Customers Perspective of a Non-Reward Referral Marketing

A Case Study of OnePlus Smartphone Manufacturer

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ABSTRACT

**Title:** A Study of the Customers Perspective of a Non-Reward Referral Marketing  
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**Aim:** The aim of this study is to analyze how a non-reward referral program can be operated without offering a real incentive to one referring someone else to a company. A case of Oneplus smart phone Manufacturer Company is used to illustrate the topic under study in the introduction chapter to give the reader a clear picture of the study.

**Method:** A quantitative data collection of the students in University of Gävle was conducted with Google forms. The data were then transcript to SPSS (Statistical Package for Social Science) for analyzing, the results were in mean value, standard deviation and cluster analysis.

**Result & Conclusions:** The research concludes that product quality factor is most essential for a functional non-reward referral system. But also what consumer behavior does a company have to create in their customer, in order for such a system should work.

**Suggestions for future research:** A qualitative research from both a company and its customer in an open-ended interview, to have a deeper understanding and insight of a non-reward referral system.

**Contribution of the thesis:** Having limited theoretical literature on referral marketing without rewards, this thesis contributes to fill that gap by making an addition to existing literature on referral marketing. It also shows what a new firm can do to acquire new customers through cheap marketing.
Key words: Non-reward referral marketing, Word of mouth, Viral marketing, Social ties.
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Introduction

This chapter includes five parts, presented in the following order: Background, Research Purpose, Research Question, Limitations and the Disposition of the study.

1.1 Background

Nowadays the globalization is making the global market even more integrated through for example openly free market, which makes it easier for companies to internationalize (Garrett, 2000). More notably is the technological innovations that have contributed to lower cost of transporting goods and information around the globe (Garrett, 2000). Furthermore, larger business companies are making it harder for smaller businesses to survive through their pressure on cost reduction but also nearly unlimited fund for marketing. This means that smaller businesses have a limited capital fund for marketing in comparison with larger businesses (Morganosky, 1988; Weinrauch, Mann, Robinson & Pharr, 1991). Hence, for smaller businesses to survive in this high competitive markets they have to seek creative and low cost ways to market their products and services to reach larger populations.

According to Villanueva, Yoo and Hanssens (2007), a company acquires its customers from costly and fast-acting marketing investments such as mass media (TV advertisement, Radio advertisement) or personalized contacts (email or promotion calls). However, a company can choose cheaper ways to marketing themselves, but it’s slower, and that is word-of-mouth processes, e.g. newspaper articles, user reviews or internet search result. Many firms today are implementing both these two strategies simultaneously which means it reaches to more people (Villanueva, Yoo & Hanssens, 2007) The low cost tool for marketing word of mouth (WOM) has been acknowledged by many practitioners that WOM’s influence on what people do, know and feel (Buttle, 1998; Brown & Reingen 1987; Goldenberg, Libai & Muller, 2001; Reingen & Kernan, 1986). According to those authors WOM influences more on one’s behavior than other marketing communication tools e.g. advertisement, sales promotion etc. Companies have realized how effective WOM can be, and instead of the expensive traditional advertisement (TV, radio, and mainstream media) focuses on cheaper marketing strategies e.g. blogging and WOM campaigns (Trusov, Bucklin & Pauwels, 2008). Because of the technical improvement or ‘internet’, information can now be shared faster and at a lower cost. Moreover, another growing area because of the growing usage of internet is social networking sites and such applications, for example Facebook, twitter and instagram (Trusov et al. 2008;
Vilpponen, Winter & Sundqvist, 2006). WOM through these kinds of media is also known as electronic word of mouth (e-WOM) which sometimes is referred as viral marketing. However, the main difference between traditional WOM and e-WOM is that e-WOM can be easily tracked and measured its effectiveness of how many people it reaches (Goldenberg et al. 2001; Trusov et al. 2008; Vilpponen et al. 2006).

Therefore, firms motivate e-WOM in their customers through a “referral reward program”. That basically is a program that encourages existing customers to recommend new customers to the company; in that way it reaches more customers and builds their customer base (Ryu & Feick, 2007; Biyalogorsky, Gerstner & Libai, 2001). When a referrer successfully recruits a new customer for the firm he or she is rewarded, which means the incentive for customers to refer one another is the reward (Ryu & Feick, 2007; Biyalogorsky, Gerstner & Libai, 2001; Rahwan, Naroditskiy, Michalak, Wooldridge & Jennings, 2014).

In the market today some companies have successfully implemented a referral reward program, an example is Dropbox. Dropbox offers an online storage service making it possible for the users to access to their saved files from any computer or mobile devices. Anyone creating a free account can access up to 2GB of storage, to be able to add more storage there are two alternatives. Either by buying storage with money or refer Dropbox to new customers and gain 500MB storage for both the new customer and the referrer. Moreover, in the recent years a new company ‘OnePlus’ has been very successful with a non-reward invite program. However, academics stresses out that reward is essential for a referral program to work (Ryu & Feick, 2007; Biyalogorsky, Gerstner & Libai, 2001; Schmitt, Skiera & Van den Bulte, 2011).

1.1.2 Case study: OnePlus

Generating profit is a big challenge to the Smartphone industry, with most of the companies incurring a net loss in the segment except Apple and Samsung. While Apple’s success can be attributed to its operations in the premium and profitable end of the market, Samsung benefits from an integrated supply chain and a huge channel presence (Gupta & Dhillon, 2014).

However, in the recent years some competitors have fallen and acquisitioned by other companies. Microsoft acquired Nokia and Google with Motorola Mobility, but also new competitor have raised and is taking some of the market shares (Molen, 2014). Most recently Xiaomi a relatively new Chinese company has during the past years gained a huge market
share in their home country China. Moreover, as a new company to compete Oneplus is indeed facing much higher risk. That is because the hardware’s inside an Oneplus phone is of a high price and require investment to be able to product such a high spec product. Another risk is that they are competing on the global market right from the start instead of building slowly from their domestic country. Hence, they face a really high risk.

The marketing strategy OnePlus use is through social media, such as facebook and instagram. But the main niche strategy is how the company retails the phone. OnePlus do not distribute their phone to any retailers and customers cannot order the phone on their website unless one got an invite. So the only way to buy a OnePlus phone, one has to receive an invite through events or from another person who have an invite. This means that OnePlus do not need to pay for the rent of stores and in that way minimizes the cost and risk. By sending out invites OnePlus can also control how many phones they can produce and sell, which minimizes stock.

This marketing strategy is known as referral marketing. Unlike most common referral marketing strategies which have a reward attached to the referral as mentioned by scholars like (Buttle, 1998; Ugbah & Evuleocha, 2007), OnePlus has no reward system attached to the referrer after he/she recommends a potential customer to by OnePlus through giving them an invite.

1.1.3 Reasons why Oneplus used referral marketing (invite system) as marketing strategy.
According to an online interview conducted with Oneplus co-founder Carl Pei by the youtube channel DazeinfoTV, they adopted the invite system of marketing due to a number of reasons (Pei, 2015). Moreover, it was mainly to control risk which sums up all other reasons as explained below. Carl Pei explained that using the invite system targets a smaller market which is easier to test using their products. This small market segment is also known as niche market according to (Kjell, & Trond, (2009); Phillips & Peterson, 2001, p. 1) who defined niche market as “a marketing strategy that uses product differentiation to appeal to a focused group of customers.”

In this kind of market, Kjell, & Trond, (2009) further state that ”The firms rely on resource-based advantages, high-quality products and personal relationships when competing in the market”.
Therefore, the aim of releasing their first product to the market was not profit motivated as he said that at the moment they are not profiting from their cell phone products. Rather their aim was to first test their product in the market for specified technology users and make constant improvements. They hope to profit from the users who consume a lot of software in the cell phone rather than first time users that’s why they target a specified market (Pei, 2015).

Furthermore, due to their future predictions, they expect to increase consumers on their platform by developing more software services such as applications and then make a profit. He also explains that their focus is on products and quality and not on marketing. Marketing at times misleads a company and it collapses such as Blackberry. Therefore, given the company is new, it was considered a wise decision to user invite system of marketing to control risks as the company grow, rather than using other platforms such as eBay and Amazon which would make the company probably lose control due to excessive demand (Pei, 2015). Pictures of Oneplus One can be seen in Appendix 3.

Therefore, it creates a research gap in a referral program with no reward. Therefore, this study investigates a non-reward referral program to fill the gap of non-reward referral programs.

1.2 Research Purpose & Questions

The purpose of this study is to understand the motivational factors behind a consumer’s behavior to engage in non-reward referral program. The traditional referral program encourages the customer to refer someone with having a reward as incentive for the customer, but with non-reward referral program there is no incentive.

Therefore, this study aims to analyze how a non-reward referral program can be operated without offering a one referring someone else to a company. To achieve this aim, motivational factors that real incentive to affect consumer behavior to refer another potential customer with no reward are investigated.

Therefore, this study will fill that research gap with a quantitative research method by asking the students of the University of Gävle. Two research questions are addressed:

1. What are the factors that affect consumer behavior for a functional non-reward referral program?
2. Which of those factors will have the most impact on referrals?
1.3 Limitations

This study is limited to the student group as customers and their opinions on referral systems. Hence, the study was conducted in Gävle university in order to The study apply a quantitative method, more deep and personal opinions from each respondent are not reviewed, which means a general grasp of how a non-reward referral program works is the main goal of this study.

Moreover, the research is based upon having Oneplus as base, which is the smart phone industry. Therefore, research done in other industries might differ a bit from our conclusion.

1.4 Disposition

This research is presented in the following order: Chapter one is briefly introducing the referral program and problem formulation, but also the research question and limitations of this study. Followed up is chapter two, which is the literature review of existing theories and findings on this subject. At the end of this chapter, our own constructed model is introduced and explained.

Chapter three explains how and what method was used to collect the data for this study. Followed up with the analysis chapter concluding the theories with the empirical findings. Lastly, in the conclusion chapter answers the research questions and our thoughts about this study.

Figure 1. Disposition of our study (Source: Own construction)
2. Theoretical Framework

This chapter reviews the literature of relevant theories for this study. The theories are thoroughly explained in order to develop a base of knowledge. Finally a theoretical framework is developed.

2.1 Referral marketing

Marketing practitioners and theorists cite the power of the personal referral on customer behavior (Buttle, 1998). Moreover an increasing number of businesses and organizations rely on existing users for finding new users or spreading a message. Social networks and email made it easy to share information. These tools provide powerful ways to spread a message without using mainstream media, eg, TV, radio or newspaper (Rahwan, Naroditskiy, Michalak, Wooldridge & Jennings 2014).

According to Ugbah & Evuleocha (2007), they define referral marketing as a process of developing business networks through which information flows to prospective customers whereby clients are produced with little or no overt marketing activities. On the other hand, Hada, Grewal & Lilien (2010) gave their own simplified definition of referrals from the supplier firm’s perspective as a recommendation from A (the referrer) to B (the potential customer) that B should, or should not, purchase from C (the supplier firm). Moreover, (Ugbah & Evuleocha, 2007) further mentions common terms used to refer to referral marketing which include: Avalanche marketing, buzz marketing, cascading style marketing, centrifugal marketing, exponential marketing, fission marketing, grassroots marketing, organic marketing, propagation marketing, ripple marketing, self-perpetuating marketing, self-propagating marketing, stir marketing, viral marketing, wildlife marketing (ViralBuzz, 2007), and word-of-mouth referrals.

Buttle (1998) broke down referrals into two, which are Customer referrals and non-customer referrals.

- Customer referrals may be either customer initiated or company initiated. Customer-initiated referrals originate from current or former customers who have been satisfied or delighted with their experiences.
- Non customer referrals like reciprocal referrals occur when two or more organizations agree to cross-refer customers to each other. This is commonplace in professional
On the other hand, (Hada, Grewal & Lilien, 2010) recognize three types of referrals;

- Customer to potential customer referrals; the referrer is a customer of the supplier firm. This is an example of a customer referral as mentioned above by Buttle (1998).
- Horizontal referrals; the referrer is not a customer of the supplier firm.
- Supplier initiated referrals; the supplier firm matches the referrer and a potential customer.

Horizontal and Supplier referrals are both examples of non-customer referrals as mentioned above by Buttle (1998). The above mentioned types of referrals are said to all have critical roles in a potential customer’s purchase decision (Hada, Grewal & Lilien, 2010)

2.1.1 Referral marketing with rewards

Researchers on referral marketing like (Buttle, 1998; Ugbah & Evuleocha, 2007) have made substantial studies on referral rewards. However, there is limited research on rewarded referral Ryu & Feick (2007). Biyalogorsky, Gerstner, & Libai (2001) argue that referral reward programs may be a cost effective way to recruit new customers because the rewards depend on a referral turning into a sale.

Furthermore, in their study, Biyalogorsky, Gerstner, & Libai (2001) highlight the advantage of using a referral reward to motivate referral instead of just lowering price. Hada, Grewal, & Lilien, (2010) define a referral reward as a monetary incentive that the supplier firm issues to a referrer who gives a positive referral to a potential customer, after the potential customer purchases from the supplier firm. They further argue that such rewards create incentives for customers to give referrals for the supplier firm. Moreover, referral rewards might include discounts on the product or service (e.g Caesar’s Pocono Resorts offers a $50 discount for future stays) or cash and gifts, e.g., AT&T offers existing customers up to $75 (Hada, Grewal, & Lilien, 2010). On addition to the mentioned referral rewards, Ryu & Feick (2007) also mentioned some different types which include; vouchers, gifts, free minutes and miles when an existing customer refers to a friend that attracts referrals.

Moreover, Ryu & Feick (2007) from their study emphasize that because referral reward programs reward existing customers and build the customer base, firms use them to encourage customers to make recommendations to others. Furthermore, Ryu & Feick (2007) finds that
the impact of reward programs on referral likelihood varied by brand strength. The increase in referral likelihood with a reward compared with no reward was much greater for the consumers of the weaker brand than for the consumers of the stronger brand. Likewise Ryu & Feick (2007) further argue that if a referral is rewarded, consumers may perceive the referral as being driven by the reward rather than by intrinsic motivations.

In the absence of the referral reward, it is these intrinsic motivations that the research seeks to investigate, the personal drivers or motivations that encourage referrals without rewards. Moreover, Ryu & Feick (2007) emphasize that because referral reward programs reward existing customers and build the customer base, firms use them to encourage customers to make recommendations to others.

This leaves a research gap which on referral marketing without a reward to induce the potential and existing customer to recommend another potential customer or make a referral with no reward in return, and just low price and product quality as the drivers for referrals.

2.1.2 Referral marketing without rewards
According to Biyalogorsky, Gerstner, & Libai (2001) pp.82, “referral rewards are not offered in all markets.”

Supplier firms are unlikely to offer monetary incentives to referrers in supplier-initiated referrals because the effectiveness of the referral depends on the referrer’s reputation. Receiving monetary incentives might damage the referrer’s reputation, and thus, decrease the effectiveness of the referral. Therefore, supplier firms should invest in monetary incentives only for customer-to-potential customer referrals (referral rewards) and horizontal referrals (referral fees) (Hada, Grewal, & Lilien, 2010).

In a study by Ryu & Feick (2007), stated that rewards are particularly effective in increasing referral to weak ties and for weaker brands. This implies that in the presence of strong ties and a strong brand, rewards are not necessary to motivate the consumer to recommend another consumer to use the same product.

However, according to Biyalogorsky, Gerstner, & Libai (2001), at the highest level of consumer satisfaction, the referral strategy should be abandoned and neither lowering price nor offering incentives should be given. They further argue that offering incentives turns into waste of resources as the customers who get incentives to recommend a potential customer would have still recommended without the incentives.
2.2 Role of referrals in purchase decision

From their study, Park, Lee & Han (2007) argues the importance of online-consumer reviews as recommenders in affecting consumer purchase decision for product sales. Furthermore, their effectiveness is highly argued to depend on their quantity i.e., number of reviews and their quality of positive or negative reviews. Likewise, according to Gretzel, & Yoo, (2008) web based customer product evaluation seem to be continuously affecting customer final purchase intentions to a large extent.

The greater the amount of evaluations the more trendy a product is and the levels of customer delight. This influences the potential customer customer’s buying aim (Park, Lee & Han, 2007). Similarly, recommendations/referrals are affected in a similar manner, the more positive referrals a potential customer receives; the higher his/her buying aim is influenced positively. However, their buying aim differs in accordance with the potential consumers’ level of participation as a low participation level signifies low interest in comparing a variety of consumers’ opinions and hence simply accepting what is simply suggested by another consumer (Park, Lee & Han, 2007).

By accepting another customers recommendation or product evaluations, according to Gretzel, & Yoo, (2008), the potential customers reduces the risk of being disappointed if he or she purchased a poor product hence simplifying his or her purchase choices. However, Gretzel, & Yoo, (2008) p.7 argues that “in the online medium however, the “tie strength” is always very weak because recommendations are from total strangers. Unlike the case of WOM from interpersonal sources, the online recipient cannot use source similarity, expertise and accessibility to determine the credibility of information in Internet forums.” Nonetheless, purchase decisions can be initiated by absolutely depending on references from both private individuals and public (Olshavsky & Granbois, 1979).
2.3 Referral programs

The main idea of all referral programs is to create a snowball effect of new customers. However, to create that effect different companies have used different tactics. As in figure 2 illustrates, three different types of programs are shown: one sided, two sided reward referral programs and no reward referral program.

2.3.1 One sided reward referral program
This referral program only rewards the referrer for the new referred customer. A good example is PayPal, it offered financial incentive to have members recommend members (Guo, 2012). Others include; Spotify which rewards the referrer with one month of free premium subscription for referring a new user, another is Lyca Mobile Sweden; it rewards only the referrer (existing customer) with 50 SEK for referring a new subscriber.

This method creates an incentive for the existing customers to refer the company to someone else. And if that person likes the product or service as well they might refer it to another person, and there is the snowball effect of the referral program.
2.3.2 Two sided referral program
This kind of referral program offers rewards to both the referrer and the referee. Example is Dropbox referral program which offers 500MB of extra free space to the referrer and the invitee (Rahwan, Naroditskiy, Michalak, Wooldridge & Jennings 2014).

With this kind of method it also creates an incentive for the existing customer to refer other people and that person might refer to another one to receive even more benefits.

2.3.3 Referral program with no rewards (Invite program with no rewards)
This kind of referral program is not so common. This is because most referral programs are accompanied with an incentive to either the referrer or both parties i.e. referrer and referee. One plus a Chinese mobile phone manufacturer is a good example of this kind of referral program with its invite program it uses to attract new consumers from existing consumers by referring them through their invite program. However, no discount or any kind of reward is given to the customers even though the customer invites someone else to the firm.

2.4 Factors

2.4.1 Word of mouth
Word of mouth is said to be the most influential form of referral marketing by researchers among whom include Buttle (1998) who in his work mentions that Word of mouth (WOM) has been acknowledged for many years as a major influence on what people know, feel and do. Furthermore, Hada, Grewal, & Lilien, 2010) state that Marketing researchers have typically studied customer to potential customer referrals as word of mouth.

Due to its influence, Buttle (1998) argues that companies offer rewards to consumers so that they recommend the people in their circles like friends and family.

Moreover Buttle (1998) further states from a marketing perspective, WOM can be either positive or negative. Positive WOM occurs when good news testimonials and endorsements desired by the company are uttered. Negative WOM is the mirror image. It is worth noting that what is negative from a corporate viewpoint may be regarded as extremely positive from a consumer viewpoint.

This affects the outcome of the referral (positive or negative referral) as a result of positive or negative WOM. A positive referral would influence the potential customer to purchase from the supplier firm, whereas a negative referral would do the opposite. Therefore, it can be
positive or negative and can vary in its intensity (Carl, 2009; Hada, Grewal, & Lilien, 2010; Villanueva, Yoo & Hanssens, 2008).

2.4.2 Social Ties

According to Ryu & Feick (2007), a tie is “the relationship between the recommender and the receiver of the recommendation (i.e., strong or weak ties)”. Granovetter, (1973) in their work define strength of a tie as a (probability linear) combination of the amount of time, emotional intensity, the intimacy (mutual confiding), and the reciprocal findings which characterize a tie.

Ties are an important factor in determining effectiveness of a referral program without rewards especially with an inferior product. Ryu & Feick (2007) argues that for an inferior product to get positive referrals, ties have to be strong between the referrer and referee. Moreover, the reward is necessary in the case of weak ties in order to encourage referrals.

With the strong ties, individuals care about each other’s wellbeing and are therefore concerned about one another; therefore recommendations are like a favor between themselves and expect nothing in return unlike weak ties where individuals are more concerned about their own self-interest Ryu & Feick (2007).

2.4.3 Price

According to Biyalogorsky, Gerstner, & Libai (2001), lower prices are offered in order to encourage existing consumers to make referrals. On the other hand, they also argue that increasing the price with the aim of getting more profits in turn lowers the referrals or recommendations to potential consumers.

One of the conditions mentioned by Biyalogorsky, Gerstner, & Libai (2001) on lowering price without accompanying it with an incentive is when the consumer is easy to please. On the other hand, Biyalogorsky, Gerstner, & Libai (2001) also argue that when a consumer is midway pleased, then a low price can simultaneously be offered with incentives which will accompany the low pricing.

Biyalogorsky, Gerstner, & Libai (2001) states that to encourage existing customers to generate referrals, a seller can offer exceptional value to current customers through either excellent quality or a very attractive price. Furthermore, they emphasized that lowering price is attractive because the seller kills two birds with one stone, a lower price increases the probability of an initial purchase and the likelihood of referral.
On the other hand, Biyalogorsky, Gerstner, & Libai (2001) also argue that when a low price is used to motivate referral, customers may buy at the reduced price, but still not refer other customers.

Furthermore, referral rewards (incentives given to existing customers only after genuine confirmation of a new recommended customer) are a way of reducing uncertainty of not getting new customers after customers enjoying the reduced price (Biyalogorsky, Gerstner, & Libai, 2001).

Examples of businesses that have been successful with referral marketing according to different scholars include; PayPal offered financial incentive to have members recommend members (Guo, 2012), Dropbox referral program which offers 500MB of extra free space to the referrer and the invitee Rahwan, Naroditskiy, Michalak, Wooldridge & Jennings (2014).

2.4.4 Quality and Satisfaction

The antecedents of customer to potential customer referrals thus consist of satisfaction (or dissatisfaction) with the supplier firm’s product/service, personal characteristics of the referrers, and product characteristics (Hada, Grewal, & Lilien, 2010). Furthermore, they noted that researchers have consistently found that the higher the customers’ satisfaction with a product or service, the greater the likelihood that customers will provide positive referrals for the supplier firm (e.g., Anderson, 1998; Bettencourt, 1997; Biyalogorsky, Gerstner, & Libai, 2001). Thus When customers give positive referrals to potential customers, they attribute their satisfaction to the supplier firm and thus are likely to repurchase.

Biyalogorsky, Gerstner, & Libai (2001) in their study note that consumers who are highly pleased with consumption of the goods or services above a certain level (threshold) in the end recommend other potential consumers hence raising profits.

Likewise, Biyalogorsky, Gerstner, & Libai (2001) argue that when a consumer is highly pleased, the rewards along with lower price can be abandoned and the seller adopts strategies of one who ignored the referrals.

Similarly, they (Hada, Grewal, & Lilien, 2010) also note that a negative referral exchange also affects the existing customer’s (the referrer’s) likelihood of purchase: when customers give negative referrals, they attribute their dissatisfaction to the supplier firm.
2.4.5 Features

Uniqueness of product features plays an important role in influencing referrals. Ryu & Feick (2007) argues that product features reasonably impact the influence of rewards on referrals. They further mean that product features in the case of a strong product construct self-reliance in the individual increasing the likeliness to make a referral with no reward as compared to weaker products whose consumers lack self-reliance within them hence the no motivation to make referrals without rewards.

On addition to features such as multiple lens HD camera and hardware (RAM, storage, processor), Oneplus stands out from its competitors with its unique operating system Cyanogen OS 12. Unlike other operating systems such as android, windows and iphone operating system, cyanogen OS 12 gives its users the ability to customize their Oneplus mobil phone to their liking from their vast settings manual (Oneplus, 2016).

2.6 Conceptual framework

From the literature review, factors (price, quality, unique features, social ties) have been discussed that are necessary for an effective referral system with no reward. These factors have been adopted from theories on referral marketing from scholars such as Ryu & Feick, (2007) and (Buttle, 1998; Ugbah & Evuleocha, 2007) and they are used to construct the conceptual framework.

![Conceptual framework](Image)

*Figure 3. The Conceptual framework illustrating referral system by invite without reward (Source: Own construction)*
The Conceptual framework developed shows a company operates with a given referral program, for example the invite system for Oneplus which is used in this study. The invite is given to an existing customer after they purchase a product or through promotions and events. The customer then decides to either end the reward program (invite) by not recommending another potential customer with the acquired invite, or proceeds with the reward program (invite to purchase a product) and recommends another customer usually of closer social ties such as a friend or family member after they being satisfied with the product and its attributes such as quality, features (e.g for the case of Oneplus, unique operating system, HD camera, hardware etc), price.

From the literature review, it is discovered that in a non-reward referral system, close ties are the most suitable with the highest level of expected recommendations to friends and family as narrated by a few scholars among who include; Ryu & Feick, (2007) and Granovetter, (1973). For a customer to refer a product to another person it is required that the existing customer is satisfied with the product or service. After customers are satisfied, then which of the factors mentioned above are more likely to influence consumer decision of referring new potential consumers to a similar product or service.
3. Methodology

This chapter includes the research method and perspectives based on the choice of method and approach. Moreover, empirical methods, including the strategy and data collection will also be presented.

3.1 Research Perspective (Epistemological considerations)

To describe knowledge, what should be considered is the epistemological issue and that is the question of what should be regarded as accepted knowledge. The core issue in this subject is whether or not the social world can or should be studied with the same procedures as natural sciences (Bryman & Bell, 2011, p. 15). However, it is also essential that the authors have their opinions of the view of reality and knowledge to be able to interpret the empirical findings of this study.

In regard of epistemology there are mainly two perspectives and that is positivistic and hermeneutics perspectives. With the positivistic perspective literature and theories are first studied and then conclusions and hypothesis are drawn. It is also used to find causal relations to explain the real life situations (Bryman & Bell, 2011, p. 15). The second perspective is hermeneutics also known as interpretivism perspective, this perspective of knowledge focuses on how the human resonate based on their behavior. Meaning the purpose is to understand human actions and behavior, which each individual perceives in the social environment (Bryman & Bell, 2011, p. 18).

This study’s aim is to investigate the generalize customer behavior on non-reward referral marketing, with an inductive approach meaning that observation of the reality is first done before theories and models are created (Bryman & Bell, 2011; Eisenhardt & Graebner, 2007).

3.2 Research methods

This study investigates customer behavior on non-reward referral marketing and what people generally think about it. Since the research is to generalize how it is in the real world, the most appropriate research approach is quantitative research since the data can be generalized for a population (Bryman & Bell, 2011, pp. 26-27). Hence, through the use of online survey, data for this study was conducted. Additionally, the only segments that were investigated are students of University of Gävle.
3.2.1 Quantitative research

Quantitative research measures variables with many respondents and the data collected are often analyzed with statistical programs, such as SPSS (Statistical Package for Social Science, version 22) (Bryman & Bell, 2011, p.76). The collected data is firstly coded as numerical characters in order to create graphs for analysis. Since the research strategy for this research is as Bryman & Bell, (2011) states that a quantitative research; which is inductive, creation of theory after observation. Therefore, using a cross-sectional design fell naturally for this study.

3.2.2 Data collection and respondent selection

Since this study is investigating the customers’ behavior, then basically anyone can be part of this study. However, we decided to specify one specific segment of people and that segment is students. Therefore, the choice of population for this study was the students in the University of Gävle. The reason we chose this segment is because the age group was mostly likely to be between 18-30 and that age group is also those who use the internet the most (Lenhart, Purcell, Smith & Zickuhr, 2010). The amount of students for spring semester 2015 was approximately 3000 students on campus, and we chose to distribute information about the survey around the University of Gävle (HIG, 2014). In order for the information to reach out to more students, the schools billboards, tables (study table, cafeteria and restaurant) were used; additionally Facebook groups with students from HIG were also informed with the survey information.

A paper of a size of A5 with information about our study was placed in those places for approximately a week. To make sure that the information was seen for a week new information papers were distributed around school every morning for a week. On that paper a presentation of our study was explained, and then the online survey could be accessed through either the QR code or the link (see Appendix 1.).

Bryman and Bell (2011, pp. 163-164) explain that generalizing a population of a study should be faced with caution. Therefore, this study will generalize only to the population of the study, meaning that the generalization might not be fit in other countries.

3.2.3 Selections of scales

In our study we chose to measure the variables with Likert scale except for the demographic variables. A Likert scale contains multiple items and the measurement for each item must be measured in a quantitative numeric way (Bryman& Bell, 2011, p. 155). This scale is used to
determine a respondent’s attitude towards something (Gliem & Gliem, 2003). Hence, it fell naturally that a Likert scale would be used for this study.

A Likert scale can be for example 5-point, 7-point or 10-point (Bryman & Bell, 2011, p. 155). However, we narrowed the decision of the points to use an uneven scaling. That means the respondent has the opportunity to give a neutral answer. Compared with an even scaling means that the respondents are forced to either agree or disagree to a statement (Bryman & Bell, 2011, p. 155).

In conclusion, the choice was a 5-point Likert scale where 1 is the lowest value and 5 is the highest. Since the most of the respondent would be answering the survey on their smartphone (due to the QR code), the 5-point Likert scale would be most appropriate for this survey. Dawes, (2008) state that the result from a 5-point or a 7-point Likert scale had a minimum impact, meaning that there are no difference between the two scaling.

3.3 Data Presentation and Analysis

The collected data was analyzed using SPSS (Statistical Package for Social Science, version 22). The survey that was distributed around school led the respondent to our Google form, where the survey was answered. The data collected was then transferred to SPSS for analyzing the data. Two main analyzing terms were used in our analysis, mean value and the cluster analysis those are explained in the section below.

3.3.1 Mean value

The mean value in statistics is referred to the central average value in a set of data. Which means the sum of all values and then divided by the amount of data is the mean value. This is also called Arithmetic mean (Bryman & Bell, 2011, p. 186).

Mean value was mainly used to see if the result was leaning toward either side from neutral 3. >3 are when more respondents answered 4-5, which means that more of the respondents strongly agrees to the statement. Lastly, if mean value shows <3 means that more answered 1-2, and that means that more of the respondents strongly disagree to the statement.

3.3.2 Cluster analysis

The cluster analysis was also conducted with help of SPSS, which uses algorithms and other methods to group the respondents into different clusters. A simplified way to explain it is that respondent that answered similarly are put into the same cluster and those who answer differently were put into their respective clusters.
The reason for choosing this method is because we can find what kind of customers that an invite system might attract.

3.4 Reliability and validity

Reliability is how trustworthy the results are in a research and if the study is repeatable and reached the same result each time. Reliability is highly connected with quantitative research, it usually measure if the questions are stable (Bryman & Bell, 2011, p. 157). This means that in order to create a close replicate of the original study one needs to set themselves in the similar social role as the original researcher. A way to test the internal reliability of a data collection is by doing a Cronbach’s Alpha test. That test can be done by putting all variables in SPSS and the result will be given. The result from a Cronbach’s Alpha test should be between 0-0.9, where the higher value the better. A value under 0.6 is considered poor and sometimes unacceptable. 0.6-0.7 is acceptable reliability and 0.7-0.9 is good (Bryman & Bell, 2011, p.163). As you can see in table 1 the Cronbach’s Alpha for our data is 0.805 which means that the reliability is good.

Table 1. Cronbach’s Alpha (Source: Own construction)

<table>
<thead>
<tr>
<th>ReliabilityStatistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>.805</td>
</tr>
</tbody>
</table>

Validity is seen an important criteria of research. It refers to results that are generated from the empirical data, if that conclusions or measurement in the study is successful in investigating what is intended. That means that if the methods or empirical data are of low validity, the research results are likely invalid. The questions in the survey were created from the perspective of the factors in the Conceptual framework created in chapter 2.6. It is significant that the findings of this dissertation are valid, to ensure this, we have carefully tested the survey with some friends before the final version of the survey (Bryman & Bell, 2011, pp. 159-160). After those pretests several questions in the survey were reformulated to be more understandable for the respondents. Additionally, a face validity was done as well before the survey was send public, our supervisor, Maria Fregidou-Malama had her opinions for changes.
4. Empirical Findings

In this section the results from the survey will be presented, that is the data and results in bar charts.

4.1 Result

A total of 105 surveys were collected, however only 101 were used for the study. The reason that those four individuals were excluded was because they were not ‘Students’ but either teacher or visitor at the university. The result will be shown as bar charts supplemented with explanation of what the question is supposed to answer, but also the mean values will be presented.

The survey was mainly divided in two parts. The first part regarding the respondents’ opinions on a non-reward referral marketing. Furthermore, the second part is measuring the influence of a products, quality, price and feature in order to refer a person from either weak or strong tie, which means the share rate to weak- or strong ties but also public to anyone. All shown graphs and result are renamed after what it’s measuring, to read the full questions see appendix 2.

4.1.1 Data

Our data show that the respondents were 45% women and 55% men (see fig. 4), which is a relatively gender equal response. Moreover, as seen in fig. 5 the age distribution of our data is majority dominated by the age group 18-25 followed up with 26-30. That is due to the fact that our survey is distributed in a university.

Figure 4. Gender distribution

Figure 5. Age distribution
4.2 Invite system
The first part of the survey is about the respondents’ opinion of invite system products. An assumption is explained in the beginning in order to make the respondent think of a product they like with some distinctions. That is the brand and reputation, we stated a less known brand and a not bad reputation. This is to create an image of a product that is not one of the leading brands like Apple, Samsung in their industry, but a less known one instead.

The different questions in the survey will be presented for in each bar chart presented. However, the original survey can also be found in appendix 2. The result of the part one is shown in table 2.

Table 2. Result of Invite System

<table>
<thead>
<tr>
<th>Question</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 1</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3,09</td>
</tr>
<tr>
<td>Question 2</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3,29</td>
</tr>
<tr>
<td>Question 3</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>2,51</td>
</tr>
<tr>
<td>Question 4</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3,90</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 1.

Interestingness of invite system

Figure 6. Question 1. Interestingness
Question one is regarding how interesting the respondent thinks about a product which can only be purchased with an invite. The mean value is 3.09 which means that the respondents have different opinions on how interesting they think this sort of marketing is. However, notably slightly more people are on the right side of the graph; meaning that more people think that this marketing is indeed interesting (39 compared with 35).

**Question 2.**

*Exclusiveness of invite system*

![Figure 7. Question 2. Exclusiveness](image)

In question two about how exclusive the respondent think the product is with invite system; the mean value is 3.29 which means that slightly more people think that a product which is sold with an invite system is more exclusive. By looking at fig. 7 and comparing the ones that think it’s exclusive (50 respondents) versus those who do not think it’s more exclusive (25), then double amount of people has a belief that an invite system makes the product more exclusive.
Question 3.

Limited supply of a product

For question three the mean is 2.51, which means that most of the populations think that limiting a supply of a product does not make it more exclusive. Nonetheless, a limited supply is considered negative according to the result where 45 dislikes limited supply and only 21 that likes it.

Question 4.

Likelihood to choose an alternative product

Figure 8. Question 3. Limited supply

Figure 9. Question 4. Likelihood to choose an alternative product
As we can see in fig. 9 the majority of the respondents would rather switch to another alternative product to avoid such a hassle with an invite system. The mean here is 3.90 which means that the likelihood for people to switch to an alternative product is high. 73 of the 101 respondent answered either four or five (somewhat likely or very likely), shows that it is a high possibility that one would change to an alternative product.

4.3 Influences
The second part of the questionnaire are questions 5-16, those questions are then measuring four different factors. The buying decisions, public share rate, weak ties and lastly strong ties.

4.3.1 Buying decision of the respondents
In the table 3 the statistics of the mean value for question 5-7 is presented. Those questions are intended to answer who influences the respondents purchase decisions

Table 3. Result of Buying Decision

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
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<tr>
<td>Question 5</td>
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<td>1</td>
<td>5</td>
<td>2.88</td>
</tr>
<tr>
<td>Question 6</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.84</td>
</tr>
<tr>
<td>Question 7</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.27</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 5.

Weak tie’s influence on buying decision

Figure 10. Question 5. Buying decision – Weak ties
Question 5 is investigating the influence of buying decision from weak ties and result shows very mixed answers from the respondents. The result shown a relatively equal distribution of agree (39) and disagree (40). However, the result of the mean is 2.88 meaning slightly more people strongly disagreed that the weak ties influence them.

**Question 6.**

*Strong tie's influence on buying decision*

In the bar graph presented a mean value of 3.84 is noted. This means that the majority of the respondents agree that strong ties heavily influence their purchase decisions. 73 out of 101 considered that that a strong tie is influencing their buying decisions.

**Question 7.**

*Youtubers and other reviews influence on buying decision*

*Figure 11. Question 6. Buying decision – Strong ties*

*Figure 12. Question 7. Buying decision - Reviews*
A mean of 3.27 is noted, which means that most of the respondents is leaning towards the agree side of this question. Meaning that most part agree that YouTube’s influences their buying decisions of a product. 51 agreed that reviews plays a role in their buying decisions, while 31 disagreed.

4.3.2 Spread the word to anyone
In the table 4 the statistics of the mean value for question 8 is presented. This question is answering how often one shares companies’ campaign through any kind of social media, which means if ones share anything public for anyone.

*Table 4. Result of Spreading the Word*

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 8</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>2.65</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Question 8.*

*Share information public through social media*

*Figure 13. Question 8. Spread the word - Public*
In the graph a mean value of 2.65 can be extracted. The cause of that is that the majority of the respondents ‘never’ or ‘rarely’ share a company’s campaign with other people (51 individuals). However, there are approximately 1/3 of the respondents that do share company’s campaign frequently.

4.3.3 Weak ties
In this section all data is regarding the respondents referring a weak tie to a product, the likelihood and the importance of the three factors: quality, price and feature. The result of the question 9, 11, 13 and 15 are presented in table 5 with the mean value.

Table 5. Result of Weak Ties

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 9</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.05</td>
</tr>
<tr>
<td>Question 11</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
</tr>
<tr>
<td>Question 13</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.34</td>
</tr>
<tr>
<td>Question 15</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.39</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 9.
Likelihood to refer a weak tie

Figure 14. Question 9. Refer a weak tie
In the question regarding likelihood of referring a weak tie to a product that the respondents like the mean value is 3.05. A mean value that is close to the middle can be explained that the respondents mostly rated this question neutral. However, a slightly larger population answered ‘somewhat likely’, meaning that they will refer a product to a weak tie if they like the product.

**Question 11.**

*Product quality importance – Weak tie*

![Figure 15. Question 11. Product quality – Weak tie](image)

In the bar graph presented a mean value of 3.57 is obtained. Where 56 of the respondents find that the product quality is important when referring to a weak tie and 17 disagrees.

**Question 13.**

*Product price importance – Weak tie*

![Figure 16. Question 13. Product price – Weak tie](image)
A mean value of 3.34 is obtained in question 13. That means that slightly more respondent think that the product price is important when referring to a weak tie. 49 that agrees and 24 disagrees.

**Question 15.**

*Product unique feature importance – Weak tie*

![Bar chart showing responses to question 15 about product feature importance for weak ties.](image)

*Figure 17. Question 15. Product feature – Weak ties*

From figure 17, a mean of 3.39 was obtained. Which means that slightly more respondents think that the product feature is important when referring a weak tie. 47 respondents think product features are important while 19 think it is not important.
4.3.4 Strong ties
Similar to the weak tie section this part is about the strong ties instead, with the same factors: quality, price and feature. Table 6 shows the questionnaire result of the strong ties question 10, 12, 14 and 16.

Table 6. Result of Strong Ties

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 10</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>4.08</td>
</tr>
<tr>
<td>Question 12</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>4.26</td>
</tr>
<tr>
<td>Question 14</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>3.95</td>
</tr>
<tr>
<td>Question 16</td>
<td>101</td>
<td>1</td>
<td>5</td>
<td>4.06</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A mean of 4.08 is obtained in Question 10. This mean value sets a difference between the respondents who are likely to those who are not likely to refer close friends. This implies that most respondents highly agree to the largest extent that they are most likely to refer a product to their close friends. 78 would likely refer a person from a strong tie while 7 would not.
Question 12.
Product quality importance – Strong ties

A mean of 4.26 is obtained from figure 19. Indicated in the figure 19, it’s seen that there is a difference between respondents who highly agree that quality is important when referring a close friend to the one that say it is not important at all. As high as 84 finds product quality important while only 3 did not.

Question 14.
Product price importance – Strong ties

Figure 19. Question 12. Product quality – Strong tie

Figure 20. Question 14. Product price – Strong tie
A mean value of 3.95 is calculated in this question. Which means that the majority of the respondents think that the product price is somewhat important for them to consider when referring a close friend to buy a product. 73 think that the price is important while 7 did not.

**Question 16.**

*Product unique feature importance – Strong ties*

![Figure 21. Question 16. Product feature – Strong tie](image)

A mean value of 4.06 is calculated from fig. 21. This shows a high number of respondents means that the products unique features are very important when referring a product to close friends. The graph indicating that the majority of the respondents highly agree that unique features are very relevant to put into consideration before referring a product to their close friends. 77 find feature important and 7 did not.

**4.4 Summary of the Empirical Findings**

The result of all the data with the amount of respondents in each category is presented in table 7. The mean value of several questions are relatively close to three meaning the result shows a neutral value from the respondents. However, some questions show a result towards a high valued answer or low value.

That is question 2, where 50 think that invite system makes a product more exclusive. In question 3, regarding limited supply as many as 45 disliked it, which means that the
respondents do not prefer a limited supply of a product to make it more exclusive. Moreover, in question 4 regarding seeking of alternative products 73 out of 101 would likely do so, meaning that the mostly would likely find another product due to the wait time for an invite.

Furthermore, all questions regarding strong ties (see table 7) and buying decision from a strong tied friend (Q6.) showed a high amount of respondents. That shows that strong ties do have a larger impact for both buying decisions and chance to referring someone. However, notably the questions regarding the product quality (Q.11 & Q.12) compared with the other factors, has a higher amount of respondents than the other factors. Which could possibly mean that the product quality is the most important factor to consider before referring a product to someone.

Table 7 Summary of the Empirical data

<table>
<thead>
<tr>
<th>Part 1. Invite system</th>
<th>N</th>
<th>Amount of respondents rated 4-5</th>
<th>% Percentage of respondents rated 4-5</th>
<th>Amount of respondents rated 1-2</th>
<th>% Percentage of respondents rated 1-2</th>
<th>Amount of respondents rated neutral 3</th>
<th>% Percentage of respondents rated neutral 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 1. Interestingness</td>
<td>101</td>
<td>39</td>
<td>38.61%</td>
<td>35</td>
<td>34.65%</td>
<td>27</td>
<td>26.73%</td>
</tr>
<tr>
<td>Q 2. Exclusiveness</td>
<td>101</td>
<td>50</td>
<td>49.50%</td>
<td>25</td>
<td>24.75%</td>
<td>26</td>
<td>25.74%</td>
</tr>
<tr>
<td>Q 3. Limited Supply</td>
<td>101</td>
<td>21</td>
<td>20.79%</td>
<td>45</td>
<td>44.55%</td>
<td>35</td>
<td>34.65%</td>
</tr>
<tr>
<td>Q 4. Alternative product</td>
<td>101</td>
<td>73</td>
<td>72.27%</td>
<td>9</td>
<td>8.91%</td>
<td>19</td>
<td>18.81%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part 2. Buying decision</th>
<th>N</th>
<th>Amount of respondents rated 4-5</th>
<th>% Percentage of respondents rated 4-5</th>
<th>Amount of respondents rated 1-2</th>
<th>% Percentage of respondents rated 1-2</th>
<th>Amount of respondents rated neutral 3</th>
<th>% Percentage of respondents rated neutral 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 5. Weak tie influence</td>
<td>101</td>
<td>39</td>
<td>38.61%</td>
<td>40</td>
<td>39.60%</td>
<td>22</td>
<td>21.78%</td>
</tr>
<tr>
<td>Q 6. Strong tie influence</td>
<td>101</td>
<td>73</td>
<td>72.27%</td>
<td>12</td>
<td>11.88%</td>
<td>16</td>
<td>15.84%</td>
</tr>
<tr>
<td>Q 7. Reviews influence</td>
<td>101</td>
<td>51</td>
<td>50.49%</td>
<td>31</td>
<td>30.69%</td>
<td>19</td>
<td>18.81%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public share rate</th>
<th>N</th>
<th>Amount of respondents rated 4-5</th>
<th>% Percentage of respondents rated 4-5</th>
<th>Amount of respondents rated 1-2</th>
<th>% Percentage of respondents rated 1-2</th>
<th>Amount of respondents rated neutral 3</th>
<th>% Percentage of respondents rated neutral 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 8. Share public</td>
<td>101</td>
<td>36</td>
<td>35.64%</td>
<td>51</td>
<td>50.49%</td>
<td>14</td>
<td>13.86%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Weak ties</th>
<th>N</th>
<th>Amount of respondents rated 4-5</th>
<th>% Percentage of respondents rated 4-5</th>
<th>Amount of respondents rated 1-2</th>
<th>% Percentage of respondents rated 1-2</th>
<th>Amount of respondents rated neutral 3</th>
<th>% Percentage of respondents rated neutral 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 9. Likelihood refer</td>
<td>101</td>
<td>38</td>
<td>37.62%</td>
<td>29</td>
<td>28.71%</td>
<td>34</td>
<td>33.66%</td>
</tr>
<tr>
<td>Q 11. Product quality</td>
<td>101</td>
<td>56</td>
<td>55.44%</td>
<td>17</td>
<td>16.83%</td>
<td>28</td>
<td>27.72%</td>
</tr>
<tr>
<td>Q 13. Product price</td>
<td>101</td>
<td>49</td>
<td>48.51%</td>
<td>24</td>
<td>23.76%</td>
<td>28</td>
<td>27.72%</td>
</tr>
<tr>
<td>Q 15. Product feature</td>
<td>101</td>
<td>47</td>
<td>46.53%</td>
<td>19</td>
<td>18.81%</td>
<td>35</td>
<td>34.65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strong ties</th>
<th>N</th>
<th>Amount of respondents rated 4-5</th>
<th>% Percentage of respondents rated 4-5</th>
<th>Amount of respondents rated 1-2</th>
<th>% Percentage of respondents rated 1-2</th>
<th>Amount of respondents rated neutral 3</th>
<th>% Percentage of respondents rated neutral 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 10. Likelihood refer</td>
<td>101</td>
<td>78</td>
<td>77.22%</td>
<td>7</td>
<td>6.93%</td>
<td>16</td>
<td>15.84%</td>
</tr>
<tr>
<td>Q 12. Product quality</td>
<td>101</td>
<td>84</td>
<td>83.16%</td>
<td>3</td>
<td>2.97%</td>
<td>14</td>
<td>13.86%</td>
</tr>
<tr>
<td>Q 14. Product price</td>
<td>101</td>
<td>73</td>
<td>72.27%</td>
<td>7</td>
<td>6.93%</td>
<td>21</td>
<td>20.79%</td>
</tr>
<tr>
<td>Q 16. Product feature</td>
<td>101</td>
<td>77</td>
<td>76.23%</td>
<td>7</td>
<td>6.93%</td>
<td>17</td>
<td>16.83%</td>
</tr>
</tbody>
</table>
5. Analysis

In this section the results from the empirical data are discussed and compared with the theories that have been studied in chapter two ‘Theoretical framework’.

5.1 Referral marketing by invite system

According to the empirical findings, respondents have different opinions about referral marketing by using the invite system of purchasing or marketing with a mean value of 3.09 (question 1). They find it to be unique and interesting way of marketing a product. Majority respondents are neutral or uncertain about the invite system while an almost equal number think it is both interesting 24% and not interesting 25% (figure 6). This form of marketing was a new concept to a good number of respondents who were not sure about how it is conducted. However, they got the idea due to examples given on the questionnaire and they responded as indicated above with most of them neutral and not considering it interesting from a customer’s view. Insufficient knowledge by consumers on the company’s marketing campaigns lead to unsatisfactory marketing results since potential consumers purchase decision highly depends on the level of involvement into the referral marketing. Referring to the theoretical framework, when consumers receive an invite, they only proceed with the referral marketing after appreciating the product or service, the consumer then proceeds to refer a social tie or they may end the whole process without referring anyone hence unsatisfactory marketing results. According to Park, Lee & Han, (2007), many that would be new buyers have no time to make comparisons between varieties of products hence simplifying their decision making by purchasing what is recommended by another consumer. Hada, Grewal, & Lilien, (2010) refer to it as word of mouth (customer to customer recommendations). Moreover, this reduces the risk of buying poor quality products according to Gretzel, & Yoo, (2008). This is because the consumer buys a product which they have knowledge about from the previous customers experience with the product.

Similar to Park, Lee & Han, (2007), the empirical findings of this study show that consumers prefer purchasing products with ease and not time wasting with comparing to other products. This is shown in the results where respondents when asked on their likely hood to switch to an alternative product and skip the complication of this marketing strategy, the highest number replied that they are most likely to switch to a new product.

5.2 Ties & buying decision

This part analyses the relationship between the referrer and referee, i.e, weak tie or strong tie and its impact on purchase decision.
From the empirical findings, the influence of weak ties on buying decision (question 5) showed that more respondents disagree of being influenced by weak ties to arrive at a buying decision. A mean of 2.88 is obtained which indicates slight difference between the people who agree and disagree. This finding corresponds with Ryu & Feick (2007) who argue the importance of strong ties as motivators for referrals especially in conditions where the referrer is getting no reward in return for the referral.

Furthermore, the results agree with the next Question 6 which states the influence of strong ties (close friends, and family) on buying decision. Most respondents agree which gave a mean value of 3.84 implying a huge difference between the respondents who agree and disagree.

Question 7 has contradictory results, YouTube being a weak tie, most respondents agree that YouTube reviews influence their buying decision. Moreover, a mean of 3.27 is obtained implying that respondents are agreeing that they are influenced by YouTube. This is contradictory with Ryu & Feick (2007) because YouTube users being total strangers and offering no rewards for their clients.

According to Ryu & Feick (2007), for potential customers in a weak tie relationship such as youtubers, and other social media, a referral reward is considered necessary in order to influence purchase decision. This is due to nature of the complex relationship between the two parties (referrer and referee) unlike close ties where the two parties know each other and show care and trust.

According to the results from the respondents, on whether they would tag a friend or share a company’s advertisement on social media, the majority agree to never share company campaigns or advertisements with other users on social media. Social media (e.g Youtube, facebook) being a weak tie, this finding agrees with Ryu & Feick (2007) study on ties as stated above. Furthermore, neutral results with a mean value of 3.05 were obtained on referring a weak tie to a specific product that the respondent likes. This means that a consumer can refer another potential consumer to a similar product if they enjoy the product themselves. Furthermore, it also implies the referral can be either positive or negative which would yield a positive or negative referral (Hada, Grewal, & Lilien, 2010). This means that the referral depends on the consumers ability to enjoy consumption of the product, if they
enjoy the product, they are likely to give a positive referral, if they don’t enjoy the product, a negative referral is likely to be given.

On the other hand, for a close tie, respondents agreed that they are very likely to refer a close friend or family to purchase a similar product they like hence positive word of mouth which is likely to give a positive referral. According to (Hada, Grewal, & Lilien, 2010), this WOM varies in intensity. This means that strength of WOM differs between different consumers due to factors such as tie strength and customer satisfaction as explained earlier.

5.3 Product attributes
This part analyses the impact of product attributes such as price, quality and unique features to consumer referrals.

In the study conducted, results indicate that majority of the respondents agree that the product quality is important especially when referring a weak tie to purchase a new product. This is because when a consumer is satisfied with the product, he/she is likely to recommend the product by word of mouth to a potential consumer without expecting a reward for the referral. Moreover, according to Biyalogorsky, Gerstner, & Libai (2001), customers who are happy with the results of the product or by its consumption always end up recommending or referring other customers to try the product. Furthermore, also Biyalogorsky, Gerstner, & Libai (2001) similarly note that, by offering excellent quality a business attracts referrals.

On the other hand, if the consumer is dissatisfied with the product quality, he/she is likely to engage in negative word of mouth which would discourage other potential customers from purchasing. Furthermore, from their work, Hada, Grewal, & Lilien, (2010, p.3) find that customers who are not satisfied with a product are likely to give negative referrals. According to the empirical findings of this study, this relationship between product quality and consumer referrals is true for both weak ties and strong ties. This means that when a product is of poor quality, consumers are unlikely to refer it to other potential customers and may engage in negative word of mouth.

The empirical findings also showed that the price of a product is important especially when making referrals to weak ties. This is because a low product price has the ability to capture consumer interest and make referrals. Biyalogorsky, Gerstner, & Libai (2001) state that “lowering price is attractive because the seller kills two birds with one stone, a lower price
increases the probability of an initial purchase and the likelihood of referral.” Therefore the pricing of a product is crucial when making marketing decisions.

When it comes to product unique features, most respondents were not certain whether they were very important when deciding to refer a potential customer to purchase a product or not. This is contradictory to the study of Ryu & Feick (2007). Moreover, they (Ryu & Feick, 2007) found that product features have a crucial part they play in referrals. This is more in stronger brands or products which have extra ordinary features which make them stand out from the competition.

5.4 Cluster analysis
A cluster analysis identifies structures in the data and classifies the respondents into clusters. To segment the respondents into different clusters is a solution to identify the different customer behaviors. By using SPSS four different clusters were created. As it is shown in table 8 four clusters was identified. The first cluster consists of 20 respondents, the second cluster 46 respondents, the third cluster 31 respondents and lastly the fourth cluster consists of 4 respondents.

The reason why we chose to do a cluster analysis is to observe what kind of cluster groups there are and how large population there is for a possible functional invite system.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>1</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Valid</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

In table 9 on the horizontal column the four different clusters can be observed and their respective average answers for each question ranging from 1-5 where 1 is strongly disagree to the question and 5 is strongly agree to the question. The given values are the average values (mean values) of the respondents in that cluster.
Table 9. Result of Cluster Analysis

<table>
<thead>
<tr>
<th></th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
<th>Cluster 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1. Interestingness</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Q2. Exclusiveness</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Q3. Limited Supply</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Q4. Alternative product</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Q5. Weak tie influence</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Q6. Strong tie influence</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Q7. Reviews influence</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Q8. Share public</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Q9. Likelihood refer, weak tie</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Q10. Likelihood refer, strong tie</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Q11. Product quality, weak tie</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Q12. Product quality, strong tie</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Q13. Product price, weak tie</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Q14. Product price, strong tie</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Q15. Product feature, weak tie</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Q16. Product feature, strong tie</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

5.4.1 Cluster 1. ‘The Family person’
The characteristics for the first part of the survey (Q1-4), how interestingness and exclusiveness one thought about an invite system were of a neutral value of three in this cluster. Moreover, they also strongly dislike limited supply and would most likely switch to an alternative product.

Table 10. Cluster 1: The Family Person

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 Limited supply of a product</td>
<td>1</td>
</tr>
<tr>
<td>Q4 Likelihood to choose an alternative product</td>
<td>4</td>
</tr>
<tr>
<td>Q8 Share public</td>
<td>2</td>
</tr>
<tr>
<td>Q5, 9, 11, 13, 15 Weak ties</td>
<td>2</td>
</tr>
<tr>
<td>Q12 Product Quality when referring to a strong tie</td>
<td>5</td>
</tr>
<tr>
<td>Q6, 10, 14, 16 Strong ties</td>
<td>4</td>
</tr>
</tbody>
</table>

Furthermore, the population in cluster 1 (see, table 10) are people that rated high value to refer a product that they like to someone with a strong tie. Mostly the strong tied questions were given around 4, except for the product quality which was given a 5. However, for people
that are from a weak tie they would most likely not refer that person and gave a value of 2. Which means the characteristics of the 20 individuals in this cluster are people that would more likely refer someone from a strong tie and less likely for someone of a weaker tie. Therefore, we named this cluster ‘the family person’. Because a good family person take care of the close and loved one.

In the theory Ryu & Feick (2007) argue that rewards are more effective in increasing referral to weak ties and that strong ties rewards are not necessary to motivate the consumer to recommend another consumer to use the same product. This can be seen in this cluster because the family person would rather refer someone of a strong tie than weak tie.

5.4.2 Cluster 2 ‘The Great Customer’
Cluster two is the largest cluster of the four clusters in our empirical findings. In the first part the average answers are the same as cluster 1 except question 3 regarding their opinion of limited supply. Where the value of cluster 2 was a neutral three instead of one.

Table 11. Cluster 2: The Great Customer

<table>
<thead>
<tr>
<th>Question</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 Limited supply of a product</td>
<td>3</td>
</tr>
<tr>
<td>Q4 Likelihood to choose an alternative product</td>
<td>4</td>
</tr>
<tr>
<td>Q5 Weak ties influence</td>
<td>2</td>
</tr>
<tr>
<td>Q8 Share public</td>
<td>2</td>
</tr>
<tr>
<td>Q9, 11, 13, 15 Weak ties</td>
<td>4</td>
</tr>
<tr>
<td>Q6, 10, 12, 14, 16 Strong ties</td>
<td>4</td>
</tr>
</tbody>
</table>

Moreover, on the second part of the survey the characteristics of the population in this cluster is that they have a high possibility to refer nearly anyone to a product or service, both weak and strong ties. That can be observed in table 11 where the strong tie and weak tie questions valued as 4. The only exception are question 5 and 8 with a value of two, that means that a weak ties has a minor influence on cluster two’s consumption of product and service. Furthermore, cluster 2 will most likely not share and refer a product public for anyone in social media but for strong and weak ties they will.

In the theory, Biyalogorsky, Gerstner, & Libai (2001) argue the incentive or reward to refer someone becomes irrelevant if the product creates a satisfied value for its customer. That is probably why respondents would refer a product to both weak and strong ties, it is because the product is so good and gives a high value.
5.4.3 Cluster 3 ‘The Dream Customer’
Cluster three is the second largest cluster consisting of 31 individuals. We call this cluster ‘the dream customer’ because of the high values of all questions in the survey. The questions were evaluated as a 4 except the third question regarding limited supply which was given a neutral value of 3.

Table 12. Cluster 3: The Dream Customer

| Q3 Limited supply of a product | 3 |
| Q4 Likelihood to choose an alternative product | 4 |
| Q8 Share public | 4 |
| Q5, 9, 11, 13, 15 Weak ties | 4 |
| Q6, 10, 12, 14, 16 Strong ties | 4 |

Hence, the individuals in this cluster have a high possibility to refer to anyone, no matter if you are from a strong or a weak tie (see, table 12). Also they will be influenced by everyone, a weak tie YouTuber, a Facebook friend or even a close friend. Making this cluster ‘the dream customer’ the optimal customers for invite system such as Oneplus is using.

Biyalogorsky, Gerstner, & Libai (2001) argue the incentive or reward to refer one is irrelevant if the product creates a high satisfaction for its customer. That is why respondents would refer a product to both weak and strong ties, because the product is so good and gives a high value.

5.4.4 Cluster 4 “The don’t share with anyone person”
Cluster four is the smallest cluster of four individuals. The highest value in this cluster is a neutral 3, all other questions are evaluated as 1-2. Which shows that the persons in this cluster barely shares anything to anyone, no matter if it’s a strong or weak tie (see, table 13).
However, notably the questions about who influences one for choosing a product, if it’s a weak or strong tie both were evaluated as 1. This indicates that the characteristics of cluster 4 is a strong person who trust in their own taste of product and brand. Lastly, one interesting note of this cluster is that the lowest evaluated score for weak ties were two and for strong ties were one. That means that the respondents in this cluster rather believe in one from a weak tie than strong tie.

5.4.5 Summary of cluster analysis
Four clusters were created, the family person will most likely refer someone of a strong tie over a weak tie and the most important factor for referring are the product quality. Cluster 2 would highly refer persons from both strong and weak tie, however not to public random persons. Weak ties have a small influence of cluster 2 choice of product. Cluster 3 is the dream customers, because these persons will most likely share and refer anyone to a product or service, no matter if you are a strong or weak tie or totally random (public). Lastly, cluster 4 are the persons who would barely share or refer a product or service to anyone. This is the least favored characteristics for an invite system, since an invite system would not work with such kind of characteristics.

In conclusion invite system might work with cluster 1-3, but not with cluster 4. Cluster 1 would most likely refer strong tied friends and family member while cluster 2 and 3 would literally refer to anyone. Lastly, cluster 4 would not refer anyone. This shows that majority of the respondent would make a functional invite system if the product is good.
6. Conclusion

In this chapter the research questions are presented and analyzed. Furthermore, managerial, societal and theoretical implications are be discussed and proposal of further research is also be presented.

6.1 Answering the research questions
The purpose of conducting this study was to understand the motivation factors that influence the consumers purchase decision to engage in non-reward referral program. To achieve this, two research questions were formulated to guide and ensure that the aim of the research is fulfilled.

1. What are the factors that affect consumer behavior for a functional non-reward referral program?
2. Which of those factors will have the most impact on referrals?

A theoretical framework was developed from the literature reviewed. The factors influencing consumer decision to engage in non-reward referral system were then discovered and used to formulate the questionnaire to gather empirical evidence and discover which factors have a greater impact on referrals.

Research questions are answered as below.

1. What are the factors that affect consumer behavior for a functional non-reward referral program?

A referral program with no reward, people will still refer to each other as seen from cluster 2 & 3, if they are satisfied with the product. According to our findings, the factors that affect consumer behavior for a functional non-reward referral system include; social ties, price, product quality, product features such as Oneplus unique Operating system. Other supporting factors except the ones mentioned include word of mouth and technological innovation of sharing.

According to (Goldenberg et al. 2001; Vilpponen et al. 2006), another reason for such a system to work is the technological innovation of sharing. Social media and email has contributed to a convenient, easy and fast way to share information across individuals.

2. Which of those factors will have the most impact on referrals?
According to the empirical findings, product quality and strong social ties e.g. family members are found to have the most impact on referrals with no rewards. These are followed by unique product features and product price. The relationship e.g. strong social ties such as family between existing customers and potential customers is both emphasized in the theories especially in Ryu & Feick (2007) and our empirical findings as a major factor in motivating referrals with no reward through positive word of mouth. And where the relationship between existing customers and potential customers is weak, product quality plays a major role in influencing referrals with no reward according to our empirical findings and literature reviewed.

6.2 Theoretical, managerial and societal implications
Theoretically an invite system should create a snowball effect of customers referring to one another due to PWOM (Buttle, 1998; Brown & Reingen 1987; Trusov, Bucklin & Pauwels, 2008). However, according to those authors a non-reward program should only work for strong ties and is less effective for weak ties. But as seen in reality Oneplus successfully established their brand in the hard competing smartphone market. Which means that non-reward referrals is functional even for weak ties as seen from the result of the study. This might be a result of internet that pulls individual closer to each other through easier communication over the web (Garrett, 2000). This study is unique since it touches research areas which have not been explored. To see if non-reward referrals could function for general products as well and not only the study case of Oneplus.

From a managerial perspective, this study presents the invite referral system’s pros and cons. It is only recommended to adapt this strategy for new startup firms to reduce risks of going bankruptcy by e.g. having a large stock of products and not selling product. Hence, with an invite systems managers can control and make sure enough supply of the product is made to meet the demand. Moreover, when a firm has established with an invite system managers should consider changing strategy and remove the invite system. The main reason we believe so is because of question 4, likelihood of changing to an alternative product instead. Where approximately 70% of the respondents would likely change. Therefore, when a firm has established to avoid loss of potential customers a strategy change is strongly recommended.
On a societal perspective, this study has led to a deeper understanding of how and why an invite system might work in the current society. Internet is playing a huge role in the evolution and it has made invite system possible.

Lastly, we argue that Oneplus should consider abandon the invite system, because the brand is established now in the smartphones market. With three phones released Oneplus- One, Two and X with a huge demand creating a huge queue on their online store. As seen in our findings many would most likely change to an alternative product, and therefore Oneplus might lose potential customers.

6.4 Critical Reflection, Limitations and Future Researches

During the process of this study we faced several limitations. This study only considers the students at University of Gävle aged 18-30. Therefore, it cannot represent the other regions or the whole world. Hence, it’s hard to generalize the findings of our study since the customer might differ in India or in any other countries.

By using a new company, Oneplus as case study it clearly illustrated the topic under study but we believe that we could have used an established and well known company as case study because it could generate even more accurate results from consumer’s perspective since Oneplus was not known to all our respondents. A company’s perspective of referral marketing without rewards would also be interesting to conduct and compare results for future studies.

The results of this study are based on a mobile phone industry given our case study. Therefore the results can not represent other industries because results could differ for a non reward referral marketing or not apply at all in another industry.

Furthermore, close-ended question contributed for a generalized understanding, however we suggest in the future research deeper understanding of a customer’s opinion on an invite referral system would be interesting. Hence, open-ended interview from both the company and its customers could be done to gain deeper understanding of this kind of referral system.
Appendix 1. The invitation to do our survey

Do You Want to Try Your Luck and Win a Cinema Ticket?! 

We are two MBA students who are writing our master thesis about referral marketing (marketing where existing customer recommend a friend or acquaintance to a product or service). We would like to have your help with answering a survey which will take about 5 min.

The survey can be accessed with the QR on the right. As thanks for taking your time answering the survey, we offer you an opportunity to be in the raffle for a cinema gift voucher with a value of 100 kr (Do not forget to write your email and last date will be the 4th of May).

Thank you for your participation!

Dennis Liu
Muhammad Lubwama

If the survey do not show try to refresh the browser.

If you do not have QR scan, no worries. The url for the survey is: goo.gl/AW2laT
Appendix 2. Survey on the internet, which could be accessed through both PC and smartphones.

Survey about referral marketing

We are two MBA students who are currently doing our master thesis at University of Gävle. For us to be able to finish our work we really appreciate your help, by answering this survey, which should take no longer than 5 min. As thanks for helping us, we offer you to be in the raffle for a cinema gift voucher (value for 100kr). Thanks and good luck!

Dennis Luu
Muhamad Lubwama.

*Obligatorisk

**Gender** *
- Male
- Female

**Age** *
- Under 18
- 18-25
- 26-30
- 31-45
- 46 or older

**Occupation** *
- Student
- Employed by the university/college
- Faculty member
- PhD candidate
- Visitor at the university/college
- Other
Invite system
Assume a product of a kind that you are very interested in, but it can only be purchased by an invite from an existing customer of the company. The brand is not very well known and the reputation of the company is not bad.
In this section we would like to have your opinion on this kind of invite referral program.

Question 1 *
How interesting do you find this way of purchasing a product?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not interesting</td>
<td>Very interesting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 2 *
How exclusive do you think the product is, with this kind of marketing?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not exclusive</td>
<td>Very exclusive</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 3 *
I like limited supply of a product, it makes it even exclusive.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>Strongly agree</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Question 4 *
How likely will you buy an alternative product instead? (skipping all the hassle for an invite)

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not likely</td>
<td>Very likely</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part two

**Question 5**
My casual acquaintance (someone you talk with time to time, but not considered close friend e.g Facebook friend, relatives) influences my decisions of what product I buy.

1 2 3 4 5

Strongly disagree □ □ □ □ Strongly agree

**Question 6**
My closest friends and family members influences my decisions of what product I buy.

1 2 3 4 5

Strongly disagree □ □ □ □ Strongly agree

**Question 7**
Youtubers and other reviews influences my decisions what product I buy.

1 2 3 4 5

Strongly disagree □ □ □ □ Strongly agree

**Question 8**
How often do you tag a friend or share a company's campaign on Facebook or other social media?

1 2 3 4 5

Never □ □ □ □ Very Frequent

**Question 9**
How likely is it that you refer a product you like, to a casual acquaintance (someone you talk with time to time, but not considered close friend e.g Facebook friend, relatives)?

1 2 3 4 5

Not likely □ □ □ □ Very likely

**Question 10**
How likely is it that you refer a product you like, to one of your closest friends (e.g. best friend, family members)?

1 2 3 4 5

Not likely □ □ □ □ Very likely
**Question 11**
How important is the product quality for you refer it to casual acquaintance (someone you talk with time to time, but not considered close friend e.g. facebook friend, relatives)?

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**Question 12**
How important is the product quality for you refer it to one of your closest friends (e.g. best friend, family members)?

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**Question 13**
How important is the product price for you to refer it to a casual acquaintance (someone you talk with time to time, but not considered close friend. e.g. facebook friend, relatives)?

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**Question 14**
How important is the product price for you to refer it to one of your closest friends (e.g. best friend, family members)?

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**Question 15**
How important is the product's unique features (e.g. design, function) for you to refer it to a casual acquaintance (someone you talk with time to time, but not considered close friend. e.g. facebook friend, relatives)?

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**Question 16**
How important is the product's unique features (e.g. design, function) for you to refer it to one of your closest friends (e.g. best friend, family members)?

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Appendix 3. Oneplus One photos.
All photos taken by Dennis Luu.

Above: Back of the Oneplus One
Below: Front of the Oneplus One
Back of the Oneplus One
References


Dawes, J. G. (2008). Do data characteristics change according to the number of scale points used? An experiment using 5 point, 7 point and 10 point scales. *International journal of market research*, 51(1), pp. 61-77.


