

Chapter 1: Introduction

1.1 About this study

This research project is inspired by a paper recently published by Choi, Soriano and Ribeiro(2009) based on a study done a couple of years ago and studies the factors that influence the user-acceptance of fee-based online content. It also looks at the factors that affect the continued use of such a service.

This research project first looks at Choi et al's study in South Korea. In the current project, we have carried out an extensive literature review of the theories relevant to this subject, reviewing existing literature on similar studies and trying to build a picture of the relationship between a user and an online content service when presented with this service. The study touches the areas of user acceptance of new technology and studies of user attitude and behaviour.

Using Choi et al's study as a base, this study aims to critically view the literature reviewed, propose arguments where necessary, to try and find potential gaps or developments in the literature that have already been studied, and then apply the hypotheses and assumptions to a different context – i.e. users of fee-based online content in 2009.

The literature reviewed in the preceding study was first reviewed, and then further research carried out on the main themes identified as being of crucial importance to this subject. Needless to say, the interpretation of all literature is context-sensitive but there was no difference significant enough to affect the objectives of our research.

Our hypotheses will be in line with those of the authors of the previous study. Definitions of some terms have been clarified to suit the current context.

1.2 Defining a fee-based online content service

Parthasarathy and Bhattacharjee (1998) have defined an “online service” as one that offers *a combination of proprietary and open internet-based content (e.g.: news, weather, sports), features (e.g.: software downloads, financial research data) and services (e.g.: email, bulletin boards, web access).*

By this definition, we can also include services such as iTunes, the online music download service from Apple and online gaming communities such as World of Warcraft, Sony’s Playstation Network or Microsoft’s Xbox Live which require a subscription, paid streaming video sites such as LoveFilm and credit file management services like Experian as “online content services”. Some of the above had already been identified in Choi et al’s study.

The variety of revenue models to charge for an online content service still stays at a fundamental level as either a subscription model or a pay-per-purchase model. iTunes charges per download, World of Warcraft charges per week or month etc.

We will be using this definition when referring to an online content service or “service” throughout this study. Considering this definition, and not restricting our observations to paid magazine and newspaper subscription models, we have seen already a number of success stories around fee-based content access - multi-player video gaming communities and music, movie and software downloads.

1.3 A difference in context

The two studies take place almost three years apart, which by itself leads to some differences in context. In this section, we take a brief look at internet connectivity and access in the UK, where most of the respondents to our survey were based.

The last couple of years have seen a strong growth in broadband proliferation in the country. As of December 2008, more than 95% of internet connections in UK homes are high-speed broadband connections, up from about 69% in 2006. In terms of connectivity, about 70% of UK homes are now connected to the internet (Office for National Statistics, 2009).

Further, there have been other technological advances and developments in the last couple of years which have changed the way people use the internet. The launch of Apple's iPhone in 2007 was one such development (BBC News, 2007); the concept of mobile-phone based applications caught on almost instantly, and in 2008 Apple launched the iPhone application or "app" store where users could purchase applications for their iPhone (many of which require access to the internet through the cell phone network service provider). There are currently over 1 million iPhones in use in the UK (Holton, 2009). Estimates of mobile internet users in the UK are as high as 17.4 million (Reuters, 2009).

Internet access over mobile phones falls in both the areas of mobile phone activity as well as internet access, but this in this study, we are only referring to this as an example of how internet access has grown and new ways in which people are accessing content online, rather than looking at mobile phone technology as an application delivery platform or the role that mobile phone communication or technology plays in electronic commerce, which are subjects that deserve separate studies by themselves.

The growth of Wi-Fi (or wireless local area network) hotspots which allow people to connect to the internet wirelessly have also played a role in changing the way people interact with the internet, and the take-up of online content services. Cafes, airports and hotels in most major cities in the UK provide wireless internet services to its customers, either as a paid service or complimentary depending on the establishment.

While in 2007, just under 700,000 people accessed the internet through public wireless hotspots, by 2009, that number had reached close to 2.5 million (Office for National Statistics, 2009).

Though these changes in context do not change the foundation of the studies or the nature of the enquiries that we are making, it does have an effect on some of the statements made in Choi et al's paper where it is claimed that online content services have struggled as a revenue model (Choi et al, 2009).

With the exception of magazines and newspapers (essentially the periodical publishing sector) which has truly struggled to make online paid content work – there are many other examples of online content propositions working quite successfully as we are about to see.

In the newspaper/periodical sector, successes are limited, with the Financial Times and the Wall Street Journal two models of success that are often cited as examples. However, these are but two successful models against a lot many more failures such as the New York Times, the LA Times and Slate magazine (Shafer, 2009).

Most of the content that is available in a print magazine can be obtained off of the accompanying magazine website completely free of cost. Moreover, the website gives the user the advantage of looking up related archived articles and save articles or images if they so wish. This by itself makes the concept of paying for a magazine redundant for many readers.

There used to be the argument that buying a magazine or newspaper gives you the portability of being able to access your news anywhere, especially in places where there is limited or no internet access.

The growth and advancement in wireless internet technology and mobile internet infrastructure, combined with the rapid fall in prices of complementary hardware such as internet-enabled mobile phones and mini-laptops or netbooks makes this argument weaker by the day.

The proliferation of free content online (for periodicals) has also been exacerbated by user-generated content – people who may or may not be professional journalists, but who maintain websites or blogs disseminating opinions and news to the general

readership base for free. There are also online communities of professionals or interest groups who share information and news among themselves.

These factors have all had an effect on the way magazines and newspapers make a living.

The issues surrounding the periodical publishing industry need to be researched separately and will not be part of the remit of this study. We have already defined what we mean by a fee-based online content service and we will work according to this definition for this study.

So sticking with our definition of “online content services” as one group, we can see that in spite of apparent advances in some areas, there is a distinct struggle in some other areas.

Our study and attempt to identify the factors that influence the customers’ adoption of fee-based online content services is still valid, and considering the growth of activity online and the increasingly diverse ways in which users now access the internet, this subject is more topical and relevant than ever before.

1.4 Building a base for the study

What we are studying here is what a user does when presented with a fee-based online content service. We are trying to predict their behaviour, to understand what those factors are that influence them to either pay or to not pay for this service.

Conceptually, we can see broadly the issues that are involved here. At a very fundamental level, we’re trying to think of what is going on inside the user’s mind as they are sitting in front of a computer screen evaluating whether they want to go ahead and pay for and use this service.

They are evaluating the content and the way in which they have to go about accessing it – they are making some judgements and building up a perception and an opinion about their situation. They will respond based on their attitude towards this situation, and at some point, they will have been influenced enough by all of their observations and perceptions to make a decision and perform an action, or behave in a particular way.

Once they have used the service for the first time, their perceptions may or may not change, based on what their experience was after the initial use. Based on their experience, the user will decide whether or not they'd like to continue using that service.

A review of literature and theories revolving around attitude and behaviour leads us in the direction of Ajzen and Fishbein's Theory of Reasoned Action or the TRA (Ajzen and Fishbein, 1980) (and subsequently the Theory of Planned Behaviour or TPB, an evolution of the TRA) which deals with the antecedents to an individual's behaviour, with respect to that individual's attitudinal beliefs and the elements responsible for the development of these attitudes. This theory is discussed in further detail in the following chapters.

Continuing this study of attitude and beliefs then leads us on to the role that the actual system and the content in question play in influencing the user's decision to pay for the online content service. Extensive research in similar fields have been carried out based on Davis' Technology Acceptance Model or TAM (Davis, 1989), which is in fact an adaptation of Ajzen's TRA (Davis et al, 1989). The TAM deals mainly with the factors affecting the adoption of new technology. We will be discussing the relevance of the TAM in a subsequent chapter. Though there have been a number of extensions of the TAM to suit the model for various specific purposes, for this study, we will stick with Davis' original model since it is not a customisation of the TAM that we are attempting, nor an analysis of the TAM itself.

Studying the TAM, we have moved into the Information Systems realm of research. Continuing to search and review past studies using the TAM, we find that the vast number of studies revolve around adoption and user satisfaction and the role that these play in influencing system usage (Bailey and Pearson, 1983; Melone, 1990; Ives et al, 1983). User satisfaction *per sé* is not described in the TAM, though researchers have pointed out the importance of this construct in influencing usage through system design and implementation (Taylor and Todd, 1995; Venkatesh et al, 2003).

The user's perceptions of the actual content and their attitude towards the content and their thoughts on the after-effect of paying for this content are covered as well when we look at the Theory of Reasoned Action and the TAM in more detail.

The above two theories form the bedrock of our literature review, and the basis for the development of our constructs and hypotheses.

1.5 Objectives of the study

The objective of this study is to build a set of hypotheses about the factors influencing a user's behaviour when presented with a fee-based online content service from a study of existing literature on the subject, guided by Choi et al's research, and then carry out suitable field research to either confirm or disconfirm our hypotheses.

We will be looking not only at first-time use, but will also be considering the factors influencing continued use of a service.

Additionally, we will also be comparing users of two different kinds of content – information (or professional/academic) and entertainment (or leisure), and we will see if user behaviour differs at all based on the kind of content being consumed in our context.

Our research questions are:

1. What are the factors affecting the user-acceptance of fee-based online content?
2. Is there a difference in user behaviour based on the type of content?