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# Altruistic eWOM marketing: More than an alternative to monetary incentives



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## ABSTRACT

As a form of word of mouth, online reviews are used to reduce uncertainty about service quality and direct consumer attitudes and behavior. As a consequence of the high persuasiveness and the broad accessibility of electronic word of mouth (eWOM), companies are very interested to proactively managing this form of customer-to-customer communication. Compared with traditional advertising provides, eWOM marketing is a more credible and low-cost alternative. So far marketers have commonly used monetary incentives to influence customer-to-customer communication. However, this form also includes potential negative consequences such as credibility loss through consumer skepticism and crowding-out effects. This study analyzed two new incentive programs for increasing recommendation likelihood that considered the activation of an altruistic form of motivation to overcome these drawbacks. Therefore, an experiment was designed with three experimental groups (incentive programs) vs. a control group (no incentive). Finally, the results are discussed while taking into account the advantages and drawbacks of the particular incentive program to deduce practical implications.

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## 1. Introduction

Word of mouth (WOM) is an important method of communication for influencing customers' attitudes and behavior (Chevalier and Mayzlin, 2006). As a consequence of uncertainty about the quality of a product or service, consumers use the experiences of other consumers to make a purchase decision (Mudambi and Schuff, 2010). From a company's perspective WOM is highly relevant, because, compared with traditional marketing actions, customer-to-customer communication is much more credible and persuasive (Trusov et al., 2009). With the advent of online communication, WOM has become even more important in the form of online reviews. Electronic WOM (eWOM) is accessible to everyone for long periods of time and its availability is not limited to personal contacts (Hennig-Thurau et al., 2004).

Given the importance of eWOM, companies seek ways to proactively manage consumer online articulation to exploit the credibility of online reviews and the potential for their wide distribution. The customer's satisfaction alone does not make every consumer recommend a product or service to others, but rather many customers need to feel motivated to provide WOM (Wirtz and Chew, 2002). Companies have to encourage consumers to engage in WOM proactively through eWOM marketing actions.

The emphasis of this paper is on how to harness existing consumers to acquire new customers for the business with the help of incentives as a motivator. This approach is advantageous for companies compared with traditional marketing actions, as eWOM is more credible than advertising and the required expenditure is relatively low (Ahrens et al., 2013).

Research on eWOM incentives in general is scarce and most is of a qualitative nature (Ahrens et al., 2013). At present, monetary incentives are the only eWOM marketing actions that have been examined empirically (e.g., Ahrens et al., 2013; Wirtz and Chew, 2002). Of these, monetary incentives were found to be an effective management tool for increasing the likelihood of online recommendations. Although companies have been using review reward programs for a long time, and academics have recommended their use (e.g., Ryu and Feick, 2007; Wirtz and Chew, 2002), there is a lack of alternatives regarding eWOM marketing, especially when taking into account the potential negative consequences of monetary incentives. Companies' large interest in eWOM is based on its high persuasiveness compared with traditional advertisements (Wirtz and Chew, 2002). However, as a consequence of the interference of the company in the customer-to-customer interaction, rewarded online reviews suffer from a loss of credibility (Martin, 2014). The accessibility of the potentially vested interests of the review writer introduces skepticism for review readers and leads finally to a decrease in trust in the source (Godes et al., 2005). Yet not only is the attitude toward the review writer at risk, but the attitude toward the company that

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provides the rewards for reviews as well. Both the review writer and the reader may identify a company's attempt to receive favorable evaluation through persuasion and respond in turn with an attitude reduction (Campbell and Kirmani, 2008). On closer consideration of the intended activation of extrinsic motivation through the offering of monetary incentives, two additional drawbacks emerge. According to motivation crowding theory, rewards can cause a crowding-out effect, which means that rewards can impede intrinsic motivation (Amabile, 1993). Furthermore, monetary-activated motivation only temporarily changes customer behavior (Kurland, 1995). With the disappearance of the reward the desired behavior is discontinued as well. Therefore, marketers and academics should keep their eyes open for alternative eWOM marketing actions that can overcome the drawbacks of monetary incentives and stimulate the customers' intention to write a positive review. In addition to extrinsic and intrinsic motivation, numerous qualitative studies mentioned altruistic motivation as an important driver of eWOM behavior as well (e.g., Engel et al., 1993; Hennig-Thurau et al., 2004; Sundaram et al., 1998). Therefore, this study aims to consider alternative options for increasing the customers' intention to write online reviews while activating altruistic motivation through marketing actions to overcome the disadvantages of monetary incentives. In addition, an attempt is made to explain people's willingness to write a review in terms of the different forms of motivations. The research design of the study was a scenario-based experimental-plus-control group design comparing three theoretically deduced eWOM incentives with a control group without incentive. Finally, the benefits and drawbacks of the different incentive programs are discussed to deduce theoretical and practical implications.

## 2. Literature review

### 2.1. eWOM incentives considering different motivational driving forces

First of all, this study looks at the relationship between incentive and customer behavior to consider the explanatory phenomena that drives these actions: motivation. Motivation is a key determinant of general behavior (Deci and Ryan, 1987) and is defined as an internal state or condition that serves to arouse or energize behavior and give it a goal-direction (Kleinginna and Kleinginna, 1981): "an inner desire to make an effort" (Dowling and Sayles, 1978, p. 16). The self-determination theory (SDT) generally distinguishes two types of motivation based on different sources of initiating a certain action: extrinsic and intrinsic motivation (Ryan and Deci, 2000). Extrinsic motivation means that engagement in an activity is goal-driven, that is, done in order to attain a separable outcome (Ryan and Deci, 2000). Intrinsically motivated people do an activity for its own sake rather than for external rewards, referring to the fact that the engagement itself provides pleasure and hedonic satisfaction (Amabile et al., 1994; Huang, 2003). Up until the middle of the twentieth century, academics and practitioners believed that external rewards were absolutely necessary to motivate desired behavior, addressing extrinsic motivation (Steers et al., 2004). Only recently have academics started to consider the role of intrinsic motivation in the field of eWOM (e.g., Georgi and Mink, 2013; Sun and Chen, 2014; Yoo et al., 2013). Consumers who are intrinsically motivated enjoy the act of writing an online review; they like to contribute and share information about a product or service in this way. If consumers view writing a review as enjoyable, they will be more likely to write one. However, in the context of eWOM, several qualitative studies have identified, in addition to extrinsic and intrinsic motivation, a degree of altruistic motivation to write online reviews about a

product or service (e.g., Engel et al., 1993; Hennig-Thurau et al., 2004; Sundaram et al., 1998), but at present there has been no empirical evidence of whether altruistic motivation really is a substantial part of the motivation to write online reviews. Altruistic motivation is reflected in the desire to expend effort in concern for helping others (Batson, 1987). This motivation is driven by a disposition of empathy and helpfulness to protect the welfare of other people (De Dreu, 2006). This concern for other consumers is similar to a commitment to the people who gain advantage from one's activity (Grant, 2008). In the context of eWOM communication, altruistic motivation is activated when consumers want to help other consumers with their buying decisions: in the case of positive WOM to enable the same positive experience and in the case of negative WOM to save them from mispurchases (Engel et al., 1993). Another motivation for contributing online reviews is given through the satisfaction of the consumer with a product or service. In return, the customer wants the company to become or remain successful (Sundaram et al., 1998). Once a customer has had a positive experience with a company, they want to return the favor. These two altruistic motives are naturally connected to the act of eWOM; therefore, some customer can have these altruistic motives to write an online review, but others not. However, the more interesting question is whether the altruistic motivation to write eWOM can be enhanced by the company through marketing actions to increase recommendation likelihood and simultaneously overcome the drawbacks of monetary incentives.

It is expected that an explicit note on a website or flyer aimed at potential recommenders informing them that writing a review helps the company to be successful and helps other consumers with their purchase decisions will produce a higher amount of altruistic motivation to write a review than that which would naturally occur. The attention on these altruistic motives will activate or strengthen the altruistic motivation of consumers to write an online review and therefore finally increase the intention to write a review compared with consumers who were not incentivized by the company (Hennig-Thurau et al., 2004; Picazo-Vela et al., 2010; Wirtz and Chew, 2002). The amount of intrinsic and extrinsic motivation after showing this helping-incentive should not be different compared with the control group without an incentive. Thus, hypothesis 1 is as follows:

H1: An explicit note informing customers that writing a review will help other customers and the company itself has a positive effect on the intention to write a review compared with the control group without an incentive; this effect is mediated through the enhancement of altruistic motivation.

An additional, well-known way of initiating altruistic motivation is the possibility for consumers to participate in an act of altruism such as donating to a social project (Mattila and Hanks, 2012). The willingness to help others without asking for anything in return shows social responsibility (Lichtenstein et al., 2004). The desire to support a social project is underlying in a concern for others who need help (Grant and Berry, 2011). Donating to a social project is not naturally associated with the act of spreading eWOM; therefore, without an incentive the control group will not have this type of altruistic motivation. However, as an incentive program it is a way for the company to artificially link the writing of a review with an act of altruism. The altruistic-oriented donation-incentive implies that the company supports a certain social project by donation in return for an online recommendation. Therefore, if consumers as potential recommenders are informed on a flyer or website that they can support a social project by writing an online review, their recommendation likelihood will increase, and is explainable through the activation of the altruistic

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