

# CHAPTER I

## INTRODUCTION

### 1.1. Research Background

Social networking sites (SNSs) provide the ability for people to do various things from sharing information to everyday problems (Lin & Wang, 2020). Lin and Lu (2011) considered social networking sites (SNS) as the most rapid growing individual networking tool, in the present. MySpace, Facebook, and Twitter are the examples of SNSs which allow the users to introduce themselves and build connections with others (Majali & Bin Bohari, 2016). Huang, Bao, and Li (2017) state that social networking sites (SNSs) are the reason behind the emergence of social network games (SNGs). SNGs are game applications provided via SNSs with the ability of the users to play with others in their social networks (Wohn, Lampe, Wash, Vitak, & Ellison, 2011).

Due to the advancement in technology, consumers are not only able to play games from PCs or consoles, but they can also play games from their mobile devices such as smartphones or tablets (Yi, Lee, & Kim, 2019). Nam and Kim (2019) indicated that mobile devices are the media used to play mobile games. Nam and Kim (2019) also add that mobile games are also able to be downloaded, played, or uninstalled without restrictions. Baabdullah (2018) categorizes online mobile games into social networking online games and individually internet-based mobile games. Mobile social network games (M-SNGs) are the type of games that are similar to SNGs but are played on mobile devices (Huang *et al.*, 2017). Game developers and programmers focus more

on M-SNGs due to plenty addition of SNGs by SNS companies into their services (Park, Baek, Ohm, & Chang, 2014).

According to Nam and Kim (2019), in the past few years, mobile gaming industry has developed quickly. The number of mobile gamers worldwide is estimated to reach up to 2.34 billion people in 2019. In 2021, it is predicted that the total number of mobile gamers will grow up to 2.66 billion people worldwide (Statista, 2017). In Indonesia, the number of mobile gamers is 42.9 million people in 2019 and will increase into 52.96 million people in 2021 (Statista, 2019).

On the other hand, Hsiao and Chen (2016) point out the chances of the gamers to pay will increase by the more time they spent in the online games. The Nielsen Company (2019), based on the study on millennials in the United States, reported that the average amount of time spent by millennials on playing games is 9.7 hours per week. Based on the research done by W&S Market Research (2017) on 518 samples of mobile gamers in Indonesia, 100% of the samples play mobile games and 50.6% of them play games every day. Cheung, Shen, Lee, and Chan (2015) mention that time, effort, and energy will be spent by the players if they are satisfied by playing the game. Moreover, Hsu and Lin (2015) state that confirmation or disconfirmation of the pre-purchase expectations are the outcomes of the user's evaluation between the performances and the pre-purchase expectations. The user's confirmation decides their satisfaction level towards the app (Hsu and Lin, 2015).

On the other side, Hsu and Lin (2015) also describe that other than reaching certain purposes or enhancing performance, users have numerous causes of using

mobile apps such as leisure, pleasure, and social relationship. Lu and Hsiao (2010) point out that perceived value and satisfaction are the reasons of purchasing digital products or services, based on previous studies. Hsiao and Chen (2016) explain that in various conditions, users' behaviors of purchasing will have various impacts by perceived values such as emotional value, social value, price value, and performance/quality.

Huang *et al.* (2017), mention that in the interest of the growth of the companies who provide M-SNG, it is important to investigate the purchase intention of the players on M-SNGs. According to Newzoo (2019), the global market for mobile games worldwide is \$68.5 billion which is 45% of the global market for games. It is predicted that in 2022, the revenues from mobile games will be \$95.4 billion. In Indonesia, the revenue for mobile game reaches up to \$624 million in 2019 (Statista, 2019). The research by W&S Market Research (2017) showed that 63.5% of 518 samples of mobile gamers in Indonesia have done in-app purchases. However, SensorTower (2019) reported that, due to the ongoing well monetization of non-gaming apps, there is a decrease in the share of all app revenue of mobile gaming from 82% in 2017 to 77% in 2018. Moreover, Hsiao and Chen (2016) note that the discoveries on mobile games revenue in 2014 emphasize the significant on understanding of how to bring more players to expend actual cash on mobile games.

Therefore, it is important to analyze the determinants of in-app purchase intention of mobile gamers. Several studies have examined app purchase or in-app purchase intention through the relationships between perceived value, satisfaction, and

purchase intention (Lu & Hsiao, 2010; Hsu & Lin, 2015). This study adapts and modifies the study previously conducted by Hsu and Lin (2015) which applied Expectancy Confirmation Model (ECM) with extended variables. This study aims to analyze further the influence of perceived value, satisfaction, and confirmation on in-app purchase intention for M-SNGs, especially on millennials who play HAGO games, by replicating and modifying the study previously conducted by Hsu and Lin (2015).

## **1.2. Problem Formulations**

Based on the research background, it is necessary to understand the influence of M-SNGs players' perceived values such as functional value, price value, social value, and emotional value towards the satisfaction of M-SNGs players. It is also necessary to see how confirmation affects the perceived value and the satisfaction of M-SNGs players. Furthermore, it is also important to identify whether the players' satisfaction influence their intention to make in-app purchases in M-SNGs. Therefore, this study analyzes the influence of perceived values and satisfaction on in-app purchase intention and also the influence of confirmation towards perceived value and satisfaction of M-SNGs players through the following problem formulation:

1. Do perceived values influence in-app purchase intention and satisfaction of M-SNGs players?
2. Does satisfaction influence in-app purchase intention of M-SNGs players?
3. Does confirmation influence perceived values and satisfaction of M-SNGs players?

### **1.3. Research Objectives**

This study analyzes the influence of perceived values of M-SNGs players on their in-app purchase intention. This study identifies the influence of the players' perceived values towards their satisfaction on playing M-SNGs. This study also attempts to understand the influence of the players' satisfaction on their intention to make in-app purchases. Moreover, this study analyzes the influence of confirmation towards perceived values and satisfaction of M-SNGs players. Therefore, the objectives of this study can be concluded into the following statements:

1. To investigate the influence functional value, price value, social value, and emotional value towards in-app purchase intention and satisfaction.
2. To investigate the influence of satisfaction towards in-app purchase intention.
3. To investigate the influence of confirmation towards perceived values and satisfaction.

### **1.4. Research Contribution**

#### **1.4.1. Practical Contribution**

For M-SNGs companies, this study helps to understand what kind of perceived values needed to make the players become satisfied with M-SNGs. This research also provides an insight for the companies to understand what are the perceived values that influence M-SNGs players to make in-app purchase. Moreover, this study also helps M-SNGs companies to understand how M-SNGs players intention to make in-app purchases are influenced by their satisfaction towards the M-SNGs. Finally, this study

contributes to the understanding of how the companies can improve the satisfaction and the perceived values experienced by the M-SNGs players from their confirmation towards the M-SNGs.

For M-SNGs players, this study provides the understanding on what kind of perceived values that contribute the most to the satisfaction of the players towards the games. Therefore, the players can prioritize these values to increase their satisfaction when playing the games. In fact, this study also helps the players to see the impact of their confirmation towards the M-SNGs on their satisfaction of playing the M-SNGs.

### **1.5. Theoretical Contribution**

The results provided by this study are expected to enhance the understanding of variables such as perceived value, satisfaction, confirmation and in-app purchase intention and the understanding of the relationships among these variables. The results are also expected to provide knowledge and understanding on the study of M-SNGs.