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The Relationship between Co-Creation Value and Facebook Shopping

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Abstract

This study aims to examine the factors that contribute Facebook shopping. As a conceptual paper, this research explores the prime factors of online shopping by evaluating co-creation value as a predictor which might influence on customer’s intention in Facebook shopping. This study covers a quantitative research. All of the respondents were recruited on a voluntary basis. The population will be used in this research is the Internet users in Malaysia. The target respondents of this study are the consumers who have experience in online shopping in Facebook. In this research, the lowest respondents from the individual Internet users are not predicted to be less than 400. The data collection will be carried out via email questionnaire. Multiple regression analysis will be employed to elucidate the relationship between the variables to obtain an equation that represents the best prediction of dependent variable from the independent variable. Considering the nature of the study, the complexity of the research model and the relatively small sample size, Partial Least Squares (PLS) are selected as the statistical tool to analyse the quantitative data. Using the Theory of Reasoned Action (TRA), the finding of the study expects to contribute to the practitioners in the e-marketing sector with valuable insights on the important of co-creation value in stimulating their intention in buying online via social networking as Facebook.

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1. Introduction

Having seen tremendous growth, Internet infrastructure and technology have now become integrated into market strategies worldwide. Since the Internet is becoming readily accessible, millions of consumers...
are learning to browse for products or service information from the Internet before purchasing (Chen & Chang, 2003). They may surf the Internet 24 hours a day to collect associated information needed to make buying decisions or to collect information about specific destinations (Anckar, 2003).

The phenomenal of Internet and social media enable marketers to manage businesses in virtual or easily connect people worldwide without geographical limitations unlike conventional shop. This change landscape has forced marketers to focus on changing from physical transactions to electronic transactions by developing models for consumer access and behaviour within the new environment (Pattinson & Brown, 1996). The Internet has facilitated the growth of in-home shopping (Lumpkin and Hawes, 1985).

Social Forrester Research stated that, 75% of Internet surfers used social media in the second quarter of 2008 by joining social networks, reading blogs or contributing to shopping sites, this represents a significant increase volume from 56% in 2007 (Kaplan and Haenlein, 2010). Meanwhile social networks are groups of people who share a common interest, perspective or background. The social networks’ participants were increased tremendously and consequently online shopping has been awakened by this opportunity.

The recent phenomenon consumer inclines using a Facebook since it provides a wide ranging and encompassing online ecosystem that allows them to share their experience values in terms of knowledge, information, upload photos, videos, sharing activities, tagging, liking, fan page, groups and so on. According to Marandi et al., (2010) Facebook proved to be a very useful communication in a business context whereby the consumer defined, as well as co-created value with the marketer. Launched in 2004, Facebook’s role in the socialization of the online buying process continues to expand as it entrenches its presence as the social network of choice globally for over 800 million users. Its impact is also starting to be seen as influencing consumer decisions as people notice online comments by friends on Facebook and make purchases based on sharing. Considering that online shopping is still at the development stage in Malaysia, there are not plenty of information is known about co-creation value towards online shopping and factors that affect online purchase intention in the web-shopping environment. Therefore, it is crucial to identify the determinants of co-creation value on online purchase intention in Facebook shopping environment in Malaysia particularly.

## Literature Review

### 2.1 Theory of Reasoned Action (TRA)

According to the Theory of Reasoned Action, beliefs affect the behavioral intentions. To the extent that co-creation value affects online purchase and the intention to use it, there should be a relationship between co-creation and online purchase intention. The Theory of Reasoned Action (TRA) (Fishbein and Ajzen 1975) provides a framework to study attitudes behaviors. TRA is based on the assumption that human beings make rational decisions based on the information available to them. According to the theory, the most important determinant of a person’s behaviour is behavioural intent (Ajzen and Fishbein 1980). TRA pointed out that behaviour intention (willingness to purchase in this study) is a predictor of actual volitional behaviour (completion of purchase). The purchase phase is influenced by the behaviour intention and actual behaviour relationship.

### 2.1 Intention in Online Shopping

Understanding the mechanism of online shopping and the behaviour of the virtual customer is a priority issue for practitioners competing in the fast expansion e-marketplace. This topic is also increasingly drawing the attention of researchers. Many online companies still do not understand completely the needs and behaviour of the online customer and continue to struggle with the issue of effective selling endeavour is focused on constructing models of online shopping and decision making process. A new step which is fundamental in online buying has been added to the online shopping process: the step of building trust or confidence (McKnight D. et al, 2002 cited in Constantinides E., 2004).
Online shopping refers to the process of purchasing products and services through the Internet (Li and Zhang, 2002). Online shopping that is designed in social media allows people to involve in marketing and selling of products and services in online marketplaces. According to Palmer (2008), Internet traffics to social shopping websites have grown by more than 50% between early 2007 and early 2008. However, a little of consumers may still be worried about the security of online shopping. Conversely more of them are choosing to buy on the web. Faster delivery, easier return policies and a lot of sites offering free shipping have also increase the intention on buying online. In fact, IBIS World research forecasts an 8.6% per year increase in online revenues over the next five years.

Online purchase intention was one of the intensive research areas in the extant literature. Customer online purchase intention in the web-shopping environment will determine the strength of a consumer’s intention to carry out a specified purchasing behaviour via the Internet (Salisbury, Pearson, Pearson and Miller, 2001). According to Day (1969), the intentional measures can be more effective than behavioural measures to capture customer’s mind as customer may make purchase due to constrains instead of real preference when purchase is considered. Furthermore, the theory of reasoned action suggested that consumer behaviour can be predicted from intentions that correspond directly in terms of action, target and context to that consumer behaviour (Ajzen and Fishbein, 1980).

Based on the argument of Pavlou (2003), online purchase intention is the situation when a customer is willing and intends to become involved in online transaction. Online transactions can be considered as an activity in which the process of information retrieval, information transfer and product purchase are taken place (Pavlou, 2003). The information retrieval and exchange steps are regarded as intentions to use a web site; however, product purpose is more applicable to an intention to handle a website (Pavlou, 2003). There are many studies that have investigated the contribution of online shopping to the body of knowledge on the intention to shop online such as (Soopramanien and Robertson A., 2007; Lin H., 2007; Ganesh J, et al., 2010; Lim Y, et al., 2011; Bolton and Lyer S, 2009). Any researches on online shopping have investigated the consumer behaviour and attitude in particular towards online shopping (Jarvelainen J., 2007; Atchariyachavan K. et al., 2006; Lee. M et al., 2011; Monsuwe T. et al., 2004; Bosnjak M. et al., 2007; Lee M. et al., 2009; Lee S., 2009; Lim Y. et al., 2011; Yang J. and Wei F., 2011). Large numbers of studies that have recently examined social network (Ellison N. et al., 2007; Haythornthwaite, C. (2005). Lampe, C., Ellison, N., & Steinfield, C., 2007). In fact, a several previous studies of Facebook have been done primarily in library and information science area (Charrogo and Barnett, 2007; Hendrix, et al., 2009; Faix and Hartman, 2009; Mack, et al., 2007).

According to the research by Maddox and Gong (2003), the Internet market penetration rate has growth rapidly in Asia region. It has been approved from the Malaysia Internet Usage and Telecommunication report (retrieved from www.internetworldstats.com): the volume of Internet subscribers has increased from 2.9 million in year 2004 to close to 5 million in year 2006. Hence, it has indicated the positive growth in the Internet subscription and Internet purchase in Malaysia particularly. From the consumer’s perception, online shopping allows online shopper to browse and compare various product or service alternatives from the different online stores that are located in different parts of the world. Therefore, it is crucial to evaluate the concept of online purchase intention in this study. In order to trigger customer online purchase intention, web retailers have to explore the impact of shopping orientations on the customer online purchase intention.

2.2 Facebook Shopping

Facebook has evolved significantly over the past few years (Treadway C. and Smith M., 2012). It is initially launched at Harvard by Mark Zuckerberg in 2004, where its founders used it to encourage classmates to get to know each other. The competitive landscape has facilitated dramatically. This strategy in the early years brought Facebook the strength of enhancing critical mass within networks people who were inclined to keep in touch with one another. Conceptually, Facebook is very similar; it had just about the same profile data as its predecessors. Facebook did not offer users a rich set of tools to
limit or expose data to only certain people. But aside from this, the design philosophy behind Facebook was to make user experiences consistent.

In Asia, Facebook is fast becoming the one the regions’ leading social networks. Indonesia has the fourth highest number of Facebook users in the world, after US, UK and Turkey. In terms of penetration rate, Hong Kong has the highest Facebook users per country population rate in Asia at 39%, followed by Singapore (38%), Taiwan (25%), Malaysia (18%) and Philippines (11%). In Asia, the two dominant age groups on Facebook are 18-24 and 25-34. The youthful 18-24 age group is dominant in Indonesia, Philippines, India, Malaysia, Thailand, Pakistan, Vietnam, Bangladesh and Sri Lanka. The 25-34 is dominant age group in Taiwan, Hong Kong, Singapore, Japan and South Korea and interestingly, these are all developed economies. In these developed economies, Facebook users above the age of 25 constitute more than half of the Facebook users population in each respective country.

Facebook proved to be a very useful communication in a political context whereby the consumer defined, as well as co-created value with the service provider. However there are not enough studied from the literature examining the online shopping in Facebook. In fact, many previous studies of Facebook have been done primarily in library and information science area (Charroga & Barnett, 2007; Hendrix, et al., 2009; Faix & Hartman, 2009; Mack, et al., 2007). Therefore, this study aims to investigate the factors of co-creation value that may influence on online shopping on Facebook in the context of Malaysia.

2.3 Co-Creation Value

Co-creation value is an emerging innovation in marketing and business paradigm explaining how customers and users are seen as active participants in the design of personalized products, services and experiences (Prahald Ramaswamy, 2004; Payne et al., 2008). Its growing interest points to the emergence of a new semantic wave in innovation research that requires the adoption of new terminology, frameworks and fields of research exploration. Co-creation represents a shift from the singular view on value as a firm produces a product or service, or a customer evaluates a phenomenon by viewing value as co-created. In addition, this participation is organized through the Internet to enable the opportunity for customers to integrate their experiences, knowledge, and skills, modify or entirely new market offerings reflecting their personal preferences, needs, desire and contexts (Shwaney M. et al., 2005). Several researchers (Norman & Ramirez, 2001; Prahald & Ramaswamy, 2004; Vargo & Lusch, 2008) have proposed that the context of co-creation is that of networks and that a customer is always a co-creator. Isuch & Vargo (2006) declared value co-creation to include two components; co-creation and co-production.

While it is well recognized that co-creation is important from the organization’s perspective (Chase, 1978; Ramaswamy, 2009; IK Ngugi et al., 2010; Hatch M. J. 2010; Payne et al., 2008), little empirical research has addressed the customer’s role in co-creation value and its subsequent effect on online shopping outcomes (Payne et al., 2008; Kennedy, 2009; Vargo et al., 2009). There continues to be gap in understanding the primary concept of co-creation value towards Facebook shopping in the context of Malaysia.

2. Methodology

This study covers a quantitative research. All of the respondents were recruited on a voluntary basis. The population will be used in this research is the Internet users in Malaysia. The number of internet users in Malaysia has been rising over the past decade. The target respondents of this study are the consumers who have experience in online shopping in Facebook. In this research, the lowest respondents from the individual internet users are not predicted to be less than 400. The data collection will be carried out via email questionnaire. Multiple regression analysis will be employed to elucidate the relationship between the variables to obtain an equation that represents the best prediction of dependent variable from the independent variable.
Since the focus of the study is on Facebook’s consumer so that majority 90% of the respondents belong to actively user with age 18-24 and 25-34. Considering the nature of the study, the complexity of the research model and the relatively small sample size, Partial Least Squares (PLS) are selected as the statistical tool to analyse the quantitative data.

3. Discussion

First, we review the limited literature on co-creation value and specifically investigate directions in online shopping literature that related to marketing paradigm namely Facebook. We found that conceptualizations relating to co-creation value that exist in the online shopping literature are limited largely to firm’s perspective. Furthermore, the majority of studies focus on consumer behaviour outcomes such as perceived used, perceived usefulness and perceived ease of use (Ramayah & Ignatius, 2010; Jarvelainen, 2007; Atchariyachavan et al., 2006; Lee. M et al., 2011; Monsuwe. T et al., 2004; and Yuliharsi et al., 2011; Jonna Jarvelainen J., 2007; Atchariyachavan K. et al., 2006; Lee. M et al., 2011; Monsuwe T. et al., 2004; Bosnjak M. et al., 2007; Lee M. et al., 2009; Lee S., 2009; Lim Y. et al., 2011; Yang J. & Wei F., 2011). We argue that co-creation value far more extensive than these two conceptualizations. We define co-creation value in Facebook service as “self activities constructing the tools which the contents provided for instance upload photos, videos, sharing activities, tagging, liking, fan page, groups, events and so on. From these valuable experiences it may positively influence towards their intention in online shopping based on the strong connection of friend list on their Facebook account.

4. Conclusion

In this study, Theory of Reasoned Action (TRA) will be employed as a theoretical background. The purpose of this research is to investigate the intention to buy in online shopping context. This is carried out through the Facebook shopping and its antecedents namely co-creation value as independent variable influencing the intention in Facebook shopping in Malaysia. The results of this research will be recommended the online marketers in Malaysia to formulate their marketing strategies in order to promote new forms of co-creating value and online shopping systems in the future.

References


