

## The Impact of Same-Side Network Structure on Customers' Choice of Digital Service Platform

To understand how consumer behavior changes in businesses that embrace digital transformation, it helps to look at the multisided platforms that have existed long before they became digitalized. One such example is real estate companies that for many years used to operate as two-sided platforms, with two distinct user (agent) networks that either buy or sell estate for the platform. In existing multisided platform theory, it is established that mere size of platform side networks has potential to attract even more users on each side and contribute to a self-reinforcing mechanism of platform growth. In current research, we argue that, with digital transformation, not only the size, but also certain structural characteristics of same-side social networks may attract more platform users on the buyers' side. Specifically, we are interested how buyer's social kinship network structure configurations can attract more buyers to the platform (same-side network structure effects at the buyers' side).

**Purpose** of current paper is to identify same-side social kinship network structural characteristics potentially affecting consumers' choice in digital two-sided platforms.

**Methodology.** We design a full profile conjoint experiment to estimate relative effects of same side network structure on buyer's choice of digital platform. In designing conjoint task, we use an innovative approach to treat networks as mental entities and rely on stylized network images from which research participants choose the optimal configuration of platform to be used. Dual quantitative and qualitative research question is formulated: "What is the relative value of various configurations of buyer's social kinship network and how such differences in assigned value can be explained?". Varying the stylized network images as key defining characteristics of a network, conjoint algorithm estimates incremental utilities that each network configuration brings to or subtracts from the overall value of decision to join. During conjoint experiment, qualitative interviews are conducted where respondents are asked to substantiate and explain their choices.

**Findings.** Our main empirical findings are as follows: social kinship network density positively affects seller's willingness to join the platform, and this is further amplified by buyers' potential to occupy bridging position in respective network (possible reputation transfer speed effect). Interestingly, there is a negative network size effect that possibly compensates the positive effects of network density and bridging positions.

**Originality and value.** Although multisided platforms have been present for many years, digitalization brings in new perspectives and new variables into consumer choice process. In developing analytical argument for network structure effects, we integrate recent findings from multisided platform and social network analysis literature – two streams of research to which management and marketing scholars paid insufficient attention so far. There is an innovative element in our research in terms of using conjoint methodology with visualized network structures as conjoint attributes. Our full findings have implications for buyers, sellers and platform owners.

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