What does the research tell us about word-of-mouth communication?
- A literature review -

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1. Introduction

Customers exchange experiences about products and services, and researchers have long been interested in how this form of interpersonal communication affects consumers’ decision-making (Johnson, Zinkhan & Ayala, 1998). Word-of-mouth (WOM), therefore, has been a frequent catchphrase in the marketing literature for many years (Garnefeld, Helm & Eggert, 2011; Söderlund & Rosengren, 2007). The power of WOM as an influential form of communication is undoubted. As Dichter (1966, p. 166) noted early on, advertising “can never replace the influence and the value of a personal recommendation”. Indeed, research has repeatedly shown that WOM is more effective in influencing customers’ behaviour than marketer-initiated communications (Buttle, 1998). Since WOM receivers perceive WOM communicators as neutral, their recommendations are assessed to be more reliable and trustworthy (Silverman, 2011; see also Sweeney, Soutar & Mazzarol, 2008; Wang, 2011). WOM is thus regarded as the key communication source between consumers (Derbaix & Vanhamme, 2003) and one of the most effective forms of marketing (Dobele & Ward, 2003; Wilson, 1994). Accordingly, marketers rediscover positive WOM as a powerful marketing instrument to attract new customers (Ahrens, Coyle & Strahilevitz, 2013; Gremler, Gwinner & Brown, 2001; Sweeney, Soutar & Mazzarol, 2012).

Anderson (1998, p. 6) characterizes WOM communications as “informal communications between private parties concerning evaluations of goods and services”. This definition is in line with recent works about referrals (e.g. Harrison-Walker, 2001; Sundaram, Mitra & Webster, 1998; Westbrook, 1987). According to Sweeney, Soutar and Mazzarol (2008), WOM

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Word-of-mouth (WOM) communication has been a frequent catchphrase in the marketing literature for many years. Owing to the great influential power, many firms use this form of interpersonal communication as a marketing instrument to attract new customers. In particular, referral reward programs have been introduced to directly harness the potential of WOM messages. In order to enhance marketers’ understanding about natural and financially stimulated WOM behaviour, this paper reviews mainly contemporary empirical studies about positive WOM communication and referral campaigns and consolidates their key findings. Based on the literature review, the author derives an integrative model of the main antecedents and consequences of WOM activity.

The model shows that WOM communication is particularly driven by factors that stand for the quality of the relationship with a provider. Customer satisfaction, affective commitment, loyalty, and trust are thus core antecedents that trigger WOM. Moreover, studies revealed that provider-generated means in terms of incentives are effective to promote referrals. WOM activity in turn was especially found to improve recommenders’ attitude and loyalty towards the referred provider and receiving customers’ evaluations, purchase intentions and behaviours. Furthermore, the model incorporates key boundary conditions. For example, scholars identified determinants such as WOM givers’ expertise, the similarity and the closeness between recommender and receiver as important factors that enhance the strength of the effect of WOM communication on the recipient. This paper concludes with research gaps worthy of further investigation such as into the sender-related impacts of rewarded referrals.
even refers to a process of a sender’s interpersonal influence on the message receiver. While the majority of researchers explicitly include an active recommendation in their WOM understanding (e.g. Brown et al., 2005; Danaher & Rust, 1996; Duhan et al., 1997; Fill, Judd & Prince, 1992; Gremler & Brown, 1999; Hartline & Jones, 1996; Johnson, Zinkhan & Ayala, 1998; Maxham & Netemeyer, 2002; Niu & Messinger, 2011; Stokes, Syed & Lomax, 2002), others merely consider WOM as product-related discussion (e.g. Bayus, 1985; Still, Barnes & Kooyman, 1984; see also Mazzaro, Sweeney & Soutar, 2007; Sweeney, Soutar & Mazzaro, 2012).

Many firms do not only rely on organic WOM to gain new customers, but have increasingly introduced referral programs as a customer acquisition tool to directly harness the potential of WOM communication (e.g. Buttle, 1998; Garnefeld, Helm & Eggert, 2011; Hogan, Lemon & Libai, 2004; Kumar, Petersen & Leone, 2010; Niu & Messinger, 2011; Wirtz et al., 2013). In those campaigns, existing customers are usually rewarded for recommending the provider and its products to friends and acquaintances (e.g. Schmitt, Skiera & Van den Bulte, 2011; Wirtz et al., 2013). Unlike natural WOM, referral campaigns are actively managed and controlled by the provider (Schmitt, Skiera & Van den Bulte, 2011).

The importance that providers attach to positive WOM and the growing use of customer referral programs emphasise the need for a current review of the existing WOM literature. WOM communication has attracted remarkable attention in the marketing research in the last few decades, though rewarded WOM has only recently begun to be explored. A review of the broad range of WOM research would help marketers to enhance their knowledge about natural and financially stimulated WOM behaviour. In particular, understanding what primarily drives customers to engage in WOM communication and how it influences them is essential to better management of WOM referrals as a marketing tool. A literature review would additionally contribute to identifying research gaps worthy of further investigation into WOM. This paper, therefore, reviews mainly contemporary empirical studies about

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**Figure 1:** Systematisation of the focus of previous WOM research

(see also Nyilasy, 2006, p. 168)
positive WOM communication and referral campaigns, and consolidates their key findings. It particularly builds on previous works by De Matos and Rossi (2008), Garnefeld (2008) and Wangenheim (2003).

As the systematisation of the focus of previous WOM research in Figure 1 shows, the present literature can be categorised into four research streams. The first concentrates on the reasons why customers engage in WOM. Scholars identified numerous determinants, such as customer satisfaction and affective commitment, that evoke WOM advice. Another group of studies is directed at the impact of WOM on the receiver and provides empirical evidence that WOM is effective in influencing customers’ purchase decisions and thus in acquiring new customers. The third stream of WOM research examines under what circumstances customers are more likely to rely on WOM recommendations to make a purchase decision, or more specifically, what factors influence the effectiveness of WOM on the recipient (see also De Bruyn & Lilien, 2008). Finally, initial research efforts into the consequences on the recommender, document that articulating WOM does not only influence receivers but also impacts recommenders themselves.

A common approach used for structuring WOM literature thus is to distinguish between the antecedents (in terms of the reasons to give WOM) and the consequences (in terms of the influence of WOM on consumers) of WOM communication (e.g. Buttle, 1998; Gelb & Johnson, 1995; Nyilasy, 2006). This literature review generally follows that framework. Accordingly, Section 2 provides a review of the literature about the key antecedents of giving WOM, while Sections 3 and 4 present the central findings about WOM consequences. The paper concludes with a brief summary including an integrative model of the main antecedents and consequences of WOM activity (Section 5), followed by directions for future research (Section 6).

2. Antecedents of giving WOM

A great number of studies have mainly addressed the question of why consumers spread the word about a product or service, by investigating the factors that trigger WOM communication. Much of the research focuses on the influence of relationship quality on customer referrals. In particular, customer satisfaction and loyalty, as well as commitment and trust, were found to be WOM drivers (cf. De Matos & Rossi, 2008).

2.1 Satisfaction

With regard to the key drivers of WOM, customer satisfaction has received the most attention in WOM literature (e.g. Anderson, 1998; Athanassopoulos, Gounaris & Stathakopoulos, 2001; Bone, 1992; Bowman & Narayandas, 2001; Brown et al., 2005; Naylor & Kleiser, 2000; Ranaweera & Prabhu, 2003; Swan & Oliver, 1989; Wangenheim & Bayón, 2007). Satisfaction refers to a state that occurs in response to a pleasurable consumption-related fulfilment (Oliver, 1997). It is widely documented that satisfied customers engage in positive WOM. Anderson (1998, p. 6) even asserts that the “individual degree of satisfaction […] with consumption experience is generally regarded as the key antecedent of product-related word of mouth”. In line with this proposition, copious studies confirmed the positive influence of satisfaction on WOM (e.g. Athanassopoulos, Gounaris & Stathakopoulos, 2001; Bone, 1992; Bowman & Narayandas, 2001; Eggert & Helm, 2000; File, Cermak & Prince, 1994; Gremler, Gwinner & Brown, 2001; Heitmann, Lehmann & Herrmann, 2007; Hennig-Thurau, Gwinner & Gremler, 2002; Jones & Reynolds, 2006; Lee & Jaafar, 2011; Macintosh, 2007; Mangold, Miller & Brockway, 1999; Mittal, Kumar & Tsiros, 1999; Price & Arnould, 1999; Ranaweera & Prabhu, 2003; Söderlund, 2006; Swan & Oliver, 1989; Verhoef, Franses & Hoekstra, 2002; Wangenheim & Bayón, 2007; Wirtz & Chew, 2002). In a quantitative meta-analysis with 162 samples, De Matos and Rossi (2008) also found support for a direct effect of customer satisfaction on WOM activity.

Most authors explain the positive relationship between satisfaction and WOM with the confirmation/disconfirmation paradigm (e.g. Bone, 1992; Jones & Reynolds, 2006; Swan & Oliver, 1989). This theory states that customers compare their post-purchase evaluations with their expectations prior to usage (De Matos & Rossi, 2008; Oliver, 1980). The degree to which the performance exceeds expectations would...
motivate customers to spread positive WOM, i.e. to talk to others about their positive experience (De Matos & Rossi, 2008). Other studies suggest that customer satisfaction contains not only cognitive components, but also emotional dimensions (Liljander & Strandvik, 1997; Oliver, 1993, 1997; Stauss & Neuhaus, 1997), and that emotional-based satisfaction is predictive of subsequent behaviour such as recommendations (Martin et al., 2008; see also De Matos & Rossi, 2008). Westbrook (1987) showed that customers are more likely to give positive WOM when their product experiences include affective elements, irrespective of their overall satisfaction with the product. Satisfaction was even found to be negatively related to referrals once the affective component has been removed. Also, Johnson, Zinkhan and Ayala’s (1998) results indicated that the affective response to a service positively influences the willingness to recommend a service provider (see also Garnefeld, 2008).

Although marketing researchers predominantly agree that customer satisfaction is positively linked to customer referrals, the functional form of the relationship is disputed (Mazzarol, Sweeney & Soutar, 2007; Wangenheim & Bayón, 2007; see also Garnefeld, 2008). A few authors presume a positive linear link between both constructs (e.g. Ranawera & Prabhu, 2003; Swan & Oliver, 1989), i.e. as satisfaction increases WOM communication increases likewise (Naylor & Kleiser, 2000). Others suggest a U-shaped relationship. Built on a utility-based model, Anderson (1998) empirically found that extremely satisfied customers engage in greater WOM than consumers who experience more moderate levels of satisfaction. According to Anderson (1998), increasingly positive experiences enhance the marginal utility of giving WOM. Further studies supported his findings (Bowman & Narayandas, 2001; Fullerton & Taylor, 2002; Söderlund, 1998; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006).

However, satisfied customers may not always engage in positive WOM communication (Mazzarol, Sweeney & Soutar, 2007; Wirtz & Chew, 2002). Studies indicate that even consumers who are satisfied with a consumption experience spread negative WOM in certain situations (e.g. Naylor, 1999). Further, some studies found no empirical support for a direct relationship between satisfaction and WOM (e.g. Arnett, German & Hunt, 2003; Bettencourt, 1997; Reynolds & Beatty, 1999; Wirtz & Chew, 2002; see also Brown et al., 2005). For example, Arnett, German and Hunt (2003) did not find evidence for their hypothesis that satisfaction with the university is positively related to promoting the university. Also, Reynolds and Beatty’s study (1999) revealed no influence of satisfaction with a retailer on giving greater WOM. Brown et al. (2005), therefore, suggest that the link between satisfaction and WOM may depend on other constructs such as the level of customers’ commitment to the service provider (cf. Sections 2.2 and 2.5).

2.2 Commitment

Several studies address the impact of consumer commitment on providing WOM (e.g. Bettencourt, 1997; Brown et al., 2005; De Matos & Rossi, 2008; Fullerton, 2003, 2005a, 2005b; Harrison-Walker, 2001; Hennig-Thurau, Gwinner & Gremler, 2002; Lacey, Suh & Morgan, 2007; Okazaki, 2008; Verhoef, Franses & Hoekstra, 2002). Commitment is generally defined as a consumer’s desire to maintain a relationship (Moorman, Zaltman & Deshpande, 1992; Morgan & Hunt, 1994). While some scholars measure commitment by a unidimensional approach (e.g. Bettencourt, 1997; Brown et al., 2005; Hennig-Thurau, Gwinner & Gremler, 2002; Lacey, Suh & Morgan, 2007), others use a multidimensional conceptualisation of commitment (e.g. Fullerton, 2003, 2005a, 2005b; Harrison-Walker, 2001; Verhoef, Franses & Hoekstra, 2002). In the multidimensional conceptualisation, authors distinguish between affective and continuance or calculative commitment. Affective commitment refers to the emotional and psychological attachment to a provider based on positive feelings such as liking, trust, identification, shared values, belongingness, and affiliation (Fullerton, 2003; Gundlach, Achrol & Mentzer, 1995; Verhoef, Franses & Hoekstra, 2002). In contrast, the latter dimension of commitment is built on dependence and switching costs (Fullerton, 2003). Continuance or calculative commitment can thus be defined as the extent to which a customer perceives the need to stay with a firm due to constraints such as switching costs (De Matos & Rossi, 2008; Verhoef, Franses & Hoekstra, 2002). In the unidimensional
approach, commitment mainly reflects the affective dimension.

Many scholars provide evidence that commitment in terms of an affective attachment is positively related to customer referrals (e.g. Bettencourt, 1997; Eggert & Helm, 2000; Fullerton, 2003, 2005a, 2005b; Harrison-Walker, 2001; Hennig-Thurau, Gwinner & Gremler, 2002; Lacey, Suh & Morgan, 2007; Verhoef, Franses & Hoekstra, 2002). De Matos and Rossi’s (2008) meta-study supported the positive impact of overall commitment on WOM activity. They even found that commitment has the strongest impact on WOM activity. According to Bettencourt (1997), commitment evokes favourable customer behaviours, since affectively committed consumers feel comfortable in their relationship with the service provider and want to continue it (Fullerton, 2003). Affective commitment entails an obligation to make the relationship succeed and to make it mutually valuable (Bettencourt, 1997). Committed customers are, therefore, more likely to exert substantial effort to support the provider and engage in positive WOM behaviour (Bettencourt, 1997; Harrison-Walker, 2001). On the other hand, continuance or calculative commitment was found to undermine referral behaviour. Customers who feel dependent and captured in a relationship will not help their providers by recommending them to their family or friends (Fullerton, 2003, 2005a; Harrison-Walker, 2001). While Fullerton (2003, 2005a, 2005b) even showed that calculative commitment is negatively related to WOM behaviour, Verhoef, Franses and Hoekstra (2002) found no support for a negative relationship. The latter conclusion is supported by Harrison-Walker (2001) who reported that high continuance commitment is not related to positive WOM communication.

Furthermore, some authors explored the role of commitment within the satisfaction–WOM link. Bettencourt (1997), Brown et al. (2005), Eggert and Helm (2000), and Hennig-Thurau, Gwinner and Gremler (2002), found that the effect of satisfaction on WOM communication is partially or entirely mediated by commitment. Brown et al.’s (2005) field study of an automobile dealership further revealed that commitment negatively moderates the relationship between satisfaction and WOM. They showed that highly committed customers’ referral behaviour is less dependent on their degree of satisfaction, whereas the satisfaction level is very important in influencing WOM for less committed customers (see also De Matos & Rossi, 2008).

2.3 Loyalty

Loyalty is mostly defined as an intention to repeat purchasing and perform other behaviours that express a motivation to stay with the provider (Sirsheshmuk, Singh & Sabol, 2002). Numerous studies consider WOM as an indicator of loyalty (e.g. Bloemer, de Ruyter & Wetzels, 1999; Ganesh, Arnold & Reynolds, 2000; Homburg & Giering, 2001; Jones & Sasser, 1995; Jones & Taylor, 2007; Zeithaml, Berry & Parasuraman, 1996; see also De Matos & Rossi, 2008). However, some scholars cast doubts on the aggregation approach, which measures loyalty by repurchase and WOM intentions (e.g. Mazzarol, Sweeney & Soutar, 2007; Söderlund, 2006; Sweeney, Soutar & Mazzarol, 2012). For example, Söderlund (2006) proposes to consider both components as independent constructs. In the same vein, Blodgett, Granbois and Walters (1993), Maxham (2001) and Maxham and Netemeyer (2002) model them separately (see also De Matos & Rossi, 2008).

According to Eggert and Helm (2000), this conceptual separation of customer loyalty and WOM communication calls for the investigation of the loyalty–WOM link, which has been neglected for a long time (Dick & Basu, 1994). A number of recent studies indeed confirmed the positive effect of loyalty on WOM by showing that loyal customers tend to give more WOM (e.g. Carpenter & Fairhurst, 2005; Gremler & Brown, 1999; Gounaris & Stathakopoulos, 2004; Lee & Jaafar, 2011; Reynolds & Arnold, 2000; Sichtmann, 2007; Srinivasan, Anderson & Ponnovul, 2002; Walsh & Beatty, 2007). In support, De Matos and Rossi’s (2008) meta-analysis also revealed that loyalty has a positive impact on WOM. Gremler and Brown (1999) even introduce the term “loyalty ripple effect” to describe the benefit for firms through recommendations made by loyal customers. While Carpenter and Fairhurst (2005) and Gounaris and Stathakopoulos (2004), reinforced the brand loyalty–WOM relationship, others proved the effect in a service setting (e.g. Gremler & Brown, 1999; Sichtmann, 2007). Pursuant to
De Matos and Rossi (2008) and Nießing (2007), the loyalty–WOM link is based on loyal customers’ motivation to spread information about their own provider (see also Dick & Basu, 1994). This motivational tendency is associated with a desire to interact with the service firm (Jones & Reynolds, 2006).

2.4 Trust

Trust has been regarded as an important determinant of behavioural outcomes in a relationship (De Matos & Rossi, 2008). For example, Garbarino and Johnson (1999) showed that trust in an organisation is positively related to consumers’ future intentions. Pursuant to Morgan and Hunt (1994, p. 23), trust can be conceptualised as a person’s “confidence in an exchange partner’s reliability and integrity”. The impact of trust on WOM has been widely studied (e.g. De Matos & Rossi, 2008; Gremler, Gwinner & Brown, 2001; Gwinner, Gremler & Bitner, 1998; Ranaweera & Prabhu, 2003; Sichtmann, 2007; Verhoef, Franses & Hoekstra, 2002; Walsh & Beatty, 2007). In these studies, the trust construct refers either to the relationship between customers and the provider or to the interpersonal relationship between customers and employees. While Gremler, Gwinner and Brown (2001) demonstrated that trust between the service employee and the customer positively influences WOM communication about the provider, Gwinner, Gremler and Bitner (1998), Ranaweera and Prabhu (2003), and Verhoef, Franses and Hoekstra (2002), confirmed the role of trust in a provider as a significant driver of customer referrals. In line with that research, Sichtmann (2007) found that trust in a corporate brand positively affects customers’ WOM behaviour. Also, De Matos and Rossi’s (2008) meta-analysis provided evidence that there is a significant positive influence of trust on WOM activity. Verhoef, Franses and Hoekstra (2002) generally argue that trust as a core element of successful relationships evokes cooperative behaviour from customers (Morgan & Hunt, 1994). De Matos and Rossi (2008) emphasise that consumers give referrals particularly to their friends or relatives. Since trust diminishes the potential social risk associated with recommending a provider (Sichtmann, 2007), customers are more likely to refer a provider that they have confidence in (De Matos & Rossi, 2008).

2.5. Involvement

In marketing research, consumers’ involvement has been identified as a key construct, which explains post-purchase communication such as WOM (Nießing, 2007; Wangenheim, 2003). The positive effect of involvement on WOM transmission has been repeatedly analysed in a number of empirical studies (e.g. Richins & Bloch, 1986; Richins & Root-Shaffer, 1988; Sundaram, Mitra & Webster, 1998; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006). Involvement refers to an individual’s perceived importance of an object (Zaichkowsky, 1985). Depending on the reference object, authors distinguish between the following dimensions of involvement: product and situational involvement (e.g. Richins & Bloch, 1986; Richins & Root-Shaffer, 1988); and marketplace involvement or market mavenism (e.g. Feick & Price, 1987; cf. Garnefeld, 2008; Nießing, 2007; Wangenheim, 2003; Wangenheim & Bayón, 2007). Product involvement represents a customer’s interest in a specific product class (Mittal & Lee, 1989; Richins & Bloch, 1991). Highly involved consumers have good product knowledge (Celsi & Olson, 1988; Venkatraman, 1990) and great intrinsic motivation related to that product (Laurent & Kapferer, 1985; Richins & Bloch, 1986). They therefore experience stronger emotions such as excitement when purchasing or using a product, which in turn motivates them to talk to others about the item (Dichter, 1966; Sundaram, Mitra & Webster, 1998; Wangenheim, Bayón & Herrmann, 2006; Westbrook, 1987). Furthermore, due to involved customers’ expertise and interest other persons recognise them as being knowledgeable and ask them for advice (Price & Feick, 1984; Wangenheim & Bayón, 2007). Accordingly, Celsi and Olson (1988), and Richins and Bloch (1986), found that involved customers generally process more information; in other words, they are more likely to seek and share product-related information than non-involved persons (see also Wangenheim & Bayón, 2007). Dichter (1966, p. 148) even states that product involvement “produces a tension which is not eased by the use of the product alone, but must be channeled by way of talk, recommendation, and enthusiasm”. Empirical research indeed provides support that
product involvement results in more WOM communication (e.g., Richins & Bloch, 1986; Richins & Root-Shaffer, 1988; Sundaram, Mitra & Webster, 1998; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006; Westbrook, 1987). For example, Sundaram, Mitra and Webster (1998) found that one-third of the study respondents engage in WOM owing to their interest in the product and their excitement about the purchase (see also Garnefeld, 2008). A positive effect was also found for situational involvement (Richins & Bloch, 1986; Richins & Root-Shaffer, 1988; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006). While product involvement is enduring and long-term, situational involvement is of a temporary nature (Richins & Bloch, 1991; Richins & Root-Shaffer, 1988). Situational involvement occurs in specific situations such as a recent purchase (Richins & Bloch, 1986; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006) and generates a similar state of arousal as product involvement (Wangenheim, Bayón & Herrmann, 2006). Pursuant to Richins and Bloch (1986), situational involvement is maintained at least for a brief period after buying. This temporary product interest in turn results in more WOM communication, either because of the excitement about the new product or because of cognitive dissonance reduction or avoidance (Garnefeld, 2008; Richins & Bloch, 1986, 1991). However, just as situational involvement disappears over time, Richins and Root-Shaffer (1988) showed that product-related WOM waned as well. In the same vein, East, Lomax and Narain (2001) found that the number of recommendations declined with the customers’ duration of tenure. Their survey revealed that in the first year of a new relationship, WOM rates are highest. Wangenheim and Bayón (2007) interpreted this finding as indirect support for higher WOM activity due to situational involvement. In addition, some research has discussed the role of marketplace involvement in WOM behaviour (e.g., Price, Feick & Guskey, 1995; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006). This third dimension of involvement reflects a customer’s general interest in marketplace activities (Price, Feick & Guskey, 1995; Wangenheim, 2003), which is particularly coupled with a good knowledge or expertise about prices of certain goods and where to buy them (Feick & Price, 1987). Marketplace involvement is closely related to the customer type termed “market maven” (Garnefeld, 2008) who has information about different sorts of products, shopping places, and other aspects of markets, and enjoys providing market information to friends or family (Feick & Price, 1987; Higie, Feick & Price, 1987; see also Buttle, 1998; Gelb & Johnson, 1995). Wangenheim and Bayón (2007, p. 237) even noted that marketplace involvement is an “indicator of the individual degree of ‘mavenism’ of a customer”. Numerous studies reported that these consumers tend to engage in more WOM communication (Abratt, Nel & Nezer, 1995; Feick & Price, 1987; Higie, Feick & Price, 1987; Price, Feick & Guskey, 1995; Ryu & Feick, 2007; Slama & Williams, 1990; Walsh & Elsner, 2012; Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006). On the one hand, highly involved customers are sought out by others for assistance due to their general marketplace knowledge. Furthermore, marketplace involvement arouses empathy in consumers since their expertise makes them feel competent to help less knowledgeable persons (Price, Feick & Guskey, 1995). Finally, research indicated that all three involvement dimensions positively moderate the relationship between customer satisfaction and WOM (Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006), i.e. the positive effect of satisfaction was found to be stronger for high-involvement customers.

2.6 Propensity to innovations

Not only market mavens, but also the customer type called “innovators”, “early adopters”, or “early purchasers” has attracted substantial research attention regarding the diffusion of product- and market-related information (Feick & Price, 1987; Wangenheim, 2003). Innovators are people who are the first using or buying a new product (Goldsmith & Flynn, 1992), without any experience data gained from previous users (Midgley & Dowling, 1978; Nießing, 2007). Similar to market mavens, early adopters deal intensively with information about the market or products (Rogers, 1995;
Wangenheim, 2003). Goldsmith and Flynn (1992) noted that innovators play a central role in promoting a new item to future buyers by spreading WOM. Prior empirical studies confirmed that innovative customers talk about their experiences with products to others (e.g. Engel, Kegerreis & Blackwell, 1969; Flynn & Goldsmith, 1993; Holmes & Lett, 1977; Lambert, 1972). For example, Holmes and Lett (1977) found that 36% of subjects who considered themselves as being innovative engaged in WOM communication. According to Engel, Kegerreis and Blackwell (1969) and Feick and Price (1987), early adopters communicate to others in order to receive confirmation of their assessment of the product and thus to reduce post-purchase dissonance (cf. Nießing, 2007; Wangenheim, 2003). Furthermore, Feick and Price (1987) draw on the innovator’s desire to be perceived as a pioneer, his or her involvement, and the expertise that arises from buying and using the product.

2.7 Incentives

As previously noted, many service providers operate referral reward programs to foster positive WOM. However, marketing research only recently started to study incentivised WOM. Incentives were indeed found to stimulate WOM behaviour. Experimental studies by Ahrens, Coyle and Strahilevitz (2013), Hennig-Thurau et al. (2004), Ryu and Feick (2007), Shi and Wojnicki (2014), and Wirtz and Chew (2002) demonstrated that rewards increase referral likelihood. Ryu and Feick (2007) built on exchange theory to explain this relationship. Pursuant to them, the benefit from the reward exceeds the social costs resulting from referring a provider to others. Wirtz and Chew (2002) emphasised the role of incentives as an extrinsic motivator to incite customers to recommend.

Several studies focused on the optimal design of referral reward programs. With respect to the effect of different reward sizes, the research findings are contradictory. In Ryu and Feick’s (2007) paper, small incentives were found to be sufficient to enhance the probability to recommend, i.e. an increase in reward size does not lead to a rise in referral likelihood. On the contrary, Wirtz and Chew (2002) showed that the likelihood to recommend, as well as the favourability of WOM, increases with higher reward sizes. In electronic referral situations where both the recommender and the recipient receive a reward, Ahrens, Coyle and Strahilevitz (2013) documented that higher incentives to both senders and receivers generate more referrals.

Jin and Huang (2013) examined how different reward types (monetary and non-cash rewards) affect customers’ referral rates. Their results revealed that, compared to in-kind rewards, consumers are less likely to give recommendations when monetary incentives are offered, particularly concerning weaker brands. However, they found no performance difference between cash and non-cash incentives when monetary rewards are sufficiently large. Notably, monetary incentives were even found to generate higher WOM rates than non-monetary rewards when both the referrer and the referred customer are rewarded. The survey by Verlegh, Pruyn and Peters (2003) reported that customers generally prefer sharing incentives with referral receivers. However, their findings suggest that the preference for distribution depends on the size of the reward and customers’ social value orientation. Xiao, Tang and Wirtz (2011) determined circumstances under which it is optimal for a company to provide incentives to the referring and the referred customer. The authors particularly found that a provider should reward the newly acquired customer more and the recommender less if the following impression management factors are taken into account: referrers’ desire to create a positive impression by being perceived as helping a friend; their concern about making a negative impression due to the incentive; and recipients’ impressions of recommenders’ credibility. Conversely, Ahrens, Coyle and Strahilevitz (2013) found that unequal reward sizes offered to senders and recipients will promote WOM activity, if recommenders receive higher financial incentives than receivers.

Other work looked at factors that affect customers’ willingness to give rewarded referrals. For example, Dobele et al. (2008) reported that only rewards that are valued by the recommender have a positive effect on the communicator, while incentives that are perceived as unimportant were found to exert a negative influence. Shi and Wojnicki (2014)
showed that financial incentives are more likely to enhance online referral rates among opinion leaders. Wirtz and Chew (2002) investigated how incentives interact with factors such as deal proneness and satisfaction. They reported that incentives are effective in increasing the likelihood of satisfied customers to make referrals, whereas no interaction was found between incentives and deal proneness, since deal-prone consumers spread more WOM independent of rewards. Ryu and Feick’s (2007) findings revealed that the impact of incentives on WOM communication depends on tie and brand strength: the presence of rewards increases referral willingness more for weak ties and for weaker brands. However, they demonstrated that rewarding both the referrer and the recipient slightly enhances WOM activity for strong ties and stronger brands. Conversely, Wirtz et al. (2013) showed that small incentives in terms of future discounts off the recommender’s next three months’ invoices enhance the probability that consumers provide WOM to strong ties, whereas they decrease the referral likelihood for weak ties. Yet, larger discounts in turn could overrule the negative effect. Wirtz et al.’s (2013) study documented that recommenders’ perception of how they will be seen by the recipient (i.e. their meta-perception) affects incentivised recommendation behaviour. They showed that incentives could have an indirect negative effect on recommendation behaviour via meta-perception because potential referrers project their negative self-judgement of self-interested referral behaviour onto the opinion of the WOM receiver (Wirtz et al., 2013). Wirtz et al. (2013) further demonstrated that the favourability of the meta-perception declined more for weak than for strong ties when incentives are provided.

Since attractive prices as well as rewards can encourage referrals, some researchers analytically investigated conditions under which referral rewards are more effective than a price reduction (Ryu & Feick, 2007). For example, Biyalogorsky, Gerstner and Libai’s (2001) analytical research demonstrated that a firm’s decision to offer referral rewards or to lower prices depends on how easy it is to delight customers with a product or service. Lowering selling prices was found to be optimal to generate WOM when consumers are easy to delight. At medium threshold levels, many customers would benefit from lower prices without referring the provider to others. Therefore, the lower price strategy should be combined with referral rewards. As the delight threshold rises, inducing WOM through referral rewards becomes more attractive than through lower prices. However, neither rewards nor lower prices should be offered when customers have a high delight threshold (cf. Biyalogorsky, Gerstner & Libai, 2001). According to Biyalogorsky, Gerstner and Libai (2001), neither strategy is profitable in this case because their costs would exceed the additional profit resulting from referrals.

Löbler and Welk (2004) studied the interaction effects of price and referral reward by examining the impact of autonomous referrals and free riding on the optimal price and incentive size. The authors define free riders as those customers who profit from a reward although they would autonomously recommend the provider without being rewarded because they are delighted about a service. In their analytical model, Löbler and Welk (2004) showed that both prices and rewards decline when the number of delighted customers, i.e. autonomous recommendations, increases. However, when considering free-riding issues, they found that the price can decrease as well as rise, but the optimal incentive declines with the number of free riders.

Kornish and Li (2010) in turn found that the provider does not only have to consider how happy customers are with the product or service, but also how they trade off the motives of self-interest and maintenance of the relationship with the referral recipient when deciding to spread WOM. Hence, marketers’ decisions to introduce referral rewards were found to be dependent on the recommender’s concern for the recipient’s outcomes. More specifically, Kornish and Li’s (2010) analytical model shows that it is better for companies to rely on referral rewards to stimulate WOM communication when customers are not or only slightly concerned about the recipient’s well-being. As the degree of concern rises, both optimal prices and referral rewards increase, i.e. larger incentives are more efficient to foster recommendations than a lower-price strategy. However, when the customer cares very much about the receiver’s outcome because he or she is a close friend, firms should lower the
prices instead of using incentives. Thus, recipients can directly participate in the price reduction.

Furthermore, Niu and Messinger (2011) investigated the optimal combination of prices and referral incentives in a duopoly environment in order to achieve a balance between demand and profit margin by applying different scenarios. In particular, their study showed that both competing companies benefit from offering referral rewards.

2.8 Other factors

Further antecedents of WOM that have particularly received attention include the influencer group called “opinion leaders” (e.g. Feick & Price, 1987; Richins & Root-Shaffer, 1988; Venkatraman, 1990), consumers’ perceived risk (e.g. Helm, 2000; Wangenheim, 2003; see also Garnefeld, 2008; Nießing, 2007), the prior receipt of referrals (e.g. Cermak & Prince, 1994; Sheth, 1971; Wangenheim & Bayón, 2004b; Wangenheim, Bayón & Weber, 2002), service quality (e.g. Bloemer, de Ruyter & Wetzels, 1999; Boulding et al., 1993; Dabhokar, Shepherd & Thorpe, 2000; Danaher & Rust, 1996; De Matos & Rossi, 2008; Fullerton & Taylor, 2002; Harrison-Walker, 2001; Hartline & Jones, 1996; Woodside, Wilson & Milner, 1992; Zeithaml, Berry & Parasuraman, 1996), and social ties (e.g. Bone, 1992; Chung & Tsai, 2009; Mazzarol, Sweeney & Soutar, 2007; Wirtz & Chew, 2002).

Feick and Price (1987) explained opinion leaders’ motivation to talk by their product involvement, whereas the motivation to communicate about products perceived to be risky is particularly driven by customers’ altruism (Wangenheim, 2003). According to Wangenheim (2003), individuals who evaluate the risk of a product category as high would assume that others feel the same and, therefore, want to help them by providing information. With regard to input WOM as a driver of output WOM, Wangenheim and Bayón (2004b) noted that switchers acquired through referrals commonly give high importance to personal WOM communication. Furthermore, it has been argued that the risk associated with a public expression of opinion will be perceived as lower if someone else has already subscribed to the provider (Wangenheim & Bayón, 2004b). With respect to the role of service quality as an antecedent of WOM communication, Boulding et al. (1993, p. 24) suggested that customers are generally more likely to “engage in behaviors beneficial to the strategic health of the firm (e.g., generate positive word of mouth, recommend the service, etc.)” when they perceive a company’s overall service quality as high. Turning to social ties, research found that consumers generate more WOM to strong ties than to weak ties (Bone, 1992; Chung & Tsai, 2009; Mazzarol, Sweeney & Soutar, 2007; Wirtz & Chew, 2002), since strong ties mean more familiarity with each other’s needs and preferences which encourages them to provide suitable advice (Chung & Tsai, 2009). In contrast to weak tie relationships, strong ties exchange experiences out of their concern for others’ well-being (Clark, Mills & Powell, 1986; Ryu & Feick, 2007; Verlegh et al., 2013).

3. Consequences of receiving WOM

The second stream of WOM research focuses on the effects of WOM communication on the receiver. According to Nyilasy (2006, p. 169), studies in this research area investigated the “power of word of mouth” and confirmed that this kind of communication is more influential than other communication forms.

3.1 Positive receiver responses

Marketing literature has repeatedly acknowledged the persuasive power of WOM to influence customer behaviour (Buttle, 1998). Mangold’s (1987) literature review of the use of information sources in the purchase of commercial services indicates that WOM information has greater influential impact on consumers than commercial information, particularly advertising. Indeed, several academic studies provided evidence about the substantial power of WOM communication on the receiver. Specifically, receiving WOM was found to be exerting a positive influence on recipients’ service quality expectations (e.g. Webster, 1991; Zeithaml, Berry & Parasuraman, 1993), attitudes (e.g. Charlett, Garland & Marr, 1995; Day, 1971; Söderlund & Rosengren, 2007), and product involvement (e.g. Bickart & Schindler, 2001; Giese, Spangenberg & Crowley, 1996). Further studies
document the positive effect on receivers’ product and service judgements (e.g. Bone, 1995; Burnkrant & Cousineau, 1975; Burzynski & Bayer, 1977; Herr, Kardes & Kim, 1991; Pincus & Waters, 1977; Wang, 2011), their purchase intentions and behaviours (e.g. Charlett, Garland & Marr, 1995; Chevalier & Mayzlin, 2006; East et al., 2005; File, Cermak & Prince, 1994; Godes & Mayzlin, 2004; Gombeski et al., 1988; Hennig-Thurau & Walsh, 2004; Keaveney, 1995; Liu, 2006; Park, Lee & Han, 2007; Söderlund & Rosengren, 2007; Still, Barnes & Kooyman, 1984; Stock & Zinszer, 1987; Trusov, Bucklin & Pauwels, 2009; Wang, 2011; Wangenheim & Bayón, 2004; Wangenheim, Bayón & Weber, 2002).

Turning to the potential impact of receiving WOM on shaping recipients’ expectations, Webster (1991) examined how different sources of information, i.e. WOM, past personal experience, advertising, and sales promotion, influence consumers’ quality expectations of six services (medical, legal, dental, auto-related, laundry, and travel). The results showed that WOM communication, as well as personal experience, has the greatest influence on quality expectations. Zeithaml, Berry and Parasuraman (1993) shed some more light on this issue by developing a comprehensive framework regarding customers’ service expectations and their determinants. In their conceptual model, Zeithaml, Berry and Parasuraman (1993) suggest that WOM communication enhances the level of desired and predicted service quality.

Researchers further reported that WOM information positively affects receivers’ attitudes. For example, Day (1971) found that people who were exposed to WOM were more likely to form favourable attitudes towards the relevant brand as well as to change their negative attitudes into favourable ones. Charlett, Garland and Marr (1995) also showed that WOM positively affects consumers’ attitudes towards a product. Söderlund and Rosengren (2007) investigated how emotions influence WOM receivers’ responses. Their empirical data provided additional support that receiving positive WOM as opposed to receiving negative WOM improves the receiver’s attitude towards the recommended service provider due to emotional factors of influence.

Giese, Spangenberg and Crowley (1996) found that brand-specific WOM information also enhances receivers’ enduring product involvement. The authors explained their finding by the increased interest in the referred brand due to extensive message processing. Likewise, Bickart and Schindler (2001) reported that customers who gained information from online platforms have greater product interest than do those who find information through marketer-generated online sources.

In contrast to the previous works on the effects of input WOM, more research has been conducted regarding the impact of WOM on product and service judgements. The early studies by Burnkrant and Cousineau (1975) and Pincus and Waters (1977) were amongst the first to find empirical support for the conjecture that prior information provided from other customers influences consumers’ judgements on products such as coffee and paper plates. Similarly, Burzynski and Bayer (1977) demonstrated that persons who have received previous positive information about a movie evaluated it more positively than those who were subject to negative WOM. By conducting three experiments, Bone (1995) documented that WOM communications influence both immediate and delayed judgements on products. Furthermore, Herr, Kardes and Kim (1991) showed that face-to-face WOM messages have greater impact on product evaluations than printed information.

However, customers may face various WOM events during the service encounter, with both positive and negative comments (Wang, 2011). Wang (2011), therefore, examined how inconsistent WOM communications affect customers’ service quality judgements. His findings suggest that consumers’ judgements depend on the final WOM comment. In the study, subjects displayed favourable service quality perceptions of a hair salon when the final WOM comment was positive, regardless if the initial one was unfavourable.

The majority of studies empirically validated the effect of WOM on purchase intentions and
actual purchase behaviour. Specifically, Charlett, Garland and Marr (1995) as well as Söderlund and Rosengren (2007) found that receiving positive WOM results in higher levels of purchase intention towards a product or the referred service firm. Likewise, Wangenheim and Bayón (2007) demonstrated that receiving WOM enhances the likelihood of choosing the recommended provider, by conducting two empirical studies in the energy market, one in a business-to-business setting and the other one in a business-to-consumer setting. The effect of WOM on switching intentions was found to be stronger in the industrial sample. Still, Barnes and Kooymian (1984) investigated how WOM communication affects low-risk product decisions. They reported that the receipt of WOM increases people’s intentions to attend a new movie, and that it has greater influence than mass media. Similar to the formerly mentioned findings regarding service quality judgements, Wang (2011) additionally demonstrated that high purchase intention is driven by a positive final WOM comment.

With respect to the influence on receivers’ actual buying behaviour, Liu (2006) reported that box office revenues of cinemas rose through WOM communication. Likewise, Chevalier and Mayzlin (2006) studied how online consumer reviews affect actual book sales. They found that an improvement in a book’s reviews positively influences book sales at that site compared with another online seller. In a similar vein, Hennig-Thurau and Walsh’s (2004) findings, as well as Trusov, Bucklin and Pauwels’ (2009) results, illustrated that individuals would rather buy a recommended product or sign up for a membership after reading positive online comments about the product on opinion platforms or receiving an online WOM referral from a social networking site. Trusov, Bucklin and Pauwels (2009) additionally found that the impact on new customer acquisition is stronger for WOM than for traditional forms of marketing. Also, East et al. (2005) found that 31% of study respondents’ brand or buying decisions were based on recommendations. Keaveney’s (1995) survey even identified that half the customers switched to a new service firm owing to referrals. Similarly, Gombeski et al.’s (1988) assessment of patient questionnaires showed that 50% of new patients chose a health centre due to peer referrals. The results of Stock and Zinszer (1987) and File, Cermak and Prince (1994) document the importance of recommendations from personal sources such as business associates to select industrial services.

Furthermore, there exist some surveys of how customers who have been acquired through a recommendation differ from other customers in their satisfaction and loyalty levels. In particular, Wangenheim and Bayón’s (2004b) study about switchers of an energy provider revealed that referral switchers show higher satisfaction and loyalty degrees in terms of repurchase intentions compared to customers acquired through other means. Also, Schmitt, Skiera and Van den Bulte’s (2011) field study in the banking industry documented higher loyalty levels for those customers who have been gained through a referral reward program (see Section 3.3 for further details). Wangenheim, Bayón and Weber (2002) additionally demonstrated that customers who receive a referral about their current service provider are more satisfied and loyal than those customers who do not obtain a recommendation. Similarly, Gauri, Bhatnagar and Rao (2008) showed that positive customer reviews about online retailers have greater impact on consumers’ repurchase intentions than other store features such as on-time delivery, order tracking, relative price, and ease of finding. However, Keaveney and Parthasarathy’s (2001) empirical study about customer switching behaviour in online services showed that customers influenced to subscribe to a service provider through interpersonal sources of information are more likely to switch than consumers who are not driven by WOM. According to Keaveney and Parthasarathy (2001), customers who rely on WOM are rather susceptible to disappointment and dissatisfaction if they experience a service different from their friends.

In literature, different explanations exist of why WOM communication is extremely persuasive and thus strongly effective in influencing the receiver (Chung & Tsai, 2009; cf. Nyilasy, 2006). First, WOM information from friends, family or acquaintances who share their own experiences without having personal interests is regarded to be more credible than provider-generated communications (e.g. Ahrens, Coyle & Strahilevitz, 2013; Bickart & Schindler, 2001; Bristor, 1990; Chung & Tsai, 2009; Derbaix & Vanhamme, 2003; Nyilasy, 2006; Prendergast,
Ko & Yuen, 2010). Derbaix and Vanhamme (2003) further emphasise the realness of this form of communication since the message flow is two-way. Nyilasy (2006) refers to attribution theory to explain the effect of WOM communication. He states that WOM receivers conclude that WOM givers must be objective and believe in the advice due to their positive product experience or knowledge. These causal attributions about the communicators in turn lead to the acceptance of their opinions (see also Verlegh et al., 2013). According to Söderlund and Rosengren (2007), emotion theory serves as another justification for receivers’ positive responses to WOM referrals. The authors assume that WOM recipients generally evaluate the referrer’s overall emotional state, and attribute positive emotions to the sender of positive WOM. In their study, Söderlund and Rosengren (2007) empirically validated that this assessment affects the recipient’s own emotions regarding the referred service provider (“emotional contagion”), which in turn influences the sender’s evaluation of the company (“affect infusion”). Furthermore, Herr, Kardes and Kim (1991) draw on accessibility-diagnosticity theory, which asserts that the impact of certain information is determined by its relative accessibility and its perceived diagnosticity. While accessibility refers to the possibility to retrieve the information from memory, diagnosticity describes if the information allows a customer to classify a product or service into one category (e.g. products of low or high quality; cf. Bone, 1995; Feldman & Lynch, 1988; Herr, Kardes & Kim, 1991; Mangold, Miller & Brockway, 1999). Since WOM communication is strongly accessible and perceived as diagnostic, receivers use this information for decision-making (Herr, Kardes & Kim, 1991; cf. Bone, 1995; Wangenheim 2003).

3.2 Factors impacting the strength of WOM influence

The strength of the effect of WOM is moderated by various personal and non-personal factors. Research especially identified that the sender’s credibility, the closeness between sender and receiver, pre-usage attitudes towards products, disconfirming experiences, whether WOM is actively sought, and the number of WOM comments determine the capacity of WOM to influence the receiver (cf. Gelb & Johnson, 1995; Nyilasy, 2006; Sweeney, Soutar & Mazzarol, 2008). Sweeney, Soutar and Mazzarol’s (2008) comprehensive model of key factors that are likely to enhance the WOM impact further revealed that not only personal, interpersonal, and situational characteristics influence WOM effectiveness, but also the way in which the WOM information is transmitted to the recipient. In particular, their qualitative study showed that message attributes such as the vividness and strength of the message, as well as non-verbal communications, are important.

Turning their attention to the credibility of the WOM communicator, Wu and Wang (2011) concluded from their findings that brand attitudes and consumer purchase intentions are better for electronic WOM messages with higher source credibility than those with lower message source credibility. According to Bristor (1990), source credibility describes the level to which the WOM recipient perceives the communicator to be believable. More specifically, two characteristics referring to communicator’s credibility, source similarity or homophily to the message receiver and source expertise (Brown & Reingen, 1987; Sweeney, Soutar & Mazzarol, 2008) were identified as determinants that influence the effectiveness of WOM (Wangenheim & Bayón, 2004a). Similarity refers to the extent to which the WOM giver and receiver are similar in terms of certain personal attributes such as age, gender, social status, education, lifestyle, preferences, values, and beliefs (Brown & Reingen, 1987; Feick & Higie, 1992; Wangenheim & Bayón, 2004a, 2007). Expertise can be defined as the degree to which the WOM giver “is perceived as being capable of providing correct information” (Bristor, 1990, p. 73).

Numerous studies examine the effect of both source similarity and source expertise. For example, Wangenheim and Bayón (2004a, 2007) showed that source expertise and source similarity are positively linked to the impact of WOM. They mainly found that the influence of WOM on choosing the recommended service provider rises with perceived sender expertise and similarity. Likewise, Feick and Higie (1992) concluded that expertise and similarity of WOM senders are major determinants of the ability of WOM communication to influence recipients’ attitudes and intentions to use services (see also Gelb & Johnson, 1995). Feick and Higie’s
(1992) paper and their previous survey (Price, Feick & Higie, 1989) indicate that source similarity is relevant for services where customers' tastes and preferences strongly vary across consumers (i.e. higher-preference heterogeneity services, e.g. restaurants and hair salons), while source expertise plays an important role for lower-preference heterogeneity services such as accountancy and auto mechanics. Comparable results are provided by Wangenheim and Bayón (2004a), who found that the influence of source similarity on WOM effectiveness is stronger for products with high social or psychological risk, whereas the effect of source expertise is stronger when the financial or functional risk is high.

There are also studies that investigated the impact of one of these communicator characteristics only. Prendergast, Ko and Yuen (2010) reported that source similarity increases intentions to buy products which are discussed in Internet forums. The effect is further confirmed by the work of Steffes and Burgee (2009), who found that electronic WOM information from similar sources is more influential on customers' decision-making than information stemming from dissimilar senders. Yet, Brown and Reingen (1987) did not provide support for the moderating effect of homophily between WOM giver and receiver. Though they showed that similar persons are more likely to be asked for referral information, they did not find that these sources exert greater influence on receivers' decision-making. Brown and Reingen (1987) attributed their latter finding to the measurement of the similarity construct by demographic items, and thus suggested to integrate attitudinal and lifestyle measures (see also Gilly et al., 1998). In support of this, Gilly et al.'s (1998) study illustrated the useful distinction between demographic and attitudinal (perceptual) similarity. They found that only attitudinal similarity directly affects the power of WOM on recipients' purchase decisions, whereas demographic similarity is inversely related to WOM sources' influence when the product class is consumer durables (Gilly et al., 1998). These conclusions are reinforced by De Bruyn and Lilien (2008), who explored the impact of unsolicited electronic referrals on receivers' participation in an online survey within a multi-stage decision-making framework. They reported that demographic similarity has a negative influence on recipients' decision-making processes.

With regard to expertise, studies by Bansal and Voyer (2000), Gilly et al. (1998) and Yale and Gilly (1995) supported the positive impact of recommender's expertise on the power of WOM to influence receivers' purchase decisions. According to Yale and Gilly's (1995) empirical results, both the WOM giver and the WOM receiver rated that the source's influence on the recipient's product decision depends on the giver's knowledge level (see also Wangenheim, 2003). Similarly, Bone (1995) found that the effect of receiving WOM on product judgement is greater when an expert is the source. Bansal and Voyer (2000) and Bone (1995) additionally demonstrated that individuals are more likely to seek information from WOM senders who have a high level of expertise.

By using a dyadic method, a few studies further examined the role of receivers’ expertise with mixed results. Research provided no support for the notions that receivers' expertise negatively affects the impact of WOM on receivers (Bansal & Voyer, 2000; Gilly et al., 1998) or that knowledgeable persons are less likely to rely on WOM advice when evaluating products (Bone, 1995). However, Gilly et al. (1998) reported a negative effect of seekers’ expertise on WOM impact and on their preferences for WOM as information source when the product category is consumer durables.

The tie strength between recommenders and receivers does not only play a role in giving WOM advice, but also influences the effectiveness of receiving WOM. Research indicates that obtaining WOM is more influential when it comes from strong ties. Bansal and Voyer (2000) found that the effect on the receiver's purchase decision is greater, the greater the tie strength. The work of Brown and Reingen (1987) further reinforced that information from strong tie sources is perceived as more powerful in impacting WOM receivers' decision-making than is information provided from weak ties. However, when using electronic WOM forums, comments from anonymous online sources were found to be more influential in consumers’ decision-making processes than talking to weak or strong tie sources (Steffes & Burgee, 2009). Some
studies additionally confirmed that the kind of social rapport between communicator and recipient is an important determinant for the use of input WOM (Nyilasy, 2006). For example, De Bruyn and Lilien (2008) reported that WOM communications are more likely to generate awareness when they come from close ties. Brown and Reingen (1987) showed that strong ties are more likely to be asked for referral information. Duhan et al. (1997) specified the conditions for using strong or weak ties as recommendation sources. They concluded that customers with greater difficulties in the decision task and lower knowledge levels are likely to select close tie sources, while weak ties are more likely to be chosen when purely instrumental information is required (see also Wangenheim, 2003).

Wilson and Peterson (1989) and Herr, Kardes and Kim (1991) further supplemented the research into the relationship between receiving WOM and receivers’ response to it by investigating how pre-usage attitudes influence the recipients’ receptivity to WOM communication. The studies revealed contradictory results. Wilson and Peterson (1989) demonstrated that the effect of WOM information on receivers depends on whether it matches with their previous evaluative predispositions towards the product or service. For example, subjects with positive predispositions were found to rely more on WOM information and to be more likely to enhance their product evaluations and purchase intentions, whereas customers with prior negative evaluative positions were found to be quite unsusceptible to positive referrals.

On the other hand, there is evidence that former impressions about products or services negatively moderate the effect of WOM on receivers (cf. Nyilasy, 2006), i.e. the impact of WOM information decreases when further diagnostic information is available (Herr, Kardes & Kim, 1991). Herr, Kardes and Kim (1991) found that customers with prior impressions of brands are less influenced by WOM communication than those who have no ideas about the target brand (see also Bansal & Voyer, 2000). The study results particularly indicate that former information available from memory diminishes the evaluative effect of receiving WOM on product judgements. According to Herr, Kardes and Kim (1991), customers have more confidence in their own opinions than in the judgement of others (see also Hoch & Deighton, 1989). Furthermore, a decline of the effect was found when extremely negative information is available. However, Bone (1995) found mixed results for the hypothesis that WOM influences are usually lower when people are exposed to negative pre-usage information compared to positive information provided prior to usage.

Moreover, situations in which people’s expectations about the service or product are not met by the actual performance have been identified to influence the strength of WOM impact (Bone, 1995). The effect of WOM on product evaluations was found to be greater when WOM receivers’ experiences were disconfirmed either considerably above or below their expectations. According to Bone (1995), customers tend to rely more strongly on WOM referrals in those situations. However, the formerly mentioned study of Keaveney and Parthasarathy (2001) shows that customers who were acquired through WOM referrals are more prone to disappointment and dissatisfaction if they experience a recommended service different from their friends.

WOM information seems to be more effective when it is sought by the recipient (Sweeney, Soutar & Mazzarol, 2008). Bansal and Voyer (2000) showed that WOM advice that is actively sought by receivers has greater impact on their purchase decisions than information that is passively gathered. Also, East et al. (2005) found that sought WOM has more influence on buying decisions than advice which is volunteered. Fitzsimons and Lehmann (2004) investigated in four experiments how customers react when advice contradicts their own opinions and preferences towards purchase options. They demonstrated that unsolicited recommendations that are contrary to consumers’ initial choice tendencies could result in reactive responses against the advice, i.e. consumers were found ignoring the advice or even intentionally making different service choices.

Finally, there is support for the fact that the number of WOM comments further influences the impact on the recipient. Wang (2011) demonstrated that judgements about service
quality and purchase intentions were more favourable with more positive WOM comments during the service encounter. Park, Lee and Han’s (2007) findings also revealed that customers’ intention to buy a product enhances as the number of online reviews increases. Interestingly, Gauri, Bhatnagar and Rao (2008) found that it is not the total number of online reviews that affects customers’ repurchase intention, but the percentage of positive WOM.

### 3.3 The influence of incentives

Given the growing use of referral reward programs, some studies explored how incentives affect receivers’ responses to the recommendation (Ahrens, Coyle & Strahilevitz, 2013; Jin & Huang, 2013; Schmitt, Skiera & Van den Bulte, 2011; Tuk et al., 2009; Verlegh et al., 2004, 2013). Receivers of natural WOM perceive the information as highly credible since the recommender seems to be independent of the provider and not to profit from advising (Silverman, 2011; see also Sweeney, Soutar & Mazzarol, 2008; Wang, 2011). However, providing rewards for giving WOM introduces sales features into the interpersonal interaction between the referring customer and the recipient, which may negatively influence the perceived sincerity of the recommender (Tuk et al., 2009). Also, Nyilasy (2006) argues that the WOM message is perceived sceptically due to the reward. Verlegh et al. (2004) were amongst the first to study how rewards affect the WOM recipient’s perception of the advice. Pursuant to them, receivers suspect that referrers must have ulterior motives that lead to the rewarded referral; thus, receiving customers perceive the advice rather as financially motivated and not as genuine. In their study, Verlegh et al. (2004) found that incentives evoke inferences of ulterior motives, which in turn diminish the perceived sincerity of WOM sources as well as the effectiveness of the recommendation on purchase intent (see also Godes et al., 2005). They further reported that an increase in tie strength mitigates the negative effects. In a subsequent research, Verlegh et al. (2013) found support for their previous findings by empirically showing that incentives adversely affect receiving customers’ responses to WOM. The authors demonstrated that incentivised referrals evoke fewer favourable replies in terms of purchase intention and brand evaluation compared to unrewarded recommendations, since recipients perceive rewarded referrals as driven by ulterior interests. They also identified under what boundary conditions the negative impact arises. The negative influence was found to be stronger for unsolicited and weak tie recommendations. With strong ties, rewards did not impair the favourability of the response to a referral. A negative effect was only observed when recommenders disclosed to strong ties that they received a reward for recommending. Also, the study results indicate that the negative effect can be eliminated by offering symbolic incentives such as contributions to charity or by rewarding both the referring and the referred customer.

With respect to rewarding schemes where both the recommender and the recipient receive a reward, Ahrens, Coyle and Strahilevitz’s (2013) survey revealed that larger rewards to receivers lead to higher response rates to electronic referrals, and thus to more new customers. They further found that the greater the total incentive provided to the referrer and the recipient, the higher the total number of new clients.

Jin and Huang (2013) and Tuk et al. (2009) explored additional factors that moderate the effect of rewarded referrals on the receiver. Jin and Huang (2013) found that monetary incentives generate less recipient acceptance than in-kind rewards, specifically when the referred brand is weak. Tuk et al.’s (2009) findings indicated that the evaluation of the recommendation and the referrer is influenced by disclosing the presence of financial interests. Contrary to Verlegh et al.’s (2013) results, Tuk et al. (2009) found that the negative impact on consumers’ responses could be diminished by disclosing the existence of a reward.

Notwithstanding potential negative effects of incentivised recommendations on receivers’ responses, Schmitt, Skiera and Van den Bulte’s (2011) field study with approximately 10,000 customers of a German bank provided evidence that those customers who could have been acquired through a referral reward campaign are more loyal and more profitable than non-referred customers. Specifically, they found that the retention rate and the customer lifetime value for referred customers are higher.
than for other customers, and that the value differential is larger than the costs of the incentives used to encourage WOM.

4. Consequences of giving WOM

Research into the consequences of WOM has almost exclusively focused on the referral receiver, whereas potential effects on the recommender have been relatively unstudied in the marketing literature. Only a few studies investigated the sender-related impact of recommendations (Eggert, Helm & Garnefeld, 2007; Garnefeld, Helm & Eggert, 2011; Garnefeld et al., 2013). Eggert, Helm and Garnefeld’s (2007) experimental work, and their follow-up study (Garnefeld, Helm & Eggert, 2011), empirically showed that giving a recommendation enhances the communicator’s attitudinal and behavioural loyalty towards the referred service provider. Garnefeld, Helm and Eggert (2011) additionally examined the boundary conditions of the effect of articulating WOM on the referrer’s attitude. More specifically, communicator’s expertise in the service category and their experience with the recommended provider were examined as moderators. Their findings indicate that the impact of WOM is stronger for inexpert customers and those who have little experience with the service provider. Garnefeld, Helm and Eggert (2011) explained the sender-related WOM effect by building on self-perception theory. According to that theory, recommenders conclude from their recommendation behaviour that they must like the referred provider (Garnefeld, Helm & Eggert, 2011).

In a subsequent research, Garnefeld et al. (2013) broadened their investigations by analysing the effects of financially stimulated WOM. In a field study with a telecommunication provider, they demonstrated that participating in a referral reward program positively affects customer retention. Garnefeld et al. (2013) found further support for the moderating effect of customers’ experience by showing that the effect is stronger for shorter-tenured customers. A scenario-based experiment additionally addressed the role of reward sizes and revealed that referral campaigns with larger incentives strengthen both the attitude and loyalty of the communicator, while smaller rewards increase only the sender’s loyalty. In contrast to the theoretical approach used to explain the effect of unrewarded referrals, Garnefeld et al. (2013) drew on the positive reinforcement framework as mechanism to justify the impact of incentivised referrals, which asserts that large rewards are more likely to strengthen recommenders’ attitude than small incentives.

5. Summary

As the literature review illustrates, past research has given great attention to positive WOM communication. The majority of the empirical research to date has focused on a deeper understanding of the generation of WOM and the impact it has (cf. the literature review sections of Sweeney, Soutar & Mazzarol, 2008; Wang, 2011). Figure 2 shows an integrative model of the main antecedents and consequences of WOM communication, which is derived from the presented findings of the literature review. Given the complexity of the research field, the author of this paper would like to emphasise that the model does not cover all variables discussed in the former sections. This is particularly true for the moderating effects.

Empirical results revealed that WOM communication is especially driven by factors that stand for the quality of the relationship with the provider. Accordingly, existing customers are more inclined to recommend when they value the relationship. Thus, customer satisfaction, affective commitment, loyalty and trust can be considered as antecedents of giving WOM. While most researchers assume that satisfaction is the key construct that leads to positive WOM transmission (e.g. Anderson, 1998), De Matos and Rossi (2008) found in their quantitative meta-analysis with 162 samples that commitment has the strongest effect on spreading WOM. Due to a favourable rapport, consumers are motivated to spread positive information about their provider and give advice to family and friends. While most researchers assume that satisfaction is the key construct that leads to positive WOM transmission (e.g. Anderson, 1998), De Matos and Rossi (2008) found in their quantitative meta-analysis with 162 samples that commitment has the strongest effect on spreading WOM. Also, there is evidence that satisfied customers do not always engage in positive WOM communication (e.g. Naylor, 1999). De Matos and Rossi (2008, p. 592) therefore conclude that “the most important way for managers to increase customers’ likelihood of favorable recommendations could be to increase customers’ commitment".
The relevance of the commitment construct becomes further apparent within the relationship between satisfaction and WOM. The presented model suggests that the satisfaction–WOM link depends on additional factors. Based on the empirical findings of Bettencourt (1997), Brown et al. (2005), Eggert and Helm (2000), and Hennig-Thurau, Gwinner and Gremler (2002) it is assumed that customers’ affective commitment at least partially mediates as well as moderates the effect of satisfaction on providing WOM. On the one hand, since satisfaction drives commitment (e.g. Hennig-Thurau, Gwinner & Gremler, 2002), higher levels of customer satisfaction should result in higher commitment levels, which in turn positively affect referral making (Brown et al., 2005). On the other hand, the relationship between satisfaction and WOM was found to be weaker for strongly committed customers, i.e. highly committed consumers largely tend to recommend regardless of their satisfaction level, while less committed customers’ WOM activity is more dependent on their degree of satisfaction (Brown et al., 2005; De Matos & Rossi, 2008). Conversely, involvement serves as a positive moderator in the relationship between satisfaction and WOM communication, i.e., an increase in satisfaction of highly involved consumers leads to a higher rise in WOM activity than for less involved customers (Wangenheim & Bayón, 2007; Wangenheim, Bayón & Herrmann, 2006).

Aside from relationship-based factors, individual characteristics such as subjects’ involvement (product, situational and marketplace involvement), as well as their propensity to innovations, directly influence the willingness to give positive WOM since their interest and expertise about products and markets motivate these customers to talk to others.

Recent papers further confirm that provider-generated means in terms of referral rewards are effective to promote referral behaviour and provide guidance on how to design the optimal structure of referral reward programs. Hence, incentives serve as additional drivers of WOM activity. However, the influence of incentives on recommending depends on boundary conditions. Drawing on the study results of Wirtz and Chew (2002) and Ryu and Feick (2007), the model integrates satisfaction and tie strength as moderators of the relationship

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**Figure 2:** Integrative model of the main antecedents and consequences of WOM communication
between referral rewards and recommendation behaviour. While satisfaction positively influences the effect of incentives on WOM activity, tie strength serves as a negative moderator. Rewards thus should enhance the referral likelihood more for satisfied customers. On the other hand, incentives increase the probability to recommend more for weak ties than strong ties because customers are less worried about the potential social risk when giving rewarded referrals to weak tie relations (Ryu & Feick, 2007). This contradicts the results of Wirtz et al. (2013), who found that at least small rewards enhance the referral willingness for strong ties, though they acknowledge that giving rewarded referrals to close ties sometimes might be more risky. The inconsistent findings could possibly be explained by the different types of rewards used in both studies. Wirtz et al.’s (2013) study explores the impact of incentives in terms of future discounts, whereas Ryu and Feick (2007) use shopping vouchers to manipulate rewards. Since discount-based rewards might be less attractive than shopping vouchers provided immediately after the new customer has purchased the recommended product, the social costs of recommending could be perceived as lower by the referrer.

Besides the potential to influence the effect of rewards on WOM communication, tie strength also directly affects referral making and is, therefore, included as an additional main antecedent of WOM communication in the model. Because strong ties care about each other and know better what kind of products the other person prefers (Ryu & Feick, 2007), they generate more WOM than weak ties.

As shown in the figure, WOM activity in turn influences communicators themselves. Initial empirical findings of Eggert, Helm and Garnefeld (2007), Garnefeld, Helm and Eggert (2011) and Garnefeld et al. (2013) show that giving WOM improves referrers’ attitude and loyalty towards the recommended provider, because referring customers infer from their referral behaviour that they feel attached to the firm. The strength of the effect is influenced by boundary conditions. Both referring customers’ expertise in the service category and their experience with the recommended provider negatively moderate the effect, i.e. the sender-related impact of giving WOM is stronger for consumers with lower levels of expertise and experience. Garnefeld, Helm and Eggert (2011) argue that those customers are more likely to derive their own attitudes towards the referred provider from their behaviour. Furthermore, financially stimulated WOM also has a positive impact on the referrer’s attitude and loyalty. However, larger rewards were found to positively influence both attitude and loyalty of communicators, whereas smaller rewards enhance only communicator’s loyalty.

The second path regarding the effects of WOM refers to the well-researched consequences of receiving WOM. Studies document the positive effect on recipients’ expectations about the quality of products or services, their attitudes and product involvement. Moreover, receiving WOM positively influences receivers’ evaluations of the recommended products or services, buying intentions and actual purchase behaviours. There is also support that customers who have been acquired through a referral tend to be more satisfied and loyal towards the chosen provider, though they were found to be prone to disappointment and dissatisfaction if they experience a service or product different from the referring persons (Keaveney & Parthasarathy, 2001). The positive consequences are primarily based on the higher credibility, objectivity, and realness of WOM information compared to firm-generated communication.

As can further be seen in the model, (inter-) personal and non-personal factors place boundaries on the effect of receiving WOM, particularly on recommenders’ attitudes, evaluations and purchase intentions. Researchers have identified determinants such as WOM givers’ expertise and the similarity between recommender and receiver as important factors that enhance the strength of the effect of positive WOM communications. Given their stronger credibility, recipients are more likely to rely on opinions from experts and similar sources. Furthermore, consumers are more inclined to identify themselves with similar recommenders (Kelman, 1961; see also Feick & Higie, 1992; Wangenheim & Bayón, 2004a). Based on the studies of Brown and Reingen (1987) and Gilly et al. (1998) it is assumed that attitudinal similarity in terms of similar preferences, values and beliefs plays a more important role in influencing the effectiveness of
WOM than demographic similarity. Moreover, the empirical results of Feick and Higie (1992), Price, Feick and Higie (1989), and Wangenheim and Bayón (2004a) indicate that the relevance of source similarity and expertise in turn depends on the type of perceived risk associated with the service or product. Source similarity seems to be more relevant for products with social or psychological risk, i.e., for products where individual taste matters and functional criteria are less important. Conversely, in product categories in which the functional risk is high, customers rely more on WOM from experts (Wangenheim & Bayón, 2004a).

In addition, receiving WOM is more influential when strong ties provide the information. Since close tie sources are more familiar with each other’s needs and tastes (Chung & Tsai, 2009), their advice is more trustworthy. Moreover, strong tie relationships are not driven by self-interest, but rather people caring about each other’s welfare (Clark, Mills & Powell, 1986; Ryu & Feick, 2007).

Furthermore, the impact of receiving WOM is greater when the receiver actively seeks the information and when the recipient is exposed to relatively more positive WOM comments. According to Sweeney, Soutar and Mazzarol (2008), WOM referrals are more appreciated and valued when they are sought by the recipients themselves. A higher number of positive WOM comments in turn indicates that the recommended product or service must be quite popular (Park, Lee & Han, 2007), which leads to greater confidence in the advice (Wang, 2011). Also, WOM receivers can justify their purchase decision by telling themselves that plenty of other customers have used the product before them (Park, Lee & Han, 2007).

A few studies investigated how the use of rewards influences the effectiveness of WOM referrals. Researchers found that incentives negatively affect receiving customers’ responses, in particular because recipients perceive the referral as driven by self-interest motives. Since incentives undermine the sincerity of the recommendation (e.g. Tuk et al., 2009), they are integrated as a negative moderator in the model. However, some boundary conditions have been determined that could diminish the negative effect of rewarded WOM on recipients’ decision-making. For example, rewarded recommendations from strong ties are less likely to reduce the favourability of responses than incentivised referrals from weak ties. Since strong tie relationships are based on feelings of mutual responsibility (Ryu & Feick, 2007), recipients rely on the sincerity of the rewarded referral and do not infer that recommenders take advantage of them (Verlegh et al., 2013). Incentive structures where both the recommender and the referred customer are rewarded were also identified to eliminate the negative effect. In these schemes, both the WOM giver and the receiver benefit from the incentive, which in turn reduces the recipient’s perception that ulterior motives led to the rewarded referral (Verlegh et al., 2013).

6. Implications for further research

Although there is a substantial amount of research devoted to WOM, there are still considerable research gaps in this area. With regard to the antecedents of giving WOM, future work should especially look at further factors such as trust that could moderate the satisfaction–WOM link, since the presented studies show that satisfaction does not necessarily lead to referral making (Wirtz & Chew, 2002). Hennig-Thurau, Gwinner and Gremler (2002) found that trust positively influences customer satisfaction because higher degrees of trust in the relationship should enhance the confidence in a pleasurable consumption-related fulfilment. As trust also predicts WOM activity, it is suggested that the relationship between WOM and satisfaction is stronger for customers with higher levels of trust.

Given the increasing use of referral reward campaigns, studies should more closely focus on the role of incentives as a driver of positive WOM communication. In particular, more research is needed into the design of referral programs. The existing empirical studies provide inconsistent findings about which reward size seems to be more suitable to increase referral likelihood. While Ryu and Feick (2007) found that smaller incentives are sufficient to enhance the probability to recommend, Wirtz and Chew (2002) demonstrated that larger incentives seem to be more efficient. However, Wirtz and Chew
(2002) acknowledge that larger rewards may not necessarily generate more WOM activity since too large incentives could reveal the referral program in an unfavourable light, as customers may question the reasons why providers offer such large rewards for recommending them. Furthermore, larger incentives could result in higher social costs due to feelings of guilt about being disproportionately rewarded (Ryu & Feick, 2007). In finding the optimal reward size, the subjective value of rewards, i.e. their attractiveness to the recommender, should be taken into account (see also Dobele et al., 2008; Wirtz et al., 2013). Also, for a better understanding of referral reward programs, the structure of reward schemes should be analysed in more detail. Although there is initial work covering this issue (e.g. Ahrens, Coyle & Strahilevitz, 2013; Xiao, Tang & Wirtz, 2011), additional research should be conducted to investigate conditions under which it is better to reward the recommender, the newly acquired customer, or both. In practice, many providers use non-monetary rewards, such as credit and gifts, to encourage their customers to give positive WOM (Kornish & Li, 2010; Wirtz & Chew, 2002). Marketers would, therefore, benefit from gaining a deeper insight into the impact of different types of rewards on referral behaviour.

When analysing the design of incentive programs, scholars should also consider receivers’ responses, since those campaigns should be suitable to foster WOM referrals as well as generate positive receiver receptivity. Further research should thus concentrate on the dyad between the recommender and the receiver by examining program conditions under which both the probability to recommend and the recipient acceptance are high (Ryu & Feick, 2007). In this context, scholars should more closely investigate how the recommender’s disclosure of the existence of a reward influences the effect of incentives on receivers’ responses to the recommendation. For example, Verlegh et al. (2013) call for research into the interaction of disclosure with different reward schemes and types of incentives. The existing studies revealed contradictory results. Tuk et al. (2009) concluded that the negative impact of incentives could be diminished by disclosing the economic motive, whereas Verlegh et al. (2013) found that disclosing evokes less positive responses. According to Tuk et al. (2009), receivers appreciate that when recommenders disclose they are rewarded. Due to their honesty, recipients would not interpret the referral as driven by self-interest, but by product enthusiasm.

Aside from more research into the moderating effect of incentives, it would be useful to examine further boundary conditions for the effectiveness of WOM on the receiver to enhance the understanding of how WOM processes run (Wangenheim & Bayón, 2004a). For example, the strength of the effect of receiving WOM could be moderated by receivers’ product involvement. Owing to their product interest, highly involved customers are more likely to search for product-related information and are generally more receptive to new information about the respective product class (Wangenheim & Bayón, 2007). Hence, it is suggested that recipients’ involvement enhances the positive influence of receiving WOM. On the other hand, scholars found that the related construct of receivers’ expertise negatively affects the impact of WOM for certain products (Gilly et al., 1998).

Furthermore, it is surprising that the full palette of factors that stand for the quality of a relationship has not been subject to the research into the impact of receiving WOM. Future studies should particularly consider the potential consequences on the receiver’s trust and affective commitment to the new chosen provider. Wangenheim and Bayón (2004b) and Schmitt, Skiera and Van den Bulte (2011) found higher satisfaction and loyalty levels for people who have switched owing to a referral. In the same vein, referral switchers should tend to have more confidence in the new provider and should be more affectively committed to it. The positive effect could be based on the inference that recommenders must have a valuable relationship with the referred company, otherwise they would not have recommended it. Conversely, Keaveney and Parthasarathy (2001) suggest that customers who have been acquired through WOM communication are more likely to switch to a new provider when they experience a service different from the recommender. Consequently, longitudinal analyses are necessary to investigate whether the positive effects on the receiver are enduring.
or wane over time.

However, the greatest research gap exists regarding the consequences on the recommender. Only scant research attention has so far been directed at the sender-related impact of WOM communication. As Tax, Chandrashekaran and Christiansen (1993, p. 79) stated two decades ago: "The influence of providing WOM on the giver has been mostly ignored in the [...] literature". To date the only empirical evidences contributing to this shortcoming in WOM literature come from Garnefeld and colleagues (Eggert, Helm & Garnefeld, 2007; Garnefeld, Helm & Eggert, 2011; Garnefeld et al., 2013). By showing that positive recommendations are not only effective for acquiring new customers but also for bonding existing ones, these studies added a new perspective on the consequences of WOM communication (Garnefeld, Helm & Eggert, 2011). The significant lack of research into sender-associated impacts is surprising. Since giving WOM appears to have direct implications on consumer retention, marketers would benefit from further investigations (Tax, Chandrashekaran & Christiansen, 1993). The previous papers are just a first step towards shedding light on this issue. Additional work needs to be done to further bridge the research gap. This is particularly true with regard to the potential impact of incentivised referrals. Eggert, Helm and Garnefeld (2007), therefore, call for further studies analysing the sender-related effects of WOM that is financially stimulated. Also, Ryu and Feick (2007) emphasise the need for research into the impact of rewarded WOM, especially on referrer’s attitude. In this context, additional work should focus on the effect of different reward sizes compared to unrewarded referrals in order to provide further guidance on how to design referral reward campaigns. Garnefeld et al. (2013) reported that only larger rewards enhance the referring customer’s attitudinal loyalty. As their results are contradictory to self-perception theory, further research should verify their findings. For an enhanced understanding of the effects of referral reward programs, studies identifying boundary conditions would be useful. Since the social rapport between WOM givers and recipients seems to play a special role in WOM communication, scholars should particularly address the influence of tie strength (see also Garnefeld, Helm & Eggert, 2011).

Future work should pay further attention to the impact of opportunistic referrals on the recommender; in other words, the sender-related consequences of positive recommendations that contradict the referrer’s real attitude towards the recommended firm. Incentive referral campaigns are prone to the opportunistic behaviour of dissatisfied customers (Helm, 2000; Schmitt, Skiera & Van den Bulte, 2011; Wirtz & Chew, 2002), who merely want to take advantage of the provider in order to obtain the referral reward (Blazevic et al., 2013; Wirtz & Chew, 2002). Thus, the benefits of referral campaigns are contentious (Trusov, Bucklin & Pauwels, 2009; Van den Bulte, 2010; see also Schmitt, Skiera & Van den Bulte, 2011). The uncertainty whether referral reward programs are worth introducing irritates managers who strive to enhance their return on marketing investments (Schmitt, Skiera & Van den Bulte, 2011). For a deeper insight into the effectiveness of customer referral programs, firms need to know whether such campaigns pay off in terms of self-interested customers. In other words, further research should analyse how the participation in a referral reward program affects opportunistic referrers, and whether providers might even benefit from a bonding effect.

Finally, future research would gain from investigating the main antecedents and consequences of WOM communication, as depicted in Figure 2, in one single empirical framework. To date, only Wangenheim and
Bayón (2007) contribute to this research gap by analysing the path from recommender’s satisfaction via WOM activity to new customer acquisition. In this regard, scholars could give attention to the special role of online WOM. This literature review includes results from studies with offline and electronic WOM. Given the growing pervasiveness of WOM on the Internet, it could be analysed whether the same antecedents and consequences apply to both offline and online referrals. It is most likely that there are differences between both communication forms (e.g. Steffes & Burgee, 2009). For instance, weak ties could be a more important WOM source on the Internet (Wirtz & Chew, 2002).

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