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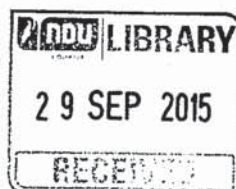
**Bordeaux Management School  
Institute of International Business**

The Impact of Word of Mouth occurring through Facebook on the Lebanese  
Consumer's Purchase behavior

**A Thesis Submitted in Partial Fulfillment of the  
Requirements for the Joint Degree of the Master of Business  
Administration (M.B.A.) and the Master of Science in  
International Business (M.I.B.)**

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**NDU-Lebanon  
2013**



## Approval Certificate

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BY

**Alia Bachar Chebaro**

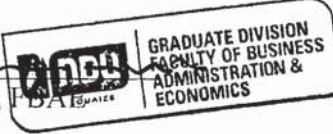
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## DECLARATION

I hereby declare that this Thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other University.

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## ABSTRACT

Social network sites are websites that offer a medium for social media which is best described as an intermediate that allow the exchange of contents (Goddard, 2010) and thoughts (Luna, 2011). One of the activities practiced on social network websites is social network which is the pattern of advice seeking and advice giving used to reduce the risk of a decision taken by a decision maker (Goddard, 2010). Social networking through social media has become a phenomenon since it gave users connected to internet a chance to share their opinion and get in contact with other users instantly, easily and constantly despite the geographical barrier. Word of mouth which is defined as the act of sharing attitudes, opinions and feedback that leads to a major role in consumer decision making process depends on social network (Richins & Root-Shaffer, 1988). Past studies done outside Middle East region about this subject have shown an influence of social media on purchase decision and sales (Chevalier and Mayzlin 2006; Liu 2006; Moe and Trusov 2011; Berger & Shwartz 2011). Moreover, studies show that word of mouth and trust increases as sender and receiver are alike (Brown and Reingen, 1987; Price *et al.*, Gilly *et al.*, 1998; Bayon & Wangenheim, 2003). Based on the above studies from other countries, two hypothesis were developed stating that trust and closeness of social tie between sender and receiver are positively associated with the intention to adopt information shared on Facebook as an aid in purchase decision-making process second hypothesis states that word of mouth occurring through Facebook has a positive effect on purchase decision making process. This study will concentrate on Facebook which was chosen out of all social media network sites since this site was recorded to be the most visited social media network sites in the world (Alexa, 2012) including Lebanon which will be the focus of the study. Lebanon has shown an increase in internet and smart phones users in the past years in parallel with an increase in Facebook usage. This rising phenomenon is to be detected and analyzed to determine its effect on purchase decision. This will be done by analyzing the data findings gathered from 190 respondents living in Lebanon. In addition to demographics, key questions include frequency of visits to Facebook, smart phones, degree of tie strength, trust and word of mouth influence; Tie strength is defined as a combination of the amount of time, emotional intensity, intimacy, and the reciprocal services which characterize the tie (Granovetter, 1973) whereas Trust

is defined as the confidence that the person have in someone or something. Social factors encouraging word of mouth will be examined in specifically trust and tie strength.

Findings from the statistical analyses concluded that trust and tie strength have positive effect on word of mouth; on the other hand word of mouth was shown to influence purchase decision. A cross-cultural comparison was done between Lebanon, China and USA in order to know which of those social factors have greater influence on word of mouth transfer occurring through using social network sites in those countries. China and Lebanon was shown to shave greater influence than USA. Managerial implications are presented for global marketers in the end which includes using incentives to increase the enthusiasm of posting positive reviews which will lead to positive results for the company.

*Keywords:* Word of Mouth, Electronic Word of Mouth, Facebook, Purchase behavior, Lebanon, Social Factors, Trust, Social Tie Strength, Social Media, Social Network Sites.

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## Chapter 1

### INTRODUCTION

#### 1.1 General Background about the topic

Social media is defined as a group of internet based applications that build on the ideological and technological foundation of Web 2.0 and allow the creation and exchange of user generated content (Kaplan & Haenlin, 2010); web 2.0 is an intersection of web application features that facilitate participatory information sharing, interoperability, user-centered design and collaboration on the World Wide Web (Core Characteristics of Web 2.0 Services, 2012). Social Media is different from social network in which social media is the medium that allows the exchange of contents whereas social network is the pattern of advice seeking and advice giving used to reduce risk of decisions that lead to better decisions (Goddard, 2010). Social networking sites such as Facebook and Twitter among others are popular social communication channels hosted on web (Raacke & Bonds-Raacke, 2008) attracting millions of users connected by internet from all over the world (Nielsen Online, 2009).

Uses of Social Network Sites includes socializing with old mates and getting to meet new friends to exchange complements, greetings, recommendations, information and experiences regarding products and brands (Chu & Choi, 2011) beside turning into a publishing platform for news, articles and videos. Thus these websites give consumers a chance to engage in peer to peer conversation about products' positive and negative attributes and electronic word of mouth (Chu & Choi, 2011) because contacts in social media sites are part of the consumers' own network, they tend to be looked at as more credible than advertisements, marketers and unfamiliar sources (Chu & Choi, 2011). On other hand, social technology is defined as "Technology which makes use of input and behavior of users of the technology to enhance its relevance, usability, content, navigation or function. Often this refers to tools which are used in web 2.0 or social media efforts" (Hornstein & Burke, 2007).

Social network occurs through social media network sites allowing conversations to reach a broader audience through this digital interface. Social media over web takes different forms such as blogs, web forums, and virtual communities for gaming, education, music and picture sharing, charity, dating and environment besides other subjects and purposes.

In less than three years social network sites became the medium engulfing the most popular activity on the web superseding pornography and search on search engines (Hitwise, June 2008). This revolution attracted people from all ages and changed the way they express, interact and share data with users located all over the world. Reasons behind this revolution is that social media serves as means of communication and exchange of thoughts (Luna, 2011) allowing people to express their opinions freely and get connected instantly to people with same interest despite the distance. Social media network taps many sides of people's life specifically their personal and business life. On daily basis, many people wake up to check their friends' notifications, statuses and comments, pictures and videos posted, monitor corporate social media page for the company they work for and other interesting companies and often search for product or service reviews to make the best decision.

Social network sites were used in president Obama's presidential campaign to reach American youth during his presidency campaign. He had a huge database with millions of supporters who were engaged instantly. Obama achieved his victory since he acknowledged the fact that this tool is people driven where he could reach huge amount of audience. On the other side of the world, social media played a logistic role in changing the ruling system of many countries including Egypt, Tunisia, Yemen and Libya. Social network sites allowed safe communication channel that gave users the sense of freedom and self-empowerment. In Tunisia, demonstrators used Facebook which is a social network website to organize protests, follow up the activities of protesters scattered all over the country (Wright, 2011). Clearly, social network sites have significantly contributed to the development of strong communication bonds crosswise the Arab world (Satti & Mohamed-Nour, 2005).

### 1.1.1 History and Types of Social Network Sites

Going back to the history of this invention, social Network sites started with the development of the worldwide web in the 1990s in the form of forum which was the main tool used by people to communicate with other online users in a text form via AOL (Holtz and Havens, 2009, p.189). Nonetheless forums were dissimilar in nature meaning that the user would meet the same individual in distinct forums either because both users agreed to meet somewhere or by coincidence while following the same interests of both (Holtz & Havens, 2009, p.189).

Facebook, LinkedIn, Bebo, YouTube, Twitter, Myspace, Nexopia, Hyves, StudiVZ, iWiW, Tuenti, Hi5, Friendster among others are popular social networks sites that allow online interaction between members sharing the same interests by using a common platform that allow them to send instant messages, watch videos, share photos and information and send emails and inbox messages within the same virtual environment. One of the important social network sites is Twitter which had recently grown to become a powerful micro blogging tool used for purposes ranging from marketing to news aggregation and dissemination among others (Zawya' Social Media in Middle East Report, 2012). The number of Twitter users for countries in Middle East has grown to over 200 million by April 2011, with about 30-40 million active users (Zawya' Social Media in Middle East Report, 2012).

Moreover, LinkedIn is a more serious social networking site and a networking medium for businesspeople connecting with other professionals. In fact, LinkedIn contacts are referred to as "connections." Today, LinkedIn has more than 30 million members. A survey prepared in February 2010 by AIIM which is an organization that provide research reports revealed that more than 30% of individuals in organizations used LinkedIn at least once a day for business purposes such as connecting with and/or recruiting professionals. Among those individuals suppliers and consulting organizations account for a percentage equating for 48% and 54% respectively (AIIM, 2010). A third popular social network site is MySpace, a social entertainment network website that provide a personalized entertainment by connecting people to music, celebrities, TV,

music and games. It was launched in 2003 where it got very popular in the United States of America. It offered a humongous catalog of free audio and video content to users and provides unsigned artists alike with tools to reach new audiences. It targeted young adult demographic who enjoy music, music videos, and funky, full of features environment.

### 1.1.2 History of Facebook

The focus of this study will be on Facebook as medium of communication which ranked second in the top 500 sites viewed globally in terms of number of users logging in and first among all social media network sites (Alexa, 2012). Facebook allow users to send and share emails, pictures, instant messages, music and video clips and play games on the same platform without moving into a new URL, to many this closed environment form a comfortable and intimate community (Holtz & Havens, 2009, p.189). It is a website that gives its users the chance to have individual accounts (called profile) that allows them to talk to friends, family members, school mates and colleagues, share pictures, statuses and videos and collectively play games. On other hand, Facebook provides corporations an opportunity to have a Facebook page which can be utilized for business purposes that includes having a two side-dialogue communication with customers and members, installing pictures of products and a space for commenting on that picture.

Facebook users are increasing in most of the countries specifically Lebanon which is the focus of this study reaching 1.36 million (Alexa, 2012). Reasons behind Facebook's success are debatable. Some return it to its ease of use, others to its numerous accessed features, and others to its name and high popularity between people. It seems that many people enjoy expressing their thoughts and statuses and do not mind sharing personal details with their circle of friends. Others like to share thoughts with public by joining groups and writing on the group's wall, such groups combine people with similar interest. On contrary, social media network technology's openness might hold many threats since it intrudes privacy and waste time. Various studies have shown that Facebook members tend to reveal personal information about themselves openly, while at the same time they are not fully aware of their privacy options such as who can

surf their profiles (Tatjana et al., 2010; Acquisti and Gross 2006; Lampe et al. 2007& Stutzmann 2006).

Going back to its origin, Facebook was founded like many social networking sites by university students who initially tried to sell their project to other university students. It was launched in 2004 as a Harvard-only exercise and remained a campus-oriented site for two full years before it was turned into a big business, with 50 billion dollars value, after a \$500 million investment from Goldman Sachs and a big time Russian investment firm (Townsend, 2011).

Facebook was mentioned as one of 2010 biggest business developments as per Harvard Business School publications (George, 2010). Facebook is emerging from a communication tool for fun used by young people to a new vehicle for business leaders and corporations that allow a two way interaction with their employees, suppliers, business professionals and clients. HP is one of the companies that started using social media to stay closely in touch with their customers. Lois Townsend, social media strategist for HP's consumer support, stated in an interview done with him in 2009 that the company got massive data from their customers. They noticed that 75% of those clients preferred to solve problems on the web by talking to one another and not necessarily the manufacturer. Social media platform opened a door for HP to tap into everything that consumers are saying in order to answer them directly and take the opportunity to impact other customers by creating new content or by taking some of the customer comments back to the product engineering department to better develop the company's products (Econtent Magazine, 2009).

Social network websites including Facebook have gone beyond being a medium for entertainments, commercially the social network feature allowed businesses, organizations and public figures to get publically exposed. Facebook for example allowed businesses to create profiles that let them to sign up fans, issue status updates and send messages. Big companies are finding benefit using these systems is the ability to generate useful content on an ongoing basis which helps the company learn about customers' concerns, feedback, and interests, get inspired by new ideas and product innovations grasped from a transparent and honest dialogue (Graham, 2009). Thus

marketers are being attracted to the 120 million Facebook users who log in daily at least for once, 30 million of them log in to Facebook using their mobile devices; beside the fastest growing demographic on Facebook are above 35 years old who are mainly the major purchasing power. Facebook has pages for more than 100,000 small-business pages out of 300,000 total business pages (Graham, 2009).

Despite the popularity of Facebook worldwide, Using Facebook in workplace has downturns where employees may fall to if left to their own judgments. Some of the risks include internet and storage consumption, potential legal liability, exposure to viruses and malware, decreased productivity, disclose of personal information and corporate secrets (Ferreira, 2009). In order to abandon these threats Ferreira recommended in her study done about the effect of Social Media on employee's productivity that organizations should designate specific networks for social networking usage. The researcher adds that organizations should consider developing and implementing clear and comprehensive acceptable use policies when attempting to deal with Online Social Networking sites (Ferreira, 2009).

Facebook is engulfing a lot of communication activities, in this study the focus will be on studying word of mouth occurring through Facebook especially that word of mouth was proved to influence consumer purchase decision and give benefits to the enterprise (Statuss, 1997). Word of mouth occurring online is called Electronic or digital word of mouth which is a form of word of mouth that offers a medium to exchange information usually anonymously or confidentially, as well as to provide an instant and free of constraints medium connected through web with more than one geographical location (Doh & Hwang, 2009). Consumers talk about new restaurants, complain about bad travel agencies, and share information about the best way on how to download a free anti-virus program. Social chat impacts everything from the products consumers purchase to the medicine doctors prescribe for a certain sickness (Berger & Shwartz 2011).

Specifically, this study will explore the effect of word of mouth occurring through Facebook on the Lebanese's consumer decision making process and examine

whether the following social factors trust and social tie strength have affect on word of mouth transmission between sender and receiver. Past studies declared that electronic word of mouth is driven by social relationships that vary between people coming from different cultures (Chu & Choi, 2011).

In follow up to the above, two hypotheses were developed stating that trust and closeness of social tie between sender and receiver are positively associated with the intention to adopt information shared on Facebook as an aid in purchase decision-making process. The second hypothesis was inspecting whether word of mouth occurring through social Facebook has a positive effect on purchase decision making process of Lebanese consumers. To study these hypotheses a survey was developed; this survey was completely answered by 190 Lebanese internet user of different age groups. The survey included questions about demographics, frequency of Logging-In to Facebook, purpose behind logging In to Facebook, frequency of Logging-In to Facebook through smart phones, opinion seeking and pass along behavior of electronic word of mouth, tie strength and trust.

## 1.2 Need of the Study

We are currently living in the digital information age; any person can access information freely with no limitation and share information about different companies on one of the social media network sites. One of the famous social network sites is Facebook which ranked second after Google in term of websites visited by people living all over the world and first between websites visited by internet users in Lebanon which makes it the most popular social media network site (Alexa, 2012).

Moreover an increase in time spent on social media network websites abroad was recorded in Nielsen's social media report for the third quarter of year 2011 which stated that social networks and blogs reached nearly 80% of active US internet users and represented the majority of Americans' online spent time. Users are spending time on social network sites including Facebook for purposes other than entertainment; according to the above mentioned study 60% of those American respondents who use three or more digital means of research for product purchases stated that they learned



about a brand or retailer from a social network site and 48% of these consumers responded to retailers' offers posted on Facebook or Twitter (Nielsen, 2011). Thus Facebook is turning into a channel that transfer information about products and brands through peer interaction and companies' pages which made marketers give more attention to this communication tool. Social media marketing industry report included a study about 880 Marketers surveyed in which 88% of those marketers surveyed were using social media, 72% of them have been using it since few months and 64% of the marketers surveyed were using it for 5 hours per week while 49% of them were using it for 10 hours per week (Stelzner, 2009). Moreover, a survey was conducted in Middle East by International Quality and Productive Center for 1,048 Marketing professionals working in Gulf, Middle East and North African regarding their roles and their organization's strategies and implementation of digital marketing. Findings showed that 55% had already implemented digital marketing, 55% considering implementing Digital in their Integrated Marketing Mix. On other hand, 84% say their company supports Social Media marketing initiatives (International Quality and Productive Center, 2010).

With the increase of internet users to 1.31 million internet users (World Bank Data, 2011) in parallel with Facebook users reaching 1.36 million in Lebanon (Alexa, 2012) and Facebook recording highest views out of all other websites visited, the interest of business people and marketers is increasing due to the expected peer to peer interaction on this medium. This study will help researchers and marketers comprehend how Lebanese users use and share content on this medium and measure its influence on purchase behavior. Many studies were done about Social media trends and its effect on consumers in different countries (Bannsal and Voyer, 2000; Wangenheim & Bayon, 2004) but this subject has been barely tapped in the Middle East region and specifically in Lebanon. It is important to examine consumer's information transmission about products and what are the social factors encouraging this transfer through Facebook to examine its impact on their decision making process since these findings will help them design a better digital marketing strategy, segmenting and targeting the market by understanding this dynamic growing marketing medium (Lin, Lee & Horng, 2011).

### 1.3 Objective of the Study

The objective of this study is to determine the relationship between word of mouth occurring through Facebook and Lebanese consumers' decision making process which will be defined below; further this study will examine two social factors trust and social tie strength between sender and receiver that are suggested to affect word of mouth transmission.

Word of mouth is defined as the act of sharing attitudes, opinions and feedback that leads to a major role in consumer decision making process (Richins & Root-Shaffer, 1988). Word of mouth transferred through Facebook is an Electronic word of mouth which is a form of word of mouth that offers a medium to exchange information as well as to provide an instant and free of constraints medium connected through web with more than one geographical location (Doh & Hwang, 2009). Past studies declared that electronic word of mouth is driven by social relationships; these factors vary between people coming from different cultures (Chu & Choi, 2011).

In the commercial world, word of mouth includes consumers sharing attitudes, opinions and/or feedback about businesses, brands, products or services with others. Word of mouth marketing is powerful and hard to influence (Doh & Hwang, 2009). Transmitting positive feedback word of mouth is considered a powerful marketing intermediate that influence consumers (Hennig-Thurau et al., 2004). Word of mouth communication function depends on social networking and trust where people seek information from their families, friends, and others in their social network (Doh & Hwang, 2009). Past research indicates that receivers appear to trust unbiased opinions from people outside their social network such as online reviews (Doh & Hwang, 2009). This increased the importance given by businesses and organizations to word of mouth especially businesses concerned about their reputation (Doh & Hwang, 2009).

The study will examine the word of mouth occurring through Facebook and monitor its effect on purchase decision making process and which is defined as the behavior undertaken when the consumer is involved in a purchase and perceive important differences among the brands available (Assael, 1987). This will be done by gathering findings from survey questions attached in the appendices.

The study will also examine social factors that derive the word of mouth through Facebook; two social relationship factors are proposed to drive electronic word of mouth tie strength and trust between sender and receiver.

Tie strength is defined as a combination of the amount of time, emotional intensity, intimacy, and the reciprocal services which characterize the tie (Granovetter, 1973). On other hand, trust is defined as the confidence that the person have in someone or something.

### 1.2.1 Background information about Lebanon and Internet and Communication Technology Industry:

Lebanon is located in the Middle East region in Asia which includes the following countries: Saudi Arabia, Egypt, United Arab Emirates, Jordan, Lebanon, Iraq, Kuwait, Qatar, Oman, Yemen, Bahrain, Iran, Turkey, Syria and Palestinian Territories as per the United Nations Population Division.

In March 2011, internet users worldwide reached around 2.09 billion users which accounts for 30.23% of the world's population in 2011. Out of those internet users 3.3% is located in the Middle East. This increase in internet users allowed the access to social network sites especially Facebook which is the most visited website by most inhabitants located in Arab Middle East and North African region (Alexa, 2012).

This industry seems promising since Internet users' potential growth in the Middle East and North Africa is expected to exceed that of North America as per statistics finding gathered by a group of organizations that includes UN, International Telecommunications Union (ITU), US ratings agency, Nielsen and other global and national authorities (Smith, 2011). Moreover, it is important to follow few historical numbers where in the past 10 years period (between 2000 and 2010) internet usage grew by 140 times in Sudan, 130 times in Syria, more than 100 times in Morocco, almost 50 times in Saudi Arabia and between 30 times and 40 times in Egypt, Tunisia and Libya (Smith, 2011). In contrast the growth rates for this period in US and Canada amounted to less than 1.5 times (Smith, 2011).

Facebook the most viewed website and activity on internet surfing reached 48 million active Facebook accounts in Middle East region in February 2012, an increase of about 16.5% since August 2011 (Alexa, 2012). The highest number of active users in Arab Middle Eastern countries was registered in Egypt with more than 9.39 Million accounts (1.36 Million accounts increase in the past 6 months) (Alexa, 2012). Saudi Arabia came next with 4.5 Million accounts (increase of 4.5 thousand in the past 6 months); Bahrain had the least number of Facebook accounts with 3.16 thousand accounts (Alexa, 2012).

On other hand, Facebook penetration which is the number of active Facebook users within the country's population recorded a 55.67% in the United Arab Emirates which is the highest Facebook penetration rate per Arab countries in the Middle East region. Lebanon followed with a percentage rate of 33.14%, whereas the penetration rate stood at 17.61% in Saudi Arabia (Alexa, 2012) versus USA penetration rate equating to 50.74% (Alexa, 2012). Egypt, the country with the highest population in the Middle East, has a Facebook penetration rate of 11.67%, as only 1.9 million Egyptians users have access to high speed broadband services out of the total population equating to 81.12 million (Alexa, 2012). In countries like Lebanon, Kuwait, Iraq, Palestinian Territories, Egypt, Morocco, Libya and Sudan Facebook ranked first of all websites visited by the whole population. It is interesting to note that Facebook ranked second after Google in the websites visited by people living all over the world which makes it the most popular social media network existing today worldwide (Alexa, 2012).

Middle East population reached around 363.35 million, from them internet users accounted for 68.55 million which is around 18.86%, in 2011 and from those internet users 55.8 million has Facebook accounts (Alexa, 2012). Thus 81.4% of the region's internet users use Facebook.

Lebanon, the area where this study will take place is one of those countries that has Facebook ranking first out of the most visited website by the country's population. In 2007 official statistics announced that the total population reached around 3.75 million inhabitants living in 10,452 sq km sized country, 3.8% of them are non-Lebanese living in Lebanon (Lebanese Central Administration for Statistics Website, 2012). Out of the total population, women equate to 1.90 million and 1.85 million are males. As estimated in 2007, Lebanon population is a youth population with 44.1% of the country's population aging between 0-24 years and 46.2% between 25 and 64 years old and 9.6% above 65 years (Lebanese Central Administration for Statistics Website, 2012). Despite the fact that only 1.8% of the country's GDP is spent on education, Lebanon's population is highly literate, percentage of inhabitants above 15 years old who write and read amount to 87.4%, 93.1% of them are males and 82.1% females. GDP of this country equated to LBP 25.17 million in 2007 (Central Administration for Statistics, 2012) which is the gross domestic product per capita or the market value of all

final goods and services produced in Lebanon. Employment rate to population equated to 39.5% in 2007, 19% of them are women (Central Administration for Statistics, 2012).

In 2012, Facebook users reached almost 1.36 million Lebanese users which grew by more than 116,950 from the preceding 6 months as per the online Facebook statistical portal Socialbakers. In 2012, Lebanon ranked 69th in the number of accounts on Facebook's countries statistics (Socialbakers Statistics, 2012). Facebook penetration accounts more than 63.25% of the recent Lebanese online users' population equating to 2.15 million internet users in June 2012 (Internet World Stats, 2013) which means that 63.25% of the Lebanese internet users' population have Facebook accounts.

The breakdown of the Lebanese Facebook users on socialbakersss stated that users aging between 18 and 24 accounts for 35% of the total Lebanese Facebook users. The largest age group range are young people aging between 18 and 24, a total of 478.08 thousand users; this is followed by users ranging between the age of 25 and 34 and accounting for 29% of the total Lebanese Facebook users (Socialbakers, 2012).

As for the gender distribution of the Lebanese Facebook's population, 55% of the users' population accounts for male users and 45% are female users (Socialbakers, 2012).

#### Mobile Internet

Middle East, North Africa and Europe had a 67% increase in smart phone shipments recorded in 2011 as compared to the same period of 2010 (Linder, 2012). Smartphones are multi-functional phones with cameras, 3G connectivity, access to phone applications and web content from anywhere and at anytime. The sample of this study is located in the Middle East region thus it is important to study this phenomena and relate it to the usage of Facebook especially that Facebook is being accessed highly through mobile phones (Facebook Statistics) which require background information about the mobile phones industry in Lebanon.

In the end of 2011, mobile users in Lebanon accounted for 3.57 million a 23% increase from previous year mobile users equating to 2.87 million (Alpha and MTC

annual reports, 2012). Most smart phones are providing access to internet connection which allows mobile and instant Facebook usage through phone especially after reducing the fees of this service in Lebanon in 2012.

According to Arab Advisor Group a leader research company in telecommunication and information technology industry in the Arab region, 37.1% of the total mobile devices in Lebanon are smartphones and 63.6% of Lebanese smartphone users effectively use their phone applications (Abdulhadi, 2012).

There is an increase in both internet and mobile users respectively in Lebanon over the past years (Zawya, 2012). Thus the high consumption of internet, mobile and smart phones play a significant role in Facebook consumption in this country which stimulates businesses to find ways that allow them to reach this target market.

#### 1.4 International Aspect

Social media is a global phenomenon with users scattered all over the globe. 72% of global internet population is now active on social media networks (Stelzner, 2010) this is attributed to many reasons from which is that Social media provide instant communication and exposure to other users all over the world connected with internet. In 2011, Miniwatts Internet Group reflected the internet users' penetration rates for the world which is defined as the number of active internet users within the world's total population. North America accounted for 78.3% compared to 31.7% for the Middle East region (InternetWorld Stats, 2011). On other hand, worldmeter.com reflects that worldwide internet users accounts for 2.30 Billion and that emails sent in a week-day in January 2012 sums up to 185.03 Billion emails compared to 132.91 Million tweets sent from twitter website and 2.15 Million blogs posted on that monitored day (worldmeter.com, 2012). This reflects the existence of high level of communication using the World Wide Web all over the world. On other hand, Facebook users are increasing drastically in many countries all over the world, if Facebook users were summed up together they would equate to a population of a country that would take the third place of the largest country by the number of population after China and India (Harvard Business School Staff Publication, 2010).

The world of social media is regularly changing. Facebook, Twitter and other major social networks are gradually becoming daily to be used interfaces accessed from all over the world. Facebook is being accessed from Mobile phones, laptops and personal computers. Facebook had announced that its worldwide active users reached around 845 million in the end of December 2011. Approximately 80% of Facebook's active users are outside USA and Canada. In the end of December 2011, it was recorded that on average 483 million active users signed in to Facebook daily. Moreover, December 2011 statistics recorded that monthly 425 million of Facebook users signed in through their mobile devices. Moreover, more than 45 million status updates occur on Facebook on daily basis (mashable, 2012). It is interesting to note that Facebook is available in more than 70 languages (Facebook Statistics, 2012).

As the popularity of social media continues to rise, organizations of all types and sizes are recognizing the ways in which social media can help them better understand, respond to, and attract the attention of their targeted audience. As a result, businesses all over the world are now using social media network sites, embracing blogs, wikis and other vehicles to achieve their international marketing and public relations goals.

## 1.5 Thesis Outline

The thesis is divided to six chapters as shown above, Introduction, Literature Review, Procedures and Methodology, Findings, Discussion and Conclusion and Recommendations.

The introduction chapter presents the research area through a background about social network sites specifically about Facebook the dimension of the study and word of mouth transfer taking place through this medium. It also contains the overall purpose which is to determine the effect of word of mouth occurring through Facebook on consumer behavior and the social factors affecting this relation; accordingly a specific research question was developed. The second chapter contains a collection of studies done by different researchers questioning the use and impact of social media and present the theories related to the research topic and lead to gather empirical findings and analysis.



The third chapter includes procedures and methodology and identifies the methods used for empirical data collection and analysis. Chapter four contains the main results and findings of the paper. Chapter five states the link between the paper's literature review and findings which happen to be compatible and lead to determining a relation between word of mouth occurring through Facebook and Consumer Decision making process. Finally, chapter six provides the reader with the researcher's conclusions, comparison between three countries and recommendations along with highlighting on the limitations and managerial implications of the thesis.

## Chapter 2

### REVIEW OF LITERATURE

#### 2.1 State of Knowledge in the Area of Interest

##### 2.1.1 WEB 2.0

The increase in internet users promoted the success of Web 2.0 which is loosely defined as intersection of web application features that facilitate participatory information sharing, interoperability, user-centered design and collaboration on the World Wide Web (Core Characteristics of Web 2.0 Services, 2012). Social Media Network sites are part of the Web 2.0 which allows users to interact and collaborate with each other in a channel of communication; creators of user-generated content in a virtual community are referred to as prosumers. In contrary, companies' official websites limits users to the passive viewing of content that is offered to them. Other examples of Web 2.0 include blogs, wikis, video sharing sites, hosted services, web applications, mashups and folksonomies.

The results of a survey done by McKinsey in 2011 showed that the use of web 2.0 in companies is improving the companies' performance. Their data showed that fully networked enterprises are not only more likely to be market leaders but also more inclined to use management practices that lead to margins higher than those of companies using web in a more limited ways (McKinsey, 2011).

Today nearly 4 of 5 active internet users visit social media and blogs according to Nielsen Report launched in the third quarter of 2011. More than 600 million users worldwide are active users on Facebook alone (Harvard Business School Staff, 2010). The trend towards social media is increasing, as studies report those born after 1982 view less newspapers, magazines and television in favor of online activity consumption (Gillin, 2007).

It is important to contemplate about the effect of social media services in business. Gartner the world's leading information technology research advisory company predicted that one of the important interpersonal communication trends in 2014 will be social media networking services which will replace emails as the primary vehicle communication business tool for 20% of business users (Gartner, 2010). Gartner Analyst added that social networking will prove to be more effective than email for certain business activities such as status updates and expertise location operations.

## 2.2 Previous Studies

### 2.2.1 Social Media Networking Sites

Literature indicates that the main motivation factor behind being an active user on Social Media Network website is communication and relationship maintenance as cited by Dwyer et al. (2007) as well as getting emotional support as a result of this relationship (Boyd & Ellison, 2007; Jones et al., 2008; Venzuela, Park & Kee, 2009; Young, 2009; Al Saggaf, 2011). This motivating factor was confirmed by Ofcom study (2008) about Social Network Sites users in which the primary reason for using these sites was concluded to be communicating with users a person sees frequently and with ones he rarely see (Steinfeld et al., 2008). Other studies detected that bonding and bridging social capital in Social Network Sites were from the main activities (Ellison, Steinfield & Lampe, 2007; Vanzuela, Park, & Kee, 2009).

Haythornthwaite reports that when people have access to devices that allow them to connect to internet, they are presented with the opportunity to communicate with unknown individuals; this process is known as latent social network ties (Haythornthwaite, 2005). Once communications are initiated between latent ties they become weak ties, with the potential to become strong ties. This latent tie development is possible now through internet, those connections could not have been established before the existence of internet network connection due to time and distance constraints. The internet was seen before as a medium that discourage social interaction (Kraut et al., 1998). However, past researchers summarize that recent studies have shown that it

maintains social interaction (Wellman et al., 2001). Friendships constitute an important role in Social Media Network Sites by allowing users to find friends within a network and to determine the entourage of the community he belongs to. Friendship in online social networks is stretched in a sense that anyone can be a “friend” by sending a friend request, regardless of whether they are familiar to the member or not (Boyd, 2006). This development and maintenance of weak ties in online networks is important as this is where new information is most likely to be transferred by members (Haythornthwaite, 2005).

Socializing on Social Network Sites varies from socializing in offline world, researchers Jones et al. indicates that the term friendship differs between online and offline environment (Jones et al., 2008, Al Saggaf, 2011). Friendship in reality is defined as a close relationship between two persons whereas online friendship is the bind that connects people on the social network site (Boyd, 2006, Al Saggaf, 2011) and is rather seen as the extension of one’s social online network friends (Jones et al., 2008, Al Saggaf, 2011).

To conclude, communication and maintaining social relationships are the most important factors that attract users to social media network sites.

### 2.2.2 Word of Mouth

Word of mouth depends on social network where sharing attitudes, opinions and feedback lead to a major role in consumer decision making process (Richins & Root-Shaffer, 1988). Word of mouth occurs between two or more parties that include opinion leaders and opinion seekers (Gilly et al., 1998). Opinion leaders are best determined as people who have the ability and motivation to share information whereas opinion seekers are people who are eager to get advice and/or information from others (Flynn, Goldsmith & Eastman, 1996; Goldsmith & Clark, 2008; Chu & Choi, 2011). In simple words, the opinion leader is the information donor and the information seeker is the information receiver. The transfer of information is called pass along behavior and is the third prominent component for the success of word of mouth beside opinion leader and

opinion seeker; pass along behavior occurs frequently on social network sites (Chu & Choi, 2011). As discussed above, the three components of electronic word of mouth is where information exchange occurs on the social media network are: opinion leader, opinion seeker and pass along behavior.

The reasons that contribute to the importance of word of mouth according to previous studies are noise, skepticism and connectivity (Rosen, 2000; Gildin, 2002). After the popularity of World Wide Web too much noise and spam of information were present to internet users. In his book *Information anxiety*, Wurman says: "A weekday edition of the New York Times contains more information than the average person was likely to come across in a lifetime in seventeenth-century in England" which can also be retrieved online (Rosen, 2000; Gildin, 2002). In their daily life, consumers sort out the messages they are interested in and one of the easy way of filtering is asking friends or experts with previous experiences. The second reason for the popularity of word of mouth is the skepticism of consumers, people lost trust in the true sources of information. Research shows that most customers declared high degree of skepticism and they attribute this to either deceiving or dissatisfying situations they have experienced (Gildin, 2002). The third reason for the popularity of word of mouth is that customers are given the chance to be connected to each other which allow them to share information openly and instantly. Consumers are being able to give and ask for advice easily, instantly reaching far places all over the world. Word of mouth is a crucial time saver; consumers prefer to get the sum up of other's experiences in a form of filtered information. In recent studies, word of mouth is seen as more credible than advertising as it is perceived as a feedback from a previous purchaser who had had a similar experience and who had passed through a product evaluating stage similar to what the current purchaser is going through (Lin, Lee & Horng, 2011).

The importance of word of mouth was shown in previous research done; Katz and Lazarsfeld propose that word of mouth communication is more helpful than any other communication medium, four times more important than advertisers and twice of advertisements in influencing consumers to switch brands (Katz & Lazarsfeld, 1955). Online reviews, which are comments written about a product online and a form of

electronic word of mouth were shown to increase the popularity of the product (Park, Lee & Han, 2007). Park, Lee and Han (2007) found out that number of comments written by consumers on a forum about a product is a representative of how popular the product is. Moreover, it was noted that as the reviews increased consumers rationalize the craving to buy the product with huge amount of reviews since it gave them impression that many consumers have bought it and it has been satisfying (Park, Lee & Han, 2007).

Previous research have shown significant relations between word of mouth and each of the following: development of attitudes (Bone, 1995; Wangenheim & Bayon, 2004), purchase decision making process (Bannsal and Voyer, 2000; Wangenheim & Bayon, 2004) and decrease of risk associated with the buying decision undertaken by the individual (Murray, 1991; Wangenheim & Bayon, 2004). Literature suggests that consumers may seek others' opinion as means of managing perceived risks associated with cognitively challenging tasks (Dowling & Staelin, 1994), in other words the harder the decision is the more the decision maker seeks opinions to help him/her reduce the risk accompanied with this decision. Moreover, past researches suggest that consumers may prefer to rely on word of mouth information rather than tagged information about product attributes (Herr, Kardes, & Kim, 1991). Literature showed that word of mouth influence the choice of products consumers buy (Leskovec et al. 2007), restaurants they go to (Godes and Mayzlin, 2009), and products they agree to approve and adopt (Trusov, Bucklin, and Pauwels, 2009). This may be reflected to the reason in which word of mouth information is considered by the consumer as more lively and vibrant (Herr et al., 1991) easier to apply and trustworthy information since it is based on others' experiences (Smith, 1993) as compared to the information provided by the marketer or reflected in an advertisement (Herr et al., 1991).

A study done by Steffes and Burgee (2009) found that the information attained from the e-word of mouth forum is more influential in decision making than speaking with friends in person. Social network users discuss products and services on social networks sites mainly to compare prices, talk about sales and special products, promote feedback to a retailer or brand page, give advice or get advice on what to purchase, talk

about where to purchase online, express disappointment about a purchase, brand or retailer (Consumer Behavior, 2012) question effectiveness, reputation, experiences, or possible defects in products (Hung and Li, 2007; Hung & Farn, 2009). A study done by Smith et al. (2005) declared that the presence of online members' recommendations aid the consumers' purchasing decision-making process (Hung & Farn, 2009). Participants of the virtual communities are expected to have a long-term relationship and a mutual shared-value so that virtual communities can form a standard norm to influence members' preference (Pentina et al., 2008; Hung & Farn, 2009).

Recent evidences indicate that online word of mouth is becoming a widely used informational source for consumers and marketers (Hu, Liu and Zhang, 2008). Consumers with high uncertainty tend to read more reviews or search for more reviews more than consumers who have more knowledge in hand (Hu, Liu and Zhang, 2008).

### 2.2.3 Similarity and Strength of Relationship

Many studies where done questioning the effect of similarity between sender and receiver of information and the undertaken influence on information transmitted. Similarity is defined as the degree to which individuals are alike in terms of certain attributes (Brown and Reingen, 1987; Bayon & Wangenheim, 2003). Literature explains the source-attractiveness model which implies that information recipients can better identify with sources that are similar to them (Kelman, 1961; Bayon & Wangenheim, 2003). Moreover, Festinger's theory of social comparison states that a person is more likely to compare oneself with other person as the person to be compared with is perceived to be similar to one's self. The reason behind that as explained by the theory is that this individual supposes that similar people have similar needs and preferences (Festinger, 1954; Bayon & Wangenheim, 2003).

Other studies consistently support the above theory, communication between similar parties is perceived as being more influential than dissimilar ones (Feick and Higie, 1992; Bayon & Wangenheim, 2003). Literature suggests that the effect of Word of mouth increases when similar communicators provide it as compared to dissimilar

ones (Brown and Reingen, 1987; Price *et al.*, Gilly *et al.*, 1998; Bayon & Wangenheim, 2003). It was noticed that interpersonal communication and trustworthiness are affected by the degree of shared attitudes and similarity in demographic backgrounds between the communicator and the recipient (Brock, 1965; Feick & Higie, 1992; Gilly *et al.*, 1998; Bayon & Wangenheim, 2003). In other words, consumers may develop their judgments of the trustworthiness and relevance of the recommendations upon the perceived similarity of the peer's attitudes, tastes and the feelings of rapport that they share with the peer recommender (Simon, Berkowitz & Moyer 1970; Woodside & Davenport, 1974). Literature confirmed that the influence of a close or similar source may surplus that of an expert source (Gilly *et al.*, 1998; Bayon & Wangenheim, 2003). Former studies proved that the influence of sender with stronger relationship is more noteworthy than that of a sender with weak relationship (Bansal & Voyer, 2000; Brown & Reingen, 1987; Writz & Chew, 2002; Tsuifang *et al.*, 2010).

Past research concluded the fact that consumers favor close friends or editorial recommendations over paid for advertisements and consider them more trustworthy (Smith, Menon & Sivakumar, 2005).

In conclusion, the above studies suggest that a credible source of information coming from a similar or close person is perceived as useful, credible and reliable which facilitates knowledge transfer and affect in decision making process; this applies to Facebook which offer a medium in which information is transferred between list of friends, colleagues, old mates, family and common friends or friends of friends. Thus the impact of word of mouth is related to the strength of the relationship between the sender and the receiver of word of mouth and the extent that the person considers the sender similar to himself.

#### 2.2.4 Trust

Trust is defined as having confidence of honesty and sympathy between parties, believing that actions to be taken is in consideration of each other's optimal benefits which will help in decreasing risks (Singh & Sirdeshmukh, 2000; Tsuifang *et al.*, 2010).



Past studies suggested that the trust of consumers on a manufacture's sales personnel would facilitate the ongoing communication between the two parties (Kennedy, et al., 2001). Literature confirmed that the higher the trust between the receiver and the sender of the information the bigger the impact of word of mouth on the reciever's purchase decision (Tsuifang et al., 2010). Thus to conclude, having trust between sender and receiver of information facilitate the pass along information and influence the purchase decision.

#### 2.2.5 Word of Mouth and Buyer Decision making Process

Buying Behavior is the decision processes and acts of people involved in buying and using products. The buyer decision consists of five main stages: need recognition, information search, evaluation alternatives, purchase decision and post purchase decision (Kotler & Armstrong, 2004).

Individual's buying behavior are affected by many factors among them are environmental factors including culture, organizational, interpersonal including persuasiveness and individual-related influences such as personality and risk attitudes. Culture and customs are one of the environmental factors influencing buyer's behavior beside age, education, personality, risk attitudes and job position that are individual-related influences (Kotler & Armstrong, 2004).

It should be noted that since Facebook phenomena is quite recent and much of research work is still in process, the discussion below will be on literature related to online reviews about products and its effect on purchase decision making. Past studies pointed out that online rating systems (Ba and Pavlou, 2002; Karakaya & Barnes, 2010), blogs (Johnson and Kayne, 2004; Karakaya & Barnes, 2010) and consumer reviews of products (Thorsten et al., 2004; Karakaya & Barnes, 2010) are important in the consumer decision making process. Moreover, a study about online customer reviews and the impact of quality and quantity of reviews posted revealed that the purchase intension gradually increases as both quantity and quality of reviews increase (Park et

al., 2007; Karakaya & Barnes, 2010). Past studies indicated that online reviews with high quality have positive influence on purchase objective. Moreover, reviews that include strong arguments and supported with facts are considered objective and are perceived as more persuasive than weak or emotional reviews (Lin et al., 2011).

On other hand, some studies noticed that consumers who are heavily engaged in online activities are highly likely to choose the brand/company based on their and other online experiences (Karakaya and Barnes, 2010). In social media, if one user decides to purchase a product he/she can influence his/her friends and thereby increase the possibility of sales, product ratings and reviews have been shown to increase sales in many circumstances (Chevalier and Mayzlin 2006; Liu 2006; Moe and Trusov 2011; Berger & Shwartz 2011).

In Facebook, online reviews or feedback from online users about products' usage experiences are posted in different forms among them are comments written under products' or brands' pictures, company's own page and users' pages. Moreover, Kotler's five phases of buyer decision making process can exist on Facebook where buyer recognize the need to buy from perceiving a picture of a product that he lacks or read about it, use the search tab to get more information that might exit on other users' pages or on the official company's page, evaluate alternatives can take place on Facebook when users posts their feedback which allow the potential buyer to compare between various feedbacks and ask for more clarifications if needed, all of the above can influence the purchase decision and post purchase decision. The product user can himself express whether he is was satisfied or not by posting a status on his profile or on the company's official page on Facebook.

#### 2.2.6 Conclusion

Online consumer reviews, blogs and rating systems, status updates and wall posts about a product are forms of expressing opinions that take place on Facebook. This medium offer user-friendly environment that allow instant communication and social

bonding while mobilizing and in the same time using more than one device; there is an increase in users using this medium which allowed sharing opinions and thoughts about important things in life including purchase decision making and product reviews.

As social media including Facebook matures in Lebanon, the need to measure social factors behind online word of mouth and its effect on consumer behavior raises the following research question:

- How do trust and strength of Facebook contacts' social ties influence the sharing of electronic word of mouth?
- How does electronic word of mouth occurring on Facebook affect the consumer buying behavior?

## Chapter 3

### PROCEDURE AND METHODOLOGY

#### 3.1 Introduction

Facebook is one of the most popular social media network websites in the region which allow users to share information, pictures, games and videos. Moreover, consumers are using this medium to share their feedbacks and questions about a product, brand or service. It is important to study electronic word of mouth transmissions and factors driving it to examine its impact on the consumers' decision making process.

This study will focus on electronic word of mouth transmitted through Facebook about products and brands used by consumers in Lebanon. This will be accomplished by examining social variables affecting the electronic word of mouth occurring on Facebook. The following social variables will be examined as potential predictors of electronic word of mouth communication in the online social network medium: tie strength and trust.

Each of these variables is defined as the following: Tie strength is defined as the closeness; it is the combination of the amount of time, emotional intensity, intimacy, and the reciprocal services which characterize the tie (Granovetter, 1973). Trust is defined as the confidence in something or someone.

#### 3.2 Hypotheses

As stated earlier, buyer decision process is influenced by many influences among them are culture, persuasiveness, personality and risk attitudes (Kotler & Armstrong, 2004). The set of hypotheses bellow are stated to propose that social tie strength and trust in Facebook contacts drive word of mouth that influences the buyer's buying decision.

Null Hypothesis:

H0: Trust and degree of closeness of the information sender has no effect on the adoption of information through electronic word of mouth transferred on Facebook which aids in purchase decision-making process.

Alternative Hypothesis:

H1: Trust is positively associated with the intention to adopt information transferred through electronic word of mouth on Facebook as an aid in purchase decision-making process.

H2: The closeness of the tie strength with the information sender is positively associated with the adoption of information transferred through electronic word of mouth on Facebook as an aid in purchase decision making process

### 3.3 Selected Variables

The bellow table lists selected variables included in survey questions and chosen to measure key factors of the suggested hypothesis. It also includes demographics variables that were included to give a better picture about the studied sample.

<b>Name of Variable</b>	<b>Type</b>	<b>Description</b>
<b>Age Group</b>	<b>Categorical variable</b>	<18
		18-24
		25-34
		35-54

<b>Gender</b>	<b>Binary variable</b>	Male
		Female
<b>Facebook Log-In Frequency</b>	<b>Interval variable</b>  *assumed to be interval scaled, acknowledge the fact that this variable is not exactly evenly spaced but decided that an interval scale assumption will not substantially affect the results we are concluding. This is often done in the analysis of questions like this one	Daily
		Weekly
		Monthly
		Never
		Every Once in a while/Rarely
<b>Purposes Behind Logging-In</b>	<b>Categorical variable</b>	Communication
		Follow Up on Business Page
		Checking Other Business Pages
		Doing Research/Business Directory
		Other Reasons
<b>Purchase Decisions that makes users use Facebook to ask for friends opinion</b>	<b>Categorical variable</b>	Complicated Decisions
		Travel-related Decisions
		New Fashion

		New Restaurants
		High Risk Products
		Other Decisions
		None
<b>The importance of opinion seeking before purchase behavior</b>	<b>Interval variable</b> *assumed to be interval scaled, acknowledge the fact that this variable is not exactly evenly spaced but decided that an interval scale assumption will not substantially affect the results we are concluding. This is often done in the analysis of questions like this one	Strongly Disagree
		Disagree
		Neutral
		Agree
		Strongly Agree
<b>The importance of pass along behavior</b>	<b>Interval variable</b> *assumed to be interval scaled, acknowledge the fact that this variable is not exactly evenly spaced but decided that an interval scale assumption will not substantially affect the results we are concluding. This is often done in the analysis of questions like this one	Strongly Disagree
		Disagree
		Neutral
		Agree
		Strongly Agree
<b>The intensity of tie strength</b>	<b>Interval variable</b> *Assumed to be interval scaled,	Not at All Close
		Not Close

	acknowledge the fact that this variable is not exactly evenly spaced but decided that an interval scale assumption will not substantially affect the results we are concluding. This is often done in the analysis of questions like this one	Average
		Close
		Very Close
<b>The importance of trust</b>	<b>Interval variable</b>  *Assumed to be interval scaled, acknowledge the fact that this variable is not exactly evenly spaced but decided that an interval scale assumption will not substantially affect the results we are concluding. This is often done in the analysis of questions like this one	Strongly Disagree
		Disagree
		Neutral
		Agree
		Strongly Agree

Table 1: Definition of Variables

### 3.3.1 Independent and Dependent Variables

Two relationships were examined in this study and were stated accordingly in two hypotheses:

1. First Relationship studied is for the following variables: Trust and tie strength from one side (acting as independent variables) and Electronic Word of Mouth from another (acting as dependent Variable). Hypothesis examining this relationship suggests that Electronic word of mouth is affected by two independent variable Trust and Tie strength in which proving this hypothesis true shows that the change in trust and the tie strength between sender and receiver causes a change in word mouth (increase or decrease). In order to reach this hypothesis the degree of Trust and tie strength



between sender and receiver beside word of mouth which will be studied in the form of sharing information using Facebook will be examined in the survey and measured using statistical analysis tools.

2. The second relationship examined is between Electronic Word of Mouth shared on Facebook (independent Variable) and Purchase Decision making process (Dependent Variable). These relationship variables were developed to measure the hypothesis which suggests that the act of purchase decision making process will change with the change of word of mouth transmitted through Facebook.

### 3.4 Methodology Used

A survey was developed combining questions about social relationships driving electronic word of mouth occurring on Facebook and its influence on user's buying behavior. The questionnaire was developed in English language and divided into many sections to measure different variables. Electronic word of mouth in Facebook was inspected by an 18 item 5 point Likert scales ranging from strongly disagree to strongly agree. Assessing electronic word of mouth was done by using questions related to opinion seeking (Flynn et al., 1996; (Chu & Choi, 2011), and pass-along behavior scales (Sun, Youn, Wu & Kuntaraporn, 2006; Chu & Choi, 2011) scales.

Tie Strength was assessed by adopting item points from past studies that included questions about the user's social relation, rate of recurrence of the communication, perceived importance and perceived closeness connected to social relation (Brown & Reingen, 1987; Norman & Russell, 2006; Reingen & Kernan, 1986; Chu & Choi, 2011). Reoccurrence or frequency was measured by a Likert-scale of five points with 1 being never and 5 being Very frequent. Perceived importance and closeness were measured with a five point scales with very important on one end and not at all important in the exactly opposite endpoint and very close in one end point and not at all close in the second. As for trust, a five point Likert-scale reflecting the perceived trust that the user hold for his Facebook contacts where developed. Respondents had to

choose between strongly agree and strongly disagree. To measure interpersonal influence, 12 item scale similar to the one developed by Bearden et al. was used (Chu & Choi, 2011). A 5-point Likert-scale with two end points strongly agree and strongly disagree was formed to assess the interpersonal influence of the Facebook contacts.

The survey was divided into more than one section, the first nine questions lie under nominal variables except for the age question which falls under interval variables extracting data. The second section contains 27 questions in the form of 1 to 5 Likert chart which range from totally agree to totally disagree/ very important to not important.

The sample was chosen randomly from the parent population of Internet Users in Lebanon. A pilot test was done on 20 respondents to test its effectiveness; few questions were adjusted accordingly since they were not clear or hard to be answered by the respondents.

#### 3.4.1 Statistical Analysis

Statistical analysis was performed using the statistical analysis package for Social Sciences (SPSS, version 16.0). In this study p-value is considered significant when the output of p-value is below 0.05. Choosing this means that there is 5% chance that the result is a false positive. So, choosing a cut off of 0.05 means there is a 5% chance that we make a wrong decision.

Frequencies and descriptive statistics were done for different variables in the study including Frequency of Logging-In to Facebook, Purpose behind logging In to Facebook, Frequency of Logging-In to Facebook through smart phones, opinion seeking and pass along behavior of electronic word of mouth, tie strength and trust.

The correlation was addressed between dependant and independent variables by Pearson correlations for all subjects as. The correlation coefficient is the statistical technique used to measure the strength of linear association between the two variables.

The linear regression was assessed between the variables to describe the relationship between them. The findings will be discussed in details in the next section.

## Chapter 4

### FINDINGS

#### 4.1 Introduction

The data from this study was obtained from 108 female and 82 male respondents randomly chosen from the Lebanese citizens' internet users' population. 190 completed the survey while 11 had missing answers and were removed from the sample study. The survey included questions related to demographics, Facebook Log-in trends, electronic word of mouth through Facebook and purchase making decision.

#### 4.2 Descriptive Statistics

The sample of this study had a wide distribution of various age demographics, 50.5% of the sample fell in the age range group between 25 and 34, 31.6% between 18 and 24 years, 14.7% under 35 and 54 years and 1.6% respectively for under 18 and above 55 years. Lebanese accounted for 97% of the sample studied and Palestinian refugees (6 respondents) living in Lebanon accounted for 3% and were considered as part of the Lebanese citizen population. 56.8% of the sample was females and 43.2% were males.

Types of social network sites used by the sample studied showed the following results: 95.8% of the respondents had Facebook accounts from this percentage 48.9% used Facebook only without any other social media site. 45% of the sample had more than one social media account, while 4.8% had no accounts in any of the social media networks sites (0.5% had twitter accounts only and 0.5% of the sample had Linked-In account only).

### 4.3 Main Results

#### 4.3.1 Frequency of Logging-In to Facebook

The frequencies of visit to Facebook, answers were obtained using a 5 items scale ranging from daily, weekly, monthly, rarely and never as shown in table 2. 73.6% responded that they log in daily. It is important to measure frequency of Logging in since usage depends not only on whether users have accounts on Facebook but the frequency of visits to those accounts. The more frequently the visits occur the more they influence and get influenced.

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Daily</b>	134	70.5	73.6	73.6
	<b>Weekly</b>	29	15.3	15.9	89.6
	<b>Monthly</b>	7	3.7	3.8	93.4
	<b>Never</b>	2	1.1	1.1	94.5
	<b>Every once in a while</b>	10	5.3	5.5	100.0
	<b>Total</b>	182	95.8	100.0	
<b>Missing</b>	22	8	4.2		
<b>Total</b>		190	100.0		

Table 2: Frequency of Facebook Visits

#### 4.3.2 Smart Phones

It was noted that 83% of the sample studied had logged-in to Facebook from their smart phones, 56% of those logged-in on daily basis through their phone. These findings show a high trend in Facebook usage between the Lebanese population using

both PC and smart phones devices which increase the probability of being exposed to friends' wall posts, comments about a product, posted pictures and advertisements due to its easiness and mobility.

#### 4.3.3 Surfing from page to page

The findings reflected in table 3 show that 68.7% of the sample studied usually surf from one page to another while visting Facebook.

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Yes</b>	125	65.8	68.7	68.7
	<b>No</b>	57	30.0	31.3	100.0
	<b>Total</b>	182	95.8	100.0	
<b>Missing</b>		8	4.2		
<b>Total</b>		190	100.0		

Table 3: Surfing

#### 4.3.4 Purpose behind using Facebook

The purposes of logging in to Facebook as per the respondents of the survey done were the following: 94% for communication purposes such as chatting, sending messages, looking at and downloading pictures, statuses, wall posts. 15.4% of the sample study logged in to follow up on their own business page and 12.6% of all the cases studied logged in to check new updates and announcements on other's business pages. 11.5% declared that they use Facebook as a directory or for research purposes as shown in table 4. The respondents had the chance to answer with more than one answer.

Purposes	Responses		
	N	Percent	Percent of Cases
Communication, checking statuses, wall posts and updates	171	70.4%	94.0%
Checking new updates on other's business pages	23	9.5%	12.6%
Following up on owns business page	28	11.5%	15.4%
Doing Research/Business Directory	21	8.6%	11.5%
<b>Total</b>	<b>243</b>	<b>100.0%</b>	<b>133.5%</b>

Table 4: Frequencies of Purposes behind Logging-In to Facebook

#### 4.3.5 Types of Decisions that drive user to use Facebook and ask for other's opinion about a product

A question was included in the survey to determine types of decisions that would make the consumer use Facebook to ask for their friend's opinion; answers were illustrated in table 5. The respondents were allowed to choose more than one answer, specify decisions that were not mentioned or choose "none" in case the respondents do not use Facebook to ask for their friends' opinions.

Findings showed that 47.3% used Facebook to ask their friends before undertaking a purchase. From those, 15.6% declared that they used Facebook to ask for their friends' opinion about Fashion matters, relatively 14.1% to ask about restaurants and same percentage for travel related issues, 13.3% for complicated decisions like information technology and Hi-Tech products.

Decisions	Responses		
	N	Percent	Percent of Cases
Complicated	35	13.3%	19.2%
Travel	37	14.1%	20.3%
Fashion	41	15.6%	22.5%
Restaurants	37	14.1%	20.3%
High Risk	17	6.5%	9.3%
None	96	36.5%	52.7%
<b>Total</b>	<b>263</b>	<b>100.0%</b>	<b>144.5%</b>

Table 5: Decisions Frequencies

#### 4.3.6 Friend's Opinion

The Sample's findings reflected that 41.5% agreed or strongly agreed that they like to know what brands are perceived as good and left good impression on others as shown in table 6 illustrated bellow. 37.3% answered that they either agree or strongly agree about feeling encouraged to buy products that others buy as shown in table 7. 42.6% confirmed that they make sure that they are buying the right product or brand after viewing what others are buying and consuming as shown in table 8.

Moreover, 63.7% of the respondents using Facebook ensured that incase of little experience about a product, they often ask for their friends' opinion about the product as shown in table 9. In table 10, 68.1% of the respondents using Facebook confirmed that prior to their purchases they gather information about the product they plan to buy from family members and friends.

In conclusion, findings of the study showed that a valid percentage of the sample surveyed in Lebanon out of the parent sample of the Facebook population in Lebanon log in daily, sign in from their smart phones, surf from page to another through their friends' pages, feel encouraged to buy a product after seeing that it has been used by others, and gather information from their friends and family before undertaking their purchase action.



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	34	17.9	18.7	18.7
	Disagree	20	10.5	11.0	29.7
	Neutral	49	25.8	26.9	56.6
	Agree	51	<b>26.8</b>	28.0	84.6
	Strongly Agree	28	<b>14.7</b>	15.4	100.0
	Total	182	95.8	100.0	
Missing	22	8	4.2		
Total		190	100.0		

Table 6: Perception of Others toward a Brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	29	15.3	15.9	15.9
	Disagree	33	17.4	18.1	34.1
	Neutral	49	25.8	26.9	61.0
	Agree	54	<b>28.4</b>	29.7	90.7
	Strongly Agree	17	<b>8.9</b>	9.3	100.0
	Total	182	95.8	100.0	
Missing	22	8	4.2		
Total		190	100.0		

Table 7: Encouragement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	34	17.9	18.7	18.7
	Disagree	23	12.1	12.6	31.3
	Neutral	44	23.2	24.2	55.5
	Agree	61	32.1	33.5	89.0
	Strongly Agree	20	10.5	11.0	100.0
	Total	182	95.8	100.0	
Missing	22	8	4.2		
Total		190	100.0		

Table 8: Other's Point View toward a Product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	7.9	8.2	8.2
	Disagree	12	6.3	6.6	14.8
	Neutral	34	17.9	18.7	33.5
	Agree	73	38.4	40.1	73.6
	Strongly Agree	48	25.3	26.4	100.0
	Total	182	95.8	100.0	
Missing	22	8	4.2		
Total		190	100.0		

Table 9: Friend's Opinion prior to Purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	4.7	4.9	4.9
	Disagree	15	7.9	8.2	13.2
	Neutral	34	17.9	18.7	31.9
	Agree	65	34.2	35.7	67.6
	Strongly Agree	59	31.1	32.4	100.0
	Total	182	95.8	100.0	
Missing	22	8	4.2		
Total		190	100.0		

Table 10: Gathering Information from Friends and Family

#### 4.4 Chi-Square Analysis: Association between trust, Facebook friends' tie strength and word of mouth.

##### 4.4.1 Association between Tie Strength and Sharing of Word of Mouth

The Pearson Chi-Square statistical test was undertaken, analyzing the results showed a relation between word of mouth (in the form of sharing information on Facebook about products) and closeness to friends referred to as strength tie. Pearson product moment correlation coefficient is used to measure the correlation between two variables; it is used to measure the strength in linear dependence between two variables. Table 11 and 12 are the SPSS output or results table for Pearson's Chi-Square which is interpreted to prove whether the hypothesis is true or null. It is known that  $\alpha$  is significant when it is less than or equal to 0.05 (i.e.:  $\alpha \leq 5\%$ ). Results of the chi-square analysis mentioned below for the association between tie strength and word of mouth sharing showed that  $\alpha$  is 0.00 which is below 0.05; this implies a significant relationship between the strength of tie strength and word of mouth transfer between sender and receiver of information on Facebook.

On other hand, the correlation coefficient which is denoted as Pearson's  $r$  in table 12 indicates  $R=0.487$  which means a perfect relationship since it falls between the range of  $-1$  and  $1$ . It is considered a moderate relationship since it is between  $0.4$  and  $0.6$ . Moreover,  $0.487$  is a positive coefficient which reflects that there is a direct relationship. This means that as the Facebook friends' social tie is stronger the sharing of electronic word of mouth is greater. The possible explanation for this moderate correlation coefficient is that the larger the sample size the smaller the value of  $R$ ; 190 respondents is a relatively large sample size thus  $r$  is considered significant if it is greater than  $0.20$ . We can conclude that this chi-square analysis lead us to reject the null hypothesis and accept  $H_2$  alternative hypothesis.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.041E2	16	.000
Likelihood Ratio	92.245	16	.000
Linear-by-Linear Association	43.011	1	.000
N of Valid Cases	182		
a. 10 cells (40.0%) have expected count less than 5. The minimum expected count is 1.29.			

Table 11: Chi-Square Tests

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.487	.064	7.490	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.473	.066	7.208	.000 <sup>c</sup>
N of Valid Cases		182			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation.					

Table 12: Symmetric Measures

#### 4.4.2 Association between Trust and Sharing of Word of Mouth

Similarly, Pearson Chi-Square analysis pointed out a relation between word of mouth (in the form of sharing information on Facebook about products) and trust. It is known that  $\alpha$  is significant at  $\alpha \leq 5\%$  (less than or equal to 0.05) and the results in table 13 below showed that  $\alpha$  calculated for this relation is equal to 0.00 which is below 0.05 thus there is a relationship between the two variables Trust and transferring of word of mouth through Facebook. Table 13, 14 and 15 are the SPSS output or results table for Pearson's Chi-Square which is interpreted to prove whether hypothesized are true or null.

As for the correlation coefficient (Pearson's R), 0.46 is shown in table 14 below which indicates a perfect relationship since it lies between the range -1 and 1. The relationship is considered a moderate relationship since it falls between 0.4 and 0.6. Moreover, positive coefficients reflect that there is a direct relationship. This can be best explained as the more the user has trust in Facebook friends the greater the sharing of electronic word of mouth is. Moreover this is a moderate correlation coefficient since the sample size is equal to 190 which is relatively considered a large sample size and in this case R is significant if it is greater than 0.20 which occurs in the above correlation.

If we square the correlation coefficient we get 21.2%. This means that 21.2% of variance is related.

In conclusion, table 15 summarizes the chi-square values which are respectively equal to 76.681 and 56.626 for social tie strength and trust. Thus, the larger the chi-square value the more likely the null hypothesis is to get rejected. In this study the chi-square analyses lead us to reject the null hypothesis.

Social Tie Strength:  $X^2(4) = 76.68, p \leq 0.05$

Trust:  $X^2(4) = 56.62, p \leq 0.05$

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.025E2	16	.000
Likelihood Ratio	86.211	16	.000
Linear-by-Linear Association	38.449	1	.000
N of Valid Cases	182		
a. 9 cells (36.0%) have expected count less than 5. The minimum expected count is 3.00.			

Table 13: Chi-Square Tests

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.461	.066	6.968	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.429	.068	6.368	.000 <sup>c</sup>
N of Valid Cases		182			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation					

Table 14: Symmetric Measures

	Social Tie Strength/Closeness	Trust
Chi-Square	76.681 <sup>a</sup>	56.626 <sup>a</sup>
Df	4	4
Asymp. Sig.	.000	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.4.		

Table 15: Tests Statistics

a) **Associations between trust, close relation with Facebook friends and word of mouth as assessed by Simple Regression Analysis:**

Tables with numbers 16, 17, 18, 19, 20, 21 and 22 illustrated bellow present the output for simple regression analysis which is the statistical test that works the best with Pearson analysis. This technique is used to describe the relationship between two variables where one is assigned as dependent variable and denoted by  $y$  and is expected to change as the independent variable change.

In table 19 titles as Regression model,  $r$ -square of the regression equate to 0.426 and the adjusted  $r$ -square equates 0.420; the two values are almost alike. Usually these values are alike in large sample size studies which apply here with above 100 sample size. In this study the two values are considered respectable values.

Table 20 illustrates a  $p$ -value for the regression which equates to 0.00 and is significant since it is under 0.05. This Suggests that the trust and tie strength are related to the dependent variable word of mouth sharing of information in the population.

Important variable is extracted from table 21 under the sigma column which includes the most important values of all the  $p$ -value for each variable. Both variables trust and Strength of tie equate to 0.00 which is less than 0.05. Thus both variables have to do with sharing information through electronic word of mouth. The  $p$ -value is significant; which means that there is a significant association between trust, strength tie and word of mouth sharing in this sample population. This led us to reject the null hypothesis.

Under the column of "standardized coefficients" in table 21,  $Beta = 0.516$  (Tie Strength variable) and  $Beta = 0.244$  (Trust variable). The beta value reflects the relative importance of a predictor in predicting the criterion. The larger the absolute value of the beta weight, the more influence this factor has on predicting the criterion. Thus tie strength has a greater influence on word of mouth than trust.

		Shareinfo1	Friend's Opinion
Word of mouth	Pearson Correlation	1.000	.598**
	Sig. (2-tailed)		.000
	N	182.000	182
Purchase decision making	Pearson Correlation	.598**	1.000
	Sig. (2-tailed)	.000	
	N	182	182.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 16: Correlations

	Mean	Std. Deviation	N
Word of mouth	2.86	1.449	182
Purchase decision making	2.26	1.345	182

Table 17: Descriptive Statistics

Correlations				
		Sharing information	Importance of friends	Trust
Pearson Correlation	Sharing information	1.000	.614	.450
	Importance of friends	.614	1.000	.400
	Trust	.450	.400	1.000
Sig. (1-tailed)	Sharing information	.	.000	.000
	Importance of friends	.000	.	.000
	Trust	.000	.000	.
N	Sharing information	182	182	182
	Importance of friends	182	182	182
	Trust	182	182	182

Table 18: Correlations



Regression Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 <sup>a</sup>	.426	.420	1.104
a. Predictors: (Constant), Trust, Importance of friends				
b. Dependent Variable: Sharing information				

Table 19: Regression Model

ANOVA <sup>b</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	162.183	2	81.091	66.553	.000 <sup>a</sup>
	Residual	218.103	179	1.218		
	Total	380.286	181			
a. Predictors: (Constant), Trust, Importance of friends						
b. Dependent Variable: Sharing information						

Table 20: ANOVA for Trust, Importance of Friends and Word of Mouth Relationship

Coefficients <sup>a</sup>							
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-.750	.323		-2.321	.021	-1.388	-.112
Tie Strength	.735	.088	.516	8.357	.000	.562	.909
Trust	.310	.079	.244	3.947	.000	.155	.465
Dependent Variable: Word of Mouth							

Table 21: Coefficients of the Study

Residuals Statistics <sup>a</sup>					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.30	4.48	2.86	.947	182
Residual	-3.166	3.039	.000	1.098	182
Std. Predicted Value	-2.706	1.710	.000	1.000	182
Std. Residual	-2.868	2.753	.000	.994	182
a. Dependent Variable: Sharing information					

Table 22: Residuals Statistics

b) **Associations between word of mouth and purchase decision using regression analysis**

Significant correlation between the two variables: word of mouth and purchase decision making process was also detected. Purchase decision making was indicated from the following question: When I think of buying a product, I ask my friends from my Facebook contact list about their opinion. Answers were picked from a 5 Likert scale with 5 as strongly agree and 1 as strongly disagree.

Likely Pearson correlation technique works the best with linear regression relationships and the results of its output is listed below in the following figures numbered as 23, 24 and 25. This technique is used to describe the relationship between two variables where one is assigned as dependent variable and denoted by  $y$  and is expected to change as the independent variable change. The purchase decision was denoted as the dependent variable and word of mouth as the independent variable.

Taking a look at table 23 below, the  $r$ -square of the regression appear to be 0.357 and the adjusted  $r$ -square is equal to 0.354; the two values are almost alike since the sample is above 100. These values are considered respectable values.

$P$ -value in table 24 which is titled as ANOVA and situated under the column titled as Sig. (Sigma) and row titles as Regression equates to 0.00 which is below 0.05. This suggests that the word of mouth is related to the dependent variable which is in this study the purchase decision making process.

Table 25 includes sigma column which is the  $p$ -value for each variable. It is observed to be 0.00 which is less than 0.05. This value indicates that the relation is highly statistically significant between word of mouth and purchase decision. In other words, independent variables word of mouth occurring through Facebook has to do with purchase decision making process undertaken with this Facebook user. The  $p$ -value is significant since it is less than 0.05 which implies that there is a significant association between word of mouth sharing and purchase decision making process in this sample population. Thus the null hypothesis is rejected.

Under the column of "standardized coefficients" in table 25 Beta is indicated to be 0.598. Standardized coefficient reflects how many standard deviations the dependent variables increase given that the independent variable has increased one standard deviation. The beta value reflects the relative importance of a predictor in predicting the criterion. The larger the absolute value of the beta weight, the more influence this factor has on predicting the criterion.

Model Summary of relationship between Word of Mouth and Purchase Decision				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 <sup>a</sup>	.357	.354	1.081
a. Predictors: (Constant), word of mouth				

Table 23: R Square of Relationship between Word of Mouth and Purchase decision

ANOVA <sup>b</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	116.914	1	116.914	100.009	.000 <sup>a</sup>
	Residual	210.427	180	1.169		
	Total	327.341	181			
a. Predictors: (Constant), Word of Mouth						
b. Dependent Variable: Purchase Decision						

Table 24: ANOVA for Word of Mouth and Purchase Decision Relationship

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.680	.178		3.828	.000
	Word of Mouth	.554	.055	.598	10.000	.000
a. Dependent Variable: Purchase Decision						

Table 25: Beta for Word of Mouth and Purchase Decision relationship

#### 4.5 Discussion of hypothesis

After applying the two statistical tests chi-square and linear regression to analyze the hypothesis, both statistical tests lead to the rejection of the null hypothesis and acceptance of the two alternative hypothesis due to the presence of significant relations between trust and tie strength (between Facebook friends) and word mouth sharing from one side and between word of mouth sharing and consumer purchase decision making process from another side. Moreover, the influence of closeness of tie strength appears to be greater than trust in electronic word of mouth sharing on Facebook for the Lebanese population.

#### 4.6 Discussion of findings

Word of mouth has a direct effect on purchase decision making process (Richins & Root-Shaffer, 1988; Bansal and Voyer, 2000; Wangenheim & Bayon, 2004). As a result companies are trying to give better service and product attributes to insure circulating positive word of mouth. The purpose behind this study was to explore the effect of word of mouth occurring through Facebook on the Lebanese's consumer decision making process and examine the social factors affecting word of mouth transmission specifically trust and social tie strength between sender and receiver. The findings were relevant to previous studies in which word of mouth occurring through Facebook had shown a positive effect on purchase intentions due to many factors that includes increase of surfing on Facebook pages that was detected and the usage of mobile phones beside PCs to log in to Facebook which increases the chance of being influenced due to its mobility feature.

Second, upon examining social factors affecting the word of mouth both strong relationship and trust have shown positive effect on word of mouth transferred on Facebook. Strong relationship between sender and receiver which includes people with similar interests was shown to have more influence than trust between those two parties. The Lebanese sample studied felt encouraged to buy a product after seeing that it has been used by others, and gather information from their friends and family before undertaking their purchase action.

#### 4.7 Conclusion

After observing a correlation between word of mouth and purchase decision making process a regression analysis was undertaken to measure the strength of this influence which appeared to be statistically significant. On other hand a correlation was observed between the trust that the user feels toward his/her Facebook friends and sharing of electronic word of mouth which was proven to be statistically significant using simple linear regression statistical test. A bigger influence appeared to exist while studying the tie strength that the user feel toward friends on his list which can be best explained as how close are they to him and the sharing of electronic word of mouth on Facebook; closeness showed a bigger influence than trust though both were proven to be statistically significant.

## Chapter 5

### Discussion and Recommendations

#### 5.1 Introduction

Facebook is getting popular and penetrating high percentages of internet users. Facebook users are logging in from their computers and smart phones daily and getting exposed to various messages, comments, statuses and pictures. This motivated companies to create pages and encourage Facebook users to like, share and comment about their products and brands to increase word of mouth.

Previous Literature showed that the main reason behind using Facebook is communication (Steinfeld et al., 2008), other studies detected that it is due to bonding and bridging social capital (Ellison, Steinfeld & Lampe, 2007; Vanzuela, Park, & Kee, 2009). These findings are similar to findings concluded in this study where 94% reflected that they use Facebook for communication and checking updates. Moreover 68.7% of the Lebanese sample studied confirmed that they surf from one page to another while using Facebook which increases the exposure to products' wall posts, pictures, comments and statuses applied by their friends' list.

#### 5.2 Main Findings and Analysis

Previous researches have shown significant relation between word of mouth and purchase decision making process from one side (Bannsal and Voyer, 2000; Wangenheim & Bayon, 2004) and decrease of risk associated with buying decision undertaken by the individual from another side (Murray, 1991; Wangenheim & Bayon, 2004). Trustworthy information based on others' experiences (Smith, 1993) was preferred over marketer's and advertisement's information (Herr et al., 1991). Our findings came to confirm that trust was detected to have a strong influence on word of mouth in the Lebanese sample studied. Electronic word of mouth in general and sharing information through Facebook in specific appeared to have significant influence on purchase decision making process of the Lebanese population. Moreover 65.3% of Lebanese sample respondents acknowledged the fact that they ask for their friends' and

family members' opinions to ensure that they are getting the right product while 63.7% of Facebook users surveyed ensured that in case of little experience or high risk associated with a product they turn to their friends' opinions.

On other hand, literature suggests that the effect of Word of mouth increases when similar communicators provide it as compared to dissimilar ones (Brown and Reingen, 1987; Price *et al.*, Gilly *et al.*, 1998; Bayon & Wangenheim, 2003). This was similar to the findings of this study which concluded that being similar or close to one's friends list had increased the electronic word of mouth transfer through Facebook.

Past studies pointed out that previous consumer's reviews of products were important in the purchaser's decision making process (Thorsten et al., 2004; Karakaya & Barnes, 2010). Moreover, a study about online customers' reviews revealed that the purchase intension of a potential buyer gradually increases as both quantity and quality of reviews increase (Park et al., 2007; Karakaya & Barnes, 2010). Similarly, the findings of the Lebanese sample studied showed that opinions shared by friends through electronic word of mouth on Facebook showed to have a significant influence on purchase decision making process. This might be referred to the preference that the same population declared toward gathering information before buying a product in order to get the best choice and decrease the risk. Facebook is offering an instant, quick, mobilized (ability to log in from anywhere), fun and easy medium for such a transfer of information. The extensive time spent on Facebook is changing the way people communicate and share information about products. Moreover, Facebook is offering direct and easy to access communication channels with companies and friends that allowed people to talk to unreachable executives, overseas companies and brands owners.



Variables	United States			China			Lebanon		
	Beta	R <sup>2</sup>		Beta	R <sup>2</sup>		Beta	R <sup>2</sup>	
Trust	0.08	0.21		0.08	0.48		0.244	0.42	
Tie Strength	0.02			0.05			0.516		
Influence	0.12			0.44			0.59		

Table 26: Regression results for electronic word of mouth in U.S.A., Lebanon and China

When comparing statistical results of electronic word of mouth occurring through Facebook in Lebanon with same variables of a similar cross-cultural study that took place in USA and China which is illustrated in table 26 (Chu & Choi, 2011), culture appeared to play a role in determining social factors affecting word of mouth occurring through social media sites. The study that took place in USA and China was done on various social media websites that includes Facebook among other websites while this study occurring in Lebanon concentrated on Facebook only.

It is important to do such a comparison since findings of such a cross-cultural study help professionals reach people interested in their businesses globally especially after knowing what social relationship variables influence the transfer of word of mouth. Detecting and promoting those social factors through relevant marketing campaign increase word of mouth transfer which was seen earlier to increase companies' returns.

Discussing the results of this comparison, Lebanese have more trust in social media networks sites' friends list than do Chinese and American counterparts. On other hand, Lebanese has stronger social tie than Chinese who in return has stronger social tie than Americans. Generally Chinese and Lebanese social media network users seem to be more active engaging in electronic word of mouth than Americans.

Marketers can stress on this fact in designing their campaigns and appealing to those nationalities/cultures using buzz marketing through electronic word of mouth. This stress the point of cultural sensitivity, understanding the social factors, norms and character of social interaction of each culture is important to influence electronic word of mouth circulating around the World Wide Web.

### 5.3 Limitation of the research

As in all empirical studies there are limitations that should be pointed out to help direct future studies. First the categorizing products should be considered in variables studied to determine the purchase decision making process more accurately. Second, distinguishing between products that are reachable or familiar products with sufficient information versus unfamiliar products with lack of information would give better understanding about Facebook electronic word of mouth importance. Third, examining the effect of pictures and map check-in notifications that are published daily on Facebook pages and that reflect the live or instant friends' consumption of product and services is to be a focus in future studies especially since it is learned that sensory aids like pictures of a catchy product can easily attract and reach users. Moreover the survey method that was used in information collection process and measurement of electronic word of mouth behavior may not be accurate. In future studies a digital monitoring for electrical word of mouth will give clearer results especially with the new options that Facebook offered to corporate pages such as notifications for people who saw the posts, talked about it and/ or shared it.

### 5.4 Managerial Implications

Social media facilitated the development of the so called prosumer consumers; Philip Kotler the American marketing theorist describes prosumers as customers who has the talent to use internet to tell marketers what they want (Kotler et al., 2001; Scammell, 2003; Diffley et al., 2011). The customer directly and indirectly communicates their needs on forums like Facebook; smart companies are the ones that grasp opportunities to satisfy their customers and insure that there is a positive talk circulating around the pages of these sites. Customers are sharing data about product attributes and contents such as praise and complain. For marketing and information management people, insuring that there is a user friendly interface that encourages publishing as many positive reviews by satisfied consumers which would increase intention for purchase for others. Using incentives, coupons and prizes would increase the consumers' enthusiasm to post comments and reviews.

Moreover, understanding the social and personality factors of consumers can help in doing the right segmentation and targeting for the market in which in Lebanon case strength of relationship which was shown to have great effect on word of mouth is to be considered by finding out a feature that give them the chance to show the product attributes to their close friends and family to allow them to develop the right decision.

### 5.5 Recommendations

Companies should include Social network sites specifically Facebook in their marketing strategy to ensure presence in this highly visited medium. Ensuring that the corporate page is reflecting catchy, accurate and prompt data is a priority especially that these notifications are visiting the user's personal page. Promoting an interactive page that encourages users' involvement. It is very important to be cautious about not disturbing or spamming fans that accepted or liked to receive updates by boring advertisements and messages. This medium should help in showing the best details about the company. Companies should grasp through Facebook medium true opinions and suggestions that should be considered to improve and develop better products and/or service ideas.

Given all the above, Kozinets argues that: "Building relationships and engaging in conversations with consumers in online communities has become increasingly important. This relationship building is named as virtual relationship marketing". (Kozinets, 1999; Diffley et al., 2011). In the context of the book titled as *The New Influencer: A Marketer's Guide to the New Social Media*, Gillin states that "it is important to understand who your customers are, who influences them and how to engage with those influencers" (Gillen, 2007)

Jim Davis Gartner's Research Director, Customer Relationship Management declared in the CRM summit that took place on March 2011 that over the past decade CRM was focusing all about management of the customer, nowadays with social media the focus should be on relationships and how to better understand the mood, the need, expectations and aspirations of the customers. By doing so, businesses will be able to differentiate themselves from competitors by offering an improved service that best

satisfy the need and expectation of each client. Quoting Jim Davis interview with Computer Weekly, he says

“It’s that ability to listen to the customer and act on what they say. That could be through a survey, a tweet or a conversation with a call centre agent. The key is to bring all elements together to find out what customers are saying and sharing” (Goodwin, 2011).

## APPENDICES

### Appendix 1: General Definitions

**World Wide Web**: A system of interlinked hypertext documents accessed via the Internet.

**Virtual community**: A social network of individuals who interact through specific media, potentially crossing geographical and political boundaries in order to pursue mutual interests or goals. One of the most pervasive types of virtual community includes social networking services, which consist of various online communities.

**Social networking service**: An online service, platform, or site that focuses on building and reflecting of social networks or social relations among people who share interests and/or activities.

**Online community**: A virtual community that exists online and whose members enable its existence through taking part in membership ritual.

**Blog**: A personal journal published on the World Wide Web consisting of discrete entries (usually called posts) typically displayed in reverse chronological order so the most recent post appears first.

**Web service**: A software system designed to support interoperable machine-to-machine interaction over a network

**Computer network/ Network**: A collection of hardware components and computers interconnected by communication channels that allow sharing of resources and information.

**End-user**: Person who uses a product; consumer.

**Web application**: An application that is accessed over a network such as the Internet or an intranet.

**Intranet**: A computer network that uses Internet Protocol technology to securely share any part of an organization's information or network operating system within that organization.

**Internet Protocol (IP)**: The principal communications protocol used for relaying datagrams (also known as network packets) across an internetwork using the Internet Protocol Suite.

**Software**: A collection of computer programs and related data that provides the instructions for telling a computer what to do and how to do it.

## Appendix 2: Figures and Tables

Countries	Facebook Users	Increase in 6 Months	Population	Facebook Population Penetration
USA	157,401,460.00	3.65%	309.05 million	50.74%
Turkey	30,963,100.00	4.38%	72.75 million	39.80%
Egypt	9,393,700.00	16.95%	81.12 million	11.67%
Saudi Arabia	4,532,300.00	11.17%	27.44 million	17.61%
UAE	2,770,060.00	16.99%	7.55 million	55.67%
Jordan	1,987,000.00	16.08%	6.04 million	31.01%
Lebanon	1,367,220.00	12.65%	4.22 million	33.14%
Iraq	1,303,500.00	44.55%	32.03 million	4.39%
Kuwait	880,720.00	5.95%	2.7 million	31.58%
Palestine	712,140.00	17.85%	4.15 million	28.32%
Cyprus	553,900.00	13.81%	1.10 million	50.23%
Oman	362,320.00	26.18%	2.78 million	12.21%
Qatar	323,280.00	37.98%	1.75 million	38.44%
Yemen	318,320.00	-1.47%	24.05 million	1.35%
Bahrain	316,340.00	9.86%	1.26 million	42.86%
Iran	N/A*	-	73.97 million	-
Syria	N/A*	-	20.44 million	-

Table 27: Facebook Users in the Middle East

(Source: Alexa, 2012 except for population which is extracted from World Bank data 2012)

\*\*Iran and Syria were excluded due to an official censorship of Facebook

**Appendix 3: Survey for Social media effect on the Consumer Behavior in Lebanon**

Thank you for taking the time to complete this survey that is targeted solely for academic purposes.

This survey that questions the effect of social media network on the consumer's decision-making process in Lebanon should take about 5 minutes of your time. Your answers will be completely anonymous.

**Please choose your best relevant answer:**

**2. Are you Lebanese?**

- 1) Yes
- 2) No, please specify nationality \_\_\_\_\_

**3. What is your gender?**

- 1) Male
- 2) Female

**4. To which age range group do you belong?**

- 1) Below 18 years
- 2) Between 18 and 24 years
- 3) Between 25 and 34 years
- 4) Between 35 and 54 years
- 5) Above 55 years

**5. On which of the below social media network websites do you have profile/s?**

- 1) Facebook
- 2) Linked-In
- 3) My Space
- 4) Twitter



- 5) Other Please State its name \_\_\_\_\_
6. **How often do you log in to Facebook?**
- 1) Daily
  - 2) Weekly
  - 3) Monthly
  - 4) Never
  - 5) Every once in a while
7. **What are your main purposes behind logging into Facebook (You may choose more than one answer)?**
- 1) Communicating with friends, checking pictures, statuses, messages and updates
  - 2) Following up on your business page on Facebook
  - 3) Checking new updates on other business pages
  - 4) Doing research and/or using it as a business directory
  - 5) Other reasons, please specify: \_\_\_\_\_
8. **During surfing on Facebook do you tend to move from one page to another through the link of your friend's networks?**
- 1) Yes
  - 2) No
9. **What kind of decisions would make you use your Facebook's status to ask for your friend's opinion? (You can choose more than one answer)**
- a. Complicated decision purchases (example: IT and Hi-Tech products)
  - b. Travel-related and entertainment products and services (example: hotels, tickets and countries to visit)
  - c. New fashion related trends and products
  - d. New restaurants, products and location directions
  - e. High risk products (example overseas products and orders, House and car decision making)
  - f. Other decisions, please specify \_\_\_\_\_
  - g. None

10. How often do you use your smart phone to sign in to Facebook?

- 1) Daily
- 2) Monthly
- 3) Weekly
- 4) Never
- 5) Every now and then

**Instructions:** Please indicate your agreement or disagreement with the following statements about your behavior. Mark your answer by drawing circle on the relevant number. (“Strongly disagree”=1, “Neutral”=3 and “Strongly Agree”=5)

**Electronic Word of Mouth:**

*Opinion Seeking:*

11. When I think of buying a new unfamiliar product, I ask my contacts on Facebook for their opinion

**Strongly Disagree---1---2---3---4---5---Strongly Agree**

12. I like to get my Facebook contacts’ point view before I buy a product with high risk

**Strongly Disagree---1---2---3---4---5---Strongly Agree**

13. I rarely ask my Friends list on Facebook about what product to buy when am hesitant

**Strongly Disagree---1---2---3---4---5---Strongly Agree**

14. I feel more relaxed choosing products after I got my Friends’ opinions on Facebook

**Strongly Disagree---1---2---3---4---5---Strongly Agree**

*Pass along Behavior:* (“Strongly disagree”=1, “Neutral”=3 and “Strongly Agree”=5)

15. I tend to share information or opinion that I have about products to my Facebook friends’ list when its useful

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

16. On Facebook, I like to share my friends' comments containing information or opinions about products that I like to other

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

17. I tend to pass along my friend's positive reviews of products to other friends on Facebook

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

18. I tend to pass along my friend's negative reviews of products to other friend on Facebook

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

**Tie Strength: Please circle the more relevant number from the Likert scale**

19. Approximately how frequently do you usually communicate with your Facebook friends?

**Never**---1---2---3---4---5---**Very Frequent**

20. How important are your Facebook list of Friends?

**Not at all Important**---1---2---3---4---5---**Very Important**

21. How close do you feel to your friends on Facebook?

**Not at all Close**---1---2---3---4---5---**Very Close**

**Trust: ("Strongly disagree"=1, "Neutral"=3 and "Strongly Agree"=5)**

22. In general most contacts on Facebook list can be trusted

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

23. I feel confident about having conversations with friends on Facebook

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

24. My friends list of Facebook offer honest opinions.

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

25. I can believe in most of what my friends list of Facebook say about products

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

**Interpersonal Influence:** (“Strongly disagree”=1, “Neutral”=3 and “Strongly Agree”=5)

26. I rarely buy new fashion styles until I am sure that my friends accept them

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

27. It is important to me that others like the products that I purchase

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

28. I usually pay products and brands that I think others will approve of

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

29. I often buy product that they see me in and expect me to buy

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

30. I like to know what are the brands that are perceived as good and leave good impression on other people

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

31. By buying same products of well popular brands that others buy I achieve a sense of belonging

**Strongly Disagree**---1---2---3---4---5---**Strongly Agree**

32. If I want to be like someone I like, I often buy similar brands that they consume  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

33. I identify with other people by buying similar products that they buy  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

34. I feel encouraged to buy products that others buy  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

Informational:

35. To ensure that I am buying the right product and brand I often view what others are buying and consuming  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

36. In case of little experience with a product, I often ask my friends' opinion about a product  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

37. I often take the opinion of other people to allow me to choose the best alternative available from a certain product  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

38. Before I purchase a product I gather information about the product from family and friends  
**Strongly Disagree---1---2---3---4---5---Strongly Agree**

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