ABSTRACT

Social networking services are among the most applied internet services. Studies concerning post-adoption behavior have focused usage motivations, such as usefulness and enjoyment. Nevertheless, the understanding of consumer behavior in the context of these services is still very limited. Especially, there is no model that integrates the highly relevant switching costs to explain the complex interdependencies within the usage phase. Another specific problem of social networking services relates to the acceptance of revenue models. This study contributes to closing this research gap by proposing a model of post-adoption behavior which covers these aspects. The model assumes two important mechanisms: a loyalty-centered dedication-based mechanism, and a constraint-based mechanism, which refers to the switching costs involved. The focus of the model is widened beyond usage intention to other dependent variables which are crucial from a business perspective, such as usage concentration, willingness to pay and acceptance of advertisements. The empirical test of the proposed model was conducted using a sample (N=208) from users of social networking services. The results of structural equation modeling analysis indicate that the model is able to explain substantially the variance of some of the dependent variables, such as usage intention and usage concentration. Concerning the revenue model acceptance, three positions of users to the financing of service providers are deduced: information seller, privacy concerned user and free rider. Based on the results, theoretical and practical implications are derived.

Keywords: Customer Loyalty, Empirical Research, Hedonic Information Systems, Post-Adoption Behavior, Revenue Model Acceptance, Social Networking Services, Switching Costs, User Acceptance

1. INTRODUCTION

Since their introduction in the 1990s, online social networks have been experiencing extraordinary popularity while at the same time, they have also been struggling to charge users for the offered service. Six Degrees, founded in 1997, is generally regarded as the Internet’s first social networking application. However, despite its millions of users, Six Degrees never managed to establish a sustainable revenue model, leading to the closure of the service in 2000 (Boyd & Ellison, 2008). From 2003 onwards, many new social networking sites were launched. Among these, the outstanding growth of Facebook is of particular significance. At the time of writing the site has over a billion user, and an array of other social networks, such as Google+, LinkedIn, Habbo and Qzone, have already surpassed the 100 million user mark.
Despite these successes and the obviously high user acceptance, the service providers of these social networks are confronted with a number of challenges regarding their revenue model: So far, profit can almost exclusively be generated by indirect revenue models based on targeted advertising and the integration of third-party applications. Dependence on developments in the online advertising market is high and changes in advertising prices and use practices have a direct impact on the revenue. Such change in use practice can be observed for example in the increasing importance of mobile devices and applications. Many social networking services are ill-prepared for the associated changes in the advertising and revenue strategies.

Until now, most social networks have not been able to establish sustainable revenue models beyond advertising. The monetization of user data turns out to be difficult, not least because of an increasing public awareness of privacy issues. Regarding the acceptance of direct revenue models, for example in the form of monthly usage fees, there is a lack of experience in the users’ willingness to pay. Furthermore, the high dynamic of the market and its large number of competitors makes it a challenging task for providers of social networking services to preserve the loyalty of existing users while perpetuating high growth rates of their user base.

Until now, research on social networks has been focussed mainly on user motivations, self-presentation, the structure of the network-graph as well as on privacy issues (Boyd & Ellison, 2008). From the perspective of acceptance research there are, as yet, relatively few empirical results. Because revenue depends on usage and is indirectly generated during usage, questions about the determinants of customer behavior in the post-adoption phase become relevant. The causal models developed so far do not answer these questions. In addition to usage practice, other user behaviors such as the awareness for competing offers, the willingness to pay and the acceptance of advertising are relevant for the marketing strategies of service providers. Notably, there is no model that accounts for switching costs of the user in the context of customer relationship and its interdependencies with alternative revenue models.

To fill this research gap, a post-adoption model for social networking services with a special focus on revenue model acceptance is developed in this paper. Based on research results on customer relationship management (Wulf & Odekerken-Schröder, 2001), two main aspects for the explanation of consumer behavior in the use phase of electronic services can be assumed: firstly, the previous experience with the service in question and secondly, the perceived costs associated with the termination of the usage or the switching to an alternative service. These considerations lead to the research question of this paper: How can relevant customer behaviors in the use phase of social networking services be explained adequately?

The structure of this paper is organized as follows. The next section starts with positioning this contribution in the state of research. On the basis of various theoretical points of reference, the research model with its corresponding hypotheses is established in the third section. The fourth section explains the research methodology and describes the procedure for the empirical collection of data, which is then analyzed in the fifth section. The sixth section discusses the results obtained and derives implications for further research as well as practical implications.

**2. THEORETICAL BACKGROUND**

In acceptance research, there are typically three distinguished phases (which are sometimes further differentiated): A pre-adoption phase, a buying or decision making phase, and a post-adoption phase (Jasperson, Carter, & Zmud, 2005). In regard to the post-adoption phase, models have been developed which integrate not only the typical influencing factors such as the perceived usefulness and ease of use, but also the user’s experience with the system and his or her usage habits (Jasperson et al., 2005).
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