Determine The Influenced Factors of Facebook Ads Adoption by SMEs

Aulia F. Hadining
Industrial Engineering Department
State University of Singaperbangsa Karawang
Karawang, Indonesia
aulia.fasha@gmail.com

Sukanta
Industrial Engineering Department
State University of Singaperbangsa Karawang
Karawang, Indonesia
sukanta.tsm@gmail.com

Abstract

Discussions regarding social media have dominated research in recent years as well as the use of electronic marketing that utilizes social media. One of the preferred social media is Facebook. Facebook's feature which has commonly used in online marketing is Facebook Ads. However, SMEs in Indonesia have not exerted it effectively. This study aims to determine the utilization of Facebook Ads by SMEs and its influenced factors. The model applied in this research is AMO (Ability, Motivation, and Opportunity) Development Model. Stages of model development from prior literatures achieved an adoption model with nine hypotheses. The next stages of this study is to conduct a survey using the method that is accordance with research object and research method.

Keywords
facebook ads, SMEs, AMO theory, adoption

1. Introduction

Internet is a technology that has advanced rapidly and profitable both for companies and individuals. Internet has been used as a means for companies to be able to enhance competence and new business development (Mathews, et al. 2015). Prior research generally confirm the role of the internet, one of them is as means to promote the company products (Felix, et al. 2017; Hadining, et al. 2016; Mathews, et al. 2015; Sulistyo and Siyamtinah 2016; Dahnil, et al. 2014). One of media in the internet marketing is the social media (Hadining, et al. 2016). Social media is one of the effective ways of marketing when compared to the traditional ways (Hadining, et al. 2016).

Facebook is one of the social media that has enough users. According to Ramo et.al (2014), Facebook is most widely used by the user at the age of 18-29 years, with the access every day as much as 70%. Moreover, Facebook is one of the right means in online buying and selling activities or online marketing (Liébana-Cabanillasa and Alonso-Dos-Santos 2017). Facebook through Facebook Ads feature is the low-cost online marketing instrument that could be utilized by SMEs (Hadining, et.al. 2016). It can be concluded that Facebook through Facebook Ads is the right and low-cost instrument for online marketing (Hadining, et.al. 2016).

Although the benefits of Facebook Ads have been widely proven through prior research, not many SMEs are using Facebook Ads (Govindaraju, et al. 2013; Liébana-Cabanillasa and Alonso-Dos-Santos 2017). This study aims to build a model that can be used to determine the influenced factor of Facebook Ads by SMEs.

2. Model Development

Govindaraju et.al (2013) used Ability, Motivation, and Opportunity (AMO) theory to build an EMR adoption model by physicians. AMO is also used to identify factors that affect the purchase of airline tickets online (Bigné, et al. 2010). AMO model identifies information that obtained by individuals based on Ability, Motivation, and Opportunity (Bigné, et al. 2010). MacInnis and Jaworski (1989) revealed that Motivation is a driving force, driving someone to utilize an information system (Govindaraju, et al. 2013). Ability is anything that can be used to expedite someone in the adoption process and Opportunity is a conditional factor that would be able to encourage the adoption process (Govindaraju, et al. 2013). Motivation, Opportunity and Ability in this study that adapted to the purpose of research is to determine the factors that play a role in the Facebook Ads adoption by SMEs.

Motivation, Opportunity and Ability in AMO theory can influence one's behavior (Govindaraju, et al. 2013). Therefore, Behavior that becomes essential to be considered, to be achieved in the behavioral study is the Facebook Ads adoption by SMEs. Behavior can be achieved through intention that controlled by Motivation (Govindaraju, et al. 2013). Intention is one's attempt to shape the expected behavior (Govindaraju, et al. 2013). Intention is added to the intermediary between the motivation and adoption behavior of Facebook Ads. This prompted the following conclusions:

H1: SMEs intention to use Facebook Ads positively influences their Facebook Ads Adoption.

AMO theory has three groups of variables. The first variable is Motivation. Motivation Factor focused on prior research on adopted Ads (Liébana-Cabanillasa and Alonso-Dos-Santos 2017). Liebana-Cabanilas (2017) revealed that factor social image influence on adoption of Facebook-commerce. Social image is a perception of the utilization of an innovation that can enhance position in social system (Liébana-Cabanillasa and Alonso-Dos-Santos 2017). Therefore, in this study, social image has included in the category of variable motivation group. Liébana-Cabanillas (2017) and Govindaraju (2013) revealed that perceived usefulness is included in the Motivation category and may influence intention in adoption. Perceived usefulness is a person's perception that using an innovation could elevate work performance within an organization (Liébana-Cabanillasa and Alonso-Dos-Santos 2017). According to those exposures, it can be concluded that:

H2: Social image has a positive effect on SMEs intention to use Facebook ads
H3: perceived usefulness has a positive effect on SMEs intention to use Facebook Ads.

SMEs intention to use Facebook ads must be supported by the ability and opportunity to be able to establish behavior in the form of Facebook Ads adoption (Govindaraju, et al. 2013). Govindaraju (2013) revealed that variable ability group consists of infrastructure, past experience, and self-efficacy. Infrastructure could be categorized as the condition of aptitude used to encourage the utilization of Facebook Ads by SMEs (Ouirdi, et al. 2016). Infrastructure that associated with the Facebook Ads adoption is such as hardware and software. Hardware can be a computer, pc, mobile phone, and others, whilst the software can be a web explorer and its kind. Past experience is a variable that states whether someone has experience or at least ever used an information technology in the past (Govindaraju, et al. 2013). In this study past experiences focused on prior experience or knowledge about the utilization of information technology related to Facebook Ads by SMEs. Self-efficacy is the ability of someone to achieve certain activities in this case is activity related to Facebook Ads. The higher the self-efficacy, the higher the expectation to be able to obtain a result is (Bright, et al. 2015). Therefore, it can be concluded that the higher the self-efficacy of SMEs while using Facebook Ads in online marketing, the more intention to adopt Facebook Ads. This prompted the following conclusion:

H4: Infrastructure positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.
H5: SMEs past experiences positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.
H6: SMEs self-efficacy positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.

The next variable group in AMO theory is Opportunity. Govindaraju (2013) revealed that the opportunity variable group comprises opportunity for Facebook Ads trial, and opportunity to adjust Facebook ads. Opportunity for Facebook ads trial is an opportunity for SMEs to be able to use

Facebook Ads that could be known and perceived benefits from the use of such features (Govindaraju, et al. 2013). Access to information is an opportunity that SMEs could apply to draw information related to Facebook Ads feature (Govindaraju, et al. 2013). Facebook Ads system adaptability is the ability of Facebook Ads to be able to adjust to the needs of each SME (Govindaraju, et al. 2013). This prompted the following conclusion:

> **H7**: Opportunity for Facebook ads trial positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.
> **H8**: Access to information positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.
> **H9**: Facebook ads system adaptability positively moderates the influence of intention to use Facebook ads on Facebook ads adoption.

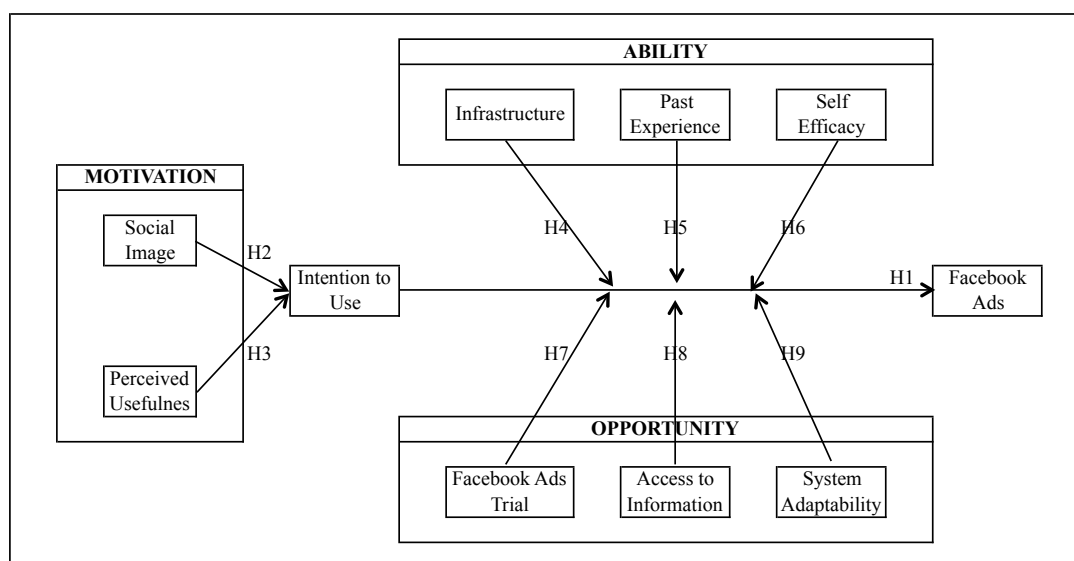There are nine hypotheses in the study contend in Figure 1.

Figure 1. Research Model

3. Research Methodology

This paper explained about the development of Facebook Ads adoption model by SMEs. The next stage is to test the hypotheses that have been built. Prior to data collection, the model was developed based on former research literature to define research variables. There are nine hypotheses consisting of several research variables used in the model. Data collection would be done by distributing research questionnaires using research variables in the model. Questionnaire to SMEs will be done after the generation of questions that represent all variables of the adoption model. The obtained data would be processed quantitatively using Partial Least Square along Structural Equation Modeling method. Sampling of research using purposive sampling method would adjust the research objectives. This study aims to determine the influenced factors of the Facebook Ads adoption. The object of this study is SMEs so that the research questionnaire would be disseminated to SMEs.

References
Aulia F. Hadining, Atya Nur Aisha and Dimas Kurniantoro Aji, Evaluating the Effective Location of Product Advertising on Facebook Ads, *International Conference on Industrial Engineering and Operations Management,* 1273-1279, 2016
Danielle E. Ramo, Theresa M.S. Rodriguez, Kathryn Chavez, Markus J. Sommer and Judith J. Prochaska, Facebook recruitment of young adult smokers for a cessation trial: Methods, metrics, and lessons learned, *Internet Interventions*, 1, 58-64, 2014
Enrique Bigné, Blanca Hernández, Carla Ruiz and Luisa Andreu, How motivation, opportunity and ability can drive online airline ticket purchases, *Journal of Air Transport Management*, 16, 346-349, 2010

F. Liébana-Cabanillasa and M. Alonso-Dos-Santos, Factors that determine the adoption of Facebook commerce: The moderating effect of age, Jo*urnal of Engineering and Technology Management*, 18, 2017

Heru Sulistyo and Siyamtinah, Innovation capability of SMEs through entrepreneurship, marketing capability, relational capital and empowerment, *Asia Pacific Management Review*, 1-8, 2016

Laura F. Bright, Susan Bardi Kleiser and Stacy Landreth Grau, Too much Facebook? An exploratory examination of social media fatigue, *Computers in Human Behavior*, 44, 148-155, 2015

Mariam El Ouirdi, Asma El Ouirdi, Jesse Segers and Ivana Pais, Technology adoption in employee recruitment: The case of social media in Central and Eastern Europe, *Computers in Human Behavior*, 57, 240-249, 2016

Mohd Irwan Dahnil, Kamarul Mizal Marzuki, Juliana Langgat and Noor Fzlinda Fabeil, Factors Influencing SMEs Adoption of Social Media Marketing, *Procedia - Social and Behavioral Sciences*, 148, 119-126, 2014

Rajesri Govindaraju, Aulia F. Hadining and Dissa R. Chandra, Physicians' Adoption of Electronic Medical Records: Model Development Using Ability – Motivation - Opportunity Framework, *Information and Communication Technology. ICT-EurAsia* 2013, 7804, 2013

Rajesri Govindaraju, Aulia F. Hadining and Dissa R. Chandra, The Application of Motivation-Ability-Opportunity Framework in Studying EMR Adoption by Physician, *10th International Conference on Enterprise Systems, Accounting and Logistics 2013*, 2013

Reto Felix, Philipp A. Rauschnabel and Chris Hinsch, Elements of strategic social media marketing: A holistic framework, *Journal of Business Research*, 70, 118-126, 2017

Shane Mathews, Constanza Bianchi, Keith J. Perks, Marilyn Healy and Rumintha Wickramasekera, Internet marketing capabilities and international market growth, *International Business Review*, 11, 2015

Biographies

Aulia F. Hadining is a fulltime junior lecturer in University of Singaperbangsa Karawang. She earned B.S in Industrial Engineering from Diponegoro University, Semarang, Indonesia, Masters in Management and Industrial Engineering from Bandung Institute of Technology Indonesia. She has published several journal and conference papers in the topics area of technology management, human behavior, online marketing, and optimization simulation. Mrs. Hadining has completed research projects with small and medium enterprises in Bandung sub-province and Agriculture Department. She has taught courses in marketing management, system modeling, and Database system. In her recent study she was awarded with Best Track Paper Award in IEOM Conference back in 2016 for her research in Facebook Ads study.

Sukanta is a fulltime lecturer in University of Singaperbangsa Karawang. He earned B.S in Industrial Engineering and Masters in Management and Industrial Engineering from Bandung Institute of Technology Indonesia. He has published several journal and conference papers in the topics area of production system, planning and management. Mr. Sukanta has completed research projects with several company in Karawang, Indonesia. He has taught courses in production system and so on.