Virtual Communities As Reference Groups on Consumer Decision Process

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Virtual Communities as Reference Groups on Consumer Decision Process

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EXTENDED ABSTRACT

The preferences of individuals are often shaped by the groups to which they belong, by their desire for social acceptance (Solomon 2002), and by their beliefs and values—depending on the cultural context in which they are inserted. The tendency to investigate consumers as individuals free from influences leads to incomplete understanding of the mechanisms that guide their consumption activities. The influence of groups with which consumers identify and relate is one of the most important forms of persuasion ever studied by marketing.

Consumer behavior literature (e.g. Bearden and Etzel 1982, Venkatesan 1966) identifies two main forms of personal influence: reference groups and opinion leaders. Reference groups are able to expose individuals to a new lifestyle, influence their self-image and attitudes, besides making social pressures that can affect their choices concerning brands and products. Family, professional groups, community organizations, and friends are considered to be the main reference groups.

In this study, we highlight the importance of including social and cultural aspects in consumer behavior research. Considering the development and dissemination of the Internet, a technology that brings extremely different people in terms of location and characteristics closer, it is likely that reference groups for consumers connected to the world wide web are not the same from almost fifty years ago.

As a recent, though expressive, form of human grouping, online communities are a rich and abundant source of information on the different meanings and symbolic aspects involved in consumer decision processes. There are several definitions and types of online communities. However, researchers in different areas are unanimous in affirming that online communities can be conceptualized as social aggregations that are formed in the Internet when a certain number of people lead “public discussions with sufficient human feeling to form webs of personal relationships in cyberspace” (Rheingold 1993).

The nature of the relationships in online communities has a great variation. Participants might be exchanging technical information or advice, making comments about other participants, receiving or providing moral support, sharing feelings or secrets, even doing business or falling in love. Anyway, they “do just about everything people do in real life, but leaving their bodies behind” (Rheingold 1993).

This research aims at investigating online communities to verify their role as reference groups at different stages of the decision processes. It also aims at verifying possible differences concerning the extent of the group influence on novice and expert consumers (Tinson and Ensor 2001) and on higher involvement products/services (De Valck et al, 2003).

There are several qualitative methods that can help to obtain strategically important information on online communities (e.g. in-depth interviews and focal groups). Among them, Dholakia and Zhang (2004) point out netnography, developed by Kozinets (1998) as a qualitative research methodology that adapts ethnographic research techniques to study computer-mediated communities and cultures, providing marketers a way to access natural occurring behaviors “such as searches for information by and communal word of mouth between consumers” (Kozinets 2002).

Netnography is faster and less expensive than the traditional ethnography, besides being more naturalist and less intrusive than focal groups and in-depth interviews. Nevertheless, it presupposes the participation of the researcher in the group to be investigated and their acknowledgment as a cultural member of the community (Kozinets 1998).

The method also offers a close relationship to informants, since it makes possible the continuous access to community before, during, and after the research process (Kozinets 1998). Some limitations of netnography are due to its focus being restricted to online communities, the need for researcher interpretive skill, and the lack of reliable data to identify informants, which leads to difficulty of generalizing results. It must also be taken into consideration the fact that computer-mediated communication is essentially text-based, lacking the support of observational data, modifying the form by which the information is analyzed and processed by the researcher and also by the community members (Kozinets 1998, 2002).

This research follows a four-stage sequence: (1) determining the virtual community to be investigated through lurking; (2) Entrée—comprehending the presentation of the research to community members, obtaining consent for using posts, and the incorporation of the
The Influence of Satisfaction and Switching Costs upon Customer Loyalty
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EXTENDED ABSTRACT

Given universal requirements of profit and growth in organizations, business executives and academia alike have been engaged in the task of understanding the role of customer management as an organizational asset. It follows that every customer may have their individual value maximized in relation to their business potential to a particular organization. In this perspective, both customer acquisition and customer retention acquire strategic relevance.

If, on the one hand, organizations may view customer retention as directly related to increased profits, customers, on the other hand, may patronize and feel loyal to a given organization. Customer loyalty has been investigated by a number of researchers in academia, assuming a direct relationship between customer loyalty and customer retention by organizations (e.g., Dick and Basu 1994; Reichheld 1996; Oliver 1999). Various research results have shown that customer satisfaction is an antecedent of customer loyalty (e.g., in Fornell et al. 1996; also, Szymanski and Henard 2001): satisfied customers do return to do business with the organization and, therefore, remain loyal and are retained by the organization.

Somewhat in line with empirical observations of customer-organization relationships is the perception that satisfaction is an important factor in loyalty building, since the greater the satisfaction, the greater the loyalty. However, inconsistencies do arise, so that dissatisfied customers do not always cease to be loyal to the organization. Why does dissatisfaction not lead to the end of the customer-organization relationship?

The explanation may lie in the switching costs—the costs (including efforts and losses) that customers associate with migrating from one supplier to another (Burnham, Frels and Mahajan 2003). These associated efforts and losses may act to prevent customers from changing suppliers, thus resulting in customers remaining loyal to the organization even when dissatisfied.

The present study was developed towards reaching a deeper understanding of this matter—since not only does satisfaction lead to customer loyalty and retention, but also switching costs appear to be relevant in maintaining customer loyalty. This research was conducted in the mobile telephone market sector, in a specific organization providing these services, and having as its point of departure, in respect to the relationships between satisfaction, switching costs and loyalty, the original study by Burnham, Frels and Mahajan (2003). The present study has, however, extended their investigation with the specific objective of attempting to understand the extent to which switching costs and satisfaction influence customer loyalty when measured in a scale of dynamic components, while seeking to include the components of loyalty stages proposed by Oliver (1999). Thus, whilst adding a new field of inquiry—the mobile cellular phone market sector—and a new context—the Brazilian market—to the study by Burnham, Frels e Mahajan (2003), there arises the wider question the present study has sought to address: What is the influence of satisfaction and switching costs in customer loyalty?

To that objective, a total of 12 in-depth interviews were conducted, the analyses of which have provided the basis for the development of hypotheses and construction of the theoretical model. That was followed by a survey-type research utilizing a five-point Likert scale collection tool with dual-stage development, and comprising 47 items (satisfaction—four items; switching costs—29 items; loyalty—14 items). Telephone data collection resulted in a final sample totaling 493 cases, and comprising individual end-consumers, with post-paid-type subscription.

Structural Equation Modeling (SEM) was utilized in order to analyze the hypothesized relationships following the procedures recommended by Hair, Jr. et al. (1998) and the approach by Anderson and Gerbing (1988). The constructs were submitted to a Confirmatory Factor Analysis (CFA) in order to evaluate convergent and discriminant validity, while measuring model uni-dimensionality.

In order to evaluate whether the duration of customer experience and switching experience had impact on the relationships between the model constructs, a SEM multi-group analysis was conducted. It resulted that the covariant switching experience impacted the customers’ responses to process-related costs and relationship-related costs. Customers who had already switched providers were able...