

Social Influence for Customer Development: The Moderating Impact of Product Experience

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Abstract

Numerous studies on herd-behavior highlight the relationship between experience and susceptibility to social information, yet these dynamics have received little attention in the marketing literature. Building on the theory of confirmation bias, the authors argue that customers' susceptibility to social information depends on whether they have positive or negative experiences with the firm's products. In doing so, the authors analyze the impact of social information on the cross-buy behavior of more than 60.000 customers of a telecommunications operator. The results provide evidence that customers who see their decision to become a customer confirmed by a positive product experience are less susceptible to both positive and negative social information. On the contrary, when their decision to become a customer is disconfirmed by a negative product experience, they become more susceptible to positive social information. The implications for theory and practice are discussed in detail.

Keywords: *Customer Development; Social Influence; Confirmation Bias*

Track: Relationship Marketing