OPINION LEADERSHIP AND WORD OF MOUTH (A REVIEW): CONCEPTUAL AND MANAGERIAL IMPLICATIONS FOR INDIA

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ABSTRACT

There have been opinion leaders and opinion seekers from time immemorial. Marketing world has always acknowledged its presence though there have been views over the level of importance given to it. Most probably this is one topic that has always been an area of interest for researchers and one can find research views on it in a lot of early dated journals. What is also true at the same time is that the marketing world is changing. The changes (especially technological) witnessed in the last two decades are more than what the world has witnessed in the last century. Information is only a click away and the consumer is spoilt for choices. In such a scenario along with information what is equally important is trust and authenticity of information. The word of mouth is a strong tool available for marketers today. The correct handling can be rewarding and mistakes can be costly. The paper attempts to understand the implication and implementation of word of mouth by doing a literature review of various researches done in last two decades. Further the paper attempts to understand the gaps and identify future research areas with India as the focal point.

Key words: Logistics, Retailing, inventory, service.

Opinion Leadership and Word of Mouth (A Review): Conceptual and Managerial Implications for India

“You know, it's not the people in Hollywood who go to see movies that will make a movie successful; it's the people all around the country; it's word-of-mouth”. Pia Zadora

Introduction

Informal communication has always influenced consumer’s consumption behaviour. The source of the informal communication may be friends, neighbours or in the changing technology world it may be the social networks, chat rooms, blogs, consumer message boards etc. Researchers over the years have studied the informal communication process and defined it as the process by which opinion leader informally influences the actions or attitudes of others who may be opinion seekers or opinion recipients. The informal two way communication process is also termed word of mouth and an opinion leader plays a dominant role in word of mouth communications. Kotler says that in the era of consumer empowerment led by abundant information and networked communities, word of mouth becomes the new advertising medium and consumers believe strangers within their community more than they believe companies. (Kotler, Hermawan Kartajaya, Iwan Setiawan, Marketing 3.0, 2010)

This paper is an attempt to understand the changing face of word of mouth and opinion leaders through a literature review of various researches done in the last two decades on this topic. Based on the literature review, attempt is made to understand the implications and implementation of word of mouth under various headings like -characteristics of opinion leaders, product characteristic and word of mouth and influence of word of mouth on decision making. The paper attempts to understand the gaps and identify future research areas, with India as the focal point.

Opinion Leaders and Word of mouth

Opinion leaders have been identified as an important element of the two step flow of communication. Greater focus on relational data in study of informal communication has been emphasized where findings highlight stronger the tie between the service marketers personal relationships with other marketers of related
service, the more likely it is to be activated for flow of referral (Peter H. Reingen and Jerome B. Kernan, 1986) When customers engage in word of mouth behaviour following a customer initiated contact the median number of customers influenced was found to be approximately three regardless of customer initiated contact, customer characteristic and so forth (Douglas Bowman and Das Narayandas, 2001) Opinion leadership was found to be most strongly associated with word of mouth comments that include information and advice giving, however situational involvement was not found to be related to opinion leadership but enduring involvement appeared to be an important antecedent resulting in opinion leadership (Marsha I. Richins and Terry Root Shaffer, 1988) It was also found that enduring involvement drives opinion leadership which in turn accounts for behaviour such as exerting influence, gaining knowledge and sharing information and experience. (Meera P Venkatraman, 1990)

Characteristics of opinion leaders

Lot of research has been done in trying to identify the characteristics of opinion leaders. The highlights have been summarized in Table 1. It was found that marketers do not have to look for opinion leaders in a specific category but look for leaders and people of influence within a certain community and the people are very likely to be opinion leaders in the community. In a way a person’s structural position in a network was found to be a good indication of opinion leadership. (R. Van der Merwe and G. Van Heerden, 2009) Willingness of individuals to individuate themselves in disseminating opinion was also found to be an important characteristic of the opinion leader along with product familiarity and personal involvement. (Kenny K. Chan and Shekhar Misra, 1990) The importance of social network position was reiterated in another study by Weinman which found that identification of influential should be related to the concept of opinion leaders and it is not just a uni-dimensional measure but a combination of personal traits with social position in their personal network. (Gabriel Weinmann, 1991) Further product familiarity, personal involvement (Kenny k. Chan and Shekhar Misra, 1990), expertise on product (Jacob Jacoby and Wayne D. Hiyer, 2001) were some of the characteristics identified for opinion leaders. High level of product category involvement and loyalty was found to be a strong determinant for opinion leadership. On the other hand need for variety was a more important determinant for market mavens. (Nicola E. Stockburger and Wayne D. Hoyer, 2009) Opinion leadership relationship with innovativeness was found to be stronger than with a three dimensional exploratory behaviour construct (new brand trial, information and cautiousness). Opinion leaders were found to have a need to be users of new products/brands as against market mavens who besides having a need to be users of new brand also sought information and were risk takers. (Ayalla Ruvio and Aviv Shoham, 2007).

The characteristics of online opinion leaders were not found to be very different. They too possessed higher levels of enduring involvement, innovativeness, exploratory behaviour and self-perceived knowledge than non-leaders. Online opinion leaders had greater computer skills, used internet for longer period of time than non-leaders (Barbara Lyons and Kenneth Henderson, 2005) The theory that opinion leadership is a two way flow of communication was further reiterated in findings of Lawrence F. Feick and et al. Two thirds of opinion seekers also view themselves as opinion leaders in a product category. (Lawrence F. Feick, Linda L. Price and Robin A. Higie, 1986) Opinion leaders were found to use higher quality sources of information and rely on interpersonal discussions. This study also highlighted that social context plays a key role in determining opinion leadership because opinion leaders are more informed than others in the same social network (Christine H. Roch, 2005) Several new motivational factors like seeking retaliation, seeking compensation, seeking bargaining power as well as three dimensions of altruism towards people with close ties, fellow consumers and business organization were also found. (Mee Shew Cheung, M Meral Anitsal and Ismet Anitsal, 2007) locus of control was also found to effect word of mouth as individuals high on internal locus of control had more probability of engaging in word of mouth communication with their out-group. (Desmond Lamand Dick Mizerski, 2005)

**Table 1 - Characteristics of Opinion Leaders: Quick look**

<table>
<thead>
<tr>
<th>Research Paper</th>
<th>Characteristics</th>
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<tr>
<td>Kenny k. Chan and Shekhar Misra, 1990</td>
<td>Product familiarity and personal involvement</td>
</tr>
<tr>
<td>Nicola E. Stockburger and Wayne D. Hoyer, 2009</td>
<td>Product category involvement</td>
</tr>
<tr>
<td>Christine H. Roch, 2005</td>
<td>High quality source of information</td>
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Implications

Social networks and position of an individual was identified as criteria for Opinion leaders. Also enduring involvement, knowledge, product involvement, higher quality sources of information and innovativeness were also important characteristics of opinion leaders. Companies can manage word of mouth by identifying opinion leaders and by analyzing how different groups of customers interact and influence each other. In India where power distance is high and yet collectivism is also strong, it would be interesting to note if these characteristics are true for Indian Opinion Leaders also. Not much difference was found between traditional opinion leaders and online opinion leaders. In India where access to internet is increasing dramatically specially among the youth, it would be important and interesting to examine the characteristics of emerging online leaders.

Product characteristic and word of mouth

Importance of product characteristics varied for different products for opinion leaders. Further little overlap was found across product categories for opinion leadership (Ronald E.Goldsmith and Thomas S.De Witt, 2003). It was centrality of visual product aesthetics and need for uniqueness that was important for opinion leaders of apparel. (Jane E. workman and Lark F. Caldwell, 2007) Tendency to be an opinion leader for stereo equipment was highly related to one’s knowledge and ownership of stereo equipment. (Jacob Jacoby and Wayne D.Hoyer, 2001) Working women were found to perceive themselves more likely as opinion leaders on clothing and business and less likely on products like cooking and children (George M Rose, Lynn R Kahle, Aviv Shoham, 1995) For technical performance attributes consumers preferred to consult experts but for radical innovation they preferred to talk to a socially connected person for information about attributes that require skill to use. (Jacob Goldenberg, Donald Lehmann, Sangman Han, 2009) A study on effect of “need for uniqueness” on word of mouth highlighted that for owned public products the effect of uniqueness was stronger for word of mouth that included positive recommendations than for word of mouth that contained only product details.(Amar Cheema and Andrew M Kaikati, 2010) Products that are unique in some way (look, functionality, ease of use, efficacy, price, visibility etc) were found to have the potential to create word of mouth (Renee Dye, 2000)

Implications

Need for uniqueness was a common thread for opinion leaders of different products. Familiarity with product (either by ownership or experience) was also important criteria for opinion leaders. To encourage opinion leader’s involvement with the product, marketers need to highlight the uniqueness of the product. However little or no evidence was found in various studies to understand how opinion leaders define uniqueness and does the definition of uniqueness differ by products? Uniqueness as defined in one culture may or may not meet the expectation of another culture and in such a scenario understanding and highlighting the uniqueness of the product would be an important parameter to reach out to opinion leaders in different countries.

Influence of word of mouth

There never has been a debate on the importance of word of mouth; the debate has always been on the level of importance of word of Mouth.

Incremental negative review was found to be more powerful in decreasing book sales than an incremental positive review was in increasing book sales. Also consumers did not take decision only on the basis of average star ranking but actually read and responded to written reviews (Judith A Chevalier and Dina Mayzlin, 2006) Word of mouth was found to be an important marketing tool in a complex and turbulent
environments but not necessarily associated with success (Roger B. Mason, 2008) Even in the online world informational role of reviews became more important in an environment in which alternative means of acquiring information was scarce. In such an environment negative word of mouth was found to be detrimental while positive online word of mouth translated into sales of such niche products. (Feng Zhu and Xiaquan (Michael) Zhang, 2010) Word of mouth activities were found to be very active during pre release period of movie and played an important informative role on awareness. Also word of mouth and critical reviews were found to be complementary to each other rather than substitutes. (Yong Liu, 2006) However in the field of health care word of mouth was found to not only increase awareness and knowledge but was also found to persuade and lead to choosing the service provider (Betsy Gelb and Madeline Johnson, 1995) Similarly word of mouth was found to complement rather than act as a substitute for advertising in case of DVD advertising. Hence DVD advertising was more effective when consumer word of mouth was strong and favourable. (Y.Jackie Luan and k sudhir, 2010) Disclosure of corporate affiliations in organized word of mouth was found to have positive effects in terms of perceptions of trustworthiness, goodwill and number of people told due to word of mouth. (Walter J Carl, 2008) In the field of health care lack of reliability, higher priced goods or services were found to generate negative word of mouth while advertising of ambiguous products or an advertisement with insufficient information to make a decision, providing a worthy reliability were found to generate positive word of mouth. (Betsy Gelb and Madeline Johnson, 1995, Barry L.Bayus, 1985)Word of mouth process provided social support for adoption or non adoption and as a tool for risk reduction. Hence exposure to positive word of mouth increased the probability of purchase and negative word of mouth decreased the probability of purchase. A face to face word of mouth was found to be more persuasive than a printed format except when extremely negative attributes were presented or when more diagnostic information was available (Paul M.Herr, Frank R Kardes, John Kim, 1991) Favourable word of mouth was not found to overcome personal negative experience (Betsy Gelb and Madeline Johnson, 1995) Also new product diffusion was found to be slower in lower income or less educated consumers as they donor engage in word of mouth communication beyond their in group. This was in contrast to more educated or higher income groups where word of mouth communication extended beyond their in group. (Desmond Lamand Dick Mizerski, 2005).

Table 2 summarises the influence of Word of mouth.

<table>
<thead>
<tr>
<th>Research paper</th>
<th>Highlights</th>
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<tr>
<td>( Judith A Chevalier and Dina Mayzlin, 2006, Feng Zhu and Xiaquan (Michael) Zhang, 2010</td>
<td>Incremental negative review more powerful</td>
</tr>
<tr>
<td>Roger B. Mason, 2008</td>
<td>Word of mouth important in complex and turbulent environment</td>
</tr>
<tr>
<td>Yong Liu, 2006</td>
<td>Word of mouth active when lack of information. Creates awareness</td>
</tr>
<tr>
<td>Betsy Gelb and Madeline Johnson, 1995</td>
<td>Word of mouth also useful in persuasion and action</td>
</tr>
<tr>
<td>Y.Jackie Luan and k sudhir, 2010</td>
<td>Word of mouth and advertising are complementary</td>
</tr>
<tr>
<td>Walter J Carl, 2008</td>
<td>Trustworthiness important for word of mouth</td>
</tr>
<tr>
<td>Betsy Gelb and Madeline Johnson, 1995, Barry L.Bayus, 1985</td>
<td>Ways to create positive word of mouth</td>
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**Implications**

Negative word of mouth was found to be more powerful than positive word of mouth. While for some products positive word of mouth could lead to action (sales), for other products it was more powerful in creating awareness. Transparency and authenticity of source increased the power of positive word of mouth. Also since word of mouth complements advertising, campaigns can be designed to create positive word of mouth. The
consumer today is demanding and hungry for knowledge and updation. Marketers need to avoid any negative word of mouth and identify ways to create only positive word of mouth. Uniqueness of product, generating curiosity, creating trust and accountability, ensuring positive personal experiences are some of the tools to create positive word of mouth. Social media and emergence of virtual communities has made information available at a click of a mouse. The marketers are still struggling in trying to understand how to deploy this positively. However a look at Indian context shows that penetration of internet among urban Indians stands at 9%. In this scenario it would be interesting to understand the impact of online word of mouth communication vs. traditional communication.

Implications and Future research: Indian context

The literature review was done with research done only in the last two decades because the pace and number of changes that have taken place in the last two decades is probably more than what the world has witnessed in a century. This statement specially holds true for India where business scenario and customer profile has undergone an enormous change in the last one decade. Today the Indian customer has a number of choices for any product. He also has access to knowledge and information to these products and has become increasingly demanding in transparency, accountability and authenticity. It is important to create an environment that includes and reflects his trust. In such an environment informal communication by way of word of mouth becomes an important tool especially in Indian context where technology provides access to the latest information and cultural values still believes in collectivism and thus decisions are still taken by discussions. Kotler says that around 90% of consumer surveyed trust recommendations from people they know and 70% consumers believe in customer opinion posted online. (Kotler et al, 2010)

When the marketing world is talking about customer empowerment (C K Prahald and Venkat Ramaswamy, 2004) and customer as a source of competence (C K Prahald and Venkatram Ramaswamy, 2000) it is imperative specially in Indian context to realize that today’s consumers collective power is bigger than power of any product / brand/ service and hence networks (social or technical) are important. These networks spread word of mouth communication which if not handled properly by marketers can be more destructive than constructive. ITC’s e-choupal used opinion leaders (Sanchalaks) and power of word of mouth communication constructively and in a latest example from movie world, the product (movie) “Robot” was promoted in a manner to generate positive word of mouth.

The Indian market has time and again proved that it is different from the Western world and marketers have wrestled with new rules to win customer loyalty and trust. Power of word of mouth within a community is emerging as an important promotion tool. When marketing is moving from products to customers to the human spirit, customer conversations and customer advocates occupy an important place. (Kotler et al. 2010)

However research on word of mouth and opinion leadership in Indian Context is still limited. This would be an important area for researchers to look at from Indian context. Some of the areas of future research in Indian context may be:

a) Characteristic of Indian Opinion Leaders. Are they different?
b) Influence of word of mouth on specific product categories. Can we create positive word of mouth?
c) Opinion leaders and their position in social network. Does it matter in the Indian Context?
d) Impact of online word of mouth communication vs traditional word of mouth communication. Is India different?
e) When information is available at the click of a mouse, is authenticity ad transparency becoming more important for word of mouth?

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