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- Master Thesis -

- Return on engagement -

“Exploring its proposed antecedents, its impact on repurchase intention, and the moderation of involvement”

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Executive Summary

Every now and then, powerful consumer trends emerge. Companies have no other choice but to familiarize and adapt to the most powerful ones. Online social media are one of these trends, as it has revolutionized the way humans interact with each other. Only in the last decade, we have witnessed major upheavals. Facebook.com, which is today by far the world's largest social media platform, was the first social media that was accepted and used by a large set of the population. Witnessing this trend, customer engagement is more important now than ever before. Consumer engagement is a field where a lot of research has been done. Hence, return on engagement, which can be said to be what you as a company get back from engaging with your customers, is a field where research is lacking. With this I wish to fill a gap in the consumer engagement literature.

As such, the core of this master thesis is to explore and empirically test how trust, perceived risk, and prior experiences with a company ultimately affect consumer's return on engagement. Further, it investigates consumers repurchase intentions in terms of the links that companies are posting on Facebook. In other words, this thesis is investigating how companies can successfully connect with their customers for long-term profitability. All of the variables included in the model are operationalized through multiple indicators. They are measured through a cumulative approach meaning the customer's total experiences and perceptions with and of companies while being logged onto Facebook. Finally, category involvement is investigated as a potential source that can cause the relationship to change. To gather data I created a survey based on previous established and validated scales, which were adjusted for the purpose. The surveys were distributed online, mostly through Facebook, to reach the right kind of respondents to include in the study. The results points to several interesting findings, and generally prove areas worthy of further investigations.

1.0 Introduction

The development of Internet with its new devices and possibilities has significantly impacted consumers' buying decision processes. Social media has changed the way the society communicate, interact, share and conduct its relationships with each other and also with companies alike. The Internet and other digital media have transformed the way companies conduct its marketing efforts. Based on this, the main purpose of this thesis is to help companies understand how they can achieve return on engagement (hereafter ROE) on the social media platform Facebook. ROE is simply what you get back on your investment (by investing time rather than money) in the engagement process. Further explanation of the term follows throughout the literature review.

1.1 Background

Online communication and shopping gain more and more power in comparison to other more or less traditional forms of it. Companies nowadays start to become aware of this fact (Moisescu and Berteau 2013). The business-to-consumer (B2C) e-commerce or the online shopping market is growing rapidly and has even become one of the most interesting developments in e-commerce (Fang, Chiu and Wang 2011). Because consumers are gaining experience and comfort with shopping on the Internet, online shopping has become more popular and it has established a great presence in the economy (Faqih 2013). In 2006 Michael Porter said that *"deploying the Internet technology to conduct business is the market trend; companies have no choice if they want to stay competitive"* (Chaffey et al. 2006). Even though companies are aware of the importance of social media, few have had a great success with it yet. Kaushik's tweet from 2009 is a great description of this trend:

"Social media is like teen sex. Everyone wants to do it. No one actually knows how. When finally done, there is surprise it's not better" (Kaushik 2009).

According to a Report about the Norwegian Internet habits published by TNS Gallup in December 2013, 95% of the Norwegian population was connected to the Internet and 87% was using it on a daily basis (Eidsæther, Jortveit and Sørsum 2013). For companies it is therefore more important now than ever to encourage customers to go beyond the regular transactions. The research area within social

media has in recent years increased drastically, and companies are discovering the opportunities that lie within it. Therefore, for many business executives today the concept of social media is on the top of the agenda (Kaplan and Haenlein 2010). Businesspeople are according to Kaplan and Haenlein (2010) trying to identify ways in which firms can make profitable use of applications such as Wikipedia, YouTube, Facebook and Twitter. Social media applications – like Facebook – have changed the ways consumers interact with brands. Companies being present in the online space can post ads or links about its own products and brands. By doing so, consumers can interact with the company in terms of posting comments or making purchases from the links, to mention some ways.

Social media can be defined as *“a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content”* (Kaplan and Haenlein 2010). Facebook, which according to Statistic Brain Research Institute had 1.4 billion users at the beginning of 2014, is by far the largest social networking platform in the world. Facebook is the most commonly used social media platform, used by 92% of all marketers (Stelzner 2013). Mark Zuckerberg and his co-founder Marc Andreessen created Facebook in 2004 (Facebook Press 2014). Its mission was according to their homepage to give people the power to share and make the world more open and connected. In June 2014, Facebook had on average 829 million daily active users (Facebook Press 2014). The percentage of people on earth who uses Facebook is 11% and the total amount of minutes people spent on Facebook every month is 700 billion (Statistic Brain Research Institute 2014). TNS Gallup states that 2.2 million Norwegians are logged on Facebook every day and 79% are logged on Facebook on a weekly basis (Eidsæther, Jortveit and Sørsum 2013).

People use Facebook for different reasons. According to a study conducted by TNS Gallup, 66% of the respondents said that they log on Facebook when they do not have anything else to do. 6% said that they log onto Facebook to get information about new products and services. 19% totally agree or agree that Facebook keeps them updated about new trends, products and/or services, while 15% totally agree or agree that Facebook keeps them updated about good offers on products and/or services (Eidsæther, Jortveit and Sørsum 2013). As one can see

from the numbers presented above, huge potentials lie in using the platform the right way.

One of the ways in which companies can take advantage of Facebook, which is also the main focus of the thesis, is the usage of fan pages. Facebook introduced its fan pages in November of 2007 (Facebook Press 2014). These pages are public profiles that let artists, public figures, businesses, brands, organizations as well as non-profit organizations create a presence on Facebook and connect to the Facebook community. By “liking” a certain brand or company page one become a follower, and one will see updates from that page on its own news feed (Facebook Press 2014). When someone then likes or comments on a page post, friends will see the activity and it will increase the page’s exposure and reach. Companies also post links about its products on Facebook. People who “like” a certain company or brand will then become exposed to these links. I will throughout this thesis investigate the impact these fan pages have on its consumers, in terms of the links the companies are posting. It is said that when people are connected to a social media platform, they are not in a buying mode. This could explain why many marketers still struggle to quantify the impact of their social media initiatives in either business or financial terms (Fisher 2009). People’s repurchase intentions as a result of the links companies are posting on Facebook will be investigated.

1.2 The relevance and importance of return on engagement

The thesis does not aim to examine Facebook as a media phenomenon, but rather as an area of business performance and marketing communication. Literature on social media and especially when it comes to the usage of Facebook from a business perspective is quite comprehensive. ROE on the other hand, is a relatively new phrase used in social media marketing. The term is used for the purpose of measuring the positive impacts or results of engaging with people through social media. ROE is still a relatively undefined concept and there is a lack of research in the field. To the best of my knowledge, this research will be the first to address the concept of ROE with regards to its antecedents and outcomes. As such, this study will fill a gap in the current body of literature on customer engagement on Facebook.

1.3 Theoretical and managerial contributions

As a theoretical contribution, the thesis tries to adapt and expand ROE to a social media context. Hence, the thesis is a contribution to the marketing literature as it tries to expand and adapt ROE and repeat purchase intention to a social media context and link it to the customer engagement concept. Further, a high quality customer-retailer relationship is essential in the online space. Recent studies have emphasized the importance of improving loyalty levels and understanding the Internet consumer purchasing behavior to help e-retailers gain a competitive advantage (Fuentes-Blasco et al. 2010). This research will bring this a step further and expand it to include trust, perceived risk and prior consumer experience. It is important for online sellers to understand why buyers are willing to purchase repeatedly from online stores (Chiu et al. 2013). By expanding the concept, the thesis seeks to give insights into how companies can become more profitable by accommodate its customers.

As a managerial contribution, the framework outlined throughout the thesis can help managers to obtain a better understanding of what predicts online consumer behavior and further the outcome of such behaviors. It seeks to enhance engagement through Facebook “liking” among consumers that already are engaged with companies on Facebook. According to the “2013 Social Media Marketing Industry Report”, marketers place a high value on social media. While 86% of the asked marketers indicate that social media is important for their business, only 37% of them think that their Facebook efforts are effective and profitable (Stelzner 2013). By exploring the proposed antecedents of ROE, managers will gain insights into how to connect to its customers on Facebook to be able to gain long-term profitability. Further, since several companies have shifted both their efforts and their marketing dollars towards social networking sites, specifically Facebook, it is important for managers to understand if and how their presence on Facebook can be valuable. This thesis will therefore help managers to assess the value of managing a company on Facebook.

1.4 Research context

To test the online return on engagement framework, the social networking site Facebook was utilized. Moreover, the study will focus on people who are already fans or followers of different companies, hence people that already are engaged

with companies on Facebook. For the purpose of this study, only consumer goods and companies operating with the end-consumers (B2C context) were taken into consideration.

1.5 Research question

Based on the above presentation, the research question for this thesis is as follows:

What are the antecedents and behavioral outcome(s) of ROE and how does category involvement affect the relationship between ROE and its antecedents?

As such, this research topic will fill a gap in the current customer engagement literature in several ways. First of all, the overall territory of return on engagement is a topic worthy of further investigation. As such, the study will fill a gap in the current body of literature on the antecedents and outcomes of ROE. Further, there exists only limited literature combining these constructs. Finally, it is important for managers to know more about what customers emphasize and how to meet their needs in the online space.

In search for a more clarifying picture of how social media works, the effects of potential antecedents of ROE will be examined. As such, the effects of trust, perceived risk, and prior consumer experience on ROE will be explored. Moreover, one potential outcome of ROE will be investigated – repeat purchase intention – which is an important key factor in achieving company success.

This thesis is organized as follows: after the introductory part, the literature review will elaborate upon return on engagement, trust, perceived risk, prior consumer experience and repeat purchase intention. This will lead up to the hypotheses and the conceptual model. Next, the empirical method, data analysis and results, with data collected among Norwegian Facebook users, are being presented and discussed. To close the study, the findings are discussed in light of theoretical and managerial implications; limitations are being addressed, as well as directions for future research.

2.0 Literature review

2.1 Customer Engagement and its importance

Customer engagement has emerged in the last few years as a topic of great interest. It is a concept that is critical for the success of organizations (Sashi 2012). It has emerged recently to capture customer's total set of behavioral activities toward a firm (Gummerus et al. 2012). The increasing interest for this topic has a parallel to the continued evolution of the Internet and the emergence of new digital technologies and tools with its ability to facilitate interaction between buyers and sellers. Managers seek to better understand and serve their buyers using these new technologies and tools (Sashi 2012). Customers can easily interact with other customers and companies through social networks and other new media. Therefore, non-transactional customer behavior is becoming more important, and companies are increasingly pursuing strategies steering non-transactional behavior (Verhoef, Reinartz and Krafft 2010). Further, Verhoef, Reinartz and Krafft (2010) argue that by ignoring the non-transactional behavior, companies may experience lost opportunities (i.e. pursuing growth through word-of-mouth) or it could have detrimental effects when ignored (i.e. negative ratings on websites).

There seem to be doubt about what exactly customer engagement is. There exists a considerable variation in interpretations of the concept, and practitioners have proposed several different definitions (Sashi 2012). Hence, a much used definition of customer engagement is:

“behavior(s) that go beyond transactions, and may be specifically defined as a customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers” (van Doorn et al. 2010, 254).

Such behaviors could include online discussions, commenting, information search and opinion polls to mention some (Gummerus et al. 2012). A research conducted by Socialbakers (2014) found that some industries find it easier to engage with their audience than others. Automobile brands dominate the ranking. Fashion,

beauty, fast moving consumer goods (FMCG) and airlines industries follow right behind.

The interactive nature of social media with its ability to establish conversations among individuals and firms in communities of sellers and buyers, and the involvement of customers in content generation and value creation has excited practitioners with its potential to better serve customers and satisfy their needs (Sashi 2012). Companies have started to recognize the importance that engagement is playing. The web 2.0 technologies and tools, has eased the process of co-creation between the seller and the customer (Harrison and Barthel 2009). In a social media context, online community networks allow customers to become active co-constructors of life experiences and consumption meanings (Firat and Dholakia 2006). Customer engagement seems to go beyond awareness, beyond purchase, beyond satisfaction, beyond retention, and beyond loyalty. It is said to represent the evolution of marketing from the marketing concept era to market orientation to relationship marketing (Sashi 2012).

Since 2005 the term “engagement” has been increasingly used in a broader academic marketing literature (Brodie et al. 2013). Companies and brands are starting to build communities of interest around its brands. Communities are not only interested in consuming the content, but also in engaging with it. Engagement leads to brand interest and love, which further leads to sales (Frenier 2013). Although customer engagement has been recognized as key research priority of the Marketing Science Institute, we know very little about the extent to which customers engage in different online behaviors, or about the relationship between customer behavioral engagement and other constructs (Gummerus et al. 2012).

2.1.1 From ROI to ROE

With the new view of customer engagement, the ultimate goal for companies in the long run will be the benefit or the return that this engagement is creating. Gail Goodman at the Huffington Post said: *“socially visible customer engagement will increase sales by driving more repeat sales and more word-of-mouth referrals”* (Huffington Post 2012). This has earlier been measured in terms of return on investment (ROI), which seeks to explore the monetary value of an investment.

The focus has slowly been shifted from ROI to ROE. ROE is said to be the new ROI (Frenier 2013). ROE is measuring the so-called “softer values” of an investment. As mentioned in the introduction, ROE is simply payback on the investment in the engagement process, but compared to ROI, the investment is time rather than money when using communication tools such as social media.

When we want to understand the core concept of return on engagement, it is important to understand what it means to “engage” in social media. Posts, comments, and “likes” can be ways to measure ROE. ROE can easily be measured by measuring the commitment of your fans. According to Frenier (2012), the aim of ROE is to look at what you get back in brand strength, changes in awareness levels, or word-of-mouth increases over time. This could be done through bigger communities, stronger loyalty, unbreakable bonds with the brand, and a desire of the consumer/user/fan to spread positive word-of-mouth (Frenier 2013). Hence, the engagement process only works when the conversation is two-way. By developing true engagement, both your customers and your prospects are participating.

The more you engage with your customers, the more you get to know their opinions, wants and needs. There is no more effective engagement than using customer feedback to make decisions – you can both improve products or even create new ones. ROE is said to be a long-term measure. Even though it is possible for companies to see short-term actions or reactions of investments in social media, it may be difficult. After very successful campaigns, the short-term actions may be extraordinary right after the campaign, but then slowly decreasing after some time.

2.1.2 “Liking” Companies on Facebook

Among researchers, studies about Facebook and its members, as well as the emerging practice of consumers “liking” companies on Facebook, continue to be of interest. Companies have embraced Facebook as a key marketing channel to drive engagement (Wallace, Buil and Chernatony 2014). Research has found a lot of utilitarian reasons why consumers “like” companies on Facebook. This could be to receive up-to-date information about discounts, promotions and sales, the ability to learn about a company, the exclusive coupons offered, the opportunity to

publicly support brands, and the continuous information about activities that the company is offering. Additionally, researchers have also found that some consumers “like” companies for hedonic reasons like for fun or to be entertained (Ostrow 2010b; Paglia 2010; Porterfield 2010). According to Wallace, Buil and Chernatony (2014), consumers who click “like” are often more engaged and active than the average Facebook user. Further they continue with explaining that those who “like” certain brands or companies on Facebook spend up to five times as much on their “liked” brands as those who do not “like” the brands or companies.

Not only have researchers investigated why consumers “like” companies on Facebook; they also try to understand how consumers who do “like” companies may differ from those who do not. Dholakia and Durham (2010) found that consumers who are fans of a company are more likely to recommend the store or brand to a friend (word-of-mouth), they are more likely to visit the retail establishment, and they also have a greater emotional attachment to the brand or to the company. Burns (2010) reported higher levels of brand commitment and self-disclosure.

2.3 Proposed antecedents of Return on Engagement

As discussed above, the outcomes of ROE have been investigated by researchers and can easily be measured. An interesting question to be answered is why an individual decides to engage with a company. Throughout the rest of the thesis, three proposed antecedents will be investigated – trust, perceived risk and prior consumer experience with the company – to explore whether or not these antecedents can explain why some people decide to engage with certain companies. The study will also investigate whether repeat purchase intention is a potential outcome of ROE

2.3.1 Trust

A main goal for businesses is to develop long-term relationships with its customers. Good relationship quality could reduce the perceived uncertainty that customers experience when purchasing online. Trust is one of the key constructs that capture the quality of a relationship (Chiu et al. 2013). Trust can take years to build, but can be lost very quickly. By lacking a total-trust strategy, even an

outstanding company can unknowingly commit a trust defect and destroy the trust equity. A “trust defect” is anything that detracts from the trust a consumer feels for an organization, its people, or its products (Hart and Johnson 1999).

One key reason why many consumers use the Internet, but do not purchase online is because of beliefs about the safety of conducting business over the Internet (Ha and Stoel 2009). The growing importance of relationship marketing has heightened interest in the role of trust in fostering strong relationships. To gain the loyalty of customers, you must first gain their trust (Sirdeshmukh, Singh and Sabol 2002). In a B2C e-commerce, trust is defined as:

“the belief that allows consumers to willingly become vulnerable to Web retailers after having taken the retailers’ characteristics into consideration” (Ha and Stoel 2009, 566).

While some researchers argue that the new electronic environment is just a different context for existing trust theories, others claim that the new environment requires a re-examination of theories adapted to the realities of a radically transformed marketplace (Mukherjee and Nath 2007). Ha and Stoel (2009) argued that trust is more critical in an online shopping context than in traditional physical markets. According to Mukherjee and Nath (2007), online trust is different from offline trust on the following parameters: physical distance between buyer and seller, absence of salespeople, separation between buyer and products (Yoon 2002), absence of simultaneous existence in time and space, absence of human network attributes (i.e. audio, video, and sensual), and absence of feedback and learning capability (Nohria and Eccles 1992). In the presence of the risks and the uncertainties associated with Internet shopping, lack of trust has been identified as one of the greatest barriers inhibiting Internet transactions (Kim, Xu and Koh 2004).

The most important aspect of online retailing from the customer’s perspective is the increase in access and choice (Mukherjee and Nath 2007). Traditionally, a typical customer would be limited to choosing among a few local retailers, perhaps limited to one’s specific county, city, or state. In the age of Internet, one can choose from online retailers located anywhere in the world. This leads to a

breakdown of borders and growth in the number of competitive alternatives. It is this potential increase in consumer sovereignty that would also lead to increased role of trust in online shopping (Mukherjee and Nath 2007). When there is uncertainty, information asymmetry, and fear of opportunism – as is the case in online shopping – many researchers argue that trust is a crucial enabling factor in relations (Chiu et al. 2013). According to Pavlou and Gefen (2004), trust in an online store is defined as:

“an online buyer’s belief in the capability (ability to meet the obligation), benevolence (concern for the needs of online buyers), and integrity (unlikelihood of taking advantage of online buyers) of the online store”
(Pavlou and Gefen 2004, 40).

According to Spekman (1988), trust is so important to relational exchange that it is *“the cornerstone of a strategic partnership”* between the seller and the buyer. Trust is characterized by gradual development over time, and it weakens or strengthens by experience. It should therefore be understood as a dynamic process (Yoon 2002). Researchers seem to disagree what impact trust has on the consumer, but in a report from the Cheskin Study (1999), it was postulated that people pass through three stages of trust. The first stage is a state of chaos. First time visitors of web sites experience chaos because of their worries over the safety of information exposed online, distrust of technology, and unpredictable search results. In the second stage people want to be reassured of online security in the form of control of information. Web visitors rely on both extrinsic and intrinsic trust for purchase decisions. The third level is concerned with maintaining the trust level. Web visitors at this stage rely on intrinsic trust for purchase decisions. Customers who have purchase experience with an Internet store, are often more confident in their trust beliefs. This is because they have accumulated evidence of the store’s trustworthiness through direct experience. Trust will then evolve from initial trust to stabilized trust (Kim, Xu and Koh 2004).

Number of clicks on the Web sites of Internet vendors has risen considerably throughout the last decades. This is a result of the rapid increase in Internet users. However, when it comes to converting these clicks into purchase, vendors have been disappointed (Kim, Xu and Koh 2004). A research conducted by Raymond

(2001) shows that about 65% of Internet shoppers abandon their shopping carts before making it to the cash register. Lack of trust could be a possible explanation for this. Researchers have argued that trust is one of the greatest barriers inhibiting Internet transactions, and they argue that it affects not only the purchase intention of potential customers, but also of repeat customers as well as the loyalty of these repeat customers (Kim, Xu and Koh 2004).

Van der Heijden et al. (2003) argue that once a certain evaluation level of trust has been reached, trust no longer contributes to people's attitudes towards online purchase intention. Gefen et al. (2003) on the other hand argue that the impact of trust decreases with online shopping experience. This being said, little research has been done to examine the contingency under which the relationship between trust and repeat purchase intention will be reached (Chiu, Hsu and Chang 2012). Most of the previous studies on online purchase behavior have primarily focused on consumer's purchase motives or reasons, but rarely looked into the effects of customer attitudes on purchase behavior or intentions (Yoon 2002).

Because of the barriers inhibiting Internet transactions as mentioned above, I want to argue that trust is more important in the online space than in a traditional retail setting. What this implies for behavioral actions is that when a customer trust a company, they are more likely to engage with that company. In other words, if a company is not trustworthy and the consumer does not trust the company, the chances are small that the consumer is going to engage with and purchase from that company. As such, I hypothesize that:

H1: A customer's trust in a company has a positive effect on return on engagement.

2.3.2 Perceived risk

Perceived risk has been reported in many studies to have a negative association with online shopping intention (Faqih 2013). Indeed, the uncertain context of online shopping environment involves high perceived risk that would reduce consumer's intentions to shop online (Pavlou 2003). Perceived risk is powerful at explaining consumers' behavior because consumers are more often motivated to

avoid mistakes than to maximize utility in purchasing (Chang and Chen 2008). The uncertainty and adverse consequences of engaging in an activity can in most consumer's perception be viewed as a risk (Dowling and Staelin 1994). Consumers do not only look for immediate benefits when making a purchase, but also for long-term implications of the purchase (Sweeney, Soutar and Johnson 1999). Perceived risk is according to Faqih (2013, 68) defined as:

“a consumer's perceptions of the uncertainty and the possible undesirable consequences of purchasing a product or a service”.

Since online transactions have become popular, the definition of perceived risk has changed. In the past, fraud and product quality were primarily regarded as the main risks (Chang and Chen 2008). Today, perceived risk can refer to certain types of financial, product performance, social, psychological, physical and time risks when consumers make transactions online. According to Jarvenpaa and Todd (1997) there are specifically four perceived risks associated with online shopping, namely economic risk, social risk, performance risk, and security and/or privacy risk. Economic risk (financial risk) is the potential of a monetary loss. A consumer's perception of insecurity regarding online credit card usage can also cause consumers to experience economic risks (Chang and Tseng 2013). The performance risk is associated with the risk that there might be a mismatch between the product characteristics and the expected performance. A mismatch between advertised advantages and actual properties might also occur (Moisescu and Berteau 2013). Social risks resemble the psychological aspects of the purchase caused by the consumer's concern about how other people perceive their shopping behavior and about the potential loss of status. The security and/or privacy risk (or intimacy risk) is the potential loss of control over personal information and inappropriate disclosure of customer information (Chang and Tseng 2013). The different types of risk affect people to different degrees.

Most people when purchasing a service or a product through web-based shopping channels experience a certain degree of risk (Faqih 2013). According to Ltifi and Gharbi (2012, 7), *“consumer behavior involves risk in the sense that any action by the consumer will lead to consequences that cannot be anticipated or may be unpleasant”*. Even though the consumers recognize the benefits of the Internet,

several perceived risks make them reluctant to online shopping (Moisescu and Berteau 2013). Using the Internet technology for shopping is normally affected by additional risks not encountered in classical shopping channels. Past research have found that consumers perceive a higher level of risk when they purchase through non-store channels (Chang and Tseng 2013).

Perceived risk is defined as the nature and amount of uncertainty or consequences experienced by the consumer in contemplating a particular purchase decision (Park and Stoel 2005). Uncertainty is the likelihood of unfavorable outcomes, while consequences are the importance of a loss (Chang and Tseng 2013). When consumers perceive higher risks, it is less likely that they will buy the product or service. This is also in accordance with Kahneman and Tversky's prospect theory where they are stating that people's attitudes toward risks concerning gains are quite different from their attitudes towards risks concerning losses. People are risk averse and often choose the safer alternative rather than a more risky one (Kahneman and Tversky 1979).

Past empirical studies have shown that perceived risk is an impeding factor for consumers to engage in online shopping and that perceived risk negatively influences the behavioral intention to use online shopping channels for purchase (Faqih 2013). Some people associate online shopping with uncertainties and uncalculated risks. I assume that perceived risk negatively influence the behavioral intentions to use online shopping channels for purchase. Also, people who perceive a high risk may be more skeptical to the Internet in general, and as a result of this they may be less likely to engage with companies on Facebook. Hence, I hypothesize that:

H2: Perceived risk has a negative effect on return on engagement.

2.3.3 Prior experience with the brand

Online customers cannot see, touch, smell, or hear the actual products via online transactions. Customers may wish to try and see products like clothing, shoes, or cosmetics before purchasing. The reason for this is that online information regarding actual ingredients may not be enough information for a customer to

make a purchase. Clothes and shoes of the same size may also differ in actual sizes across companies (Cho et al. 2003). The exceptions when purchasing products like clothes, shoes, or cosmetics on the web, is in regard with customers prior experience with the products. Customers with prior experience with these products, may not hesitate to purchase them online because their familiarity has accorded them full information about the products (Cho et al. 2003).

Product experiences occur when consumers interact with products. Consumers can search for products and examine and evaluate them (Brakus, Schmitt and Zarantonello 2009). When searching for information during a consumer's decision-making process, retrieving knowledge from memory such as prior brand experience, prior format experience, or prior exposure to advertising are critical criteria (Park and Stoel 2005). The degree of satisfaction with prior purchase often determines the consumer's reliance on an internal search for the product. The greater the satisfaction consumer's associate with the purchase, the greater their reliance on an internal search (Park and Stoel 2005).

Prior research reveals that when consumers make decisions about frequently purchased goods, little or no cognitive process is included (Hoyer and Brown 1990). In that instance, the choice might not be an indication of a conscious preference, but rather a habit (Zajonc 1980). Also in these cases, prior experience is affecting the habits. According to East et al (2008), past first-hand experience with a brand has a strong impact on future behavior. Experiential brand avoidance is caused from a negative firsthand experience (Lee, Motion and Conroy 2009). The role of experience in relation to purchase choice, has been extensively discussed. However, there is a lack of literature exploring the influence prior experience has on the decision in the opposite direction, that is, not to buy the brand (Bogomolova and Millburn 2012). Consumers form product attitudes based on their assessment with the product or the company. Consumers having a bad experience with a company, are less likely to engage with that company on Facebook. Thus, I hypothesize that:

H3: A negative prior experience with a company has a negative effect on return on engagement.

2.4 A proposed outcome of return on engagement

2.4.1 Repeat purchase intention

Loyalty has a long history of being a vital element of operating successful businesses (Hu and Chuang 2012). Fostering customer loyalty remains a key objective for online businesses (Cyr 2008). Researchers often recognize that customer loyalty is the path to profitability. As a rule of thumb, customer acquisition costs five times more than customer retention (Christodoulides and Michaelidou 2011). Despite the importance of customer retention, a research conducted by Forrester Research in 2008 showed that online retailers spend twice as much on acquisition than retention. There are many reasons for this trend. The Economist blamed the difficulty involved in fostering loyalty in nearly perfect markets for this. An online environment involves considerably less personal and timely effort (Christodoulides and Michaelidou 2011).

There are many different definitions of loyalty, but what they have in common is that they are process definitions. This means that they define what consumers do to become loyal (Oliver 1999). Loyalty is often being defined in terms of repeat purchasing frequency or the relative volume of same brand purchasing (Tellis 1988). In 1978, Jacoby and Chestnut made an effort to distinguish the psychological meaning of loyalty from the behavioral meaning (i.e. repeat purchase behavior). According to Oliver (1999, 34), loyalty is defined as:

“a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”.

In 2004 Söderlund wrote a book about the loyal customer where he divides loyalty into two components. The first component is the physical world where one can observe the actions of a customer, while the second component is the mental world where the customer's intentions and attitudes are dominating (Söderlund 2004). This thesis will keep its focus on the second component, the mental world and the aspect of loyalty concerning customers' intention to repurchase. It is important to mention that intention does not necessary say whether the customer

is actually purchasing the product or service, but rather if they are thinking of doing it in the future. In most instances, an intention to repurchase usually results in a purchase at a later point in time (Söderlund 2004).

Loyal cyber customers are more likely to disregard information about offers from other providers. They also tend to decline invitations to switch (Carter et al. 2014). In online settings, alternative providers of the same product or service are just a few mouse clicks away. Loyalty is therefore more difficult to build in an online setting than in a physical store. Fostering e-loyalty constitutes an essential strategy for vendors and/or service providers (Carter et al. 2014). Two strategies that foster e-loyalty by engendering a customer's commitment to the ongoing buyer-seller relationship are: building customer trust (Cyr 2008), or creating costs that dissuade customers from switching providers (switching costs) (Carter et al. 2014).

The benefits of loyalty for firms are not only in terms of cost reduction, but also in terms of increased revenue through either increased buying, willingness to pay a premium, or acquisition of new customers through referrals and positive word-of-mouth (Christodoulides and Michaelidou 2011). Since initial transactions with new customers are less profitable than transactions with existing ones, loyalty is an important strategy (Carter et al. 2014). Building and maintaining brand loyalty has been one of the central themes of research for marketers for a very long time (Erdogmus and Cicek 2012). A firm's success is determined by its capabilities to retain its current customers and make them loyal to its brand (Aydin and Özer 2005). Many companies consider loyalty as an important source of competitive advantage (Lam, Shankar and Murthy 2004). Brand loyalty symbolizes consumer's ultimate relationship and level of identification with a brand (Keller 2008).

Customer loyalty obtained in the online space is often termed e-loyalty and refers to:

“an enduring psychological attachment by a customer to a particular online vendor or service provider” (Cyr et al. 2007, 44).

Further, e-loyalty can be defined as:

“an online customer’s intention to visit a web site again or to consider purchasing from it in the future” (Carter et al. 2014, 186).

One notable area of discussion in marketing pertains to how social media can be used to generate customer loyalty, or if it indeed can be (Hawkins and Vel 2013).

The marketing literature has estimated that a minimum of three or four successive repeat purchases is enough to talk about loyalty (Moez and Jamel-Eddine 2012). Purchase intention represents *“what we think we will buy”* (Park and Stoel 2005). Online purchase intentions are believed to be an important precursor to actual online purchasing (Abdul-Muhmin 2011). The present study focuses on a special category of online purchase intentions. The focus will be on repeat purchase intentions of consumers who have previously bought products and/or services online. With increasing consumer adoption of online purchasing, the key for sustained growth of the industry lies more in repeat purchases than initial purchases (Abdul-Muhmin 2011). This because customers who come back to purchase tend to spend more, buy more frequently, and are more likely to spread positive word-of-mouth. Further, repeat customers are five times more profitable than new customers. At the same time, more than 50% of repeat customers seldom complete a third purchase (Chiu, Hsu and Chang 2012). It is therefore important for online sellers to understand why buyers are willing to make repeat purchases and how companies can attract these consumers for a third time.

Various antecedents of loyalty have already emerged (Odin, Odin and Valette-Florence 2011). However, research about the antecedents of e-loyalty remains scarce (Balabanis et al. 2006). Different authors have proposed different antecedents of e-loyalty. The study is therefore concerned with investigating whether or not repeat purchase intention is an outcome of ROE. I assume that people who spend a lot of time on Facebook and “like” a lot of companies, are more engaged than people who are not much online, or does not “like” a lot of companies. Further, as people are getting more engaged, they will more likely be exposed by posts from the companies. It is then more likely that they will

purchase or think about purchasing something from that company. Hence, hypothesize 4:

H4: ROE has a positive effect on repeat purchase intention.

2.4.2 The process of gaining loyalty

The process of gaining customers' loyalty is not a straightforward process, but it is merely the reliant on an investment in the relationship (Hawkins and Vel 2013). This could be through either a formalized program or by providing unparalleled behind-the-scene services that consistently delivers on the key loyalty drivers. Understanding and winning customer loyalty is critical for a firm's long-term survival, innovativeness, and bottom-line return (Agustin and Singh 2005). At a psychological level, loyalty can range from a deep shallow loyalty to a deep brand loyalty. Research has shown that even small changes in loyalty and retention (e.g. 5%) can yield disproportionately large changes in profitability (e.g. 25%-100%) (Agustin and Singh 2005).

Treating loyalty exclusively as repurchase behavior is inherently problematic (Christodoulides and Michaelidou 2011). There are different reasons why people choose to keep purchasing from the same provider that does not necessarily reflect loyalty. High levels of repeat purchasing behavior could be due to situational constraints such as lack of availability, or it could be due to inertia (Christodoulides and Michaelidou 2011). Further, over time the behavior on the web is much less stable than in a traditional retail context (Moez and Jamel-Eddine 2012). There are several reasons for this. The typical cyber consumer has more alternatives to choose from, switching costs are relatively small, and information about the sites is available at low cost (Moez and Jamel-Eddine 2012). Online vendors need to understand this and try to satisfy its customers at any point throughout the purchasing process.

2.5 Moderating effects

The concept of involvement has played an increasingly important role in explaining consumer behavior (Knox, Walker and Marshall 1994). The level of a consumer's commitment and their interest in purchasing a certain product type or

brand is captured in the involvement variable. Since consumers have different levels of involvement regarding different companies and brands, I included category involvement as a moderator on the relationship between the constructs trust, perceived risk and prior consumer experience, and ROE. The reason for doing this is to get more realistic and applicable results.

2.5.1 Category involvement

Krugman (1965) was the first to use the concept of involvement. Since then the term has received considerable attention (Krugman 1965). Involvement refers to a personal phenomenon, and is related to an individual's needs, values, and self-concept. It also implicitly expresses the person's beliefs and feelings about an object in a particular situation (VonRiesen and Herndon 2011). Because of this, involvement may change over time and may vary by the type of situation. Involvement depends on three factors. It depends on needs, externally prompted feeling of self-relevance, and personal responses to the product (Celsi and Olson 1988; Zaichowsky 1985). The level of involvement that customers have with a company is according to Peter and Olsen (1987) an important determinant of their behavior.

Involvement means the concern level during the process of the consumer's purchasing or the association level they feel with respect to a certain thing (Lin 2008). It can either be related to a product, a product class, or a specific product category, or it can be viewed as a trait, an individual state like a motivation or an interest, a process, a mediator, or a moderator (Olsen 2007). Since this study is concerned with product category involvement, it refers to a consumer's level of interest in, and feeling of relevance of a particular product category (Zaichkowsky 1985). Product involvement reflects recognition that a particular product category may be more or less central to people's lives, their sense of identity, and their relationship with the rest of the world (Traylor 1981).

The average consumer makes a dozen of decisions every day, few of which may be of importance. A product class can be more or less important for an individual's life. For decisions of less importance, it may be inappropriate to assume that an individual goes through an active information process (Kassarjian 1981). This idea has led theorists to view consumer behavior in terms of a two-

fold dichotomy: low involvement consumer behavior and high involvement consumer behavior (Engel and Blackwell 1982). Because the level of involvement differs from situation and the type of consumer, the terms high-involvement product and low-involvement product are imprecise, and no product is either a high-involvement product or a low-involvement product (Traylor 1981). In 1969, Howard and Sheth hypothesized that involvement with products lead to greater perception of attribute differences, perception of greater product importance, and greater commitment to brand choice (Howard and Sheth 1969).

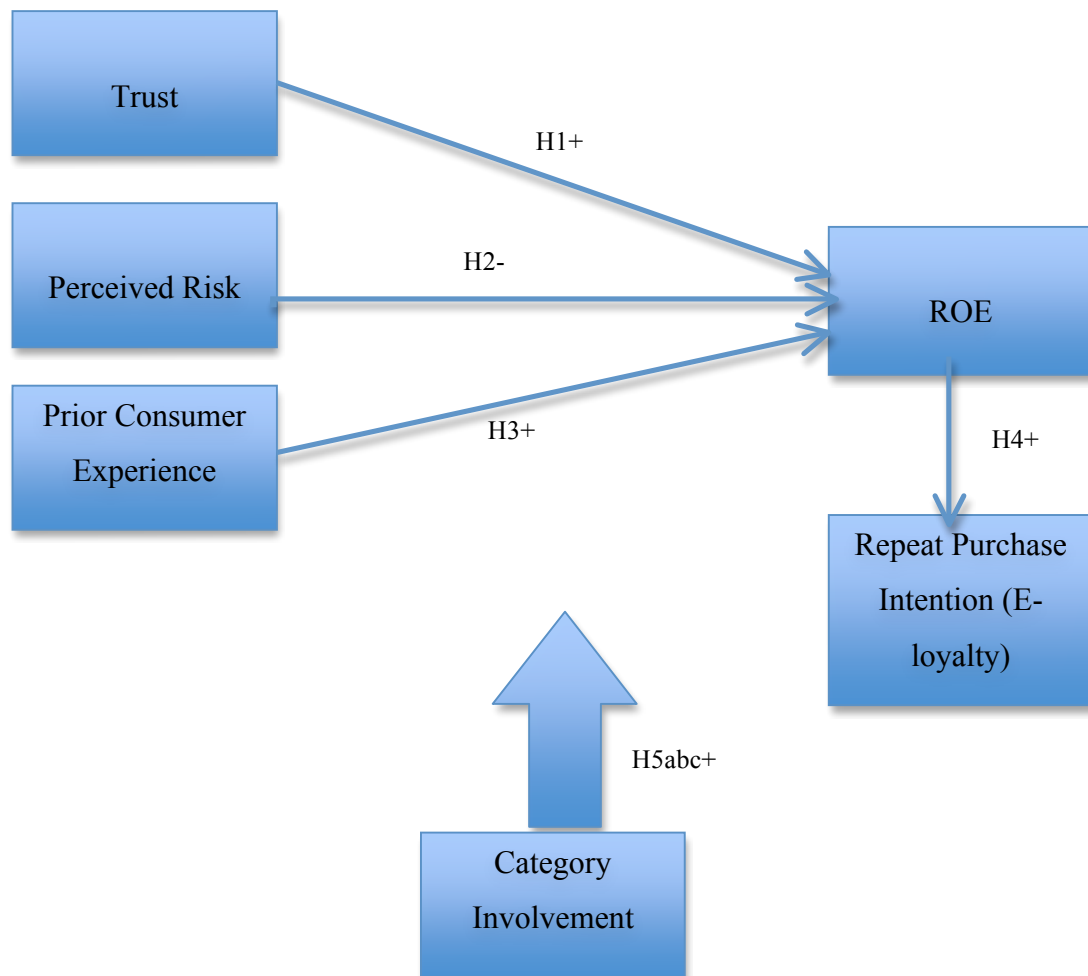
In a low-involvement situation, emotional authenticity strategies work best (Dens and De Pelsmacker 2010). People tend to rely on feelings such as trust, perceived risk and prior experiences when deciding whether or not to engage with a company. Furthermore, East (1997) argue that the lower the level of involvement is, the more habitual the purchasing process. This can indicate that as the level of involvement is decreasing, the more people rely on cues that they already owe. Whether a consumer trust the company that they “like”, whether they perceive the risk towards engaging with the company to be low, or whether they have positive prior experience with the company, is because of this a more important factor in a low-involvement situation than in a high-involvement situation. Based on this, I hypothesize that:

H5: The less involved the customers are, the greater impact does (a) trust, (b) perceived risk, and (c) prior consumer experience with the company have on return on engagement.

3.0 Conceptual model

3.1 Proposed conceptual model

In the model below, the antecedents and one outcome of ROE is being illustrated. The antecedents trust, perceived risk and prior consumer experience with the company is being investigated as the antecedents, while repeat purchase intention is being investigated as an outcome. Since consumers' interest and commitment towards a certain product differ, category involvement is a source that can affect the relationship between the antecedents and consumer's level of return on engagement. Figure 1 reflects hypotheses 1,2 3, 4 and 5a, b, and c.

Figure 1 Conceptual model

4.0 Methodology

4.1 Research design

Sine the study seeks to generate a deeper understanding of ROE by identifying its underlying drivers and how this further affects repeat purchase intention, a quantitative survey research is appropriate (Malhotra 2010). Further, since I want to describe market characteristics and functions, a descriptive research design will be applied. This design is often associated with surveys and answers questions to who, what, when, where and how (Hair, Bush and Orinau 2006). Since the proposed effects are being investigated in a new context as well as new proposed interactions between the variables, primary data is needed.

4.1.1 Population and Sample

About 3 million of Norway's population (5.1 million) has a profile on Facebook, and half of these people are visiting Facebook every day (Ipsos MMI 2014). Statistics reveal that in 2013, 73% of the Norwegian population shopped online. Travels and accommodations are the most typical to shop online. For the first time more men than women shop online (74% versus 72%). However, while men shop more movies, music, PC software and hardware, and electronics, woman shop more books, magazines, clothes, and sporting goods (Norsk eHandelsbarometer 2014).

For my predesigned formal questionnaire, a large number of respondents are required to make valid conclusions. Moreover, cumulative effects of sampling error across the variables are reduced in a large sample (Malhotra 2010), and a larger sample size generally gives more stable results (Hair et al. 2010). Hair et al. (2010) argue that for this kind of study, a sample between 100 and 400 is suitable (further explained in section 4.5). Malhotra (2010) recommends using a minimum size of 200 with a typical range of 300-500 for this kind of study. Since many of the respondents were either direct or indirect friends, family or other relations, the sample can be characterized as a convenience sample (Easterby-Smith, Thorpe and Jackson 2012). This enabled me to get a large number of respondents in a relatively short period of time (Hair, Bush and Orinau 2006). The sample consists of men and woman in all ages speaking Norwegian. Every country has its own companies and ads appearing on Facebook. The reason for only including respondents speaking Norwegian is based on my assumption that these people have a relationship to and knowledge about Norway, and that the research therefore will be applicable for companies operating in the Norwegian market.

According to Keller (2008), demographic dimensions such as gender, age, education and income – which are also included in the questionnaire – are often related to more fundamental differences in shopping behaviors or attitudes towards brands. Andreassen, Calabretta and Olsen (2012) adopted a segmentation method based on classic segmentation theory, arguing that people, who face different stages in life, also differ in characteristics, behaviors and consumption habits. The authors identify three segments, namely “the Young, Free, and Simple”, “the Chaos In My Life”, and “the Got My Life Back” (Andreassen,

Calabretta and Olsen 2012). The first segment comprises individuals between 18 and 30 years of age, who are either working or studying. They do not have children, and live on their own or with a partner. “Chaos In My Life” includes people from 30 to 50 years of age with children under their care, while the last segment “Got My Life Back” are adults between the age of 50 and 70 that are still active in work life, but whose kids are out of the nest. The reason for using this segmentation base is that Internet usage and online purchasing habits will differ according to what segmentation base people belong to. This has been taken into account throughout the study.

To increase my response rate, I followed the suggestions by Easterby-Smith et al. (2012). The survey was made easy and short, the purpose of the survey was clearly explained in the introduction part, and assurance of confidentiality and anonymity were given. Reminders were also sent out.

4.2 Instrument development

The best way to ensure content validity is to select and adapt items from previously validated instruments. By investigating each construct, previously tested and validated scales for all of the constructs were found. However, in order to fit the constructs to the right context (Facebook), item deletion of unsuitable questions, as well as verbal changes were needed. Because the sample consists of Norwegian speaking people only, the questionnaire was translated to, and distributed in Norwegian (see appendix 2 for a complete version of the Norwegian questionnaire; and appendix 3: observed measures for the English version). Having a Norwegian questionnaire also minimized problems related to understanding specific words and terms. All questions were translated from English to Norwegian and then back to English to ensure reliable translations. Since Norwegian on certain areas is a poorer language than English, some of the questions had to be removed as the meaning of the questions became too similar. Also, some of the items have negative terms on the left side, while for others they are on the right side. The reason for this is to reduce the effects of, or even eliminate, acquiescence bias or yes saying, and halo effects (Smith and Albaum 2005).

4.2.1 Operationalization of the constructs

Each variable is being discussed in terms of its operational definition as well as its scale items. All of the questions besides the three opening questions and demographics were measured by using seven-point Likert-scales where the participants were asked to indicate their level of agreement. The scale was chosen because of its appropriateness for research designs applying for online data collection (Hair, Bush and Orinau 2006). The anchors used were 1 = strongly disagree, and 7 = strongly agree. Code 9 indicates that the participants do not know what to answer (see appendix 1: questions and scales for a detailed explanation of the anchors). Code 9 as a do not know option is included because a major source of bias in surveys is the uninformed response error which can be decreased by including that option (Dolnicar and Grün 2013). By forcing the respondents to answer even though they do not have an opinion, will have a negative effect on the validity of the results (Krosnick 1999).

Trust. Reliability and credibility are two important aspects, which determines the amount of trust a consumer has in an e-tailer and in the Internet technology in general (Ha & Stoel 2009). For the trust construct, scales were derived from three different studies. The operationalization of the two first items (*"I trust XX and its employees always and without exception to act in my best interest"* and *"I feel that XX and its employees never will exploit me as a customer"*) is based on a publication by Hart and Johnson (1999, inspired by Lervik Olsen 2002, 198-199). XX is throughout the survey the chosen company or the companies that the respondents are being asked to imagine in the beginning of the survey. The three next items (*"XX keeps its promises and commitments"*, *"XX care about its customers"* and *"XX is trustworthy"*) are based on the operationalization by Kim, Xu and Koh (2004, referred to in Grazioli and Jarvenpaa 2000, 407). The last item (*"XX can be counted on to do what they say they will do"*) is based on the operationalization by Mukherjee and Nath (2007).

Perceived risk. Consumers perceive a certain risk when purchasing a product or a service. Since the customer cannot touch the product in an online setting, the risk is perceived higher than in a regular store transaction. All of the five items (*"in general, it would be risky to give information to XX"*, *"there would be too much uncertainty associated with giving information to XX"*, *"providing XX with*

information would involve many unexpected problems”, “compared with other subjects on my mind, personal privacy is very important”, and “compared to others, I am more sensitive about the way online companies handle my personal information”) are based on the operationalization by Malhotra, Kim, and Agarwal (2004).

Prior consumer experience. Consumer’s past experience – it could either be positive or negative experiences – with a company may play an important role in influencing his/her “liking” behavior on Facebook. The first item (*“I feel satisfied with my earlier choice to provide my personal information to Facebook marketers”*) is based on the operationalization by Yang (2012). The three last items (*“my experience with clicking Facebook links/ads is very unsatisfactory”, “in my opinion, clicking Facebook links/ads increases my effectiveness in managing information” and “continued clicking of Facebook ads/links provides no benefit”*) is based on the operationalization by Cho and Cheon (2004).

Repeat purchase intention. The repeat purchase intention variable is capturing the consumer’s commitment to the companies they “like” on Facebook in terms of their repurchase intention. Scales were derived from two different studies. Three of the items (*“I seldom consider switching XX for another company”, “I try to use the website from XX whenever I need to make a purchase” and “as long as the present service XX offers continues, I doubt that I will switch websites”*) are based on the operationalization by Srinivasan, Anderson, and Ponnnavolu (2002, referred to in Zeithaml, Berry, and Parasuraman 1996; Gremler 1995). The last item (*“I will do more business with XX in the coming months”*) is based on the operationalization by Marimon, Yaya, and Fa (2012).

Moderator: category product involvement. For measuring the moderator, both existing but also recognized theoretical frameworks were applied. The five items (*“I have a strong interest in XX”, “using XX helps me express my personality”, “you can tell a lot about a person from the brand of XX he or she buys”, “all brands of XX would not be equally enjoyable”, and “when you buy from XX, it is not a big of a deal if you buy the wrong brand by mistake”*) are all based on the operationalization by Knox, Walker and Marshall (1994).

Return on engagement. Five items were used for the purpose of measuring the respondents' engagement in terms repeat purchase intention. All the items ("I actively comment posts on Facebook", "I actively participate in competitions on Facebook", "I actively "like" posts on Facebook", "I often feel a personal connection between XX that I "like" and myself" and "I consider XX to be a part of myself") are based on the operationalization by Hoffman and Fodor (2010).

Demographic variables. Finally, demographic variables were measured. These questions were placed at the end of the survey since some of the respondents could perceive this kind of information as sensitive (Malhotra 2010). The purpose for including this part was to provide a better understanding of the background of the respondents taking the survey (Negrine and Newbold 1998).

- Gender: Male/female
- Age: Age of the respondents given in years
- Education: Highest completed education level
- Income: Annual income level in NOK

4.3 Validity and reliability

4.3.1 Validity

Construct validity, which includes convergent, discriminant, and nomological validity is an important aspect of the research since multiple items were employed to test each construct (Hair et al. 2010). An examination of the different constructs and items has ensured nomological validity of the study. Discriminant validity has been accounted for by a systematic assessment of the indicators to avoid overlaps. This has been evaluated through the factor analyses and the square root of the average variance extracted. Thus, for the purpose of this study the main focus will be on convergent validity.

Since item deletion, or even deletion of whole constructs may be necessary when assessing the fit of the structural model, the evaluation of the convergent validity will be a critical aspect throughout the research. Both the factor loadings and the average variance extracted (AVE) for each construct will for this purpose be evaluated.

A threat to the external validity, however, is the sample and the means of data collection. Because it is impossible to guarantee that any sample achieved by using a convenience sample represents a specific population that may be of interest or that the sample may not be similar to the general population, this method can reduce both the external and the internal validity (Arslan and Altune 2010). The internal validity can also be affected since friends often influence each other, and therefore could have the same attitudes and opinions about companies and products, thus skewing the results. However, convenience samples are very common in research, and it is proved that it can be of value (Easterby-Smith, Thorpe and Jackson 2012). Additionally, Kenny (2009) claimed that a moderator analysis is an exercise of internal validity in the question of how universal the causal effect is.

4.3.2 Reliability

Reliability measures the degree to which a set of indicators of a latent construct is internally consistent in their measurement. Traditionally, Cronbach's alpha (α) is used when measuring the internal consistency reliability. Prior literature, however, suggests the use of composite reliability (CR) as a replacement (Bagozzi and Yi 1988; Hair et al. 2012). To assure the reliability of the study, these two measures will be elaborated upon in the result section. According to Hair et al. (2010), a high number of items will increase the reliability value, and thereby the generalizability of the study. Further, they recommend a minimum of three to four indicators per construct (Hair et al. 2010). The recommendation was followed for this study.

In the cases of perceived risk, prior consumer experience, and involvement, some items had to be reversed to get the correct Cronbach's alpha scores. This was performed according to the literature and it implies internal consistency in the scales (Hair et al. 2010). See appendix 5 for the SPSS syntax involving the recoding of the variables.

4.4 Data Collection

4.4.1 Pretest

Before the data collection took part, a pilot study of the questionnaire was conducted, including the manipulation check, and one on the manipulation check alone. The manipulation check consisted of three questions (q4 – q6, see appendix 2), which was removed when sending out the final survey. The reason for doing a pilot study was to eliminate potential problems before they occurred and to assess the questionnaire's logical consistency, the ease with which it could be understood, its item sequence, and its contextual relevance. The manipulation check of the scenarios was performed to evaluate the realism and whether or not the respondents could picture themselves in the situation. The respondents used for pretesting consisted of Facebook users between the age of 16 and 68; this to ensure that they had the same background as the participants used for the study. 10 random respondents were used for this purpose. After the respondents had read through and answered the computer-based survey, they were interviewed and encouraged to give feedback and/or comments. Feedback I got was about the difficulty of the questionnaire, its length, wording, logical and sequence of the questions, or about the instructions written on it. I implemented the feedback before distributing it.

4.4.2 Data Collection Procedure

The survey was designed, launched and administered through the use of Qualtrics. It was sent out to family members, friends and other acquaintances using Facebook and e-mail. Several friends also re-posted the survey-link on their networks, making it possible to reach a greater audience. The survey opened up with a cover letter stating the purpose and the expected time to complete it, as well as a guaranty of anonymity. I thanked the respondents for participation and urged them to contact me by e-mail if they had any questions in regards to the survey. The participants were then asked the first qualifying question, whether or not they are a Facebook user. Participants answering "yes" to that question were proceeding to the second qualifying question (whether or not the participants currently "like" a company on Facebook). Those answering "no" were redirected to the end of the survey. Next, the participants were asked one opening question

as well as introduced to an opening case, before answering the remaining questions in the survey. Lastly, some demographic information were asked.

I made all items in the questionnaire mandatory – a forced choice survey – meaning that all items had to be answered before proceeding to the next page. Smyth et al. (2006) argue that respondents process the questions and consider their answers more deeply when being subjected to forced answer surveys, compared with a check-all format.

4.5 Statistical Analysis Tools and Analytical procedures

To analyze the data, both SPSS Statistics 20 and STATA 13 were employed. The data collected through the questionnaire were first run through SPSS in order to be cleaned for non-contributing values, but also to check if the statistical assumptions were met as well as check whether the indicators were labeled with the right measure type. Both the uncompleted questionnaires, and the respondents and items that contained some missing values in terms of respondents choosing 9 on the seven-point Likert scale labeled “don’t know” had to be removed from the data set. The questions about perceived risk (question 13-17), and question 19, 21 and 29, have reversed scores, meaning the questions were negatively loaded. Thus, these questions needed to be coded as reversed scores (1=7, 2=6, 3=5, 4=4, 5=3, 6=2, 7=1). See appendix 5 for the SPSS syntax for the reversed scores and recoding.

5.0 Results

5.1 Respondent’s characteristics

Four weeks of data collection resulted in a total of 378 responses, of which 202 were considered valid meaning that the questionnaire was completely filled out. This leaves a response rate of 46.6%. Internet surveys have in general the poorest response rates. A research found that the weighted average response rate for Internet surveys were less than 47.3% (Malhotra 2010), which means that my response rate is right below the average.

Several demographic variables were included in the questionnaire in order to obtain a general overview of the respondents. With regards to gender, the

Norwegian population as a whole equals an approximate 50/50 distribution between men and woman. My sample consists of 67.8% woman and only 32.2% men. Moreover, the distribution of the age is varied with 88.6% of the sample being between 18 and 50 years of age. Out of the total of 202 respondents, 62.9% (N = 127) were classified within the “Young, Free and Simple” segment. Due to the use of convenience sampling and considering that I belong to this group and have most of my reference groups with similar characteristics, I predicted that this would be the most represented segment. 25.7% of the respondents (N = 52) were classified within the “Chaos In My Life” segment, while the last 10.4% (N = 21) were classified within the “Got My Life Back”. Most of the respondents have a bachelor or masters degree with an average income between 100.000 NOK and 500.000 NOK, which according to Statistics Norway is the average income level in Norway (Statistics Norway 2014). I therefore assume that the reason for those who have not purchased anything online is not due to economic reasons (see appendix 6 respondent characteristics for more details).

Only two of the respondents do not use Facebook. 80.2% of those using Facebook, currently “like” one or more companies. However, only 21.8% has ever purchased something after pressing a link or an ad that a company has posted on Facebook.

5.2 Descriptive statistics

5.2.1 Mean values, standard deviation, skewness and kurtosis

Examination of the mean values reveal that the independent variables (trust, perceived risk, and prior consumer experience) all have average mean values between 3.76 and 4.69 (table 1). Recalling that all items were measured on a seven-point Likert-scale, the respondents mostly answered on the positive side of the scale (somewhat agree with the statements). This indicates that the respondents for the most parts trust the links and/or the ads that companies are posting on Facebook, they do not perceive the risk of ordering something online to be too high, and their prior experience with companies are for the most parts good. The exception is q4 about perceived risk (*“compared with other subjects on my mind, personal privacy is very important”*) where the mean value is notably lower with a score of 2.23. This indicates that since the respondents perceive the

risks associated with Internet shopping as relatively low, personal privacy is not something that bothers the respondents and something that they spend a lot of time thinking about.

The moderating variable, involvement, receives an average mean value of 3.76, indicating a positive level of involvement among the respondents (the respondents perceiving themselves as relatively involved with their chosen company). Furthermore, repeat purchase intention receives an average mean value of 4.3. This also indicates that the respondents perceive themselves as relatively loyal to the company. Finally, return on engagement receives an average mean value of 3.11. This implies that the mean value is based on the answer “neither disagree nor agree”, and thus indicates that the respondents neither have a low or high level of return on engagement. It is worth mentioning that there is a wide spread on the questions about ROE. Question 2, 4, and 5 (*“I actively participate in competitions on Facebook”*, *“I often feel a personal connection between XX that I “like” and myself”*, and *“I consider XX to be a part of myself”*) receives a low mean value meaning the respondents disagree with the statements. Question 1 and 3 (*“I actively comment posts on Facebook”* and *“I actively “like” posts on Facebook”*) receives mean values around 4, meaning that the respondents agree with the statements. See appendix 8 for the computation syntax of the variables.

Table 1 Combined Mean Values

Trust	4.69
Perceived Risk	3.76
Prior Consumer Experience	3.99
Return on Engagement	3.11
Repeat Purchase Intention	4.30
Involvement	3.76

All of the items including the moderator have standard deviation values below the value of two (see table 2). These values could be argued to be reasonably low. The data is therefore relatively close to the mean, and the majority of the respondents agree upon the mean levels. Question 5 about involvement (*“when you buy from XX, it is not a big of a deal if you buy the wrong brand by mistake”*) is the only question with a standard deviation above two (2.013).

To check for normality, skewness and kurtosis are often being used as measures. According to Hair et al. (2010), values outside the range of -1 and +1 indicate a substantially skewed distribution. Looking at the independent variables, perceived risk, item q4 (1.386), has a positively skewed distribution. The rest of the items are within the threshold value (see table 2 below). The first dependent variable repeat purchase intention, is within the range, while the second dependent variable return on engagement, item q2 (1.319) and item q5 (1.429), have substantially positive skewed distributions. The moderator involvement has a satisfactory skewed distribution within the range. As for kurtosis, only six out of the 29 items have values above zero (positive values). This indicates a relatively flat distribution and deviations from the normal distribution (Hair et al. 2010). There could be too many extreme cases among the questions. However, while non-normality could have serious impacts on small sample sizes, the impact diminish when the sample size reaches 200 or more (Hair et al. 2010). Based on this I am therefore going to further pursue with the planned analyses. Detailed overview of the descriptive statistics is shown in appendix 7.

Table 2 Descriptive statistics

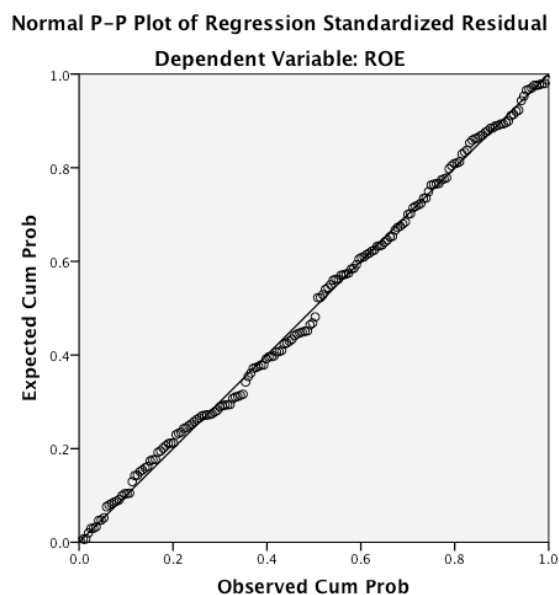
		Q1	Q2	Q3	Q4	Q5	Q6
Trust	Mean	4.42	3.93	4.91	4.99	4.91	4.98
	Std. dev.	1.67	1.82	1.44	1.42	1.54	1.41
	Skewness	-0.20	0.07	-0.51	-0.58	-0.42	-0.57
	Kurtosis	-0.64	-0.96	-0.20	0.06	-0.33	0.14
Perceived Risk	Mean	4.25	4.37	4.32	2.23	3.74	
	Std. dev.	1.64	1.55	1.57	1.34	1.73	
	Skewness	-0.17	-0.22	-0.23	1.39	0.04	
	Kurtosis	-1.01	-0.82	-0.84	1.57	-0.09	
Prior Consumer Experience	Mean	4.87	3.84	3.57	3.69		
	Std. dev.	1.76	1.57	1.94	1.64		
	Skewness	-0.50	0.04	0.61	-0.09		
	Kurtosis	-0.43	-0.68	-0.21	-0.78		

Return on Engagement	Mean	3.57	2.41	4.45	2.87	2.26	
	Std. dev.	1.95	1.78	1.94	1.91	1.69	
	Skewness	0.17	1.32	-0.46	0.85	1.43	
	Kurtosis	-1.32	0.67	-1.04	-0.21	1.39	
Repeat Purchase Intention	Mean	4.24	4.04	4.62	4.31		
	Std. dev.	1.60	1.60	1.48	1.89		
	Skewness	0.26	-0.13	0.02	0.32		
	Kurtosis	-0.07	-0.38	0.16	-0.29		
Involvement	Mean	4.17	3.40	3.94	3.75	3.94	
	Std. dev.	1.59	1.75	1.81	1.46	2.01	
	Skewness	-0.09	0.39	0.14	0.25	0.45	
	Kurtosis	-0.40	-0.60	-0.67	0.05	-0.52	

5.2.2 Outliers

As outliers may not be representative for the population or affect the empirical analysis, they should be considered excluded from the analysis. To check for outliers, I used SPSS and the Normal Probability Plot (P-P) of the Regression Standardized Residual. There were no major deviations from normality to be found, and all the points seem to be in a reasonably straight diagonal line. Additionally to this, since all the answers are within the given Likert scale of 1 to 7, I do not find this to be an issue (see figure 2).

Figure 2 Normal Probability Plot (P-P)



5.2.3 Missing values

Since complete questionnaires are a necessity for Qualtrics to save and transfer the results into SPSS, I decided to use forced response. Thus, missing values were not an issue in this case, but questions where the respondents chose to answer “I do not know,” had to be deleted.

5.2.4 Collinearity

When identifying collinearity, the first step is to examine the correlation matrix for the independent variables. The most commonly used measure is Pearson's correlation coefficients, with values varying between -1 to +1 (Hair et al. 2010). Values should not exceed 0.90. None of the Pearson's correlations are above 0.90 (please see table 3 below). The correlations between the independent variables range between 0.30 and 0.44, which is considered relatively low (see appendix 7 table, 7 for details). To identify multicollinearity, I will further examine the tolerance and variance inflation factor (VIF) values in SPSS. Multicollinearity is a problem if the tolerance value is smaller than 0.10 or if the VIF values are larger than 10. Some researchers argue that VIF values exceeding 5.0 indicates a multicollinearity problem (Hair et al. 2010). Testing the independent variables trust, perceived risk, and prior consumer experience shows no sign of multicollinearity problems. All of the values are satisfactory with tolerance values above 0.10, and VIF values below 5. Moreover, I additionally included the moderator in this test. The values of the moderator were also satisfactory (see table 4 and appendix 7 table 8 for further details).

Table 3 Pearson's Correlations Coefficients between the constructs

	TR	PR	PCE	ROE	RPI	I
TR	1	0.30**	0.42**	0.40**	0.41**	0.47**
PR	0.30**	1	0.44**	-0.03	0.01	0.08
PCE	0.42**	0.44**	1	0.23**	0.15*	0.19**
ROE	0.34**	-0.03	0.23**	1	0.39**	0.45**
RPI	0.41**	0.01	0.15	0.39**	1	0.51**
I	0.47**	0.08	0.19**	0.45**	0.51**	1

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

* . Correlation is significant at the 0.05 level (2-tailed)

Table 4 Tolerance and VIF values for the constructs

	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
TR	0.569	1.757
PR	0.786	1.272
PCE	0.708	1.412
RPI	0.654	1.530
I	0.680	1.470

Dependent Variable: ROE

5.3 Factor analysis

To gather information on the interrelationships among the variables, an exploratory factor analysis (EFA) was conducted (Hair et al. 2010). Given the complexity of the dataset, an EFA was performed in SPSS and a confirmatory factor analysis (CFA) in STATA. To be able to run SEM in STATA, I created an excel file in SPSS, saved it as an xlsx-file, and imported it into STATA. To simplify the dataset, the factor analyses reduced the items and kept the ones with the highest explaining power of the construct. I used the method promax (oblique rotation) in SPSS. This method focuses on rotating the initial factor so that an item loads high on one factor and as low as possible on all other factors.

5.3.1 Exploratory factor analysis

Factor loadings of 0.50 or higher are considered significant. However, Hair et al. (2010) states that using the sample size as a guideline for deciding the significance level – my sample size consisting of 202 respondents – a minimum value of 0.40 or above is considered significant. When reviewing the factorability of the data, the Kaiser-Meyer-Olkin (KMO) measure of the sampling adequacy and Bartlett's test of sphericity was examined. The KMO statistic (0.844) exceeds the minimal requirement of 0.40. Bartlett's test revealed statistical significance ($0.05 > 0.000$). The tests reveal that EFA is an appropriate method for this data (Malhotra 2010). See table 5 below. Further, an (unrotated) EFA was conducted on each construct. On two of the constructs the items loaded on multiple factors. This means that

there are inconsistencies concerning the proposed constructs, and the discriminant validity is therefore questionable.

Table 5 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measures of Sampling Adequacy		.844
Bartlett's Test of Sphericity	Approx. Chi-Square	3031.226
	df.	406
	Sig.	.000

The construct trust has a relatively high explanation power of 76.12%. All items score above the minimum level of 0.40. Perceived risk has an explained variance of 65.97%, and all items also score above 0.40. Prior consumer experience has an explained variance of 41.33%. Q19 and q21 load high on the first component, while q18 and q20 load high on the other component. Repeat purchase intention has an explained variance of 58.92%. All the items have values above the minimum level. Involvement has an explained variance of 47.54%. Q4 (-0.575) has a negative factor loading. Finally, return on engagement has an explained variance of 56.47%. While q31 and q33 score high on both components, q32, q34, and q35 score high on the first component. See appendix 10 for further details.

The rotated solution revealed that 3 out of the 7 factors successfully load on specific items. Unfortunately, q18 and q29 did not load substantially on one factor. In addition, cross loadings were found for q20 and q25 (see appendix 11 for the rotated pattern matrix). As a result, these 4 items were removed. After deleting the items as discussed above, a respecified EFA was formed. The KMO value 0.839 still exceeds the threshold value of 0.60, and the Bartlett's test of sphericity reached statistical significance ($0.05 > 0.000$). See appendix 12 for the KMO and Bartlett's test values. Thus, the new EFA is appropriate for the data. Based on these indications, it is necessary to evaluate each item separately with their respective items. The purpose of this is to see if item deletion is necessary.

5.3.2 Summary of EFA

From the ease of reading, I have summarized the findings from above in the following table.

Table 6 EFA Table

Construct	Result	% of variance
Trust	No reduction	76.12
Perceived Risk	No reduction	65.97
Prior Consumer Experience	Reduced two items	41.33
Repeat Purchase Intention	Reduced one item	58.92
Involvement	Reduced one item	47.53
Return on Engagement	No reduction	56.47

5.3.3 Confirmatory Factor Analysis

Preliminary analysis of the data was achieved through the EFA as discussed above. To confirm that the structures from the EFA provide a good fit for the data, and to examine the respective variables, a CFA was conducted by producing a single factor solution. The maximum likelihood extraction method was used for this purpose. An acceptable fit is necessary when running a CFA. In the following section, a CFA was conducted to test the measurement model and to examine the respective constructs. The analysis is presented stepwise in terms of evaluating the model fit and the model parameters. The validity and reliability of the model is also being discussed. See appendix 14 for the values of the CFA for the full dataset.

5.3.4 Overall goodness of fit

Hair et al. (2010) states that when looking at fit indices, the rule of thumb suggests that in addition to the chi square results, one should rely on at least one absolute fit index and one incremental fit index. For this purpose I have chosen to look at the root mean square error of approximation (RMSEA) and the standardized root mean residual (SRMR) as absolute fit measures, and the comparative fit index (CFI) as incremental fit indices. The reported fit indices from the measurement model are displayed in table 7.

Table 7 Goodness-of-fit table

Fit Indices	Recommended Value	Measurement Model
χ^2 statistic	-	1092.21
df	-	377
Normed χ^2	Below 2 (between 2-5 is acceptable)	2.90
P-value	Above 0.5	0.0000
RMSEA	Below 0.08	0.102
SRMR	Below 0.1	0.200
CFI	Above 0.9	0.747

*Recommended values from Hair et al. (2010) and Malhotra (2010)

According to Hair et al. (2010), the RMSEA is the most widely used measure in attempting to correct for model complexity. A RMSEA value below 0.05 is considered a close fit, while values between 0.05 and 0.08 are considered an approximate fit (Hair et al. 2010). Hence, researchers argue that values below 0.10 could be accepted (Browne and Cudeck 1993; Sharma et al. 2005). The RMSEA (0.102) is above the recommended value. Further, the SRMR is useful for comparing fit across models. A rule of thumb is that an SRMR above 0.1 suggests a problem with the fit (Hair et al. 2010). The SRMR value for the model is 0.200. This is above the recommended value and suggests that there might be a problem with the fit of the model. Finally, CFI is among the most widely used indices with values typically ranging between 0 and 1. Higher values indicate a better fit and values above 0.9 provide a good fit (Hair et al. 2010). The CFI-value is 0.747, which is slightly below the recommended level.

The χ^2 has a value of 1092.21 with a df of 377, and a p-value of 0.0000. The p-value is significant ($0.05 > 0.00$), which indicates that the χ^2 test rejects the model. In my case where $N = 202 (< 500)$, the chi-square can be used as a good basis for estimation (Hair, Bush and Orinau 2006). A small chi-square corresponds to a good fit, and it should be as close as possible to the degrees of freedom (df) (Hair et al. 2010). This is not the case here. As illustrated in table 7, the only model fit indices that fulfill the recommended values is the normed chi-square. Based on the poor goodness of fit statistics, it is necessary to evaluate each construct separately

with their respective items to see whether item deletion or deletion of whole constructs is necessary.

5.3.5 Validity and reliability

Convergent validity. There are several ways of estimating the relative amount of convergent validity among the item measures (Hair et al. 2010). I will consider the average variance extracted (AVE) and the standardized factor loadings for this purpose (Wong 2013). To get adequate convergence, the AVE should equal or exceed 0.50 (50%) and the factor loadings should be at least 0.5 and preferably 0.7 (Hair et al. 2010). Testing the observed measures reflecting the different constructs, variations between the scores were found. Starting with trust, all the six items give an AVE of 69.3%, which is the highest explained variance level among the constructs and quit above the threshold of 50%. All the items have factor loadings above 0.70. Moreover, the AVE for perceived risk is 61.6%, which is satisfactory. Further, all items except q16 have factor loadings above the threshold value. Next, the AVE for prior consumer experience is 18.5%. This indicates that the items are not reflecting the construct to a satisfactory degree. The measurement error is larger than the variance captured by the latent factor structure imposed on the measure, and the construct is therefore questionable. A further investigation of the construct is needed. Thus, the items q18 and q20 have factor loadings below the recommended level. The four observed measures that intend to reflect the latent construct repeat purchase intention obtain an AVE score of 38.3%. This construct is therefore below the minimum criteria for acceptable AVE scores. Moreover, the factor loadings are satisfactory on all of the items. Next, return on engagement receives an AVE of 53.4%. This is above the recommended value. All of the items have factor loadings above the threshold value. Finally, involvement receives an AVE of 30.9%, which is below the recommended value and a subject for further investigation. The items q29 (-0.43) and q30 (0.36) have factor loadings below the recommended level. See table 8 below as well as appendix 13 for the full table of the squared multiple correlations and the AVE scores.

The analysis provides some evidence of convergent validity. Some items might be candidates for removal, but a further examination of the questionable constructs will be taken.

Discriminant validity. To test for discriminant validity, Fornell and Larcker (1981) suggested that the square root of the AVE in each latent variable should be larger than other correlation values among the latent variables. The logic behind doing this is that according to Hair et al. (2010), a latent construct should explain more of the variance in its item measure than it shares with another construct. Considering the constructs, all the AVE estimates from table 8 below are greater than the corresponding squared correlation matrix. This indicates good discriminant validity. Additionally, since there neither exist cross-loadings or high cross-loadings, the CFA fit should be good.

Internal consistency reliability. The Cronbach's alpha was calculated in SPSS for all of the constructs. The coefficient varies from 0 to 1, and a value of 0.6 or higher generally indicates a satisfactory internal consistency reliability (Malhotra 2010). The CR should be 0.70 or higher to obtain good reliability. Reliability between 0.60 and 0.70 may be acceptable provided that other indicators of a model's construct validity are good (Hair et al. 2010).

The Cronbach alpha scores for the dependent variables ROE (0.81) and repeat purchase intention (0.75) are both above the agreed lower limit, representing satisfactory reliability. Furthermore, the independent variables trust (0.93) and perceived risk (0.86) show high reliability. These items therefore seem to explain a satisfactory amount of the variance within each construct. The last independent variable prior consumer experience (0.51) reveals unsatisfactory internal-consistency reliability. Thus, the reliability is almost 0.60 which could be accepted (Malhotra 2010). The moderating variable involvement (0.42) has unsatisfactory internal consistency reliability. However, Cronbach's alpha values depend on the number of items in the scale. With a small number of items (less than ten items), the Cronbach alpha could be quite low (Hair et al. 2010). The involvement construct consists of only five items, which could explain the low reliability score. Involvement is also a widely researched and previously validated

construct. Based on this, I choose to keep all the five items of the involvement construct. See table 8 below and appendix 9 for further details.

Trust with its six items has a CR of 0.86, which is above the threshold value of 0.70. Perceived risk has a CR of 0.75. The high CR values that trust and perceived risk with its respective items are obtaining, indicate that internal consistency exist among the constructs. Moreover, prior consumer experience receives a CR of 0.27, which is relatively low and below the threshold value. Further, the dependent variables ROE and repeat purchase intention has a CR of 0.57 and 0.56. Neither of the constructs meets the minimum criteria. Finally, involvement has a CR of 0.31, which is below the recommended value. Further investigation of prior consumer experience, ROE, repeat purchase intention and involvement is required.

Table 8 Cronbach's alpha, construct reliability, average variance extracted and correlations

	Cronbach's alpha	CR	AVE	AVE and Squared Correlations					
				TR	PR	PCE	ROE	RPI	I
TR	0.93	0.86	0.69	0.83					
PR	0.86	0.75	0.62	0.29	0.79				
PCE	0.51	0.27	0.19	0.42	0.44	0.44			
ROE	0.81	0.57	0.53	0.39	-0.05	0.23	0.73		
RPI	0.75	0.56	0.38	0.50	0.06	0.15	0.38	0.62	
I	0.42	0.31	0.31	0.47	0.05	0.19	0.43	0.50	0.56

5.4 Structural Equation Modeling

The focus will now shift towards the structural model. Since the study tests a theoretical model with more than one single dependent variable, SEM from STATA is an appropriate method. An advantage with SEM is that it can examine relationships (models) in which a construct operates as both an independent and a dependent variable (Hair et al. 2010). This is the case with the repeat purchase intention construct. It is dependent on the trust, perceived risk and prior consumer experience constructs, but it is also an independent variable because it influences the return on engagement construct. While the focus has been on the relationship

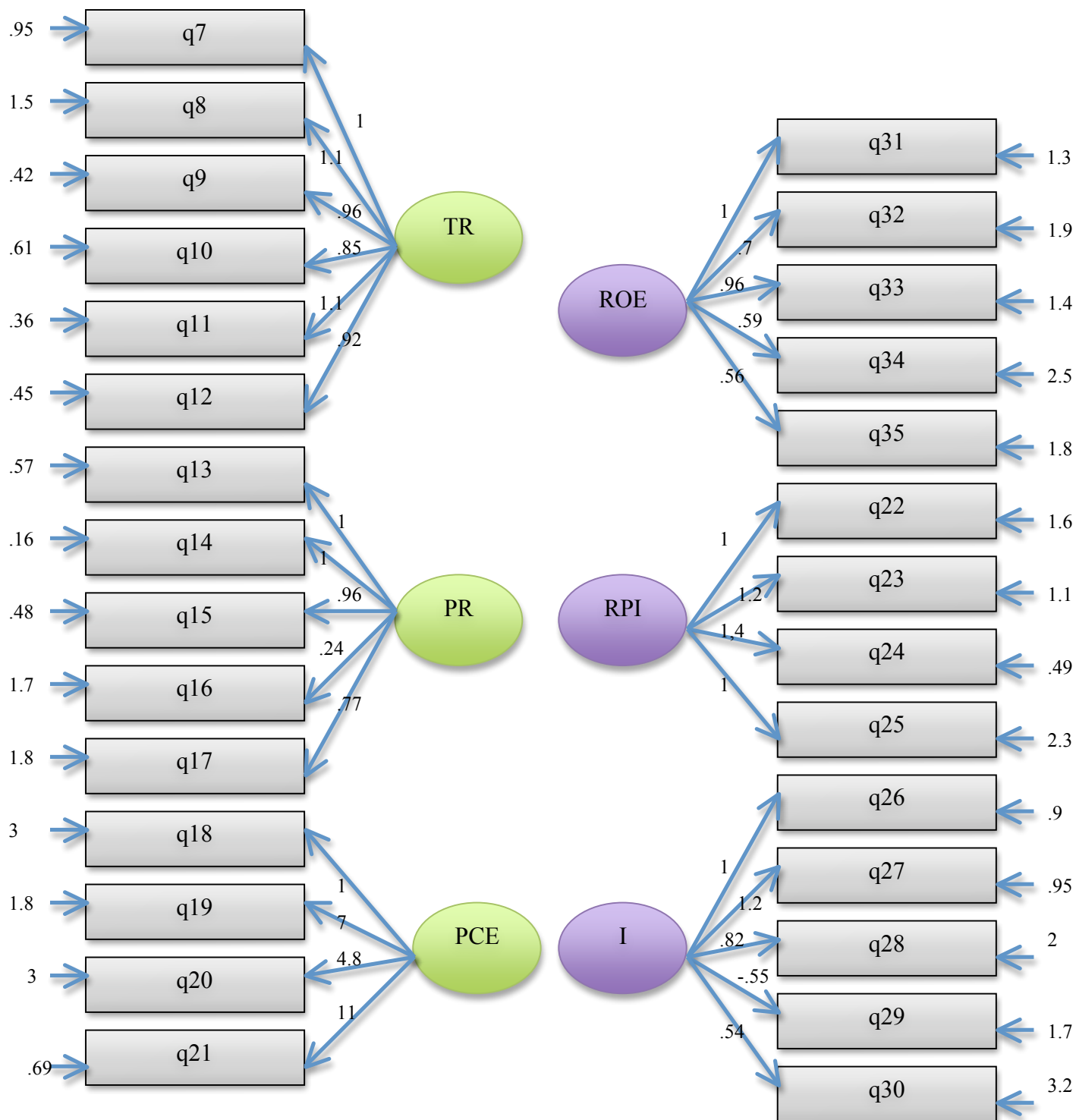
between latent constructs and the observed variables, it will now shift towards the relationship between the constructs. I will first consider if item reduction is necessary according to the EFA and CFA examined above. Further I will assess the new model and examine its fit. Finally, I will test the hypothesized relationships.

5.4.1 Measurement model: Item reduction

Problematic items were identified in the original EFA and in the CFA. Although most of the constructs met the requirements for validity and reliability, some of the items should be considered for deletion. These items include one from the construct perceived risk, two from prior consumer experience and two from involvement. Since trust was satisfactory on all of the measures, I chose to start with that construct by building the model from there. By adding perceived risk to the model, the RMSEA improved, but the rest of the fit statistics got worse. By excluding the item with the low factor loading (q16), the fit statistics improved and the RMSEA got below 0.10 (0.093). By adding the rest of the constructs stepwise with one at a time – prior consumer experience, return on engagement, repeat purchase intention and the moderator involvement – the fit indices slowly got worse. Also by excluding the items with low factor loadings, the fit statistics did not seem to improve.

Since the fit indices did not improve by excluding items, I chose to keep all. However, the main purpose of this study is not to create a conceptual “textbook model”, but more importantly to examine the roles and linkages between the constructs. It is more important to look at new connections, than to provide a new empirically tested model. Thus, I am not rigorously dependent on fit measures, as long as they stay within acceptable levels. As some researchers argue that an RMSEA value below 0.1 is acceptable, the model is close to acceptable (0.102) and thus, I choose to go further with the analysis. See table 7 above for the fit statistics. This leaves the following model:

Figure 3 Conceptual Model



5.4.2 Assessing the Structural Equation Model

After arguing for an “acceptable fit”, the model was altered based on the hypothesized relationships among the constructs. In STATA, one relationship was added at a time to examine how the fit would improve. As I previously have identified some interesting findings about the trust – return on engagement relationship, I decided to start adding that construct. When incorporating the relationship between trust and return on engagement, the RMSEA improved to 0.10. Moreover, adding the relationship between trust and return on engagement also improved the fit statistics further by improving the chi square value as well as providing a significant t-value. Next, specifying the perceived risk – return on engagement relationship did not improve the fit statistics significantly, and the RMSEA was still 0.100 and the t-value stayed the same. The chi square value decreased. Moreover, adding the relationship between prior consumer experience and return on engagement, the RMSEA increased to 0.108. Finally, specifying the dependent relationship between return on engagement and repeat purchase intention provided good t-values, which improved the fit indices. The RMSEA decreased to 0.105. As no direct effect between involvement and return on engagement is hypothesized, this construct is excluded from the structural model.

After having assessed the structural model, the fit statistics slightly improved. While the RMSEA increased to 0.105, both the chi-square, the SRMR and the CFI became better and closer to an acceptable fit.

5.4.3 Hypothesis testing

After having specified the relationships, an evaluation of the parameter estimates is necessary in order when looking for support for the hypotheses. To test the proposed hypotheses and interactions, structural equation modeling (SEM) in STATA is being used. The hypotheses are being evaluated by looking at the standardized parameter estimates, as well as examined whether the t-values are above the critical value of 1.96 and in the expected direction.

In sum, the structural model gives support for H1 and H4, and rejects H2 and H3. The structural model with the t-values and fit statistics is illustrated in table 9 below.

Table 9 Parameter estimates and t-values for the SEM paths

Paths	Standardized Parameter Estimates	T-Values	P-Values	Significance
TR → ROE	0.33	6.16	< 0.001	Significant
PR → ROE	-0.26	-0.44	0.657	Not significant
PCE → ROE	0.73	3.22	< 0.001	Not significant
ROE → RPI	0.36	6.04	< 0.000	Significant

The relationship between trust and return on engagement is represented with positive and statistically significant parameter estimates. As the t-value ($6.16 > 1.96$) falls above the critical value, the parameter estimate is of highly statistical significance with a p-value < 0.001 . The path is in addition to its significance in the expected direction (0.33). This illustrates the importance of trust in a Facebook context. As the level of trust among the consumers increase, so does their return on engagement level. Based on this, hypothesis H1 is supported. Moreover, the path between perceived risk and return on engagement is below the critical value ($-0.44 < 1.96$). The parameter estimate (-0.26) is presented in the expected negative direction. By looking at the p-value (0.657), one can see that the path is not of statistical significance. Therefore, the risk that consumers are experiencing towards the company they “like” on Facebook or towards the web in general, does not effect their return on engagement level. Consumers, who perceive the risk of a transaction to be high, still decide to engage with the company that they “like”. This does not give support to H2. Next, both the p-value ($p < 0.001$) and the path between prior consumer experience and return on engagement are of statistical significance ($3.22 > 1.96$). The parameter estimate (.73) is presented in a positive direction, meaning that a negative prior experience with a company does not negatively affect return on engagement as hypothesized. Even though consumers have had a negative experience with the company that they “like” on Facebook, their return on engagement level is relatively high. Thus, the study rejects H3.

Finally, the focus will be shifted from the drivers or the proposed antecedents of return on engagement, to its consequence – repeat purchase intention. The path between return on engagement and repeat purchase intention is of statistical significance ($6.04 > 1.96$). Further, the parameter estimate (0.36) is also significant. Thus, with the significant p-value ($p < 0.001$), the interaction can be

statistically shown and H4 is supported. In other words, consumers with a high level of return on engagement are considering repurchasing from the company that they “like” more often than consumers with a low level of return on engagement.

5.5 Moderating effects

The proposed moderating effects of involvement (M), on the relationship between a) trust (X), b) perceived risk (X), and c) prior consumer experience (X), and return on engagement (Y) will be tested by using SPSS. Interaction variables of the respective independent variables and the moderator was conducted and run towards the dependent variable in linear regression. The method used for this purpose is based on Kenny’s (2009) proposed procedure for moderator measurements. By conducting interaction variables (XM) in explaining Y, one gets that when the interaction is positive, the effect of X on Y increases as M increases. Further, when the interaction is negative, the effect of X on Y decreases as M increases. The following standardized multiple regression equation (including the control variables) proposed by Kenny (2009) explains the procedure:

$$\text{ROE (Y)} = \beta \text{ trust (X)} + \beta \text{ perceived risk (X)} + \beta \text{ prior consumer experience (X)} + \beta \text{ involvement (M)} + \beta * \text{trust} * \text{involvement (X*M)} + \beta * \text{perceived risk} * \text{involvement (X*M)} + \beta * \text{prior consumer experience} * \text{involvement (X*M)} + E$$

In table 10 below, one can see the moderating effects when examining the relationship between the independent variables and the dependent variable ROE.

Table 10 Moderator effects

	Unstandardized Coefficients		Standardized Coefficients	T-value	Sig
	B	Std. Error	Beta		
ROE (Y)	-.269	1.712		-.157	.876
TR (X)	.122	.319	.115	.384	.701
PR (X)	.634	.333	.572	1.904	.059
PCE (X)	-.289	.391	-.227	-.739	.461
I (M)	.550	.476	.351	1.156	.249
TR*IN (X*M)	.036	.081	.204	.441	.660
PR*IN (X*M)	-.217	.082	-.939	-2.658	.009
PCE*IN (X*M)	.129	.102	.534	1.271	.205

Dependent Variable: ROE

First of all, by looking at the significance values, the interaction effect of perceived risk and involvement is the only variable which is significant (0.009). I will because of this not be able to draw any conclusions, but rather be investigating the directions of the moderating effects, as this can give directions for further research.

The moderating variable for trust (TR*IN) has a positive value of 0.204, which indicates that the effect of trust on ROE increase, as involvement is higher. This contradicts H5a. However, as the relationship between trust and ROE seem to be positive (0.115), one could assume that the effect is stronger for high-involved consumers, thus rejecting H5a. Further, the moderating variable for perceived risk (PR*IN) has a negative value of (-0.939). This implies that perceived risk is more important for low involved consumers towards ROE, thus giving support to H5b. However, the relationship between perceived risk and ROE is positive (0.572), indicating that the effect of perceived risk on ROE increases when the level of involvement increases. This gives some, but not significant support to H5b. Finally, the moderating variable for prior consumer experience (PCE*IN) is positive (0.534). This again indicates that the effect of prior consumer experience on ROE increase as the consumers are more involved. In other words, prior consumer experiences are more important to high-involved consumers, thus rejecting H5c. However, as the relationship between prior consumer experience and ROE seem to be negative (-0.227), one could assume that the effects is

stronger for low involved consumers, giving some, although not significant support to H5c.

5.6 Summary of hypothesis testing

Based on the results found from the model testing in STATA and SPSS, two out of the five hypotheses are supported, while one of the hypotheses is partly supported. Table 11 gives the overview of all the hypotheses tested.

5.6.1 Main findings summarized

Table 11 Summary of hypotheses testing

Hypotheses	Results
H1: A customer's trust in a company, has a positive effect on return on engagement	Supported
H2: Perceived risk has a negative effect on return on engagement	Not Supported
H3: A negative prior experience with a company has a negative effect on return on engagement	Not Supported
H4: ROE has a positive effect on repeat purchase intention	Supported
H5: The less involved the customers are, the greater impact does (a) trust, (b) perceived risk, and (c) prior experience with the company have on return on engagement	Partly supported

6.0 Discussion

Every now and then a powerful consumer trend appears. Given that many consumers utilize social media (Facebook in particular), a lot of companies have tried to engage with their customers without succeeding. Among marketers and academics alike, there are a lot of different suggestions and ideas about how to engage with their customers in the new mediated space. This thesis was designed to explore the return on engagement concept on the social networking site Facebook. If companies want to survive in today's competitive environment, they have no other choice than to familiarize with the trend appearing and its implications, and thus adapt to it. Drawing especially upon the customer engagement literature, the return on engagement model was developed and empirically tested to examine the return on engagement construct as well as its

antecedents and one behavioral outcome, namely repeat purchase intention associated with “liking” companies on Facebook. Trust, perceived risk and prior consumer experience were hypothesized to be the antecedents of return on engagement. Since consumers tend to be more committed towards certain products or brands, category involvement was included as a construct that could possibly affect the relationship towards consumer’s return on engagement level.

The findings of the study advanced the understanding of the return on engagement concept within the “liking” environment on Facebook. Even though the hypotheses regarding the effects of the antecedents (H1-H3) received some mixed results, the path between trust and return on engagement was confirmed. Furthermore, the path between return on engagement and repeat purchase intention was also confirmed. This implies that the level of return on engagement a consumer has, is positively related to their purchasing behavior. However, the moderating effects of involvement were partly supported. H5a was not supported, while H5b and H5c were partly supported by showing some significance.

Trust is positively related to the return on engagement level that consumers have. A lot of research has been done about trust in an online retail setting. Even though Facebook is not a typical retail setting, this study implies that trust is as important in a Facebook setting than it would have been in another setting. Companies using Facebook as a marketing platform need to work on their reputation to be perceived as credible and trustworthy among its consumers. Since many consumers may use Facebook for other reasons than for shopping, trust might even be a more critical factor than it is in another Internet setting. Thus, this study chose not to look into this issue.

Further, consumers perceive the risk of using the Internet to be different. H2 was looking into this issue. Even though consumers receive the risk to be high when doing a transaction, the study found that these consumers still have a high level of return on engagement with the company that they “like” on Facebook. There could be different reasons for this occurrence. Since consumers do not view Facebook as the “typical” retail setting, they first and foremost do not have shopping in their minds when they log onto Facebook. This is also in accordance with the research mentioned earlier that consumers are not in a “shopping mood”

when they log onto Facebook. Consumers might just enjoy communicating with other consumers about certain products or with companies without having the intention to purchase. This contradicts the relationship between return on engagement and repeat purchase intention, which I will discuss in a bit.

Next, even though consumers have had a negative experience with the company or companies that they “like” on Facebook, their return on engagement level could be relatively high. Prior research has proven that consumers who engage in negative word-of-mouth talk more than those who engage in positive word-of-mouth. This could also support the finding of this study. When ordering something online, good experiences are expected. Then, when something bad happens, consumers are often eager to tell others about it. The finding also contradicts whether there exist a relationship between the return on engagement level and repeat purchase intention. Consumers in this case often have other motives while engaging than to purchase from the company that they “like”. It is therefore doubtful that these consumers will end up purchasing. Consumers engage for different reasons. In this case they just want to show their opinions. Because of time constraints, this study did not look further into the underlying reasons for why consumers engage.

The study found support for that repeat purchase intention is an outcome of return on engagement. This implies that consumers with a high level of return on engagement are more likely to repurchase than consumer with a low level of return on engagement. As already mentioned, some of the hypotheses contradict this finding. First of all, since the study did not investigate why consumers decide to engage on Facebook, consumers might engage with the company that the “like” for other reasons than with purchasing in their minds. Also, consumer behavior is a complex subject. The nature of repeat purchasing behavior could be affected by a lot of different factors. Since the study was investigating e-loyalty in terms of repeat purchasing behavior, consumers, who purchase repeatedly from the same company, still may not be loyal to that company. Several reasons could explain why a consumer decides to repurchase from the same company. Convenience, location, price or social status could be some of the reasons.

Finally, having involvement as a moderator that could affect the relationship between the antecedents and return on engagement were partly supported. The findings rejects that for less-involved consumers, trust is more important than for high-involved consumers. Products that are considered to be of high involvement tend to be of higher cost and are often purchased after considerable research and thought. Thus, it is more important to trust a company selling a high involvement product than a low involvement product. Since H5b and H5c are only partly supported, I will not be able to draw any conclusions from these findings.

6.1 Managerial implications

The thesis should be seen as a preliminary attempt at addressing an issue that will become more and more important in the coming years. The findings have a clear relevance for managers currently engaging in social media, or wishing to do so in the future. Consumer trends will continue to emerge and influence how businesses are conducted. Managers have no choice but to stay up-to-date if they want to survive in the competitive environment. It is no longer enough to just “be” on Facebook, but one must put attention towards value creation online, which is just as important as value creation offline. The important question managers should ask themselves is how their company should connect with its customers. Is it enough to just be present online, or are certain actions necessary. This study has tried to answer these questions. If companies put effort in creating trust towards its customers, the customers will become more engaged with the company, which again will cause the customers to repurchase in the future. This is the first important implication for managers and marketers to take note of.

Next, perceived risk and prior consumer experience with the company is not necessarily correlated with repeat purchasing intention. Moreover, by reducing the perceived risk that the consumers are experiencing towards the company as well as creating positive experiences for the consumers, may have other short-term consequences which in the long-term could be turned into repeat purchasing behavior. In the long run – reducing the risks and creating positive experiences could positively affect trust. Also when consumers talk positively about a company, it could affect other consumers to purchase from this company. As I am now moving towards word-of-mouth, the study did not tap into this issue.

For managers and marketers it is important to be aware of if their products are either being considered high or low involvement products among its consumers. Since trust is more important for high involved consumers, companies that typically sell high involvement products, should put a higher emphasize on trust than companies focusing on low involvement products.

At the same time, marketers and managers need to be aware of the fact that there may be other underlying reasons concerned with the number of repeat purchases. Return on engagement may explain some of it, but only when one are able to understand these underlying reasons, one are able to make informed decisions regarding future strategies.

6.2 Limitations and future research

The next chapter discusses the limitations and suggested future research associated with the study on the topic return on engagement. The term return on engagement is relatively new and unexplored, and future research on the topic is therefore needed. Research that explores the antecedents and consequences of return on engagement is lacking. Future research underpinning the antecedents and consequences mentioned throughout this thesis is needed, as well as the investigation and exploration of other ones. Even though the results provide good support for some of the hypotheses and the theoretical framework is of a solid character, further research is needed to replicate and to broaden the findings.

As this is an empirical study that is trying to identify some of the proposed antecedents and consequences of return on engagement, it holds several limitations. First of all, since the data collected were based on respondents speaking Norwegian only, the findings of this study are limited to Norway. The study may not be applicable for companies operating across borders. Also, because not everyone is connected to the Internet, not everyone could be included in the study. Moreover, by using a convenience sampling method, and only including respondents owning a Facebook account and “liking” companies on Facebook, there may be some generalization issues (e.g. external validity). Since I posted the survey on my Facebook page and so did some of my friends, the sample may not be representative of the consumer population that “like” companies on Facebook. Companies may therefore be careful in regards to who

they are targeting. However, the purpose of this study is not to generalize, but rather to help companies in ways to increase their return on engagement and consequently view the different effects of the proposed variables. Further research could test the results across context changes, e.g. testing the results on other social media platforms.

Further, the female/male ratio included in the sample may affect the results. One would assume that females shop more than males both in traditional stores and online. By including a lot of females, the results may look different than it would if including a lot of males. Future research could be looking into this issue. Also by using survey data, I have to rely on the respondent's self-reports. There is sometimes a gap between what people say and what they actually do. Errors may also occur because the respondents remember incorrectly or give socially desirable responses.

Throughout the questionnaire, the participants were expected to recall one company or more companies that they "like" on Facebook (referred to as company XX throughout the questions on the questionnaire). The chosen company or companies could be the first one popping up in their minds (e.g. caused by unconscious priming) and might not be the ones that the respondents are usually shopping from. Thus, the responses may have been biased because of this. This could possibly affect the results, and further research could be looking into that issue.

When choosing the sample to include in the study, I was limited by time and economic constraints. It was also more labor-intensive than I could have imagined up front, and I spend a lot of time collecting enough responses. Future research should try to the extent possible, to reach the right type of sample.

Throughout the thesis I chose to investigate e-loyalty exclusively as repurchase intention. Since buying repeatedly from the same company does not necessarily manifest psychological commitment towards the firm, this is an important limitation that needs to be addressed. Situational constraints, or simply lack of availability can be reasons why people end up with repeat purchases from the same provider. Several authors have emphasized the importance of considering

both behavioral and attitudinal aspects of loyalty (McCullan and Gilmore 2008). Further research could be looking into this issue.

All in all, as I have provided a deeper understanding of the new emerging term return on engagement, the thesis is very important as it adds a new perspective to managers and to the literature.

7.0 References

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8.0 Appendices

Appendix 1: Questions and scales

Nr	Label	Use of Likert Scale
1-3	q1-q3	1 = Yes, 7 = No
4-35	q4-q35	1 = Strongly disagree, 7 = Strongly agree, 9 = Do not know
36	q36	1 = Woman, 0 = Man
37	q37	1 = Under 18, 2 = 18 – 30, 3 = 30 – 50, 4 = 50+
38	q38	1 = Secondary School, 2 = High School, 3 = College/University (Bachelor degree or lower), 4 = College/University (Masters degree or higher)
39	q39	1 = Less than 50.000 NOK, 2 = 50.000 – 100.000 NOK, 3 = 100.000 – 500.000 NOK, 4 = More than 500.000 NOK

Appendix 2: Original questionnaire in Norwegian

Åpningsinformasjon til respondenten:

I forbindelse med min masteroppgave ved Handelshøyskolen BI, gjennomfører jeg en landsomfattende brukerundersøkelse og lurte i den anledning på om du har mulighet til å svare på noen spørsmål. Spørsmålene omhandler din bruk og ditt forhold til Facebook. Alle svarene er anonyme og vil kun bli brukt i forbindelse med masteroppgaven min. Utfylling av skjemaet vil ta 5 til 10 minutter. Jeg setter stor pris på din deltakelse.

For de fleste svaralternativene brukes skalaen 1 til 7. 1 betyr at du er helt uenig i utsagnet, og 7 at du er helt enig (kode 9 indikerer ubesvart). Det er viktig at du prøver å benytte deg av hele skalaen mellom 1 og 7 når du svarer.

På forhånd tusen takk!

Åpningsspørsmål

q1: Bruker du Facebook? Ja _____ Nei _____

q2: Hvis ja, "liker" du for øyeblikket en eller flere bedrifter på Facebook?

Ja _____ Nei _____

q3: Har du noen gang kjøpt et produkt gjennom en lenke eller en annonse/reklame som bedriften du "liker" har lagt ut?

Ja _____ Nei _____

Respondenten vil bli introdusert for et lite case:

Før du begynner på selve undersøkelsen, se for deg at du er i følgende situasjon:

Det er midt i sommerferien og du kjeder deg fordi det er dårlig vær ute. Du logger på Facebook. Du begynner å scrolle nedover siden for å se hva vennene dine driver med. Mens du gjør dette legger du plutselig merke til en av favorittbedriftene dine som reklamerer for et nytt produkt. Ved siden av dette produktet har bedriften lagt ut en lenke til produktet. Du trykker på lenken og ender opp med å kjøpe produktet.

Manipulasjonssjekk:

I denne delen av undersøkelsen ber vi deg ta stilling til noen utsagn basert på historien du nettopp leste

-
- q4: Situasjonen beskrevet i scenarioet er realistisk (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q5: Jeg hadde ingen problemer med å forestille meg selv i situasjonen som er beskrevet i scenarioet (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q6: Dette er en situasjon som kan skje med meg (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

Tenk på en eller flere bedrifter som selger forbruksvarer (en bedrift som selger for eksempel klær, mat, biler eller smykker) som du for tiden "liker" på Facebook og besøker ofte.

Alternativer:

- Red Bull
- Litago
- Freia
- OnePiece
- Audi
- Motehus.no
- Nelly.com
- Zalando.no
- Moods of Norway
- G-sport
- Kiwi
- Elkjøp
- Ikea Norge
- Clas Ohlson Norge
- Andre: _____

Alternativet/alternativene du har valgt vil i undersøkelsen bli omtalt som XX.

Ta så stilling til i hvilken grad du er enig/uenig i følgende utsagn

Tillit

- q7: Jeg stoler på at XX og deres ansatte alltid vil handle i henhold til mine interesser (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q8: Jeg føler at XX og deres ansatte aldri ville ha utnyttet meg som kunde (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q9: XX holder sine løfter og forpliktelser (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

-
- q10: XX bryr seg om sine kunder (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q11: XX er til å stole på (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q12: Jeg kan stole på XX at de gjør det de sier de skal gjøre (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

Opplevd risiko

- q13: Generelt sett vil det være risikabelt å gi informasjon til XX (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q14: Det vil være for mye usikkerhet forbundet med det å gi informasjon til XX (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q15: Mange uventede problemer kan oppstå ved å gi informasjon til XX (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q16: Sammenlignet med andre ting er beskyttelse av privatlivet mitt viktig (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q17: Sammenlignet med andre er jeg mer følsom og/eller kritisk til hvordan XX håndterer min personlige informasjon (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*

Tidligere kundeerfaringer

- q18: Jeg har ikke opplevd noen problemer ved å gi bort personlige opplysninger på Facebook (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q19: Jeg har ikke gode erfaringer med å trykke på Facebook lenker/annonser (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q20: Etter min mening blir jeg mer effektiv i å håndtere informasjon ved å trykke på Facebook lenker/annonser (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q21: Det er ingen fordeler ved å trykke på Facebook lenker/annonser (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*

Gjenkjøp

- q22: Jeg vurderer sjelden å bytte ut XX til fordel for en annen bedrift (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

-
- q23: Jeg prøver å benytte meg av XX når jeg skal foreta et kjøp (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q24: Så lenge den nåværende servicen til XX fortsetter, tviler jeg på at jeg kommer til å bytte ut nettstedet (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q25: I de kommende månedene vil jeg kjøpe mer fra XX (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

Involvering

- q26: Jeg er veldig interessert i XX (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q27: XX hjelper meg med å uttrykke min personlighet (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q28: Man kan si mye om en person ut i fra hvilket merke fra XX han eller hun kjøper (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q29: Alle merkene til XX gir ikke den samme gleden ved kjøp (1 = helt uenig, 7 = helt enig), 9 = ubesvart)*
- q30: Når du handler hos XX spiller det liten rolle om du kjøper et galt merke ved en feiltakelse (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

ROE

- q31: Jeg kommenterer aktivt innlegg på Facebook (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q32: Jeg deltar aktivt i konkurranser på Facebook (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q33: Jeg "liker" aktivt innlegg på Facebook (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q34: Det er en sammenheng mellom XX og hvordan jeg ser på meg selv (1 = helt uenig, 7 = helt enig), 9 = ubesvart)
- q35: Jeg anser XX å være en del av meg selv (1 = helt uenig, 7 = helt enig), 9 = ubesvart)

Demografi

For å få litt bakgrunnsinformasjon, ønsker jeg noen generelle opplysninger. Husk at alle svarene er anonyme.

q36: Er du kvinne eller mann? Kvinne _____ Mann _____

q37: Hvilket av følgende beskriver din alder?

_____ Under 18

_____ 18-30

_____ 30-50

_____ 50+

q38: Hvilken utdanning har du?

_____ Grunnskole

_____ Videregående

_____ Høyskole/universitet (Bachelorgrad eller lavere)

_____ Høyskole/universitet (Mastergrad eller høyere)

q39: Hva vil du anslå er din brutto årsinntekt?

_____ Inntil 50.000 NOK

_____ 50.000 – 100.000 NOK

_____ 100.000 – 500.000 NOK

_____ Over 500.000 NOK

*Spørsmålene er reverserte

Det var det jeg hadde å spørre om – tusen takk for hjelpen, og ha en fortsatt fin dag!

Appendix 3: Observed measures

Nr	X/Y	Label	Question	Construct
1	X	q7	I trust XX and its employees always and without exception to act in my best interest	Trust (TR)
2	X	q8	I feel that XX and its employees never will exploit me as a customer	Trust (TR)
3	X	q9	XX keeps its promises and commitments	Trust (TR)
4	X	q10	XX care about its customers	Trust (TR)
5	X	q11	XX is trustworthy	Trust (TR)
6	X	q12	XX can be counted on to do what they say they will do	Trust (TR)
7	X	q13	In general, it would be risky to give information to XX	Perceived Risk (PR)
8	X	q14	There would be too much uncertainty associated with giving information to XX	Perceived Risk (PR)
9	X	q15	Providing XX with information would involve many unexpected problems	Perceived Risk (PR)
10	X	q16	Compared with other subjects on my mind, personal privacy is very important	Perceived Risk (PR)
11	X	q17	Compared to others, I am more sensitive about the way online companies handle my personal information	Perceived Risk (PR)
12	X	q18	I feel satisfied with my earlier choice to provide my personal information to Facebook marketers	Prior Consumer Experience (PCE)
13	X	q19	My experience with clicking Facebook links/ads is very unsatisfactory	Prior Consumer Experience (PCE)
14	X	q20	In my opinion, clicking Facebook links/ads increases my effectiveness in managing information	Prior Consumer Experience (PCE)
15	X	q21	Continued clicking of Facebook ads/links provides no benefit	Prior Consumer Experience (PCE)
16	Y	q22	I seldom consider switching XX for another company	Repeat Purchase Intention (RPI)
17	Y	q23	I try to use the website from XX whenever I need to make a purchase	Repeat Purchase Intention (RPI)
18	Y	q24	As long as the present service XX offers continues, I doubt that I will switch websites	Repeat Purchase Intention (RPI)

19	Y	q25	I will do more business with XX in the coming months	Repeat Purchase Intention (RPI)
20	M	q26	I have a strong interest in XX	Involvement (I)
21	M	q27	Using XX helps me express my personality	Involvement (I)
22	M	q28	You can tell a lot about a person from the brand of XX s/he buys	Involvement (I)
23	M	q29	All brands of XX would not be equally enjoyable	Involvement (I)
24	M	q30	When you buy from XX, it is not a big of a deal if you buy the wrong brand by mistake	Involvement (I)
25	X	q31	I actively comment posts on Facebook	Return on Engagement (ROE)
26	X	q32	I actively participate in competitions on Facebook	Return on Engagement (ROE)
27	X	q33	I actively “like” posts on Facebook	Return on Engagement (ROE)
28	X	q34	I often feel a personal connection between XX that I “like” and myself	Return on Engagement (ROE)
29	X	q35	I consider XX to be a part of myself	Return on Engagement (ROE)

Appendix 4: Construct operationalization / References

Variables	References
Trust	<p>Line Lervik Olsen. 2002. <i>Modeling Equity, Satisfaction and Loyalty in Business-to-Consumer Markets</i>. Norwegian School of Management BI, Series of Dissertations, (3)</p> <p>Hee-Woong Kim, Yunjie Xu and Joon Koh. 2004. <i>A Comparison of Online Trust Building Factors between Potential Customers and Repeat Customers</i>. Journal of the Association for Information Systems, 5 (10): 392-420.</p>

	Avinandan Mukherjee and Prithwiraj Nath. 2007. <i>Role of electronic trust in online retailing: A re-examination of the commitment-trust theory</i> . European Journal of Marketing, 41 (9/10): 1173-1202.
Perceived Risk	Naresh K. Malhotra, Sung S. Kim and James Agarwal. 2004. <i>Internet Users' Information Privacy Concerns (IUIPC): The Construct, the Scale, and a Causal Model</i> . Information Systems Research, 15 (4): 336-355.
Prior Consumer Experience	<p>Chang-Hoan Cho and Hongsik John Cheon. 2004. <i>Why do people avoid advertising on the Internet?</i> Journal of Advertising, 33 (4): 89-97.</p> <p>Hongwei (Chris) Yang. 2012. <i>Young American Consumer's prior negative experience of online disclosure, online privacy concerns, and privacy protection behavioral intent</i>. Journal of Consumer Satisfaction, Dissatisfaction & Complaining Behavior, 25: 179-202.</p>
Repeat Purchase Intention	<p>Srini S. Srinivasan, Rolph Anderson and Kishore Ponnnavolu. 2002. <i>Customer loyalty in e-commerce: an exploration of its antecedents and consequences</i>. Journal of Retailing, 78: 41-50.</p> <p>Frederic Marimon, Luc Honore Petnji Yaya and Marti Casadesus Fa. 2012. <i>Impact of e-Quality and service</i></p>

	<i>recovery on loyalty: A study of e-banking in Spain. Total Quality Management, 23 (7): 769-787.</i>
Involvement	Simon Knox, David Walker and Charles Marshall. 1994. <i>Measuring Consumer Involvement with Grocery Brands: Model Validation and Scale-Reliability Test Procedures</i> . Journal of Marketing Management, 10: 137-152.
Return on Engagement	Donna L. Hoffman and Marek Fodor. 2010. <i>Can You Measure the ROI of Your Social Media Marketing?</i> MIT Sloan Management Review, 52 (1): 41-49.

Appendix 5: Syntax SPSS – Recoding

```
FILE='/Users/annaellingsen/Downloads/Master_Thesis-1.sav'.
DATASET NAME DataSet1 WINDOW=FRONT.
RECODE Q6_1 Q6_2 Q6_3 Q6_4 Q6_5 Q7_4 Q9_4 Q7_2 (1=7)
(2=6) (3=5) (4=4) (5=3) (6=2) (7=1) INTO PR_1 PR_2 PR_3
PR_4 PR_5 PCE_4 I_4 PCE_2.
EXECUTE.
DESCRIPTIVES VARIABLES=Q11
/STATISTICS=MEAN STDDEV MIN MAX.
```

Appendix 6: Respondent Characteristics

Table 1: The distribution of gender

What is your gender?					
Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Woman	137	67.80	67.80	67.80
	Man	65	32.20	32.20	100.00
	Total	202	100.00	100.00	

Table 2: Age

What is your age?					
Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Under 18	2	1.00	1.00	1.00
	18-30	127	62.90	62.90	63.90
	30-50	52	25.70	25.70	89.60
	50+	21	10.40	10.40	100.00
	Total	202	100.00	100.00	

Table 3: Education

What is the highest education level you have completed?					
Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Secondary School	1	0.50	0.50	0.50
	High School	30	14.90	14.90	15.30
	College/University (Bachelor degree or lower)	86	42.60	42.60	57.90
	College/University (Masters degree or higher)	85	42.10	42.10	100.0
	Total	202	100.0	100.0	

Table 4: Income levels

What is your annual income?					
Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Below 50.000 NOK	31	15.30	15.30	15.30
	50.000 – 100.000 NOK	22	10.90	10.90	26.20
	100.000 –	105	52.00	52.00	78.20

	500.000 NOK				
	Above 500.000 NOK	44	21.80	21.80	100.00
	Total	202	100.00	100.00	

Table 5: Facebook usage

Do you use Facebook?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	200	99.00	99.00	99.00
	No	2	1.00	1.00	100.00
	Total	202	100.00	100.00	

Table 6: Respondent's "liking" behavior

If you are a Facebook user, do you currently "like" one or more companies on Facebook?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	162	80.20	80.20	80.20
	No	40	19.80	19.80	100.00
	Total	202	100.00	100.00	

Table 7: Respondent's purchasing behavior

Have you ever purchased something after pressing a link/ad that a company has posted on Facebook?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	44	21.80	21.80	21.80
	No	158	78.20	78.20	100.00
	Total	202	100.00	100.00	

*Appendix 7: Descriptive statistics**Mean values, standard deviation, normality, and VIF***Table 1: Statistics (Trust)**

	TR_1	TR_2	TR_3	TR_4	TR_5	TR_6
N Valid	202	202	202	202	202	202
Missing	0	0	0	0	0	0
Mean	4.42	3.93	4.91	4.99	4.91	4.98
Std. Deviation	1.674	1.817	1.443	1.421	1.536	1.411
Skewness	-0.203	0.066	-0.505	-0.581	-0.423	-0.566
Std. Error of Skewness	0.171	0.171	0.171	0.171	0.171	0.171
Kurtosis	-0.64	-0.956	-0.201	0.056	-0.332	0.143
Std. Error of Kurtosis	0.341	0.341	0.341	0.341	0.341	0.341

Table 2: Statistics (Perceived Risk)

	PR_1	PR_2	PR_3	PR_4	PR_5
N Valid	202	202	202	202	202
Missing	0	0	0	0	0
Mean	4.254	4.37	4.318	2.232	3.736
Std. Deviation	1.637	1.548	1.568	1.339	1.73
Skewness	-0.173	-0.218	-0.226	1.386	0.038
Std. Error of Skewness	0.172	0.172	0.172	0.173	0.173
Kurtosis	-1.013	-0.817	-0.837	1.57	-1.086
Std. Error of Kurtosis	0.341	0.342	0.341	0.344	0.345

Table 3: Statistics (Prior Consumer Experience)

	PCE_1	PCE_2	PCE_3	PCE_4
N Valid	202	202	202	202
Missing	0	0	0	0
Mean	4.87	3.844	3.57	3.686
Std. Deviation	1.76	1.568	1.944	1.638
Skewness	-0.504	0.039	0.607	-0.091
Std. Error of Skewness	0.171	0.175	0.171	0.175
Kurtosis	-0.427	-0.683	-0.214	-0.784
Std. Error of Kurtosis	0.341	0.349	0.341	0.347

Table 4: Statistics (Repeat Purchase Intention)

	RPI_1	RPI_2	RPI_3	RPI_4
N Valid	202	202	202	202
Missing	0	0	0	0
Mean	4.24	4.04	4.62	4.31
Std. Deviation	1.601	1.596	1.482	1.887
Skewness	0.259	-0.132	0.020	0.318
Std. Error of Skewness	0.171	0.171	0.171	0.171
Kurtosis	-0.071	-0.381	0.159	-0.292
Std. Error of Kurtosis	0.341	0.341	0.341	0.341

Table 5: Statistics (Involvement)

	IN_1	IN_2	IN_3	IN_4	IN_5
N Valid	202	202	202	202	202
Missing	0	0	0	0	0
Mean	4.17	3.40	3.94	3.747	3.94
Std. Deviation	1.593	1.748	1.808	1.459	2.013
Skewness	-0.085	0.387	0.135	0.245	0.448
Std. Error of Skewness	0.171	0.171	0.171	0.175	0.171
Kurtosis	-0.396	-0.596	-0.665	0.046	-0.515
Std. Error of Kurtosis	0.341	0.341	0.341	0.347	0.341

Table 6: Statistics (ROE)

	ROE_1	ROE_2	ROE_3	ROE_4	ROE_5
N Valid	202	202	202	202	202
Missing	0	0	0	0	0
Mean	3.57	2.41	4.45	2.87	2.26
Std. Deviation	1.949	1.783	1.939	1.909	1.691
Skewness	0.166	1.319	-0.464	0.853	1.429
Std. Error of Skewness	0.171	0.171	0.171	0.171	0.171
Kurtosis	-1.324	0.669	-1.036	-0.212	1.387
Std. Error of Kurtosis	0.341	0.341	0.341	0.341	0.341

Table 7: Correlations

		TR	PR	PCE	ROE	RPI	I
TR	Pearson Correlation	1	0.300**	0.422**	0.399**	0.409**	0.473**
	Sig. (1-tailed)	.	0.000	0.000	0.000	0.000	0.000
	N	202	202	202	202	202	202
PR	Pearson Correlation	0.300**	1	0.436**	-0.032	0.012	0.076
	Sig. (1-tailed)	0.000	.	0.000	0.657	0.867	0.297
	N	202	202	202	202	202	202

PCE	Pearson Correlation	0.422**	0.436**	1	0.230**	0.154*	0.192**
	Sig. (1-tailed)	0.000	0.000	.	0.001	0.034	0.009
	N	202	202	202	202	202	202
ROE	Pearson Correlation	0.399**	-0.032	0.230**	1	0.393**	0.454**
	Sig. (1-tailed)	0.000	0.657	0.001	.	0.000	0.000
	N	202	202	202	202	202	202
RPI	Pearson Correlation	0.409**	0.012	0.154	0.393**	1	0.514**
	Sig. (1-tailed)	0.000	0.867	0.034	0.000	.	0.000
	N	202	202	202	202	202	202
I	Pearson Correlation	0.473**	0.076	0.192**	0.454**	0.514**	1
	Sig. (1-tailed)	0.000	0.297	0.009	0.000	0.000	.
	N	202	202	202	202	202	202

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

* . Correlation is significant at the 0.05 level (2-tailed)

Table 8: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	-0.01	0.512		-0.019	0.985		
TR	0.200	0.090	0.188	2.223	0.027	0.569	1.757
PR	-0.223	0.080	-0.201	-2.790	0.006	0.786	1.272
PCE	0.214	0.097	0.168	2.214	0.028	0.708	1.412
RPI	0.182	0.095	0.151	1.911	0.058	0.654	1.530
I	0.376	0.121	0.240	3.101	0.002	0.680	1.470

a. Dependent Variable: ROE

Appendix 8: Syntax SPSS – Computation of the variables

```

SAVE OUTFILE='/Users/annaellingsen/Master_Thesis-1.sav'
/COMPRESSED.

COMPUTE Trust=(Q5_1 + Q5_2 + Q5_3 + Q5_4 + Q5_5 + Q5_6)
/ 6.

EXECUTE.

COMPUTE PR=(PR_1 + PR_2 + PR_3 + PR_4 + PR_5) / 5.

```

EXECUTE.

COMPUTE PCE=(Q7_1 + Q7_3 + PCE_2 + PCE_4) / 4.

EXECUTE.

COMPUTE ROE=(Q10_1 + Q10_2 + Q10_3 + Q10_4 + Q10_5) /
5.

EXECUTE.

COMPUTE RPI=(Q8_1 + Q8_2 + Q8_3 + Q8_4) / 4.

EXECUTE.

COMPUTE I=(Q9_1 + Q9_2 + Q9_3 + Q9_5 + I_4) / 5.

EXECUTE.

Appendix 9: Cronbach's Alpha

Reliability Statistics – Trust

Cronbach's Alpha	N of Items
0.933	6

Reliability Statistics – Perceived Risk

Cronbach's Alpha	N of Items
0.863	5

Reliability Statistics – Prior Consumer Experience

Cronbach's Alpha	N of Items
0.510	4

Reliability Statistics – Repeat Purchase Intention

Cronbach's Alpha	N of Items
0.753	4

Reliability Statistics – Involvement

Cronbach's Alpha	N of Items
0.423	5

Reliability Statistics – ROE

Cronbach's Alpha	N of Items
0.805	5

*Appendix 10: Exploratory Factor Analysis***Table 1: Trust**

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.567	76.123	76.123	4.567	76.123	76.123
2	.523	8.724	84.847			
3	.309	5.148	89.994			
4	.246	4.097	94.091			
5	.202	3.363	97.455			
6	.153	2.545	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a

	Component
	1
I trust XX and its employees always and without exception to act in my best interest	.834
I feel that XX and its employees never will exploit me as a customer	.808
XX keeps its promises and commitments	.908
XX care about its customers	.806
XX is trustworthy	.921
XX can be counted on to do what they say they will do	.898

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

Table 2: Perceived risk

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.298	65.968	65.968	3.298	65.968	65.968
2	.968	19.357	85.325			
3	.394	7.884	93.209			
4	.233	4.666	97.875			
5	.106	2.125	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a

	Component
	1
In general, it would be risky to give information to XX	.890
There would be too much uncertainty associated with giving information to XX	.921
Providing XX with information would involve many unexpected problems	.908
Compared with other subjects on my mind, personal privacy is very important	.446
Compared to others, I am more sensitive about the way online companies handle my personal information	.796

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

Table 3: Prior Consumer Experience

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.653	41.326	41.326	1.653	41.326	41.326	1.490	37.258	37.258
2	1.147	28.682	70.008	1.147	28.682	70.008	1.310	32.751	70.008
3	.711	17.770	87.778						
4	.489	12.222	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component	
	1	2
I feel satisfied with my earlier choice to provide my personal information to Facebook marketers	.399	.757
My experience with clicking Facebook links/ads is very unsatisfactory	.691	-.453
In my opinion, clicking Facebook links/ads increases my effectiveness in managing information	.655	.469
Continued clicking of Facebook ads/links provides no benefit	.766	-.387

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Table 4: Repeat Purchase Intention

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.357	58.920	58.920	2.357	58.920	58.920
2	.811	20.271	79.191			
3	.498	12.438	91.630			
4	.335	8.370	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
I seldom consider switching XX for another company	.676
I try to use the website from XX whenever I need to make a purchase	.826
As long as the present service XX offers continues, I doubt that I will switch websites	.859
I will do more business with XX in the coming months	.692

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

Table 5: Involvement

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.377	47.536	47.536	2.377	47.536	47.536
2	.901	18.027	65.563			
3	.822	16.440	82.003			
4	.586	11.711	93.714			
5	.314	6.286	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a

	Component
	1
I have a strong interest in XX	.801
Using XX helps me express my personality	.818
You can tell a lot about a person from the brand of XX s/he buy	.705
All brands of XX would not be equally enjoyable	-.575
When you buy from XX, it is not a big of a deal if you buy the wrong brand by mistake	.488

Extraction Method: Principal Component Analysis.

a. 1 component extracted.

Table 6: ROE

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.823	56.465	56.465	2.823	56.465	56.465	1.977	39.538	39.538
2	1.107	22.148	78.613	1.107	22.148	78.613	1.954	39.075	78.613
3	.561	11.219	89.832						
4	.287	5.746	95.579						
5	.221	4.421	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component	
	1	2
I actively comment posts on Facebook	.754	.523
I actively participate in competitions on Facebook	.752	-.002
I actively "like" posts on Facebook	.740	.536
I often feel a personal connection between XX that I "like" and myself	.731	-.537
I consider XX to be a part of myself	.780	-.509

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Appendix 11: Rotated Pattern Matrix

Constructs	Items	Pattern Matrix ^a						
		Factors						
		1	2	3	4	5	6	7
Trust	q7	.764						
	q8	.681						
	q9	.933						
	q10	.895						
	q11	.978						
	q12	.945						
Perceived Risk	q13			.784				
	q14			.838				
	q15			.837				
	q16			.689				
	q17			.801				
Prior Consumer Experience	q18					.113		
	q19						.900	
	q20		.272				.272	.286
	q21						.712	
Return on Engagement	q31				.920			
	q32				.636			
	q33				.884			
	q34			.637				
	q35			.718				
Repeat Purchase Intention	q22					.828		
	q23					.566		

	q24					.755		
	q25		.315			.306		
Involvement	q26		.665					
	q27		.832					
	q28		.574					
	q29						.205	
	q30							.401

Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization

a. Rotation converged in 11 iterations.

Appendix 12: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measures of Sampling Adequacy		.839
Bartlett's Test of Sphericity	Approx. Chi-Square	2740.830
	df.	300
	Sig.	.000

Appendix 13: Factor Loadings and AVE: Prior to item reduction

Construct	Factor Loadings	Squared Multiple Correlations
<u>TR</u>		
q7	0.79	0.61
q8	0.76	0.59
q9	0.89	0.76
q10	0.83	0.67
q11	0.91	0.80
q12	0.88	0.73
		AVE = 69.3%
<u>PR</u>		
q13	0.87	0.75
q14	0.92	0.84
q15	0.89	0.76
q16	0.35	0.22
q17	0.70	0.51
		AVE = 61.6%

<u>PCE</u>		
q18	0.24	0.11
q19	0.51	0.20
q20	0.44	0.17
q21	0.59	0.26
		AVE = 18.5%
<u>RPI</u>		
q22	0.55	0.29
q23	0.73	0.45
q24	0.78	0.51
q25	0.56	0.28
		AVE = 38.3%
<u>ROE</u>		
q31	0.69	0.59
q32	0.64	0.37
q33	0.68	0.57
q34	0.68	0.56
q35	0.74	0.62
		AVE = 53.4%
<u>I</u>		
q26	0.73	0.47
q27	0.76	0.50
q28	0.57	0.29
q29	-0.43	0.18
q30	0.36	0.10
		AVE = 30.9%

Appendix 14: Confirmatory Factor Analysis

Indicator	Estimates	T-values	Measurement errors	Squared Multiple Correlations
q7-TR	0.05	0.53	0.09	0.61
q8-TR	0.21	2.70	0.08	0.76
q9-TR	-0.03	-0.20	0.13	0.89
q10-TR	0.17	1.56	0.11	0.83
q11-TR	0.03	0.20	0.13	0.91
q12-TR	-0.03	-0.22	0.12	0.88
q13-PR	0.19	1.60	0.12	0.75
q14-PR	-0.27	-1.70	0.16	0.84
q15-PR	0.07	0.57	0.13	0.76
q16-PR	0.09	1.06	0.08	0.22
q17-PR	-0.08	-0.95	0.08	0.51
q18-PCE	0.008	0.13	0.06	0.11
q19-PCE	-0.06	-0.95	0.06	0.20
q20-PCE	0.36	6.45	0.06	0.17
q21-PCE	-0.08	-1.16	0.07	0.26
q31-ROE	0.16	2.70	0.06	0.56
q32-ROE	-0.007	-0.13	0.05	0.37
q33-ROE	-0.13	-2.11	0.06	0.56
q34-ROE	0.10	1.55	0.06	0.56
q35-ROE	0.24	3.25	0.07	0.62
q22-RPI	-0.02	0.07	0.07	0.29
q23-RPI	0.10	0.08	0.08	0.45
q24-RPI	0.10	0.09	0.09	0.51
q25-RPI	0.23	0.06	0.06	0.28

Appendix 15: Preliminary Thesis Report