Online Communities:
Why do consumers participate?
Why should marketers care?

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Abstract

Online communities are fast becoming a me too, component of corporate marketing and communication strategies.

Therefore, it is the objective of this research to contribute to the understanding of online communities from a marketers perspective through providing an overview of the online community industry, identifying successful online communities operating today; undertaking a review of the literature, identifying a path which leads towards community based relationship marketing strategies and to undertake an empirical study, providing indicators to marketers about why consumers participate in online communities and to assist them in understanding why they should care!

An empirical study was carried out which looked to identify indicators for marketers considering implementing an online community strategy. A survey was designed, research carried out, on a fan based community, in the UK. Exploratory factor analysis identified measures, which were subsequently tested for reliability, using Cronbach's Alpha and independence through Discriminant Analysis. Once proven, regression analysis was carried out, which identified predictive relationships.

The results of the regression analysis show that interest, expertise, inclusivity and personalisation have a positive effect on a members willingness to participate in an online community. Also, that familiarity and expertise have a positive effect on the length of time an individual remains a member of an online community. And finally, that interest, inclusivity, familiarity, member experience levels and participation all have a positive effect on the number of hours an individual spends in an online community each week.

Discussions and managerial implications are offered based on the research and empirical study. As this was an exploratory exercise, the findings should be accepted as indicators and potential catalysts for future research. Suggestions for future research have also been offered.

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1. Introduction

Online or virtual communities, in their various guises, are fast becoming a "me too" component of many corporate online strategies, in some cases their whole business model is centred around an online community, EBAY, Udate and Friendsreunited. The increase in online communities continues to grow as the internet becomes more deep seated in our day to day lives and, through the development of technology. Therefore, online communities is a relatively new topic for academic research and the literature, particularly in the area of marketing is still quite scarce.

1.1 Objective

It is the objective of this document to begin to address this gap in academic literature through providing a history and overview of the various virtual communities operating today, pinpointing, through empirical research, some indicators which highlight how marketers may benefit, in some high customer value markets, through, the inclusion of a virtual community in their online marketing and business development strategies.

1.2 Structure

The structure of this paper will encompass an overview of the online community industry, chapter 2, its history and how organisations are currently using online communities within different business areas, with a view to opening the discussion on how online communities may be incorporated into marketing strategy. In order to do this, a combination of academic and practitioners literature has been reviewed, chapter 3, including relationship marketing, online trust, brand communities, online communities, participation and knowledge sharing in communities of practice, through which a framework for quantitative empirical research has been derived, chapter 4, which addresses 2 questions:

1. Is there a relationship between the characteristics of an online community and a members participation levels in the community?
2. Is there a relationship between an online community members internet experience levels and their participation levels in an online community?

The results from the empirical research will be discussed in chapter 5, and conclusions, limitations of the research and future research suggestions in chapter 6. Chapter 7, will discuss the implications for managers.

1.3 Methodology

The primary, empirical research is based on an online questionnaire, Appendix B, designed, through adapting constructs from the secondary research on online trust and community member participation; and a personalisation scale from the handbook of marketing scales, Bruner et al 1998, and ad hoc discussions with community practioners.

The online questionnaire was introduced to the LIVINGtv online communities via popup adverts and regular requests by the community moderator requesting participation from the members. The survey was run for a period of 10 days, from the 12th August 2004 and the results showed that

- interest, inclusivity, personalisation and expertise are all predictors of participation in an online community

- member experience is not a predictor of participation in an online community

- over 46% have been members for more than 12 months

- over 64% visit the community more than once a day

- over 51% post on the community more than once a day

Concluding that online communities have the potential to offer marketers a tool which assists in the creation of a loyal customer base, a forum through which customers and other stakeholders can voluntarily engage in a relationship with the community or organisation and through the different forms of participation can enable an organisation to both educate and learn from the community members.

The key to online communities is consumers voluntarily engage in a relationship and provide personal and lifestyle data, something that marketers have been trying to achieve through the implementation of customer relationship management systems.

The challenge for marketers is:

- to understand what motivates consumers to participate in this way
- to identify the key characteristics of the community to be implemented
- to identify the form of management of the community, moderated or not
- to implement the correct community for the target stakeholder group

to maximise the benefits of the new relationship platform.

1.4 Limitations of the Study

This research carried out was an exploratory exercise and although the results showed strong evidence of a interest, inclusivity, personalisation and expertise being predictors of participation in an online community and no relation between member experience and participation, further research needs to be undertaken to validate and develop these findings.

The new variables, interest, expertise, personalisation and participation each contain 2 items, it may be that through the addition of further items these measures may be improved. Also, other variables, not identified in this research be predictors of participation in an online community, eg web site characteristics, usability of the community or the level of moderation within the community.

2. Industry Overview

2.1 Definition of Online Communities

From reviewing the academic literature and discussions with online community practioners, the following definition has been created.

"An online community is a messaging system, or forum, which is available to anyone, anywhere, anytime through the internet, which facilitates an ongoing conversation between a group of individuals, large or small, who have a common interest or topic they wish to exchange information, opinions and knowledge on."

Other definitions, include:

"A virtual community allows people to engage in the exchange of information, and learn from each other and about each other." Rothaermela F.T, Sugiyamab S, (2001).

"virtual communities are social aggregations that emerge from the Net when people carry on public discussions long enough, with sufficient human feeling to form webs of personal relationships in cyberspace", Rheingold (1993, p.3, 5) quoted from Rothaermela F.T, Sugiyamab S, (2001).

Wenger and Snyder, (2000) describe a community of practice as "groups of people informally bound together by shared expertise and passion for a joint enterprise."

"A community is made up of its member entities and the relationships among them. Communities tend to be identified on the basis of commonality or identification among their members, whether a neighbourhood, an occupation, a leisure pursuit, or a devotion to a brand." McAlexander, Schouten, Koenig (2002)

2.2 Introduction to Online Communities

In their summary of the evolution of online communities and their related concepts, technologies and initiatives, Ambrozek and Cothrel's (2004) identify ARPA (Advanced Research Project Agency) as the first organisation to predict the emergence of virtual communities in the late 1960's.

In their diagram, Ambrozek and Cothrel's (2004) diagram highlights some technologies which support the evolution of online communities, including web crossing, a software provider, whose suite of products include virtual community and team collaboration tools; lotus notes a messaging and collaboration platform and more recently; camera phones, blackberry PDA's and internet based social networking communities like Friendster.com.

They also highlight new concepts, which have added to the growth of online communities, one of which is the Cluetrain Manifesto, a book written by Rick Levine, Christopher Locke, Doc Searls and David Weinberger (2000) which begins, "people of earth…. A powerful global conversation has begun" and goes on to discuss the role of the internet and the different conversations which are taking place online every day. They mention SMARTMobs, a book by Howard Rheingold, (2002) which focuses on the impact of mobile communication devices and how their evolution will result in the "convergence of pop-culture, cutting edge technology and social activism" and that it will not be up to the corporates to tell individuals how to use technology, but it will be up to individuals to decide how to use it.

The third area highlighted is new initiatives which combine technology, connectivity and community to deliver solutions, using B2B communities as an example, where large organisations created online trading exchanges proving access for multiple suppliers in order to improve the supply chain order and fulfilment process.

Figure 2 - History of Online Communities

2002-	**LINKEDIn**	**SOCIAL NETWORKING – FRIENDSTER,**	**SMARTMobs**
2000-	**B2B COMMUNITIES – CISCO SAP**	**CAMERA PHONES**	**GOOGLE GROUPS**
1998-	**COMM OF PRACTICE**	**BLOGGE** **CLUETRAIN MANIFESTO**	**RS**
1996-	**INTRANETS** **HOMESTEADER'S - GEOCITIES**	**NETGAI**	**SIXDEGREES**
1994-	**COMMERCE COMMUNITIES – EBAY,**	**TEXT MESSAGING**	
1992-	**"THE VIRTUAL COMMUNITY"**	**COMMUNITIES ONLINE**	
1986-	**LOTUS NOTES INTERNET RELAY CHAT LISTSERV WEB CROSSING**		
1979-	**ONLINE SERVICES – COMPUSERVE, AOL, THE WELL, MINTEL etc**		
1978-	**BBS's USENET NEWSGROUPS MUD's**		
1973	**FIRST EMAIL MESSAGE STRENGTH OF WEAK TIES**		
1968	**ARPA PAPER PREDICTS EMERGENCE OF VIRTUAL COMMUNITIES**		

BBB's –bulletin boards
MUD   – Multiple User Dimension – online strategy games   **concepts**   **technologies**   **initiative**
ARPA – Advanced Research Project Agency

Source: Presentation - 9th International Conference on Virtual Communities
Jenny Ambrozek, Joseph Cothrel

It took until 1985, for the Well, to appear. The Well is generally accepted as the first virtual community, www.well.com, created for writers and computer experts as a cluster of electronic villages where people gather to exchange views, opinions and advice on many topics. The Well connected to the internet in 1992, and launched its first web site in 1994. From this, we conclude that online communities are, for the most part less than 10 years old, making them a relatively new discipline for corporate executives and academics to understand, implement effectively and measure the benefits of.

Online strategy games or Multiple User Dimensions (MUD's), predate online communities as they began to appear in 1978, these were online communities of computer experts, academics and students who utilised the CICS/UNIX world wide technology infrastructure to play text based strategy games in a virtual environment.

Gamers adopted an online persona called an avatar, and joined the virtual community where strategic challenges were set, often requiring other players to achieve the goal. These games continually evolved and held gamers attention for months and sometimes years.

As technology has advanced online games have evolved from textual to sophisticated graphical applications making full use of internet technology, becoming one of the top revenue generating online business models. Gamers pay monthly subscriptions and also purchase game upgrades once or twice a year.

The online game market is expected to top US$5billion by 2005.
Source: Greenfield and Nuytemans 2004.

Suggested parallels with Marketing Strategies for online games organisations: customer loyalty, customer lifetime value, word of mouth, member get member customer acquisition.

2.4 Online Communities Today

In 1996, Armstrong and Hagel identified 4 categories of online community:

1. Community of transaction – "facilitate the buying and selling of products and services and deliver information related to those transactions."

2. Community of interest – "participants who interact extensively with one another on specific topics."

3. Community of fantasy – members "create new environments, personalities or stories."

4. Community of relationship – formed "around certain life experiences that often are very intense and can lead to the formation of deep personal connections."

The 1996 article mentioned 6 sites, virtual vineyards, gardenweb, motley fool, red dragon inn, espnet and the cancer forum which they were aware of or had researched in some form. Today, where online communities are more common place, there are a diverse range of online communities which continue to evolve to meet the needs of different stakeholder groups, consumers, employees, shareholders, suppliers, influencers and advocates, which fit into one or more of the Armstrong and Hagel, 1996, suggested community categories. It is likely that future research will added to or refine the Armstrong and Hagel's, (1996) categories.

Range of Online Communities

Online communities, in their many different forms, are used by many companies today, a range of well known online communities and suggested categories are outlined below, Fig. 1:

Figure 1 – Spectrum of Existing Online Communities

Customer Review Communities
- eBay
- Amazon

Customer Service Communities
- Dell
- Zone Alarm
- Roxio Software

Customer Pressure Groups
- Untied.com

Online Games Communities
- Gamers.com
- Habbo Hotel

Customer Focus Groups
- Hallmark cards
- iVillage.co.uk(now Tesco owned)
- Myvoice

Communities of Practice
- Ogilvy – Truffles
- Brandplace – Ogilvy/Client Communities

Information Communities
- Lonely Planet
- Walkingworld.com

Dating Communities
- Udate
- Match
- Dating Direct

Friendship Communities
- Friendsreunited.co.uk
- Habbo Hotel

Brand Communities
- Harley Davidson
- Liverpool FC

Entertainment Communities
- WWF
- BBC programmes

Expert Communities
- Time Zone
- Virtual Tourist

Personal Network Communities	Shareholder Communities
• Linked-In • Ecademy • Private Book club	• Yahoo Finance • Hem Scott

A selection of online communities, their potential benefits to the different host organisations and the suggested category(s) they may fall under are detailed below:

2.4.1 Customer Review Communities

Amazon

Reichheld (2000), states that Amazon's greatest asset is their book review knowledgebase, created by Amazon's customer community. Amazon provides the facility for their customers to review and rate books online, the reviews are available to other customers, who in turn either provide another review of the book or rate the reviews themselves, allowing Amazon to state that the review was helpful to "n" customers who purchased a book! This unique knowledgebase created by Amazon's collective customer base means that no other vendor will be able to build an exact replica – competitors may include a similar review mechanism on their site, but their customer base will be different as will the content of the knowledge base. As long as Amazon continue to develop a quality knowledge base, it will remain one of the competences which provide Amazon with a competitive advantage over their competitors.

Source: examination of business model and ad hoc observations of site.

EBay

In an anonymous trading exchange, such as EBay, how do you know who to trust? EBay utilise customer and supplier reviews, in a peer to peer reputation based community where both buyers and sellers can be rated by those whom they have either bought from, or sold to. As both buyers and sellers develop their reputation within the community the more likely they are to trade and remain loyal to the EBay exchange – moving to another platform will mean they have to either build up their reputation or operate within an environment which does not benefit from this form of trust building system. This system is not full proof and has been manipulated in the past, but it does create a valuable guide for the community and a reward for loyalty to and participation in the community.

Source: examination of business model and ad hoc observations of site.

Both these customer review mechanisms have the potential to create an interdependent community from a large group of individual customers, where they become reliant on the evolving knowledge base to make future repeat purchases, creating a long term loyal customer base.

Suggested parallels with Marketing Strategies for customer review and reputation based communities: differentiation through content, online trust, customer loyalty, customer lifetime value, word of mouth, member get member customer acquisition.

Suggested categories: Transaction

2.4.2 Customer Service Communities

Dell Corporation

Dell Computer operate an online support community where consumers can post the problems they are having with their Dell equipment, as it is likely that other Dell customers have come across the same problem and resolved it, creating a self supporting customer community, in turn, reducing customer support costs for Dell themselves. Dell do have employees who monitor and provide information on the support forum, but the majority of the knowledge is held within their customer base

and this is an ideal situation for them to harness and share the expertise of the customer base.

In addition to support, the community has the potential to create long term Dell loyal customers, e.g. a dell customer may be looking to upgrade, replace or add to their computer equipment, instead of going out to the market to learn about new products, they can access a broad customer base with hands on experience of the various products, assisting them with product selection in a presales capacity. This form of interaction provides Dell with the opportunity to prevent their customers from switching brands for future equipment purchases by taking them out of the sales cycle early. i.e. if Dell have a product which fits and other customers vouch for its capabilities then they do not need to look at other manufacturers.
Source: Lithium Technologies Sales Director 2002.

Zonealarm
Zonealarm, a software vendor who manufacture and sell personal firewall's for PC's, have an entry level version for home users which is downloadable free from the internet, over 60million copies have been downloaded. Free products are too expensive to create an offline support team for as there is no revenue. Their solution is an online support forum, where customers provide product support to each other. The online community enables Zonealarm to provide product support and customer service to all customers, ensuring that all customers are able to effectively use their products.

Potential benefit, a supported customer base which may result in higher levels of customer satisfaction and future opportunities to upgrade customers to the fee based products.

There is no academic research in this area so conclusions are based on assumptions and discussions with technology vendors. I*nformation provided by*
Source: Lithium Technologies Sales Director, 2002.

Suggested parallels with Marketing Strategies for customer support communities:
customer loyalty, customer satisfaction, customer complaints handling, customer lifetime value, word of mouth, product advocacy, customer acquisition, increased customer switching costs and service differentiation.

Suggested categories: Transaction, Interest

2.4.3 Customer Pressure Groups
United Airlines
United Airlines introduced an online customer community, which they later withdrew as customers were discussing the negative aspects of United Airlines around customer service and their financial troubles in 2001. The customer community's response to United Airlines action was to create their own online community www.untied.com using United colours and logo and providing a forum for open discussions on both the positive and negative aspects of the airline.

Other customer pressure groups have evolved where disgruntled ex-employees have set up communities where they can air their grievances about the organisations they previously worked for – these may be seen as negative uses of the technology, but understanding a problem provides an opportunity to resolve it and these forums can also be used by organisations to inform and dissipate issues.

The lesson here is to manage the negative comments, because the facility is there for the community to go and continue the conversation elsewhere – just because they are not conversing on one site, does not mean the conversation stops.

Source: Lithium Technologies Sales Director 2002

Suggested parallels with Marketing Strategies for pressure groups: customer satisfaction, customer complaints handling, customer loyalty, word of mouth.

Suggested categories: Interest

2.4.4 Online Games Communities

Habbo Hotel
Habbo hotel is an online luxury hotel for teenagers, which operates as a game community which is "animated and brought alive by teenagers". Teenagers gather at the Habbo hotel to make friends, get advice about drugs, contraception, teenage angst and play games. Habbo is moderated by teams of experts and volunteers who ensure the strict code of conduct is maintained and parents can be kept informed via a monthly newsletter. Teenagers, adopt an online persona, avatar, create their own room, where they can select furniture and décor and are free to invite their friends round, for virtual socialising.

Habbo is increasing its popularity everyday and marketers are taking notice of Habbo as a route to the teenage market. PepsiCo, launched Mountain Dew in Finland on Habbo Hotel, a virtual mountain dew room was created which had mountain dew branded furniture purchasable via SMS numbers printed in mountain dew bottle tops, and branded avatar outfits were also available. The teenagers socialised and played games in and around the swimming pool and got to virtually taste mountain dew.

Mountain Dew is now the 2nd most popular soft drink in Finland.
Source: Greenfield, Nuytemans (2004)

Suggested parallels with Marketing Strategies for online games communities: new product launches, market entry strategies, customer loyalty, customer lifetime value, word of mouth, member get member customer acquisition, integration of offline, online marketing initiatives, segmentation, brand advocacy, brand experience, education, emotional brand loyalty, peer to peer communications and high switching costs.

Suggested categories: Interest, Fantasy, Relationship

2.4.5 Customer Focus Groups

Market Researchers have begun to harness the power of the online community and research forums are appearing in different forms:

MyVoice
www.Myvoice.co.uk is a consumer research panel of 60,000 UK consumers who have signed up to participate in consumer research. MV offers their services to commercial organisations looking to carry out consumer research. A fee is charged per question, with the first question including a setup fee. The surveying organisation get results quickly and the participants get rewarded through a points scheme, which they can collect and redeem for gifts.

The cost of this form of market research is lower than traditional methods and the results can be analysed much quicker due to the data collection and analysis tools available.
Source: David Heslop, MD, Mazda Cars UK, owners of Myvoice.

Hallmark Cards
Another form of MR, is a customer focus group, Hallmark cards in the US have a "mini advisory panel" of 300 consumers, which may include, individuals who are paid for

their involvement, committed enthusiasts, peripheral players and perhaps some disinterested participants. The focus groups are managed by a team of external market researchers and consumer behaviour specialists who combine community collaboration with survey techniques to get insight into products and services that Hallmark can offer.
Source: www.communispace.com

Ivillage
www.ivillage.co.uk, is a multi-forum portal for women, setup to enable women to seek advice and support from their peers. Forums are monitored by community leaders who keep the activity going, by posting messages when the other members have gone quiet or by moderating the forum if one of the members becomes abusive or posts inappropriately.

Ivillage is now owned by Tesco in the UK, who use this forum for market research activities. Tesco can survey concentrated and interested samples from within the community – for example one of the forums is for women due to give birth within 3mths, a survey may be carried out on this group to find out what sort of nappies they are planning to use with their newborn child – terry, eco friendly disposable or branded disposable. From this, Tesco can follow trends in nappies for new born babies and predict the types of nappies to stock in the next 3mths. As nappies will be topical to this group, the data should be valuable to Tesco. Ivillage do not allow external organisations to survey their community base.
Source: examination of business model and ad hoc observation of members.

Yahoo
Yahoo is an information, media and online services portal, one of the internet success stories boasting a worldwide subscriber or membership base of 274million, making them very attractive to advertisers. In an interview, Wenda Millard, Chief sales officer of Yahoo, states that Yahoo is a "specialist in their customers business", they have a "tremendous amount of knowledge about their customers business" which enables them to "know their needs and objectives." Yahoo recognise that the internet is a pull technology, which enables consumers to select the information and marketing messages they wish to receive, so having profile and user behaviour knowledge enables them to segment their customers not on demographics, but in a more sophisticated and accurate way, benefiting both advertisers and consumers.
Source: Rodgers 17th July 2004, www.1to1.com

Suggested parallels with Marketing Strategies for online market research: targeting and segmentation of consumer groups, customer feedback, new product development, identification of unmet needs.

Suggested categories: Transaction, Interest

2.4.6 Communities of Practice (CoP)
Communities are also used internally within organisations, there are two types of communities where groups of professionals share and exchange ideas and best practices. The first one is a know-how community. Organisations understand that an employee's knowledge capital leaves the organisation when the employee does; communities of practice have evolved in order that some of that knowledge can be harnessed and retained. The second CoP may be formed around a particular project – new product development, an advertising campaign or product launch.

Truffles
Within the Ogilvy Group, Truffles is the name of the internal community of practice, where advertising and media professionals share creative ideas, best practices and

corporate knowledge, it is anticipated that "in 2004, an average Ogilvy employee can expect to spend nearly one entire week trolling for data and insights on Truffles."

Truffles is also a tool which is used to "instil and uphold Ogilvy Culture."

Truffles is not one specific community, but a number of focused communities which act as a tool for each individual group or community – the board member community, the community for each worldwide office and industry specific communities all managed by local knowledge managers whose role it is to engage the community members to regularly contribute to the community and to collect "nuggets" of information and post them on Truffles. "Truffles simultaneously connects and educates 11,000 employees in 474 global offices." Truffles not only acts as a knowledge base, but it also acts as an internal PR and communication medium.

Central to Truffles is its content, which centres around best practices. In an interview Patou Nuytemans stated that "content is critical and must be relevant", but it is not all that makes a community successful – the community must be marketed to the target user base and need to be educated in the benefits of using truffles in their everyday working life.

Ogilvy found that curious users were the early adopters and in order to get others on board, they employed a number of tactics, firstly, they employed a team of knowledge managers, whose role it is to gather content, keep the flow of information moving and stimulate participation; secondly they used a marketing strategy to segment the different user groups and targeted them with an education program. The adoption has been successful in Ogilvy One where a number of individual geographical, business and social communities have evolved creating a valuable knowledge based tool for the agency.

In addition to the knowledge base, Truffles acts as an employee attraction and retention tool, as there are very few agencies with similar or better tools.

From a prospective customers point of view, Truffles acts as a means of differentiation, making them a more attractive advertising and marketing partner, assisting them in winning new business.

Source: Ogilvy internal Truffles publication – 2004 and Patou Nuytemans, Director of Business Development, OgilvyOne Europe.

Brandplace
Brandplace is another online community tool, created and used by Ogilvy enabling them to collaborate with their clients – Brandplace is an online collaboration tool and digital asset repository which supports brand campaigns through the international distribution of creative art work, for example within Ford's Brandplace, there are separate collaboration communities for each Ford product and their respective campaigns, e.g the Ka, Focus and Mondeo. Within each collaboration community, the final digital assets are held and can be made available, from a central repository to multiple international markets for localisation. Brandplace also supports new product launches.
Source: Menakshi Sehwani, Director of Creative Systems, Ogilvy.

EMint
Emint is a community of "online community" practitioners, ranging from academics, to community moderators, consultants and technology providers who exchange information, views, opinions and advice about the moderation, management and development of online communities. Emint was founded in the UK in 2002 and has grown to around 500 members today. Emint is a registered not for profit organisation and has recently held its first AGM and appointed its first chairman and committee.

EMint is a new community of practice formed by individuals interested in a particular topic and is fast becoming a recognised body in the online community industry both in the UK and overseas.

Emint is recognised as an authority on online communities and this is demonstrated by members of the committee sitting on the advisory panel for UK government in the area of policing online forums and online child protection.

Emint is an example of a self and forming and administering group who are evolving to become a recognised body of knowledge and wisdom about a particular topic. It continues to evolve through the interest and enthusiasm for the topic by the members.

Suggested parallels with Marketing Strategies for communities of practice: customer loyalty, customer lifetime value, differentiation tool, word of mouth, member get member customer acquisition, knowledge sharing within customer/community member base, collaboration, corporate communication, information exchange, employee education and a differentiation tool.

Suggested categories: Interest, Relationship

2.4.7 Information Communities
Lonely Planet Travel Guides
Lonely planet travel guides have created an online community for readers of their guides called the Thorn Tree. Travellers can exchange information and travel tips with other LP guide readers and travellers. The community has the ability to supplement the travel guide content between publications and provide up to date information.

The Thorn Tree enables peer to peer communication and exchange of information through a trusted brand, Lonely Planet.

Cycle Plus Magazine
Cycle plus, a magazine for cycling enthusiasts with a free to join online forum, (www.cycleplus.co.uk) enables cyclists from all over the UK and the rest of the world, to exchange cycle route and maintenance tips; find cycling partners local to themselves and engage with other enthusiasts who enjoy cycling. The magazine facilitates this, and "listens in" to the conversations between community members, adding their own expertise to the collective wisdom of the forum. Cycle plus benefit by being able to segment their market and identify products, services and strategic partners who can add value to the service they offer their readers. *Information provided by community member.*

Suggested parallels with Marketing Strategies for information based communities: added customer value, peer to peer communication, customer loyalty, customer lifetime value, word of mouth, member get member customer acquisition, segmentation, identification of unmet needs.

Suggested categories: Interest, Relationship

2.4.8 Dating Communities
Udate
Udate is an online dating community, which facilitates the search for new friends and romantic relationships by joining a community, creating a personal profile of 130 different criteria, made available to other members seeking someone matching a specific profile. Udate allows members to specify a selection criteria and search the

database of over 2million profiles to find members matching that criteria. Udate allows their members to create a personal profile and search the database without charge; a subscription fee is levied which upgrades the service providing the members to exchange email and engage in a real time online conversation through an instant messenger facility. The success of online dating continues to evolve, as individuals seek out new social connections and their trust in the internet increases.

Udate is an example of a successful community based business models. Udate was setup in the UK in Dec. 1999, with US$7million in venture capital and was sold to USA Interactive Corporation, owner of Match.com, Expedia.com and TicketMaster.com, in December 2002, for US$150milion. At this time Udate had 2 million member profiles with a subscriber base of 200,000 paying an average of $106 per annum in fees, equating to an average membership lifetime of 6 months. *Source: www.udate.com*

Match.com
Match.com is the largest online dating community, with over 1 million paying subscribers as of March 2004. *www.content.biz march 2004. Match.com is also owned by USA Interactive Corp.*

The key characteristics of an online dating site which is relevant to marketers is their willingness to join a dating community and provide extensive personal and lifestyle data in return for an added value service which they use regularly and are willing to pay for. It is the provision of personal data which also acts as a barrier to switching to another service, it may take in excess of 5 minutes to fully complete your profile and therefore it is unlikely, that members will switch services regularly.

Suggested parallels with Marketing Strategies for online dating communities: high switching costs, customer loyalty, free to join entry level membership with upgrade path to more features and functionality for subscribers, repeat purchase, customer lifetime value, word of mouth, member get member customer acquisition, segmentation, targeting, matching buyers and sellers, viral marketing, connection with community values and customer value.

Suggested categories: Transaction, Interest, Relationship

2.4.9 Friendship Communities
Friendsreunited is a community of people looking to contact people from their past – school, college, neighbourhood and work places. Individuals join by creating a personal profile which is made available to the groups of people with whom they have a common history. Should they wish to contact other members – an annual fee is charged and their message is passed to their old acquaintance. Friendsreunited grew through word of mouth recommendations.

Both dating and friendship communities connect individuals on a personal and social level, using the internet as a tool which aids and supports this process. From a marketing perspective it is the individuals willingness to provide personal information to these services which enables them to match their requirements which is of interest. The consumers voluntarily join the community, providing personal and lifestyle data and in some cases paying a subscription fee for a service which is valuable to them – find a new or old friend. It is this consumer behaviour which should be of interest to marketers.
Source: examination of business model and ad hoc observation of members.

Suggested parallels with Marketing Strategies with friendship communities: customer loyalty, customer value, repeat purchase, customer lifetime value, word of mouth, member get member customer acquisition, segmentation, targeting, matching buyers and sellers, viral marketing.

Suggested categories: Transaction, Interest, Relationship

2.4.10 Brand Communities
Harley Davidson
The Harley Davidson Owners Group (HOG), probably, the most quoted brand community with 600,000 members supported through an online forum, enabling them to share their enthusiasm for the Harley Davidson experience. The HOG community members share their experiences, road trip tip's, and arrange meeting points around the World. "The Harley Davidson brand is 100 percent experience." Roy Pinto, Milligan and Smith(2002). The online community supports the experience online.

Brands have evolved, in some instances, to represent a lifestyle or experience. These brands are recognised as valuable assets which may benefit from the inclusion of a community in their brand strategy. Communities are not suitable for all brands, but where they are it is important to understand what motivates consumers to participate in them and to create a community which meets these needs.

Suggested parallels with Marketing Strategies for brand communities: reinforcement of brand values, creation of branded lifestyle experiences, emotional brand loyalty, repeat purchase, customer lifetime value, word of mouth, member get member customer acquisition, new revenue streams through branded accessories or brand associated events, service differentiation, customer loyalty, brand advocacy and brand extension.

Suggested categories: Interest, Relationship

2.4.11 Finance – shareholder communities
Yahoo finance is one of many online communities where company shareholders can share and discuss their opinions on the activities of the organisations they have a stake in. Topics such as revenues, market capitalisation, directors activities, management changes all feature and it is not unusual to find that these boards are monitored and sometimes contributed to by the investor relations departments of corporates. Here corporates can get a feel of how investors feel they are performing and often provide explanations about certain activities which may not be possible through other means.

Suggested parallels with Marketing Strategies for brand communities: information exchange, education, corporate communications, identification of unmet needs.

Suggested categories: Interest

2.4.12 Expert Communities – revenue generating
Timezone
www.Timezone.com, a forum for watch enthusiasts and collectors, hosted by watch retailer Timezone. The forum is focused on classic and luxury brand timepieces like Rolex, IWC and Omega. Members discuss the history of the watches, the models they own and collect and any service issues with the products or changes in ownership of the brands. Some academic research carried out on this site by, Rothaermela & Sugiyamab, (2001) found that the Timezone customer base was loyal to Timezone with each member purchasing between 2 and 10 timepieces per annum. *Source: Rothaermela & Sugiyamab, 2001.*

Virtual Tourist
Virtual Tourist has evolved from a pure online community for independent travellers to a commercial online business, www.virtualtourist.com (VT). VT began life as an online community for back packing low budget travellers, where they could exchange

travel tips and keep in touch with the people they meet while on their adventures. Travellers, are happy to pass on travel tips and ask for advice from their peers, which hostel is value for money, what are the cheap places to get good local food – how to go off the beaten track or who is looking to travel to a specific destination and looking for a companion? VT now has in excess of 400,000 members and offer a complete service to their members – hotel, airline, car hire bookings and an auction site. The membership has evolved through word of mouth as it is a unique online service and meets the needs of their target market – once travellers have built up their profile and established themselves as part of a community of peers, they now have access to other travel services through which VT generate revenue. *Source: examination of business model and observation of development of the site and its members.*

Suggested parallels with Marketing Strategies for revenue generating interest based communities: creation of lifestyle experiences, valuable customer services, product extension, identification of unmet needs, new product development, repeat purchase, customer loyalty, customer lifetime value, customer value, differentiation, word of mouth, member get member customer acquisition.

Suggested categories: Transaction, Interest, Relationship

2.4.13 Personal Network Communities

Ecademy
Ecademy is a business networking forum which works on the basis that your value increases with the number of people within the community that you "connect" with and that you can use this network of individuals to enhance your business opportunities. Ecademy is free to join and many networking features are made available, advanced features and networking tools are available to "power net workers" who subscribe to the service.

Ecademy organise offline events for their members. Business networking events and seminars focused on the subject of online social networking events. This takes the brand offline and creates new revenue generating opportunities.
Source: www.ecademy.com

LINKEDIn
LINKEDIn is another personal network community, which operates on an invitation only basis, that is an existing member must invite you to join, this member get member customer acquisition strategy works on the basis, that by joining you can get access to a very large number of "contacts", other members who are all linked to a greater or lesser degree. LINKEDIn also organise offline networking events and seminars.
 Source: www.linkedin.com

Suggested parallels with Marketing Strategies for personal network communities: fulfilment of unmet need, connection with community values, creation of branded lifestyle experiences, free to join entry level membership with upgrade path to more features and functionality for subscribers, customer lifetime value, word of mouth, member get member customer acquisition.

Suggested categories: Interest, Relationship

2.4.14 Entertainment Communities

BBC
The BBC host over 300 message board communities on a range of subjects including many of their TV and Radio programmes, geographical locations around the UK and other lifestyle topics. The program based communities provide regular viewers and

listeners with a forum to discuss storylines, characters and program features as well as engaging in social conversation with others also interested in the programs.
www.bbc.co.uk

Living TV
Living TV is a cable channel which produces a number of live reality TV programs and their community forum relates to these programs. The most popular forum is for the haunted house program which is a live TV program where members of the public and celebrities visit a haunted house and their experiences are shown on live TV. The forum has heightened activity when the show is running as viewers find this a way to become more involved with the show.
www.livingtv.co.uk

Suggested parallels with Marketing Strategies with fan based sites: extension of experience online, brand loyalty, customer loyalty, customer value, customer lifetime value, word of mouth, member get member customer acquisition, segmentation, targeting.

Suggested categories: Interest

2.5   Online communities and Marketing Strategy

Each online community exists for a different reason; to provide product support, product reviews, to conduct market research, to augment the product offering through peer to peer experts, to share social or interest based information or to create and build social networks. At the hub of each community is a core of loyal, long term community members who have a wealth of knowledge about the product, service, interest, brand or lifestyle being discussed.

Online Market Research is one area where organisations have identified the potential benefits and started to include them in their marketing activities. There are a number of organisations offering various market research services from customer focus group management, www.communispace.com, to segmented online consumer group research, www.myvoice.com, www.ivillage.co.uk, www.yahoo.co.uk and there are a number of online survey tool vendors who provide organisations with the facility to build and run their own online survey, www.zoomerang.com, www.insightfulsurveys.com.

Some of the advantages of carrying out online market research, identified by various practioners are listed below:

      a. Lower cost market research
      b. Online survey tools are easy to use and quick to build
      c. Research targeted to specific consumer segments
      d. Access to larger groups of consumers
      e. Data collection takes place online
      f. Data downloaded quickly in detailed format
      g. Analysis carried out electronically
      h. Faster turn around on market research projects

It is likely that more and more organisations will look to use online communities, in their various forms, to carry out market research projects.

In addition to market research, there is evidence of other marketing strategies, tactics and tools being employed and supported by online communities. Currently there is no academic research to support the suggested adoption of the marketing strategies, tactics and tools, detailed in Table 1 below.

Table 1 – Marketing strategies, tactics and tools adopted by online community professionals.

Suggested Marketing Strategy, Tactic and Tools	Communities engaged in the use of the strategy, tactic or tool
Advertising – segmentation	Amazon, Myvoice, Hallmark, Ivillage, Yahoo, Udate, Match,
Advertising – Targeting	Amazon, Yahoo, Udate, Match,
Brand Management	Brandplace
Brand Advocacy	Habbo Hotel – mountain dew, Harley Davidson, Udate, Match,
Brand experience creation and development	All – specifically - Harley Davidson, Udate, Habbo Hotel, Udate, Match, Ecademy, Linked In,
Brand Extension	Virtual Tourist, LP Guides, Harley Davidson, Ecademy, BBC, LIVINGtv
Brand Loyalty	All

Brand Values – reinforcement	Harley Davidson,
Collaboration	Truffles, Brandplace, Emint, Ecademy,
Communities of Practice	Truffles, Brandplace, Emint, Ecademy,
Connection with community values	Habbo Hotel, Truffles, Emint, Udate, Match, Ecademy, LINKEDIn,
Corporate Communications	Yahoo finance, Truffles,
Customer Acquisition	All
Customer Complaints	Dell, Zonealarm, Untied.com
Customer Feedback	Myvoice, Hallmark, Ivillage, Yahoo, Ecademy,
Customer Lifetime Value	Online games, EBay, Amazon, Dell, Zonealarm, Habbo Hotel, Truffles, Brandplace, Emint, Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Harley Davidson, Timezone, Virtual Tourist, Ecademy, LINKEDIn, BBC, LIVINGtv
Customer Loyalty	Online games, EBay, Amazon, Dell, Zonealarm, Untied, Habbo Hotel, Truffles, Brandplace, Emint, Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Harley Davidson, Timezone, Virtual Tourist, Timezone, Ecademy, LINKEDIn, BBC, LIVINGtv
Customer Product Review	Amazon
Customer Satisfaction	Dell, Zonealarm, Untied,
Customer Service Review	EBay
Customer Support/Service	Dell, Zonealarm, Timezone, Virtual Tourist,
Customer Value	Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Dell, Zonealarm, BBC, LIVINGtv
Differentiation	Amazon, EBay, Truffles, Brandplace, Dell, Zonealarm,
Education	Habbo Hotel, Truffles, Brandplace, E mint, Ecademy,
Employee knowledge sharing about customers	Truffles, Brandplace,
Employee knowledge sharing about products and services	Truffles, Brandplace,
Employee knowledge sharing and communication across multiple offices	Truffles
Emotional Brand Loyalty	Habbo Hotel, Harley Davidson, Ecademy, LINKEDIn,
Extension to an offline experience	Habbo Hotel, Ecademy, LINKEDIn, BBC, LIVINGtv
Increased customer switching costs (once you have built your profile you are less likely to switch often)	Dell, Zonealarm, Habbo Hotel, Udate, Match, Friendsreunited, Ecademy, LINKEDIn,
Identify unmet needs	Myvoice, Hallmark, Ivillage , Yahoo, Lonely Planet, Cycle Plus, Timezone, Virtual Tourist, Ecademy, LINKEDIn,
Information Exchange	Truffles, Brandplace, Emint, Ecademy, LINKEDIn,
Integration of offline and online marketing strategies	Habbo Hotel, Ecademy, LINKEDIn, BBC, LIVINGtv
Knowledge Sharing	Truffles, Brandplace, Emint, Ecademy, LINKEDIn,

Lifestyle Experiences	Harley Davidson, Virtual Tourist, Ecademy, LINKEDIn,
Loyalty regular member visits	All
Market Entry Strategies	Habbo Hotel,
Market Research	Myvoice, Hallmark, Ivillage, Yahoo, BBC, LIVINGtv
Matching buyers and sellers (members)	EBay, Amazon, Udate, Match, Friendsreunited, Ecademy, LINKEDIn,
Member reputation based loyalty mechanism	EBay, Amazon, Ecademy, LINKEDIn,
Member get member customer acquisition	Online games, EBay, Amazon, Ecademy, Linked In, Habbo Hotel, Truffles, Emint, Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Harley Davidson, Timezone, Virtual Tourist, Ecademy, LINKEDIn, BBC, LIVINGtv
New Product Development	Dell, Zonealarm, Virtual Tourist,
New Product Launch	Habbo Hotel, Brandplace, Hallmark, Ivillage, Yahoo,
Online Trust	All
Peer to Peer Communication	All
Product Advocacy	Dell, Zonealarm,
Product Differentiation	Udate, Match, Friendsreunited,
Product Extension opportunity	Habbo Hotel, Timezone, Virtual Tourist, Ecademy, LINKEDIn,
Repeat purchase opportunity	Udate, Match, Friendsreunited, Harley Davidson, Dell, Zonealarm, Virtual Tourist, Timezone,
Revenue generation Complimentary Products	Harley Davidson, LP Guides, Cycle Plus, Virtual Tourist, Timezone,
Revenue Generation Products	Amazon, EBay, Harley Davidson
Revenue Generation Subscriptions	EBay, Amazon, Friendsreunited, Ecademy, Habbo Hotel, Ecademy, LINKEDIn,
Segmentation	Habbo Hotel, Harley Davidson, Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Ecademy, LINKEDIn, BBC, LIVINGtv
Service Differentiation	Dell, Zonealarm, Harley Davidson,
Trust based loyalty creating mechanism	All
Upgradeable membership path	Habbo Hotel, EBay, Amazon, Ecademy, LINKEDIn,
Viral Marketing	All
Word of Mouth	Online games, Habbo Hotel, EBay, Amazon, Dell, Zonealarm, Untied, Truffles, Brandplace, Emint, Lonely Planet, Cycle Plus, Udate, Match, Friendsreunited, Timezone, Virtual Tourist, Ecademy, LINKEDIn, BBC, LIVINGtv

The table highlights the versatility of online communities and their ability to support the marketing function in addition to meeting the communication and collaboration needs of other business units within an organisation.

The key to an online community is the ability to facilitate the collection and management of information which is exchanged between the various members, which

may include one or more stakeholder groups (customers, employees, advocates, partners, suppliers and investors). It is the information and interactivity between the stakeholders which offers organisations and marketers, in particular, the opportunity to learn and adapt their business, where necessary, and to identify and meet the needs of the multiple stakeholders who participate in their community.

With the exception of customer service communities, customer focus groups and communities of practice, figure 3 below, shows that the majority of online communities are currently available to all the stakeholder groups, either from within the organisation or on other public forums. Generally, an individual can join an online community through a simple registration process, where they provide their email address and preferred password. In some instances where a product has been purchased, proprietary information may be required, for example, a serial number may be requested to access additional information.

Dating sites, once again are an exception to this, as members are encouraged to provide the maximum amount of information about themselves in order to best match them with a suitable date.

Online communities are not restricted to internal stakeholders, due to the anonymous nature of online communities, competitors have the opportunity to participate in dialogue with an organisation or its customers, or just carry out some competitor analysis. Suppliers to many large organisations are benefiting from being a member of a trading exchange communities, where an organisations stipulates their purchasing requirements and multiple suppliers can bid for the business – this is beneficial to smaller suppliers as many of these trading exchanges enable two or more small suppliers to fulfil an order.

Figure 3 – Stakeholder access to online communities matrix

Community Formats	Custs	Emplys	Shrhldrs	Advcts	Inflncers	Comps.	Supps.
Customer Review Communities	Y	Y	Y	Y	Y	Y	Y
Customer Service	Y	Y					
Pressure Groups	Y	Y	Y	y	Y	y	Y
Product Enthusiasts	Y	Y	Y	Y	Y	Y	Y
Online Games	Y	Y	Y	Y	Y	Y	Y
Customer Focus Groups	Y	Y					
Communities of Practice	Y	Y					
Information	Y	Y	Y	Y	Y	Y	Y
Dating	Y	Y	Y	Y	Y	Y	Y
Friendship	Y	Y	Y	Y	Y	Y	Y
Brand	Y	Y	Y	Y	Y	Y	Y
Entertainment	Y	Y	Y	Y	Y	Y	Y
Expert	Y	Y	Y	Y	Y	Y	Y
Personal Networks	Y	Y	Y	Y	Y	Y	Y

Having established that multiple stakeholders have access to many different forms of online communities, how does this effect marketing strategists?

A review of the academic and practioners literature will trace a path through marketing theory and practical applications will being to highlight some of the ways this may effect marketing strategists.

3. Online Communities and relationship marketing theory

There is very little academic literature on online communities and virtually none in the area of online communities and their potential benefits for marketers. The academic literature selected for this review is based on relationship marketing, brand communities, online communities, knowledge sharing and participation in online communities. Through these subjects a theoretical path can be demonstrated which, has the potential to extend relationship marketing theory from collaborative partnerships to interdependent online community based relationships, highlighting the potential benefits to marketers.

3.1 Relationship Marketing – a paradigm shift

Relationship Marketing literature began to appear in the early 1990's and our journey begins with the identification, by Gronroos (1994), of a shift taking place in the practice of marketing, when he discussed the move from transaction based marketing to technology supported relationship marketing, aimed at engaging the customer through bi-directional communication.

Gronroos (1994), identified the paradigm shift from the traditional 4P's marketing mix to relationship marketing as central to an organisations marketing strategy. Gronroos (1994, p6) said that *"implicit in the four P approach is that the customer is somebody to whom something is done!"* which may be seen as a manipulative action and customers may react to this by switching to other suppliers who do not participate in this type of marketing. Whereas, *"a mutually satisfactory relationship makes it possible for customers to avoid significant transaction costs involved in shifting supplier or service provider and for suppliers to avoid suffering unnecessary quality costs."* Gronroos (1994)

The primary benefit of relationship marketing is the creation of a loyal customer base who, will make repeat purchases over their lifetime. The nirvana is to build a mutually beneficial relationship which develops and strengthens over time. Building a *"mutually satisfactory relationship",* Gronroos (1994)*,* requires more effort on behalf of an organisation, but it is likely that their efforts will create more value for the customer over and above the need met by the core product. It is this additional value that is likely to enhance customer loyalty over time and to make customers less sensitive to price. In order to achieve this relationship, Gronroos advocated bi-directional communication between organisations and their customers, facilitating the exchange of knowledge and expertise.

Customer Relationship Marketing (CRM) systems evolved to support the relationship marketing theory advocated by Gronroos, without technology, relationship marketing would have been difficult to successfully implement cost effectively. That is not to say that all CRM systems solve the relationship marketing challenge!

3.2 Customer Relationship Marketing Systems

The path continues to discussions on technology in the form of customer relationship marketing (CRM) systems, designed to assist in the management of the loyal customer base. Relationships are not always strengthened by these systems. Ryals & Knox (2001), Fournier et al (98).

Ryals and Knox (2001), acknowledge that many of the large CRM implementations undertaken have failed – CRM is not about putting a piece of software in and expecting customers to provide lots of information about themselves, automatically becoming loyal and telling others what a great company it is. CRM is about changing an organisations mind set. Ryals and Knox identified some key characteristics of CRM:

1. *"A customer relationship perspective aimed at the long term retention of selected customers.*
2. *Gathering and integrating information on customers*
3. *Use of dedicated software to analyse this information (often in real time)*
4. *Segmentation by expected customer lifetime value*
5. *Micro-segmentation of markets according to customer's needs and wants*
6. *Customer value delivery through service tailored to micro segments, facilitated by detailed integrated profiles*
7. *A shift in emphasis from managing product portfolios to managing portfolios of customers, necessitating changes to working practices and sometimes to organisational structure."*

These are primarily organisation focused – there are no benefits identified in their paper for the customer – why should a customer provide an organisation with all this information about themselves so that they can be micro segmented, to be targeted about more products or services by organisations? Ryals and Knox (2001), like many advocates of CRM, show the benefit to the organisation – but have not asked the question – "what is in it for the customer?"

In their paper, *Preventing the premature death of relationship marketing, Fournier S, Dobscha S, Mick, David Glen(Jan/Feb98),* highlight these issues with CRM – *"caught in our enthusiasm for our information-gathering capabilities and for the potential opportunities that long term engagements with customers hold, is it possible that we have forgotten that relationships take two?"*

Fournier et al, by emphasising that consumers may not be willing participants in the relationship, ask the questions - why should customers be willing participants? – what is in it for the customer? – relationships are, give and take, with the CRM approach it is the customer giving the information and the organisations taking it, and using it for their own benefit – a somewhat one sided relationship.

Fournier et al point out that CRM systems have gone some way in breaking down the trust between a customer and an organisation, making them less co-operative and reluctant to provide information. Also, not every customer wants a relationship with every organisation they purchase a product or service from.

The literature discusses how, poor relationship marketing strategies have, in some instances, destroyed the trust that they were meant to harness and develop, it is now up to organisations to acknowledge this and to look at the relationship from not only organisations perspective, but from the customers and the other stakeholders in an organisation too. The key is re-engage multiple stakeholders in a mutually satisfactory way.

3.3 Relationship Marketing and Multiple Stakeholders

At this point the path widens to include other stakeholders in an organisation highlighting the fact that the same marketing and communication techniques used for customers can also be used to build relationships with other stakeholders in an organisation; employees, investors, suppliers and partners. Christopher et al (2002).

Christopher et al (2002), look at the creation of value for the different stakeholders in an organisation, providing the focus for an organisations' strategy. It is this creation of value for stakeholders, which is key to longevity for an organisation. Stakeholder's are identified as: internal markets, referral markets, supplier/alliance markets, recruitment markets, influencers and customers. Christopher et al state that the inclusion of all the stakeholders provides a more rounded approach to relationship

marketing and acknowledge that customer relationships are necessary *"but do not in themselves constitute relationship marketing."*

The "emphasis on developing relationships, partnerships and alliances with other companies is particularly important, and has given rise to the concept of the network organisation." Technology has the ability to support the networked organisation, but it is up to the individual organisation to understand how to integrate this with the needs of the stakeholders to deliver value worthy of long term loyalty.

3.4 Customer Centric Relationship Marketing Strategy

The path continues and focus shifts from the organisation to customer needs, being central to relationship marketing strategy. Recent literature reflects this shift in focus highlighting the benefits organisations have derived through customer centric strategies which engage the customers in their product development and marketing strategies.

Vargo and Lusch (2004) discuss the move from product orientated marketing to service centric marketing acknowledging the inclusion of the customer, where they are recognised as the co-producer. They advocate, service being central to marketing theory, resulting in a change in marketing theory and practice – where the application of core competences, specialised human knowledge and skills may be a more appropriate unit of exchange moving forward.

This inclusion of customers in developing marketing strategy, by default, requires a relationship in some form. It is unlikely that a customer who purchases a product or service once, will be willing to add their view about its future development, so by the nature of their inclusion, a relationship is assumed.

It is this goal of becoming "customer value" centric that will drive the need for integrated customer, and other stakeholders, relationship marketing strategies. "Relationship building with customers becomes intrinsic not only to marketing but also to the enterprise as a whole." Vargo and Lusch (2004)

Vargo and Lusch (2004) looked for increases in "off-balance sheet assets such as customer, brand and network equity", as such they should have included other stakeholders in their discussions, as there are more than just the employees and customers to be considered in the future growth and direction of an organisation.

This view is supported in the work carried out by Urban et al (2004), in their paper "listening in to the unmet needs of the customer", where general motors through facilitating an online relationship between their customers, employees, prospective customers and external influencers identified new product features and launched the Chrysler Galaxy with great success.

These examples show the move towards customer centric marketing strategies is effective and, have the ability to engage multiple stakeholders in the development of the organisation, where the goal is to build a relationship with an entity – that entity being an organisation, product, service or brand.

3.5 Brand Relationships

The next stage along the path is looking at other entities that engage customers in a relationship. Fournier (1998) offered brands as an entity that customers and other stakeholders can engage in a relationship with.

Fournier (1998), underscores the importance of a consumers relationship with a brand. Through a number of consumer interviews she discovered it was reasonable to assume that "brands can and do serve as a viable relationship partner." Fournier's

work supports the notion of brand loyalty and acknowledges there is a limit to the number of brands a consumer will be loyal to, but what is clear is that a brand is an entity which consumers can build a relationship with.

3.6 Brand Communities

Communities are relationship entities Muniz and O'Guinn (2001) and brands are an entity that a customer can have a relationship with, Fournier (1998). The natural progression for the path is towards Brand Community literature. Brand communities and their potential benefits to marketers has only recently begun to appear. Four papers were found, three have relevance to this paper and are discussed below.

Muniz and O'Guinn(2001), define a brand community as *"a specialised, non-geographical bound community, based on a structured set of social relations among admirers of a brand,"* with *"three traditional makers of community: shared consciousness, rituals and traditions, and a sense or moral responsibility."*

Muniz and O'Guinn (2001), studied 3 brand communities, Ford Bronco, Macintosh (Apple) and Saab finding that brand communities, like all communities are socially based with a shared value system, the difference being that central to the community is a brand – an intangible entity owned by a commercial organisation.

Muniz and O'Guinn (2001), *"believe brand communities to be real, significant, and generally a good thing, a democratic thing and evidence of persistence of community in consumer culture."*

Muniz and O'Guinn (2001) are one of the first to acknowledge, and study the concept of brand communities, their research confirming consumers with a strong brand association are open to becoming members of communities where they can share their experiences of the brand with others and extend their relationship beyond that of the product or service.

This is supported by the work of McAlexander et al, (2002), who through empirical research proved that brand communities have the ability to nurture loyal customers and brand advocates through the integration of consumers in a brand community. Their research was centred around the Jeep Brand Fest in the US, where Jeep owners and their families congregated at Jeep organised and sponsored events, enjoying a picnic and Jeep based activities.

McAlexander et al's, (2002), Jeep owners brand community research, proved that "brand fest" events have a positive affect on Jeep owners and their intention to purchase a Jeep in the future. The core of the brand community is the customer, and the success of "brand fest" is based on post purchase "customer experiences" managed and maintained by Jeep. They show although the customer remains central to the brand community other stakeholders are involved in their brand community model, figure 5.

Figure 5 - Customer Centric Model of Brand Community
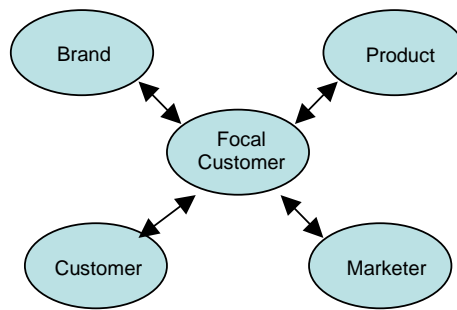
McAlexander, J.H, Schouten J.W, Koenig H.F, (2002) – Building Brand Community – *Journal of Marketing*, Vol.66

Brand Communities have been around for sometime in various guises, one highly quoted brand community is: the Harley Davidson Owners Group (HOG).

McWilliam (2000), acknowledges the success of the Harley Davidson Owners Group looking at how brand communities operate and generate loyalty. She discusses the benefits of incorporating an online community into a brand strategy; identifying the key features of a brand community and raising the prospect of community marketing replacing relationship marketing as the way forward for marketing strategy.

3.7 Online Brand Communities(OBC)

Moving the brand community online is the natural progression, and so the path continues into this area. It was in the early 2000's that brand communities begin to appear online. As this is a relatively new topic, there is very little academic literature available.

In order to introduce this topic, the author has undertaken research into online communities and had discussions with a number of practitioners.

Technology is the key to online communities facilitating a relationship across a customer base. OBC's have the potential to create strong interdependent relationships between consumers, stakeholders and the brand itself.

In the Relationship Spectrum, (www.wharton.upenn.edu,) figure 6, the Wharton Business School depicts three stages of relationship marketing, transactional, value added relationships and collaborative partnerships.

This paper advocates a fourth stage, interdependent communities, where the organisation facilitates the creation and development of knowledge and expertise related to the brands, products and services offered and the markets they currently, or plan, to operate in.

Figure 6 – from the Wharton School Web Site, The Relationship Spectrum

Relationship Spectrum - WHARTON SCHOOL OF THOUGHT				PROPOSED EXTENSION OF RELATIONSHIP SPECTRUM
	Transactions	**Value-added Relationships**	**Collaborative Partnerships**	**Interdependent Communities**
	Broadcast Marketing	On-going Dialogue	2-way Collaboration	Development of expertise and knowledge sharing
Communications	Targeting based on information about customers Negotiations	Targeting based on information from customers	Multi-level contacts Extensive sharing of information	Communities of practice Exchange of Knowledge and development of expertise
Connections	Persuasion Arms-length competitive bidding	Sales/Service teams Key account selling Loyalty rewards	Systems and process integration Social networks Joint Planning	Integrated Online Communities Peer to peer networking Off-line event planning
Co-ordination	Deliveries Contractual conditions	Customer Value proposition Maximize lifetime value	Mutual Commitments Shared incentives and goals Joint problem solving	Interdependent relationships Complimentary knowledge Development of knowledge and expertise
Community Technology	Direct Mail Email	Customer Profiling Marketing & Support Bulletin Boards	Customer Relationship Marketing (CRM)	Integrated CRM, Community and Content mgmnt Systems

Source: http://hops.wharton.upenn.edu/marketingstrategy/images/powerpoint/3

In addition, a further technology section has been added, community technology, which depicts the evolution of technology supports the relationship marketing spectrum, through to integrated CRM, Community and Content systems.

It is through the internet explosion, that the creation and rapid adoption of online communities is taking place. OBC's have evolved from two areas, those created by vendor organisations, defined as online brand communities (OBC) and others that have evolved and continue to be managed by a self governing interest group where information is exchanged on a peer to peer basis.

Through academic and current practitioner research, common characteristics have been identified by the author, which may go some way in providing a definition of an OBC. Online Brand Community:

1. is a common interest, buying group which exchanges information on core and complimentary products and services offered by an organisation
2. may or may not have a non-employee as the brand champion or community leader
3. encourages both positive and negative exchanges within the community –
4. operates under a "code of behaviour"
5. encourages participation by the whole group, not just "the chosen few"
6. requires trust

Virtual or online brand communities are receiving more and more attention from both academics and practioners, who recognise the importance of the creation and nurturing of a community. Technology is at a point where it can support the development of the new marketing techniques which will need to be developed.

Reichheld, (2000), a great advocate of customer loyalty mechanisms, recognises the value of OBC's when he cites Amazon's book review community as its most important asset. Each community creates value for the host company. It should be noted that the majority of communities today are post sales. The exception to this is online dating, which is probably the purest form of community – where members join the community with the sole purpose of seeking out potential relationship partners. The community itself is the business and the goal is to attract and convert potential members to become free members and then to convert free members to subscribers of the service. Match.com is the most successful online dating company today, with almost 1million fee paying subscribers, currently increasing at 50,000 per month. (contentbiz.com, 2004)

However corporate virtual communities include brand communities, creating new relationship marketing opportunities, including interactive forums and knowledge portals where members can network on a peer to peer basis with no time restrictions. Through the creation of a community and the functionality technology provides, organisation's will be able to communicate through the community to target markets and create new revenue opportunities. An example of this is Timezone.com, who, through a community of enthusiasts and experts sharing knowledge and experiences about classic time pieces, created a loyal repeat purchasing customer base, where each member purchased between 2 and 10 timepieces. (Rothaermela & Sugiyamab, 2001)

It will be through understanding the power of the internet, the creation of customer experience based communities and the development of new marketing techniques which will form the impending step change in online relationship marketing strategies. *"interactive media will enable marketers to sense market forces with unprecedented accuracy and efficiency overcoming limitations of today's one way research methods."* *Munger, (1996)*

3.8 Online Communities

At this point the path widens to encompass online communities in their generic form, not associated with a particular brand. As this is a relatively new topic, little empirical research has been carried with respect to online communities, although there are plenty advocates of the medium who discuss their potential benefits for an organisation.

Online communities must enable consumers to communicate with each other, Armstrong and Hagel, (1996), they must be mutually beneficial, Urban and Hauser

(2004), allow experts and influencers to develop, Suitt (2003), engage customers Prahalad C.K and Ramaswamy V (2003) to become long tern intensely loyal customers (Armstrong and Hagel (1996,1997) in order to do this they require management, content, collective knowledge, members and ability to scale, Rothaermela and Sugiyamab, (2001).

Armstrong and Hagel, (1996, 1997), identified 4 different types of online community: transaction, interest, fantasy and relationship and 4 different ways to create value for the host organisation, usage fees, content fees, transactions + advertising, synergies with companies (product support) and the key to successful communities is long term intensely loyal community members, who will become so, through a well setup, well managed and well developed community.

Armstrong and Hagel (1996) discuss the notion that "providing consumers with the ability to communicate with each other will encourage a larger, stronger relationship between consumers and business." They strongly advocate that "community builds loyalty".

Armstrong and Hagel's theories are supported in Rothaermela and Sugiyamab's (2001), paper delivering the results of their empirical study on the Timezone community. Time zone is a classic watch retailer in the US, hosts individual brand communities for classic watch enthusiasts, from hobbyist to expert, who discuss a multitude of subjects around each classic watch brand. Timezone benefits through the creation of a loyal customer base who have ongoing discussions both online and offline about the different classic watch brands. Their research did show, that offsite communications were stronger than onsite, they explained this through offline brands being stronger than online brands. Since this study(2001), online brands have proved to be a strong force in their own right, for example: EBay and Amazon, it is suggested that re-running this research in 2004, may provide different results.

Rothaermela and Sugiyamab's, (2001), empirical research focuses on the management of web sites and their contents. They found that good management of both had a positive impact on a consumers willingness to transact on the site. This was reflected in the evidence from Timezone where members have purchased more than two watches.

Knowledge, another benefit to organisation's that engage with their customers online. Urban and Hauser (2004), found that where customers engaged with interactive online advisors and other customers on the general motors web site, they revealed their needs not currently met by the existing product set, which led to further research, establishing new opportunities for new product features, mutually benefiting both customers who were "seeking advice", giving them "an incentive to reveal their needs", from which the organisation can identify new opportunities.

Suitt (2003), introduces bloggers. Bloggers are individuals who post their views and opinions about products, companies, politics, their daily routine or any other subject online. Suitt (2003) discusses a case where an employee runs a blog in her free time, expressing her views about the companies products, resulting in her becoming a powerful influencer on existing and potential customers. This case highlights the potential power and influence of the informal communication process, and acts as a warning that it is not just about implementing an online community because everyone else does, it is about understanding its power and learning to work with it to achieve a mutually beneficial ongoing dialogue and relationship between organisations and stakeholders.

Prahalad C.K and Ramaswamy V (2003) recognise the value of engaging customers in the new product development process and discuss the concept of an "experience network" enabling multiple stakeholders, to exchange information and ideas, as a

community. They recognise technology will play a significant role in the development of these experience networks and "enable the co-creation of an environment populated by companies and consumers and their networks – in which personalised, evolvable experiences are the goal and products and services evolve as a means to that end."

Online communities will not be successful with the "if we build it they will come" approach, organisations must look to engage customers and facilitate a relationship through the communities. Research shows that demonstrating commitment, trust and an ability to satisfy needs will grow communities online.

3.9 Online Trust

In order to narrow the path towards the key factors in creating a successful online relationship building community, literature has been reviewed with respect to online trust and community member participation, this next section will focus on Online Trust.

There is a considerable amount of literature in the area of trust, but the focus of this review is only online trust and where possible trust in online communities.

Trust is advocated as the currency of the internet, Reichheld (2000). Others identify trust as a mediating factor in commitment and satisfaction, Bauer, Grether and Leach's (2002), Fam (2004), web site characteristics, consumer characteristics and behavioural intent Sultan, Urban, Shankar, Bart, (2002) and Luo (2002), identifies online trust as a social group within inherent trust due to similar cultural values, past experiences with an organisation and external validation of trustworthiness through certification.

"Trust is a key element in fostering the voluntary online co-operation between strangers seen in virtual communities, suggest Ridings et al (2002). They advocate that online communities exist because members voluntarily exchange information, and that in order to do so, a level of trust must exist. Ridings et al's (2002) research established that "trust is a significant predictor of virtual community member's desire to exchange information."

Bauer, Grether and Leach's (2002) research focused on building customer relations over the internet and their empirical study confirmed that commitment, trust and satisfaction are interdependent factors in forming relationships online. They also found a shift in power happening in the relationship, with consumers becoming the dominant partner. A view supported by Fam et al (2004), who surveyed both tourists and accommodation providers in New Zealand, they found that trust, satisfaction and commitment were central to the success of a relationship marketing strategy, and they labelled them "determinants of the relationship quality." Even though this research was limited to the accommodation market in New Zealand, it supports the findings of Bauer et al (2002).

Shankar, Urban, Sultan (2002), developed a conceptual model focusing on online trust from a stake holder's perspective, identifying the antecedents of trust as web site and consumer characteristics, with the consequences being the intention to act online, achieving satisfaction and loyalty.

Sultan, Urban, Shankar, Bart (2002), took the conceptual framework developed by Shankar, Urban, Sultan (2002) and carried out a large scale empirical study confirming that trust is a mediating variable between web site and consumer characteristics and consumer behavioural intent. They also found that both web site and consumer characteristics are significant predictors of trust. It is through the

adaptation of this model to an online community and its members that this research is looking to support.

3.10 Knowledge Sharing & Participation in Virtual Communities

Having established that online trust leads to consumer interaction, the natural progression is to look at knowledge sharing and participation both of which assume an active community member. It is assumed that active members have visited the site on more than one occasion and if not loyal have the potential to be so.

There is very little academic literature in this area, 4 papers were found, 2 in the area of communities of practice where knowledge sharing is the key element and 2 on interest based communities, focusing on member motivation to participate, become loyal and make the community successful.

Online community members participate because of their motivation to share knowledge and learn from others, Ardichvili, Page, Wentling (2002), Koh, Kim (2004), Sharratt, Usoro (2003), Wang, Fesenmaiser (2003). Communities fall into two main categories, communities of practice, Ardichvili, Page, Wentling (2002), Sharratt, Usoro (2003) which are hosted and used internally within organisations and interest communities that are created or evolve out of common interest groups Koh, Kim (2004), Wang, Fesenmaiser (2003).

Each of the papers recognise that a community's success can be depicted by the level of participation of members. Wang, Fesenmaiser (2003), identified 4 types of participants in a community – tourist, mingler, devotee and insider. They established that online communities are very important components of internet strategy and their success will be achieved through understanding why members participate. Ardichvili, Page, Wentling (2002)'s qualitative study into internal communities of practise established that there are barriers to participation which include fear of being wrong or judged by peers and lack of support for the CoP within an organisation.

Sharratt and Usoro (2003), have developed a framework to identify the antecedents of online-knowledge sharing based on the online community and knowledge management literature. Koh and Kim (2004), look at the consequences of online knowledge sharing and participation in online communities and found that both are significantly associated with loyalty to the online community provider. This has significant implications for marketers.

The following hypothesis have evolved out of combining, Koh and Kim's model with the online trust model of Shankar, Urban, Sultan and Bart.

Hypothesis 1 –There is a positive relationship between online community features and member participation.

Hypothesis 2 –There is a positive relationship between online community members internet skills and member participation.

Hypothesis 3 - There is a positive relationship between member participation and loyalty to the host community.

3.11 So, why should marketers care?

The literature supports a path from relationship marketing, through online brand communities, to online trust, to motivation to participate and sharing knowledge within an online community.

A marketers primary role is to encourage customers to take their product or service of a shelf which it shares with other competitive products to engage customers over their lifetime need for that product or service; to the benefits and values of the organisation and their brands, products or services. Marketers have a suite of tools which include public relations, marketing communications, advertising, brand management, direct marketing, relationship marketing, which can be managed across multiple channels, including the internet.

The objective of relationship marketing programs is to build a database of customers and collect data about them in order to understand their needs and provide them with a better product or service. The reality is that, as with many great ideas, the benefits are predominantly one-sided – an organisation collects as much data as possible on a customer and then continuously includes them in direct mail and telemarketing campaigns – which has the potential to annoy the customer and switch them of, not only to the new products but to the organisation as a whole.

Figure 7, below, has been derived from the relationship marketing literature, it demonstrates how relationship marketing has evolved to date and how the future direction is towards creating an interdependent relationship with the customer. This can only be achieved through multi-directional communication, between an organisation and its stakeholders, which can be facilitated via online communities.

Online communities are virtual spaces where people gather to exchange information, some of which is background noise and the rest, about 15-20% (figures from Dan Dixon at the BBC) is topic related. In looking at why people join an online community, the primary motivator is knowledge sharing, which requires members to participate. If a member participates then it is likely that they are engaged in the community in some way and may visit the community on a regular basis – to obtain information or to pass on their views and opinions. The nature of the online community should be of interest to marketers, because this the kind of relationship they are looking to create with their customer bases. It is recognised that not all products or services would benefit from an online community.

However, "Customers are seeking advice and have an incentive to reveal their needs." Urban and Hauser (2004) p. 73, therefore a mechanism to facilitate a conversation, not only within the organisation but with customers and stakeholders providing a valuable service. Knowledge sharing currently takes place in support and interest groups, the consequences of knowledge sharing and participation in online communities is a significant association with loyalty to the online community provider, Koh and Kim. This has significant implications for marketers. If marketers can create online communities which are based around products, services and interest groups associated to their organisation and through them create loyalty not only to the community but to the parent organisation as well – this is significant.

"As a customers' relationship with the company lengthens, profits rise. And not just by a little. Companies can boost profits by almost 100% by retaining just 5% of their customers." Reichheld and Sasser (1990).

Armstrong and Hagel, (1997), offer, longer lifetime value, loyalty, less price sensitive, multiple revenue opportunities as the benefits of online communities to marketers.

FIGURE 3:

EVOLUTION OF A SUCCESSFUL CUSTOMER RELATIONSHIP STRATEGY – diagram derived from review of literature by author

| Attract Prospects Attention |
| Convert Prospects Potential Customers |
| Activate Customers To purchase |
| Reactivate Customers |
| Create affinity to Company And Brand |
| Retain Customer Over Lifetime need For product/service |
| Maximise share Of wallet |
| Convert customer To become A brand advocate |
| Develop Interdependent Relationship with customer |

EVOLUTION OF CUSTOMER RELATIONSHIPS

The key to a successful relationship marketing strategy is to determine "what sort of relationship is required and deciding on a strategy to create the right relationship." Fam et al. Online communities will not fit every relationship, but it is hoped that the findings of this research will provide some indicators as to the areas of detail that marketers must pay attention to when including them in a relationship strategy.

4. Framework

4.1 Research Data

A combination of academic and practioners literature has been reviewed, and discussions taken place with a number of practioners, supporting the notion that online communities have the potential to offer benefits to marketers. The definition of an online community has been derived from the research carried out.

"An online community is a messaging system, or forum, which is available to anyone, anywhere, anytime through the internet, which facilitates an ongoing conversation between a group of individuals, large or small, who have a common interest or topic they wish to exchange information, opinions and knowledge on."

Through a review of academic literature, a path has been established which evolves from the development of relationship marketing strategy, through online trust, brand communities, online communities, motivation to participate and willingness to share knowledge within communities of practice; demonstrating that online communities do have a role in the future development of relationship marketing theory.

It is suggested that the key to the inclusion of online communities in relationship marketing strategy is understanding how and why members voluntarily participate in online communities on a regular basis over extended periods of time. It is the regular participation which indicates a level of customer loyalty and the interactive information and knowledge exchange which offers the potential to create additional value for customers.

In reviewing the literature on relationship marketing, customer loyalty and online communities, a level of active consumer participation is assumed:

- Relationship marketing strategies have historically been based on imposing a relationship on a customer, gathering personal and lifestyle data which is then used to segment and target them with multiple products which they may or may not need or be interested in, through a number of direct and indirect marketing channels.

- Customer loyalty, marketing strategies look to encourage customers to regularly purchase a product or service from an organisation over the customers lifetime need for that product or service or at least aim to maximise the number of times a customer choose their product or service in preference to a competitor.

- Customers voluntarily participate in online communities as members of a community, and their participation pattern of returning to the community on a regular basis is a loyalty forming relationship.

It is the objective of this paper to look at what aspects of an online community encourages a community member to participate and become loyal to the host organisation, empirical research will be carried out which looks to answer three questions:

1. Is there a positive relationship between the characteristics of an online community and a members participation levels in the community?
2. Is there a positive relationship between online community members internet experience levels, and their participation in an online community?

3. Is there a positive relationship between the participation levels of online community members and their loyalty to the host organisation?

A conceptual framework has been derived from two papers; "Determination and role of trust in ebusiness": a large scale empirical study by Sultan, Urban, Shankar and Bart 2002,and " Knowledge sharing in virtual communities" Koh & Kim (2004) Sultan, Urban, Shankar and Bart's (2002), conceptual framework is detailed in figure 8:

Figure 8 - Sultan, Urban, Shankar, Bart 2002
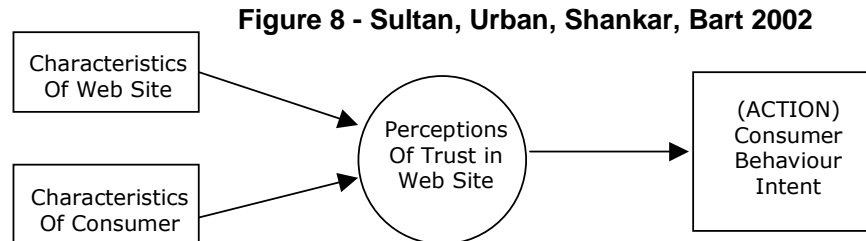
Sultan et al carried out a study which looked at the effect of trust on a consumers willingness to behave online. Their conclusions were:

1. Web site characteristics have a significant effect on trust on a web site
2. Privacy and security are less significant than they expected due to the maturing of the internet
3. Site design, navigation, presentation, advice and brand are significant predictors of trust
4. consumer characteristics – experience, past experience both effect trust
5. Trust is a mediating variable between web site characteristics, consumer characteristics and behavioural intent.

The framework below, figure 9, has been adapted from Sultan et al's "Conceptual model of consumer trust in a web site" a working paper by Sultan et al's Dec 2002. Sultan et al (2002) They used a scale to measure web site characteristics and user characteristics to establish if these impacted a web site users trust in the information provided.

The framework below takes their model, replaces web site characteristics with community characteristics, derived from discussions with practioners; and consumer characteristics with member experience levels and online trust with participation levels in an online community.
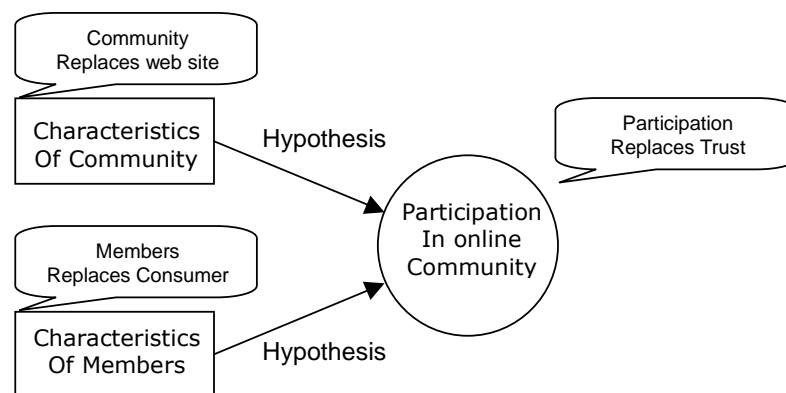
Figure 9 – first stage of concept development

The Sultan paper used 16 measures for consumer characteristics and 81 measures for web site characteristics. The scope of this research proposal does not allow for this

quantity of measures. This research uses 5 items to measure member experience levels and 15 items to measure community characteristics.

4.2   Hypothesis and Construct Development

Question 1
The first question looks to establish if there is a positive relationship between an online community's characteristics and their member's participation levels:

Q1:   Is there a positive relationship between the characteristics of an online community and a members participation levels in the community

The characteristics of a community were derived from discussions with practioners who identified, topicality, inclusivity and effectiveness as 3 drivers which attracted and retained online community members, these are 3 of the 4 suggested factors for the community characteristics. The 4th factor is derived from selecting 3 of the 4 variables in a "personalisation of service" scale found in the Marketing Scales Handbook, Bruner et al.

Suggested Variables	Community Characteristics - Items	Question Number
Topicality	The community topic is interesting to me I have knowledge about the community topic I see myself as an expert on the topic I want to learn more about the community topic	7 8 9 10
Inclusivity	I feel included in the community I identify with other members of the community I enjoy communicating with other members I have made friends through the community	11 12 13 16
Personalisation	The community members are polite and courteous The community members are friendly and pleasant online The community members take time to get to know you	14 15 17
Effectiveness	I learn from the community I value feedback from the community I feel better for visiting this community There are some interesting posts on the community	18 19 20 21

Each of these variables will be measured using a 5 point Likert scale, 1 = Strongly Disagree and 5 = Strongly Agree.

The hypothesis derived from the question 1 are:

H1:   There is a positive relationship between topicality and participation
H2:   There is a positive relationship between inclusivity and participation
H3:   There is a positive relationship between personalisation and participation
H4:   There is a positive relationship between effectiveness and participation

Question 2
The second question looks to establish if there is a positive relationship between an online community member's internet experience level and their participation levels in an online community:

Q2:   Is there a positive relationship between an online community members internet experience level. Their activity levels and their participation in an online community

The member experience levels were derived from Sultan et al Dec 2002 and discussions with practioners.

Suggested Variables	Member Experience Items	Question Number
Member Experience	I enjoy spending time on the internet	23
	I surf the internet to relax	24
	I can search and select relevant information	25
	I make regular purchases on the internet	26
	I visit other online communities regularly	27

Each of these variables will be measured using a 5 point Likert scale, 1 = Strongly Disagree and 5 = Strongly Agree.

> H5: There is a positive relationship between member experience and participation.

Question 3

The third question relates to the level of participation by community members and their loyalty to the online community and has been derived from the work of Koh & Kim (2004), who conducted research into knowledge sharing in virtual communities, there framework is detailed below and a subset of it has been taken to complete the framework for the empirical research proposed in this dissertation.

> Q3: Is there a positive relationship between the participation levels of online community members and their loyalty to the host organisation

The diagram below shows Koh & Kim's research model. It is the area of community participation and loyalty towards the virtual community provider which has been adapted and included in this research.

Community Outcomes
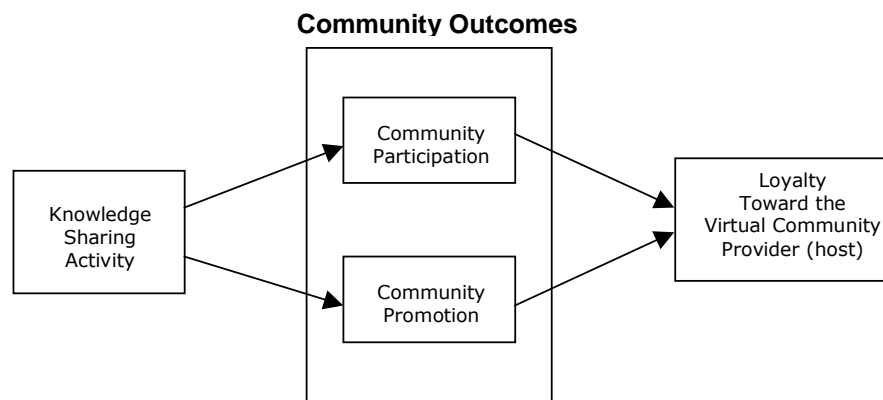
Figure 10 – Koh & Kim's research model

Kim & Koh found that knowledge sharing in a community was significantly related to both community participation and community promotion and that community promotion was related to loyalty to the virtual community provider. Kim & Koh's items are listed below:

Variables	Items
Community Participation	I take an active part in our virtual community
	I do my best to stimulate our virtual community
	I often provide useful information/content for our virtual community members

	I eagerly reply to postings by the help-seeker of our virtual community I take care about our virtual community members I often help our virtual community members who seek support from other members
Community Promotion	I invite my close acquaintances to join our virtual community I often talk to people about benefits of our virtual community I often introduce my peers or friends to our virtual community
Loyalty to the virtual community provider (host)	I recommend to my acquaintances that they enrol in freechal.com I often talk about the benefits of freechal.com I often talk to my peers in my company or school about freechal.com I even give freechal.com ideas/suggestions on planning operations I will visit freechal.com continuously, even if my virtual community vanishes

Koh & Kim's loyalty variables were geared towards word of mouth and customer advocacy and this research is interested in participation levels. Therefore, the variables to be tested have been adapted from the research carried out by Koh and Kim (2004) and added to through theoretical beliefs derived from personal experience and information obtained from practitioners during informal discussions.

Suggested Variables	Items	Scale	Question Number
Community Participation	I visit the community I post on the community	< once a wk once a wk 2-5 times per wk everyday > once a day	3 4
	I do my best to stimulate our community	Strongly disagree = 1 Strongly Agree = 5	5
	I eagerly reply to postings by other community members	Strongly disagree = 1 Strongly Agree = 5	6
Loyalty to Community	How many hours a week do you spend on this community?	1,2,3,4, =>5	2
	I have been a member of this community for	< 1 day 1 day – 1 mth 1- 3 months 6mths – 1 yr > 1 yr	35

Host* - the survey will be carried out on the Living TV, a fan based community.

The hypothesis to be tested to answer question 3 are:

> H6: There is a positive relationship between the level of participation of a community member and the number of hours they spend on the community per week.
>
> H7: There is a positive relationship between the level of participation of a community member and the length of their membership

Figure 11, shows the final model for the empirical research, which is looking to answer three questions:

> 1. Is there a relationship between the characteristics of an online community and a members participation levels in the community?

2. Is there a relationship between an online community members internet experience levels and their participation levels in an online community?
3. Is there a relationship between the participation levels of online community members and their loyalty to the host organisation?

Figure 11 - A Conceptual Model of a Consumers Participation in and Loyalty to an Online Community
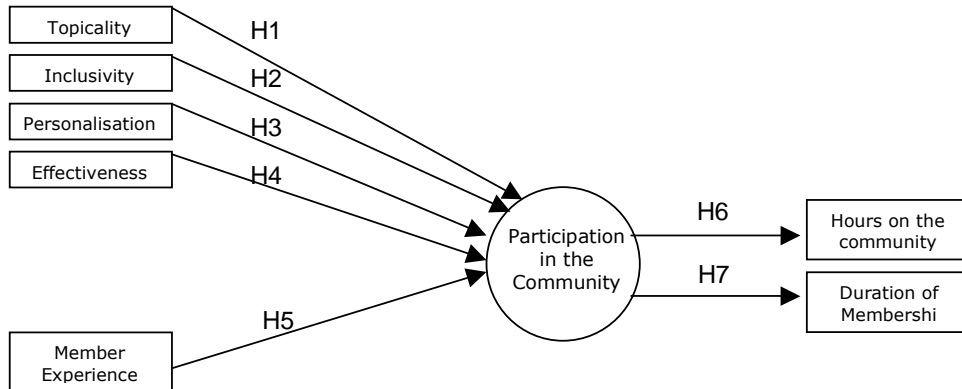
4.1.2 User Demographics

In addition to the member experience variables, a set of user demographic measures have been included, these are listed in the table below:

Suggested Items	Scale	Question Number
Gender	1 = Male, 2 = Female	32
Age	< 16 16 – 25 26 – 35 36 – 55 > 55	33
Education	School Certificate Higher Education Postgraduate Other	34
My status in the community is	Junior Member (LIVINGtv) Member (LIVINGtv) Senior Member (LIVINGtv)	36

NB: Within the LIVINGtv community the membership categories are defined as:

junior member	upon registration
member	once 20 messages have been posted
senior member	once 100 messages have been posted

4.2 Community Selection Criteria

LIVINGtv, is an independent Television station which airs reality TV and supernatural themed programs. LIVINGtv operate 9 independently moderated chat room forums, one for each of their TV programs.

The community was selected due to the willingness of LIVINGtv and Tempero their community management and moderation partner, to participate in the research, two other organisations were also interested but pulled out due to internal politics and technical issues.

4.3 Questionnaire Design and distribution

A questionnaire was derived, detailed in appendix B, which comprises of 36 questions, split into the following categories:

6	demographic questions
8	user activity level questions
22	5 point Likert scale items

The Likert Scale items were used to form new measures, central to the detailed analysis of research.

The 36 questions were input into an online survey tool, provided by Ogilvy UK, and made available to the LIVINGtv communities between 12th and 22nd August 2004. The questionnaire was introduced to the community members via pop up adverts and through active promotion by the online community moderator.

4.4 Limitations

The research is limited in that LIVINGtv is one, fan based community in the UK, therefore it is assumed that the findings may provide some indicators to other fan based communities, but it is acknowledged that other forms of online community discussed earlier in the industry overview may provide different results. This may also be true for online communities in other geographical locations.

5. Research Analysis

The objective of the research was to explore the data and test the hypothesis derived during the development of the research proposal and literature review. The original research framework, below, identified 7 hypothesis, also below:

Figure 11 - A Conceptual Model of a Consumers Participation in and Loyalty to an Online Community
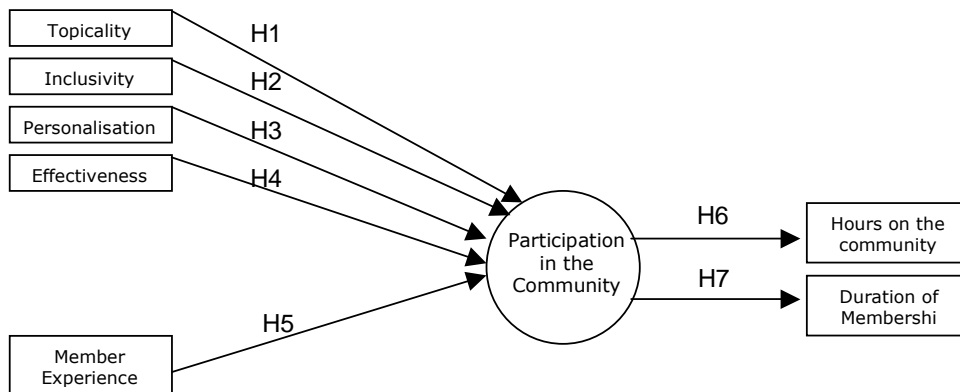
Hypothesis to be tested:

H1: There is a positive relationship between topicality and participation.

H2: There is a positive relationship between inclusivity and participation

H3: There is a positive relationship between personalisation and participation

H4: There is a positive relationship between effectiveness and participation

H5: There is a positive relationship between member experience and participation.

H6: There is a positive relationship between the level of participation of a community member and the length of their membership

H7: There is a positive relationship between the level of participation of a community member and the number of hours they spend on the community per week.

The research carried out was exploratory and as such evolved throughout the analysis process resulting in the framework being developed further and the constructs being refined and adapted resulting in the new framework being developed, figure 12 below, and the creation of additional hypothesis to be tested.

Figure 12 - A Conceptual Model of a Consumers Participation in and Loyalty to an Online Community
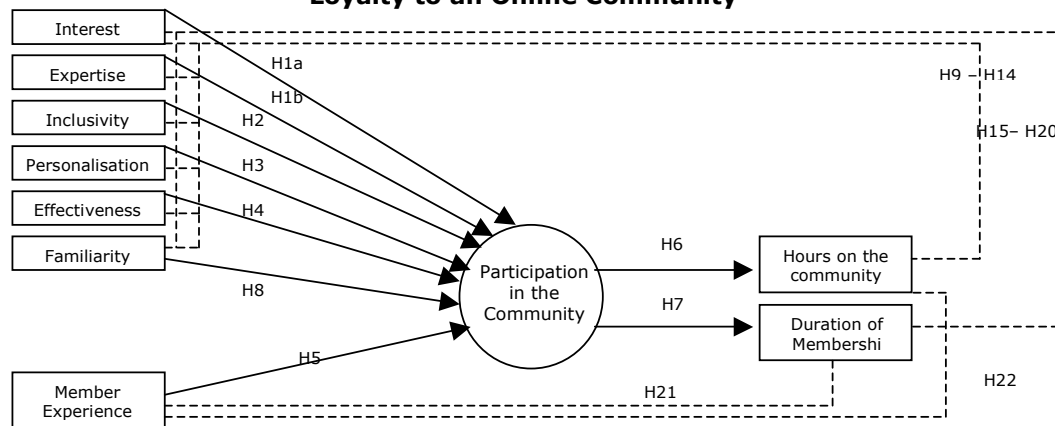
The additional hypothesis and an explanation of their definition is detailed below:

The first change was splitting Topicality into two new measures, Interest and Expertise, creating two new hypotheses to replace H1:

Suggested Variables	Items	Scale	Question Number
Interest	The community topic is interesting to me I have knowledge about the community topic	Strongly disagree = 1 Strongly Agree = 5	7 8
Expertise	I see myself as an expert on the topic I want to learn more about the topic	Strongly disagree = 1 Strongly Agree = 5	9 10

The two new hypothesis which replace H1 are:

H1a: There is a positive relationship between interest and participation

H1b: There is a positive relationship between expertise and participation

Familiarity is a new construct created from two items removed from the personalisation and inclusivity constructs during the analysis:

Suggested Variables	Items	Scale	Question Number
Familiarity	I have made friends through the community The community members take time to get to know you	Strongly disagree = 1 Strongly Agree = 5	16 17

The new hypothesis to be added is:

H8: There is a positive relationship between familiarity and participation

The remainder of the additional hypothesis were added to test their impact on the duration of membership to the community and the amount of time each member spends on the community per week. It should be noted that the measures for duration of membership and hours on the community per week were not Likert scales and therefore different to the other measures. As this work is exploratory, this practice is acceptable but in future confirmatory analysis these measures need to be refined. The following hypothesis were explored:

H9:   There is a positive relationship between interest and duration of membership

H10:   There is a positive relationship between expertise and the length of their membership

H11:   There is a positive relationship between inclusivity and the length of their membership

H12:   There is a positive relationship between personalisation and the length of their membership

H13:   There is a positive relationship between effectiveness and the length of their membership

H14:   There is a positive relationship between familiarity and the length of their membership

H15:   There is a positive relationship between interest and the length of their membership

H16:   There is a positive relationship between expertise and the length of their membership

H17:   There is a positive relationship between inclusivity and the length of their membership

H18:   There is a positive relationship between personalisation and the length of their membership

H19:   There is a positive relationship between effectiveness and the length of their membership

H20:   There is a positive relationship between familiarity and the length of their membership

H21:   There is a positive relationship between member experience and the length of membership

H22:   There is a positive relationship between member experience and the length of membership

In order test the original and additional hypothesis, the following variables were used, Topicality, split into Interest and Expertise, during the analysis process, Inclusivity, Personalisation, Effectiveness, Familiarity (derived during the analysis process), Member Experience, Participation, Hours spent on the community and duration of membership.

Initially, the intention was to measure loyalty to the host organisation through further variables, but a decision was made to measure the length of membership of a community and the hours spent on the community per week. Future research may look to utilise existing scales or create additional scales to measure loyalty to the online community host.

The research was conducted in 5 stages. The first stage was the analysis of each question, with a percentage of responses against option for each question, this is detailed in the questionnaire in Appendix B. The second stage was the to test the

reliability of each proposed scale. This analysis was carried out, using Cronbach's alpha, to establish the reliability of the new measures. The third stage was to carry out exploratory factor analysis, to establish if the scales could be defined as new measures. The fourth stage, Discriminant validity, looks to confirm that each scale are independent of each other. The fifth and final stage was regression analysis used to confirm a relationship between the dependent variable and the independent variables exist. The following sections will discuss each stage and the results of the analysis.

5.1 Stage 1 – Descriptive Analysis of each question.

5.1.1 Response Levels

The questionnaire, detailed in Appendix B, was conducted online. The community which agreed to be surveyed was LIVINGtv, a cable TV channel which broadcasts 9, programs covering supernatural and reality TV programmes. The survey was conducted between the 12th and 22nd August 2004. 199 fully completed survey responses were collected for analysis, there were no partial surveys.

5.1.2 Stage 1 - Profile and Usage

The survey included some questions aimed at profiling the online community users, the data collated is detailed in Table 5.1 below. A secondary set of data was obtained from a US online community hosting company, who carried out their own survey designed to profile their user base. Some of their questions were similar to those asked of the LIVINGtv community and are also listed in table 5.1 below:

Table 5.1 - Online Community Member Demographics

	LIVINGtv	US Community Host
Female	77.4%	57.2%
Age	16 to 35	18 to 45
College education or higher	54.8%	41.2%
Membership over 12mths	46.2%	
Visit Community more than once a day	64.3%	
Post on the community more than once a day	51.8%	
Participate daily on the community		76.8%
Members who spend more than 5 hours on the community per week	59.3%	
Members who spend more than 6 hours on the community per week		49.1%
Members who regularly purchase online	54.3%	
Members who spend more than 5 hours per day online	42.2%	
Members who visit other communities	73.3%	59.2%
Members who visit other communities more than once a day	49.2%	
Members who are comfortable with the internet		82.8%

From the results, it can be stated that the LIVINGtv respondents are predominantly women between the ages of 16 and 35, are regular participants in this and other online communities, are comfortable with using the internet on a day to day basis.

The US community host has a similar demographic, predominantly women, between the ages of 18 and 45, with college or higher education, long term membership, visiting the community regularly and comfortable using the internet.

Combining both sets of demographic data, the results show that members are predominantly women, under 45, with a college or higher education qualification, comfortable using the internet, do so regularly and actively participate in more than one community.

It is the longevity of membership and regular participation levels which equate to loyal behaviour and should be of particular interest to marketers, as is the demographic of the member base.

The survey was completed by active regular participants, and should therefore be a good sample to understand what community characteristics attract and retain active online community members. There is however a danger that the less active but still loyal community members may not be represented in this survey.

A limitation is that active community members are more likely to participate in a survey than less active members, which may skew the data.

5.2   Stage 2 - Measurement Analysis

Measurement Analysis is a 4 stage process, which begins with Exploratory Factor Analysis, which looks to identify the constructed variables which will be used in the analysis. The second stage is reliability analysis, which looks to test the reliability of the new factors identified, followed by discriminant validity, measuring the level of independence of each factor. Once these tests have been completed and the new independent variables have been identified, the fourth stage, regression analysis, can take place, which tests for relationships between the variables.

5.2.1 Factor Analysis

The first stage in the measurement analysis, is exploratory factor analysis, used to identify the new factors. Exploratory Factor Analysis is the analysis of "the structure of interrelationships, correlations, across a large number of variables." Hair et al, 1998. Factor analysis encompasses the tests detailed in table 5.2:

Table 5.2

Test	Required Results
KMO	Measure of sampling adequacy, values must be > 0.5 (>0.7 preferred)
Bartlett's test of sphericity	Test for correlations between variables
	H0: there are no correlations between the items H1: 2 or more items are correlated
	If level of sig. < 0.05 reject null
Anti-image matrix	Measure of how the variables relate to each other
	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis
	The closer to 1 the better.
Eigenvalues	The amount of variance accounted for by a factor.
	Look for components with Eigenvalues >1.0
	Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0
Component Matrix	Look to establish which items are in each component identified.

SPSS was used to carry out a Factor Analysis for each measure. Table 5.3, below, details the measures, items contained within them and results of each test carried out.   A detailed analysis is available in Appendix C.

Table 5.3 - Summary of Results from Exploratory Factor Analysis

	KMO	Bart	Anti Img	Commul	Eign	% var	Cmp Anl
Topicality	0.614	Corr.		0.695	1.914	47.858	0.686
				0.724	1.001	72.894	0.776
				0.798			0.654
				0.700			0.644

Topicality is made up of two factors – identified through the factor analysis – these have been labelled – Interest and Expertise below:

	KMO	Bart	Anti Img	Commul	Eign	% var	Cmp Anl
Interest	0.5	Corr	0.50	0.704	1.4	70.35	0.839

(interest)			0.50	0.704			0.839
Expertise (expt)	0.5	Corr.	0.5	0.742	1.48	74.2	0.861
			0.5	0.742			0.861
Inclusivity (Incl03)	0.730	Corr.	0.747	0.770	2.352	78.42	0.878
			0.695	0.817			0.904
			0.755	0.765			0.875
Effectivness (Effect)	0.787	Corr.	0.784	0.652	2.697	67.42	0.807
			0.755	0.746			0.864
			0.797	0.700			0.836
			0.826	0.599			0.774
Persnlisatn (Pers02)	0.5	Corr.	0.5	0.944	1.88	94.4	0.972
			0.5	0.944			0.972
Familiarity	0.5	Corr.	0.5	0.699	1.4	69.88	0.836
			0.5	0.699			0.836
Member Experience (Memexp)	0.605	Corr.	0.571	0.751	1.86	62.0	0.867
			0.613	0.599			0.774
			0.661	0.512			0.716
Member Activity (Memact)	No point as this does not work						
Participatn (Partptn)	0.5	Corr.	0.5	0.768	1.54	76.79	0.876
			0.5	0.768			0.876

Topicality, KMO=0.614 signifying an acceptable measure for factor analysis. Through factor analysis being carried out on Topicality, 2 factors were identified and as a result topicality, as a measure was split into two new measures, Interest and Expertise.

Interest, KMO=0.5, signifies a marginally acceptable measure. Bartlett's test, shows correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.5 for both items, low but adequate, the closer to 1 the stronger the relationship, so the relationship is not as strong as it could be. However, the common variance value for each item is 0.704 which means 70.4% of the variance in Interest is represented by each items variance. The Eigenvalue is 1.4, confirming that 2 items make up the factor, interest, representing 70.35% of the data.

Interest is a marginally acceptable measure for factor analysis, displaying correlations and commonalities between the items. Interest may be improved as a measure, for future research, through the addition of additional items.

Expertise KMO=0.64, signifies the an acceptable measure for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.5 for both items, which is not very close to 1 indicating an average relationship between the items. Whereas the common variance value for each item is reasonably high at 0.742 for both items, 74% of the variance in Personalisation is represented by the variance in each item. The Eigenvalue is 1.48, confirming that these 2 items make up one factor, Expertise, representing 74.2% of the data.

Expertise is an adequate measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be meaning the items may be improved. Expertise is made up of 2 items, further items may be added to the measure to improve its robustness. This may be a consideration for future research.

Inclusivity, KMO=0.73, signifying an acceptable measure for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.747, 0.695 and 0.755 respectively, figures reasonably close to 1 indicating a relatively strong relationship. The common variance value for each item is also high at 0.770, 0.817 and 0.765 meaning 77%, 82% and 76% of the variance in Inclusivity is represented by the variance in each item. The Eigenvalue is 2.3, confirming that these 2 items make up one factor, Inclusivity, representing 78.42% of the data.

Inclusivity is an acceptable measure for factor analysis, with correlations and commonalities between the items. It is suggested that Inclusivity be retested on future surveys in order to develop its suitability as a measure for online communities. Inclusivity is made up of 3 items, further items may be added to improve the robustness of the measure in future research.

Effectiveness, KMO=0.787, signifying a good candidate for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.784, 0.755, 0.797 and 0.826 respectively, figures reasonably close to 1, indicating a relatively strong relationship. The common variance value for each item is also high at 0.652, 0.746, 0.700 and 0.599 meaning 65%, 74%, 70% and 60% of the variance in Effectiveness is represented by the variance in each item. The Eigenvalue is 2.7, confirms these 2 items make up one factor, effectiveness, representing 67.42% of the data.

Effectiveness is a good measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be, meaning the items may be improved. It is suggested the items within Effectiveness be reviewed and possibly revised before being retested in future surveys. Effectiveness is made up of 4 items, it may be that further items could be added to or replace existing items in the measure to improve its robustness. This may be a consideration for future research.

Personalisation, with a KMO=0.5, signifies acceptability for a measure. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.5 for both items, which is not very close to 1, indicating an average relationship between the items. Whereas the common variance value for each item is high at 0.944 for both items 94% of the variance in Personalisation is represented by the variance in each item. The Eigenvalue is 1.9, confirming that these 2 items make up one factor, Personalisation, representing 94.4% of the data.

Personalisation is an adequate measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be which means that the items could be improved. Personalisation is made up of 2 items, further items may be added to the measure to improve its robustness. This may be a consideration for future research.

Familiarity, KMO=0.56, signifies marginally acceptable measure for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.5 for both items, which is not very close to 1 indicating an average relationship between the items. The common variance value for each item is high at 0.699 for both items, therefore, 70% of the variance in Familiarity is represented by the variance in each item. The Eigenvalue is 1.86, confirming that these 2 items make up one factor, familiarity, representing 69.9% of the data.

Familiarity is a marginally acceptable measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be which means that the items could be improved. Familiarity is made up

of 2 items, further items may be added to the measure to improve its robustness. This may be a consideration for future research.

Member Experience KMO=0.67, signifies an acceptable measure for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.571 and 0.613, which are not that close to 1, indicating an average relationship between the items. Whereas the common variance value for each item is high at 0.751 and 0.599 respectively, meaning 75% and 60% of the variance in member experience is represented by the variance in each item. The Eigenvalue is 1.86, confirming, these 2 items make up one factor, member experience, representing 62% of the data.

Member Experience is an acceptable measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be, means the items may be improved. Member Experience is made up of 2 items, which may account for the weak results. As a measure it is less robust than some of the others and needs further development before it can be considered as a measure for member online experience. The existing items may be improved and further items may be added to the measure to improve its robustness, these may be a considerations for future research.

Participation, KMO=0.697, signifies an acceptable measure for factor analysis. Bartlett's test, confirms correlated items, therefore factor analysis is appropriate. The Anti-image score is 0.5 for both items, which is not very close to 1 which indicates an average relationship between the items. The common variance value for each item is high at 0.768 for both items, therefore, 76.8% of the variance in Participation is represented by the variance in each item. The Eigenvalue is 1.54, confirming that these 2 items make up one factor, participation, representing 76.79% of the data.

Participation is an adequate measure for factor analysis, with correlations and commonalities between the items, although the correlations are not as strong as they could be, the communalities are relatively strong. Participation is made up of 2 items, it may be that these items could be improved and further items added to the measure to improve its robustness, this may be a consideration for future research.

Overview of Factor Analysis
There is strong evidence that some progress has been made in identifying new measures for online communities, interest, expertise, inclusivity, personalisation, and participation, but further research needs to be carried out in order to state that these are valid measures or scales for carrying out future research analysis on online communities.

5.2.2 Reliability Analysis

The next stage in the research process is to test the reliability of the new measures. Cronbach's alpha, "the most commonly accepted formula for assessing the reliability of a measurement scale with multi-point items." Peter (1979), was used. The test is described in the table 5.4 below:

Table 5.4

Test	Value
Cronbach's Alpha	> 0.5 (preferred > 0.7)
Corrected Item Correlation	> 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing

SPSS calculated Cronbach's Alpha was calculated for each measure (see table 5.5)The table below details the measures, the items contained within them and the value of Cronbach's alpha for each.   A detailed analysis is available in Appendix C

Table 5.5

New Measures	Cronbach's Alpha	Question	No
Interest (interest)	0.57	The community topic is interesting to me I want to learn more about the community topic	7 10
Expertise (expt)	0.64	I have knowledge about the community topic I see myself as an expert on the topic	8 9
Inclusivity (Incl03)	0.85	I feel included in the community I identify with other members of the community I enjoy communicating with other members	11 12 13
Effectiveness (Effect)	0.83	I learn from the community I value feedback from the community I feel better for visiting this community There are some interesting posts on the community	18 19 20 21
Persnlisatn (Pers02)	0.94	The community members are polite and courteous The community members are friendly and pleasant online	14 15
Familiarity	0.64	I have made friends through the community The community members take time to get to know you	16 17
Member Experience (Memexp)	0.67	I enjoy spending time on the internet I surf the internet to relax I can search and select relevant information	23 24 25
Member Activity (Memact)	0.33	I make regular purchases on the internet I visit other online communities regularly	26 27
Participatn (Partptn)	0.697	I do my best to stimulate our community I eagerly reply to postings by other community members	5 6

Inclusivity along with effectiveness and personalisation have alpha's over 0.7 and are deemed to be reliable measures. Inclusivity and Effectiveness are determined by 3 and 4 items respectively which, according to Churchill, (1979), Peter, (1979) and Gerber 1988, make them more reliable. Churchill, (1979), Peter, (1979) and Gerber 1988 believe that a multi item scale is more reliable, therefore they advocate 3 or more items in a scale. Personalisation, has been reduced to 2 items with an alpha of 0.94, which is a high score, but in view of the small number of items may require further analysis to confirm its suitability as a new measure.

Expertise, familiarity, member experience and participation are all between 0.6 and 0.7, indicating that they are reliable but further work may need to be carried out to develop them as more reliable measures. Interest has an alpha of 0.57 and this too

requires further development. Member activity is not a reliable measure and the items should be separated as there is little correlation between the two items.

It is acknowledged that this is an exploratory exercise carried out on one form of online community and although these results show strong evidence of reliability in these measures, further research needs to take place to confirm their reliability as measures for online communities.

5.2.3 Discriminant Validity Matrix

Once, Cronbach's alpha has been established for each measure, and factor analysis carried out on the measures, the next stage of analysis is to create a correlation matrix, which is used to evaluate the independence of each measure compared to other measures. The test is looking for each measures' Cronbach's alpha to be the highest value both horizontally and vertically in the matrix in table 5.6.

Table 5.6

Identified Variables	Item No.	V1	V2	V3	V4	V5	V6	V7	V8	V9
Interest (interest) (V1)	7 8	**0.57**								
Inclusivity (Incl03) (V2)	11 12 13	0.682	**0.85**							
Effectivness (Effect) (V3)	18 19 20 21	0.796	0.81	**0.83**						
Persnlisatn (Pers02) (V4)	14 15	0.487	0.673	0.655	**0.94**					
Expertise (expt) (V5)	9 10	0.469	0.398	0.349	0.125	**0.64**				
Familiarity (V6)	16 17	0.435	0.756	0.646	0.406	0.406	**0.56**			
Member Experience (Memexp) (V7)	23 24 25	0.403	0.385	0.528	0.201	0.173	0.204	**0.67**		
Member Activity (Memact) (V8)	26 27	0.011	0.026	-0.28	-0.74	0.235	-0.14	0.43	**0.33**	
Participatn (Partptn) (V9)	5 6	0.61	0.716	0.587	0.269	0.541	0.566	0.32	0.15 1	**0.69 7**

Interest has an alpha of 0.57 which is significantly higher than the CB for personalisation, expertise, familiarity, member experience, member activity and participation, BUT inclusivity and effectiveness both have higher alpha's signalling an issue with the measure for Interest. Therefore, further work needs to be carried out on this measure.

Inclusivity has an alpha of 0.85 which is significantly higher than the alpha for personalisation, expertise, familiarity, member experience, member activity, inclusivity and participation, BUT effectiveness has a alpha of 8.1, which may be seen as close and could signal an issue with the measure for Inclusivity. Therefore, further work needs to be carried out on this measure.

Effectiveness has an alpha of 0.83 which is significantly higher than the alpha for personalisation, expertise, familiarity, member experience, member activity and participation, BUT interest, alpha=0.796, and inclusivity, alpha=0.81, which may be seen as close and could signal an issue with the measure for Effectiveness. Therefore, further work needs to be carried out on this measure.

Personalisation has an alpha of 0.654 which is significantly higher than the alpha for expertise, familiarity, member experience, member activity, interest and participation, BUT inclusivity, alpha=0.673, and effectiveness, alpha=6.55, both have higher alpha's signalling an issue with the measure for Personalisation. Therefore, further work needs to be carried out on this measure.

Expertise has a alpha of 0.64 which is significantly higher than the alpha for all other measures and can therefore be as a good measure which has met the criteria for the Discriminant validity test.

Familiarity has an alpha of 0.56 which is significantly higher than the alpha for personalisation, expertise, familiarity, member experience, member activity and participation, BUT inclusivity and effectiveness both have higher alpha's signalling an issue with the measure for Familiarity. Therefore, further work needs to be carried out on this measure.

Member Experience has an alpha of 0.67 which is significantly higher than the alpha for all other measures and can therefore be as a good measure which has met the criteria for the Discriminant validity test.

Member Activity has a alpha of 0.33, therefore is not a valid measure and should be removed from the analysis.

Participation has a alpha of 0.697 which is significantly higher than the alpha for expertise, familiarity, member experience, member activity, interest and effectiveness, BUT inclusivity, alpha=0.716, has a higher alpha signalling an issue with the measure for Participation. Therefore, further work needs to be carried out on this measure.

The result of the Discriminant validity test, shows that further work needs to be carried out on Interest, Inclusivity, Effectiveness, Familiarity, Personalisation and Participation in order to develop them as suitable scales for future research. Both, Expertise and Member experience conformed to the Discriminant validity test and member activity was rejected as a measure and will not be used in the remainder of the analysis. The table 5.7 w shows each variable with their items and the results of the Discriminant analysis.

Table 5.7

Variable Name	Items	Type
Interest (interest)	The community topic is interesting to me I want to learn more about the community topic	Independent with some work required to refine
Inclusivity (Incl03)	I feel included in the community I identify with other members of the community I enjoy communicating with other members	Independent with some work required to refine
Effectivness (Effect)	I learn from the community I value feedback from the community I feel better for visiting this community There are some interesting posts on the community	Independent with some work required to refine
Persnlisatn (Pers02)	The community members are polite and courteous The community members are friendly and pleasant online	Independent
Expertise (expt)	I have knowledge about the community topic I see myself as an expert on the topic	Independent
Familiarity	I have made friends through the community The community members take time to get to know you	Independent with some work required to refine
Member Experience	I enjoy spending time on the internet	Independent

(Memexp)	I surf the internet to relax	
	I can search and select relevant information	
Participation	I do my best to stimulate our community	Independent with
(Partptn)	I eagerly reply to postings by other community	some work
	members	required to refine

5.2.4 Regression Analysis (Analysis of Data)

Figure 12 below, shows that Topicality has been replaced by the two new measures, interest and expertise.

Figure 12 - A Conceptual Model of a Consumers Participation in and Loyalty to an Online Community
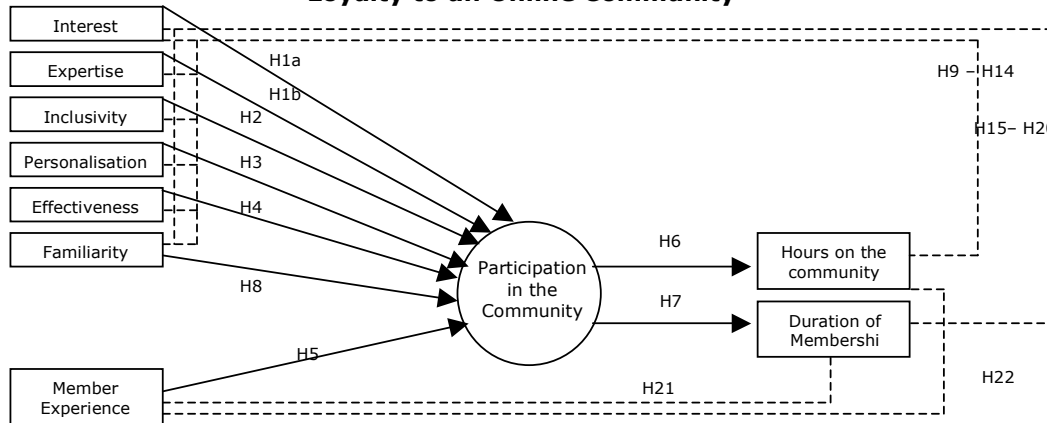
In order to establish if any of these relationships exist, regression analysis needs to be carried out. The objective of multiple regression analysis is to "assess the degree and character of the relationship between dependent and independent variables". Hair et al 1998.

Multiple regression assumes a linear relationship, it is the intention of this research to establish if there is a relationship between the dependent variable participation and the independent variables, interest, inclusivity, effectiveness. familiarity, personalisation, expertise, member experience and member activity. The sample size of 199 respondents is adequate for multiple regression analysis to be undertaken.

Participation was selected as the first dependent variable on the basis that conceptually, participation is an activity which takes place within and online community and it is likely that one or more factors may influence the level of participation of an individual member. A summary of the full regression analysis is detailed in Appendix E

Length of membership was selected as the second dependent variable on the basis that conceptually, length of membership may be an indicator of loyalty to an online community and it is likely that one or more factors may influence the length of membership to a community by an individual member. A summary of the full regression analysis is detailed in Appendix E

Hours on the community was selected as the third dependent variable on the basis that conceptually, hours on the community is an activity which may also be an indicator of loyalty to an online community, in that there are only so many hours in a week and if a community member chooses to spend a large portion of those hours on the community, they are doing so in preference to spending it on other activities, which may also be an indicator of loyal behaviour. It is likely that one or more factors may influence the number of hours an individual member may spend on the

community each week. A summary of the full regression analysis is detailed in Appendix E

Table 5.8 provides a summary of the t-statistic test which is used to establish if there is a relationship between the dependent and independent variables. If the t-statistic is over +1.6, then it can be stated that the dependent variable is positively effected by the independent variable.

Table 5.8

| | Dependent Variables | | | | | |
| | Participation | | Length of membership of Community | | Hours on the community each week | |
Independent Variables	Std Beta	T-stat	Std Beta	T-stat	Std Beta	T-stat
Community Characteristics						
Interest (H1a)	0.330	**4.406*****				
Expertise (H1b)	0.194	**3.429*****				
Inclusivity (H2)	0.446	**5.170*****				
Personalisation (H3)	-0.164	-2.522**				
Effectiveness (H4)	-0,105	-1.123*				
Familiarity (H8)	0.084	1.200*				
Member Experience						
Member Experience (H5)	0.209	**2.983*****				
Participation (H6)			-0.218	-2.356**		
Participation (H7)					0.389	**5.894**

NB: Participation was tested as one independent variable with respect to each dependent variable

Community Characteristics						
Interest (H9)			-0.048	-0.477		
Expertise (H10)			0.277	**3.726*****		
Inclusivity (H11)			0.072	0.613		
Personalisation (H12)			0.153	-1.809*		
Effectiveness (H13)			0.095	-0.803		
Familiarity (H14)			0.242	**2.725*****		
Member Experience						
Member Experience (H21)			0.005	0.066		

NB: Member experience was tested as one independent variable with respect to length of membership of the community

Community Characteristics						
Interest (H15)					0.235	-1.241
Expertise (H16)					0.180	1.303
Inclusivity (H17)					0.332	**3.367*****
Personalisation (H18)					-0.213	-2.861***
Effectiveness (H19)					0.096	0.921
Familiarity (H20)					0.135	**1.696***
Member Experience						
Member Experience (H22)					0.127	**1.784***

NB: Member experience was tested as one independent variable with respect to hours on the community each week.

***=p<0.01, **=p<0.05, *=p<0.1

5.2.5 Hypothesis Testing

Looking at each hypothesis, we ask

H0: the t-statistic is less than +1.6
H1: the t-statistic is not less than +1.6
Sig=0.05

Taking each hypothesis individually and looking at the t-statistic, from table 5.8 above, we can draw the following conclusions:

H1a: There is a positive relationship between interest and participation
*t- statistic = **4.406**, which is above +1.6, therefore we can state that interest positively effects participation by online community members.*

H1b: There is a positive relationship between expertise and participation
*t- statistic = **3.429**, which is above +1.6, therefore we can state that expertise positively effects participation by online community members.*

H2: There is a positive relationship between inclusivity and participation
*t- statistic = **5.170**, which is above +1.6, therefore we can state that inclusivity positively effects participation by online community members.*

H3: There is a positive relationship between personalisation and participation
t- statistic = -2.522, which is below +1.6, therefore we can state that personalisation does not positively effect participation by online community members.

H4: There is a positive relationship between effectiveness and participation
t- statistic = -1.123, which is below +1.6, therefore we can state that effectiveness does not positively effect participation by online community members.

H5: There is a positive relationship between member experience and participation.
*t- statistic = **2.983**, which is above +1.6, therefore we can state that member experience positively effects participation by online community members.*

H6: There is a positive relationship between the level of participation of a community member and the length of their membership
t- statistic = -2.356, which is below +1.6, therefore we can state that participation does not positively effect the length of membership of online community members.

H7: There is a positive relationship between the level of participation of a community member and the number of hours they spend on the community per week.
*t- statistic = **5.894**, which is above +1.6, therefore we can state that participation positively effects the number of hours per week a member spends on an online community members.*

H8: There is a positive relationship between familiarity and participation
t- statistic = 1.200, which is below +1.2, therefore we can state that familiarity does not positively effect participation by online community members.

H9: There is a positive relationship between interest and the length of their membership
t- statistic = -0.477, which is below +1.6, therefore we can state that interest does not positively effect the number of hours per week a member spends on an online community.

H10: There is a positive relationship between expertise and the length of their membership
*t- statistic = **3.726**, which is above +1.6, therefore we can state that expertise has a positively effect on the number of hours per week a member spends on an online community.*

H11: There is a positive relationship between inclusivity and the length of their membership
t- statistic = 0.613, which is below +1.6, therefore we can state that inclusivity does not positively effect the number of hours per week a member spends on an online community.

H12: There is a positive relationship between personalisation and the length of their membership
t- statistic = -1.809 which is below +1.6, therefore we can state that personalisation does not positively effect the number of hours per week a member spends on an online community.

H13: There is a positive relationship between effectiveness and the length of their membership
t- statistic = -0.803, which is below +1.6, therefore we can state that effectiveness does not positively effect the number of hours per week a member spends on an online community.

H14: There is a positive relationship between familiarity and the length of their membership
t- statistic = -2.725, which is above +1.6, therefore we can state that familiarity positively effects the number of hours per week a member spends on an online community.

H15: There is a positive relationship between interest and the length of their membership
t- statistic = -1.241, which is below +1.6, therefore we can state that interest does not positively effect the length of time an individual remains a member of the online community.

H16: There is a positive relationship between expertise and the length of their membership
t- statistic = 1.386, which is below +1.6, therefore we can state that expertise does not positively effect the length of time an individual remains a member of the online community.

H17: There is a positive relationship between inclusivity and the length of their membership
*t- statistic = **3.367,** which is above +1.6, therefore we can state that inclusivity positively effects the length of time an individual remains a member of the online community.*

H18: There is a positive relationship between personalisation and the length of their membership

t- statistic = -2.861, which is below +1.6, therefore we can state that expertise does not positively effect the length of time an individual remains a member of the online community.

H19: There is a positive relationship between effectiveness and the length of their membership

t- statistic = 0.921, which is below +1.6, therefore we can state that effectiveness does not positively effect the length of time an individual remains a member of the online community.

H20: There is a positive relationship between familiarity and the length of their membership

*t- statistic = **1.696,** which is marginally above +1.6, therefore we can state that familiarity positively effects the length of time an individual remains a member of the online community, but that this effect may be marginal.*

H21: There is a positive relationship between member experience and the length of membership

t- statistic = 0.066, which is below +1.6, therefore we can state that member experience does not positively effect the number of hours per week a member spends on an online community.

H22: There is a positive relationship between member experience and the length of membership

*t- statistic = **1.784,** which is above +1.6, therefore we can state that member experience positively effects the length of time an individual remains a member of the online community.*

5.2.6 Summary of hypothesis tests

In summary, we can state that, from the analysis carried out:

Interest, Expertise and I**nclusivity** positively effect the level of participation by the online community members.

Expertise and **Familiarity** both positively effect the length of time an individual remains a member of an online community .

Interest, Inclusivity, Familiarity, and **Member Experience** positively effect the number of hours a week an online community member spends on the community.

Participation, as an independent variable, positively effects the number of hours a week an online community member spends on the community.

NB: It should be noted that the measures for length of membership of a community and hours spent on the community each week have different scales to the other measures, which are Likert scales. As this is an exploratory exercise, then it was acceptable to find out if any potential relationships exist and as some were found, then, there may be some merit in refining these measures in future research.

Also, it appears that a similar set of independent variables effect participation, length of membership and hours spent on the community, it is suggested that further work needs to be carried out on refining these measures and applying them to other similar communities to validate these results.

5.6.7 Answers to the questions

Question 1: Is there a positive relationship between characteristics of an online community and the level of participation of the members

In developing the hypothesis, topicality, inclusivity, effectiveness and personalisation were suggested measures of online community characteristics. Through the measurement development and analysis, topicality was replaced by interest and expertise. Interest, along with the inclusivity and familiarity show strong evidence of their ability to predict member participation in an online community.

The Figure 13, depicts the relationship which the evidence goes someone in proving.

Figure 13 – Community Characteristics which have a positive effect on the number of hours a member spends on the community each week.
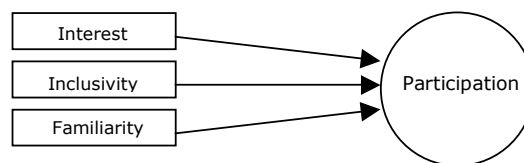
It can be stated that there IS a positive relationship between community characteristics, interest, inclusivity, familiarity and the level of member participation in online communities. As the research was exploratory and has only been tested on one community in the UK, it is in no way conclusive, but it has the potential to act as a catalyst for future research.

Question 2: Is there a positive relationship between member experience characteristics and the level of participation of the members in an online community?

In the development of the questions to explore, it was suggested that member experience was a predictor of participation in an online community. Following the analysis of the data, this relationship was not proven. Therefore we CANNOT state that there is a positive relationship between member experience and the level of member participation in online communities.

It may be, however, that there are other characteristics of an online community member, which do predict their level of participation. This may be an area for future research.

Question 3: Is there a positive relationship between the participation levels of online community members and their loyalty to the host organisation?

During the analysis of the data, it was decided that question 3 would be altered slightly and split into 2 new questions, 3a and 3b below:

Question 3a: Is there a positive relationship between the factors found, interest, expertise, inclusivity, personalisation, effectiveness, familiarity, member experience or participation and the length of time an individual remains a member?

Through regression analysis and the t-statistic, the following measures, figure 15, were found to have a positive relationship with the number of hours spent on a community by a community member.

Figure 15 - Characteristics which have a positive effect on the number of hours a member spends on the community each week.
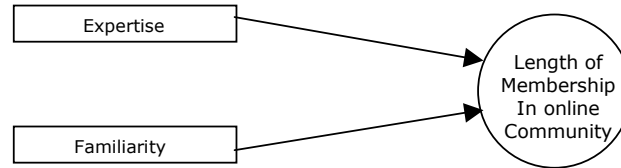
It can be stated that, there IS a positive relationship between the community characteristics of Familiarity and Expertise and the length of time an individual remains a member of an online community.

As the research was exploratory and has only been tested on one community in the UK, it is in no way conclusive, but it has the potential to act as a catalyst for future research.

Question 3b:Is there a positive relationship between the factors found, interest, expertise, inclusivity, personalisation, effectiveness, familiarity, member experience or participation and the number of hours spend on a community each week.

Through regression analysis and the t-statistic, the following measures, figure 16, were found to have a positive relationship with the number of hours spent on a community by a community member.

Figure 16 - Characteristics which have a positive effect on the number of hours a member spends on the community each week.
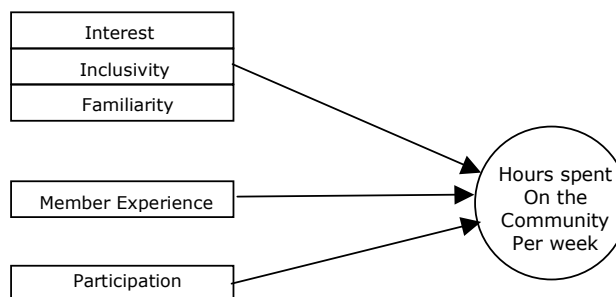
It can be stated that:

There IS a positive relationship between the community characteristics of interest, inclusivity and familiarity and the number of hours a member spends on the community each week.

There IS a positive relationship between the member experience characteristics and the number of hours a member spends on the community each week.

There IS a positive relationship between the level of participation and the number of hours a member spends on the community each week.

As the research was exploratory and the measures have not been refined, then the results are not presented as conclusive, merely indicators for future research and further refinement the measures. As this survey has only been run on one fan based community in the UK, the results are in no way conclusive. However it is hoped that they will act as a catalyst for future research into the mechanisms of online communities and how they could benefit marketers.

5.6 Results of empirical research

The results show that online community members are long term and active participants.

There is strong evidence that :

- Interest, inclusivity, personalisation and expertise are predictors of the level of member participation within an online community.

- Familiarity and expertise are predictors on the length of time an individual remains a member of an online community

- Interest, inclusivity and familiarity are predictors of the number of hours per week and individual spends on an online community.

- Member experience is a predictor of the number of hours per week and individual spends on an online community.

- Participation is a predictor of the number of hours per week and individual spends on an online community.

However, this research has been exploratory on one sample, with one online community in the UK. In order to further validate this, surveys need to be conducted on the same or similar online communities to confirm the findings of this research.

It should also, be pointed out that the measures, "hours on the community per week" and "duration of membership", may be defined as other forms of participation in an online communities. Therefore it is acknowledged that further work may be required to refine these measures.

The measures identified through the exploratory research are detailed below:

Variable	Items	Comments
Participation	I do my best to stimulate our community I eagerly reply to postings by other community members	This is a 2 item variable. Future research may look to add additional items to this variable in order to make it a more robust measure. Churchill, 1979, said that multi-item variables were better measures, but that they should be in excess of 3 items. It is recommended further work be carried out on this measure.
Interest	The community topic is interesting to me I want to learn more about the community topic	This is a 2 item variable. Future research may look to add additional items to this variable in order to make it a more robust measure. Churchill, 1979, said that multi-item variables were better measures, but that they should be in excess of 3 items. It is recommended further work be carried out on this measure.
Inclusivity	I feel included in the community I identify with other members of the community	As a 3 item variable, Inclusivity is likely to be a better measure, but it is likely that future

	I enjoy communicating with other members	research may be able to add to these or improve these items in the development of inclusivity as a scale for measuring online community participation.
Personalisation	The community members are polite and courteous The community members are friendly and pleasant online	This is a 2 item variable. Future research may look to add additional items to this variable in order to make it a more robust measure.
		Churchill, 1979, said that multi-item variables were better measures, but that they should be in excess of 3 items. It is recommended further work be carried out on this measure.
Expertise	I have knowledge about the community topic I see myself as an expert on the topic	This is a 2 item variable. Future research may look to add additional items to this variable in order to make it a more robust measure.
		Churchill, 1979, said that multi-item variables were better measures, but that they should be in excess of 3 items. It is recommended further work be carried out on this measure.
Familiarity	I have made friends through the community The community members take time to get to know you	This is a 2 item variable. Future research may look to add additional items to this variable in order to make it a more robust measure.
		Churchill, 1979, said that multi-item variables were better measures, but that they should be in excess of 3 items. It is recommended further work be carried out on this measure.
Member Experience	I enjoy spending time on the internet I surf the internet to relax I can search and select relevant information	As a 3 item variable, Member experience is likely to be a better measure, but it is likely that future research may be able to add to these or improve these items in the development of inclusivity as a scale for measuring the number of hours per week and individual spends on an online community.

It may be that there are other community or internet user characteristics are more suitable predictors of online community participation levels, duration of membership of an individual and the number of hours spent each week on a community. The measures offered from this exploratory research are intended to act as a catalyst for future research and it is anticipated that these will be re-evaluated, developed or replaced in future research.

5.7   Managerial Implications

From the literature reviewed, it has been established that online communities have the potential to offer benefits to organisations, primarily through the relationship, voluntarily entered into by community members'. A member may belong to one or more of the stakeholder groups within the organisation.

Through the empirical research an attempt has been made to understand the motivations behind an online community members willingness to participate within an online community on an ongoing basis. What has been established, through the measures developed is that, different measures influence different forms of participation by the individual.

Looking at straight forward participation, where an individual eagerly replies to postings by other members and proactively stimulates the community, it was found that, where an individual is interested in the community topic and has a level of knowledge about it this has a positive effect on their willingness to participate. Also, where an individual sees themselves as an expert and a willingness to learn more about the topic, this too has a positive effect on their willingness to participate. In addition to the topic, the online environment plays a role in members willingness to participate. This research shows that if the members are polite, courteous, friendly, are made to feel included in the community, identify and enjoy communicating with other members they are more likely to participate.

Therefore, if an organisation is looking to create an active and stimulated community, they should consider creating an environment which encompasses these features. It is likely that, this will be achieved through the use of community moderators or leaders whose role it is to ensure that the online culture is maintained over a period of time.

Moving on from participation to the number of hours an individual spends on the community, either participating or just observing, each week. The research shows that the number of hours spent on the community, are effected by a number of factors; the first relates to the community itself, and once again, interest and inclusivity are predictors of this measure. Familiarity, is the third characteristic of the community itself which effects the hours per week spent on the community, then there are the members own online experiences and skills, where they enjoy spending time on the internet, surf to relax and are proficient in searching for information online. The last factor influencing the number of hours spent on the community each week, is the level of participation by the member, that is, the more they eagerly reply to messages and stimulate the community the more time they spend on the community each week.

Therefore if an organisation wants to encourage their members to spend a lot of time on their community, then the factors they could employ, to maintain the usage levels of the individual members are interesting topic, make the members feel included, encourage familiarity and keep the community stimulated with posting activity. High usage level may be more relevant with a community which compliments consumer products and services, where an organisation wants members to be exposed to their marketing messages for extended periods of time.

The last area where, the research provides indicators for an organisation, is the length of membership of an individual, in an online community. The research shows that familiarity and expertise where both predictors of the length of membership of an online community. Therefore, if an organisation wants to encourage long term relationships with their stakeholders through online communities, then they should

look to recruit experts looking to develop their knowledge and make friends with other members through the community itself.

It is apparent from the research, that there are a number of levels of participation and loyalty to an online community, which are each effected by the different characteristics of a community and the individuals' experience levels. No hard and fast rules have been found through this research, however the research has provided some indicators for consideration from marketers looking to implement an online community strategy.

Marketers must identify the primary function of the online community…

Is it to create loyalty to the organisation, building a community of long term customers where the relationship can be developed over time, if so then they must provide a means for experts to develop their knowledge and connect with other members. This type of community works for Harley Davidson and Habbo Hotel, where the online community has become part of their members every day lives, creating an interdependent relationship. Or another stakeholder group who may benefit from this type of community could be, an organisations' investor community.

If however an organisation wants to maximise the number of hours per week, members are on the community, then the topic must be of interest, members must be made to feel included and be able to connect and get to know other members. This type of community may be used as a platform for selling products and services to the community members, where the objective is to be a community which becomes part of an individuals everyday life. These communities need to be active to keep the members attention.

Or if they just want to create a vibrant online environment for their stakeholders to engage in multiple conversations then it must be interesting to experts and make them feel included in a polite and friendly environment.

It may be that, an organisation has multiple online line community strategies which need to be implemented within the organisation to meet the needs of the individual stakeholders. It is unlikely that two communities will ever be the same, as it will be the members and the development of the online environment created by the individual members and nurtured by the organisation which will result in each online community becoming a unique entity.

6.0 Conclusion

The research carried out into the online community industry, supports the notion that online communities are becoming more commonplace either as part of a corporate strategy or as the central component in a business model. The review of the literature indicates that academics are beginning to examine how online communities operate, predominantly from a societal and technological aspect, and it is an area where marketers have carried out some research, but as an academic subject, it is very much in its infancy.

Returning to the original research framework, see figure 17, below. There were 3 questions to be answered

>   Q1:   Is there a positive relationship between characteristics of an online community and the level of participation of the members
>
>   Q2:   Is there a positive relationship between member experience characteristics and the level of participation of the members.
>
>   Q3:   Is there a positive relationship between the level of participation in an online community and the loyalty of the members

Figure 17 - A Conceptual Model of a Consumers Participation in and Loyalty to an Online Community
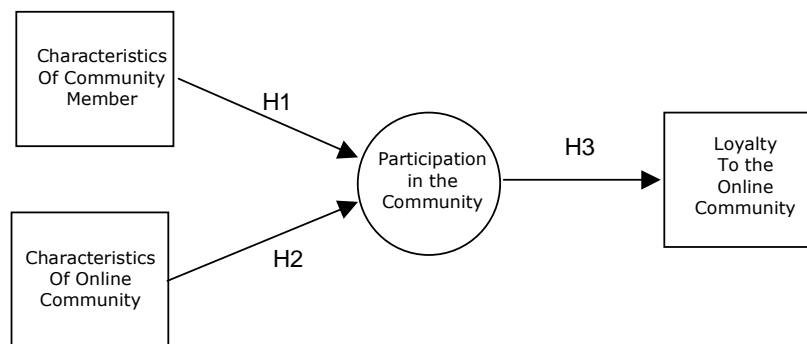
The research carried out developed this model further and established the following relationships:

- The community characteristics, interest, inclusivity, personalisation and expertise all positively effect the level of participation in an online community.

- Member characteristics and experience levels do not effect the level of participation in an online community.

- The community characteristics, familiarity and expertise positively effect the length of time an individual remains a member of an online community.

- The community characteristics interest, inclusivity and familiarity positively effect the number of hours an individual spends on the community each week.

- Member characteristics and experience levels positively effect the number of hours an individual spends on an online community each week.

- The level of participation of members in an online community positively effects the number of hours members spend on the community each week.

From the research we can state that some progress has been made in identifying factors which effect member participation and provide some indicators for measuring online community characteristics and different levels of member participation, but as this test has only been carried out once on one fan based community with 199 respondents, it is too early to make any strong statements about their robustness and validity.

Also, the measure for participation was a 5 point Likert scale and the measures for, hours on the community per week and length of membership, were different scales. It could also be suggested, that hours on the community per week and length of membership are other definitions of participation, but as this was an exploratory exercise, these tests were deemed acceptable. It is recommended that further development of these and some of the other measures in this research takes place prior to them being used in future research.

What can be said, however, is that there is strong evidence that this exploratory work has begun to identify some characteristics and measures which may be used in developing an understanding of online communities and how these effect individual members willingness to participate in, the online community.

This research cannot be classified as conclusive, but it is hoped that it will be used as a catalyst to develop these measures further or it may be more suitable to create new measures to be used by marketers in the development of their understanding of now online communities, function and why consumers participate in them.

6.1   Limitations of research

The primary limitation to the research is the community surveyed.

A number of communities were contacted and 3 responded with the offer of their help. One withdrew due to an technical issue with their online communities, but kindly provided the secondary data on user demographics and usage. A second withdrew due to internal politics within their organisation, leaving one, fan based community in the UK, willing to provide access to the community members.

From the research into the online community industry, it is evident that there are many different forms of online community and although it would have been preferable to carry out the survey on more than one type of community, it was not possible in the timescales to recruit other participants. Surveying other communities would have enable cross community type comparisons to be made or support the results from one community with another. Other comparisons could have been made using similar communities in different geographical locations. This is acknowledged as a limitation to the research.

A secondary limitation of the research is the timescales available for carrying out this level of exploratory research. The 3 month period available was quite tight for this form of exploratory research, which is reflected in the findings, in that there was no opportunity to revise and refine the measures or resurvey the community. Had this been the case, then more reliable measures may have been found.

6.2   Future research

Two tables have been created as a result of the research carried out.

The first is table 1 from section 2, which takes each marketing strategy, tool and technique and cross matches them with the online communities discussed in section 2. This table is offered as an initiator in the forward discussion, by marketers, a discussion point? in the potential merits of incorporating online communities in the development of future corporate marketing strategies. It is suggested that one or

more of the marketing strategies, tactics or tools, should be researched in more depth with respect to the one or more various types of online community, to establish how successful the different combinations are within different stakeholder groups.

The second is the matrix in Appendix G, which has the potential to act as a guideline for future areas of research into the various different types of online communities and their potential benefits to both corporate and marketing strategists.

7.0 Online communities: Why do consumers participate? Why should marketers care?

Over recent years, marketers have been trying to establish and develop an ongoing relationship with their customers. Customer relationship management Systems have been implemented, in their various forms with varying degrees of success.

Customer Relationship Management systems assume a relationship which may or may not have been in existence or even been welcomed by customers. Online communities are very different in that members are voluntary participants who have decided to engage in a relationship with an organisation through this online medium, actively participate and provide personal and lifestyle data and knowledge based content. It is the voluntary aspect of entering into a relationship, the active participation in the development of that relationship and the willingness to provide personal and lifestyle data by way of a personal profile, which are the powerful attributes of online communities and should be of great interest to marketers.

The stakeholder community cloud, figure 4, depicts each stakeholder community as a virtual form, or cloud, which constantly moves and changes its shape, form, speed and volume while being loosely connected to other similarly structured virtual forms creating an overall super structure which moves through out the internet.

Figure 4 – Stakeholder Community Cloud
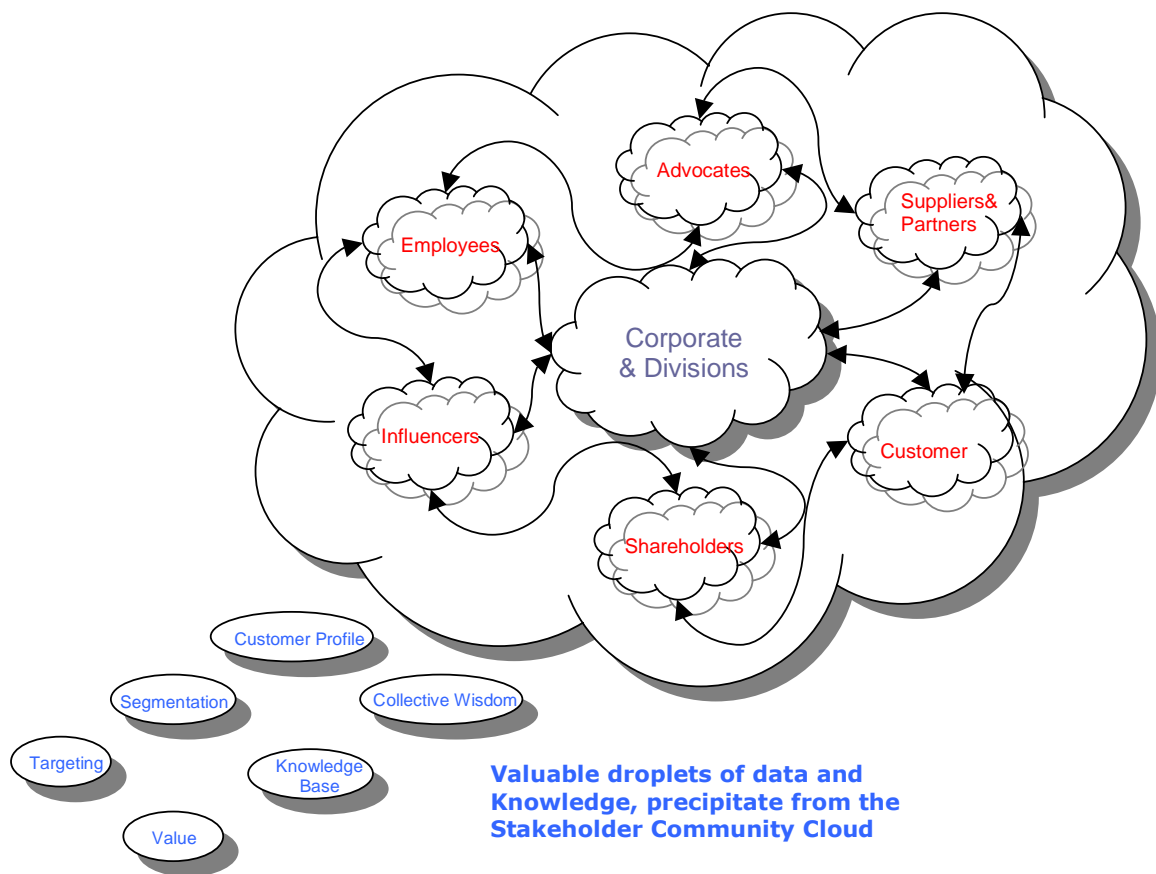
It is the challenge of the marketer to be able to extract the valuable droplets of knowledge from within the clouds and convert that to corporate wisdom.

No two organisations are identical, nor two stakeholder groups, nor two customer bases. Therefore, it is assumed that no two online communities will be the same. It will be the skill of the online community design, implementation, management and ongoing moderation team which will ensure the success of an online community strategy. It is also important when deciding on which stakeholder groups to include, to consider the format of the online community being implemented and the most suitable method(s) of developing and creating knowledge which can be extracted and be of benefit to the organisation.

Communities have the ability to collect and disseminate various types of data and knowledge. As such, each organisation will implement an online community for different strategic reasons, customer profiling, product development, customer support, corporate communication and the creation of stakeholder collective wisdom. It is therefore important to state the objective of the community, identify the target membership and build an implementation plan accordingly.

As with other marketing tools, online communities can be used across multiple stakeholder groups. This industry overview aims to show that different stakeholder groups currently participate in existing online communities and therefore an opportunity exists, for different organisations to incorporate online communities into an integrated stakeholder communication strategy, with the potential to create a wealth of knowledge from which the various strategy groups within an organisation can extract the data and knowledge which may assist them in moulding the future direction of the organisation.

The key to a successful community is finding a topic which is of interest and value to the consumer or stakeholder groups encouraging them to:

- voluntarily engage in a relationship with an organisation
- voluntarily participate in the future development of the relationship
- willingly provide a personal profile containing personal and lifestyle date
- become a loyal participant and return regularly
- contribute to the value of the community for other members
- advocate the benefits to non-customers

From the growing number of online communities, it is clear consumers and stakeholders are willing to participate in online communities, but there has been very little academic research carried out in this area, to date.

The research carried out for this paper, is intended to begin to address this gap and act as a catalyst for future research, as, it is clear that online communities have the potential to offer marketers a number of benefits when engaging their stakeholders in a relationship.

The primary benefit being that members voluntarily engage with the community and participate over extended periods of time. The research found 46.2% of respondents have been members for over 12months, with 64.3% visiting the community more than once per day. This regular and loyal behaviour is the goal of relationship marketing programs for marketers, but so far has been an unattainable goal, due in part to the nature of the relationship marketing strategies currently in place today.

The goal of this report was to identify indicators which marketers could use when specifying the type of online community they wish to implement.

The research supports, ad hoc discussions with online community practioners, in so far as it has begun to demonstrate that online community members participate, through eagerly replying to other members posts and actively stimulating the community. Also, that the members participation levels can be predicted through

their interest in the community topic, motivation to learn more about the topic and expertise in the topic.

From the community environment, itself, it is important for members to feel included in the community through identifying with other members and establishing new friendships through the online community. Lastly, the tone of communication should be friendly, polite and courteous.

Other measures were identified, effectiveness, familiarity and member experience, which may be used in the prediction of other dependent variables, not yet identified with respect to online communities.

Marketers should care about these measures as they do provide some indicators as to characteristics of a community which encourage members to participate.

The Challenge for Marketers!

Communities MUST attract participants.

It is the VOLUNTARY participation which differentiates an online community focused marketing strategy from any previous marketing strategies advocated, planned and implemented. When marketers understand what is required to create the "if you build it they will come" community, they will have reached a significant milestone in the development of marketing strategy

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Apendix A - Research Proposal

**Online Communities:
Why do consumers participate?
Why should marketers care?**

MA Strategic Marketing Management

Research Proposal

**Julie Walker
4th July 2004**

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1. Aims

The purpose of this research is to identify those characteristics of an online community and its members, that result in greater consumer participation and loyalty to the community host.

Through understanding these characteristics, indicators will be provided to marketers, who are considering including online communities as part of their relationship marketing strategy.

2. Research Questions

1. Is there a positive relationship between online community features and member participation?

2. Is there a positive relationship between online community members internet skills and their participation in the community?

3. Is there a positive relationship between online community member participation in the online community and loyalty to the community host?

4. Is there a positive relationship between online community features and loyalty to the community host?

5. Is there a positive relationship between online community members internet skills and loyalty to the community host?

Through understanding the key characteristics of the community, the competency level of the community members, mode of participation and loyalty to the community host organisation, marketers will have indicators which can be used when considering extending a relationship marketing strategy through the creation of an online community.

In the absence of previous research, alternative literature has been reviewed and a framework found which meets the needs of research questions 1 & 2, in the work of Shankar, Sultan, Urban and Bart (2002) in the area of online trust.

Research question 3 will be based on work carried out by Koh and Kim (2004) in the area of knowledge sharing and participation in virtual communities.

3. Introduction

The purpose of this research is to identify those characteristics of an online community and its members, that create online trust resulting in greater consumer participation and loyalty to the host organisation. The expectation is that there will be evidence to support opening a discussion on the value of online communities in the future of relationship marketing strategies.

There is very little empirical research in the area of online communities and their potential benefits to marketers. There is no literature encompassing both online communities and relationship marketing, this paper is intended to begin to rectify that situation.

The online community literature is predominantly based on the societal aspect of online communities, which focuses the social interaction side of online communities and covers areas such as: how groups are formed, what the collective social value of that community is, what groups contribute, how they contribute, the moderation processes within the community, how the members are connected to each other – directly, indirectly through other members or via the online groups themselves. This

research has been carried out by sociologists, technologists, knowledge managers and professionals involved in the creating, hosting and managing of online communities. This area is outside the bounds and scope of this paper.

The marketing and business focused academic literature relating to online communities is primarily conceptual, case study based or hypothetical predictions about the potential benefits of including an online community as a component of a marketing strategy.

The academic literature reviewed in this paper, will encompass:

> Relationship Marketing
> Online communities
> Online Trust
> Knowledge sharing and motivation to participate in virtual communities

This research will be supported by three organisations, the BBC in the UK, who host BBC centric interest and lifestyle communities, Ezboard Corporation in the US, who host in excess of 50,000 online communities with 10million plus visitors per month and Ogilvy who will provide the online survey tool.

4. Definition of Online communities

From reviewing the academic literature and discussions with online community practioners, the following definition has been created.

"An online community is a messaging system, or forum, which is available to anyone, anywhere, anytime through the internet, which facilitates an ongoing conversation between a group of individuals, large or small, who have a common interest they wish to exchange information, opinions and knowledge on."

Online communities have been categorised in the academic and practioners literature in the following ways:

- communities of practice (Xerox)
- communities within a marketplace, (EBay)
- brand communities (Harley Davidson)
- relationship communities, (Udate)
- interest based communities (Sony Playstation)
- product support communities (Zone Alarm)
- lifestyle communities (iVillage)
- market research communities (My voice)

Other definitions, include:

"A virtual community allows people to engage in the exchange of information, and learn from each other and about each other." Rothaermela F.T, Sugiyamab S, (2001).

"virtual communities are social aggregations that emerge from the Net when people carry on public discussions long enough, with sufficient human feeling to form webs of personal relationships in cyberspace", Rheingold (1993, p.3, 5) quoted from Rothaermela F.T, Sugiyamab S, (2001).

Wenger and Snyder, (2000) describe a community of practice as "groups of people informally bound together by shared expertise and passion for a joint enterprise."

"A community is made up of its member entities and the relationships among them. Communities tend to be identified on the basis of commonality or identification among their members, whether a neighbourhood, an occupation, a leisure pursuit, or a devotion to a brand." McAlexander, Schouten, Koenig (2002)

4.1 Online Communities Overview

Online Communities are fast becoming a must have web site component, with many organisations offering a forum section where their customers can post messages relating to their products or the interest that product supports.

A range of well known online communities today are outlined below, in Figure 1:

Figure 1 – Spectrum of Existing Online Communities

| **Customer Review Communities**
• eBay
• Amazon

Customer Service Communities
• Dell
• Zone Alarm
• Roxio Software | **Information Communities**
• iVillage.co.uk(now Tesco owned)
• Lonely Planet
• Walkingworld.com
Dating Communities
• Udate
• Match
• Dating Direct |

Customer Pressure Groups • Untied.com **Product Communities** • Sony Play Station • Ipod • Coca-cola music **Online Games Communities** • Gamers.com • Individual games **Customer Focus Groups** • Hallmark cards • Prudential Insurance	**Friendship Communities** • Friendsreunited.co.uk • Friendster.com • Everyonesconnected.com • Habbo Hotel **Brand Communities** • AMEX – open dialogue for SME's • Harley Davidson **Expert Communities** • Time Zone • Virtual Tourist **Know-How Communities** • Ogilvy – Truffles

Every organisation implementing an online community does so for different reasons; to provide product support and product reviews, to conduct market research, to augment the product offering through peer to peer experts, reviews and social or interest based information. In each instance a core of loyal, long term community members has been established who have created a wealth of knowledge about the product, service or interest being discussed.

The various online community categories listed above show the versatility of an online community in meeting a number of needs across different business units within an organisation. The key to the community is the ability to facilitate the collection and management of information which is exchanged between the various stakeholders (customers, employees, suppliers and investors). It is this information and interactivity between the stakeholders which offers organisations and marketers, in particular, the opportunity to learn and adapt their business, where necessary, and to identify and meet the needs of the multiple stakeholders who participate in their community.

From the growing number of online communities, it is clear consumers are willing to participate in them, but there has been very little academic research carried out in this area, to date. It is the objective of this research proposal is to begin to address this issue.

The structure of the research proposal is split in two sections,

1. the first section will, through reviewing literature on relationship marketing, brand community, online community, online trust and motivation to participate in a knowledge sharing community, show that online communities have the potential to be central to relationship marketing and customer loyalty strategies

2. secondly an empirical research study will be carried out. An online survey will be created, comprising of a series of 15 – 20 questions designed to extract data from members of a selection of online communities hosted in the UK and in the US. The data will be categorised into five areas, community characteristics, member internet skill level, online trust, participation role and loyalty to the host organisation. The community members will be alerted to the survey via email notification, pop up adverts within the community and community leaders will ask for volunteers through posting messages on the community's themselves. The data will be collected over a time frame of a week to 10 days, and will be analysed using the SPSS statistical tool.

   The expectation is that through the empirical data, indicators will be found which will alert marketers to the importance of specific features of the online

community, level of internet competence of community members, how these factors effect online trust and the impact of them on a members willingness to participate in the community itself and loyalty to the host organisation.

5. Key Academic Threads
5.1 Relationship marketing - introduction
The academic literature on relationship marketing began to appear in the late 1980's early 1990's. The literature reviewed has been selected for two reasons, firstly both papers and authors are well cited and secondly, they demonstrate a theoretical path which has the potential to extend relationship marketing through the inclusion of an online community highlighting the potential benefits to marketers.

5.2 Relationship Marketing – a paradigm shift
The theoretical path begins with the identification, by Gronroos (1994), of a shift taking place in the practice of marketing, he discusses the move from transaction based marketing to technology supported relationship marketing, aimed at engaging the customer through bi-directional communication.

Gronroos (1994), identified the paradigm shift from the traditional 4P's marketing mix to relationship marketing as central to an organisations marketing strategy. Gronroos (1994, p6) said that *"implicit in the four P approach is that the customer is somebody to whom something is done!"* which may be seen as a manipulative action and customers may react to this by switching to other suppliers who do not participate in this type of marketing. Whereas, *"a mutually satisfactory relationship makes it possible for customers to avoid significant transaction costs involved in shifting supplier or service provider and for suppliers to avoid suffering unnecessary quality costs."* Gronroos (1994)

The primary benefit of relationship marketing is the creation of a loyal customer base who, will make repeat purchases over their lifetime. The nirvana is to build a mutually beneficial relationship which develops and strengthens over time. Building a *"mutually satisfactory relationship",* Gronroos (1994)*,* requires more effort on behalf of an organisation, but it is likely that their efforts will create more value for the customer over and above the need met by the core product. It is this additional value that is likely to enhance customer loyalty over time and to make customers less sensitive to price. In order to achieve this relationship, Gronroos advocated bi-directional communication between organisations and their customers, facilitating the exchange of knowledge and expertise.

Customer Relationship Marketing (CRM) systems evolved to support the relationship marketing theory advocated by Gronroos, without technology, relationship marketing would have been difficult to successfully implement cost effectively. That is not to say that all CRM systems solve the relationship marketing challenge!

5.3 Customer Relationship Marketing Systems
The path continues to discussions on technology in the form of customer relationship marketing (CRM) systems, designed to assist in the management of the loyal customer base. Relationships are not always strengthened by these systems. Ryals & Knox (2001), Fournier et al (98).

Ryals and Knox (2001), acknowledge that many of the large CRM implementations undertaken have failed – CRM is not about putting a piece of software in and expecting customers to provide lots of information about themselves, automatically becoming loyal and telling others what a great company it is. CRM is about changing an organisations mind set. Ryals and Knox identified some key characteristics of CRM:

8. *"A customer relationship perspective aimed at the long term retention of selected customers.*
9. *Gathering and integrating information on customers*
10. *Use of dedicated software to analyse this information (often in real time)*
11. *Segmentation by expected customer lifetime value*
12. *Micro-segmentation of markets according to customer's needs and wants*
13. *Customer value delivery through service tailored to micro segments, facilitated by detailed integrated profiles*
14. *A shift in emphasis from managing product portfolios to managing portfolios of customers, necessitating changes to working practices and sometimes to organisational structure."*

These are primarily organisation focused – there are no benefits identified in their paper for the customer – why should a customer provide an organisation with all this information about themselves so that they can be micro segmented, to be targeted about more products or services by organisations? Ryals and Knox (2001), like many advocates of CRM, show the benefit to the organisation – but have not asked the question – "what is in it for the customer?"

In their paper, *Preventing the premature death of relationship marketing, Fournier S, Dobscha S, Mick, David Glen(Jan/Feb98),* highlight these issues with CRM – *"caught in our enthusiasm for our information-gathering capabilities and for the potential opportunities that long term engagements with customers hold, is it possible that we have forgotten that relationships take two?"*

Fournier et al, by emphasising that consumers may not be willing participants in the relationship, ask the questions - why should customers be willing participants? – what is in it for the customer? – relationships are, give and take, with the CRM approach it is the customer giving the information and the organisations taking it, and using it for their own benefit – a somewhat one sided relationship.

Fournier et al point out that CRM systems have gone some way in breaking down the trust between a customer and an organisation, making them less co-operative and reluctant to provide information. Also, not every customer wants a relationship with every organisation they purchase a product or service from.

The literature discusses how, poor relationship marketing strategies have, in some instances, destroyed the trust that they were meant to harness and develop, it is now up to organisations to acknowledge this and to look at the relationship from not only organisations perspective, but from the customers and the other stakeholders in an organisation too.   The key is re-engage multiple stakeholders in a mutually satisfactory way.

5.4 Relationship Marketing and Multiple Stakeholders
At this point the path widens to include other stakeholders in an organisation highlighting the fact that the same marketing and communication techniques used for customers can also be used to build relationships with other stakeholders in an organisation; employees, investors, suppliers and partners. Christopher et al (2002).

Christopher et al (2002), look at the creation of value for the different stakeholders in an organisation, providing the focus for an organisations' strategy. It is this creation of value for stakeholders, which is key to longevity for an organisation. Stakeholder's are identified as: internal markets, referral markets, supplier/alliance markets, recruitment markets, influencers and customers. Christopher et al state that the inclusion of all the stakeholders provides a more rounded approach to relationship marketing and acknowledge that customer relationships are necessary *"but do not in themselves constitute relationship marketing."*

The "emphasis on developing relationships, partnerships and alliances with other companies is particularly important, and has given rise to the concept of the network organisation." Technology has the ability to support the networked organisation, but it is up to the individual organisation to understand how to integrate this with the needs of the stakeholders to deliver value worthy of long term loyalty.

5.5 Customer Centric Relationship Marketing Strategy
The path continues and focus shifts from the organisation to customer needs, being central to relationship marketing strategy. Recent literature reflects this shift in focus highlighting the benefits organisations have derived through customer centric strategies which engage the customers in their product development and marketing strategies.

Vargo and Lusch (2004) discuss the move from product orientated marketing to service centric marketing acknowledging the inclusion of the customer, where they are recognised as the co-producer. They advocate, service being central to marketing theory, resulting in a change in marketing theory and practice – where the application of core competences, specialised human knowledge and skills may be a more appropriate unit of exchange moving forward.

This inclusion of customers in developing marketing strategy, by default, requires a relationship in some form. It is unlikely that a customer who purchases a product or service once, will be willing to add their view about its future development, so by the nature of their inclusion, a relationship is assumed.

It is this goal of becoming "customer value" centric that will drive the need for integrated customer, and other stakeholders, relationship marketing strategies. "Relationship building with customers becomes intrinsic not only to marketing but also to the enterprise as a whole." Vargo and Lusch (2004)

Vargo and Lusch (2004) looked for increases in "off-balance sheet assets such as customer, brand and network equity", as such they should have included other stakeholders in their discussions, as there are more than just the employees and customers to be considered in the future growth and direction of an organisation.

This view is supported in the work carried out by Urban et al (2004), in their paper "listening in to the unmet needs of the customer", where general motors through facilitating an online relationship between their customers, employees, prospective customers and external influencers identified new product features and launched the Chrysler Galaxy with great success.

These examples show the move towards customer centric marketing strategies is effective and, have the ability to engage multiple stakeholders in the development of the organisation, where the goal is to build a relationship with an entity – that entity being an organisation, product, service or brand.

6. Brand Relationships
The next stage along the path is looking at other entities that engage customers in a relationship. Fournier (1998) offered brands as an entity that customers and other stakeholders can engage in a relationship with.

Fournier (1998), underscores the importance of a consumers relationship with a brand. Through a number of consumer interviews she discovered it was reasonable to assume that "brands can and do serve as a viable relationship partner." Fournier's work supports the notion of brand loyalty and acknowledges there is a limit to the number of brands a consumer will be loyal to, but what is clear is that a brand is an entity which consumers can build a relationship with.

7. Brand Communities

Communities are relationship entities Muniz and O'Guinn (2001) and brands are an entity that a customer can have a relationship with, Fournier (1998). The natural progression for the path is towards Brand Community literature. Brand communities and their potential benefits to marketers has only recently begun to appear. Four papers were found, three have relevance to this paper and are discussed below.

Muniz and O'Guinn(2001), define a brand community as *"a specialised, non-geographical bound community, based on a structured set of social relations among admirers of a brand,"* with *"three traditional makers of community: shared consciousness, rituals and traditions, and a sense or moral responsibility."*

Muniz and O'Guinn (2001), studied 3 brand communities, Ford Bronco, Macintosh (Apple) and Saab finding that brand communities, like all communities are socially based with a shared value system, the difference being that central to the community is a brand – an intangible entity owned by a commercial organisation.

Muniz and O'Guinn (2001), *"believe brand communities to be real, significant, and generally a good thing, a democratic thing and evidence of persistence of community in consumer culture."*

Muniz and O'Guinn (2001) are one of the first to acknowledge, and study the concept of brand communities, their research confirming consumers with a strong brand association are open to becoming members of communities where they can share their experiences of the brand with others and extend their relationship beyond that of the product or service.

This is supported by the work of McAlexander et al, (2002), who through empirical research proved that brand communities have the ability to nurture loyal customers and brand advocates through the integration of consumers in a brand community. Their research was centred around the Jeep Brand Fest in the US, where Jeep owners and their families congregated at Jeep organised and sponsored events, enjoying a picnic and Jeep based activities.

McAlexander et al's, (2002), Jeep owners brand community research, proved that "brand fest" events have a positive affect on Jeep owners and their intention to purchase a Jeep in the future. The core of the brand community is the customer, and the success of "brand fest" is based on post purchase "customer experiences" managed and maintained by Jeep. They show although the customer remains central to the brand community other stakeholders are involved in their brand community model, figure 1.

Figure 1 - Customer Centric Model of Brand Community
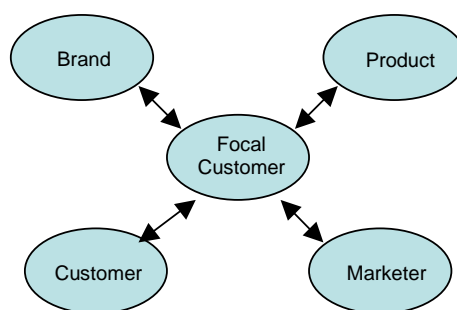
McAlexander, J.H, Schouten J.W, Koenig H.F, (2002) – Building Brand Community – *Journal of Marketing*, Vol.66

Brand Communities have been around for sometime in various guises, one highly quoted brand community is: the Harley Davidson Owners Group (HOG).

McWilliam (2000), acknowledges the success of the Harley Davidson Owners Group looking at how brand communities operate and generate loyalty. She discusses the benefits of incorporating an online community into a brand strategy; identifying the key features of a brand community and raising the prospect of community marketing replacing relationship marketing as the way forward for marketing strategy.

7.1 Online Brand Communities(OBC)
Moving the brand community online is the natural progression, and so the path continues into this area. It was in the early 2000's that brand communities begin to appear online. As this is a relatively new topic, there is very little academic literature available.

In order to introduce this topic, the author has undertaken research into online communities and had discussions with a number of practitioners.

Technology is the key to online communities facilitating a relationship across a customer base. OBC's have the potential to create strong interdependent relationships between consumers, stakeholders and the brand itself.

In the Relationship Spectrum, www.wharton.upenn.edu, figure. 2, the Wharton Business School depicts three stages of relationship marketing, transactional, value added relationships and collaborative partnerships.

This paper advocates a fourth stage, interdependent communities, where the organisation facilitates the creation and development of knowledge and expertise related to the brands, products and services offered and the markets they currently, or plan, to operate in.

Figure 2 – from the Wharton School Web Site

Relationship Spectrum - WHARTON SCHOOL OF THOUGHT				PROPOSED EXTENSION OF RELATIONSHIP SPECTRUM
	Transactions	**Value-added Relationships**	**Collaborative Partnerships**	**Interdependent Communities**
	Broadcast Marketing	On-going Dialogue	2-way Collaboration	Development of expertise and knowledge sharing
Communications	Targeting based on information about customers Negotiations	Targeting based on information from customers	Multi-level contacts Extensive sharing of information	Communities of practice Exchange of Knowledge and development of expertise
Connections	Persuasion Arms-length competitive	Sales/Service teams Key account	Systems and process integration	Integrated Online Communities Peer to peer

	Direct Mail Email	Marketing & Support Bulletin Boards	Customer Relationship Marketing (CRM)	Integrated CRM, Community and Content mgmnt Systems
	bidding	selling	Social networks	networking
		Loyalty rewards	Joint Planning	Off-line event planning
Co-ordination	Deliveries	Customer Value proposition	Mutual Commitments	Interdependent relationships
	Contractual conditions	Maximize lifetime value	Shared incentives and goals	Complimentary knowledge
			Joint problem solving	Development of knowledge and expertise
Community Technology	Direct Mail Email	Marketing & Support Bulletin Boards	Customer Relationship Marketing (CRM)	Integrated CRM, Community and Content mgmnt Systems

Source: http://hops.wharton.upenn.edu/marketingstrategy/images/powerpoint/3

In addition, a further technology section has been added, community technology, which depicts the evolution of technology supports the relationship marketing spectrum, through to integrated CRM, Community and Content systems.

It is through the internet explosion, that the creation and rapid adoption of online communities is taking place. OBC's have evolved from two areas, those created by vendor organisations, defined as online brand communities (OBC) and others that have evolved and continue to be managed by a self governing interest group where information is exchanged on a peer to peer basis.

Through academic and current practitioner research, common characteristics have been identified by the author, which may go some way in providing a definition of an OBC. Online Brand Community:

7. is a common interest, buying group which exchanges information on core and complimentary products and services offered by an organisation
8. may or may not have a non-employee as the brand champion or community leader
9. encourages both positive and negative exchanges within the community –
10. operates under a "code of behaviour"
11. encourages participation by the whole group, not just "the chosen few"
12. requires trust

Virtual or online brand communities are receiving more and more attention from both academics and practicners, who recognise the importance of the creation and nurturing of a community. Technology is at a point where it can support the development of the new marketing techniques which will need to be developed.

Reichheld, (2000), a great advocate of customer loyalty mechanisms, recognises the value of OBC's when he cites Amazon's book review community as its most important asset. Each community creates value for the host company. It should be noted that the majority of communities today are post sales. The exception to this is online dating, which is probably the purest form of community – where members join the community with the sole purpose of seeking out potential relationship partners. The community itself is the business and the goal is to attract and convert potential members to become free members and then to convert free members to subscribers of the service. Match.com is the most successful online dating company today, with

almost 1million fee paying subscribers, currently increasing at 50,000 per month. (contentbiz.com, 2004)

However corporate virtual communities include brand communities, creating new relationship marketing opportunities, including interactive forums and knowledge portals where members can network on a peer to peer basis with no time restrictions. Through the creation of a community and the functionality technology provides, organisation's will be able to communicate through the community to target markets and create new revenue opportunities. An example of this is Timezone.com, who, through a community of enthusiasts and experts sharing knowledge and experiences about classic time pieces, created a loyal repeat purchasing customer base, where each member purchased between 2 and 10 timepieces. (Rothaermela & Sugiyamab, 2001)

It will be through understanding the power of the internet, the creation of customer experience based communities and the development of new marketing techniques which will form the impending step change in online relationship marketing strategies. *"interactive media will enable marketers to sense market forces with unprecedented accuracy and efficiency overcoming limitations of today's one way research methods."* *Munger, (1996)*

7.2 Online Communities
At this point the path widens to encompass online communities in their generic form, not associated with a particular brand. As this is a relatively new topic, little empirical research has been carried with respect to online communities, although there are plenty advocates of the medium who discuss their potential benefits for an organisation.

Online communities must enable consumers to communicate with each other, Armstrong and Hagel, (1996), they must be mutually beneficial, Urban and Hauser (2004), allow experts and influencers to develop, Suitt (2003), engage customers Prahalad C.K and Ramaswamy V (2003) to become long tern intensely loyal customers (Armstrong and Hagel (1996,1997) in order to do this they require management, content, collective knowledge, members and ability to scale, Rothaermela and Sugiyamab, (2001).

Armstrong and Hagel, (1996, 1997), identified 4 different types of online community: transaction, interest, fantasy and relationship and 4 different ways to create value for the host organisation, usage fees, content fees, transactions + advertising, synergies with companies (product support) and the key to successful communities is long term intensely loyal community members, who will become so, through a well setup, well managed and well developed community.

Armstrong and Hagel (1996) discuss the notion that "providing consumers with the ability to communicate with each other will encourage a larger, stronger relationship between consumers and business." They strongly advocate that "community builds loyalty".

Armstrong and Hagel's theories are supported in Rothaermela and Sugiyamab's (2001), paper delivering the results of their empirical study on the Timezone community. Time zone is a classic watch retailer in the US, hosts individual brand communities for classic watch enthusiasts, from hobbyist to expert, who discuss a multitude of subjects around each classic watch brand. Timezone benefits through the creation of a loyal customer base who have ongoing discussions both online and offline about the different classic watch brands. Their research did show, that offsite communications were stronger than onsite, they explained this through offline brands being stronger than online brands. Since this study(2001), online brands have

proved to be a strong force in their own right, for example: EBay and Amazon, it is suggested that re-running this research in 2004, may provide different results.

Rothaermela and Sugiyamab's, (2001), empirical research focuses on the management of web sites and their contents. They found that good management of both had a positive impact on a consumers willingness to transact on the site. This was reflected in the evidence from Timezone where members have purchased more than two watches.

Knowledge, another benefit to organisation's that engage with their customers online. Urban and Hauser (2004), found that where customers engaged with interactive online advisors and other customers on the general motors web site, they revealed their needs not currently met by the existing product set, which led to further research, establishing new opportunities for new product features, mutually benefiting both customers who were "seeking advice", giving them "an incentive to reveal their needs", from which the organisation can identify new opportunities.

Suitt (2003), introduces bloggers. Bloggers are individuals who post their views and opinions about products, companies, politics, their daily routine or any other subject online. Suitt (2003) discusses a case where an employee runs a blog in her free time, expressing her views about the companies products, resulting in her becoming a powerful influencer on existing and potential customers. This case highlights the potential power and influence of the informal communication process, and acts as a warning that it is not just about implementing an online community because everyone else does, it is about understanding its power and learning to work with it to achieve a mutually beneficial ongoing dialogue and relationship between organisations and stakeholders.

Prahalad C.K and Ramaswamy V (2003) recognise the value of engaging customers in the new product development process and discuss the concept of an "experience network" enabling multiple stakeholders, to exchange information and ideas, as a community. They recognise technology will play a significant role in the development of these experience networks and "enable the co-creation of an environment populated by companies and consumers and their networks – in which personalised, evolvable experiences are the goal and products and services evolve as a means to that end."

Online communities will not be successful with the "if we build it they will come" approach, organisations must look to engage customers and facilitate a relationship through the communities. Research shows that demonstrating commitment, trust and an ability to satisfy needs will grow communities online.

8. Online Trust

In order to narrow the path towards the key factors in creating a successful online relationship building community, literature has been reviewed with respect to online trust and community member participation, this next section will focus on Online Trust.

There is a considerable amount of literature in the area of trust, but the focus of this review is only online trust and where possible trust in online communities.

Trust is advocated as the currency of the internet, Reichheld (2000). Others identify trust as a mediating factor in commitment and satisfaction, Bauer, Grether and Leach's (2002), Fam (2004), web site characteristics, consumer characteristics and behavioural intent Sultan, Urban, Shankar, Bart, (2002) and Luo (2002), identifies online trust as a social group within inherent trust due to similar cultural values, past

experiences with an organisation and external validation of trustworthiness through certification.

"Trust is a key element in fostering the voluntary online co-operation between strangers seen in virtual communities, suggest Ridings et al (2002). They advocate that online communities exist because members voluntarily exchange information, and that in order to do so, a level of trust must exist. Ridings et al's (2002) research established that "trust is a significant predictor of virtual community member's desire to exchange information."

Bauer, Grether and Leach's (2002) research focused on building customer relations over the internet and their empirical study confirmed that commitment, trust and satisfaction are interdependent factors in forming relationships online. They also found a shift in power happening in the relationship, with consumers becoming the dominant partner. A view supported by Fam et al (2004), who surveyed both tourists and accommodation providers in New Zealand, they found that trust, satisfaction and commitment were central to the success of a relationship marketing strategy, and they labelled them "determinants of the relationship quality." Even though this research was limited to the accommodation market in New Zealand, it supports the findings of Bauer et al (2002).

Shankar, Urban, Sultan (2002), developed a conceptual model focusing on online trust from a stake holder's perspective, identifying the antecedents of trust as web site and consumer characteristics, with the consequences being the intention to act online, achieving satisfaction and loyalty.

Sultan, Urban, Shankar, Bart (2002), took the conceptual framework developed by Shankar, Urban, Sultan (2002) and carried out a large scale empirical study confirming that trust is a mediating variable between web site and consumer characteristics and consumer behavioural intent. They also found that both web site and consumer characteristics are significant predictors of trust. It is through the adaptation of this model to an online community and its members that this research is looking to support.

9. Knowledge Sharing & Participation in Virtual Communities

Having established that online trust leads to consumer interaction, the natural progression is to look at knowledge sharing and participation both of which assume an active community member. It is assumed that active members have visited the site on more than one occasion and if not loyal have the potential to be so.

There is very little academic literature in this area, 4 papers were found, 2 in the area of communities of practice where knowledge sharing is the key element and 2 on interest based communities, focusing on member motivation to participate, become loyal and make the community successful.

Online community members participate because of their motivation to share knowledge and learn from others, Ardichvili, Page, Wentling (2002), Koh, Kim (2004), Sharratt, Usoro (2003), Wang, Fesenmaiser (2003). Communities fall into two main categories, communities of practice, Ardichvili, Page, Wentling (2002), Sharratt, Usoro (2003) which are hosted and used internally within organisations and interest communities that are created or evolve out of common interest groups Koh, Kim (2004), Wang, Fesenmaiser (2003).

Each of the papers recognise that a community's success can be depicted by the level of participation of members. Wang, Fesenmaiser (2003), identified 4 types of participants in a community – tourist, mingler, devotee and insider. They established that online communities are very important components of internet strategy and their

success will be achieved through understanding why members participate. Ardichvili, Page, Wentling (2002)'s qualitative study into internal communities of practise established that there are barriers to participation which include fear of being wrong or judged by peers and lack of support for the CoP within an organisation.

Sharratt and Usoro, have developed a framework to identify the antecedents of online-knowledge sharing based on the online community and knowledge management literature. Koh and Kim, look at the consequences of online knowledge sharing and participation in online communities and found that both are significantly associated with loyalty to the online community provider. This has significant implications for marketers.

The following hypothesis have evolved out of combining, Koh and Kim's model with the online trust model of Shankar, Urban, Sultan and Bart.

Hypothesis 1 –There is a positive relationship between online community features and online trust.

Hypothesis 2 –There is a positive relationship between online community members internet skills and online trust.

Hypothesis 3 –There is a positive relationship between online community features and member participation.

Hypothesis 4 –There is a positive relationship between online community members internet skills and member participation.

Hypothesis 5 – There is a positive relationship between online trust and member participation.

Hypothesis 6 –There is a positive relationship between member participation and loyalty to the host community.

Hypothesis 7 –There is a positive relationship between online community features and loyalty to the host organisation.

Hypothesis 8 –There is a positive relationship between online community members internet skills and loyalty to the host organisation.

10. Conclusion

The literature supports a path from relationship marketing, through online brand communities, to online trust and motivation to participate and share knowledge within an online community.

10.1 So, why should marketers care?

A marketers primary role is to encourage customers to take their product or service of a shelf which it shares with other competitive products to engage customers over their lifetime need for that product or service; to the benefits and values of the organisation and their brands, products or services. Marketers have a suite of tools which include public relations, marketing communications, advertising, brand management, direct marketing, relationship marketing, which can be managed across multiple channels, including the internet.

The objective of relationship marketing programs is to build a database of customers and collect data about them in order to understand their needs and provide them with a better product or service. The reality is that, as with many great ideas, the benefits

are predominantly one-sided – an organisation collects as much data as possible on a customer and then continuously includes them in direct mail and telemarketing campaigns – which has the potential to annoy the customer and switch them of, not only to the new products but to the organisation as a whole.

Figure 3 on the next page, has been derived from the relationship marketing literature, it demonstrates how relationship marketing has evolved to date and how the future direction is towards creating an interdependent relationship with the customer. This can only be achieved through multi-directional communication, between an organisation and its stakeholders, which can be facilitated via online communities.

Online communities are virtual spaces where people gather to exchange information, some of which is background noise and the rest, about 15-20% (figures from Dan Dixon at the BBC) is topic related. In looking at why people join an online community, the primary motivator is knowledge sharing, which requires members to participate. If a member participates then it is likely that they are engaged in the community in some way and may visit the community on a regular basis – to obtain information or to pass on their views and opinions. The nature of the online community should be of interest to marketers, because this the kind of relationship they are looking to create with their customer bases. It is recognised that not all products or services would benefit from an online community.

However, "Customers are seeking advice and have an incentive to reveal their needs." Urban and Hauser (2004) p. 73, therefore a mechanism to facilitate a conversation, not only within the organisation but with customers and stakeholders providing a valuable service. Knowledge sharing currently takes place in support and interest groups, the consequences of knowledge sharing and participation in online communities is a significant association with loyalty to the online community provider, Koh and Kim. This has significant implications for marketers. If marketers can create online communities which are based around products, services and interest groups associated to their organisation and through them create loyalty not only to the community but to the parent organisation as well – this is significant.

FIGURE 3:

EVOLUTION OF A SUCCESSFUL CUSTOMER RELATIONSHIP STRATEGY – diagram derived from review of literature by author

| Attract Prospects Attention |
| Convert Prospects Potential Customers |
| Activate Customers To purchase |
| Reactivate Customers |
| Create affinity to Company And Brand |
| Retain Customer Over Lifetime need For product/service |
| Maximise share Of wallet |
| Convert customer To become |
| Develop Interdependent Relationship with customer |

EVOLUTION OF CUSTOMER RELATIONSHIPS
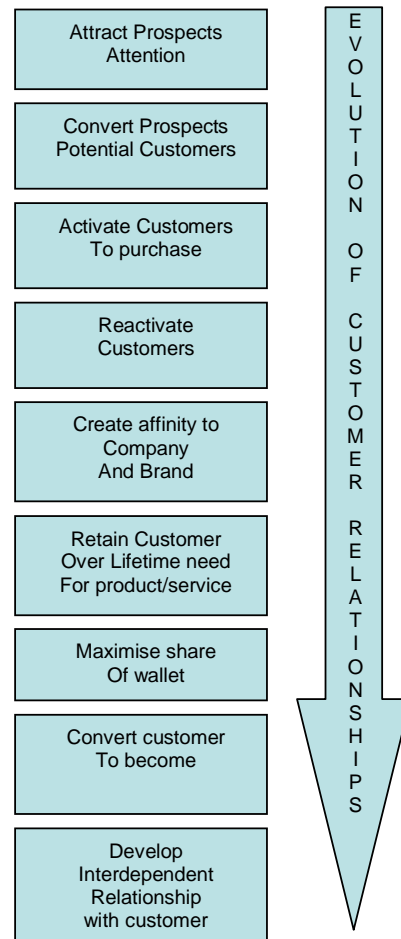
"As a customers' relationship with the company lengthens, profits rise. And not just by a little. Companies can boost profits by almost 100% by retaining just 5% of their customers." Reichheld and Sasser (1990).

Armstrong and Hagel, (1997), offer, longer lifetime value, loyalty, less price sensitive, multiple revenue opportunities as the benefits of online communities to marketers.

The key to a successful relationship marketing strategy is to determine "what sort of relationship is required and deciding on a strategy to create the right relationship." Fam et al. Online communities will not fit every relationship, but it is hoped that the findings of this research will provide some indicators as to the areas of detail that marketers must pay attention to when including them in a relationship strategy.

11. Research Agenda

The literature supports a path from relationship marketing, through online brand communities, to online trust and motivation to participate and share knowledge within an online community.

The aim of the proposed empirical research is to show a relationship between the characteristics of an online community and the community members to their mode of participation in the community and their loyalty to the host organisation. It is anticipated that online trust will be a mediating variable in this model. The research will be based on two papers and factors identified through discussions and interviews with a number of online community practicioners.

The first two hypothesis have been adapted from the work of Shankar, Sultan, Urban and Bart's (2002) in online trust. The conceptual model below has been adapted from their model "A conceptual model of consumer trust in a web site" working paper dec 2002. Shankar et al (2002) used a scale to measure web site characteristics and user characteristics to establish if these impacted a web site users trust in the information provided.

This has been adapted to fit community characteristics and user characteristics for this research proposal.

The third hypothesis relates to the level of participation by community members and their loyalty to the online community, the factors to be tested have been adapted from the research carried out by Koh and Kim (2004) and added to through theoretical beliefs derived from personal experience and information obtained from practitioners during informal discussions. Koh and Kim (2004)

11.1 Propositions

**A Conceptual Model of a Consumers Participation in and
Loyalty to an Online Community**
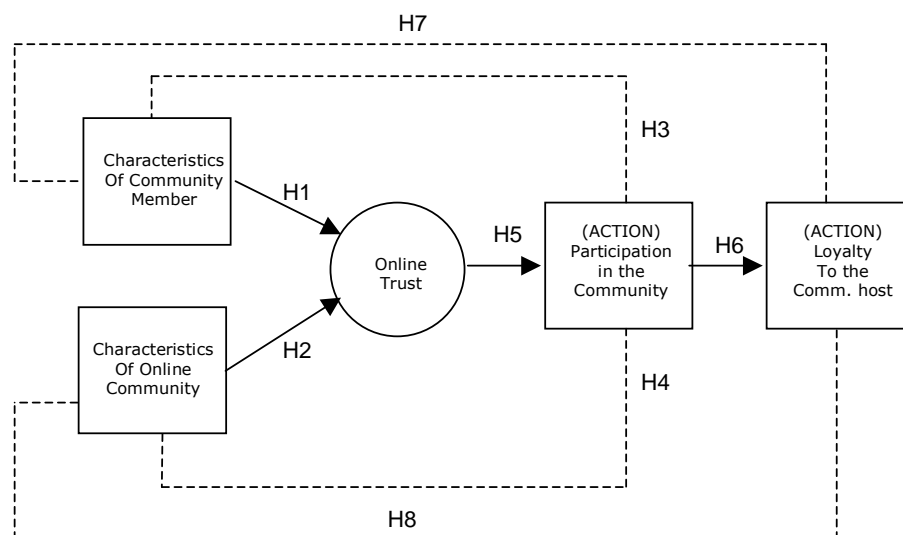
The model shows the framework of the relationships to be tested, the descriptions of which are listed in the hypothesis below:

Hypothesis 1 –There is a positive relationship between online community features and online trust.

Hypothesis 2 –There is a positive relationship between online community members internet skills and online trust.

Hypothesis 3 –There is a positive relationship between online community features and member participation.

Hypothesis 4 –There is a positive relationship between online community members internet skills and member participation.

Hypothesis 5 – There is a positive relationship between online trust and member participation.

Hypothesis 6 –There is a positive relationship between member participation and loyalty to the host community.

Hypothesis 7 –There is a positive relationship between online community features and loyalty to the host organisation.

Hypothesis 8 –There is a positive relationship between online community members internet skills and loyalty to the host organisation.

No scale was found that measured online community characteristics, theses were adapted form Shankar et al (2002); additions were made following discussions with practioners.

Measures of research variables, adapted from Shankar, et al and Koh and Kim.:
Shankar et al, used a 7 point Likert scale and Koh and Kim used a 5 point Likert scale, for the purposes of this research a 7 point scale will be used.

Variables	Items	Adapted from:
No scale was found that measured online community characteristics, the following variables have been adapted form Shankar et al (2002), and additions were made following discussions with practioners.		
Community Characteristics	The community is easy to use The topic is interesting to me The content is good quality I feel included in the group/community I value the feedback I get from the community	Shankar and discussions with practioners
No scale was found that measured online community members characteristics, the following variables have been adapted form Shankar et al (2002), and additions were made following discussions with practioners.		
Member Characteristics	I am comfortable using the internet I can search and select relevant information online I make regular purchases on the internet I have used other online communities	Shankar et al
No scale was found that measured trust in an online, the following variables have been adapted form Shankar et al (2002), and additions were made following discussions with practioners.		
Online Trust	My overall trust in this site(1=extremely trustworthy,7=extremely untrustworthy) My overall believability of the information on this site (1=extremely believable, 7= extremely unbelievable) I feel safe revealing my views to other community members	Shankar et al
A scale was found for participation in an online community in the work of Koh & Kim, the following variables are a subset of the ones they used.		
Participation	I play an active role in our online community I often provide useful information/content for our virtual community I see my self as an expert on our community's topic	Koh & Kim
A scale was found for participation in an online community in the work of Koh & Kim, the following		

variables are a subset of the ones they used.		
Loyalty to Host organisation	I often talk about the benefits of Ezboard/BBC I am a member of more than one Ezboard/BBC community I will visit Ezboard/BBC even if my community disappears	Koh & Kim
General Info:		
Community members	Gender Age Range Education Length of membership in community	
Online Community	Size of community – number of members Age of community – when was it founded/started Average number of visitors – weekly, monthly Average number of posts – weekly, monthly	

NB: The final framework may change following feedback from supervisor.

11.2 Primary Research

The primary research will be carried out on communities hosted by two separate providers:

Ezboard, – a US based company who host 50,000 consumer communities with over 10 million visitors per month.

BBC – the primary broadcasting company in the UK, who host a variety of communities ranging from TV and Radio programmes to geographical and lifestyle communities.

The members of the selected active communities will be asked to participate in the survey. They will be invited to join via an email notification, through popup advertising on the community site itself and through community leaders promoting the survey within the community itself.

An online survey will be built which will collate the data upon which the analysis will be carried out. The online survey tool will be provided by Ogilvy.

12. Timing Plan

The following timing plan sets the milestones for the research and dissertation submission:

Month	Tasks	Target Date	Achieved Date	Partner/Result
June	Selection of Community Hosts	June 30th	June 11th	BBC – UK Ezboard – US
	Online Survey Tool	30th June	July 2nd	Ogilvy
	Research Proposal	30th June	July 6th	KBS
July	Questionnaire Design	15th July		KBS/BBC/Ezboard
	Prep. Community Alerts	15th July		BBC/Ezboard
	Run survey	17th July for 1 wk		JW/BBC/Ezboard
	Collate Data	17th July for 1 wk		JW
	Begin Analysis of Data	25th July		JW/KBS
August	Complete data analysis	27th August		JW/KBS
September	Write up Dissertation	30th September		JW/KBS

Appendix I - Relationship Marketing Literature

Paper	Research	Findings
Christopher M, Payne A, Ballantyne D (2002), *Relationship Marketing: Creating Shareholder Value, Oxford: Butterworth-Heinemann.* Chapter 3: Building Marketing Relationships: The 6 Markets Model pp. 76-119	Conceptual	Stakeholder approach to rel. mktg is much more rounded – based on the 6 mkts framework –internal, referral, supplier/alliance, recruitment, influence and customer markets. More stakeholders than just customers – rel mktg should take this into account.
Fournier S, (1998) - Consumers and their brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research* - Vol. 24, March 1998	Empirical -discovery – consumer intervws	Study underscores the importance of a consumers relationship with a brand. Brands can and do serve as viable rel. partners Cons-brand rel. are valid at the level of lived experiences Cons-brd rel can be specified in many ways using a rich conceptual vocabularly
Fournier S, Dobscha S, Mick, David Glen(Jan/Feb98) – Preventing the Premature Death of Relationship Marketing – *Harvard Business Review*	Conceptual	Highlights issues with CRM – vendors want cust. Details but give nothing in return How to re-engage consumers CRM is all about the company – it needs to be about the customer too!
Gronroos C, (1994) – From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing – *Management Decision* 32,2	Conceptual	Relationship marketing is about bi-directional communication – exchange of expertise and knowledge – nirvana is a mutually satisfactory relationship
Peck H, Christopher M, Payne A (1999) – Relatiohsip Marketing: Strategy and Implementation, Oxford: Butterworth-Heinemann. Chapter 3: The Supplier Reliance Market Domain, pp. 161-214	Case Study	6 markets framework – from a supplier and alliance partner view. Listen to suppliers/alliances to improve product set and service Examples of companies making this work – similar to listening paper by urban et al
Ryals L, Knox S (2001) – Cross-Functional Issues in the Implementation of Relationship Marketing Through Customer Relationship Management – *European Management Journal* Vol. 19 No. 5 pp. 534-542	Discussion	Key characteristics of CRM – Long term rel with selected customers Gather and integrate data on customers Segment customers by lifetime value Customer value creation through process management Customer value delivery Moving from managing products to managing customers
Vargo S. L Lusch R. F (2004) – Evolving to a New Dominant Logic for Marketing – *Journal of Marketing* Vol. 68 pp.1-17	Conceptual	Move from product orientated marketing to service orientated where the customer is seen as the co-producer Use core competences as a route to competitive advantage Service as the core means changes to marketing theory and practice – the application of competences or specialised human knowledge and skills may be a more appropriate unit of exchange for moving forward.
Verhoef P. C (2003) – Understanding the Effect of Customer Relationship	Empirical	Studies of relationship marketing instruments and customer

Management Efforts on Customer Retention and Customer Share Development – *Journal of Marketing* Vol. 67 pp. 30-45		relationship perceptions: Found antecedents of customer retention and customer share development Contradicts literature on commitment Supports rel. mkgt lit. commitment is a significant variable on customer relationship RMI's can enhance customer share – but only marginally

Appendix II - Brand Community Literature

Paper	Research	Findings
McAlexander, J.H, Schouten J.W, Koenig H.F, (2002) – Building Brand Community – *Journal of Marketing*, Vol.66 pp. 38-54	Empirical - Interviews	Brand communities exist both face to face and online. BC's represent a human connection based on a consumer consumption context. BC's are about brands – it is the tie that binds. BC's adhere to other community norms – shared values and responsibilities
McWilliam G (2000) – Building Stronger Brands through Online Communities – *Sloan Management Review*, Spring pp. 43- 54	Conceptual	Discusses the key features of a brand community and raises the prospect of community marketing replacing relationship marketing as the way forward. Highlights the key to successful OBC's is the integration of a community strategy into a brand strategy.
Muniz A. M, O'Guinn T, C. (2001) – Brand Community – *Journal of Consumer Research*, Vol.27 (March 2001) pp. 412-431	Empirical - Statistical	Expands definition of brand community to entities and knowledge – neglected in other research. Treats vital characteristics of brand communities as dynamic rather than a static phenomenon Demonstrates marketers can strengthen brand communities by facilitating shared experiences Yields a new richer conceptualisation of customer loyalty as integration in brand community

Appendix III - Online Communities Literature

Paper	Research	Findings - Theories
Armstrong A, Hagel J, (May-June 1996) - The Real Value of Online Communities – *Harvard Business Review*	Conceptual	**4 types consumer community:** transaction interest fantasy relationship **4 ways to create "value"** usage fees content fees transactions & advertising synergies with organisations – software downloads customer support
Armstrong A, Hagel J (1997) – *Net.Gain,* Chapter 3: The New Economics of Virtual Communities pp. 41-81 – Boston MA: Harvard Business School Press	Conceptual	**Standalone virtual communities** Expensive to establish Offers an economic model for VC High cost of customer acquisition High rev. potential – once established Uses travel communities as eg. **Marketers benefit:** Longer Lifetime Value Strengthened Loyalty Less Price Sensitive Consumers Multiple Revenue opportunities
Barwise P, Elberse A, Hammond K (2002) – Marketing and the Internet – A Research Review, Future Media Working Paper No.01-801. Version 1.2, Jan 2002 – downloadable from www.lbs.edu	Literature Review	Overview of key topics and papers on marketing and the internet.
Bauer H. H, Grether M. Leach M (2002) – Building Customer Relations over the Internet – *Industrial Marketing Management* pp. 153-163	Empirical	Findings derived theoretically and confirmed empirically: Commitment, Trust and Satisfaction ARE Interdependent Satisfaction has a multiplying effect on trust and commitment Shift in power from corporates to consumers
Prahalad C.K, Ramaswamy V (2003) – The New Frontier of Experience Innovation, *Sloan Management Review* Sum 2003	Conceptual	Forward looking thoughts about experience innovation and co-creation of value – consumers working with corporates
Roethaermela F.T, Sugiyamaba S (2001) – Virtual Internet Communities and Commercial Success – *Journal of Management* – 2001 Vol. 27 Iss. 3	Empirical	Management of content and site itself have a positive influence on members potential to transact Offsite communication stronger than onsite – study carried out pre 2001 – when that may be true unlikely to be the same today as online only brands can be successful
Storck J, Hill P, A (2000) – Knowledge Diffusion through "Strategic Communities" – Sloan Management Review – Winter 2000	Case Study	Case Study about an internal project identifying 6 key principles of a strategic community 1..Interactive format that promotes openness 2. Build upon a common structure 3. Demonstrate mutual interests 4. Leverage culture and value of collective learning 5. Embed knowledge – share expertise 6. Create a knowledge sharing community – make it the norm and let it

		be owned by the community itself.
Suitt H (2003) – A Blogger in their midst – Harvard Business Review Sept. 2003	Case Study	Bloggers influence on community and consumers – good or bad for organisation – different view points put forward.
Urban G.L, Hauser J.K. (2004) – "Listening In" to Find and Explore New Combinations of Customer Needs – Journal of Marketing, April 2004	Empirical	Through listening in to ongoing dialogue between consumers and online advisors, new product opportunities were identified. "Customers are seeking advice and have an incentive to reveal their needs."
Zipkin P (2001) – The Limits of Mass Customization – Sloan Management Review – Spring 2001	Conceptual	Mass customisation has its limitations – one way to address this is to provide a toolkit for consumers – a personalisation engine – 2001

Appendix IV - Online Trust Literature

Paper	Research	Findings
Fam K S, Foscht T, Collins R.D (2004), Trust and the online relationship – an exploratory study from New Zealand, *Tourism Management* Vol. 25 pp. 195 – 207	Empirical	Trust, satisfaction and commitment are the central success variables in relationship marketing – these can be interpreted as "determinants of relationship quality" – they found TRUST difficult to define as there was a difference in perception of trust between consumers and vendors. Limited study – new Zealand accommodation market.
Luo X, Trust Production and privacy concerns on the Internet. A framework based on relationship marketing and social exchange theory – *Industrial Marketing Management* Vol. 31 pp. 111-118	Framework	Suggests online trust has 3 categories: character (person or group within a community), process (transaction experience) and institution (brand, certificates, escrow) based trust. Suggests managers can utilise these three features to create online trust.
Morgan R.M, Hunt S. D (1994) – The commitment-Trust Theory of Relationship Marketing – *Journal of Marketing*, Vol. 58 (July 1994) pp. 20-38	Empirical	Seminal paper. Study supports the theory that commitment and trust are key mediating variables that contribute to relationship success.
Ridings C.M, Gefen D, Arnize B (2002) – Some Antecedents and Effects of Trust in Virtual Communities – Journal of Strategic Information Systems 2002, 11, p 271-295	Empirical	Online survey conducted with online community members., which found that trust in an online community has 2 dimensions, a ability and integrity/benevolence of mmbr. They found that "trust is a significant predictor of virtual community member's desire to exchange information."
Shankar V, Urban G, L, Sultan F (2002) – Online Trust: a stakeholder perspective, concepts, implications and future directions – *Journal of Strategic Information Systems* Vol. 11 pp. 325-344	Empirical	Trust is a multi-dimensional construct including – reliability, credibility, emotional comfort and quality for multiple stakeholders. Indicators for IT professionals for creating online trust.
Sirdeshmukh D, Singh J, Sabol B (2002) – Consumer Trust, Value and Loyalty in Relational Exchanges – *Journal of Marketing* Vol.66 (Jan) pp. 15-37	Empirical	Trust is a critical factor in relation exchange with a consumer. Looked at trust building and trust depleting factors - they found that a positive action does not necessarily build trust, but the loss of trust is a constant and immediate threat.
Sultan F, Urban G. L, Shankar V, Bart I. Y (2002) – Determinants and Role of Trust in E-Business: A large scale empirical study – working paper MIT Sloan School of Management Dec	Large scale empirical study	Study of 25 web sites, seeking data on multiple variables to establish how web site characteristics and consumer characteristics effect the trust a consumer has in a web site.
		They found that Trust mediates the relationship between web

		site and consumer characteristics and a consumers behavioural intention on the web site – to provide information or to transact.
Urban G. L, Sultan F, Qualls W. J (2000) – Placing Trust at the Centre of Your Internet Strategy – *Sloan Management Review* Fall	Case Study	Discussion about the increase in power of the consumer, due to their easy access to information and range of products online. They discuss the formation of consumer communities and the power this provides them with. They advocate that trusting relationships, rather than price based transactions will be central to internet success.
Urban G. L (2004) – The emerging era of customer advocacy – *MIT Sloan Management Review* – Win 2004	Conceptual Framework	Framework which places relationship marketing at the level below customer advocacy. Urban identifies the key factors in creating a trustworthy organisation and in turn a customer base which advocates its values and strengths. Transparency, Quality or products and services, product comparison, alignment of incentives, partnering, co-operative design, supply chain and a comprehensive offering.
Urban G. L (2003) – The Trust Imperative - working paper MIT Sloan School of Management March 2003	Case Studies	Discussion on trust and how it impacts all areas of an organisation – if a trust based policy is requires. Identification of organisations and markets where trust is an inappropriate policy.

Appendix V – Knowledge Sharing & Motivation to Participate in online Communities Literature

Paper	Research	Findings
Ardichvili A, Page V, Wentling T, (April 2002) – Motivation and Barriers to Participation in Virtual Knowledge-Sharing Communities of Practice – Conference Paper OKLC 2002, Athens Greece.	Empirical	Qualitative Study, recognises that knowledge is beneficial but not always shared due to fear of criticism, lack of confidence in own opinion. To combat fear – level of trust is required.
Koh J. and Kim Y-G (2004) – Knowledge sharing in virtual communities: an ebusiness perspective – Expert Systems with Applications Vol. 23 (2004) pp. 155 – 166	Empirical	Quantative study which showed that levels of knowledge sharing in a community is significantly associated with loyalty to a community.
Sharratt M, Usoro A, (2003) – Understanding knowledge-sharing in online communities of practice – Conference paper – www.ejkm.com – Academic Conferences Limited 2003.	Theoretical Framework	A theoretical framework is developed which looks at the variables which may effect online knowledge sharing in a community of practice. These include: org. structure, ease of use, trust, career advancement, sense of community, value congruence. Recognition that knowledge is a valuable resource to an org. and a source of competitive advantage.
Wang Y, Fesenmaiser D.R, (2003) – Understanding the motivation of contribution in online communities: an empirical investigation of an online travel company – www.netacademy.com – electronic markets vol. 13 No.1 (2003)	Empirical	20 factors derived from literature review and discussions. The factors were rated by the respondents and factor analysis carried out. 4 levels of member were identified – tourist, devotee, mingler, insider. They found that members were motivated by seeking relationships, satisfying others needs, the quality of the community itself, status in the community and future expectancy from the community.

Appendix VI - Bibliography

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Zipkin P (2001) – The Limits of Mass Customization – Sloan Management Review – Spring 2001

Appendix B - Living TV - Survey questionnaire with variables and details.

No.	Questions/Items	Options/Answers	Var. Value	Resp	%
1	Which community have you come from?	LIVINGtv ON	1	1	0.5
		LIVINGtv	2	9	4.5
		Charmed	3	20	10.1
		Most Haunted	4	125	62.8
		The sixth Sense	5	22	11.1
		Street Psychic	6	5	2.5
		Extreme Makeover	7	0	0.0
		Queer Eye for the Straight Guy	8	3	1.5
		Dead Famous	9	14	7.0
				199	100.0
2	How many hours per week do you spend on this community?	1	1	26	13.1
		2	2	21	10.6
		3	3	15	7.5
		4	4	19	9.5
		5 or more	5	118	59.3
				199	100.0
3	I visit the community	more than once a day	1	128	64.3
		once a day	2	34	17.1
		2-5 times per week	3	25	12.6
		once a week	4	6	3.0
		less than once a week	5	6	3.0
				199	100.0
4	I post on the community	more than once a day	1	103	51.8
		once a day	2	14	7.0
		2-5 times per week	3	36	18.1
		once a week	4	12	6.0
		less than once a week	5	34	17.1
				199	100.0
5	I do my best to keep forum conversations stimulating	Strongly Disagree	1	5	2.5
		Disagree	2	3	1.5
		Neither Agree Nor Disagree	3	69	34.7
		Agree	4	83	41.7
		Strongly Agree	5	39	19.6
				199	100.0
6	I eagerly reply to postings by other community members	Strongly Disagree	1	2	1.0
		Disagree	2	8	4.0
		Neither Agree Nor Disagree	3	64	32.2
		Agree	4	84	42.2

		Strongly Agree	5	41	20.6
				199	100.0
7	The Community Topics are interesting to me	Strongly Disagree	1	9	4.5
		Disagree	2	16	8.0
		Neither Agree Nor Disagree	3	49	24.6
		Agree	4	94	47.2
		Strongly Agree	5	31	15.6
				199	100.0
8	I have knowledge about the community topics	Strongly Disagree	1	0	0.0
		Disagree	2	1	0.5
		Neither Agree Nor Disagree	3	41	20.6
		Agree	4	112	56.3
		Strongly Agree	5	45	22.6
				199	100.0
9	I see myself as an expert on the community topics	Strongly Disagree	1	7	3.5
		Disagree	2	51	25.6
		Neither Agree Nor Disagree	3	105	52.8
		Agree	4	24	12.1
		Strongly Agree	5	12	6.0
				199	100.0
10	I want to learn more about the community topics	Strongly Disagree	1	3	1.5
		Disagree	2	6	3.0
		Neither Agree Nor Disagree	3	56	28.1
		Agree	4	104	52.3
		Strongly Agree	5	30	15.1
				199	100.0
11	I feel included in the community	Strongly Disagree	1	4	2.0
		Disagree	2	28	14.1
		Neither Agree Nor Disagree	3	51	25.6
		Agree	4	72	36.2
		Strongly Agree	5	44	22.1
				199	100.0
12	I identify with the other community members	Strongly Disagree	1	1	0.5
		Disagree	2	18	9.0
		Neither Agree Nor Disagree	3	47	23.6
		Agree	4	98	49.2
		Strongly Agree	5	35	17.6
				199	100.0
13	I enjoy communicating with other community members	Strongly Disagree	1	0	0.0
		Disagree	2	7	3.5
		Neither Agree Nor Disagree	3	17	8.5
		Agree	4	112	56.3
		Strongly Agree	5	63	31.7

				199	100.0
14	The community members are polite and courteous	Strongly Disagree	1	16	8.0
		Disagree	2	24	12.1
		Neither Agree Nor Disagree	3	68	34.2
		Agree	4	71	35.7
		Strongly Agree	5	20	10.1
				199	100.0
15	The community members are friendly and pleasant online	Strongly Disagree	1	10	5.0
		Disagree	2	24	12.1
		Neither Agree Nor Disagree	3	62	31.2
		Agree	4	82	41.2
		Strongly Agree	5	21	10.6
				199	100.0
16	I have made friends through the community	Strongly Disagree	1	1	0.5
		Disagree	2	36	18.1
		Neither Agree Nor Disagree	3	34	17.1
		Agree	4	72	36.2
		Strongly Agree	5	56	28.1
				199	100.0
17	The community members take time to get to know you	Strongly Disagree	1	6	3.0
		Disagree	2	28	14.1
		Neither Agree Nor Disagree	3	60	30.2
		Agree	4	76	38.2
		Strongly Agree	5	29	14.6
				199	100.0
18	I learn from the community	Strongly Disagree	1	4	2.0
		Disagree	2	15	7.5
		Neither Agree Nor Disagree	3	36	18.1
		Agree	4	112	56.3
		Strongly Agree	5	32	16.1
				199	100.0
19	I value the feedback I get from the community	Strongly Disagree	1	2	1.0
		Disagree	2	16	8.0
		Neither Agree Nor Disagree	3	53	26.6
		Agree	4	96	48.2
		Strongly Agree	5	32	16.1
				199	100.0
20	I feel better for visiting this community	Strongly Disagree	1	8	4.0
		Disagree	2	18	9.0
		Neither Agree Nor Disagree	3	65	32.7
		Agree	4	73	36.7
		Strongly Agree	5	35	17.6

				199	100.0
21	There are some interesting posts in this community	Strongly Disagree	1	2	1.0
		Disagree	2	2	1.0
		Neither Agree Nor Disagree	3	14	7.0
		Agree	4	120	60.3
		Strongly Agree	5	61	30.7
				199	100.0
	Member Characteristics				
22	How many hours do you spend on the internet each day?	1	1	10	5.0
		2	2	28	14.1
		3	3	48	24.1
		4	4	29	14.6
		5 or more	5	84	42.2
				199	100.0
23	I enjoy spending time on the internet	Strongly Disagree	1	0	0.0
		Disagree	2	0	0.0
		Neither Agree Nor Disagree	3	7	3.5
		Agree	4	88	44.2
		Strongly Agree	5	104	52.3
				199	100.0
24	I surf the internet to relax	Strongly Disagree	1	0	0.0
		Disagree	2	9	4.5
		Neither Agree Nor Disagree	3	31	15.6
		Agree	4	100	50.3
		Strongly Agree	5	59	29.6
				199	100.0
25	I can search and select relevant information	Strongly Disagree	1	0	0.0
		Disagree	2	1	0.5
		Neither Agree Nor Disagree	3	13	6.5
		Agree	4	101	50.8
		Strongly Agree	5	84	42.2
				199	100.0
26	I make regular purchases on the internet	Strongly Disagree	1	19	9.5
		Disagree	2	35	17.6
		Neither Agree Nor Disagree	3	37	18.6
		Agree	4	73	36.7
		Strongly Agree	5	35	17.6
				199	100.0
27	I visit other online communities regularly	Strongly Disagree	1	4	2.0
		Disagree	2	24	12.1
		Neither Agree Nor Disagree	3	25	12.6
		Agree	4	91	45.7
		Strongly Agree	5	55	27.6

				199	100.0

	Loyalty to the Host Organisation				
28	How many LIVING TV communities are you a member of?	1	1	111	55.8
		2	2	43	21.6
		3	3	30	15.1
		4	4	5	2.5
		5	5	5	2.5
		6	6	2	1.0
		7	7	1	0.5
		8	8	0	0.0
		9	9	0	0.0
		10	10	0	0.0
		>10	11	2	1.0
				199	100.0
29	How often do you visit a LIVING TV community?	More than once a day	1	115	57.8
		Everyday	2	29	14.6
		Between 2 - 5 times per wk	3	37	18.6
		Once a week	4	10	5.0
		Once a month or less	5	8	4.0
				199	100.0
30	How many non LIVING TV communities are you a member of?	1	1	55	27.6
		2	2	28	14.1
		3	3	31	15.6
		4	4	22	11.1
		5	5	26	13.1
		6	6	11	5.5
		7	7	2	1.0
		8	8	3	1.5
		9	9	1	0.5
		10	10	1	0.5
		> 10	11	19	9.5
				199	100.0
31	How many times a week do you visit a non LIVING TV community?	More than once a day	1	98	49.2
		Everyday	2	33	16.6
		Between 2 - 5 times per wk	3	30	15.1
		Once a week	4	9	4.5
		Once a month or less	5	29	14.6
				199	100.0

	User Characteristics				
32	Gender	Male	1	45	22.6
		Female	2	154	77.4
				199	100.0
33	Age	< 16	1	12	6.0
		16 – 25	2	65	32.7
		26 – 35	3	72	36.2
		36 – 55	4	47	23.6
		> 55	5	3	1.5
				199	100.0
34	Education	School Certificate	1	59	29.6
		Higher Education	2	86	43.2
		Postgraduate	3	23	11.6
		Other	4	31	15.6
				199	100.0
35	I have been a member of this community for	less than 1 day	1	2	1.0
		1 day to 1 month	2	9	4.5
		1 – 6 months	3	52	26.1
		6 - 12 months	4	44	22.1
		more than 12 months	5	92	46.2
				199	100.0
36	My status in the community is	Junior Member (up to 20 posts)	1	20	10.1
		Member (20 to 100 posts)	2	35	17.6
		Senior Member (over 100 posts)	3	144	72.4
				199	100.0

Appendix C – Detailed Analysis of SPSS findings

The following analysis takes each variable and summarises the results from the SPSS output.

Topicality

Suggested Variable	Community Characteristics - Items	Question Number
Topicality	The community topic is interesting to me I have knowledge about the community topic I see myself as an expert on the topic I want to learn more about the community topic	7 8 9 10

Reliability Analysis - Topicality

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.62	Reliable sample
Corrected Item Correlation	> 0.3	0.40 0.51 0.34 0.39	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		None higher than 0.62

Factor Analysis - Topicality

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.614	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.00	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.629 0.603 0.583 0.653	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.69 0.72 0.79 0.70	Reasonably close to 1, therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	47.6% 72.9%	2 components with Eigenvalues >1 so 2 potential factors 72.9% of variance explained by 2 factors
Component Matrix	Look to establish which items are in each component identified.	Two components identified	Suggested components Expertise and Interest

The tests for topicality show that, Topicality may be made out of two factors, so these have been identified as Expertise and Interest. The tests have been rerun with each of them.

Expertise

Suggested Variable	Community Characteristics - Items	Question Number
Expertise	I have knowledge about the community topic	8
	I see myself as an expert on the topic	9

Reliability Analysis - Expertise

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.64	Reliable sample
Corrected Item Correlation	> 0.3	0.48 0.48	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		None detailed

Factor Analysis – Expertise

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.5	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.000	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.5 0.5	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.74 0.74	Reasonably close to 1, therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	1.5 74.2%	1 components with Eigenvalues >1 74.2% of variance explained by 1 factors
Component Matrix	Look to establish which items are in each component identified.	0.861 0.861	High level of correlation

Therefore it is suggested that Expertise is one of two potential variables which constitute Topicality.

Interest

The second of the two factors which constitute Topicality, is Interest and the results of the tests are detailed in the table below:

Suggested Variable	Community Characteristics - Items	Question Number
Interest	The community topic is interesting to me I want to learn more about the community topic	7 10

Reliability Analysis - Interest

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.57	Reliable sample
Corrected Item Correlation	> 0.3	0.41 0.41	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		None detailed

Factor Analysis – Expertise

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.5	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.00	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.5 0.5	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.704 0.704	Reasonably close to 1, therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	1.4 70.4%	1 component with Eigenvalues >1 70.4% of variance explained by 1 factor
Component Matrix	Look to establish which items are in each component identified.	0.839 0.839	Level of correlation between variables and the new factor – close to 1.

The assumption is made that Topicality should be replaced by two factors, Expertise and Interest, each made up of 2 items. However, Churchill, 1979, suggested that a multi item measure with only 2 items may not be good enough to measure an individuals behaviour. **It is therefore, suggested that future research should look to increase the number of items for both expertise and interest.**

Inclusivity

Suggested Variable	Community Characteristics - Items	Question Number
Inclusivity	I feel included in the community	11
	I identify with other members of the community	12
	I enjoy communicating with other members	13
	I have made friends through the community	16

Reliability Analysis - Inclusivity

The test for inclusivity was run with 4 items, the results showed that if item 16 was deleted then the value of Cronbach's alpha would increase, the following results are for the variable for inclusivity with 3 items, 11, 12 and 13.

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.85	Reliable sample
Corrected Item Correlation	> 0.3	0.73 0.77 0.72	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		Item 16 was removed prior to this test

Factor Analysis - Inclusivity

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.730	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.000 Reject H0	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.75 0.69 0.75	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.77 0.82 0.76	Reasonably close to 1, therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	2.35 78.4%	1 component with Eigenvalues >1 78.4%% of variance explained by 1 factors
Component Matrix	Look to establish which items are in each component identified.	0.88 0.90 0.87	Level of correlation between variables and the new factor – close to 1.

Therefore, the assumption is made that Inclusivity is a new measure which may be used in future academic research with respect to online communities. It is suggested that Inclusivity be retested in future research with a different sample.

Personalisation

Suggested Variable	Community Characteristics - Items	Question Number
Personalisation	The community members are polite and courteous	14
	The community members are friendly and pleasant online	15
	The community members take time to get to know you	17

Reliability Analysis

The test for personalisation was run with 3 items, the results showed that if item 17 is removed, the value of Cronbach's alpha would increase, the following results are for the variable for inclusivity with 2 items, 14 and 15.

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.94	Reliable sample
Corrected Item Correlation	> 0.3	0.89 0.89	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		Item 17 was removed prior to this test

Factor Analysis - Personalisation

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.5	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.00	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.5 0.5	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.94 0.94	Reasonably close to 1, therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	1.88 94.4%	1 component with Eigenvalues >1 94.4%% of variance explained by 1 factors
Component Matrix	Look to establish which items are in each component identified.	0.97 0.97	Level of correlation between variables and the new factor – close to 1.

Therefore, the assumption is made that Personalisation is a new measure which may be used in future academic research with respect to online communities. Personalisation is a 2 item measure, which, Churchill, 1979, suggested may not be good enough to measure an individuals behaviour. **It is that future academic research look to increase the number of items in this measure and retest in future research with a different sample.**

Effectiveness

The next suggested variable is, Effectiveness, the analysis is detailed below:

Suggested Variable	Community Characteristics – Items	Question Number
Effectiveness	I learn from the community	18
	I value feedback from the community	19
	I feel better for visiting this community	20
	There are some interesting posts on the community	21

Reliability Analysis - Effectiveness

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.83	Reliable sample
Corrected Item Correlation	> 0.3	0.65 0.74 0.69 0.61	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing	0.79 0.76 0.78 0.82	No item with a higher value of alpha if deleted

Factor Analysis - Effectiveness

Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.79	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.00	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.78 0.75 0.79 0.83	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.65 0.75 0.70 0.60	Must be over 0.4 and close to 1 therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	2.7 67.4%	1 component with Eigenvalues >1 67.4%% of variance explained by 1 factors
Component Matrix	Look to establish which items are in each component identified.	0.80 0.86 0.84 0.77	Level of correlation between variables and the new factor – close to 1.

Therefore, the assumption is made that Effectiveness is a new variable which will be computed and used in creating the community characteristic reflective latent variable.

Familiarity
The next suggested variable is, Familiarity. Familiarity has been constructed from the two items removed from the inclusivity and personalisation factor analysis, the analysis is detailed below:

Suggested Variable	Community Characteristics – Items	Question Number
Familiarity	I have made friends through the community	16
	The community members take time to get to know you	17

Reliability Analysis - Familiarity
Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
Cronbach's Alpha	> 0.5 (preferred > 0.7)	0.56	Reliable sample
Corrected Item Correlation	> 0.3	0.39 0.39	None less than 0.3
Alpha value if item deleted	Is this greater than reported alpha – if so consider removing		No item with a higher value of alpha if deleted

Factor Analysis - Familiarity
Once it was established that the items were reliable, exploratory factor analysis to be carried out on the items. The following tests were then carried out:

Test	Value	Value	Comment
KMO	> 0.5 (>0.7 preferred)	0.5	Adequate sample
Bartlett's test of sphericity	H0: there are no correlations between the items H1: 2 or more items are correlated If level of sig. < 0.05 reject null	Sig. = 0.00	Reject null 2 or more items are correlated
Anti-image matrix	Is sample adequate enough to explain the phenomenon – figures with a are summary values Reject if < 0.3	0.5 0.5	None <0.3
Communalities	The total amount of variance the original variable shares with all other variables in analysis The closer to 1 the better.	0.699 0.699	Must be over 0.4 and close to 1 therefore communalities between variables.
Eigenvalues	Look for components with Eigenvalues >1.0 Look at the cumulative % of the variance explained by the components (factors) with Eigenvalues >1.0	1.39 69.9%	1 component with Eigenvalues >1 69.9%% of variance explained by 1 factors
Component Matrix	Look to establish which items are in each component identified.	0.84 0.84	Level of correlation between variables and the new factor – close to 1.

Therefore, the assumption is made that Familiarity is a new variable which will be computed and used in creating the community characteristic reflective latent variable.

Appendix D - Correlation of variables – discriminate validity matrix

The following matrix provides a summary of the results used in the Discriminant validity test for the variables.

Identified Variables	Item No.	V1	V2	V3	V4	V5	V6	V7	V8	V9
Interest (interest) (V1)	7 8	**0.57**								
Inclusivity (Incl03) (V2)	11 12 13	0.682	**0.85**							
Effectivness (Effect) (V3)	18 19 20 21	0.796	0.81	**0.83**						
Persnlisatn (Pers02) (V4)	14 15	0.487	0.673	0.655	**0.94**					
Expertise (expt) (V5)	9 10	0.469	0.398	0.349	0.125	**0.64**				
Familiarity (V6)	16 17	0.435	0.756	0.646	0.406	0.406	**0.56**			
Member Experience (Memexp) (V7)	23 24 25	0.403	0.385	0.528	0.201	0.173	0.204	**0.67**		
Member Activity (Memact) (V8)	26 27	0.011	0.026	-0.28	-0.74	0.235	-0.14	0.43	**0.33**	
Participatn (Partptn) (V9)	5 6	0.61	0.716	0.587	0.269	0.541	0.566	0.32	0.151	**0.697**

Appendix E – Identified Variables from analysis of data

Identified Variables	Cbhs Alfa	Community Characteristics - Items	Item No.	New Factor	Cbch's Alpha	KMO	Bart	Anti Img	Com mul	Eign	% var	Cmp Anl
Interest (interest)	0.57	The community topic is interesting to me I have knowledge about the community topic	7 8	**Comm Chars**	0.825	0.675	Corr	0.724	0.692	2.235	74.5	0.832
Inclusivity (Incl03)	0.85	I feel included in the community I identify with other members of the community I enjoy communicating with other members	11 12 13	**Comm Chars**	0.825	0.675	Corr	0.705	0.710	2.235	74.5	0.843
Effectivness (Effect)	0.83	I learn from the community I value feedback from the community I feel better for visiting this community There are some interesting posts on the community	18 19 20 21	**Comm Chars**	0.825	0.675	Corr.	0.623	0.832	2.235	74.5	0.912
Interest (interest)	0.57	The community topic is interesting to me I want to learn more about the community topic	7 10	**Intrest**		0.5	Corr	0.50 0.50	0.704 0.704	1.4	70.35	0.839 0.839
Inclusivity (Incl03)	0.85	I feel included in the community I identify with other members of the community I enjoy communicating with other members	11 12 13	**Inclsty**		0.730	Corr.	0.747 0.695 0.755	0.770 0.817 0.765	2.352	78.42	0.878 0.904 0.875
Effectivness (Effect)	0.83	I learn from the community I value feedback from the community I feel better for visiting this community There are some interesting posts on the community	18 19 20 21	**Effecti veness**		0.787	Corr.	0.784 0.755 0.797 0.826	0.652 0.746 0.700 0.599	2.697	67.42	0.807 0.864 0.836 0.774
Persnlisatn (Pers02)	0.94	The community members are polite and courteous The community members are friendly and pleasant online	14 15	**Pers02**	0.94	0.5	Corr.	0.5 0.5	0.944 0.944	1.88	94.4	0.972 0.972
Expertise (expt)	0.64	I have knowledge about the community topic I see myself as an expert on the topic	8 9	**Expt**	0.64	0.5	Corr.	0.5 0.5	0.742 0.742	1.48	74.2	0.861 0.861
Familiarity	0.64	I have made friends through the community The community members take time to get to know you	16 17	**Famil**	0.64	0.5	Corr.	0.5 0.5	0.699 0.699	1.4	69.88	0.836 0.836

Online communities: Why do consumers participate? Why should marketers care?

				Mem exp	0.67	0.605	Corr.	0.571	0.751	1.86	62.0	0.867
Member Experience (Memexp)	0.67	I enjoy spending time on the internet	23					0.571	0.751			0.867
		I surf the internet to relax	24					0.613	0.599			0.774
		I can search and select relevant information	25					0.661	0.512			0.716
				Mem act	0.33	No point as this does not work						
Member Activity (Memact)	0.33	I make regular purchases on the internet	26									
		I visit other online communities regularly	27									
				Part ptn	0.697	0.5	Corr.	0.5	0.768	1.54	76.79	0.876
Participatn (Partptn)	0.697	I do my best to stimulate our community	5					0.5	0.768			0.876
		I eagerly reply to postings by other community members	6					0.5	0.768			0.876

Each of these variables were measured using a 5 point Likert scale, 1 = Strongly Disagree and 5 = Strongly Agree.

Appendix F – Regression Analysis Overview

Test	Included Variables	Comments	R sq	A R sq	D-W	Anova Sig	Not Sig	Constant	Sig	Outlrs	Distn
1	Expertise Interest Inclusivity Effectivens Familiarity Personalstn Memexp	Results show 1 outlier – case 148 and 4 variables which are potentially not significant	0.415	0.390	2.045	0.00	Effect Famlty Mmxp Perso	0.594	0.156	148	Normal
2	Remove outlier 148	Results show 1 outlier – case 98 and 4 variables which are potentially not significant	0.443	0.419	2.033	0.00	Effect Famlty Mmxp Perso	0.529	0.194	98	Normal
3	Removed outlier 98	Results show no outliers – 4 variables which are potentially not significant	0.474	0.451	2.106	0.00	Effect Famlty Mmxp Perso	0.379	0.340	none	Normal
4	Expertise Interest Inclusivity Effectivens Familiarity Personalstn Memexp	Results show no outliers – but suggest 4 are not significant	0.474	0.454	2.109	0.00	Effect 0.277 Famlty 0.231 Mmxp 0.559	0.363	0.357	none	Normal
5	Expertise Interest Inclusivity Effectivens Familiarity Personalstn	Results show no outliers – remove memexp	0.473	0.456	2.113	0.00	Effect 0.277 Famlty 0.231	0.520	0.071	none	Normal
6	Expertise Interest Inclusivity Effectivens Personalstn	Results show no outliers – remove memexp, effectiveness	0.470	0.456	2.118	0.00	Famlty 0.231	0.476	0.094	none	Normal
7	Expertise Interest Inclusivity Personalstn	Results show no outliers – remove memexp, familiarity, effectiveness	0.467	0.456	2.096	0.00		0.527	0.059	none	Normal

SPSS Diagrams for Regression Analysis Tests

The regression analysis test included 3 tests to identify and remove outliers, the diagrams for these tests are not relevant to the research, therefore the diagrams below are for tests 4 to 7.

Test 4

The test 4 looks to carry out the regression analysis on the data after the outliers have been removed.

Histogram

Dependent Variable: PARTPTN
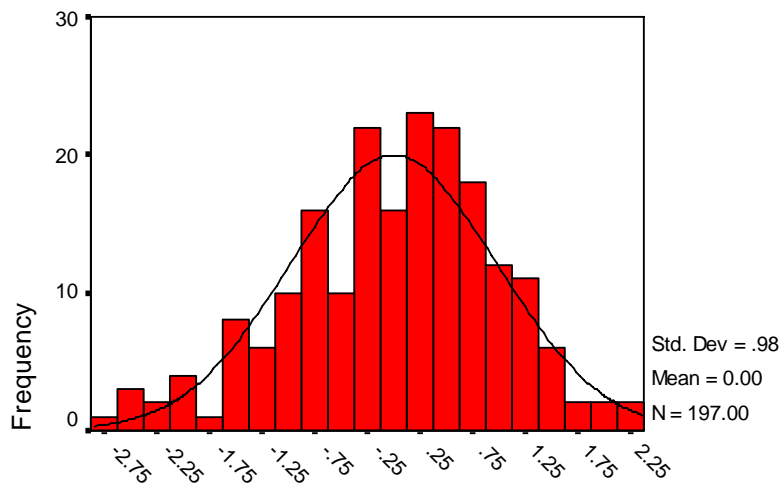
Std. Dev = .98
Mean = 0.00
N = 197.00

Regression Standardized Residual

Normal P-P Plot of Regression Stand

Dependent Variable: PARTPTN

Observed Cum Prob

Scatterplot

Dependent Variable: PARTPTN

Regression Studentized Deleted (Press) Residual
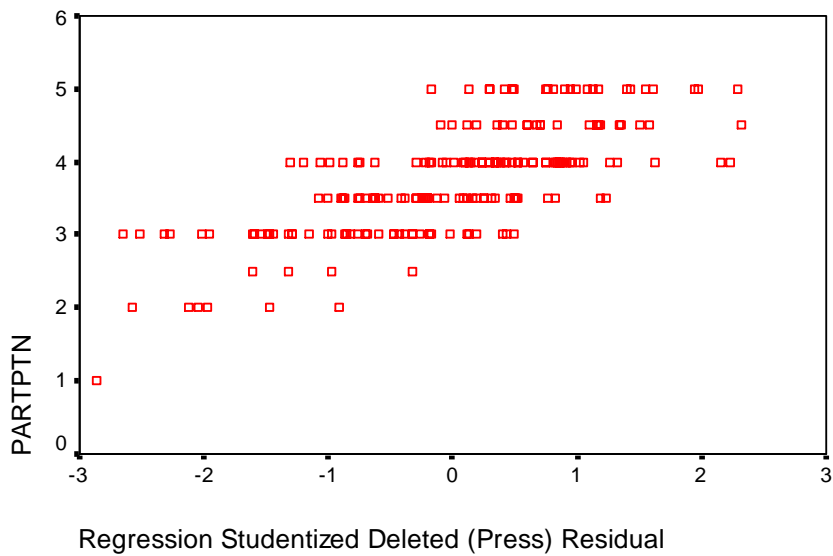
Test 5

The fifth regression test carried out, retains participation as the dependent variable with interest, inclusivity, effectiveness, familiarity, personalisation, expertise as the independent variables.

Histogram

Dependent Variable: PARTPTN

Std. Dev = .98
Mean = 0.00
N = 197.00

Regression Standardized Residual

Normal P-P Plot of Regression Stand

Dependent Variable: PARTPTN

Scatterplot

Dependent Variable: PARTPTN
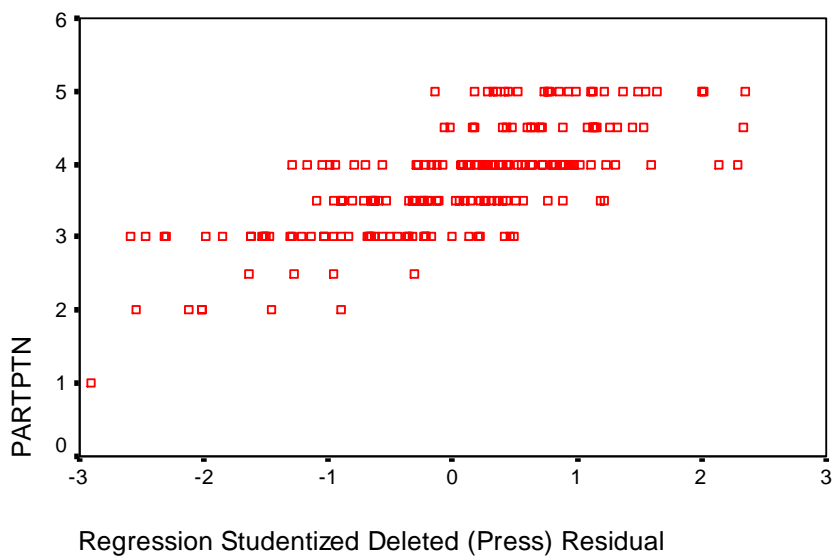
Test 6

The sixth regression test carried out, retains participation as the dependent variable and interest, inclusivity, familiarity, personalisation, expertise as the independent variables.

Histogram

Dependent Variable: PARTPTN

Std. Dev = .99
Mean = 0.00
N = 197.00

Regression Standardized Residual

Normal P-P Plot of Regression Stand

Dependent Variable: PARTPTN

Observed Cum Prob

Scatterplot

Dependent Variable: PARTPTN

Regression Studentized Deleted (Press) Residual
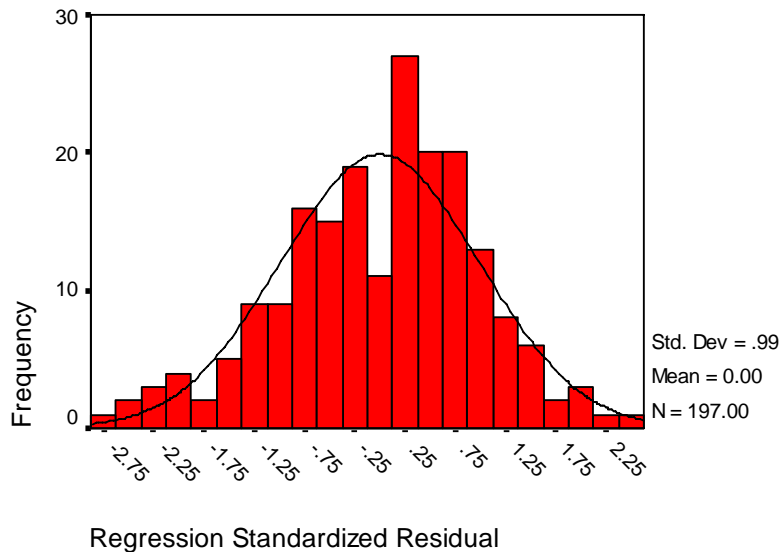
Test 7

The seventh regression test carried out, will keep participation as the dependent variable and interest, inclusivity, familiarity, personalisation, expertise as the independent variables.

Histogram

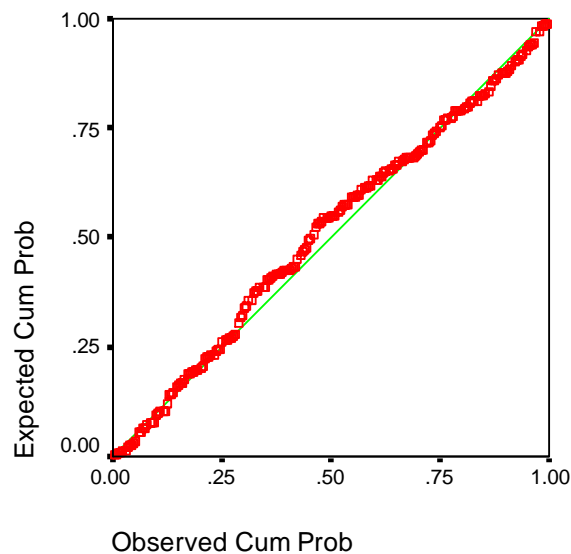## Dependent Variable: PARTPTN

Std. Dev = .99
Mean = 0.00
N = 197.00

Regression Standardized Residual

Normal P-P Plot of Regression Stand
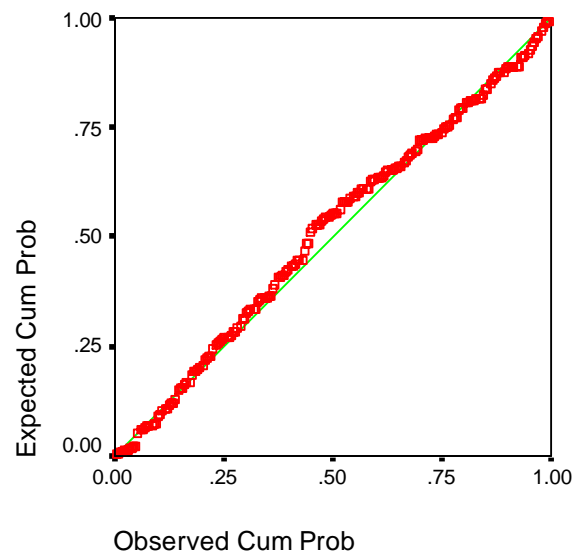
Dependent Variable: PARTPTN
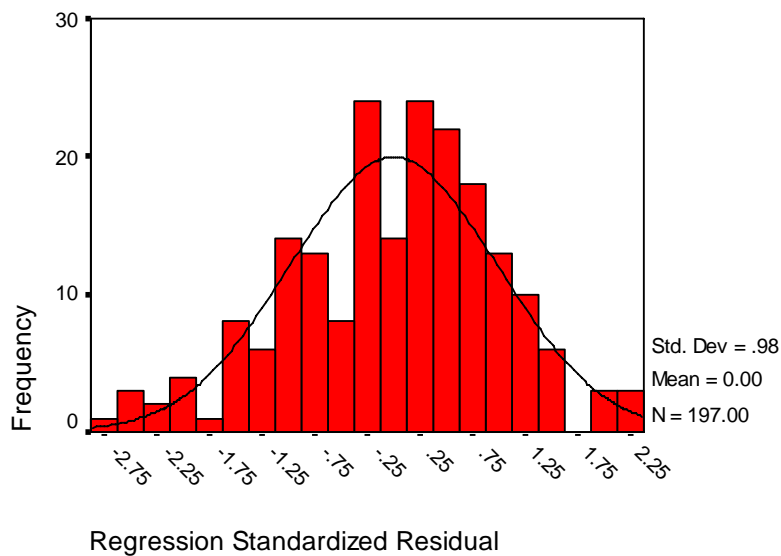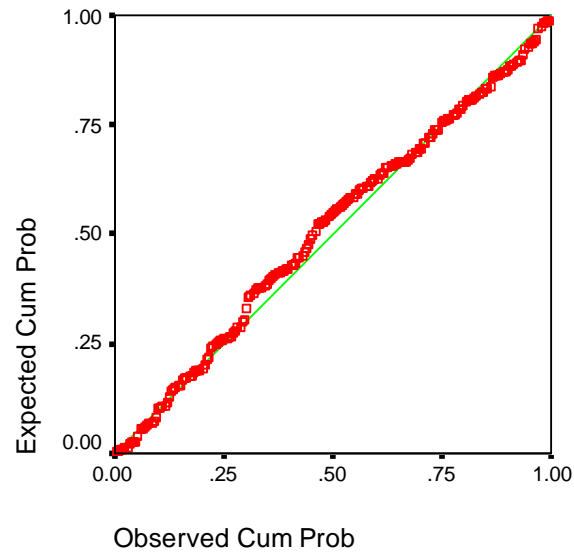
Scatterplot

Dependent Variable: PARTPTN
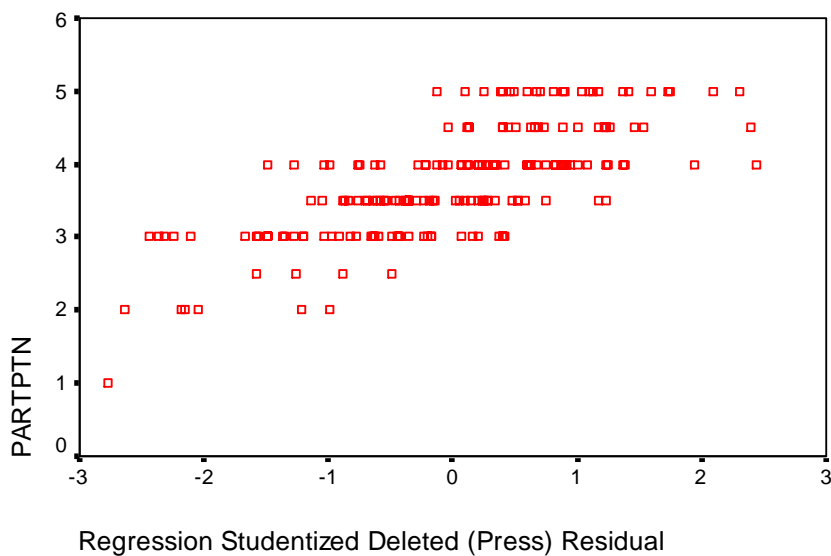
Appendix G – Future Research Options
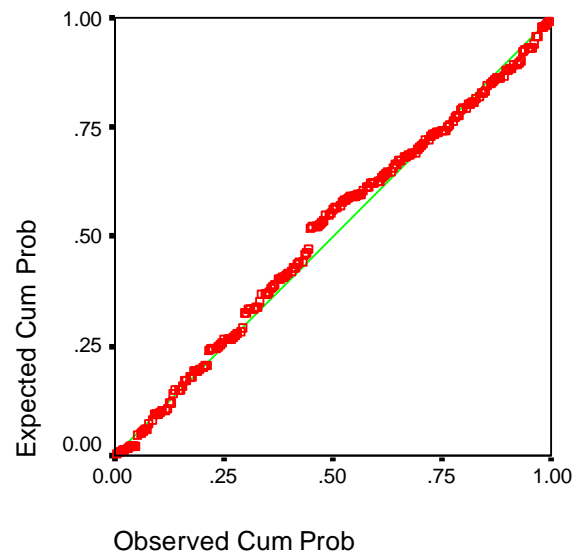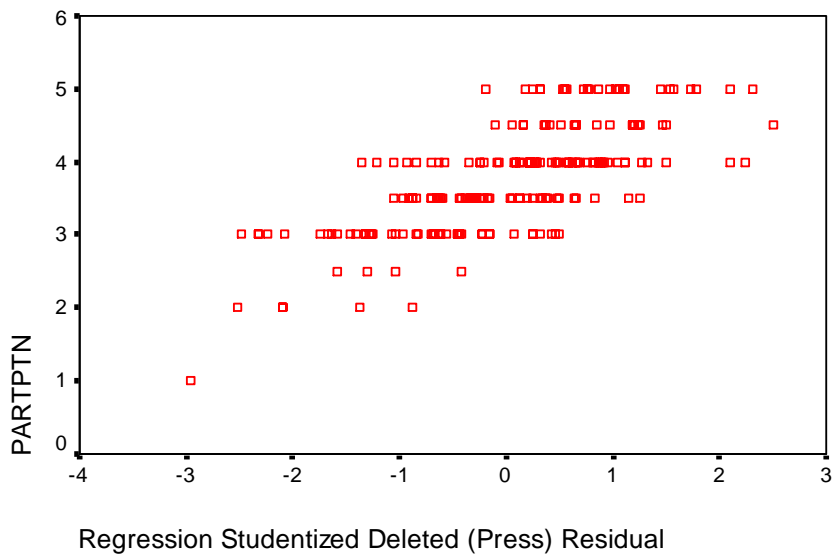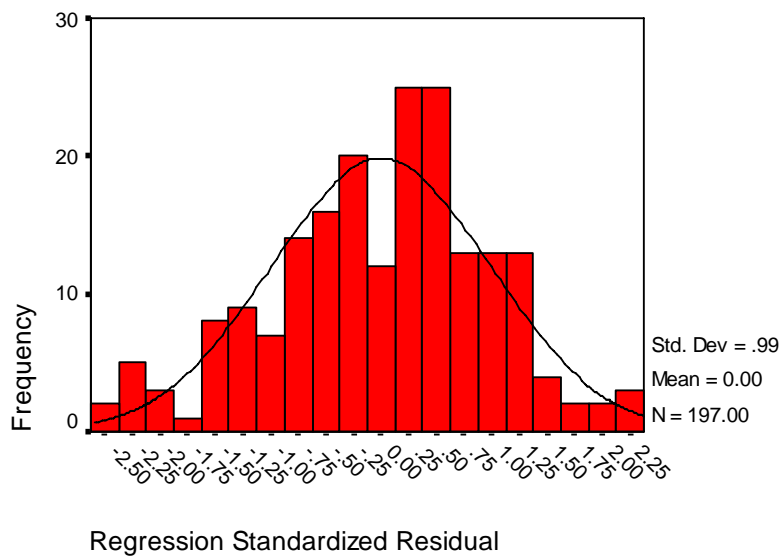
The following matrix may be used to identify future research models. The column on the left hand side, lists a number of marketing strategies, tactics and tools and the row across the top lists the various different types of online community. The second column in could be used to define existing measures or scales which could be adapted to be used in the research or if none exist, this would indicate an area for exploratory research. The acronyms, which appear along the remainder of the first row depict some of the different types on online community identified in this research. Their definitions are detailed below.

CRC – Customer Review Communities
CSC – Customer Service Communities
CPG – Customer Pressure Groups
PC – Product Communities
OGC – Online Games Communities
CFG – Customer Focus Groups

IC – Information Communities
DC – Dating Communities
FC – Friendship Communities
BC – Brand Communities
EC – Expert Communities
KHC – Know-How Communities
CoP – Communities of Practice

Future research could take one or more marketing strategy, tactic or tool and look to find out if its is used successfully in one of the following ways:

- within one or more of the different types of online community
- as a tool to acquire members and retain them over a period of time
- as service to external organisations who wish to obtain information from the community members
- as an extension to their customer relationship marketing strategy
- as a predictor of new product development needs
- as a means of communication to one or more stakeholder groups
- as a way of segmenting the customer base
- as a method of targeting demographic groups with different products and services
- as a means to introduce new products or brand extensions
- as a means of extending a brand online

There are many other questions which could be asked about how organisations have incorporated online communities into their marketing and corporate strategies. The table below provides and initial framework through which some of these questions may be identified.

Suggested Marketing Strategy, Tactic and	Existing	CRC	CSC	CPG	PC	OGC	CFG	IC	DC	FC	BC	EC	KHC	CoP

Julie Walker
October 2004

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Tools	Measures Y/N												
Advertising – segmentation													
Advertising – Targeting													
Brand Management													
Brand Advocacy Brand experience creation and development													
Brand Extension													
Brand Loyalty Brand Values – reinforcement													
Collaboration													
Communities of Practice													
Connection with community values													
Corporate Communications													
Customer Acquisition													
Customer Complaints													
Customer Feedback													
Customer Lifetime Value													
Customer Loyalty													
Customer Product Review													
Customer Satisfaction													
Customer Service Review													

Customer Support/Service								
Customer Value								
Differentiation								
Education								
Employee knowledge sharing about customers								
Employee knowledge sharing about products and services								
Employee knowledge sharing and communication across multiple offices								
Emotional Brand Loyalty								
Extension to an offline experience								
Increased customer switching costs (once you have built your profile you are less likely to switch often)								
Identify unmet needs								
Information Exchange								
Integration of offline and online marketing strategies								
Knowledge Sharing								
Lifestyle Experiences								
Loyalty
regular member visits								
Market Entry Strategies								

Market Research									
Matching buyers and sellers (members)									
Member reputation based loyalty mechanism									
Member get member customer acquisition									
New Product Development									
New Product Launch									
Online Trust									
Peer to Peer Communication									
Product Advocacy									
Product Differentiation									
Product Extension opportunity									
Repeat purchase opportunity									
Revenue generation Complimentary Products									
Revenue Generation Products									
Revenue Generation Subscriptions									
Segmentation									
Service Differentiation									
Trust based loyalty creating mechanism									
Upgradeable membership path									

Online communities: Why do consumers participate? Why should marketers care?

Viral Marketing										
Word of Mouth										

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