

Consumer Decision-making Processes in Mobile Viral Marketing Campaigns

Christian Pescher & Philipp Reichhart & Martin Spann *

Institute of Electronic Commerce and Digital Markets, Ludwig-Maximilians-Universität München, Geschwister-Scholl-Platz 1, D-80539 München, Germany

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Abstract

The high penetration of cell phones in today's global environment offers a wide range of promising mobile marketing activities, including mobile viral marketing campaigns. However, the success of these campaigns, which remains unexplored, depends on the consumers' willingness to actively forward the advertisements that they receive to acquaintances, e.g., to make mobile referrals. Therefore, it is important to identify and understand the factors that influence consumer referral behavior via mobile devices. The authors analyze a three-stage model of consumer referral behavior via mobile devices in a field study of a firm-created mobile viral marketing campaign. The findings suggest that consumers who place high importance on the purposive value and entertainment value of a message are likely to enter the interest and referral stages. Accounting for consumers' egocentric social networks, we find that tie strength has a negative influence on the reading and decision to refer stages and that degree centrality has no influence on the decision-making process.

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Introduction

The effectiveness of traditional marketing tools appears to be diminishing as consumers often perceive advertising to be irrelevant or simply overwhelming in quantity (Porter and Golan 2006). Therefore, viral marketing campaigns may provide an efficient alternative for transmitting advertising messages to consumers, a claim supported by the increasing number of successful viral marketing campaigns in recent years. One famous example of a viral marketing campaign is Hotmail, which acquired more than 12 million customers in less than 18 months via a small message attached at the end of each outgoing mail from a Hotmail account informing consumers about the free Hotmail service (Krishnamurthy 2001). In addition to Hotmail, several other companies, such as the National Broadcasting Company (NBC) and Proctor & Gamble, have successfully launched viral marketing campaigns (Godes and Mayzlin 2009).

In general, a viral marketing campaign is initiated by a firm that actively sends a stimulus to selected or unselected consumers. However, after this initial seeding, the viral marketing campaign

relies on peer-to-peer communications for its successful diffusion among potential customers. Therefore, viral marketing campaigns build on the idea that consumers attribute higher credibility to information received from other consumers via referrals than to information received via traditional advertising (Godes and Mayzlin 2005). Thus, the success of viral marketing campaigns requires that consumers value the message that they receive and actively forward it to other consumers within their social networks.

Mobile devices such as cell phones enhance consumers' ability to quickly, easily and electronically exchange information about products and to receive mobile advertisements immediately at any time and in any location (e.g., using mobile text message ads) (Drossos et al. 2007). As cell phones have the potential to reach most consumers due to their high penetration rate (cf., EITO 2010), they appear to be well suited for viral marketing campaigns. As a result, an increasing number of companies are using mobile devices for marketing activities.

Research on mobile marketing has thus far devoted limited attention to viral marketing campaigns, particularly with respect to the decision-making process of consumer referral behavior for mobile viral marketing campaigns, e.g., via mobile text messages. Thus, the factors that influence this process remain largely unexplored. The literature on consumer decision-making suggests that consumers undergo a multi-stage process after receiving a

* Corresponding author.

E-mail addresses: pescher@bwl.lmu.de (C. Pescher),
p.reichhart@bwl.lmu.de (P. Reichhart), spann@spann.de (M. Spann).

stimulus (e.g., a mobile text message) and before taking action (e.g., forwarding the text message to friends) (Bettman 1979; De Bruyn and Lilien 2008). At different stages of the process, various factors that influence consumer decision-making can be measured using psychographic, sociometric, and demographic variables as well as by consumer usage characteristics. Whereas previous studies have mainly focused on selected dimensions, our study considers variables from all categories.

De Bruyn and Lilien (2008) analyzed viral marketing in an online environment and discussed relational indicators of business students who had received unsolicited e-mails from friends. This study provided an important contribution and amplified our understanding about how viral campaigns work. The present paper differs from the work of De Bruyn and Lilien (2008) and goes beyond their findings in four important ways: actor, medium, setting, and consumer characteristics. The first difference is the actor involved. In viral campaigns, the initiator, usually a company, sends the message to the seeding points (first level). Next, the seeding points forward the message to their contacts (second level), and so on. Whereas De Bruyn and Lilien (2008) focused on the second-level actors, the present study focuses on the first-level actors, e.g., the direct contacts of the company. We believe that for the success of a campaign, additional insights into the behavior of first-level actors are very important because if they do not forward the message, it will never reach the second-level actors. The second difference is the medium used in the campaign. Although we cannot explicitly rule out that participants of De Bruyn and Lilien's (2008) campaign used mobile devices, they conducted their campaign at a time when the use of the Internet via mobile devices was still very uncommon. Therefore, it is reasonable to assume that at least the majority of their participants used a desktop or a laptop computer when they participated in De Bruyn and Lilien's (2008) campaign. In contrast, the present study explicitly uses only text messages to mobile devices. In addition, mobile phones are a very personal media which is used in a more active way compared to desktop or laptop computers (Bacile, Ye, and Swilley 2014). The third difference is the setting in which the viral campaign takes place. Whereas the participants in the study by De Bruyn and Lilien (2008) were business students from a northeastern US university, we conduct a mobile marketing campaign in a field setting using randomly selected customers. The fourth and most important difference is that De Bruyn and Lilien (2008) focused exclusively on relational characteristics. In addition to relational characteristics, this paper also considers variables that describe demographic factors, psychographic factors, and usage characteristics. As these variables yield significant results, the study and its findings go beyond the findings of De Bruyn and Lilien (2008).

The main goal and contribution of this work is, first, to analyze consumers' decision-making processes regarding their forwarding behavior in response to mobile advertising via their cell phone (i.e., text messages) in a mobile environment using a real-world field study. To analyze consumers' decision-making processes, we use a three-stage sequential response model of the consumer decision-making process. Additionally, we integrate consumers' egocentric social networks into a theoretical

framework to consider social relationships (e.g., tie strength, degree centrality) when analyzing mobile viral marketing campaigns. Thus, to understand referral behavior, we integrate psychographic (e.g., usage intensity) and sociometric (e.g., tie strength) indicators of consumer characteristics. We are then able to determine the factors that influence a consumer's decision to refer a mobile stimulus and are able to identify the factors that lead to reading the advertising message and to the decision to learn more about the product.

Related Literature

Viral Marketing and Factors that Influence Consumer Referral Behavior

Viral marketing campaigns focus on the information spread of customers, that is, their referral behavior regarding information or an advertisement. Companies are interested in cost-effective marketing campaigns that perform well. Viral marketing campaigns aim to meet these two goals and can, accordingly, have a positive influence on company performance (Godes and Mayzlin 2009). Companies can spread a marketing message with the objective of encouraging customers to forward the message to their contacts (e.g., friends or acquaintances) (Van der Lans et al. 2010). In this way, the company then benefits from referrals among consumers (Porter and Golan 2006). Referrals that result from a viral marketing campaign attract new customers who are likely to be more loyal and, therefore, more profitable than customers acquired through regular marketing investments (Trusov, Bucklin, and Pauwels 2009).

Two streams of research can be identified. The first is the influence of viral marketing on consumers, and the second is research that has analyzed the factors that lead to participating in viral marketing campaigns. First, previous research identified that viral marketing influences consumer preferences and purchase decisions (East, Hammond, and Lomax 2008). Further, an influence on the pre-purchase attitudes was identified by Herr, Kardes, and Kim (1991). In addition, viral marketing also influences the post-usage perceptions of products (Bone 1995).

Second, previous research has identified satisfaction, customer commitment and product-related aspects as the most important reasons for participating in viral marketing campaigns (cf., Bowman and Narayandas 2001; De Matos and Rossi 2008; Maxham and Netemeyer 2002; Moldovan, Goldenberg, and Chattopadhyay 2011). With respect to psychological motives, self-enhancement was identified as a motive for consumers to generate referrals (De Angelis et al. 2012; Wojnicki and Godes 2008). The importance of self-enhancement in addition to social benefits, economic incentives and concern for others was identified as a motive behind making online referrals (Hennig-Thurau et al. 2004). Referrals can be differentiated into positive and negative referrals. Anxiety reduction, advice seeking and vengeance are factors that contribute to negative referrals (Sundaram, Mitra, and Webster 1998).

Within the referral process, the relationships and social network position of the consumer are also influential. For example, Bampo et al. (2008) found that network structure is

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