

Thoughtful rewarding

A study about the effect of rewarding the current-, potential-, or both customers on the success of customer referral programs

Student	: Fabian Dijkstra
Study	: Msc. Management, Economics & Consumer Studies
Specialization	: Marketing & Consumer Behaviour
Student Number	: 921201 212 100
Thesis supervisor	: Dr. Frans Verhees
Chair group	: Marketing & Consumer Behaviour

A study about the effect of rewarding the current-, potential-, or both customers on the success of customer referral programs



First Examiner : dr. F. Verhees
Second Examiner : dr. E. van Kleef
Third Examiner :

© F.A. Dijkstra, 2017

Fabian Dijkstra
F.a.dijkstra@hotmail.com

This research report has been written as part of a 33 ECTS MSc thesis for Management, Economics & Consumer Studies, at the Marketing and Consumer Behaviour Group of Wageningen University.

Address: The Leeuwenborch (building 201, 5th floor, North Wing)
Hollandseweg 1,
6706 KN, Wageningen

Abstract

Word of mouth is an important source of information for consumers to determine which service to choose. Companies use this mechanism for customer acquisition through customer referral programmes [CRP], where a reward is provided to customers for bringing in new customers. The effects of different distributions of rewards on the effectiveness of CRP are explored, as current- or potential customers, or both can be rewarded. Two experiments were performed to measure their effect on (1) the motivation of current customers to approach and invite potential customers, and (2) the likelihood of potential customers accepting the invite. Findings include; (I) current customers are not effected by who receives the reward, (II) only rewarding the current customer negatively effects the trust of the potential- in the current customer, (III) the level of trust effects the likelihood of accepting the invite and (IV) customer satisfaction plays a role for both the current- and potential customer.

Key words: Word of mouth, customer referral programmes, rewards, current customers, potential customers, both customers, customer motivation, trust, customer satisfaction

Acknowledgements

This thesis has provided me with new knowledge and insights about conducting research and writing research reports on a scientific level. It has been a challenging, but inspiring and interesting process. During this process I had received help, feedback and support from several people, which I would like to acknowledge.

Firstly, I want to thank my supervisor Frans Verhees, which has guided me during the whole process. His feedback, the conversations, guidance and open door policy are very much appreciated. Especially in the start of the process I was looking where to start and where to go, but he always made clear that it was all part of the process, which gave me assurance. In addition, I want to thank Ellen van Kleef for her feedback and advice, especially her help on questionnaire design was very useful.

Secondly, I want to thank my family, friends and fellow students who provided me with useful feedback and plenty of sparring moments. My parents for their continuous encouragement throughout the process of writing this thesis. My friends who provided me with tips and tricks about the writing of a thesis, but also for the relaxing moments providing me with enough energy to continue. I would not have accomplished it without all their support.

Wageningen, April 2017

Fabian Dijkstra

Table of contents

Abstract.....	ii
Acknowledgements	iii
1. Introduction.....	1
2. A proposed framework	3
2.1 Customer referral programmes	3
2.2 Rewards	3
2.2.1 Attributes of rewards	3
2.2.2 Motivation	4
2.2.3 Tie strength and trust	5
2.3 Trust.....	5
2.3.1 Defining trust.....	5
2.3.2 Attributes of trust.....	6
2.3.3 Trust and rewards	7
2.4 The theoretical framework.....	8
3. Methodology	9
3.1 Study 1	9
3.1.1 Design.....	9
3.1.2 Procedure.....	9
3.1.3 Measures	10
3.1.4 Respondents.....	11
3.1.5 Data Analysis.....	11
3.2 Study 2	11
3.2.1 Design.....	11
3.2.2 Procedure.....	12
3.2.3 Measures	13
3.2.4 Respondents.....	14
3.2.5 Data Analysis.....	14
3.3 Overlapping respondents for both studies.....	14
4. Results	15
4.1 Respondents	15
4.2 Measurement scales	15
4.2.1 Study 1 - Satisfaction and motivation.....	15
4.2.2 Study 2 – Satisfaction.....	15
4.2.3 Study 2 – Factor analysis of trust items	16
4.2.4 Study 2 – Factor analysis of trust attributes	18
4.3 Results of study 1	19
4.3.1 Motivation.....	19
4.3.2 Effect of satisfaction	20
4.3.4 Hypothesis 1 and 2.....	20
4.4 Results of study 2	21

4.4.1 Trust	21
4.4.2 Pearson correlation coefficient	22
4.4.3 Hypotheses 3 and 4	22
4.6 Further exploration	22
4.6.1 Demographic differences	22
4.6.2 Reward types and accepting score	23
4.6.3 Satisfaction of potential customers.....	23
5. Conclusion and discussion.....	25
5.1 Research insights	25
5.2 Managerial implications.....	27
5.3 Limitations and research opportunities	27
References	29
Appendices	33
Appendix 1 – Questionnaire; perspective of the current customer.....	33
Appendix 2 – Questionnaire; perspective of the potential customer.....	38

1. Introduction

The society can be classified as a network society (Clegg, Josserand, Mehra & Pitsis, 2016), which means that the society's social structure is based on networks powered by information- and communication technologies (Castells, 2004). This is influenced by technological developments such as the internet and the emergence of social media (Ozcan, 2004). These developments enable people to have constant access to each other, making them more linked to one another than ever before (Warf, 2013). People can now instantly share and obtain information from their networks from all around the world. This allows people to perform self-directed mass communication, as the communicated message can be accessed by nearly everyone in the world and does not need more than one individual to produce (Castels & Cardoso, 2005). These developments have increased the reach of word of mouth [WOM] dramatically.

WOM relates to informal communication among consumers about their experiences with goods and services or the characteristics of the providing companies (Westbrook, 1987). It is considered to be the most valuable form of marketing (Bristor, 1990; Mathur & Mathur, 2015) and one of the most effective ways of influencing buying behaviour (Keown & Casey, 1995). In addition, with the rise of the network society the speed at which WOM can be spread and the geographical coverage have increased further (Podnar & Javernik, 2012). People can now quickly share their opinion about a brand or company with the entire world, and do so very often. According to Keller and Fay (2012) there are about 2,4 billion conversations each day including a brand, generating about 3.3 billion brand impressions (Keller & Libai, 2009). This, combined with an increasing amount of information provided by non-governmental organisations, customer platforms, social media platforms and peoples' personal networks, influences the formation of peoples' evaluative judgements about a brand or company (Gallhofer, Haslam, Monk & Roberts, 2006; Dey, 2007; Ind & Mariussen, 2015). When this information is negative it can have a dramatic effect on the image, sales and existence of the brand or company involved. That is why marketing managers invest heavily in ways to understand and influence the processes involved in WOM (Berger & Schwartz, 2011; Libai, Muller & Peres, 2013).

Influencing WOM in order to make sure that positive information is spread, and perhaps even more important, to prevent that negative information is disseminated, is hard to achieve (Hennig-Thurau et al., 2004). When positive WOM [PWOM] is reached, however, it provides longer carryover effects and produces higher/more responses than traditional marketing methods (Trusov, Bucklin & Pauwels, 2009), making it more effective (Bristor, 1990). Some literature suggests that PWOM can be achieved by satisfying the consumers' needs (Fornell, Johnson & Anderson, 1996; Gremler, Gwinner & Brown, 2001) and when consumers receive value for their money (Wilkins & Huisman, 2014). However, even when satisfied, it does not automatically mean that consumers will spread PWOM. They have to be motivated. Companies tend to do this using rewarding strategies (Gremler et al., 2001). For example, in the contemporary network society, companies reward Facebook users/customers who spread positive messages about the company's brand through their network (Wallace, Buil & de Chernatony, 2014).

Services are intangible, making it hard for customers to judge the quality of it before buying (Gounaris, Stathakopoulos & Athanassopoulos, 2003). In order to reduce the uncertainty about the services they look for evidence of quality. PWOM provides such evidence, which is even stronger than physical evidence. Service providers, therefore, try

to influence and activate customers to spread PWOM about their services. However, these methods are rather expensive and thus solely available for big companies. Small service providers simply lack the funds or expertise to perform such activities, meaning that there is a need for an alternative. Therefore, in this research we look at the possibility of motivating the current satisfied customers to the active introduction of potential customers, instead of only stimulating the spreading of PWOM. In the previous paragraph it is stated that customers can be motivated by making use of rewarding strategies. However, who should be rewarded in this case? Is it enough to reward only the current customer, with the risk of losing its credibility (Helm & Willach, 2010; Van Hoya, Weijters, Lievens & Stockman, 2016)? Or should the potential customer be rewarded, with the risk of decreasing the current customers' motivation as he is not rewarded for his effort? Or maybe both should be rewarded? What is the effect of these different types of rewards¹ on the trust the potential customer has in the current customer, and the likelihood of accepting the introduction? Current marketing and consumer behaviour literature mainly looks from the perspective of the current customer. Which is why in this research we look at both the current- and potential customers' perspective. The aim of this research is to find out what type of reward should be used to (1) motivate current customers to the active introduction of potential customers, and (2) increase the likelihood of potential customers accepting the introduction. This leads to the following main research question;

“What is the effect of the type of reward for introducing potential customers on (1) the motivation of the current customers to act, and (2) the likability of the potential customer to accept the introduction?”

In order to answer this question, we first start with a literature review in chapter 2, where a new framework is proposed using different literature on customer referral programmes, rewards and trust. Secondly, the research design, procedure, methods and analysing methods are elaborated in chapter 3. Thirdly, chapter 4 presents the outcomes and results. Finally, chapter 5 present the overall conclusion and discusses the overall research.

¹ Type of reward relates to the customer that receives the reward; the current, potential or both customers.

2. A proposed framework

In this chapter we propose a new framework based on the literature on customer referral programmes, rewards and trust. The framework can be found at the end of the chapter in figure 1.

2.1 Customer referral programmes

Services provided by businesses are full of credence attributes (Buttle, 1998), making it hard for consumers to judge the quality before the purchase (Gounaris, Stathakopoulos & Athanassopoulos, 2003). Consumers, therefore, use the information and experiences of other consumers, also known as WOM, to form an expectation about the services. This helps them to decide which service provider to choose. Companies know this, which is why they try to use the concept of WOM in their customer acquisition programmes. Potential customers acquired through WOM lead to current customers who are less likely to switch companies and are more likely to introduce potential customers themselves (Choi, 2009; Trusov, Bucklin & Pauwels, 2009; Villanueva, Yoo, & Hanssens, 2008). However, using WOM to acquire potential customers is hard, as WOM is a natural occurring conversation, online blog or a personal opinion, which are almost impossible to influence as a company. Therefore, companies make use of customer referral programmes [CRP], which can be defined as *"a form of stimulated WOM that provides incentives to existing customers to bring in new customers"* (Schmitt, Skiera & Van den Bulte, 2011, p. 47). These programmes enable companies to initiate PWOM, making it manageable and controllable (Schmitt et al., 2011). In addition, customers acquired through CRP have a higher retention rate, higher contribution margin and are more valuable in both short and long term compared to other customers (Schmitt et al., 2011). Because CRP makes use of WOM it is especially useful in the service industry (Garnefeld, Eggert, Helm & Tax, 2013), as information about the services are mostly obtained and spread through WOM.

Schmitt et al. (2011) state that CRP have three characteristics. Firstly, CRP are initiated, actively managed and controlled by the company. Secondly, social connections of current customers with potential customers are used. Lastly, the company offers the current customer a reward for bringing in potential customers. The first two characteristics are more or less described above. However, the third characteristic needs more attention, as the use of rewards may undermine the credibility of the current customers in the relationship with potential customers (Helm & Willach, 2010; Van Hove et al., 2016). It might even have a negative effect on their relationship, endangering the probability of a successful CRP. Therefore, it is important to look deeper into the concepts of rewards and trust. They are further explained in the next two paragraphs.

2.2 Rewards

2.2.1 Attributes of rewards

There are many different ways of rewarding people for performing desired behaviour. The most known application of rewards in the field of marketing is in customer loyalty programmes, where rewards are considered the basis (Sharp & Sharp, 1997). This type of marketing has the aim to strengthen the competitive position and customer retention by making use of rewards (Patterson & Smith, 2003). However, different companies make use of different kinds of rewards, such as coupons or discount in supermarkets and loyalty points by airlines which can be exchanged for benefits. From a customer's

perspective there are several elements that affect the perceived value of these rewards. One such element relates to timing (Dowling & Uncles, 1997), where direct gratification is preferred over delayed gratification (Jang & Mattila, 2005). Another element relates to if it is monetary or not (Kivetz & Simonson, 2002), where monetary rewards are preferred as they offer more flexibility and are easier to redeem (Jang & Mattila, 2005). However, in this research it is not about what kind of reward is given, but who receives the reward. Because in CRP there is one party who provides the reward (the company) and two parties who can receive the reward, namely the current- and the potential customer. This offers us three different attributes for the variable reward, as we can reward the *current customer*, the *potential customer* or *both*.

In the previous paragraph it was stated that there is a risk associated with rewarding consumers, as it may undermine their credibility (Helm & Willach, 2010; Van Hove et al., 2016). This indicates that when only the current customer receives a reward for introducing the potential customer there is a chance that his integrity and trustworthiness will be questioned. This might lead to decreased motivation as this could negatively affect their relationship with the potential customer. Vice versa, when only the potential customer is rewarded it might affect the motivation of the current customer, as they will not be rewarded for their effort. This suggests that when both parties are rewarded, these negative effects should not occur, resulting in the current customer being more motivated to introduce potential customers.

H1: Providing a reward to both the current- and potential customer will lead to a higher motivation of the current customer to introduce potential customers than when providing a reward solely to the potential customer.

2.2.2 Motivation

Motivation relates to the reason that a person engages in particular behaviour (Manzotti, 2010), which means that there are different types of motivation based on different reasons. The most basic distinction in motivation can be made between intrinsic and extrinsic motivation (Deci & Ryan, 1985). Intrinsic motivation means that a person finds a certain action itself interesting or enjoyable, while extrinsic motivation is focused on the outcome of the action or behaviour, instead of the action itself (Ryan & Deci, 2000).

In order to have a successful CRP you have to motivate your current customers. This starts with making sure that your current customers are satisfied about your services, as satisfied customers are more motivated to spread PWOM in the form of recommendations (Mittal, Kumar & Tsiros, 1999; Belén del Río, Vazquez & Iglesias, 2001). You want your current customers to be so satisfied about your services that they want to share it with others, which is a form of intrinsic motivation as the action itself motivates them. When your current customers are not satisfied it is likely that their motivation will decrease, which in its turn will decrease the likelihood of a successful CRP.

H2: Providing a reward to a satisfied current customer will lead to a higher motivation of the current customer to introduce potential customers than when providing a reward to a dissatisfied current customer.

However, no matter how satisfied current customers are, you cannot assume that all of them engage in PWOM activities or are motivated to do so (Swan & Oliver, 1989; Mazzarol, Sweeney & Soutar, 2007). Therefore, current satisfied customers have to be

motivated to spread PWOM (Wirtz & Chew, 2002) and to actively introduce potential customers. In order to achieve this, CRP make use of rewards. According to the self-determination theory rewards are a form of *external regulation*, a sub form of extrinsic motivation. This form of extrinsic motivation relates to actions or behaviours that are motivated by the prospect of obtaining a reward or avoiding a punishment (Ryan & Deci, 2000). Setting up a reward as a prospect is considered an effective way of eliciting or shaping the desired behaviour (Eisenhardt, 1985; Buhler, 1992; Gupta & Shaw, 1998).

2.2.3 Tie strength and trust

CRP make use of the social connections of current customers with potential customers, where the current customers are motivated by rewards to approach and introduce potential customers. Within these social connections a distinction can be made between strong- and weak ties, where strong ties relate to family and friends, and weak ties to acquaintances (Van Hove et al., 2016). Bansal and Voyer (2000) stated that stronger ties have more influence on the person's product choices, and according to Van Hove and Lievens (2007) PWOM received from a strong tie is perceived as more credible than when received from a weak tie.

A study about CRP by Ryu and Feick (2007) concluded that when ties are strong the current customer does not really care about who receives the reward, as they care more about the social and psychological benefits rather than the economic benefits. But when the ties are weak the current customer prefers being the only one rewarded, as they prefer economic benefits over psychological and social benefits. However, this research solely looks from the perspective of the current customer, what their preferences are about who receives the reward in combination with tie strength. They do not consider the perspective of the potential customer, which is very important as well. CRP exist of two processes, motivating the current customer to introduce and motivating the potential customer to accept the invite. If one of both processes is not achieved the concept of CRP fails. In addition, it was previously stated that the use of rewards may undermine the credibility of the current customers in the relationship with potential customers (Helm & Willach, 2010; Van Hove et al., 2016). This can affect the trust the potential customer has in the current customer, endangering the likelihood of a successful CRP. Which is why the following section moves on to describe in greater detail the role of trust in our framework.

2.3 Trust

2.3.1 Defining trust

Trust has been researched in many fields, such as economics, sociology, psychology, organisational theory and marketing (e.g. (Morgan & Hunt, 1994; Bhattacharya, Devinney & Pillutla, 1998; Colquitt, Scott & LePine, 2007)). Each field has its own interpretation and application of trust, meaning that there is no universal definition (Anderson, Steinerte & Russel 2010). However, each definition is based on the existence of a relationship in which the trust has to be established, one side who has to trust (trustor) and one side who has to be trusted (trustee). In the overall context of trust, the trustor is considered to be a person, while the trustee could be many other things, such as a person, company or governmental institution (Skarlatidou, Haklay & Cheng, 2011). In addition, trust consists of two cognitive processes, when considering trust as a psychological state. (Moorman, Zaltman & Deshpandé, 1992; Mayer, Davis &

Schoorman, 1995; Gefen, Rao & Tractinsky, 2003; Lewicki, Tomlinson & Gillespie, 2006; Schlosser, White & Lloyd, 2006). The first process relates to the willingness to accept vulnerability to the activities of the other, which is supported by other authors as well (Mayer et al., 1995; Moorman et al., 1992; Baier, 1985; Deutsch, 1960). The second process relates to the presence of positive expectations concerning the other side's intentions, motivations and behaviour, based on certain attributes and qualities possessed by the trustee (Kee & Knox, 1970; Mayer et al., 1995; McKnight, Cummings & Chervany, 1998; Lewicki et al., 2006). Both these two processes are in line with the explanation of trust as a state by Rousseau, Sitkin, Burt and Camerer (1998), who explain it as '*a psychological state comprising the intention to accept vulnerability based upon positive expectation of the intention or behaviour of another*' (p. 395).

Definitions and explanations of trust reflect the two cognitive processes. For example, '*When one party has confidence in an exchange partner's reliability and integrity*' (Morgan & Hunt, 1994, p.23), '*A buyer's confident belief in a seller's honesty towards the buyer*' (Odekerken-Schröder, 1999, p.61) or '*The extent to which a firm believes that its exchange partner is honest and/or benevolent*' (Geyskens, Steenkamp & Kumar, 1998, p.225). However, these definitions still differ from each other, as each one highlights the importance of different attributes or characteristics of the trustee, such as reliability and integrity (Morgan & Hunt, 1994), honesty (Odekerken-Schröder, 1999) and benevolence (Geyskens, Steenkamp & Kumar, 1998). These different attributes can contribute to the conceptualisation of trust, making it measurable. In the next paragraph we look deeper into these attributes.

2.3.2 Attributes of trust

Establishing trust in a relationship depends on the attributes related to the trustor and the trustee (Mayer et al., 1995; Jarvenpaa, Knoll & Leidner, 1998). The most important attribute of the trustor is the willingness to trust the trustee, also related to in literature as the propensity to trust (Mayer, Davis & Schoorman, 1995; Jarvenpaa, Knoll & Leidner, 1998; Grabner-Kräuter, Kaluscha & Fladnitzer, 2006). Regarding the trustee, there are many possible attributes to be found in definitions and explanations of trust, as emphasized in the previous paragraph. However, in this research we use the attributes indicating the trust of the trustee according to the model of Mayer et al (1995). This well-established model has proven itself and has been used in many areas of science, such as in marketing (Schoorman, Mayer & Davis, 2007). In this model the authors consider trustworthiness of the trustee as an indicator of the presence of trust in a relationship. In order to explain trustworthiness, they divided it into three separable attributes, which are; (I) *ability*, (II) *benevolence* and (III) *integrity*. A fourth attribute (IV) *predictability* was later added to the model by McKnight, Cummings and Chervany (1998). Each attribute adds a different perspective, and together they clarify trustworthiness. In the following texts we explain the attributes using the model of Mayer et al. (1995), together with some additional explanatory literature.

I. *Ability*

This attribute relates to the possession of certain domain-specific skills, competences and characteristics by the trustee. It indicates a specific field of expertise the trustee has, that is used to fulfil its promises (Mayer et al., 1995; Jarvenpaa, Knoll & Leidner, 1998).

II. *Benevolence*

This attribute relates to the belief that the trustee takes into account the interests of the trustor and has the willingness to do good (Mayer et al., 1995; Geyskens, Steenkamp & Kumar, 1997; Jarvenpaa, Knoll and Leidner, 1998).

III. *Integrity*

This attribute relates to the honesty and the truthfulness of the actions of the trustee, which are based on a set of moral principles. According to Mayer et al. (1995) when the trustor agrees on these principles of the trustee you speak of integrity.

IV. *Predictability*

This attribute relates to perceived predictability, which relates to the extent a trustor can predict the trustee's behaviour and actions McKnight et al. (1998). The amount of risk associated with the trustee decreases when the trustor knows what to expect, increasing the trust.

When all of these four attributes are high it would likely indicate the trustee as trustworthy. Mayer et al. (1995) argue in their model that trustworthiness is not simply a one-dimensional variable where you are either trustworthy or not trustworthy. They rather look at trustworthiness as a continuum, on which ability, benevolence and integrity can vary, making it a three-dimensional variable. This indicates that the proportions between the attributes can differ, and that the contribution of each attribute on the establishment of trustworthiness depends on the situation or type of relationship.

2.3.3 Trust and rewards

As was previously stated, rewards are a good tool to motivate desired behaviour. However, when the current customers are motivated to approach potential customers to introduce them it does not automatically mean that the potential customer will accept the invite. Because, at the same time it was also indicated that rewards have a negative impact on the perceived credibility of the current customer by the potential customer. This means that the potential customer might feel abused when only the current customer is rewarded, and therefore might lose its trust in the current customer. However, by providing a reward to both the current- and the potential customer the benefits are equalized, leading to the preservation of a trustful relationship.

H3: Providing a reward to both the current- and potential customer will prevent the negative effect on trust of providing a reward to only the current customer.

In order to make CRP work it is not only about motivating the current customers to approach and introduce potential customers, as it is equally important that potential customers accept the introduction. Making use of rewards is a good way to motivate current customers, and perhaps also to motivate potential customers. However, using rewards could have a negative effect on the success of the introduction of potential customers by current customers, as the potential customer might no longer trust the current customer.

When the potential customer no longer trusts the current customer the acceptance of the invitation of the current customers by the potential customers fails, resulting in a failed CRP. However, if the current customer does trust the current customer it can have a

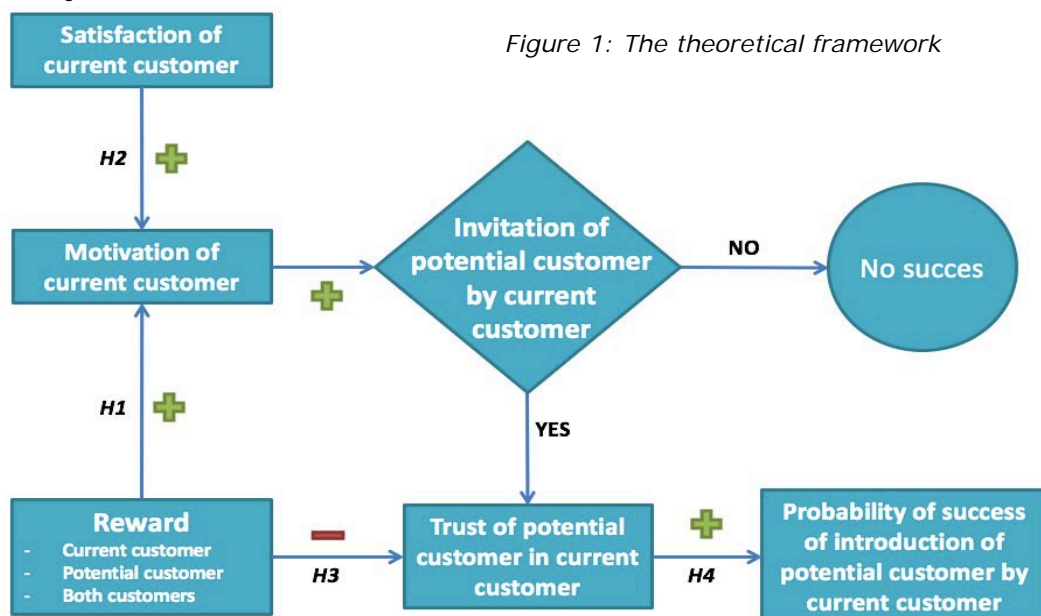
strengthening effect on the acceptance of the invitation of the current customer by the potential customer. Which brings us to the last hypothesis.

H4: A higher level of trust of the potential customer in the current customer will lead to a higher motivation of the potential customer to accept the invite.

2.4 The theoretical framework

Using the literature described in the previous paragraphs we propose the framework as shown in figure 1. The overall aim is to increase the number of customers for the small service provider using rewards. Rewards are used to motivate the current customer to approach and invite potential customers, making 'rewards' the independent variable and 'motivation of the current customer' the mediator of the process. The motivation is not only affected by the presence of a reward but also by the satisfaction of the current customer, making 'satisfaction of current customer' a continuous variable influencing motivation. The more satisfied the current customer is with the services and the company itself, the better he or she will be motivated to introduce the service provider to potential customers. When a motivated current customer is achieved it may lead to the first dependent variable; 'invitation of potential customer by current customer'. However, when the current customer does not become motivated to approach and invite potential customers the whole process will not succeed, which is indicated in the framework with the word 'NO'. If it is achieved the current customer has approached and invited potential customers, which is indicated with 'YES'. However, this is only the first phase of a CRP, as the potential customer has to accept the invite and try out the service provider as well.

Rewards are a tool used to motivate the current customers to approach and invite potential customers. However, at the same time this might negatively affect the trust the potential customer has in the current customer, decreasing the likelihood of the potential customer accepting the invite. Therefore, 'trust of potential customer in current customer' is used as a mediator in the second phase of the process. When the trust is not affected it may lead to a higher likelihood of the potential customer accepting the invite of the current customer to try out the service provider. However, when this is achieved the potential customer may only try out the service and not become a new customer, making the second dependent variable 'probability of success of introduction of potential customer by current customer.'



3. Methodology

In this chapter we describe two studies, which are used to test the framework that is introduced in the previous chapter. Study 1 focusses on the perspective of the current customer and study 2 focusses on the perspective of the potential customer.

3.1 Study 1

In study 1, we investigated whether the different types of rewards influenced the amount of motivation the current customer has to approach and invite potential customers. In addition, we also examined the moderating effect of the covariate customer satisfaction.

3.1.1 Design

In this study we used a between-subjects experimental design with four groups (control vs. current vs. potential vs. both customers). The group current relates to the group that is told that they themselves as the current customer would receive a reward when they introduce a potential customer. The group potential relates to the group that is told that the potential customer and not themselves would receive a reward when they as the current customer introduce a potential customer. The group both relates to the group that is told that both themselves as the current customer and the potential customer would receive a reward when the current customer introduces a potential customer. The group control relates to the group that does not receive a reward when they as current customer introduce a potential customer.

The respondents were randomly assigned to one of the four groups, represented by the control group and the three different rewards. Prior to filling in a questionnaire, respondents read a small text describing a situation in which they have to act as current customer, which is described later on. After this small text they were asked to answer multiple questions, which together measured their overall motivation to approach and introduce potential customers.

3.1.2 Procedure

Respondents were approached via social media, direct mail and in person with the request to fill in the questionnaire. In order to stimulate the response, respondents were told that they could win a 10-euro gift card. When they agreed on filling in the questionnaire they were provided with a link to the online questionnaire in Qualtrics. Each respondent was randomly assigned to one of the four groups. In the informed consent of the questionnaire respondents were told that the research was about PWOM among students.

At the start of the questionnaire the respondents were asked about their gender. The males were given questions in which they were asked to keep in mind a male person, while females were given questions in which they were asked to keep in mind a female. This was done as advice about a hairdresser from a female may be perceived as more trustful than from a man, which might effect the data. After the 'gender question' everyone received the same questionnaire. It started with three statements about their satisfaction related to their last visit to their hairdresser, which was measured using a seven-point scale varying from strongly disagree to strongly agree. Pictures were provided in order to give the respondent an idea what to think about with regards to their satisfaction about the hairdresser. These pictures showed the typical activities of hairdressers, such as the washing, dyeing and cutting of hair. This was followed with a small text describing a situation from the perspective of the current customer, which is

based on a text used in a similar research (Helm & Willach, 2010). The text is described below.

'You are shopping in the grocery store and bump into a fellow student who you have talked with a few times during class. You are not really friends but you consider him/her as an acquaintance. You talk about projects, classes and after some time the conversation turns to hair, hairstyles and haircuts. You remember the reward system of your hairdresser, which is that ...reward type... get a free haircut when you introduce a new customer.'

Each respondent received the same text and questions. The only thing that was different among the four groups was the reward type described in the text. The idea of manipulating the type of reward was that it might effect the amount of motivation they would have to approach and introduce potential customers. After this text the respondents had to answer a control question about the content of the text, which would indicate if they had really read the text. After the text respondents were provided with twelve statements (three times four per page) related to their motivation to approach and introduce potential customers, using a seven-point scale varying from strongly disagree – strongly agree.

Hairdressers were used in the text to represent a small service provider. They were used because WOM together with the quality of the service are considered the main reasons to choose a specific hairdresser (Nederlandse Haarstichting, 2016), making hairdressers suitable for this research. In addition, on average Dutch consumers visit the hairdresser about eight times a year (Nederlandse Haarstichting, 2016), meaning that there is a high chance that the respondents are familiar with or have used the service. The reward used in the questionnaire is represented by a free haircut, as it is the biggest type of reward that can be given, and therefore is expected to have the biggest effect. The rewards described in the text were left out in the control group, representing a naturally occurring WOM situation.

3.1.3 Measures

Testing the questionnaire

The questionnaire was designed using literature that was written in English. However, because most of the respondents were Dutch the questionnaire was translated prior to the data collection. The questionnaire was translated to Dutch by a fellow student, after which an other student translated it back to English. This was to see if they interpreted the questions the same way in Dutch as was intended in English.

The text used in the questionnaire that had the aim to stimulate the respondents to think from the perspective of the current customers was tested. Several students were asked to fill in the questionnaire when the researcher sat next to them, asking what they thought when filling in the questionnaire. This information was used to optimize the text and questions used in the final version of the questionnaire.

Satisfaction scale

Customer satisfaction is measured using the scale of Brady et al. (2005). This scale measures the satisfaction about a service the customer had received or experienced from a service provider. Respondents were asked to rate three statements on a seven-point scale about how much they agree, varying from strongly disagree - strongly agree. This seven-point scale provides us with quantitative output, where strongly disagree is

represented by a 1 and strongly agree by a 7. The sum of these scores provided by the three statements about satisfaction yields one score (ranging from 0 to 21) for the satisfaction of the current customer.

Motivation scale

Motivation is measured using six motivational categories – desire, ability, reasons, need, commitment and taking steps – identified by Amrhein, Miller, Yahne, Palmer and Fulcher (2003) and Miller and Johnson (2008). Each motivational category is measured according to Miller and Johnson (2008) by using two statements, resulting in a $2 \times 6 = 12$ item pool. Respondents were asked to rate each of these twelve statements on a seven-point scale how much they agree, varying from completely disagree - completely agree. This seven-point scale provides us with quantitative output, where strongly disagree is represented by a 1 and strongly agree by a 7. The sum of the scores provided by the twelve statements about motivation yields one score (ranging from 0 to 84) for the motivation of the current customer to approach and invite potential customers.

3.1.4 Respondents

Respondents were 118 PhD-, master- and undergraduate students from Wageningen University who were approached to fill in the questionnaire.

3.1.5 Data Analysis

In this research we compare four different groups in which the type of reward differs. The outcome of study 1 is the amount of motivation the respondent has to approach and introduce potential customers, this might vary among the different groups. Therefore, we measure if there is a difference between these four groups. Because the groups differ from each other based on one factor (reward type) the analysis is done using regression analysis and a one-way analysis of the variance (ANOVA). In order to measure the effect of customer satisfaction a one-way ANCOVA is conducted.

3.2 Study 2

In study 1 we looked into the effect the different types of rewards have on the motivation of the current customer to approach and introduce potential customers, with the moderating effect of the covariate customer satisfaction. In study 2 we examined what the effect of these different types of rewards was on the trust the potential customer has in the current customer. We then looked into the effect the amount of trust has on the motivation of the potential customer to accept the introduction by the current customer.

3.2.1 Design

In this study we used a between-subjects experimental design with four groups (control vs. current vs. potential vs. both customers). The group current relates to the group that is told that the current customer would receive a reward when they as potential customer would accept the introduction. The group potential relates to the group that is told that they as potential customer would receive a reward when they would accept the introduction of the current customer. The group both relates to the group that is told that both themselves as the potential customer and the current customer would receive a reward when they as the potential customer accept the introduction of the current customer. The group control relates to the group that does not receive a reward when they as potential customer accept the introduction of the current customer.

The respondents were randomly assigned to one of the four groups, represented by the control group and the three different rewards. Prior to filling in a questionnaire,

respondents read a small text describing a situation in which they have to act as potential customer, which is described later on. After this small text they were asked to answer multiple questions, which together measured the amount of trust they as the potential customer have in their acquaintance (current customer). Secondly, a questions was asked about how likely they were to accept the introduction/invite of their acquaintance (current customer).

3.2.2 Procedure

Respondents were approached via social media, direct mail and in person with the request to fill in the questionnaire. In order to stimulate the response, respondents were told that they could win a 10-euro gift card. When they agreed on filling in the questionnaire they were provided with a link to the online questionnaire in Qualtrics. Each respondent was randomly assigned to one of the four groups. In the informed consent of the questionnaire respondents were told that the research was about PWOM among students.

At the start of the questionnaire the respondents were asked about their gender. The males were given questions in which they were asked to keep in mind a male person, while females were given questions in which they were asked to keep in mind a female. This was done as advice about a hairdresser from a female may be perceived as more trustful than from a man, which might effect the date. After the gender question everyone received the same questionnaire. It started with three statements about their satisfaction related to their last visit to their hairdresser, which was measured using a seven-point scale varying from strongly disagree to strongly agree. Pictures were provided in order to give the respondent an idea what to think about with regards to their satisfaction about the hairdresser. These pictures showed the typical activities of hairdressers, such as the washing, dyeing and cutting of hair. This was followed with a small text describing a situation from the perspective of the potential customer, which is based on a text used in a similar research (Helm & Willach, 2010). The text is described below.

'A new course has started. In the first lecture you sit next to a fellow student who you worked with before, you are not really friends but you consider him/her as an acquaintance. You have a pleasant conversation and decide to have lunch together after class. During the lunch the conversation turns to hair, hairstyles and haircuts. You talk about your last visit to your hairdresser. Then the other student enthusiastically tells you about his/her hairdresser, and highly recommend you to go there and try it out. The conversation continues until the end of the lunch break. At the end of the conversation the other student tells you about the reward system of his/her hairdresser. The student tells you that ...reward type... will receive a free haircut when you decide to try out his/her hairdresser. The conversation has ended and both of you return to class.'

Each respondent received the same text and questions. The only thing that was different among the four groups was the reward type described in the text. The idea of manipulating the type of reward was that it might effect the amount trust the potential customer had in the current customer, and that it might effect the likelihood of accepting the introduction of the current customer by the potential customer. After this text the respondents had to answer a control question about the content of the text, which would indicate if they had really read the text. Sixteen statements followed (four times four per page) where their trust in the current customer was measured, using a seven-point scale

varying from strongly disagree – strongly agree. The last question related to how likely they were to accept the introduction of the current customer. For this questions a slide bar was used varying from 0 to 100 points, where 0 was related to definitely not and 100 was related to definitely.

Hairdressers were used in the text to represent a small service provider. They were used because WOM together with the quality of the service are considered the main reasons to choose a specific hairdresser (Nederlandse Haarstichting, 2016), making hairdressers suitable for this research. In addition, on average Dutch consumers visit the hairdresser about eight times a year (Nederlandse Haarstichting, 2016), meaning that there is a high chance that the respondents are familiar with or have used the service. The reward used in the questionnaire is represented by a free haircut, as it is the biggest type of reward that can be given, and therefore is expected to have the biggest effect. The rewards described in the text were left out in the control group, representing a naturally occurring WOM situation.

3.2.3 Measures

Testing the questionnaire

The questionnaire was designed using literature that was written in English. However, because most of the respondents were Dutch the questionnaire was translated prior to the data collection. The questionnaire was translated to Dutch by a fellow student, after which an other student translated it back to English. This was to see if they interpreted the questions the same way in Dutch as was intended in English.

The text used in the questionnaire that had the aim to stimulate the respondents to think from the perspective of the current customers was tested. Several students were asked to fill in the questionnaire when the researcher sat next to them, asking what they thought when filling in the questionnaire. This information was used to optimize the text and questions used in the final version of the questionnaire.

Satisfaction scale

Customer satisfaction is measured using the scale of Brady et al. (2005). This scale measures the satisfaction about a service the customer had received or experienced from a service provider. Respondents were asked to rate three statements on a seven-point scale about how much they agree, varying from strongly disagree - strongly agree. This seven-point scale provides us with quantitative output, where strongly disagree is represented by a 1 and strongly agree by a 7. The sum of the scores provided by the three statements about satisfaction yields one score (ranging from 0 to 21) for the satisfaction of the potential customer.

Trust scale

Trust is measured using the four attributes of trust by Mayer et al. (1995) and McKnight et al. (1998). Each attribute is represented by four items, resulting in an item pool of $4 \times 4 = 16$ statements. These items are designed using current literature on similar scales (Rempel, Holmes & Zanna, 1985; Ganesan, 1994; Büttner & Göritz, 2008) and by consulting experienced marketing academics. Respondents are asked to rate each statement on a seven-point scale how much they agree, varying from completely disagree - completely agree. This seven-point scale provides us with quantitative output, where strongly disagree is represented by a 1 and strongly agree by a 7. The sum of the scores provided by the sixteen statements about trust yields one score (ranging from 0 to 112) for the trust the potential customers have in the current customers.

Most marketing literature used provide scales that measure the trust of the consumer in the company and not the trust of one consumer in the other. Especially not in the setting of current customer-potential customer. Because trust of a consumer in a company is different from trust of the potential customer in the current customer we tested this scale by performing factor analysis and measuring the cronbach's alpha. Each of the attributes is described below in the way it is interpreted in the setting of this research.

- I. **Ability**
This attribute relates to if the potential customer is convinced about the current customer's ability to tell if a service is good or not.
- II. **Benevolence**
This attribute relates to the belief of the potential customer that the current customer takes into account their interests.
- III. **Integrity**
This attribute relates to the perceived honesty of the current customer by the potential customer.
- IV. **Predictability**
This attribute relates to if the potential customer knows what to expect from the actions of the current customer.

3.2.4 Respondents

Respondents were 119 PhD-, master- and undergraduate students from Wageningen University who were approached to fill in the questionnaire.

3.2.5 Data Analysis

Prior to the data analysis two factor analysis are performed on the scale that measures trust to find out if the questions together actually measure the four attributes of trust and if they together measure the construct trust. In this research we compare four different groups in which the type of reward differs. The outcome of study 2 is the effect the different types of rewards have on the amount of trust the potential customer has in the current customer, and the effect the amount of trust has on the motivation of the potential customer to accept the introduction of the current customer. Together they give insight in the effect of the different types of rewards on the likelihood of the potential customer accepting the introduction of the current customer. Therefore, we measure if there is a difference between the four groups. Because the groups differ from each other based on one factor (reward type) the analysis is done using regression analyses and one-way analysis of the variance (ANOVA). Finally, to test if there is a relationship between trust and the likelihood of accepting the invite we conducted a Pearson correlation coefficient.

3.3 Overlapping respondents for both studies

Respondents for both studies were gathered at the same time, as it is important that the respondents did not fill in the questionnaires for both studies. There is a chance that they would know the aim of the research, which would harm the outcomes of both studies. In order to prevent this, respondents were randomly assigned to one of the two studies when clicking on the link to Qualtrics. Because both studies have four groups the respondents were randomly assigned to one of the eight groups.

4. Results

4.1 Respondents

The online questionnaire was filled in by 300 respondents. 63 Respondents were removed from the dataset as they did not complete the whole questionnaire, which brings us to a total of 237 respondents. Table 1 shows the information about the respondents of study 1 and 2.

	Study 1	Study 2
Number of respondents	118	119
Deleted respondents	14	10
Useful respondents	104	109
Gender	78 woman 26 man	75 woman 34 man
Average age	23,2 Years	24 Years
Nationality	82 Dutch 19 non-Dutch 3 unknown	81 Dutch 26 non-Dutch 2 unknown

Table 1: Information about respondents

In study 1 there were 14 respondents deleted from the dataset. There were seven respondents who were not students, two respondents who did not read the text and gave the wrong answer to the control question and five who were older than forty making it unlikely that they are students. This leaves us with a total of 104 useful respondents for study 1. In study 2 there were 10 respondents deleted from the dataset as they were older than forty years making it unlikely they were students. This leaves us with a total of 109 useful respondents for study 2.

4.2 Measurement scales

4.2.1 Study 1 - Satisfaction and motivation

In the first study a questionnaire was used to measure the construct of 'customer satisfaction about a provided service' and the construct of 'motivation to approach and invite potential customers'. Both scales used were found to be highly reliable, as the Cronbach's alphas for the 3 satisfaction and 12 motivation items were 0.863 and 0.928, respectively. The scales could not be improved as there were no particular increases in the Cronbach's alphas when deleting one of the items.

4.2.2 Study 2 – Satisfaction

In the second study a questionnaire was used to measure the construct of 'customer satisfaction about a provided service' and the construct of 'trust'. The satisfaction scale was found to be highly reliable, as the Cronbach's alpha for the 3 satisfaction items was 0.922. The scale that measured trust is tested in the next paragraph, using factor analysis.

4.2.3 Study 2 – Factor analysis of trust items

Data preparation

Before a factor analysis could be conducted some outcomes had to be reversed. There were two questions in the questionnaire who were negatively formulated, which were; '*I cannot believe the information this acquaintance provides me*' and '*I have to be cautious with this acquaintance*'. The answers of these two questions do not correspond with all the other questions, as the other questions were positively formulated. This means that when these two questions were answered with strongly agree it actually meant something negative while for the other questions it means something positive. Therefore, we reversed the outcomes of these two questions in the dataset. This means that when the questions were answered with strongly agree it showed a 7 in the data. By reversing the data, the 7 became a 1, the 6 a 2, the 5 a 3 and 4 stayed the same. In this way the the outcomes from these two questions corresponded with the other questions

Factor Analysis

The trust scale measured four underlying attributes of trust, as according to literature. To test this scale a Principal Component Analyses (CPA) with a Direct Oblimin (oblique) rotation of the 16 Likert scale questions considering trust was conducted on data from 109 respondents. Bartlett's test of sphericity was significant ($\chi^2(120)=613,33$, $p<0.001$), meaning that all the correlations within the correlation matrix were overall significant. The Kaiser-Meyer Olkin measure indicated that there were strong relationships among the variables (KMO=0.760), meaning that the sample was factorable. A Direct Oblimin (oblique) rotation was performed as the factors were all latent variables of the construct trust, meaning that we expected the factors to be correlated. The first factor explained 31,45% of the variance, the second factor 11,16% of the variance, the third 9,32% of the variance and the fourth factor 7,32% of the variance. A fifth factor was found, which explained 6,46% of the variance and had an eigenvalue of just over one. Four factors, which explained 59,25% of the variance, were preferred because of the levelling off of eigenvalues on the scree plot after four factors, its theoretical support in literature and the difficulty of interpreting a fifth potential attribute of trust. Therefore, four factors were used in subsequent analyses.

The obtained pattern matrix is displayed in table 2, where only factor loadings higher than 0,4 are shown. A total of two items were eliminated because they did not contribute to one of the four factors and failed to meet the criteria of having a primary factor loading of 0,4 or above. The item '*I do not have to wonder whether the acquaintance will stick to its word*' did not showed a loading above 0,4 for any of the factors. The other item '*The acquaintance keeps its promises*' did not show a loading above 0,4 for any of the factors either. Both items 11 and 13 were eliminated from further analyses.

Scale items	Factors			
	1	2	3	4
1. The acquaintance is competent			0.752	
2. I can expect good advice from the acquaintance			0.618	
3. The acquaintance is succesful in the things he/she tries to do			0.725	
4. The acquaintance is qualified			0.546	
5. The acquaintance is genuinely interested in my welfare	0.830			
6. The acquaintance puts my interest first	0.865			

7. If problems would arise, I can expect to to be treated fairly by the acquaintance	0,586			
8. My needs and desires are important to the acquaintance	0,795			
9. I can believe the statements of the acquaintance		0,735		
10. I cannot believe the information the acquaintance provides me		0,680		
11. I do not have to wonder whether the acquaintance will stick to its word				
12. I have to be cautious with the acquaintance		0,797		
13. The acquaintance keeps its promises				
14. I would rely on advice from this acquaintance		0,564		
15. I know what to expect from this acquaintance				0,792
16. Promises made by this acquaintance are reliable				0,783
Eigenvalue	5,031	1,786	1,491	1,172
Percentage of total variance	31,48%	11,16%	9,32%	7,32%

Table 2: Oblique rotated component loadings for 16 trust items (Factor loadings <0.4 are suppressed)

A Principal Component Analyses (CPA) with a Direct Oblimin (oblique) rotation was conducted on the remaining 14 items with four factors, which now explained 63,53% of the variance together. All 14 items had loadings higher than 0,4. The factor labels as proposed by Mayer et al. (1995) and McKnight et al. (1998) seemed to fit the outcome of the analysis. Only the item 'I would rely on advice from this acquaintance' that was originally designed as an item to measure the factor integrity turned out to measure the factor benevolence instead. For each of the four scales the internal consistency was examined using Cronbach's alpha. Each turned out to be acceptable and are shown in the final factor loading matrix in table 3. In addition, no items had to be deleted from any of the four factors as this would not lead to a higher Cronbach's alpha.

Scale items	Factors				Communalities
	Benevolence	Integrity	Ability	Predictability	
1. The acquaintance is competent			0,801		0,626
2. I can expect good advice from the acquaintance			0,626		0,587
3. The acquaintance is succesful in the things he/she tries to do			0,699		0,542
4. The acquaintance is qualified			0,540		0,489
5. The acquaintance is genuinely interested in my welfare	0,833				0,749
6. The acquaintance puts my interest first	0,865				0,741
7. If problems would arise, I can expect to to be treated fairly by the acquaintance	0,613				0,556
8. My needs and desires are important to the acquaintance	0,811				0,718
9. I can believe the statements of the acquaintance		0,736			0,685
10. I cannot believe the information the acquaintance provides me		0,724			0,585
12. I have to be cautious with		0,781			0,591

the acquaintance					
14. I would rely on advice from this acquaintance		0,575			0,533
15. I know what to expect from this acquaintance				0,815	0,729
16. Promises made by this acquaintance are reliable				0,774	0,762
Eigenvalue	4,517	1,770	1,438	1,170	
Percentage of total variance	32,29%	12,64%	10,27%	8,35%	
Cronbach's Alpha	0,837	0,726	0,651	0,769	

Table 3: Oblique rotated component loadings for 14 trust items (Factor loadings <0.4 are suppressed, questions 11 and 13 are deleted)

4.2.4 Study 2 – Factor analysis of trust attributes

In the previous paragraph we found four factors among the fourteen items used to measure trust. These four factors represent the four attributes of trust, which were found in literature. However, in order to find out if these four factors together actually do measure the construct trust we conducted a 2nd order factor analysis on the four attributes of trust. Prior to this analysis we computed the sum of scores for each attribute of trust. Item fourteen was added to the sum of scores of benevolence and deleted from integrity, as it was found in the previous paragraph that this item actually measured benevolence instead of integrity. On the four sum of scores for each attribute of trust we computed a factor analysis.

A Principal Component Analyses (CPA) with a Direct Oblimin (oblique) rotation of the four attributes of trust was conducted from data on 109 respondents. Bartlett's test of sphericity was significant ($\chi^2(6)=159,71$, $p<0.000$), meaning that all the correlations within the correlation matrix were overall significant. The Kaiser-Meyer Olkin measure indicated that there were strong relationships among the variables (KMO=0.646), meaning that the sample was factorable. A Direct Oblimin (oblique) rotation was performed as the factors were all latent variables of the construct trust, meaning that we expected the factors to be correlated. Only one factor was found, which explained 59,97% of the variance. Table 4 shows the four component loadings and communalities of the four attributes of trust. In addition, the Cronbach's Alpha found was 0,726 and could become 0,731 if we deleted ability from the scale. However, because of the theoretical support in literature and the minor increase we could achieve by deleting the item we chose not to delete it.

In conclusion

We found that fourteen of the sixteen items used measured four attributes of trust. These four attributes of trust together appear to measure the construct trust. Therefore, in further analysis trust is represented by the sum of scores of the fourteen trust items together.

Scale items	Component	Communalities
	Trust	
1. Ability	0,915	0,838
2. Benevolence	0,843	0,710
3. Integrity	0,699	0,489
4. Predictability	0,601	0,361
Eigenvalue	2,382	
Percentage of total variance	59,55%	
Cronbach's Alpha	0,726	

Table 4: Component loadings for the 4 trust attributes

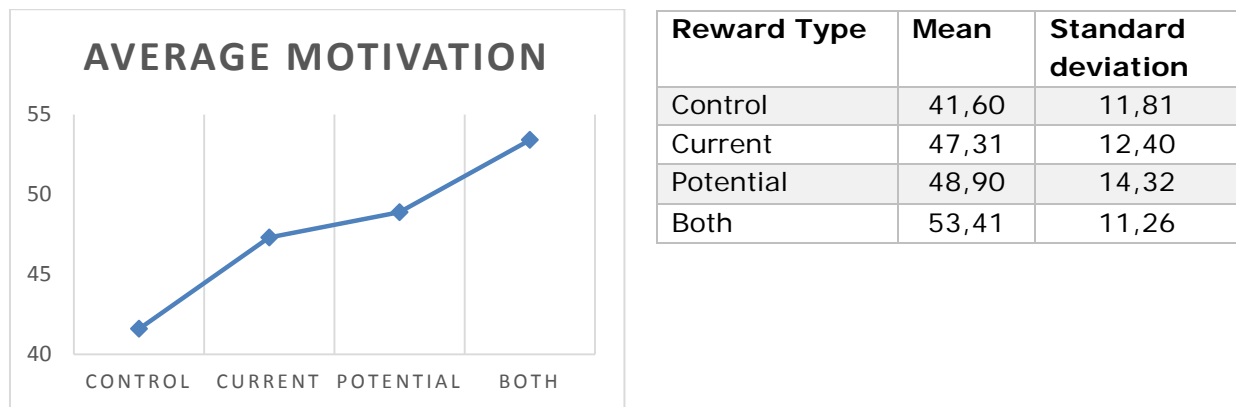
4.3 Results of study 1

4.3.1 Motivation

A simple linear regression was computed to predict the 'motivation of the current customer to approach and invite potential customers' based on the 'reward type'². A significant regression was found ($F(3,100)=3,72$, $p=0.017$), with an R^2 of 0.097.

Means

After computing an one-way ANOVA we could see that respondents who were told that both the current- and potential customer would receive a reward reported more motivation after the experiment ($M=53,41$, $SD=11,26$) than either the group who was told that only the current customer would receive a reward ($M=47,31$, $SD=12,4$) or the group that was told that only the potential customer would receive a reward ($M=48,90$, $SD=14,32$). All groups showed a higher motivation than the control group where the respondents were not told about a reward ($M=41,60$, $SD=11,81$).



Graph 1: Mean scores of the total motivation for each reward type

Comparing the reward types using dummy variables and linear regression

Dummy variables were computed for each of the four groups to be able to compare the groups with each other. Using the dummy variables, we were able to compare each of the groups with the other three groups by making use of linear regressions. All comparisons are presented in table 1.

	Control	Current	Potential	Both
Control	-	0.130	0.048	0.002
Current	0.130	-	0.641	0.075
Potential	0.048	0.641	-	0.174
Both	0.002	0.075	0.174	-

Table 5: Significant levels of group comparisons

The first comparison revealed that the control group was not significantly different from the group where only the current customer would be rewarded ($p=0.130$), but was significantly different from the group where only the potential customer would be rewarded ($p=0.048$) and the group where both customers would be rewarded ($p=0.002$). The second comparison revealed that the group where both customers would be rewarded was not significantly different from the group where the current customer would be rewarded ($p=0.075$) or the group where only the potential customer would be

² Reward type relates to who receives the reward; the current-, potential- or both customers.

rewarded ($p=0.174$). The last comparison revealed that the groups where the potential- or current customer would be rewarded did not differ significantly from each other either ($p=0.641$).³

4.3.2 Effect of satisfaction

A stronger significant effect was found between the 'different reward types' and 'motivation of the current customer to approach and invite potential customers' after controlling for 'customer satisfaction', as determined by linear regression ($F(4,99)=7.359$, $p<0.000$), with an R^2 of 0.229).⁴

Comparing the reward types using dummy variables and linear regression after controlling for satisfaction

Dummy variables were computed for each of the four groups to be able to compare the groups with each other. Using the dummy variables, we were able to compare each of the groups with the other three groups by making use of linear regressions. All comparisons are presented in table 2.

	Control	Current	Potential	Both
Control	-	0.011	0.008	<0.000
Current	0.011	-	0.977	0.244
Potential	0.008	0.977	-	0.213
Both	<0.000	0.244	0.213	-

Table 6: Significant levels of group comparisons after controlling for satisfaction

The first comparison revealed that the control group was significantly different from the group where only the current customer would be rewarded ($p=0.011$), was significantly different from the group where only the potential customer would be rewarded ($p=0.008$) and the group where both customers would be rewarded ($p<0.000$). The second comparison revealed that the group where both customers would be rewarded was not significantly different from the group where the current customer would be rewarded ($p=0.244$) or the group where only the potential customer would be rewarded ($p=0.213$). The last comparison revealed that the groups where the potential- or current customer would be rewarded did not differ significantly from each other either ($p=0.977$).⁵

4.3.4 Hypothesis 1 and 2

Overall these results suggest that providing a reward does have an effect on the motivation of the current customer to approach and invite potential customers. Specifically, our results suggest that providing a reward to both the current- and potential customer leads to a higher mean for motivation than when only providing a reward to one of the customers. However, this was not found to be significant, which

³ No significant difference was found between the group where both customers would be rewarded and a combination of the groups where the current- or potential customers would be rewarded ($p=0,070$).

⁴ Satisfaction and motivation were significantly positively correlated ($r=0,334$, $p=0.001$), as determined by a Pearson correlation coefficient.

⁵ No significant difference was found between the group where both customers would be rewarded and a combination of the groups where the current- or potential customers would be rewarded ($p=0,160$).

means that providing a reward to both the current- and potential customers does not lead to a significant higher level of motivation for the current customer to approach and invite potential customers. We did, however, find a strong effect of satisfaction on motivation of the current customer to approach and invite potential customers. Overall this means that the first hypothesis is rejected, but that the second hypothesis is proven.

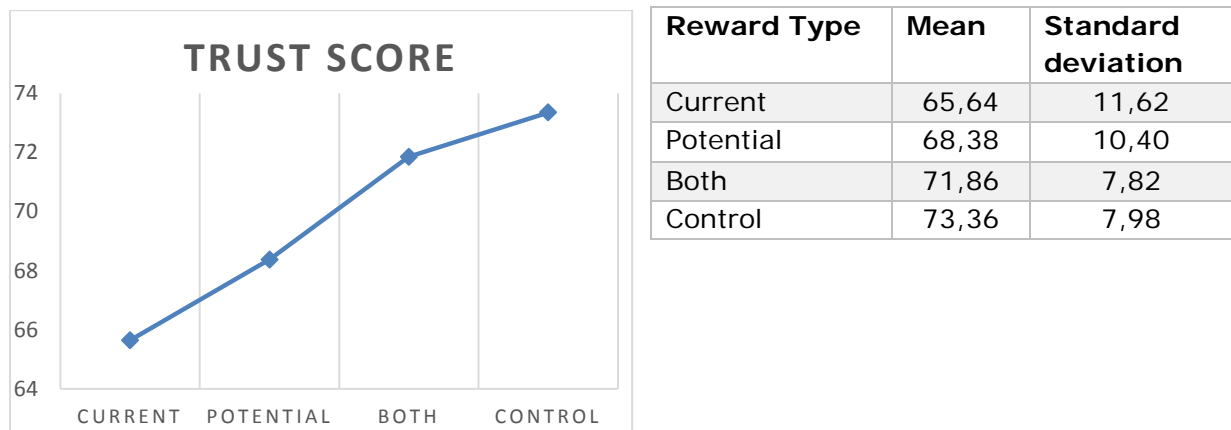
4.4 Results of study 2

4.4.1 Trust

A simple linear regression was computed to predict the 'trust of the potential customer in the current customer' based on the 'reward type'⁶. A significant regression was found ($F(3,105)=3,479$, $p=0.019$), with an R^2 of 0.090.

Means

After computing an one-way ANOVA we could see that respondents who were not told about a reward gave the highest score of trust ($M=73,36$, $SD=7,98$). The trust score in the group where the respondent was told that both the current- and potential customer would receive a reward ($M=71,86$, $SD=7,82$) was higher than the groups where only the potential- ($M=68,38$, $SD=10,40$) or current customer ($M=65,64$, $SD=11,62$) would receive a reward. The mean scores of trust for each reward type are visualised in graph 2.



Graph 2: Mean scores of the total trust for each reward type

Comparing the reward types using dummy variables and linear regression

Dummy variables were computed for each of the four groups to be able to compare the groups with each other. Using the dummy variables, we were able to compare each of the groups with the other three groups by making use of linear regressions.

	Control	Current	Potential	Both
Control	-	0.004	0.051	0.595
Current	0.004	-	0.280	0.029
Potential	0.051	0.280	-	0.205
Both	0.595	0.029	0.205	-

Table 7: Significant levels of group comparisons

⁶ Reward type relates to who receives the reward; the current-, potential- or both customers.

The first comparison revealed that the control group was significantly different from the group where the current customer would be rewarded ($p=0.004$), but was not significantly different from the group where the potential- ($p=0.051$) or both customer(s) would be rewarded ($p=0.595$). The second comparison revealed that the group where both customers would be rewarded was significantly different from the group where the current customer would be rewarded ($p=0.029$), but was not significantly different from the group where the potential customer would be rewarded ($p=0.205$). The last comparison revealed that the groups where the potential- or current customer would be rewarded did not differ significantly from each other either ($p=0.280$).⁷

4.4.2 Pearson correlation coefficient

A Pearson correlation coefficient was computed to assess the relationship between the 'trust the potential customer has in the current customer' and the 'likelihood of potential customers accepting the invite'. The averages of trust and the likelihood of accepting were significantly positively correlated, $r=.338$, $p<.001$. This result suggests that there was a positive correlation between the 'trust score' and the 'likelihood of potential customers accepting the invite', which means that increases in trust were correlated with increases in the likelihood to accept the invite.

4.4.3 Hypotheses 3 and 4

These results suggest that providing a reward does have an effect on the trust the potential customer has in the current customer. Specifically, our results suggest that only when the current customer is provided with a reward it leads to significantly lower levels of the trust the potential customer has in the current customer. When both customers would be rewarded the trust the potential customer has in the current customer was not significantly different, meaning that hypothesis three is proven. However, we would like to add to that that the same result was achieved when only the potential customer would be rewarded, and that there was no significant difference between the group where both customers would be rewarded and the group where only the potential customer would be rewarded. We also found that the likelihood to accept the invite increased when a higher level of trust was achieved, which means that hypothesis four is proven.

4.6 Further exploration

4.6.1 Demographic differences

Gender

No differences between males ($M=47,42$, $SD=12,82$) and females ($M=48,67$, $SD=13,16$) were found in study 1, as determined by an independent sample T-test ($t(102)=-0,420$, $p=0,675$). There was no effect found either between the 'different reward types' and 'motivation to approach and invite potential customers' after controlling for 'gender', as determined by an ANCOVA ($F(1, 99)=0,194$, $p=0,661$). An ANCOVA could be conducted as the homogeneity-of-regression assumption was met, meaning that there was no interaction between the factor 'different reward groups' and the covariate 'gender'. We would like to add that there were about three times more female- than male respondents.

⁷ No significant difference was found between the group where both customers would be rewarded and a combination of the groups where the current- or potential customers would be rewarded ($p=0,057$), meaning that the conclusions stay the same.

In study 2, differences between males ($M=40,38$, $SD=28,04$) and females ($M=52,96$, $SD=22,92$) were found regarding the likelihood of accepting the invite, as determined by an independent sample T-test ($t(107)=-2,471$, $p=0,015$). There was also an effect found between the 'different reward types' and 'motivation to approach and invite potential customers' after controlling for 'gender', as determined by an ANCOVA ($F(1, 104)=6,225$, $p=.014$). An ANCOVA could be conducted as the homogeneity-of-regression assumption was met, meaning that there was no interaction between the factor 'different reward groups' and the covariate 'gender'. However, in the questionnaire gender was equalized, where male respondents got questions related to males and females got questions related to females. Therefore, we do not know if this effect is caused by the gender of the current-, potential- or both customers, or because of the equalization in the questionnaire. Finally, we would like to add that there were about two times more female- than male respondents.

Nationality

In study 1, there was a significant difference found in 'motivation to approach and invite potential customers' for Dutch ($M=46,59$, $SD=13,09$) and non-Dutch ($M=54,84$, $SD=11,48$) conditions, as determined by an independent sample t-test ($t(99)=-2,532$, $p=0.013$). In study 2, a similar significant difference was found in 'likelihood to accept the invite' for Dutch ($M=45,06$, $SD=25,61$) and non-Dutch ($M=62,92$, $SD=17,04$) conditions, as determined by an independent sample T-test ($t(105)=-3,322$, $p=0.001$).

4.6.2 Reward types and accepting score

There was no main effect found between the different 'reward groups' and the 'likelihood of potential customers accepting the invite', as determined by an one-way ANOVA ($F(3, 105)=,771$, $p=0.513$).

Means

After computing an one-way ANOVA we could see that respondents who were told that both the current- and potential customer would receive a reward reported more likelihood to accept the invite after the experiment ($M=56,29$, $SD=25,91$) than either the group who was told that only the current customer would receive a reward ($M=47,39$, $SD=24,21$) or the group that was told that only the potential customer would receive a reward ($M=48,53$, $SD=24,68$). All groups showed a higher motivation than the control group where the respondents were not told about a reward ($M=45,82$, $SD=26,47$).

4.6.3 Satisfaction of potential customers

Pearson correlation coefficient

A Pearson correlation coefficient was computed to assess the relationship between the amount of 'customer satisfaction' and the 'likelihood of potential customers accepting the invite'. The averages of 'satisfaction' and the 'likelihood of potential customers accepting the invite' were significantly negatively correlated, $r=-0.217$, $p=0.023$. This result suggests that there was a negative correlation between the amount of 'satisfaction' and the 'likelihood of potential customers accepting the invite', which means that increases in satisfaction were correlated with decreases in likelihood of accepting the invite.

Satisfaction as a covariate

There was no significant effect found between the 'different reward types' and 'likelihood of potential customers accepting the invite', as determined by an one-way ANOVA ($F(3,105)=0.771$, $p=0.513$). There was still no significant effect found between the 'different reward types' and 'likelihood of potential customers accepting the invite' after

controlling for customer satisfaction, as determined by an one-way ANCOVA ($F(4,108)=1,739, p=0.147$). But the level of significance changed considerably. However, the covariate satisfaction was found to have a significant impact on the 'likelihood of potential customers accepting the invite' ($F(1,104)=4,566, p=0.035$). Meaning that the satisfaction of the potential customers about the provided service has an effect on the likelihood of potential customers accepting the invite.

5. Conclusion and discussion

In the previous chapter we have seen that the results confirm hypothesis two, three and four, but reject hypothesis one. In this chapter we discuss the results and answer the overall general research questions.

5.1 Research insights

Main conclusion

Rewards are an effective tool to motivate consumers (Gremler et al., 2001) and elicit desired behaviour (Eisenhardt, 1985; Buhler, 1992; Gupta & Shaw, 1998). One of the characteristics of customer referral programmes [CRP] is that only the current customers are motivated by rewards (Schmitt et al., 2011), while you could also reward the potential- or even both customers. That is why in this study we expand prior research about CRP by looking at the effect of different distributions of the reward. We looked at the effect of providing a reward to the current-, potential- and both customers on (1) the motivation of the current customer to approach and invite potential customers, and on (2) the likelihood of these potential customers accepting the invite.

Our results in study 1 seem to be consistent with previous research which found that rewards are an effective tool to motivate consumers (e.g. (Eisenhardt, 1985; Buhler, 1992; Gupta & Shaw, 1998; Gremler et al., 2001), which in this case was the motivation to approach and invite potential customers. However, there appears to be no significant difference in the motivation of the current customer to approach and invite potential customers based on who receives the reward. Meaning that a reward should be provided to either the current-, potential or both customers, but that it does not matter for the current customer who receives it. In addition, the results in study 1 further support the idea of previous research that customer satisfaction about the provided service plays a role in the motivation of current customers to spread PWOM and recommend the service provider (Mittal, Kumar & Tsiros, 1999; Belén del Rio, Vazquez & Iglesias, 2001).

Our results in study 2 show that there was no significant difference in the likability of the potential customer to accept the invite based on who receives the reward. However, when we look at the trust the potential customers have in the current customers, we can see that it is affected by the presence of a reward, which is in line with previous research (Helm & Willach, 2010; Van Hove et al., 2016). More specifically, when only the current customer would be rewarded in the CRP the trust the potential customer has in the current customer is significantly decreased. In addition, the results in study 2 show that there is a strong significant correlation between the trust the potential customer has in the current customer and the likelihood of the potential customer to accept the invite. Therefore, it seems that providing a reward to solely the current customer decreases the trust the potential customer has in the current customer, and thereby the likelihood of the potential customer to accept the invite.

Theoretical contributions

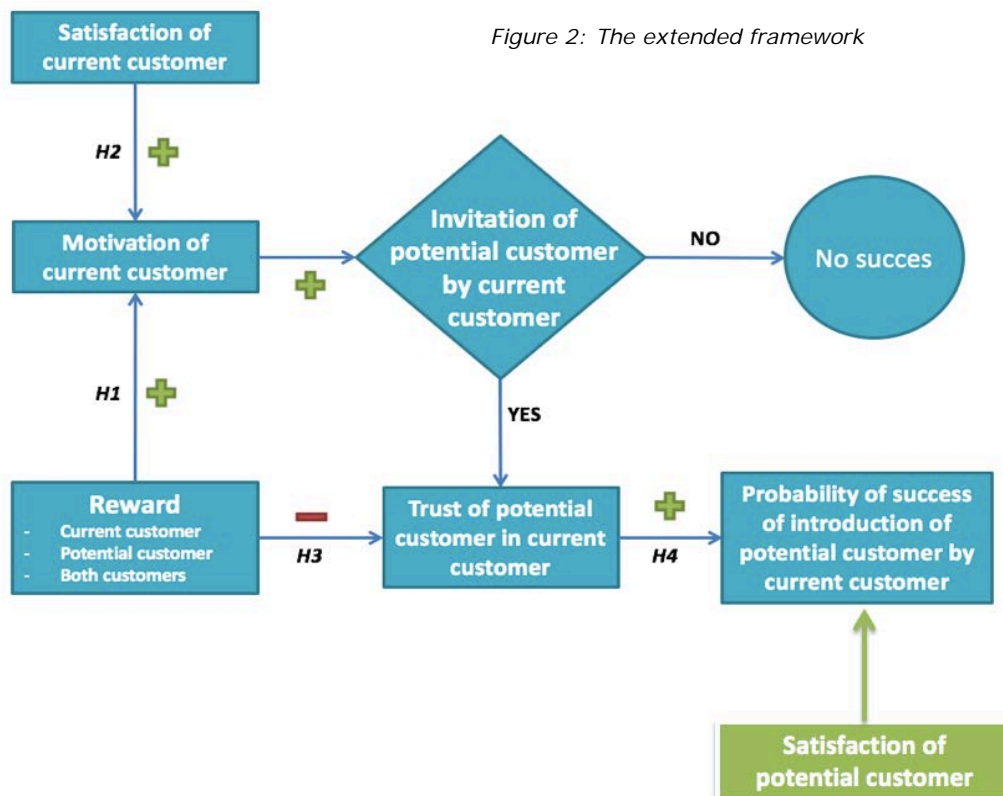
Our study adds a few points to existing literature. Firstly, most previous studies on CRP and stimulated PWOM focused on the perspective of the current customer (e.g. (Garnefeld, Eggert, Helm & Tax, 2013; Schmitt et al., 2011)), and only a few mention the perspective of the potential customer (e.g. (Helm & Willach, 2010; Ryu & Feick, 2007)). Our research suggests that both perspectives are differently affected by the same referral program. Therefore, both should be included in future customer referral research, as both are equally important. The success of a CRP is not only indicated by

how well you can motivate your current customers to approach and invite potential customers, but also by how likeable the potential customer is to accept this invite. Only when you use a CRP that increases your 'current customers' motivation to approach and invite potential customers' and that increases the 'likelihood of potential customers accepting this invite' you can speak of an effective CRP.

Secondly, our results contribute to the knowledge about the use of rewards in CRP's (e.g. (Garnefeld et al., 2013; Helm & Willach, 2010; Ryu & Feick, 2007)). One of the characteristics of traditional CRP's is that a reward should be provided to the current customer (Schmitt et al., 2011). However, you could also provide a reward to the potential customer (Ryu & Feick, 2007) or even both the customers (Zhu & Yat-sen, 2010). Our research looked deeper into this reward distribution and compared the options of providing the reward to the current-, potential- or both customers. Our results showed that there is no significant difference in the perspective of the current customer concerning the motivation to approach and invite potential customers. But there is a significant difference concerning the trust in the perspective of the potential customer, indicating that the trust is significantly lower when a reward is only provided to the current customer.

Expansion of the framework

The results of this research show that the satisfaction of the potential customers about the services they were provided with by a competitive service provider also plays a role. We found that the satisfaction of the potential customer has a significant effect on the likelihood of the potential customer to accept the invite. We found that the higher the satisfaction of the potential customer about the current service provider the lower the likelihood to accept the invite of the current customer. Therefore, we can extend our framework by adding 'satisfaction of potential customer' (figure 2).



5.2 Managerial implications

Our study shows that CRP's are an effective method of attracting new customers, as the use of rewards stimulates current customers to approach and invite potential customers. However, small service providers need to make sure that their current customers are satisfied about the services they provide before they start investing in a CRP, as rewarding dissatisfied customers is nowhere near as effective. In addition, small service providers need to be aware that in CRP's they are dealing with both the current- and potential customers and that both should be taken in mind. Therefore, our results suggest that providing a reward to only the current customer is not recommended as it affects the trust of the potential customer, which in its turn affects the likability of the potential customer to accept the invite. Based on the results of this research small service providers who implement a CRP should reward the potential customer or both customers.

5.3 Limitations and research opportunities

It appears that consumers prefer some rewards over other rewards, where monetary rewards and rewards who offer delayed gratification are preferred (Jang & Mattila, 2005). This may effect the results in our study, as we only used one type of reward. Also the use of solely hairdressers to represent the small service providers may have effected the results, as they only represent one sector. The preference for certain rewards may also be dependent on the sector of the service provider. Therefore, the results of this research cannot be generalised to all small service providers and sectors. This means that further research is recommended to investigate the effect of different types of rewards in different sectors on the motivation of the current customer and the trust and likelihood to accept the invite of the potential customer.

Strong ties such as family and friends are known to have a positive effect on trust (van Hove & Lievens, 2007), and also have more influence on product choices than weak ties do (Bansal & Voyer, 2000). We did not want to include tie strength in our research because previous research in CRP had already done that (Ryu & Feick, 2007). We were more interested in the effect of different types of rewards on both the current- and potential customers. Therefore, we tried to filter out the effect of tie strength by using acquaintances and describing these as some sort of neutral relation that was between weak- and strong ties. However, we do not know if this filtered out the effect of tie strength, as we did not test the respondent's perception of an acquaintance. It might be that one respondent perceived the acquaintance more on the level of a strong tie, and the other respondent more on the level of a weak tie. Because we gathered no such information we do not know its effect on the results. Therefore, this study should be repeated including tie strength.

The data gathered in this research was done by making use of hypothetical situations. These situations were described in the questionnaire representing the perspective of the current- and potential customers. The results are based on these hypothetical situations and may be completely different in reality. Therefore, it would be interesting to conduct a similar research with real service providers and real customers.

The aim of CRP's is to attract new customers by rewarding the current customer to introduce them. In this research we have seen that it is also important to take into account the potential customer in these referral programmes. However, our research has only focused on the CRP itself, by which we mean that we looked from both perspectives to optimize the effectivity of these programmes. We did not look into what happens with

these new customers once they have been attracted and have tried the new service provider? Will they come back and become a permanent customer, or will they go back to their previous service provider? How can small service providers maintain these new customers once they are attracted through their CRP? Is there a difference between customers attracted through CRP's and other methods? In order to answer these questions further research with the focus on maintaining customers obtained through CRP's is recommended.

Finally, in both studies university students from different nationalities were used as respondents. The results show that there is a difference between Dutch- and non-Dutch students considering their trust in the current customer and their motivation to approach and invite potential customers. Might this difference be due to Dutch soberness, or are non-Dutch students just more sensitive for CRP and rewards? No strong results can be made from this research as the amount of non-Dutch respondents are very small. However, the differences in the results of this research were reasonable, arousing the question; is there an effect of nationality and culture on the effectiveness of CRP's? Future research should be undertaken to give a decisive answer to this questions.

References

- Amrhein, P. C., Miller, W. R., Yahne, C. E., Palmer, M., & Fulcher, L. (2003). Client commitment language during motivational interviewing predicts drug use outcomes. *Journal of Consulting and Clinical Psychology*, 71, 862–878.
- Anderson, A. R., Steinerte, E. & Russel, E. O. (2010) The Nature of Trust in Virtual Entrepreneurial Networks. *International Journal of E-Entrepreneurship and Innovation*, 1, 1-21.
- Baier, A. (1986). Trust and Antitrust. *Ethics*, 96(2), 231-260. Retrieved from <http://www.jstor.org/stable/2381376>
- Bansal, H. S., & Voyer, P. A. (2000). Word-of-mouth processes within a services purchase decision context. *Journal of service research*, 3(2), 166-177.
- Belén del Río, A., Vazquez, R., & Iglesias, V. (2001). The effects of brand associations on consumer response. *Journal of consumer marketing*, 18(5), 410-425.
- Berger, J., & Schwartz, E. M. (2011). What drives immediate and ongoing word of mouth?. *Journal of Marketing Research*, 48(5), 869-880.
- Bhattacharya, R., Devinney, T. M., & Pillutla, M. M. (1998). A formal model of trust based on outcomes. *Academy of management review*, 23(3), 459-472.
- Brady, M. K., Knight, G. A., Cronin, J. J., Tomas, G., Hult, M., & Keillor, B. D. (2005). Removing the contextual lens: A multinational, multi-setting comparison of service evaluation models. *Journal of Retailing*, 81(3), 215-230.
- Bristor, J.M. (1990) *Enhanced explanations of word of mouth communications: the power of relationships*. *Research in Consumer Behavior* 4, 51–83.
- Buhler, P.M. (1992), ``The keys to shaping behavior'', *Supervision*, Vol. 53 No. 1, pp. 18-21.
- Buttle, F. A. (1998). Word of mouth: understanding and managing referral marketing. *Journal of strategic marketing*, 6(3), 241-254.
- Büttner, O. B., & Göritz, A. S. (2008). Perceived trustworthiness of online shops. *Journal of Consumer Behaviour*, 7(1), 35-50.
- Castells, M. (2004). Informationalism, networks, and the network society: a theoretical blueprint. *The network society: A cross-cultural perspective*, 3-45.
- Castells, M., & Cardoso, G. (Eds.). (2005). *The network society: From knowledge to policy* (pp. 3-23). Washington, DC: Johns Hopkins Center for Transatlantic Relations.
- Choi, Jeonghye (2009), "Social Influence from Existing to New Customers," Working paper, Wharton School, University of Pennsylvania.
- Clegg, S., Josserand, E., Mehra, A., & Pitsis, T. S. (2016). The transformative power of network dynamics: a research agenda. *Organization Studies*, 37(3), 277-291.
- Colquitt, J. A., Scott, B. A., & LePine, J. A. (2007). Trust, trustworthiness, and trust propensity: a meta-analytic test of their unique relationships with risk taking and job performance. *Journal of applied psychology*, 92(4), 909.
- Deci, E. L., & Ryan, R. M. (1985). *Intrinsic motivation and self-determination in human behavior*. New York: Plenum.
- Deutsch M. 1960. Trust and suspicion. *Journal of Conflict Resolution* 2: 265–279.
- Dey, C. (2007), "Developing silent and shadow accounts", in Unerman, J., Bebbington, J. O'Dwyer, B. (Eds), *Sustainability Accounting and Accountability*, Routledge, New York, NY, pp. 307-326.
- Dowling, G.R. and Uncles, M. (1997), "Do customer loyalty programs really work?", *Sloan Management Review*, Vol. 38 No. 4, pp. 71-82.
- Eisenhardt, K. M. (1985), "Control: Organizational and Economic Approaches," *Management Science*, 31 (2), 134-49
- Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American customer satisfaction index: nature, purpose, and findings. *the Journal of Marketing*, 7-18.
- Gallhofer, S., Haslam, J., Monk, E., & Roberts, C. (2006). The emancipatory potential of online reporting. *Accounting, Auditing & Accountability Journal*, 19(5), 681-718.
- Ganesan S. 1994. Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing* 58(1): 1–19.
- Garnefeld, I., Eggert, A., Helm, S. V., & Tax, S. S. (2013). Growing existing customers' revenue streams through customer referral programs. *Journal of Marketing*, 77(4), 17-32.

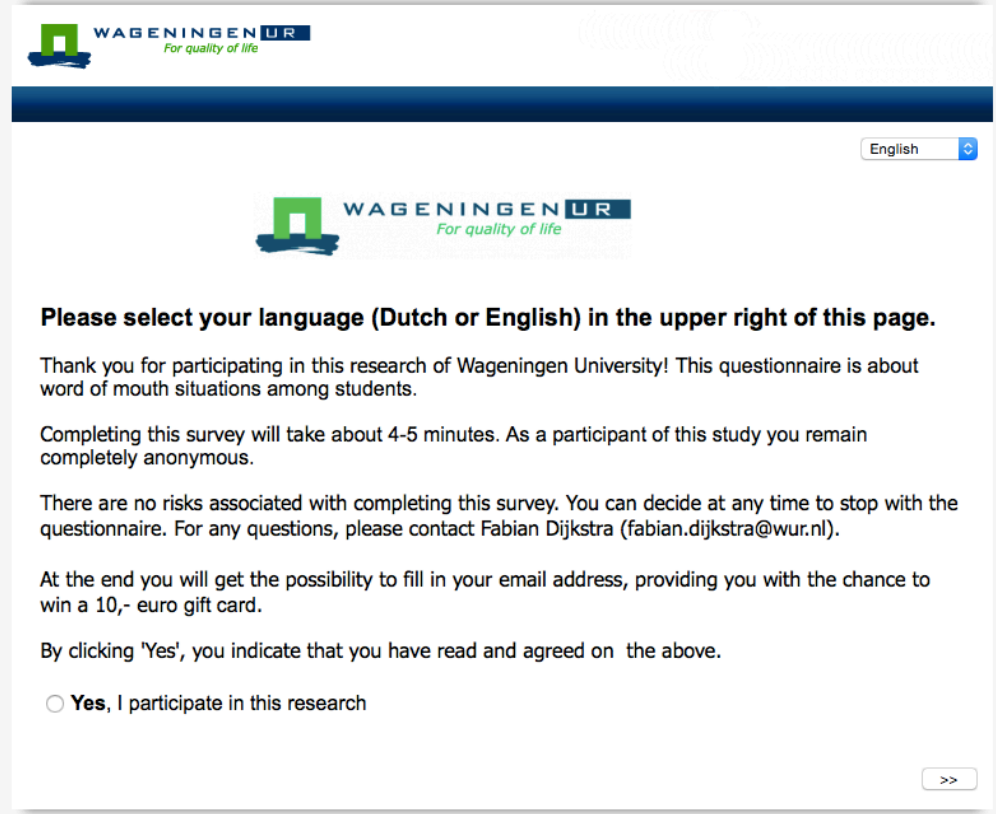
- Garnefield, I., Eggert, A., Helm, S. V. & Tax, S. S. (2013). Growing existing customer' revenue streams through customer referral programs. *Journal of marketing*, 77(4), 17-32
- Gefen D, Rao VS, Tractinsky N. 2003. The Conceptualization of Trust, Risk and Their Relationship in Electronic Commerce: The Need for Clarifications. Proceedings of the 36th Hawaii International Conference on System Sciences.
- Geyskens, I., Steenkamp, J. B. E., & Kumar, N. (1998). Generalizations about trust in marketing channel relationships using meta-analysis. *International Journal of Research in marketing*, 15(3), 223-248.
- Given, L. M. (2008). *The Sage encyclopedia of qualitative research methods*. Sage Publications.
- Gounaris, S. P., Stathakopoulos, V., & Athanassopoulos, A. D. (2003). Antecedents to perceived service quality: an exploratory study in the banking industry. *International journal of bank marketing*, 21(4), 168-190.
- Grabner-Kräuter, S., Kaluscha, E.A., and Fladnitzer, M., 2006. Perspectives of online trust and similar constructs: a conceptual clarification. In: *Proceedings of the 8th international conference on electronic commerce: the new e-commerce: innovations for conquering current barriers, obstacles and limitations to conducting successful business on the internet*, 13–16 August, New Brunswick, Canada. New Brunswick: ACM Press, 235–243.
- Gremler, D. D., Gwinner, K. P., & Brown, S. W. (2001). Generating positive word-of-mouth communication through customer-employee relationships. *International Journal of Service Industry Management*, 12(1), 44-59.
- Gupta, N., & Shaw, J. D. (1998). Let the evidence speak: financial incentives are effective!! *Compensation & Benefits Review*, 30(2), 26-32.
- Helm, S., & Willach, A. (2010). *Does rewarding referrals affect perceived sender credibility? An empirical investigation in cellular telecommunication*. Paper presented at 2010 AMA Winter Educators' Conference: *Marketing Theory and Applications*, Chicago (pp. 322 -323). United States of America; American Marketing Association.
- Hennig-Thurau, T., Gwinner, K., Walsh, G. & Gremler, D. (2004) "Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet?", *Journal of Interactive Marketing*, vol. 18, no. 1, pp. 38-52.
- Ind, N. & Mariussen, A. (2015). Corporate brand. Place/destination branding. in Melewar, T. C. & Syed Alwi, S. F. (ed.) *Corporate Branding: Areas, Arenas and Approaches*. Routledge pp 149-159.
- Jang, D., & Mattila, A. S. (2005). An examination of restaurant loyalty programs: what kinds of rewards do customers prefer?. *International Journal of Contemporary Hospitality Management*, 17(5), 402-408.
- Jarvenpaa, S. L., Knoll, K., & Leidner, D. E. (1998). Is anybody out there? Antecedents of trust in global virtual teams. *Journal of management information systems*, 14(4), 29-64.
- Kee HW, Knox RE. 1970. Conceptual and methodological considerations in the study of trust and suspicion. *Journal of Conflict Resolution* 14: 357–365.
- Keller, E. & Fay, B. (2012), *The Face-to-Face Book: Why Real Relationships Rule in a Digital Marketplace*. New York: The Free Press.
- Keller, E. & Libai, B. (2009), "A Holistic Approach to the Measurement of WOM," presentation at ESOMAR Worldwide Media Measurement Conference, Stockholm (May 4–6).
- Keown, C., & Casey, M. (1995). Purchasing behaviour in the Northern Ireland wine market. *British Food Journal*, 97(1), 17-20.
- Kivetz, R. and Simonson, I. (2002), "Earning the right to indulge: efforts as a determinant of customer preferences toward frequency program rewards", *Journal of Marketing Research*, Vol. 39 No. 2, pp. 155-70
- Lewicki, R. J., Tomlinson, E. C., & Gillespie, N. (2006). Models of interpersonal trust development: Theoretical approaches, empirical evidence, and future directions. *Journal of management*, 32(6), 991-1022.
- Libai, B., Muller, E., & Peres, R. (2013). Decomposing the value of word-of-mouth seeding programs: Acceleration versus expansion. *Journal of marketing research*, 50(2), 161-176.
- Manzotti, R. (2010). A process-oriented framework for goals and motivations in biological and artificial agents. *Causality and motivation*, 105-34.
- Mathur, D., & Mathur, D. (2015). Word of mouth on social media: A potent tool for brand building. *Capturing, Analyzing, and Managing Word-of-Mouth in the Digital Marketplace*, 45-61.

- Mayer, R.C., Davis, J.H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of management review*, 20(3), 709-734.
- Mazzarol, T., Sweeney, J. C., & Soutar, G. N. (2007). Conceptualizing word-of-mouth activity, triggers and conditions: an exploratory study. *European Journal of Marketing*, 41(11/12), 1475-1494.
- McKnight DH, Cummings LL, Chervany NL. 1998. Initial trust formation in new organizational relationships. *Academy of Management Review* 23(3): 473-490.
- Miller, W. R., & Johnson, W. R. (2008). A natural language screening measure for motivation to change. *Addictive Behaviors*, 33(9), 1177-1182.
- Mittal, V., Kumar, P., and Tsiros, M. (1999). Attribute-Level Performance, Satisfaction, and Behavioral Intentions over Time: A Consumption-System Approach. *Journal of Marketing*, 63(2), 88-101.
- Moorman C, Zaltman G, Deshpande R. 1992. Relationship between providers and users of market research: the dynamics of trust within and between organizations. *Journal of Marketing Research* 29(3): 314-328.
- Morgan, R.M. and Hunt, S.D. (1994), "The commitment-trust theory of relationship marketing", *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38.
- Nederlandse Haarstichting (2016). Kapper. Retrieved November 20, 2016, from <http://www.haarstichting.nl/kapper-2>
- Odekerken-Schroder, G. J. (1999). *The role of the buyer in affecting buyer-seller relationships: empirical studies in a retail context* (Doctoral dissertation, Maastricht university).
- Ozcan, K. (2004). *Consumer-to-consumer interactions in a networked society: Word-of-mouth theory, consumer experiences, and network dynamics* (Doctoral dissertation, University of Michigan).
- Patterson, P.G. and Smith, T. (2003), "A cross-cultural study of switching barriers and propensity to stay with service providers", *Journal of Retailing*, Vol. 79 No. 2, pp. 107-20.
- Podnar, K., & Javernik, P. (2012). The effect of word of mouth on consumers' attitudes toward products and their purchase probability. *Journal of Promotion Management*, 18(2), 145-168.
- Rempel J.K., Holmes J.G. & Zanna, M.P. (1985). Trust in close relationships. *Journal of Personality and Social Psychology* 49(1): 95-112.
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. 1998. Not so different after all: A cross-discipline view of trust. *Academy of Management Review*, 23: 393-404.
- Ryan, R. M., & Deci, E. L. (2000). Intrinsic and extrinsic motivations: Classic definitions and new directions. *Contemporary educational psychology*, 25(1), 54-67.
- Ryu, Gangseog and Lawrence Feick (2007), "A Penny for Your Thoughts. Referral Reward Programs and Referral Likelihood," *Journal of Marketing*, 71 (1), 84-94.
- Schlosser AE, White TB, Lloyd SM. 2006. Converting website visitors into buyers: how website investment increases consumer trusting beliefs and online purchase intentions. *Journal of Marketing* 70(2): 133-148.
- Schmitt, P., Skiera, B., & Van den Bulte, C. (2011). Referral programs and customer value. *Journal of Marketing*, 75(1), 46-59.
- Schoorman, F. D., Mayer, R. C., & Davis, J. H. (2007). An integrative model of organizational trust: Past, present, and future. *Academy of Management review*, 32(2), 344-354.
- Sharp, B., & Sharp, A. (1997). Loyalty programs and their impact on repeat-purchase loyalty patterns. *International journal of Research in Marketing*, 14(5), 473-486.
- Skarlatidou, A., Haklay, M., & Cheng, T. (2011). Trust in Web GIS: the role of the trustee attributes in the design of trustworthy Web GIS applications. *International Journal of Geographical Information Science*, 25(12), 1913-1930
- Swan, J. E., & Oliver, R. L. (1989). Post purchase communications by consumers. *Journal of retailing*, 65(4), 516-534.
- Trochim, W. M. K. (2006, October 20). Internal Validity. Retrieved November 19, 2016, from <http://www.socialresearchmethods.net/kb/intval.php>
- Trusov, Bucklin, Pauwels. (2009). Effects of word-of-mouth versus traditional marketing: findings from an Internet social networking site. *Journal of marketing*. 73 (5), 90-102.
- Van Hove, G., & Lievens, F. (2007). Social Influences on Organizational Attractiveness: Investigating If and When Word of Mouth Matters1. *Journal of Applied Social Psychology*, 37(9), 2024-2047.
- Van Hove, G., Weijters, B., Lievens, F., & Stockman, S. (2016). Social Influences in Recruitment: When is word-of-mouth most effective?. *International Journal of Selection and Assessment*, 24(1), 42-53.
- Villanueva, J., Yoo, S., & Hanssens, D. M. (2008). The impact of marketing-induced versus word-of-mouth customer acquisition on customer equity growth. *Journal of marketing Research*, 45(1), 48-59.

- Wallace, E., Buil, I., & de Chernatony, L. (2014). Consumer engagement with self-expressive brands: brand love and WOM outcomes. *Journal of Product & Brand Management*, 23(1), 33-42.
- Warf, B. (2013). Global Geographies of the internet. In B. Warf (Ed.), *Social Media* (pp. 139-160). doi: 10.1007/978-94-007-1245-4_6
- Westbrook, R.A. (1987). Product/consumption-based affective responses and post purchase processes; *Journal of Marketing Research* 24 (3) 258–270.
- Wilkins, S., & Huisman, J. (2014). Corporate images' impact on consumers' product choices: The case of multinational foreign subsidiaries. *Journal of Business Research*, 67(10), 2224-2230.
- Wirtz, J., & Chew, P. (2002). The effects of incentives, deal proneness, satisfaction and tie strength on word-of-mouth behaviour. *International journal of service industry management*, 13(2), 141-162.
- Zhu, Y., & Yat-sen, S. (2010). *The referral likelihood of reward programs: the moderating effect of communication media and product involvement*. Paper presented at 2010 AMA Winter Educators' Conference: *Marketing Theory and Applications*, Chicago (pp. 100 -102). United States of America; American Marketing Association.
- Zikmund, W., & Babin, B. (2007). *Exploring marketing research*. Cengage Learning.

Appendices

Appendix 1 – Questionnaire; perspective of the current customer



The screenshot shows the introduction page of a questionnaire from Wageningen University. At the top left is the Wageningen University logo with the tagline "For quality of life". At the top right is a language selection dropdown menu set to "English". The main heading reads: "Please select your language (Dutch or English) in the upper right of this page." Below this, there are four paragraphs of text: a thank you message, a statement about the survey duration (4-5 minutes) and anonymity, a statement about no risks and the option to stop at any time, and a statement about the chance to win a 10,- euro gift card by providing an email address. Below the text is a radio button labeled "Yes, I participate in this research". At the bottom right is a ">>" button.

Please select your language (Dutch or English) in the upper right of this page.

Thank you for participating in this research of Wageningen University! This questionnaire is about word of mouth situations among students.

Completing this survey will take about 4-5 minutes. As a participant of this study you remain completely anonymous.

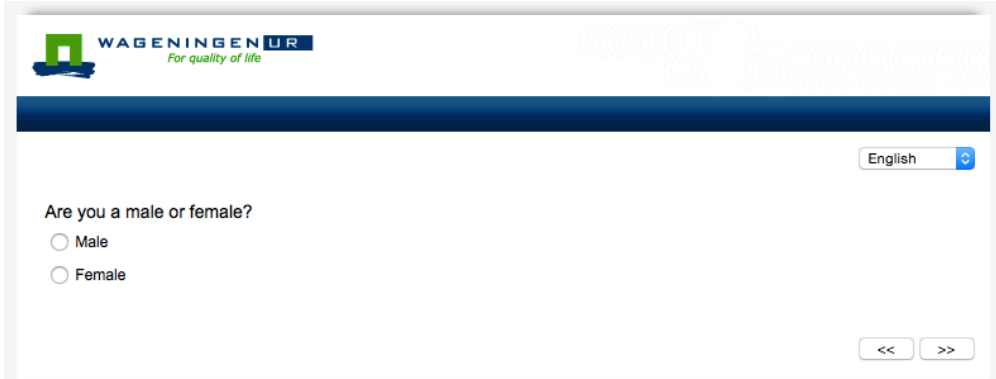
There are no risks associated with completing this survey. You can decide at any time to stop with the questionnaire. For any questions, please contact Fabian Dijkstra (fabian.dijkstra@wur.nl).

At the end you will get the possibility to fill in your email address, providing you with the chance to win a 10,- euro gift card.

By clicking 'Yes', you indicate that you have read and agreed on the above.

☐ **Yes**, I participate in this research

>>



The screenshot shows the first question of the questionnaire. It features the same Wageningen University logo and language dropdown menu at the top. The question is "Are you a male or female?". Below the question are two radio button options: "Male" and "Female". At the bottom right are "<<" and ">>" navigation buttons.

Are you a male or female?

☐ Male

☐ Female

<< >>

In the following picture you see most of the activities a hairdresser performs, such as washing, dyeing and cutting hair. Do you remember your last visit to your hairdresser? We would like to know how you experienced it.



Take in mind your last visit to your hairdresser when answering the following three questions.

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I am satisfied with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am delighted with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

>>


Before we continue to the rest of the questions, please first read the text below. Try to take in mind the described situation, as the following questions will be about what you would do in this situation. In the text the word acquaintance is used, which relates to a person you know but who is not a close friend.

'You are shopping in the grocery store and bump into a fellow student who you have talked with a few times during class. You are not really friends but you consider him as an acquaintance. You talk about projects and classes. After some time the conversation turns to hair, hairstyles and haircuts. Imagine your last visit to your hairdresser. You remember the reward system of your hairdresser, which is that Reward type will receive a free haircut when you introduce him.'

What was described in the text, only 1 answer is right.

- ☐ The text was about consumers exchanging recipes
- ☐ The text was about a reward system of a hairdresser
- ☐ The text was about consumers having a conversation about food

<< >>



WAGENINGENUR
For quality of life

English

Please take in mind the acquaintance that was introduced in the text on the previous page, and indicate how much you agree with each of the 12 following statements (4 per page).

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I want to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I hope to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I could introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>


<< >>


WAGENINGENUR
For quality of life

English

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
There are good reasons for me to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important for me to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I need to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>


<< >>


WAGENINGENUR
For quality of life

English

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I intend to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am going to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will try to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will do things to introduce this acquaintance to go to my hairdresser	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<< >>


WAGENINGENUR
For quality of life

English

Are you a student?


☐ Yes
☐ No

What is your nationality?

☐ Dutch
☐ Other, namely

What is your age?

<< >>



WAGENINGENUR
For quality of life

English

If you would like to have a chance of winning the gift-card, please fill in your email address. Winners will be contacted within two weeks.

If you have any comments about this survey, please fill them in here:

<< >>


WAGENINGENUR
For quality of life

English

Are you interested in participating in surveys more often? Then you can register for the MCB university panel.

If you have no interest or are already registered with this panel, you can skip this question.

MCB University panel

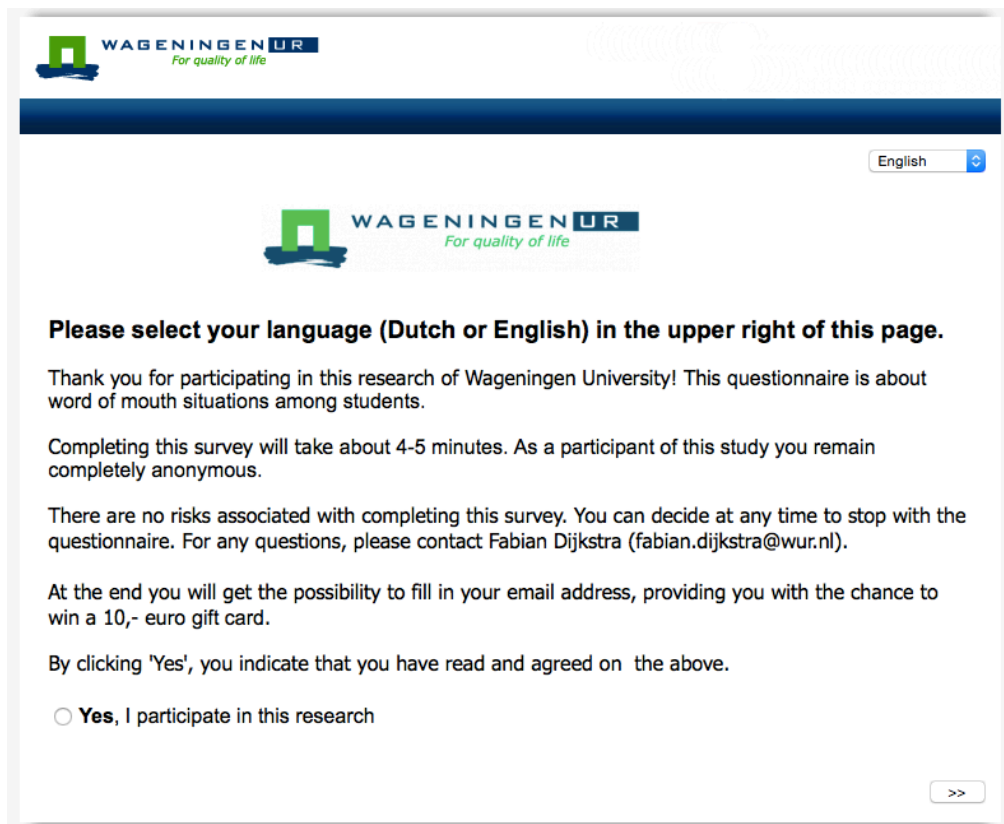
The MCB University panel is used by the Marketing and Consumer Behaviour group of Wageningen University. Both researchers, Phd and master students perform scientific research using this panel (not for businesses). Participants of the MCB University panel are invited by e-mail to participate in a research. This research mostly exists of an online survey, which you can fill in at home. Sometimes you might be invited to participate in a research which is on location. For some researches you will receive a reward, some others are voluntary. This will always be clearly indicated in the invite. You can subscribe for the MCB University panel when you are 18 year or older, by filling in your e-mail address in the box below.

<< >>

Thank you for participating in this research!

Do not forget to click on the arrow ('>>') to the right to complete the survey.

Appendix 2 – Questionnaire; perspective of the potential customer



The screenshot shows the introduction page of a questionnaire. At the top left is the Wageningen University logo with the tagline "For quality of life". At the top right is a language dropdown menu set to "English". The main heading reads "Please select your language (Dutch or English) in the upper right of this page." Below this, there are four paragraphs of text: a thank you message, a statement about the survey duration (4-5 minutes) and anonymity, a statement about no risks and the option to stop at any time, and a statement about the chance to win a 10,- euro gift card by providing an email address. Below the text is a radio button labeled "Yes, I participate in this research". At the bottom right is a ">>" button.

WAGENINGEN UR
For quality of life

English

WAGENINGEN UR
For quality of life

Please select your language (Dutch or English) in the upper right of this page.

Thank you for participating in this research of Wageningen University! This questionnaire is about word of mouth situations among students.

Completing this survey will take about 4-5 minutes. As a participant of this study you remain completely anonymous.

There are no risks associated with completing this survey. You can decide at any time to stop with the questionnaire. For any questions, please contact Fabian Dijkstra (fabian.dijkstra@wur.nl).

At the end you will get the possibility to fill in your email address, providing you with the chance to win a 10,- euro gift card.

By clicking 'Yes', you indicate that you have read and agreed on the above.

☐ **Yes**, I participate in this research

>>



The screenshot shows a question page from the questionnaire. It features the Wageningen University logo and the "English" language dropdown at the top. The question is "Are you a male or female?". Below the question are two radio button options: "Male" and "Female". At the bottom right are "<<" and ">>" navigation buttons.

WAGENINGEN UR
For quality of life

English

Are you a male or female?


☐ Male

☐ Female

<< >>

English

In the following picture you see most of the activities a hairdresser performs, such as washing, dyeing and cutting hair. Do you remember your last visit to your hairdresser? We would like to know how you experienced it.



Take in mind your last visit to your hairdresser when answering the following three questions.

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I am satisfied with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am happy with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am delighted with the service I received from the hairdresser.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

>>

English

Before we continue to the questions, please first read the text below. Try to take in mind the described situation, as the following questions will be about what you would do in this situation. In the text the word acquaintance is used, which relates to a person you know but who is not a close friend.

'A new course has started. In the first lecture you sit next to a fellow student who you worked with before, you are not really friends but you consider him as an acquaintance. You have a pleasant conversation and decide to have lunch together after class. During the lunch the conversation turns to hair, hairstyles and haircuts. You talk about your last visit to your hairdresser. Then the other student enthusiastically tells you about his hairdresser, and highly recommend you to go there and try it out. The conversation continues until the end of the lunch break. At the end of the conversation the other student tells you about the reward system of his hairdresser. The student tells you that receive a free haircut when you decide to try out his hairdresser. The conversation has ended and both of you return to class.'

What was described in the text, only 1 answer is right.

- ☐ The text was about students having a conversation about the quality of the university
- ☐ The text was about students having a conversation including the reward system of a hairdresser
- ☐ The text was about students having a conversation about student loans

Reward type


<< >>

Please take in mind the acquaintance that was introduced in the text on the previous page, and indicate how much you agree with each of the 16 following statements (4 per page). The statements are about your relationship with the acquaintance and how you perceive him in the described situation.

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The acquaintance is very competent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can expect good advice from this acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquaintance is successful in the things he tries to do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquaintance is qualified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The acquaintance is genuinely interested in my welfare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The acquaintance puts my interest first	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If problems would arise, I can expect to be treated fairly by the acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My needs and desires are important to the acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>


	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
I can believe the statements of the acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I cannot believe the information the acquaintance provides me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not have to wonder whether the acquaintance will stick to its word	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have to be cautious with the acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>


WAGENINGENUR
For quality of life

English

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
The acquaintance keeps its promises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would rely on advice from this acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know what to expect from this acquaintance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promises made by this acquaintance are reliable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<< >>


WAGENINGENUR
For quality of life

English


The following question relates back to the text you have read at the start of the questionnaire. Please take the described situation in mind when answering the following question.

Place the slider on the bar below to indicate how likely you are to accept the invite of the other student and try out his hairdresser. (0=Definitely Not, 100= Definitely or anywhere in between)

Definitely Not
0

Definitely
100

<< >>


WAGENINGENUR
For quality of life

English

Are you a student?

☐ Yes

☐ No

What is your nationality?

☐ Dutch

☐ Other, namely

What is your age?

<< >>

If you would like to have a chance of winning the gift-card, please fill in your email address. Winners will be contacted within two weeks.

If you have any comments about this survey, please fill them in here:

Are you interested in participating in surveys more often? Then you can register for the MCB university panel.

If you have no interest or are already registered with this panel, you can skip this question.

MCB University panel

The MCB University panel is used by the Marketing and Consumer Behaviour group of Wageningen University. Both researchers, Phd and master students perform scientific research using this panel (not for businesses). Participants of the MCB University panel are invited by e-mail to participate in a research. This research mostly exists of an online survey, which you can fill in at home. Sometimes you might be invited to participate in a research which is on location. For some researches you will receive a reward, some others are voluntary. This will always be clearly indicated in the invite. You can subscribe for the MCB University panel when you are 18 year or older, by filling in your e-mail address in the box below.

Thank you for participating in this research!

Do not forget to click on the arrow ('>>') to the right to complete the survey.