RESEARCH ARTICLE

The Effects of Social Media Tools on Online Retail Businesses in the Consumer Electronics Industry

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Abstract

Businesses nowadays have been adapting to technological advancements since the start of the 21st century to promote their products. The majority of the global population has been exposed to the digital world, and businesses have engaged themselves in the online environment. Social media tools have become a vital component in advertising products and have contributed significantly to creating countless innovations. Using social media has given online businesses options for managing their performance towards their brand and interacting with consumers through social media platforms. These digital improvements have benefited the consumer electronics industry. The goal of the study was to gain a thorough understanding of how social media platforms and tools impact the performance of online retail businesses in the consumer electronics industry. The study used the quantitative approach, and online survey questionnaires were distributed to 185 respondents. Results revealed that perceived ease of use, social media advertising, and electronic word-of-mouth (eWOM) all have a positive effect on the performance of online retail businesses in the consumer electronics industry. The implications of this research aim to benefit aspiring online business owners, consumers, and future researchers, and help them maximize social media to make them stand out from prospective competitors.

Keywords: customer engagement, digital advertising, online marketing, retail businesses, social media

1. Introduction

Social media platforms have become one of the most prevalent means of communication for people nowadays. Throughout the years, social media has been able to become an essential part of people’s lifestyle and in their daily routine. These platforms have also continued to innovate and develop in a way that has been able to satisfy various consumer markets. With the rapid increase in popularity of social media sites, each site’s involvement level has increased as well. According to Dean (2021), there were about 4.48 billion active social media users in 2021, with an average growth percentage of 12.5% since 2015. As the numbers keep rising, social media continues to increase its reach and expand its market, especially those who need to keep up with the trends.

When it comes to the online retail environment, businesses have also begun to thrive because of their online advertising efforts. Firms have established their presence on social media platforms to
promote their products and services. In addition, young and aspiring entrepreneurs have also been motivated to utilize social media tools and features to start up their businesses, which are evident in today’s world as 64% of active internet Filipino users are engaged in social media with 23% being for the purpose of online shopping (Arreola, 2020).

Furthermore, other social media platforms have provided several services over the following years, which created an edge or advantage to online retail businesses to expand their reach to their customers. Some of the social media tools commonly used nowadays are Instagram Stories, Facebook Stories, Twitter Fleets, Twitter Paid advertisements, Facebook Pages, Twitter Promotions, etc. These social media tools continue to fuel businesses’ digital advertising activities, which continue to be effective up to this day and according to data from Euromonitor, the Philippines’ consumer electronics industry is one of the growing industries to adapt to the online environment, in which, the consumer electronics industry in the Philippines had its peak in 2015, with more than 30,000 volume sales and at the end of 2020, it reached 23,640 in terms of volume sales and is expected to rise until the year 2025.

There had been a large amount of research dedicated to social media and online advertising among businesses. However, some research studies had only targeted a specific phenomenon depending on the subject. Most of the research studies highlight the effects of online advertising on businesses and would only state the dominant social media platforms, such as Google and Facebook. In addition, when it comes to the industry, the majority of the related articles only focused on the clothing and food retailing sector; there are still no studies that focus on the consumer electronics industry. There have been several related studies that measured the relationship between social media advertising and online retail businesses, and most of their variables included the application of E-commerce when it comes to transaction purposes in which they find out that online consumers find it convenient. Lastly, most of the related studies were conducted in European countries, with limited studies here in Southeast Asia. Moreover, this research aims to identify the effects of the different social media platforms and their tools towards the overall performance of online retail businesses belonging to the consumer electronics industry.

2. Discussion

2.1. Perceived Ease of Use

Perceived ease of use is one of the factors of the Technology Acceptance Model (TAM) developed by Fred Davis. According to Pratama et al. (2019), perceived ease of use is a belief about the decision-making process wherein an individual will feel that an information system or technology is convenient and easy to use. It is also defined as the degree to which an individual’s perception of using new systems or new technologies will be free of effort (Beier & Wagner, 2016). Moreover, there is a positive experience that is present in perceived ease of use which leads not only to favorable experiences but positive ratings towards technology use (Solani et al., 2020). The better the social media platform’s ease of use, the more likely the users will be motivated to use that platform to share information and express thoughts and opinions (Chinje & Chinomona, 2018). Consumers’ perceived ease of use of online tools has a positive effect on their purchase intentions (Cho & Sagynov, 2015).

Moreover, by incorporating perceived ease of use in social media, it is able to create a digital environment wherein users can be involved actively in the different platforms (Pitafi et al., 2020).
Perceived ease of use can also build positive attitudes of consumers towards social media advertisements (Dhingra & Mudgal, 2019). The study of Lorenzo-Romero et al. (2014) found that perceived ease of use of social media tools had a significant effect on the marketing strategies of online businesses. Consumers have a positive attitude when it comes to ease of use when associated with online advertising (Lin & Kim, 2016). Furthermore, according to Dzandu et al. (2016), the perceived ease of use of social media tools is the reason for their frequent use for most online businesses, since it improves productivity and induces long-term sustainability (Dhingra & Mudgal, 2019). According to Hajli (2014), the majority of online consumers feel that social media tools are an easy way to communicate and using them does not require a lot of effort. Consumers will be more inclined to buy online through social media platforms if the overall process of ordering and delivering products is easy to understand (Sin et al., 2012)

On the contrary, the study of Gavino et al. (2019) found that perceived ease of use was not considered to be a predictor for business owners’ personal social network platform selection. According to Kanchanatanee et al. (2014), perceived ease of use has an indirect effect on small and medium enterprise owners’ intention and attitude towards using e-marketing as an advertising strategy. Moreover, retail businesses have a moderately positive perception of the ease of use associated with Facebook advertising (Lin & Kim, 2016). In addition, perceived ease of use of social media platforms is the central driver of attitudes towards businesses’ (El-Haddadeh et al., 2012) and consumers’ (Chinje & Chinomona, 2018) intentions to use them and has a significant positive effect on organizations’ advertising strategy (El-Haddadeh et al., 2012). According to Praveena & Thomas (2014), there is a similarity between perceived enjoyment and perceived ease of use when it comes to the intention to use Facebook as a marketing tool for online businesses. Lastly, there is a significant relationship between a company’s brand reputation and its perceived ease of use (Morgan-Thomas & Veloutsou, 2013).

H1: Perceived ease of use has a positive effect on social media advertising.

2.2. Social Media Advertising

Social media has transformed the way people communicate, and many business sectors and industries continue to benefit from it (Pervaiz, 2016). More than half of the world’s population use social media; it has become a channel wherein different commercial activities can take place (Kircova et al., 2018). It can also help consumers learn more about a specific business (Oyza & Edwin, 2015). Furthermore, social media advertising refers to the utilization of the different social media platforms to connect with audiences and create brands in order to generate income. It is considered to be an effective method used by online retail businesses to enhance their persuasive communication towards their target consumers. (Alhabash et al., 2018). It is also being used by many online retailers to create appealing advertisements in order to capture value from potential customers (Zeljko et al., 2018).

Through social media advertising, companies can be able to reach targeted audiences more effectively and efficiently (Nadaraja, 2013). Van-tien Dao et al. (2014) finds that social media advertising beliefs have positive effects on marketing managers and advertising practitioners in Southeast Asian businesses, which ought to pay more attention to strategies that help to form consumers’ perception of the importance, usefulness, and value of social media. Several businesses and individuals seek to increase profit, status, and brand positioning by advertising on social media.
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(Faucher, 2018). Furthermore, advertising on social media can provide new ways for people to build and maintain social networks, gather information, and produce relevant content online, interact with customers, and create marketing tactics (Constantinides, 2014). It can also help develop strong brand equity and obtain high revenues (Dwivedi et al., 2019).

According to Oyza & Edwin (2015), social media advertising is just as effective and useful compared to other forms of traditional marketing. Consumers can interact with online businesses on a more personal level by engaging with social media advertisements (Siddiqui & Singh, 2016). Online retailers do not want to alienate themselves from loyal consumers, that is why they create message strategies that stick in the minds of the consumer (Ashley & Tuten, 2014). Social media advertising is also seen by most digital marketers as a huge opportunity to boost market share figures (Saravanakumar & Suganthalakshmi, 2012). It allows interaction between the company and the consumer, allowing consumers to speak back rather than be simply spoken to (Parsons, 2014). The study of DiPietro et al. (2012) found that advertising through social media can also create buzz towards brands and create new avenues to reach potential target markets. With regards to cost, social media advertising is one of the most cost-efficient marketing tools of an IMC strategy for Generation Z entrepreneurs (Tripopsakul, 2018). Most online businesses can benefit from advertising on social media since most of the social media tools are free of use (Baglione & Tucci, 2018).

The study of Voorveld et al. (2018) found that social media advertising has its own strengths and weaknesses in various experiences delivered to the user; the contrasting features of each social media platform translate into different consumer experiences. On the contrary, trademark and copyright issues, as well as privacy and security might be a downside for digital marketers in social media advertising. (Nadaraja, 2013). The perception of consumers towards advertisements may also affect the reputation of the brand and the company (Yang & Ghose, 2011). Moreover, according to Siddiqui & Singh (2016), some online businesses may find it difficult to measure the results of social media advertising. Lorenzo, et al. (2014) discovered that some Spanish retailers did not find social media advertising effective for their business since they had a lack of knowledge or experience about the methods on how to use some of the tools. Irresponsible or unprofessional use of social media may also be a disadvantage for businesses as it will decrease brand association and tarnish the brand image (Van der Bank, 2014).

Furthermore, social media advertising produces positive returns in products sold by retail businesses (Thompkins, 2018). With the surge in the number of social media users every year, it will increase the number of target consumers and opportunities for promotions for online businesses, making social media the most ideal platform for marketing (Saravanakumar & Suganthalakshmi, 2012). According to Nyagadaza (2020), social media advertising is now a developing phenomenon in marketing, in which digital marketers need to understand its use, as well as predictive trends and campaigns to reach out to more consumers. El-Haddadeh et al. (2012) states that advertising on social media can attract consumers not just in awareness but also in engagement. It is also evident that social media advertising has transformed the methods of marketers in reaching target consumers; solicited and customized social media advertisements can be beneficial for both the company and the consumer (Kumar & Ayedee, 2018). In addition, effective social media advertising can also enhance the business’s overall reputation (Kim et al., 2021). Most importantly, social media advertising can increase market insights and make the business stand out from competitors (Akram & Kumar, 2017).
H2: Social media advertising has a positive effect on business performance.

H3: Social media advertising has a positive effect on electronic word-of-mouth (eWOM).

2.3. Electronic Word-of-Mouth (eWOM)

One of the most important tools in a firm’s promotional mix is Electronic Word-of-Mouth (eWOM). eWOM is defined as the action in which consumers can voice out their opinions and thoughts about products they purchased online, whether it may be positive or negative (Zhang et al., 2017). The study of Chu & Kim (2011) found that eWOM in social networking sites has a significant relationship in customer engagement towards online retail businesses. In addition, eWOM is considered a strategic marketing tool for online businesses, and an influential factor that can obtain consumers (Muniweera et al., 2020). eWOM is also one of the most popular marketing strategies to endorse brands (Sundaram et al., 2020). Furthermore, eWOM is an ideal advertising technique being used by users of SNSs (Chu & Kim, 2011). Consumers rely on eWOM messages with high credibility and persuasiveness and refer to customer reviews before making online purchases (Teng et al., 2014).

Moreover, according to Gvili & Levy (2021), managers of social commerce platforms sharing eWOM can design more effective value offerings. Since eWOM and purchase intentions are necessary factors in marketing for a business, engaging in eWOM can positively influence such industries (Muniweera et al., 2020). eWOM provides a positive consumer experience; they share what they perceive as legitimate and appropriate (Gvili & Levy, 2021). The study of Yusuf et al. (2018) states that credibility, informativeness, and website quality are important determinants in engaging towards eWOM, which influences purchase intention. Most importantly, consumer behavior in social media is an important factor for businesses to consider before formulating eWOM messages when advertising products (Nuseir, 2020).

In addition, according to Wu et al. (2018), for consumers to have the willingness to share shopping experiences with others, a high level of trust towards channels in a social commerce environment drives consumers to experience safety in engaging, which influences them to purchase products digitally. Moreover, Erkan & Evans (2016) proved that consumers engaging in eWOM have a positive effect when it comes to the influence of the purchase intention. According to De Keyzer et al. (2019), the majority of online shoppers have posted messages on platforms like Facebook about products they used and read product-related messages. On the other hand, a study from Bhandari & Rogers (2017) found that the eWOM conversation is dynamic, yet brand feedback can show a significant direct and indirect influence on purchase intention that may be perceived as a positive or negative effect.

Oyza & Edwin (2015) found that eWOM is a convenient way of having “consumer-to-consumer” interactions, which significantly affect online retail businesses. A study from Lim (2015) revealed that negative eWOM communication is more powerful than positive eWOM communication because dissatisfied consumers disseminate their experiences and feelings more frequently on the Internet than satisfied ones, thus, offering more information on the possible risks of product adoption or acquisition. Furthermore, negative customer reviews may harm the reputation of the business and change the consumer’s perception of the brand or product (Akram & Kumar, 2017).

H4: The better the electronic word-of-mouth (eWOM), the higher the business performance.
3. Method

The study utilized the quantitative research method which consists of data collected through polls, questionnaires, or surveys. This type of research method gathers statistical, mathematical, and numerical data from respondents to explain a particular phenomenon. Furthermore, the researchers utilized the descriptive approach for the quantitative method to identify the phenomenon or relationship of one variable to another. The respondents of the study were people who are affiliated and involved (employees, owners, marketing executives, sales associates, etc.) in online retail businesses belonging to the consumer electronics industry, with a total of 185 respondents nationwide. With regards to the sample size, the researchers followed the formula used by Raosoft Calculator to compute. The sample size was based on the population of 75,029 total registered online retail businesses in the country, according to statistics from the Department of Trade and Industry (DTI). The researchers utilized self-made online survey questionnaires given to the respondents via Google Forms. Before the questionnaires were distributed online, content validity and reliability measures were conducted by the researchers to validate the questionnaire items. After the face validation, researchers underwent pre-testing and distributed the questionnaires online to 20 respondents. The 20 responses then underwent measurement tests through Cronbach Alpha. In the questionnaire, frequency scale was used to assess how often people act, and a six-point Likert Scale ranging from strongly disagree (1) to strongly agree (6) was used to measure the respondents’ answers towards the independent variables. Descriptive and inferential statistics were used for the analysis of data. Furthermore, the respondents used convenience sampling and snowball sampling techniques in gathering the information needed for the study. By utilizing convenience sampling, researchers chose respondents based on convenience. This type of sampling method is faster and more cost-effective compared to other methods, and the respondents would be more motivated to answer the questionnaire (Miller, 2020). Lastly, Partial Least Square-Structural Equation Modeling (PLS-SEM) was employed to treat the data and to test the hypotheses of the study.

4. Results

Table 1

<table>
<thead>
<tr>
<th>Online Business Trends</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media platforms commonly being used</td>
<td>Facebook</td>
<td>185</td>
</tr>
<tr>
<td></td>
<td>Google</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Instagram</td>
<td>173</td>
</tr>
<tr>
<td></td>
<td>TikTok</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Twitter</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>YouTube</td>
<td>15</td>
</tr>
<tr>
<td>Social media tools most familiar with</td>
<td>Facebook Pages</td>
<td>185</td>
</tr>
<tr>
<td></td>
<td>Facebook Live</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>Facebook</td>
<td>174</td>
</tr>
<tr>
<td></td>
<td>Marketplace</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facebook Stories</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>Instagram for Business</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>Instagram Stories</td>
<td>163</td>
</tr>
</tbody>
</table>
### Table 1

<table>
<thead>
<tr>
<th>Social Media Platform/Tool</th>
<th>Frequency</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snapchat</td>
<td>10.5</td>
<td></td>
</tr>
<tr>
<td>Viber</td>
<td>13 7.0</td>
<td></td>
</tr>
<tr>
<td>WhatsApp</td>
<td>2 1.0</td>
<td></td>
</tr>
<tr>
<td>Txtblast</td>
<td>1 0.5</td>
<td></td>
</tr>
<tr>
<td>Google My Business</td>
<td>5 2.7</td>
<td></td>
</tr>
<tr>
<td>Viber for Business</td>
<td>12 6.5</td>
<td></td>
</tr>
<tr>
<td>Twitter for Business</td>
<td>31 16.8</td>
<td></td>
</tr>
<tr>
<td>TikTok for Business</td>
<td>46 24.9</td>
<td></td>
</tr>
</tbody>
</table>

Based on the results on Table 1, it shows the knowledge of the respondents towards the online business trends (social media platforms and tools), as well as how often they use it. Among the 185 respondents, the majority chose Facebook and Instagram as their most used social media platforms, with Facebook being the most effective social media platform (77%). Moreover, Facebook Pages and Facebook Marketplace were considered the most familiar social media tools among the respondents, with Facebook Pages being the most effective (67%).

### Table 2

**Convergent Validity and Reliability Measures (Confirmatory Factor Analysis)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Constructs/Items</th>
<th>Factor Loading</th>
<th>SE</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceived Ease of Use</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEOU1</td>
<td>I find social media tools convenient in creating marketing strategies for my business.</td>
<td>0.631</td>
<td>0.065</td>
<td>0.619</td>
</tr>
<tr>
<td>PEOU2</td>
<td>I don’t encounter any difficulties while using social media tools for my marketing strategies.</td>
<td>0.624</td>
<td>0.065</td>
<td></td>
</tr>
<tr>
<td>PEOU3</td>
<td>I have access to a variety of social media platforms that I use in advertising my products.</td>
<td>0.493</td>
<td>0.067</td>
<td></td>
</tr>
<tr>
<td>PEOU5</td>
<td>I prefer using social media tools that can be less time consuming in advertising my products.</td>
<td>0.657</td>
<td>0.064</td>
<td></td>
</tr>
<tr>
<td><strong>Social Media Advertising</strong></td>
<td></td>
<td>0.572</td>
<td>0.066</td>
<td>0.694</td>
</tr>
<tr>
<td>SMA1</td>
<td>Engaging in social media helps me advertise my products more efficiently.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMA2</td>
<td>Advertising my products on social media helps lessen my expenses.</td>
<td>0.537</td>
<td>0.066</td>
<td></td>
</tr>
</tbody>
</table>
SMA3 Advertising my products on social media helps me gain more followers online and increase customer engagement. 0.769 0.063
SMA4 Advertising my products on social media increases both my brand and product awareness. 0.749 0.063
SMA5 Advertising my products on social media helps my company establish stronger brand equity. 0.713 0.064

Electronic Word-of-Mouth (eWOM)

EWOM1 I find online reviews from customers essential for my business. 0.535 0.066
EWOM2 Customer reviews affect my business in terms of sales. 0.710 0.064
EWOM3 Customer reviews affect my business in terms of brand image & awareness. 0.670 0.064
EWOM4 Customer reviews affect my business in terms of customer engagement. 0.759 0.063
EWOM5 Customer reviews affect my business in terms of customer satisfaction. 0.701 0.064
EWOM6 Customer reviews make my business learn from its mistakes and help further improve performance. 0.736 0.063

Business Performance

BP1 Social media tools play a significant role in order to sustain my business. 0.607 0.065
BP2 Using social media tools helps my business gain profit. 0.312 0.069
BP3 Using social media tools helps my business establish brand image & awareness. 0.635 0.065
BP4 Using social media tools helps increase customer engagement. 0.657 0.064
BP5 Using social media tools helps my business in obtaining customer satisfaction. 0.690 0.064
BP6 Using social media tools helps increase market share growth by 15%. 0.653 0.065
BP8 Using social media tools helps me analyze my target market. 0.588 0.065

Table 2 presents the confirmatory factor analysis of the constructs. For Perceived Ease of Use, items PEOU4 and PEOU6 were removed because the p-value is more than .05, indicating that it is not a significant indicator of Perceived Ease of Use. The remaining 4 items used to measure the Perceived Ease of Use have factor loadings ranging from .493 to .657 (p < .001). All the 4 items were considered as significant indicators, with PEOU5 as the best indicator of Perceived Ease of Use. For Social Media Advertising, all items were significant indicators which have factor loadings ranging from .537 to .769 (p < .001), with SMA3 being the best indicator of Social Media Advertising. For Electronic Word-of-Mouth, all items were also significant indicators which have factor loadings ranging from .535 to .759 (p < .001), with EWOM4 as the best indicator of Electronic Word of Mouth. On the other hand, for Business Performance, item BP7 was removed because the p-value is more than .05, indicating that it is not a significant indicator of Business Performance. The remaining 7 items used to measure the
Business Performance have factor loadings ranging from .312 to .690 (p < .001). All of the 7 items are considered significant indicators, with BP5 as the best indicator of Business Performance.

As seen from the table, the Cronbach Alpha values for the four constructs range from 0.6 to 0.7. According to the study of Taber (2017), while there are several studies of interpretations of the significance of Cronbach Alpha, along with indications of having a threshold or cut-off as an acceptable or satisfactory level, 0.6 and 0.7 values were regarded as “acceptable values” to interpret data (Griethuijsen et al., 2014).

Table 3
Correlation Coefficients of the Constructs

<table>
<thead>
<tr>
<th>Latent Variables</th>
<th>Perceived Ease of Use</th>
<th>Social Media Advertising</th>
<th>Electronic Word-of-mouth (eWOM)</th>
<th>Business Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Ease of Use</td>
<td>0.589</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Media Advertising</td>
<td>0.440</td>
<td>0.675</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic Word-of-Mouth</td>
<td>0.346</td>
<td>0.559</td>
<td>0.689</td>
<td></td>
</tr>
<tr>
<td>Business Performance</td>
<td>0.353</td>
<td>0.421</td>
<td>0.462</td>
<td>0.599</td>
</tr>
</tbody>
</table>

Diagonal values are the square roots of AVE and off-diagonals are inter-construct squared correlations

Table 3 shows the latent variable correlations or correlation coefficients. Results revealed that the measurement model has discriminant validity as illustrated by the values on the main diagonal. According to Fornell and Karker (2011), if the values at the main diagonal are higher than off-diagonal elements, the latent variables have acceptable discriminant validity. Discriminant validity was assessed by contrasting covariance/variance among relationship and latent variables inside measurement indicators (Cheung and Lee, 2010).
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Figure 2
Emerging Model

Figure 2 shows the emerging model using Partial Least Square – Structural Equation Modelling (PLS-SEM) to test the relationship between the independent variables (perceived ease of use, social media advertising, and electronic word-of-mouth) and the dependent variable (business performance).

Table 4
Model Fit Indices

<table>
<thead>
<tr>
<th>Measure</th>
<th>Estimate</th>
<th>Threshold</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN</td>
<td>221.599</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>DF</td>
<td>199</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>1.114</td>
<td>Bet 1 and 3</td>
<td>Excellent</td>
</tr>
<tr>
<td>GFI</td>
<td>.904</td>
<td>&gt; .90</td>
<td>Acceptable</td>
</tr>
<tr>
<td>NFI</td>
<td>.928</td>
<td>&gt; .90</td>
<td>Acceptable</td>
</tr>
<tr>
<td>CFI</td>
<td>.972</td>
<td>&gt; .95</td>
<td>Excellent</td>
</tr>
<tr>
<td>RMR</td>
<td>.023</td>
<td>&lt; .05</td>
<td>Excellent</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.025</td>
<td>&lt; .08</td>
<td>Excellent</td>
</tr>
<tr>
<td>P CLOSE</td>
<td>.996</td>
<td>&gt; .05</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

Table 4 depicts the model fit statistics of the resulting model, specifically the $x^2$/df, root mean square error of approximation (RMSEA), incremental fit indices (IFI), normed-fit indices (NFI), and comparative fit index (CFI). The value 1.114 of $x^2$/df stresses compatibility of the hypothesized model. RMSEA value of 0.025 coincides within the .08 and below acceptable range which implicates the fitness of the proposed model. GFI, NFI and CFI with 0.904, 0.928, and 0.972 values, respectively, fall within the acceptable level of 0.90 and 0.95, therefore indicating a good model fit of the proposed model.

Table 5
Direct and Indirect Path Analysis

<table>
<thead>
<tr>
<th>PATH</th>
<th>Standardized Estimates ($\beta$)</th>
<th>Effect Size</th>
<th>Standard Error</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1. Perceived Ease of Use $\rightarrow$ Social Media Advertising</td>
<td>0.636</td>
<td>0.234</td>
<td>0.076</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>H2. Social Media Advertising $\rightarrow$ Business Performance</td>
<td>0.254</td>
<td>0.151</td>
<td>0.053</td>
<td>0.046</td>
</tr>
<tr>
<td>H3. Social Media Advertising $\rightarrow$ Electronic Word-of-Mouth</td>
<td>0.569</td>
<td>0.346</td>
<td>0.107</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>H4. Electronic Word-of-Mouth $\rightarrow$ Business Performance</td>
<td>0.388</td>
<td>0.176</td>
<td>0.068</td>
<td>0.021</td>
</tr>
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</table>
Table 5 shows the direct and indirect path analysis of the constructs. The researchers examined the standardized estimates and their probability values to establish if Social Media Advertising was affected by the respondent's Perceived Ease of Use ($\beta = 0.636, p < 0.001$), which indicates that an increase in the extent of Perceived Ease of Use will lead to an increase in the extent of the Social Media Advertising of business owners. Several studies revealed that perceived ease of use has a positive effect on social media advertising. According to Nyagadaza (2020), social media advertising is now a developing phenomenon in marketing, in which digital marketers need to understand its use, as well as predictive trends and campaigns to reach out to more consumers. Perceived ease of use can also build positive attitudes of consumers towards social media advertisements (Dhingra & Mudgal, 2019). In addition, according to Oyza & Edwin (2015), social media advertising is just as effective and useful compared to other forms of traditional marketing. In the study of Baglione and Tucci (2018), they found that most online businesses can benefit from advertising on social media since most of the social media tools are free of use. Consumers can interact with online businesses on a more personal level by engaging with social media advertisements (Siddiqui & Singh, 2016). This leads to the acceptance of hypothesis 1: Perceived ease of use has a positive effect on social media advertising.

On the other hand, the researchers examined the standardized estimates and their probability values to establish if Business Performance was affected by Social Media Advertising ($\beta = 0.254, p < 0.046$), which indicates that an increase in the extent of Social Media Advertising will lead to an increase in the extent of their Business Performance. According to Saravanakumar & Suganthalakshmi (2012), social media advertising is seen by most digital marketers as a huge opportunity to boost market share figures. The study of Kim et al. (2021) states that effective social media advertising can also enhance the business’ overall reputation. Moreover, with the surge in the number of social media users every year, it will increase the number of target consumers and opportunities for promotions for online businesses, making social media the most ideal platform for marketing (Saravanakumar & Suganthalakshmi, 2012). The study of Constantinides (2014) found that advertising on social media can provide new ways for people to build and maintain social networks, gather information, and produce relevant content online, interact with customers, generate marketing tactics, as well as create new buzz and new avenues to reach potential target market (DiPietro et al., 2012). Most importantly, social media advertising can also help increase market insights and make the business stand out from its competitors (Akram & Kumar, 2017). This leads to the acceptance of hypothesis 2: Social media advertising has a positive effect on business performance.

Furthermore, in terms of Electronic Word-of-Mouth and Social Media Advertising, the researchers also examined the standardized estimates and their probability values to establish if there is a significant relationship between both variables ($\beta = 0.569, p < 0.001$), which indicates that an
increase in the extent of Social Media Advertising will lead to an increase in the extent of the Electronic Word-of-Mouth. Findings revealed that social media advertising has a significant effect on electronic word-of-mouth (eWOM). The result is congruent to several studies, including the study of Nadaraja (2013), in which they found that through social media advertising, companies can be able to reach targeted audiences more efficiently and effectively. According to Parsons (2014), social media advertising allows interaction between the company and the consumer, allowing consumers to speak back rather than be simply spoken to. In the study of Alhabash et al., (2018), they found that social media advertising is considered to be an effective method used by online retail businesses to enhance their persuasive communication towards their target consumers. This leads to the acceptance of hypothesis 3: Social media advertising has a positive effect on electronic word-of-mouth (eWOM).

For the relationship between Business Performance and Electronic Word-of-Mouth (eWOM), the researchers examined the standardized estimates and their probability values to establish if Business Performance was affected by the Electronic Word-of-Mouth ($\beta = 0.388, p < 0.021$), which indicates that an increase in Electronic Word-of-Mouth will lead to an increase in Business Performance. Several studies revealed that electronic word-of-mouth (eWOM) has a significant impact on business performance. According to Gvili & Levy (2021), good electronic word-of-mouth (eWOM) can design effective value offerings, which will, in turn, increase business performance. The result also confirmed the study of Chu & Kim (2011), in which they found that electronic word-of-mouth (eWOM) has a positive effect on the customer engagement of a business, one of the key metrics in business performance, and that eWOM in social networking sites has a significant relationship in customer engagement towards online retail businesses. Furthermore, according to Muniweera et al. (2020), eWOM is considered a strategic marketing tool for online businesses, an influential factor that can obtain consumers, and one of the most popular marketing strategies to endorse brands (Sundaram et al., 2020). This leads to the acceptance of hypothesis 4: The better the electronic word-of-mouth (eWOM), the higher the business performance.

5. Conclusion

Social media has changed the way we interact or communicate with each other. This research provided sound justifications regarding the advancement of the Internet and the digital world, mainly the social media platforms and tools, and how they all have empowered online business owners to maximize them using various social networking sites. Based on the results of the study, it showed that all independent variables were significant to its corresponding dependent variable. All of these variables have a direct effect towards the overall performance of online retail business belonging to the consumer electronics industry. It was also seen from the findings that most of the online retail business owners have been utilizing social media tools from the most popular online platforms because of its effectiveness in their business performance. In addition, the researchers conclude that Facebook was the most dominant social media platform because of the multiple social media tools the platform offers. Moreover, the overall performance of a business can be determined or assessed by key metrics or elements, such as sustainability, sales, brand image & awareness, product awareness, customer engagement, customer satisfaction, and market share.

The study was able to point out the importance of each variable and its relationship, and how they can affect the business internally and externally. Knowing that perceived ease of use has a positive effect on social media advertising, if a business owner is able to use social media tools conveniently,
this can help them advertise more effectively. Moreover, the researchers found that social media advertising has a positive effect on business performance, meaning that if an online business owner uses social media platforms to advertise their products, there is a high probability that the performance of their business will likely increase. Furthermore, social media advertising can provide insights to build and maintain social networks and gather information which significantly affects online retail businesses. On the other hand, social media advertising has a positive effect on electronic word-of-mouth, which is an indicator that advertising in social media helps to engage and interact with customers. Lastly, if online businesses have better electronic word-of-mouth, they can interact, communicate, and build profitable relationships with their customers, which will result in a higher business performance.

6. Recommendations

The findings from this research study will be able to provide extensive information and ideas that online retail business owners can use in their current business operations. Since most of the business owners utilize social media platforms and tools in advertising or marketing their products or services, this study can help them identify which platform and tool is most effective when it comes to advertising. Having social media pages or sites should be a requirement or a must-have for online retail businesses; there is an increase in the number of social media users each year (Dean, 2021). Moreover, the study also emphasized that there are several social media tools that can be utilized and are free of charge. Business owners can take advantage of this opportunity which will save time, lessen their budget, and cut costs because of the free social media tools, which can also target their consumers more effectively. Furthermore, understanding the relationships of the variables from the study can benefit key stakeholders and newly graduates who plan to start their own online retail business in the near future. Perceived ease of use & electronic word-of-mouth are important factors since it helps businesses share information and experiences with other consumers in the most convenient ways possible that can lead to more engagement.

This research focused on the utilization of social media platforms and its tools to evaluate its effects towards online retail businesses. Specifically, the researchers chose the consumer electronics industry due to the growth in demand. Furthermore, as this research serves as the foundation, future research may consider including different industries that may benefit and apply the utilization of social media platforms and its tools to improve business performance. In addition, as present studies are focused on online advertising and social media, these studies are being conducted in areas such as Western and European countries, having limited research in the Asian region. The respondents that were gathered in this study came from the Philippines, with the majority coming from Luzon. The proponents suggest that further research regarding businesses utilizing social media and online platforms be conducted in the Southeast Asian regions to gather more insights about the online business environments and consumer behavioral intentions towards online platforms. Lastly, the researchers recommend further research to focus more on the specific generations and age groups who use social media platforms in order to engage with online retail business establishments.

References


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