Chapter 21
Understanding Consumer Recommendation Behavior

Wen-Kuo Chen
Chaoyang University of Technology, Taiwan

Heng-Chiang Huang
National Taiwan University, Taiwan

Seng-Cho T. Chou
National Taiwan University, Taiwan

ABSTRACT

Research shows that the use of mobile phone services is surprisingly low because users would not like to pay money without first using services. We consider that a customer is not only a service user, but also the partner of a firm. Therefore, this chapter investigates how the users recommend mobile phone services to other potential customers based on their experiences. We focus on two determinants of customer recommendation behavior, namely, overall satisfaction and flow experience. We also propose a number of hypotheses related to the constructs of overall satisfaction, and test them using data provided by 3G mobile service subscribers. The results contribute to our understanding of how customers are willing to make recommendations to others. Besides increasing customer satisfaction, we should consider a mediating factor—users' flow experiences. Our findings provide empirical support for most of the hypotheses. The theoretical and practical implications of our findings are also discussed, and suggestions for further research are offered.

INTRODUCTION

Evaluating the adoption and usage of information and communication technology (ICT) has been a critical research issue in MIS field. A large body of research of ICT (e.g., e-mail, Internet, Web, e-services, m-services) has attempted to develop models for understanding and predicting the individuals' technology access using context (e.g., Nysveen et al., 2005). The most important ICT for users in everyday life is the mobile phone because mobile phones are personal communication devices that many people carry with in daily life (Aaltonen et al., 2005). Recently, a mobile phone has equipped with wireless techniques (e.g., 3G, 3.5G, WiFi) that become a new mobile service platform to deliver

information and services from service providers to receivers.

Mobile telecommunications companies derive important revenues from mobile voice call and obtain additional revenues from data transformation (m-services). Prior research has developed models for examining the m-service acceptance (e.g., Nysveen et al., 2005). Nevertheless, the reason of the low penetration rate of mobile phone services of consumers (Tsai, 2007) is that they would not like to pay money without first using mobile phone services (TNS, 2007).

Recommendation by positive word-of-mouth is increasingly seen as a marketing tool that generates the greatest benefit for supplier firms (Morgan & Rego, 2006; Reichheld, 2006). There is evidence that recommendations have a strong influence on consumer choice, particularly in the pre-purchase stage (East et al., 2005). It stands to reason that in a purchase decision-making context, consumers rely on customer recommendations rather than marketing content or advertising by the provider (Biyalogorsky et al., 2001). Therefore, since present customers can be good sales people, customer recommendations may be considered an important driver for diffusing mobile phone services.

This chapter is important for a variety of reasons. First, it addresses an extremely important topic in the field of IS and marketing. Customer recommendation is an important driver for the diffusion of mobile phone services. Then, how do we urge the customer recommendation to others? Second, we develop and test a more comprehensive model of several key customer perceptions.

Next, we review the relevant literature and develop our research model and hypotheses. Then, we describe the methodology, report the results of our analysis, and consider the implications of the results. We conclude the chapter with a discussion of the contributions and limitations of the present study and make suggestions for future research.

BACKGROUD

Conceptual Framework and Research Hypotheses

The model (see Figure 1) then illustrates a series of relationships that we propose to explain what kind of determinants influence consumers to recommend mobile phone services to others.

Determinants of Customer Recommendations

A number of studies seek to explore the determinants of consumer recommendations (Brown et al., 2005; Shabbir et al., 2007; Pousttchi and Wiedemann 2007). The majority of work suggests that consumer post-purchase responses are the key underlying antecedents of customer recommendations. In particular, most researchers note that satisfied customers are willing to recommend services to others (e.g. Palmatier et al., 2006; Morgan & Rego, 2006). On the other hand, Csikszentimihalyi (1990) proposes that flow experience emphasizes an individual's subjective experience state made by interacting with activities that may also act as a kind of post-purchase responses. Hence, besides customer satisfaction, we posit that flow experience is important to the study of customer recommendation behavior.

Satisfaction, Customer Recommendations, and Flow Experience

The customer recommendations construct derives from word-of-mouth. Word-of-mouth may be categorized as positive, neutral, or negative. Chung and Darke (2006) noted that positive word-of-mouth occurs when consumers are willing to recommend services to others. Moreover, word-of-mouth also impels potential customers to seek advice or actual customers to give advice (East et al., 2005). Thus, using the term

Related Content

An Empirical Study of Factors Influencing Consumer Attitudes towards SMS Advertising
Pradeep Dharmadasaand Thilini Alahakoon (2014). *International Journal of Online Marketing (pp. 1-13).*
www.irma-international.org/article/an-empirical-study-of-factors-influencing-consumer-attitudes-towards-sms-advertising/119678

The Right Internet Advertising Format (RIAF)
 (2012). *Online Advertising and Promotion: Modern Technologies for Marketing (pp. 185-201).*
www.irma-international.org/chapter/right-internet-advertising-format-riaf/64980

The Evolution of Trust in Japan: The Case of Vertical Keiretsu Groups
Nabyla Daidj (2014). *Strategic Marketing in Fragile Economic Conditions (pp. 22-42).*
www.irma-international.org/chapter/the-evolution-of-trust-in-japan/113646

Social Media Influencer Endorsement: How Attitude Towards Endorsement Affects Brand Attitude
Lakshmi Satya Rayasamand Varsha Khattri (2022). *International Journal of Online Marketing (pp. 1-14).*
www.irma-international.org/article/social-media-influencer-endorsement/299403

Mimetic Desire as Illustrated in The Joneses
David J. Burns (2019). *Multifaceted Explorations of Consumer Culture and Its Impact on Individuals and Society (pp. 58-72).*
www.irma-international.org/chapter/mimetic-desire-as-illustrated-in-the-joneses/214165