THE ROLE OF EXCHANGE IN CUSTOMER LOYALTY OF SOCIAL NETWORK SITES

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Abstract
Exchange has been known as the subject matter of Marketing. In this decade, Internet has enabled people to connect and exchange information to others, regardless of time and space. This condition leads to a new phenomenon, known as social networking through social network sites. In social network sites members find new kinds of exchange, which is information exchange. Memberships in many social network sites are free, which means that everyone is free to join or leave it. In that case social network providers must ensure that members keep using their site.

The aim of this study is to test and analyze the direct and indirect effect of exchange to loyalty. The Unit of analysis in this study were members of social networking sites Friendster and Facebook. There are 256 respondents participate in this research. The result shows if community members keep exchange activity, they will loyal to the community. Direct effect has greater impact on loyalty than indirect effect. This means that social network company must encourage their member to exchange information actively.

Keywords: exchange, value, community, social network site

1. Introduction
The internet was found after World War 2, around 1950 (www.livinginternet.com), and since then it use has grown rapidly. The internet booming is supported by the development in information technology such as computer in broadband technology. Basically internet was designed to connect two or more computers in the distance. During 1950 the size of computer was relatively big and very expensive, so only institution could buy a computer. With the development in computer technology, it becomes smaller and affordable. In 1980 has been known as the era of personal computer, where computer become personal and available for almost everybody. Today, computer becomes part of our life and carries around every day.
Since computer becomes individualized in 1980, internet today is not only connecting all computers in the world, but also connects people who use those computers. At those times, there were networks between computer user and known as social networks such as Friendster and Facebook. Members in this two social network exchange information among them and share experience together.

The growth of social network has great impact on business. The corporate has to change the way to communicate. The goals of communications are remain the same, to strengthen the brand, build loyalty, sell more, in more profitable manner, but the challenge is “how” to implement this new type of communications. The change also happened in customer side. The customers not only seek the value of the product, but also for corporate values that make common sense. Purchasing behavior has changed to more responsible act, and demand for clear and meaningful digital identity to which corporation can reply (www.businessatt.com, 2008).

Indonesia is an important market for social media in the world. The user of some social network media has reached significant number. Indonesia is the second largest market for Facebook users, and third largest users for Twitter (www.salingsilang.com). Figure 1 shows the descriptive data of Indonesian user of social network media.

With this large consumers base, it is important to understand how exchange of information can build loyalty in social network media. With high loyalty, it means that social media will have large number of active member, and at the end they can get revenue from advertising, and any other social interactive activity. In 2012 revenue of social media has reach USD 16.9 billion, which the largest proportion derives from advertising (http://techcrunch.com).

Exchange has been known as subject matter in Marketing (Bagozzi, 1975, 1979; Hunt, 1976). Recently the definition of Marketing in AMA (American marketing association has explicitly mention exchange as a subject matter of Marketing (AMA, 2007). The scope of exchange in Marketing has broadened to not only exchange of good and service but covering exchange of idea, event, experience and information.

Internet has led to other kind of exchange which is information exchange. Information as intangible resource has become valuable resource, and members in social network exchange information among them. Exchange will lead to value and loyalty to the website.

Today, there are more than 650 social network sites in the world (Stern, 2006), but no one knows exactly the number. The aggregate data shows that the number of social network user is growing rapidly (comscore.com). Some of these sites geographically segmented, though they not intend to be.

In Asia, during 2007 there are two largest social network sites which are Friendster and Facebook. In 2008 the number of unique visitor of Friendster is 33 million per month, far away from Facebook unique visitor which is only 21 millions per month (comscore media metrix, 2008). During the study, Facebook and Friendster still fight to be the top sites in Indonesia. Both of them know to have loyal member and high traffic rank.

Many literature in marketing explain the path to build loyalty is came from value that customer perceive. This value is result of exchange resources (Bagozzi, 1975; Kotler and Keller, 2007; Houston and Gassenheimer, 1987). In this point of view the information exchange will increase the perceived value and then they will loyal to the sites. The more intense the information exchanges the higher perceived value of member. The higher perceived value will cause member become loyal to the sites.

Exchange creates loyalty not only through value, but also by directly increasing loyalty. This argumentation comes from brand community literature. In many brand community literature exchange can be happened within members in the community (Muniz and O’Guinn, 2001; Algesheimer, Dholakia, and Herrmann, 2005). Exchange can directly increase community membership duration, community recommendation behavior, community participation behavior (Algesheimer et al., 2005). It means that exchange can directly increase loyalty.