

Digital Consumer Behavior

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MKT713
Master of Digital Marketing

Lecture 7



Reference Groups & Word of mouth

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Chapter

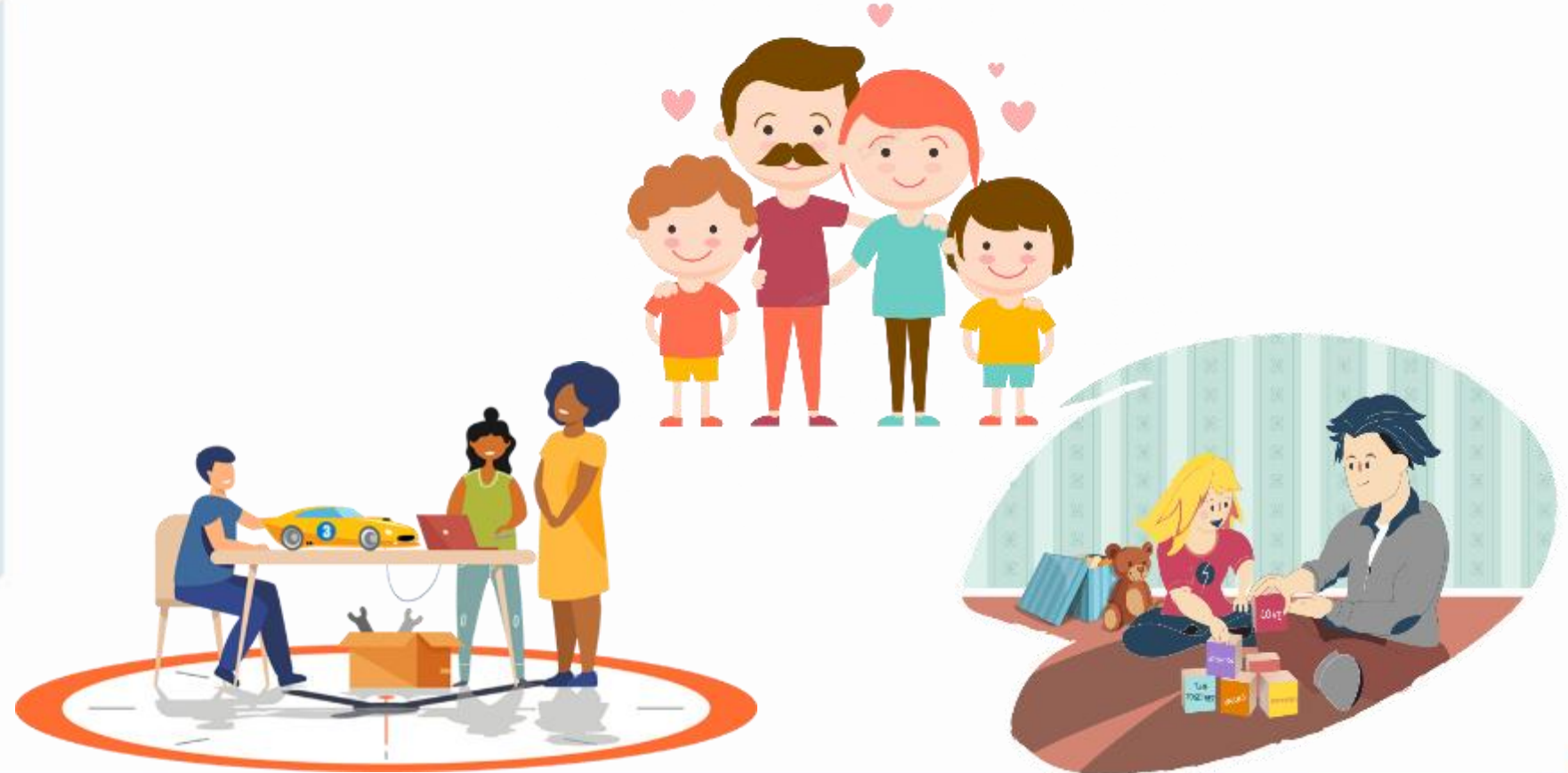
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LEARNING OBJECTIVES

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

Consumer Socialization

Family = Most Important Reference Group





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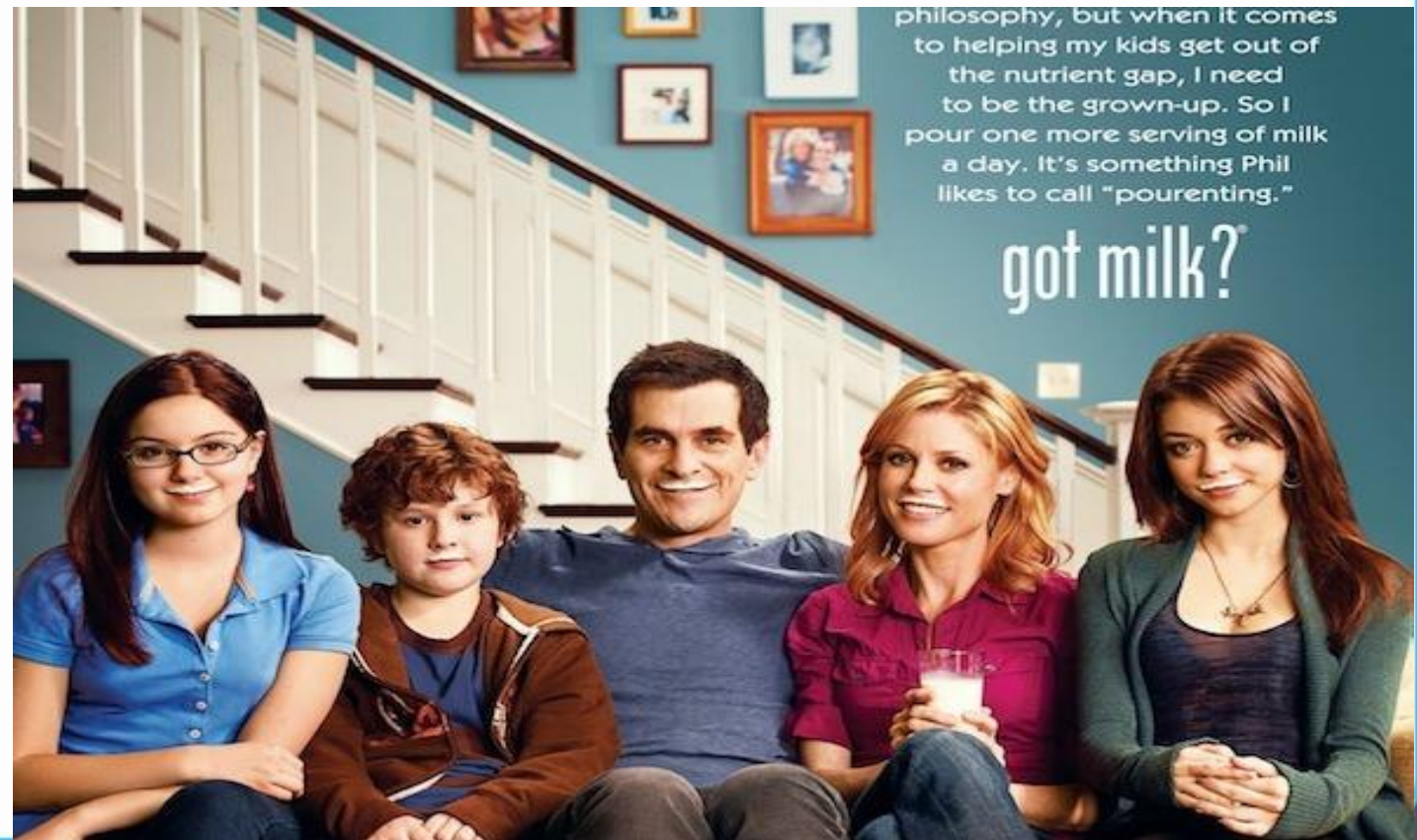
- People are strongly influenced by what **others** think and how they behave.

The chapter discusses:

- Source credibility and influences of selected reference groups;
- Sources of information that are sponsored by marketers, such as spokespersons and endorsers;
- The process of opinion leadership;
- And an overview of the strategic applications of word-of-mouth.

Consumer Socialization

The most important reference group is the family because it provides children with the skills, knowledge, attitudes, and experiences necessary to function as consumers.



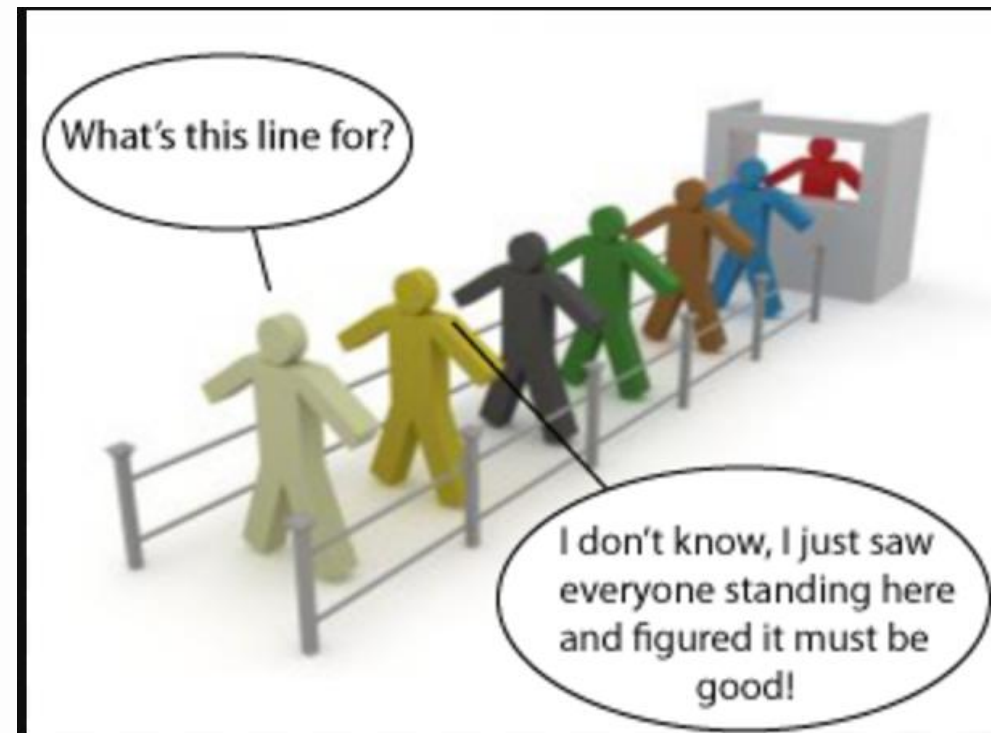
A source has persuasive impact, stemming from its perceived expertise, trustworthiness, and believability.



Reference groups serve as **comparative** and **normative** frames of reference for a person's values and behaviors



1. **Normative influence** consists of learning and adopting a group's norms, values, and behaviors.
 - family, peers, and other members of one's community.





2. **Comparative influence** arises when people compare themselves to others whom they respect and admire, and then adopt some of those people's values or imitate their behaviors. Adopting to foreign norms and values.









Also, remember that this child's name is not a secret.





پنجاب کا صحت
اور خاندان کا کھانا



A group to which a person belongs to, or realistically can join, is called a **membership group**.





Reference Group Influence

A **symbolic group** is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts.





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.

The consumption-related groups that influence consumers' attitudes and behavior include

- friendship groups,
- shopping groups,
- virtual communities, and
- advocacy groups.



1. Friendship Groups

Friends fulfill a wide range of needs:

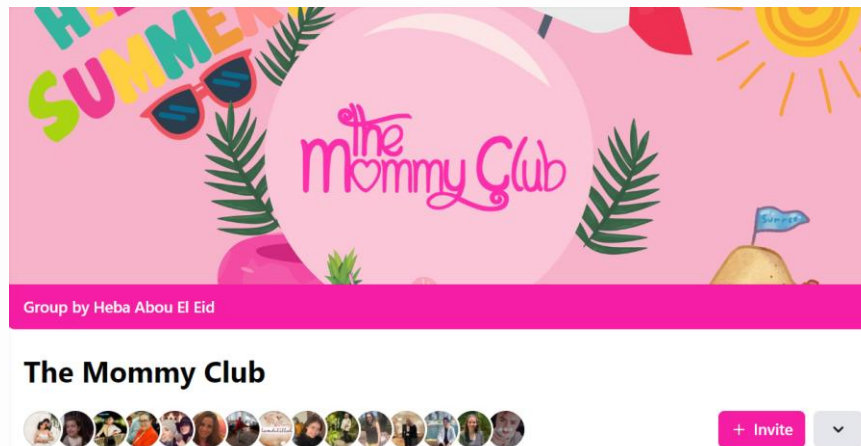
- They provide companionship, security, and opportunities to discuss problems that an individual may be reluctant to discuss with family members.
- They may be a credible source of information about purchases.





2. Shopping Groups

- People may shop together just to enjoy shopping or to reduce their perceived risk;
- They may bring someone along whose **expertise** regarding a particular product category will **reduce** their chances of making **incorrect purchases**.



2. Shopping Groups

- **Referral programs** are an important element of shopping groups.
- Another example of a shopping group is the **shared experience** of waiting in line.
- Retail experts say that by standing in a crowd, shoppers see themselves as making the right buying decision—a concept known as **“social proof.”**



3. Virtual Communities

Many websites encourage consumers to leave comments and have others respond to them. Most young adults have extensive “buddy lists” and regularly communicate with people whom they have met online but never in person.



PUBG Mobile Community

Join group



Miss Basket

Join group



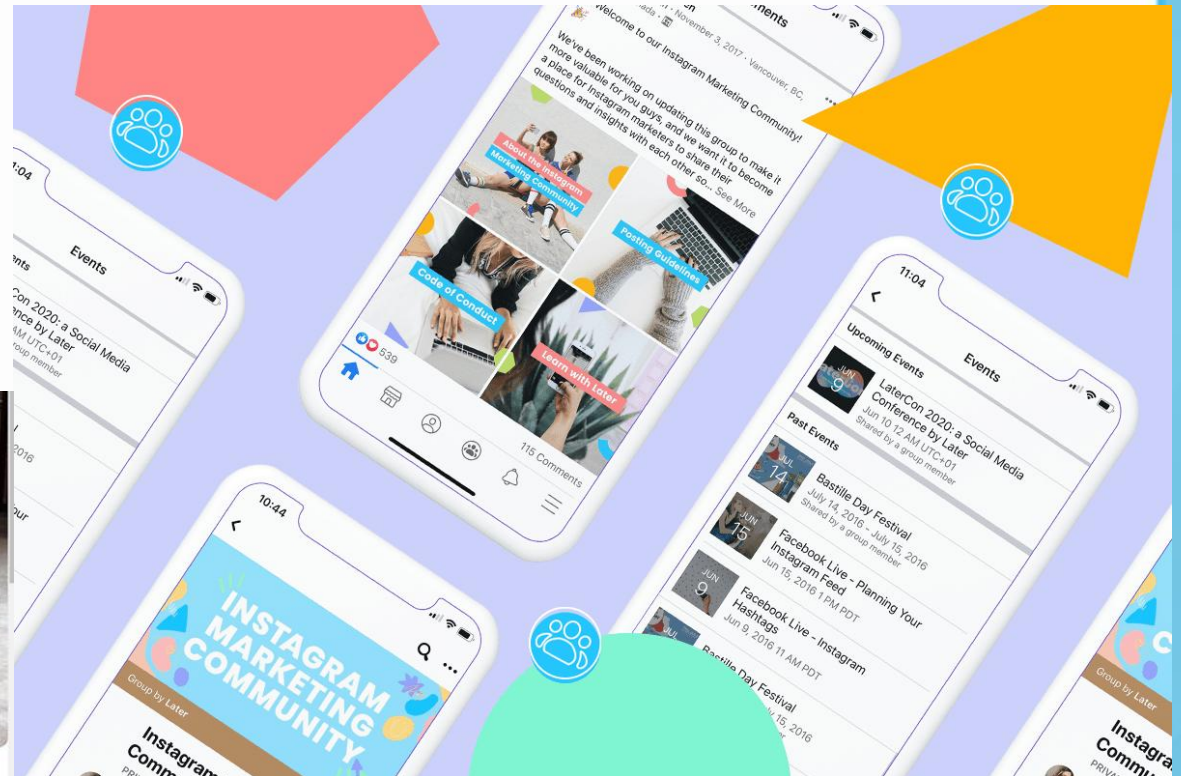
3. Virtual Communities

The fact that people can share their interests, hobbies, and opinions with thousands of peers online has benefited marketers.



BMW Club EgyptEGEG (BMW Market)

[Join group](#)



4. Advocacy Groups

The objective of consumption-focused advocacy groups is to assist consumers in making consumption decisions and support their rights.



Factors Affecting Reference Group Influence

- The degree of influence that a reference group exerts on an individual's behavior depends on the individual, product, and social factors.
- These factors include:
 - conformity,
 - the group's power and expertise,
 - individual's experience and personality, and
 - conspicuousness of the product.



- Different reference groups may influence the **beliefs, attitudes, and behaviors** of individuals at different times or under different circumstances.
- Consumers who are primarily concerned with **approval** from others usually adopt the same products and brands as those group members who have status.

1. Conformity

To influence its members, a reference group must:

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



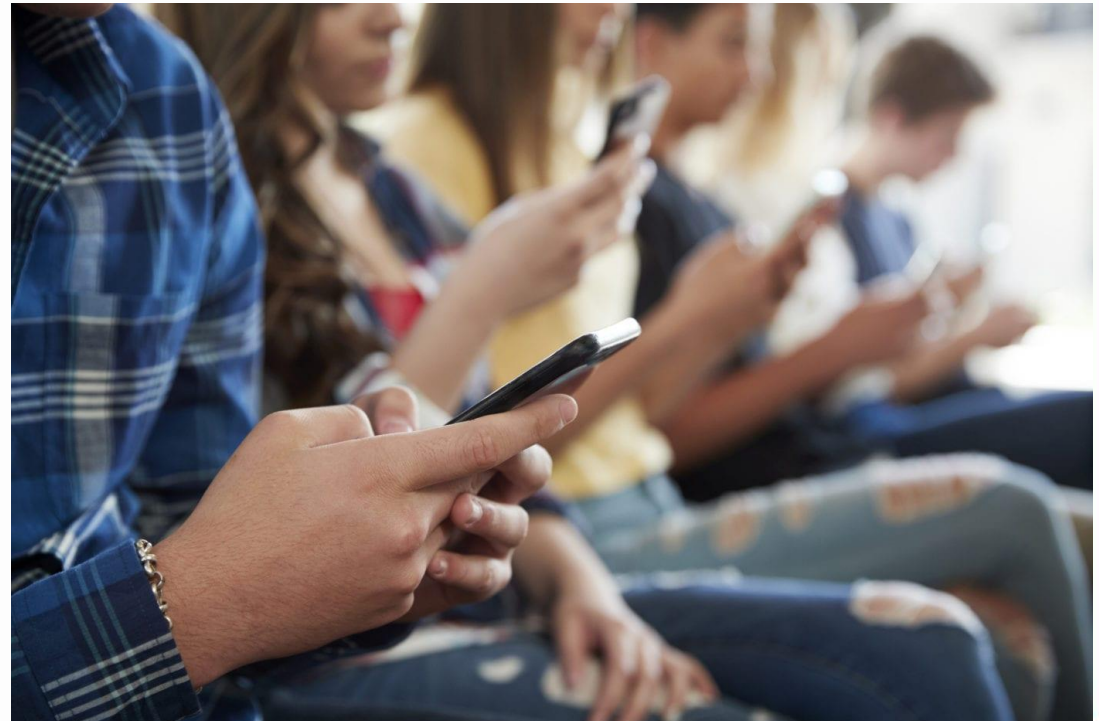
2. Group Power And Expertise

- When consumers are preoccupied with the power that a person or group can exert over them, they often adopt products that conform to the norms of that person or group in order to be complimented on their choices.



2. Group Power And Expertise

- However, unlike reference groups that are not power based, “power groups” may bring about behaviors, but not changes in attitudes.



3. Relevant Information And Experiences

- Individuals who have firsthand experience with a product or service, or can easily obtain detailed information about it, are **less likely to be influenced by the advice or example of others.**



3. Relevant Information And Experiences

- In contrast, persons who have little or no experience with a product or service, and do not trust advertising messages, are more likely to seek out the advice or example of others.



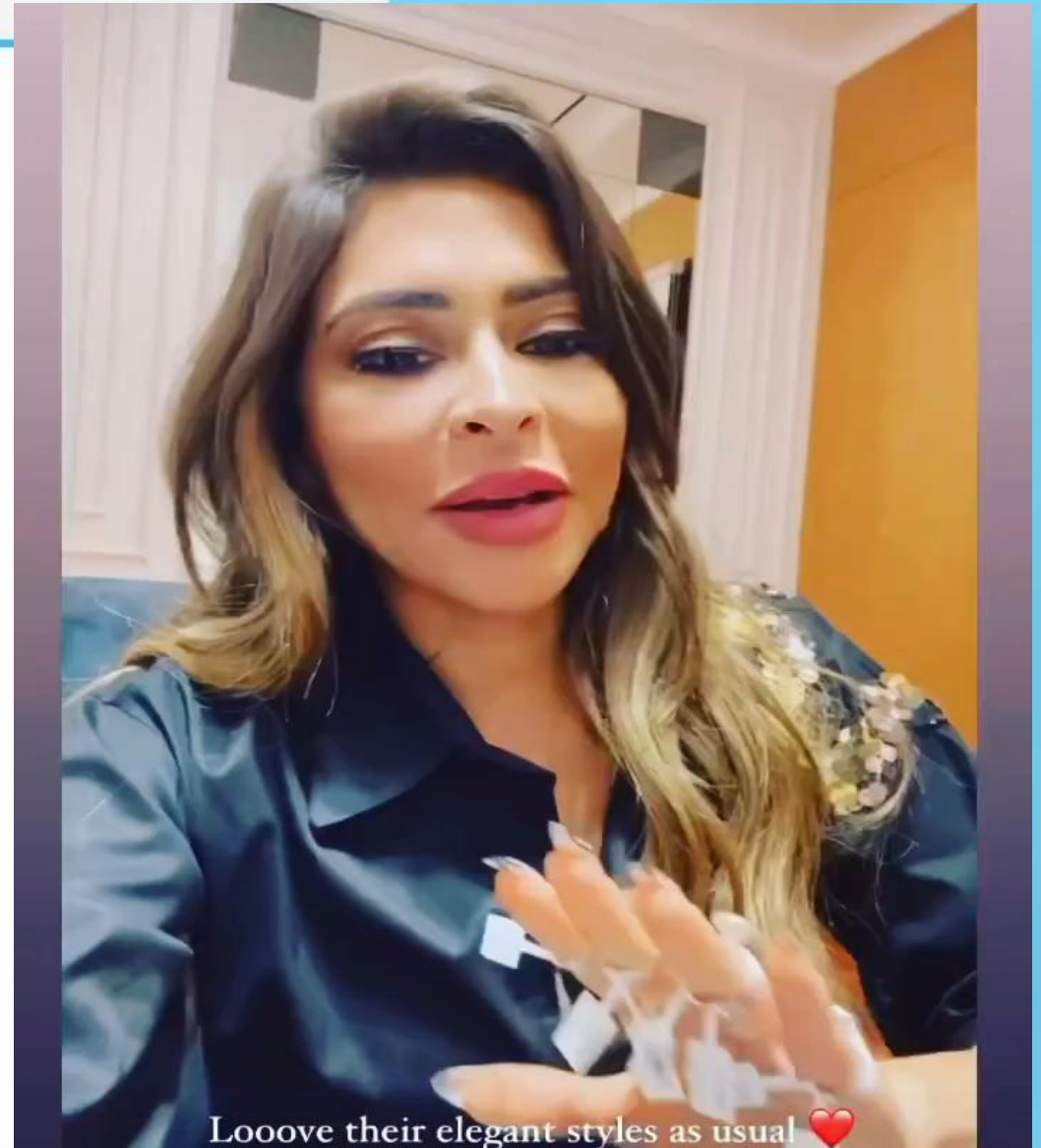
4. Product Conspicuousness (wealth)

- The degree of reference group influence on purchase decisions varies according to product conspicuousness



4. Product Conspicuousness (wealth)

- Products that are especially conspicuous and status revealing are most likely to be purchased with an eye to the reactions of relevant others.



1. Knowledgeable in product category
2. Self-confident, outgoing, sociable
3. Read special-interest publications and websites
4. 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.

1. Factors affecting engagement
2. Social networks
3. Brand communities
4. Blogs and microblogs



1. Factors affecting engagement

- Three dimensions underly consumers' engagement in e-wom:
 1. ***Tie strength***—the degree of intimacy and frequency of contacts between the information seeker and the source.
 2. ***Similarity*** among the group's members in terms of demographics and lifestyles.
 3. ***Source credibility***—the information seeker's perceptions of the source's expertise.



2. Social networks

- Online, social networks are virtual communities where people share information about themselves with others, generally with similar interests, with whom they have established relationships that, for the most part, exist only in cyberspace.
- The major social networks are Facebook, YouTube, Twitter, Instagram and Snapchat.



3. Brand community

- A brand community is a specialized, nongeographically bound community formed on the basis of attachment to a product or brand.



4. A blog

- A **blog** is a discussion or informational site published on the Internet and consists of discrete entries (“posts”).
- A **microblog** has less content than the traditional blog and allow users to exchange small elements of content, such as short sentences, individual images, and video links, mostly via Twitter.
- **Twitter** is an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as “**tweets**.”



Marketers long ago realized the power of word-of-mouth communications between consumers, which it is **almost always more effective** than promotional messages paid for by advertisers, and they often encourage it in ads.

1. **Viral marketing**
2. **Motivations for passing along emails**
3. **Buzz agents**



1. Viral marketing:

- **Viral marketing (viral advertising)** is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along messages.



2. Motivations for passing along emails

Investigation of the motivations for passing along emails found that:

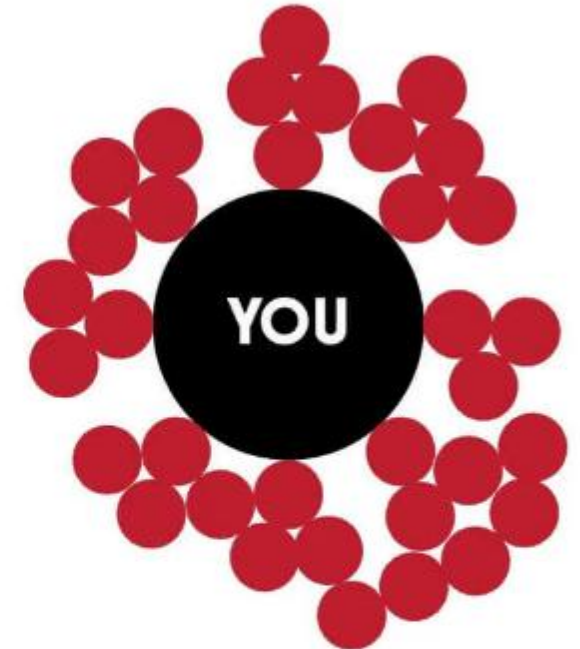
1. People were receptive only to emails from people they knew. The kind of emails they received included jokes, virus alerts, inspirational stories, requests to vote on certain issues, video clips, and links to other websites.
2. The main reasons for not forwarding emails were outdated, dull, and inappropriate contents.
3. The key reasons for forwarding emails were enjoyment (e.g., fun, entertaining, exciting) and helping others (i.e., let others know that the senders care about them). The forwarders also reported that they only passed along contents that they believed the receivers would find interesting.

3. Buzz agents

- Many firms enlist typical consumers to serve as their **buzz agents**—consumers who promote products privately and generally receive free product samples but not monetary payments.



**TRADITIONAL
MARKETING**



**BUZZ
MARKETING**

- Consumers share negative experiences with others much more readily than positive ones.
- Consumers attend to negative information because it is less common than positive information and to protect themselves.
- Online media made it easier for consumers to spread negative word-of-mouth.
- One study discovered that some consumers who posted unfavorable information wanted to vent negative feelings or warn others.



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Chapter

07

To Sum Up...



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MIDOCEAN
UNIVERSITY
BY EVERYONE'S SMART UNIVERSITY



Thank You

Dr. Perihan Salah

