Chapter 5
Diffusion of Innovation and Role of Opinion Leaders

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ABSTRACT
The purposes of this study were: (1) examine the literature about innovation diffusion; (2) conduct a literature review on the innovation-decision process; (3) identify factors affecting the success of an innovation; (4) to determine a new strategy for diffusion of innovation. A structured search of the internet was undertaken to identify and appraise direct relationship between opinion leaders and diffusion of innovation. Models for describing the pattern of the diffusion processes for innovations are used by researchers. The present study went beyond the global structure of network to understand the actual position of the actors within the innovation networks. To do this, a strategy was needed that went to understand from the macro to the micro level, and then returned to the macro level to explain the structure of the authorship in innovation networks.

INTRODUCTION
The process of diffusion is the assimilation of the products into the market. The rate at which idea of the product or service spreads from one customer to another is called the rate of diffusion. The concept was proposed by Everett Rogers, a professor of communication studies, in his seminal book Diffusion of Innovations. The book was first published in the year 1962. Professor Rogers argues that in a social system innovations are communicated in a typical manner among the people. The theory spans across a number of disciplines and is based on concepts of varied areas. Rogers has argued that there are four main elements that influence the dissemination of idea. These are --the innovation itself, communication channels, time, and a social system. Even before Professor Rogers brought out the book on ‘Diffusion of Innovation’ the concept had been discussed by many. French sociologist Gabriel Tarde, German and Austrian anthropologists and geographers such as Friedrich Ratzel and Leo Frobenius. Ryan and Gross in 1943 and H. Earl Pemberton were some of the prominent contributors to the concept. Professor Rogers synthesized research from over 508 diffusion studies across the fields that initially influenced

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the theory: anthropology, early sociology, rural sociology, education, industrial sociology and medical sociology. Using his synthesis, he produced a theory of the adoption of innovations among individuals and organizations. The adoption process as the mental process through which, an individual passes from first hearing about an innovation to final adoption.

Rogers defines an adopter category as a classification of individuals within a social system on the basis of innovativeness. In the book *Diffusion of Innovations*, Rogers suggests a total of five categories of adopters in order to standardize the usage of adopter categories in diffusion research (Rogers, 1995). The adoption of an innovation follows an S curve when plotted over a length of time. The categories of adopters are: innovators, early adopters, early majority, late majority, and laggards.

Innovators are the first individuals to adopt an innovation. The first 2.5% of adopters are called “Innovators.” Innovators are willing to take risks, youngest in age, have the highest social class, have great financial lucidity, very social and have closest contact to scientific sources and interaction with other innovators. Risk tolerance has them adopting technologies which may ultimately fail. Financial resources help absorb these failures. They are willing to tolerate initial problems that may accompany new products or services and are willing to make shift solutions to such problems.

Early Adopters is the second fastest category of individuals who adopt an innovation. These individuals have the highest degree of opinion leadership among the other adopter categories. Early adopters are typically younger in age, have a higher social status, have more financial lucidity, advanced education, and are more socially forward than late adopters. More discrete in adoption choices than innovators. Realize judicious choice of adoption will help them maintain central communication position.

Early Majority are Individuals in this category adopt an innovation after a varying degree of time. This time of adoption is significantly longer than the innovators and early adopters. Early Majority tend to be slower in the adoption process, have above average social status, contact with early adopters, and seldom hold positions of opinion leadership in a system.

They have three principles in the adoption of new technology:

1. “When it is time to move, let’s move all together”. This principle defines why adoption increases so rapidly in the diffusion process and causes a landslide in demand.
2. “When we pick a vendor to lead us to the new paradigm, let us all pick the same one”. This principle explains which firm will become the market leader.
3. “Once the transition starts, the sooner we get it over with, the better”. This principle shows why the transition stage occurs rapidly

Late Majority are individuals in this category will adopt an innovation after the average member of the society. These individuals approach an innovation with a high degree of scepticism and after the majority of society has adopted the innovation. They are very price sensitive and require completely preassembled, bulletproof solutions Late Majority are typically sceptical about an innovation, have below average social status, very little financial lucidity, in contact with others in late majority and early majority, very little opinion leadership.

Laggards are individuals in this category are the last to adopt an innovation. Unlike some of the previous categories, individuals in this category show little to no opinion leadership. These individuals typically have an aversion to change-agents and tend to be advanced in age. Laggards typically tend to be focused on “traditions”, likely to have lowest social status, lowest financial fluidity, be oldest of all other adopters, in contact with only family and close friends, very little to no opinion leadership.