

# ANTECEDENTS OF E-REFERRALS: A STUDY ON MOBILE BANKING APPLICATIONS

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## ABSTRACT

The present study contributes to the subsisting literature on Word-of-Mouth by identifying the demographic and behavioural factors that motivate people towards making e-referrals of mobile banking applications. Also the influence of incentives and incentive amount is measured. The data for the study is collected from 120 respondents. The results suggest that education, age, satisfaction, trust, involvement, existing word-of-mouth, usefulness, credibility, incentive and incentive amount positively influence a customer's choice of referring people electronically.

**Keywords:** E-referrals, mobile banking applications, demographic factors, behavioural factors, incentives

## INTRODUCTION

Over the years, advertising has taken different forms. Amidst the changing forms of advertisements, Word-of-Mouth (WOM) communication has been the oldest and finest ways of acquiring customers (Ahrens et al., 2013). WOM is one form of advertisement that has turned into a basic form of distribution of

views (Ahmad et al., 2014). With refinements in technology, WOM communication has taken a shift to a bigger platform. The WOM communication that most marketers are now concerned about is electronic WOM (e-WOM). Electronic referral (e-referral) is one form of e-WOM. E-referrals have turned out to be the new trend in marketing. E-referral is a device to acquire customers effectively through WOM (Ahrens et al., 2013). It encourages customers to refer the service to others because against each referral there is a benefit attached.

WOM communication has touched wide aspects of marketing literature. Literatures on WOM communication suggest it to be beneficial than other forms of advertisements. Literatures have strongly suggested that WOM advertising is better than advertisements through traditional media (Cheung & Thadani, 2012). Literatures on online WOM started from the late 1950's (Katz & Lazarfeld, 1955). Traditional form of WOM is when consumers privately share their experience. When this is done with the help of internet, it becomes E-WOM. E-WOM differs in the sense that it involves no face-to-face interaction and might be made to people who are not necessarily searching for it

(Jalilvand et al., 2011). Literatures in present times are highly directed on E-WOM and its impact (Burtch & Hong, 2014). Research had stated that '70 percent of the population view for product or service feedbacks online and 49 percent of them use this information before making a purchase' (DEI Worldwide, 2008). A study by Greene (2009) showed 'online information seekers claim that information provided by consumers through social media sites is more valuable than the information provided by marketers.' E-WOM contributes in influencing human behaviour (Fileri et al., 2018). More recently, companies have started resorting to the technique of granting rewards to consumers for making E-WOM. Referral Reward Programs (RRPs) are initiatives to engage a customer by incentivizing the present customers for referring the product or service to others through internet (Wirzt et al., 2018). Literatures have found a positive relation between incentives and customer referral motivation (Ryu and Feick, 2007). Researches over the years have identified different drives of customer engagement in WOM and referrals. Factors like consumer involvement with the product or service, their satisfaction, loyalty and commitment for the brand or the product have been studied in marketing literatures as antecedents of WOM and referrals (DeMatos and Rossi, 2008). Few studies have also cited the existence of psychological factors like self enhancement, social bonding in a person's choice of generating WOM or referrals (Dose et al., 2019). Vast literatures also support that financial incentives motivate consumers in making more WOM communication and referrals (Ryu and Feick, 2007).

The study aims to assess the factors that influence people to make referrals of mobile banking applications. Literatures on mobile banking and e-WOM have indicated that there is a glaring gap in the research of e-referrals with regard to the mobile banking application. Studies identifying the factors that drive people towards the e-referrals of mobile banking applications have not been detected. A composition of demographic, behavioural and incentive motives that influence people towards sending e-referrals of mobile banking applications have not been identified. Also there is a gap with regard to the area of study. No prior studies were found on e-referrals in Assam.

## OBJECTIVES

1. To determine factors influencing people towards e-referrals.
2. To assess if incentives through e-referrals has an impact on the receivers intention to use.

## RESEARCH METHODOLOGY

The present research uses descriptive research design. The data for the study is collected through survey. Questionnaire is used as the research instrument. Data is collected from 120 samples. The samples for the study are selected through judgement sampling technique. Primary data has been collected from Tezpur, Assam. For the present study, only those respondents are selected who use mobile banking applications. The data collected is analysed using Statistical Package for Social Science (SPSS). The data is analysed using spearman's rank correlation, chi-square test and one-way analysis of variance.

## DATA ANALYSIS AND FINDINGS

Out of the 120 respondents surveyed, most of the respondents (40.8%) are in the age group of 20-30 which is in agreement with Indian's population which consist mostly of youth adults, 56 are females and 64 are males. Regarding educational qualification, most of them (48) are post-graduates while a few (8) are HSLC passed. Though an attempt was made to cover respondents from urban and rural areas on an equal basis, yet most of the respondents (72) are from urban localities.

## DEMOGRAPHIC FACTORS AS INFLUENCER TOWARDS E-REFERRALS

Chi-square test is applied to determine the relation between gender, education and place of stay with making e-referrals. One way analysis of variance is conducted to check if there is any

relation between age and making e-referrals. To determine the influence of demographic factors on e-referrals, four hypotheses are formulated.

$H_{01}$ : There is no association between gender and making e-referrals

$H_{02}$ : There is no association between education and making e-referrals

$H_{03}$ : There is no association between place of stay and making e-referrals

$H_{04}$ : There is no significant difference across the means of different age groups in making e-referrals

$$H04: \mu1 = \mu2 = \mu3 = \mu4 = \mu5$$

The results show that there is no relation between gender and place of stay with making e-referrals. However, results have shown significant relationship between education and age with making e-referrals. The results are shown in Table 2 and Table 3 below.

**Table no. 2: Chi-square test analysis for demographic factors**

	Value	Df	Asymp.Sig.
<b>1. Gender</b>			
Pearson Chi square	7.480a	8	.486
Likelihood ratio	6.498	8	
No. of valid cases	120		
<b>2. Education</b>			
Pearson Chi square	23.015a	12	.028
Likelihood ratio	25.288	12	
No. of valid cases	120		
<b>3. Place of Stay</b>			
Pearson Chi square	2.287a	4	.683
Likelihood ratio	2.278	4	
No. of valid cases	120		

Source: Field Survey (Result generated in SPSS)

**Table no. 2: One way analysis of variance for demographic factor (age)**

	Sum of squares	Df	Mean Square	F	Sig.
<b>Between Groups</b>	10.303	3	3.434	3.301	.023
<b>Within Groups</b>	120.689	116	1.040		
<b>Total</b>	130.992	119			

Source: Field Survey (Result generated in SPSS)

## BEHAVIOURAL FACTORS AS INFLUENCER TOWARDS E-REFERRALS

Spearman's rank correlation is used to determine the relation between the different behavioural factors and their impact on making e-referrals. To assess the relationship between behavioural factors and making e-referrals, seven hypotheses are formulated.

**H<sub>05</sub>**: There is no significant relation between satisfaction and making e-referrals

**H<sub>06</sub>**: There is no significant relation between credibility and making e-referrals

**H<sub>07</sub>**: There is no significant relation between usefulness and making e-referrals

**H<sub>08</sub>**: There is no significant relation between existing WOM and making e-referrals

**H<sub>09</sub>**: There is no significant relation between trust and making e-referrals

**H<sub>010</sub>**: There is no significant relation between involvement and making e-referrals

**H<sub>011</sub>**: There is no significant relation between good ties with information provider and making e-referrals

The results of the analyses are shown in Table 4 in below.

**Table 4: Spearman's rank correlation for behavioural factors with making e-referrals**

	Correlation co-efficient	Sig. (2-tailed)	N
<b>Satisfaction</b>	.330	.000	120
<b>Credibility</b>	.442	.000	120
<b>Usefulness</b>	.334	.000	120
<b>Existing WOM</b>	.287	.001	120
<b>Trust</b>	.353	.000	120
<b>Involvement</b>	.330	.000	120
<b>Good ties</b>	.165	.072	120

Source: Field Survey (Result generated in SPSS)

Results show that satisfaction, credibility, usefulness, existing WOM, trust and involvement have significant relationship with making e-referrals. No significant relation between good ties with information provider and making of e-referrals is established. However, the significant value ( $p=0.72$ ) appears to be just a little higher than 0.05. This can be attributed to a number of factors not considered in the present context.

## INFLUENCE OF INCENTIVES

Spearman's rank correlation is done to test the influence of incentives on receivers' intention to make e-referrals. To evaluate the second objective of the study, two hypotheses are formulated.

$H_{012}$ : There is no significant relation between incentives and making e-referrals

$H_{013}$ : There is no significant relation between incentive amount and making e-referrals

Results show that satisfaction, credibility, usefulness, existing WOM, trust and involvement have significant relationship with making e-referrals. No significant relation between good ties with information provider and making of e-referrals is established. However, the significant value ( $p=0.72$ ) appears to be just a little higher than 0.05. This can be attributed to a number of factors not considered in the present context.

Results in Table 5 below show that incentives influence people in making e-referrals. Spearman's rank correlation is also done to assess if incentive amount influences people in generating e-referrals. Results as depicted in Table 5 below show that there is a significant relation between incentive amount and making e-referrals.

**Table 5: Spearman's rank correlation for incentive motivation and incentive amount**

	Correlation Co-efficient	Sig. (2 tailed)	N
<b>Incentive</b>	.316	.000	120
<b>Incentive amount</b>	.145	.014	120

Source: Field Survey (Results generated in SPSS)

## CONCLUSION

This study contributes further to the marketing literature by effectively finding out the relationship between demographic variables and e-referrals, behavioural factors and e-referrals and the influence of incentives and incentive amount on e-referrals. With the study considering the circumstances of only mobile banking applications, the results found can be generalised with regard to a specific direction. At the end of the study, it can thus be fruitfully established as to what are the factors that influence people towards e-referrals of mobile banking applications.

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## APPENDIX-1

Factors	Number of respondents	Percentage	Making e-referrals				
			Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>Age</b>							
<b>10-20 years</b>	31	25.8%	7	12	6	2	4
<b>20-30 years</b>	49	40.8%	12	23	8	6	0
<b>30-40 years</b>	25	20.8%	4	13	6	2	0
<b>40-50 years</b>	0	0	-				
<b>50 and above</b>	15	12.5%	0	8	4	1	2
<b>Gender</b>							
<b>Female</b>	56	46.67%	7	25	12	7	5
<b>Male</b>	64	53.33%	16	31	12	4	1
<b>Education</b>							
<b>HSLC</b>	8	6.7%	1	1	2	3	1
<b>HS</b>	36	30%	2	17	9	6	2
<b>Graduate</b>	35	29.2%	7	17	7	1	3
<b>Post-Graduate</b>	41	34.2%	13	21	6	1	0
<b>Place of stay</b>							
<b>Urban</b>	72	60%	16	37	13	5	1
<b>Rural</b>	48	40%	7	19	11	6	5

Source: Field Survey