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## **Reference groups as a source of consumer uncertainty**

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Name: Twan de Leijer

ANR: s464280

Supervisor: 

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Drs. Jaione Yabar

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## **Abstract**

In current marketing literature about reference groups, scholars researched how reference groups can reduce uncertainty. This paper investigates how different types of reference groups can create uncertainty. The authors suggested that if the individual's opinion conflicts with the reference group's opinion, uncertainty can be created. Furthermore, the moderating effect of perceived expertise was investigated. That is, the difference between the consumer's perceived expertise and the perceived expertise of the reference group. A literature review was conducted, using established theory about reference groups, uncertainty and perceived expertise from different fields of research. Results show that reference groups overall reduce uncertainty, except for informational reference groups, which can also enhance uncertainty. Furthermore, perceived expertise was found to moderate the effect between reference groups and uncertainty. Differences in perceived expertise reduce uncertainty, while equal perceived expertise enhances uncertainty. Implications and suggestions for future research are discussed.

# 1. Introduction

Reference groups are an interesting and popular topic in the marketing research domain, since they can influence consumer's product choice (Bearden and Etzel 1982). "Reference groups are (...) social groups that are important to a consumer and against which he or she compares himself or herself" (Escalas and Bettman 2003). Scholars have identified different types of reference groups in the past, which all have a different effect on consumer's.

In current literature about reference groups, uncertainty is often incorporated. A possible way for consumer to reduce uncertainty is to search for information (Urbany, Dickson, and Wilkie 1989). An important information source for uncertain consumers are reference groups (Bearden and Etzel 1982). Consumers that face product/brand uncertainty can for example check which brand the reference group uses to make up their own purchase decision. In this case, information retrieval from reference groups is preceded by uncertainty, which means that the consumer is aware of it's uncertainty towards a specific purchase and consequently searches for information in reference groups.

However, uncertainty can also be caused by reference groups. Reference groups have been shown to play a significant role on consumer decisions, regardless of the level of product and brand uncertainty (Bearden and Etzel 1982). Individuals use information from reference groups in their decision making process. We argue that the reference group's opinion about a brand or product within a specific category may not always be in line with the individual's initial opinion. If the individual's opinion about the product/brand contradicts with the reference group's opinion an interesting situation arises. Will the consumer value his/her opinion and the opinion of the reference group equally and therefore strengthen the feeling of uncertainty because of contradicting information? Or will the consumer value one opinion higher than the other, thus diminishing one opinion, and therefore reduce uncertainty?

We hypothesize that whether or not the individual will value his/her own opinion higher than the reference group's opinion will depend on the consumer's perceived expertise about the brand/product in question compared to the reference group's perceived expertise. If the individual would perceive himself as more knowledgeable than the reference group, the individual would value his opinion higher. And thus neglect the reference group opinion, which leads to one 'winning' opinion and thus less uncertainty. Therefore we investigate whether or not perceived expertise moderates the effect of reference groups on uncertainty.

To illustrate this hypothesis an example is presented. Imagine an individual who wants to buy his first laptop computer. He will probably look at a reference group which already uses laptop computers and therefore has higher perceived expertise about laptop computers than the consumer in question. If the individual has a different opinion about the brand/product than the reference group, the opinion of the reference group will probably be more important than his own opinion because of the higher expertise of the reference group. This will reduce the uncertainty towards the purchase. While, if conflicting opinions occur and the consumer, as well as the reference group, both have equally expertise, it is still not clear which opinion is the better one, thus creating or strengthening uncertainty.

The remainder of this chapter will present the problem definition, which consists of the problem statement, the research questions and the conceptual framework. Furthermore, the academic and managerial relevance is discussed and the structure of the paper is shortly explained.

## **1.1. Problem definition**

In current literature reference groups are broadly documented as sources of information for consumers on which they base purchase decisions. In that case, consumers use reference groups to reduce uncertainty. However, reference groups as a source of uncertainty has not been documented yet.

This paper provides a first step in understanding how and under what conditions reference groups can evoke uncertainty and what role perceived expertise plays in this process.

### **1.1.1. Problem statement**

The problem statement of this paper is as follows:

*What is the effect of the consumer's conflicting opinion with the reference group's opinion on uncertainty?*

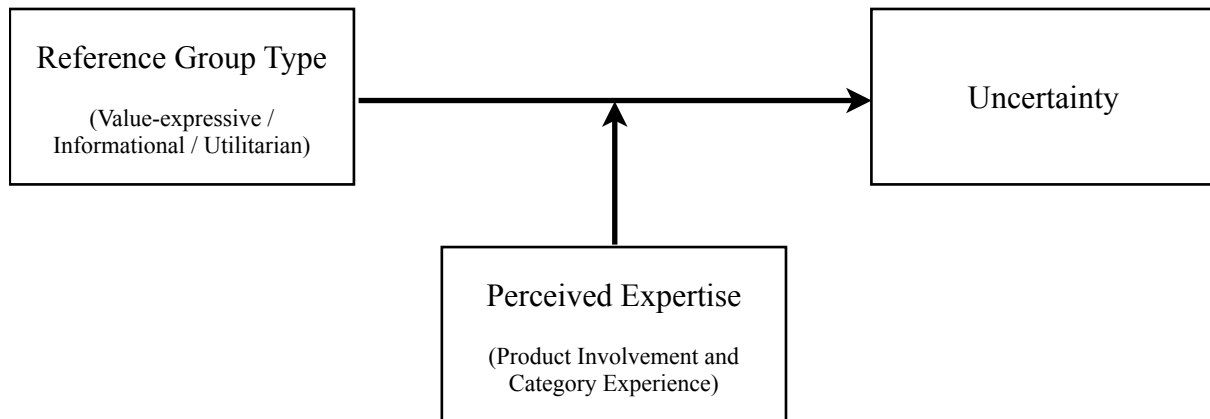
### **1.1.2. Research questions**

To provide a clear answer to the problem statement, the following research questions are investigated in this paper.

1. Does a conflicting opinion with a reference group lead to uncertainty?
2. Do different types of referent groups have different effects on uncertainty?
3. How does the difference in perceived expertise (between the reference group and the individual) moderate the effect of reference groups on uncertainty?

### 1.1.3. Conceptual model

The problem statement is conceptualized in the model underneath.



## 1.2. Relevance

Both reference groups and uncertainty are broadly documented topics in marketing-, consumer behavior- and psychology literature. Scholars that have combined the two in their studies try to investigate whether or not uncertain consumers turn to reference groups in their search for more information (e.g. Bearden and Etzel 1982; Burnkrant and Cousineau 1975; Park and Lessig 1977; Urbany et al. 1989). However, consumers not only look at reference groups when they feel uncertain, consumers constantly look at reference groups, so these reference groups might also elicit uncertainty in this process. This paper contributes to theory by investigating this possible relationship and tries to identify factors that cause this relationship.

This paper provides new insights in the effect of reference groups on uncertainty by combining current literature from different fields of research. Since this paper is a literature review, the conclusions can not be supported by empirical data. Therefore this paper contributes to theory by recommending future research that can empirically test the conclusions presented in this paper.

This research also provides valuable new insights for brand managers or other marketing practitioners. Our findings might help marketing practitioners to better understand the effect of reference groups on uncertainty and how they can use reference groups in their marketing activities. Moreover, marketing practitioners can use the results of this study to predict whether or not uncertainty due to reference groups might occur and use the results of this study to implement strategies that use reference groups to reduce uncertainty.

### **1.3. Structure**

In the second chapter of this paper reference groups and uncertainty will be further defined. Additionally the effect of reference groups on uncertainty will be presented. The third chapter of this paper will discuss the moderating role of perceived expertise. Finally, in chapter four, the conclusion is presented and the outcomes are discussed. Also directions for future research will be given in this final chapter.

## 2. Reference groups' effect on uncertainty

This chapter will first provide a clear definition of the variables reference groups and uncertainty. Second this chapter presents the effects of the different types of reference groups on uncertainty.

### 2.1. Reference groups

“Reference groups are (...) social groups that are important to a consumer and against which he or she compares himself or herself” (Escalas and Bettman 2003). In the literature, different types of referent groups are presented. In the preliminary stage of research in reference groups two types of reference groups were distinguished, namely comparative and normative reference groups (Deutsch and Gerard 1955). Normative reference groups are reference groups that determine the values of the individual by education and upbringing. The individual is always member of this type of reference group. Comparative reference groups are reference groups that the individual uses to compare himself with. Comparative reference groups can be heroes for example. Deutsch and Gerard (1955) argue that the individual has no contact with this reference group. However, the present study argues that it is possible to have contact with a comparative reference group. Take for example a marketing employee of a company. He might see the marketing manager of that company as an example and compare his/her work with that of the marketing manager. The employee does have contact with the marketing manager in this case, thus he is in contact with the comparative reference group.

More recent research from the field of marketing confirms the existence of two types of reference groups based on being or not being member of the group (Escalas and Bettman 2003). The group of which the individual is member is called the member group, while the group where the individual is not a member of is called the aspiration group. Both groups influence the behavior of the individual, though in a different way. The behavior that the individual displays towards member groups Escalas and Bettman call self-verification, which is the behavior that the individual displays to prove to himself that he is still member of the group. The behavior towards the aspiration group is called self-enhancement, which is the behavior that is congruent with the reference group's behavior. In this case the individual is constantly looking for positive feedback about his behavior that can confirm his membership of the group.



In a paper regarding product and brand choice and the use of reference groups by Bearden and Etzel (1982) three types of reference groups were identified to influence the product or brand choice, namely value-expressive, informational and utilitarian reference groups. Value-expressive reference group influence is characterized by an individual displaying behavior that will improve his self-image or create the impression of attachment to the group (Kelman 1961). Informational reference group influence occurs when a person solicits information from people perceived as knowledgeable or observes the behavior of acknowledged experts. Utilitarian reference group influence is reflected in compliance to group norms or standards to gain rewards or avoid punishments that may be forthcoming from the group (Asch 1952).

In this paper the distinction between Bearden and Etzel's (1982) three reference groups is used because this distinction better explains consumer reactions to reference groups than the distinction between being or not being a member of a group.

The processing of reference group information means that individuals observe reference groups and store cognitive information about them. At the time of a purchase this information is retrieved and used to make a purchase decision. In this stage, the information retrieved from memory about reference groups can influence uncertainty. It is this stage where the focus of this paper lies. The next paragraph will further define the construct uncertainty that is used in this study.

## **2.2. Uncertainty**

This paper investigates product/brand uncertainty. Product/brand uncertainty means that a consumer does not know which product/brand to choose within a certain category. When consumers buy products, they have to make decisions. Uncertainty is major obstacle to effective decision-making (Lipshitz and Strauss 1997). Lipshitz and Strauss argue that this uncertainty is caused by having incomplete information about the product. Incomplete information about a product can be caused by low prior knowledge about the product, unfamiliarity with the product, and product category inexperience (Urbany et al. 1989). Urbany and his colleagues (1989) identified two dimensions of uncertainty, namely knowledge uncertainty and choice uncertainty. Knowledge uncertainty refers to the uncertainty that arises when a consumer does not have enough knowledge about the alternatives within the category. Choice uncertainty refers to the uncertainty that arises when a consumer does not know which alternative to choose.

Two other dimensions of uncertainty that have been identified by scholars are quality- and price uncertainty (Mehta, Rajiv, and Srinivasan 2003). Quality uncertainty arises when consumers can not observe the difference in quality between alternatives. When consumers do not know what price is right for a product, there is price uncertainty. Price uncertainty is especially present in markets with high price competition (price promotions, discounts).

In this paper we are interested in uncertainty that is created by reference groups. We argue that uncertainty can be created by reference groups when the individual's opinion contradicts with the reference group's opinion. The idea that contradicting opinions can lead to uncertainty is not new. Johnson and Johnson (1979) did research in the field of education and found that contradicting opinions can lead to feelings of uncertainty. It is this uncertainty that we are interested in.

### **2.3. Reference group's influence on uncertainty**

We suggest that reference groups can cause uncertainty when the opinion of the reference group differs from the individual's opinion. This effect of reference groups on uncertainty is a new viewpoint in marketing literature. However, multiple studies already provide some evidence that uncertainty can be created by reference groups. Allen (1965) for example investigated group decision making. Allen found that, in a choice situation, there is more ambiguity if individuals have different opinions. In a purchase situation this would mean that if the reference group has a different opinion than the individual, there is more uncertainty.

Another study, by Burnkrant and Cousineau (1975), found that in a shopping situation the unanimous opinion of other shoppers forms a norm that positively influences the evaluation of the product in question. This suggests that if opinions are not unanimous, that this influences the evaluation less positive or even negative, which might induce uncertainty. Kelley (1967) found a similar effect of evaluations that are in agreement.

These studies show, though not directly, that uncertainty can be provoked by reference groups. However, these studies do not take different types of reference groups into account. The remainder of this paragraph provides insight in how different types of referent groups influence uncertainty and is therefore divided into three parts. Each part describes the effect of the type of reference group in question on uncertainty.

### **2.3.1. Value-expressive reference groups**

Value-expressive reference group influence is reflected in the need for psychological affiliation with the group (Childers and Rao 1992) and is expressed by an individual displaying behavior that will improve his self-image or create the impression of attachment to the group (Kelman 1961). In a marketing context this means that the individual buys certain products/brands to improve his self-image and create a sense of belonging to a certain group (Bearden and Etzel 1982). Bearden and Etzel define two possible ways of 'belonging'. First, a person can attempt to be like the reference group. And second, a person can sense a feeling of attachment or liking of the group. This means that the individual is responsive to the reference group out of a feeling for it, not because of a desire to be associated with it.

As previously mentioned scholars have shown, consumers buy products to improve their self-image in attempt to belong to a group. If people want to belong to a certain group, they have to know what brand(s) this group uses, and thus there should be an opportunity for social interaction or public scrutiny behavior, so that the individual can retrieve this information from the group (Bearden and Etzel 1982). It is in this information retrieval from reference groups that uncertainty can be created or reduced.

Research in conformity found that public conformity will be accompanied by private acceptance if the individual desires to gain acceptance as a member of the group (Allen 1965; Festinger 1953). Thus, if an individual wishes to belong to a group (which is the case for value-expressive reference groups) the individual accepts the groups norms (or brands that they use) and conforms (buy the brand). Because the individual wants to belong to a group, he accepts the group norm and therefor buys the same brand as the reference group. Thus, the reference group decreases uncertainty (if there even was any), because the individual is willing to conform to the group norm.

### **2.3.2. Informational reference groups**

Informational reference group influence occurs when a person solicits information from people perceived as knowledgeable or observes the behavior of acknowledged experts (Bearden and Etzel 1982; Childers and Rao 1992). In this case, the consumer is looking for more information about a product/brand before actually buying the product. Conventional marketing literature about this form of information gathering focused on how this information can reduce uncertainty. But a number of papers suggest that the opposite can occur as well.

Burnkrant and Cousineau (1975) state that people use other consumers' product evaluations as an information source about a brand/product. If others evaluate the product favorably, the individual perceives the product more favorable than without this observation. As indicated in the introduction of paragraph 2.3, these evaluations reduce uncertainty if they are unanimous. Which suggests that if these evaluations are not unanimous the opposite may happen, which increases uncertainty. If a consumer goes shopping for a product and hears different inconsistent evaluations about a product, he is likely to become more uncertain because the consumer does not know what to believe about the product.

Not only does the congruence in others' evaluations play a role, also the individuals initial opinion about the product plays a role. To illustrate this, an example is provided. Imagine a customer who wants to buy a digital camera. After some information search on several manufacturers' websites he prefers brand A. However, he is still not convinced that this is the right choice and wants confirmation. To take away his final uncertainty he visits an online forum with consumer evaluations about his preferred camera. These evaluations are not very positive. This might cause his uncertainty towards the product to increase. In this example, the individual's opinion and the reference group's opinion were not congruent, which increased the uncertainty towards the product.

As Burnkrant and Cousineau (1975) indicate in their study, an informational influence would only be accepted if it supports or adds to what the individual already believes. In this case, that would mean that the informational influence does not support the individuals opinion, but it does add new information for the individual. Thus, the information is accepted, but it does not solve the problem and it might increase uncertainty towards the product since there is now more incongruent information to be processed.

Deutsch and Gerard (1955) suggest that individuals conform as a result from informational influence if the information received from others is perceived as evidence about reality. In case of conflicting opinions, consumers would have to let go of their own opinion if they are to perceive the information as evidence about reality (more information about that can be found in chapter 3). However, if people hold on to their own opinion, the information is perceived as a counterargument, which can increase uncertainty towards the product, because of ambiguous information.

Finally, several studies showed that informational influence from reference groups can provide strong shifts in preference towards products (Burnstein and Santis 1981; Kaplan and

Miller 1983). The salience of the preference is irrelevant, whether the preference becomes more positive or more negative, the consumer is less uncertain towards the product.

### **2.3.3. Utilitarian reference groups**

Utilitarian reference group influence is reflected in compliance to group norms or standards to gain rewards or avoid punishments that may be forthcoming from the group (Asch 1952; Childers and Rao 1992). From this definition we can conclude that the individual is a member of the group and in order to stay a member of the group one has to comply to the norms of the group.

A good example to illustrate utilitarian group influence are families. Within a family certain norms are set. These norms can also be applied to brand/product usage. It is not unusual that family members have the same bank, support the same sport club or buy the same brand washing machine.

Families have been subject of research about utilitarian influence. As research indicates, the influence of family members on the individuals' consumption is high (Childers and Rao 1992). Childers and Rao made a distinction between nuclear en extended families in their research and found that utilitarian influence is higher in extended families.

Within the utilitarian reference group, the group leader (which is amongst which defined by expertise) has most social power over it's members (Stafford 1986). Social power is the ability to change others opinions. Thus, if a group leader can change others opinions, he can influence uncertainty. If uncertainty arises due to a conflict of opinions, than the group leader can use his social power to change the opinion of the individual. This would result in lower uncertainty.

Utilitarian reference groups define certain norms for the individual. We suggest that these norms can reduce uncertainty, because they can serve as guidance for the individual to base his choice on. Moreover, the principle of utilitarian influence is that the individual behaves in a way to avoid punishment, which decreases uncertainty. We suggest that an individual feels uncertain when he does not comply to group norms because he can then receive punishment. Conforming to the group norm means avoiding punishment and therefor reducing the uncertainty.

### 3. Perceived expertise

In this paper, by perceived expertise we refer to product involvement and category experience.

Involvement is a person's perceived relevance of the object based on inherent needs, values, and interests (Zaichkowsky 1985). If a consumer is for example very interested in laptop computers, than he will probably follow the news about these products better and therefore has more expertise regarding laptop computers. Research in involvement identified two dimensions of involvement; situational- and enduring involvement (Richins and Bloch 1986). Situational involvement is the temporary involvement that occurs when a consumer is in need of a certain product and is interested in that product category until he buys the product. This type of involvement is mostly driven by temporary needs. Enduring involvement on the other hand is mostly driven by everyday interests and is therefore not temporary. An example might be a musician who is interested in the latest technologies to record music. The focus in this paper is on enduring involvement, since this type of involvement is not temporary and does not only occur when a consumer is in need of a product.

Category experience is determined by the number of purchases a consumer made in a certain product category and the intensity of the usage of the product. Imagine a consumer who already bought several laptop computers and used these on daily basis. This consumer is very experienced with laptop computers and therefore has more expertise in this product category. One of the reasons why people are more experienced in a category after purchasing a product from that category is because people automatically process self-relevant information (Bargh 1984). This means that if a consumer bought a digital camera, he will then automatically be more sensitive for information about digital cameras.

With perceived expertise we mean how the individual perceives his own expertise. Thus, this is a subjective measure. As research has shown, higher perceived expertise leads to higher self-confidence, even though there is no objective justification for it (Allen 1965; Trafimow and Sniezek 1994). We are interested in the consumers subjective perceived expertise, because this determines whether or not he will value his own opinion better than others' opinions.

### **3.1. The moderating effect of perceived expertise**

This paragraph will discuss how perceived expertise moderates the effect of reference groups on uncertainty. As discussed in the previous chapter, reference group's influence on uncertainty is caused by the difference in opinions between the reference group and the individual. In this case, the individual will have to value both opinions and decide which of the two is the best. Thus, the individual will probably determine who (the reference group or the individual) has the most expertise and therefore that opinion is more credible.

A literature review reveals that if an individual perceives himself as knowledgeable, this increases his/her self-confidence. If a person has high self-confidence he is less dependent on social referents (Hochbaum 1954). Vice-versa, this means that if an individual perceives his expertise as low, his dependence on social referents increases. Not only the perceived expertise of the individual, but also the perceived expertise of the individual relative to the perceived expertise of the reference group determines whether or not the individual will depend on social referents. As Di Vesta (1959) showed, an individual is less susceptible to social influence if he perceives himself as more knowledgeable than the referents. Thus, we can conclude that it is the individual's perceived expertise relative to the referents' perceived expertise that determines whether or not the individual will depend on social referents. If the individual's perceived expertise is low enough for the individual to look at social referents the referents' expertise and trustworthiness determines whether or not the information is perceived as credible (Kelman 1961).

This preceding discussion provides us with two scenarios. Either the individual's perceived expertise is high (and higher than the social referents' perceived expertise) and the individual will depend to a lesser extent on social referents, or the individual's perceived expertise is low and thus the individual depends more on social referents. Another possible scenario would be when the individual's perceived expertise is the same as the referent's perceived expertise. There is no information in the literature about this scenario, but we can make predictions for this scenario. These three scenarios are discussed in more detail in the following paragraphs. Note that the scenarios below all assume that the individual's opinion contradicts with the reference group's opinion.

### **3.1.1. Higher consumer perceived expertise than reference group**

As discussed in the introductory paragraph individuals are less dependent on social referents if they perceive themselves as more knowledgeable than social referents. Not only does this lower the informational influence from social referents, this also lowers the utilitarian social influence. Allen (1965) suggests that this is because higher perceived expertise leads to higher self-esteem. Individuals high in self-esteem are less concerned about reactions of others (Bearden and Rose 1990). Thus, the utilitarian influence is lower, because the individual is not concerned about other's reactions (rewards or punishments) and the informational social influence is lower because individuals perceive themselves as more knowledgeable than referents.

A study by Park and Lessig (1977) about the differences in susceptibility to reference group influence between housewives and students revealed that housewives were less susceptible to reference group influence. An explanation for this difference is the age difference between housewives and students. Park and Lessig argue that age difference is accompanied with differences in experience. If an individual gets older, he gets more experienced and thus less susceptible to reference group influence. Experience is one of the antecedents of perceived expertise, therefore higher perceived expertise leads to lower reference group influence. We suggest that this is the case for informational and utilitarian reference groups. In case of informational reference group influence higher perceived expertise leads the individual to value his opinion higher than the reference group's opinion and therefore less conflict exists between the opinions which reduces uncertainty. In case of utilitarian reference groups, an individual with higher perceived expertise might question the norm set by the reference group, because he feels more knowledgeable about the product/category in question. He thus values his own opinion higher than the reference groups, which decreases uncertainty.

Multiple studies have indicated that the ability to solve a problem is partially determined by knowledge and experience (Holyoak 1984; Sternberg 1986). Not only for familiar problems does prior experience positively influence the solving (Howard and Sheth 1969), also for new problems does prior experience improve the ability to solve the problem (Voss et al. 1983). These referenced studies suggest that in case of a problem an individual with experience can use his own memory to solve the problem, hence decreasing the dependence



on social referents. Thus, these studies also show that higher perceived expertise leads to lower dependence on social referents.

A study about betting found that a person who considers himself knowledgeable is more likely to bet on an uncertain event than a person who does not consider himself knowledgeable (Heath and Tversky 1991). Though this study does not consider a buying situation, it does indicate that an individual with high perceived expertise ignores uncertainty.

We found that higher consumer perceived than reference group expertise moderates the effect of reference groups on uncertainty in case of informational and utilitarian reference group. We did not find evidence that value-expressive reference group's influence on uncertainty is moderated by the difference in perceived expertise. We suggest that this is caused by the individual's will to belong to a group. The individual thereby sets the reference group's product/brand choice as a standard to which he conforms. And thus, the perceived expertise of the reference group is not important for this type of reference group influence on uncertainty.

### **3.1.2. Lower consumer perceived expertise than reference group**

Individuals low on perceived expertise are more dependent on social referents (Hochbaum 1954). Kelman (1961) and McGuire (1969) point out that the type of source which will most readily lead to internalization is the source perceived as being credible. Credible means that the source is perceived as an expert on the topic. Internalization means that the individual accepts the influence because it is perceived as "inherently conducive to the maximization of his values" (Kelman 1961, p. 65).

Park and Lessig (1977) suggest that the information from social referent is most likely to be internalized if the influence is perceived as enhancing the individual's knowledge. Thus, the referent's perceived expertise should be higher than the individual's perceived expertise, in order to be perceived as enhancing. Park and Lessig provide evidence that the informational reference group's influence on uncertainty is moderated by perceived expertise.

Multiple studies (Nakamura 1958; Toboski, Juliano, and Kerr 1956) found that people who are less intelligent, less original, or less adaptable are more likely to conform to reference groups. If people are more likely to conform, they experience less uncertainty, since conforming means that individuals buy products that their social referents advise them to.

Individuals low on perceived expertise might have higher self-doubt. Individuals with higher self-doubt are more likely to conform to reference groups (Campbell and Tesser 1989).

Thus, their uncertainty towards to product decreases, because they conform to the reference group. We suggest that individuals with lower perceived expertise make more use of group norms because it makes decision making easier. Therefor, we suggest that perceived expertise moderates the effect of utilitarian reference groups on uncertainty.

### **3.1.3. Equal consumer perceived expertise to reference group**

There is no literature about this scenario, but in this paragraph the author makes predictions about the moderating effect in this paper's framework.

When the perceived expertise of the individual is equal to the perceived expertise of the reference group, the influence of the reference group may enhance the individuals knowledge. The enhancement lies in the fact that the individual receives information from somebody just as knowledgeable, but with another standpoint. The individual then has more information, but the information is contradicting which leads to ambiguous information.

Because the opinions are contradicting but are both valued equally there is no best opinion. This leads to more information to process for the consumer without a clear conclusion, which can increase uncertainty.

## 4. Conclusion, discussion and recommendations

This chapter provides the answer to the problem statement which was presented in the first chapter, second this chapter discusses the generality of this paper and finally directions for future research are given.

### 4.1. Conclusion

The main problem statement of this paper was: *‘What is the effect of the consumer’s conflicting opinion with the reference group’s opinion on uncertainty?’*

Three types of reference groups were discussed in this paper, namely; value-expressive reference groups, informational reference groups and utilitarian reference groups. Value-expressive reference groups are found to have a negative effect on uncertainty, thus decreasing uncertainty, because of private acceptance (Allen 1965) and the will to belong to the group (Bearden and Etzel 1982). Because of the voluntary will to belong to a group, people justify a product/brand choice and therefor uncertainty is reduced.

The effect of informational reference groups on uncertainty is inconclusive. Informational reference groups can increase uncertainty, but they can decrease uncertainty as well. Increase of uncertainty can occur others’ product evaluations are not unanimous (Burnkrant and Cousineau 1975). Uncertainty decrease can occur because informational influence can create shifts in preference (Burnstein and Santis 1981; Kaplan and Miller 1983) and when others’ product evaluations are unanimous (Burnkrant and Cousineau 1975).

Utilitarian reference groups have a negative effect on uncertainty, thus they decrease uncertainty. The group leader, which is seen as an expert by group member, has high social power, thus he can change individual’s opinions, which leads to lower uncertainty (Stafford 1986). We also suggest that the norm set by the group can serve as a guidance for consumers, thus decreasing uncertainty.

Overall, the effect of reference groups on uncertainty is negative. Reference groups can change people’s opinions or set norms that people can use in product/brand choices. However, in certain situations, informational reference groups can have a positive effect on uncertainty.

This paper also investigated the moderating effect of perceived expertise on the effect between reference groups and uncertainty. People with higher perceived expertise than the reference group don’t use the reference group’s information because of their higher self-confidence (Allen 1965). This indicates that moderation takes place for informational

reference groups, because it decreases the effect of informational reference groups on uncertainty. People with lower perceived expertise than the reference group use the information of credible social referents (Kelman 1961; McGuire 1969). This information is then used to decrease uncertainty. When people's perceived expertise is equal to the social referent's perceived expertise, the effect of reference groups on uncertainty increased due to the ambiguous information.

Utilitarian reference group's influence on uncertainty is also moderated by perceived expertise. In case of higher consumer perceived expertise than the reference group's perceived expertise, the consumer feels more confident (Bearden and Rose 1990) and is therefore less concerned about the reference group's reaction (which could be punishment). This lowers the feeling of uncertainty. When the consumer's perceived expertise is lower than the reference group uncertainty is also reduced, because individuals than use the norm set by the group as guidance for their purchases.

We suggest that the effect of value-expressive reference groups on uncertainty is not moderated by perceived expertise. We argue that the will to belong to a group sets a certain standard for the individual and that expertise has nothing to do with that, since the reference group serves as an example.

When the individuals perceived expertise is equal to the reference group's perceived expertise, the reference group's effect on uncertainty is strengthened. We suggest that this is caused by the contradicting information that is both valued equally and is therefore inconclusive.

We can conclude that perceived expertise moderates the effect of informational and utilitarian reference groups on uncertainty, because levels of uncertainty differ for different levels of perceived expertise.

## **4.2. Discussion and directions for future research**

Although self-image is not in the scope of this paper, research indicates that it has strong effects on the use of reference groups. An individual may hold multiple self-images for itself based on the social context (Markus and Kunda 1986). For example, an individual who is a father and works in an office may have two self-images based on the social context (at home or at the office). Markus and Kunda (1986) introduced the 'malleable' self, which refers to the multiple dimensions of the self-image. These dimensions consist of positive and negative self-

images which determine what the individual will not do or will do respectively. Thus, for every social context an individual holds multiple self-images (negative and positive) and may have a reference group for each of these self-images. Some of these reference groups serve as a good example for the individual, thus providing information to the individual about what to do and other reference groups provide information about what not to do. Given the large number of social contexts an individual may participate in and the number of self-images per context, the number of reference groups an individual uses in every-day-life may be infinite. What is especially interesting is that individuals can use multiple self-images, and thus multiple reference groups, for one specific situation. However, the literature about reference groups does not incorporate this in their research. Current papers about reference group investigate the effect of one reference group at a time, while in a purchase situation multiple reference groups, and probably multiple types of referent groups, can influence the individual. Future research should therefore focus more on the simultaneous influence of multiple reference groups of different kinds.

As also discussed in the previous paragraph, consumers may use reference groups as an example of what they do not want to become themselves, or so-called dissociative reference groups (Stafford 1986). Very little literature is available about this topic, while Stafford found that dissociative influence on individuals is stronger than any other type of reference group. This type of reference group might cause uncertainty, if a dissociative reference group for example uses the same brand as a value-expressive reference group, for instance.

Another point of discussion is that conclusions about the effect of reference groups on uncertainty are solely based on papers that investigated the effect the other way around. Conclusions may not be applicable for an inverse relationship. Therefore more research is needed to empirically test whether reference groups can create uncertainty and under what circumstances.

## 5. References

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