



Reference Groups and Word-of-Mouth



Consumer Behavior

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Chapter 9 Learning Objectives



- 9.1 To understand the credibility of reference groups and their influence on consumer behavior.
- 9.2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.
- 9.3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.
- 9.4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.
- 9.5 To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

Family = Most Important Reference Group

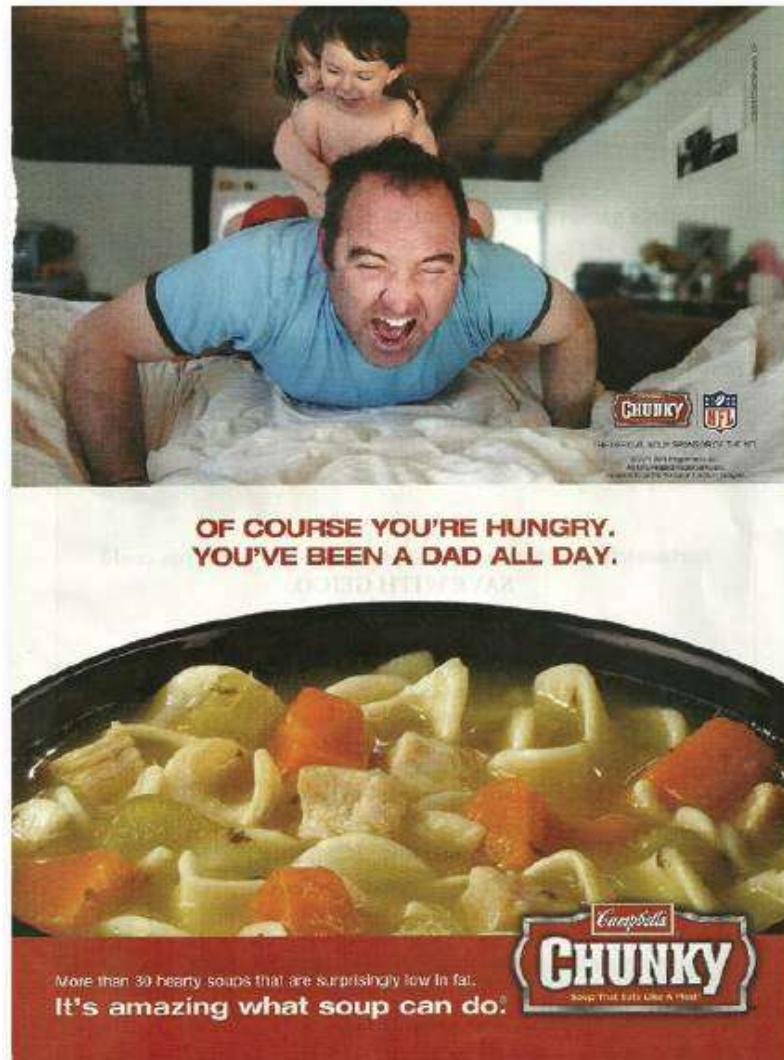


FIGURE 9.1 The Family Is a Reference Group: Campbell's Chunky Soup

Learning Objective 9.1

9.1 To understand the credibility of reference groups and their influence on consumer behavior.

Source Credibility

A source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability.

Reference Group Influence

- Normative influence
- Comparative influence

TABLE 9.1 Group Membership and Type of Influence

	NORMATIVE INFLUENCE	COMPARATIVE INFLUENCE
Membership Group	High level of conformity to the standards of immediate membership groups, such as family and peers. The influencer and influenced belong to same socioeconomic group and are both aware of the influence.	Conformity to the standards of groups that the influenced aspire to join, and probably will. The two parties are one or two socioeconomic groups apart. The influencer probably knows about the influence.
Symbolic Group	No significant influence. The influencer is outside the influenced reference group. The influenced are unaware of the influencers group's norms.	High degree of influence, although the influenced know that they will never join the influencers. Socially, the parties are far apart, but the influencers recognize the degree of their influence.

Consumption-Related Reference Groups

- Friendship groups
- Shopping groups
- Virtual communities
- Advocacy groups

Factors Affecting Reference Group Influence

Conformity

To influence its members, a reference group must:

- Inform members that the brand or product exists.
- Provide opportunity to compare thinking with the attitudes/behavior of the group.
- Influence individual to adopt attitudes and behavior that are consistent with the group's norms.
- Legitimize the member's decision to use the same products as other members.

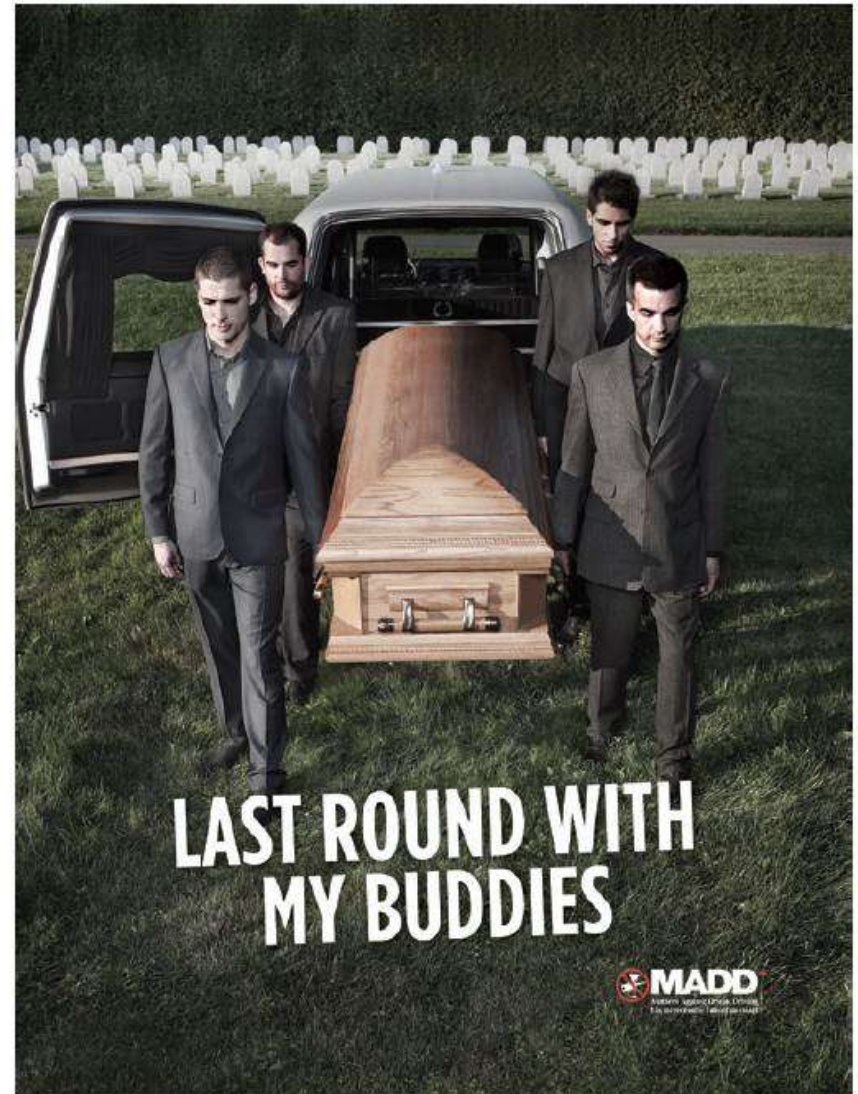



FIGURE 9.3 Discouraging Conformity to Group Influence

Factors Affecting Reference Group Influence

- Group power and expertise
- Relevant information and experiences
- Product conspicuousness

TABLE 9.3 Product Conspicuousness, and Reference Group Influence^a

	PRODUCT, PRACTICE OR ACTIVITY	REFERENCE GROUP INFLUENCE ON HAVING OR NOT OR ENGAGING IN THE ACTIVITY OR NOT	REFERENCE GROUP INFLUENCE ON BRAND OR TYPE
 <p>Very Conspicuous</p>	Piercing	+	+
	Tattoo	+	+
	Jewelry	=	+
	Baseball Cap	=	+
	Smartphone and Apps	=	+
	Magazine Read Online	=	+
	Visiting Clubs	=	+
	Gambling Online	-	-
	Contact Lenses	-	-
	Undergarments	-	-
	Not Conspicuous At All	-	-
	Toothpaste	-	-

^a + considerable influence; = neutral; - no influence

Discussion Question

Which personality traits affect reference group influence?



Learning Objective 9.2

9.2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

Conveying Company Credibility

- Past performance
- Good Reputation
- Product Quality
- Good Service
- Image and attractiveness of spokespersons
- Reputation of retailers that carry offerings
- Media where they advertise
- **Institutional advertising**

Endorsers and Spokespersons

- Synergy between endorser and type of product/service advertised important
- Endorsers with demographics similar to target audience more credible & persuasive
- Consumers must trust the marketer (even if they like the endorser)
- Message contents must be congruent with spokesperson's qualifications

Celebrity Uses in Advertisements

- Celebrity testimonials
- Celebrity endorsements
- Celebrity actors
- Celebrity spokespersons

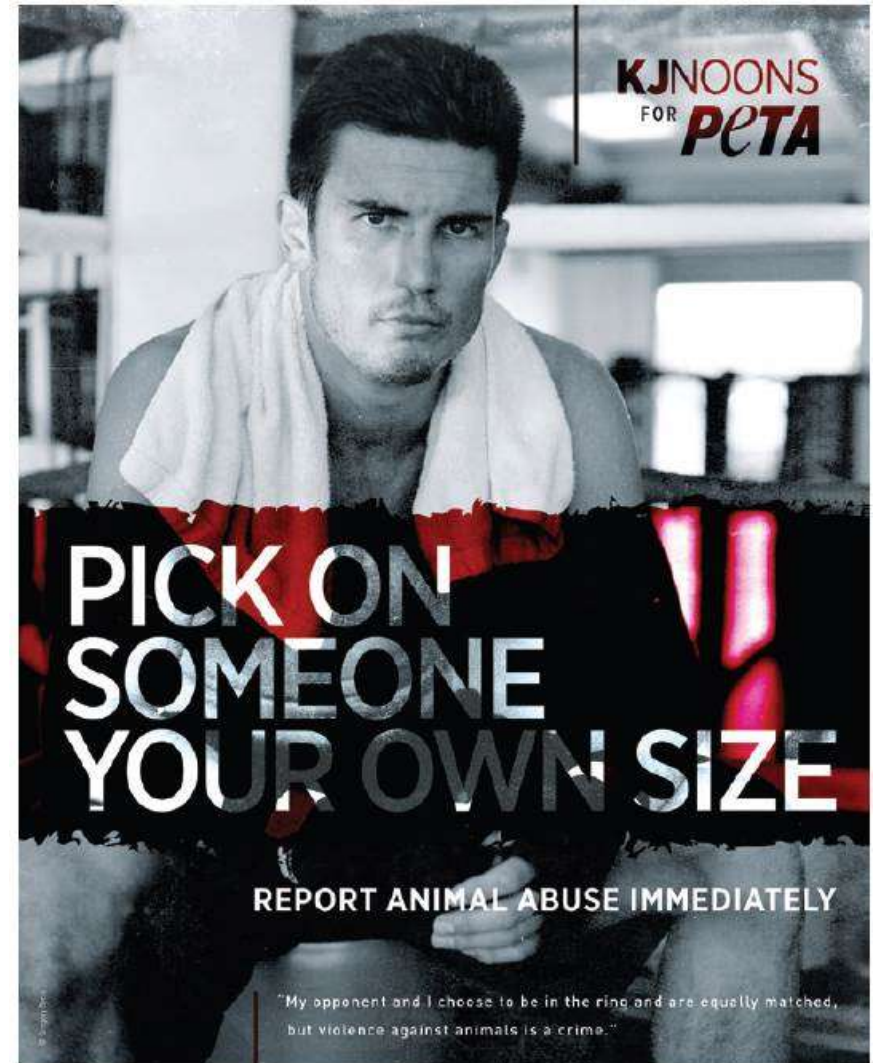


FIGURE 9.6 A Celebrity Endorsement

Other Sources Credibility

- Salesperson credibility
- Vendor credibility
- Message credibility (previous experience)
- Medium credibility

How does time affect the influence of source credibility on message persuasiveness?

Learning Objective 9.3

9.3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.

Opinion Leaders

- Information provided
 - Best brands
 - Use of brands
 - Where to buy
- Important for services
- Category specific
- Motivations

TABLE 9.4 The Motivations of Opinion Leaders and Receivers

OPINION LEADERS	OPINION RECEIVERS
Self-Involvement <ul style="list-style-type: none">• Reduce post-purchase dissonance• Gain attention from others• Show off expertise• Experience “converting” others	<ul style="list-style-type: none">• Reduce perceived risk• Reduce search and shopping time
Product Involvement <ul style="list-style-type: none">• Express satisfaction or complain about a product or service	<ul style="list-style-type: none">• Learn additional and more efficient ways to use products• Learn about newly introduced products
Social Involvement <ul style="list-style-type: none">• Express friendship by providing others with consumption-related information	<ul style="list-style-type: none">• Buy products that have the approval of others

Characteristics of Opinion Leaders

- Knowledgeable in product category
- Self-confident, outgoing, sociable
- Read special-interest publications and websites
- Often same socioeconomic & age group as receivers

TABLE 9.5 Characteristics of Fashion Opinion Leaders

1. Their opinions on fashions count with others.
2. When it comes to fashionable clothing, people turn to them for advice.
3. People know that they know how to pick fashionable clothing.
4. They often persuade people to buy the fashions they like.
5. They influence people's opinions about clothing.
6. They find shopping stimulating and an adventure.
7. They enjoy shopping with friends and family.
8. They enjoy shopping when they try to find just the perfect gifts.
9. They often go shopping when they want to treat themselves to something special.
10. They shop to keep up with the new trends and fashions.

Measuring Opinion Leadership

- Self-designating method
- Sociometric method
- Key informant
- Klout score

TABLE 9.6

Sample Items Used in the Self-Designation of Opinion Leaders (responses on a "Strongly Agree" to "Strongly Disagree" scale)

1. I am usually the first one in my circle of friends to know about new technologies.
2. I know more about technologies than most people.
3. My opinions about technologies count with other people.
4. When considering buying a new technological product, people turn to me for advice.
5. I often influence others' opinions about technologies.
6. People know that I use the same products I recommend.
7. I often influence people to buy the same technological products that I like.

Learning Objective 9.4

9.4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.

E-WOM

- Factors affecting engagement
- Social networks
- Brand communities
- Blogs and microblogs

Stimulating Word of Mouth

- Viral marketing
- Motivations for passing along emails
- Buzz agents

Discussion Question:

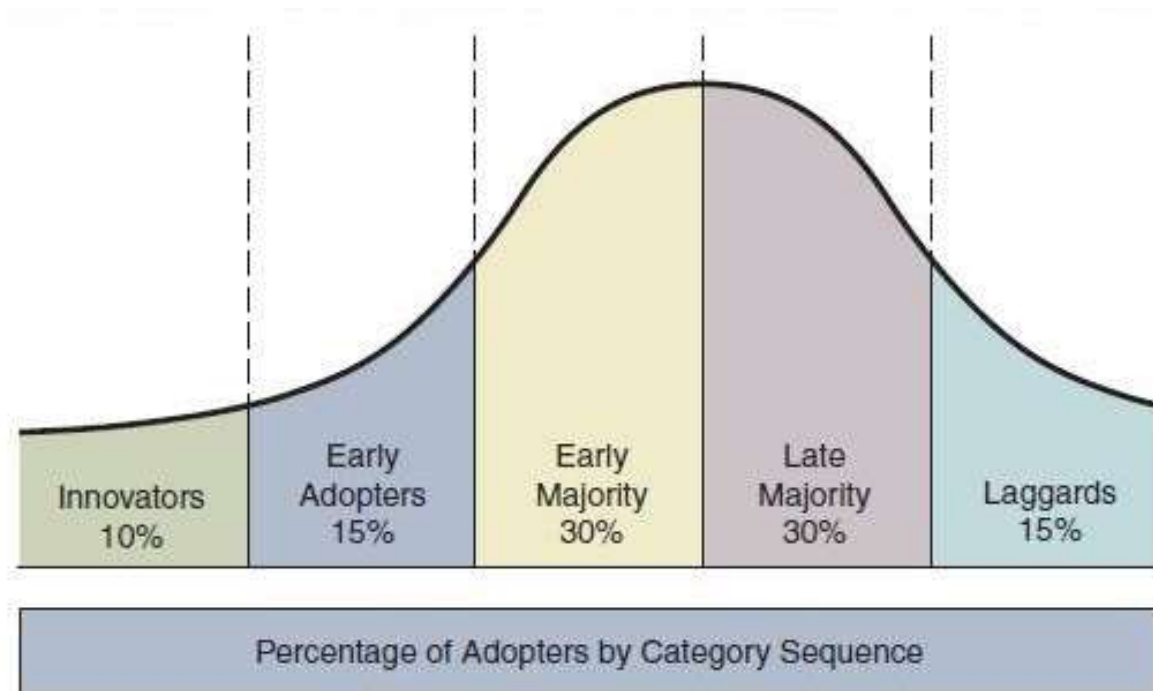
Why do consumer share negative rumors about companies and their products/services?

Learning Objective 9.5

9.5 To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

Adopter Categories

- Innovators
- Early Adopters
- Early Majority
- Late Majority
- Laggards



Innovators

TABLE 9.7 Shopping Activities of Fashion Innovators

1. They are the first in their circles of friends to know who are the latest “hot” designers and emerging fashion trends.
2. They shop much more for new fashions than their friends.
3. They are among the first in their circles to buy new outfits and fashions.
4. They know more about fashion than most people.
5. If they find out that new clothing is available in department or local stores, they go and check out those products.
6. They like to touch clothing and even other products in stores and think it is fun, and also touch pieces of clothing even if they do not intend to buy them.
7. They are reluctant to buy clothes that they cannot touch.
8. They feel more confident about buying clothing and other products after touching them and examining them physically.

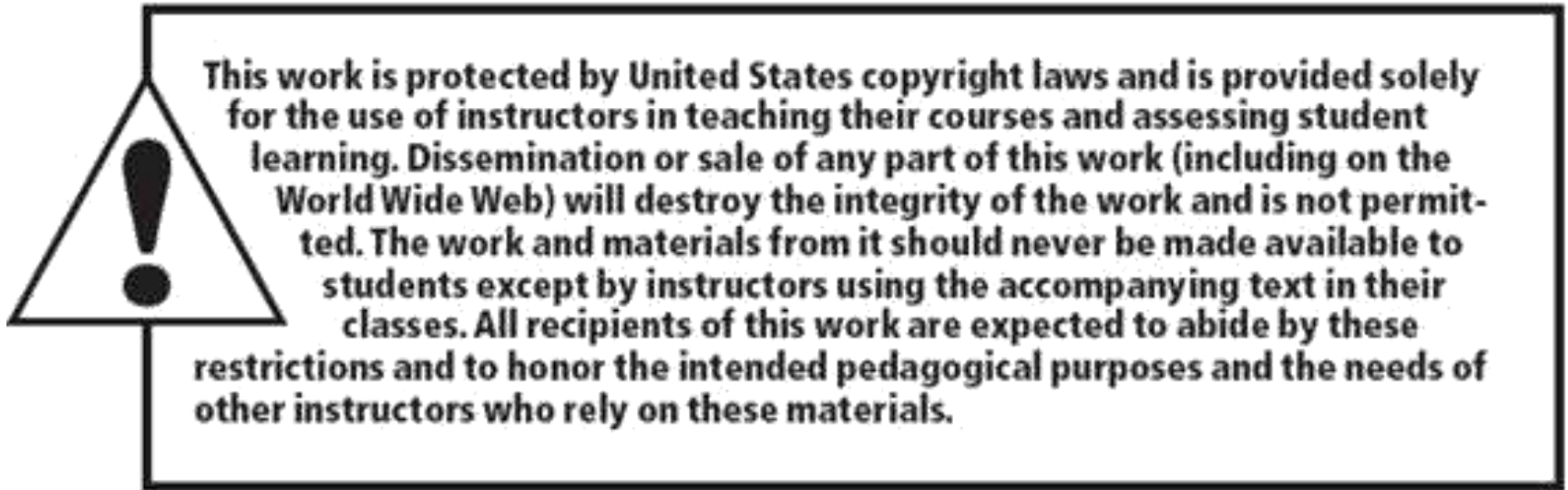
Adopter Categories – Non-Innovators

- Early adopters
- Early majority
- Late majority
- Laggards

TABLE 9.8 Characteristics of Risk-Averse Consumers

1. They always read and follow the manufacturers' warnings about removing products' tags and back plates and use products exactly as instructed by manufacturers.
2. When it comes to medications (including over-the-counter products), they always obey the instructions on how to take the medicines and carefully read the restrictions and potential side effects.
3. They feel reluctant to buy products that they have never used before.
4. If products come in assembled or unassembled forms, they buy the assembled versions even if these are a bit more expensive.
5. They do not improvise when they cook and follow recipes fully.

- Prospective adopters
- Persistent non-adopters



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