Examining the Effectiveness of Firm-Sponsored Word-Of-Mouth Communications: the Role of Disclosure and Relationship Tie Strength

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Firms are actively recruiting consumers to be word-of-mouth agents who talk to other people they know about the firms’ products, with a view to influencing their opinions and purchase behaviors. These agents can choose to disclose their firm-affiliations to others; however, the effect of disclosure on persuasion is not clear. We identify three factors that affect message persuasiveness under these settings: type of disclosure (forewarn vs. post-warn), relationship tie (strong vs. weak), and relational-interdependent self construal (high vs. low). The findings of two studies suggest that the type of disclosure matters, especially for consumers high in relational-interdependence, receiving product opinions from a consumer agent who is a friend.

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SYMPOSIA SUMMARY
What Do You Think: The Role of Others’ Opinions in the Marketplace
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SESSION OVERVIEW
Past consumer behavior research has typically focused on how other people’s opinions tend to influence consumers—e.g., in the form of expert opinions (e.g., Petty and Cacioppo 1991), as consensus cues (Aaker and Maheswaran 1997), as reference groups (Bearden and Etzel 1982), and word-of-mouth communications (Godes and Mayzlin 2004). This session takes a unique and broader perspective on this topic by bringing together research from several diverse streams (as per this year’s conference theme) to launch a productive discussion on how research from these areas can be integrated to provide a more complete picture of the role of other’s opinions in the marketplace—not only from the vantage point of how they influence consumers, but also how and when are consumers more likely to be influenced by these opinions, how do consumers attempt to influence other’s opinions, and how do they estimate these opinions.

The three papers represent the main aspects and approaches to understanding the role of others’ opinions. The Gershoff, Mukherjee and Mukhopadhyay paper attempts to understand how people estimate other’s opinions and the extent to which biases operate in this process. They examine this issue in the context of the false consensus effect. The Kaikati and Ahluwalia paper focuses on the issue of when, how and which of the other’s opinions are likely to influence consumer buyer behavior. These issues are examined in an interpersonal setting, using the context of word-of-mouth effects and relationship ties. The Kirmani and Dorokhina paper uses interpersonal sales setting to understand when consumers are likely to engage in deceptive behaviors, in attempting to influence the opinion of others (buyers in this context).

As such, each of these papers approaches the topic of other’s opinions, but from a different perspective: how are these opinions estimated (Gershoff et al); how and when do they influence consumer evaluations of products (Kaikati and Ahluwalia); how do consumers attempt to influence other’s opinions (Kirmani and Dorokhina).

Margaret C. Campbell (University of Colorado-Boulder) served as the discussion leader. She brought to bear her breadth of knowledge in this area to engage the participants and the audience in an enriching discussion on this topic.

EXTENDED ABSTRACTS

“What’s Not to Like? Preference Asymmetry in the False Consensus Effect”
Andrew D. Gershoff, University of Michigan
Ashesh Mukherjee, McGill University
Anirban Mukhopadhyay, Hong Kong University of Science and Technology

Individuals often need to predict other people’s likes and dislikes (Hoch 1987; West 1996). For example, when individuals offer advice to friends about movies, buy a gift for a loved one, or recommend a restaurant to a colleague, they first have to assess the recipient’s likes and dislikes. Yet, extensive research indicates that people tend to overestimate the extent to which their own attitudes, beliefs, and behaviors are shared by others, an effect variously referred to as false consensus, egocentric bias, social projection, and assumed similarity (Hoch 1987).

One explanation for false consensus, based on the availability heuristic, is that individuals estimate the prevalence of views in the population by relying on the availability or ease with which either examples of others who hold an attitude come to mind, or the ease with which reasons for holding the attitude come to mind (Ross et al. 1977; Mullen et al. 1985; Tversky and Kahneman 1973).

Recent research finds an asymmetry in the attribute ratings of alternatives, such that people are less likely to dislike attributes in an object they like compared to liking attributes in an object they hate (Gershoff, Mukherjee, and Mukhopadhyay 2007). Notably, such asymmetry in the quantity of these counter-valence attributes between disliked and liked alternatives has been empirically demonstrated in a number of product categories, including movies, wall posters, and ice-cream sundaes (Gershoff, Mukherjee, and Mukhopadhyay, 2006, 2007).

We propose that this asymmetry in counter-valence attributes between disliked and liked alternatives leads to a moderation of the false consensus effect, such that the effect is weaker for disliked alternatives and stronger for liked alternatives. Since it is relatively easy to think of positive aspects of disliked alternatives, individuals are likely to be sensitive to the possibility of others liking, or at least being neutral toward, an alternative that they personally dislike. This, in turn, should dampen individuals’ overestimation of population consensus for disliked alternatives, thus reducing the magnitude of the false consensus effect. In contrast, since it is relatively difficult to think of negative features of a liked alternative, the false consensus effect is likely to be stronger for liked alternatives. Four studies support these results.

Two-hundred and twenty-two individuals participated in study 1 by providing their estimates of the percent of other people who would like, give a neutral rating to, or dislike, each of a set of 27 ice cream sundaes (n=113), or a set of 50 images of posters (n=109). Participants also provided their own ratings of each sundae or poster. Consistent with predictions, in both data sets, in addition to the basic false consensus effect, there was moderation by one’s own preference. Specifically, those who liked an alternative estimated a greater percent of others would share their opinion compared to those who disliked the alternative. The same results also held when the dependent variable was the difference between participants’ estimates and the actual liking and disliking percents in the population, a measure of the ‘true false consensus effect (Krueger and Zeiger 1993).

Study 2, directly explored the mediating role of availability counter-valence attributes on the relationship between preference and false consensus. Sixty participants provided names of movies they either liked or disliked as well as estimates of the percent of others who liked, were neutral toward, or disliked the movie. Participants also provided ratings of the acting, directing, plot, writing, and music. As in prior research, greater counter-valence attributes were found in the disliked compared to liked alternatives, with the average number of liked attributes in the disliked movies exceeding the average number of disliked attributes in the liked movies. Replicating study 1, those who liked a movie estimated a greater percent of others share their evaluation than those who hated a movie. More importantly, supporting the role of availability of counter-valence attributes, the quantity of counter-valence attributes mediated the relationship between one’s evaluation and the estimate of the percent of others who share that evaluation.

Studies 3 and 4 manipulated the availability of counter-valence attributes. In Study 3, was a 2 (preference valence) X 2 (availability) design with one hundred participants providing esti-
mates of the percent of others liking, disliking, and neutral toward a poster that was either liked or disliked by the participant, depending on condition. Availability of counter-valence attributes was externally manipulated by providing the participant with either 1 or 4 statements indicating reasons for liking or for disliking the poster, said to be from another person in the study. As in studies 1 and 2, there was a main effect for preference valence, with those liking a poster estimating a greater percent of others would hold the same opinion as they do compared to those who dislike a poster. However, as expected, this effect was moderated by the availability of counter-valence reasons. Making available a greater number of counter-valence attributes decreased the false consensus effect. Further, as in study 2, the reported ease of thinking of counter-valence attributes mediated the relationship between preference valence and false consensus.

Finally, study 4, manipulated availability internally, by forcing participants to list either 3 or 8 aspects of a movie that ran counter to their overall evaluation. As predicted, those forced to list more reasons indicated that it was more difficult to think of reasons that were opposite their own evaluation. As in the prior studies, the degree of false consensus depended on one’s preference, with more false consensus for liked versus dislike alternatives. However, consistent with the role of availability of counter-valence attributes in driving the effect, the degree of false consensus decreased when participants found it easier to generate the counter-valence attributes. Again, mediation provides further support for the role of counter-valence attributes.

In summary, across multiple studies and multiple product categories, it is shown that the false consensus effect is moderated by one’s own preference valence, such that there is more false consensus when a person likes and object than when he or she dislikes it. The studies also show the role of availability of counter-valence attributes in driving the effect, the degree of false consensus decreased when participants found it easier to generate the counter-valence attributes. Again, mediation provides further support for the role of counter-valence attributes.

Experiencing the Effectiveness of Firm-Sponsored Word-of-Mouth Communications: The Role of Disclosure and Relationship Tie Strength*

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Prior research has found that interpersonal word of mouth (WOM) is more persuasive than other forms of media communication (Blackshaw and Nazzaro 2005; Godes and Mayzlin 2004; Katz and Lazarsfeld 1955). Consequently, firms are relying more on WOM communication (Godes et al. 2005), and are actively recruiting consumers to be WOM agents (Kaikati and Kaikati 2004). The objective of consumer WOM agents is to talk to other people they know (e.g., friends and acquaintances) about firms’ products, and in return they often receive points that are redeemable for prizes. For instance, P&G’s Tremor Group has over 300,000 consumer WOM agents, and BzzAgent has over 60,000 (Wells 2004).

In response to consumer advocate concerns about surreptitious advertising, the Federal Trade Commission has stated that consumer WOM agents are required to disclose their affiliation with product manufacturers (Shin 2006). However, these agents fall in a “gray area,” such that they can still choose whether to disclose their affiliations with firms when recommending products to other consumers. It is not clear whether disclosure of firm affiliations will have a positive or negative effect on evaluations and persuasion. On the one hand, it may increase agent credibility, and thus persuasiveness. On the other hand, it may increase consumer skepticism of the agent and the message (Friestad and Wright 1994). There are also several different types and “moments” of disclosure (e.g., forewarning before the persuasive message, postwarning after the message); past research has yet to examine how their nature might influence the persuasion outcomes.

Additionally, many companies try to encourage their agents to approach their close friends and family, while others tend to focus on tapping into the casual acquaintances of their agents. It is also largely unclear at this point, how these different types of relationship ties might moderate the relationship between disclosure and persuasion. Here again, past literature presents a mixed picture. Although it can be argued that information provided by a trusted friend (versus acquaintance) may be perceived as more credible and might be more persuasive even when the source is known to be a company agent (e.g., Friestad and Wright 1994); it can also be argued that people might be more suspicious, less forgiving and more angered by a sales attempt by their friend versus an acquaintance (Fein and Hilton 1994). Our research attempts to examine these issues further. In a series of two experiments we examine the effects of communications from WOM agents who had either strong (friend) or weak (acquaintance) ties with participants, under different types of disclosures.

Study 1 had a 3 (disclosure: forewarn, post-warn, none) x 2 (relationship tie strength: strong [friend], weak [acquaintance]) between-subjects design. Participants were asked to imagine themselves in a given new product recommendation scenario—where they received a product recommendation from either a friend or an acquaintance, and then completed the dependent measures. The no disclosure condition was used as a baseline for making the contrasts. The difference between two disclosure conditions was the point at which the source made a disclosure of his/her participation as a WOM agent. In the forewarning condition, it occurred before the product recommendation, while in the post-warning condition this information was disclosed after the product recommendation.

Results of the first study revealed that, as expected, a friend was perceived as more persuasive than an acquaintance (more favorable brand and agent attitudes), in the baseline (no disclosure condition). Inclusion of a post-message disclosure, however, proved to be highly detrimental for the friend-agent, but not to the same extent for the acquaintance-agent—whose message was better able to withstand the disclosure of a relationship with the company. Not only was the friend-agent’s recommendation less persuasive than the baseline, it was also no more persuasive than an acquaintance-agent’s recommendation. More importantly, the ill-effects of post-warning were attenuated, and a clear and significant advantage of the friend-agent emerged, simply by changing the timing of the disclosure to before (forewarning) instead of after the message. We argue that this might be a more effective strategy when friend-agents are used because of the communal character of close relationships (Clark and Mills 1979).

The second study was conducted to gain a better understanding of the underlying processes. Since consumer’s expectations from their relationships appeared to be an important driver of the outcomes, in this experiment, we assessed the participant’s extent of relational-interdependent self-construal (RISC), which is defined as the tendency to think of oneself in terms of relationships with close others (Cross, Bacon and Morris 2000). This study focused on the post-warning condition, where the strength of tie had backfired, to gain a better understanding of what might be driving this effect. To examine generalizability of our findings, a different variant of the post-warning disclosure was examined—where the agent did not volunteer the disclosure, but provided it upon a query by the target.
The study was a 2 (disclosure: none, post-message) x 2 (strength of tie: strong vs. weak) x 2 (RISC median split: high vs. low) between subjects design. In addition, measures of purchases intention were included in this study. The overall patterns of data from experiment 1 were replicated when the data were combined across the RISC conditions. However, when data were examined with a median split on the RISC variable, the results revealed that participants who scored high in RISC, that is, those who defined themselves in terms of their close relationships, reacted very differently from their counterparts who scored low in RISC. As such, participants who were high in RISC demonstrated a significant drop in their evaluation of the target brand and agent, and their purchase intention, when provided with the post-message disclosure from a friend-agent—similar to the findings of study 1. In contrast, no such drop was observed for the participants who were lower in RISC, who continued to evaluate the brand and corporation as highly as the baseline condition, even after the disclosure.

The findings of these studies suggest that the point at which the disclosure of a consumer agent’s relationship with a company is an important determinant of brand and agent evaluations. Furthermore, a consumer’s inclusion of others in his/her sense of self determines, to a very great extent, whether using a friend as a product agent is likely to backfire or help in selling process.

“I’m Fair, Therefore I Deceive”
Anna Kirmani, University of Maryland
Olga Dorokhina, University of Maryland

What is the relationship between a concern for fairness and the likelihood of deception? There is little research on this topic in marketing or psychology. Since the two constructs are morally conflicting, one would assume that a sense of fairness would attenuate the likelihood of engaging in deception. However, that is not always the case. In this paper, we examine conditions under which consumers who are concerned about fairness are more likely to engage in deception than consumers who are not concerned about fairness.

We examine deception in the context of an interpersonal marketing interaction, e.g., an interaction between a buyer and a seller. We examine several factors that may affect consumers’ likelihood of deceiving others, including the relationship between the seller and buyer, social value orientation and the type of deception. The relationship between the buyer and seller is characterized by cooperation (mutual interests) vs. competitiveness (conflicting interests) (Deutsch 2000). Deception may be considered less appropriate in a cooperative than competitive relationship (Kirmani and Campbell 2004). The second factor, social value orientation, is a stable dispositional variable that reflects a preference for own vs. other outcomes (Kuhlman and Marshello 1975). Those with a prosocial orientation seek to maximize joint outcomes along with equality in outcomes (Van Lange 1999); those with an individualist orientation maximize their personal outcomes; and those with a competitive orientation seek relative advantage over others. These three types of social value orientation are predictive of cooperative and competitive behavior patterns in a variety of settings, such as experimental games and social dilemmas (e.g., Kuhlman and Marshello 1975). Prosocials tend to be concerned with fairness and reciprocity, while individualists and competitors have more selfish motives; thus, researchers collapse the latter two groups into a category called pro-self. Finally, type of deception refers to whether consumers withhold information (omission) or actively lie (commission). Lies of commission are typically perceived as worse than lies of omission, since the former are perceived as more effortful and causal (Spranca, Minsk and Baron 1991).

Research shows that compared to consumers with a pro-self orientation, consumers with a prosocial orientation will be less likely to deceive opponents in a cooperative relationship. In a competitive relationship, however, consumers with a prosocial orientation will be more likely to deceive opponents (Steinel and De Dreu 2004). We extend this hypothesis in the first study, by examining all three levels of orientation. We predict that faced with a competitive buyer, prosocials will be more deceptive than individualists but not more deceptive than competitive.

Study 1 is a 2 (Buyer: Cooperative/Competitive) X 3 (Orientation: Individualist/Competitive/Pro-Social) X 2 (Type of Deception: not telling the truth/actively lying) X 4 (Scenarios) mixed design. The first two factors are between subjects and the last two are within subjects. One hundred undergraduate students imagined themselves in the role of a seller of a used car. Social value orientation was measured, while the buyer was described as cooperative or competitive. Participants were given private information about different aspects of the car they were selling (e.g., mileage, brakes, stereo system, and availability) and were asked how likely they would be to tell the truth or actively lie to the buyer about each of the different aspects. Consistent with the hypothesis, the results showed that when faced with a competitive buyer, prosocials were more likely to actively lie than were individualists, but as likely to lie as competitive. However, there were no differences across the three types of orientation in terms of reactions to a cooperative buyer.

To show that a fairness motive underlies these findings, we directly manipulated fairness in study 2 through priming. According to the might over morality hypothesis (Liebrand et al., 1986), social value orientation influences the relative weight individuals attach to the dimensions of morality (or fairness) and might (or power). Prosocials tend to frame decision making in terms of fairness, whereas individualists (and competitors) tend to frame decision making in terms of power. The design was a 2 (Buyer: Cooperative/Competitive) X 2 (Prime: Fairness/Power) X 2 (Type of Deception: not telling the truth/actively lying) X 4 (Scenarios) mixed design. As before, the first two factors were between subjects and the other two were within subjects. Results are similar to those in study 1, suggesting that priming with fairness leads to greater deception than priming with power when dealing with a competitive opponent. A third study will examine further the underlying processes of prosocial motivation. Specifically, it will try to answer the question of whether different types of prosocial motivation, such as fairness and empathy have different effects on buyer’s decision to lie.

Two of the three studies have been completed and the data have been analyzed. The third study will be finished before the ACR conference. The paper makes a contribution to research on deception, fairness, social value orientation, and persuasion knowledge. In the literature on social value orientation, individualists and competitors are considered one group; however, our study shows that their motivations are different, leading to different behavior in the context of deception.

REFERENCES


