

Determinants of Customer Loyalty for Social Networking Sites

Rui Gu, Lih-Bin Oh, and Kanliang Wang

School of Management, Xi'an Jiaotong University
28 Xianning Xilu, Xi'an, 710049 Shaanxi, P.R. China

Abstract. Although customer loyalty has been widely examined in various Internet contexts, the conceptualization and empirical validation of a customer loyalty model for social networking sites (SNSs) has not been addressed adequately. This study attempts to shed light on the determinants of customer loyalty for SNS. We propose a theoretical model comprising of perceived value, satisfaction, and consumer knowledge as antecedents of SNS customer loyalty. Theoretical and managerial implications together with suggestions for future research are discussed.

Keywords: customer loyalty, social networking sites, perceived value, user satisfaction, consumer knowledge.

1 Introduction

Social networking sites (SNSs) have emerged as one of the most popular Internet services over the recent years. SNSs allow users to construct a public or semi-public profile, articulate a list of other users, view and traverse their connections, and communicate with one another in their networks [1]. Since the first SNS SixDegrees.com was launched in 1997, we are witnessing the mushrooming of various types of SNSs, either based on shared interests (e.g., politics, literature) or focus on certain groups (e.g., college students, businessmen). In 2008, the total number of SNS users has grown by 25 percent worldwide [2].

The SNS scene has become very competitive. In the U.S., the top five SNSs Facebook.com, Myspace.com, Twitter.com, Flixster.com, and LinkedIn.com were reported to have 1191m, 810m, 54m, 53m, and 43m monthly visits, respectively in January 2009 [3]. Meanwhile, in China, the world's largest Internet market with 384m users [4], the popularity of SNS is also surging phenomenally. The number of Chinese SNS users is expected to achieve a growth rate of 67.8% and will reach 100m by the end of 2009 [5]. This figure is expected to hit 170m by 2011 while the potential revenue of SNSs in China would reach 1.7b Yuan in 2010 [6]. It was reported that there are at least more than 30 SNSs in China with sizeable user base [7]. The four leading Chinese domestic SNSs 51.com, Xiaonei.com, Chinaren.com, and Kaixin001.com were reported to have weekly independent visitors of 14m, 9.5m, 7m, and 3.5m, respectively [8]. Kaixin001 had more than 9m registered users by February 2009 and is one of the top 150 most-visited sites worldwide registering more than 60m hits a day [9].

However, it was found that the percentage increase of Chinese SNS users' browsing time varied greatly from less than 40 percent to more than 200 percent amongst different SNSs [10]. Similarly, U.S. Internet users spent five percent of online time on Facebook and only 2 percent on Myspace in January 2009 [11]. Considering the fact that there are so many competing SNS services, SNSs are facing the critical issue of customer loyalty. Hence, the challenge for SNSs is to be able to differentiate their services from other similar SNSs. They need to design services that users will find useful and valuable so as to increase website stickiness for user retention. In addition, it is also important for SNS operators to have a better appreciation of the factors that determine users' decision to remain with a certain SNS. Unfortunately, little research has been done on user repeat patronage behavior or customer loyalty for SNSs. Prior customer loyalty decision model derived in the context of e-commerce and other Internet services require a new examination considering the unique social capital building capabilities of SNS and the level of intense competition in the SNS market. Based on the research of customer value and knowledge, we propose a theoretical model to investigate the factors that influence SNS customer loyalty.

2 Conceptual Development

Figure 1 shows our proposed research model.

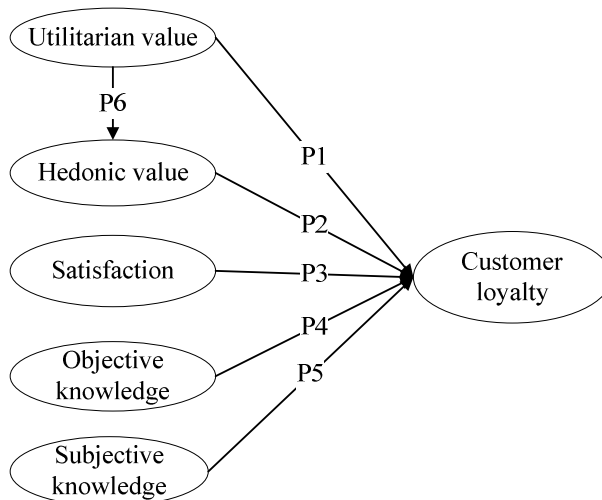


Fig. 1. Model of Customer Loyalty for Social Networking Sites

2.1 Perceived Value and Customer Loyalty

Customer loyalty is regarded as the relationship between the relative attitude toward an entity (brand/service/store/vendor) and repeat patronage behavior. It can be influenced by cognitive, affective, and conative factors [12] and is often suggested to