# Reference and social groups

## Module -6

# LEARNING OBJECTIVES

• Identify the types of reference groups that impact consumer decision making.

• Know the factors impacting reference group influence.

# LEARNING OBJECTIVES

• Become familiar with the concepts of word of mouth and opinion leadership.

• Analyze how marketers leverage word of mouth and opinion leadership as part of the marketing mix.

# CHAPTER 8

# INTRODUCTION

# REFERENCE GROUPS

Reference groups serve as sources of comparison, influence and norms for consumers' opinions, values and behaviors.

Where do reference groups get their power and influence?

From each of us because consumers within any setting are strongly influenced by what people think and how they behave.

## WORD OF MOUTH

Reference groups achieve their power through word of mouth (WOM).

Marketers strive to prompt the spread of positive WOM whereby satisfied customers share their stories about how much they like a business, product, service or event.

## WORD OF MOUTH

Because WOM typically comes from sources who have nothing to gain by promoting brands' products and services, it is seen as the "best advertising."

# TYPES OF REFERENCE GROUPS

# MEMBERSHIP GROUPS

A group that you belong to, like a school club

• There are both primary and secondary membership groups.

## MEMBERSHIP GROUPS

**Primary**: members have frequent interactions and often share their thoughts and feelings; opinions of members truly matter to other members

**Secondary**: consumers have less frequent interactions

## ASPIRATIONAL GROUPS

A group that a consumer would like to be part of but to which she or he does not currently or may never belong

There are two types of aspirational reference groups:
- Anticipatory
- Symbolic

# ASPIRATIONAL GROUPS

**Anticipatory**: groups that consumers plan to join and that they have a decent chance of joining due to direct contact with the group

**Symbolic**: groups that an individual is unlikely to belong despite the fact that they may accept and strongly believe in the group's attitudes or closely held beliefs

# DISSOCIATIVE GROUPS

A group that individuals avoid or deny connections with

# FORMAL VS. INFORMAL REFERENCE GROUPS

**Formal**: often specific membership requirements

**Informal**: has no special membership or attendance requirements other than common interests

# FACTORS IMPACTING REFERENCE GROUP INFLUENCE

## FACTORS

The degree of influence that a reference group exerts on an individual's behavior depends on a number of factors:

- Conformity
- The group's power and expertise
- Relevant information and expertise
- Product conspicuousness
- Personality characteristics

# WORD OF MOUTH AND OPINION LEADERSHIP

## OPINION LEADERSHIP

The communications pertaining to consumer behavior between peers are part of a process called "opinion leadership."

Opinion leadership is defined as the process by which an influencer, or an opinion leader, influences his or her peers, who are often referred to as opinion receivers.

## OPINION LEADERS / WOM

Opinion leaders tend to be influencers in specific product categories who can provide credible advice through WOM.

Opinion leadership and influencer marketing is rapidly becoming a critical tactic for marketers across a variety of industries.

Opinion leaders can also be opinion seekers.

# CHARACTERISTICS OF OPINION LEADERS

Studies indicate that opinion leaders share the following characteristics:

• Highly knowledgeable of product category, actively follow innovation

• Self-confident, outgoing and sociable, ready for product discussions

• Avid readers of special-interest publications, regularly peruse websites

# LEVERAGING WORD OF MOUTH AND OPINION LEADERSHIP

## LEVERAGING INFLUENCE

Marketers leverage WOM and opinion leadership as part
of the marketing mix.

Channels for driving positive brand awareness, consideration
and purchase include 1) social networks 2) user-generated content
and 3) consumer testimonials