Chapter 11
Value Creation in Virtual Brand Communities

The evolution of the Social Web has opened up a world of opportunities for both brands as well as for the consumers themselves. Virtual brand communities, which are increasingly used as tools for value creation by users and organizations alike, are a perfect example of this type of opportunity.

Many companies have opted to create or integrate themselves into brand communities in order to establish long-term relationships with customers. These communities, therefore, are especially pertinent to their online strategies, both in terms of how they interact with customers and how customers interact with one another. Thus, online communities are now attractive tools for businesses, as they can be used as platforms for the co-creation of products and experiences between companies and consumers; on these platforms, customers truly become partners of brands. Furthermore, communities can provide important benefits and opportunities on behalf of companies such as increasing customer loyalty, lowering marketing costs or developing new products.

The above notwithstanding, company participation in online brand communities is not without its risks and inconveniences; e.g., the rejection of the brand's marketing efforts through negative comments, which could cause damage to the brand's image and reputation or even promote their competitors. In any event, brands must develop strategies to take advantage of and amplify the benefits that communities offer, while minimizing and appropriately managing the inconveniences and threats that will also emerge.

Throughout this chapter we will analyze the potential for value-creation offered by online brand communities to businesses and will discuss the relevant benefits and potential drawbacks. We will explain the current role that consumers play in these communities, paying special attention to their participation in the processes of value-co-creation with brands and prosumers.

11.1   Introduction

Currently, many companies are using the power of the Social Web's tools to benefit from the valuable ideas put forth by their customers (Wu & Fang, 2010), trying to build the brand beyond the organization (Ind & Coates, 2013). To this end, they are providing tools through which consumers can relate and interact with one another (Fisher & Smith, 2011). This is the case for online brand communities, which are being used with increasing regularity as tools for the co-creation of value (Porter, 2004).

These communities can be conceptualized as groups of online customers that collectively co-produce and consume content through the exchange of intangible resources (information, socio-emotional support, etc.) (Wiertz & De Ruyter, 2007).

Muñiz and O'Guinn (2001) note that brand communities conform to the customer-brand-customer triad model; thus, they recognize the fact that brands are social objectives, built through active collaboration with consumers. McAlexander, Schouten, and Koenig (2002) developed a nuanced version of this model by highlighting how the existence and significance of these communities are tied to the customer's experience and not to the consumer's experience with the brand.

Most studies have analyzed how virtual communities can provide value to customers, nearly neglecting how organizations use them to gain value for themselves (e.g., Dholakia, Bagozzi, & Pearo, 2004; Shang, Chen, & Liao, 2006) or to manage their own brands (Gyrd-Jones & Kornum, 2013). An example would be Seraj (2012), who studied how to create value in virtual communities based on data obtained from an aviation-centered virtual community. He suggested that, in order to explain the value-creation process in this type of setting, it is necessary to analyze netnographic results, co-creation, interactivity and the community's culture. By studying this data, he came to the conclusion that community participation leads to three types of value for the community's members, which exist simultaneously:

- *Intellectual value*: emerges through the possibility of users and professionals co-creating knowledge.
- *Social value*: is produced through the interactivity provided by the platform where the community is located. This characteristic makes the existence of strong social ties between members possible, thereby increasing levels of commitment and the number of loyal users. This value helps increase intellectual value, given that it stimulates the systems of co-creation.
- *Cultural value*: is established through the community's dominant culture (common values, rules, norms, etc.) and their self-regulation. This level is affected by the previous two categories, given that cultural norms are created through co-creation and member interaction (Dholakia et al., 2004).

Furthermore, Seraj (2012) identified seven fundamental social roles that could appear in online communities to encourage long term value-creation: (see Table 11.1)

Table 11.1 Social roles in online communities and the types of value they encourage

Category	Characteristics	Type
Seeker	Seek information and collaborate with other community members. Normally, they are the ones that keep conversations going by asking questions	Intellectual value
Educator	Are interested in sharing their knowledge. They are essential to the co-creation of content	Intellectual value and social value
Challenger	Question the information provided by other members. They also prevent any one force from dominating the community and stimulate creativity within it. They work with the educators	Intellectual value and social value
Governor	Monitor the quality of other members' content and enforce the communities' rules, participating in conversations if it is necessary to cut off possible threats to the community as a whole	Cultural value
Appraiser	Increase the motivation of the community through recognition of other members' achievements, thereby incentivizing involvement and creativity	Cultural value
Player	Incentivize entertainment in the community, through entertaining content, questions, etc.	Social value
Innovator	Share new ideas for creating content, or novel/more emotional ways of interacting	Social value

Source: Own elaboration based on Seraj (2012)

Healy and McDonagh (2013) have proposed seven co-creative roles that can co-exist in a cultural community of online consumers:

- *Voice*: users that respond cognitively and emotionally to organizations' actions. This type of user should be managed to encourage positive voices and reduce negative ones.
- *Loyalty*: members that feel a special affinity with the community or the brand. It is of utmost importance to understand such consumers' motives for loyalty in order to incentivize and exploit them. It this, therefore, interesting that organizations differentiate between community loyalty and brand loyalty, as well as the relationship between the two concepts; these topics were previously dealt with in Chap. 10.
- *Exit*: consumers that end their relationship with a brand or give up their membership to a community. In this case, organizations must try to understand the reasons why users terminate their relationships with the community, so that they can try to solve them.
- *Twist*: users that use the community's products and applications in different ways than how the brand had envisioned they would be used. When the new use is positive, companies can incentivize this type of behavior, exploiting it as a source of innovation. On the other hand, if the new use is negative, organizations should try to understand the impulse that led the consumer to act in such a way.

- *Entry*: consumers that support a community or buy a series of products for the express purpose of being a part of a specific culture or market. Organizations should determine the characteristics of the consumers who do this so that they can adopt appropriate strategies.
- *Re-entry*: users that return to a community after having reconciled with the brand. The interesting thing about these consumers is how they can help companies understand which problem-fix motivated the customer to return to the community.
- *Non-entry*: consumers that do not belong to a community or do not buy the offered products either because they do not want to or because of barriers to entry. In this case, it is of paramount importance to identify the barriers to entry in order to correct them.

Additionally, Cova and White (2010) have pointed out that the success of a brand community is a consequence of its specific value or the linking value that it provides to its members. This type of value emerges through collaborator participation between consumers and producers, and is related to the value that the brand and its products have in creating, developing and maintaining the interpersonal relationships among consumers (p. 258). Therefore, companies are growing increasingly interested in generating this type of value through virtual brand communities, where collaboration and participation of consumers is paramount. In the end, the consumers are the ones that create linking value[1]; they connect this value to the brand, thereby increasing its value.

Another way of looking at this was devised by Gyrd-Jones and Kornum (2013), who used the concept of stakeholders in place of customers. They highlighted the important role that stakeholders play in a specific brand and in its processes of co-creation in online eco-systems, like virtual brand communities. Thus, they believe that brands are created and consumed by stakeholders, which increase the value and identity of the brand. From this point of view, they have shown that, based on the LEGO brand, how well the processes of co-creation turn out depends on cultural complementarity and value. Therefore, they differentiate between values that form the brand's nucleus and are non-negotiable (e.g. a logo), and other more peripheral features that are created by interactions between the company and the different stakeholders (e.g. creation of new products); all of these fall under the umbrella of co-creation strategies for brands. This allows for, in addition to fundamental value, enough flexibility to interact with the market, always respecting the cultural identities of the different stakeholders. Nevertheless, there have been few studies on the general process of value co-creation in brand communities, either offline or online. Among the studies centered on the online context, one developed by Schau, Muñiz, and Arnould (2009) stands out. They proposed twelve practices of value-creation that are common to most brand communities, which are classified into four topics: social networking, community engagement, brand use and

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[1] Linking value will be affected by affective value and cultural value, which will also be provided by communities of consumers (Cova & White, 2010).

impression management. Furthermore, they have pointed out that the end results of these practices are acquiring knowledge, awarding cultural capital to the participants, creating a place to exchange information, producing consumption opportunities and, finally, creating value.

Zwass (2010) has noted that virtual brand communities co-create value differently, for example: users, instead of the brands, are in charge of creating content; they also create spaces where leaders and users can interact. He also highlighted these communities' role in creating commitment between members and the brand, which in turn could lead to collaborating on the development of new products for the brand.

Finally, Porter and Donthu (2008) noted that, to create a true source of value in virtual communities, companies, in addition to incentivizing interaction between members, must offer high quality content and encourage member engagement. Another key element to creating value is encouraging users to interact positively and proactively in the community. To achieve this, companies can use tutorials, advance access to new products or services, or exclusive programs and applications (Noble, Noble, & Adjei, 2012).

11.2   Implications of Value Creation in Virtual Brand Communities for Companies

11.2.1   Benefits of Virtual Brand Communities for Companies

The benefits that an organization can obtain from integration into a virtual brand community are various (McAlexander et al., 2002). Moreover, they depend on the company's unique characteristics and the priority that the activity is awarded within the community (Spaulding, 2010). Generally, according to multiple authors (e.g., Flavián & Guinalíu, 2004, 2005; Noble et al., 2012; Porter, 2004; Tsai & Pai, 2012), the use of virtual communities can create the following benefits for businesses:

Facilitating creation of a brand and its development. Online communities are useful to companies for communicating with customers as well as the general population (Flavián & Guinalíu, 2004). In fact, brand communities can support the building of brands and incentivize those responsible for the brand to endorse the communities as a medium for creating and sharing the brand's meaning (Algesheimer, Dholakia, & Herrmann, 2005; Ewing, Wagstaff, & Powell, 2013; Leigh, Peters, & Shelton, 2006). These communities strengthen brand recognition and customer loyalty and can improve the perception of the products' quality (e.g., Andersen, 2005; Kardaras, Karakostas, & Papathanassiou, 2003; McWilliam, 2000; Wang, Yu, & Fesenmaier, 2002; Wiertz & De Ruyter, 2007).

Allowing companies to implement relationship-marketing strategies and increase their customer loyalty. Currently, online brand communities represent a

marketing tool effective at building and developing brand-consumer relationships (Muñiz & O'Guinn, 2001; Sung, Kim, Kwon, & Moon, 2010). They make it possible to establish strong and lasting affective bonds between consumers and companies (Andersen, 2005; Barnatt, 1998; Hagel III & Armstrong, 1997; Laroche, Habibi, Richard, & Sankaranarayanan, 2012; Srinivasan, Anderson, & Ponnavolu, 2002; Tsai & Pai, 2012), as they represent a meeting point for the organization's customers (Flavián & Guinalíu, 2005). Virtual communities are effective, allowing geographically disperse people who share common interests to gather on a platform that favors exchanging ideas about multiple products or brands (Berger & Messerschmidt, 2009). Therefore, the strong bonds that are created between community members, as well as between community members and the company, establish a fertile ground for the eventual success of relationship marketing strategies (Flavián & Guinalíu, 2004; Kim & Jung, 2007; Muñiz & Schau, 2011).

These communities allow organizations to achieve greater control and contact with their customers (Kozinets, 2002). This allows for increased security, satisfaction, trust, consumer engagement with the brand (Flavián & Guinalíu, 2005; Tsai & Pai, 2012), and, in the end, customer loyalty (Andersen, 2005; Bughin & Zeisser, 2001; Farquhar & Rowley, 2006; Flavián & Guinalíu, 2005; Hagel III & Armstrong, 1997; Jang, Olfman, Ko, Koh, & Kim, 2008; Kim, Lee, & Hiemstra, 2004; Koh & Kim, 2004; Marzocchi, Morandin, & Bergami, 2013; McAlexander et al., 2002; Muñiz & O'Guinn, 2001; Porter, 2004; Rood & Bruckman, 2009).

Furthermore, the customer conversion rate of virtual brand communities was much greater than that of other commercial options like web portals or content providers (Lu, Zhao, & Wang, 2010). Some loyal customers will even invest in the brand with long-term action, given that, because of feeling emotionally integrated in the community, they are betting on its success and well being (McAlexander et al., 2002).

Improving market segmentation. Virtual brand communities provide benefits related to appropriate market segmentation, given that they are directed to very specific audiences (e.g., Flavián & Guinalíu, 2005; Porter, 2004).

Providing an additional source of information and a communication channel. Online communities have grown to be important sources of information that help organizations make strategic decisions (Flavián & Guinalíu, 2005), and to better understand their consumers' opinions (Wiertz & De Ruyter, 2007). Also, they serve as efficacious channels of communication for exchanging valuable information between participants (Laroche et al., 2012) through the use of various tools simultaneously (McWilliam, 2000).

Virtual communities can serve as sources for access to and acquisition of knowledge (Kim, Song & Jones, 2011). This knowledge is a highly valuable resource to companies trying to capture competitive advantages, given that they constitute intangible aspects that are difficult for competitors to imitate (Chiu, Hsu, & Wang, 2006; Hau & Kim, 2011; Jeppesen & Frederiksen, 2006). Moreover, these tools make exchanging information between geographically disperse parties possible (Tickle, Adebanjo, & Michaelides, 2011), and they help increase organizations' speed at synthesizing and filtering information (Kane, Fichman, Gallaugher, &

Glaser, 2009). Additionally, they allow for quick responses to queries or requests for information (Tsai & Pai, 2012). It has been proven that members who are involved in the community feel motivated to provide information to companies (McAlexander et al., 2002). The information provides brands with an interesting viewpoint of the consumers that use their products and their expectations, impressions and feelings about their experiences with the brand (Rood & Bruckman, 2009; Spaulding, 2010; Tsai & Pai, 2012).

On the other hand, the advance of these platforms has made it possible to improve the activities between professionals, through, for example, making it easier to develop dialogues across various levels of conventional distribution channels (Andersen, 2005).

Reducing marketing costs. Increased communication between community members and the community, as well as increasing the community's potential to promote new products, could eliminate the need for massive marketing campaigns (Algesheimer et al., 2005; Flavián & Guinalíu, 2004; Wang, Ting, & Wu, 2012).

Therefore, the WOM communication that transpires between members of a community could be so effective as to become an essential source of information about the company's products (Wang et al., 2002). Even members resolving other members' problems could lead to lower customer service costs in terms of, for example, employees or time (Noble et al., 2012; Rood & Bruckman, 2009; Tsai & Pai, 2012; Wiertz & De Ruyter, 2007).

Finally, the existence of communities could facilitate the realization of market research (Kozinets, 2002; Porter & Donthu, 2008), given that they allow the evaluation of eventual strategy changes by allowing companies to consult community members. Also, they facilitate the extraction of valuable information about the quality of products, the use of websites or the ease of use and the search for the application (Harris & Rae, 2009).

Creating a direct source of income. This could be achieved by allowing the insertion of ads by other companies about their products, as long as the community members give their blessing (Flavián & Guinalíu, 2005; Rothaermel & Sugiyama, 2001). In fact, many virtual communities allow for sponsored ads (Dholakia et al., 2004). Another way of generating income would be charging members for the use of specific services (Wang et al., 2002). However, we think that companies' interest in online brand communities, in particular when they are sponsored by brands, lies in improving and developing their brand and their products. Therefore, we believe that that the long-term plan of offering free membership to the community with the hopes of profiting off of members in the future, through their collaboration with the brand, as will be discussed in the following point, is preferable.

Facilitating the development and launch of new products. Virtual communities serve as sources of information relevant to decision-making strategies (Flavián & Guinalíu, 2005; Kozinets, Hemetsberger, & Schau, 2008). Therefore, there are more and more companies employing these tools to take advantage of the wealth of consumer ideas, applying them to the development of new products and the satisfaction their own needs (Nambisan & Baron, 2009; Nishikawa, Schreier, & Ogawa, 2013; Rood & Bruckman, 2009; Wu & Fang, 2010). Thus, the community

can be a place where new product ideas or thoughts on how to modify existing products are conceived (Hau & Kim, 2011). This makes communities into hot spots for the innovation of products (Füller, Jawecki, & Mühlbacher, 2007; Jeppesen & Molin, 2003; Sasinovskaya & Anderson, 2011; Tsai & Pai, 2012). This is closely related to the phenomenon known as open innovation, meaning, identifying and incorporating new ideas about the innovation of products and processes beyond the limits of the company (Chesbrough, 2006; Hau & Kim, 2011). Gruner, Homburg, and Lukas (2014) have recommended the technique of promoting open platforms, for cases in which companies wish to come up with completely innovative products. On the other hand, if the company wishes to make new products with incremental innovations, it would be more productive to use more restrictive communities.

Additionally, the community can function as a place where beta testing of the products in the early stages of development can occur (Flavián & Guinalíu, 2004); it has been shown that user involvement in the first phases of this process can help avoid product failures and can provide new solutions, save time and money for companies (Sasinovskaya & Anderson, 2011).

Increasing sales. Company participation in virtual communities can lead to increased sales (Brown, Tilton, & Woodside, 2002; Noble et al., 2012; Porter & Donthu, 2008); in fact, communities are considered channels for additional sales (Andersen, 2005). Furthermore, organizations can use conversations that occur within the community as opportunities to recommend new products or services to the other community members (Berger & Messerschmidt, 2009; Rood & Bruckman, 2009).

Additionally, due to the community members' hand in the development and launch of new products, it is possible that they will more quickly accept the company's new products (Flavián & Guinalíu, 2004). Consequently, this makes customers less likely to switch brands, even when similar offers are available. Moreover, they might also be more tolerant of quality problems with products and services (McAlexander et al., 2002). This was demonstrated in a study carried out by Nishikawa et al. (2013), who showed that products created through the incorporation of user ideas, made more profits from real sales than those designed by the company itself.

Increasing the costs associated with changing providers for consumers and creating barriers to entry of the market for new competitors. The advantages provided by virtual communities to their members tend to be so important that it is difficult to find substitutes for them (Kardaras et al., 2003). For example, McAlexander et al. (2002) observed that the efforts brands made in communities significantly elevated the rate of return customers among members, even when competitors were offering better deals.

Facilitating positive WOM. Members involved in virtual communities act as evangelists for the brand, distributing its marketing messages to other communities and other consumers (Bickart & Schindler, 2001; McAlexander et al., 2002; Porter & Donthu, 2008). It has been shown that users who are part of brand communities come to be more able, competent and productive in the creation of advertising

content for a specific brand, and in their later distribution of said content to other users (Muñiz & Schau, 2011).

Encouraging recruitment of new customers. Users who meet up in a specific community will have more possibilities, due the bonds created, of becoming new customers for the brand. Therefore, communities can be strong platforms for identifying new segments of customers (Sasinovskaya & Anderson, 2011); moreover, users can be influenced by product ads and by the positive influence that other consumers can have on them. It is also important to keep in mind that a user who is part of an online brand community will usually have a positive attitude about the brand or the product (Flavián & Guinalíu, 2004). Finally, members of the virtual community can function as marketers for the organizations, recruiting new potential customers that do not belong to the community.

Improving product sales supports and providing services. Some organizations are using virtual brand communities as tools for actions directly or indirectly related to sales activities (Andersen, 2005; Porter, 2004; Walden, 2000).

To achieve all or at least a good portion of the benefits presented above, companies need to understand how users evaluate virtual communities, how they behave in them and how loyal they are to the communities (Kim & Jung, 2007). Furthermore, to get community members to collaborate, and, therefore, build and maintain a successful community, it is not only necessary to have motivated users; they must also be firmly engaged with the company (Rossi, 2011). Therefore, organizations should develop strategies that succeed at attracting consumers to the co-creation of knowledge and the collaborative processes of innovation. For example, to incentivize these types of behaviors, companies in brand communities can do, among other things, the following (Muñiz & Schau, 2011): create a site where users can find one another and share their opinions and ideas; incentivize consumer collaboration in creating brand meaning; provide systems and tools that make it possible to collaborate and personalize the brand in order to meet the users' needs; and promote norms and the possibility of undertaking actions to spread information and content.

Moreover, it would be helpful if brands made their consumers understand that they consider them to be partners; doing this will help improve and maintain relationships with those that show interest and affect for brands (Sung et al., 2010). For example, it has been proven that communities are effective platforms of co-creation when companies seek to aggregate the knowledge of various individuals and establish intrinsic rewards for doing so (Zwass, 2010).

Additionally, it is important to notice that the benefits reaped by companies with virtual communities vary in function of the unique characteristics of each community. Scarpi (2010) concluded that the size of a community is acts as a moderator on the casual relationships between identification with the brand community, the affect for the brand, loyalty to the community, loyalty to the brand and passion for the brand and the community. Therefore, functionality differs greatly between small and large communities; members of smaller communities tend to show more loyalty to the community, due to a greater sense of identification with it. Moreover, in small communities, brand fidelity will ultimately be determined by the type of loyalty the consumer has for the community. In larger communities,

however, affect for the brand will determine loyalty for the community. Finally, participants in small communities tend to have greater incentives to frequently participate in WOM. In any case, as Lee, Lee, Taylor, and Lee (2011) points out, companies should also be aware that larger communities do not always equal better performance and increased utility for brands; some communities have huge numbers of members that visit and post very infrequently. Therefore, the important thing is knowing how to maintain active relationships with members.

The above notwithstanding, there are still many companies that remain unaware of the benefits that virtual brand communities could provide them. This slows down the rate at which communities are being integrated into brand strategies for value-co-creation (Cova & Pace, 2006; Cova & White, 2010; Porter & Donthu, 2008; Woisetschläger, Hartleb, & Blut 2008).

11.2.2 Potential Problems and Threats of Virtual Brand Communities for Companies

Despite their benefits, company participation in online brand communities can pose a number of potential problems and threats. From all the limitations that can appear, rejection of the brand's marketing efforts by the community members in the form of rumors or negatives comments is the one most often repeated across the literature. Muñiz and O'Guinn (2001) have noted that trying to control rumors can be a huge inconvenience for organizations that operate in virtual brand communities. Furthermore, negative comments in the community could seriously damage the brand's image (Noble et al., 2012; Shang et al., 2006), and its reputation (Kim & Ko, 2011). In this scenario, however, companies have to act with prudence, given that imposition of normative pressure on dissidents could have negative consequences on the consumers' intention to buy (Algesheimer et al., 2005; Tsai, Huang, & Chiu, 2012).

Noble et al. (2012) proposed a guideline of conduct that organizations should follow when managing negative comments left by members of a brand community. They believe that the company's responses need to vary depending on if the comments are about the main product or complementary features, or if the complaints are realistic or not. Furthermore, and in function of these two conditions, in some cases the brand not intervening could have different effects on sales. The following are advisable practices:

- Negative opinions about the product. These opinions are the more critical ones, so the company should try to control them to impede negative effects on their sales and the ensuing loss of potential customers. These complaints can be:

  - True/real: it is recommendable to undertake some type of promotional action to explain the advantages of the product. For example, companies could push the development of products and include ads directed at the group. Moreover, this communication can increase user satisfaction when applied together with discounts and other incentives.

  – Untrue/lies: it is advisable to delegitimize these comments with strong public responses or through private communications. Hopefully, other members of the community will also intervene on behalf of the brand.

• Negative comments about the product's complementary features. These complaints can frequently be publicly ignored as company intervention in these cases could be received defensively by the community. This type of complaint can be divided into two categories:

  – True/real: it is convenient to use a passive strategy. In other words, no acting immediately but controlling posts about the topic, with the goal of having other participants ignoring the problem.
  – Not true/lies: a correction tactic is recommended. In other words, moderators can lightly clarify or correct the forum, as long as another community member has not already done so. The comment should not be prohibited or eliminated.

Additionally, a brand participating in a virtual community could provide an opportunity for its competitors to spy on its tactics and strategies. Moreover, the competitors could infiltrate the community and act as saboteurs, altering the values and interests of the community (Muñiz & O'Guinn, 2001).

Another potential inconvenience could reside in the incompatibility of the company's and the members of the community's goals. Thus, some members of the community might want to maintain a small group composed of few members, which would be in conflict with recruiting and retention of new consumers for the brand (Cova & Pace, 2006).

Furthermore, there is a chance that communities of consumers could develop a brand as a collective project without expectations of financial competition, which could directly or indirectly compete with the corporate brands already present in the market. This is what Cova and White (2010) have dubbed as an alter-brand community.

An extreme example of what can happen when the negative effects a community produces get out of hand would be anti-brand communities, discussed in the previous chapter; these are built around shared gripes about specific brands or corporate brands (Hollenbeck & Zinkhan, 2006). As earlier noted, anti-brand communities or websites are places online where users share their negative perception about a specific brand (Bailey, 2004; Harrison-Walker, 2001a; Krishnamurthy & Kucuk, 2009). Therefore, this type of community can be used as an "anti-brand movement" (Holt, 2002), or in other words, a place to denounce the brand's activities, exchanging information about it, organizing boycotts, or even coordinating demands (Krishnamurthy & Kucuk, 2009). They could also be used to create brands that compete with those that the community opposes (Cova & White, 2010).

In Table 11.2 the main potential drawbacks posed by virtual brand communities to companies are summarized.

Table 11.2 Summary of the main potential drawbacks of virtual brand communities for firms

Drawbacks	Related studies (in alphabetic order)
Damage to the brand's image or reputation through rumors	Kim and Ko (2011), Muñiz and O'Guinn (2001), Noble et al. (2012), Shang et al. (2006)
Vulnerability to spying from competitors	Muñiz and O'Guinn (2001)
Incompatibility between the company's and the consumers' goals	Cova and Pace (2006)
Conflicts within the community itself	Cova and Pace (2006), Cova and White (2010)
Emergence of virtual anti-brand communities	Bailey (2004), Cova and White (2010), Harrison-Walker (2001a), Krishnamurthy and Kucuk (2009)

Source: Own elaboration

In short, companies should try to promote their brands through the management of virtual communities, trying to exploit and expand their potential benefits but also dealing with the accompanying inconveniences and limitations that are also associated with the communities.

11.3   Consumers' Role in Virtual Brand Communities: Prosumer and Value Co-creation

11.3.1   Introduction

The co-creation of products and experiences between companies, consumers, providers and other interested parties has now become one of the fundamental pillars of marketing (Kotler, Kartajaya, & Setiawan, 2010). The consumption of information in the new digital era is intrinsically linked to production (Kozinets et al., 2008); this facet underlies the process of value creation on the Social Web, where consumer participation in the development of brands is always increasing.

In this context, the communication system between the consumer and the company has become horizontal; in other words, consumers are no longer merely passive objects, but active participants that co-create their own products and experiences and are grouped into unique communities (Kotler et al., 2010). They have, therefore, come to play an active role in the process of consumption and value creation (Pongsakornrungsilp & Schroeder, 2011). Customers have come to be true partners of organizations; many are clearly involved in the processes of value co-creation, providing experiences, feelings and abilities (Cova & White, 2010; Prahalad & Ramaswamy, 2004; Rossi, 2011). They also partake in the co-creation of competitive strategies and processes of innovation (Laroche et al., 2012; Schau et al., 2009). This phenomenon, where people participate not only as simple consumers, but also as producers, has come to be called "prosumption," and the participating individuals are known as "prosumers" (Lenderman & Sánchez, 2008;

Seraj, 2012). Normally, a prosumer is an individual that has sufficient knowledge and ability to use relevant tools on a professional level in the co-creation of content (Lenderman & Sánchez, 2008). A prosumer can also be understood as a consumer that is capable of producing products for his own consumption (Pongsakornrungsilp & Schroeder, 2011).

The transfer of power, traditionally held by venders, to consumers also affects the brand's meaning (Cova & Pace, 2006); a brand's meaning can now be created and modified in an ascending fashion, in other words, from the bottom up (Fisher & Smith, 2011). Thus, authors like O'Guinn and Muñiz (2009) have suggested that companies no longer control their own brand. Accordingly, customers are the ones that collaborate with the organization to completely co-create marketing programs (Schau et al., 2009). Therefore, the consumers themselves are actively participating in the process of creating brands (Muñiz & O'Guinn, 2001; Wu & Fang, 2010). This is the case for virtual brand communities.

11.3.2   Value Co-creation in Virtual Brand Communities

11.3.2.1   Introduction

The social web has made the expansion known as prosumption possible by providing several tools (Ritzer & Jurgenson, 2010; Seraj, 2012):

- Wikis: contain articles written by the users on multiple topics.
- Social networks: visual and text information is co-created and shared by the users.
- 3D games: users can create their own avatars.
- Communities: members interact to create content and applications.
- Blogs or microblogs: ideas and opinions are posted that are prosumed both by their authors and by followers.
- Video uploading platforms: video content co-created and provided by different users.

Real examples of this process of co-creation can be seen in open-code programs like Nike's, which allows consumers to create their own designs for basketball shoes (Füller et al., 2007; Seraj, 2012).

Social media all share three common components essential for co-creation: networks, relationships and interactions between brands and consumers (Singh & Sonnenburg, 2012; Vargo & Lusch, 2004). Thus, the user-to-user interaction facilitated by this type of system can afford opportunities to both companies and consumers (Sicilia & Palazón, 2008). Moreover, most of the time, these opportunities are as important as offline experiences related to the product, given that they can provide the motivation to continue participating with the company (Nambisan & Baron, 2007). Accordingly, virtual brand communities are favorable environments for individuals to co-construct their own experiences (Schau et al., 2009; Wu

& Fang, 2010). Moreover, they are ideal spaces for members to find information, actively debate ideas, provide possible solutions and contribute their opinions (Füller et al., 2007; Johnson, Massiah, & Allan, 2013; Sicilia & Palazón, 2008).

Virtual communities created based on an idea, product or entertainment tend to attract innovation-oriented consumers (Marchi, Giachetti, & De Gennaro, 2011). These are the users that are likely to participate in community activities and make important contributions with their comments (Füller et al., 2007). Moreover, they are the users that are most involved in the creative processes (Ind & Coates, 2013). In fact, the simultaneous production and consumption of content by innovators affords the community an environment of co-creation between their participants, which, additionally, incentivizes the collective consumption of the content created by the user. This will be the case as long as the co-created content has the correct structure, meets expectations of quality and is impartial and trustworthy. The process of community members leaving comments also constitutes an important part of a virtual community (Seraj, 2012), as it makes users into vital sources of innovation (Hau & Kim, 2011). Companies can also use comments as elements in their marketing campaigns (Muñiz & Schau, 2011). Even so, their creation and repetition will depend on the type of network into which the community is integrated. Therefore, Smith, Fischer, and Yongjian (2012) have noted that brand-related user-created content occurs more frequently in social networks such as Facebook as compared with other platforms like YouTube or Twitter.

11.3.2.2   Creative Profiles in Communities

Many authors have tried to describe the behavior of consumers in the specific context of virtual brand communities. This is the case of Kim (2000), who arrived at the conclusion that member participation in a community occurs progressively by means of a process known as the "Membership Life Cycle." In this theory, community members can be classified as:

- Visitors: people that visit the community without having a continued identity within it.
- Novices: new members that need to be introduced in the group and are yet to learn about the community's functionality. They therefore invest time and effort into becoming a regular user.
- Regulars: users already introduced to the community and that, therefore, regularly participate in it.
- Leaders: members that act as volunteers and offer personal support in the maintenance of interactions between community members.
- Elders: consumers that have been habitually participating in the community for a long time. They are also considered leaders if they share and transmit their knowledge.

Consumers not only provide knowledge; they are also responsible for the creation and development of new products (Wu & Fang, 2010). Many authors

have recognized the collective creativity of consumers in virtual communities is distinct from individual creativity, as it can result in new interpretations and discoveries that a single individual could not have reached on his or her own (Faraj, Jarvenpaa, & Majchrzak, 2011; Hargadon & Bechky, 2006; Jarvenpaa & Lang, 2011; Kozinets et al., 2008). Furthermore, in these dynamic settings, collective creativity is fostered through WOM and other community members' comments (Kozinets et al., 2008).

Creative individuals tend to operate independently of the company in the context of virtual brand communities (Berthon et al., 2007). Habitually, they are users that enjoy an above average amount of knowledge about the product and that participate in conversations about it, contributing to both resolving problems and to generating new product ideas (Füller, Matzler, & Hoppe, 2008; Lüthje, 2004; Wu & Fang, 2010); these are highly qualified individuals, capable of creating their own high-quality products (Füller et al., 2007).

Furthermore, innovative members are those that facilitate the spread of new products among other community members; they propose apt technical solutions for moving forward and they help, therefore, the collective to interpret the innovation (Marchi et al., 2011; Sawhney & Prandelli, 2000). Specifically, in virtual brand communities, an innovative user is one who supports the innovation of products and provides ideas in function of the identity of the specific brand, which is fundamental if the ideas are to be accepted by the rest of the members (Marchi et al., 2011; Muñiz & O'Guinn, 2001). Therefore, he or she is an individual who is willing to pay a higher price for products on which he or she has collaborated (Franke & Piller, 2004).

Kozinets et al. (2008) studied the collective creativity of virtual communities, focusing on two dimensions: the community's orientation towards collective innovation and how focused the group's innovative contributions are. Focusing on the second dimension, they distinguished between the following types of communities:

- Communities in which small collections of individual contributions are produced naturally or as a result of the natural order of the community's cultural practices are called "swarms." Therefore, they are the type of community most associated with the characteristics of the Social Web, as its consumers are individually involved in the publication of comments or in aggregating information already created by other users. Thus, although the added value of most individual consumer contributions can be low, their aggregated value is very high. Additionally, one could say that applicable and complex solutions occur to a large number of individuals, whose knowledge base differs based on what they have learned while seeking to complete their own goals.
- "Mobs" are communities characterized by having a high concentration of innovative contributions, whose contributions are created for fun and to maintain the community's lifestyle. Therefore, mobs appear around the contributions of specialists that discuss the topics or interests specific to the group; they act as expert sources and create content for consumption by the group through

feedback. Mobs exist in communities with a high concentration of innovative contributions and, therefore, an individualistic orientation.

• "Hives" are communities in which some members contribute greatly to developing innovations in order to launch a particular project or to respond to a specific problem. Self-organization, diligence and the intent to create high-quality products are all very important to this type of community. Their members tend to be very passionate about their work and curious, with an above-average desire to acquire experience and be recognized for it.

• Finally, communities known as "crowds" are characterized by large groups that gather specifically to plan, manage or deal with a specific and well-defined problem or project. They are structures that are organized, concentrated and have a clear goal. The completion of their project or resolution of their problem usually leads to the dissolution of the group.

11.3.2.3   Community Members' Motivations to Co-create

Another important topic is the users' disposition to collaborating in virtual brand communities, and, therefore, on value co-creation for the brand through sharing knowledge and innovation. Gyrd-Jones and Kornum (2013) have suggested that it is of fundamental importance to be familiar with consumers' motivations and preferences in order to involve them in this process. According to Kozinets (1999), the benefits that motivate users to participate in this type of community can be naturally very diverse. In addition to the classic economic benefits, members expect to find personal and social benefits, which will require engagement and interaction with the rest of the community members (Marchi et al., 2011). Reasons for participating in the processes of co-creation are various: seeking legitimacy, self-promotion, recognition from other participants, seeking status, needing social support, having gratifying experiences, feeling pleasure, changing perceptions or needing to maintain a conversation with similar-thinking individuals (Cova & White, 2010; Macaulay et al., 2007; Marchi et al., 2011). Zwass (2010) has added other motivations for co-creation: the altruistic desire to contribute; passion for the specific task; freedom of expression; community norms; competitive spirit; the desire to learn; or self-efficacy. Finally, the exchange of innovative knowledge represents an efficacious means of increasing and strengthening relationships with other community members (Füller et al., 2007; Hau & Kim, 2011).

Nambisan and Baron (2009) believe that users come to participate in the activities and interactions of virtual communities because of the benefits that they can reap from doing so. More specifically, they point to the following benefits as being essential for guaranteeing future customer interaction in the creation of products:

• *Cognitive or learning benefits*: are related to an increased understanding of and greater knowledge about products, their characteristics and the ways in which they are used. Communities collectively create knowledge about products and

their use, which is then perpetually shared through the continual interaction of their members.

- *Social integrative benefits*: refer to the social and relational bonds that are built between participants of brand communities with the passing of time.
- *Personal integrative benefits*: are based in improvements to one's reputation or status and the achievement self-efficacy. Virtual communities are places where demonstrating one's knowledge and abilities to solve problems can result in that increased status and a better reputation both for individuals and for the brand itself.
- *Hedonic benefits*: consist of creating a source of interest that is agreeable, pleasant and that offers experiences that stimulate the mind through interaction with the community.

Therefore, various authors have noted that repeat user participation will be influenced by how involved the customers are with the product, how much they identify with the rest of the community members and the positive or negative feelings that they derive from their interactions with the community.

Finally, we present a brief note about the Franke and Von Hippel's (2003) research into the possible effect of heterogeneity of community members' needs on their innovating activities. They found that community members who are given the possibility to make their own modifications to products are significantly more satisfied than those who do not partake in any type of innovative activity. Therefore, they confirmed that greater user ability corresponds to greater satisfaction by innovation around the product.