

Like a “Dislike” Button?

To what extent the implement of a “Dislike” Button and “Pay-for-Like” can increase the attractiveness of Facebook as a medium for advertisements?



Marketing Research
Group Project



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Background: Facebook

Facebook is a social networking service founded in 2004 by Mark Zuckerberg. It has more than 1 billion users and 800 million of them are active. (Facebook Q3 Earnings, October 2012). It is now the biggest online social networking platform that allows users to join different groups and share or tag states, photos, videos and pages, etc. Moreover, users can also give a “like” and comment to each other, but not a “dislike”. Facebook mainly earns revenue from sponsor and advertising.

Background: Social Networking Service Industry

There are different kinds of social networking service from the online platforms or sites. “Google+” and “Twitter” are the example. Roughly speaking, they aim to build social networks and relations among people and promote the idea of self-expression and interaction and share between people though the online platform. Basing on the huge amount of users, such platforms or sites have been a very common and popular place for advertising as they can also understand users’ habits and give the right message to the right people, too. These make the advertising more efficient. Nowadays, a trend is that smartphones and portable tablets become a commonplace for users to enjoy the social networking services. This definitely fosters the development of the industry and advertising.



Definition of Problems and Evidence

Beginning from 2008, Facebook had the most population of social networking service users and became the kingdom of social networking. However, it did not gain the most advertising revenue within the industry and it was only less than 4%. It shows that Facebook in cooperation do not make efficient of its population size to develop itself the kingdom of advertising. We would like to find out the way(s) to increase the attractiveness of Facebook and see whether the way(s) could deal with the situation and solve the above problem.

Our proposed ways to raise Facebook's attractiveness are:

1. Dislike Button
2. Payment System (A new way of payment)



Research Objectives

As mentioned, Facebook does not perform the best in attracting more advertisements placed on it and hence a need to increase its advertising revenue and financial performance rose. It reflects there are still unattractive places of Facebook (Holiday, 2012). As a result, our general objective of this research is to find out ways to improve Facebook's attractiveness of Facebook. In a more precise view, our research has the following subsidiary objectives:

1. Evaluate the effectiveness of the introduction of a 'Dislike button' in raising Facebook's attractiveness towards different individual users.
2. Evaluate the effectiveness of the implementation of a new charging method by using 'Pay-for-Like' in attracting more different advertisers for Facebook.

Significance and Reasons for choosing this research

First and foremost, this research provides Facebook with new ideas and function-for-suggestion. It is a comprehensive research that not only the situation analysis can be conducted but also market response on social-urging new functions of 'Dislike' (Rossi, 2012) can be collected.



Adding to the comprehensive nature of this research, the suggestion of the 'Dislike' function and the new payment system are technically possible. For 'Dislike' buttons, it is a similar function of 'Like' button existing in Facebook platform. Also, the function of 'Dislike' is actually a function existing on YouTube (Meening, 2010). It should not be a new innovation of technology. Also, it is known that the new payment method requires a new system of data-counting for charging advertisers. But the required database ('Like' button numbers) is indeed at present storage that no new servers are needed to construct additionally. Thus, no much technical problems would be met, which shows the origins of this research are highly practical in reality.

Furthermore, the research can be conducted right after the grant approval, if honored. The research methods required by this research are built and based on the existing user database that Facebook now manages. It would save huge amount of effort in finding the suitable target respondents, as they should be the existing users and advertisers of Facebook.

Literature Review

The trend of the Social Networking Industry

There is a rapid development in the social networking industry alongside with the rapid growth in the global percentage of Internet users (United Nations – International Telecommunications Union, 2010). Surely, the social network advertising becomes more prevalent in the advertising industry, reflecting from the enormous growth in global social network ad revenue. Cited from eMarketer (2011 September), the social network ad revenue worldwide grows from US\$2.38 billion in 2009 to US\$5.54 billion in 2011, with estimation to about US\$10 billion in 2013. The average growth rate of the global ad revenue from social network advertising would be estimated to be about 38.88% per year in the period from 2009 to 2013. Such astonishing numbers reveal the faster pace of development of the trend of advertising on social network, which should also be deemed as the opportunity for Facebook (Peck, 2012).

The current situation of Facebook

Facebook now has the most population among all other social networking websites at about 1 billion active users (Facebook Q3 Earnings, 2012 October), of which 58% would return the site daily at least once, showing that the usage rate of Facebook among users is quite high. With reference from comScore (2012 January) and (2012 June), Facebook earns the highest hours spent on desktop per person per month of 6 hours and 35 mins, comparing with Google's 3 hours and 20 mins, Yahoo's 2 hours and 7 mins and Microsoft's 1 hour and 55 mins. These reflect that Facebook indeed is in an favorable market position in terms of usage.

When it comes to its performance in providing advertising service, some surveys concluded that Facebook had done a good job. 92% of respondents trust the word-of-mouth of friends and family on Facebook while only 47% trust TV, radio and newspaper (Nielsen, 2012 April). An analysis conducted by Facebook over 60 campaigns told us that 49% of them had a 5 times or greater return on ad spending and 70% of them had a 3

times greater return. The performance itself is positive. But, when comparing the total ad revenue earned with other social networking websites, Facebook has an extremely bad performance, given that Facebook has the greatest base of usage. Referring to ZenithOptimedia (2011, December), Facebook's share of global internet ad expenditure was 3.1% in 2010, while Google's was 44.1%, Yahoo!'s was 8.3% and Microsoft's was 4%. These figures reveal that Facebook could not earn a reasonable amount of revenue from online ads comparing with major competitors, even with a favorable market usage situation among social network. The conclusion from the above secondary research is that Facebook actually does not make good use of its social networking kingdom to attract more advertisers and advertising revenue.

The Google's advertising, its type and, revenue, being the main competitor of Facebook

Google actually provides a wider range of advertisement display for advertisers. It includes 'Text Ads' appearing at the top of the search-answering page, 'Image Ads' including Flash based ads, 'Ads in video' on YouTube and 'Ads in mobile web of games'. Such a better performance in the variety of ads provided for advertisers may be the main cause of Google's leading position in social network advertising. From ZenithOptimedia (2011), Google controls about 40% and more of the global online advertising revenue from 2006 to 2010. This raise challenges on Facebook in its profitability.

The Negativity Effect and User behaviors on Facebook and Social Networking

The rapid development of social networking can be deemed as another kind of society development, enabling people to present themselves, to learn, to construct a wide circle of relationships and to manage privacy and intimacy. (Livingstone and Brake, 2010). For sure, a business world would then follow to enter the social networking and the present situation proves this. The wide use of online advertisement which fills up social networking websites, letting alone Facebook. Some advocate that it is an inevitable trend of the development some special types of social psychology such as the Negativity

Effect (will be defined in the part of 'Definition') appearing on the Internet (Nation, 2011). These psychological effects, especially the Negativity Effect, are highly concerned by advertisers who would like to place advertisement on social networking platform as these effects may bring adverse effect from their advertisement to their products, and even their company. Applying on Facebook, some users may always place negative views and comments on most of the things they can see on the platform, such as friend's status, commercial videos, and advertisements. These users, with the serious bias under the negativity effects, are called 'Haters' nowadays among the social networking platforms.

The opportunities brought from 'Like', 'Comments' and the proposed 'Dislike' button



The development of biased consumer psychology on the social networking is unlikely a favorable factors attracting more advertisers to spend on social networking platform and Facebook. But, it may be an opportunity for Facebook and the advertisers if they handle it in a positive manner and turn it into a powerful tool for strategic brand management and advertisement, even facing the negativity effect (Nation, 2011). For example, although the implementation of the 'Dislike' button is a way to express negative view, it is still an additional way for users to express themselves and a way to attract users to contribute more involvement in the community, that is the Facebook platform in this case. The purpose of this suggested new function is to firstly provide one more way for message (e.g. advertisements) receivers to express their feelings and attitudes, and secondly to increase Facebook's users' response to campaigns, especially advertisements.

At present, there are only 'Like' buttons and 'Comment' function provided for users. Negative attitudes from users can only be given through typing on the 'Comment' function. The attractiveness of 'Dislike' to increase users' involvement in Facebook's campaigns is that the provision of an relatively simple way of expression by only 'one click'. As a whole, this research is to find out whether or not the suggestion of the

'Dislike' button is popular among the existing users so as to increase the general involvement of users.

'Like', 'Dislike' and 'Comment' – all may be appealing to advertisers

'Like', 'Dislike' and 'Comment' are the functions that can be applied on campaigns and advertisements by users on Facebook, of which the definition will be provided in the following part. The daily 'Likes' and 'Comments' generated by users are averaged about 2.7 billion during the last quarter of 2011 (Facebook From S-1, 2012). These are also some indicators of 'Involvement' which was explained in the Theory of Involvement (Muehling, Laczniak & Andrews, 1993). 'Involvement' can be deemed as the measure of effectiveness of communication (transmission of message from advertisement) to the audience/target customers (different groups of Facebook users). In general, the more response form users can reflect that more Facebook users have seen, processed and analyzed the advertisements and response can be given only if users' have thought about the message they received from the advertisements. The higher numbers of these explicit response can represent the more people have truly read through the advertisement, which is the outcome the advertisers truly want to receive from their advertising campaigns. As a reason of this, a new payment method 'Pay-for-Likes' is suggested by this research. It is because 'Like' button is the indicator of true transmission of message from advertisement to users, it may be more attractive for advertisers to pay only after they have confirmed the target receivers had truly thought something about their campaigns. This new payment system means that the more 'Likes', the more payment made by advertisers on each single effective advertisement made.



Definitions

1. **Individual users / Users**

People who have one or more Facebook account(s) and use Facebook as their platform of social networking.

2. **Advertisers**

Companies and institutions that would pay for advertising campaigns, no matter they have previously made use of Facebook as their medium before.

3. **'Like' button/ 'Like' (existing function on Facebook)**

The feature of Facebook that enables users to express he/she likes, enjoys or supports certain content.

4. **'Comment' function/ 'Comment' (existing function on Facebook)**

The feature of Facebook that enables users to express whatever views or comments by direct typing of words, signs or numbers.

5. **Existing payment methods for advertisements on Facebook**

There are two types of payments methods: 'Pay-for-Clicks' (CPC) and 'Pay-for Impressions' (CPM)

6. **'Pay-for-Clicks' (CPC)**

A pre-set budget of payment would be paid per each single clicking on the advertisement/campaign by users.

7. **'Pay-for-Impressions' (CPM)**

A pre-set budget of payment would be paid per thousand of impressions of the advertisement/campaign appearing in front of users.

8. **'Dislike' button/ 'Dislike' (the new proposed function)**

A converse function of 'Like' button. The feature of Facebook that enables users to express he/she likes, enjoys or supports certain content.

9. 'Pay-for-Likes' (the new proposed payment method by this research)

A pre-set payment would be paid per 'Likes' users click on the advertisers' advertising campaigns.

10. The Negativity Effect

From Rohini Ahluwalia (2002), "The negativity effect is defined as the greater weighting of negative as compared with equally extreme positive information in the information of evaluative judgments, which is assessed via the relative weight given to negative versus positive information in the formation of evaluations".

11. Theory of Involvement

From Muehling, D. D., Laczniak, R. N., & Andrews, J. C (1993), "A view's Involvement with an advertising message was evidenced by the conscious bridging associations one makes between a message and his personal life. In this sense, involvement is seen as a relevant connection between a message and an individual thus placing it within the 'receiver' domain of the 'Components of the Advertising Process Model Circle'."

12. Types of advertisements Facebook provided

There are two main types of ads can be seen on Facebook: 'The Facebook Ad' and 'Sponsored Stories'.

13. 'The Facebook Ad'

A small advertisement appearing on the users' screen with title, description and an image, usually at the right hand side of users' screen.

14. 'Sponsored Stories'

Similar to 'The Facebook Ad', but appears only when users' friends like/comment/go there.

Conceptual Framework

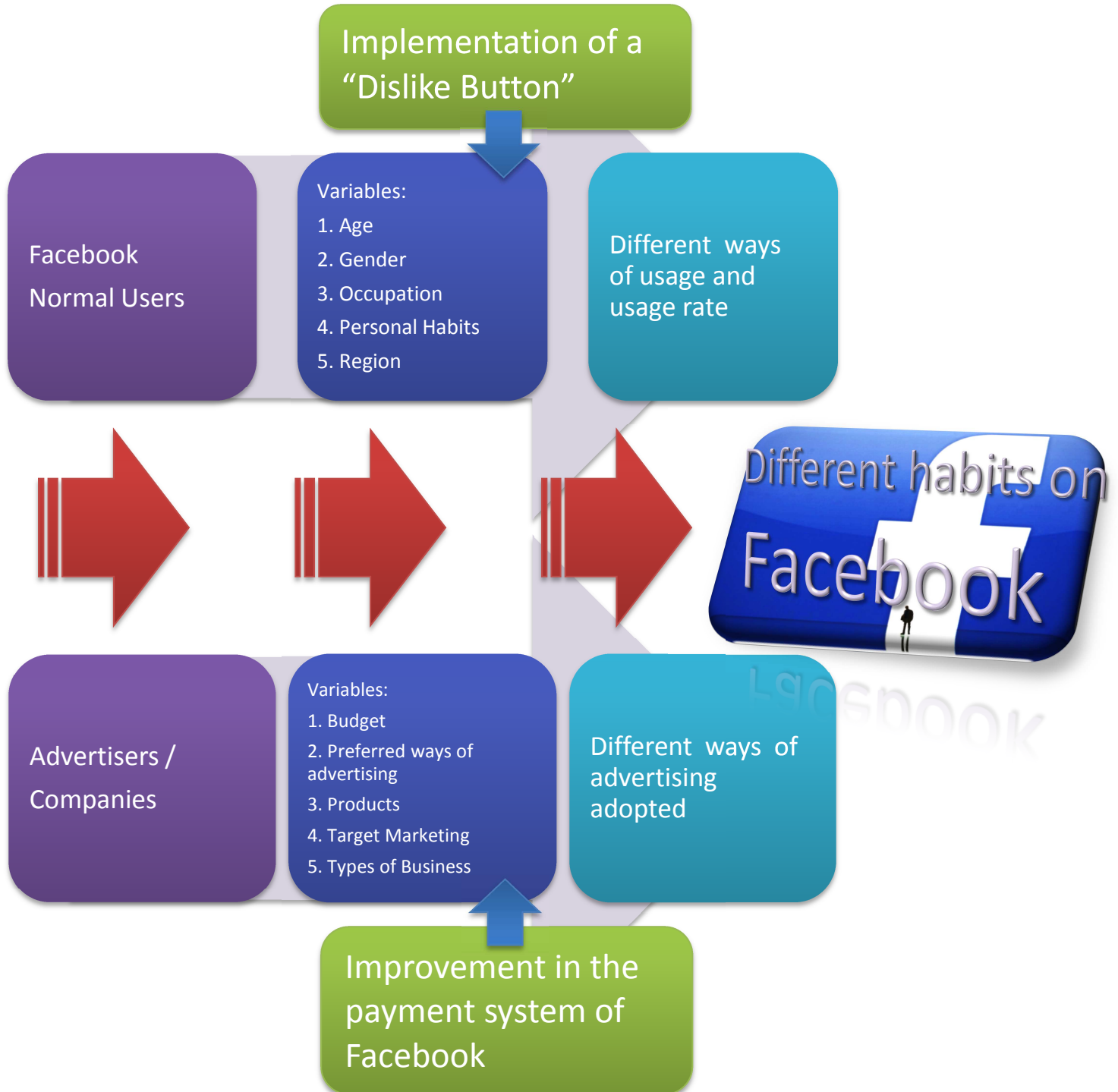
To define variables, the problems and the proposed research question clearly, it is important to have a concept which explains all the factors in a structured way. To show all these points, a flow- chart model can be very useful because with the aid of this model you can get a good overview about all the variables you use, the research question and how all the things are related together. Especially in a case like it is shown in this proposal which implements two new ideas of increasing the attractiveness of Facebook, a Flow – Chart model gives you more clearance about the variables and their relations.

The following part will show a Flow – Chart model with different variables for both users and clients and will also explain the different variables, the hypothesis how variables are related and expected results.



Flow Chart Model

The following Flow – Chart model shows all the variables which shall be investigated within this Research process.

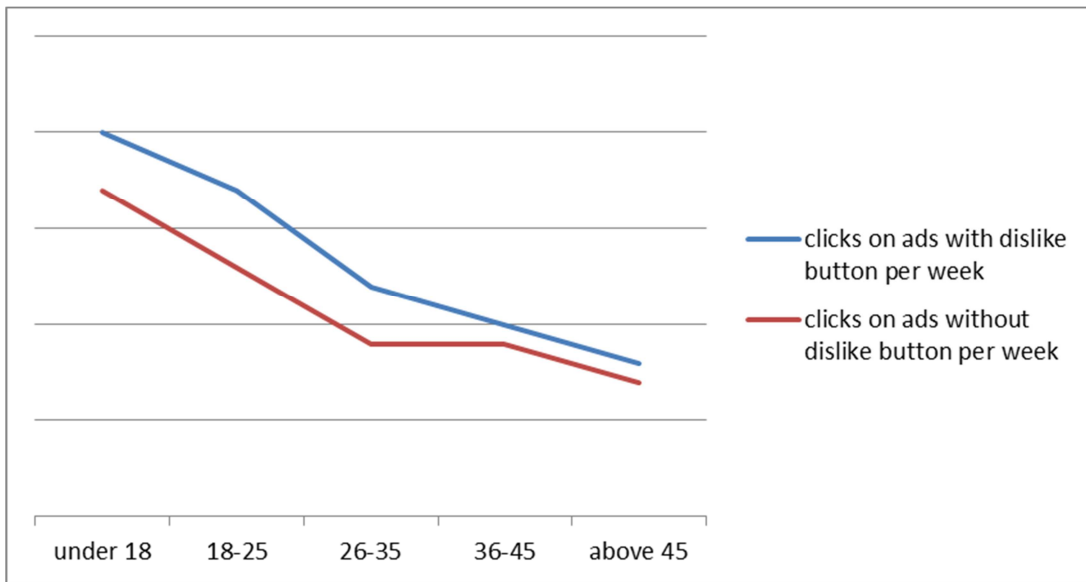


The Flow-Chart Model already distinguish between Advertisers who are the clients for Facebook and the normal Facebook Users. There are two Research questions which shall be discussed in the Project. The first question is for the clients. The asked question is whether Advertisers on Facebook would put more advertisement on Facebook if there was a different payment system. Therefore the aim is to find out whether different companies have a different to this topic. Therefore we use five variables - Budget, Preferred ways of advertising, products, target marketing and type of business - to distinguish several types of companies. On the other hand there are the users who do not click often enough on advertisements on Facebook. Divides in five different variables we want to find out whether Facebook can raise the attractiveness of its advertising to gain more clicks. On the basis of Age, Gender, Occupation, Personal Habits and Region, this Research shall find out different behaviors on Facebook within different social groups.

Variables, hypothesis and expected results for Private users

To find out whether the implementation of a dislike button can raise the attractiveness of advertisements on Facebook the proposed Research wants find out if different social groups have a different opinion about the dislike button. Therefore the dependent variables are in each case the click ratio on advertisements without a dislike button and on the other hand the clicks after implementation of a dislike button. The first independent variable is the age of the Facebook User. This interval variable divides the Users into five age groups. The users under 18, from 19 to 25, from 26 to 35, from 36 to 45 and above 45. The expected result for this variable is that the younger the people are the more they click on Facebook advertising because especially younger people under 18 don't think about the data they provide to the world of the web and so they click on a lot of things. For them a dislike button is also a good thing because they willingly want to show whether they like something or not.

The result could look like following diagram:



The second independent variable is the gender of the Facebook users which is a nominal variable with only two opportunities. Male or female.

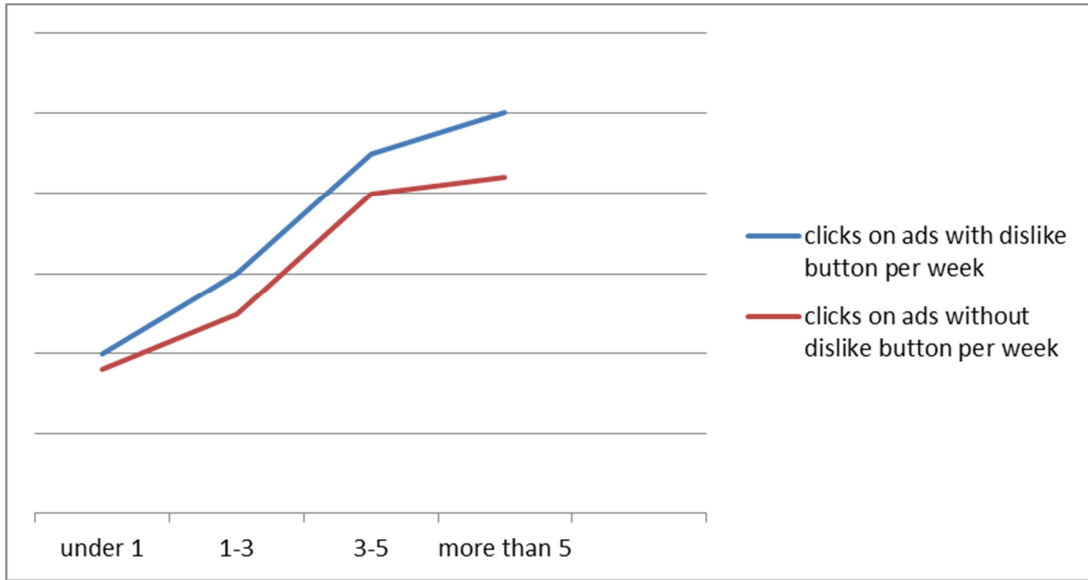


For this variable we have to wait for the results of our questionnaire because it is not easy to predict which gender has a higher ratio on advertisements on Facebook. But independent of the gender we expect a higher click ratio after implementing the dislike button.

A further nominal variable is the occupation of users. With the aid of this variable the Research finds out if occupation makes difference in the click habit. But apart from the occupation people will also answer, that they will click more often on advertising if there is a dislike button.

The last variable which shall find out the reaction of users to the dislike button is the personal habit which is measured by the time a user spends on Facebook. There are different groups why this variable is an interval variable. The users are divided in four groups, depending on their daily time on Facebook. It can be either under one hour, from one to three hours, from three to five hours or above five hours which gives a clue whether heavy users are more likely to click on advertising than light users. The expected result says that heavy users have a higher click ratio compared to others

because they spend a longer time on Facebook and so they have more time which they can use for looking around and also for clicking on advertising. But all the user groups have in common that they would click more often on advertisements if there was a dislike button. The expected result for the time a user spends on Facebook will look like the diagram shows:



Variables, hypothesis and expected results for Advertisers

Besides the increasing of the attractiveness for private Facebook users, another important point is to raise the number of companies who want to put an advertisement on Facebook. One way to raise this could be to introduce another payment system. The variables Budget, Preference, Product, Target Market and Type of Business will find if clients would appreciate a different payment system and if they would advertise more within this system. The interval variable Budget shall distinguish between different companies and the money they want to spend for advertising. The companies are divided by the money they want to spend for advertising per \$100 sales. The intervals for this variable are: under \$1, from \$1 to \$10, from \$11 to \$20, from \$21 to \$30, from \$31 to \$40, from \$41 to \$50, from \$51 to \$60 and above \$61 per \$100 sales. The expected result is that the higher the money a company spends per \$100 sales, the lower the interest in changing the payment system because a company who already spends a lot of money for advertising seems to be contented with the current system and does not have any interest in changing it.

The second variable Preferred Ways of Advertising shall find out whether the company is interested in advertising via Internet or not. It is difficult for Facebook to gain companies as advertisers which do not have interest in advertising in the Internet. But the target group within this nominal variable is the companies which advertise online but not on Facebook. Therefore the expected result is that Facebook can gain more clients by changing their payment system. Another nominal variable about the product, a company wants to advertise in the Internet shall show if the products are fitting to the user structure of Facebook. So it is expected that the more the products of the company fit to its population, the more the company is willing to advertise via Facebook. For the same reason the questionnaire asks for the target market of the company. If the target market is similar to the main users of Facebook, the company will be advertiser on the platform.

The last nominal variable, types of business, finds out which types of company are already advertisers on Facebook and which types not. So the survey can focus on the types which are still no clients of Facebook to find out whether they would use Facebook for their advertisements if there was a new payment system.

Research Design

In order to ensure the research is logical, objective, systematic, reliable and valid, there are four assumptions about the research design.

Firstly, we assume that all Facebook users are rational that reduce the non-sampling errors. For example, the respondent errors like faulty memory.

Secondly, there is continuous growing in the use of social network for marketing that more and more people who share mutual interests and activities through the online social network like blogging, chatting room etc.

Thirdly, the mentioned new ideas are of technical possibility.

Lastly, there are no tremendous change in current market situation and technology.

The type of the research design is exploratory that it aims to discover and identity the “new idea” and deepen the understanding of Facebook users’ motivations, attitudes and behaviors. For this research design, the “new idea” is that whether or not the new introduction of the “Dislike” button can firstly enhance users’ involvement in Facebook and secondly the attractiveness of Facebook on companies to make advertisement.

It is recommended using Quantitative Research methods. It applies mathematical and statistical techniques on finding relationship within variables and testing hypothesis. The surveys design emphasis on using formal standardized questions and predetermined response options in questionnaires administered to the numbers of respondents.

There are two main groups of the target respondents which are the individual users of Facebook and the company users like advertisers who using Facebook to make an advertisement and promote their products or services.

There are two categories for methods recommended to survey for users which are Online Surveys Methods which are relatively low cost to collect data and Telephone-administered Methods which are the questions – and –answers exchanges via

Telephone technology, the first one of Online Surveys Methods is Internet/Web-based Surveys. The survey place on Website and the respondents go to specific site then complete it and click “send” button.

The benefits to use this method are Facebook users contain many heavy users of internet and it can easily catch up our target because of online location of the surveys.

The second one of Online Surveys Methods is E-mail survey which is a self-administered data collection technique. As the creation of Facebook account requires an email address, it is convenient for conducting “mass-mailing” method which the survey are electronically delivered to and returned by email. It is an efficient way to collect lots of data from Facebook users or other potential respondents in the short-time period.

The third one of Online Surveys Methods is Facebook invitation and Facebook events. This is an effective and efficient way to send the survey to the larger numbers of Facebook users though this platform. The advantages are directly contact with target respondents who had finished their answering of the survey.

The other category is Telephone-administered Method. The Wireless Phone Survey can collect the data from wireless phone users especially the smart phone users. It can survey in either text-based or voice-based formats or a combination of both. As more and more people use smart phone in recent years, Facebook was release the phone app version. According to the Facebook Q3 Earnings in October 2012, there are 61% of mobile user growth year over year and there are about 600 million monthly active users on mobile. It prove that the wide use of this Apps by Facebook users. It is convenient for them to complete the surveys on every time, in everywhere. For example, it can collect data for some people who do not have time to open the desktop computer to use Facebook. Moreover, this method appropriate for teens and early adopters which are the majority part of the Facebook users.

On the other hand, the Wireless Web survey is the method which focuses on some wireless device, such as a cellular telephone or personal digital assistant (PDA).Refer to

comScore MobiLens, there is an increase of 77% of social networking via smartphone devices from 2010 to 2011 in U.S. while an increase of 76% in Europe .Also, there are 64 million smartphone owners in U.S. and 48.4 million consumers in Europe who accessed social networking or blog destinations through their mobile device in 2011.Obviously, the Wireless Web survey is the most suitable way to conduct the survey which coordinate with this continued rise trend on social networking. Otherwise, it can also use short massaging (SMS) formats for simple polling and short survey, such as using Whatsapp, Line and WeChat. For this research, we can ask for respondents to polling for the “Dislike” button and see whether it is popular or not.

For the target respondents of companies or advertisers, there are two methods recommended to survey which are Mail Panel Survey and Fax Survey that a questionnaire sent to a group of individuals who have agreed in advance to participate. Sending the questionnaire of Mail Survey can deliver sincerity request that it is useful way to increase the response rates and directly contact with target companies. Apart from this, the questionnaire sent to companies and advertisers by fax machine. It is convenient for them to receive and rely. The benefit of fax survey are that faster delivery and response speed. To collect data from companies or advertisers, these two methods are the feasible and efficient.

Lastly, an experiment is recommended to survey for advertisers or company. For the implementation of the experiment, firstly we would like to open a “Pay-for-Like” payment method for advertisers and lower the price-per-unit of advertisement to attract more advertisers to fall into the experiment sample. Secondly, let the advertisers to choose whichever type of three payment methods and to see which type attracts the most number of advertisers and which type(s) of products being appealed by the “Pay-for-Like” method. There are three reasons that it is able to access directly “cause-effect” relationships between variables. Also, this experiment is the real-practice which is more realistic and easily to let advertisers to understand to new method. It is very attractive to advertisers.

Sampling

Step 1 : Define the Target Population

Our target population is about the 800 million active users of Facebook and 10000 companies that may or may not have established partnership with Facebook in advertising that should all be willing to pay for advertisement.

Step 2 : Data Collection Methods

As mentioned, we have suggested different methods for data collection for both individual users and advertisers.

For the research part on individual users, we suggest to use method of online survey known as Internet/Web-based Survey, Email Survey, Facebook invitation and telephone-administered method known as wireless phone surveys.

For the research part on advertisers, we have suggested to use mail panel survey, fax survey and an experiment to collect advertisers' willingness on the new payment method.

Step 3 : Identify the sampling frames needed

Actually it is less costly for Facebook to conduct this research if adopted. We suggest making use of the existing database of Facebook for the creation of the list of contact. It is because the registration of a Facebook account requires an email account. The database can provide the contact method to our target population.

Step 4 : Sampling method

We suggest probability sampling because we have the complete list of target population, which is the chief requirement of probability sampling. Also, the sample representativeness, reliability and accuracy can be assured under the computing of confidence intervals. Thus, the quality of the sampling and research would be higher which is essential for Facebook, as one of the biggest social networking service provider

in the world. Under probability sampling, we further suggest the use of proportionate stratified sampling. The use of this method can let us collect data based on different strata with different variables we suggested. The result is believed to be more obvious. The proportionate type of this method is chosen because the larger strata will be sampled more heavily based on their larger percentage of the target population. Thus, the reliability of the research is assured again.

Step 5 : Determine the necessary sample size

To strive for a certain level of representativeness of our research, the target number of respondents for the group of individual users is 50000 and 1000 for the group of advertisers.

Objective of the two questionnaires

For the Appendix 1 questionnaire: “Facebook Advertising Survey – For Facebook Users”

Question Number	Objective
1	To sort out our target respondents
2 - 8	To define the variables (characteristics) of respondents
9 - 12	To define respondents’ favor on our suggestion

For the Appendix 2 questionnaire: “Facebook Advertising Survey – For Advertisers”

Question Number	Objective
1 - 7	To define the variables (characteristics) of respondents
8 - 9	To define respondents’ favor on our suggestion

Implementation - Timetable

Time/Period	Task Category	Task
Week 1	Preparation	Reserved for researchers to familiar with the research the subject and setting up of database
Week 1	Data Collection	Searching for target Respondents (Individual users and companies)
Week 2 to 7	Data Collection	Surveying and data collection
Week 7 to 8	Data Collection	Summarization and filing of data
Week 8	Transition	Database transmission
Week 9 to 11	Data Analysis	Data processing by statistical models and conducting secondary research
Week 11 to 12	Data Analysis	Generating results and analysis from the database
Week 12	Data Analysis	Report publishing

The timetable shown above is the working schedule carrying out our research. We would like to finish it within a quarter as social networking industry has a relatively short product-life cycle since it is a technique-based service and technology changes and develops rapidly. If we could not conduct the research in a short period, the accuracy and representativeness of those data found and information analyzed would be questionable. It is planned that the stage of preparation would be finished within a week and start collecting data as soon as possible. We would collect data until the 7th week as this stage has already spent about half of our time and the rest should be reserved to the stages of database building and data analysis in order to transform those raw data into useful information. Finally, the report is going to be published out and presented to the client at the end of the quarter.

Implementation - Budget

Variable Cost	#	Unit Cost(U.S. Dollar)	Total Cost(U.S. Dollar)
Salary - Research Analyst(1.5month,60/hour)	25	2415.5	60387.5
Salary - Surveying Analyst(1.5month,35/hour)	25	1409	35225
Mailing(Postal) Fee	10000	0.4	4000
Telephone Bill Fee	3	129	387
Miscellaneous	3	322.6	967.8
Total Variable Cost			100967.3

Estimated Successful Survey
Variable Cost Per Successful Survey

51000

1.98

Fixed Cost	#	Unit Cost(U.S. Dollar)	Total Cost(U.S. Dollar)
Rental Fee	3	6451.6	19353.6
Administration Fee	3	645.2	1935.6
Overhead	3	645.2	1935.6
Total Fixed Cost			23224.8

Total Cost

123192.1

Estimated Successful Survey
Total Cost Per Successful Survey

51000

2.42

*We assume that we would collect 10% of postal survey and about 50000 online responds.

In order to conduct a successful marketing research, spending is necessary. Precisely, the research would be estimated to the upper mentioned cost items. The unit cost of each items, namely the wage rate, postal fee, telephone bill fee, rental fee, etc., are calculated based on the current market price of those items. In this part, the explanation of the estimated number of successful survey would be provided. As there will be two categories of target respondents (individual users and advertisers), the number comprises of these two groups. Our aim is to collect at least 50000 individual user respondents from the nearly cost-free online survey (including Facebook event, pop-up questionnaire and email) and 1000 response from telephone and mailing survey for the group of advertisers worldwide. Certainly, if there are more successful surveys, the unit cost will be lower, vice versa. Based on the mentioned situation and estimation, a total cost per successful survey will be US\$2.42.

Methods to analyze data

The collected data will be analyzed with the aid of two different methods. The first one is the T-Test which has the advantage that you can see the exact number of respondents who answered for example that they would appreciate a dislike button or a different payment system. This method shall be used for the variables gender, age, region, different occupation of users as well as for Products, Preferred ways of advertising, Target market, Types of business of companies.

The second data analysis method is the One Way – ANOVA which shows whether there is a difference in the given answers between different groups. So the variables Personal Habit of Facebook Users and the Budget of companies were analyzed by this method. The advantage of One-Way ANOVA is that you can see with one look if a difference in the budget, a company has for advertising, makes differences in the willingness of introducing a new payment system on Facebook.

Recommendation

In the 21th century, the application and development of technology is much wider and faster than before, and this trend will be going on and affecting the exploitation of social networking services. Also, some says are regarding the current age as “The Age of Explosion of Information”, which gives the idea that the existing competitive advantages of Facebook can be communicated on Internet easily, letting alone other existing competitors. It can be imagined that there are indeed tons of potential social networking platforms with the possibility to replace Facebook. In order to maintain the competitiveness and attractiveness of Facebook, It is suggested that the research proposed should be done as soon as possible and better, within a quarter. After having a deep investigation on the current strengths and weaknesses of Facebook, potential opportunities and threats can then be discovered and rooted out. To sum up, a completed marketing research is necessary for Facebook, even though it is now the kingdom of social networking services. Or else, the legend would never last.

Reference

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Appendix 1

Facebook Advertising Survey – For Facebook Users

This survey is a marketing research survey for Facebook's advertisement. It aims to involve your participation in providing information on users' habits and attitude towards Facebook's advertisement and some parts of Facebook's functions. The results will provide the Facebook, Inc. with additional insight on how to better deliver useful advertisement to its users effectively and efficiently for better service. Your opinions are important to this study, and would be kept confidentially.

1. Are you a Facebook user with an account?

☐ Yes (Please ignore the following message and continue to answer question 2)

☐ No (Please see the message below)

Message:

If you are not a Facebook user, you may just hand in the survey at this stage because we may not want to consume you much more time for our survey from which the content you may not familiar with. May I deliver my heartfelt gratitude for your participation.

I. Classification Data Section

This section contains questions on your personal information, which aids us to combine your later response with those of the other people taking part of this study.

2. Into which one of the following categories does your current age fall?

☐ Under 18 ☐ 18 to 25 ☐ 26 to 35 ☐ 36 to 45 ☐ Above 45

3. Please indicate your gender

☐ Female ☐ Male

4. Which one of the following categories best describes the nature of your work?

☐ Agricultural	☐ Government	☐ Legal	☐ Financial
☐ Insurance	☐ Manufacturing	☐ Transportation	☐ Consulting
☐ Educational	☐ Medical	☐ Retailing	☐ Wholesaling
☐ Hotel	☐ Others, please specify: _____		

II. Facebook Habits Section

In this section, questions will be asked on your habits on using Facebook.

5. How many hours do you spend on Facebook per day?

☐ Under 1 hour ☐ 1 to 3 hour(s) ☐ 3 to 5 hours ☐ More than 5 hours

6. Which one of the following categories best describes the frequency of your clicks on the 'Like' button of Facebook?

☐ Never ☐ Rarely ☐ Occasionally ☐ Normally ☐ Usually

7. Which one of the following categories best describes the frequency of your clicks on advertisements placed on Facebook?

☐ Never ☐ Rarely ☐ Occasionally ☐ Normally ☐ Usually

8. Which one of the following categories best describes the frequency of your clicks on the 'Like' button on the advertisements placed on Facebook?

☐ Never ☐ Rarely ☐ Occasionally ☐ Normally ☐ Usually

III. Preference Section

The last section would like to gain your opinions on the proposed new function – a 'Dislike' button.

9. Do you prefer to have a 'Dislike' button on all Facebook functions?

☐ Yes ☐ No ☐ No opinion

10. Do you prefer to have a 'Dislike' button on the advertisements placed on Facebook?

☐ Yes ☐ No ☐ No opinion

11. Which one of the following categories best describes the frequency of your clicks on the 'Dislike' button on the advertisements placed on Facebook if it is implemented?

☐ Never ☐ Rarely ☐ Occasionally ☐ Normally ☐ Usually

Thank you very much for participation in this study! Your time and opinions are greatly and deeply appreciated.

Appendix 2

Facebook Advertising Survey – For Advertisers

This survey is a marketing research survey for Facebook's advertisement. It aims to involve your participation in providing information on your company's preference and attitude towards Facebook's advertisement payment system and some parts of Facebook's functions. The results will provide the Facebook, Inc. with additional insight on how to better deliver your advertisement to your target customers effectively and efficiently. Your opinions are important to this study, and would be kept confidentially.

I. Classification Data Section

This section contains questions on your company's information, which aids us to combine your later response with those of the other companies taking part of this study.

1. Which one(or more) of the following categories best describe(s) the nature of your business? (Could choose more than one)

- | | | | |
|---------------------------------------|---|---|--------------------------------------|
| ☐ Agricultural | ☐ Government | ☐ Legal | ☐ Financial |
| ☐ Insurance | ☐ Manufacturing | ☐ Transportation | ☐ Consulting |
| ☐ Educationa | ☐ Medical | ☐ Retailing | ☐ Wholesaling |
| ☐ Hotel | ☐ Others, please specify:_____ | | |

2. Which one(or more) of the following categories best describe(s) the type(s) of your products you would like to advertise? (Could choose more than one)

- | | | |
|---|---|--|
| ☐ Motors | ☐ Fashion | ☐ Electronics |
| ☐ Collectibles & Art | ☐ Home, outdoors & décor | ☐ Sporting goods |
| ☐ Toys & hobbies | ☐ Jewelry & watches | ☐ Health & beauty |
| ☐ Deals & gifts | ☐ Others, please specify:_____ | |

3. Which one(or more) of the following categories best describe(s) the type(s) of your products you would like to advertise **on Facebook**? (Could choose more than one)

- | | | |
|---|---|--|
| ☐ Motors | ☐ Fashion | ☐ Electronics |
| ☐ Collectibles & Art | ☐ Home, outdoors & décor | ☐ Sporting goods |
| ☐ Toys & hobbies | ☐ Jewelry & watches | ☐ Health & beauty |
| ☐ Deals & gifts | ☐ Others, please specify:_____ | |
-

II. Advertising Habits Section

In this section, questions will be asked on your habits on making advertisement.

4. For your chief target customer group, which one of the following categories best describes their total (approximate) family income **per annum**, before taxes, fall?

- ☐ Under USD\$25,000 ☐ USD\$25,000 to \$50,000
☐ USD\$50,001 to \$75,000 ☐ USD\$75,001 to \$100,000
☐ Over USD\$100,000

5. For your chief target customer group, which one of the following categories best describes their current age group fall?

- ☐ Under 18 ☐ 18 to 25 ☐ 26 to 35 ☐ 36 to 45
☐ 46 to 55 ☐ 56 to 65 ☐ Above 65

6. What types of medium of advertisement does your company prefer the most?

- ☐ Internet ☐ Outdoor ☐ Newspaper & magazines ☐ Radio ☐ TV

7. Per \$100 of Sales, which one of the following categories best describes the dollars your company would like to spend for advertising the product?

- ☐ Less than \$1 ☐ \$1 to \$10 ☐ \$11 to \$20
☐ \$21 to \$40 ☐ \$41 to \$60 ☐ More than \$60
-

III. Preference Section

The last section would like to gain your opinions on 'Like' and proposed 'Dislike' function and the payment system of Facebook.

8. Do your company think that the presence of the numbers of 'Like' and 'Dislike' clicks on the advertisements of your company's products placed on Facebook represents customers' satisfaction?

- ☐ Yes ☐ No ☐ No opinion

9. Which of the following payment methods does your company prefer for placing advertisements on Facebook?

- ☐ Lump Sum Payment ☐ Pay for the number of Clicks
☐ Pay for the numbers of impressions ☐ Pay for the numbers of 'Like'
☐ Others, please specify: _____
-

Thank you very much for participation in this study! Your time and opinions are greatly and deeply appreciated.