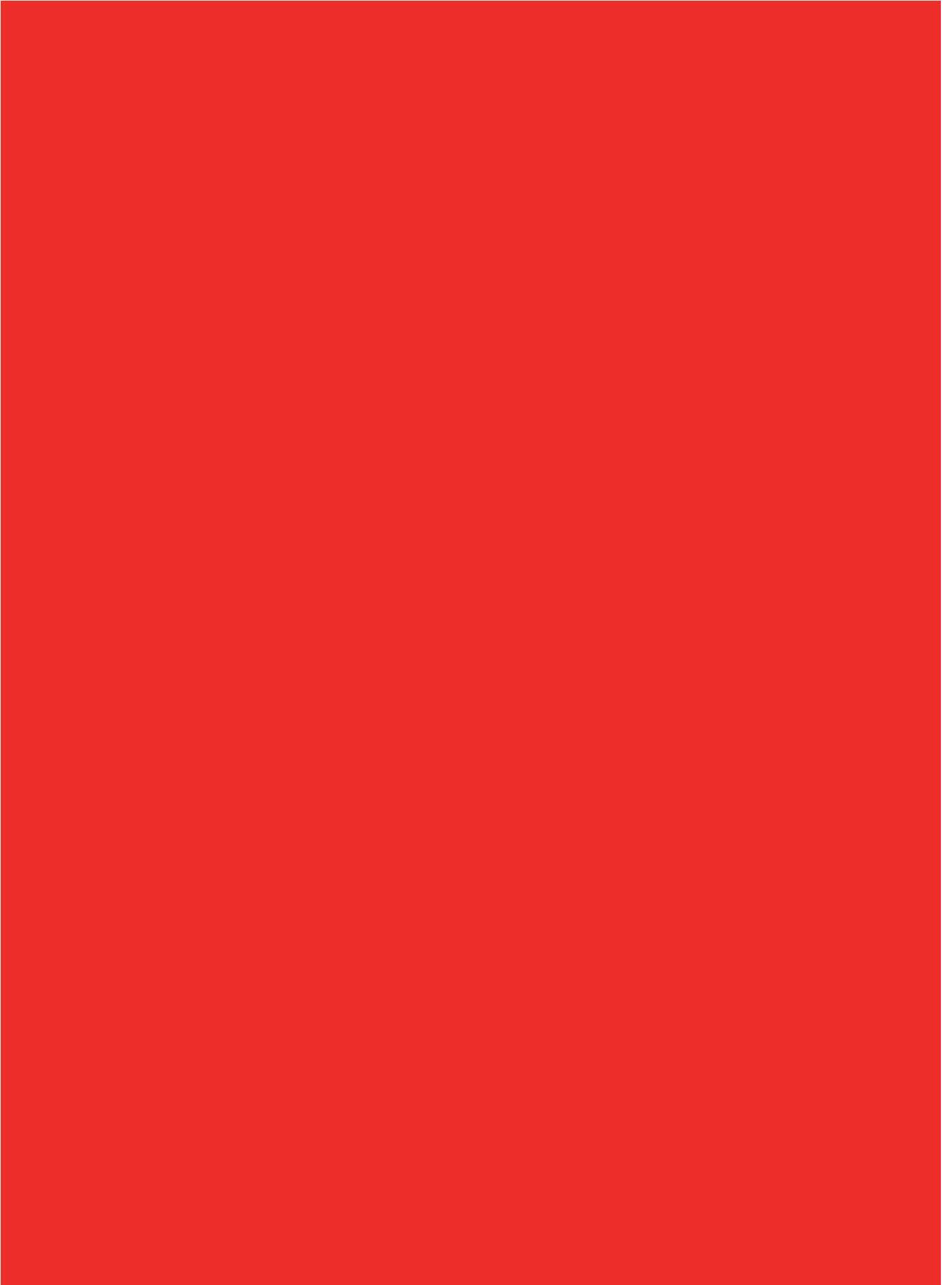


# Swiss Insights News



**#08**

## Online Social Networking for Success



# Online Social Networking for Success: Go Premium or Go Home?



Prof. Dr. Andreas U. Lanz  
Assistant Professor of Marketing,  
HEC Paris

A forthcoming publication by a research team from Goethe University Frankfurt, WHU, and HEC Paris provides the first experimental/empirical evidence that going premium in work-related social networks is indeed worthwhile.

In today's business world, managers need to actively shape their personal brand online. An excellent example is Elon Musk who, with his social influence capabilities, can create opportunities peer CEOs can only dream about. He is very available, unlike his peers – and followers get to see him make and revamp decisions in real-time. In a way, he has more in common with influencers than with top executives calling the shots.

However, make no mistake: This isn't random. It's strategy. So what can managers learn from Elon Musk? The key word here is **social capital**. Creating business opportunities is about having a strong network, namely interpersonal relationships that one can activate to achieve a goal. These relationships – the social capital – require constant nurturing.

This is where work-related social networks such as LinkedIn can help: They promise to facilitate the accumulation and maintenance of one's social capital to create business opportunities. Typically, they operate under a freemium business model and offer access to the platform free of charge but require a fee-based premium membership to unlock advanced networking features. **But is it worthwhile to go premium in order to faster accumulate social capital?** This focal question is still unresolved.

In work-related social networks, there are two types of premium features: Active and passive features. The former operates via activity, i.e.,

targeted personal messages to non-contacts utilizing an exclusive advanced search filter. In contrast, the latter operate via saliency, i.e., incoming attention that the premium user receives from better positioning in search results and a prestigious premium badge.

Surprisingly, work-related social networks are silent about their efficacy. For example, LinkedIn promotes their premium memberships with claims such as "expand your network," while also promising to "turn profile views into new opportunities." Hence, LinkedIn is unclear about the mechanism and what the contribution of the platform's premium features may be.

To shed light on this question, we analyzed experimental as well as empirical data from the largest European work-related social network. More specifically, we conducted a randomized field experiment and recruited 215 freelancers in this network. Out of these recruited participants, more than 70 received a randomly assigned, free, 12-month premium membership voucher. Additionally, to gain convergent validity, we conducted a second study utilizing individual-level panel data covering 52,392 freelancers, which also allowed us to investigate the dynamics that active versus passive features play in social capital accumulation. Our findings are twofold:

- First, we find that premium users do not automatically change their networking intensity just because they have access to premium

features. But such a behavior change is crucial: Premium features can only prove their full value if premium users are also motivated to utilize them as part of strategic networking behavior.

- Second, we find that passive features (e.g., the prestigious premium badge), which makes premium users more salient, is positively linked to social capital accumulation. Yet, their impact is substantially lower compared to active features (e.g., personal messages to non-contacts).

Hence, our research suggests that managers indeed should go premium in work-related social networks (e.g., LinkedIn), because we find it's worthwhile to possess an efficacious networking weapon. However, to unlock its efficacy, managers also need the intent to actually "shoot" it. In other words, managers, after going premium, must then also capitalize on all the advanced active networking features to finally faster accumulate social capital.

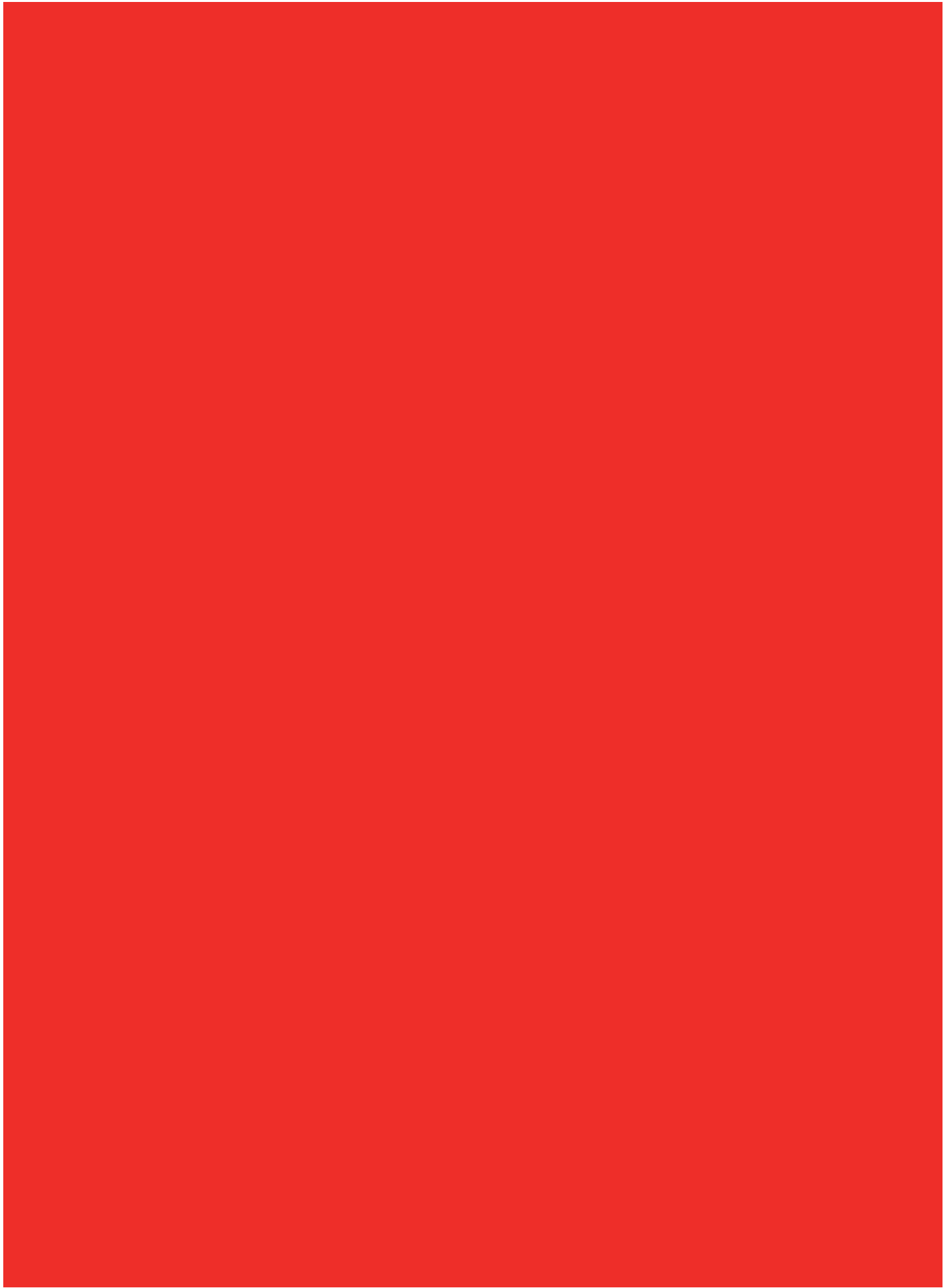
For the forthcoming publication in the *Management Information Systems Quarterly*, see here: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3843107](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3843107)

**Research Team:**

Michael Weiler (Goethe University Frankfurt), Simon Stolz (WHU – Otto Beisheim School of Management), Andreas Lanz (HEC Paris), Christian Schlereth (WHU – Otto Beisheim School of Management), and Oliver Hinz (Goethe University Frankfurt)

**Contact:**

Prof. Dr. Andreas U. Lanz, HEC Paris, [lanz@hec.fr](mailto:lanz@hec.fr)



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## Herausgeber und Kontakt

Swiss Insights, Swiss Data Insights Association, Gruebengasse 10, 6055 Alpnach, Switzerland  
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