Module - 7

CONSUMER BEHAVIOR

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MODULE 7.6: INTERPERSONAL COMMUNICATION AND INFLUENCE (1 hour)

7.6.1 Interpersonal Communication
7.6.2 Word-of-Mouth Communication
7.6.3 Dynamics in Word-of-Mouth Communication
7.6.4 Interpersonal Flow of Communication: Two-Step Theory and Multistep Theory
7.6.5 Relevance of Interpersonal Communication and Influence for a Marketer
7.6.1 Interpersonal Communication

As we discuss this module on group dynamics, it becomes essential that we discuss something about communication. As consumers, while we think of making purchases and go through the consumption process, we are exposed to two kinds of communication, viz., marketing communication and interpersonal communication.

As the term connotes, any form of communication that takes place between the marketer and the consumer, is referred to as marketing communication. The process is initiated by the marketer who through a communication program informs the public about his product/service offering, creates a favorable attitude and elicits action on the part of the consumers. The marketers effort takes place through the communication mix or the promotion mix, be it advertising, sales promotion, publicity and public relations, personal selling and direct marketing.

There is another kind of communication that takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings,
brands, prices, stores etc. This is referred to as interpersonal communication. This lesson
deals with this second kind of communication.

As a process, it is similar to any communication process; it is an two-way
exchange of information between people, with the same components as any
communication process. There is a source, a message, a medium, a receiver and
feedback. But the focus lies on individuals purely as “consumers”. However, it is
different from marketing communication in the sense that interpersonal communication
takes place between individual consumers while marketing communication takes place
between marketers and consumers.

**7.6.2 WORD-OF- MOUTH COMMUNICATION:**

Any kind of informal interpersonal communication that takes place between individuals
as consumers is known as word-of-mouth communication. People discuss about product
and service offerings that would satisfy their needs and wants; they discuss about brands;
they talk about the features, attributes, benefits etc., as also the pros and cons of the
various alternative offerings; they also talk about the prices and payment terms; and
about all that could be relevant to a consumer. All this forms a part of what is called
word-of-mouth communication.

Word-of-mouth communication is a regarded as a relational concept, in the sense
that it involves an informal relationship among two or more consumers. It also differs
from situation to situation. The factors that impact word-of-mouth communication are i)
the message and its information content; ii) the receiver and his purpose in gathering
information; iii) the source and his purpose in providing information; iv) the credibility of
the source; v) the type of product and service offering; vi) the source's evaluation of the
product and service offering; and vii) the type of communication partner. These factors
affect the very dynamics of word-of-mouth communication and are discussed in the
following section.
7.6.3 DYNAMICS IN WORD-OF-MOUTH COMMUNICATION:

As we discuss interpersonal communication, it becomes essential that we focus on the dynamics that operate in word-of-mouth communication.

i) **The message and its information content:** A message may be of different kinds and assume various forms. The marketing message or information content can be classified into three types, viz., product news, advice and personal experience.

- **Product news:** Product news is any information that a consumer gathers during his search for information. Once a consumer identifies a need and seeks to satisfy it, he goes in for a search of information. This information search could specific, on-going and incidental and pertain to alternative product or service offerings, the various brands and their features, attributes and benefits etc. This information is used to generate evaluative criteria and application of decision rules.

- **Advice:** As people communicate informally with family, friends, peers, opinion leaders and even strangers, they hear of personal experiences of others. They are also exposed to statements that reflect personal attitudes, views and opinions about alternative product and service offerings and/or brands etc. Put together all this form the advice component.

- **Personal experience:** Personal experience refers to experiences of product or service usage by communications partners (i.e. those with whom a person interacts informally to gain information about product and service offering and/or brands).

While people gain information through product news (cognition) and advice (cognition and affect), they often supplement their purchase decisions and purchase action (behavior) with personal experience of others.
ii) The receiver and his objective in gathering information: The receiver wants to gather information so that he 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. This information is also in the form of product news, advice and personal experience, but it comes from family, friends, peers etc.

Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives. The other advantages of word-of-mouth communication are:

- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.

- It helps an individual seek advice from the right person who has interest, knowledge and experience with a product and service category. 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.

- Word-of-mouth communication also reduces the level of uncertainty associated with a purchase. People turn to informal sources for information so as to be able to be certain with respect to the purchase decision. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

People often turn to experts and opinion leaders for advice; They also look up to reference groups; While experts provide product knowledge and make consumers feel more certain about a product alternative, reference groups lead to an increase in consumer's confidence about making a product choice that is socially approved and acceptable.
iii) The source and his purpose in providing information:

People provide information to others, sometimes voluntarily and sometimes when asked for. Interestingly, they have varied reasons of providing information to others be it relatives, friends, acquaintances or even strangers. They talk about product and service offerings, brands, the various attributes, features and benefits, the prices, the availability at stores and markets etc. Some of the reasons why people providing information to others are:

- People like to give product news, provide expert advice and also love to share their experiences with others.
- They are often interested in a product or service category. Word-of-mouth communication gives them an opportunity to talk about their interests to others.
- Some people act benevolent and generous, and out of altruistic concerns, they like to provide assistance to others.
- Others derive a sense of being important and feel powerful when people approach them for information and advice. They take pride in providing information about product and service offerings (as is very often the case of opinion leaders).
- 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 be trying to reduce their own level of cognitive dissonance associated with a purchase; or c) they may themselves be trying to reassure themselves of their own purchase decision by recommending it to others; and d) 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/store from where it has been purchased.

iv) The credibility of the source:

Just as in the case of formal marketing communication (dealt with in the previous module), the credibility of the source is equally important in word-of-mouth communication. As has been discussed above, people look to informal sources of information rather than marketing communication, as they believe that the former is more credible with no ulterior motives.
A source is regarded as credible when he/she provides precise, accurate, correct and unbiased information about a product/service and/or brand. Credibility of the source is based on knowledge, expertise and objectivity. Apart from friends and colleagues, people turn to opinion leaders with whom they attach a high level of credibility. People who are approached for information or who voluntarily provide information, should make sure that they maintain their credibility in the eyes of the receiver. For this they should be careful that they provide correct information, advice and personal opinion.

**v) The type of product and service offering:**

Informal interpersonal communication is affected by the type of product or service that a person desires to purchase. In fact, researchers and practitioners point out that it is first affected by the consumer’s needs and wants, and then affected by the product and service offering that would help satisfy the need and want. In any way, the type of product and service required to fulfil needs and wants has a bearing on the dynamics in interpersonal communication. Keeping this factor in mind, consumers are more likely to seek information in the following cases:

- Consumers seek information and advice when the product is expensive, technically complex, risky and not purchased frequently. In such situations where the product/service is of a high-involvement type, they look to others for obtaining information about the product offering and/or the alternative brands. They often approach opinion leaders and ask for their suggestions and expert advice about the varying alternative brands so as to be able to decide on the most suitable one.

- Consumers also seek information when the product or service offering that they intend to purchase is new to them. Because they are unfamiliar with the product/service category and lack experience in purchase and usage, they look to others for information and advice as also an account of their experiences. This helps reduce levels of perceived risk and reassures them that they are making the right purchase decision.
They also turn to others for information, opinion and advice in case of product and service offerings that are related to lifestyle, image and social class. In order to gain social approval and avoid social embarrassment of any sort, they look to others in their reference groups and social class. This is particularly true of products that are publicly viewed and used in visible settings.

**vi) The source’s evaluation of the product and service offering:**

The sources’ evaluation about a product and service offering and/or brands may be favorable or unfavorable. When a person is satisfied with the purchase of a product and/or brand, he would speak in favor of it. On the other hand, when he is dissatisfied with the purchase and the usage, or is aggrieved as his complaints with the retailer have not been addressed properly, he would get a vent to his dissatisfaction, and would speak unfavorably about such brands and/or the store. This is seen more in cases of products and services that are highly-involving in nature. Thus, depending word-of-mouth communication can be both positive and negative, with the latter having a more profound and deeper effect.

**vii) The type of communication partner:**

Communication partners may be of various kinds. People may seek information and advice directly from family, friends, peers and colleagues, strangers and acquaintances etc. (primary reference groups), and also be influenced by celebrities, experts, etc. (secondary reference groups).

In order to gain social acceptance and social approval, people seek information from members of positive reference groups and prefer choosing the same products and/or brands as them. Sometimes they are attracted towards social mobility and want to move up the social class ladder. In such cases, they look to people in upper classes for opinion and advice and are thereby influenced by aspirational reference groups. Consumers are also influenced by secondary reference groups (Subject already dealt with in Section on Reference groups and Social class).
7.6.4 INTERPERSONAL FLOW OF COMMUNICATION: TWO-STEP THEORY AND MULTISTEP THEORY:

Communication amongst consumers has been extensively studied and widely researched. Theories have been proposed that attempt at combining the effects of both marketing communication and informal interpersonal (word-of-mouth) communication. Two such theories that receive wide mention are the Two-Step Flow of Communication Theory and the Multistep Flow of Communication Theory. Both the theories suggest that the Opinion Leader acts as a vital link in the entire communication process, and that he has an important role to play in transmission of information. The theories are discussed as follows:

I Two-Step Flow of Communication Theory: According to the Two-Step Flow of Communication Theory, the message (information content from the marketer) flows from the mass media (both print and/or electronic audio-visual) to the Opinion Leaders and from there it is transmitted to the masses or the Opinion Receivers. The theory is two-stepped in the sense that it presents Opinion Leaders as direct recipients of information from the Mass Media, and it is they (opinion leaders) who in turn interpret and transmit this information to the general public or the masses (consumers, actual and potential). The Opinion Leaders thus act as middlemen in the entire process of communication.

Figure 1: Two-Step Flow of Communication Theory

The Figure illustrates the Two-Step Flow of Communication Theory. In Step 1, information flows in a single direction (one way) from the impersonal mass media to Opinion Leaders. In Step 2, it flows from the Opinion Leaders (who interpret, verify, assimilate and transmit the information) to the Opinion Receivers (the masses or the public, viz., friends, neighbors, and others).

While laying emphasis on the vital role that Opinion Leaders play, the theory rejects the belief that mass media left alone can influence the masses, and enable a sale. As a major contribution, the theory supports the premise that social interaction between people serves as major means for spread of information, development of attitudes (favorable and unfavorable), and acts of behavior. As such, the opinion receiver is more likely to be influenced by the opinion leader than by the media. Thus the theory lays emphasis on the role played by the Opinion Leaders in information transmission, advice and opinion.

However, with passage of time, the Two-Step Theory came to be regarded as inadequate and inaccurate on account of the following reasons:
- Opinion leaders are not generic in nature. They are specific to a product category and vary from product to product. An expert in one product category would not be an expert for another product category.
- Opinion leaders are also not a permanent elite.
- Different social groups have their own opinion leaders.
- As per the theory, information flow is one-way from the opinion leader to opinion receivers (or the masses). In reality, information does not flow one way; both parties exchange information. Also, communication need not always be forward one-way, initiated by the opinion leader. It could also be initiated by the masses (someone from the “opinion receiver”) who ask (seek) the “leader” for information and advice.
- Opinion leaders are not the only source of information for a consumer. The mass media influences both the opinion leaders as well as the consumers.
Lastly, but importantly, marketers do not only and/or always communicate with consumers via an opinion leader. Marketers also communicate directly with consumers through the various tools of the promotion mix. In fact, the integrated marketing communication programme calls for a perfect blend of the various tools. Consumers are always exposed to other means of communication and do not solely rely on opinion leaders.

Thus, gradually it was realized that the Two-Step Flow of Communication Theory did not provide a very apt and accurate explanation about the manner in which consumers acquire information and use it in their decision making. Following this, the Multistep Theory of Communication was proposed.

II Multistep Flow of Communication Theory: The Multistep Flow Model is more integrated and comprehensive in nature. The Model illustrates the flow of communication as multistep in nature; it depicts the transmission of information from the mass media as a multistep flow. Keeping in mind the shortcomings of the previous theory, the theory proposes that information and influence are a two-way process, wherein Opinion Leaders can both influence and are influenced by Opinion Receivers.

Figure 2: Multistep Flow of Communication Theory

The Figure illustrates the Multistep Flow of Communication Theory. In Step 1a and 1b information through/from mass media flows simultaneously to the Opinion Leaders, Opinion Receivers/Seekers, and Information Receivers. Opinion Seekers are those who solicit information and advice (i.e. they initiate the process) from Opinion Leaders. Information receivers are those among the masses who neither influence nor are influenced by others). In Step 2, both information and influence are transmitted from the Opinion Leaders to the Opinion Receivers/Seekers. Step 3 completes the two-way exchange and illustrates the transfer of information and influence from Opinion Receivers to Opinion Leaders.

The Multistep Flow of Communication theory is an improvement over the Two-Step Flow of Communication Theory. It tries to overcome the shortcomings of the previous model/theory and takes into recognizes the following:

- All forms of marketing communication and mass media affect the consumers directly.
- Transmission of messages through mass media is received by opinion leaders, opinion receivers/seekers and information receivers in the same way.
- Opinion leaders receive marketing information from the mass media; they then interpret this information, and then forwarding it to other consumers (opinion receivers/seekers).
- Consumers (opinion receivers/seekers) receive information in two ways; one, they receive information directly from mass media and marketing sources; and two, they receive "processed and interpreted" versions from opinion leaders.
- The distinction between opinion Leaders and Opinion Receivers is fluid and vague. Opinion leaders are not generic in nature; they are specific to a product category and vary from product to product. Opinion leaders are also not a permanent elite. A person may serve as an opinion leader for some product and some social groups and be a receiver or a seeker for another product and some other social group.
- There is a two-way exchange of information, and both opinion leaders and opinion receivers/seekers interact with each other. Opinion leaders provide the receivers/seekers with product information, advice, and relate to them their experiences. In return for this, they gather more information, personal opinion and personal experiences from the receivers/seekers. This leads to addition/deletion/modification of thoughts present in the
opinion leader and add to the associated network. The process is ongoing with transmission of the added-on or modified bits of information to others.

7.6.5 RELEVANCE OF INTERPERSONAL COMMUNICATION AND INFLUENCE FOR A MARKETER:

Consumers are exposed to two kinds of communication, viz., marketing communication and informal interpersonal (Word-of-Mouth) communication. Marketing communication is initiated by the marketer who through a communication program informs the public about his product/service offering, creates a favorable attitude and elicits action on the part of the consumers. Interpersonal communication takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. While marketers tend to give greater importance to marketing communication, the relevance of word-of-mouth communication cannot be underestimated.

In fact, research has proved that while marketing communication can succeed in informing the public about a product/service offering, and creating a favorable attitude, the final push to act (purchase behavior) comes from informal interpersonal communication. People are more likely to be influenced by people in their social groups or in their reference groups than by the marketer alone. Thus the study of informal interpersonal communication holds relevance for a marketer, and it is discussed as follows:

- While people gain information through product news (cognition) and advice (cognition and affect), they often supplement their purchase decisions and purchase action (behavior) with personal experience of others.

- Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives.
- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.

- Word-of-mouth communication also reduces the level of uncertainty associated with a purchase. People turn to informal sources for information so as to be able to be certain with respect to the purchase decision. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

- People often turn to experts and opinion leaders for advice; They also look up to reference groups; While experts provide product knowledge and make consumers feel more certain about a product alternative, reference groups lead to an increase in consumer's confidence about making a product choice that is socially approved and acceptable.

- Just as in the case of formal marketing communication, the credibility of the source is equally important in word-of-mouth communication. A source is regarded as credible when he/she provides precise, accurate, correct and unbiased information about a product/service and/or brand. Credibility of the source is based on knowledge, expertise and objectivity. Apart from friends and colleagues, people turn to opinion leaders with whom they attach a high level of credibility. People who are approached for information or who voluntarily provide information, should make sure that they maintain their credibility in the eyes of the receiver. For this they should be careful that they provide correct information, advice and personal opinion.

- Informal interpersonal communication is affected by the type of product or service that a person desires to purchase. Keeping this factor in mind, consumers are more likely to seek information and advice when i) the product is expensive, technically complex, risky and not purchased frequently, i.e. it is of a high-involvement type; ii) the product/service category is new to them and they want to reduce the level of perceived risk; iii) when the
product and service offerings are related to lifestyle, image and social class and they seek social approval and want to avoid social embarrassment of any sort.

- When a person is satisfied with the purchase of a product and/or brand, he would speak in favor of it. On the other hand, when he is dissatisfied with the purchase and the usage, or is aggrieved as his complaints with the retailer have not been addressed properly, he would get a vent to his dissatisfaction, and would speak unfavorably about it to others.

- Word-of-mouth communication can be both positive and negative, with the latter having a more profound and deeper effect.

REFERENCES FOR FURTHER READING:

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 Differentiate between marketing communication and interpersonal communication.

Ans 1 As consumers, we are exposed to two kinds of communication, viz., marketing communication and interpersonal communication.

Any form of communication that takes place between the marketer and the consumer, is referred to as marketing communication. The process is initiated by the marketer who through a communication program informs the public about his product/service offering, creates a favorable attitude and elicits action on the part of the consumers. The marketers effort takes place through the communication mix or the promotion mix, be it advertising, sales promotion, publicity and public relations, personal selling and direct marketing.

There is another kind of communication that takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. This is referred to as informal interpersonal communication. This is also called word-of-mouth (WOM) communication.

Informal interpersonal communication is different from marketing communication in the sense that interpersonal communication takes place between individual consumers while marketing communication takes place between marketers and consumers.

Ques 2 Discuss advantages of WOM communication.

Ans 2 Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives. The other advantages of word-of-mouth communication are:
- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.
- It helps an individual seek advice from the right person who has interest, knowledge and experience with a product and service category; 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.

- Word-of-mouth communication also reduces the level of uncertainty associated with a purchase. People turn to informal sources for information so as to be able to be certain with respect to the purchase decision. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

People often turn to experts and opinion leaders for advice; They also look up to reference groups; While experts provide product knowledge and make consumers feel more certain about a product alternative, reference groups lead to an increase in consumer’s confidence about making a product choice that is socially approved and acceptable.

Ques 3 Discuss critically the Two-Step Flow of Communication Theory.

Ans 3 The Two-Step Flow of Communication Theory proposes that the Opinion Leader forms a vital link in the interpersonal communication process, and has an important role to play in transmission of information. According to the Two-Step Flow of Communication Theory, the message (information content from the marketer) flows from the mass media (both print and/or electronic audio-visual) to the Opinion Leaders and from there it is transmitted to the masses or the Opinion Receivers. The theory is two-stepped in the sense that it presents Opinion Leaders as direct recipients of information from the Mass Media, and it is they (opinion leaders) who in turn interpret and transmit this information to the general public or the masses (consumers, actual and potential). The Opinion Leaders thus act as middlemen in the entire process of communication.
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- Opinion leaders are not the only source of information for a consumer. The mass media influences both the opinion leaders as well as the consumers.

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Thus, gradually it was realized that the Two-Step Flow of Communication Theory does not provide a very apt and accurate explanation about the manner in which consumers acquire information and use it in their decision making.
Section A  True/false:
1. The credibility of the source is equally important in word-of-mouth communication.
2. Word-of-mouth communication can be both positive and negative, with the former having a more profound and deeper effect.
3. Opinion leaders are generic in nature.

Section B  Fill up the blanks:
1. Any kind of informal interpersonal communication that takes place between individuals as consumers is known as ______________ communication.
2. The marketing message or information content can be classified into three types, viz., product news, advice and ________________.
3. As per the Two-Step Flow of communication Theory, ______________ act as middlemen in the entire process of communication.
4. ________________ are those among the masses who neither influence nor are influenced by others.

Section C  Multiple choice questions:
1. Consumers are more likely to seek information in which of the following cases:
   a) when the product is expensive, technically complex, risky and not purchased frequently.
   b) when the product is related to lifestyle, image and social class.
   c) both (a) and (b)
   d) neither (a) nor (b).

2. According to the ______________ theory, Opinion Leaders can both influence and are influenced by Opinion Receivers.
   a) Two-step Flow of Communication
   b) Reference group
   c) Multistep Flow of Communication Theory
   d) Opinion Leadership Theory
Section D  Short answers:

1. Mention factors that impact word-of-mouth communication.

Factors that impact WOM are i) the message and its information content; ii) the receiver and his purpose in gathering information; iii) the source and his purpose in providing information; iv) the credibility of the source; v) the type of product and service offering; vi) the source's evaluation of the product and service offering; and vii) the type of communication partner.