INFLUENCE OF OPINION LEADERS ON THE DIFFUSION OF INNOVATIVE PRODUCTS: A STUDY ON SMARTPHONE USERS

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ABSTRACT

This study examines the influence of opinion leaders on the innovative product buying decisions of consumers. Opinion leaders have a critical importance in the diffusion of innovative products by the word of mouth marketing method. It is very important in terms of competition that businesses carry out their activities taking this fact into consideration and design their communication systems accordingly. A questionnaire was carried out with smart phone users for this purpose. Results of the study were subjected to regression and correlation analyses, and the relationship among the word of mouth marketing, opinion leaders and efforts of marketing was explored. Results have shown that consumers are influenced by opinion leaders when buying an innovative product, and that opinion leaders, when compared with marketing efforts, have a higher influence on consumers.

1. INTRODUCTION

The world becomes global rapidly, and competition becomes more and more challenging in the globalizing world. While competing only with few rivals around in the past, today the competition is among all the rivals in the world. There are many rivals of the same product with similar features. Especially the products coming from China, India and Far East create a trouble and make profit rates decrease, so to say. Plus, it’s getting harder to be realized among other products (Kırım 2007). Even the products that have a good place in consumers' minds and succeeded to become a brand are being threatened by their cheap uniforms. At this stage, innovation comes into play. Innovation is all the innovative and value creating activities that protect brands against their rivals and makes their imitation harder.

However, making innovation or putting a new product on the market are not enough. Also, that product has to be known and purchased. None of the products that are unpopular are innovative. Thus, it’s necessary to promote the product and ensure its place in the market.
It's impossible for a product that is not liked or recommended to become successful on the market. With today's communication conditions, it's not so hard for the consumers to talk about products and influence each other's decisions. People believe in the reliability of the information obtained by word of mouth more. According to one research, 40% of American consumer are actively ask for their families' and friends' advices especially before purchasing services such as health, law and automobile repairing (Hogan et al. 2004). According to another research that a market research company has made with over 1000 consumers, almost three American consumers out of four (%70) recommend a new product they purchased to their friends and their families. Also, family and friends as information resources of consumers about new products are at the first place with 55%, followed by 53% of advertisement and 48% of interior advertisement and display (Karaca 2010).

In accordance with the modern marketing mentality of our age, companies have started taking steps to make personal communication channels work for them and developing marketing programs to create favourable word of mouth for their own brands (Kotler and Gary 2005). They have started to create opinion leaders whose opinions are adopted by others by training people to make others use their products or to inform others providing attractive terms.

Opinion leaders are the persons providing both information and recommendation to others. In addition to giving information sharing their experiences about a product group, they also give advices to other people about not buying any product. Opinion leader generally tend to specialize in a product category (Schiffman 2004).

In 1948, Lazarsfeld and his colleagues have claimed that new opinions and influences first reach to opinion leaders from mass media. Then, in their opinion, the opinions and influences of these opinion leaders are transferred to passive people or the people far away from mass media and other resources by word of mouth (Engel et al. 1990). According to this model, opinion leaders collect and interpret the information from mass media first and then transfer these to other consumers. Model explains how opinion leaders influence consumers and how products spread out from mouth to mouth. The main aim of this study in this context is to analyze the role of opinion leader in spread of innovative products. What kind of an influence opinion leaders and marketing by word of mouth have on consumers to buy a new product? Is the assumption that people considered as opinion leader influence consumers true? Do the factors such as marketing have a more powerful influence on consumers than opinion leadership? Or doesn't it have that much influence? The decision-making process of consumers will be understood better and new points of view will be given to firms about being market and customer oriented through the answers to these questions.

2. LITERATURE REVIEW

2.1 Product Innovation

Dictionaries define ‘innovation’ as ‘introducing something new’: the Latin stem ‘innovare’ refers to altering or renewing, and is derived from ‘novus’, meaning ‘new’ (Little et al. 1973). The term innovation, most generally, implies newness (Johannessen et al. 2001).
That is, an innovation is something that is new, is positively different, or is better than what was there before. It is fair to say that an innovation is simply any new implementation whether this be a new product, a method or a completely new invention. Damanpour (1996) defines innovation as “the adoption of an idea or behavior new to the adopting organization”. According to Damanpour (1996) “the adoption of innovation is conceived as a process that includes the generation, development, and implementation of new ideas or behaviors”. Camison-Zornozsa et al. (2004) claim that what all definitions of innovation share in common is the usefulness of the new idea that is implemented. Product innovation is the introduction of a product that is new or significantly improved with respect to its characteristics or intended uses. This product can include both a new technology and knowledge and also, existing knowledge and technologies. The important point, to call a product as an innovation is it should differ from current products with either its characteristics or usage areas. Addition to that, with minor changes in a product characteristics and/or specifications such as components and materials to gain a new use is also a product innovation. This situation does not include design changes if does not involve a change in characteristics of the product and intending uses (Oslo Manual 2006).

Product innovations may be the result of organizational changes or exploitation of new markets in companies (Avermaete and others 2003). Product innovation is one of the most obvious ways of generating revenues for the companies. Products should be renewed or completely new for the companies to not taking the risk of staying behind of competitors. At that point core product features may be developed with radical changes and also incremental changes may be done as to develop supporting activities. This provides to sell the product to the different customers with different offerings (John 1999).

### 2.2 Word-of-Mouth

Word of mouth (WOM) communication is a process of transferring information from one person to another in a face-to-face situation (Sun et al. 2006). Consumers share their experiences and reactions about any business with other consumers voluntarily (Jansen et al. 2009). Due to the fact that WOM communication involves an opinion exchange with friends and relatives, it is considered as an effective information source and a powerful marketing tool. It is commonly known that consumers intent to seek information from others while deciding a product purchase (Gildin 2003). Lau&Ng (2001) defined WOM as an “oral, person-to-person communication between a perceived non-commercial communicator and a receiver concerning a brand, a product or a service offered for sale”. On account of this definition, WOM communication “allows consumers to share information and opinions that direct buyers towards and away from specific products, brands, and services” (Litvin et al. 2005) Thus, people without any commercial connections talk about a product or a brand spontaneously (Davis & Khazanchi 2008). The value of WOM arises from its impact on consumer’s choices (Lau & Ng 2001) and product judgments (Lee &Youn 2009).
WOM can influence decisions either positively (Engel et al. 1983) or negatively (Tybout et al. 1981). It does appear that negative WOM has a more powerful impact than positive WOM (Arndt 1967). Technical Assistance Research Program, for example, reported that dissatisfied customers are likely to tell twice as many people as satisfied customers. Desatnick (1987), citing research conducted for the White House Office of Consumer Affairs asserted that ‘90% or more who are dissatisfied with the service they receive will not buy again or come back. Worse still, each of those unhappy customers will tell his or her story to at least 9 other people, and 13% of those unhappy former customers will tell their stories to more than 20 people’. It is not reported to how many these WOM recipients retell the story.

2.3 Opinion Leader

Research on opinion leadership to date can be classified into three distinct categories: (1) involves whether opinion leadership is specific to a product, idea, or issue, or if it is generalized across products, ideas, or issues (Elihu 1957); (2) involves the issue of whether opinion leaders are different from followers Arndt, J. (1967) involves the issue of how opinion leaders are utilized in the flow of communications among people. (Menzel and Katz 1955)

One common thread across studies in these three areas is the measurement and scaling used to identify opinion leaders. (Silk 1971) All three areas through either observation or questioning limit the scaling of opinion leadership to a dyadic interaction with respect to a specific issue, product, or idea. It seems that the identification of opinion leaders may be unnecessarily constrained in terms of research investigation, (Meyers and Robertson 1972) particularly in cross-cultural research. Therefore, an opinion leader was defined, for the purpose of this study, as someone whose opinions are highly respected and utilized by the respondents to help in making decisions across a variety of situations such as what types of clothes to wear, where to have major household items repaired, how to discipline children, and for whom to vote in political elections. This person can be someone with whom the respondents have personal contacts (a friend, priest, member of a social group, relative, or someone in public life whose advice is derived from his/her public statements). (Cosmas and Sheth 1980)
Table 1: Characteristics of Opinion Leaders

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Enjoys life</td>
<td>13.</td>
<td>Not afraid to give an opinion</td>
</tr>
<tr>
<td>2.</td>
<td>Has common sense</td>
<td>14.</td>
<td>Has all around knowledge</td>
</tr>
<tr>
<td>3.</td>
<td>Utilizes you to follow his or her advice</td>
<td>15.</td>
<td>Evaluates you fairly</td>
</tr>
<tr>
<td>4.</td>
<td>Motivates you to follow his or her advice</td>
<td>16.</td>
<td>Is available when you need him or her</td>
</tr>
<tr>
<td>5.</td>
<td>Does not care what social group you associate with</td>
<td>17.</td>
<td>Looks like you</td>
</tr>
<tr>
<td>6.</td>
<td>Belongs to the same social group as you do</td>
<td>18.</td>
<td>Expresses empathy towards others identifies with them</td>
</tr>
<tr>
<td>7.</td>
<td>Can easily evaluate you for what you are</td>
<td>19.</td>
<td>Is wealthy</td>
</tr>
<tr>
<td>8.</td>
<td>Has high degree of professionalism</td>
<td>20.</td>
<td>Is mature</td>
</tr>
<tr>
<td>9.</td>
<td>Has strong opinions on many things</td>
<td>21.</td>
<td>Makes you follow rules; enforces, norms on you</td>
</tr>
<tr>
<td>10.</td>
<td>Is not modest</td>
<td>22.</td>
<td>Quite experienced about life</td>
</tr>
<tr>
<td>11.</td>
<td>Is down to earth, practical or pragmatic not pretentious</td>
<td>23.</td>
<td>Likes to give advice so others will do those things he or she is afraid to do</td>
</tr>
<tr>
<td>12.</td>
<td>Gets jealous of other opinion leaders</td>
<td>24.</td>
<td>Does not stand out in a crowd</td>
</tr>
</tbody>
</table>

(Chaudhry and Irshad 2013)

2.4 Diffusion of Innovations

Rogers (1983) describes how new ideas (innovations) flow among consumers in the market through diffusion. Diffusion is, as he describes it, the process in which innovations is communicated through channels into networks of members in social systems. Rogers argues that the key channel to effectively communicate innovations is through opinion leaders. How the networks are set up and what roles the opinion leaders have, are what decide the chance of a new idea being adopted. Rogers uses a model to illustrate the flow of communication called; “The two-step flow of communication, which was firstly introduced by Lazarsfeld, Berelson and Gaudet (1944).

Figure 1: The Two-Step Flow Communication

Innovations spread from sources of new ideas via media channels to opinion leaders, who are more exposed and have more potential of absorbing information. Through the opinion leaders by way of personal communication-channels to followers, people who tend to be less active when receiving information which is not personalized. The opinion leaders modified the information as well as they facilitated, so it would be more suitable for the followers to apprehend. (Lerud 2007)
3. METHODOLOGY AND DATA

3.1 Goal and Method of the Study

This study examines how much consumers, when they buy innovative products, are influenced by opinion leaders. The main thesis of the study involves such questions as “When buying a newly launched product, are consumers more influenced by marketing activities or by opinion leaders?” and “Are word of mouth marketers influenced by opinion leaders?”, etc. Questionnaires were analyzed using the SPSS software.

In order to measure these questions, a questionnaire study was carried out with users of smart phone, which is accepted as an innovative product (Koç, Yavuz 2011). The questionnaire was carried out in January 2014. Subjects were administered a face to face questionnaire and they were chosen by convenience sampling method. Five Point Likert Scale was used in the study. Twenty two of the questionnaire forms obtained were excluded as they were erroneous or incomplete, and 388 questionnaire forms were taken into consideration. The questionnaire form prepared to be used in the study was administered on a limited audience to test its reliability. Based on the results obtained, the questionnaire form was redesigned and used in the study.

3.2 Hypotheses of the Study

Two basic research questions were set forth when creating the questionnaire form and two hypotheses were set forth based on these study questions. The questions are: (1) What is the relation between word of mouth marketing and suggestion received from opinion leaders? and (2) Are word of mouth marketers influenced more by opinion leaders or by the marketing activities performed by businesses? Answers given to these questions will reveal how much smart phone (accepted as an innovative product) users are influenced by opinion leaders?

H1: The most important factor for word of mouth marketers when they buy innovative products is the opinions of opinion leaders.

H2: Opinion leaders are more influential than marketing activities in the purchase of innovative products.

3.3 Findings Of The Study And Analysis

First a reliability analysis was carried out on the questionnaire and it was found to be reliable (Cronbach’s Alpha = 0.844).
Table 2: The Regression Table that Shows the Relationship between the Word of Mouth Marketing and Opinion Leaders

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22,643</td>
<td>1</td>
<td>22,643</td>
<td>49,674</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>175,946</td>
<td>386</td>
<td>.456</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>198,589</td>
<td>387</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Influence Of Leader In The Diffusion Of Innovative Products
b. Predictors: (Constant), Word Of Mouth Marketing

The value in the significance column of the ANOVA table shows that the relationship between the independent variable of word of mouth marketing and the dependent variable which refers to the influence of opinion leader is statistically significant in the level of p < 0.01. It is therefore seen statistically that those consumers who, by performing word of mouth marketing, share their opinions with others regarding a product are influenced by opinion leaders.

If the value on that column was above 0.05, we would evaluate that the relationship was insignificant (incidental). To formulate the relationship in the table:

\[ F (1,386) = 49,674; p < 0.01 \]

Table 3. Table Of Coefficients Showing The Relationship Between Opinion Leaders And Word-Of-Mouth Marketing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1,981</td>
<td>.220</td>
<td>9,017</td>
<td>.000</td>
</tr>
<tr>
<td>word of mouth marketing</td>
<td>.418</td>
<td>.059</td>
<td>7,048</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Leader’s Influence In The Diffusion Of Innovative Products

The coefficients table on the other hand shows the regression coefficients used for the regression equation and their significance levels. In our study, the coefficient of the word of mouth marketing variable is 0.418, and the constant value of the equation is 1.981.

When we place these values into the equation of \( Y = bx + a \), we reach the equation of \( Y = 0.418X + 1.981 \). Even this equation reveals how the values to be taken by word of mouth marketing influence the level of being influenced by opinion leaders.
Table 4: Correlation Table That Shows the Intensity of the Relationship between Word of Mouth Marketing and Opinion Leaders

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Word of Mouth Marketing</th>
<th>Leader’s Influence in the Diffusion of Innovative Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>word of mouth marketing</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>388</td>
</tr>
<tr>
<td>Leader’s influence in the diffusion of innovative products</td>
<td>Pearson Correlation</td>
<td>,338 **</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>388</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation results obtained show that word of mouth marketers are influenced by opinion leaders by a rate of 0.338. This value shows that there is an average and positive relationship between word of mouth marketing and the influence of leader.

Table 5: Regression Table which Compares the Influence of Marketing Activities and the Influence of an Opinion Leader on Those Who Carry out Word of Mouth Marketing

<table>
<thead>
<tr>
<th>ANOVA a</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Sum of Squares</td>
<td>df</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Regression</td>
<td>23,063</td>
<td>1</td>
</tr>
<tr>
<td>Residual</td>
<td>302,752</td>
<td>386</td>
</tr>
<tr>
<td>Total</td>
<td>325,815</td>
<td>387</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Statements That Opinion Leaders Are More Influential Than Marketing Activities
b. Predictors: (Constant), word of mouth marketing

Purpose of this regression analysis is to reveal whether word of mouth marketers are influenced more by marketing activities or by opinion leaders. As those who talk about products carry out more exchange of ideas and are more outwardly, the regression analysis aimed to test whether they are more influenced by opinion leaders than by marketing activities.

The value in the significance column of the ANOVA table shows that the relationship between the independent variable of word of mouth marketing and the dependent variable of being influenced more by opinion leaders than by marketing activities is statistically significant in the level of p < 0.01. It is therefore seen statistically that those who carry out more exchange of opinions with other people around them are influenced more by opinion leaders than by marketing activities.
If the value on that column was above 0.05, we would evaluate that the relationship was insignificant (incidental). To formulate the relationship in the table;
\[ F(1,387) = 29.063; p < 0.01. \]

### Table 6: Table Of Coefficients Showing The Relationship Between The Influence Of Opinion Leaders And The Influence Of Marketing Efforts

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>1.638</td>
<td>0.288</td>
<td>5.687</td>
<td>0.000</td>
</tr>
<tr>
<td>word of mouth marketing</td>
<td>0.422</td>
<td>0.078</td>
<td>5.423</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Statements That Opinion Leaders Are More Influential Than Marketing Activities

The coefficients table on the other hand shows the regression coefficients used for the regression equation and their significance levels. In our study, the coefficient of the word of mouth marketing variable is 0.422, and the constant value of the equation is 1.638. When we place these values into the equation of \( Y = bX + a \), we reach the equation of \( Y = 0.422X + 1.638 \). Even this equation reveals how the values to be taken by word of mouth marketing influence the level of being influenced by opinion leaders.

### Table 7: The Correlation Table which Compares the Influence of Marketing Activities and the Influence of an Opinion Leader on Those Who Carry out Word of Mouth Marketing

<table>
<thead>
<tr>
<th></th>
<th>Word of Mouth Marketing</th>
<th>Statements that Opinion Leaders are More Influential than Marketing Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>word of mouth marketing</td>
<td>Pearson Correlation 1.266**</td>
<td>1.000</td>
</tr>
<tr>
<td>statements that opinion leaders are more influential than marketing activities</td>
<td>Pearson Correlation 0.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).

According to the correlation table in Table 9, word of mouth marketers are influenced 0.266 times more by opinion leaders than by marketing activities. This shows that there is a slightly positive correlation between the two variables.
4. RESULTS AND IMPLICATIONS

4.1 Research Hypotheses and Results

As a statistical measurement method, regression analysis was used to test all the hypotheses. And correlation analysis was utilized to measure the correlative intensity. The behavioral questions previously stated in Tables 2, 3 and 4 were classified into the above mentioned categories, and then they were averaged and reduced to a single variable. The reduced variables were taken as independent variables in the regression analysis. The regression analysis which was carried out in order to measure whether word of mouth marketing is influenced by opinion leadership produced a statistically significant result (F: 49,674 and P: 0,000).

Thus the resulting regression model is:

\[ Y = 0.418X + 1.981 \]

In this case, the hypothesis H1 is accepted. That is, the most important factor for word of mouth marketers when they purchase innovative products is the thoughts of opinion leaders. There is a positive and intermediate level of correlation in the rate of 0.338.

Based on the regression analysis which shows that word of mouth marketing consumers are influenced more by opinion leaders than by marketing activities, we obtain the following data.

(F: 29,404 and P: 0,000) Based on the results, word of mouth marketers attach more importance to the thoughts of opinion leaders than to the marketing efforts.

The regression model is:

\[ Y = 0.422X + 1.638 \]

In this case, the hypothesis H2 is accepted. That is, opinion leaders are more influential than marketing activities in the purchase of innovative products. There is a slightly positive correlation between them in the rate of 0.266.

4.2 Results and Suggestions

Innovation as one of the most important factors of marketing causes many new and different products to be launched. Introduction of new products results in the creation of a resistance in those consumers who do not want to change their old habits. Familiar values and habits have been under the pressure of innovative products. In this case, consumers are forced to change their habits and adapt to the new. As the new generation is born into a world which is already in the process of a continuous change, they feel this pressure less. It is important for each consumer, however, to abandon a previously used product and buy a new product and behave optimally in taking this decision.

Referring to the thoughts of an opinion leader when buying an innovative product decreases the tension that forms in the consumer and makes it easier to take correct steps. In a sense, buying decisions are influenced by the presence of a person who has tried a product and whose knowledge is trusted. Revealing and measuring this influence forms the main axis of the study.
Table 2 reveals that word of mouth marketers who share their thoughts with others are influenced by opinion leaders and that there is a statistically significant relationship between those. It is also seen that word of mouth marketers are influenced more by opinion leaders than by marketing efforts (table 4).

Consequently, when an innovative product is launched, businesses should look to marketing but, at the same time, manage to involve opinion leaders in this process. When buying products, modern consumers do not disregard those highly knowledgeable and credible persons who have tried a product and specialized in that subject matter.

Facilitation of information sharing will guaranty success for a management philosophy which cares for customers and prioritizes their desires. Situated in the middle of this accelerating flow of information, opinion leaders’ importance steadily increases by each passing day.

5. CONCLUSION

Importance of the concept of an opinion leader has increased with the spreading of word-of-mouth marketing. Dialogues among consumers have become easier and interaction has increased thanks to the improvement of communication channels. The significance of this can especially be felt in the diffusion of innovative products. In order to adapt to a new product, when such a product is launched, consumers consult those whose opinions they value. This decreases the resistance against innovation. The current study shows that the rate by which people consult opinion leaders when buying an innovative product is about 80 percent. This provides an evidence for the opinion leader influence as explained in the literature section. Another finding of the study is that word-of-mouth marketers are more influenced by opinion leaders. The higher the activity of word-of-mouth marketing people carry out, the more they are influenced by opinion leaders.

Competition accompanies the introduction of new products. With the aim of becoming more prominent than their competitors, businesses have to strengthen their marketing communication. Marketing communication may be carried out by relational communication as well as by means of mass communication. Those businesses which individually communicate with their consumers are always one jump ahead of others. Our study shows that those businesses which, having being influenced by opinion leaders, can carry out word-of-mouth marketing are more successful although advertisement activities also make a significant influence on consumers’ preferences. The influence of advertisements, thus, is less than that of opinion leaders.

It is understood, consequently, that opinion leaders are very influential in the preference for innovative products. When making a preference, consumers exchange views with those in whose opinions they trust and share their thoughts with their contacts. The basic condition for businesses in order for them to be successful and gain a competitive edge is to extend positive messages which can influence this one-to-one communication and create suitable products. Success appears to be impossible for those businesses which, in this age of global competition, do not influence their customers and make an impression.
REFERENCES


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