

The Power of Reciprocity Theory in Marketing

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Abstract: *Reciprocity theory is a theory of expectation that will respond favourably to each other by returning benefits for benefits. The reciprocity is the basic laws of social psychology. Social psychology deals with social interaction, self-concept, social cognition, social influence, attitudes, and stereotypes. In other words, reciprocity is a social situation that we pay back what we received from other people. It can be interpreted as negative reciprocity or positive reciprocity. The negative reciprocity occurs when an action has a negative consequence when someone else is reciprocated the action that has an approximately equal negative effect towards others.*

Keywords: *Reciprocity theory, Marketing, Customer satisfaction*



Introduction

Reciprocity theory is a theory of expectation that will respond favorably to each other by returning benefits for benefits and responding with each other (Hamzah & Shamsudin, 2020). The reciprocity is the basic laws of social psychology. Social psychology deals with social interaction, self-concept, social cognition, social influence, attitudes, and stereotypes (Falk & Fischbacher, 2006). In other words, reciprocity is a social situation that we pay back what we received from other people (M.F. Shamsudin, Razak, & Salem, 2018). It can be interpreted as negative reciprocity or positive reciprocity. The negative reciprocity occurs when an action has a negative consequence when someone else is reciprocated the action that has an approximately equal negative effect towards others (Dufwenberg & Kirchsteiger, 2004). Or in simple words, when one party tries to get a better exchange from another party (M. F. M. F. Shamsudin, Esa, & Ali, 2019). For example, bartering activities, gambling activities and stealing. Other than that, The Ben Franklin Effect also can be related to Reciprocity theory (Bandura, 1999; Wood & Bandura, 1989; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009). The effect is a proposed psychological phenomenon where a person has already performed a favor for another is more likely to do another favor for other than if they had received a favor from that person. It gives a similar definition and the main points that, whenever we give something to others, the other will give back to us in each or every condition (Razak & Shamsudin, 2019; M. F. Shamsudin, Razak, & Salem, 2018).

Application of Reciprocity Theory in Business

The principle of reciprocity is about the tendency of human nature to offer something when they received something. There is a statement that most people will use when they talk about Reciprocity theory which is 'I will scratch your back if you scratch mine' (Brownlee, 2016; Fruehwald, 2009; Michel, Stegmaier, & Sonntag, 2010). The statement clearly shows the obligation of someone to return what they received from others. Reciprocity happened in our daily life not only in business and economics (M. F. M. F. Shamsudin et al., 2019; Mohd Farid Shamsudin & Razali, 2015). For example, when your best friend is celebrating her birthday, you will buy a gift for your friend because you also received a birthday gift from your friend.

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This situation happens to all people. In 1974, sociologist Philip Kunz experiments the Reciprocity theory where he mailed Christmas cards to 600 randomly selected people (Wood & Bandura, 1989). As a result, he received approximately 200 replies. He got the cards continuously for 15 years. This shows that some people feel obligated to reply to the card even though it from strangers. This can be applied in business and marketing to gain customer satisfaction and market share (Hamzah & Shamsudin, 2020).

Reciprocity is a very usable and important theory that can help the business to grow. There are a few ways that marketers can use to apply this theory. Firstly, to attract a new customer or potential customer (S. Hassan, Shamsudin, & Mustapha, 2019; Baharudin Kadir, Shamsudin, Nurul, & Mohd, 2020), the company or an organization need to offer them something. Rather than just advertising, the company needs to give something for welcome (M. Shamsudin et al., 2015; Mohd Farid Shamsudin & Razali, 2015). It is used especially for product basic or food and beverage industry. For example, if the food and beverage company introduce a new product, they should offer free food testing to their potential customer. It usually can be conducted at the supermarket or any place that has many potential customers that suitable for the company's target market. When the customer tastes the food, they will feel obligated to purchase the product. Since they have tasted the food or try the product. They will feel bad towards the salesperson if they didn't purchase the product. This can help to convert potential customers to new customers (Aminuddin, Don, & Shamsudin, 2020).

Next step is to make customers feel special by acknowledging their support (Bin et al., 2016). In every company, there should have basic customer data where they can use to send out the promotion news or new information regarding the company instead (M. F. ;Selina S. D. Shamsudin, 2016). If the customer feels happy or special with the services that the company offered, they will happy to repurchase the product. There are ways to do such as when the customer purchases the product, the company can attach with a personalized note or handwritten note to the selected customer (Sallaudin Hassan & Shamsudin, 2019; M. F. Shamsudin, Nurana, Aesya, & Nabi, 2018). This kind of technique has been practically used in the clothing industry. For instance, hijab businesses.

Most of the business will provide a personalized note to their customer. It is not a very lengthy note, it just a very short note such as "*Thank You for purchase with us. Hope you like the good*". It may seem like nothing, but it gives an impact on the customers. Another example can be Starbucks. When someone purchases the drinks, the barista will write the name and sometimes they will also write a short note on the cup. One of the indicators of customer satisfaction is when the customer feels happy (Bordalo, Gennaioli, & Shleifer, 2016; CNBC, 2019). So, if the customer feels special, important and appreciated, they will be satisfied with the organization. This can be a differentiation factor from other companies (M. F. Shamsudin, Nurana, et al., 2018; M. F. Shamsudin, Razak, et al., 2018; M. Shamsudin et al., 2015). It will able to help the company to gain new customers and at the same time increase the market share in the industry. As we know, a very satisfied customer will spread the news to others (Affendy Abu Hassim, Asmat-Nizam, & Mohd Farid Shamsudin, 2016; Ali, Affendy, & Shamsudin, 2016).

Lastly is make it memorable. By giving the free sample or reward, may tempt the customer to purchase the product but, in some way, it will be good if the company can make the whole experience memorable for the customer. Find an idea that interesting such as a memorable advertisement, personalized reward, and gift. If the company give an interesting offer or provide good services in between to gain a new customer (Hamzah & Shamsudin, 2020), they will remember it. And at some point, when the remember your brand, it likely they are ready to purchase from the company.

Conclusion

As discussed above, there are few ways to apply the reciprocity theory in marketing. As a result, it is able to help the company to gain customer satisfaction, new customer and increase the market share. As mentioned earlier, this theory involved with social-psychological, it is important how each plan that the customer chooses able to trigger their mind and emotion in making decisions. If the company offers something free to the potential customer, they will try to return it. So, the company is able to gain new customers. Then if they provide a good service or offer something different from other companies, they are also able to gain new market share in the industry.

As a conclusion, humans tend to return good deeds, so the company can use this social psychology law to gain users' trust and market share. But since it involves one's social psychology, it will not apply to all since everyone is different. Some will not react to those discussed activities. But some will react positively (Hasim, Shamsudin, Ali, & Shabi, 2018; B. Kadir & Shamsudin, 2019; Salem, Shawtari, Shamsudin, & Hussain, 2016). So, the company must make proper decisions on how they will incorporate that theory in their marketing activities.

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