Contents lists available at ScienceDirect

Australasian Marketing Journal

journal homepage: www.elsevier.com/locate/amj

Measuring the impact of positive and negative word of mouth: A reappraisal

Robert East ^{a,*}, Mark D. Uncles ^b, Jenni Romaniuk ^c, Wendy Lomax ^d

^a Kingston Business School, London and Ehrenberg-Bass Institute, UNISA, Australia

^b UNSW Business School, UNSW, Australia

^c Ehrenberg-Bass Institute, UNISA, Australia

^d Kingston Business School, London, UK

ARTICLE INFO

Article history: Received 23 June 2015 Revised 17 December 2015 Accepted 17 December 2015 Available online 4 January 2016

Keywords: Word of mouth WOM Impact Negativity bias

ABSTRACT

Negative information normally has more impact on attitude and cognition than positive information, but there is evidence that positive word of mouth (PWOM) usually has more effect on purchase intention than negative word of mouth (NWOM). We explain how this apparent inconsistency may come about when measures of attitude and intention are used as indicators of behavior. We argue that on/off behaviors, such as purchase, should be predicted better by a measure of intention, rather than attitude, and that consideration should be given to a measure of intention that is *proportional to the maximum change* that could occur as this reflects the movement toward or away from purchase. A large database is analyzed to show the differences between proportional and absolute measures. In addition, we examine the proportions of respondents reaching certainty (i.e. 0% or 100% probability of purchase) after NWOM and PWOM. Findings from these new analyses show that PWOM has more impact than NWOM on purchase intention (both proportional and absolute), but a higher proportion of respondents reach certainty after NWOM.

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CHINESE ABSTRACT

相比正面信息,负面信息通常对态度和认知有更多影响,但有证据显示正面口碑 (PWOM)通常比负面口碑 (NWOM)更影响购物意愿。本文将解释当态度和意图作为行为指标时会如何造成以上这个显而易见的不一致结论。 我们认为像购物这样的开关行为应该通过意愿强度进行更好地预测,而不是态度,而且应当考虑与可能发生的最 大变化成比例的意愿强度,因为它反应了偏向购买或远离购买的意愿。我们对大量数据进行了分析,结果显示了 比例测量和绝对值测量之间的差异。除此之外,我们还检测了受访人在听了负面口碑和正面口碑后得出确定意愿 的比例 (如0%或100%可能的购买)。这些新的分析结果表明,正面口碑比负面口碑对购买意愿的影响更大 (无论是按比例还是绝对值),但听到负面口碑后,有更高比例的受访人得出确定意愿。

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1. Introduction

1.1. Mixed evidence on the impact of positive and negative information

Research on negativity bias shows that negative information usually has more impact on attitudes and cognition than positive information (e.g. Fiske, 1980; Rozin and Royzman, 2001). Similarly, it is well established that negative information usually has more impact on judgments and decisions ("losses loom larger than gains," Kahneman and Tversky, 2000). A review of the impact of negative

In the research presented here, we are concerned with the seeming inconsistency in these findings. We argue that there is no

http://dx.doi.org/10.1016/j.ausmj.2015.12.003







Corresponding author. Tel.: +44 206078659. E-mail address: R.East@kingston.ac.uk (R. East).

information shows that this is normally greater than the impact of positive information (Baumeister et al., 2001). Related to this, negative information has been shown to have more impact on stock prices than positive information (Luo, 2009). By contrast, a widely-cited paper by East et al. (2008) shows that the intention to purchase is usually changed more by positive word of mouth (PWOM) than by negative word of mouth (NWOM), and this finding is supported by Sweeney et al. (2014).¹

¹ East et al. actually measured respondent-assessed purchase probability. This is treated as equivalent to intention to purchase since Sheppard et al. (1988) found little difference between these measures.

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conflict; measures of attitude and intention are different from one another, and therefore these different measures may produce different results. However, there remains a problem about what proxy measures serve best as predictors of behavioral effect when that behavior cannot be directly measured. We consider how different individual-level proxy measures relate to different behaviors such as purchase² and the transmission of word of mouth (WOM) and compare these measures using a large database.

1.2. The impact of information at the individual level

The impact of information should be measured as a change in those factors that are of concern. At the individual level, two behavioral effects may be used to directly measure the impact of WOM. One is whether the receivers of advice change their purchase behavior. The second is whether these receivers change the volume and/or emphasis of the advice that they subsequently give on the brand. Both of these behaviors may have carryover effects since a person who is persuaded to buy may subsequently persuade others to buy and a person who increases the volume and/or emphasis of their PWOM on the product may recruit more customers. In practice, behavioral impact measures tend to focus on purchase and neglect changes in transmitted WOM. We mainly consider purchase but the chain of influence through word of mouth is considered briefly in the concluding section.

1.3. Impact measures based on intervening variables

In addition to behavioral responses, people may respond to information on a product by changing their feelings (attitude and satisfaction), their thinking (cognitions) and their intention. These variables, intervening between stimulus and behavior, are often used as indicators of behavior and thus measures of impact. For example, East et al. (2008) asked survey respondents to report the probability of purchase before and after receiving WOM, using the difference in the probabilities as the measure of impact. In another case, Ahluwalia (2002) measured changes in attitude and cognition in experiments on the impact of positive and negative information. We focus the discussion on attitude and intention. Cognitive changes may be seen as associated with attitude change since, when people add new beliefs about a concept, these beliefs carry a positive or negative attitudinal charge and thus affect attitude. Satisfaction is seen as an attitude, based on experience, since this is how it is customarily measured.

The appropriateness of attitude and intention as proxies for behavior will vary. It seems likely that measures based on intention are superior to those based on attitude since, according to the theory of planned behavior, intention is a direct determinant of behavior while attitude, together with other variables, determines intention which then determines behavior (Ajzen, 1991). However, metastudies reveal only a moderate association between intention and behavior (e.g. Armitage and Conner, 2001; Webb and Sheeran, 2006). These meta-studies reviewed research where current intention was used to predict *future* behavior. In the East et al. (2008) research, respondents are asked to report on *past* changes of intention when WOM had been received. This retrospective measure will be affected by memory and recall error, but respondents making these judgments can review their experience and report on what has happened, about which they know, rather than what is yet to happen, about which they can only predict or speculate.

There are two types of behavior that we need to predict. The first type is exemplified by first-time purchase. This is on/off and marketers

only fully benefit when the purchase occurs. The second type is where behavior changes gradually in volume and strength of expression and marketers benefit from the degree of change. This applies, for example, when the share of purchase of a repertoire brand increases or share of wallet of a repertoire store increases. In these situations, it seems likely that changes in attitude relate to gradual changes in behavior so that a person who much prefers one supermarket over others may visit it more often and buy somewhat more from this outlet. In another example, Fiske (1980) used an attitudinal measure in her research on person perception. Here, we would expect that the manner in which a person acts toward another person will change in volume and friendliness as the attitude toward the person becomes more positive, making that attitude a suitable proxy measure of positive behavior toward the person. A further example occurs when attitude is used to predict WOM volume; in this connection, Anderson (1998) found that more WOM was given at high levels of both satisfaction and dissatisfaction. Thus, when the behavior can change gradually, we would expect attitude to act as a proxy measure of behavior. However, intention will also be associated with gradual change so this may still be the better measure.

In contrast, when attitude is used to predict an on/off behavior such as a considered purchase, it may be quite insensitive because people can make substantial changes in their attitude without altering their actual purchase or their purchase intention. For example, persons who are set on a brand may not change their purchase intention or actual purchase when they hear that the brand has extra features but they may think and feel more positively about it. A corresponding effect may occur with negative information. People might substantially modify their attitude to a durable good if they hear that it is unreliable but, if they had a low intention of buying the durable before receiving information, they will still have a low intention to buy it afterwards. This makes intention a better measure of purchase than attitude.

This review therefore suggests that attitude measures may be suitable for complex actions where the associated behavior is graduated and can be manifested in a variety of ways. However, when the behavior is on/off, measures of purchase intention may be more appropriate, and these intention measures will also serve for graduated behavior.

2. Explanations

The impact of positive and negative information on attitudes has been reviewed by Skowronski and Carlston (1989). The explanation given for the greater effect of NWOM on attitude relates to the gap between a receiver's expectations and the incoming information. Most information is positive, and attitudes and expectations are formed on this basis and are thus usually positive. As a consequence, negative information tends to be more at variance with existing attitudes and expectations than positive information. This gap has two effects; one is for negative information to be more salient in that it receives more attention. The second effect is that a larger gap gives more scope for change. Note, however, this negativity effect is not always observed; sometimes people have prior negative attitudes and then positive information may have more effect.³

East et al. (2008) used a similar gap argument to explain their findings on the impact of PWOM and NWOM on intention to purchase. They found that, before receiving WOM, respondents reported a purchase probability that averaged about 0.4. Thus, PWOM could raise probability by up to 0.6 while NWOM could lower it by only

² We are concerned with initial purchase decisions rather than repeat purchase; other commercially relevant behavior might be rental or subscription.

³ Kahneman and Tversky's finding that "losses loom larger than gains" may also rest on the fact that experience is generally positive – that is, gains are more common. This may lead to prior expectations that are positive so that negative experience, such as a loss, is felt more strongly and has more effect on the sort of decisions and judgments used in experiments in this field. On rare occasions when losses are more common than gains, we might expect to see a reverse effect.

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