CHAPTER 7

GROUP INFLUENCES ON CONSUMER BEHAVIOR

CONSUMER BEHAVIOR IN THE NEWS...

What are the top 5 brands in terms of Word of Mouth (WOM) in the U.S.?

- Toyota
- Wal-Mart
- Honda
- iPod
- Chevrolet

How has the internet aided WOM?

The Internet allows for easy WOM in the form of e-mail, blogs, etc., that can create buzz.

Reference Group Influence

A group is defined as two or more individuals who share a set of norms, values, or beliefs and have certain implicitly or explicitly defined relationships to one another such that their behaviors are interdependent.

A reference group is a group whose presumed perspectives or values are being used by an individual as the basis for his/her current behavior.

Reference Group Influence

Four criteria that are particularly useful in classifying groups:

1. Membership: Member vs. non-member
2. Strength of Social Tie:
   - Primary – Strong ties, frequent interaction (e.g. family and friend)
   - Secondary – Weaker ties, less frequent interaction (e.g. neighbors, coworkers)
3. Type of Contact: Direct vs. indirect
4. Attraction: negative vs. positive

Attraction of Reference Groups

Dissociative reference group:
- Negative desirability
- Influences behavior by defining products to avoid (e.g. teens and clothes associated with older people)

Aspirational reference group:
- Positive desirability
- Group that one wants to become member of
- Emulate the behaviors of members of the group
Types of Groups

Consumption Subcultures: Distinctive subgroup of society that self-selects on shared commitment to a product class, brand or consumption activity

Traits:
- Identifiable hierarchy
- Set of shared beliefs and values
- Unique jargon and rituals

Types of Groups

Brand Communities

Brand communities can add value to the ownership of the product and build intense loyalty.

When a consumer becomes part of a brand community, remaining generally requires continuing to own and use the brand.

This can create intense brand loyalty!

Video Application

The following Video Clip demonstrates how MINI Cooper used marketing to create a brand community and generate buzz!
Types of Groups

Online Community
- Community interacts around a topic of interest on the Internet
- Online Social Network Sites
  - MySpace
  - Twitter
  - YouTube

Four Guiding Principles for companies marketing in online communities or social networks:
- Be transparent
- Be part of the community
- Adapt efforts to fit nature of site
- Take advantage of the unique capabilities of each venue
Reference Group Influences on the Consumption Process

Types of Reference Group Influence

Reference group influence can take three forms:

1. Informational Influence
2. Normative Influence (a.k.a. utilitarian influence)
3. Identification Influence (a.k.a. value expressive)

Communications within Groups and Opinion Leadership

WOM Versus Advertising (% who put people vs. advertising as best source)

<table>
<thead>
<tr>
<th>People</th>
<th>Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurants</td>
<td>63%</td>
</tr>
<tr>
<td>Places</td>
<td>71</td>
</tr>
<tr>
<td>Prescription drugs</td>
<td>92</td>
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<tr>
<td>Hospitals</td>
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<td>Health care</td>
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<td>Web sites to visit</td>
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</table>

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Opinion Leaders

- An opinion leader is the “go to person” for specific types of information. This person filters, interprets, and passes along information.
- Opinion leaders possess enduring involvement for specific product categories. This leads to greater knowledge and expertise.
- Opinion leadership is category specific – an opinion leader in one product category is often an opinion seeker in others.

Mass Communication Information Flows

1. Individual seeks information from another or
2. Individual volunteers information
Communications within Groups and Opinion Leadership

Mavens, Influentials, and e-fluentials

1. A market maven is a generalized market influencer who provides significant amounts of information about various products, places to shop, and so on.

2. Roper Starch identifies a group similar to market mavens called influentials. Influentials are 10% of population but use broad social networks to influence the other 90%!

3. Roper Starch identifies a group similar to internet market mavens called e-fluentials. They wield significant online and offline influence.

Communications within Groups and Opinion Leadership

Marketing Strategy, WOM, and Opinion Leadership

- Marketers are increasingly relying on WOM and influential consumers as part of their marketing strategies. Strategies designed to generate WOM and encourage opinion leadership include:
  1. Advertising
  2. Product Sampling
  3. Retailing/Personal Selling
  4. Creating Buzz

Applications in Consumer Behavior

Marketing Strategy, WOM, and Opinion Leadership

Advertising can stimulate and simulate WOM and opinion leadership.
**Communications within Groups and Opinion Leadership**

**Online Strategies to Leverage Buzz and WOM**

- **Viral marketing** is an online “pass-it-along” strategy, utilizing electronic communication to trigger brand messages (often via email) throughout a widespread network of buyers.
- **Consumer review sites** provide consumer product and service reviews in a host of different formats.
- **Blogs** are personalized journals where people and organizations can keep a running dialogue.

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**Diffusion of Innovations**

An *innovation* is an idea, practice, or product perceived to be new by the relevant individual or group.

The manner by which a new product spreads through a market is basically a group phenomenon.

New products can be placed on a continuum from no change to radical change, depending on the market’s perception.

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**Diffusion of Innovations**

**Categories of Innovations**

- **Continuous Innovation**
  - Adoption of this type of innovation requires relatively minor changes in behavior(s) that are unimportant to the consumer.

- **Dynamically continuous Innovation**
  - Adoption of this type of innovation requires a moderate change in an important behavior or a major change in a behavior of low or moderate importance to the individual.

- **Discontinuous Innovation**
  - Adoption of this type of innovation requires major changes in behavior of significant importance to the individual or group.
Diffusion of Innovations

<table>
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<tr>
<th>Adopter Categories</th>
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<tbody>
<tr>
<td>Innovators</td>
</tr>
<tr>
<td>Early Adopters</td>
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<tr>
<td>Early Majority</td>
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<tr>
<td>Late Majority</td>
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<tr>
<td>Laggards</td>
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