

Hutter, Katharina; Mai, Robert

Conference Paper — Accepted Manuscript (Postprint)

Effective Incentives for Buzz Marketing: How Moral Concern Moderates the Willingness to Engage as Buzz Agents

Suggested Citation: Hutter, Katharina; Mai, Robert (2013) : Effective Incentives for Buzz Marketing: How Moral Concern Moderates the Willingness to Engage as Buzz Agents, Proceedings of the 42nd Annual Conference of the European Marketing Academy (EMAC) 2013, June 4th-6th, Istanbul, Turkey, European Marketing Academy, Brussels, http://www.emac2013.org/Emac_2013_Proceedings.pdf

This Version is available at:

<https://hdl.handle.net/10419/96482>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



Effective Incentives for Buzz Marketing: How Moral Concern Moderates the Willingness to Engage as Buzz Agents

**Author: KATHARINA HUTTER - Email: katharina.hutter@tu-dresden.de
University: DRESDEN UNIVERSITY OF TECHNOLOGY**

Track: Advertising, Promotion and Marketing Communications

Co-author(s): Robert Mai (Dresden Technical University)

Access to this paper is restricted to registered delegates of the EMAC 2013 Conference.



Effective Incentives for Buzz Marketing: How Moral Concern Moderates the Willingness to Engage as Buzz Agents

Abstract

Buzz marketing is becoming a more and more relevant topic. Yet, most research is descriptive and does not provide insights into the underlying mechanisms. To overcome this void, the paper provides a causal model of buzz marketing focusing on the motives of potential buzz agents and their effects on the intention to engage in such marketing activities. The results of a survey with 129 young consumers show that the intention to participate is driven by intrinsic as well as extrinsic motives. Still, there is an incremental influence of extrinsic motives. Additionally, the effect of intrinsic motives is moderated by moral concern. Implication for further research and practitioners are given.

Keywords Buzz marketing • intrinsic motives • extrinsic motives • moral concern • PLS

Format Short format (6 pages), EMAC-Style

Track Advertising, Promotion and Marketing Communications

Effective Incentives for Buzz Marketing: How Moral Concern Moderates the Willingness to Engage as Buzz Agents

1. Introduction

In the past years, consumers' perceptions of message trustworthiness have suffered a severe decline. This is particularly true for messages spread by companies (Obermiller et al., 2005). In contrast to that, the credibility of messages spread by friends remains high (Darke, 2007). While only six out of ten consumers are convinced that television commercials tell the truth, nine out of ten show strong beliefs in product references of friends (= word of mouth, WoM) (Nielsen, 2009). To exploit this great potential of peer source credibility and to explore new channels for spreading ad messages, more and more companies apply buzz marketing. Buzz marketing is a form of WoM marketing. It is realized in a "multi-dimensional communication process that involves sending out persuasive messages via buzz agents (senders) to buzz targets (receivers) in the form of WoM conversations (offline and online), and retrieving market research information from buzz agents on the particulars of these buzz marketing experiences" (Ahuja et al., 2007, p. 151). Buzz agents act as authentic product fans convincing their friends to buy the product as well (Hutter & Hoffmann, 2010).

Given that only few papers on buzz marketing were published in recent years, most research is conceptual (e.g., Kennett & Matthews, 2008; Petty & Andrews, 2008) or descriptive in nature employing qualitative approaches (e.g., Ahuja et al., 2007; Carl, 2006). While prior research suggests some motives that may guide buzz marketing participation, this does not help to answer the crucial question of why consumers engage as "magic people" usually without getting paid for disseminating a given message (Walker, 2004; Enright, 2005). Quantitative approaches (e.g., causal models) help to identify the major drivers and to quantify their impact. Marketers need such knowledge in order to design the buzz marketing process most effectively and to take necessary actions. To fill this void, we suggest and empirically test a model that explains how different motives drive consumers' willingness to engage as a buzz agent in future times.

2. Theoretical Background and Hypothesis Development

Companies implementing buzz marketing campaigns can offer various incentives (e.g., free product samples, coupons) to encourage young innovative people to become their buzz-agents (Godes & Mayzlin, 2009). According to Self-Determination Theory (Deci & Ryan, 1985), motivation can be grouped into two dimensions: intrinsic and extrinsic. Intrinsically motivated people perform an activity because they feel inherently interested or enjoyed. Extrinsically motivated people, on the contrary, are stimulated by the outcome of this activity which can be divided into two sub-dimensions, depending on the degree of tangibility (Deci & Ryan, 2000). That is, consumers are motivated by tangible (e.g., money) or intangible (e.g., imagery) aspects. This typology may apply for the context of buzz marketing as well. Table 1 summarizes and categorizes the relevant motives identified in prior research (e.g., Ahuja et al., 2007; Petty & Andrews, 2008).

Table 1: Motives for becoming a buzz agent

<i>Motives</i>	<i>intrinsic activity driven by interest</i>	<i>extrinsic-tangible- activity driven by monetary incentives</i>	<i>extrinsic-intangible activity driven by image incentives</i>
<i>Buzz agent is interested in ...</i>			
<i>... the product.</i>	•		
<i>... the brand.</i>	•		
<i>... free product samples.</i>		•	
<i>... getting a bargain.</i>		•	
<i>... monetary compensation.</i>		•	
<i>... exclusive product information.</i>			•
<i>... positive reputation among friends.</i>			•
<i>... additional contacts.</i>			•

Individuals who have a great interest in a product and who show a strong belief to help others by sharing their product experience may be intrinsically motivated to become a buzz agent. In doing so, they convince relevant others to buy the product or use the service as well. In addition, companies provide extrinsic-tangible incentives in various ways, for example, by offering free product samples, bargains or money to encourage young consumer to become their buzz agent. Extrinsic-intangible incentives are given through information, prestige or contact-seeking such as the “feeling like an insider” by providing up-to date information. According to Self-Determination Theory, people who consider an activity as beneficial in terms of tangible and/or intangible incentives are more motivated to perform this action. That is, those individuals should be motivated to become a buzz agent. Hence, we suggest that:

H1_{a-c} (a) Intrinsic motives, (b) extrinsic-tangible motives, (c) extrinsic-intangible motives have a positive influence on the intention to become a buzz agent.

We expect that these relationships are moderated by other factors. For example, buzz marketing has been subject to criticism due to the fact that agents may disclose their co-operation with a company. For that reason, buzz marketing opponents are concerned with the commercialization of the values “family” and “friendship” and call for clear guidelines for this marketing tactic (e.g., Creamer, 2005; Kennett & Matthews, 2008; Sprague & Wells, 2010). We expect that some potential buzz agents have similar concerns that override their intrinsic motivation. Research on cognitive systems and decision making (Kahneman, 2003) suggests that intuitive judgments and intentions can be modified by a more deliberate mode of mental operation. Thus, corrective thoughts elicited by moral concerns may be able to prevent intrinsically motivated consumers from actually becoming buzz agents. We define moral concerns as ethical doubts to do the right thing when acting as a buzz agent. We expect to find an overriding effect for intrinsic motivation in particular. In this case, two altruistic motives are in conflict. On the one hand, there is the inherent striving to help others, whereas, on the other hand, there are moral concerns. Put more formally, we expect that moral concern moderates the relationship of intrinsic motives on the willingness to engage as a buzz-agent.

H2. Moral concern moderates the influence of intrinsic motives on the intention to become a buzz agent.

3. Methodology

To analyze the key motives, we conducted a survey among 129 potential buzz agents. Respondent age ranges from 18 to 28 years (54 % female; 22.4 years on average, SD = 2.3). To ensure a sound understanding of the buzz-marketing concept, we created a scenario explaining the concept and a fictive company actually looking for buzz agents. After the subjects read the scenario, they answered a brief questionnaire capturing four relevant constructs: in-

trinsic motives, extrinsic-tangible motives, extrinsic-intangible motives, moral concern, and willingness to become a buzz-agent.

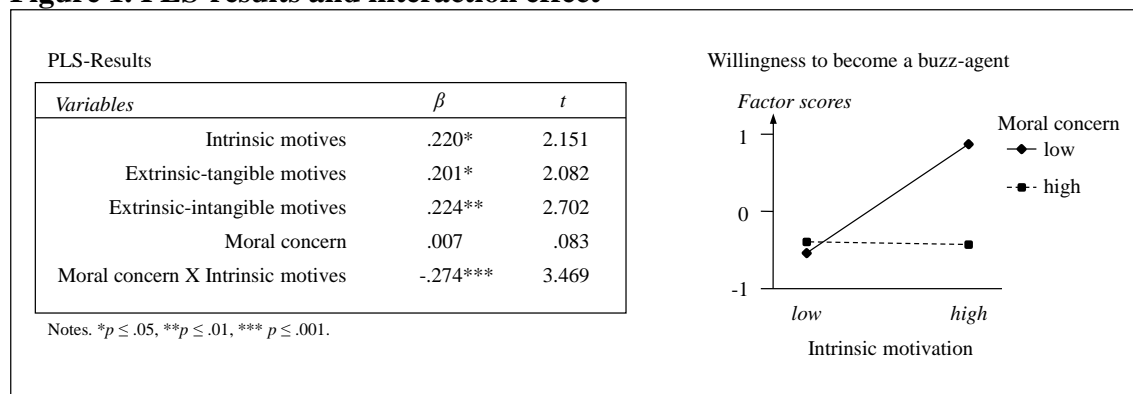
The three motives were operationalized by the aspects illustrated in Table 1 (“*I would become a buzz agent, because I am interested in (1) the product [...] (8) additional contacts.*”). Moral concern was assessed using three items: “*It is unethically to act as a buzz agent.*”, “*I think it is irresponsible to become a buzz agent.*”, and “*I would have a moral problem to act as a buzz agent.*” The dependent variable was operationalized by the item “*I would like to become a buzz agent.*” All items were measured on seven-point rating scales (1 = completely disagree, 7 = completely agree).

4. Results

We analyzed the data applying partial least squares (PLS) path modeling (Hair, Ringle, and Sarstedt, 2011; Wold, 1982) using the software SmartPLS 2.0 (Ringle, Wende, and Will, 2005). The PLS analysis shows that the empirical data fits the model well. Factor loadings exceed the .7 threshold. Cronbach’s α and composite reliability (CR) exceed the required levels of $\alpha \geq .7$ and $CR \geq .6$. The average variance extracted (AVE) exceeds .5 for all constructs (Bagozzi & Yi, 1988). Moreover, the Q^2 values of the Stone-Geisser-criterion are consistently greater than zero (intention to become a buzz agent: $Q^2 = .47$), indicating that the model has predictive relevance (Chin, 1998). As the Fornell/Lacker-criterion suggests, discriminant validity is given.

The bootstrapping procedure indicates that most coefficients of the structural model are highly significant. Participation intention is explained well ($R^2 = .51$). As Figure 1 demonstrates, intrinsic and extrinsic motivation influence the intention to become a buzz agent. This supports H1_{a-c}. Extrinsic-tangible aspect such as an interest in free product samples and monetary compensation ($\beta = .201, p \leq .05$) have a slightly weaker influence than extrinsic-intangible aspect such as exclusive information and reputation ($\beta = .224, p \leq .01$). Interestingly, moral concern moderates the impact of intrinsic motivation on buzz-intention ($\beta = -.274, p \leq .001$), supporting H2. Strong moral concerns override the positive influence of intrinsic motivation completely. Surprisingly, moral concern has no direct impact on the intention to become a buzz-agent.

Figure 1. PLS-results and interaction effect



5. Summary and Implications

The present paper shows that both intrinsic and extrinsic motives have an impact on the intention to become a buzz agent. Furthermore, the results confirm a negative and highly significant moderating effect of moral concern on the impact of intrinsic motives on buzz intention. Thus, moral concern modifies intrinsic motivation. Intrinsically motivated people with strong

moral concerns about buzz marketing will refrain from becoming a buzz-agent. The paper provides evidence that incentives for buzz agents are more complex than originally thought and marketing research has to take into account a second important dimension (moral concern) when analyzing buzz marketing.

The results of this study give useful hints to marketing managers as well. Both intrinsic and extrinsic motives should be considered when recruiting buzz agents. Companies can control extrinsic motivation much more easily than intrinsic motivation. In fact, extrinsic-intangible motives, such as exclusive information or getting new contacts, play an important role for potential buzz agents. Thus, for marketing managers it is important to mention extrinsic-intangible incentives in buzz agent postings (e.g., advertise the positive reputation among friends and new contacts due to the agent's activity). Nevertheless, intrinsically motivated buzz agents (as real product fans) are valuable to companies because they are convincing and reliable and they do not expect to be paid in any form. However, managers should keep in mind that intrinsically motivated young consumers will refrain from acting as buzz agents once they feel moral doubt, irrespective of their positive inner feelings about the company or brand. Managers should therefore avoid creating moral concerns. Such concerns are not easy to overcome once they come up.

Our study starts to answer the fundamental question of which motives guide the intention to become a buzz agent. Future studies need to test generalizability of our findings. Furthermore, other moderating variables may be identified such as product category and buyer characteristics (e.g., sensation seeking). For example, innovative technologies (e.g., mobile phones) might be more appealing to potential buzz agents than less innovative products (e.g. financial services). To sum up, companies using buzz marketing are well advised to consider moral and ethical aspects when they implement consumers as market researchers, advertisers, distributors, and influencers of other consumer's decision-making (Hutter & Hoffmann, 2010). Because of its striking advantages, the concept will gain further attention by marketers and marketing scholars.

References

- Ahuja, R.D.; Michels, T.A.; Walker, M.M.; Weissbuch, M. (2007): Teen Perceptions of Disclosure in Buzz Marketing, *Journal of Consumer Marketing*, 24 (3), 151-159.
- Bagozzi, R.P.; Yi, Y. (1988): On the Evaluation of Structural Equation Models. *Journal of the Academy of Marketing Science*, 16 (1), 74-94.
- Carl, W.J. (2006): What's all the Buzz About?: Everyday Communication and the Relational Basis of Word-of-Mouth and Buzz Marketing Practices, *Management Communication Quarterly*, 19 (4), 601-634.
- Chin, W.W. (1998): The Partial Least Squares Approach to Structural Equation Modeling. In G.A. Marcoulides (ed.), *Modern methods for business research* (pp. 295-358). Mahwah: Lawrence Erlbaum.
- Creamer, M. (2005): Is Buzz Marketing Illegal? Lawyers Warn of Advertising Law Disclosure Requirements, *Advertising Age*, 70 (40), 6.
- Darke, P.R.; Ritchie, R.J.B (2007): The Defensive Consumer: Advertising Deception, Defensive Processing, and Distrust, *Journal of Marketing Research*, 44 (1), 114-127.
- Deci, E.L.; Ryan, R.M. (1985): *Intrinsic Motivation and Self-determination in Human Behavior*, Plenum, New York.
- Deci, E.L.; Ryan, R.M. (2000): Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions, *Contemporary Educational Psychology*, 25 (1), 54-67.
- Enright, A. (2005): Return to sender, *Marketing News*, 39 (14), 31.

- Hair, J.F.; Ringle, C.M.; Sarstedt, M. (2011): PLS-SEM: Indeed a Silver Bullet. *Journal of Marketing Theory and Practice*, 19 (2), 139-151.
- Godes, D.; Mayzlin, D. (2009): Firm-created Word-of-Mouth Communication: Evidence from a Field Test, *Marketing Science*, 28 (4), 721-739.
- Hutter, K.; Hoffmann, S. (2011b): Guerrilla Marketing. The Nature of the Concept and Propositions for Further Research, *Asian Journal of Marketing*, 5 (2), 39-54.
- Kennett, J.; Matthews, S. (2008): What's the Buzz? Undercover Marketing and the Corruption of Friendship, *Journal of Applied Philosophy*, 25 (1), 2-18.
- Kahneman, D. (2003): A Perspective on Judgment and Choice: Mapping Bounded Rationality, *American Psychologist*, 58 (9), 697-720.
- Nielsen (2009): Consumer Confidence Survey - Trust Advertising Global Report, <http://ch.de.acnielsen.com/pubs/documents/NielsenTrustAdvertisingGlobalReportJuly09.pdf>, last accessed 29th November 2012.
- Obermiller, C.; Spangenberg, E.; MacLachlan, D.L. (2005): Ad Scepticalism: The Consequences of Disbelief. *Journal of Advertising*, 34 (3), 7-17.
- Petty, R.D.; Andrews, J.C. (2008): Covert Marketing Unmasked: A Legal and Regulatory Guide for Practices That Mask Marketing Messages, *Journal of Public Policy & Marketing*, 27 (1), 7-18.
- Ringle, C.M.; Wende, S.; Will, A. (2005): *SmartPLS 2.0 (beta)*, available at <http://www.smartpls.de>.
- Sprague, R.; Wells, M.E. (2010): Regulating Online Buzz Marketing: Untangling a Web of Deceit, *American Business Law Journal*, 47 (3), 415-454.
- Walker, R. (2004): The Hidden (in Plain Sight) Persuaders, *The New York Times Magazine*, 5th December, 68-75.