

MNM1505: Introduction to Consumer Behaviour

Lecturer:

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Define tomorrow.

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Learning Unit 9: Influence of reference groups, opinion leaders and social class on consumer behaviour

- **What is a reference group?**
 - A person or group of people who significantly influences an individual's behaviour because their opinions are valued
 - A group you refer to for information on brands, goods, services and ideas
 - In all reference groups there are distinctive standards of behaviour, and each group member is expected to follow these
 - Important to marketers

A **reference group** is one that the individual tends to use as the anchor point for evaluating their own beliefs and attitudes (AMA, 2016).

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- Type of reference groups
 - Formal and informal reference groups

Formal reference groups have a highly defined structured, specific roles and authority positions and specific goals.

Informal reference groups often have a very strong influence on buying decisions.

- Primary and secondary reference groups

Primary reference groups are composed of members whom we see often and are small enough to permit face-to-face interaction, such as friends and family members.

Secondary reference groups are composed of people whom we see occasionally and with whom we have some shared interest, such as professional or religious groups.

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- Type of reference groups (cont.)
 - **Associative reference groups**
 - To associate means to belong or to connect to something
 - When you are associated with a reference group you are already part of the group, formally or informally
 - Associative reference groups can be family, friends, a club, loyalty programme or church

Know the different types of reference groups and be able to practically apply each to an example.

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- Factors that determine the strength of the reference group influence:
 - Visibility
 - Cost
 - Commitment
 - Relevance



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- Reference group influences
 - **Informational influence**
 - Occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions
 - The sources of information that help us make decisions
 - Reference groups provide us with information to reduce our search for information
 - Can be triggered by specific advertisements which create awareness on products, brands or features

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- Reference group influences (cont.)
 - **Utilitarian influence**
 - Also known as *normative or instrumental*
 - Occur when an individual decides to conform to group expectations and standards to be socially accepted (gain rewards) or to avoid punishment (social sanctions)
 - The reference group has power over the individual to fit in or belong
 - This person gains satisfaction, or utility (“utilitarian”) from conforming to social group norms (“normative”). Conforming is instrumental to getting rewards or being socially accepted

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- Reference group influences (cont.)
 - **Value-expressive influence**
 - “Value-expressive influences occur when you internalise or identify with the value of a group that reflects your self-image”
 - Individuals can use certain reference groups to enhance or support their own self-concept
 - Behavioural norms are in play here as reference groups portray certain values that are shared by the group members, such as being environmentally friendly and health conscious

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- The use of reference groups in marketing
 - Why are reference groups so persuasive?
 - Reference groups have a big influence on consumers' purchasing behaviour for the following reasons:
 - Reference groups give information
 - Reference groups provide rewards
 - Reference groups enhance self-image



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- **Opinion leaders**

- Opinion leaders can be considered an aspirational reference group
- Everyone knows someone who is knowledgeable about products, services, brands and companies, and whose advice others take seriously
- Extremely valuable information sources because they possess the social power we discussed earlier on

Opinion leaders are those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision making, such as celebrities and spokespeople (Ling et al, 2015:170).

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- Opinion leaders perform several important functions:
 - They inform other people about products and services
 - They provide advice on products, services, brands and many more
 - They reduce the follower's perceived risk in purchasing a product
 - They offer positive feedback to support or confirm decisions that followers have already made



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- **Social class**

- Determined by “the opportunities presented to that individual in terms of earning opportunities and the level of possession of goods”
- Different social classes also have “distinct behaviour patterns”
- Can be used to segment markets and understand consumer buying behaviour

Social class is your social standing or societal rank manifested by socio-economic factors such as education, values, occupations, income, lifestyles, esteem and prestige (Ling et al, 2015:121).

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- Social class structures
 - Numerous variables that make up our social structures:
 - Income
 - Education
 - Occupation
 - Wealth
 - Residential area
(informal settlement, urban, rural etc.)



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- Marketing implications of social class
 - 3 marketing implications:
 - *Conformity in consumption behaviour* - consumers in the same social class buy products that communicate their status
 - *Location and type of retail outlet* - very significant way of segmenting a market according to social class
 - *Media usage* - an interesting way to segment a market

Learning Unit 9: Influence of reference groups, opinion leaders and social class on consumer behaviour

- You should be able to define what a reference group, opinion leader and social class is.
- The different types of reference groups are important and you should be able to practically apply each with an example.
- Know the different factors that influence how strong the influence of reference groups are on individuals.
- The different reference group influences are important and you should be able to apply each practically.
- Know what is the functions of opinion leaders.