

Chapter 64

Role of Personalization in Shaping Attitudes Towards Social Media Ads

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ABSTRACT

The present article aims to understand attitudes towards social media ads, one of the most recent and rapidly growing forms of digital advertisements. So far, little attention has been paid in developing countries to the most rapidly growing type of advertising and the present study aims to contribute to fill this research gap. A survey study was carried out to understand the attitudes using Ducoffe's advertising value model and extending it by the inclusion of "rewards" and "personalization" constructs. Facebook ads are used as a proxy for social media ads and a total of 327 questionnaires were collected from Turkish consumers, which were filtered down to 281 and analyzed using structural equation modelling. The findings indicate that credibility, personalization, informativeness and entertainment have direct positive effects on advertising value and have indirect effects on attitudes towards social media ads. Personalization emerged as a significant factor affecting all other related constructs.

INTRODUCTION

Internet has become an important tool and integral part of daily life. In line with rapidly growing population with access to the internet, new economic systems are devised, and current ones are transformed. In marketing communication, advertisements carried out through digital channels have the highest growth rates among all channels. Digital advertising spending increased by 23% in the first half of 2017 exceeding 40 billion USD according to the Interactive Advertising Bureau (IAB, 2017). This new medium is used more frequently as social media irreversibly changes the way individuals communicate. Turkey, the focal point of the present study, also experienced such growth. Digital advertising became the second largest channel with an annual growth rate of 14% in 2016 according to IAB Turkey (IAB Turkey, 2016). From a fundamental perspective, digital advertising is only a part of larger digital mar-

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keting activities, which may be carried through the media that is owned, earned or paid for (Strauss & Frost, 2013). Organizations' reach on owned media, the channels they directly control is currently on decline (Delo, 2013). For instance, depending on the type of the content shared on its Facebook pages, a brand can only reach between 2% and 8% of its followers (DeMers, 2015). This figure was 16% on average in 2012 (O'Reilly, 2015). Modifications that social media sites such as Facebook have made to relevant algorithms in recent years are among the main reasons that have led to a decrease in organic reach (DeMers, 2015). This decrease has been directing organizations towards using digital advertising and advertisements (Sloane, 2015). Accordingly, Facebook promoted posts almost doubled to 17% of all posts in 2014 compared to 9% in 2013 (O'Reilly, 2015). The forecasts of Zenith Media indicate that social media advertising spending will grow by 20% annually till the end of 2019, when it will be worth 50 billion USD (Zenith, 2016). Among other factors, increasing spending on social media may also be attributed to the emergence of native advertising. Native advertising is defined as a type of advertising that is designed to blend into page content and is consistent with the general aspect of the page and the media platform (IAB, 2013). Native advertising holds promise and is considered superior to display ads in terms of avoidance and engagement (Cho & Cheon, 2004; FTC, 2013; Pophal, 2014). In a study by online marketing firm HubShout, 66% of internet users preferred to click on sponsored articles over banner ads (Pophal, 2014). Consequently, the spending on native ads are on the rise. The State of the News Media 2014 report by Pew Research Center reported an increase of 43% in native advertising spending from 2012 to 2013 (Mitchell, 2014).

In line with rapidly growing and changing digital marketing environment, the present study aims to understand attitudes towards social media ads and to reveal the factors affecting attitude formation. The relevant literature is analyzed to set a framework for this study and define the predecessors of attitudes towards digital ads.

THEORETICAL FRAMEWORK

Most of the relevant studies on digital advertising have utilized traditional advertising models and tested their validity in various digital channels (Haghirian, Madlberger, & Tanuskova, 2005; Tsang, Ho, & Liang, 2004). Despite an increase in the number of the studies on these issues, fragmentation of digital media have been continually creating new areas of interest (Schlosser, Shavitt, & Kanfer, 1999; Wolin, Korgaonkar, & Lund, 2002). In terms of cultural and geographical coverage, the extant literature is predominantly focused on developed countries with strong technological infrastructures and large proportions of consumers have already been exposed to digital channels and advertisements (Wang & Sun, 2010). Developing countries on the other hand, lag behind developed counterparts in terms of infrastructure, internet penetration levels and previous experience with digital media (United Nations Development Programme, 2013). Furthermore, differences between Western and Eastern cultures may lead to differing attitudes towards ads as experienced in the previous studies (Ferle & Lee, 2003; Zhou, Zhang, & Vertinsky, 2002). This creates an important research gap in the literature focusing on developing countries and different cultures. New studies in this rapidly growing field will contribute to the understanding of consumer attitudes in different settings as well as providing ways to improve attitudes by revealing significant antecedents for marketing practitioners.

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