

Social Effects in Word-of-Mouth Activity: How Consumer Respond to Monetary Incentives in WOM

This paper examines how consumers' WOM-related activity can be steered by marketing measures. We specifically investigate how monetary incentives foster purchase intentions. The theory of reasoned action serves as theory, enriched by insights of cross-cultural research. A cross-country experimental study investigates Mobile-coupons as novel tool of WOM. Results show that different amount of incentive provided to senders and receivers leads to an unfavorable attitude for German but not for Indonesian consumers. Furthermore, Indonesian consumers base their decision to redeem Mobile-coupons more on personal judgment and their overall deal proneness whereas German consumers rely as well on others opinion.

Keywords: Mobile Couponing, Word-of-Mouth, Consumer Incentives, Theory of Reasoned Action, Cross-Country study.

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Introduction

Offering consumers with incentive to engage in WOM activity is a common marketing instrument in companies' marketing strategy (Ryu and Feick 2007). Incentives can be utilized by marketers in order to create WOM, for examples through coupons. Coupons should influence the social dynamic in WOM activity by giving incentives to senders and/or receivers of the coupon. Thus, marketing managers need to decide how to allocate the couponed incentive between both sender and receiver. To investigate this budget allocation issue, we investigate a generic form of incentivized WOM through mobile technology: mobile coupon shared by forwarding it to consumers' friends. According to Hsueh and Chen (2010), the sharing of mobile coupons has not been addressed in most e-WOM studies to date.

It is undeniable that consumer have various motives that make them being involved in WOM activities. One of the motivations to engage in WOM activity is an economic motive especially if there is an incentive involved in the coupon (Hennig-Thurau et al. 2004). Making consumer to participate in WOM activity with an incentive is not a simple instrument for the marketing manager. He has to decide upon the proportion of incentive provided to sender and receiver of coupon. The allocation should be designed in a way which maximizes the positive response from customer (through the redeeming action) and which also limit the risk of negative responses. Therefore the design of WOM coupons which can increase WOM and redemption rate is an important issue for marketer.

Consumers face a complex and confusing situation when they are consider to engage in incentivized WOM by sending, receiving and redeeming an M-coupon, especially if there is an incentive differentiation provided to senders and receivers. From the senders' perspective, they might start to think of the suitable receivers of incentivized WOM. Meanwhile from the receivers' perspective, they might think about the fairness in the distribution of incentive.

According to Shimp and Kavas (1984), consumers' decision to participate in incentivized WOM should stem from rational and thoughtful behavior rather than an unconscious behavior. The theory reasoned action (TRA) (Ajzen and Fishbein 1980) provides a suitable framework to explain such behavior. According to TRA, consumer's intention are determined both by their own attitude as well as by perceptions from others which are deemed as close to them.

We investigate a focal component in the design of incentivized WOM-coupon: the distribution of incentives between sender and receiver (Thaler 1988; Xiao, Tang and Wirtz 2011; Ahrens and Strahilevitz 2007). Our guiding research premise is that receivers concerns regarding the distribution of incentive in M-coupon and regarding the social effects encountered may influence consumers' intention to involve in incentivized WOM by redeeming the M-coupon. Thus this paper addresses the following research questions: How does own opinion and other opinion affect the receiver's redeeming behavior? Which opinion influences the most for the eastern and western receiver?

WOM related action is always embedded in the social context of consumer's life. Thus, we expect that the above mentioned questions differ between cultural contexts. This paper contrasts the Western and Eastern perspectives on receiver's responses on

incentivized WOM through M-coupon. The western perspectives are represented in our survey by German receivers and Eastern perspectives are represented by Indonesian receivers of an incentivized WOM coupon.

Theory and Hypothesis

According to research stemming from the field of behavioral economics, people are more motivated to perform a particular behavior if they receive a larger proportion of the provided incentive (Ahrens, Coyle and Strahilevitz 2013). This causes a dilemma for marketing because incentives can be provided for both parties of incentivized WOM (sender and receiver) or “reward both” program through M-coupon. The question arises: Should the company provide sender and receiver with equal or unequal incentives?

Findings from the Ultimatum game (Thaler 1988) suggest that receivers are concerned with the sense of “fairness” particularly if the firms intend to give a magnitude in the incentive. This basic concept is thus important for business entities to determine the number of incentive in “reward both” program. Previous research on “reward both” program by Ahrens, Coyle and Strahilevitz (2013) suggests that receivers are likely to become new customers if they are granted with the larger proportion of an incentive. Becoming a new customer through the redeeming activity is the consequences from stimuli such as incentive. However the psychological conditions which affect their intention and actual behavior as explained by (Ajzen 1991) remain unexplored. In addition, we expect cultural differences between western and eastern society. According to Mattila and Patterson (2004); McFarlin and Sweeney (2001) western customer with a highly independent self-construal character will have an unfavorable feeling toward inequitable incentives thus the notion of “getting what I deserve” become the major issue for them. In contrast, differences in incentives are not an issue in a highly collectivism eastern society which promotes conflict avoidance and interpersonal smoothness as long as a harmonious interpersonal relationship can be maintained (Mattila and Patterson 2004). Thus by adopting the viewpoint of TRA, attitude is negatively influenced by incentive differentiation to a different extent of cultural considerations:

H1: Incentive differentiation (senders obtains higher incentives than receivers) exerts a stronger negative influence on receivers attitude concerning M-coupons in Western culture than in Eastern culture.

The hypothesis above implies that different amount of incentive between senders and receivers (receivers obtains less incentive than senders) hurt the justice feeling more to the western consumer compared to eastern consumer. To overcome the unfairness feeling, western consumers might be more actively seeking compensation than eastern consumers (Mattila and Patterson 2004). Compensation might be achieved by obtaining justification arguments from close persons regarding the inequality situation.

According to Dawar, Parker and Price (1996) the higher the uncertainty-avoidance level, the higher the tendency that people will seek information from trusted personal sources against marketing information. Being in a high uncertainty-avoidance society, German consumers will thus postpone a spontaneous decision and gain as many information as possible to give them a justice feeling. On the other hand, Indonesia consumers who have a low uncertainty-avoidance will act much more spontaneous in decision making, thus others opinions somehow will become not relevant for them. In addition and according to Dawar, Parker and Price (1996) the higher the uncertainty-avoidance level, the higher the tendency that people in such a cultural setting will seek

information from the trusted personal sources against the information from brochures or TV advertising. Thus, we expect that German consumers will seek opinion more from friends than Indonesian consumers. From this we conclude the following:

H2: Incentive differentiation has a stronger negative influence on perceived subjective norms for receivers in the Western culture than in the Eastern culture.

The aim of promotional activities from a company is to get a response from as many target consumers as possible. However, marketer cannot expect similar responses across target consumers because each consumer has different characteristics related to the promotional activity (d'Astous and Jacob, 2002; Montaner et.al, 2011), not to mention cultural differences. Deal proneness has been defined as the general tendency of a person to respond to promotional activities (Lichtenstein et.al., 1990; Montaner et.al., 2011).

The theoretical underpinning of a deal proneness character bases on transaction utility rather than in a low deal price per se (Burton et.al. 1998). Transaction utility is created when a consumer receives an incentive which is higher than his or her internal expectation or when a consumer pays a price below his or her internal reference price (Thaler, 1985). Previous research substantiated deal proneness as a generic consumer characteristic (Lichtenstein et.al., 1995; DelVecchio, 2005; Montaner et.al., 2011). Empirical research found that deal proneness has a positive relationship with a favorable attitude on promotional activities (Burton et.al., 1998). Deal proneness is related with spontaneous buying behavior, thus pleasure and arousal may be universal components of deal proneness, and ones shared by consumers / coupon receivers in both individualist and collectivist cultures (Kacen and Lee 2002). Following this, a feeling of pleasure and arousal will positively influence their attitude towards the particular object, e.g. coupon. Thus, on the basis of the above discussion, we hypothesize:

H3: Deal proneness will have a positive influence on attitude regarding the M-coupon for receiver (in both Western and Eastern culture).

Consumers with high deal proneness tend to utilize discounts or promotion spontaneously without planning (Lichtenstein, Netemeyer and Burton 1990). Thus we can conclude that consumer`s deal proneness is a major foundation of impulse buying. With the intention to understand the relationship between deal proneness character and intention to redeem M-coupon, we cannot rule out culture differences between western and eastern society. German consumers are classified as high uncertainty-avoidance consumers, whereas Indonesian consumers are classified as low uncertainty-avoidance. Thus, we can expect that German consumers tend to have a more planned purchase behavior with high loyalty levels, whereas Indonesian consumer should engage more in impulsive buying decisions and should have lower loyalty level (Mooij and Hofstede 2011). Consequently we put forth the following hypothesis:

H4: Receiver`s deal proneness character matters more in redemption decision for receiver in Eastern culture than in Western culture.

Reciprocity is about equilibrium and fairness. In addition, other opinion constitutes a social factor which can give pressure for a person to perform or not perform a particular behavior, which Ajzen labeled as subjective norm (Ajzen 1991). Receivers´ intention to redeem an M-coupon may be based on reciprocation motives. If this is the case, a receiver with reciprocation motive will reciprocate senders´ previous action more or less against all odds. (S)he might still consider what other people may think about the

reciprocation action. However, the extents to which the receivers want to deal with others opinion maybe different between receivers with reciprocate motives and without reciprocate motives. Receivers with reciprocation motive tend to perceive others' opinions as not important to them since they have a desire to achieve equilibrium and reduce stress that they have (Walster, Berscheid and Walster 1973).

Eastern consumers emphasize the need to fit with others and to avoid conflict and confrontation (Fiske et al. 1998), thus reciprocity should matter a lot for them. The German culture has a high uncertainty-avoidance and assumes an external locus of control, thus a reciprocal situation becomes important for them to shape their decision and action (Mooij and Hofstede 2011). Thus, we expect a similar pattern in the relation between reciprocity and subjective norm:

H5: Reciprocity situation will have a positive influence on subjective norms on redeeming the M-coupon for receiver (in both Western and Eastern culture).

People reciprocate others as a reward for kindness or a punishment for an unkindness, which can also be called positive or negative reciprocity (Falk and Fischbacher, 2000). In both ways, people try to achieve equilibrium by decreasing what they give and increasing what they receive (Walster and Berscheid, 1973).

In the context of incentivized WOM, reciprocity might arise when the receivers have to give back some favors to the senders or expect something in return from the senders. This may lead to the receivers to finally agree to engage in incentivized WOM activity (e.g redeeming the M-coupon). When the receivers are recognizes that the senders' prosperity depends on his action, a "tit-for-tat" is likely to become the first reaction from the receivers and that reaction may possibly influence the receivers' control on their behavior.

Whether the receivers have to return back some favors to senders by redeeming the M-coupon, or just simply expect the senders to provides thanks if redeeming the M-coupon, those situations will increase the receivers' intention to redeem. Both consumers in Western and Eastern societies stand up for justice with their own way (Mattila and Patterson 2004). Thus, when they deal with a reciprocity situation, they are surely going to find the balance so that the situation becomes fair for them. Hence, we put forward the following hypothesis:

H6: Reciprocity situation will have a positive direct influence on the intention to redeem the M-coupon for receiver in both Western and Eastern culture.

As suggested by Ajzen and Fishbein (1980), when a person decides to perform a particular action, he or she will consider about cost and benefit on doing a certain action. This cost-benefit consideration should lead to a positive or a negative attitude toward the object. Furthermore, a positive or negative attitude toward the object or activity will lead to positive and negative intention to engage to particular activity. In line with this, Fishbein and Ajzen (1975) defined attitude as an individual's positive or negative evaluation on performing a behavior and a result of expectancy-value judgment regarding the behavior: A person who holds a positive attitude tends to engage in such behavior. In contrast, a person who holds a negative attitude is less likely to engage in such behavior.

In the context of receivers' intention in redeeming the M-coupon, attitudes are more important when receivers are action oriented which means that receiver has a high

capacity to perform in such behavior. In addition, Mooij and Hofstede (2011) argued that consumer attitude tends to stay constant and leads to a certain behavior in Western society, whereas there might be a much more flexible and unpredictable relationship between attitude and future behavior in Eastern societies with collectivistic culture. However, previous research showed that a positive attitude leads to a positive behavioral intention in various cultural settings (see also, Becker et al., 2010; Clement et al., 2012). Thus, we expected that attitude has a positive influence on receivers' behavioral intention to redeem the M-coupon:

H7: Attitude has a positive influence on intention for receiver in both Western and Eastern culture.

Besides attitude, person's behavior intention also depends on subjective norm. Subjective norm is defined by Ajzen and Fishbein (1980) as a social or normative factor, which refers to the perceived social pressure to perform or not to perform a particular behavior. In the context of receiver's intention to redeem the M-coupon, Kang et.al, (2006) stated that subjective norms about redeeming the M-coupon become more important when receiver has a low capacity to perform a particular behavior so that he has to rely on others' opinion. In the incentivized WOM, we expect that positive opinion from others will positively influence receiver's intention to engage in incentivized activity by redeeming the M-coupon. We also expected that German consumers who have an external locus of control (Mooij and Hofstede 2011) and also Indonesian consumer who emphasize the need to fit with others (Fiske et al., 1998) will respect the opinion of others regarding the decision to redeem the M-coupon. Thus to support our statement, the following hypothesis was developed:

H8: Subjective norms will have a positive influence on intention (in both Western and Eastern culture).

Method

Our experimental study aims at investigating all eight hypotheses H1 – H8. This should provide the basis to understand the influence of receiver attitude and subjective norm on behavioral intention to redeem the M-coupon.

We conducted an experimental design with the intention to test the hypotheses. We manipulated the variable incentive differentiation (different versus no different). Furthermore, we utilized two product categories (McDonald's versus Starbucks) as prototypical examples in our experiment study. As we are interested in generalized results, we do not differentiate results between those two product categories.

Procedures and Scenario

The survey consists out of consecutive sections. In the first section, we retrieve the names of weak and close partners of respondents using the "mentioning name" method. Based upon Granovetter (1973), participants are asked to mention two persons each for two questions about joint activities which are typically linked with strong ties (talk about personal matters, looking after apartment during leave, asking for money) and two questions which are typically linked with weak ties (casual conversation, job or school assignments). This leads to eight (8) names, which later on represent the simulated senders of M-coupons.

In the next section, each participant received four relevant M-coupon scenarios which systematically varied incentivized as independent variable: Incentives were either equally distributed between sender and receiver or split unevenly with sender receiving the larger share of incentive. A balanced incomplete block design varied the sequence of both product categories McDonald and Starbucks. This ensured that participants had a balanced perception without encountering fatigue effects due to several repetitions.

The scenarios were presented in a realistic visualization (Figure 1). The header informed the participants about the specific person who has sent the M-coupon. The names of P1 to P8 were automatically inserted and appeared in the questions. For each scenario, participants answered sixteen questions regarding their attitudes, their subjective norms, their reciprocity and their intention to redeem the M-coupon (see Table 1). The measurements of the dependent variables were based on established scales, and the constructs for manipulation checks were self-designed.

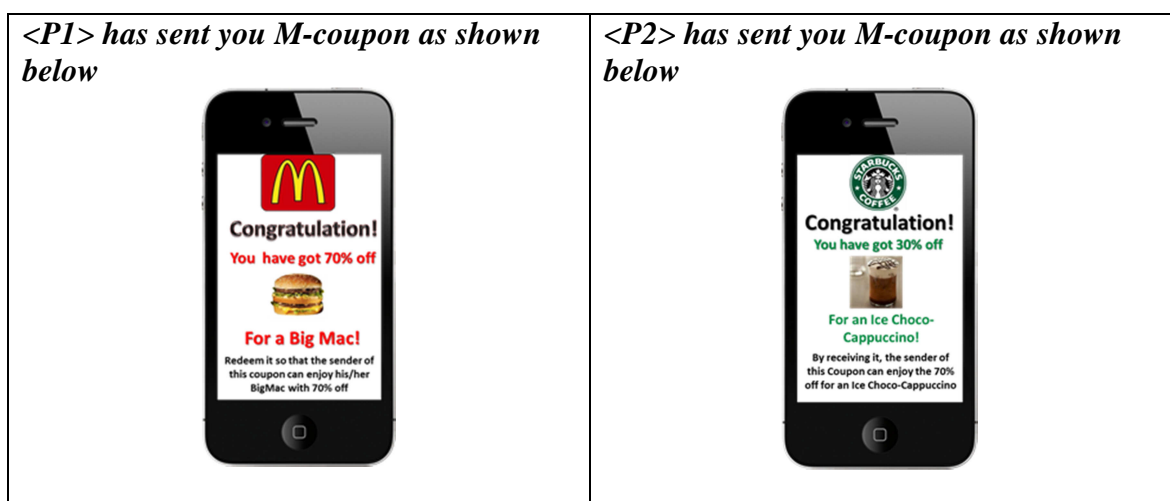


Figure 1: Example of Scenario in M-Coupon Format

Finally, receivers' attitude regarding the product (Starbucks and McDonalds) was measured by a single-item question. The persons' deal proneness character was measured using a 6-item scale adapted from Lichtenstein, Netemeyer and Burton (1990). All items were measured on five-point Likert scales. Demographic information of participants was gathered at the end of the questionnaire.

Data Collection and Measurement

The online survey resulted in a net response of 80 participants from the German sample and 80 participants from the Indonesian sample. Each respondent participated in four scenarios out of sixteen scenarios therefore after the manipulation check we obtained 252 responses from German group and 272 responses from Indonesian group

We tested the proposed hypotheses by employing AMOS SEM to obtain parameter estimates for the measurement and structural model. As we can refer in Table 2, the composite reliability scores for all of the constructs exceeded the cut-off value.7 proposed by (Nunnally & Bernstein, 1994). However we obtained and the AVE below the cut-off value of .5 suggested by (Fornell & Larcker, 1981) for the Deal Proneness construct.

Table 1: Measurement Instrument

Items	Standardize Loading	
	German	Indonesia
Attitude		
The M-coupon that I received from (The name of senders) is.		
Useless - Useful	0.91	0.68
Unpleasant - Pleasant	0.77	0.88
Unfair - Fair	0.57	0.63
Intention		
I have strong possibility to redeem the M-coupon from(The name of sender)	0.96	0.85
I have high intention to redeem the M-coupon from(The name of sender)	0.97	0.90
I intend to redeem this kind of M-coupon in the near future	0.94	0.82
Subjective Norm		
Most people who are important for me would think that it isto redeem this M-coupon:		
Waste of time - Wise of time	0.83	0.79
Worthless - Worthy	0.91	0.74
Useless - Useful	0.94	0.82
Deal Proneness		
I enjoy looking for rebate offers	0.74	0.60
Redeeming rebates makes me feel good	0.88	0.70
Rebates have caused me to buy products, even though I did not plan to buy it.	0.53	0.59
Reciprocity		
I expect that sender would do the same, if I redeem this M-coupon	0.77	0.40
I expect that the sender will thank me nicely, if I redeem this M-coupon	0.72	0.62
I redeem this M-coupon because I repay back the favor that sender has done to me	0.83	0.90
I redeem the M-coupon because the sender always treat me well	0.85	0.89

Table 2: Composite Reliability and Average Variance Extracted

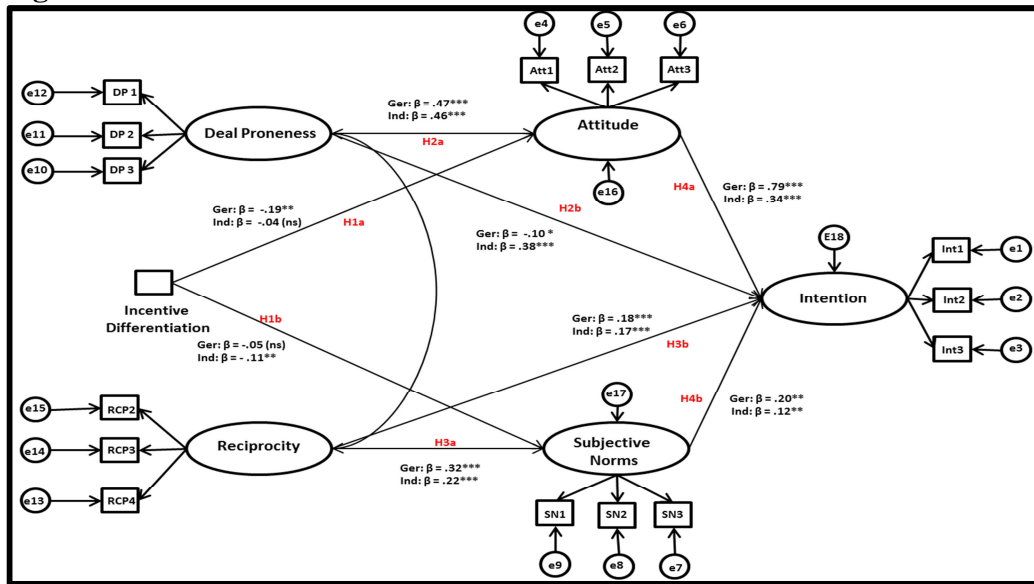
Constructs	AVE		CR	
	German	Indonesia	German	Indonesia
Attitude	0.58	0.54	0.80	0.77
Intention	0.91	0.73	0.97	0.89
Subjective Norms	0.80	0.61	0.92	0.83
Deal Proneness	0.53	0.40	0.77	0.70
Reciprocity	0.65	0.66	0.84	0.85

AVE: average variance extracted; CR = composite reliability

Findings

Structural equation modeling (SEM) was performed to assess the structural model fit and test the hypothesized relationship between constructs (see structural model figure 1). The result of SEM indicated a good model fit with χ^2/df ratio: 4.3; GFI =0 .86; CFI = 0.88; NFI = 0.85; IFI =0 .88; TLI = 0.86; RMSEA: 0.07.

Figure 2: The Structural Model



*** = $p < .01$; ** = $p < .05$; * = $p < .1$; ns = not significant; χ^2/df ratio: 4.3; GFI = 0.86; CFI = 0.88; NFI = 0.85; IFI = 0.88; TLI = 0.86; RMSEA = 0.07

The results of hypothesized path between incentive differentiation and attitude (Hypothesis 1a) for the German group is significant ($p < .05$) with a coefficient of $-.19$. In contrast, we obtained an insignificant result for the Indonesian group ($\beta = -.04$, $p > .1$). This result supports our hypothesis only for the German group. It indicates that receivers from a Western society are more concerned with fairness compared to an Eastern society. It explains why German receivers have unfavorable attitudes when they received M-coupon with an incentivized scheme, whereby the receivers obtain a smaller incentive than the senders. For the receivers in the Indonesia group, incentive differentiation did not lead to an unfavorable attitude.

The path between incentive differentiation and subjective norms is significant only in Indonesian group but not in German group. We found a negative but insignificant relationship in the German group ($\beta = -.05$, $p > .1$). Meanwhile in the Indonesian group we acquired a negative significant result ($\beta = -.11$, $p < .05$). Thus the result in the Indonesian group supports Hypothesis 1b, whereas we have to dismiss Hypothesis 1b for the German group. The result indicates that in an unfair situation, receivers from western society will still rely on someone that they deem to be a close person to give them an opinion regarding a particular action. Receivers in Eastern settings do not necessary rely on others' opinion regarding the best decision, when they deal with the unfair situation.

The direct path between deal proneness character and attitude towards M-coupon is significant both for the German group ($\beta = .47$, $p < .01$) and the Indonesian group ($\beta = .46$, $p < .01$). This unequivocally supports Hypothesis 2a. The result prove that receiver with a high deal proneness have a positive attitude toward the M-coupon.

For Hypothesis 2b, we obtained a marginally negative significant relationship between deal proneness character and intention to redeem the M-coupon in German group ($\beta = -.10$, $p < .1$). Meanwhile in Indonesian group we acquired a positive significant result ($\beta = .38$, $p < .01$). The result in Eastern society reveals that deal prone receivers will have a positive intention to redeem the M-coupon in eastern society. In contrast to the result in Eastern society, in Western society, deal prone receivers will have a weak intention to redeem the M-coupon. Thus, for receivers in Western society, their intention to redeem

the M-coupon is not directly derived from their deal proneness character (note that there is an indirect path through attitude, however).

In a situation where receivers expect something from or have to repay a favor to the sender, both receivers from western and eastern society tend to rely on other opinion regarding the best decision whether or not receiver to redeem the M-coupon. The result shows a positive significant relationship between reciprocity and subjective norm both in German group ($\beta = .32, p < .01$) and Indonesian group ($\beta = .22, p < .01$). Therefore the results in Western and Eastern society support our Hypothesis 3a.

Hypothesis 3b postulated that reciprocity situation leads the receiver from western and eastern society to have a positive intention to redeem the M-coupon. The result both in German ($\beta = .18 < .01$) and Indonesian group ($\beta = .17, p < .01$) are supported the hypothesis 3b. The results implies that receivers will have a positive intention to redeem the M-coupon, when they obtains an M-coupon from senders and at the same time the receivers are faces a situation where they are expect a favor from or have to returning a favor to the senders.

Hypothesis 4a is accepted in both German and Indonesian group. It assumed that positive attitude towards M-coupon will lead to a positive intention to redeem it. In accordance hereto, we obtained a positive significant result both in the German group ($\beta = .79, p < .01$) and the Indonesian group ($\beta = .34, p < .01$). The result indicates that receiver will have a positive intention to redeem the M-coupon, when they have a positive attitude toward M-coupon. Note, however, that the effect is much larger for the German than the Indonesian sample. This indicates more planned purchase behavior form the German consumers.

Finally, in hypothesis 4b we proposed a positive relationship between subjective norm and intention. The results from both the German and the Indonesian group support this hypothesis. We obtained a positive significant result for the German ($\beta = .20, p < .05$) and we acquired a positive marginally significant result for the Indonesian group ($\beta = .12, p < .05$). A positive intention from receiver to redeem the M-coupon resulted, when other people gave a positive suggestion regarding the acting of redeeming M-coupon. In comparison, receivers from a Western society gave more attention to other opinion than receivers from the Eastern society. "Other" here refers to the other person who receivers deemed as a close to them. The comprehensive result of hypotheses testing can be found in Table 3.

Table 3: Results for Structural Model

Hypothesis	Relationship among constructs	Results	
		German	Indonesia
H1	Incentive Differentiation → Attitude	$\beta = -0.19^{**}$	$\beta = -0.04$ (ns)
H2	Incentive Differentiation → Subjective Norms	$\beta = -0.05$ (ns)	$\beta = -0.11^{**}$
H3	Deal proneness character → Attitude	$\beta = 0.47^{***}$	$\beta = 0.46^{***}$
H4	Deal proneness character → Intention	$\beta = -0.10^*$	$\beta = 0.38^{***}$
H5	Reciprocity → Subjective Norm	$\beta = 0.32^{***}$	$\beta = 0.22^{***}$
H6	Reciprocity → Intention	$\beta = 0.18^{***}$	$\beta = 0.17^{***}$
H7	Attitude → Intention	$\beta = 0.79^{***}$	$\beta = 0.34^{***}$
H8	Subjective Norm → Intention	$\beta = 0.20^{**}$	$\beta = 0.12^{**}$

***: $p < 0.01$; ** : $p < 0.05$; *: $p < 0.1$; ns : not significant

Discussion

In our study we analyzed social effects in WOM activity by looking at mobile-coupons as a novel tool of incentivized WOM. We investigated an important the incentive components of mobile coupons, namely the incentive differentiation provided to senders and receivers. We elaborated the receivers` perspectives toward the distribution of incentive and compared consumers` perception from Western society and Eastern society. Western society was represented by German receivers and Eastern society was represented by Indonesian receivers. To sheds light on the context of incentivized WOM, our study highlights receiver perception concerning the different amount of incentive by using theory of reasoned action (Ajzen and Fishbein 1980).

According to the theory of reasoned action (Ajzen and Fishbein 1980), attitude and subjective norms are jointly influence receivers` intention to redeem M-coupon. In accordance with Dickinger and Kleijnen (2008), our results show that receivers` positive attitude leads to a positive intention to redeem the M-coupon. This result is identical for both German and Indonesia group. When receivers have a positive attitude on M-coupon it will direct them to a positive intention to redeem it.

Compared to eastern society, the western society are highly concerned about equality of provided incentives. When receivers from western society receive smaller incentives than their senders, they form an unfavorable attitude toward the M-coupon. In contrast, incentive differentiation do not influence receivers` favorable attitude toward M-coupon in Eastern society. Furthermore, receivers` favorable attitude toward M-coupon is determined by their deal proneness independent of cultural setting. When receivers have high deal proneness, they have a more favorable attitude toward the M-coupon.

Furthermore, we have also discovered that in Eastern society, deal prone receivers will have positive intention to redeem M-coupon. However for receivers in Western society, their intention to redeem the M-coupon is not directly derived from their deal proneness. Borrowing the cultural value framework from Hofstede, German consumers are categorized as high uncertainty–avoidance consumer (Mooij and Hofstede 2011). Thus, we can understand that German consumers tend to rely more on planned purchases and less on impulse buying behavior. In contrast hereto, Indonesian consumers which are classified as low uncertainty–avoidance show a highly impulsive decision behavior as well as a lower loyalty level (Mooij and Hofstede 2011). Therefore, deal proneness indeed determines their intention to redeem M-coupons.

The nature of the sender–receiver relationship influences the perceptions of costs and benefits. According to Frenzen and Nakamoto (1993), people tends to concern with other`s welfare of family and close friends, and respond to their needs but do not expect anything in return. In addition, Ryu and Feick (2007) argued that reciprocity is important with weak-ties or loose acquaintances, thus people prefer a balance situation and if it is unbalanced they tend to adjust it. Reciprocity situation is an important factor particularly in the relationship between sender and receiver in incentivized WOM. Even though this previous research already explored the relationship of reciprocity and sender-receiver relationship, in this study we add a new perspective by connecting reciprocity with subjective norm. We found that receivers in both western and eastern society regard others` opinion regarding the redeeming action highly, particularly when receivers deal with a reciprocity situation. Furthermore, receivers have a positive intention to redeem when other people give a positive insight concerning the redeeming

of M-coupon. Finally, receivers in Western society tend to rely more on other opinion regarding the redeeming action compared to receivers in eastern society.

Implications

This paper contributes to the scientific literature in various ways. We provide a holistic view on the causal effects of incentivized WOM on receivers' attitudes and behavioral intention to redeem an incentivized WOM coupon. We add a new point of view by comparing Western and Eastern society perspective on incentivized word-of-mouth. An experiment was executed using mobile-coupon as a novel tool of incentivized WOM. We focused on the key component of incentive, being it the distribution among sender and receiver. Findings can be used by marketing managers to allocate resources amongst all participants of WOM activity.

Previous research from Verlegh et al. (2013) suggests that incentivized WOM will lead to an unfavorable attitude. We obtained a result which is in accordance to and complements this previous research. Our result shows that culture matters in the relationship of difference of incentive and attitude. An equality situation is important for German receivers which have a highly independent self-construal. Inequality of incentive will lead them to build an unfavorable attitude. In contrast, inequality does not necessarily lead to an unfavorable attitude toward M-coupon for Indonesian receivers. This is because they tend to avoid conflicts and strive to maintain a harmonious interpersonal relationship (Mattila and Patterson 2004; Triandis 1989).

Ajzen (1991) stated that subjective norm relates to perception of social pressure which will motivate person to approve or disapprove a particular behavior. In accordance hereto, our study shows that reciprocity has a positive relationship with subjective norm: When receiver deals with reciprocity situation, she/he will rely on other opinion regarding the best decision to or not to participate in the incentivized WOM. The results show to be significant in both Eastern and Western society. Furthermore in a Western society other opinion influences the decision to redeem or not to redeem the M-coupon more than in an Eastern society. Thus by linking the reciprocity with subjective norms, this paper attempt to give a new perspective of the normative component on TPB in the context of incentivized WOM.

Our study has some limitations which offer opportunities for further research. The first limitation of the current study is related to the sample of this study. A convenience sample of university students was employed both in the German and the Indonesian group. Therefore, the generalizability of the findings to all consumer in German and Indonesia is still limited. Furthermore, more countries should be explored. Therefore, we suggest to add heterogeneity in the sample.

Besides contributing to the scientific knowledge, this study has several practical implications. Our results suggest that firms need to carefully establish "reward both" strategy. Previous research (Frenzen and Nakamoto 1993; Ryu and Feick 2007) found that incentivized WOM weakens receiver's favorability attitude. Complementary to this previous research, our study discovered that the incentive differentiation between senders and receivers (receivers obtain incentive less than incentive for the senders) leads to unfavorable attitude towards M-coupon, but only in Western society. Western firms should consider providing an equal incentive to both senders and receivers. Otherwise, implementing a non-transparent strategy might be a solution. When receivers do not have any information regarding the incentive that the senders will or

already have received, marketers can expect that receivers' favorable and unfavorable attitude toward M-coupon is determined by their deal proneness alone.

For firms located in Indonesia or in other Eastern societies, transparency of provided incentives is not a main concern because inequality is not a big issue in an Eastern society and intention to redeem is highly influenced by deal proneness character. In addition to increase the probability that receivers in Eastern society will redeem the M-coupon, the policy can be nonetheless to provide an equal amount of incentive. With the positive attitude and high deal proneness character, positive intention will become the obvious result.

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