

Subject: Business Economics

Course: B.A., 5th Semester, Undergraduate.

Paper No: 521

Paper Title: Consumer Behaviour.

Unit No.: 5 (Four)

Title: Consumer Decision Making Process.

Lecture No: 1 (One)

Title: Opinion Leadership & Diffusion of Innovations.

FAQs

Q1. Opinion leaders are not generic in nature explain the statement.

Ans: They are specific to a product or service category, and possess expertise and specialization in it. Because of the in depth knowledge they have about the product category, people approach them for information and advice for that product or service category.

Q2. How can opinion leaders become receivers or seekers?

Ans: As explained above, Opinion Leaders are category specific. They are experts in one product/service category, and act as Opinion Leaders. However, when it comes to another product/service category, they may become Opinion Receivers/Seekers. They may even seek information from people to whom they had given information earlier about another product category. Thus, the roles may get reversed from Opinion Leaders to Opinion Receivers/Seekers in the context of other product/service categories.

Sometimes a person may become an Opinion Receiver/Seeker for the same product also. This is when he is in a product-related conversation/discussion with a Opinion Receiver/Seeker who is more informed, enlightened and updated with information product knowledge. This information then adds to the Opinion Leaders' knowledge database in his memory (adds to his associated network).

Q3. Explain motives behind Opinion leadership.

Ans: Both Opinion Leaders and Opinion Receivers/seekers have their own reasons for providing information and receiving/seeking product information and advice.

- Opinion Leaders give product related information and advice sometimes voluntarily on their own and sometimes when are approached and asked for.
- Similarly Opinion Receivers/Seekers request for information or listen with patience to all that the Opinion Leader has to say. There are various reasons as to why such communication exchange takes place between Opinion Leaders and Opinion Receivers/Seekers, be they relatives, friends, acquaintances or even strangers. Some of the reasons why Opinion Leaders provide information and why Opinion Receivers/Seekers receive or seek information and advice are discussed below.
- These explain the motives behind the Opinion Leadership process.

Q4. Why do Opinion Leaders provide information?

Ans:

- Opinion Leaders like to give product news, provide expert advice and also love to share their experiences with others. This is because they are involved and interested in a product or service category, and love to talk about it (product involvement).
- Word Of Mouth communication gives them an opportunity to talk about their interests to others. Further they may feel so positively and favorably or negatively and unfavorably about a product and/or brand that they feel like telling about it to others (product involvement, self involvement and social involvement)
- As they possess knowledge, expertise and experience with a product category, they feel important and powerful when people approach them for information and advice. It confers upon them a sense of superiority or special status over others. They take pride in providing information and advice (self gratification, power and pride). They also feel that others to whom they have given information and advice on new products or services have bought them because of them.
- Opinion Leaders may be also trying to reduce their own level of post-purchase cognitive dissonance (self-interest).
- Interestingly true, many provide information as (a) they may be wanting to try out a new product or service offering after someone else buys and uses it first; or (b) they may themselves be trying to reassure themselves of their own purchase decision by recommending it to others; and (c) they may be dissatisfied with a purchase and like to complain about the purchase of the product and service and/or brand and/or company and/or store from where it has been purchased.

Q5. Why do Opinion Receiver/Seekers request for information?

Ans:

- Opinion Receivers/Seekers gather information so that they can make the right purchase decision, with respect to the right product and service offering, the right brand, at the right price, from the right store and at the right time. Especially in cases of high involvement products, a person may be less

knowledgeable and less involved and can take advice from someone who is more experienced and knowledgeable for that product category.

- They obtain information about new-product or new-usage.
- It reduces the physical and cognitive effort that the Opinion Receivers/Seekers has to take to gather information, evaluate alternatives and take the right decision. They also save on time required to gain information about product and the varying brands.
- Product knowledge and advice reduces the level of uncertainty associated with a purchase. It helps them reduce the perceived risk as they are able to gain product and/or brand knowledge from experts, who are also many a times innovators and first-time users of the product.
- People also turn to Opinion Leaders so as to confirm their purchase decisions. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

Q6. Explain frequency, overlap and situational environment.

Ans: The question of whether generalized opinion leaders exist for wide variety products as opposed to specialized opinion leaders for each product has been a subject of much debate. There is moderate opinion leadership overlap across product categories, that is, general opinion leaders do appear to exist to some extent.

Q7. The diffusion of innovation refers to the tendency of new products explain the statement.

Ans: Many firms today rely increasingly on new products for a large part of their sales. New products can be new in several ways. They can be new to the *market*—no one else ever made a product like this before.

The diffusion of innovation refers to the tendency of new products, practices, or ideas to spread among people. Usually, when new products or ideas come about, they are only adopted by a small group of people initially; later, many innovations spread to other people.

Q8. Explain communication.

Ans: Communication is the process by which participants create and share information with one another in order to reach a mutual understanding.

A communication channel is the means by which messages get from one individual to another. Mass media channels are more effective in creating knowledge of innovations, whereas interpersonal channels are more effective in forming and changing attitudes toward a new idea, and thus in influencing the decision to adopt

or reject a new idea. Most individuals evaluate an innovation, not on the basis of scientific research by experts, but through the subjective evaluations of near-peers who have adopted the innovation.

Q9. Write down about social system of diffusion process.

Ans: The fourth main element in the diffusion of new ideas is the social system. A social system is defined as a set of interrelated units that are engaged in joint problem-solving to accomplish a common goal. The members or units of a social system may be individuals, informal groups, organizations, and/or subsystems. The social system constitutes a boundary within which an innovation diffuses. How the system's social structure affects diffusion has been studied. A second area of research involved how norms affect diffusion. Norms are the established behavior patterns for the members of a social system.

A third area of research has had to do with opinion leadership, the degree to which an individual is able to influence informally other individuals' attitudes or overt behavior in a desired way with relative frequency. A change agent is an individual who attempts to influence clients' innovation-decisions in a direction that is deemed desirable by a change agency.