

Online Community Building Process

*Maria Mäntymäki
Ph.D. Student
University of Tampere
maria.mantymaki@uta.fi*

BACKGROUND OF THE RESEARCH

Nowadays we are living in rapidly changing and dynamic times. It's easier than ever to travel from one place to another and stay in touch electronically with people who live far away. At the same time, people are also fearful of the violence and restlessness have risen all over the world. These reasons added to the rapid development of information technology have increased significantly people's interest towards online communities. More people are turning to online communities to get their personal, social and professional needs met.

In today's information society, few would argue that computer technologies haven't influenced many of our social relationships. Researchers are only just beginning to understand how much those relationships have been altered.

From the organizations' point of view the development of information technology and Internet has affected strongly how they market their products and services. Internet has increased and enabled new models of interactivity and conversation. Online communities can effectively offer customers personalised service and interactivity in web. They enable conversations between customers and also between customers and organizations. Additional to conversation forums, communities can offer large scale of different services, for example e-mail lists, chat-service etc.

The role of online community as a part of organization's strategy can be believed to rise significantly already in the near future. Online communities are groups of businesses, customers, or employees with common interests interacting via Internet. The objective of community management is to promote interactions that benefit both the participants and the company. Online communities are very noteworthy factors in integrated marketing communications of many business and other organizations. They often take care of many different tasks including in the area of relationship marketing.

Building a successful online community is a big challenge to organization and has to be considered as a process that begins with a strategy and rollout and continues with ongoing, active management. This building process is interesting and complex

process and together with online communities they constitute new, rapidly changing phenomenon and only few research have been published about it.

PURPOSE OF THE STUDY

The objective of this dissertation is to broaden our present understanding about the building process of online communities by utilizing the existing theoretical knowledge and empirically describing and analysing the building process. As there are only few studies concerning the building process of online communities and as a multidisciplinary phenomenon, there are many questions, which need exploring.

The case online community in this study is maintained by a virtual non-profit organization, which most important interest group consists of researchers over the world. This online community is in the middle of the building process. This building process is being documented in a three years' period and compared with the other researches concerning the building process of different kinds of communities and the multidisciplinary process theories.

The aim is to break down the process to sub-processes and explore them more specifically, for example by describing how the content develops, how members join and visit the community and how members' interaction between maintaining organization and between themselves begins and develops.

A sub process especially focuses in individual customer relationship between online community. It is found that the main reason to build an online community is often related to relationship marketing. One of the most important goals is developing customer relationships by increasing the knowledge about customers, and creating the dialogue between maintaining organization and also between the members. As studying the online community building process, this point of view is stressed in the whole research, due to its importance in organization's perspective, when evaluating the success of the online community building process.

The research has been started in autumn 2001. At this preliminary stage, it is not considered meaningful to define the focus strictly without knowing the process. During the process the research problem will be focused more specifically and the most essential sub problems will be chosen. Due to the researcher's interest and knowledge, the research problem is approached from marketing viewpoint.

The study will be made from organization's point of view. This point of view was selected due to the goals and interest of the study. Online community is regarded as an implement, which can be used by management aiming to reach strategic or operational goals. Yet, in this research area with many dimensions, customers' values and behaviour are also considered as an important aspect of the study.

The most central conceptual framework consists of relationship marketing. As online communities offer many kinds of services, service marketing is also considered as a

part of framework. The research is a longitudinal study as its nature, which stresses the importance of process theories. Due to the strong impact of communities' members in this research, the surrounding theories have references to social psychology, social anthropology and consumer behaviour.

This specific research area, online communities, is emerging, so the framework of this research will be a combination of older marketing theories and new literature about online communities. New literature and articles, which concern online communities, are mainly normative and the analytic perspective is not very deep in many cases.

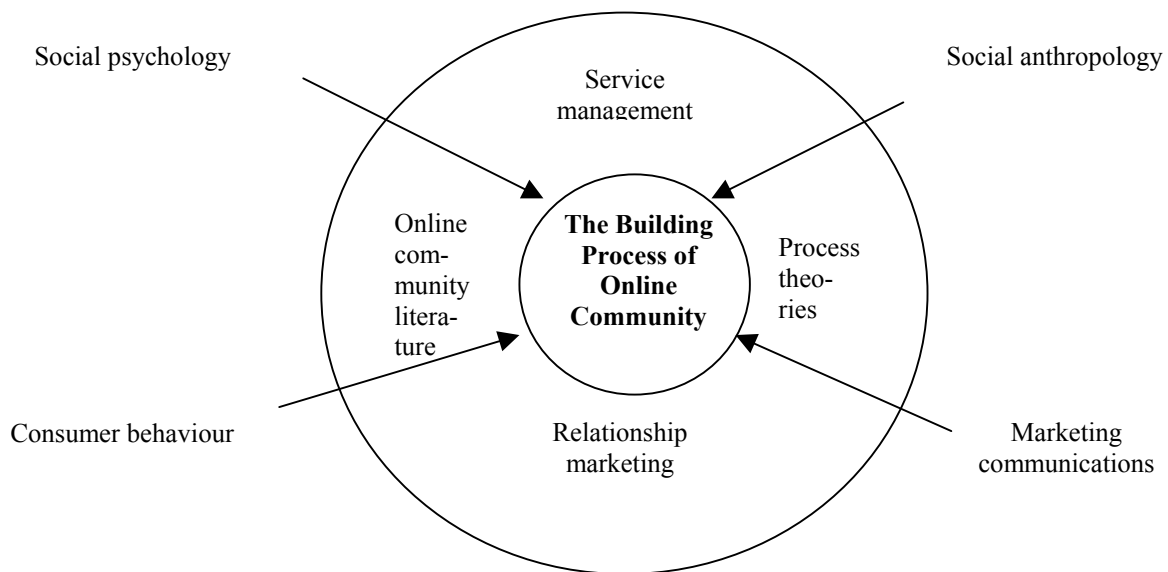


Figure 1. Framework of the research's theoretical roots

METHODOLOGY

As a research strategy will be used case study. This method was selected, because the research area is wide with many points of views and because deeper understanding about the phenomenon is needed. Due to the researchers role in the case organization

developing the online community, the study is also an action research. The methods are the documentation of the papers concerning the development of the online community and daily observing of the actions related to the community. Interviews of the organizations personal are also used to clarify what kind of objectives and expectations have been set, and how they have fulfilled. Members are also going to be interviewed and probably survey is also to be done among them.

Case organization is e-Business Research Center (eBRC). eBRC is a virtual non-profit organization, which has three kinds of interest groups: researchers, research founders and businesses. Online community has a major role in eBRC's action, due to the international aspect and virtual organization.

Yin (1994, 20) identified five components of research design that are important for case studies:

- A study's questions
- Its propositions, if any
- Its unit(s) of analysis
- The logic linking the data to the propositions
- The criteria for interpreting the findings

Case study is known as a triangulated research strategy. Snow and Anderson (cited in Feagin, Orum, & Sjoberg, 1991) asserted that triangulation could occur with data, investigators, theories, and even methodologies. Stake (1995) stated that the protocols that are used to ensure accuracy and alternative explanations are called triangulation. The need for triangulation arises from the ethical need to confirm the validity of the processes. In case studies, using multiple sources of data could do this. The problem in case studies is to establish meaning rather than location.

Yin (1994) encouraged researchers to make every effort to produce an analysis of the highest quality. In order to accomplish this, he presented four principles that should attract the researcher's attention:

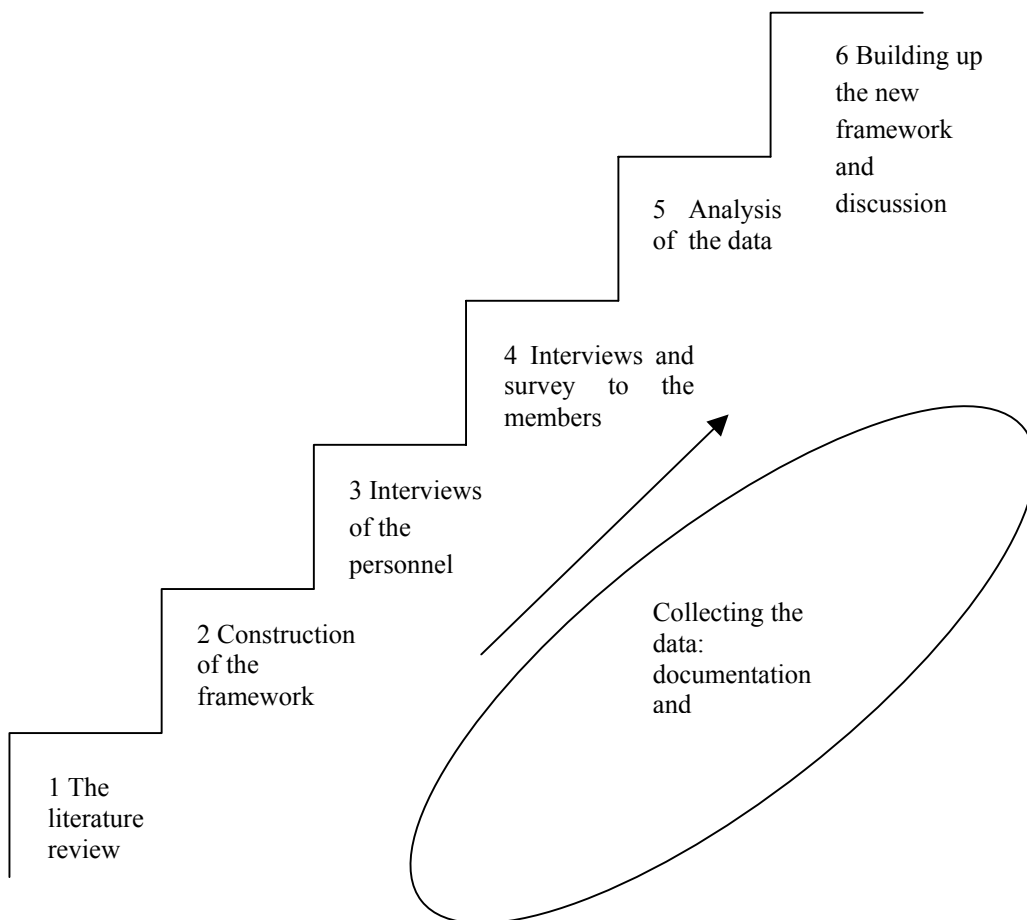
- Show that the analysis relied on all the relevant evidence
- Include all major rival interpretations in the analysis
- Address the most significant aspect of the case study
- Use the researcher's prior, expert knowledge to further the analysis

THE RESEARCH PROCESS

The first step in this research is to take a closer view of the literature concerning the research problem area. The framework will be constructed on the basis of this literature. Also the limitations will be done and the focus selected while constructing the framework.

The third and the fourth steps are parts of the empirical research. The third step consists interviews of the personnel, some of these interviews are also made in the end of collecting data period to find out, how the personnel evaluate the success of the process. The fourth step consists of interviews and survey directed to the members. The next step is to analyse the data and the last step is to build up the new framework and discussion.

Because of the nature of qualitative research methods, the different phases cannot be completely detached so they happen partly in the same time.



Picture 2. Progressing model

LITERATURE REVIEW

Literature concerning Online Communities

Defining Online Community

Community is difficult to define because it means different things to each of us (Figallo 1998, 1; Preece 2000). For some, it conjures warm, fuzzy, reassuring images of people chatting and helping each other. For others, it generates dark images of conspiracy, subversive and criminal behaviour, and invasion of privacy. Still others see a future in which physical communities are undermined or replaced by online communities. Not surprisingly, our experiences in physical communities lead us to infer what an online community is. Dictionary definitions, for example, talk of groups with common interests, shared goals, activities, and governance; groups and individuals who cooperate to share resources and satisfy each other's needs. Some include enjoyment and pleasure, while others strongly associate community with a physical locale, such as a village or town. The need to respect the feelings and property of others is also mentioned, along with the importance of governance systems to ensure that this happens. All these attributes appear in descriptions of online communities, but their relative relevance is debated. (Preece 2000)

Superficially, the term online community is not hard to understand; yet it is slippery to define. In a multidisciplinary field such as this, some definitions reflect a disciplinary perspective (sociology, technology or business etc.). Further complications also arise when a topic suddenly becomes popular and the term takes on buzzword status. Widespread use by e-commerce entrepreneurs has in fact made the term a buzzword. (Preece 2000)

The definition of community can be confronted by thinking what kind things communities consist. According to Jenny Preece (2000), online community consists of *people* who interact socially as they strive to satisfy their own needs or perform special roles, such as leading or moderating. Secondly, online community has a shared *purpose*, such as an interest, need, information exchange, or service that provides a reason for the community. Online communities have *policies*, in the form of tacit assumptions, rituals, protocols, rules, and laws that guide people's interactions. The final thing needed in an online community is *computer systems*, to support and mediate social interaction and facilitate a sense of togetherness.

Online community is the place where relationships act as an important role and are valuable to the user. This kind of relationships can emerge between users or between users and organization. Figallo (1998, 16-17) suggests that the feeling of togetherness, familiarity, rituals and relationships act as things, which make the social connectedness even stronger during the time.

In the virtual community Rheingold (2000) wrote, "Virtual communities are social aggregations that emerge from the Net when enough people carry on those public

discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace.” It is easily seen that all of his examples has one common aspect, meaningful human relationships.

John Hagel and Arthur Armstrong (1997) focused on virtual communities as a business point of view. According to them community not only could be a part of a successful Web-based business plan, it should be.

Probably the most known definition about what makes people to join communities is made also by John Hagel and Arthur Armstrong (1997). The first reason is *interest*, because many of the first communities focused to connecting people who shared same kinds of interests. Secondly, because *independence of time and place* helps people to build significant and interactive relationships. Thirdly, *fantasy games*, which are offered by communities, helps people to forget their routines for a while. The fourth reason to join online communities, according to Hagel and Armstrong, *are transactions*. These transactions are not only commercial transactions but also giving and receiving information.

The “Discipline” of Successful Online Communities

According to Warms, Cothrel & Underberg (2000, 2) the value of communities in today’s networked marketplace is unquestionable. Communities allow companies to forge closer ties with their most important constituencies, whether they are customers, suppliers, distributors, resellers and other partners. Communities support business interactions, producing higher levels of value-adding activities for example more transactions, higher transaction volumes, higher retention rates and easier conversation. Communities are also an invaluable source of insight, by virtue of their power to reveal needs, expectations, and opinions otherwise difficult to uncover.

As a business view, there are many elements that must combine to create a successful online community. Firstly organization must define objectives very carefully. To attract members and keep them coming back, community must serve a clear purpose in their lives. There have to be also community programs, which engage the members and also technologies that support those programs. (Kim 2000, 2)

As with any business initiative, the success of an online community can only be judged in light of the business goals it is intended to support. Creating an online community is already a challenge for organizations, but the management is often seen even more difficult. According to the Forrester Research, 40 % of companies that have created online communities say that the most difficult challenge is not front-end design and implementation, but ongoing administration. (Warms et al 2000, 1)

Building a successful online community is a process that begins with a strategy and rollout and continues with ongoing, active management.

The steps of that process are illustrated in Figure 2 below.

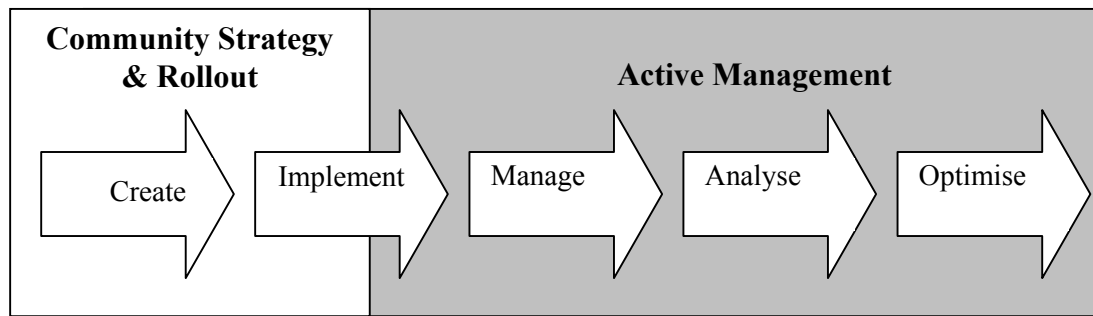


Figure 2. Online community building process (Warms et al 2000, 2)

Active management is the term that is used for daily weekly and monthly activities that are necessary to drive business results with online community. It's a continuous process of managing, analysing, and optimising programs over time. (Warms et al 2000, 1)

Community segments

There are many kinds of online communities in business. Some examples of business-oriented online communities include a community of independent resellers sharing sales tips and ideas; buyers and sellers in an Internet marketplace, exchanging information related to purchases or sales; customers on an Internet commerce site, united by a common interest in topics related to the products offered on the site and people who subscribe to an online information service.

Business-oriented online communities can be segmented by member composition: consumers (B2C), business customers or partners (B2B), and employees (E2E). As shown in Table 1, the objectives of these three segments are distinct, but overlapping. As the Table shows, two objectives span all three types of communities: stronger relationships and insight. Relationships refer often to customer loyalty or greater “stickiness” of the Internet-site. Companies also talk about communities as creating new “feedback loops” or enabling better “two-way communication” with customers, suppliers, or employees, which is labelled “insight” in the Table. It seems that these two things, relationships and insight are the most common objectives of community. (Cothrel 2000, 17-18)

Table 1. Community segments (Cothrel 2000, 18)

	B2B	B2C	E2E
Members	Customers, suppliers, distributors, etc.	Customers	Employees
Objectives	Stronger relationships Insight Efficiency Innovation Revenues	Stronger relationships Insight Low customer acquisition costs Revenues	Stronger relationships Insight Efficiency Innovation Revenues

Relationship Marketing, Commitment and Online Communities

As competition intensifies, markets become more global, products and services become more homogenous, and markets become mature, it is becoming increasingly harder for companies in both manufacturing and service industries to differentiate themselves from other organizations. Merely providing customers with technical solutions to problems is not enough to keep organization competitive and gain and retain market share. Different kinds of value-added services, starting before the actual transaction and going far beyond it, have to be delivered in order to stay competitive and create customer loyalty. Research and business practices have shown that keeping customers through value-added services costs less than acquiring new ones (Anderson and Fornell, 1994; Reicheld and Sasser, 1990).

For these reasons relationship marketing in many forms (for example customer relationship management and one-to-one marketing) has become more important strategic choice for companies. As mentioned before, in many cases the most important reason for building online community is the development of customer relationship.

In the relationship marketing literature the concept of commitment plays a central role, as it is a major characteristic of relationship marketing models (Scanzoni 1979). Referring to Scanzoni (1979) "commitment is the most advanced phase of partners' interdependence". Commitment refers to an implicit or explicit pledge of the continuity of a relationship between exchange partners (Wetzels et al 1998, 406). Probably the most important goal in relationship marketing is to increase customers commitment to organization. Increase of the commitment can also be seen one of the online community's biggest challenges.

THE SCHEDULE OF THE RESEARCH

Referring to the chapter four, the research process begins with studying the literature concerning this research. Firstly researcher's focus has been to study the literature about online communities to get them more familiar and to make easier to solve, which marketing theories are most closely related in online communities and relevant

in this research. This process has already begun. Social anthropology and social psychology literature reading process has also begun autumn 2001 while the researcher has taken courses about them. Next step is to read literature about relationship marketing and process theories. This reading process starts in spring 2002.

Another process, collecting the data, has already started July 2001 by collecting the material concerning eBRC's online community building. As the earlier has been stated, this process lasts three years. First interviews of the personnel will be made in spring 2002 and second interviews in 2004. Interviews and survey to the members will be made in 2003. Analysis of the data starts in 2004 and autumn 2004 the first version of this research is estimated to be ready.

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From Idea to Knowledge