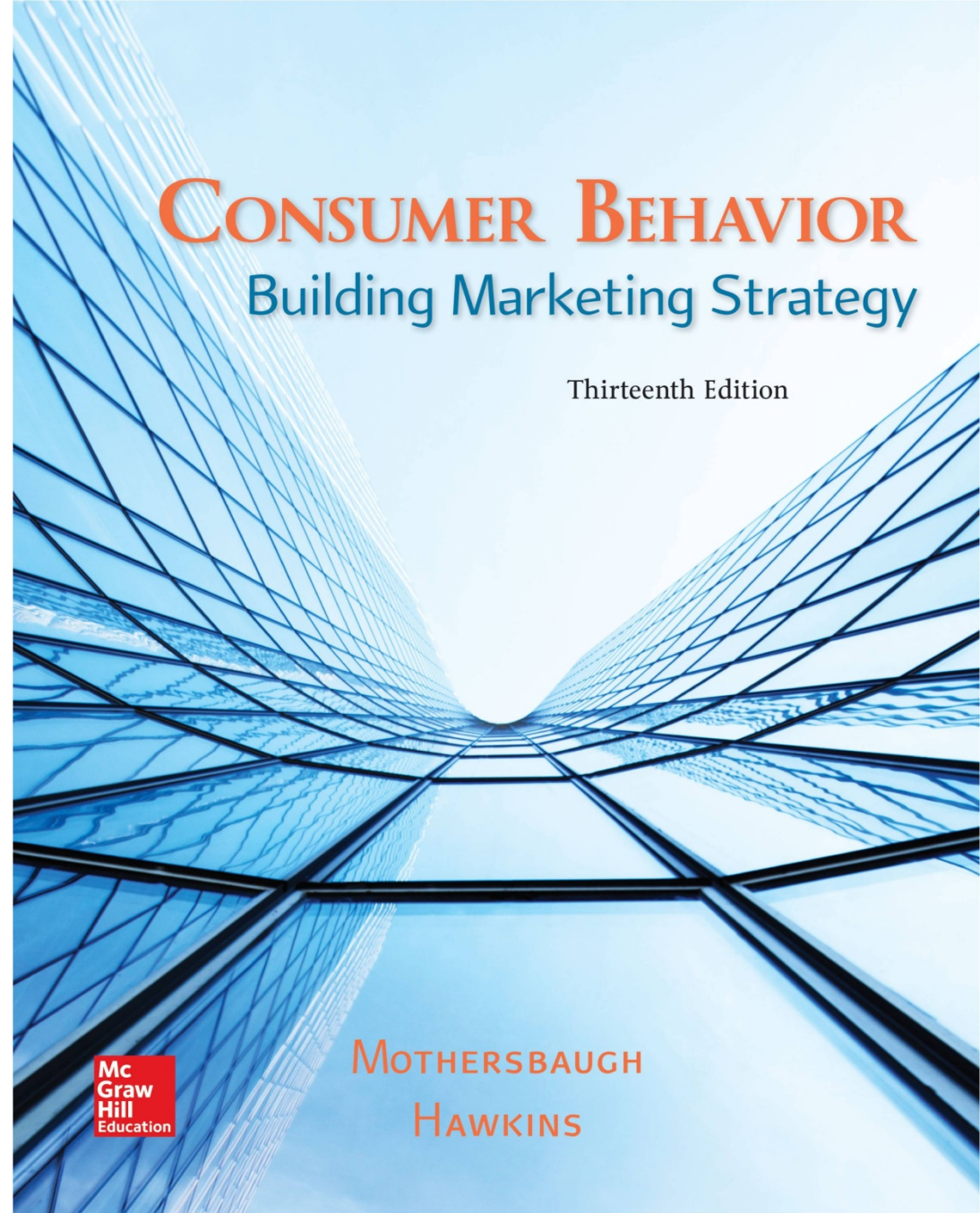


Class 8

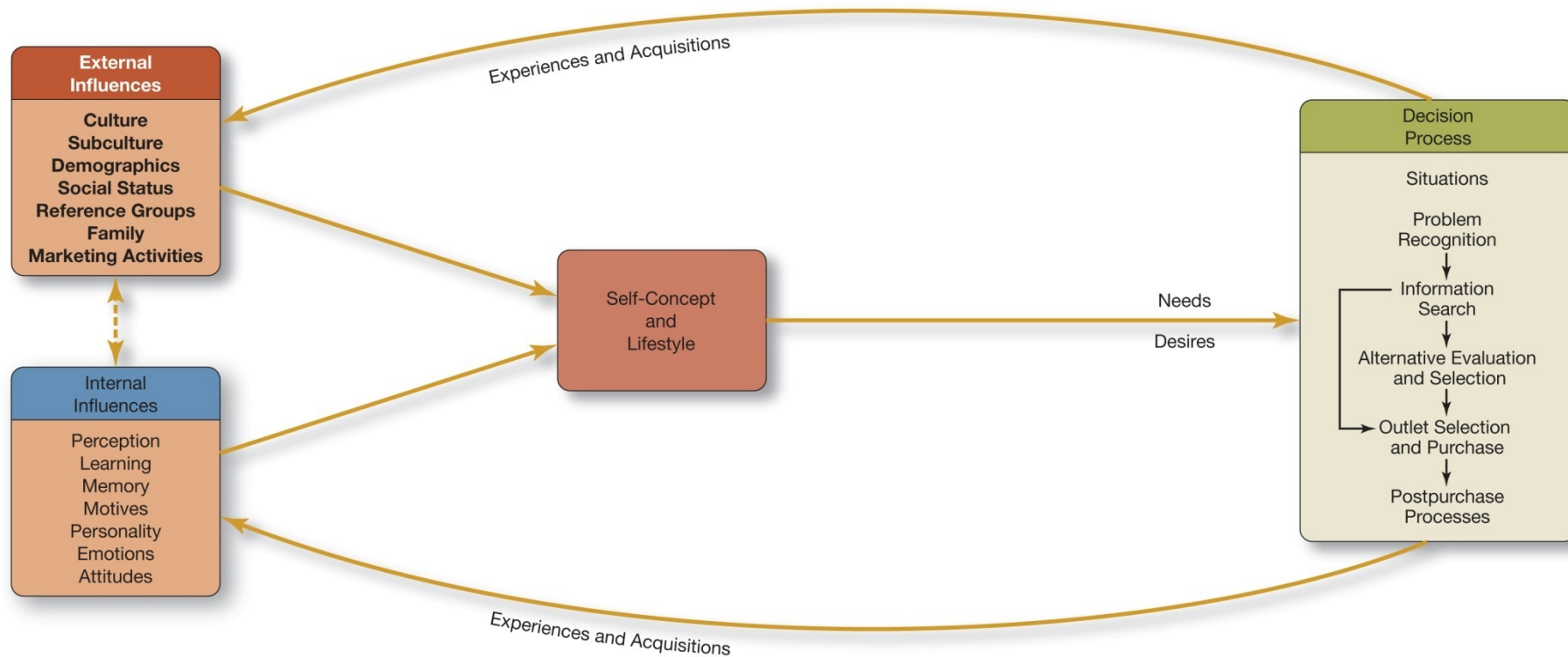
# CHAPTER 7

## Group Influences on Consumer Behavior



# PART II: EXTERNAL INFLUENCES

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# 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.



*Alberto Pomares/ Getty Images*

# Reference Group Influence

## 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!

# Reference Group Influence on the Consumption Process

## Types of Reference Group Influence

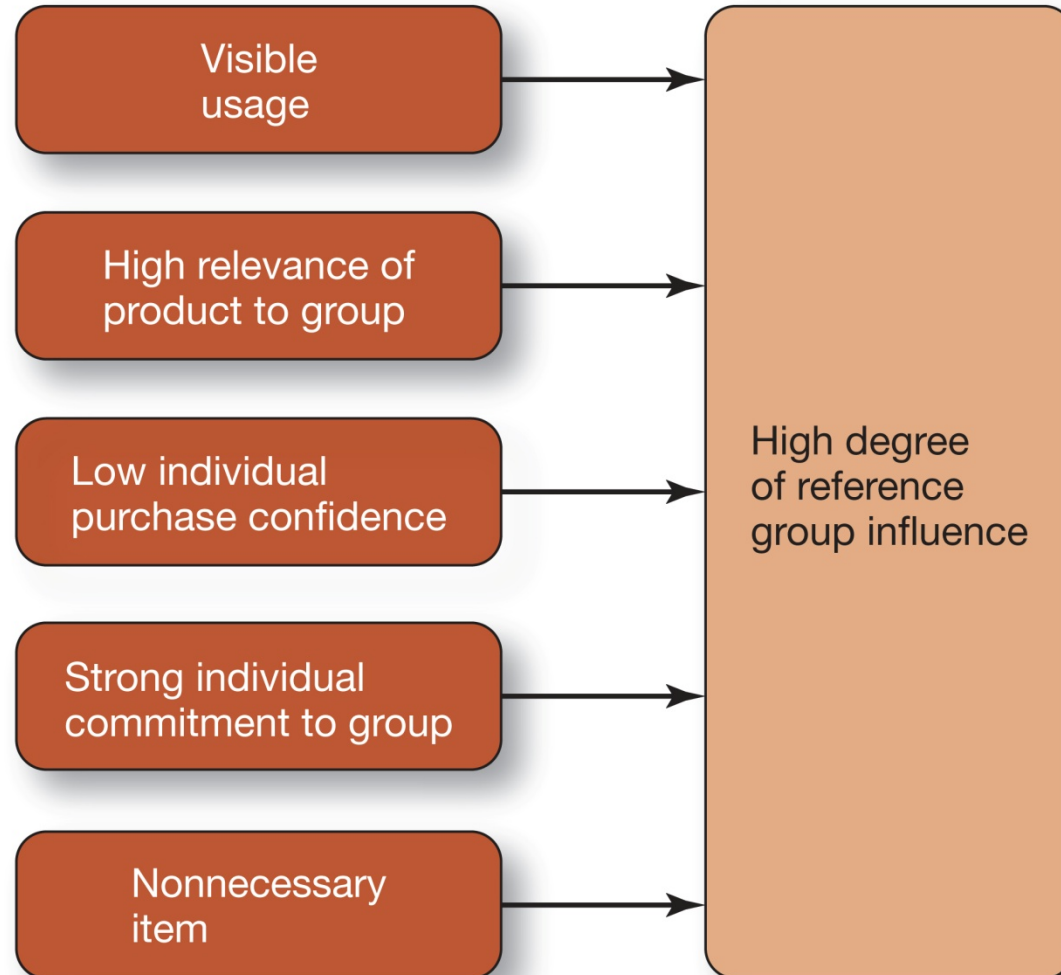
Reference group influence can take three forms:

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

# Reference Group Influence on the Consumption Process

## Consumption Situations and Reference Group Influence

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# Reference Group Influence on the Consumption Process

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Two Consumption Situation Characteristics and Product/Brand Choice

TABLE

7-2

	Degree Needed	
	Necessity	Nonnecessity
<b>Consumption</b>	Weak reference group influence on product	Strong reference group influence on product
<b>Visible</b> Strong reference group influence on brand	<i>Public Necessities</i> Influence: Weak product and strong brand Examples: Shoes Automobiles	<i>Public Luxuries</i> Influence: Strong product and brand Examples: Snow board Health club
<b>Private</b> Weak reference group influence on brand	<i>Private Necessities</i> Influence: Weak product and brand Examples: Clothes washer Insurance	<i>Private Luxuries</i> Influence: Strong product and weak brand Examples: Hot tub Home theater system

# Communications within Groups and Opinion Leadership

- WOM
- Opinion Leaders
- Market Mavens, Influentials, and e-fluentials
- Marketing and Online Strategies



# Communications within Groups and Opinion Leadership

## WOM Versus Advertising

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

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	People	Advertising
Restaurants	83%	35%
Places	71	33
Prescription drugs	71	21
Hotels	63	27
Health tips	61	19
Movies	61	67
Best brands	60	33
Retirement planning	58	9
Automobiles	58	36
Clothes	50	59
Computer equipment	40	18
Websites to visit	37	12

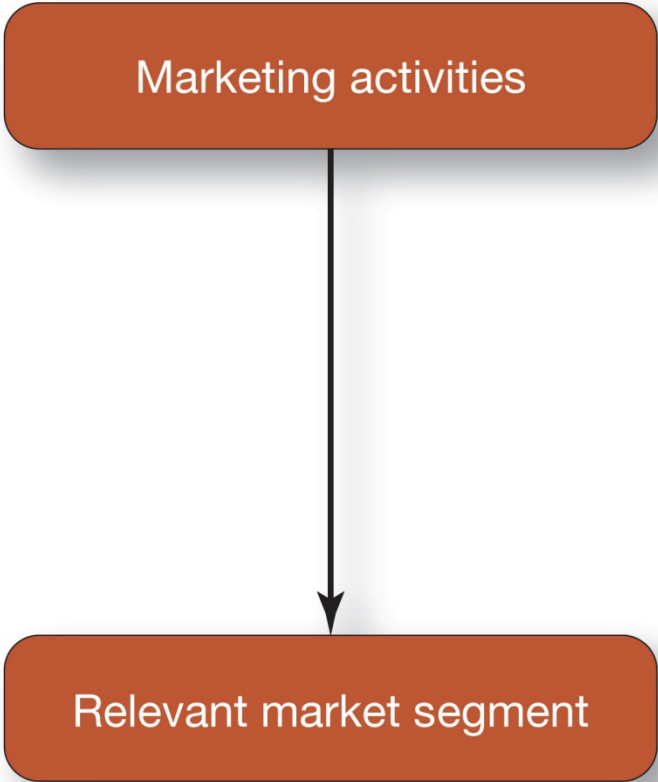
Source: Adapted with the permission of The Free Press, a Division of Simon & Schuster, Inc., from *The Influentials: One American in Ten Tells the Other Nine How to Vote, Where to Eat, and What to Buy*, by Edward Keller and Jonathan Berry. Copyright © 2003 by Roper ASW, LLC. All rights reserved.

# Communications within Groups and Opinion Leadership

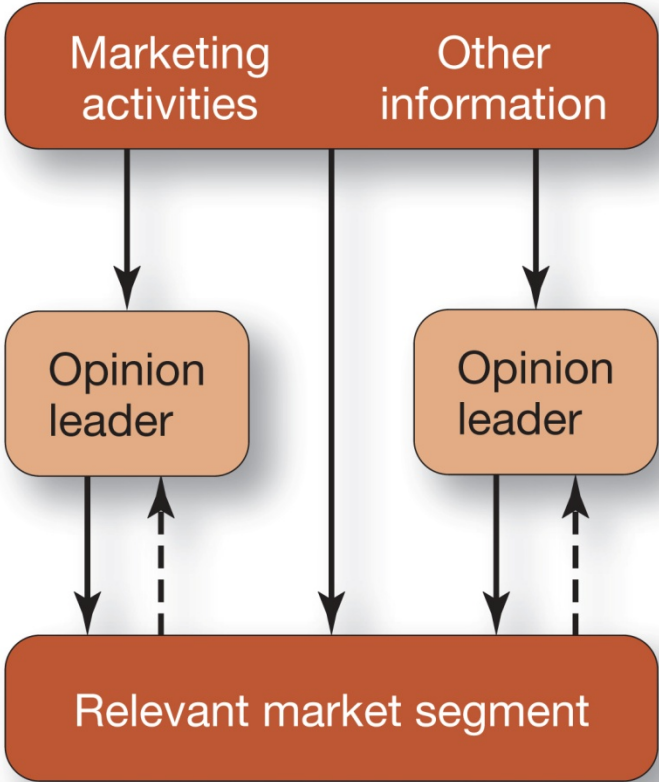
## Mass Communication Information Flows

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### Direct flow



### Multistep flow



# 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.”
- Blogs are personalized journals where people and organizations can keep a running dialogue.
- Twitter is a micro-blogging tool that has evolved quickly into one of the largest social media outlets.

# Diffusion 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.



# Diffusion 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 Innovations

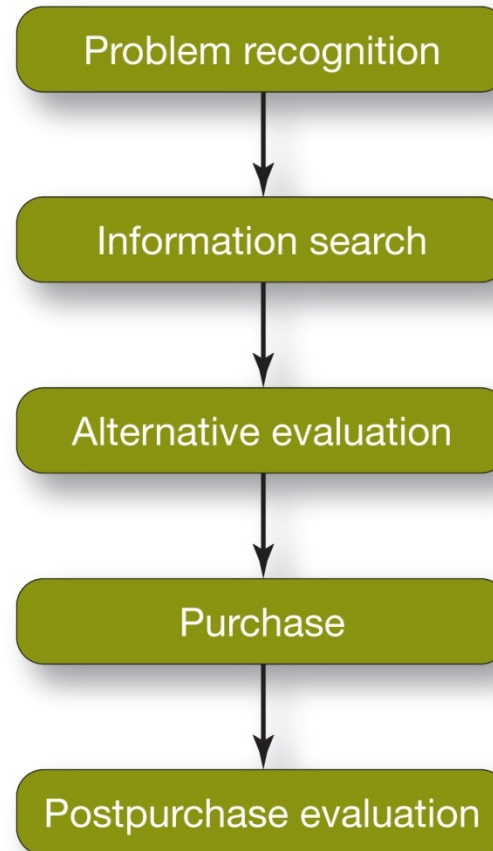
## Adoption Process and Extended Decision Making

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### Stages in the adoption process

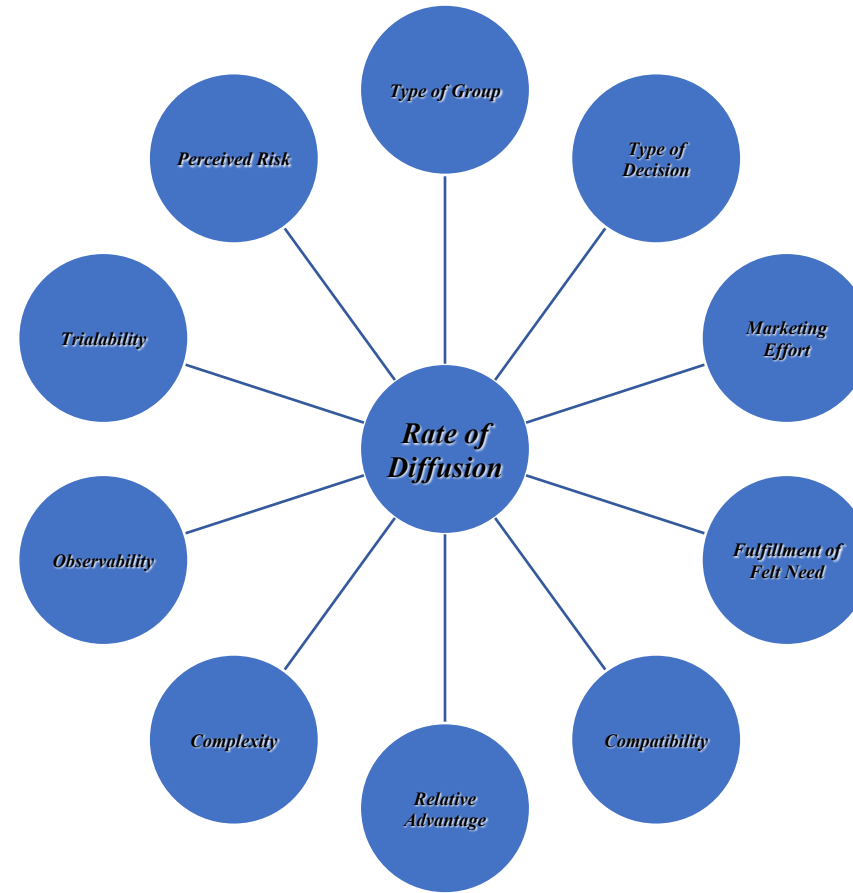


### Steps in extended decision making

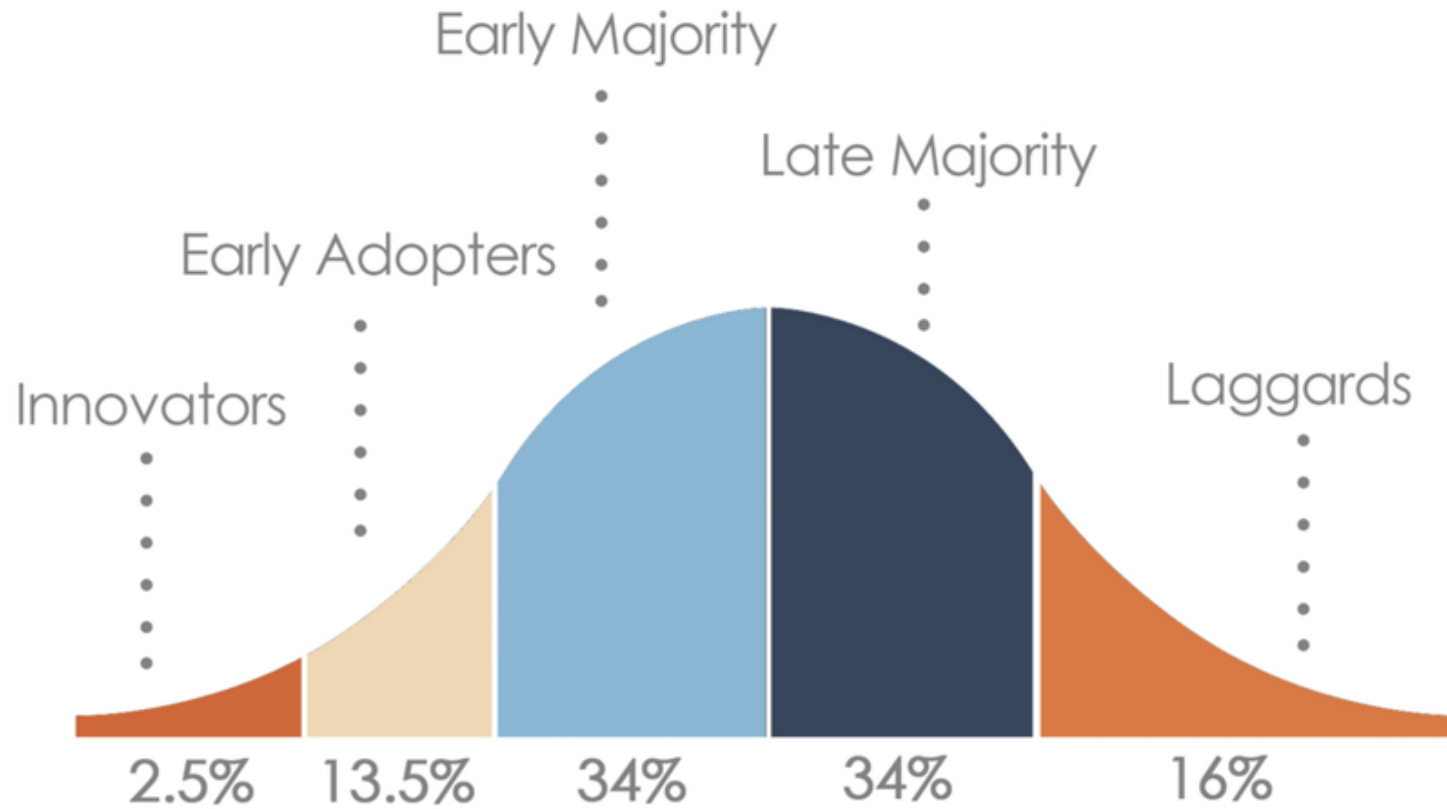


# Diffusion Innovations

## Factors Affecting the Spread of Innovations



# Diffusion Innovations



Rogers Diffusion Of Innovation Bell



# Diffusion Innovations

## Diffusion Rates for Popular Consumer Electronics (Cumulative)

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### Multiplying messages

