**Regulatory focus and Referral Reward Programs**

**Abstract** This paper studies the impact of consumer regulatory focus (promotion focus vs. prevention focus) on their referral intention in referral reward programs. The experiment (180 participants) reveals the following results. First, regulatory focus has no main effect on referral intention, but referral intention is mediated by relationship strength (strong tie vs. weak tie). The underlying psychological mechanism has to do with consumers’ different sensitivity towards social cost and social reward. Promotion-focused consumers exhibit higher referral intention when facing strong ties, because they are more sensitive to social reward than prevention-focused consumers. On the other hand, prevention-focused consumers exhibit reliable and nearly equal sensitivity towards social cost and social reward, and relationship strength does not affect their referral intention. Based on these findings, the paper discusses managerial implications for referral program management.

**Keywords**Referral reward programs; trait regulatory focus; situational regulatory focus; relationship strength; social costs; social rewards; referral intention

### 1 Introduction

Word-of-mouth (WOM) is known as an effective and widely-used marketing tool for many companies(Trusov, Bucklin, & Pauwels, 2009). In recent years, companies have not only responded to WOM, but also have begun to actively manage WOM in order to stay competitive(Sivadas & Jindal, 2017).One of the new methods that have emerged for WOM management is *referral reward programs* (RRP), in which customers are rewarded for recommending a product or service to others(Biyalgorsky, Gertsner, & Libai, 2001; Ryu & Feick, 2007). With its low costs, precise targeting ability, and high controllability, RRP has been widely employed across a range of product and service industries (Mummert, 2000).

Widely adopted in the industry(Ramaseshan, Wirtz, & Georgi, 2017), RRP has attracted active research in academia too(Hada, Grewal, & Lilien, 2014) .Existing research has uncovered several motivations that affect the effectiveness of RRP, such as market competitiveness(Biyalgorsky et al., 2001), design of rewards(Biyalgorsky et al., 2001; Meyners, Barrot, Becker, & Bodapati, 2017; Xiao, Tang, & Wirtz, 2011), relationship between the referral generator and receiver(Ryu & Feick ,2007), brand of rewarded products(Ryu & Feick, 2007), and choice of the referral generator(Kumar, Petersen, & Leone, 2010).

The majority of the related literature has focused on the effect of the referral generator’s objective motivations as opposed to innate psychological states(Wirtz, Orsingher, Chew, & Tambyah, 2012); the understanding of RRP remains imperfect. In particular, failure to personalize RRP has largely limited its efficacy. Ultimately, the efficacy of RRP depends on customers personally being willing to refer the product to others. Whether customers are willing to do so depends on not only objective motivations such as the reward offer, but also their subjective tradeoff of costs and benefits of making a referral. This subjective tradeoff of costs and benefits, in turn, depends on the personality of the customer. And the same costs and benefits may elicit different subjective tradeoffs, depending on how consumers perceive these costs and benefits. In this sense, Higgins’s Regulatory Focus Theory is likely to be relevant in explaining consumers’ referral intention. In the case of RRP, prevent-focused consumers may want to reduce costs, whereas promotion-focused consumers may concentrate on benefits from making a referral.

Exchange relationships between humans can be divided in to two categories: economic exchange and social exchange(Heyman & Ariely, 2004). Some believes that the costs and benefits in the function of individual choice maximization are two-sided(Becker & Murphy, 1988). In other words, the benefits include both economic benefits and social benefits, while the costs involve economic costs and social costs as well. However, the social exchange aspect is arguably important because unlike many anonymous transactions – which involve economic exchange as well – RRP relies on consumers interacting with their social networks.

Based on the theory of Higgins’s Regulatory Focus Theory and social exchange theory, this paper mainly focus on the social costs and benefits of referrals made by consumer who have different regulatory focus type. This paper contributes to the understanding of RRP in several ways. Theoretically, this paper is the first to introduce consumer regulatory focus as an influencer of RRP effectiveness and explore its psychological mechanism. Practically, the development of big data technologies allows companies to personalize their reward referral design.

### 2 Literature review and theoretical framework

#### 2.1 Word-of-mouth and referral reward program

A classic definition of WOM refers to “informal communications between private parties concerning evaluations of goods and services”(Anderson, 1998). WOM has become an important marketing tool influencing consumer’s judgments and purchasing behaviors(Orsingher & Wirtz, 2018). It can help consumers to reduce perceived risks and push companies to effectively attract new customers and increase sales revenue(Derbaix & Vanhamme, 2003). However, not all customers will generate WOM (Bowman & Das, 2001); only when satisfaction surpasses a certain “critical point of delight” will WOM occur (Biyalgorsky et al., 2001). And some research further divide motivations behind WOM into two categories: subjective and objective motivations (Godes et al., 2005). Subjective motivations are related to behaviors resulting from pleasure or commitment while objective motivations include tangible and intangible incentives (Briki, 2016; Byrd, Hageman, & Isle, 2007; Daniel C. Molden & Dweck, 2006).

Therefore, to encourage WOM generation, companies should actively manage WOM and expedite the point of delight among customers. One strategy is to lower product or service prices (Guadalupi, 2017; Kennedy, 1994); another is to introduce an RRP (Biyalgorsky et al., 2001; Wirtz & Chew, 2002).

#### 2.2 Regulatory focus theory and referral reward program

The nature of pursuing pleasure or avoiding pains provides explanation for a lot of subjective motivations of human behaviors. In 1997, Higgins proposed the regulatory-focus theory affecting self-regulation on the basis of self-discrepancy theory(Crowe & Higgins, 1997), Higgins holds that depending on various types of self-regulation, people can be divided into promotion focus individuals and prevention focus individuals. These two different types of self-regulation will lead to differences in various aspects such as behavior motivations, goals, strategy implementation, reactions to results and emotional experience(Tuan Pham & Chang, 2010). For example, the views of people of different regulatory-focus types on revolution and maintaining the status quo(Boldero & Higgins, 2011), they found that most promotion focus individuals led by “desires” held adventurous attitudes towards revolution, while most prevention focus individuals led by “vigilance” held conservative attitudes towards revolution.

The paper holds that under the same decision context, consumers of different regulatory focuses (trait or situational regulatory focus) present differences in their referral intentions, and these differences might affect objective motivations’ influences on referral intention, as certain kind of regulatory function.

#### 2.3 Social exchange theory and referral reward program

Impression management theory (Baumeister, 1982) believes that people seek to control the impression forming process of others on themselves. Whether consumers will spread WOMs depends on their perceptions on benefits and costs of such an action (Dion, Berscheid, & Walster, 1972; Orsingher & Wirtz, 2018). Based on the social relation theory (Fiske, 1992), the exchanges between human relations are based on two kinds of exchanges: economic exchanges and social exchanges(Heyman & Ariely, 2004). The economic exchange involved in RRP has been intensively studied in the literature(Biyalgorsky et al., 2001), while the social exchange aspect has drawn much less attention(Ramaseshan et al., 2017).

Consumers will concern about creating a negative impression when making an incentivized referral(Xiao et al., 2011),and these impression compare with the social exchange theory, when facing a referral decision, consumers will trade off the social costs and social benefits of a presumed referral behavior and make their final referral decisions on the basis of their preferences.

#### 2.4 Research questions and hypotheses

With the above analysis, RRP effects (Referral intention) are not only influenced by such objective motivations as reward or tie strength, but may also be affected by subjective motivations such as innate idiosyncrasy or cognition triggered by certain situation. Therefore, it is important and interesting to compare the influences of subjective motivations and objective motivations have on RRP effects. What influence regulatory focus inclination (or state) has on RRP with the involvement of the objective motivation of tie strength? What is the psychological mechanism of this change?

Firstly, according to the exchange theory (Heyman & Ariely, 2004), previous literature in RRP mainly focuses more on economic exchange and therefore social exchange are relatively neglected. In accordance to self-perception theory(Ross & Shulman, 1973), under the same economic exchange condition, when the consumer believes the referral behavior is a betrayal to friends or arouses psychological discomfort, and the attractiveness of social benefits of incentives are unable to neutralize the possible social costs of the referral behavior, consumer’s referral intention will significantly become low. On the contrary, when consumer perceives the referral behavior is more of being helpful to friends, and the social benefits in this behavior is bigger than its social costs, then the referral inclination of consumer will increase. Therefore, we hypothesize:

***Hypothesis 1***: Under the same economic exchange condition, the bigger positive difference between perceived social benefits and perceived social costs, the stronger referral inclination consumer has.

Secondly, existing research also indicates that under strong tie strength context, closer relations increase the chances of information transfer(Brown & Reingen, 1987). What’s more, under such a context, people have higher levels of trust, which helps eliminate referral receivers’ concerns about the recommended products (Kornish & Li, 2010)and the economic motivations of referral generators. Therefore, it is hypothesized as follows:

***Hypothesis 2:*** Compared with referral behaviors under a weak tie strength context, referral behaviors in strong tie strength contexts bring bigger differences in perceived social benefits and perceived social costs to consumers; therefore, the likelihood to recommend in strong tie strength context is higher.

Thirdly, as discussed above, Higgins believes that different regulatory focus tendencies result in different guidance in goal selection (Crowe & Higgins, 1997; D. C. Molden & Higgins, 2008). Under the same reward condition, prevention-focus consumers guided by “vigilance” goals emphasize the tradeoff of the negative and thus feel more sensitive to the perceived social costs brought by referral behaviors. By contrast, promotion-focus consumers guided by “desire” goals concentrate more on the tradeoff of the positive and thus become more sensitive to the perceived social benefits resulted from referral behaviors. Hence the hypothesis below comes into being:

***Hypothesis 3:*** Under the same reward condition, compared with consumers with prevention focus, consumers with promotion focus produce bigger differences in their perceived social benefits and perceived social costs; therefore, the likelihood to recommend among them is higher.

Fourthly, different ties lead to different perceived social costs and social benefits. Specifically, under strong tie strength context, consumers with promotion focus will concentrate more on the tradeoff of the positive under the guidance of “desire” goals, and thus be more willing to share information with their friends and enjoy the sense of accomplishment brought by friends’ feedbacks after the sharing. Therefore, the likelihood to recommend among this group of consumers is higher.

Under the guidance of “vigilance” goals, consumers with prevention focus concentrate more on the tradeoff the negative(Mathews & Shook, 2013), which indicates they might concern that referral behaviors would be mistaken as their attempts to obtain economic benefits with the use of friendship by their friends; thus, this higher level of perceived social costs results in lower likelihood to recommend among this group of consumers. Therefore, we hypothesize that:

***Hypothesis 4:*** The influences of tie strength on perceived social benefits and perceived social costs in referral generators’ decision-making process depend on the regulatory focus types of the referral generators. When both groups of referral generators are promotion-focus, compared with referral generators in weak tie strength context, referral generators in strong tie strength context experience bigger gap value in perceived social benefits and perceived social costs, and thus their likelihood to recommend is higher.

#### 2.5 Research framework

To sum up, the effectiveness of RRP is not only affected by such objective motivations as tie strength between referral generators and receivers, but also by such subjective motivations as consumers’ decision-making types. Based on the above inferences and hypotheses among variables, the research framework of this study can be formulated as shown in Figure 1:



**Figure 1 Research framework**

### 3 Study: RF’s effect on referral intention and its psychological mechanism

#### 3.1 Experimental procedure

In order to test the abovementioned hypotheses, Four between-group sub-experiments were designed with tie strength (strong tie: good friends, weak tie: ordinary friends) between referral generators and referral receivers and regulatory focuses (promotion focus or prevention focus, triggered by various situations) of referral generators as variables.

Experiment content (appendix A) would trigger regulatory focuses of the subjects first (appendix B), and then presented to them with the referral and tie strength information. Then we checked the situational regulatory and tie strength focus type (appendix C and appendix D), after above, we asked the subjects to decide whether would make the recommendation. At last the perceived social costs and perceived social benefits of the subjects in their decision-making process were measured (appendix E).

We randomly recruited 30 college students from each of six undergraduate classes in a comprehensive university to participate in this experiment, with a total subject number of 180. The subjects were informed that they were required to comment on a referral reward program and fill in a questionnaire. The whole experimental process lasted for about 10 minutes. 180 questionnaires were distributed and 165 valid questionnaires were collected back. 124 of them were filled by male subjects. The average age of the subjects was 20.8 years old. Specifically, a between-group experiment design was adopted in this experiment and thus the subjects were randomly divided into four groups.

#### 3.2 The trigger of situational regulatory focus

This Experiment designed two different situational contexts to trigger the subjects’ regulatory focuses. Measurement methods were mainly dual-task activation method (Friedman & Förster, 2001; Higgins, Roney, Crowe, & Hymes, 1994), task-frame paradigm (Crowe & Higgins, 1997; Idson, Liberman, & Higgins, 2004); positive stereotype method (Seibt & Förster, 2004), and so on.

In order to test the validity of the dual-task activation method, manipulation checks were employed(Pham, xa, Tuan, & Avnet, 2004). After finishing the two activation tasks, the subjects were required to make three decisions to find out the corresponding items for the descriptions of their hopes and dreams or responsibilities and obligations. The three corresponding pairs of statements were listed in the appendix C.

#### 3.3 The trigger of situational tie strength

The tie strength between referral generators and referral receivers were divided into good friend and ordinary friend. And its manipulation followed past research (Frenzen & Nakamoto, 1993; Wirtz et al., 2012).In the good friend condition, the scenario read: “*one day, you are having dinner with Jack, your very close classmate*”. And in the ordinary condition, the scenario read: “*one day, you meet Jack who is one of your colleagues from another department in the company your work and you don’t know Jack but you happen to chat with him today when you met him waiting at the reception counter*”. The three corresponding pairs of tie strength manipulation check statements were listed in the appendix D.

#### 3.4 Social costs and social benefits measures

Research on the measurement of social benefits and social costs perception started early(Arndt, 1967). In this experiment, widely used measurement items(Gatignon & Robertson, 1993) were adopted to measure the perceived social benefits and perceived social costs (appendix E). The subjects were asked to select the types of friends according to their tie strength with the people they were going to make the recommendation. The mean score of the each sub-item was calculated and the mean score of each three items of the two parts.

#### 3.5 Manipulation checks

Firstly, we checked the validity of dual-task activation to trigger consumer’s regulatory focus. Statistical results of the three-item scale(appendix C ,7-point Likert-scale with bigger value referring to prevention focus and smaller value to promotion focus) were designed(Pham et al., 2004),and results showed that the mean values of the three items calculated after the subjects finishing their “statements of hopes and dreams” and “successfully guiding the rat out of the maze” were all the same (*M*promotion =3.98); while the mean values of the three items after the subjects finishing their “statements of responsibilities and obligations” and “successfully guiding the rat to escape from the chase of the owl and out of the maze” were *M*prevention=4.55, (*F*(1,165)=4.97, *P*<0.05).

Then we checked the relation-strength manipulation(Frenzen & Nakamoto, 1993) with a three-item scale (appendix D,7-point Likert-scale with bigger value referring to good friend and smaller value to ordinary) ,And the results showed that the manipulation was successful (*M*ordinary=3.52; *M*good=5.41; *F*(1,165)=8.51, *P*<0.05).

The results suggested that the manipulation of independent variables and controlling results were consistent with expectation, which indicated that the purpose of activating subjects’ regulatory focus had been achieved.

#### 3.6 Hypothesis testing

In order to verify the main effects of regulatory focus and tie strength, and the interaction effects between each two of regulatory focus, tie strength and referral intention, by taking referral intention as the dependent variable, and the regulatory focus and tie strength as the independent variables, between-group variance analysis was conducted between variables. Statistical results were presented in Table 1:

**Table 1 ANOVA results of trait regulatory focus and tie strength in randomly-designed experiment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Variance source*** | ***Sum of squares*** | ***Freedom*** | ***Mean square*** | ***F*** | ***Sig*** |
| **Adjusted model** | 27.142a | 3 | 9.047 | 4.166 | .008 |
| **Interception** | 2000.237 | 1 | 2000.237 | 920.999 | .000 |
| **Trait regulatory focus**  | .211 | 1 | .211 | .097 | .756 |
| **Tie strength** | 13.849 | 1 | 13.849 | 6.377 | .013 |
| **Tie strength\* Trait regulatory focus** | 11.287 | 1 | 11.287 | 5.197 | .025 |
| **Error** | 230.212 | 106 | 2.172 |   |   |
| **Sum** | 2257.000 | 110 |   |   |   |
| **Adjusted sum** | 257.355 | 109 |   |   |   |

The F value in calibration model was *F*（3, 72）= 4.166, with a significant P value of *P*<0.05, therefore, the model was statistically significant.

It could be seen from the F values and P values in Table 1 that there was a significant main effect of tie strength under a situational activation of regulatory focus; no significant main effect of situational regulatory focus on referral intention. However, there was significant regulatory effect of situational regulatory focus on the tie strength.

#### 3.7 Main effect analysis: influences of trait regulatory focus and tie strength on referral intention

This analysis was carried out to find out the influences of different tie strength on consumer’s referral intention. Variance analysis indicated that both weak and strong tie strength between referral generator and referral receiver had significant main effects on referral intention, *F* (1, 106) = 6.377，*P*<0.05. These results further verified Hypothesis 2 in this study. However, these was no significant main effect of individual regulatory focus on referral intention, *F* (1, 106) =0.097, *P*>0.05, rejecting Hypothesis 3.

#### 3.8 Interaction effect analysis: influences of trait regulatory focus and tie strength on referral intention

As stated previously, individual regulatory focus states had no significant main effects on referral intention; however, if combined individual regulatory focus states with other motivations in referral reward programs, interesting findings shown up. Experiment results suggested that there was an interaction effect between individual regulatory focus states and tie strength, *F* (1, 68) = 5.068, *P*<0.05. As shown in Figure 2, when the subjects had promotion focus tendency, there was a significant difference in referral intention among subjects under different tie strength contexts, *t*(1,57) =3.110, *p*<0.05. When the subjects had prevention focus tendency, there was no significant difference in referral intention among subjects under different tie strength contexts.

**Figure 2 Interaction effects of situational regulatory focus states and tie strength on referral intention**

Although there was no significant main effect of individual regulatory focus states on referral intention, there was significant interaction effect of individual regulatory focus states on referral intention in the context of different tie strength between referral generators and referral receivers.

#### 3.9 Mediation effects analysis: influences of the differences between social benefit perception and social cost perception on referral intention

According to the mediation method(Muller, Judd, & Yzerbyt, 2005),this study conducted a mediation regulatory variable test on tie strength’s influences on referral intention. The independent variables in the experiment were the likelihood to recommend, regulatory focus states, tie strength and the interacting items among those variables, while the dependent variable was the difference value between perceived social costs and perceived social benefits. Mediation mechanism was mainly tested. Variance analysis results were shown in Table 2.

**Table 2 Variance analysis results of trait regulatory focus states and ties strength**

|  |  |  |  |
| --- | --- | --- | --- |
| **independent variable** | ***Referral intention*** | ***Gap value in perceived social benefits and perceived social costs*** | ***Referral intention*** |
| *F*  | *Sig* | *F*  | *Sig* | *F*  | *Sig* |
| **Interception** | 920.999 | .000 | .390 | .534 | 1095.021 | .000 |
| **Regulatory focus type** | 0.097 | 0.756 | .128 | .721 | .030 | .0862 |
| **Tie strength** | 6.377 | 0.025 | 11.567 | .001 | 1.240 | .268 |
| **Tie strength \* regulatory focus type**  | 5.197 | 0.025 | 8.320 | .005 | 1.220 | .272 |
| **Gap value in perceived social benefits and perceived social costs** |  |  |  |  | 23.759 | 0.000 |
| **R square** | 0.105 | 0.168 | 0.271 |
| **Adjusted R square** | 0.080 | 0.145 | 0.243 |

First, taking referral intention as dependent variable, regulatory focus type, tie strength, and the interaction between them as independent variables, we carried out a variance analysis. Analytical results suggested *R2* =0.34, and interaction coefficient was significant (*b*=-1.286, *t*=-2.280, *p*<0.05), which indicated that there was a significant interaction effect of regulatory focus and tie strength on referral intention.

Second, we conducted another variance analysis with the difference values between social benefits and social costs as dependent variable, and regulatory focus type, tie strength and the interaction between them as the independent variables. Analytical results shown that *R2*=0.168, and the interaction coefficient was significant *(b*=-2.457, *t*=-2.884, *p*<0.05). These results suggested that the regulatory effects of consumers’ regulatory focus types completely depended on consumers’ motivations, which further verified the basic theoretical hypothesis 1 and 4.

Moreover, based on the mediation analysis protocol (Zhao, Lynch, & Chen, 2010) and referring to the regulatory mediation analysis model(Hayes, 2013; Preacher, Rucker, & Hayes, 2007), this study carried out a Bootstrap mediation variable test, with a sample of 5000 and a confidence interval of 95%. Testing results showed that the mediation variable – difference value of social costs and social benefits did mediate the interaction effect of regulatory focuses and tie strength on referral intention (-1.3655, -.2392), with a mediation effect of -.6988.

### 4 General discussion

Despite the widespread use and research of RRP, there are mainly focus on the effeteness of objective motivations in RRP(Biyalgorsky et al., 2001; Kumar et al., 2010; Ryu & Feick, 2007), there is still less understanding of the generator’s psychological mechanism.

Based on the exchange theory framework(Heyman & Ariely, 2004) and the self-regulatory focus theory(Crowe & Higgins, 1997; D. C. Molden & Higgins, 2008) ; firstly, this paper finds that regulatory focus has no main effect on referral intention, but referral intention is mediated by relationship strength (strong tie vs. weak tie); secondly, the underlying psychological mechanism has to do with consumers’ different sensitivity towards social cost and social reward. Especially, when facing referral decision-making in different tie strength contexts, individuals with prevention focuses would have smaller differences in their perception of social costs and perception of social benefits. It indicated that individuals with prevention focuses were cautious in making referral decisions.

The theoretical contribution of this study is that it fills the research gap on the influences of consumer’s regulatory focus trait on referral reward programs. This study is practically significant to companies to customize referral products or detail referral descriptions on the basis of consumers’ tradeoff of social costs and social benefits, so as to improve referral intention of different types of consumers.

As with any research, this study has limitations that offer opportunities for further research. First, this study did not take into account the influences of consumers’ product involvement on referral intention. Studies suggest that the higher the product involvement, the more likely consumers depend on communication to relieve their tension and thus the more likely they will carry out WOM communication(Norman & Russell, 2006). Second, this study did not investigate how personal background variables might affect the results founded, for instance, the level of family income could exacerbate opportunities or deal-seeking behavior and reduce the relevance of tradeoff concerns. Therefore, future studies may integrate regulatory focus states, product involvement and personal background.

### Appendix A: Content design

Recent years, many companies encourage their current customers to recommend the products or services they have experienced to potential customers. If a current customer successfully recommends a product or service to a new customer to purchase, the enterprise will correspondingly offer various rewards (for example, cash back, coupons, gifts, etc.). Suppose that you recently took an English language training course provided by a training institution X and feel satisfied with it. All of your classmates admitted that your English language has been greatly improved and you are glad that you chose X. For the present, X is carrying out a referral reward program among its current trainees.

* Group 1: You can recommend any of our training courses to your good friends (the ones you feel close to and frequently contact with). If the recommendation is successful, **you can cash back 50 RMB from you training fees.**
* Group 2: You can recommend any of our training courses to your ordinary friends (the ones you do not feel close to and occasionally contact with). If the recommendation is successful, **you can cash back 50 RMB from you training fees.**

Question 1: *What are the chances of you to recommend training courses provided by X to your good friends?*

Question 2: *What are the chances of you to recommend training courses provided by X to your ordinary friends?*

### Appendix B: Scenarios for situational regulatory focuses

**Scenarios for Promotion regulatory focuses**

Question 1: *Everybody has certain hopes, dreams and wishes（namely the things we want to pursue or the people we want to be. Please recall two hopes or wishes of you from the past and the current life respectively and put them down in the blank below.*

Question 2: *Please finish the task below related to the maze. In the picture, a Swiss cheese is laid in the exit of the maze, and the rat is now at the central of the maze. Please draw a route to help the rat get out of the maze so that it can enjoy the cheese.*

**Scenarios for Prevention regulatory focuses**

Question 1: *Everybody has certain roles, responsibilities and obligations （namely the things we believe we have to do, like paying taxes, taking a job, taking care of sick parents）to assume. Please recall two roles and obligations of you from the past and the current life respectively and put them down in the blank below.*

Question 2: *Below is a maze game. In the picture, there is a hungry owl hovering over the maze; it is ready to eat the rat in the middle of the maze. Please draw a route to help the rat escape from the chase of owl and finally get out of the maze.*

### Appendix C: Scenarios for situational regulatory focuses manipulation checks

|  |  |  |
| --- | --- | --- |
|  | Completely disagree…..…No idea…….. Completely agree |  |
| *I would prefer to do whatever I want.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | *I would prefer to do what is right.* |
| *I would prefer to take a trip around the world* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | *I would prefer to payback my loans.* |
| *I would prefer to go wherever my heart takes me.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 | *I would prefer to do whatever it takes to keep my promises.* |

Data source: Pham & Avnet (2004)

### Appendix D: Scenarios for situational Tie strength manipulation checks

|  |  |
| --- | --- |
|  | Completely disagree…..… No idea…….. Completely agree  |
| 01 | *He/she is someone whom I would be willing to share personal confidences with* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 02 | *He/she is someone whom I would gladly spend a free afternoon socializing with* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 03 | *He/she is someone whom I would be likely to perform a large favor for* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

### Appendix E: Social cost perception and social benefit perception questionnaire

|  |  |
| --- | --- |
|  | Completely disagree…..… No idea…….. Completely agree  |
| 01 | *My referral behavior indicated I care about them (the referral receivers) for real.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 02 | *I helped them to reach the best choices for them.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 03 | *After making the recommendation, our relations will be improved.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 04 | *After making the recommendation, I felt I was bit selfish.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 05 | *After making the recommendation, I realized that my referral behavior was simple for the money.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 06 | *My friends (the referral receivers) might take my referral behavior as “a betrayal of him” for my own interests.* | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 07 | *My friends (the referral receivers) might feel “they were deceived”.*  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 08 | *My friends (the referral receivers) might feel uncomfortable about this behavior.*  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

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