#### STOCKHOLM SCHOOL OF ECONOMICS BACHELOR THESIS - SPRING 2011

# DIGITAL-WOM

#### HOW IT IMPACTS SATISFACTION & LOYALTY POST-PURCHASE

AUTHORS: Ralph Segervik 21356 and Staffan Steneryd 21275

**Keywords:** Word-of-mouth, cognitive dissonance, conspicuous consumption, two-way communication, online reviews, customer loyalty, customer satisfaction.

TUTOR: Micael Dahlén

EXAMINATOR: Magnus Söderlund

DEFENSE: June 14, 2011

**Abstract:** Research on satisfaction, loyalty and Word-of-Mouth (WOM) behavior has made considerable progress within recent years, but important aspects remain neglected. In this thesis we argue that digital-WOM (product opinions online) plays an increasingly significant role in consumer purchase decisions. Our research adds to the loop model presented by Vetvik, et al. (2009), where we based on an experiment show that satisfaction and loyalty are strongly affected by other customers' opinions in the post-purchase phase. In addition we show that a company can influence these measures by engaging in online forums. It is important that companies start taking digital-WOM seriously. However, companies should have a thoughtful plan of how to grasp the opportunities ahead before entering the hazardous online landscape.

### MANY THANKS

#### Micael Dahlén

Stockholm School of Economics

for inspiring tutoring, support and knowledge

Magnus Söderlund Stockholm School of Economics

for the time, patience and answers given to our many questions

Fredrik Törn Stockholm School of Economics

for great advice, especially regarding SPSS

Mikael Hemmerlind Tape AB

for sharing his highly relevant thoughts

**Dan Landin** Åkestam Holst

for great advice regarding our topic

Anna-Maria Berggren Geelmuyden.Kiese

for interesting thoughts and guidance

#### Margareta Edman

for inspiration and tremendous support

#### **Elizabeth Chojnacka**

for being you

#### All respondents of the experiment

for great patience

#### and

#### Our families and friends

#### for patience and support

"Social media are where the national conversation is taking place today, and either you're part of that conversation or you're not."

"Today **anyone armed** with a hundred dollar digital **camera** and a connection to the **Internet** is a potential **Spielberg** or Riefenstahl."

"Managers may hesitate to engage with media that any middle-school student can access. But if you fail to adapt to and use your adversaries 'best tactics, you cede the field of battle."

"Reasons for **post purchase** research differ by product, and **understanding** your consumers' **needs** at that point is a **crucial** first step towards **building** a long term **relationship**."

### TABLE OF CONTENTS

1.	INTRODUCTION	7
1.1	Background	7
1.2	Problem background	
1.3	Problem area	9
1.4	Purposes	9
1.5	Delimitations	
1.6	Intended knowledge contribution	
1.7	Disposition	
2.	Theoretical Background	
2.1	Digital word-of-mouth	
2.2	Social influence and its effect on product satisfaction and loyalty	
2.3		-
opi	nions online?	
2.4	Post purchase marketing and signaling effects	17
2.5	Failure recovery strategies by showing compassion online	
2.5	Information needed	
3.	METHOD	
3.1	Choice of topic	
3.2	Scientific approach	
3.3	Experiment design	
3.4	Experiment Overview	
3.5	Selection of respondents	
3.6	Preparatory work to the experiment	
3	.6.1 Choice of suitable product and brand	
3	.6.2 Choice of website	
3	.6.3 Choice of positive and negative scenarios	25

3.6.4	The questionnaire:
3.7 Va	lidity:
3.7.1	Internal validity
3.7.2	External validity27
3.8 Da	ta analysis:
4. Resu	lt from the Experiment
	sitive customer opinions online in the post-purchase phase increase product on and loyalty
stronger	eserving positive customer opinions online in the post-purchase phase have a impact on satisfaction and loyalty if the respondents had an initial negative experience
4.2.1	Satisfaction and loyalty differences between group NN and NP
4.2.2	Satisfaction and loyalty differences between group PP and PN
4.2.3	Satisfaction and loyalty differences (NN vs NP) and (PP vs PN)
	company responding to online customer opinions on an online-review forum ignificantly increase satisfaction or loyalty
4.4 Co	mments from a company on an online-review forum increase loyalty to a
	xtent in the case when customers are initially dissatisfied and receive negative from others online
4.5 Bo	nus question regarding company attitude
5. DISC	USSION
5.1 Dis	scussion and critics of the results
5.2 Co	nclusion of results
5.2.1 produc	Positive consumer opinions online in the post-purchase phase increase t satisfaction and loyalty
5.2.2 loyalty	Positive consumer opinions online have a stronger impact on satisfaction and when we have an initial negative product experience compared to a positive 40
5.2.3 forum o	A company responding to online customer opinions on an online-review doesn't significantly increase satisfaction or loyalty

5.2.4	A company responding to online customer opinions on an online-revie	W
foru	m significantly increase loyalty and brand perception in the "NN" scenario	2
5.3	Concluding discussion	4
5.4	Suggestions for further research	4
Bibliogra	aphy4	5
Appendi	x:	0

### 1. INTRODUCTION

#### 1.1 BACKGROUND

Everyday people spread Word-of-Mouth (WOM) about products and services which have been shown to be one of the most effective forms of marketing (Herr, Kardes, & Kim, 1991). A positive or negative opinion from a friend or colleague might be the tipping point for selecting a particular brand or product (Gladwell, 2000). While most research regarding WOM has focused on *pre-purchase* effects, *post-purchase* product search is increasing (The Marketing Leadership Council, 2010). With this in mind we question how other customers' opinions affect product satisfaction and loyalty, and how it works in today's digital environment where people interact online to a greater extent than ever before.

Internet usage has increased globally by more than 450 % during the last ten years and is predicted to continue to do so (Internet World Stats). People communicate online on a daily basis and comments about products are spread throw online-forums and review sites. The otherwise fleeting WOM, targeted to one or a few friends, has been transformed into permanent messages visible to the whole wide world. Due to this, online product opinions (we call it digital Word-of-Mouth) has gained increased attention recently and research propose that this form of informal marketing has a strong influential impact *prior* to selecting a product (Edelman, 2010). This trend and fast change enables opportunities for how business and marketing is conducted but also post threats for companies who are not able to maneuver in the new landscape (Gaines-Ross, 2010).

In a study by Vetvik, et al. (2009) they propose a new model for the consumption decision journey where instead of minoring down product choices, like the traditional funnel model, in many cases the potential consideration set increases due to new information through touch-points online. This model also gets support by research by the Marketing Leadership Council (2010), after a purchase people often enter into an open-ended relationship with the brand, sharing their experience with it. For example, in high involvement purchases an estimated 30 % of customers conduct product research after they passed the checkout counter. In addition, it has been shown that customers are very responsive for influence in this stage, however it has received little focus in marketing literature (Wang, Liang, & Peracchio, 2011).

With the fast development of the online arena companies should not take a passive role as a spectator on the side but instead take an active role and coach their customers. The "game" will be played anyway, the question is if companies would like to co-write the playbook. With this in mind we aim to investigate by conducting an experiment, how satisfaction and loyalty are affected by other customers' opinions in the post-purchase stage of an expensive watch. We then look into what implications this have for companies and what tomorrow's marketing communication can look like.

#### **1.2 PROBLEM BACKGROUND**

Based on previously presented insights we conducted interviews with executives in the marketing and PR industry in Stockholm. We hoped to get a better understanding for what opportunities and threats companies face in today's Internet oriented society.

#### Michael Hemmerlind, CEO, Tape AB.

Mr. Hemmerlind explained that his advertising agency has seen an increased demand for chat services and blog functions on his customers websites. The reason he explained was the ability to interact with customers and receive feedback to improve products and services. He also added that it is important in today's Internet dominated world to signal a company's interest in being up to date with new online-trends to show customers that you are competitive in this field.

#### Dan Landin, Senior Planner & Partner, Åkestam Holst.

Mr. Landin emphasized the importance of reaching out to customers and listening to their needs. However, he said that social media as a marketing tool can be effective, but it depends on what product your company is selling. He explained that the view of social media as a cheap and easy way of communicating is wrong and that you have to have a thoughtful plan if you want to use it; *"It must be an integrated part of your overall marketing message."* Furthermore, he pointed out that most practitioners in the industry do not put much emphasis on the post-purchase phase as an opportunity for marketing. Finally he suggested that it would be interesting to research how a company's perception is affected by showing customers that you are transparent, inviting and reaching out a hand.

#### Anna-Maria Berggren, Marketing Consultant, Geelmuyden.Kiese

Ms. Berggren also claimed that companies are not working with post-purchase marketing enough. She also said that the majority are not equipped for the fast change with social media and the impact product comments make online. In addition, she added that many marketing directors are afraid of their customers, when they shouldn't be. Never before have companies been able to hear as much about their products and services as today. *"Advertising does not work as it used to, now people judge products by word of mouth in online forums and reviews to a greater extent. This mainly due to the ease of information".* She explained that companies should not be afraid of the digital environment but instead try to grasp the opportunities it offers, otherwise she said it's a risk that they will get passed by pioneers in this field.

#### **1.3 PROBLEM AREA**

Based on previously presented information - confirming a strong trend of post-purchase research among customers, as well as the opinions expressed from professionals in the industry, we thought it would be of great interest to investigate what effect comments from customers on a review website have on perceived satisfaction and loyalty after a purchase. Furthermore, suggested by industry experts and literature, that companies do not pay much attention to the post-purchase phase, it would be interesting to test if a company can affect these measures by taking on a more active role online.

#### **1.4 PURPOSES**

The *primary purpose* of this thesis is to come to an understanding of how satisfaction and loyalty are affected by taking part of other customers' opinions online in the post-purchase stage and what implications this have for companies.

The *secondary purpose* of this thesis is to come to an understanding if a company, by being present and comment on customers' reviews, can affect satisfaction and loyalty in the post purchase stage. In addition, we aim to come to a better understanding of what challenges and opportunities this brings.

#### Main problem:

What impact does digital word-of-mouth have in the post-purchase stage on satisfaction and loyalty? Furthermore, is it possible for a company to affect this by showing compassion and being present on product forums online?

#### **1.5 Delimitations**

In this thesis we had to make sacrifices to bring it down to the scope of time for a bachelor thesis. To begin with, we conducted interviews with experts in the industry to get a feeling for an interesting topic. However it is a risk that our interview subjects are biased regarding the topic, why more interviews would had been preferred. Furthermore, the research design consists of an experiment with a total of eight different scenarios followed by a questionnaire. Due to the big number of experiment groups, we had a hard time getting as many respondents as we would had liked to get a robust result. In addition, the participants in the experiment are all from Sweden, a majority lives in Stockholm and they are between 18 and 28 years old. All respondents are also students at the Stockholm School of Economics. To have a homogeneous group was desired in order to increase internal validity of the experiment, however the result cannot be applicable to Sweden as a whole. Furthermore the study focus on consumer behavior why the result is not applicable on B2B-companies or the public sector.

#### **1.6** INTENDED KNOWLEDGE CONTRIBUTION

We hope that this thesis will add insights to the loop model presented by Vetvik, et al. (2009) and enable marketers and companies to better understand how digital WOM affect their customers' perceived satisfaction and loyalty in the post-purchase stage. In addition, we intend to find out if a company by being present on product forums online can affect these measures. We hope our findings can benefit companies when deciding upon strategic implementations for how to carry out online marketing strategies.

#### **1.7 DISPOSITION**

To give the reader a pleasurable experience when reading, an intuitive and manageable structure has been applied. We have divided the thesis into five chapters. The next chapter aims at giving the reader a better understanding of the current state of theories on how digital WOM works by addressing theories regarding social consumption forces, with a focus on conspicuous consumption and cognitive dissonance. In addition, theories about signaling compassion and empathy will be addressed. These theories are used to form four research questions based on the further information needed to fulfill this thesis' purposes. Chapter three deals with the methodology used to carry out the experiment. We present a review of the approach, design of the experiment, measures, and participants used in the research process. Clarification of the validity will finish off chapter three. The fourth chapter will present the results from the experiment and the final chapter will discuss the results from the experiment and give suggestions for how companies should maneuver in the digital environment. The thesis will be concluded with a concluding discussion of the results and suggestions for further research will be addressed.

### 2. THEORETICAL BACKGROUND

#### 2.1 DIGITAL WORD-OF-MOUTH

To get a deeper understanding for how other people's opinions affect us in the post-purchase stage, we dig into theories about word-of-mouth (WOM) and how it works in today's digital world.

Research has shown that WOM communications have a strong impact on judgments of products (Herr, Kardes, & Kim, 1991). In most cases the motive behind a purchase is a friend, expert or relative that "told me about it". At times WOM recommendations have shown to influence as much as 80 % of purchase decisions. The reason for this convincing effectiveness of personal recommendations lies in a feeling of trust, security and reduction of confusion from commercialism. The most effective source of WOM therefore comes from post-purchase advocates that have personal experience with a product and that the listeners feel they can trust (Dichter, 1966). The reason for the speaker to talk about a purchase is elimination of post-purchase dissonance (Gatignon & Robertson, 1985). Ditcher (1966) concludes that nobody talks unless the talking itself, or the expected action of the listener, promises satisfaction of some kind. Even though the motives for talking differ, they all fall under the category of self-confirmation. Convincing others to confirm to your choice will make you feel confident about your purchase why recommendations tend to be vivid and powerful. In addition, telling others about a purchase can be pleasurable, because it puts the person in the center of attention and demonstrates status and expertise. Bone (1992) adds to his reasoning by showing that the speaker also sometimes wants to help a friend make a better decision. Ditcher (1966) concludes that no economic interest is involved in the personal recommendation, which makes it the most basic motivation for the listener to accept and act on recommendations.

The fast advancement of Internet and social network sites have profoundly changed the way information is shared and surpassed the traditional limitations of WOM (Laroche, Yang, McDougall, & Bergeron, 2005). The otherwise fleeting WOM, targeted to one or a few friends, has been transformed into permanent messages visible to the whole wide world. As a result, digital WOM plays an increasingly significant role in consumer purchase decisions.

While most of today's research focus on pre-purchase implications of WOM, a growing number of customers continue to conduct product research after purchase. The Marketing Leadership Council (2010) recently revealed a study showing that 30 % of customers in high involvement purchases continued to look for information after they have passed the checkout counter. Another current study found that in some product categories up to 60 % of customers do research after purchase (Edelman, 2010). Furthermore visible or status-linked items are most likely to be shared, and an estimated 13 % of consumers who bought these products also posted or planned to post about it online (The Marketing Leadership Council, 2010). Obviously WOM has taken a new form in today's digital environment where social networking platforms, chat services and review sites are increasing in popularity.

Recent studies have shown that we get influenced by reviews online to a great extent *before* a purchase (Edelman, 2010), however there is little research on the subject of how we get affected in the *post-purchase* phase, and in general this field of marketing has received little attention (Braun-LaTour, LaTour, Pickrell, & Loftus, 2004). It is however suggested that customers are strongly affected in this stage, especially in terms of bonding with a company and evoke word of mouth (Braun, 1999). Since it has been an under prioritized field in marketing and little research is to find on the topic, we find it relevant to investigate. More specifically, we aim to examine how satisfaction and loyalty are affected by positive and negative digital-WOM in the post-purchase stage.

#### 2.2 SOCIAL INFLUENCE AND ITS EFFECT ON PRODUCT SATISFACTION AND LOYALTY

To get an understanding for how satisfaction and loyalty could be affected by digital-WOM we take a look at how social forces affect us after purchase.

Nearly all of us are influenced by what other people think about us. Social image needs are based on a person's concern about how he or she is perceived by others, and you often have a desire to project a certain image to your social environment. Almost everything we consume or use can symbolize who we are or would like to be (Blackwell, Engel, & Miniard, 2006). In research by Mason (1984) he shows that the satisfaction gained from conspicuous products (status related often expensive goods that are visible for others) doesn't come from the value in use but instead the audience reaction to the wealth displayed by showing that you could afford buying it. Additionally, more recent research

(Truong, 2010) shows that extrinsic aspirations are more strongly related to conspicuous consumption than to quality search and self-directed pleasure, suggesting that extrinsically motivated consumers buy luxury brands mainly as part of conspicuous consumption behavior. Two interesting theories regarding conspicuous consumption was described by Leibensrein (1950); the bandwagon effect and the snob effect. The first describes a situation in which the demand for the product increases because others are buying the same good, while the snob effect is the opposite. The bandwagon effect corresponds to a desire **not** to be identified with the poor while the snob effects is related to a desire to be identified with the rich. If social norms allocate status in such a way that the first type of incentives dominates, a bandwagon effect arises, otherwise, a snob effect appears.

Theories about conspicuous consumption can help us understand what forces are in power when analyzing the impact others customers' opinions have on satisfaction and loyalty. However, previous research regarding WOM suggest that people are much more affected by what people you have strong personal ties with think about your purchase (Brown & Reingen, 1987) (Frenzen & Nakamoto, 1993). In our experiment on the other hand, the respondents take part of a general group of customers that share their experience with their product online. This to make the situation as close to reality as possible if viewing a product review site today. With little research to be found, it is hard to have a strong theoretical support that you should be affected on such online forums after purchase. This makes us curious to investigate it further and to answer the first part of our main problem *"What impact does digital word-of-mouth have in the post-purchase stage on satisfaction and loyalty"* we define our first hypothesis as:

## H1a): Observing positive opinions from customers online in the post-purchase phase increase product satisfaction.

H1b): Observing positive opinions from customers online in the post-purchase phase increase loyalty.

## **2.3** CAN COGNITIVE DISSONANCE EXPLAIN HOW WE GET AFFECTED BY POSITIVE VERSUS NEGATIVE OPINIONS ONLINE?

All people strive for consistency between actions and feelings. Inconsistency will cause physiological disharmony which in turn will result in a need to resolve the conflicting elements and ease the aroused discomfort. We therefore either try to change our behavior/actions or seek confirmation that what we do or have done is correct. This psychological theory of cognitive dissonance was first studied by Festinger (1957). Following his theory Hunt (1970) demonstrates that a company in the post-purchase phase can increase brand perception and tendency to repurchase by convincing customers they have made a good purchase by connecting to them through reassurance letters. However he found that telephone calls instead of letters were counter-productive and seemed to increase dissonance. There is relatively little research about marketing literature on cognitive dissonance due to difficulties in measuring it, and some important questions have remained unanswered, especially those regarding the effects of dissonance reduction and how it is linked to satisfaction. Research suggests that post-purchase reinforcement can cultivate more favorable attitudes towards a company but very little research has been done to further develop the theory (Montgomery & Barnes, 1993) (Oliver R. L., 1997). Also Mao et al. (2010) states that it has previously been proven that loyalty can be affected by post-purchase reinforcements but that to their knowledge is no research regarding how satisfaction about the product or service is affected. In their experiment they found that choice-inconsistent information doesn't have a link towards satisfaction, yet they found that post-purchase reinforcement enhanced satisfaction due to reduction of psychological discomfort. In addition, both positive and negative post-purchase information increased WOM.

Moreover, people tend to avoid choice-inconsistent information when possible in order to decrease dissonance. One strategy is to selectively expose oneself to confirmatory information about a choice, and avoid information that may arouse dissonance (Donnelly Jr. & Ivancevich, 1970) (Festinger, 1957) (Engel, 1963). For example, Donnelly et al. (1970) found that car buyers showed a higher tendency to read advertisements regarding the car they recently purchased in an attempt to reduce dissonance.

As stated previously post-purchase information seeking online is increasing. However, is it not somewhat contradictory to expose yourself for information that might go against your action? In research by the Marketing Leadership Council (2010) it was shown that a main reason for post purchase information seeking is to ensure oneself that the purchase was correct. In line with what you might expect, insecure consumers were therefore overrepresented in this category. Since they are dissatisfied or insecure about their purchase, they seek reassurance that they have made a good choice. Not surprisingly, high involvement purchases increased the likelihood of this behavior.

In our experiment you have bought an expensive watch which can be considered as a high involvement, conspicuous product (Belk, 1988). We therefore assume that opinions should affect perceived satisfaction and loyalty. However, with limited research on this topic and some contradictory findings, it's hard to draw any definite conclusions. In addition no research that we have found has put it in a digital setting and looked at its effects on loyalty and satisfaction in the post purchase stage by observing other customers' opinions. However we assume that theories about cognitive dissonance will apply also here, and due to above presented findings, it seems like it should have a bigger impact on satisfaction and loyalty if you are initially dissatisfied, as stated above; "you want to resolve conflicting elements and ease the aroused discomfort". Also Mao et al. (2010) found that inconsistent information didn't decrease satisfaction while reinforcing information increased it. This make us assume that if we have a positive initial experience about a product but obtain negative feedback online, you will not be as affected in regards to satisfaction and loyalty as if you have a negative initial experience and receive positive opinions. We therefore believe that we get influenced by positive opinions to a greater extent when we are initially dissatisfied compared to when we already have a positive experience. On this basis the second hypothesis proposes:

H2a): Observing positive opinions from customers online in the post purchase phase have a stronger impact on satisfaction when we have an initial negative product experience compared to a positive.

H2b): Observing positive opinions from customers online in the post purchase phase have a stronger impact on loyalty when we have an initial negative product experience compared to a positive.

16

#### 2.4 **POST PURCHASE MARKETING AND SIGNALING EFFECTS**

Traditionally marketers have left their customers after purchase. Though, research shown Internet has profoundly changed the way we get influenced in our decision making process (Edelman, 2010). Since digital WOM in many cases come from customers who share their experience in the post purchase phase, we believe it's important that companies don't leave their customers after they have passed the checkout counter, but instead continue to encourage and influence them to spread a positive image of their product and company.

The effects of post-experience advertising has been shown important but there is still much to learn (Braun, 1999). In research by Schacter (1996) he shows that due to reconstructive processes in the memory, the influence of advertising on consumers experiences from the past is likely to be greater than their ability to transform the future. Little is however known about what type of advertising that is best suited in the post-purchase phase (Braun-LaTour, LaTour, Pickrell, & Loftus, 2004). Also, recent research suggests that companies must find new creative ways of communicating with customers and challenge traditional ways of marketing (Dahlén, Rosengren, & Törn, 2008) (Urban, 2005). Christensen et al. (Christensen, Firat, & Torp, 2008) adds to the research and say that the increased complexity in the marketing field makes a two way communication between a brand and customer more important than ever. This trend has stimulated a new generation of methods where the customer is more in focus with an emphasis on interaction and showing compassion by listen. Research by Jamal et al. (2009) suggests that empathy is positively related to customer satisfaction, which in turn is positively related to loyalty. Furthermore Ramani and Kumar (2008) say that the ability to successfully interact with customers will be a source of competitive advantage in the future. Also, in a report by Wirthlin Worldwide (2003) they found that 74 % of their respondents said that the ability to communicate with a company online increased their satisfaction.

Since companies recently have faced difficulties convincing customers to buy through traditional forms of marketing (Urban, 2005) (Duncan & Moriarty, 1998) (Weilbacher, 2003) and online research both prior and after purchase is a growing phenomenon (The Marketing Leadership Council, 2010), it is interesting to investigate if companies engaging in a two-way communication by commenting on customers' product opinions online have an effect on satisfaction and loyalty. With this in mind we conclude our third hypothesis as:

#### H3a) Comments from a company on a online-review forum increase satisfaction.

H3b) Comments from a company on a online-review forum increase loyalty.

#### 2.5 FAILURE RECOVERY STRATEGIES BY SHOWING COMPASSION ONLINE

One of the most well-known conceptualization in satisfaction literature is Richard Oliver's expectancy disconfirmation model, which propose that satisfaction depends on a comparison of pre-purchase expectations to consumptions outcomes (Oliver R. L., 1980). If the product delivers more than expected, positive disconfirmation occurs, which in turn increase satisfaction and loyalty, while negative disconfirmation has the opposite effect. In our research disconfirmation is not linked to underperformance or over performance connected to product attributes and features but rather social acceptance and other people's feelings about the product. This is supported by previously presented theories about conspicuous consumption where the value of a product like an expensive watch to a strong degree is based on social recognition and extrinsic aspirations.

The traditional view has been that complaining is a consequence of low satisfaction. However Hart, et al. (1990) say researchers have started to realize that complaining could be seen as an opportunity to increase satisfaction. For instance they state; *"A good recovery can turn angry, frustrated customers into loyal ones. It can, in fact, create more goodwill than if things had gone smoothly in the first place."* Following their idea, Smith et al. (1999) highlights the importance of complaints management and service recovery to increase satisfaction, how a company is dealing with complaints and dissatisfaction could therefore be a driver for increased satisfaction. However research is not unambiguous and McCollough et al. (2000) found that service recovery decreased satisfaction. With uncertain findings on the topic it's hard to draw definite conclusions. Thus, we believe that the same guidelines from the expectancy disconfirmation model is applicable also in this case. If you expect a recovery service from a company everything less than that will make you disappointed. However, if you do not expect a recovery strategy, your satisfaction will increase and might even surpass the satisfaction level if everything would had gone smoothly in the first place. This thinking get support by Hess et al. (2003), they found that if you don't expect a company to deliver a certain failure recovery approach, you tend to get a more positive attitude towards the provider than if you expected more from the company, this in turn increases satisfaction.

With previously presented theories about cognitive dissonance as well as the findings that you tend to get more satisfied if a company show empathy and care about their customers, we believe that in the case where most cognitive dissonance occurs (the NN scenario, when you feel uncertain about your purchase and view negative opinions online) a company that listens to their customers and show compassion by engaging in a two-way communication, should have a greater chance of increasing satisfaction and loyalty. In addition, we believe the customers do not expect such an approach why the effect should be greater than if it was common census. We therefore assume that a company will have the greatest possibility to positively affect satisfaction and loyalty in this case. However it's hard to draw definite conclusions based on this since we investigate this in a digital environment from an observing customer's viewpoint. We therefore find it relevant to investigate further. Based on this we define our fourth hypothesis as:

H4a) Comments from a company on an online-review forum increase satisfaction to the greatest extent in the case when customers are initially dissatisfied and receive negative opinions from customers online.

H4b) Comments from a company on an online-review forum increase loyalty to the greatest extent in the case when customers are initially dissatisfied and receive negative opinions from customers online.

19

#### **2.5 INFORMATION NEEDED**

As the theoretical foundation for this thesis now is established, it is possible to determine what sort of data is needed in order to answer our presented hypothesis. This will help us answer the main problem:

What impact does digital word-of-mouth have in the post-purchase stage on satisfaction and loyalty? Furthermore, is it possible for a company to affect this by showing compassion and being present on product forums online?

In order to come to an understanding regarding this we will gather data by carrying out an experiment. The method used is described in section three below.

### 3. METHOD

This section covers grounds to why we have chosen our topic. Furthermore it describes the problem and methods used to investigate it. The frame of our research design and data collection is discussed as well as viability of the conducted study.

#### 3.1 CHOICE OF TOPIC

It started at JFK International Airport with a purchase of Harvard Business Review. The long flight back to Europe was a perfect time to enjoy a quality publication of this kind. During the flight one article in particular caught our attention "Branding in the Digital Age" by (Edelman, 2010). Could it be that touch points later in the customer's decision journey were more important than assumed by practitioners? Could it be so that the way we purchase and consume goods today has changed thanks to Internet and therefore creating new information gathering behavioral patterns? In the quest of finding the answer we conducted interviews with people on executive positions in the advertising and PR industry in Stockholm. Curious to find more information we searched through databases to find articles and theories applicable to our subject. An interesting picture evolved and we soon realized that there was a gap to fill.

#### **3.2 SCIENTIFIC APPROACH**

We chose to approach the problem from a deductive viewpoint and derived hypothesis from previously presented theories. We decided to conduct an experiment for causal research design, since we wanted to get a deeper understanding for the cause and effect (Malhotra 2007) of digital WOM and its impact on satisfaction and loyalty in the post-purchase phase.

#### **3.3 EXPERIMENT DESIGN**

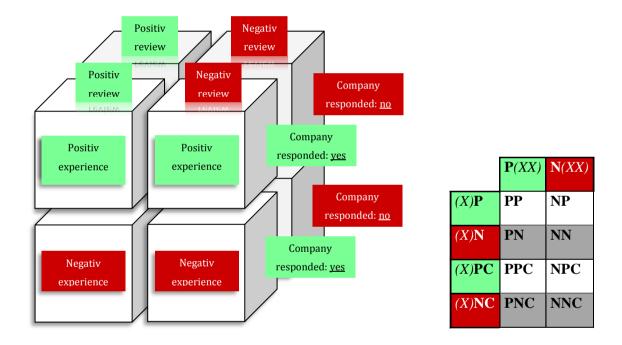
In order to achieve the desired outcome of understanding what factors affecting satisfaction and loyalty in the post-purchase stage, as well as if a company can affect this by commenting on customers' opinions, we conducted a laboratory experiment instead of a field experiment. This is motivated by better control of the manipulated variables, where the point is to control and hold certain fixed. This will lead to a better relationship between cause and effect, which will increase internal validity (Roe, 2009).

21

We used a  $2^3$  full factorial experiment design and the following variables were manipulated:

- 1. Scenario (Positive/Negative): Responder's own experience of the purchase before reading other customers' reviews.
- 2. Other customers' reviews of the product (Positive or Negative).
- 3. The company's response to customers' opinions (Comments or no comments)

All variables had two passable outcomes, which lead to eight different experiment groups all together.



#### 3.4 EXPERIMENT OVERVIEW

The experiment was conducted during two days to minimize other factors' impact on the results. The setting chosen for the experiment was the computer halls at the Stockholm School of Economics (SSE). It was a location close to where the group we chose for our experiment usually habitats. This was important in order to lower our respondents costs for participation. By having low participation costs almost everyone (171 of 192 asked) followed through the experiment. This has been proven important to increase the reliability of experimental outcomes by low skewed distribution (Malhotra, 2007). Experiments participants received a positive or negative scenario in written form followed by a fictive review website with four different outcomes, see illustration above. Afterwards

the participants were asked to fill out a questionnaire with 20 questions that took approximately 5-10 minutes. The short participation time and low number of questions were motivated by Söderlund (2005) who point out that a longer questionnaire can make respondents tired which in turn result in less reliable answers.

#### **3.5** Selection of respondents

We chose to use a convenience sample of students at SSE. Age of our participants was 18-28 with a mean of 22 years old. Gender distribution was 43 % female and 57 % male. To have homogenous groups of respondents are a crucial factor for an experiment (Skärvad & Lundahl, 1999) (Söderlund, 2005).

Because of the high importance of homogeneity all of our participants were recruited on campus while studying. This made all eight groups very similar and homogeneous, see appendix 4 for a detailed description of the groups. In addition, to decrease impact of time affecting the outcome, the experiment was carried out during a window of tree hours. However, to get enough respondent to fill all eight groups we had to recruit students two days in a row. Nevertheless, the time and place was the same during the days. Our point of view was that students from the same school, studying during the same time of the day, and in the same area, should by definition be a homogenous group.

At the same time we argue that our group of choice is favorable in order to make general conclusions. This group is very active on the Internet and 94 % are Facebook users. This is relevant since the answers we aim to find through our thesis are related to new ways of communication online and therefore a group used to this environment is preferable. It is however important to remember that it is not the goal with this theses to reach general conclusions, rather enlighten new areas in a changing environment.

#### **3.6 PREPARATORY WORK TO THE EXPERIMENT**

#### 3.6.1 CHOICE OF SUITABLE PRODUCT AND BRAND

In order to test our hypothesis we decided to use a high involvement, conspicuous status accessory why an expensive watch is a suitable product (Belk, 1988). The value of such product has been shown to be strongly influenced by other people's opinions (Mason, 1984). Moreover, we wanted to use a watch that would be suitable for both males and females in order to reduce the risk of the gender effecting the outcome. We therefore used

a blurred picture of a unisex model. No brand name or other characteristics of the original watch were visible in the picture. Furthermore, to make sure no gender effect was present, we showed the picture to four females and four males. No differences in attitude between the sexes towards the watch was found. Additionally, to inshore that the product was perceived by respondents as a high involvement purchase we described it in the scenario as "expensive". The selection of respondents in the pre-tests was not large, but as Aaker et al. (2010) say pre-tests do not require large number of respondents. The pre-test confirmed our aim that the product was perceived as expensive and suitable for both sexes.

We didn't want to use an already known brand since it could affect the outcome of the result. In order to be consistent in our previous reasoning, the brand should signal exclusivity. In order to find a good name we took a map of Europe and threw dart at it. We then took names of the places where the darts hit. This rather unconventional way gave us five brand-name propositions. In order to choose the name that was assumed as most exclusive, we presented the names for a group of eight and asked them to tell us about their associations to the brand name. "Nèux Codnoir" was the name of choice.

#### 3.6.2 CHOICE OF WEBSITE

The second step in our experiment was to get exposed to the review site. It is important the information on the site is easy to understand, and at the moment there are many different review sites on the Internet. They differ in design, and important information can be found in various places. If our respondents are not familiar with the website it's less likely they will find the right information which is important to get reliable results (Gallagher, Parsons, & Foster, 2001). To solve this obstacle we chose a design similar to Facebook since we assumed that our respondents were frequent Facebook users. In fact, 94 % of them were, why the review-Facebook-design can be admitted as a right choice. Lastly, to eliminate the risk that the comments written by customers would be valued differently by gender, we chose unisex pictures and names.

By asking eight people how they perceived the website prior to the experiment, we could conclude that it was in line with our ambition. It was trustworthy and information was easy to find. Furthermore, we designed the website after an existing review site online and modified it to look more similar to Facebook and took away disturbing information such as advertisements. The design was done in Photoshop CS3.

#### 3.6.3 Choice of positive and negative scenarios

To ensure that the two different scenarios regarding the respondent's own experience put them in a for us, desired state of mind, a manipulation check was carried out in a pre-study. 14 people (seven in each scenario) participated in the test. The result is presented in the table below, and confirm that our desired effect was reached.

Index	Mean		Mean Values	
index	Sig.	Difference		
			Negative Scenario (N=7)	Positive Scenario (N=7)
Satisfaction Index	0,01	3,5714	3,8571	7,4286
Loyalty Index	0,01	3,1429	4,2857	7,4286

#### 3.6.4 The questionnaire:

The main purpose of our study is to measure differences in satisfaction and loyalty between the experiment groups. Therefore it's very important to choose the right type of questions to get reliable results. In addition, we would like to make sure our respondents correctly understood the questions why we carried out a pre-test questionnaire. The questionnaire was distributed to 14 people. Feedback from this made us do some minor corrections. The questionnaire can be found in appendix 3.

**1. Satisfaction:** The first question *"Hur nöjd är du med ditt köp?"* regards to how satisfied the person is with the purchase and the second *"Hur nöjd är du med produkten?"* concerns satisfaction with the product. These two questions we took from previous studies and are frequently used to measure satisfaction in research. The third question however, *"Om du skulle tappa/blir av med klockan och din försäkring täcker skadan. Hur sannolikt tror du det är att du köper en likadan klocka igen?* was created on our own. We grouped these three questions and created a satisfaction index with a Cronbach's Alpha of 0,89. With a high value of Cronbach's Alpha, we could conclude that our own question was in line with our desired effect. This is important in order to be able to relate our findings to other research (Söderlund, 2005).

**2. Loyalty:** We used two questions to measure loyalty. The first question "*Hur sannolikt är det att du skulle rekommendera denna produkt för en vän?* is commonly used in research to measure loyalty (Reichheld, 2003). The second question we used "*Om du skulle tappa/blir av med klockan och din försäkring täcker skadan. Hur sannolikt tror du det är att du köper en klocka från <u>samma företag</u> igen?" was created on our own. We grouped these questions and* 

created a loyalty index with a Cronbach's Alpha of 0,79. With a high enough value of Cronbach 's Alpha (Söderlund, 2005) we can conclude that our own developed loyalty question was in line with our desired effect.

Experiment Questions	Index
How satisfied are you with your purchase?	
How satisfied are you with your product?"	Satisfaction Index (Cronbach Alpha = 0,89)
Would you buy the same watch again if you lost it and your insurance covered the it?	
Would you recommend this product for a friend?	
Would you buy from the same comapny again if you lost the watch and your insurance covered the it?	Loyalty Index (Cronbach Alpha = 0,79)

**Reasoning about our own created question:** If a person loses a product and gets a refund from the insurance company, the budget restriction is eliminated. If a person is given the chance to buy a product for the insurance money and choose the exact same product, we assumed that the person was satisfied with the product. Furthermore, if a person gets a refund and chooses to buy from the same company, we assumed that the person was loyal towards the company.

All our questions were reviewed by Fredrik Törn and our tutor Micael Dahlén, who confirmed their suitability for measuring satisfaction and loyalty. For the answers we used a 9-point Likert-type scales with bipolar extremities. The respondents were asked how satisfied or dissatisfied they were respectively, and how likely or unlikely they were to take action. This technic is well established for market research (Malhotra, 2007).

#### 3.7 VALIDITY:

Internal and external validity are usually not in harmony with one another, rather it is tradeoff between them. Internal validity aims to answer the degree of casual relationship between the manipulated variable and its effects on the independent variable. The external validity on the other hand answers the question if the results of an experiment can be further generalized (Söderlund, 2005) (Malhotra, 2007). To achieve as high internal validity as possible one should control all other variables then the one examined. However to archive high external validity the experiment should be as generalizable as possible.

#### 3.7.1 INTERNAL VALIDITY

In order to achieve as high internal validity as possible in the scope of time for this thesis, we did as follow:

1) We aimed to have homogenous experiment group of students at the Stockholm School of Economics and therefore different experiment scenarios were randomly distributed to the participants. The respondents were between 18-28 years old, with a mean age of 22, and recruited on the campus during April 18-19. The gender distribution for all participants was 43 % female and 57 % male. For a detailed overview of differences in each group see appendix.

2) All experiments were conducted in the computer halls of SSE during the same time of the day during April 18-19. Therefore we conclude that time and environment didn't influence the outcome of the results which is important (Söderlund, 2005).

3) Furthermore by using a gender-neutral-picture of the watch, as well as unisex names and images of the customers commenting on the website, we lowered gender related bias.

4) Regarding the questionnaire, we used a fairly low number of questions in order to receive as valid answers as possible, since longer questionnaires can result in respondents getting tired with less reliable answers as the outcome (Söderlund, 2005).

5) Lastly, the indexes for loyalty and satisfaction included questions previously used in research. However, we also used one question designed on our own, see arguing under "3.6.4 The Questionnaire" above. The indexes were controlled by Chronbach's Alpha, and scored a value of 0,89 for satisfaction and 0,79 for loyalty.

We argue that we have high internal validity and can conclude that our experiment did examine the causal relationship between the manipulated variables and satisfaction as well as loyalty, regarding the purchased watch.

#### 3.7.2 EXTERNAL VALIDITY.

We conducted an experiment and by using this approach we limited the external validity. Experiments usually follow smaller but homogenous group rather than large independent samples from a population.

The experiment focus on the impact digital word of mouth has on satisfaction and loyalty. One goal when choosing participants was therefore to have heavy Internet users. Therefore people in the age between 15-30 are preferable (Findahl, 2009). The average participant in our experiment was 22 years old and all respondents were between the age of 18-28. Therefore not surprisingly 94 % were Facebook users and 78 % used it on a daily basis. Our result can therefore not be generalized on the whole Swedish population, however we claim it could be applicable on groups of heavy Internet users. Furthermore we had fairly even distribution of males and females which further make our result generalizable. In addition, Internet usage is growing in all age groups why our finding should be more generalizable in future years. To keep in mind however is that the purpose with the thesis is not to make strong generalizations but rather highlight an important trend.

#### **3.8 DATA ANALYSIS:**

To analyze collected data we used SPSS 19.0. We used independent sample T-tests and accepted a significance level of 5 %.

#### 4. **RESULT FROM THE EXPERIMENT**

Satisfaction and loyalty differences between the group as a whole exposed for positive versus negative post-purchase opinions.

To give an intuitive and easily understood disposition of the outcome from our experiment we begin by showing a table from the different tests we conducted from the experiment data . We will then more specifically show the result from the test that is essential for answering each hypothesis.

	Independent Samples Test Without Comments							
Test		la dag	Mean	Mean Values				
Test	Index	Sig.	Difference					
1	Group			NN	NP			
	Satisfaction Index	,000	2,76100	2,97222	5,73333			
	Loyalty Index	,000	2,75417	2,89580	5,65000			
2	Group			PP	PN			
	Satisfaction Index	,000	1,68986	7,28986	5,60000			
	Loyalty Index	,001	1,64783	6,84783	5,20000			

Table 1: Satisfaction and loyalty differences between all groups tested.

Independent Samples	Test With Comments

Test	Index Sig.	Index Sig	Mean	Mean Values	
		Sig.	Difference		
3	Group			PN	PNC
	Satisfaction Index	,142	,53333	5,6000	5,0667
	Loyalty Index	,341	,25000	5,2000	4,9500
4	Group			NP	NPC
	Satisfaction Index	,386	-,14545	5,7333	5,8788
	Loyalty Index	,478	-,03182	5,6500	5,6818
5	Group			NN	NNC
	Satisfaction Index	,093	-,46717	2,97222	3,43939
	Loyalty Index	,001	-1,30871	2,89583	4,20455
6	Group			PP	PPC
	Satisfaction Index	,492	,00652	7,28986	7,28333
	Loyalty Index	,090	,84783	6,84783	6,00000
7	Group			All Groups with No Comments	All Groups with Comments
	Satisfaction Index	,464	,02846	5,3810	5,3525
	Loyalty Index	,381	,09298	5,1964	5,1034
8	Group			(NP + NN)	(NPC + NNC)
	Satisfaction Index	,146	-,43182	4,2273	4,6591
	Loyalty Index	,045	-,79545	4,1477	4,9432
9	Group			(NN + PN)	(NNC + PNC)
	Satisfaction Index	,450	-,04762	4,1667	4,2143
	Loyalty Index	,059	-,61634	3,9432	4,5595

## **4.1 POSITIVE CUSTOMER OPINIONS ONLINE IN THE POST-PURCHASE PHASE INCREASE PRODUCT SATISFACTION AND LOYALTY.**

In order to investigate the effect of positive and negative opinions, we created two groups out of the four that didn't also receive comments from the company. One that received positive post-purchase opinions (PP+NP), and the other one negative opinions (PN+NN).

Tuble 21 dioups receiving positive una negative post parenase com						
All Experiment Groups	Frequency	New Group	Frequency			
Positive - Negative (PN)	N=20					
Negative - Negative (NN)	N=24	Negative opinions (PN + NN)	N=44			
Positive - Negative + Comments (PNC)	N=20					
Negative - Negative + Comments (NNC)	N=22					
Negative -Positive (NP)	N=20					
Postive - Positive (PP)	N=23	Positive opinions (PP + NP)	N=43			
Negative - Postive + Comments (NPC)	N=22					
Postive - Positive + Comments (PPC)	N=20					

Table 2: Groups receiving positive and negative post-purchase comments.

In the next step we conducted a compared samples T-test for the two groups by comparing mean values for the satisfaction and loyalty indexes.

	Index	Sig. Di	Mean Difference	Mean Values	
Test					
1	Group			Postive Reviews ( PP + NP)	Negative Reviews (NN + PN)
	Satisfaction Index	,000	2,39922	6,5659	4,1667
	Loyalty Index	,000	2,34752	6,2907	3,9432

As above table shows, the group exposed for negative comments after purchase scored significantly lower mean values for both the satisfaction index (mean=4,1667) and loyalty index (mean=3,9432) compared to the group that received positive comments (mean satisfaction=6,5659) and (mean loyalty=6,2907). The mean differences was (mean diff=2,39922) in regards to satisfaction and (mean diff=2,34752) for loyalty. The results were significant at a 0,0 % level of significance for both indexes.

H1: We *accept* our first hypothesis. Observing positive consumer opinions online in the post-purchase stage leads to higher levels of satisfaction and loyalty.

#### **4.2 OBSERVING POSITIVE CUSTOMER OPINIONS ONLINE IN THE POST-PURCHASE PHASE** HAVE A STRONGER IMPACT ON SATISFACTION AND LOYALTY IF THE RESPONDENTS HAD AN INITIAL NEGATIVE PRODUCT EXPERIENCE.

To answer our second hypothesis we first analyzed mean differences between the NN group against the NP group. Then we analyzed mean differences between PP against PN, and finally compare these differences against each other.

#### 4.2.1 SATISFACTION AND LOYALTY DIFFERENCES BETWEEN GROUP NN AND NP

The results from the experiment indicate that the group exposed for a negative own product experience and negative opinions online (NN) had significantly lower mean value of the satisfaction index and loyalty index compared to the group exposed for a negative product experience but reviewed positive opinions online.

Test	Index		Mean Difference	Mean	Values
		Index Sig.			
2	Group			NN	NP
	Satisfaction Index	,000	2,76100	2,97222	5,73333
	Loyalty Index	,000	2,75417	2,89580	5,65000

Table 4: Satisfaction and loyalty differences between group NN and NP

As above table shows, the group exposed for negative comments after purchase scored significantly lower mean values for both satisfaction (mean=2,97222) and loyalty (mean =2,89580) compared to the group that received positive comments (mean satisfaction =5,73333) and (mean loyalty=5,65000). The mean differences was (mean diff=2,76100) in regards to satisfaction and (mean diff=2,75417) for loyalty. The results were significant at a 0,0 % level of significance for both indexes.

#### 4.2.2 SATISFACTION AND LOYALTY DIFFERENCES BETWEEN GROUP PP AND PN

The results from the experiment indicate that the group exposed for a positive own product experience and received positive opinions online (PP) had significantly higher mean value of the satisfaction index and loyalty index compared to the group that was initially positive but received negative post-purchase opinions.

Test	Index	Sig.	Mean Difference	Mean Values		
3	Group			PP	PN	
	Satisfaction Index	,000	1,68986	7,28986	5,60000	
	Loyalty Index	,001	1,64783	6,84783	5,20000	

Table 5: Satisfaction and loyalty differences between group PP and PN

As presented above, the group exposed for negative comments (PN) after purchase scored significantly lower mean values for both satisfaction (mean=5,60000) and loyalty (mean =5,20000) compared to the group that received positive comments (PP) (mean satisfaction =7,28986) and (mean loyalty =6,84783). The mean differences was (mean diff=1,68986) in regards to satisfaction and (mean diff=1,64783) for loyalty. The results were significant at a 0,00 % level of significance for satisfaction and 0,1% for loyalty.

#### 4.2.3 SATISFACTION AND LOYALTY DIFFERENCES (NN VS NP) AND (PP VS PN)

Positive comments online in the post-purchase phase have a significantly positive impact on both satisfaction and loyalty for groups exposed for a negative and positive initial product experience. The differences in satisfaction and loyalty between NN and NP was as we expected greater compared to PP and PN.

mean diff (NN vs NP) = 2,76100 in satisfaction.

mean diff (NN vs NP) = 2,75417 in loyalty.

mean diff (PP vs PN) = 1,68986 in satisfaction.

mean diff (PP vs PN) =1,64783 in loyalty.

#### mean diff (NN vs NP) - (PP vs PN) = 1,07 for satisfaction.

#### mean diff (NN vs NP) - (PP vs PN) = 1,1 for loyalty.

This indicates that positive comments online have a stronger effect if we are exposed for an initial negative own product experience compared to a positive.

H2: We **accept** our second hypothesis. Observing positive consumer opinions online in the post-purchase phase have a stronger impact on satisfaction and loyalty if the respondents had an initial negative product experience compared to a positive.

## **4.3 A** COMPANY RESPONDING TO ONLINE CUSTOMER OPINIONS ON AN ONLINE-REVIEW FORUM DOESN'T SIGNIFICANTLY INCREASE SATISFACTION OR LOYALTY.

In order to answer our third hypothesis, we merged groups (NN+NP+PP+PN) and compared their mean values regarding satisfaction and loyalty to the groups that received comments from the company (NNC+NPC+PPC+PNC).

## Table 6: Satisfaction and loyalty differences between groups with comments andwithout comments from the company.

Test	Index	Sig.	Mean	Mean Values	
			Difference		
4	Group			All Groups with No	All Groups with
				Comments	Comments
	Satisfaction Index	0,464	0,02846	5,381	5,3525
	Loyalty Index	0,381	0,09298	5,1964	5,1034

As above table shows, the group exposed for comments from the company after purchase scored a satisfaction value of (mean=5,3810) and loyalty (mean=5,1964) compared to the group that didn't receive company comments (mean satisfaction=5,3525) and (mean loyalty=5,84783). The small differences were not significant on either satisfaction or loyalty why we reject our third hypothesis.

H3: We **reject** our third hypothesis. Comments from a company does not increase satisfaction or loyalty.

#### **4.4 COMMENTS FROM A COMPANY ON AN ONLINE-REVIEW FORUM INCREASE LOYALTY** TO A GREATER EXTENT IN THE CASE WHEN CUSTOMERS ARE INITIALLY DISSATISFIED AND RECEIVE NEGATIVE OPINIONS FROM OTHERS ONLINE.

To give an answer to our fourth hypothesis we compared mean values regarding satisfaction and loyalty between the NN and NNC groups.

Test	Index	Sig.	Mean Difference	Mean Values		
1	Group			NN	NNC	
	Satisfaction Index	,093	-,46717	2,9722	3,4394	
	Loyalty Index	,001	-1,30872	2,8958	4,2046	

Table 7: Satisfaction and loyalty differences between group NN and NNC

As the table indicates, the group (NNC) exposed for comments from the company after purchase scored a higher number on the satisfaction index (mean=3,4394) and loyalty index (mean=4,2046) compared to the group that didn't receive company comments (mean satisfaction=2,9722) and (mean loyalty=4,2046). However the differences in satisfaction was not significant on the desired level of 5 %. However the loyalty index difference was significant on 0,1 %. We therefore reject our fourth hypothesis in terms of satisfaction but accept it on loyalty.

H4a: We **reject** that comments from a company has a significant impact on increased satisfaction for customers in the NNC scenario.

H4b: We accept our fourth hypothesis on loyalty. Comments from a company increase loyalty to a greater extent in the case when we are initially dissatisfied and receive negative customer opinions online.

#### 4.5 **BONUS QUESTION REGARDING COMPANY ATTITUDE**

In addition to above findings we looked at the question "What do you think about the company?" This showed a significant improvement when the company commented in the NNC scenario.

Table 8: Differences in perception about the company between groups withcomments and without comments from the company.

Test	Index	Sig.	Mean Difference	Mean Values		
	index					
11	Group			NN	NNC	
	What do you think about the company?	,012	-1,21591	3,8750	5,0909	
12	Group			NP	NPC	
	What do you think about the company?	,202	-,51364	5,3500	5,8636	
13	Group			PP	PPC	
	What do you think about the company?	,449	,36304	6,9130	6,5500	
14	Group			PN	PNC	
	What do you think about the company?	,190	-,55000	4,9500	5,5000	

#### Independent Samples Test Bonus

As above table shows, the group (NNC) exposed for comments from the company scored a "company value" of 5,0909 compared to 3,8750 for the group (NN) that didn't receive company comments. The difference was significant on a 1,2 % level of significance.

### 5. DISCUSSION

In this section we will discuss the results from the experiment as well as ideas received from the interviews, and relate the findings to relevant theory and current literature on the topic. We begin with discussing the reliability of our findings followed by the analysis which is structured based on our hypothesis. In order to get a pleasant reading, managerial implications are integrated in this section, however each part starts with a general discussion regarding the outcome applicable to digital WOM and the challenges it posts for companies. Thereafter, the consequences regarding these challenges will be reflected upon and possible solutions and opportunities will be proposed. We finish the analysis with a concluding summary of the discussion, and last, recommendations for further research will be suggested.

#### Main problem:

What impact does digital word-of-mouth have in the post-purchase stage on satisfaction and loyalty? Furthermore, is it possible for a company to affect this by showing compassion and being present on product forums online?

#### 5.1 DISCUSSION AND CRITICS OF THE RESULTS

Even though we have found interesting and significant results in line with most of our hypothesis, we had to make some sacrificing limitations in order to answer above presented problem in the scope of time for the bachelor thesis. To begin with we would had liked a greater number of respondents in our experiment to get more reliable results. In addition some of the questions in the experiment were designed to get an understanding for what group in the experiment is most likely to spread digital WOM themselves (i.e. satisfied or unsatisfied customers) but due to the relatively small differences in these answers in combination with low number of respondents we didn't get any significant results. Also, after reviewing the questionnaire we would had liked to add more questions regarding satisfaction and loyalty. The loyalty index was created only by two questions why more would had been preferable.

Furthermore, after discussing with respondents after the experiment we understand that the choice of product might have had a personal impact on the answers. For example one respondent said that he didn't like the image of the watch presented on the fictive website. As discussed in our method we tried to go around this problem by using a blurred, unisex-model, but obviously it seems like it still affected the outcome. Hopefully personal preferences regarding the watch are somewhat equally distributed among all groups and not affect the result to a strong degree. However this is something that decrease the reliability of our findings. In addition one respondent said he recently bought a watch himself why he felt uncomfortable in the scenario of buying a different watch. He said he possibly would have given higher scores on the satisfaction and loyalty questions if he had not recently purchase his real watch. This is something that has to be taken inconsideration. When analyzing the outcome from our findings we realize it would had been interesting to see how both satisfied and unsatisfied customers would react to both positive and negative opinions mixed together. Something that also is more realistic if viewing a review site online. Unfortunately we realized this in a late stage in the process.

Finally it's hard to draw any definite conclusions about how satisfaction and loyalty are affected in the post purchase stage in terms of other products than a watch. This is something we will further discuss when addressing recommendations for further research.

### **5.2 CONCLUSION OF RESULTS**

# 5.2.1 Positive consumer opinions online in the post-purchase phase increase product satisfaction and loyalty

We found that both satisfaction and loyalty are strongly affected by digital WOM in the post purchase phase. Positive opinions lead to a satisfaction index of 6,57 on a 1-9 grade scale, while negative opinions lead to 4,17. The same number for loyalty were 6,29 for positive comments and 3,94 when viewing negative opinions. Due to theories about social influence and conspicuous consumption this was not surprising and in line with our hypothesis. However we based our belief on studies that had not previously put this in a digital setting by observing other customers opinions. And even though we did not have a specific idea of the magnitude of its impact our findings were bigger than we anticipated.

Our research complements previous knowledge that we are strongly influenced pre-purchase by other people's recommendations online, with the finding that we also get influenced post-purchase, which make the digital word of mouth even more powerful. Thus, the finding enrich the loop model, which suggests that we get swayed by opinions pre-purchase and seek confirmation post purchase, by showing that satisfaction and loyalty are strongly affected by customers opinions post-purchase. This can lead to more content customers and evoke advocacy for the product. We therefore claim that *more* of the power that companies used to control through traditional forms of advertising have shifted into the hands of Internet using advocates.

This can be scary since it's hard to control what is said online, and as previously been mentioned, the digital WOM is permanent and obvious for the entire world. Anna-Maria Berggren, Marketing Consultant, Geelmuyden.Kiese, initially said that many companies lack an understanding for the importance of digital WOM and how it impacts their business. She also said that even though some are starting to realize it, many do not possess the right tools to make use of it. Nonetheless, Michael Hemmerlind, CEO, Tape AB, said he had experienced an increased demand for chat and blog services on his customers websites to receive opinions and feedback regarding products and services. This tendency is further discussed by Edelman (2010) and Spenner (2010) who say that companies are starting to get an understating for its importance and are actively seeking ways to forge technics to make use of it. However, far too many companies are not yet doing enough in this field of marketing. Laurent Delaporte, Vice President, Microsoft Advertising, adds to the subject when commenting on their blog on February 15, 2011 about their recent report entitled "New Shopper Journeys" (Microsoft Advertising , 2010). He said; "For advertisers, there is a need to recognize the growing influence of post-purchase reviews and therefore the need to monitor and manage powerful earned media such as review sites." Also, he said; "This is compelling evidence that advertisers can't afford to ignore their post-purchase strategy and, as a result, must ensure they have a strong presence on, and are engaged with, these social networking platforms, chat services and review sites."

With our findings that digital WOM to a profound extent affect satisfaction and loyalty in the post-purchase stage we hope that more companies start to realize its importance. But why has it to this date been under prioritized? From what we have understood from the interviews and current literature on the topic, it's due to a lack of knowledge and skepticism. For example, Anna-Maria Berggren pointed out that many marketing directors are afraid of their customers and instead of looking at the potential benefits Internet offers and take action, they look at the treats of this new trend and therefore become passive. A risk with this behavior is that numerous companies have already started to realize its importance. Therefore, if not speeding up soon she said, many successful business will risk to be passed by pioneers in the industry. First of all companies therefore must understand the high importance of digital WOM. Here we hope that our report will bring new light on the topic. Secondly they have to realize how it impacts their success and what they can do to affect it.

A recent example of how this could be implemented is discussed in (Edelman, 2010) which describes an electronic company that shifted marketing spending from paid media to new touch points online. For example they link their product by search optimization towards Amazon.com which was shown to be the most influential touch point for the company's product in the evaluation stage. Furthermore, they aggressively distributed third-party reviews online. To build ongoing post-purchase relationships and encourage advocacy they also developed programs that included online community activities, contests and e-mail promotions. The sales increase was drastic and the money invested in these marketing activities totally outperformed the marginal effect of their traditional forms of advertising. Another company that successfully have engaged their customers in post-purchase activities is Nike with their Nike+ application. Nike+ is a gear that encourage customers to record and transmit their workout data and training programs online, and share the information with friends over Facebook. This is a good example of how to increase the value of a company's product post-purchase while on the same time make use of the customers to promote the brand through a form of digital WOM. Thus, a customer's engagement with a brand doesn't have to begin or end with a purchase but instead proceed and generate additional value in the post-purchase stage while providing information for new customers in their evaluation stage. We find this "double effect" fascinating and hope that our research will help companies to come to a greater understanding of its importance and act on it.

As described, digital WOM is increasing and important. The examples showed that companies can improve marketing and sales by working with post-purchase activities. However as Anna-Maria Berggren mentioned, most companies are not equipped with the right tools to take advantage of the opportunities, and many are afraid of the online arena and their customers. But is it reasonable to be so? And is it that perilous if a company should get bad reviews online? And what is the alternative? By analyzing the outcome from our second hypothesis we hope to get a deeper understanding for these questions.

39

5.2.2 Positive consumer opinions online have a stronger impact on satisfaction and loyalty when we have an initial negative product experience compared to a positive.

We found that our respondents got influenced by positive opinions to a much higher degree when they were initially dissatisfied compared to satisfied. Satisfaction in fact jumped from 2,97 in the NN scenario to 5,73 in NP. The same number in the PN scenario was 5,60 and 7,29 in PP. Also loyalty increased in a similar way, from 2,90 in NN to 5,65 in NP while PN had a score of 5,2 and PP 6,85. But what does this say? Theories about cognitive dissonance made us believe that we strive for consistency between actions and feelings in order to eliminate disturbing emotions. This seem to apply also in our experiment where respondents tend to absorb positive feedback when they are initially unsatisfied to a much stronger degree than they listen to negative opinions when they are initially satisfied. Since this is in line with our hypothesis we do not find it extraordinary, nevertheless it is fascinating and powerful knowledge for companies when considering how to make use of social technologies.

With the above presented findings we claim that companies have more to win than loose on being mentioned through comments online. We get support for our thinking by Edelman (2010) who says that not being discussed at all online is worse than bad reviews. In addition, today's customers demand information from a company to a much bigger degree than in the past (Meerman Scott, 2009). If a company is not willing to work towards this need we believe there is a predominant risk customers will turn their back to the company. However it's understandable that this new landscape is frightening and there are several examples of how bad things can go (Gaines-Ross, 2010). This is also something Anna-Maria Berggren mentioned in her interview as a reason for companies not working more proactively on the issue. One reason for this we believe is that digital WOM is a new occurrence why management has not yet gotten used to it. Previously it has been much easier to control customers since they have not possessed the tools to transmit their word to the whole world. This is discussed by Gaines-Ross (2010) where she claims that a company must rethink their reputation management and acknowledge that it has considerably less control over its corporate message than just a few years ago. She also argues that companies must have a thoughtful plan of how to fight back towards treats from powerful new-media and the social network arsenal, as she calls it.

We understand it's a scary new scene that has appeared in a short time, but to neglect it due to fearfulness is not a rationale motive, rather the opposite. And as our experiment showed customers in the post-purchase phase have more to win than loose when taking part of comments online. This we argue, implies that companies also have more to win than loose by encourage customers to share their experience online. In a recent article (Barwise & Meehan, 2010) address this importance and also claims that companies should primarily use social technologies to listen to customers in order to improve products and adjust the marketing message to better meet their needs. An example of a company with such strategy is P&G, through their website, Beinggirl.com, they give young girls the opportunity to talk about embarrassing moments, hygiene concerns, boy trouble etc. This allow them to get first-hand information about their core segment and thereby create tailored marketing towards their needs. Another recent example, in this case of successful social media crisis management, is Toyota during the sudden acceleration crisis. They set up a team that monitored Facebook rumors and created a twitter presence for COO Jim Lentz. They also identified online fans and sought approval to distribute their statements through Toyota channels. This creative approach and fast reaction neutralized much of the bad-will and soon their cars topped the list of sales again.

We have shown in our experiment that bad reviews are actually not that bad, and claim that most digital WOM are instead good basis for improvements. Bad reviews can be used to improve products and offerings to better match customer needs, while positive opinions can be used in a similar way while also increasing satisfaction and loyalty among post-purchase users. In addition, it provides credible marketing in the decision making process. Companies therefore need a thoughtful plan of how to make use of this by engaging customers online and listen to their needs, while also think through how to handle negative opinions. By analyzing the outcome from our third and fourth hypothesis we hope to get a better understanding for suitable activities to engage in.

## 5.2.3 A COMPANY RESPONDING TO ONLINE CUSTOMER OPINIONS ON AN ONLINE-REVIEW FORUM DOESN'T SIGNIFICANTLY INCREASE SATISFACTION OR LOYALTY.

The result from the experiment did not give support for the third hypothesis neither on satisfaction or loyalty. This we find somewhat surprising since showing a friendly approach and meet customers online through a two-way communication has been shown to signal engagement and empathy which in turn have been shown to increase satisfaction and loyalty. However the theories were ambiguous and not previously tested on such environment as described in our experiment. To get a better understanding for the reason we asked respondents after the experiment what they thought about their scenario and some interesting findings were revealed. A couple said that they didn't find the website trustworthy because of all the friendly comments from the company This mainly based on their previous experience from review sites that lack this type of communication between brand and customer. Furthermore one person in the PPC scenario said he felt very confident with his purchase, however the company comments didn't make him more positive, instead it made him question what kind of luxury brand it was, since he had never before experienced such an approach. In order to get a better understanding for what effects the comments from the company made, we will look deeper into separate differences between all the experiment groups when analyzing the outcome from our fourth hypothesis.

## 5.2.4 A COMPANY RESPONDING TO ONLINE CUSTOMER OPINIONS ON AN ONLINE-REVIEW FORUM SIGNIFICANTLY INCREASE LOYALTY AND BRAND PERCEPTION IN THE "NN" SCENARIO.

The outcome from the experiment shows that the NN group was positively influenced by comments from the company, the loyalty index increased from 2,90 to 4,20. Satisfaction on the other hand increased much less, from 2,97 to 3,44, and was not significant at the desired level of 5 %. Nevertheless, the finding is interesting. Theories about cognitive dissonance and failure recovery made us believe that these individuals should have the greatest level of dissonance due to their negative feelings after the purchase, which in turn made us assume that they should be most influenced by compassion and empathy from the company. It seems like this could be the explanation. To investigate this further we complement the result from our fourth hypothesis with a question regarding the attitude towards the company. It rose from 3,88 in NN to 5,09 in NNC. We find this fascinating, it seems like you tend to get a better image of the company and more loyal towards it if they show compassion and engage in a two-way communication with dissatisfied customers. However when looking at loyalty differences for all separate groups, one of them surprisingly went in the opposite direction. PP had a loyalty index of 6,85 while PPC had 6,00. Even though the difference was only significant on a 9 % level, we find this confusing and hard to understand. One reason however might be, as previously mentioned by one of our respondents, that company comments were not coherent with the view of an expensive watch brand. If connecting this to the snob effect that suggests you want to be identified with the rich (Leibenstein, 1950), maybe it could be so that comments from the company do not signal exclusivity and therefore dilute this effect. However we find it hard to draw any strong conclusions based on this why further research is needed on the issue.

Moreover, we anticipated that satisfaction would also be affected by company comments but no significant difference was found between group NN and NNC. Plenty of research suggest that loyalty is affected by other factors than satisfaction, (Oliver R. L., 1999) (Brakus, Schmitt, & Zarantonello, 2009) and in our survey these questions were directly applicable to the watch purchased, which is why we do not find it surprising that satisfaction didn't increase by comments from the company as much as loyalty did.

To conclude, the outcome from the fourth hypothesis shows that a company engaging in customer opinions online have a profound effect on loyalty as well as the attitude towards the brand in the case when customers are disappointed to a strong degree. However, the finding that comments had an opposite effect when customers are very satisfied was confusing and ambiguous to understand. Nonetheless, it provides useful advice for how companies should approach their customers online. This compelling finding is also somewhat supported by Dan Landin, Åkestam Holst. He said that the view of social media as a cheap and easy way of communicating is wrong and that you have to have a thoughtful plan if you want to use it; "It must be an integrated part of your overall marketing message." This is something that is further discussed by (Barwise & Meehan, 2010) where they stress the importance of using social media as a supplement to the overall marketing message. They claim that the idea of Internet as an exterminator of more traditional forms of marketing is wrong. Instead they argue that social media makes it more urgent than ever that companies get the basics right, developing and delivering on a compelling brand promise. A risk we addressed earlier was passiveness to the fast change, but an equal less obvious risk they claim, is to get distracted by social media and lose sight of the fundamentals.

We therefore claim that the online-landscape is not free of hazards, why companies must put more emphasis on building a suitable "map" before entering. With support from literature we argue this is preferably done by understanding your own brand promise and customer needs, why initially "listening" to the digital-voice is a good start.

### 5.3 **CONCLUDING DISCUSSION**

The purpose of this thesis was to come to an understanding of how satisfaction and loyalty are affected by other customers' opinions in the post purchase stage, as well as understand if a company can affect this. Through our experiment we have shown that our participants were affected to a strong degree and that a company can affect this by engaging online. However, the "jungle" in the new landscape of Internet is not free of hazards and companies should watch their steps when entering. But, to stay passive is not a matter of choice we claim, which is why companies should start working today with a thoughtful plan of how to grasp the opportunities ahead. When doing so it's essential to think through the basics behind their brand and understand how to deliver a trustworthy promise. A good idea is therefore to start by exploring the online-landscape by listening to the digital-voice and build from there.

### 5.4 SUGGESTIONS FOR FURTHER RESEARCH

We have demonstrated that digital WOM is important when reviewing opinions in the post-purchase stage. However we can only prove its importance when buying an expensive watch, why more research in this field regarding other products would be interesting and supplement our findings. Furthermore the effect of comments from a company only seemed to improve loyalty and brand perception if customers had high levels of cognitive dissonance due to dissatisfaction. Is this also the case with other types of products, where the level of involvement is less? Maybe this type of interaction would work differently for brands that are less exclusive, and have a greater impact since it could be more in line with their overall brand positioning. A study focusing on how brand perception is connected to suitable online activities would therefore complement our research and further add to the knowledge of how to maneuver in the new landscape online.

#### We finish with a quotation presented initially;

"Managers may hesitate to engage with media that any middle-school student can access. But if you fail to adapt to and use your adversaries' best tactics, you cede the field of battle."

## **BIBLIOGRAPHY**

#### LITERATURE

- Blackwell, R. D., Engel, J. F., & Miniard, P. W. (2006). Consumer Behaviour. In R. D. Blackwell, J. F. Engel, P. W. Miniard, & 10th (Ed.), *Consumer Behaviour* (p. 300). Ohio: Mason.
- Festinger, L. (1957). A theory of cognitive dissonance. Raw, Petterson and Company.
- Malhotra, N. K. (2007). Marketing Research: An Applied Orientation. Prentice-Hall.
- Meerman Scott, D. (2009). *The New Rules of Marketing and PR: How to Use News Releases, Blogs, Podcasting, Viral Marketing & Online Media to Reach Buyers Directly.* Hoboken, New Jersey: John Wiley & Sons.
- Oliver, R. L. (1997). Satisfaction: A Behavioral Perspective on the Consumer. New York: McGraw-Hill.
- Schacter, D. L. (1996). *Searching for memory: the brain, the mind, and the past.* New York: Basic Books.
- Skärvad, & Lundahl. (1999). Utredningsmetodik för samhällsvetare och ekonomer. Studentlitteratur.
- Gladwell, M. (2000). *The Tipping Point: How Little Things Can Make a Big Difference*. Little Brown.
- Söderlund, M. (2005). *Mätningar och mått i marknadsundersökarens värld*. Malmö, Sweden: Liber ekonomi.

#### REPORTS

- Findahl, O. (2009). *Unga Svenskar och Internet 2009.* Stockholm: Stiftelsen för Internetinfrastruktur.
- Microsoft Advertising . (2010). *New Shopper Journeys Europe 2010.* Microsoft Advertising;Carat.

Wirthlin Worldwide. (2003). *Customer Satisfaction: where is the ROI?* Reston: Wirthlin Worldwide.

#### **O**THER PRINTED SOURCES

- Barwise, P., & Meehan, S. (2010, Dec ). The One Thing You Must Get Right When Building a Brand. *Harvard Business Review*, 88 (12), 80-84.
- Belk, R. W. (1988, Sep). Possessions and the Extended Self. *Journal of Consumer Research*, *15*(2), 139-168.
- Bone, P. F. (1992). Determinants of Word-Of-Mouth Communications During Product Consumption. *Advances in Consumer Research*, *19*(1), 579.
- Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009, May ). Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? *Journal of Marketing*, *73*(3), 52-68.
- Braun, K. A. (1999, Mar ). Postexperience Advertising Effects on Consumer Memory. *Journal of Consumer Research*, *25*(4), 319-334.
- Braun-LaTour, K. A., LaTour, M. S., Pickrell, J. E., & Loftus, E. F. (2004). How and when Advertising Can Influence Memory for Consumer Experience. *Journal of Advertising*, *33*(4), 7-25.
- Brown, J. J., & Reingen, P. H. (1987, Dec). Social Ties and Word-of-Mouth Referral Behavior. *Journal of Consumer Research*, 14(3), 350-362.
- Christensen, L. T., Firat, A. F., & Torp, S. (2008). The organisation of integrated communications: toward flexible integration. *European Journal of Marketing*, *42*(3/4), 423-452.
- Court, D., Elzinga, D., Mulder, S., & Vetvik, O. J. (2009). The consumer decision journey. *McKinsey Quarterly*(3), 96-107.
- Dahlén, M., Rosengren, S., & Törn, F. (2008, Sep ). Advertising Creativity Matters. *Journal of Advertising Research*, 48(3), 392-403.
- Dichter, E. (1966, Nov/Dec). Effects of Word-of-Mouth and Product-Attribute Information on Persuasion: An Accessibility-Diagnosticity Perspective. *Harvard Business Review*, 44(6), 147-166.

- Donnelly Jr., J. H., & Ivancevich, J. M. (1970). Post-Purchase Reinforcement and Back-Out Behavior. *Journal of Marketing Research*, 7(3), 399-400.
- Duncan, T., & Moriarty, S. E. (1998, Apr ). A Communication-Based Marketing Modei for Managing Reiationships. *Journal of Marketing*, *62*(2), 1-13.
- Edelman, D. C. (2010, Dec). Branding in the Digital Age. *Harvard Business Review*, 80(12), 62-69.
- Engel, J. F. (1963, Apr). Are Automobile Purchasers Dissonant Consumers? *Journal of Marketing*, *27*(2), 55-58.
- Frenzen, J., & Nakamoto, K. (1993, dec). Structure, Cooperation, and the Flow of Market Information. *Journal of Consumer Research*, *20*(3), 350-375.
- Gaines-Ross, L. (2010, Dec). Reputation Warfare. Harvard Business Review, 88(12), 70-76.
- Gallagher, K., Parsons, J., & Foster, K. D. (2001, Jul/Aug). A Tale of Two Studies: Replicating "Advertising Effectiveness and Content Evaluation in Print and on the Web". *Journal* of Advertising Research, 71-81.
- Gatignon, H., & Robertson, T. S. (1985, Mar ). A Propositional Inventory for New Diffusion Research. *Journal of Consumer Research*, *11* (4), 849-867.
- Hart, C. W., Heskett, J. L., & Sasser Jr., W. E. (1990, Jul/Aug). The Profitable Art Of Service Recovery X. *Harvard Business Review*, *68*(4), 148-156.
- Herr, P. M., Kardes, F. R., & Kim, J. (1991, Mar). Effects of Word-of-Mouth and Product-Attribute Information on Persuasion: An Accessibility-Diagnosticity Perspective. *The Journal of Consumer Research*, 17(4), 454-462.
- Hess Jr., R. L., Ganesan, S., & Klein, N. M. (2003, Mar ). Service Failure and Recovery. *Journal* of the Academy of Marketing Science, 31(2), 127-145.
- Hunt, S. D. (1970, Jul). Post-transaction Communications and Dissonance Reduction. *Journal of Marketing*, *34*(3), 46-51.
- Jamal, A., & Anastasiadou, K. (2009). Investigating the effects of service quality dimensions and expertise on loyalty. *European Journal of Marketing*, *43*(3/4), 398-420.

- Laroche, M., Yang, Z., McDougall, G. H., & Bergeron, J. (2005). Internet versus bricks-and-mortar retailers: An investigation into intangibility and its consequences. *Journal of Retailing*, *81*(4), 251-267.
- Leibenstein, H. (1950). Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand. *Quarterly Journal of Economics*, 64(2), 183-207.
- Mao, W., & Oppewal, H. (2010). Did I choose the right university? How post-purchase information affects. *Australasian Marketing Journa cognitive dissonance, satisfaction and perceived service quality, 18,* 28–35.
- Mason, R. (1984). Conspicuous Consumption: A Literature Review. *European Journal of Marketing*, *18*(3), 26-39.
- McCollough, M. A., Berry, L. L., & Yadav, M. S. (2000, Nov). An Empirical investigation of Customer Satisfaction After Service Failure and Recovery. *Journal of Service Research*, 3(2), 121-137.
- Montgomery, C., & Barnes, J. (1993). POSTDIS: A short rating scale for measuring post purchase dissonance. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 6*, 203-216.
- Oliver, R. L. (1980, Nov). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, *17*(4), 460-469.
- Oliver, R. L. (1999, Oct). Whence Consumer Loyalty? Journal of Marketing, 63(4), 33-44.
- Ramani, G., & Kumar, V. (2008, Jan ). Interaction Orientation and Firm Performance. *Journal of Marketing*, *72*(1), 27-45.
- Reichheld, F. F. (2003, Dec ). The One Number You Need. *Harvard Business Review*, 81(12), 46-54.
- Roe, B. E. (2009, Dec). Internal and External Validity in Economics Research: Tradeoffs between Experiments, Field Experiments, Natural Experiments and Field Data. *American Journal of Agricultural Economics*, 91(1), 1266-1271.

- Smith, A. K., Bolton, R. N., & Wagner, J. (1999). A Mo(del of Customer Satisfaction with Service Encounters Involving Failure and Recovery. *Journal of Marketing Research*, 36 (3), 356-372.
- Spenner, P. (2010, Dec ). Why You Need a New-Media "Ringmaster". *Harvard Business Review*, *88*(12), 78-79.
- Truong, Y. (2010). Personal aspirations and the consumption of luxury goods. *International Journal of Market Research*, *52*(5), 653-671.
- Urban, G. L. (2005). Customer Advocacy: A New Era in Marketing? . *Journal of Public Policy* & *Marketing*, *24*(1), 155-159.
- Wang, K.-Y., Liang, M., & Peracchio, L. A. (2011, Aug ). Strategies to offset dissatisfactory product performance: The role of post-purchase marketing. *Journal of Business Research*, 64(8), 809-815.
- Weilbacher, W. M. (2003, Jun ). How Advertising Affects Consumers. *Journal of Advertising Research, 43* (2), 230-234.

#### **INTERNET SOURCES**

- The Marketing Leadership Council. (2010, 04 08). *The Marketing Leadership Council*. Retrieved 04 12, 2011, from mlc.executiveboard.com: http://mlcwideangle.exbdblogs.com/2011/04/08/post-purchase-research-%e2%8 0%93-who-what-and-why/?utm\_source=feedburner&utm\_medium=feed&utm\_cam paign=Feed%3A+exbdblogs%2Fmlcwideangle+%28MLC+Wide+Angle%29
- *Internet World Stats.* (n.d.). Retrieved 04 12, 2011, from www.Internetworldstats.com: http://www.Internetworldstats.com/stats.htm

## APPENDIX:

## **APPENDIX 1A: POSITIVE SCENARIO**

"Du har precis besökt din bästa vän på andra sidan jorden. På flygplatsen på väg hem har du lite extra tid att spendera på shopping som du inte hunnit med under resan. Du ser en klocka i en monter som är snygg och läcker som du blir intresserad av. Även om den är dyr bestämmer du dig för att slå till. På planet på väg hem känner du dig nöjd med ditt köp. Klockan känns gedigen, har ett snyggt spänne och en tuff länk. På handleden känns tyngden också perfekt, inte för tung men inte heller billigt lätt. Du somnar med en härlig känsla i kroppen efter den lyckade resan och det fina klockköpet.

Väl hemma får du höra talas om ett nytt Internetforum för produkter där du snabbt och enkelt kan få en uppfattning av produkter genom att besökare skriver recensioner och "likear" produkter. Eftersom du egentligen inte har någon bild av hur klockan uppfattas av andra än dig själv blir du nyfiken att kolla vad som sägs om din nya klocka.

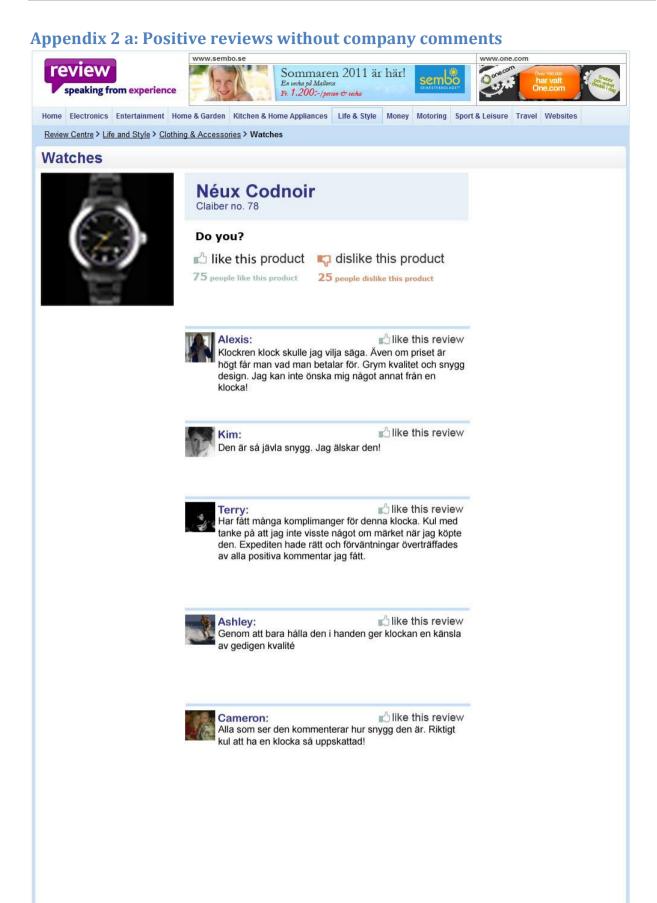
Vänd blad och föreställ dig att du är på hemsidan. Läs kommentarerna och gå sedan vidare till frågarna på sidan 3–4."

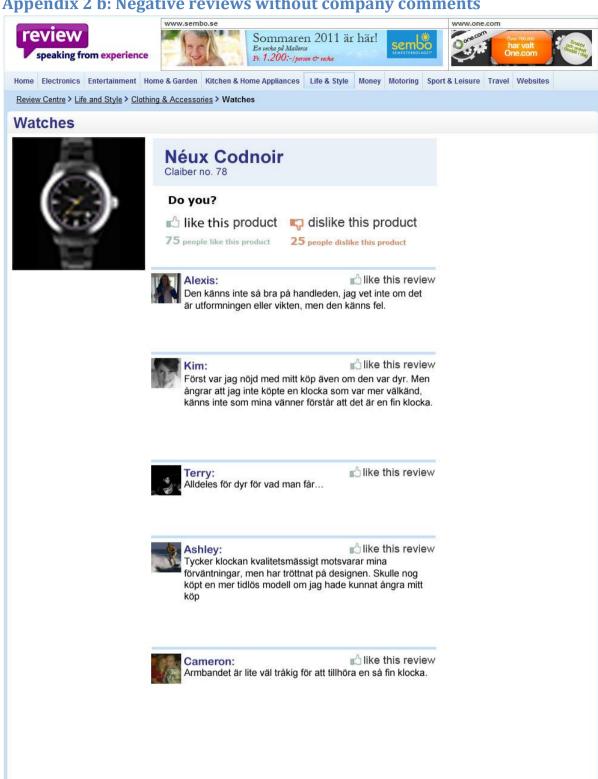
## **APPENDIX 1B: NEGATIVE SCENARIO**

"Du har precis besökt din bästa vän på andra sidan jorden. På flygplatsen på väg hem har du lite extra tid att spendera på shopping som du inte hunnit med under resan. Du ser en klocka i en monter som är snygg och läcker som du blir intresserad av. Även om den är dyr bestämmer du dig för att slå till. På planet på väg börjar du fundera om det inte var ett förhastat köp. Känns klockan verkligen så gedigen? Du tycker spännet inte var SÅ snyggt som du förs tyckte och länken är något mesig. På handleden känns inte heller tyngden helt perfekt, är den inte för lätt? Du somnar med blandade känslor, glad efter den lyckade resan men osäker om det var rätt att köpa klockan.

Väl hemma får du höra talas om ett nytt Internetforum för produkter där du snabbt och enkelt kan få en uppfattning av produkter genom att besökare skriver recensioner och "likear" produkter. Eftersom du egentligen inte har någon bild av hur klockan uppfattas av andra än dig själv blir du nyfiken att kolla vad som sägs om din nya klocka.

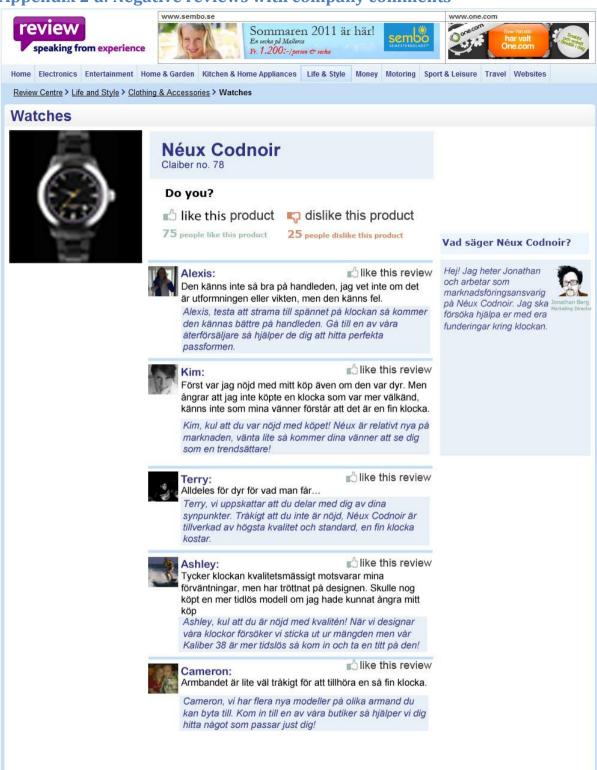
Vänd blad och föreställ dig att du är på hemsidan. Läs kommentarerna och gå sedan vidare till frågarna på sidan 3–4."







#### Appendix 2 c: Positive reviews with company comments



#### Appendix 2 d: Negative reviews with company comments

## Appendix 3 The questionnaire:

Ringa in den siffran som du tycker stämmer bäst överens med vad du tycker.

			Frag	or som a	ivser Kic	<u>оскаћ.</u>			
A.	Hur nöjd är d <b>Missnöjd</b>	u med dit	t köp?						Nöjd
	1	2	3	4	5	6	7	8	9
В.	Hur nöjd är d	u med pr	odukten?						
	Missnöjd	·							Nöjd
	1	2	3	4	5	6	7	8	9
C.	Om du skulle	tappa/bli	ir av med k	lockan och	din försäl	kring täcke	r skadan. H	lur sannol	ikt tror du
	det är att du					-			
	Osannolikt								Sannolikt
	1	2	3	4	5	6	7	8	9
D.	Hur sannolikt	: är det at	t du skulle	rekommer	idera deni	na produkt	för en vän	?	
	Osannolikt								Sannolikt
	1	2	3	4	5	6	7	8	9
			<u>Frågor</u>	som avs	er klock	märket.			
_		<b>6</b> 11							
E.	Vad anser du	om föret	aget bakor	n klockan?					Turker
	Tycker								Tycker
	inte om 1	2	3	4	5	6	7	8	bra om 9
	I	2	J	4	J	0	/	0	5
_									
F.						-	r skadan. F	lur sannol	ikt tror du
	det är att du Osannolikt	koper en	KIUCKA ITAI	1 <u>Samma 10</u>	retag iger	l f			Sannolikt
	1	2	3	4	5	6	7	8	9
	Ŧ	2	J	+	J	0	,	0	5

## Frågor som avser klockan.

#### Frågor som avser Internetanvändande

G. Innan du köper en dyrare produkt – hur ofta brukar du ta hjälp av Internetsidor där du kan läsa recensioner och omdömen om produkten.

	Aldrig								Alltid
	1	2	3	4	5	6	7	8	9
H.	<u>Efter</u> du ha recensione				ofta brukar	du besöka	Internetsid	or där du k	kan läsa
	Aldrig								Alltid
	1	2	3	4	5	6	7	8	9
ī	Vad anser o	lu om Inte	ernetsidor (	lär du kan l	äsa recensi	oner och o	mdömen o	m produkt	er

I. Vad anser du om Internetsidor där du kan läsa recensioner och omdömen om produkter.

Plottrig								Tydlig
1	2	3	4	5	6	7	8	9
Svår att								Användar-
navigera								vänlig
1	2	3	4	5	6	7	8	9
Opålitliga								Trovärdiga
recensioner								recensioner
1	2	3	4	5	6	7	8	9

- J. Har du Facebook?
  - JA Nej 1 2

Om du inte har Facebook hoppa till fråga O.

K. Hur ofta besökte du Facebook senaste månaden? (både via mobilen och datorn)

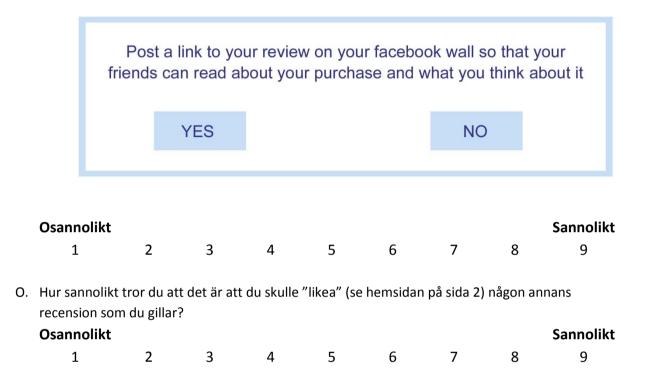
Aldrig		Två-tre gånger				Dagligen		Flera gånger dagligen
1	2	3	4	5	6	7	8	9

L. Hur ofta statusuppdaterar du på Facebook? Inklusive "check in places". Aldrig 1 2 3 4 5 6 7 8 9

M. Hur sannolikt tror du att det är att du skulle skriva en recension själv liknande de du läste på hemsidan? (se hemsidan på sida 2).

Osannolikt								Sannolikt
1	2	3	4	5	6	7	8	9

N. Anta att du skrivit en recension på hemsidan och har Facebook - hur sannolikt tror du att det är att du skulle klicka "ja" i rutan nedan?



P. Anta att du har "likeat" en annans recension - hur sannolikt tror du att det är att du skulle klicka "ja" i rutan nedan?



Q. Hur sannolikt tror du det är att du skulle "likea" produkten i sig (titta till höger om klockan på sida 2)

Osannolikt								Sannolikt
1	2	3	4	5	6	7	8	9

R. Antar att du har likeat produkten - hur sannolikt tror du att det är att du skulle klicka "ja" i rutan nedan?

	Po	ost a link	about yo	our "like"	on your	Faceboo	ok wall				
		YES				N	0				
Osannolil 1	kt 2	3	4	5	6	7	8	<b>Sannolikt</b> 9			
gjort?	Om du har Facebook, hur ofta lägger du upp en statusuppdatering på din wall om ett köp du										
Aldirg 1 Jag är Kvinna Ma 1	2 an 2	3	4	5	6	7	8	Ofta 9			
Min ålder											

## Appendix 4:

S.

т.

U.

All respondents were between the age of 18-28.

Group	Group Mean Age		Female	Visit Facebook daily	
				85,7%	
PP	23	73,9%	26,1%		
PN	22	60,0%	40,0%	78,9%	
NP	22	55,0%	45,0%	78,9%	
NN	23	62,5%	37,5%	75,0%	
РРС	23	55,0%	45,0%	95,0%	
PNC	22	50,0%	50,0%	77,8%	
NPC	22	54,5%	45,5%	95,2%	
NNC	22	50,0%	50,0%	81,8%	