

The Impact of Opinion Leader on Consumer Decision Making Process

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Abstract

Opinion leaders play their role when people look for products to purchase, use and to evaluate before they buy or dispose of products and services in which they expect will satisfy their wants and needs. There are two different types of consumers, the ones that buy for themselves, for gifts or for their house. Next, they purchase for their organizational needs including businesses for profit or non-profit, schools, hospitals, etc. (Schiffman & Kanuk, 2007). At first, others can have an influence on the consumer's decision-making process such as friends, relatives and there are occurrences that influence the consumers' acceptance. Next is word-of-mouth by the opinion leader, who is considered to be the first person who influences the second person by giving their opinion on a product. Further the receiver is the person who accepts the knowledge from the opinion leader. People who look for new products and seek out information are called the opinion seekers (Schiffman & Kanuk, 2007). The opinion leaders can give both advice and proper information when they tell the adult decision-maker; they can purchase a product that has higher quality. The present paper focuses on how marketers can use relationship marketing through opinion leaders in their marketing techniques in order to reach consumers in a short amount of time to build customer relationship and retain customer loyalty.

Keywords

Opinion leaders - opinion seekers - consumer decision making - Marketers.

I. Introduction

Opinion leadership, as defined by Roger et al (1988), is the ability to informally influence individual's attitudes or behaviour in a desired way with relative frequency. Severin and Tankard (1979) refer to opinion leaders as members of small social groups who influence other members of their group. Another way in which Severin and Tankard (1979) look at opinion leadership, is that it is a two-step flow of communication, in which messages flow from the media first and reach the opinion leaders, who then pass them to associates or followers who look to them as influential's. This tells us that opinion leaders play an intermediary role between mass media and their followers, to influence them in their innovation decision-making process. It can then be inferred that the role opinion leader's play, can be very valuable especially where the extension: consumer decision making of home appliances takes place. Katz and Lazarsfeld (1966) confirmed that opinion leaders do actually exceed non-opinion leaders in mass media exposure, and therefore have the capability of bridging the communication gap between extension and the opinion seekers, Düvel and Adupa (1996) indicate that, this can be achieved by focusing communication messages on certain influential individuals with the hope that their influence will come to bear in further diffusion and influence to other members of the target audience. Opinion leaders and their followers are very similar and usually belong to the same groups. Severin and Tankard (1979) indicated that it is highly unlikely that the opinion leader

is very far ahead of his or her followers in level of interest in a given topic, and that interpersonal relations are not only networks of communication but also sources of social pressure to conform to the group's norms, and sources of social support for the values and opinions an individual holds. On the other hand, Van den Ban (1981) stated most of the ideas are in agreement with the group norms, but in some situations opinion leaders take the initiative to change these norms. Who will lead, and who will follow, is determined to a large extent by the subject matter under consideration. Researchers found that an opinion leader in one area is unlikely to be one in another unrelated area. In general, however, people talk most often to others like themselves (Severin and Tankard, 1979), implying homophilous relationships.

II. Review of Literature

- The finding of opinion-leadership is one of the merits of "The people's choice study that has been conducted by Lazarsfeld, Berelson and Gaudet in 1944. Opinion leaders are termed as people who are more influential within their social networks than others. Consider themselves experts in a specific area of interest (e.g. home policy, pop music, technical devices) and are asked for advice in this area.
- Four different ways of measuring opinion leadership have been used in previous research: sociometric techniques, interviews with key informants, observation, and self-designating techniques (Jacoby, 1974; Rogers & Cartano, 1962; Weimann, 1994). The prominent measurements have always been self-designating techniques, because they can easily be administered in surveys.
- The first opinion leadership scale was introduced in 1944. Lazarsfeld, Berelson and Gaudet (1944) and Katz and Lazarsfeld (1955) computed an index. They distinguished between 'opinion leaders' and 'followers'. This idea of operationalizing opinion leaders as convincing others and being asked for advice had tremendous impact on follow-up studies and scale development. However, the first attempt to measure opinion leadership has been criticized throughout the field, because statistical problems and low instrumental validity (Hamilton, 1971).
- A study on Marketing of Consumer Goods conducted by Subrahmanyam revealed that housewives played a dominant role in purchase decisions while purchasing groceries. Also it was found that the purchasing grocery for household is the activity of housewife alone.
- Randolph E. Bucklin, Sunil Gupta and S. Siddarth, developed a model of consumer decisions for brand choice, purchase incidence, and purchase quantity that simultaneously reveals latent response segments. They said that consumer response segments across the three behaviours were obtained by simultaneously estimating the parameters of a probabilistic mixture model. They found that the impact of price across the three behaviours also differed substantially by segment. In the two largest segments (79% of households, 63% of Volume), price had a largest impact on choice and incidence but a small impact

on quantity. Price discounts induce these households to switch brands and buy early but have little effect on their stockpiling behaviour.

- Carl F.Mela, Kamel Jedidi, and Douglas Bowman, in their study assessed the long term effect of promotions on consumer stockpiling behaviour. The study is into how increasing promotions have affected consumer brand choice and stockpiling behaviour. It is regarding how increases in the frequency of promotions affect household's decisions regarding whether and how much to buy. The results suggest that consumer's stockpiling behaviour has changed over the years. The increased long-term exposure of households to promotions has reduced their likelihood of making category purchases on subsequent shopping trips.
- To analyze the difference between the buying behaviour of urban and rural consumers with reference to consumer Durables, a study was conducted by B B S Parihar, Sanjay Yadav and Irfan Siddiqui. It was found that there is a significant difference between the buying behaviour of rural and urban consumers with regard to their preference for technology, style, brand image, price and after-sales service. They found that urban and rural markets significantly differ from each other in considering general and product-specific factors while making their purchase decisions for durables.
- Torben Hansen, in his work titled, "Perspectives on Consumer decision making: an integrated approach" has suggested a framework which integrates several perspectives on consumer decision making. The results of this study support the complexity of consumer decision making with the following findings. First, consumers do not use their cognitive and affective skills independently, rather they affect each other. Secondly, the cognitive, evaluative constructs of quality and attitude had significant direct effects on buying intention, whereas affective construct of emotion had no significant direct effects on buying intention. Thirdly, price affected perceived quality which in turn affected attitude, which in turn affected buying intention. At the same time, price had no direct effect on buying intention.

III. Characteristics of opinion leaders

Researchers have found out that opinion leaders are found at all levels, and have concluded that factors such as technical competence, monomorphism and polymorphism, social and physical accessibility, homophily and heterophily, differentiate leaders from their followers. These will be discussed individually below.

A. Technical competence

Personification of values or who one is another way of saying that the influential is someone that his or her followers wish to become as similar as possible with him, because of his or her admirable achievements. On the other hand, to be regarded as an opinion leader, one must be knowledgeable or competent in the area in which his or her leadership is sought. It is seldom that attention is paid to the opinions of people. Who lack these qualities (Severin & Tankard, 1979).

Other attributes that are worth considering are that opinion leaders are well-liked and respected by their communities for

1. Making wise decisions,
2. operating with a clear understanding of local needs and

conditions,

3. proving successful in their particular occupations,
4. willing to be of service in helping to improve conditions in their communities,
5. Having the same economic, social and cultural background as the people they lead (Savile, 1965).

The question that most researchers have is similar to that of Katz and Lazarsfeld (1966), that is: who or what influences the influentials. This is a worthwhile question, because whatever or whoever does so, makes them to be more competent than their followers. Through investigations, Katz and Lazarsfeld (1966) became convinced that opinion leaders have more contact with external sources of information than their followers, especially radio and printed media. It was further suggested by Severin and Tankard (1979) that mass media channels are relatively more important than interpersonal channels for earlier adopters (most of whom are opinion leaders) than for late adopters (most of whom are the followers), because at the early stages, there are few interpersonal channels available to the early adopters. Cosmopolitanism is another factor that is believed to be contributing significantly to the competence of opinion leaders. Another indication of the importance of competence in interpersonal communications is by looking at countries with a well developed mass media system. In this setting, farmers usually get their first information on innovations. However, they like to discuss it with somebody in whose competence and motivation they have confidence, before they decide to adopt. Farmers depend on good and trustworthy information for their livelihoods, and in this regard they turn mainly to farmers with a higher level of technical competence than they have themselves (Van den Ban & Hawkins, 1998). Opinion leadership being the type of informal leadership is earned, and can only be maintained by technical competence, social accessibility and conformity to systems norms (Rogers, 1988).

B. Polymorphism and Monomorphism

Polymorphism is the degree to which an individual acts as an opinion leader for multiple topics. The opposite is monomorphism, which relates to opinion leadership limited to only a single topic (Rogers & Kincaid, 1981). Bembridge (1991) indicated that, Ryan and Gross, (1943); Katz and Lazarsfeld, (1955); Rao, (1981) all perceived monomorphic opinion leadership to usually occur in more progressive communities, with high adoption rates of technology. This implies that polymorphic opinion leadership is more likely to be found in less progressive communities with low adoption rates of technology. Bembridge's (1991) findings from a tradition community indicated that those sought for advice on crops were also consulted on livestock, and were more often than not considered to be good farmers. Indications are also that, those nominated as best friends were not always the same people as those sought for advice on crops and livestock. This serves as indication that accessibility is not the only criterion for opinion leadership, in that opinion leadership and friendship are not synonymous. Respondents also differentiate farmers according to their different degrees of opinion leadership and fields of knowledge. Van den Ban (1981) refers to research indicating that there is no clear distinction between leaders and non leaders, but that there are different degrees of leadership. This implies that opinion leadership is relative, and that it might be more appropriate to differentiate degrees of opinion leadership rather than identify whether somebody is an opinion leader or not.

IV. Impact of Opinion leaders on Adult Consumer Decision Making Process

Opinion leaders play their role when people look for products to purchase, use and to evaluate before they buy or dispose of products and services in which they expect will satisfy their wants and needs. Add to this, there are two different types of consumers, the ones that buy for themselves, for gifts or for their house. Next, they purchase for their organizational needs including businesses for profit or non-profit, schools, hospitals, etc. (Schiffman & Kanuk, 2007). First, others can have an influence on the consumer's decision-making process such as friends, relatives and there are occurrences that influence the consumers' acceptance. Next, word-of-mouth by the opinion leader is the first person that influences the second person by giving their opinion on a product. Further the receiver is the person that accepts the knowledge from the opinion leader. People who look for new products and seek out information are called the opinion seekers (Schiffman & Kanuk, 2007). In Addition to this, the opinion leaders can give both advice and the proper information when they tell the adult decision-maker; they can purchase a product that has higher quality. For example: saving their clothes and having them last longer in the newest washing machines (Helm & Kiley, 2008). The opinion leaders will again focus on the quality and product category and the decision-maker (the receiver) seeks their advice (Schiffman & Kanuk, 2007). By comparison, the receiver (the seeker) may end up with post-purchase if he perceives the advertisement a different way or perceives the information from the leader in the wrong way. Therefore, we must examine the motivation so that there is good judgment in choosing the product. The opinion leader good be the person at the store at GE convinced that the product is the best quality, and he will try to convince the opinion receivers. The opinion receiver may end up being a friend and that friend through word-of-mouth will tell the opinion seeker (Schiffman & Kanuk, 2007). Conceivably, there could be a mechanism of fear in regards to emotion from an evolutionary perspective which comes from the front of the brain. Furthermore, this is the part of the brain that the adult makes rational decision-making. At present consumers are suffering from post-traumatic stress disorders, because of the highest point on adult uncertainty in this shaky economy (Herper & Woolley, 2008). In fact, people do not like to take risks and if decisions are difficult they will go to the opinion seeker to get advice from the opinion leader (Schiffman & Kanuk, 2007). Still further, the surrogate buyer will make decisions in the purchase in influencing the buyer, because more people for example need help in purchasing parts for their cars, newest designer clothes, what type of kitchen gadgets to buy, etc. There are four different types of measures in opinion leadership. In the socio metric method the communication is informal and geared towards certain individuals that gave the consumer the advice. Next, is the objective method which is interpersonal in which information was obtained from the internet or research sources. Third, is the self-designating method is when others were given the information by the respondent. This in turn influenced their decision-making process. Fourth is the key informant that analysis the information carefully in socialization and opinion leaders are chosen, which would be the ones that give the most influence (Schiffman & Kanuk, 2007). In fact, marketers have to look at the construct of interest, innovativeness and market maven-ism of adult decision-makers. For example,

consumers that are concerned about the information and knowledge, are opinion leaders, are involved with the new products, heavy users of shopping lists (promotional interest consumers). Still further, consumers involved specifically in the brand, fashion conscious or more concerned about the value of the product (Schiffman & Kanuk, 2007). Furthermore, when an adult consumer decision maker consumes a new product they are in the consumption process. First, they want to solve the problem so they start by doing information research. They want to evaluate various brands in their favorite brand category and make a preferred decision based on their perceptions or how they perceive the product will help them. Still further, they evaluate the brand in regards to their usual brand, standard quantity, or usual store, in-home, internet, phone catalog, or paying with cash or credit card (Schiffman & Kanuk, 2007). In Addition to this, there are four ways that an adult decision maker can view in making decisions. First, an economic views by making decisions that are rational and using the right side of the brain. Further, by evaluating all alternatives and putting them in proper order and is usually based on their knowledge. Next, is the passive view in which the adult decision maker with look at themselves and usually they think about what they want rather than what they need. Therefore, they may end up buying impulsively or irrationally. Third, the cognitive view which is the best view because the adult consumer buys the products because they need them and it is a product or service that adheres to their needs. Finally, is the emotional view that marketers really like to focus on because it has nothing to do with the passive or economic view, and the adult decision maker will buy on emotion rather than on need. For example, the adult consumer sees a model on television wearing the newest fashions and they look beautiful, then the adult consumer decision maker will want to look like that person. They then have an emotional attraction to the product. Add to this, some emotional decision making can also be rational. For example, a person can treat themselves to a pedicure because it is needed and it is also to pamper oneself because they deserve it (Schiffman & Kanuk, 2007). In other words, the process is how the consumers make the decision and it is based on need recognition or pre-purchase search to search for the product to satisfy the need. Further, the internet provides heavily in this area. Then there are the specific brands that attract to the adult consumer decision maker which is the product, their past experiences can have influence. Additionally, they may want it to buy as a gift socially, and it has to do with their personality, age, income, occupation and value-related considerations (ecological, conflicting, desires, discretion, etc.). Further, there are different attributes in choosing product brands. For example, price, color, size of a TV (Schiffman & Kanuk, 2007). Moreover, the adult consumer decision-maker besides comparison characteristic shopping will have certain rules to go by before making decisions. There's compensatory rule in comparing the product and non-compensatory rules, that's evaluating the product or service and putting a positive score on the brand or non-compensatory is having a negative evaluation of the brand. Further, the conjunctive decision rule is partially acceptable to the brand. Add to this, the disjunctive rule exceed the meets the expectation of the brand and lexicographic decision rule having to do with the brand importance. In the end, when the adult consumer decision-maker selects the brand it's called the affect referral decision rule. To this end, a person can decide on the service or product or they can avoid the product or service. They could have time constraints in which they may make hasty decision-making or

maybe they did not get the right information to compare with the alternatives. Also, the marketing strategies can make a difference in their decision-making. There's trial purchase for example trying a new software program for thirty days on line. Then, repeat purchases is when the adult consumer decision-maker to back to the store to get a product they have bought before because of its value to them (Schiffman & Kanuk, 2007).

Finally, long-term commitment in which they have bought the product or service and it provided for their needs or solved their problem so they keep going back. In addition if a person has post-purchase cognitive dissonance it means they have purchased a product and then changed their mind about it after the purchase. It depends on the purpose and their past experiences that can have an effect on this post-purchase cognitive dissonance. They may buy as a gift or again for themselves to treat themselves with something they really want sometimes more than the need. (Schiffman & Kanuk, 2007).

V. Conclusion

Opinion leaders play a very important role in consumer decision making process by encouraging communication among consumers in the consumption process, where the choice to purchase something is the input and establishing consumption set, Then the style of consuming based on the consumer's perspective and experiences which depends on their moods, emotions, etc. To this end it is very important that marketers learn to use relationship marketing through opinion leaders in their marketing techniques in order to reach consumers in a short amount of time to build customer relationship and retain customer loyalty.

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