Chapter 13  Consumer Influence and Diffusion of Innovation

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Opinion Leadership

OL is the process by which one person (opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients (word-of-mouth). The key characteristic of the influence is that it is interpersonal and informal and takes place between two or more people, none of whom represents a commercial selling source that would gain directly from the sale of something.

Opinion leader may become an opinion receiver.

Opinion seeker- seek for info – can easily influence with little info to purchase product/service
Era of “Thumb Generation” What is that?

Viral M – also known as “buzz marketing”, “wildfire marketing”, “avalanche marketing” – any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message’s exposure and influence. (through e-mail & word of mouth).

Opinion leadership as a process is a very dynamic and powerful consumer force; credible source of info to recipients.

Info provide the advantage and unfavorable of product.

Information and advice; how it differ?
The Need of Opinion Leaders

Motivation Theory suggests that people may provide info or advice to others to satisfy some basic need of their own; unaware of their own underlying motives; trying to reduce their own postpurchase dissonance. (janggal/sumbang)

The info that an OP dispenses may provide personal benefits, confer attention, imply some type of status, grant superiority, demonstrate awareness and expertise, and give the feeling of possessing inside info and the satisfaction of converting less adventurous souls.

Self-involvement – OP may be motivated by product involvement, social involvement and message involvement. (share experiences)

Opinion Receivers- OR satisfy a variety of needs by engaging in product-related conversations. 1st – they obtain new-product or new-usage information; 2nd – they reduce their perceived risk by receiving firsthand knowledge from a user about a specific product or brand. 3rd – they reduce the search time entailed in the identification of a needed product or service; 4th – OR can be certain of receiving the approval of the opinion leader.
Measurement of Opinion Leadership

There are 4 basic measurement techniques to measure Opinion Leadership;

- **Self-designating method**: respondents are asked to evaluate the extent to which they have provided others with info about a product category or specific brand or have otherwise influenced the purchase decision of others. (this method is popular but the result may be bias- respondent’s self-evaluation.)

- **Sociometric method**: measures the person-to-person informal communication of consumers concerning products or product categories. Respondent are asked to identify specific individuals to whom/who they provide info about the product/brand- looking the impact on word-of-mouth.

- **A key informant**: is a person who is keenly aware or knowledge about the nature of social communications among members of a specific group

- **The objective method**: is much like a “controlled experiment” — it involves placing new products or new product information with selected individuals and then tracing the resulting “Web” of interpersonal communication concerning the relevant product(s).
A Profile of The Opinion Leader

OP’s? — marketers have long sought answers to this Q. By knowing who are they OP for their products, marketers may be able to design marketing messages and influence the consumption behavior of others.

OP – are those who keen to reveal knowledge and interest in particular product/service area – consumer innovators; demonstrate a greater willingness to talk about the product/service/topic they are more self-confident/more out-going. They receive more info via non-personal sources(expertise); more media exposure.

Opinion Leadership is common phenomenon.

Market maven – consumers possess a wide range of information about many different types of products, retail outlets and other dimensions of markets.

Opinion leaders and opinion receivers often are friends, neighbor or work associates.
The interpersonal flow of Communication

Ideas often flow from radio and print media to OL and from them to the general public. Known as “two-step flow of communication theory” or “middleman”.

A more comprehensive model of the interpersonal flow of communication depicts the transmission of information from the media as a multi-step flow. It’s a two way method between OL and receivers. This is presented as an illustration of the multi-step flow of communication theory.

OL are able to exert on consumers’ preferences and actual purchase behavior – the power of word-of-mouth (WOM). Therefore, marketers always try to design products to have WOM potential. WOM is difficult to control. Why?

Consumer acceptance of new products/services is studied from the research perspective known as the diffusion of innovations. This diffusion requires an understanding of two related processes.

Diffusion process is a macro process concerned with the spread of a new product. Adoption is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept/reject a new product.
Diffusion is a process concerned on how innovation spread, and how they are assimilated within a market; how this acceptance is spread by communication to members of a social system over a period of time. There are 4 elements to the definition; 1) the innovation; 2) the channel of communication; 3) the social system; 4) time.

There are 4 approaches dealing on innovation or new product; 1) **Firm-oriented** – treats the newness of a product from the perspective of the company producing/marketing it; 2) **Product-Oriented** - focuses on the features of the product itself and the effects these features are likely to have on consumers’ established usage patterns. There are three types product innovations; **Continuous innovation**, which is the least disruptive to consumer pattern; **Dynamically Continuous I** which not altering established behavior patterns- more disruptive; **Discontinuous I** which requires consumers to adopt new behavior patterns; 3) **Market-Oriented Definitions** – judges the newness of a product in term of how much exposure consumers have to the new product;
COD- is a new product is any product that a potential consumer judges to be new. A consumer is being use-innovative when he/she uses a previously adopt product in novel or unusual way.

There are 5 product characteristics that influence consumer acceptance of new products; 1) Relative advantage- degree to which potential customers perceive a new product as superior to existing substance; 2) Compatibility- degree to which customer feel the new product is consistent with their present need, values and practices; 3) Complexity- new product is difficult to understand or use (tech’cal fear); 4) Trialability – new product is capable of being tried on a limited basis. 5) Observability – a product benefit/attributes can be observed, imagined or described to potential consumers.

Social system is a physical, social, or cultural environment to which people belong and within which they function. How values/norms influence new products. What are the characteristics of typical modern social system? 1- positive attitude toward change; 2 advanced tech and a skilled labor force; 3 general respect for education and science; 4 emphasis on rational and ordered causal relationship; 5- outreach perspectives- frequently interact with outsiders.
The Adoption Process

The focus is the stage through which an individual consumer passes although arriving at a decision to try or not to try/continue using a new product.

Consumers often moves through 5 stages in arriving at a decision to purchase/reject a new product; 1- awareness, 2- interest, 3- evaluation, 4- trial, and 5- adoption(rejection)

Consumer Innovator – the relatively small group of consumers who are the earliest purchasers of a new product

Diffusion studies –CI- derived from the status of the new product under investigation

Noninnovators would be defined as those who purchase none or only one of the new fashion product.

Perceived risk is the degree of uncertainty or fear about consequences of a purchase that a consumer feels when considering the purchase of a new product.

Venturesomeness is a broad-based measure of a consumer’s willingness to accept the risk of purchasing new products.
Describe how a manufacturer might use knowledge of the following product characteristics to speed up the acceptance of pocketsize cellular telephone;

a. Relative advantage
b. Compatibility
c. Complexity
d. Trialability
e. Observability