Economic Benefits and Reference Potential of Market Mavens

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Abstract

Understanding the reference potential of mavens seems to be relevant in order to comprehend the implicit economic benefits of a maven in the market place. This study shows that, apparently, maven groups can be clearly distinguished from a non-maven group on the basis of their reference power. Market mavens have a high reference potential, which confirms their function in the WOM-information process.

Background

Characteristics and importance of market mavens

According to the established literature market mavens are defined as highly social consumers, who engage in many discussions with others regarding the market place information (Feick and Price, 1987). They engage in extensive information seeking their possession of a wide range of market place information. Market mavens tend to have a higher involvement level towards low involved products, such as the food and beverage market segment. Social engagement is a characteristic feature of mavens. A maven's intention to spread information in the social network are some of the impulses to more actively seek, collect and evaluate relevant information (Puspa and Rahardja, 2009). The market mavenism processes more brands across a wide range of products and appears to have a better `top of mind` awareness of more brands across different product categories (Elliott and Warfield, 1993). They may be aware of innovative or new products and more brands- but not of product specifics- and of sales and marketing campaigns. Market mavens have a high level of social engagement and actively make contacts with other people in their social network. They initiate discussions with consumers and respond to requests from consumers for market information (Feick and Price, 1987). However, market mavens are to be differentiated from the groups of opinion leaders or innovators. The definition of a market maven does not require that those individuals be early purchasers of innovative or new products (such as

innovators), or necessarily even users of products about which they have information (Feick and Price, 1987). Market mavens do not hold and tend to be influential within a specific product category, such as the opinion leaders, but they are a source of general information about the market place. Similarly, market mavens also can be opinion leaders or early purchasers of particular products (Feick and Price, 1987).

For the firm and its marketing activities, mavens may provide a certain level of economic benefit. Firstly, this group of consumers may possess a variety of information, such as information about product characteristics and places to shop. They may be aware of innovative or new products and more brands but not product specifics, and of sales and marketing campaigns. They may act as early adopters of a firm's innovation. Secondly, market mavens have the psychological characteristic of liking to spread word-of-mouth communications across a variety of products and initiating discussions with other people concerning the market place (Clark and Goldsmith, 2005). Through their WOM activities in the market place mavens can win new customers and can be actively engaged in costumers' relationship management. For a firm the most important role of market mavens is to bring other consumers to the final buying decision process of relevant products. In such a process market mavens can guide and influence other people's perception, attitude, and intention to buy through building up a better personal inherent knowledge and trust (Puspa and Rahardja, 2009).

Based on those perspectives this paper aims at presenting the possible economic role of a maven as information spreader and market place influencer.

**Reference Potential (RP) of market mavens**

The economic benefit of a maven for a firm is not only to bring in a profit from the buying process, but for a long term perspective market mavens may guide other people's perception, attitude, and build up a better other's personal inherent knowledge and, finally, trust to certain products, brands, stores or firms. However, market mavens as communicators in a word- of -mouth system may have positive (or negative) influences on the recipients in translating recipient attitude into the actual buying behavior. The economic benefits or risks of a maven's role can be expressed by quantifying the reference potential of a maven.

Reference potential comprises the ability or potential of a communicator to provide a guide for prospective customers through the remodeling processes of inherent personal knowledge (Cornelson, 2001). This remodeling of information can include

providing positive, negative or neutral information to other persons or exerting a direct influence on the buying process. Our framework suggests a scheme for measuring a reference potential of a maven (see Figure 01). Based on a platform of customer valuation modeling or REVAL (REference VAlue) the conceptual measuring model for the reference potential of a maven was formulated. This model represents a rough method to estimate the value of customer advice on a certain product given to a certain receiver by using a monetary based estimation (Cornelson, 2001).

The reference potential of a maven is estimated by combining (a) the inherent personal attributes of a maven and (b) the perceived value of receivers for a market maven. The first element includes (1) the attitude of mavens towards a certain object. This can be in the form of a product, brand name, store or firm, and (2) the wideness of the social network span (SNS) of a maven. This indirectly includes the consideration of whether a maven gives recommendation to a strong-tie or/and a weak-tie circle. The second element is taken from the side of the receivers. From this side the reference potential is estimated by including the measurement of the level of trust of receivers in a maven.

FIGURE 02. Reference potential of a maven
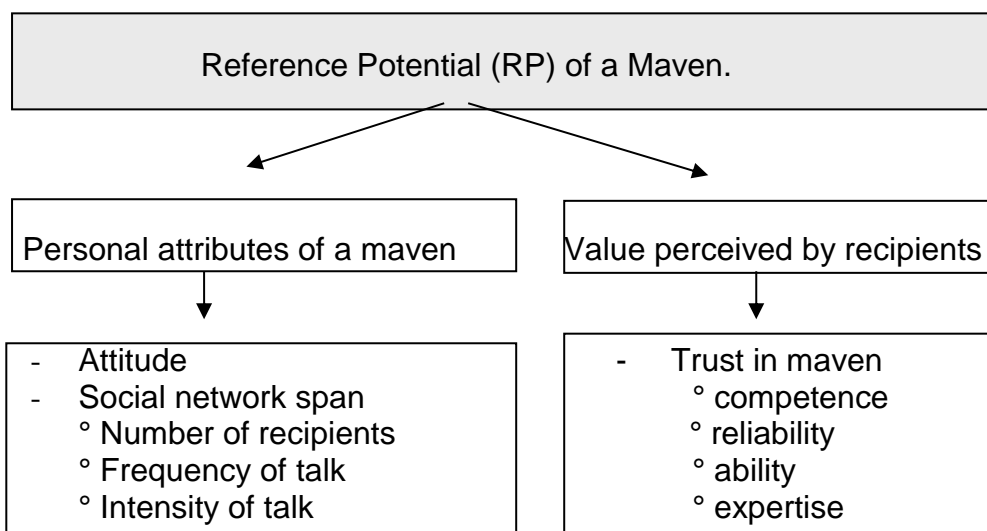
Source: author's presentation

The first inherent personal attribute to be discussed is attitude (A). It is necessary to include the attitude level of a communicator (maven) because, apparently, attitude will guide the content of recommendation. A communicator, who has a positive attitude towards a certain object, presumes that he/she will give a neutral to positive

recommendation for the same or related objects, and, to the contrary, he/she will provide a negative recommendation, when their attitude towards the object is negative. The supportive literature in this area is well accepted. Principally, attitude is learned in a fixed sequence (Ajzen and Fishbein, 1980). It consists of the formation of belief, followed by some evaluation of that object and then some action, such as giving recommendations to others or behaving accordingly (Solomon, 1996: Ajzen, 1991). A firm can argue that mavens with a positive attitude reflected in her/his positive recommendations will improve the degree of her/his reference potential.

Unfortunately for the case of a market maven, a satisfaction variable can't be solely used for measuring the reference potential of mavens, because the definition of market mavens does not require that these individuals be early purchasers of products or necessarily event users of products, about which they have information (Feick and Price, 1987). It is generally accepted that consumer satisfaction is a post-purchase phenomenon. Evaluation of satisfaction prior to a choice and even in the absence of a purchase or choice is considered as inadequate. Satisfaction should only be evaluated at the time the product evaluation occurs (Giese and Cote, 2000). As the role of attitude is greater than satisfaction in our framework the attitude of a maven is integrated rather than the satisfaction level, as suggested by Cornelson (2001). This was our argument for omitting the satisfaction factor in the framework for measuring the reference potential of mavens.

The second element which is important for the personal attribute of a communicator is the social network span (SNS). The social network span determines the degree of penetration of a mavens' recommendation into their respective communities. It focuses on determining the span of recommendation spreading. Higher SNS scores reflect the depth of social coverage exerted by a maven. Again, from the view of the marketers, a maven will be more valuable when she/he has a higher social coverage or a higher SNS score. However, SNS does not only cover the number of recipients that can be approached by a maven, but it should also be concerned with the frequency (number) of contacts with an individual recipient (Q) and should be focused on the issue of level of communication intensity (I). The frequency and intensity of giving recommendations indirectly depends upon the communication situation and condition. In the communication process environment is one of the key determinants of success of the information transfer process (Kroeber-Riel and Weinberg, 1999).

The other psychological element determining the reference potential of mavens is all the aspects taken from the side of the recipient. The main element relating to the recipient characteristics is the level of trust. It focuses mainly on the trustworthiness of a maven as perceived by the information recipient. The level of a recipient's trust in a maven provides an indirect understanding of the probability of successful information transfer from a maven to other persons. Trust level has become a cornerstone of relationship and successful transfer of information. The result of a communication process will depend on plausibility and credibility of the communicator as perceived by the recipient. The two most important elements of trust for assuring the success of a communication are expertise and trustworthiness (Kroeber-Riel and Weinberg, 1999). This study proposed that the trust level induced by a strong-tie (such as from family member or relatives, friends) and a weak-tie relationship (unknown person) will be perceived differently. Mavens who have a strong-tie relationship with a recipient will be perceived as more trustworthy and more influential for the decision making process than mavens from a weak-tie relationship. However, weak-tie mavens who provide a comprehensive bundle of information (expertise) will also be trustable to the same degree as strong-tie mavens. Therefore, measuring trust levels provides proportional clues that indirectly represent the consideration of social characteristics, i.e. weak- and strong-tie relationships of mavens.

A practical application of the above proposed theoretical basic ideas can be derived from the following formula: Reference potential of a maven (RP_x) is resulting from multiplication of personal attributes (Pt) and value perceived by recipients (Vr_n). Personal attributes of a maven are represented by the multiplications of the score of the social network span (SNS_x) and the attitude level (A_x). The social network span is directly derived from the presence of the number of recipients in contact with a maven (N_n), frequency of talk/contact (Q_n) and intensity of talk or contact (I_n), while the value perceived bythe recipients is represented by trust elements (such as competence, reliability, and ability scores is equal to ΣT_i). This will be summarized as follow:

$$RP_x = Pt_x \times VR_n, \ldots\ldots\ldots\ldots\ldots \text{ (1) when,}$$

$$Pt_x = A_x \times SNS_{x,} \ldots\ldots\ldots\ldots\ldots\text{(2) and,}$$

$$SNS_x = N_n \times Q_n \times I_n, \ldots\ldots\ldots\ldots\text{(3) and,}$$

$$VR_n = \text{sum } T_n \ldots\ldots\ldots\ldots\ldots\ldots \text{ (4) therefore;}$$

$$RP_x = (A_x \times N_n \times Q_n \times I_n) \times (\Sigma \, T_n).. \text{ (5)}$$

Note:

x = a maven

n= number of receptors

$A_x= [i+ A_x]$, where i depends solely on the measurement score of attitude scales. i should be greater than measurement attitude scale, in order to accommodate potential minus scales resulting from negative attitude measurements.

Research Method

A self-administered questionnaire was given in this study to a total number of 134 undergraduate students from the Agriculture, Nutrition and Environmental Science Faculty of the University of Giessen, Germany. Most of the enrolled students were in the 2nd or 3rd year and 88% were women. The questions in the questionnaire were designed to comply with some standard questioning techniques developed by previous authors. To identify the presence of market mavens, the Market Maven Scale Items System developed by Feick and Price (1987) was used. The range of the market maven scale items was in the range of 7-35, the mean value of the maven scale was 24.2 (standard deviation 4.43). Using a percentiles breakdown market mavens were classified into three different groups, i.e. low, medium and high intensity mavens. Alpha for market maven scale items was 0.747. In order to provide evidence for the market maven relationship with other variables a parametric inference test was used.

Attitude was measured by using the Likert scale. The answering scale was modified from a 7 point for strongly disagree to strongly agree scale to a 5 point Likert rating scale in order to simplify the personal judgment. However, our study used similar descriptive statistics as the ones utilized by previous researchers. Attitude level was classified using the quartile method. Subjects whose scores were below 25% of the overall distribution value were classified as having a negative attitude. Subjects with scores in the range of 50% of the overall distribution were grouped into subjects with neutral attitude and subjects whose score achieved more than 75% of the overall distribution were classified as having a positive attitude.

The Social Network Span (SNS) was measured by asking the respondent about the number of contacts with other persons and by confirming the frequency and subjective evaluation of intensity of each contact or talk.

The trust score in mavens was determined by asking the subjects about the degree of some trust elements such as competence, reliability and ability as an information source

perceived by other people. This rating was confirmed by direct evaluation related to the trust level in a maven under evaluation.

The sum of multiplications of attitude, social network span and trust rating scores was used for estimating the reference potential of a maven as described earlier.

Due to the fact that market mavens do not focus on a specific product, this study has investigated a very broad product spectrum in the sector of food and beverages, including bread and cakes, milk and yoghurt, chilled products, snacks, coffee, candies and chocolates. These product classes represent the top ten product categories in the food and beverage market in Germany.

Results and Discussion

Once again, the practical marketing implication of the reference potential score of a maven pertains to the impact on information transfer done by a maven on building other people's knowledge about, attitude towards and trust in certain products of a firm. This study has identified the presence of market mavens among a student group and this finding is in line with the results presented by Feick and Price in 1987. We found quite a lot of students (47%) who fulfilled the criteria of being a market maven. This study successfully distinguished the presence of three different classes of market mavens, i.e. low (non-maven), medium and high activity mavens. In order to differentiate the reference potential score of mavens attributes, all analyses were performed on the basis of these three groups (see Table 01.).

As has been discussed previously with regard to the attitude towards the tested product classes, this study has confirmed that there is no different attitude across the three different groups of mavens. Quartile distribution of overall attitude reached mean values of 3.285, 3.571 and 4.000 for negative, neutral and positive attitudes, respectively. Most of the respondents had neutral to positive attitude towards the tested product classes (mean values range of 3.591-3.620). High-activity mavens tended to have less positive attitudes as compared to low-activity mavens, but this difference was not significant (see TABLE 01). High-activity mavens had a higher reference potential than medium- and non- mavens. The high reference potential of high-activity mavens was mainly the result of a higher social network span, because they made significantly more contacts with other people than the other groups. This finding also confirms the previously postulated statement with regard to the social engagement of a maven. Besides that, the higher score of trust of recipients in the high- maven- group contributed

towards the high reference potential score of the high- maven- group. Unfortunately, in this study we did not evaluate the individual reference potential and did not determine the value of the individual representative of the high-activity maven group. High- mavens initiated more contacts and more communications with more people or receivers. When such a maven has a strong-tie to the recipient the information received from a maven can be used as a valuable and trustable one for making a buying decision.

Table 01. Reference potential across three different maven groups (the mean values and standard deviation)

Maven groups	Personal Attribute of a Maven (Pt)		Trust of receiver in maven (ΣT_i)	Reference Potential (RP)
	Attitude (A)	Social Network Span (SNS)		
Low (mean)	3.620	7.954	3.506	104.067
(N)	32	33	33	32
(sd)	0.392	10.086	0.620	158.132
Medium (mean)	3.662	14.680	3.714	200.763
(N)	36	36	36	36
(sd)	0.440	13.362	0.517	187.094
High (mean)	3.591	19.968	4.147	296.397
(N)	63	64	64	63
(sd)	0.470	18.134	0.459	264.316
Asymp. Sig*				0.000

* One way ANOVA

The economic benefit of an individual maven can be measured using the above mentioned formula. Furthermore, it is also possible to determine the real economic value of a maven for a firm by measuring and summing up the different economic benefits of a maven. As has been mentioned above there are at least two real economic benefits of a maven in the view of a firm i.e. (1) as a customer, who adopts innovation, buys or consumes a product, and (2) as a market place information spreading to others and as influencer (opinion leader). Market mavens can be involved in the firm's customer

relationship management wherever the firm is able to identify their maven. With this perspective it can be argued that the economic benefits of a maven is resulting from the summation of earnings (in dollars/euros) received by the firm from the buying action of a maven plus earnings (in dollars/euros) resulting from the buying action of other consumers having been influenced by a mavenism activity.

Conclusion

It can be postulated that due to their high reference power mavens can be considered as more potent target consumers. Market mavens tend to have a broader social network span due to their social engagement. They initiate contact and communication with more people in their social circle. Because of the recepients' trust into mavens the value of a maven as a communicator or a reference provider increases. Understanding the reference potential of a maven can provide us with a better understanding of the role and function of market mavens in personal communication. For the marketing implication a maven can provide two different economic benefits, i.e. through their engagement in spreading information to others and as customers, who are ready to buy and consume the product.

This study confirmed that market mavens can be used as one of the tools for strategic marketing communication, especially through word-of-mouth communication. However, there is a certain prerequisite for establishing a successful market maven pool for a firm. Due to the fact that market mavens are knowledgeable consumers, it is necessary for marketers to provide them with abundant and sufficient market place information. Building a loyal market maven group, who is satisfied with, trusts in and has positive attitude towards the firm's products and services, is then the challenge to be met by a firm. If and when this goal is reached it will be beneficial, because the firm will profit from the mavens' activities of spreading positive information and positively influencing other people. The economic benefits of mavens for a firm can be seen in a long term time frame. In this perspective mavens are more important, because of their role in building up people's positive attitude and perception towards a given object.

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Curriculum Vitae

Dr. Jofi Puspa is a researcher (Post Doc fellow) at Justus-Liebig University-Germany, Faculty of Agricultural sciences, Nutrition Sciences and Environment Management, Chair of Food Economics and Marketing Management. After finishing her first graduation at Environmental Biology Faculty (1990)-Satya Wacana University-Indonesia, she worked at PT Bayer Indonesia and at PT Glaxo Indonesia, pharmaceutical Department. She received a full scholarship program from PT Bayer Indonesia to take her Master degree in Business Administration. In year 2000 she moved to Germany and finished her PhD in nutritional science in 2005 at Justus Liebig University of Germany. Since then she works at her current position. Her research interests are: psychological and economics aspects of consumer behaviour especially dialling with food consumption, nutrition and diseases prevention, personal communication, managing innovation and also strategic marketing of food products.