THE ADOPTION AND PERFORMANCE OF OFFICIAL FACEBOOK FAN PAGE (FFP) AMONG GLOBAL AIRLINE COMPANIES

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To my beloved family
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First of all I would like to show my gratitude and thanks to the all people who had helped me to accomplish this project. It would not have possible for me to complete this research without the support of all who had directly or indirectly helped me.

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ABSTRACT

Organizations nowadays are relying on social media marketing for promotion and CRM purposes. Facebook is one of the most significant social media tools, which has been used worldwide. This study investigates the adoption and performance of Facebook fan pages among global airline companies in developed, least developed and developing countries. The Diffusion of Innovations theory has been applied as the underlying theory in this study. Using content analysis technique the data was collected from official FFP of global airlines. Analysis of Variance (ANOVA) and Chi Square were used to test hypotheses. The result shows no significant difference among the global airline companies in developed, least developed and developing countries in FFP adoption. However, the results shows significant difference in terms of performance and timing of adoption of FFP between the developed, least developed and developing countries. Airlines from developed countries adopted FFP three years earlier than developing countries and performed better than airlines from developing and least developed countries. Academically, this study adds on internet and technology implementation literature. For industry, investigating the performance of FFP should make it clear for global airline companies how to implement FFP successfully.
ABSTRAK

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CHAPTER 1

INTRODUCTION

This chapter describes the background of the study, problem statement, research question, purpose, objectives, importance, scope, and finally limitations of the study.

1.1 Background of Study

The word social media first appeared in the 1990s based on the expansion of computer and the Internet technology. The popular period for social media however start from 2008 (Cao, 2011). Beside individual use, social media also widely used by businesses for the purpose of marketing research, product testing and customer relationship management. Continuous progress and development in social media leads more companies, to explore marketing capacity of social media due to the advantages to connect businesses with consumers at a low cost (Kaplan and Haenlein, 2010). Social media has strong power to influence different like-minded customers’ perceptions and behavior (Williams and Cothrell, 2000; Wellman and Gulia, 1999; Hagel and Armstrong, 1997).
Kaplan and Haenlein (2010, p. 61) defined social media as “a group of Internet based applications that builds on the ideological and technological foundations of Web 2.0, and it allows the creation and exchange of user-generated content”. User-generated content is an important means through which consumers express themselves and communicate with others online (Boyd and Ellison, 2008). User generated content is produced in online social environments, which created outside of professional routines and practices (Kaplan and Haenlein, 2010).

Social media marketing is becoming popular day after day, which seeks to accomplish branding and marketing communication objectives via participating in different social media networks. Strategies of social media such as customer relationship management (CRM), promotion have been applied in studies and used by companies, brands and public sector marketing (e.g., Chen, 2012; Yang, 2012; Yu, 2011; Zhang, 2011; Mergel, 2010; Zhao, 2010). With the introduction of the social media, users, who share what they do and feel, created the new marketing segments. Ward (2010) suggested that, social media is one kind of online communication and conversation tool, opposite of conventional media in which users are not allowed to contribute in the creation of content.

Social media has become the center of attention in different industries. Tourism companies use social media platforms such as Facebook, Twitter extensively to promote their business. Organizations use social media to tell customers about their products, services, and promotions. For example, Southwest Airline Company has three employees whose job focuses on managing social media channels and respond to queries made via social media channels such as Facebook. Recently, organizations employ social media particularly Facebook as alternative sales channel. For example, Delta Airlines customers can buy Air Tickets on Facebook.

Emerging of Internet and social media result in change the ways of sharing and delivering information in tourism sector. Social media platforms play
significant role for tourists to acquire information and request for customer services. Tourists use Social media applications widely to get and share information (Buhalis & Law, 2008; Volo, 2010), feelings and past experience (Jacobsen & Munar, 2012) in the form text, photo and video.

Facebook is one of the most significant social media tools, which has been used worldwide. On October 28, 2003 Mark Zuckerberg and his classmates created Facemash, which is known as the predecessor of Facebook (Facebook.com, 2012). Facebook is the technological communication platform, in which, users can easily communicate with each other, sharing contents, commenting on posts and so on. People satisfy the need of communication between people, companies, and societies, because this symbolizes engagement, involvement, participation and collaboration attributes (Mangold & Faulds, 2009; Wang, 2012; Wigmo & Wikström, 2010; Yu, 2011). The communication also fulfills their need for belongingness and cognition with those who have shared norms, values and interests (Gangadharbhatla, 2008; Tardini & Cantoni, 2005).

Facebook allows companies to open Facebook Fan Pages, and through that companies build their own community, in where they writes comments, post and share videos, photos and so on. Rather than direct advertisement, Facebook Fan Page helps companies to build bond and interact with fans. Good Facebook Fan Page content includes contact info, press releases, RSS feeds Twitter updates, Company news, status updates, customer comments and interaction.

Currently, global airline companies are also using Facebook Fan Pages as one of their promotional tools. For example, Turkish Airlines use their Facebook Fan Page to enquire about potential destination. Some airline companies such as Air Asia use Facebook Fan Page for test-marketing test prior introducing the new route. For example, they ask fans suggestions, gather feedbacks and communicate with the fans about the new route. Airline companies such as KLM, Lufthansa, and Turkish Airlines use the Facebook Fan Page to gather feedbacks from
consumers after their trip, fans post or comments on airlines’ Facebook page about their experience during fly. These comments were used to improve their service in the future.

In closing, social media, particularly Facebook enables organizations to be closer to their customers, building better and longer relationship. Beside companies, customers could also use the social media to share their feeling by pictures and videos, to report for excellent customer service or to complaint the poor services. As such, social media adoption is becoming compulsory for business including the airline industry. But rather than focusing on adoption, the next question following the adoption is whether businesses are effectively implementing the technology. In the next section, discussed the problem statement driving this study.

1.2 Problem Statement

There are many studies on the usage of social media in tourism industry (Leung et al. 2013; Fotis, Buhalis, and Rossides, 2012; Jacobsen and Munar, 2012). The background of the study mentioned the importance of social media as promotional and CRM tools for airlines. Airline industry is the second biggest industry to use Facebook as the main social channel after telecommunication industry (socialbakers.com, 2014).

According to Dholakia and Kshetri (2004) most studies on internet diffusions centered on the adoption stage, and reasons for adopting websites such as benefits, public pressure, organizational competitiveness. Fichman (2004) stated that, findings on adoption enrich research on diffusion, however there is
need for implementation stage research. Studies on implementation studies mostly cover value of an innovation to organizations after adoption (Hashim and Murphy, 2007). In this study, beside adoption of FFP among global airline companies, implementation of Facebook Fan Page among global airline companies studied too. In this study implementation refers to whether global airline companies linked FFP with their overall marketing strategy to manage customer relationship and promote themselves.

Previous studies on social media mostly focused on finding customers’ opinions, customer satisfaction or the impact of using social networking sites for marketing (Chan, 2008; Chu, 2001; Rong, Li, & Law, 2009) however there are limited studies on companies’ social media marketing performance. To the researcher’s knowledge, there is a gap in the literature on the airline industry’s marketing performance. Specifically, in this study, performance of FFP among global airline companies will be examined to fill the gap mentioned above.

The difference among countries in the world is significant due to the economic factors. To researcher’s knowledge previous studies on diffusions of Internet mainly focused on one category of countries such as developing countries only (Bergoeing et al, 2010). However, limited studies have been conducted based on the regional differences in social media uses by applying Diffusion of Innovations Theory (Vijayasarathy, 2004). In this study, comparison will be made among airlines in developed, least developed and developing countries based on performance of Facebook Fan pages.

Social media play an important role in holiday planning and booking which will lead to the increase number of visitors view the tourism websites (Lu, 2012; Milano et al., 2011, Litvin, Goldsmith, & Pan, 2008), and result in growth in number of travelers to destination (Crofton and Parker, 2012). But in some, this does not happen, for example, “Best Job in the World” campaign by Queensland Tourism office in 2008, attracted more than seven million visitors and 200, 000
net visitors to its website in weeks, but it did not lead to increase in number of holidaymakers in Queensland (Queensland Tourism office, 2009). On the contrary, there was 8% decrease in number of international travelers traveling to Queensland in 2008.

Facebook as the powerful communication tool and popular social networking site has good contribution in fast delivering of some emergency issues such as accidents. For example, Air Asia team employed FFP, as main communication tool between company and it is fans after unfortunate Air Asia plane crash in December 28, 2014 (Air Asia, 2014). Southwest Airlines also implement FFP extensively as part of Customer Relationship Management. For example, Southwest Airlines organized “Fans Fly Free” sweepstakes in December 2010 (Facebook.com, 2010). It increased engagement between customers’ and company on FFP (Facebook.com, 2010). At present, Southwest Airlines is the 6th airline based on number of Facebook fans in the world (socialbakers.com, 2015).

Based on the importance of social media marketing in airline sector and lack of studies in this area (Rong, Li, & Law, 2009). This study helps to fill up the gap not only by investigating the Facebook adoption but also evaluate the performance of the airline’s Facebook fan pages.

Additionally, in content analysis studies, researchers mostly use variables at the nominal level of measurement, which does not allow researchers to use comprehensive statistical analysis. For example, some variables in this study such as videos and photos considered as application variables with nominal level of measurement in the previous studies (Ismail et al. 2013). However in this study researcher used videos and photos as part of performance variables, and changed level of measurement to ratio. This will allow researcher to conduct more comprehensive statistical tests rather than descriptive analysis. The following section describes the research questions and objectives related to this study.
1.3 Research Questions of Study

1. What is the level of Facebook fan page (FFP) adoption among global airline companies based on the presence of official Facebook?

2. Do the global airline companies differ in their time of Facebook fan page (FFP) adoption?

3. Do the global airline companies differ in their performance of Facebook fan page (FFP) based on number of likes, shares, fans, videos, photos, talkings and engagement ratios?

1.4 Objectives of Study

1. To measure the adoption of Facebook fan page (FFP) among global airline companies by measuring the presence of official FFP.

2. To investigate and compare the time of Facebook fan page (FFP) adoption among global airline companies.

3. To investigate the performance of Facebook fan page (FFP) among global airline based on number of likes, shares, fans, videos, photos, talkings and engagement ratios.
1.5 Scope of Study

The population of this study was all the 202 members of SkyTrax Air Travel Rating & Review organization. Scope of this study was the 147 airlines with official FFP out of 202 airlines members registered under SkyTrax Air Travel Rating. Besides, content analysis was used as research method and coding sheet as the primary research instrument in this study.

1.6 Significance of Study

Academically, this study adds to the limited research on social networking sites (SNS) in aviation industry. At present, surprisingly there is not many published research papers, articles related to usage of social networking sites, particularly Facebook Fan Page by Global Airline Companies in research database. Only few studies related with this topic, but mostly are about Facebook usage by low cost airline companies (Leung et al., 2013).

This study also extends previous Diffusion of Innovations literature by relating the theory with the geography regional differences in social media uses, and the adoption and performance among global airline companies in developed, least developed and developing countries. Therefore, this study explored the new applications of Diffusion of Innovations theory in regional and airline company perspectives.

Since this study mainly concentrates on the users’ side rather than agencies side (Agent-Generated Content), which is one of significance in this study. Based
on the users’ likes, shares, comments, the User-Generated Content (UGC) could be generated, which is more convincing and reliable for using as parts of literature in the future studies.

From industry perspective, airline companies may be also interested on the findings to compare the usage of Facebook fan pages among global competitors. Finding from this research allows airlines to improve Facebook fan pages performance and customer relationship management (CRM).

Result of this study expected to be helpful for researcher’s knowledge and career development. Findings of this study also help to deeply understand the importance of social media, Facebook, in current era and how airline companies practiced in usage of Facebook.

1.7 Definition of Terms

1.7.1 Facebook Fan Page

Facebook Fan Pages is the profile page, which allows business parties or individuals to share their businesses information and introduce new products or services with Facebook Fan Page users on the specified page.
1.7.2 Facebook Post

Facebook allows users to share their thoughts, ideas, and necessary information with fans, friends, or followers by posting or status update. Once status updated it will be appeared on news feed of fans, friends, who can comment, share or like the post. Usually a post contains of few short sentences and can be enhanced with photo or video.

1.7.3 “Like” Feature

Facebook users become a fan of corporate businesses Facebook fan pages by liking it. Besides that, users can use “like” button to show their support and also show whether they agree with comments, photos, videos shared by Corporate’s FFP or not.

1.7.4 Comment

A space provided under each post, in which users can write their comments. Content of comments include different feelings, responses or request for the post on Facebook Fan Page.
1.7.5 Developed Country

Developed countries (e.g. France, Germany) are those with a GNI per capita of more than $12,746, industrialized and with high Human Development Index (World Bank, 2013).

1.7.6 Developing Countries

Developing countries (e.g. Turkey, Russia) are those with a GNI per capita between $1,045 and $12,746, low industrialized and Human Development Index compared to Developed countries (World Bank, 2013).

1.7.7 Least Developed Countries

Least Developed Countries (e.g. Togo, Mali) are those with a GNI per capita less than $1045, low industrialized and low Human Development Index compared to developing countries (World Bank, 2013).
1.8 Structure of Study

This Master thesis contains five chapters. Following the introduction, Chapter 2 reviews the literature on DOI and Social media. Chapter 2 ends with three hypotheses developed for this study. Chapter 3 starts with literature on content analysis, and continues with population, research instrument developed for this study, data collection and data analysis. At the end of Chapter 3, results from pretest mentioned. In chapter 4, results generated from SPSS software presented. In the last, chapter 5 starts with discussion on main findings. Limitations, academic and managerial contributions also discussed in Chapter 5. Chapter 5 ends with conclusion of this study.
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