

Positive Word of Mouth: Does Generational Membership and Psychographic Characteristics Matter?

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Abstract

The specific question that this paper seeks to answer is: are psychographic culturally-anchored values antecedents to positive word of mouth intention independent of an individual's generational (Generation Y rather than Generation X) membership? This question has important implications specifically for university leaders and more generally to service-based industries. Results suggest that positive word of mouth intention is influenced by psychographic characteristics. Generation Y's positive word of mouth antecedents were: high collectivism, high uncertainty avoidance, and high power distance; whereas Generation X's was only high collectivism. This paper concludes by outlining the implications for future research of Generation Y for university leaders tasked with enhancing positive word of mouth in current students and alumni.

Keywords: intention, loyalty, management

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Literature Review

The Generation Y consumer segment has been most commonly identified in the literature as the birth years 1977 to 1994/1995 (see: Wolburg and Pokrywczynski 2001; Bartlett 2004); and Generation X is generally seen as comprising the years 1965 to 1976 (see: Huntley 2006). In most advanced economies globally, Generation Y is the key consumer segment and equates to almost 26% of the USA population and 27% of Australia's population (Heaney and Gleeson 2008). The extant English language literature (see: Bartlett 2004; Wood 2004; Sebor 2006) predominantly focuses on Anglo-Saxon societies (Hofstede 1980; 2001), and has identified Generation Y as more difficult to market to and maintain the loyalty of than Generation X. This paper's aim is to explore the question: are the psychographic antecedents to positive word of mouth intention the same for Generation Y and Generation X? For the higher education service industry Generation Y is becoming the key customer segment and has or will shortly replace Generation X as the key demographic based customer segment. This paper aims to increase our understanding whether the antecedents to Generation Y's positive word of mouth intention is different from Generation X. This is important as many practices within the higher education sector were initially shaped to meet the expectations of Generation X students. Members of Generation Y in comparison to Generation X have a tendency to be: *team-oriented, optimistic, trusting of authority, technologically savvy, practical, community oriented, able to multi-task, achievement focused, goal oriented, etc.* (Griffin, Jones et al. 2008, p.62). Heaney's (2007) Generation Y profile is consistent with Griffin et al. (2008), and adds that Generation Ys when compared to Generation Xs are more informed consumers. Heaney (2007, p.199) also notes that: *Generation Ys are notoriously fickle consumers who want to embrace fast changes but are at the same time brand and fashion conscious.* Generational differences within Australia's higher education sector also contain a change in the cultural mix of students. Australian universities students' multiculturalism has been enhanced by migration and the internationalisation of education. Cultural customs have been identified as an influence on both attitudes and behaviours (see: Hofstede 1980; Trompenaars 1994; Hofstede 2001). One of the most commonly cited cultural frameworks is Hofstede's, which comprised of four dimensions: power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity (see: Moon and Franke 2000; Robertson and Hoffman 2000). Hence it is possible to suggest that different culturally-anchored values may affect positive word of mouth intention. Positive word of mouth intention can be considered an element of loyalty (Yoo and Donthu 2001). The extant literature has wide ranging definitions of loyalty, however, they can be categorically represented as either behavioural or attitude-behaviour combinations (see: East, Sinclair et al. 2000; Patterson 2000).

This Study

The total sample consisted of 499 (301 Generation Y and 198 Generation X) postgraduate business students studying in an Australian university. All participants were asked to respond to Robertson and Hoffman's (2000) cultural values scale derived from Hofstede's (1980; 2001) cultural dimensions; and Yoo and Donthu's (2001) overall brand equity scale (relabelled positive word of mouth intention in this study). The Cronbach's alphas for the

likert scales ranged from 0.80 to 0.90 (see the diagonal in Table 1). The specific hypotheses examined in this study are:

- H₁: Master of Business students' psychographic characteristics: high collectivism, high uncertainty avoidance, high masculinity and high power distance culturally-anchored values are significantly correlated at the zero-order level with positive word of mouth intention and will not vary by Generation X or Generation Y membership.
- H₂: Master of Business students' psychographic characteristics: high collectivism, high uncertainty avoidance, high masculinity and high power distance culturally-anchored values will each uniquely explain variation in positive word of mouth intention and will not vary by Generation X or Generation Y membership.

Results

The results are presented in two parts to test the hypotheses. Table 1 below presents the correlations for both generational segments (Generation Y and Generation X). As outlined in Table 1 below hypothesis one was partially supported, as all Generation Y's psychographic culturally-anchored values were significant at a zero-order level with positive word of mouth intention, but only three out of four psychographic culturally-anchored values: high collectivism, high uncertainty avoidance, and high power distance for Generation X were significant.

Table 1: Correlation Matrix

Variable	1.	2.	3.	4.	5.
1. High Collectivism	<u>0.803</u> 0.805	0.471**	0.257**	0.155**	0.291**
2. High Uncertainty Avoidance	0.347**	<u>0.844</u> 0.861	-0.030	-0.167**	0.213**
3. High Masculinity	0.284**	-0.035	<u>0.844</u> 0.902	0.578**	0.230**
4. High Power Distance	0.277**	-0.098	0.613**	<u>0.824</u> 0.835	0.215**
5. Positive Word of Mouth Intention	0.249**	0.180*	0.125	0.144*	<u>0.830</u> 0.829

Correlations for Generation Y are presented in the upper diagonal ($N = 301$). Correlations for Generation X ($N = 198$) are presented on the lower diagonal. *Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed). Cronbach's alphas are on the diagonal, whereby the underlined Cronbach's alpha coefficients are for Generation Y.

The two OLS regressions used to test hypothesis two are presented in Table 2 below. An OLS regression was conducted to test Generation Y Master of Business students' psychographic characteristics: high collectivism; high uncertainty avoidance; high masculinity; and high power distance on the dependent variable positive word of mouth intention. The multiple R (0.374) for the regression was significantly different from zero, ($F(4,296) = 12.024$, $p < 0.01$). In total 14.0% (12.8% adjusted) of variation in positive word of mouth intention was accounted for by the variables ($R^2 = 0.140$, adj. $R^2 = 0.128$). Table 2 below indicates that the standardised regression coefficient (Beta) for three variables: high collectivism, high uncertainty avoidance, and high power distance were significant. Of the 14% explained variance, the squared semi-partial correlations show that high uncertainty avoidance explained 2%, high collectivism explained 1.8%, and high power distance explained 1.6% of unique

variance when all other variables in the equation are controlled for. Though high masculinity also had a significant zero-order level correlation with positive word of mouth intention, it was not significant when controlled for. A second OLS regression was conducted to test Generation X Master of Business students. The multiple R (0.287) for the regression ($F(4,193) = 4.347$, $p < 0.01$) was significant. In total 8.3% (6.4% adjusted) of variation in positive word of mouth intention was accounted for ($R^2 = 0.083$, adj. $R^2 = 0.064$). Table 2 below indicates the beta for high collectivism was significant. Of the 8.3% explained variance, the squared semi-partial correlation showed that high collectivism explained 2.2% of unique variance in positive word of mouth intention when all other variables in the equation are controlled for. Though high uncertainty avoidance and high power distance also had significant zero-order level correlations with positive word of mouth intention, they were not significant when controlled for.

Table 2: Positive Word of Mouth Intention OLS Regressions

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
Generation Y	Constant	1.093	0.488		2.241	0.026			
	High Collectivism	0.203	0.081	0.162	2.497	0.013	0.291	0.144	0.135
	High Uncertainty Avoidance	0.230	0.088	0.166	2.613	0.009	0.213	0.150	0.141
	High Masculinity	0.092	0.062	0.101	1.499	0.135	0.230	0.087	0.081
	High Power Distance	0.168	0.071	0.159	2.354	0.019	0.215	0.136	0.127
Generation X	Constant	2.185	0.590		3.700	0.000			
	High Collectivism	0.210	0.097	0.170	2.157	0.032	0.249	0.153	0.149
	High Uncertainty Avoidance	0.175	0.100	0.131	1.744	0.083	0.180	0.125	0.120
	High Masculinity	0.018	0.071	0.022	0.253	0.801	0.125	0.018	0.017
	High Power Distance	0.100	0.093	0.096	1.078	0.282	0.144	0.077	0.074

Dependent Variable: Positive Word of Mouth Intention

These results indicate for this sample of Master of Business students the psychographic variables are predictors of positive word of mouth intention. Not only were all the correlations significant for Generation Y, six of the nine correlations were higher than Generation X. For Generation X, however, the variable high masculinity was not significant. As predictors of positive word of mouth intention in Generation Y high uncertainty avoidance, high collectivism and high power distance all enhanced the amount of explained variation in positive word of mouth intention. For Generation X students in this sample, only high collectivism enhanced the ability to predict variation in positive word of mouth intention. The four psychographic culturally-anchored values explained 14% in positive word of mouth intention in Generation Y but only 8.3% for Generation X.

Discussion

The specific question that this paper sought to answer was: are psychographic culturally-anchored values antecedents to positive word of mouth intention independent of an individual's generational (Generation Y rather than Generation X) membership? The results

from this study suggest that positive word of mouth intention is influenced by an individual's psychographic characteristics, but that the influence of psychographic culturally-anchored values are different depending on generational membership. Specifically the differences between the antecedents to positive word of mouth intention between the two generational segments is that for Generation X only the high collectivism psychographic characteristic is important for management attention, whereas for Generation Y high collectivism, high uncertainty avoidance and high power distance all warrant management attention.

This research adds evidence to the contribution that as a market segment Generation Y may be different to Generation X. This study addressed the potential usefulness of using psychographic culturally-anchored values as predictors of positive word of mouth intention. These constructs have been rarely used before to explain positive word of mouth intention. This study has contributed to knowledge by identifying that these variables significantly correlate to positive word of mouth intention in Generation Y students in a university context. This also has relevance to Generation X students. Further research is needed to clarify if the constructs apply in other service oriented organisations. Research is also needed to look at how other psychographic characteristics like citizenship and religious affiliation intensity, might explain positive word of mouth intention. The measures used in this study have the advantage of having high parsimony and reliability and may provide a means of accounting for additional variation in positive word of mouth intention than that explained by other non-cultural psychographic measures.

For university leaders tasked with the responsibility of enhancing positive word of mouth intention in a university context this study suggests that current students and alumni that are members of Generation Y with a high uncertainty avoidance, high collectivism and high power distance culturally-anchored psychographic profile are more likely to engage in positive word of mouth behaviours. This suggests that processes that diminish the level of felt uncertainty, that develops a sense of engagement with other students and that enhances higher education lecturers and administrators' awareness that suggestions maybe misinterpreted as decisions with no appeal, and therefore no chance of recovery, may be particularly important practices to enhance positive work of mouth intention.

Generation Y students seem to have different antecedents to positive word of mouth intention. This study adds support to the contention that reflecting on practices in the higher education sector may be shaped by the needs and values of a previous generation and the mono-cultural world.

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