

The Impact of Reference Group on the new product adoption

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Abstract

New Product adoption is influenced by a variety of internal and external factors. The internal influential factors can be divided into many elements that constitute parts of the buyer personality, such as perception, perceived value, motivation toward a certain product, self-esteem, and the learning capacity. On the other hand, external influential factors can include peers, members of the family, opinion leaders, and celebrities, in a manner, building up reference groups.

Overtime, psychologists and sociologists emphasized that each individual in the society belongs to a specific group, and sociable reference groups that affect the individual's attitude and buying behavior. These Reference groups inspire individuals' preference toward certain brands or set of products. For instance, individuals to be making purchasing resolution seek for the product, or brand that will reflect their belonging group.

Types of reference groups' influence varies between informational, normative, and value expressive influences. This depends on the buyer's tendency to mimic the members of his own social reference group, or members of some aspirational group that he wishes to be part of, or to share the same lifestyle.

In the home appliances Market, buyers tend to be more influenced by their reference groups.

Home appliances are apparent products that can be noted by the public easily. Thus, this research investigates how the reference groups affect the buyer purchase intentions, and whether the reference groups still have the power of influencing the Egyptian customer purchase intentions nowadays.

Keywords: New product adoption, reference group, informal reference group, formal reference group

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تأثير المجموعة المرجعية على اعتماد المنتج الجديد الملخص

يتأثر تبني المنتج الجديد بمجموعة متنوعة من العوامل الداخلية والخارجية. يمكن تقسيم العوامل المؤثرة الداخلية إلى العديد من العناصر التي تشكل أجزاء من شخصية المستهلك، مثل الإدراك والقيمة المتصورة والدافع تجاه منتج معين واحترام الذات والقدرة على التعلم. من ناحية أخرى، يمكن أن تشمل العوامل الخارجية المؤثرة الأقران وأفراد الأسرة وقادة الرأي والمشاهير بطريقة ما، وبناء مجموعات مرجعية.

في الوقت الإضافي، أكد علماء النفس وعلماء الاجتماع أن كل فرد في المجتمع ينتمي إلى مجموعة معينة، ومجموعات مرجعية اجتماعية تؤثر على سلوك الفرد وسلوكه الشرائي. تلهم مجموعات المراجع هذه تفضيل الأفراد تجاه علامات تجارية معينة أو مجموعة من المنتجات. على سبيل المثال، يسعى الأفراد الذين يريدون اتخاذ قرار شراء للمنتج أو العلامة التجارية التي ستعكس مجموعتهم المنتمية.

تختلف أنواع تأثير المجموعات المرجعية بين التأثيرات المعبرة بالمعلومات والمعارية والقيمة. يعتمد هذا على ميل المشتري لتقليد أعضاء مجموعته المرجعية الاجتماعية، أو أعضاء بعض المجموعات الطموحة التي يرغب في أن يكون جزءاً منها، أو أن يشاركوا في نفس نمط الحياة. في سوق الأجهزة المنزلية، يميل المشترون إلى أن يكونوا أكثر تأثراً بمجموعاتهم المرجعية.

الأجهزة المنزلية هي منتجات ظاهرة يمكن للجمهور ملاحظتها بسهولة. وبالتالي، يبحث هذا البحث في كيفية تأثير المجموعات المرجعية على نوايا الشراء لدى المشتري، وما إذا كانت المجموعات المرجعية لا تزال تتمتع بقوة التأثير على نوايا الشراء لدى العملاء المصريين في الوقت الحاضر.

الكلمات المفتاحية: المنتج الجديد، المجموعات المرجعية، تأثير المجموعات المرجعية

INTRODUCTION

Purchase intention is influenced by a variety of internal and external factors. The internal influential factors can be divided into many elements that constitute parts of the buyer personality, such as perception, perceived value, motivation toward a certain product, self-esteem, and the learning capacity. On the other hand, external influential factors can include peers, members of the family, opinion leaders, and celebrities, in a manner, building up reference groups.

Overtime, psychologists and sociologists emphasized that each individual in the society belongs to a specific group, and sociable reference groups that affect the individual's attitude and buying behavior. These Reference groups inspire individuals' preference toward certain brands or set of products. For instance, individuals to be making purchasing resolution seek for the product, or brand that will reflect their belonging group.

Types of reference groups' influence varies between informational, normative, and value expressive influences. This depends on the buyer's tendency to mimic the members of his own social reference group, or members of some aspirational group that he wishes to be part of, or to share the same lifestyle. In the home appliances Market, buyers tend to be more influenced by their reference groups.

Home appliances are apparent products that can be noted by the public easily. Thus, this research investigates how the reference groups affect the buyer purchase intentions, and whether the reference groups still have the power of influencing the Egyptian customer purchase intentions nowadays.

LITERATURE REVIEW

New Product adoption

Adoption, according to Kotler (1986), refers to a person's decision to use or acquire a product on a regular basis. However, adoption is only one stage in the process. According to Rogers (2017), the innovation-decision process is the path that an individual or group takes from first learning about an innovation to developing an attitude towards the innovation to making a decision to adopt or reject the innovation, which is then followed by putting the new idea into practice and receiving confirmation of the decision. Adoption research has produced a variety of important tools for studies in marketing theory and practice. Modern enterprises may rely heavily on innovation. Environmental concerns are putting pressure on firms to innovate and offer new products and services (Frambach et al., 2019). With more equivalent products, shorter product life cycles, and more aware and knowledgeable consumers, there is a growing need to supply successful, unique items. Many firms' long-term success is dependent on their constant pursuit of product and operational innovation. Because only a small fraction of new product concepts is adopted, it is critical that potential adopters understand the variables involved. Evidence suggests that, in addition to adopter-side factors, supply-side factors have a significant impact on innovation. Personal characteristics, perceived innovative characteristics, personal influence, marketing and competitive actions, and individual adoption decisions all have an impact (Gatignon & Robertson, 2019). As a result, both the adopter's characteristics (expertise, risk-taking, and general and product category-specific innovativeness) and the characteristics of the invention influence the chance of adoption of new products or innovations. (Image courtesy of the alliance.) This review will present research on both sides of the adoption construct.

According to Rogers (2017), the best course of action is to fully implement an idea. According to Gatignon and Robertson (2019), adopter-side variables that influence product acceptability include cognitive processing level, ambiguity, and priority acquisition pattern. Frambrach & Co. et al. (2019) proposed the following variables: information, network participation, competitive environment, and perceived innovation characteristics.

Reference Groups

Reference groups are individuals or groups that are compared and imitated by others and are widely recognized as reliable in a certain subject (Bapna & Umyarov, 2015). Individuals have been able to access the reference group displayed in many identities more directly and conveniently in recent years, thanks to the development of social networking programs and more abundant information access routes (Bilgicer et al., 2015). Celebrities, idols, internet celebrities, and opinion leaders have a large influence on people. People's reference groups have a significant impact on their ideas, attitudes, and decisions. Individuals will use the group as a reference and comparison object in self-evaluation to verify that their behavior results are compatible with the reference group (Risselada, Verhoef, & Bijmolt, 2014). The reference group influences individual behaviors in two ways: informational influence and normative influence. Informative influence arises when individuals receive information about themselves or others in two ways from the reference group (Van den Bulte & Wuyts, 2007).

Formal Reference Groups

Formal type of reference groups is which was formally established and can be under the control of a particular

organization. Formal reference groups encompass the opinion leader who can influence the psychological and behavior state of the consumer because of his rich knowledge, special expertise, or other attributes. In addition, to Brand communities and celebrity endorsements who can influence the consumer psychological state. Hence, these formal reference groups have powerful impact on new product adoption in a direct way (Escalas & Bettman, 2013).

Opoku (2012) added that primary formal groups have a more formal structure. The consumer usually is exposed to these groups. Promoters present membership in such groups as methods for winning item approval. Secondary formal groups are not critical to the buyer, as they meet occasionally, are organized, and are nearly knit.

Informal Reference Groups

Informal group is called the primary group, which is not specifically having mission or structure, it involves mostly face to face interactions, as family and peer influencer groups by impacting many product behavior and have a large influence on the consumer behavior. The Formal group is called secondary group that have less or no face to face interaction, having mostly structure and mission such as known people in societies (Evangelista, and Dioko, 2011).

The impact of reference groups on the new product adoption Reference groups in the marketing perspective are groups that serve as the main reference and guide for individuals in their purchase decision and building up information towards this product. It can also influence how the customer feels towards certain product or brands and therefore can affect the customer's purchasing decision towards such product. Multiple reference groups at any point of time can influence the individual (Schulz, 2015).

According to Thomas, Jewell, and Wiggins Johnson (2015) stated that, social groups could cause normative influence on the consumption decision of an individual including the product evaluations, likelihood of purchase, and the actual purchased behavior. Different items purchased by consumer based on the brand have been influenced by social groups. It also shows that it influences the degree of self-brand connection that formed between the individual and the brand.

Furthermore, the consumer's buying decision is to purchase the most preferred brand. There are elements that can affect the customer's purchasing decision such as the attitudes of others or beliefs and experience about the brand created by marketers. Sometimes to make buying decisions simple, customers can make mental shortcuts that can help them to take their perfect decisions. Particularly when limited problem solving happens before making a choice. These kinds of shortcuts can range from relevant thoughts and ideas like "higher price products are higher quality" or "buy the same brand which my friends have recommended" to specific "buy the same brand that my mother used to buy" (Zhao, et al, 2017).

Research Problem

New Product adoption always seek ways in order to stimulate consumers' purchase intentions. Furthermore, most of companies nowadays compete with each other, and create new marketing techniques just to guarantee that their products' names are at the top of the consumers' Evoked sets. Thus, companies in a way have found that consumers' purchase intentions can be influenced by many factors, one of the major factors is the reference groups. The main problem discussed in this research is measuring how reference groups can affect the consumer purchase intentions.

Research Questions

- 1- Can the opinion leaders affect the new product adoption?
- 2- Do brand community have an influence on the new product adoption?
- 3- Does celebrity endorsement affect the new product adoption?
- 4- Do Family Members influence the new product adoption?
- 5- Can friends affect the new product adoption?
- 6- Do aspirational groups affect the new product Adoption?

Research Objectives

- 1- To identify to what extent can opinion leaders affect the new product adoption.
- 2- To investigate how brand community can influence the new product adoption.
- 3- To identify to what extend can celebrity endorsement affect the new product adoption
- 4- To investigate how Family members can affect the new product adoption.
- 5- To examine how friend can influence the new product adoption.
- 6- To explore how aspirational groups can affect the new product adoption.

Research Hypothesis

- 1- There is a relationship between opinion leaders and new product adoption.

- 2-There is a relationship between brand community and new product adoption
- 3-There is a relationship between celebrity endorsement and new product adoption
- 4- There is a relationship between family members and new product adoption
- 5- There is a relationship between friends' effect and new product adoption
- 6- There is a relationship between aspirational groups and new product adoption
- 7- There is an impact of formal reference groups on the new product adoption.
- 8-There is an impact of informal reference groups on the new product adoption.

Research Methodology

The research in hand is a quantitative research. According to Babbie (2010) a quantitative research, includes procedures that emphasize topical measurements and the numerical, mathematical, or statistical analysis of the data will be gathered by the researchers through questionnaires by utilizing computerized mechanisms. In order to build this conclusive research, researcher will go through three major stages. First, the researcher will begin to explore and get more insights about the concept in hand by gathering data using confirmatory methods and exploring secondary sources of data. The literature review has assisted the researcher in understanding the topic being studied by shedding the light on

how the different types of reference groups can influence the purchase intentions of consumers, as well as the different types of influence that reference groups can emit. In order to acquire accurate, factual, and systematic data that can provide an actual picture of concept being reviewed, as well as to describe the characteristics of sampling units. The researches will follow descriptive methods. There are three main purposes of descriptive research which are to describe, explain, and validate findings. Description emerges following creative exploration, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations. Because obtaining evidence of cause and effect (causal) relationships is considered the core of this research, the researchers will follow causal research method. In addition, Causality research designs assist researchers in understanding why the world works the way it does through the process of proving a causal link between variables and by the process of eliminating other possibilities.

Results

Data Cleaning and Manipulation

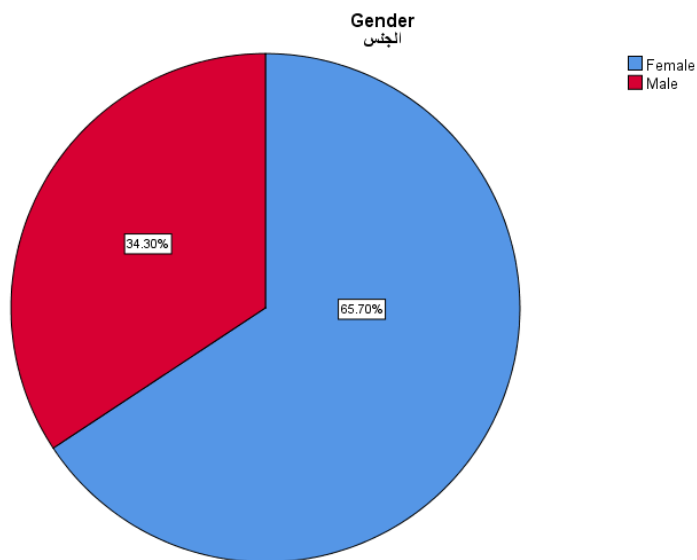
1. The dataset had no missing. However, the questionnaire was set to be Likert scale so the responses were transformed to 5 representing strongly agree, 4 representing agree, 3 representing neutral, 2 representing disagree and 1 representing strongly disagree.
2. Around 20-30 respondents mentioned that they don't have any home appliances which was obviously misleading or a data entry error, therefore their responses were eliminated.
3. For questions as influence of formal and informal groups

it had categorized the answers into 3 dummy variables. Each dummy variable represented how can a group influence. There will be 3 dummy variables; willingness to buy, evaluation of product and brand preference. The benefits of the brand communities are also categorized into 5 dummy variables; as knowledge sharing, socialization, activities, economic value and daily experience.

4. The statements were grouped for each influence group. Then an average of statements was computed for each observation to form a composite measure for each group.

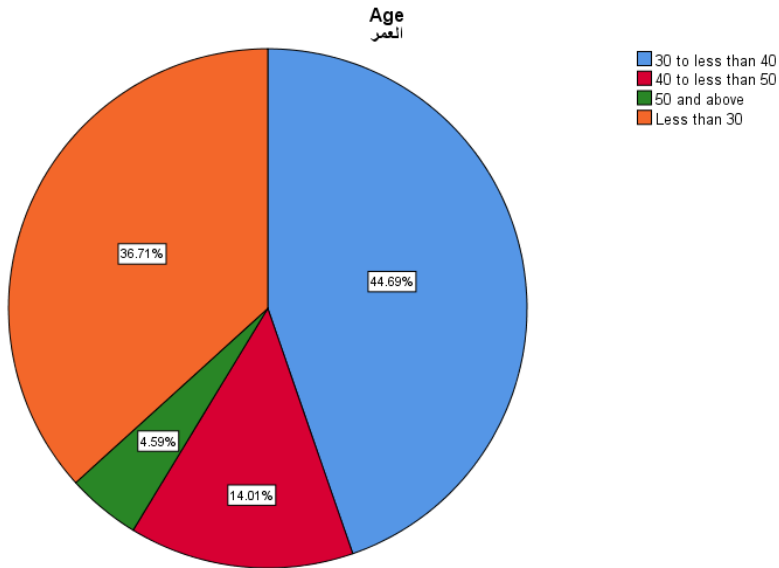
The dataset didn't suffer from outliers. Therefore, no elimination of responses was necessary.

4.2. Descriptive Analysis



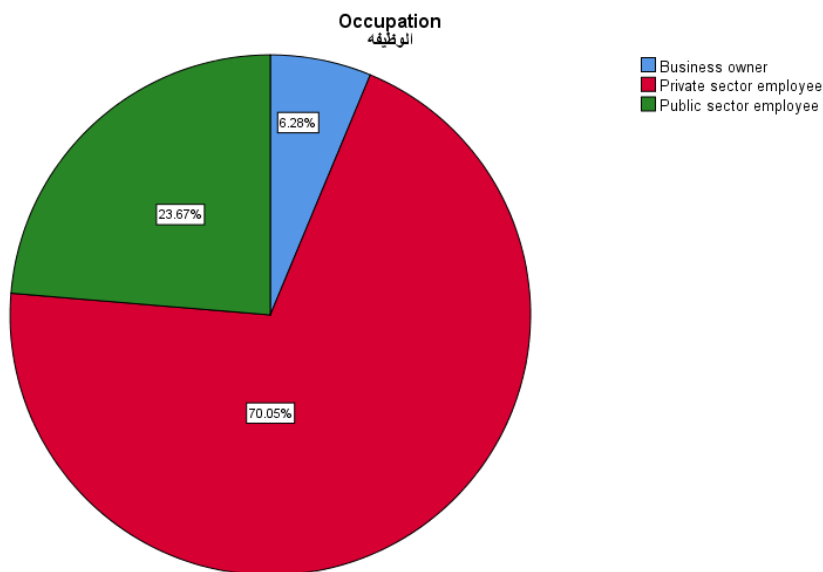
1 Graph (.1): Pie chart for gender

65.7% of the respondents of the survey were females.



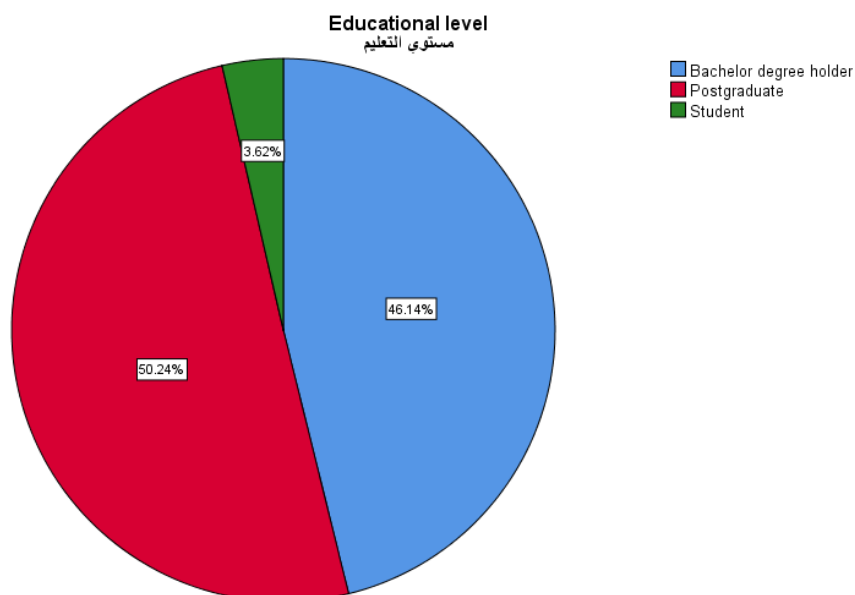
2 Graph (.2): Pie chart for age

The majority of the sample were aged 30-less than 40. This shows that mainly adults were represented in sample. However, those less than age 30 were nearly 36.71%. Only 19 respondents aged above 50.



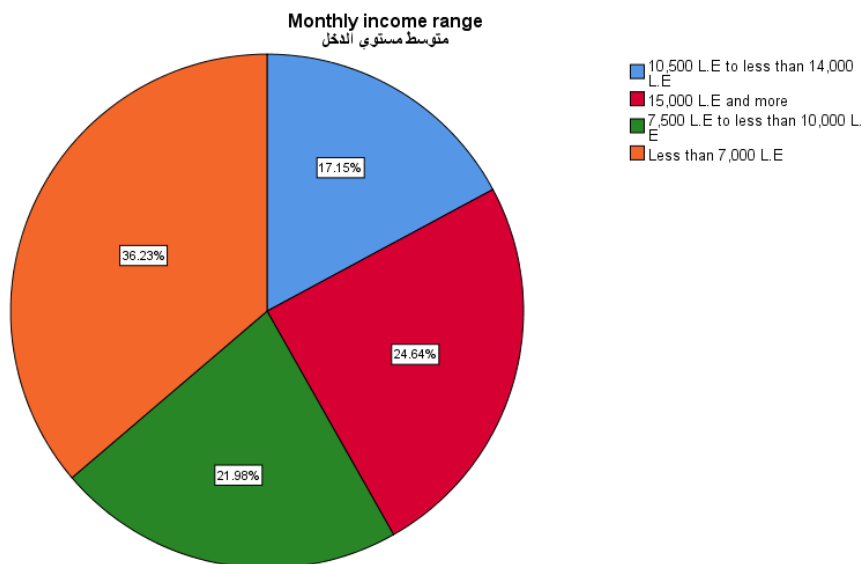
3 Graph (.3): Pie chart for occupation

In the previous figure, it was obvious that the private sector employees were the majority of the respondents. Only a quarter of the respondents were public sector employees.



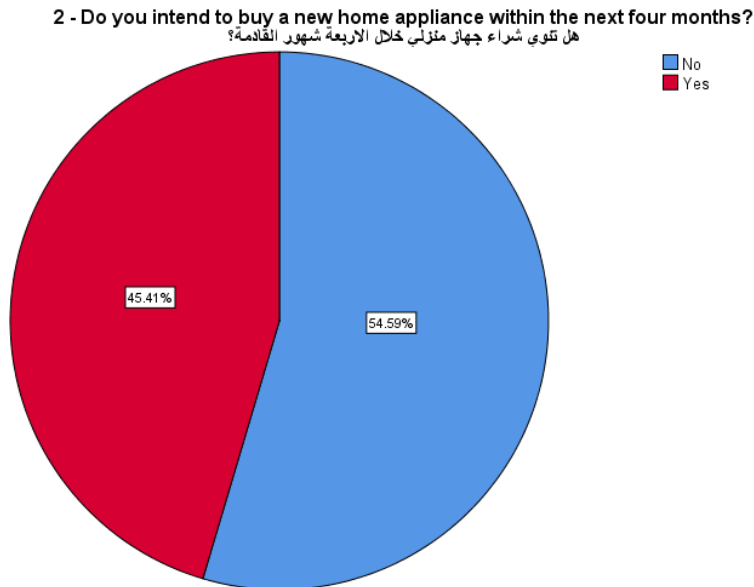
4 Graph (.4): Pie chart for educational level

Half of the respondents were postgraduates while only 4% were still students at university. This makes sense, since students are less likely to be interested in buying home appliances.



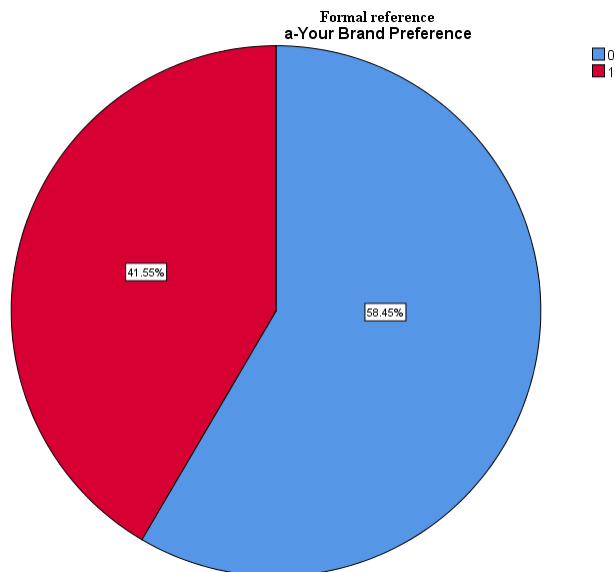
5 Graph (.5): Pie chart for monthly income range

Majority had a monthly income less than 7000 L.E. quarter of the respondents had monthly income of more than 15000 L.E.



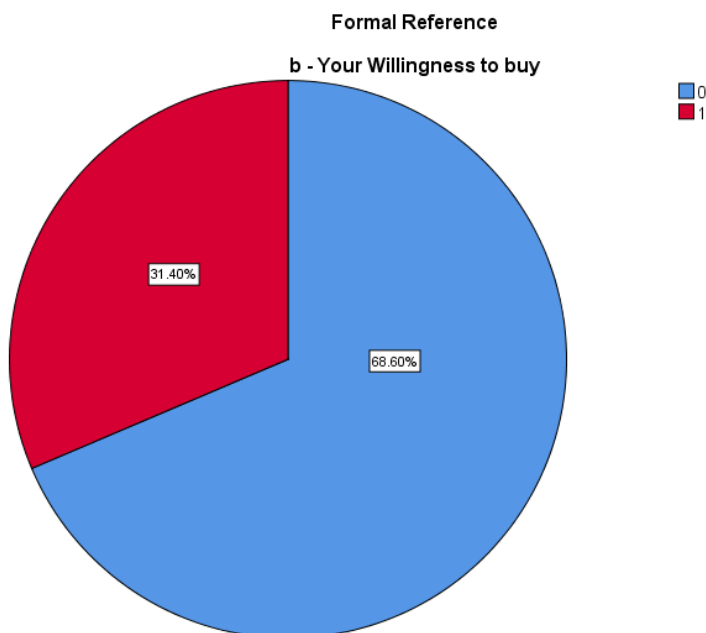
6 Graph (.6): Pie chart for intention to buy home appliances within next four months

The majority had no intention to buy new home appliances within next four months. 45.41% of the respondents had an intention to buy new home appliances within the next four months.



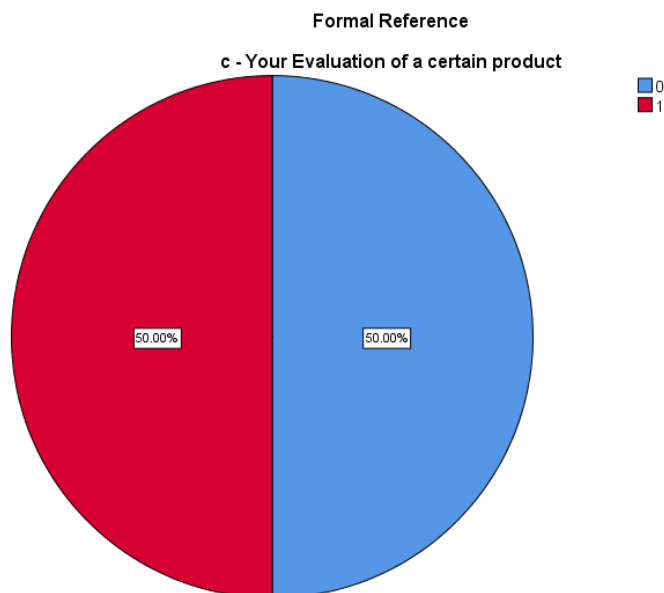
7 Graph (.7): Pie chart for formal reference influence regarding brand preference

Only 41.55% of the respondents in the survey had their brand preference been influenced by formal reference.



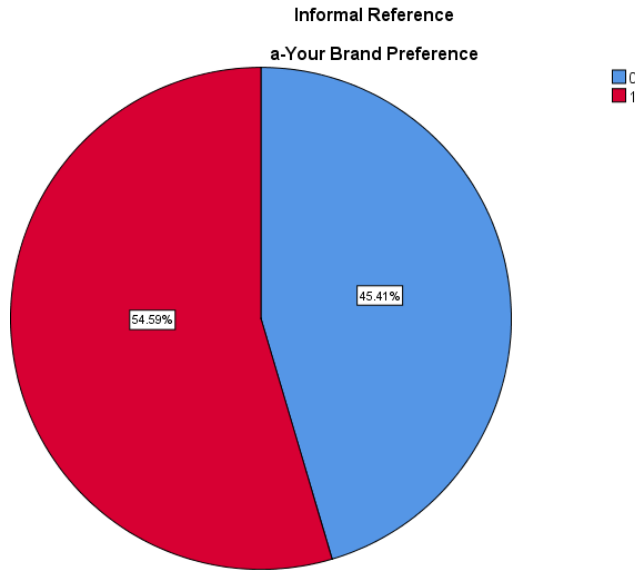
8 Graph (.8): Pie chart for formal reference influence regarding willingness to buy

Only 31.4% of the respondents agreed that the willingness to buy is influenced by formal references influence.



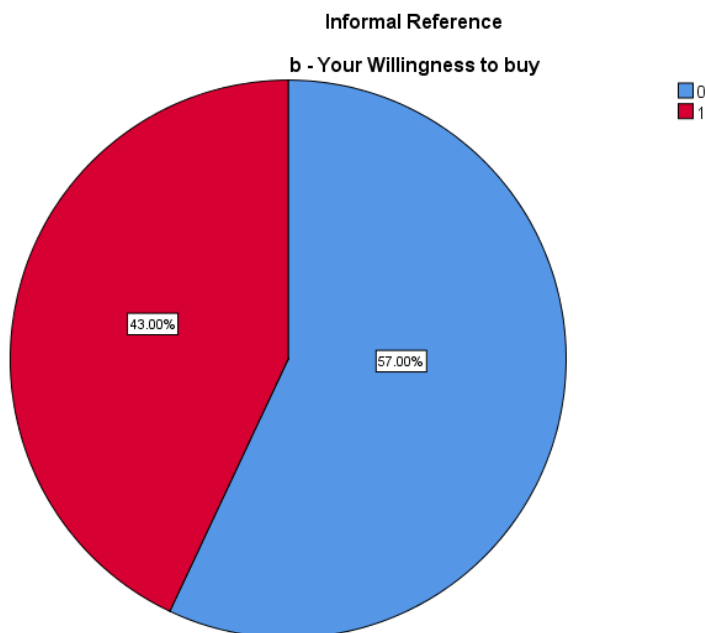
9 Graph (.9): Pie chart for formal reference influence regarding evaluation of certain product

Half of the respondents agreed that the evaluation of products to buy is influenced by formal references influence.



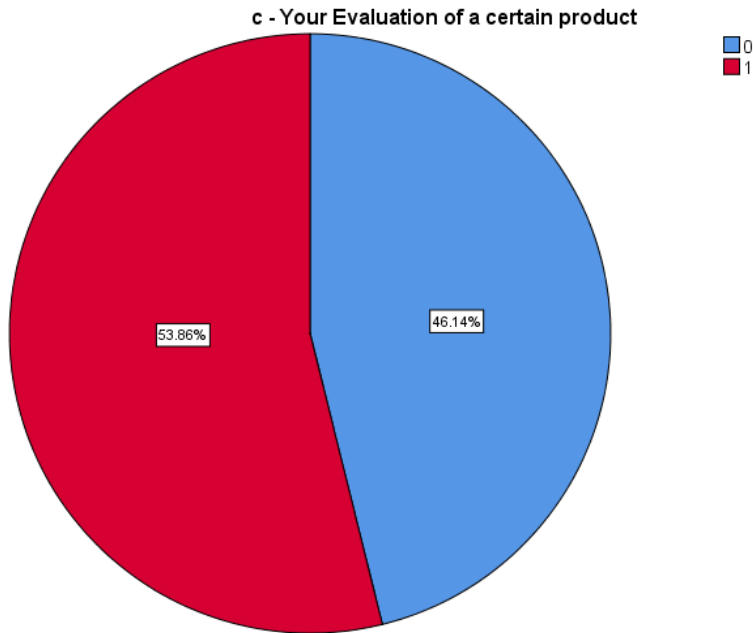
10 Graph (.10): Pie chart for informal reference influence regarding brand preference

More than 200 respondents of the survey agreed that their brand preference is influenced by informal references influence.



11 Graph (.11): Pie chart for informal reference influence regarding willingness to buy

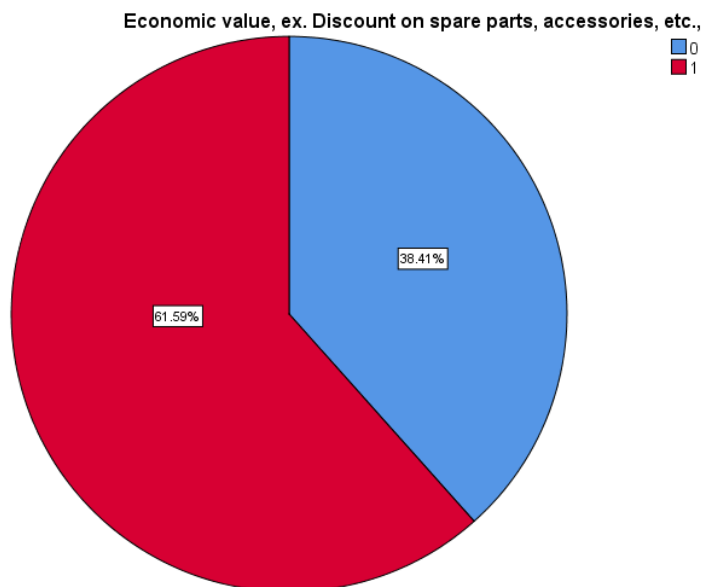
Only 43% of the respondents agreed that the willingness to buy is influenced by informal references influence.



12 Graph (.12): Pie chart for informal reference influence regarding evaluation of product

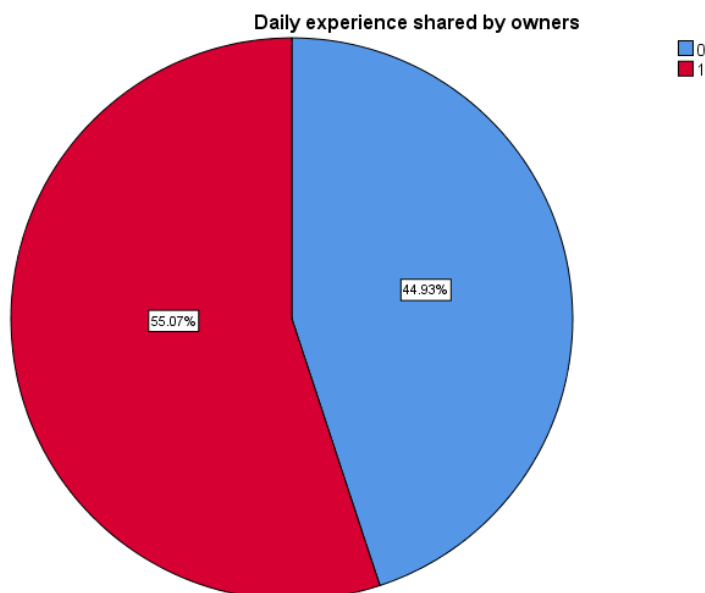
More than half of the respondents agreed that the evaluation of the products is influenced by formal references influence.

In conclusion it showed that willingness to buy isn't affected by formal or informal reference influence. The evaluation of the products is more influenced by informal reference.



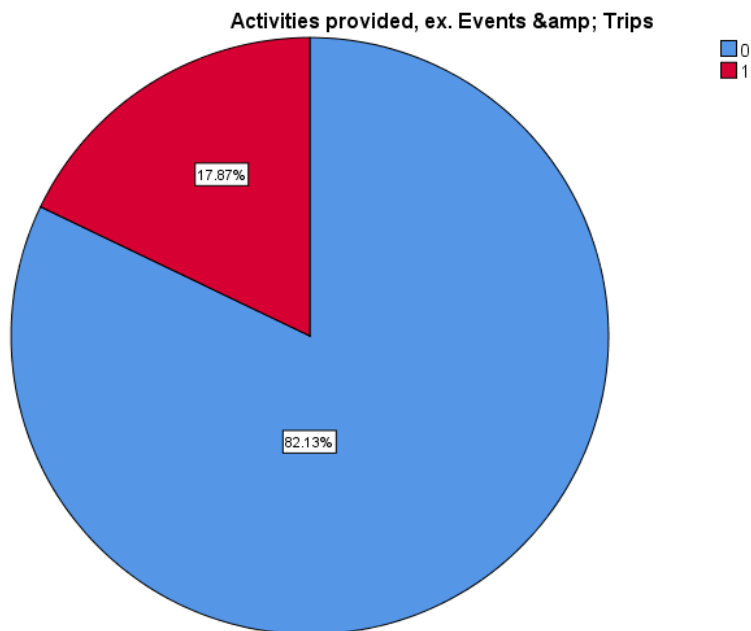
13 Graph (.13): Pie chart for economic value as benefit

Around 62% of the respondents believed that economic value is one of the benefits one can obtain from brand communities



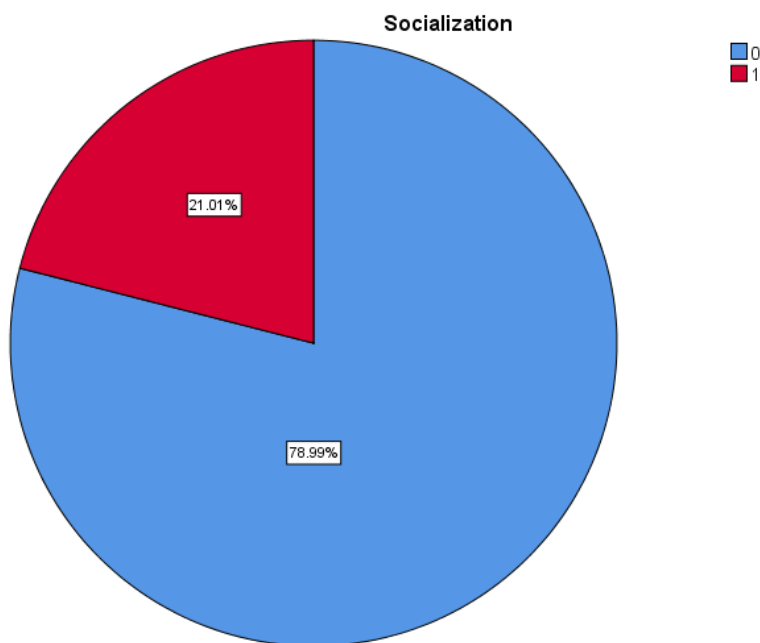
14 Graph (.14): Pie chart for daily experience as benefit

Around 55% of the respondents believed that daily experiences shared by owners of the products is one of the benefits one can obtain from brand communities.



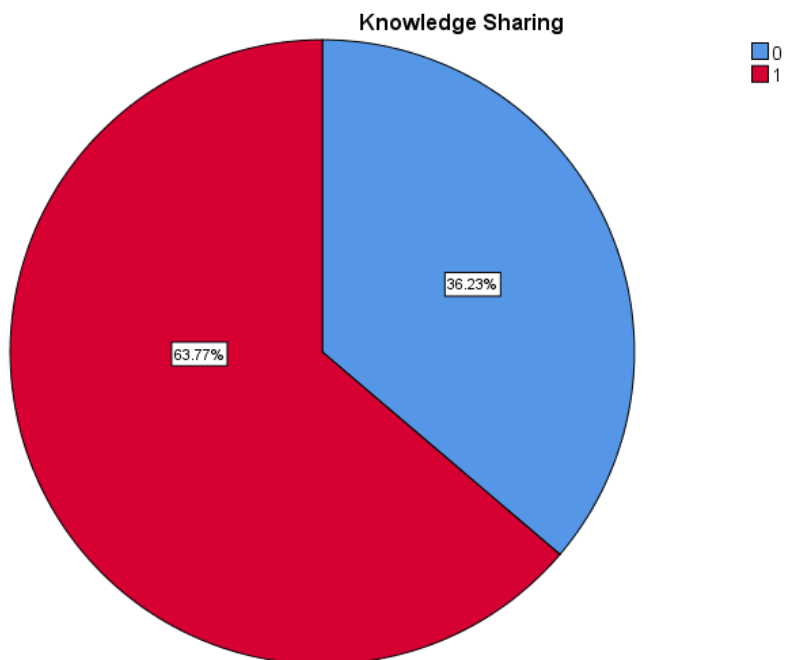
15 Graph (.15): Pie chart for activities provided as benefit

Only 17.87% of the respondents believed that activities provided as events and trips is one of the benefits one can obtain from brand communities



16 Graph (.16): Pie chart for socialization as benefit

Only 21% of the respondents believed that socialization is one of the benefits one can obtain from brand communities



17 Graph (.17): Pie chart for knowledge sharing as benefit

Only 36.23% of the respondents believed that socialization is one of the benefits one can obtain from brand communities.

4.3. Correlation Analysis

Table (1): Spearman Correlation coefficient

		Correlations					
			opinionleader	celebrity	family	friends	productadoption
Spearman's rho	opinionleader	Correlation Coefficient	1.000	.320**	.066	.164**	.411**
		Sig. (2-tailed)	.	.000	.183	.001	.000
		N	412	412	412	412	411
	celebrity	Correlation Coefficient	.320**	1.000	.002	.302**	.387**
		Sig. (2-tailed)	.000	.	.966	.000	.000
		N	412	414	414	414	413
	family	Correlation Coefficient	.066	.002	1.000	.469**	.110*
		Sig. (2-tailed)	.183	.966	.	.000	.025
		N	412	414	414	414	413
	friends	Correlation Coefficient	.164**	.302**	.469**	1.000	.357**
		Sig. (2-tailed)	.001	.000	.000	.	.000
		N	412	414	414	414	413
	productadoption	Correlation Coefficient	.411**	.387**	.110*	.357**	1.000
		Sig. (2-tailed)	.000	.000	.025	.000	.
		N	411	413	413	413	413

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

*. Correlation is significant at the 0.05 level (2-tailed).

weak relationship with product adoption while the others are considered moderately related to the product adoption.

4.4. Reliability and Validity Analysis

2 Table (.2): Reliability and validity of variables based on Confirmatory factor analysis

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Opinion leaders	0.884	0.921	0.745
Product adoption	0.809	0.867	0.567
celebrity	0.863	0.917	0.786
family	0.608	0.802	0.670
friends	0.674	0.738	0.552

CFA is applied to observe reliability and validity of factors obtained from the application of EFA. The reliability was measured by Cronbach alpha. All of the variables had a Cronbach alpha higher than 0.7. Therefore, all the statements are reliable to represent the factors in the study. To approach the validity of the statements in expressing the factors, both the composite reliability and the average variance extracted were computed. The AVE of each factor were above 0.5 and the CR was above 0.7. This shows how the statements was valid to be used for the factors.

4.5. Model Building

3 Table (.3): Descriptive statistics for variables

Descriptive Statistics			
	Mean	Std. Deviation	N
productadoption	2.79	.826	411
opinionleader	3.04	1.040	411
celebrity	2.20	1.091	411
family	4.03	.837	411
friends	3.15	.821	411

4 Table (.4): The excluded variables from each iteration of the stepwise model

Excluded Variables ^a						
Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	celebrity	.293 ^b	6.534	.000	.308	.868
	family	.085 ^b	1.935	.054	.095	.997
	friends	.254 ^b	5.956	.000	.283	.975
2	family	.092 ^c	2.211	.028	.109	.996
	friends	.189 ^c	4.363	.000	.211	.891
3	family	-.003 ^d	-.071	.944	-.004	.717

a. Dependent Variable: productadoption

b. Predictors in the Model: (Constant), opinionleader

c. Predictors in the Model: (Constant), opinionleader, celebrity

d. Predictors in the Model: (Constant), opinionleader, celebrity, friends

The step wise regression concluded that after 3 steps, the variables included in the model shall be opinion leader, celebrity and friends. Family was found to have insignificant impact on product adoption.

5 Table (.5): Model summary for the stepwise model

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.460 ^a	.211	.209	.734	.211	109.484	1	409	.000
2	.535 ^b	.286	.282	.700	.075	42.690	1	408	.000
3	.564 ^c	.318	.313	.685	.032	19.040	1	407	.000

a. Predictors: (Constant), opinionleader

b. Predictors: (Constant), opinionleader, celebrity

c. Predictors: (Constant), opinionleader, celebrity, friends

32% of the variation explained in product adoption was based on model including the opinion leaders, celebrities and friends' influence.

6 Table (.6): Analysis of variance of the stepwise model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.062	1	59.062	109.484	.000 ^b
	Residual	220.636	409	.539		
	Total	279.698	410			
2	Regression	79.961	2	39.980	81.667	.000 ^c
	Residual	199.738	408	.490		
	Total	279.698	410			
3	Regression	88.887	3	29.629	63.198	.000 ^d
	Residual	190.811	407	.469		
	Total	279.698	410			

a. Dependent Variable: productadoption

b. Predictors: (Constant), opinionleader

c. Predictors: (Constant), opinionleader, celebrity

d. Predictors: (Constant), opinionleader, celebrity, friends

The above Anova table shows that the model is adequate and significant, since p-value is less than 0.05.

7 Table (.6): *Coefficients of stepwise model*

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.684	.112		15.032	.000
	opinionleader	.365	.035	.460	10.463	.000
2	(Constant)	1.452	.112		12.907	.000
	opinionleader	.280	.036	.353	7.862	.000
	celebrity	.222	.034	.293	6.534	.000
3	(Constant)	.970	.156		6.225	.000
	opinionleader	.274	.035	.345	7.838	.000
	celebrity	.177	.035	.234	5.096	.000
	friends	.190	.044	.189	4.363	.000

a. Dependent Variable: productadoption

At 99% of confidence level, there is a positive significant impact of opinion leaders, celebrities and friends on the product adoption. The model is presented as below

Product adoption

$$= 0.97 + 0.274 * \text{Opinion leader} + 0.177 * \text{Celebrity} + 0.19 * \text{Friends}$$

The model showed that, opinion leaders had the highest influence when it comes to product adoption. Family on the other hand had an insignificant impact on product adoption, thus it was removed from the model. The model showed that formal reference influence had a significant impact on new

product adoption. The model showed that informal reference model had also significant impact on product adoption.

Discussion

The findings of this study shows that, the majority of sample were females. The sample's majority aged less than 40 years with post-graduates' education and worked in private organizations. Most of them didn't intend to buy home appliances in the next four months. The sample represented equal shares from each income level. However, those with income less than 7000 were still dominating the sample. They were described to be influenced the most in their evaluation for the product by external factors. Their willingness to buy was on the other hand not easily affected. The brand communities were described to have advantages as economic value since it informs them about promotions and sale. It was also used as knowledge sharing and socialization opportunities. Some used them for activities and knowing the daily experiences of former owners of home appliance brand.

In addition to that, after collecting 411 respondents a stepwise regression model was built. It showed that formal reference influence as celebrities and opinion leaders had a significant impact on product adoption. Opinion leaders were also found to be having the highest influence on product adoption by individuals. Concerning the informal reference influence, only friends had a significant impact on product adoption. There was no enough evidence to prove that family had a significant impact on product adoption. Thus, it was eliminated by stepwise method.

In conclusion, the model showed that, opinion leaders had the highest significant influence when it comes to product adoption. Celebrities as well as friend had also a significant

impact on product adoption. Family on the other hand had an insignificant impact on product adoption. The model showed that formal reference influence had a significant impact on new product adoption. The model showed that informal reference model had also significant impact on product adoption.

Limitations

This study was limited by

1. The research was conducted using online surveys. Therefore, the sampling technique was convenient non probabilistic sampling technique
2. The research only took into consideration the home appliances sector disregarding any other sectors.
3. Only celebrities, opinion leaders, family and friends' influences were taken into consideration by model.

Recommendations

There is a number of recommendations resulted from the results. A number of managerial implications and further research is offered by this study.

Practical Recommendations

1. Companies should depend in their marketing on opinion leaders' and ads by Tik-Tok influencers or other Instagram influencers. This showed to have the highest impact on product adoption of individuals.
2. Companies should also look into using ads by celebrities. Celebrities mentioning that they use a certain product influence other individuals to adopt the new product

Academic Recommendations

1. Product adoption and being influenced by formal or informal groups should be repeated on other sectors not just home appliances.
2. The research should be repeated on males to focus on the effect of the relationships. The number of male individuals were relatively lower and under presented in the sample. Therefore, repeating it on males could amplify the pattern for the different gender.
3. In further research, other models should be used to explain the phenomenon as the structural equation modelling and the confirmatory factor analysis to deal with Likert scale questions and understand the loadings for each statement.
4. Not only product adoption should be studied. Other variables as brand switching, brand loyalty, customer attitude towards products should be the main focus for future research.

Conclusion

In conclusion, this study was done to understand the impact of reference groups influence on the product adoption. It observed the effect of reference group influence improve the adoption of new products. The reference groups were divided into formal and informal groups. Concerning the product adoption, it was measured by number of statements.

Upon applying the descriptive statistics, the majority prefer listening to opinion leaders. For them opinion leaders are more trustworthy and know all the hype of new brands. Celebrities also were trusted due to being role models to general public. The friends and the peers had also been recognized as a significant strong influence on the individuals regarding

product adoption in the home appliances industry. The family had an insignificant impact on their product adoption patterns. Observing brand communities, it was found to have many advantages. Mainly it was agreed to be used for the economic value, sharing daily experiences of owners and knowledge sharing.

After modelling, it turned out that the family had indeed insignificant impact on new product adoption while friends, celebrities and opinion leaders had a significant impact on product adoption. In accordance formal and informal reference influence was found to have an impact on product adoption and can improve the product adoption patters regarding the house hold industry.

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