

UNDERSTANDING THE FACTORS AFFECTING USERS' INTENTION TO CONTINUOUSLY PAY FOR THE SERVICE OF SOCIAL NETWORKING SITES

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ABSTRACT

Although social networking services have been popular, many users are still reluctant to pay for the services. In this study, we proposed a theoretical model that considered perceived value and service degradation barriers as major determinants of the intention to continuously pay for the services. In addition, possible antecedences of the two determinants were proposed. After surveying 212 subjects, the results indicated that all hypotheses were supported. Finally, the implications of this research were discussed.

Keywords: Social networking services, Perceived value, Degradation barriers, Intention to pay

INTRODUCTION

Online social networking sites (SNSs) and virtual communities have become very popular and have been growing rapidly in recent years. According to the estimates of eMarketer in 2009, 79.7 million people accounting for 40% of US Internet users, will create at least one content on social networks per month in 2009, either through updating a profile or communicating publicly. For social networking sites managers, more active members/users can bring in more revenue, such as advertising charges and subscription fees. Therefore, social networking sites continuously provide new services for their users, such as blogs, photos, music, and videos, in hopes to increase the users' intention to update their content on these services or pay for the services. However, many members are still reluctant to pay for subscription fees to SNSs, and SNSs so far lack a viable revenue model [12]. Hence, factors influencing users' intention to continuously pay for the services merit further investigations.

LITERATURE REVIEW, RESEARCH MODEL AND HYPOTHESES

According to the past studies, customers are motivated to remain with a particular service by constraint-based determinants and desire-based determinants [1][3][14]. In the SNS payment context, the constraint-based determinant and desire-based determinant would be degradation barriers and perceived value respectively. Similar to switching barriers, degradation barriers are defined as the degree to which customers experience a sense of being “locked into” a service based on economic or psychological costs associated with degrading a particular service [14]. In addition, perceived value is a consumer’s overall assessment of the utility of a product or service, which is determined by a consumer’s perceptions of what is received and what is given [10].

Antecedents of perceived value

Perceived benefits: social value and enjoyment

In cognitive evaluation theory, motive is divided into internal and external motives [6]; whereas external motive refers to the motive of accomplishing a certain project while the internal motive refers to the motive of executing a specific event without influence from external factors. Prior studies have pointed that both internal and external motives influence users’ perceived value and behavior [13]. Similarly, these motives will also cause identical impact on the evaluation and use of information system [10][11]. Moreover, customers would evaluate products on the cognitive and emotional aspects [7]. Consequently, benefit assessment of perceived value in this study is also divided into two aspects: 1. cognitive construct: social value; 2. emotional construct: enjoyment. Consistent with Turel et al. [15], social value describes the utility derived from the product’s/service’s ability to enhance social self-concept. In addition, as defined in the prior study [10], enjoyment is the extent to which the activity of using a product or service is perceived to be enjoyable in its own right, apart from any performance consequences that may be anticipated.

Perceived sacrifice: perceived fee

Perceived sacrifice can be divided into monetary and non-monetary sacrifice. With respect to non-monetary aspect, sacrifice in usage of information technology mainly is the efforts on system operation learning [5][10]. Nevertheless, with the progress in existing web technology, most users can easily use Internet services. Consequently, the study does not take into account non-monetary sacrifice but monetary sacrifice. In regards to monetary sacrifice, product or service fee refers to the degree to which the consumer believes that he/she must pay in money to obtain additional services [5].

Determinants of service degradation barrier

Sunk costs and lost performance cost

Sunk costs and lost performance costs are both possible costs resulted from degrading service level. Sunk costs refer to perceptions of investments and costs already incurred in establishing and maintaining website, whereas performance costs are defined as perceptions of the benefits and privileges lost by switching the level of service [9]. For example, users may lose their virtual products or be unable to post new articles or upload photos due to storage capacity limits if they do not pay continuously for services. Past studies also indicated that sunk costs and lost performance costs are part of switching costs [2][9]. Similarly, service degradation would lead to the loss of sunk costs and performance costs, which become a part of the barriers in degrading service level.

Consequently, according to past literature and studies, the following research model and hypotheses are proposed.

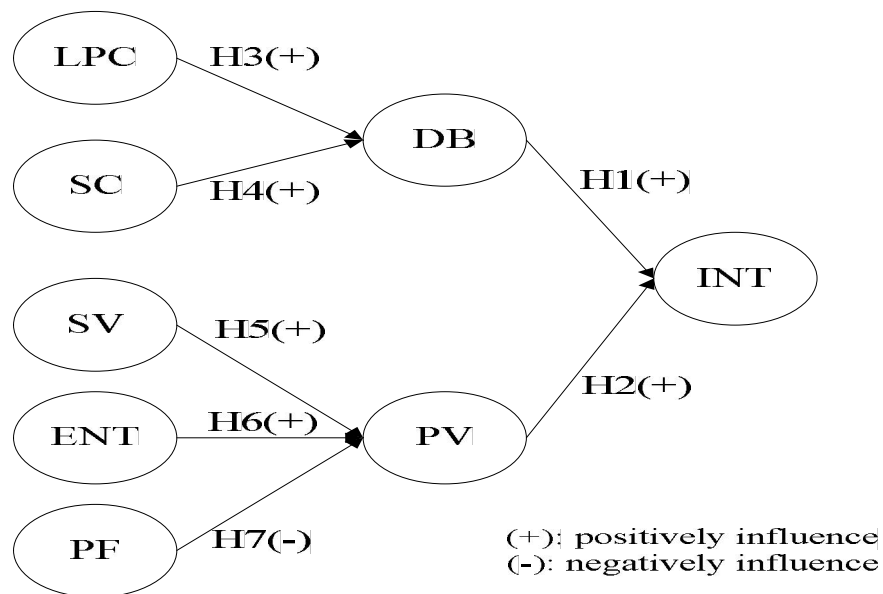


Fig. 1 Research model.

INT: Intention to continuously pay for SNS service; DB: Degradation barriers PV: Perceived value; LPC: Lost performance cost; SC: Sunk cost; SV: Social value; ENT: Entertainment; PF: Perceived fee.

METHODOLOGY

Most of the items measuring the concerned constructs were adapted from prior related research with slight modifications to fit the SNS context. For all the measures, a five-point Likert scale was used.

VIP members of iPartment (www.i-part.com.tw), who pay subscription fees for advanced services, are the population of this study. iPartment is the most popular avatar SNS in Taiwan and China (www.ipart.cn). Different from most web service providers, the profits of iPartment come mainly from

subscription fees and the sale of virtual items, rather from advertising.

The samples were selected by the random visit function provided by iPartment. We posted a private invitation message of the online questionnaire survey on the guest book of 1100 VIP members. Consequently, 212 responses of the members were received and used to test our hypotheses.

DATA ANALYSIS AND RESULTS

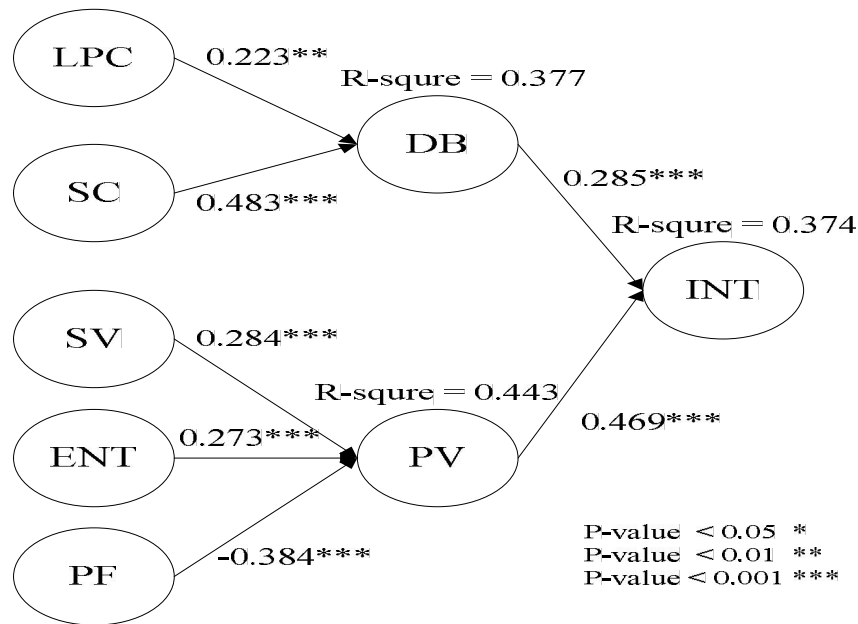


Fig. 2 Results of the research model.

The proposed research model was tested by using the method of partial least squares regression (PLS). Different from covariance-based SEM, PLS focuses on maximizing the variance of the dependent variables explained by the independent ones in place of reproducing the empirical covariance matrix [8]. In addition, the advantages of PLS are minimal restrictions on measurement scales, sample size, and residual distributions [4]. For the relatively smaller sample size (number = 212), it is considered to be the most appropriate analysis technique for this study.

Figure 2 presents a graphical depiction of the PLS results, which shows the standardized path coefficients among the constructs and the variance explained (R^2). The results showed that all path coefficients were significant.

DISCUSSIONS

All research hypotheses were supported in this study, and some interesting findings are as follows. First, we found that degradation barriers and perceived value had strong effect on members' intention to continuously pay for SNS service, in particular perceived value. The two factors could explain 37.4% of

the variance in the intention. These results imply that SNS managers should not only enhance the perceived value of the SNS services but also raise degradation barriers in order to attract their members to continuously pay for the services. Second, lost performance cost and sunk cost could significantly influence degradation barriers. This means that SNS managers can raise degradation barriers through increasing members' lost performance cost and sunk cost. For example, they can provide some promotion activities, such as special prices or free probation, for unpaid members. Finally, compared with social value and entertainment, perceived fee had stronger effect on perceived value. Therefore, SNS managers should provide acceptable subscription fee while they are considering how to increase the social value and entertainment of SNS services.

LIMITATIONS AND FURTHER RESEARCH

First, this study focuses exclusively on the effect of perceived value and degrading barriers on the intention of SNS members to pay for subscription. Other relational constructs likely affecting the intention to pay for subscription, such as satisfaction of services, should also be examined in the future. Second, the discussed findings and implications were acquired from one single study that was targeted to a specific user group, iPartment users. Caution must be taken when generalizing these research results to other different types of services or contexts. Third, this study only focuses on VIP members. Future research could compare the differences in the payment intention between paid members and unpaid members of an SNS and think over how attract unpaid members to pay.

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