Effects of Tie Strength and Tie Valence on Consumer Word-Of-Mouth Communication and Altruistic Intentions

Joseph Paniculangara, University of Central Florida, USA
Barney Pacheco, The University of the West Indies, Trinidad

The current study extends Frenzen and Nakamoto's (1993) model of information exchange in order to address counterintuitive marketplace behavior, such as information exchange occurring across weak ties when moral hazard is present. By simultaneously considering both the strength and the valence of the ties individuals share with members of their social networks, we show that while consumers are more likely to transmit information and be altruistic toward individuals with whom they share strong ties, such exchange is more likely to occur across weak ties when the valence of the tie is perceived as positive (versus negative). Suggestions for future research based on this conceptualization are also identified.

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Joseph Paniculangara, University of Central Florida
Barney G. Pucheco, The University of the West Indies

EXTENDED ABSTRACT

Among all forms of marketing communication, word-of-mouth (WOM) is possibly one of the most important but also the one least under the control of marketers. The Katz and Lazarsfeld (1955) “two-step” model was among the earliest to identify the important influence of WOM on consumer purchase of low involvement products. The development of tools such as sociometry has spurred a resurgence of interest in WOM and the model developed by Frenzen and Nakamoto (1993) is particularly noteworthy, since it considers the combined effects of individual and structural factors on the flow of WOM. Building on Granovetter’s (1973) notion of “strength of weak ties”, which conceptualized a network comprised of strong and weak ties between members, Frenzen and Nakamoto (1993) proposed that weak ties could act as “drawbridges”, which could be raised or lowered depending on the “moral hazard” inherent in the flow of information between individuals in social networks. A limitation of their conceptualization is that it is somewhat one-dimensional, since it views information flow as dependant primarily on the strength of ties. While we agree that tie strength has an important role to play, we suggest that the valence of the ties is equally important in determining whether information transmission occurs. Consideration of tie valence may also help explain why some consumers may be more willing to share information with “strangers” than with “friends” even when the presence of moral hazard may suggest the reverse may be more beneficial to the individual.

TIE VALENCE

According to Frenzen and Nakamoto (1993) when moral hazard is present, valued information is more likely to flow over strong than weak ties. Moreover, a consequence of weak ties is the practice of negative exchange where the information transmitted i.e. “bads”, is meant to hurt the recipient (the former USSR and the USA during the Cold War is cited as an example). While their model is parsimonious, the mapping of ties to exchange is not perfect, since a review of key findings from that study revealed that over 25% of the weak ties exhibited patterns of generalized exchange, even under conditions of high moral hazard. We argue that this inconsistency can be explained by factoring in the valence of the tie. Specifically, when the transacting parties have a prior relationship that is positively valenced, weak ties may serve as conduits not only for the exchange of “bads” but also for the sharing of information that could benefit both parties. Thus, relationships can be described not only in terms of the strength of ties (strong or weak) but also in terms of the valence of the tie (i.e. positive or negative). Expanding conceptualization of the tie to include the valence of the tie provides a richer description of the relationship between parties in the social network, such that positive ties would exhibit some affinity whereas negative ties would be marked by enmity. In our expanded model we see relationships or ties as having magnitude in the form of tie strength (strong/weak) as well as direction in the form of tie valence (positive/negative). It is important to note that tie valence refers to the relationship between the two parties (positive or negative) and not the valence of the information that is transmitted.

The expectation is that strong-positive ties would involve a high intensity of social relations (Brown & Reingen 1987) along with altruism (Sahlins 1972) whereas weak-positive ties would involve a significantly lower intensity of social relations that may potentially mitigate the level of altruism exhibited by individuals. Further, negative-strong ties would be characterized by high intensity and opportunism while negative-weak ties would be characterized by opportunism but with less hostile social relations. The impact of these factors in the consumer domain may shed light into how WOM information is spread and is captured by the following hypotheses:

H1: Individuals are more likely to share information and exhibit altruistic tendencies towards those with whom they share strong ties as opposed to weak ties.

H2: Individuals are more likely to share information and exhibit altruistic tendencies when the valence of their ties with others is positive as opposed to negative.

H3: The influence of a strong (versus weak tie) on information transfer and altruistic tendencies is likely to be attenuated when the valence of the tie is negative and accentuated when tie valence is positive.

EMPIRICAL EVIDENCE

To test our hypotheses, undergraduates (n=234) at a large Southeastern University participated in the study in return for extra credit in an introductory marketing course. Respondents were exposed to a scenario indicating that the respondent had access to two tickets to a sold-out sporting event and had met someone (friend or acquaintance representing strong/weak tie) with whom they had recently worked with on an assignment (strong contributor or free rider – representing a positively or negatively valenced relationship). Respondents then indicated their likelihood of telling this person about the tickets, their willingness to give away the ticket to this person if the respondent could not attend the game and the price they would charge if they had to sell their ticket to this person.

When interest in the sport was controlled for as a covariate, we found a significant main effect of tie strength (strong > weak ties) on the willingness to tell the person described about the tickets (p <.01) and give away the ticket (p < .01). There was also a main effect of tie valence (positive > negative; p < .01) as well as a significant interaction between the two factors (p < .05) on all three dependent variables. The data strongly suggests that respondents were more likely to transmit information and be altruistic toward individuals with whom they shared strong ties as opposed to weak ties and had a positive versus negative valenced tie with. It also indicated that the effect of tie strength is moderated...
by the valence of the tie such that consumers were more likely to exchange information with individuals to whom they had weak ties when tie valence was positive while the likelihood of transmission over strong ties was reduced when tie valence was negative. The evidence thus supports our hypotheses.

LIMITATION AND FUTURE RESEARCH

We assume similarly to Frenzen and Nakamoto (1993) that ties between individuals are symmetric. This implies that exchange of information is dependent on actors’ perception of their ties with others in the network. It is perfectly plausible however that asymmetries may exist in the way two individuals perceive the strength of the tie between them. We have not accounted for the effects of such asymmetries in our current conceptualization and this is an issue to be examined in future research.

CONCLUSION

The introduction of the notion of tie valence provides a plausible explanation for the transmittal of information over weak ties witnessed by Frenzen and Nakamoto (1993). Our re-conceptualization of network ties also predicts the extent to which these factors can influence not just the willingness to share information but altruistic marketplace behaviors. Inclusion of this factor in future studies would facilitate our understanding of social networks and the mechanics of information diffusion among consumers when moral hazard is operative.

REFERENCES