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Word-of-Mouth: Influences on the Choice of Recommendation Sources

Thesis (M.A.)

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Word-of-Mouth:
Influences on the Choice of Recommendation Sources

by

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Chapter 1: Introduction

The idea of understanding consumer behaviour as a sequential decision-making process is one that is common in marketing (Engel et al., 1993; Wilkie, 1994; Solomon, 1993; Assael, 1992; Loudon and Della Bitta, 1993; Kotler, 1997). The decision-making process itself is presented as a logical flow of activities, working from problem recognition to purchase to post-purchase evaluation. This decision-making process is affected by a number of other more complex influences. Some of these influences relate to the wider environment in which the decision is being made while others relate to the individual who makes the decision.

In this context, ".. [o]ne of the most widely accepted notions in consumer behavior is that word-of-mouth communication (hereafter WOM) plays an important role in shaping consumers' attitudes and behaviors." (Brown and Reingen, 1987) More specifically, WOM communications between consumers are a topic of interest in both the pre-purchase and post-purchase decision-making literature. Research into the diffusion of innovations has focused on modelling the role of WOM in product adoption at various stages of the diffusion process (Mahajan et al., 1990). WOM has also been studied as a mechanism through which consumers convey both informational and normative influences in the product evaluation (Arndt, 1967; Brown and Reingen, 1987). Finally, WOM has been identified as an important post-purchase complaining option (Day, 1984; Singh, 1990).

Although WOM plays an important role in consumer pre-purchase and post-purchase decision-making, research into this phenomenon has been fragmented. Importantly, relatively little attention has been directed at understanding key issues with respect to WOM recommendation sources and the factors that influence their use (Brown and Reingen, 1987, Duhan et al., 1997). The aim of the present work is to add to this small body of empirical research.

The main part of this paper is divided into two chapters. Chapter 2, that follows an introduction to the work, is a theoretical one. It is a review of the literature on consumer decision-making and the individual and environmental influences on it. Emphasis is being placed on WOM communication and its role in understanding consumer behaviour. Chapter 3 focuses on the choice of WOM recommendation sources. Empirical research is presented which explores the influences on the choice over WOM recommendation sources. Finally, concluding remarks and recommendations for further research can be found in chapter 4.

Chapter 2: Literature Review

2.1 Consumer Decision-Making

Engel et al. define consumer behaviour as "... those activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions." (1993, p. 4). Thus, in the marketing context, the term 'consumer behaviour' refers not only to the act of purchase itself but to any pre- and post-purchase activities (Foxall, 1985, 1997; Ennew, 1993). Pre-purchase activities would include the growing awareness of a want or need, and the search for and evaluation of information about the product and brands that might satisfy it. Post-purchase activities would include the evaluation of the purchased item in use, and any attempt to reduce feelings of anxiety which frequently accompany the purchase of expensive and infrequently bought items like consumer durables. Each of these has implications for purchase and repurchase and they are amenable to marketing communications and the other elements of the marketing mix. Our understanding of both consumer behaviour and the capacity of marketing activities to influence it rest on knowledge of the ways in which consumers form decisions (Foxall, 1985, 1997).

There have been many attempts to create models of consumer decision-making such as those proposed by Howard and Sheth (1969), Nicosia (1966) and Engel et al. (1968). Since a review of these models would be beyond the scope of this chapter, a simplified approach has been adopted to guide the discussion. A diagram of this approach is presented in figure 1.

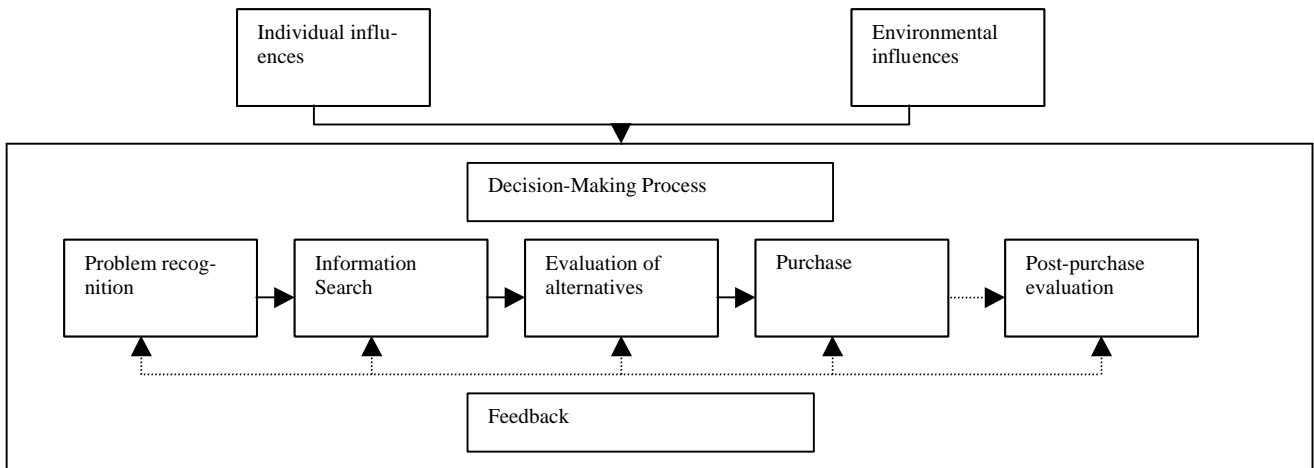


Figure 1: Consumer decision-making framework [adapted from: Dibb et al., 1997]



Reference to figure 1 reveals that it is made up of three major sections: (1) the consumer's decision-making process, (2) individual determinants of behaviour, and (3) environmental variables influencing behaviour. These major sections will be examined in more detail below.

2.1.1 The Decision-Making Process

As shown in figure 1, a major part of consumer behaviour is the decision process used in making purchases. This decision-making process, according to Engel et al. (1993), includes five stages: (1) problem recognition, (2) information search, (3) evaluation of alternatives, (4) purchase, and (5) post-purchase evaluation. An obvious criticism of this conceptualisation, however, would be that not every purchase will involve such an extensive decision-making exercise. The extent to which each of these steps is followed in the precise form and sequence can vary from one situation to the next. Some decisions are rather simple and easy to make, whereas others are complex and difficult. Consumer decisions can thus be classified into one of three broad categories: routine response behaviour, limited decision-making and extensive decision-making (Howard, 1977; Brassington and Pettitt, 1997; Loudon and Della Bitta, 1993; Solomon, 1993; Wilkie, 1994).