persons are approachable</td>
<td>4.15 (1.42)</td>
<td>4 (4)</td>
<td>.821 (21.1)</td>
<td>.865</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Value was fixed to 1 to set the metric for the other items.
Discriminant validity was further tested using Fornell and Larcker’s (1981) method whereby discriminant validity is judged to exist if the shared variance between two constructs is compared with the AVE for each construct in the model. The AVE for each construct in this study was found to be greater than the squared correlations between that construct and other constructs, providing evidence of discriminant validity. Table 2 shows inter-correlation, average variance extracted and squared correlation.

For self-reported data collected with a cross-sectional research design, common method variance (CMV) may confound the true relationships among the theoretical constructs of interest. We have undertaken both ex ante (procedural) and ex post (statistical) tests to control for CMV. As Podsakoff et al. (2003) suggest, we have adopted a counterbalancing question order, e.g. to avoid priming effects, we asked respondents about their Facebook trust and similarity with the brand before asking for their friend likability. Regarding statistical remedies, we have employed Lindell and Whitney’s (2001) marker variable assessment technique with a variable that was conceptually unrelated to the variables in our model. We have used the social enhancement variable “to feel important” as the marker variable. All correlation coefficients that were significant on a bivariate basis remained significant after we partialled out the marker variable (the smallest observed correlation was 0.021). Therefore, CMV does not seem to pose a major threat in our study.

2: Correlation Matrix Table and Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Similarity with Friends</th>
<th>Ad Value</th>
<th>Social Network Trust</th>
<th>Social Network Affect</th>
<th>Social Network Trust</th>
<th>Similarity with Brand</th>
<th>Friend Likability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Similarity with Friends</td>
<td>.66</td>
<td>.158</td>
<td>.122</td>
<td>.36</td>
<td>.119</td>
<td>.341</td>
<td></td>
</tr>
<tr>
<td>Ad Value</td>
<td>.398*</td>
<td>.75</td>
<td>.161</td>
<td>.161</td>
<td>.450</td>
<td>.147</td>
<td></td>
</tr>
<tr>
<td>Social Network Trust</td>
<td>.350*</td>
<td>.402*</td>
<td>.62</td>
<td>.120</td>
<td>.286</td>
<td>.358</td>
<td></td>
</tr>
<tr>
<td>Social Network Affect</td>
<td>.600*</td>
<td>.402*</td>
<td>.347*</td>
<td>.66</td>
<td>.226</td>
<td>.336</td>
<td></td>
</tr>
<tr>
<td>Similarity with Brand</td>
<td>.345*</td>
<td>.671*</td>
<td>.535*</td>
<td>.476*</td>
<td>.68</td>
<td>.196</td>
<td></td>
</tr>
<tr>
<td>Friend Likability</td>
<td>.584*</td>
<td>.384*</td>
<td>.599*</td>
<td>.580*</td>
<td>.443*</td>
<td>.73</td>
<td></td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.01 level
Diagonal values in bold show average variance extracted.
Squared correlation is above the diagonal.

To ensure the items’ suitability for testing the hypotheses, we assessed validity via a confirmatory factor analysis using LISREL 8.8 (Jöreskog & Sörbom, 2001). To ascertain the extent to which our model
provided an appropriate fit to the data, we followed suggestions by Hu and Bentler (1999) to use CFI, IFI, NFI and GFI as incremental fit measures and SRMR as a measure of absolute fit in addition to the $\chi^2$ statistic. Based on these criteria, the measures were all above or below the level indicative of a good fit. The resulting indices indicated that the $\chi^2$ was significant ($\chi^2 = 294$ (120), $P=0.000$). The model also had superior fit indices: $NFI=0.975$, $IFI=0.985$, $CFI=0.985$, $GFI=0.911$, $SRMR=0.0369$ and $RMSEA=0.0636$. In addition, all parameter estimates were above .6 and all t-values for the item loadings were greater than 2.0, which can be taken as evidence for convergent validity (Segars, 1997).

**Model Estimation & Research Findings**

The estimation of the model shows a good fit with $X^2=367(126)$, $P=0.00$, $NFI=0.968$, $IFI=0.979$, $CFI=0.979$, $RMSEA=0.0736$, $GFI=0.891$, $SRMR=0.0892$ (see Figure 2). The hypothesised links among the constructs were found to be significant, except the link from social network trust to FB ads value (H7). These indices of fit show a very good fit of the model, which reflects the strength of the methodology used as well as the strength of the theoretical model. Figure 2 shows the model estimation.

![Figure 2 – Model Estimation](image)

*Note: *significant at the $p < 0.001$ level & **significant at the $p < 0.01$ level
The findings show good support for the conceptual model, with all hypotheses supported except one. As hypothesized, friend liking has a direct impact on similarity with friends (H1: $\beta = .446, p < .001$). Friend liking was also significant as expected on social network trust (H2: $\beta = .393, p < .001$) and social network affect (H3: $\beta = .518, p < .001$). Similarity with friends was significant on ads value (H4: $\beta = .205, p < .01$), and social network affect (H5: $\beta = .773, p < .001$). Social network trust also had a positive significant effect on similarity with brand (H6: $\beta = .519, p < .001$), but was not significant on ads value (H7: $\beta = .0216$, not supported). Social network affect had a significant positive effect as expected on similarity with brand (H8: $\beta = .179, p < .001$). Similarity with brand also had a direct impact on ads value as hypothesized (H9: $\beta = .622, p < .001$). Overall, the results show very good support for most of the hypothesis within the model.

Discussion and Implications

The conceptual model of overall experience on FB integrated three key experience areas: firstly, the base, which is socializing with friends; secondly, the relationship with the social network itself (FB); and finally, the relationship with the advertised brands. Despite the increased number of studies on the ways in which SNSs affect advertising, most studies (e.g. Hennig-Thurau et al., 2004; Eckler and Bolls, 2011; Hayes et al., 2016) have omitted the role of the SNS itself on the way it affects customers’ perceived value of the advertised brand. Combining the three types of experience in order to understand the effect on customers’ perceived value of advertising contributes to the understanding about the rapidly growing social network advertising that features endorsed brands. Our findings on these experiences add significantly to the credibility of social network advertising, reflecting the importance of friends’ indirect endorsements, affection and trust of the SNS, and relationship with the advertised brand.

It is not surprising to find that friend likability has a significant impact on friends’ similarities. This finding supports the existing findings and argument that friend likability increases interactivity amongst
friends (Valkenburg et al., 2006) and development of further friendships (Raacke and Bonds-Raacke, 2008). The finding also supports the argument by Vallor (2012) that SNSs reflect the collective group characteristics, who share greater similarities as result of their interaction within the SNSs. Such influence between the two constructs caused the influence of friends’ similarities within SNSs to be particularly influential in determining the group’s relationship within SNS itself, as well as their relationship with brands with varying degrees of presence. In line with the Social information processing theory (SIP), SNS-mediated communication provides opportunities to connect with people and build interpersonal relationships with similar emotions and feelings as in face-to-face relationships.

While this is a significant finding for the SNS (FB), the very bonding that developed between members is found to be extended by members to include love and affection for the platform itself (FB). The finding that similarity with members increases affection toward the SNS itself means that members who identify themselves with each other, also identify themselves with the SNS (FB), which impacts the atmospheric aspects of their interactions. This finding provides some support for the argument by Algesheimer et al. (2005) that the emotional bond developed within the SNS does not develop in an isolation of the SNS. We expect that such affection with the SNS will vary depending on key elements such as the strength of the SNS’s brand, quality of the platform and system used, the SNS’s success in helping the interactivity of communities within its platforms, and its ability to develop trusting relationships with its users.

The argument that similarity with members positively increases the perceived advertising value is supported by this study. The existing literature has long made the connection between these constructs (e.g. Brown et al., 2007; Prendergast et al., 2010). Early studies have provided sufficient discussion on why similar members tend to perceive advertising value more positively. Some studies find that it is because similarity between members is the result of the group identity formed through their interaction, which tends to impact their perceived advertising value (Zeng et al., 2013), and the persuasiveness of the shared information among themselves (Brown et al., 2007).
The coexistence of members and brands within the SNSs allows both members and brands to co-influence their relationship with the SNS itself. As argued by Albert, Merunka, and Valette-Florence (2008), consumers develop feelings of love toward some brands, explained by dimensions such as duration of the relationship, self-congruity, pleasure, trust and declaration of affect. Thus, trust in the SNS is essential to the way consumers and brands engage within the platform. This study found that social likability and bonding positively impact social network trust, and that the more members of the SNS trust it, the more they demonstrate similarity with the advertised brand within the SNS. Given the high level of trust and positive affection members have for the SNS, it is not surprising that they engage with brands they feel similar with. The SNS becomes the trusted platform and a source of trusted information and opinions shared by likable friends. Trusting and loving the SNS helps members to engage with brands and to develop closer relationships with brands and significantly impact members’ perception of the value of advertised brand. The mediation of the relationship with the SNS itself is significant to how members endorse and perceive the value of the advertised brand.

The implications on companies are substantial; this study establishes the potential risks brands run into when choosing a particular SNS platform, as the relationship between members and the SNS itself would have a direct effect on brand similarity and ads value. As companies are predominantly using SNSs to build relationships with consumers, the selected SNS platform should be first evaluated in relation to the trust and affective feelings consumers have toward it. While some SNSs such as FB might provide higher reach than others, companies should constantly evaluate consumers’ sentiment toward that social platform, as any faux-pas by the SNS might have negative consequences on socially advertised brands.

Overall, when customers perceive that brands say a lot about them through advertising, they also perceive SNS advertising as useful and valuable. Similarly, the more they perceive brands’ image consistent with how they would like to see themselves, the more they value SNS advertising as an important source of information. Therefore, a monetization output is to be expected by companies that build on SNS
advertising and customers’ affective feelings related to SNS. In addition, targeting customers that are much attached to their SNS friends and share same objectives with their friends should result in higher perceived advertising value for brands advertising on SNS.

Limitations and Future Research

Future research should further examine the relationship between members of the SNSs with its own platform. Although this study found a significant level of trust and affect for the SNS (FB), early literatures on social-psychology and business-to-business (e.g. Hendrick et al., 1988; Håkansson, 1982) have long found that the atmosphere within which interactions occur has significant impact on, not only the outcomes of the interaction, but the quality of the interaction and the feeling and attitude members develop toward each other and toward the community itself. The findings from this study confirm that this is no different to members’ interaction within SNSs. Future studies should focus on the atmospherics aspects that influence the success of SNSs and the experience they provide to users and brands.

In addition, future studies should differentiate between the SNS communities and SNS advertised brands. We suspect that there will be differences in the way members/users feel toward the SNS community compared to that of a brand. Studies on communities tend to suggest an emphasis on trust, emotional ties, commitment, shared values, etc. (e.g. Bateman et al., 2011, McLaughlin, 2016), while studies on brands suggest that consumers/members of brand communities tend to be emotionally influenced to a greater degree by abstracts such as design, colour, reputation, etc. (e.g. Albert et al., 2008; Beukeboom et al., 2015; Kamboj and Rahman, 2016; Veloutsou and Moutinho, 2009). Thus, future studies can contribute by examining these two levels of SNSs, which is clearly a limitation that this study could not deal with and it is hoped that future studies will address such limitation.

A limitation of this study is that it focuses on users of social networking sites from one country, although the researchers believe that users in the selected country are not significantly different in their usage and
relationship with social networks than in other developed countries with significant internet penetration. Future researches may consider replicating this study in other countries to validate even further the findings, and/or be directed at different social networking sites such as Instagram or Twitter.
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