Group Marketing: The Role of Group Relationships in Achieving Marketing Objectives

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The proliferation of groups has sparked "fundamental changes…in the ways people decide on which products and services to consume, and how they actually consume them."
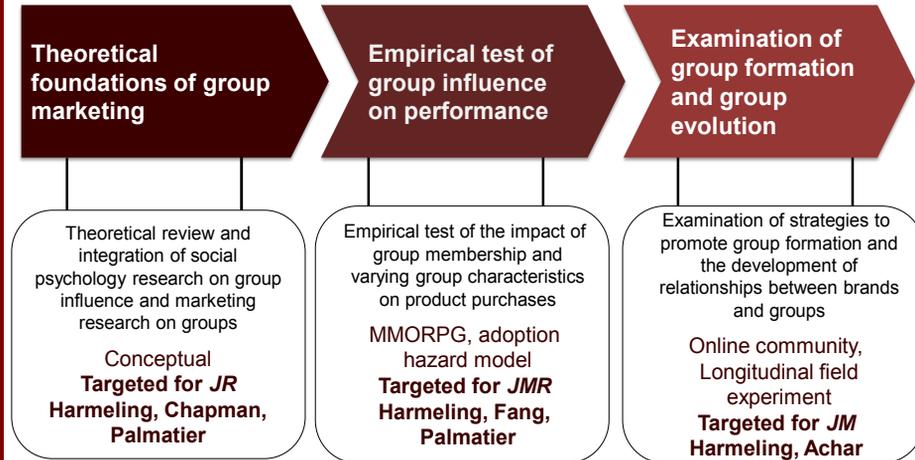
Kozinets 1999, p. 253

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Agenda

Group Marketing: Research Overview

Study 1: Motivation and Role of Groups in Marketing

Study 2: Effect of Group Membership on Performance

Study 3: Managing Group Dynamics

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Group Marketing: Using Conforming and Sanctioning Behaviors to Achieve Marketing Objectives

Theoretical foundations of group marketing

Empirical test of group influence on performance

Examination of group formation and group evolution

Theoretical review and integration of social psychology research on group influence and marketing research on groups

Conceptual
**Targeted for *JR*
Harmeling, Chapman, Palmatier**

Empirical test of the impact of group membership and varying group characteristics on product purchases

MMORPG, adoption hazard model
**Targeted for *JMR*
Harmeling, Fang, Palmatier**

Examination of strategies to promote group formation and the development of relationships between brands and groups

Online community, Longitudinal field experiment
**Targeted for *JM*
Harmeling, Achar**

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Group Marketing: Research Overview

Study 1: Motivation and Role of Groups in Marketing

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Study 3: Managing Group Formation and Evolution

Trends are Making Groups More Critical in Marketing

- **Advances in technology enable more frequent group formation and more active group interaction[1]**
  - Groups are no longer geographically bound (three months after Facebook launched its group function, Google reported 620 million unique groups[2]; Meetup.com enables 21 million individuals to organize into groups across 180 countries)
  - Apps such as WhatsApp and GroupMe create constant interaction and engagement between group members
- **Brands are developing groups and engaging with groups more extensively**
  - REI facilitates group development and management through outdoor classes, company-sponsored excursions and in-store events
  - Budweiser invests in events that build connections between customers and fosters beneficial group evolution

[1]Maffesoli 1995, [2]O'Neill, 2010

Insights from Social Psychology Research on Groups

- **What constitutes a group**
  - Three or more people who interact with one another
  - Are psychologically aware of one another
  - Perceive themselves to be a group
  - Work toward a common goal[3]
- **How do groups influence behavior**
  - People analyze problems differently and use different decision making processes when they are alone than when in groups[4]
  - Groups share consumption tastes, social communication modes, specialized language and concepts[5]
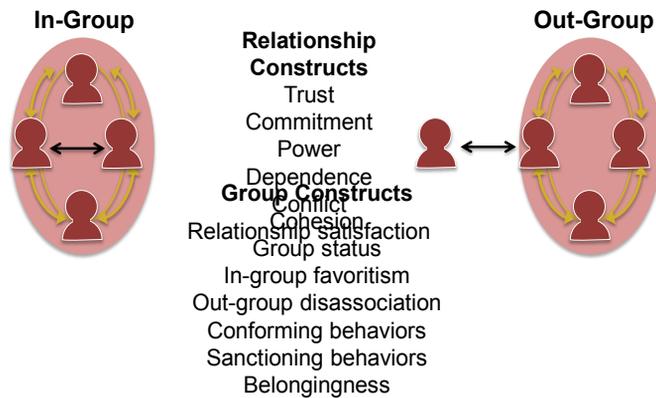 - Members maintain group norms through conforming and sanctioning behaviors

[3]Schein 1984, [4]Crano 2000, [5]Kozinets 1999

There are Constructs and Biases Unique to Groups that are Often Not Captured

- Many people have studied relationships in marketing by focusing on a select group of constructs
- However, there are several constructs that are only relevant to groups (e.g. in-group/out-group) that are typically omitted from marketing research

In-Group

Out-Group

Relationship Constructs
Trust
Commitment
Power
Dependence

Group Constructs
Conflict
Cohesion
Relationship satisfaction
Group status
In-group favoritism
Out-group disassociation
Conforming behaviors
Sanctioning behaviors
Belongingness

Agenda

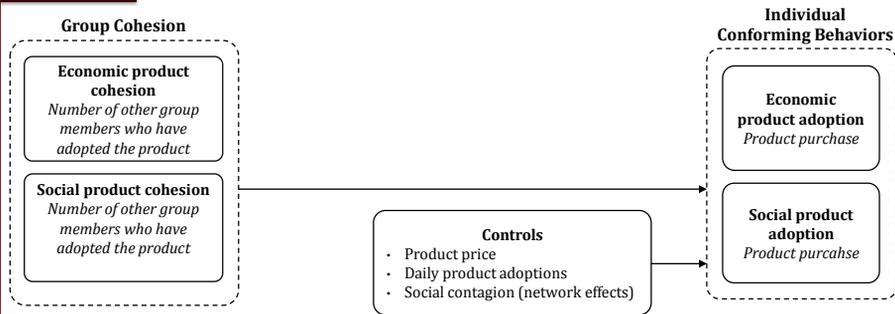Group Marketing: Research Overview

Study 1: Motivation and Role of Groups in Marketing

Study 2: Effect of Group Membership on Performance

Study 3: Managing Group Dynamics

Effect of Group Membership on Product Purchases

Group Cohesion

Individual Conforming Behaviors

Economic product cohesion
Number of other group members who have adopted the product

Social product cohesion
Number of other group members who have adopted the product

Controls
- Product price
- Daily product adoptions
- Social contagion (network effects)

Economic product adoption
Product purchase

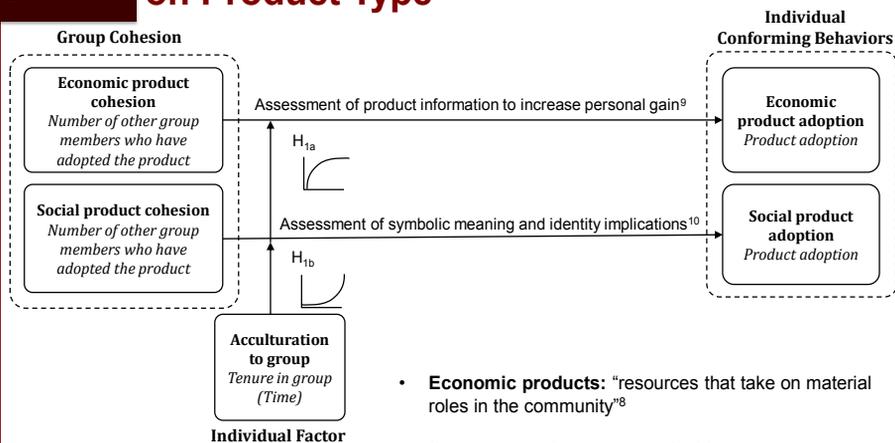**Social product adoption**
Product purcahse

- **Group cohesion:** attraction between group members and the idea of group itself[6]
  - Defines and solidifies the identity of the group
  - Increases shared stories/memories and empathy for one another

- **Group cohesion's effect on conformance**
  - Increases the degree of influence members have on one another (social pressure)
  - Increases their overall attitude toward the group
  - Increases their desire to maintain the group and contribute to the group's well-being[7]

[6]Hogg 1992, [7]Friedkin 2004   9

The Effect of Group Constructs Depends on Product Type

Group Cohesion

Individual Conforming Behaviors

Economic product cohesion
Number of other group members who have adopted the product

Social product cohesion
Number of other group members who have adopted the product

Assessment of product information to increase personal gain[9]

H_{1a}

Assessment of symbolic meaning and identity implications[10]

H_{1b}

Economic product adoption
Product adoption

Social product adoption
Product adoption

Acculturation to group
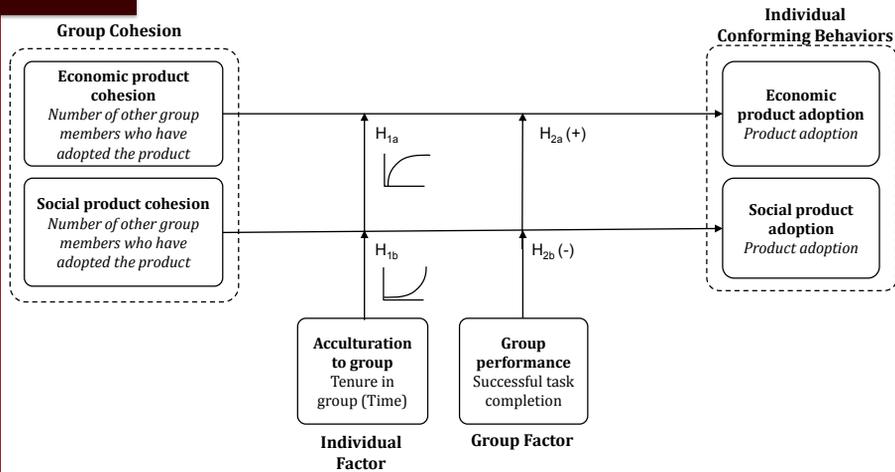*Tenure in group (Time)*

Individual Factor

- **Economic products:** "resources that take on material roles in the community"[8]

- **Social products:** "resources that take on an expressive role as symbols…used to build individual and social identities and communicate meanings to others"[8]

[8]Arnould, Price, & Malshe, 2006, [9]TFeldman and Lynch, [10]Turner et al. 1987   10

Effect of Group Membership on Product Purchases

Group Cohesion

Individual Conforming Behaviors

Economic product cohesion
Number of other group members who have adopted the product

H_{1a}

H_{2a} (+)

Economic product adoption
Product adoption

Social product cohesion
Number of other group members who have adopted the product

H_{1b}

H_{2b} (-)

Social product adoption
Product adoption

Acculturation to group
Tenure in group (Time)

Group performance
Successful task completion

Individual Factor

Group Factor

Research Context: Massive multiplayer online role playing game (MMORPG); Allows for the observation of group formation, group member interactions, and individual behavior over time; Provides observation of real product purchases over time[11]
Method: Secondary data analysis
Sample: Users of MMORPG (N=7,000)

[11]Thompson and Sinha 2008   11

Groups Impact Behavior Through Conformance

- **Summary**
  - **Group effects are nearly 30 times stronger than network**
  - **Effects of group characteristic vary by product type**
    - Acculturation to group
      - Economic products: beyond a certain threshold effects become non-significant
      - Social products: beyond a certain threshold, effects amplify.
    - Group performance
      - Enhances effects of group cohesion on economic product purchases
      - Diminishes effects of group cohesion on social product purchases

- **Next Steps**
  - **Conformance is dependent on group norms**
    - Group norms determine what is considered "good taste"
    - Group norms define the negotiated value of goods
  - **Group norms change over time**
    - During formation and as the group evolves
    - Marketers can leverage groups by influencing norms

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- Group Marketing: Research Overview
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- ➤ Study 3: Managing Group Dynamics

Study 3: Research Questions

Managing Group Dynamics: Formation and Evolution

RQ1: How can firms motivate group formation around their brand?

Defines group norms and in-group identity

Provides tools and a common goal for organizing in groups

RQ2: How can firms develop relationships with groups and integrate brands into group norms (ripple effects)?

Uses events to create cognitive and emotional connections

Encourages dissemination cognitive and emotional information through group

Firms can Motivate the Formation of Groups that are Advocates of the Brands

- **Why do people form groups**
  - **Need to Belong:** People form groups as a natural response to a deeply held, instinctual drive to belong[12]
  - **Identity Implications:** Groups give "people a name in addition to their own and social meaning in a chaotic world"[13]
  - **Informational Benefits:** Groups not only provide "insider" information on products, but can also serve as a transactive memory system on what relevant informational resources other members possess[14]

- **What affects "successful" group formation**
  - We define a successful group as one that survives through initial forming stage to pursue a common goal, and maintains consistent engagement/interaction between members over time
  - Requester status (peer vs. leader vs. control)
  - Initial member status (founder vs. group leader vs. generic)
  - Benefit of joining group (informational vs. social vs. identity building)

[12]Wright 1995, [13]Wilson 2012, [14]Moreland, Argote, Krishnan 1996   15

Group Formation Study Design

- **Research Context/Design**
  - New online community
  - Experimental design
- **Sampling**
  - 4,000 opted-in leads divided into experimental conditions with fairly representative breaks in demographics
- **Manipulations**
  - Requester status (community president, peer) x membership status (founder, group leader)
  - Benefits for joining (knowledge, social connection) x requester status (president, peer)
  - Control condition with generic invitation
- **Outcome Variables**
  - Profile completion (name, email, demographics)
  - Time spent on site
  - Repeat visits
  - Group interaction

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The Development of Relationships Between Groups: Changing Norms

- Shifting the fabric of a group to alter how it influences behavior so that is beneficial for a brand takes knowing where and how to spark change in group norms

- Group norms are negotiated standards between group members

- There are three strategic decisions associated with changing group norms
  - **What catalyst will spark change:** designing events and interactions with group members
  - **Who should be targeted with strategic efforts**: analysis group members to identify best "ground zero"
  - **How can brands facilitate dissemination of "new" norms:** identifying factors that influence systematic change

Strategic Elements of Ripple Effects: Catalyst

- **Catalyst**
  - Group norms are difficult to change once established because rituals, group identities, and shared stories protect consistency from generation to generation[15]

  - Expectation-disconfirmation framework suggests strategy must break expectations/norms, but what norms?
    - Research on norm theory would predict foundational norms are more effective because, when broken, they amplify emotions[16]
    - However, innoculation theory suggests supplemental norms may be more effective because they are less likely to produce cognitive rejections allowing for subtle change[17]

[15]Kozinets 1999, [16]Kahneman and Miller 1986, [17]Anderson and McGuire 1965

Strategic Elements of Ripple Effects: Target

- **Target**
  - Identifying the most effective ground zero is key to successful campaign

  - Number of connections vs. variety of connections (connectors)
  - Leader vs. fringe member (innovators dilemma)[18]

[18]Christensen 2013   19

Strategic Elements of Ripple Effects: Dissemination

- **Dissemination**
  - Group change varies from relationship change in that the new beliefs, emotions, and behaviors must be disseminated throughout the group for the influence to be lasting

  - Social Evolution occurs through two processes
    - Emotional contagion
      - "Group emotion is what defines a group and distinguishes it from merely a collection of individuals."[19]
      - Emotions rely on nonverbal cues: body language, tone, visual contact
    - Cognitive contagion
      - "Information processing in groups requires shared social cognition, that is collaboration among members who seek to encode, interpret, and recall information together rather than apart"[20]
      - Cognitions, shared memories, ideas, rely on words for dissemination[19]
    - Cognitions require effortful processing where emotions occur on a much less conscious level based on automatic processes and physiological response which suggests dissemination may rely on different mechanisms

[19]Brasade 2002, [20]Moreland, Argote, Krishnan 1996   20

Progress, Challenges, and Next Steps

- **Progress**
  - Group formation
    - Pretesting field study manipulations for group formation and group engagement project with online community
    - Designing manipulations on online platform with developers
  - Group evolution
    - Data collected with B2B distributor network (n=773) on critical events in customer-firm relationship; included matched sample of direct and indirect customers with firm provided financial data
    - Qualitative analysis of event reflections along with network analysis to identify events that have systemic influence
- **Challenges and Next Steps**
  - Maximizing each data set/project
  - Formation – finalizing experimental design and manipulations for group formation project
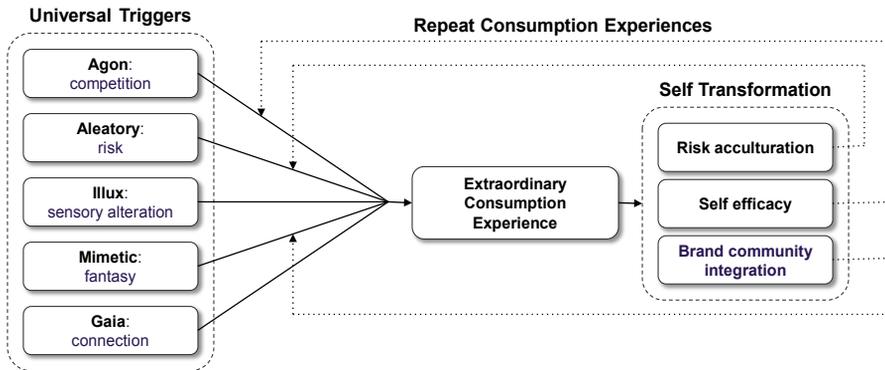 - Evolution – analyzing qualitative data, identifying follow up study

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Thank You

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The Pursuit of Extraordinary Experiences: Seeking or Creating Triggers

Universal Triggers

Agon: competition

Aleatory: risk

Illux: sensory alteration

Mimetic: fantasy

Gaia: connection

Repeat Consumption Experiences

Extraordinary Consumption Experience

Self Transformation

Risk acculturation

Self efficacy

Brand community integration

- **Primary research question**: How can firms/consumers facilitate transformational consumption experiences?
- **Data**: qualitative and quasi experimental; **Proposed analysis**: grounded theory, HLM repeated measures
- **Co-author:** Arnold

Effect of Group Conformance on Product Purchases

TABLE 1
Study 1 Results: Effect of Group Conformance on Product Purchases

Exogenous Variables	Hypothesis	Base Model		Final Model	
		Economic Products	Social Products	Economic Products	Social Products
Group cohesion	H_1	.16**	.17**	.19**	.61**
Moderators: Group Factors					
Group cohesion*group level commitment	H_3			.69**	1.26**
Group cohesion*group size	H_4			-.12	1.10**
Moderator: Individual Factor					
Group cohesion*Individual acculturation to the group[2]	H_5			-.01*	.04**
Controls					
Group cohesion*individual acculaturation to the group				.07**	-.11
Group level commitment		.62**	.85**	.86**	.96**
Group size		-.80**	-1.20**	-.82**	-.45**
Individual acculturation to the group		.23**	-.01	.18**	.11**
Daily product adoption		1.42**	1.06**	1.40**	.96**
Product price		-1.20**	.44**	-1.18**	.34**

*$p < .05$, **$p < .01$
Notes: β represents standardized path coefficient.

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Study 1: Discussion

Progress and Next Steps

- **Progress**
  – Social psychology literature review
  – Marketing literature review
  – Collecting business examples
  – Half complete on theoretical paper targeted for Journal of Retailing

- **Next Steps**
  – Developing integrative framework
  – Outlining tenets
  – Empirically test tenets

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