I Play, I Pay?
An Investigation of the User’s Willingness to Pay on Hedonic Social Network Sites

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ABSTRACT

The user’s willingness to pay has become one of the most important success factors of hedonic social network site new business models and social media marketing activities. In the current study, the author investigates the influential factors of the user’s willingness to pay from the hedonic system use theories and the social capital based view. The author finds that the user’s perceived playfulness, which is considered a critical factor by practitioners, has no significant positive effect on the user’s willingness to pay. Along with other findings, the author has a further discussion on the fun-based business model development. This study provides a theoretical foundation for the future HSNS economic value research and offers several implications to practitioners.

Keywords: Business Value, Hedonic Social Network Sites, Social Media, Social Media Marketing, Willingness to Pay

INTRODUCTION

The economic values of hedonic social network sites (HSNS) have received a great deal of attention from the Web site managers and social media marketers (Andzulis et al., 2012; Hoffman, 2010; Kaplan & Haenlein, 2010). With billions of users, HSNS managers have been making effort in transforming their “playing” users to the “paying” users. However, many attempts failed to reach the goal of getting the individual HSNS member’s payment (Lu and Hsiao, 2010). Subsequently, how to successfully motivate the user’s willingness to pay (WTP) have become the most desirable knowledge to practitioners, especially when HSNS are going public, both Web site managers and investors are eager to explore a new business model, that can exceed limitations of the overly reliance on online advertisement sales (Raice, 2011). Social media marketers are another major group that cares about the user’s willingness to pay on HSNS (Hanna et al., 2011; Mangold & Faulds, 2009). In the emerging social media marketing industry, one strategy that practitioners commonly adopt is that salespersons or consumer-to-consumer (C2C) e-commerce sellers will create regular accounts on HSNS. Using these accounts, the social media marketers broadly create connections with others on the Web sites. From the social media marketers’ perspective, these online contacts are potential customers in the future (Uitz, 2012). Social media marketers believe that they could influence their

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online contact’s purchase decisions with the interpersonal social connections in the virtual environment (Clemons et al., 2007). However, the social media marketer’s intuitive assumption has not been validated from the potential buyer’s perspective. Thus, a rigorous study is highly needed to investigate the effect of an HSNS user’s perceived playfulness on the user’s WTP other members, when other members attempt to create business relationships with him or her.

In the current study, we separate the user’s willingness to pay on an HSNS into the user’s willingness to pay for HSNS and the user’s willingness to pay other members on the Web site. Then, we have a literature review about the motivational factors of an HSNS user’s behavioral intention. Incorporating factors from hedonic system use theories and the social capital view, we introduce a new theoretical model to investigate the effects of several factors on the user’s WTP on HSNS. A survey based methodology was adopted to collect data for the hypothesis testing. In the last three sections, we will have a discussion on the findings from the current research, contributions to social media economic value research, implications to practitioners, limitations and future research.

LITERATURE REVIEW

HSNS refer to the Web services that aim to facilitate the interpersonal social connections through the Internet (Rosen & Sherman, 2006). The key feature of HSNS is that they do not directly provide visible and instrumental outcomes to users as utilitarian systems do (Kim & Hwang, 2006; Moon & Kim, 2001). By contrast, an individual’s perceived playfulness (or perceived enjoyment) is the most important outcomes when he or she uses an HSNS (Sledgianowski & Kulviwat, 2009). According to the nature of HSNS, we suggest that theories with the hedonic system use perspective and the social capital based view of HSNS can be adopted to support the current investigation on the user’s WTP.

Hedonic system use research is an emerging field in information systems studies with the rising trend of the hedonic IT artifact development and consumption (Turel et al., 2010). Drawing on the Technology Acceptance Model (TAM), van der Heijden (2004) develops a foundation of the hedonic system use theory, and argues that a user’s perceived enjoyment and the user’s perceived ease of use of the system are two critical factors that can strongly influence the user’s attitude toward the system and the user’s behavioral intention in a hedonic system. The hedonic system use model (van der Heijden, 2004) is broadly adopted by the HSNS research. Sledgianowski and Kulviwat (2009) find that an individual’s perceived playfulness has a strong motivational effect on the individual’s intention to adopt an HSNS. Hsu and Wu (2011) argue that perceived playfulness is also a strong cohesive factor between the user and the virtual social network. An HSNS user’s perceived playfulness has strong positive effects on the user’s satisfaction in the Web site and the user’s continuance intention in his or her post-adoptive stage of the Web site. Previous studies (Cha, 2009, 2011) find that the user’s perceived ease of use could also strongly influence the user’s behavioral intention on an HSNS. Heinrichs et al. (2011) argue that an individual’s perceived ease of use of an HSNS could positively influence the individual’s experience on the HSNS, thereby motivating the individual’s intention to join in the virtual social network as a new member. Since a user’s perceived playfulness and perceived ease of use are critical, we are interested in whether the two factors could have extended effects on the user’s WTP on HSNS. Therefore, we raised the following two questions: (1) Could an HSNS user’s perceived playfulness and perceived ease of use have significant positive effects on the user’s WTP for the Web site services? (2) Could the user’s perceived playfulness derived from the online interpersonal interactions have a significant positive effect on his or her WTP online contacts, when the online contacts attempt to sell products or services to him or her?
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