Dwelling upon the literature available in relevant text books and research articles available in databases like Emerald, Science Direct, JSTOR, EBSCO and ProQuest, this chapter deals with the concept of reference groups and their types, forms of reference group influence, consumer susceptibility to reference group influence, relevant social theories, past research and some of the recent researches on reference group influence on consumer behavior, applications of reference group influence in marketing and measurement of reference group influence. The basic purpose for carrying out literature review is to understand the subject area of the present study and identify research gaps to be addressed in the present study.

In an experimental study by Asch (1951) when exposed to the deliberate incorrect opinion of confederates, the experimental subjects made a substantial number of errors which was not the case however, when other people were not present. Similarly, Venkatesan (1966) showed that the experimental subjects chose the suit labeled ‘B’ in the presence of confederates. This was not the case when other people were not present. These two examples aptly demonstrate the influence reference groups have on an individual’s decision. The influence that groups have on the behavior of the individuals has been recognized for quite some time in academic research as well (Merton & Rossi, 1949). Individuals appear to act in a manner that is consistent with a social group with which they identify themselves (Childers & Rao, 1992). Calfano (2009) shows that ‘even clergy look to cues from their reference groups (congregations and denominational leaders) when deciding to deliver a sermon’.

2.1 Reference Groups and Their Relevance

Hyman (1942) introduced the term ‘reference group’, as “a person or a group of persons which significantly influences an individual’s behavior”. In other words, it is a group whose accepted perspectives or values are being used by an individual as the basis of his or her behavior. It
provides standards (norms) and values that can become the determining viewpoint for the mode of thoughts and actions of those who are thus influenced. A reference group is defined as “an actual or imaginary individual or group conceived of having significant relevance upon an individual’s evaluations, aspirations, or behavior” (Park & Lessig, 1977). Reference groups are usually conformed by the social network of an individual: family members, friends and colleagues, and inspirational figures (Bachmann, John & Rao, 1993). Given that social networks are conformed in different manners in different cultural contexts, reference group influence varies across cultures (Childers & Rao, 1992). Reference groups have basically two functions (Kelley, 1965): A normative function that sets and enforces standards for the individual, and a comparative function that serves as a comparison point against which an individual evaluates himself and others (Cocanougher & Bruce, 1971).

Marketing and consumer behavior scholars have shown that reference groups influence consumer choice, especially for branded products such as candy (Ratner & Kahn, 2002), clothing (Batra, Homer & Kahle, 2001), snack foods (Ratneshwar & Shocker, 1991), mineral water and sodas (Van Trijp, 1994), fragrances (Chow, Celsi & Abel, 1990), and wine (Quester & Smart, 1998). Bearden & Etzel (1982) attributed a significant part of this variation in choice to individual differences in consumer susceptibility to normative influence. In a study of wine brand choice, Orth & Kahle (2008) have found individuals higher on internal values and with more complex social identities were less susceptible to normative influence and placed less emphasis on social brand benefits. They have also shown that reference group salience interacts with personal values and social identity complexity in affecting consumer susceptibility to normative influence, which in turn affects consumer brand choice. Clark & Goldsmith (2006) examined the effects of innovativeness and attention to social comparison information on normative and informational dimensions and found that innovativeness is associated with susceptibility to informational influence despite a resistance to normative influence.

In simple words a reference group is any person or group that serves as a point of comparison (for reference) for an individual in forming either general or specific values, attitudes, or behavior (Schiffman & Kanuk, 2000). From the consumer behavior perspective, reference groups serve as frames of reference for individuals in their purchase or consumption decisions (Schiffman & Kanuk, 2000). Promotional strategies adopted by the marketers in using celebrities
and the subtle use of group influence in their advertisements, clearly indicates the growing awareness on the part of marketing and advertising practitioners regarding the influence of reference groups in purchase decisions (Khan, 1988). For example, by using reference groups in their advertisements, Blackberry Mobile Systems\textsuperscript{17} are communicating the message that they are meant not only for the business executives but also for all those who are actively into mobile messaging, net surfing, film making, fashion designing, etc.

From a consumer behavior perspective, it appears that products and brands that individuals choose can be influenced by their reference groups (Bearden & Etzel, 1982). Reference group influence in marketing is not limited only to well-known personalities. Any group whose qualities a person admires can serve as a reference (Stanton, Etzel & Walker, 1994).

2.2 Reference Groups Classification

Reference groups can be classified in terms of a person’s membership or degree of involvement with the group, as well as in terms of the positive or negative influences they have on his or her values, attitudes, and behavior (Schiffman & Kanuk, 2000):

1. A contactual group is one in which a person holds membership or has regular face-to-face contact and of whose values, attitudes, and standards he or she approves. Thus, a contactual group is likely to have a congruent influence on an individual’s attitudes or behavior.

2. An aspirational group is one in which a person does not hold membership and does not have face-to-face contact but wants or aspires to be a member of the group. Thus, it often serves as positive influence on that person’s attitudes or behavior.

3. A disclaimant group is one in which a person holds membership or has face-to-face contact but disapproves of the group’s values, attitudes or behaviors. Thus, the person tends to adopt attitudes and behavior that are in opposition to the norms of the group.

\textsuperscript{17} It is a line of mobile e-mail and smart phone devices developed and designed by Canadian company ‘Research In Motion’.
4. An *avoidance group* is one in which a person does not hold membership and does not have face-to-face contact and whose values, attitudes, and behaviors he or she dislikes. Thus, the person tends to adopt attitudes and behavior that are in opposition to those of the group.

Cocanougher & Bruce (1971) distinguish between socially proximal referents that operate in the individual’s immediate social network and socially distant referents that operate in the periphery of the individual’s social domain. Parents, teachers and peers are representative of normative referents who provide the individual with norms, attitudes and values through direct interaction. Comparative referents, such as sports heroes and entertainment figures, provide standards of achievement to which individuals aspire and are relatively further removed from the individuals (Childers & Rao, 1992).

Reference group can also be classified into primary and secondary groups depending on the degree of participation (Kotler, 2003):

1. *Primary Groups* are characterized by face the face-to-face association and high degree of cooperation among members. They are basic in forming the social nature of the consumer, since it is within these groups that a person’s most direct and most frequent interaction with others takes place and thus, they tend to be informal. Primary groups to which the consumers are mostly exposed are the family, neighbors, friends and co-workers.

2. *Secondary Groups* are those where people tend to be more formal and there is less continuous interaction unlike primary groups. These are characterized by a more conscious and deliberate choice by those making the group membership. These groups are referred to as special interest groups. Communication within primary groups usually reflects immediate feedback but secondary groups experience a greater delay in feedback. Secondary groups to which the consumers are usually exposed to are religious organizations, professional associations, trade unions, etc.

The reference group literature typically distinguishes between three types of reference groups: membership groups, aspirational groups, and dissociative groups. Membership reference groups are groups to which an individual currently belongs (e.g., a family, a peer group, one’s gender group). This is a type of positive reference group that the individual belongs to, identifies with, is
attracted to, and feels psychologically involved with (Turner, 1991). Aspirational reference groups are also positive groups that the individual identifies with and is attracted to, but also that the individual aspires to be member of (e.g., celebrities, a desired social group membership, etc.; Englis & Solomon, 1995). Dissociative (or negative) reference groups are those groups an individual wishes to avoid being associated with and “dis-identifies” with (Englis & Solomon, 1995; Turner, 1991).

2.3 Influence of Positive and Negative Reference Groups on Consumers

Past research (Park & Lessig, 1977; Bearden & Etzel, 1982; Childers & Rao, 1992) has largely focused on positive reference groups (i.e., those groups that individuals wish to be associated with), identifying the central role they can play in determining attitudes and behaviors (White & Dahl, 2006). The pervasive use of spokespersons in product and service endorsements reflects the widely held belief that individuals who are admired or who belong to groups to which other individuals aspire can exercise an influence on information processing, attitude formation, and purchase behavior (Bearden, Netemeyer & Teel, 1989). Indeed, consumers often are influenced by members of their own group (e.g., Bearden & Etzel, 1982; Moschis, 1976; Whittler & Spira, 2002) and those they aspire to be like (e.g. Escalas & Bettman, 2003; Sen, Gu’rhan-Canli & Morwitz, 2001).

White & Dahl (2007) have demonstrated that products associated with dissociative reference groups have a greater impact on consumers’ negative self-brand connections, product evaluations, and choices. Although the role of dissociative reference groups in consumer behavior has received relatively little attention in the literature, White & Dahl (2006), suggest that consumers often are influenced by the desire to avoid particular group memberships e.g. baby boomers will not use products associated with being “elderly,” men do not want to dress in clothing that makes them look like “women,” and teenagers do not wish to be seen wearing accessories that are associated with the “uncool” group. Escalas & Bettman (2005) has classified reference groups as the ‘in-group’ and the ‘out-group’ and have demonstrated that consumers have stronger self-brand connections (Escalas, 2004) to brands consistent with an in-group than brands inconsistent with an in-group and weaker self-brand connections to brands consistent with an out-group than brands inconsistent with an out-group. Research suggests that there are a
number of “possible selves” that an individual has the potential to become in the future (e.g., Markus & Nurius, 1986) which also include undesired selves that one wants to avoid (Markus & Nurius, 1986; Ogilvie, 1987).

Research also indicates that people not only favor in-groups (i.e., membership groups), but also avoid and disparage out-groups (e.g., Brewer, 1979; Marques, Abrams & Paez, 1998; Turner, 1975) and decrease their association with groups that do not confer positive associations (Jackson, Sullivan, Harnish & Hodge, 1996). Moreover, research suggests that consumers will avoid products with negative symbolic implications (Banister & Hogg, 2004), exhibit negative attitudes toward lifestyles they wish to avoid (Lowrey, Englis, Shavitt & Solomon, 2001), and demonstrate who they are by avoiding particular products (Muniz & Hamer, 2001). Marketers in a bid to position their brand in a positive way often link the competitor’s brand with a group that the consumer does not wish to be associated with, thus utilizing the dissociative reference group influence.

2.4 Social Theories Relevant to Reference Group Context

Social identity theory (Tajfel & Turner, 1979) and social categorization theory (Turner, 1985) propose that identity comprises both personal identity (i.e., derived from an individual sense of self) and social identity (i.e., related to groups to which one belongs or is affiliated). Different contexts can cause temporary shifts in identity, such that the individual categorizes the self in terms of one group membership (Tajfel & Turner, 1986). That is, depending on the situation, the individual may see the self in terms of one of several possible social memberships (e.g., Indian, brother, student, cricket player); come to more strongly identify with the activated identity; and think, feel, and act as a group member rather than as an individual (e.g., Markus & Kunda, 1986; Tajfel & Turner, 1986).

Importantly, one’s group memberships can become a vital part of the self-concept, and people are motivated to see the self and, as a result, their group memberships positively. One way consumers might maintain positive views of themselves is by exhibiting negative self-brand connections to brands associated with out-groups, as Escalas & Bettman (2005) found. People often differentiate themselves from others (Berger & Heath, 2007) and distinguish between in-
groups and out-groups (Marques, Abrams & Paez, 1998). People strive for positive distinctiveness from out-groups is a key postulate of social identity theory. People often are motivated to achieve a positive social identity (and avoid a negative social identity) and use a variety of strategies to do so, such as decreasing affiliations with groups that do not confer positive associations (Jackson et al., 1996), evaluating the in-group more positively (Brewer 1979; Jackson et al., 1996), and avoiding products associated with negatively viewed social identities (Tepper 1994; White & Argo 2007; White & Dahl, 2006). Thus, consumers will be particularly motivated to avoid dissociative associations. Social identity theory purports that human beings have a basic tendency to group people into various social categories. This perspective emphasizes the psychological importance of the identification with the groups (Tajfel, 1982; Turner, 1985). It is argued that the peoples’ attitudes are strongly influenced by the opinions and behavior patterns of groups with which they identify. Liking and similarity are said to be the two most prominent reasons why the reference groups are so effective in producing attitudinal change (Holtz et al., 1985).

Another basic idea in social identity theory is that the people are motivated to maintain or enhance their self esteem and self-image. Cialdini et al. (1976) have demonstrated through a study of college football fans that people feel proud when a group they identify with is successful (Brewer, 1979). All these assertions point towards the fact that the individuals do have a tendency to get influenced by the reference group they associate themselves with. Equally relevant are Fishbein & Ajzen’s theory theory of reasoned action (1975) and relatively recent, Ajzen's (1985, 1987) theory of planned behavior to the context of reference group influence on consumer behavior. The theory of reasoned action suggests that a person's volitional (voluntary) behavior is predicted by his/her attitude toward that behavior and how he/she thinks other people would view them if they performed the behavior. The theory of planned behavior suggests that, consumers make purchase decisions based on first, the expected benefits provided by the purchase, secondly, the influence of peer groups, family, friends and/or colleagues and, thirdly, the ease of access to the product itself. Thus, the role of reference group is central to human behavior in all these social theories.
2.5 Reference Behavior

Reference behavior itself is a cognitive process in which individuals evaluate their statuses, behavior, norms and values by means of referents (Brown, 1952). People in a group situation are likely to feel a sense of responsibility which could be manifested in behavior that enhances the group members or prevents them from encountering adversity. However, people are more concerned about negative consequences of their behavioral decisions than about positive consequences (Loss aversion; Kahneman et al., 1991). Aaker & Lee (2001) confirmed the assumption that people are more concerned about the negative consequences of behavior when they think of themselves as members of a group. Consumers’ awareness of their group membership may induce a group mindset which in turn, may induce a prevention focus (Higgins 1997, 1998), that is, a motivational disposition that mediates judgment and decisions in both interpersonal situations (Higgins et al., 1994) and individual choice tasks (Crowe & Higgins 1997; Roney et al., 1995).

Experiments by Briley & Wyer (2002) demonstrated that making people feel part of an ad-hoc group increased not only their use of equality as a basis for allocating resources to them and others but also their tendency to compromise in individual consumer choice situations. According to the paradigm of symbolic interactionism, both individual and situational factors interact in affecting brand choice (Turner & Holman, 1980). Neither individual differences nor situational factors alone are of exclusive importance; instead, it is the Person × Situation interaction that contributes most of the variance (Schmitt & Schultz, 1995). Rather than engage in anti-normative activities, people conform their behaviors to situation-specific norms defined by their group identity (Boyd & Wandersman, 1991; Postmes & Spears, 1998; White, Terry & Hogg, 1994) in a conscious and rational process relating to a meaningful sense of identity (Spears, Postmes, Lea & Watt, 2001).

Changing social situations may require an individual to select a variety of items appropriate to the demands of divergent contexts and audiences (McAlister & Pessemier, 1982). Studies have indicated that people sometimes make decisions other than those they would privately favor when they expect others will form opinions of them based on the decisions made (Asch 1956; Deutsch  Gerard 1955; Diener et al., 1976; Schlenker et al., 1996). Consistent with earlier researches (Ariely & Levav, 2000; Belk, 1988; Calder & Burnkrant, 1977), three experiments by
Ratner & Kahn (2002) have demonstrated that people incorporate more variety into their consumption decisions when their behavior is subject to public scrutiny as it induces impression management concerns.

2.6 Types of Reference Group Influence

At the most three motivational influences of reference groups have been discussed by the researchers – informational, value expressive and utilitarian.

2.6.1 Informational Influence: It is the tendency to accept information from others as evidence about reality (Deutsch & Gerard, 1955). When making purchase decisions, consumers tend to seek others' evaluations of different alternatives or derive inferences from the brands reference group members own (Park & Lessig, 1977). Individuals acting as referents may provide new information contributing to the solution of a problem or add to what the individual already believes (Burnkrant & Cousineau, 1975). This reference group influence may also be described by processes such as Asch’s conviction (1952), Jahoda’s consentience (1972), or Kelman’s internalization process (1961). An influence is accepted (internalized) if it is perceived as enhancing the individual’s knowledge of his environment and/or his ability to cope with some aspect of this environment, e.g., purchasing a product. The information source most enthusiastically internalized is the one perceived as being credible (Kelman, 1961; Jones & Gerard, 1967; McGuire, 1969; Jahoda, 1972). As the Yale group studies concluded (Hovland & Weiss, 1951; Hovland, Janis & Kelley, 1953), sources of high credibility play a very significant role in determining conformity. In an advertising context, perceived experts are often employed for product endorsements.

Informational influence on consumers is exerted when facts, evidence, or other forms of information pertinent to the decision are discussed by group members and cause them to re-evaluate their positions or decisions (Kaplan & Miller, 1987). Informational influence has been operationalized as statements revealing relevant facts or evidence (e.g., Kaplan & Miller, 1987; Kelly, Jackson & Hutson-Comeaux, 1997). An individual may use an informational reference group in two different ways. One is to actively search for information from opinion leaders or from a group with the appropriate expertise. Second, the individual makes an inference by observing the behavior of significant others. As implied by attribution theory (Jones et al., 1972),
the individual attributes to the product’s quality, the product’s purchase or endorsement by an individual or group. Consistent with the comparative appraisal of Jones & Gerard (1967), this type of information search may require no actual interaction between the individual and the reference group. Thus, informational reference group influence is based on the desire to make informed decisions. Faced with uncertainty, an individual will seek information from credible others to reduce uncertainty and perceived risk associated with consumption decision.

2.6.2 Utilitarian Influence: This reference group influence is similar to the normative influence (Deutsch & Gerard, 1955), the conformity concept of “it-is-dangerous-not-to-conform” (Asch, 1952), and the compliance process (Kelman, 1961; Jahoda, 1972). An individual in a product purchasing situation would be expected to comply with the preferences or expectations of another individual or group if, firstly he/she perceives that they mediate significant rewards or punishments and he/she is motivated to realize the reward or to avoid the punishment. Secondly, he/she believes that his behavior will be visible or known to these others. A comparative study investigating the influence of reference groups on consumer purchasing behavior between the mobile phone users of USA and China (Jiaqin Yang, et al., 2007), has shown that only the utilitarian influence has resulted in statistically significant difference between China and US mobile phone buyers, while the other two reference group influences, informational and value-expressive, have relative insignificant impacts.

Thus, utilitarian reference group influence is reflected in attempts to involuntarily comply with the expectations or preferences of others to achieve rewards or avoid punishments, especially when these outcomes are viewed as important, he or she will find it useful to meet the expectations of these significant others. In this case, the individual is concerned with the social effect of behavior that can be monitored by reference group members. Utilitarian influence is used in advertising mostly by showing how the usage of particular products/brands protects consumers from embarrassment or rejection by reference group members in social settings.

2.6.3 Value-Expressive Influence: Voluntary compliance to group norms may trigger from an individual's desire to enhance his or her image or self concept by identifying with the norms or practices of an esteemed group (McGuire, 1969; Park & Lessig, 1977; Park & Mittal, 1985). This influence is referred to as value expressive by Park & Lessig (1977). One way to attain this
goal is to psychologically associate or identify with a referent by adopting the referent's opinions and/or behavior (Kelman, 1961). Psychological association with respected referents enhances self esteem and self concept by providing a model on which to base one's own behavior (Burnkrant & Cousineau, 1975; Kelman, 1961). Value expressive influence depends on the referent's attractiveness. Attractiveness is the extent to which the referent possesses desired characteristics or occupies an esteemed role within the reference group (Kelman, 1961; McGuire, 1974). The value-expressive reference group influence is characterized by two different processes. First, an individual utilizes reference groups to express himself or bolster his ego. In this case, there should be a consistency between the desire to express one’s self and the psychological image attached to the reference group. Second, an individual is influenced by a value-expressive reference group because of his/her liking for that group.

Thus, value-expressive reference group influence is characterized by the need for psychological association with a person or group to enhance one’s self image and is reflected in the acceptance of positions expressed by others. Value expressive influence is manipulated in advertising by using celebrities or famous spokespersons in commercials and by associating the usage of products with membership in admired reference groups (McCracken, 1989).

2.7 Consumer Susceptibility to Interpersonal Influence (SII) and Attention to Social Comparison Information (ATSCI): Predictors of Conformity

Consumer susceptibility to interpersonal influence is the need to identify or enhance one’s image with significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others regarding purchase decisions, and/or the tendency to learn about products and services by observing others and/or seeking information from others. (Bearden, Netemeyer & Teel, 1989). Conformity is associated closely with normative susceptibility to interpersonal influence (Bearden, Netemeyer & Teel 1989; D’Rozario & Choudhury 2000) and may be considered an expression of social influence resulting from differences between group views and individual views (Lascu & Zinkhan, 1999). Attention to Social Comparison Information (ATSCI) is defined by Bearden & Rose (1990) as the degree to which an individual in a social system is influenced by others’ opinions regarding their product choices and use. Bearden & Rose (1990) identified attention to social comparison as an
individual difference that affects conformity. Moreover, Lascu & Zinkhan (1999) identify ATSCI as a personal characteristic that has a positive influence on conformity. Individuals who are high in ATSCI are attentive to both the opinions of others and observations of others’ behaviors associated with product selections and use, because they are genuinely concerned about what others think about their purchase and usage of product. Thus, high levels of ATSCI and susceptibility to interpersonal influence (SII) suggest a tendency to conform to social norms (Tian, Bearden & Hunter, 2001).

2.7.1 Susceptibility to Informational Influence: The tendency to trust information obtained from others as being an accurate representation of the truth is referred to as susceptibility to informational influence (Deutsch & Gerard, 1955). Informational influence is indicative of uncertainty on the part of the individual being influenced (Turner, 1991). An individual thus relies on information from others to make informed choices and to reduce uncertainty. Informational influence can be a consequence of either a search for information from informed others or from observation of others’ behavior (Park & Lessig, 1977).

Collecting information on benchmark agents may be rational for a number of reasons. Since it is costly to evaluate alternatives and to find out which one is to be pursued, individuals may seek to benefit from information already gathered by others (Rincke, 2006). Scharfstein & Stein (1990) show that it may be in the best interest of managers concerned about their reputation to ignore their private information and to mimic investment decisions of other managers. Brock & Durlauf (2001) provide a model of discrete choice with social interactions, where individual utility directly depends on the choices of others in a reference group. In general, studies suggest that testimonials offer informational influence where the endorser is an expert and similar to the target consumer. Price, Feick & Higie (1989) show that similar endorsers have more informational influence than dissimilar endorsers. Likewise, Feick & Higie (1992) show that for a service where people vary widely in their preferences and tastes, a similar endorser results in more favorable attitude toward the advertisement and purchase intentions than does a dissimilar endorser.

2.7.2 Susceptibility to Normative Interpersonal Influence (SNI): Normative influence relates to conformity with the expectations of other persons or groups to achieve rewards or avoid
punishment (Homans, 1961). Burnkrant & Cousineau (1975) described normative influence as the tendency to conform to other’s expectations. Subsequent research in consumer behavior subdivided normative influence into value expressive and utilitarian influences (Bearden & Etzel, 1982; Park & Lessig, 1977). Value expressive influence is generally defined as adopting the behavior or opinions of another because of a satisfying self-defining relationship with a group or individual (Bearden, Netemeyer & Teel, 1989; D’Rozario & Choudhury, 2000; Park & Lessig, 1977). Utilitarian influence is an individual’s tendency to comply with the expectations of others to avoid punishment or to receive rewards (Burnkrant & Cousineau, 1975). Normative interpersonal influence is positively related to an individual’s tendency to conform (Bearden, Netemeyer & Teel, 1989; Clark & Goldsmith, 2005; Goldsmith, Clark, & Lafferty, 2005). People’s choices are particularly susceptible to this interpersonal influence because the outcome is visible to others (Batra et al., 2001; Louis et al., 2007). Reference group salience interacts with social identity and personal values in affecting how SNI influences desired brand benefits and consequently brand choice (Orth & Kahle, 2008). Some research has shown that the two types of susceptibility affect consumer behavior differentially (LaTour & Manrai, 1989; Sen, Gürhan-Canli, & Morwitz 2001; Steenkamp & Gielens, 2003). Thus, individuals may be susceptible to informational and to normative interpersonal influence to differing degrees.

2.8 Intrapersonal Variation in Susceptibility to Normative Influence (SNI)

Researchers have conceptualized SNI as a general trait that varies across individuals and is related to other individual traits and characteristics. For example, McGuire (1968) concluded that “a person’s relative influenceability in one situation tends to have a significant positive relationship to his or her influenceability in a range of other social situations” (Bearden et al., 1989). Terry & Hogg (1996) reported that the perceived norms of behaviorally relevant reference groups influence intentions to engage in various behaviors only for individuals who identify strongly with the group. In their analytical study, Cialdini & Goldstein (2004) concluded that an individual’s actions are relatively unaffected by normative information unless the information is highlighted prominently in the individual’s consciousness. The literature on linkages between consumers and the benefits that they seek in brands suggests classifying desired brand benefits according to four basic dimensions: (a) functional benefit, (b) price or value for money, (c) emotional benefit, and (d) social benefit (Sweeney & Soutar, 2001). Individuals who are more
susceptible to normative influence have an intrinsically higher need to enhance their image in the opinion of others and tend to conform more to the expectations of others. Such individuals therefore place a greater value on social brand benefits because of the added support to their impression management efforts.

Thus, social associations are likely to be more important in determining consumer choice when products are purchased for self-expressive and symbolic purposes. Because some brand benefits pertain to socially visible aspects of a brand (e.g., how refined, stylish, or fashionable it is widely perceived to be), the creation and impact of these beliefs ought to be greater in consumption occasions in which a reference group is salient (i.e., where impression management needs are higher; Snyder & DeBono, 1985). Martin, et al. (2008) show that in forming their evaluations, high-SNI consumers place a greater emphasis on the testimonial than on the attribute information, whereas, low-SNI consumers are more influenced by attribute information. High-SNI consumers have been found to seek products with socially visible benefits (Batra, Homer & Kahle, 2001), to actively avoid social disapproval (Wooten & Reed, 2004) and to be less skeptical of advertising (Mangleburg & Bristol, 1998).

2.9 Reference Groups as a Source of Brand Associations

Brands used by member groups and aspiration groups can become connected to consumers’ mental representation of self as they use these brands to define and create their self-concepts (Escalas & Bettman, 2003). Possessions and brands can be used to satisfy such psychological needs as actively creating one’s self-concept, reinforcing and expressing self-identity, and allowing to differentiate oneself from others and assert one’s individuality (Ball & Tasaki, 1992; Belk, 1988; Fournier, 1998; Richins, 1994; Kliene, Kliene & Allen 1995). Possessions and brands can also serve a social purpose by reflecting social ties such as one’s family, community, and cultural groups (Reingen, Foster, Brown, & Seidman, 1984; Wallendorf & Arnould, 1988, Muniz & O’Guinn, 2001).

People are motivated to create a good impression to gain social approval and for the intrinsic satisfaction of projecting a positive self-image, even to oneself (Schlenker, 1980). Social psychological research has identified several techniques for impression management:
conforming to social norms, behavioral matching, self-promotion, flattery, and projecting consistency between beliefs and behavior (Fiske & Taylor, 1991). In addition to the need for self-enhancement and impression management, people often have needs for self-knowledge, including self-verification, whereby people strive to preserve their self-conceptions by eliciting self-verifying feedback. (Niedenthal, Cantor, & Kihlstrom, 1985; Setterlund & Niedenthal, 1993) have found that people choose situations (including products and brands) by (a) imagining the prototypical users for each item in the choice set and (b) choosing the item that maximizes their similarity to a desired prototypical user.

People engage in consumption behavior in part to construct their self concepts and to create their personal identity (Belk 1988, Richins, 1994). Building on Mc Cracken’s (1988) theory of meaning movement, it is proposed that the symbolic properties of reference groups become associated with the brands those groups are perceived to use. These associations can be transferred from reference groups to consumers as consumers select brands with meanings congruent with an aspect of their self concept. McCracken (1988) asserts that such meaning originates in the culturally constituted world moving into goods via the fashion system, word of mouth, reference groups, sub cultural groups, celebrities and the media. Brands become linked to the self when a brand is able to help consumers achieve goals that are motivated by the self. Thus, brands can be used to meet self expression needs, publicly or privately. Levy (1959) asserted that people do not buy products just for what they do, but also for what the product means; thus, brands can be symbols whose meaning is used to create and define a consumer’s self concept.

2.10 Past Research on Reference Group Influence

The operationalization of reference groups has gained a lot of attention recently. Hyman (1942) coined the term in a study of social status when he asked the respondents with which individuals or groups they compared themselves. Later on additional research was done by Newcomb (1943) and Sherif (1948). Further researches were done by Shibutani (1955), Turner (1955), Smith, Bruner & White (1956), Merton (1957), French & Raven (1959), Campbell et al.(1960) and Sherif & Sherif (1964) that clarified, refined and expanded the meaning of the concept. This developing body of literature provided a basis for a series of applications in a number of fields.
Hyman & Singer (1968) have noted that the concept has been applied in the studies of farmers, scientists, alcoholics, newspaper people, the mentally ill, consumers, voters, juvenile delinquents, and opinion leaders. Further studies are in the contexts of steel distributors (Kreisberg, 1955), physicians (Coleman, Katz & Menzel, 1966), autowners (Grubb & Stern, 1971), cosmetic users (Moschis, 1976), students and housewives (Park & Lessig, 1977) and women during maternity process (Tinson & Ensor, 2001).

More importantly a series of consumer based researches have also been done into specific aspects of reference group influence. Venkatesan (1966) attempted to test the differential effects of compliance (Kelman, 1961) and reactance (Brehm, 1966) in an experiment involving subjects selecting the best from among identical suits under different forms of group pressure. He was able to establish the influence of voiced group sentiment on a subject (compliance); however, the method used in operationalising reactance has been questioned (Clee & Wicklund, 1980). Burnkrant & Cousineau (1975) demonstrated that people use product evaluations by others as a source of information about products.

Past research has consistently demonstrated that membership reference groups can influence people’s intentions, attitudes, and behaviors (e.g., Abrams, Wetherell, Cochrane, Hogg &Turner, 1990; Moschis, 1976; Turner, 1991; Turner, Hogg, Oakes, Reicher & Wetherell, 1987; Whittler & Spira, 2002). For example, members of one’s own group have been shown to influence exercise intentions (Terry & Hogg, 1996), intentions to engage in sun protective behaviors (Terry & Hogg,1996), the persuasiveness of messages (Haslam et al., 1996; Haslam, McGarty, Hutchingson & Turner, 1994), evaluations of products and advertisements (Whittler & Spira, 2002), self-reports of product and brand selections (Bearden & Etzel, 1982; Park & Lessig, 1977), as well as reports of information seeking and purchasing decisions (Moschis,1976).

In addition, researchers have documented a congruency between group membership and brand usage (Bearden & Etzel, 1982; Childers & Rao, 1992). People can become inspired and motivated by relevant group members (Lockwood & Kunda, 1997), particularly when the group member’s state of affairs is perceived to be attainable (Lockwood & Kunda, 2000). Similarly, aspirational reference groups have been shown to guide consumer preferences. Most of this research focuses on the role of celebrities or athletes in influencing consumers (Batra & Homer,
For example, research suggests that celebrities are often effective endorsers when there is a “match-up” between the celebrity and the product (Kamins, 1990; Till & Busler, 1998) and when the celebrity doesn’t endorse too many products (Tripp, Jensen & Carlson, 1994). In addition, identification with admired groups relates to purchase intentions. For example, Madrigal (2000) demonstrated that the level of identification with a basketball team was positively related with intentions to purchase a sponsor’s products. Thus, past research has largely focused on consumer social influence via both membership and aspirational reference groups.

The degree of reference group influences has been reported to vary across different product types and social-cultural groups. One of the seminal works on reference group influence in consumer marketing is that of Bearden & Etzel’s (1982) which has served as a basis for various other works in this area (e.g., Childers & Rao 1992; Leigh & Gabel, 1992; Mehta, Lalwani & Ping, 2001). Results of their study showed that products and brands selected by individuals could be influenced to different degrees by their reference groups. Specifically, the reference group influence was stronger both in publicly consumed necessities and luxuries than in privately consumed products. This finding may be explained by the fact that consumers were able to observe the products and brands purchased by reference group members or to interact with referents regarding the appropriate products and brands to buy. In a bid to reduce negative self-attributions associated with the purchase of relative luxuries (Okada, 2005) and create the licensing effect (Khan & Dhar, 2006), consumers often attempt to justify their choices through seeking information, complying with the preference of others, and adopting values of others all involve some form of communication or observation of decisions, opinions or behavior (Bearden & Etzel, 1982).

From a social-cultural perspective, Childers & Rao (1992) studied the simultaneous effects of ethnicity and product on consumers’ purchase decision making by examining two types of reference group influences—familial and peer based—with consumers in Thailand and the U.S.A. Peer influence was stronger on products considered as a luxury for American consumers compared to their Thai counterparts, whereas familial influence was more significant on Thai consumers than on American consumers for both luxuries and necessities. Findings of the study also reported that in general, for privately consumed goods, familial influence on brand decisions...
was stronger in both countries because of the limited opportunity to observe the brand preference of peers. As an extension of Bearden & Etzel’s (1982) study, Mehta, Lalwani, & Ping (2001) investigated the relationships between consumers’ susceptibility to reference group influence and the perceived risk of services on consumer behavior for four service categories (i.e., fine dining, beauty care services, a haircut, and dental care services) among working women in Singapore. Findings of the study showed that fine dining was identified as the most susceptible decision to be influenced by reference groups. They concluded that their finding is especially common in Asian societies, where consumers are less individualistic and adhere more to social norms, and where their closely knit family structure and ties may help explain this finding.

### 2.11 Some Recent Researches on Reference Group Influence in Different Contexts

Leguizamon (2010) examined the effect of a change in housing consumption of various reference groups on predicted own house price. The results of the study show that an increase in average house size of the eight nearest neighbors and the largest houses in the district has a negative effect on predicted house price, whereas the effect of an increase in average house size of the further neighbors (9th through 16th neighbors) and the smallest houses in the district on predicted house price is positive.

Pechmann & Wang (2010) by testing indirectly competing messages about the prevalence, attractiveness and disapproval of smoking behavior, show that a disapproval message dominates an attractiveness message, even though both messages are related to group acceptance (Bearden, Netemeyer & Teel, 1989). The study also confirms that a negative message receives more weight, but there are some limits to this negativity effect (Baumeister et al., 2001; Rozin & Royzman, 2001).

Hoffmann & Broekhuizen (2009) have demonstrated the relevance of consumers’ susceptibility to interpersonal influence (CSII) in an investment context. In a survey of individual investors, investment-related knowledge, psycho-social risks, and social needs emerge as antecedents that explain investors’ susceptibility to informational and normative influence. The study shows that investor’s susceptibility to normative influences increases transaction frequency, whereas susceptibility to informational influence decreases transaction frequency.
Heinz & Kühling (2009) investigated the determinants of pro-environmental consumption, focusing on the role of reference groups and showed that consumption patterns of reference persons significantly influence all kinds of pro-environmental consumption. Their influence is found to be the greatest in the case of organic food. Amaldoss & Jain (2008) examined the theoretical implications of reference groups for firm prices, product design, and target consumer selection and show that the presence of reference group effects can motivate firms to add costly features, which provide limited or no functional benefit to consumers. Furthermore, reference group effects can induce product proliferation on one hand and motivate firms to offer limited editions on the other hand. Their findings have shown that offering a limited edition can increase sales and profits. In some cases, reference group effects can even lead to a buying frenzy.

Pimpa (2007) confirms that in a collectivistic society, like Thailand, education stresses the skills and virtues necessary to be accepted among group members. Choice of vocational education in Thailand is related to “social approval” and “group identification”. Students need to feel secured about being accepted by their social groups and networks. They need to know that what they are going to study is right and not oppose to social acceptance.

Hsu, Kang & Lam (2006), investigated Chinese travelers’ perception on three reference groups’ opinions and motivations to comply with them regarding the trip decision to Hong Kong. Respondents were found to be more likely to comply with their primary reference group’s (i.e., family and friends/relatives in this study) opinions than their secondary reference group’s (i.e., travel agents) views regarding visiting Hong Kong. Thus, reference group influence appears to be all pervasive across a wide array of decision areas like real estate pricing, investment decisions, travelling decisions, pro-environmental consumption, choice of vocational education, etc.

Thus, consumers appear to act in a manner that is consistent with the social group with which they identify (Leigh & Gabel, 1992; Venkatesan, 1966). Stafford & Cocanougher (1977) contended that consumer behavior cannot be fully comprehended unless significant consideration is given to the effects of interpersonal influence on the development of attitudes, norms, values, aspirations, and purchase behavior.
2.12 Determinants of Reference Group Influence

The degree of influence that a reference group will exert on an individual’s behavior usually depends on the nature of the product, the individual and on specific social context. Some determinants of reference group influence are being discussed below:

2.12.1 Product Conspicuousness: Bourne (1957) proposed that susceptibility to reference group influence in product and brand choice depends on product conspicuousness. At the product level, conspicuousness refers to the extent to which a product “stands out” or is noticeable by consumers. At the brand level, conspicuousness refers to the ease with which people can identify a specific brand of a product that other person is using. Park & Lessig (1977) argue that informational social influence is analogous to Kelman’s (1961) concept of internalization. Kelman contends that this kind of influence operates regardless of the degree to which the referent is able to observe or monitor behavior. Kelman's position is supported by Cohen & Golden (1972). These researchers found no significant difference in evaluations of a “new” coffee between high and low visibility conditions when information regarding others’ evaluations was held constant. Thus, it appears that informational social influence operates independent of product conspicuousness.

Normative influence, however, is expected to be greater under conditions of high rather than low product visibility. Miniard et al. (1983) found that the normative influence on the brand choice is important when beer is to be served to friends but not when it is consumed privately. Some consumer behavior studies show that product conspicuousness is positively related to value expressiveness (Bearden & Etzel, 1982; Sirgy, Johar & Wood, 1986). According to Johar & Sirgy (1991) public products can be associated with characteristics of users to a greater extent than private products. Consensual beliefs about the stereotypical user can be readily formed which can be referred to by those seeking self enhancement. Wong & Ahuvia (1995) emphasized the importance of conspicuous consumption, within Chinese culture, which Taiwan can be identified with. Conspicuous consumption may also be related to the ‘face’ concept in Chinese culture, which stands for ‘a reputation achieved through getting on in life, through material success and ostentation’ (Hu, 1944). By using expensive, high image, high status products, such as Western branded clothing, Taiwanese people want to maintain their ‘face’ in public.
Therefore, both theory and empirical evidence seem to suggest that value expressive influence will be greater for public rather than for private products.

The above discussion suggests that product conspicuousness induces greater susceptibility to normative rather than informational social influences in brand choice. Although the relative importance of informational versus normative influence has not been tested, theory indicates the dominance of normative over informational influence for public products (Johar & Sirgy, 1991; Kelman, 1961).

2.12.2 Affective versus Cognitive Buying Motives: Researchers have identified a number of different motives that may underlie purchase behaviors. A basic distinction is made between cognitive and affective motives in the classification of motives (Katz, 1960; McGuire, 1974). Cognitive motives describe the motivation behind the “economic man” who is guided by issues such as quality, price, or the functional performance of products. Affective buying motives are those associated with the need for self expression, social belonging, or ego gratification (McGuire, 1974; Vaughn, 1980).

The extent to which purchase decisions are accompanied by affective or cognitive buying motives may partly explain consumers’ susceptibility to reference group influences. Cognitively motivated purchases entail information search to learn about products that are superior in terms of attributes such as price, quality, and value (Ratchford, 1987). For such products, informational influence is likely to dominate normative influence since referents are mediators of facts relating to product attributes. Affectively motivated purchases are characterized by the desire to satisfy social belonging, ego gratification, or self expression needs. For such products, normative influences, whether they be utilitarian or value expressive in nature, are likely to dominate informational influences because of the underlying affective motives associated with product choice. Information processing for cognitively motivated purchases focuses on the functional aspects of the product and economic appeals. Information processing for affectively motivated purchases focuses on image, symbols, and expression of personality (Johar & Sirgy, 1991; Park & Mittal, 1985; Snyder & Debono, 1985).

2.12.3 Interpersonal Orientation of Consumers: Interpersonal orientation of individuals can be a significant predictor of consumers’ willingness to conform to the interpersonal influence in
their decision making especially in purchase situations (Mishra et al., 1999). This very fact underlines the contention that diversity of personalities of consumers does matter when it comes to measurement and anticipation of their behavioral pattern in purchase situations. Mishra et al. (2002) show significant positive correlation between the people with compliant orientation and the degree of reference group’s influence experienced by them, whereas in the case of detached people, the correlation was found significantly negative. Their results have shown that the aggressive consumers felt less informational influence while normative influence has positive correlation with this orientation. Cohen (1967) in his study found that there are a number of relationships which people form with products and brand usage pattern as per their interpersonal orientation. He further reported that highly compliant students differed from aggressive ones in opting for a particular type of product. In another study Kassarjian (1971) noted that consumers would buy products that reflected their personality, which means people search for a product reflecting their own self and they generally drew influence from their environment in the form of appreciation. Earlier studies have reported that intrinsically oriented consumers prefer to rely on their own intrinsic values and norms in deciding about new products, whereas other-directed consumers tend to look to others for direction on what is correct or what is incorrect. Hence, it can be argued that externally oriented people are more likely to get influenced by their reference group due to their natural characteristic of thinking in terms of likely social approval of a potential purchase.

A study by Campbell et al. (1986) showed that individuals high in self-doubt conformed significantly with others more than those with low self doubt. It has also been found that more ambiguous or difficult the task, more likely people are to conform to others’ judgements (Coleman et al., 1958), presumably because they are less certain of their own judgement. Utilising Ajzen's theory of planned behaviour (1985), East (1992) hypothesised that the significant determinant of expert decision making would be the benefits of buying a consumer product and the reference groups would be used to a lesser extent than novices. The expected results were supported by research (Knox & de Chernatony, 1989) that found experts, purchasing bottled water, were likely to have their own beliefs on the benefits of the product and were less inclined to be influenced by referent groups. Previous research conducted by East (1992) on students making a first- time purchase of a computer, has illustrated that novices demonstrated a
greater dependence on the views of parents, other students and staff than on the benefits of ownership.

Studies in the past have shown that people alter their behavior to conform to group norms or standards in order to gain social acceptance (Latane, 1981; Simpson et al., 1994). It is further contended that people high on individuation desire are willing to engage in public behaviors that set them apart from others. Research indicates that high individuation (individualistic) people were more likely to say that they have distinct ways of dressing, use a distinct nickname and own unique possessions (Maslach et al., 1985; Whitney et al., 1994). As detached people are supposed to be high on individuation along with aggressive ones as compared to compliant ones, their willingness to conform certainly varies.

2.12.4 Group Cohesiveness: It has been argued that homophily i.e., similarity of two individuals is a significant construct in the influence of another individual as a source of information. Katz et al. (1954) argued that most human communication occurs between a source and a recipient who are alike i.e., homophilous. Some recent empirical evidence suggests that consumers are likely to talk to similar sources and that under some circumstances the influence of homophilous sources may be greater than any other opinion leaders (Price et al., 1984; Brown et al., 1987; Campbell et al., 1988). Furthermore, Cooley (1962) had argued that the greatest influence and impact usually is exerted by primary groups which are defined as social aggregation that is sufficiently small to permit and facilitate unrestricted face-to-face interaction. He further argued that they exist because like attracts like. There is cohesiveness and motivated participation in such conditions. Members demonstrate marked similarities in beliefs and behaviors (Witt et al., 1972). In a study of consumer brand choice, Witt (1969) confirmed earlier non-marketing studies which indicated that group cohesiveness influences behavior.

The far-reaching influence of groups was suggested by Cocanougher & Bruce (1971), who found that socially distant reference groups can influence consumers if consumers hold favorable attitudes toward the members or activities of that group. Taking a somewhat different approach, Witt & Bruce (1970) found the operation of group influence related to the extent of social involvement associated with the product being investigated.
Witt & Bruce (1972) suggested the existence of at least seven different determinants of influence including perceived risk, expertise of the referent, and the individual’s need for social approval. Moschis (1976) found that consumers use both reflective and comparative appraisal (Jones & Gerard, 1967) in product choices. That is, they engage in direct, verbal interaction to determine the reference group’s evaluation as well as observing the behavior of reference group members in regard to the decision under consideration. Park & Lessig (1977) investigated reference group influence and found students more susceptible than housewives to group influence for a variety of products. Tinson & Ensor (2001) found in their study that in residential areas where disposable income is high, formal referent groups are more influential, particularly for novices (people those who are new to a situation or if the situation is new to the individual). In residential areas where disposable income is low, informal referent groups are more influential. However, East’s (1992) findings on expert and novice use of referent groups were contradictory. In a study of social influence of brand community, Algesheimer et al. (2005) have found that the brand community’s social influence is greater for knowledgeable customers than for novice customers, which suggests that when organizing new brand communities, companies should target existing and long-tenured customers. The authors have also found that smaller brand communities (i.e., those with fewer than 50 members) engender higher levels of identification and normative pressure in its members, but social influence is greater in larger brand communities (i.e., those with more than 50 members).

Thus, influence of referent groups is a salient issue in decision-making behavior. The strength of reference group influence not only varies among products and group type but also among different consumers. Personality factors are important, conformity has been found to vary by personality types and is positively related to the following personality traits: Low intelligence, extroversion, ethnocentrism, weak ego, poor leadership, authoritarianism, etc. The type of social character of the consumer may also affect reference group influence. Another set of factors relating to reference group susceptibility is the consumer’s demographic attributes. For example, differences in reference group influence have been found between males and females, married couples and singles, younger and older people and between different nationalities. Greco (1983) explored for age related differences in susceptibility to reference group influence regarding the brand choice of seven products and services representing durable and nondurable goods and found that hardly any age related differences existed in susceptibility to reference group
influence regarding brand decisions. Recent research on the influence of social norms explores the concept that informational influence, rather than normative influence, has a greater effect on decision making (Cruz et al., 2000).

In view of the above discussion it can be concluded that diversity in the consumers’ personalities must be considered as a significant variable in purchase decisions. Consumer willingness to gather information and knowledge about the purchase will depend upon certain inherent characteristics such as interpersonal orientation. Every consumer being different in his orientation towards others has different reasons to conform to others while being in a problem situation i.e., purchase decision.

Finally, in the light of the above discussion it can be concluded that the influence of the reference group on individuals’ decision making in purchase situation is largely dependent upon the individuals’ orientation towards others. The intrinsic characteristics of consumers determine whether they are going to be influenced by any external phenomena or not, and in case they are getting influenced, then the nature and the degree of that influence will again be dependent on the personality of particular individuals especially in purchase situations where information about the product and the symbolic value of the product is highly important for consumers.

2.13 Measuring Reference Group Influence

Bourne (1957) originally proposed that reference group influence on product and brand decisions is a function of two forms of “conspicuousness”. The first condition, affecting product decisions, is that the item must be “exclusive” in some way. No matter how visible a product is, if virtually every one owns it, it is not conspicuous in this sense. This is operationalized here as the distinction between luxuries and necessities. By definition, necessities are possessed by virtually everyone, while luxuries have a degree of exclusivity. Second, for reference group influence to affect brand decisions, the item must be “seen or identified by others”. This can be operationalized in terms of where an item is consumed. Publicly consumed products are seen by others, while privately consumed products are not visible to others. That is, those brand decisions involving products which can be noticed and identified are more susceptible to reference group influence. According to Ward (1974), the reference group influence felt by the consumer to any decision may be either strong or weak. The group may exert:
a) Strong product- Strong brand influence  
b) Strong product - Weak brand influence  
c) Weak product-Strong brand influence  
d) Weak product-Weak brand influence  

Combining the concepts of public-private consumption and luxury-necessity items and reference group influence on product and brand choice decisions, create a total of eight relationships depicted in Figure 2.1.

**Figure 2.1: Public-Private and Luxury-Necessity Dimensions with Product and Brand Purchase Decisions**

<table>
<thead>
<tr>
<th>Group Influence on Product Choice</th>
<th>Group Influence on Brand Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>Strong Publicly Consumed Luxuries (Car, Digital Camera, Laptop computer)</td>
</tr>
<tr>
<td>Weak</td>
<td>Weak Publicly Consumed Necessities (Two Wheelers, Dress, Wristwatch)</td>
</tr>
</tbody>
</table>

(Adapted from: Bearden & Etzel, 1982)

Park & Lessig (1977) were the first to develop a useful but somewhat imperfect measure of susceptibility to interpersonal influence. In addition to the fact that the individual items used to measure susceptibility to interpersonal influence were product- and situation-specific in nature, Park & Lessig (1977) did not report reliability, validity, or dimensionality of their instrument (Bearden, Netemeyer & Teel 1989). Subsequently, Bearden, Netemeyer & Teel (1989) developed and tested a two-factor scale to measure consumer susceptibility to interpersonal influence as a personality trait that varies across individuals. A high susceptibility to interpersonal influence score signifies a tendency to be influenced by others in making decisions, whereas a low susceptibility to interpersonal influence score suggests more independence in the decision-making process (Lalwani, 2002).

**2.14 Conclusions**

Reference group influence has been conceptualized as a multi-dimensional construct (Bearden, Netemeyer & Teel, 1989; Burnkrant & Cousineau, 1975; Deutsch & Gerard, 1955; Kelman,
The two dominant influences recognized in the literature are informational and normative. Informational social influence refers to the tendency to accept information from others as evidence about reality. Normative social influence refers to the tendency to conform with the expectations of others (Deutsch & Gerard, 1955). These two influences operate through different mechanisms. Message content, source credibility, and trustworthiness are the major determinants of informational social influence whereas characteristics of the referent, such as appearance and social status, determine the degree of normative social influence.

Park & Lessig (1977) proposed further decomposition of normative influence into two distinct dimensions: value expressive and utilitarian influences. In addition, these researchers proposed a scale to measure consumers’ susceptibility to different kinds of reference group influence. Park & Lessig’s scale provided the impetus for survey-based research on reference group influences in a marketing context. Researchers have used these scales to examine the effect of product conspicuousness on consumers’ susceptibility to informational, utilitarian, and value expressive reference group influences (Bearden & Etzel, 1982; Childers & Rao, 1992).

It is argued that in the normative influence group norms are stable expectations arrived at by consensus concerning behavioral rules for individual members. Pressures to conform become most potent when there is both positive motivation to maintain the group identity through compliance and the threats of sanctioning power in the form of rewards and punishments. Studies conducted in the past in different countries representing different cultures have shown surprising results. On the one hand, people have shown fewer conformances in individualistic cultures like that of USA, in collectivist cultures like that of Japan the findings were on the similar lines as those of Asch’s (Bond et al., 1996; Wheeler et al., 1978). Homans (1961) has put forth an equation of human exchange that is built on the relationship between the rewards of compliance relative to its costs. Symbols of esteem or approval can furnish the rewards and the resultant incentives thereby reinforce that behavior and encourage its repetition. Apart from this, value expressive influence is triggered by the need for psychological association with a group as a consequence of acceptance of its norms, values or behavior and a conforming response, even though there is no motivation to become a member. One desired outcome is the enhanced image in the eyes of others. Another is the identification with people who are admired and respected.
Researches in the past had offered two prominent reasons for the group conformity, first is the reinforcement attached with it and the second is the social comparison. In the first case, it is because people are reinforced for conforming so often (especially in primary groups) and under so many different circumstances, their conformity tends to generalize to new situations. While in the second case people commonly compare themselves with other people especially those who are like them, as a way of assessing the accuracy of their own attitudes, feelings and beliefs. They like to view themselves as rational and correct in their views (Dworetzky, 1997). It has further been argued that when individuals are among other people who share their views, they may wish to gain their approval by exemplifying the beliefs and attitudes they hold. To show themselves worthy of groups’ esteem, they may want to be more extreme in ways that the group values (Pruitt, 1971).

Reference groups expose the person to new behaviors and life-styles (Kotler & Armstrong, 1991.) Reference groups influence the person’s attitudes and self-concept because he or she wants to “fit in” (Kotler & Armstrong, 1991). Reference groups create pressures to conform that may affect the person’s product and brand choices (Kotler & Armstrong, 1991). If an item is a luxury as opposed to a necessity, the decision to buy or not to buy the product is influenced by the reference groups. If the item will be consumed publicly rather than privately, reference-group influence tends to affect the brand choice.

Reference group influence varies according to the characteristics of the group or its type. For example group cohesiveness, proximity to the group members, the individual’s relationship to the group and similarity to the group’s characteristics. Stage presence of the referent resulting in persuasive charisma may be very relevant in certain marketing situations. For instance, the marketer may often want to choose a model or a potential referent having this attribute, when promoting through advertising and personal selling. Consumers would differ in the degree to which they are influenced by referents while making product and brand consumption decisions. This logic applies to a global notion of referents that includes parents whose influence is different from that of other referents (Childers & Rao, 1992).

In some circumstances, the use of a spokesperson may be appropriate whereas in others it may be not. According to Childers & Rao (1992) the attempt to use a peer like referent to promote
private necessities is likely to fail. Marketers should carefully assess the extent to which the reference group influence exists for their product, what type of influence appears to be more pervasive and how customer segments may differ in their responsiveness to such influences. The situational nature of such influences also needs to be understood. From such knowledge more effective marketing strategies may be developed incorporating referent power. Parental yielding is the highest for rational tactics and the lowest for emotional tactics. Given that parents are more likely to respond to rational rather than emotional tactics, marketers’ efforts toward parents need to use similar appeals (Shoham & Dalakas, 2006).

Managers can segment the market based upon group membership. Naturally existing groups of consumers make outstanding target market for firms because they are readily identifiable and reachable. For example, numerous companies target military veterans, public school teachers, government workers, etc. Product and service offerings can be developed specifically for the members of the groups. Promotional strategies can be built around the concept that the product or service is positioned as being offered specifically to the members of the group. Environmental analysis should be performed to determine the extent to which the new membership groups are establishing themselves. Market research should be performed to assess the impact that various groups have on the target market of the firm.

Four major types of reference group appeals most commonly used in marketing are celebrity appeals, expert appeals, the common man appeals and the executive appeals (Schiffman & Kanuk, 1997). Lux is a living example of the use of celebrities, wherein the message of a clear complexion and beauty care is made to sound credible by using the most popular film actress to vouch for it; the Formula-1 car racing champion Michael Schumacher’s use in the advertisement for Fiat Palio is an example of an expert endorsing a newly launched trendy car; common housewives narrating their experience of using Dove Soap is a unique example of the use of common man approach; Vijay Mallaya’s use in Kingfisher beer advertisements where he advises moderation in drinking is a good example of top executive influence being put to

---

18 It is a global brand developed by Unilever, which includes beauty soaps, shower gels, bath additives, hair shampoos, etc.
19 Is a Formula-1 racing champion.
20 A small family car designed by Fiat as a world car, aimed at developing countries.
21 It is a personal care brand owned by Unilever.
22 The Chairman of the United Breweries Group, India.
23 It is a flagship beer brand of the United Breweries Group, India.
good use; the Maharaja—a fictitious character—which has become synonymous with Air India is an interesting example of the use of trade spokes-character. Advertisers may use a framework when considering manipulation of reference group influences in advertising (Grimm et al., 1999). Advertising for products dominated by affective motives and which are publicly consumed may utilize normative social influence. For products in this category, the source attractiveness model of advertising might be an appropriate framework. According to this model, celebrities or spokespersons should be selected on the basis of likeability, popularity, status, or appearance. The importance of affective buying motives suggests that advertisers might show how the advertised brand satisfies self expression, social belonging, or ego gratification needs.

For products dominated by cognitive motives, regardless of whether they are consumed publicly or privately, advertisers might manipulate informational social influence. For these products, the source credibility model may provide an appropriate framework. According to this model, attitude change and persuasion are positively related to the perceived credibility of the source. Credibility is conceptualized as consisting of an expertise or knowledge component and a trustworthiness component (Batra et al., 2000). Therefore, referents used in advertising might be selected based on the degree to which they are perceived to be credible and trustworthy or have specialized knowledge concerning product attributes and function. The two approaches used most frequently in advertising are image (also referred to as symbolic or value expressive) and functional or utilitarian appeals (Johar & Sirgy, 1991). The portrayal of products as symbols of membership in esteemed reference groups is also a common advertising strategy (McCracken, 1989).

Research indicates that consumers perceive their own personal preferences to strongly outweigh reference groups’ in arriving at their product and brand decisions. The consumer views herself as largely independent of the implicit social pressures exerted on her product and brand selection by reference groups. For major durables, or “family products” the greatest group influence comes from the family. Other reference groups are more influential in the case of products linked to social visibility or social status. The marketer should also know that some shifting of the product perceptions may occur over time. E.g., a product may shift from a category in which reference

---

24 Maharaja is Air India’s official Mascot.
25 State-owned carrier and currently the oldest airline of the Republic of India.
group influence is weak to another in which it is strong especially through the use of heavy promotional efforts designed to create a favorable image and make a product or brand socially conspicuous (Loudon & Della Bitta, 1993).

Though the original concept of reference group (Hyman, 1942) has been refined and clarified, leading to distinction between comparative reference groups which are used for self appraisal and normative reference groups which are used as a source of personal norms, attitudes and values (Kelley, 1947). Given the potential impact that both of these types of reference groups can have on individual decision making and consumption behavior, scholarly scrutiny of reference group influences is clearly desirable. The findings from this study are likely to build on existing knowledge regarding reference group influence in at least two ways: First, the notion of the reference group will be expanded. Second, it will help us understand whether the influences are specific to one culture or whether the susceptibility to reference group influence is a universal human trait.”