

# When word-of-mouth comes back to bite you: extending the consequences of referral failures

**Stefanie Kühn**  
Stellenbosch University

Cite as:

Kühn Stefanie (2023), When word-of-mouth comes back to bite you: extending the consequences of referral failures. *Proceedings of the European Marketing Academy*, 52nd, (114279)

Paper from the 52nd Annual EMAC Conference, Odense/Denmark, May 23-26, 2023



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## **Abstract**

With the effectiveness of traditional media waning, word-of-mouth (WOM) is the holy grail of customer acquisition. However, a dark side to WOM emerges when customers make referrals during customer-to-customer interactions, only to become aware later that the person's experience with the referred service provider was unsatisfactory. Because referrals are often made by the 'best' customers, understanding when referral failures occur, and their consequences, are of strategic importance for business-to-consumer relationships. This conceptual paper advances the theoretical understanding of referral failures from a dyadic perspective (i.e., both referrer and recipient). Drawing on emotion as event schema and appraisal theory, a conceptual framework and research propositions are proposed to examine potential emotional and behavioural consequences of referral failures. This paper offers a bigger picture to advance the theoretical understanding of referral failure phenomena.

**Subject Areas:** *Consumer Behaviour, Consumer Services, Customer Relationship Management and Customer Satisfaction, Theory and Philosophy of Marketing*

**Track:** Relationship Marketing