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Branding co-creation with members of online brand communities

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ABSTRACT

This article looks at the co-creation of value in the branding process with members of online communities. Three online communities in Iran are analyzed through 45 interviews with members along with three interviews with top managers of the three brands of these communities. A content analysis shows a clear process in that the social interactions of customers in online brand communities with their favorite brands help develop relationship quality and increase customer brand loyalty. The findings suggest that firms may develop their branding strategies using social media and online brand communities through relationship marketing by using an online co-creation strategy. The findings also serve to inform practitioners of the impact of social media on branding and how they can best facilitate these brand relationships.

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1. Introduction

Social media provide new ways to communicate with customers (Nambisan & Baron, 2007), facilitating the co-creation of value (Zwass, 2010). Since customers can form virtual brand communities these have impacts on brand perceptions (McAlexander, Schouten, & Koenig, 2002). Social media platforms facilitate and strengthen the dynamic inter-actions within online communities, making it possible for customers to share brand stories with others. Also, social media platforms and other online communities are important spaces for interacting with customers, as they contribute jointly to the co-creation process (Zwass, 2010). Successful management of co-creation maximizes the lifetime value of desirable customer segments (Payne & Frow, 2005) and strengthens the relationships between customers and brands. Beyond creating value for customers (Hadaya & Cassivi, 2012), co-created value helps firms improve the process of identifying customers' needs and wants (Vargo & Lusch, 2004).

Previous research on online communities demonstrated that engagement in brand communities produces value beyond the scope envisioned by the brand itself (Schau, Muñiz, & Arnould, 2009). Brands should build connections with users as they foster a sense of belonging through the engagement process (Yan, 2011). However, while the existing branding literature is abundant, there is little research on understanding branding co-creation in the context of social media-facilitated commerce. This is the motivation behind this study.

Evidence suggests that the effectiveness of online communities as a marketing tool is worth exploration for branding co-creation (Christian, Mainelli, & Pay, 2014; Correia, Medina, Romo, & Contreras-Espinosa, 2014; Kim, Choi, Qualls, & Han, 2008; Yan, 2011). Brand communities facilitate the social interactions of users and are useful marketing tools for firms. Research concerning co-creation of value with customers for branding is needed, and this article aims to close the gap between brand communities, social media and networking. It draws on relation-ship quality and loyalty, social media marketing, and co-creation of value used to inspire users to engage with their favorite brands through online brand communities.

Thus, the primary objective is to investigate whether social media applications facilitate the development of relationship quality, and if yes, how relationship quality influences intentions to buy a product and increase loyalty. Second, this article explores how such a process operates in the consumer markets of a developing country like Iran. This objective is important since scant research exists on emerging countries' adoption and use of Internet technology. While technology adoption facilitates growth in underdeveloped countries (Ebrahimian, 2003), the perception is that some countries are closed and rigid

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regarding social media practices. Therefore, it is important to explore whether customers in these countries follow brands online and if they participate in social media communities.

This article first reviews the literature on branding with customers from social media, relationship marketing, and loyalty to develop the research propositions. Next is a discussion of the methodology and the collection of data from three online brand communities in Iran. Finally, it discusses the findings and their theoretical and managerial implications. It concludes by proposing research avenues.

2. Literature review

2.1. Branding with customer using social media

Early research suggested that online communities play a vital role in enhancing and building brand loyalty, improving market penetration, generating positive word of mouth, and creating interest in products (Armstrong & Hagel, 1996). Today, these goals are more important given the role that social media play in facilitating interactions among users and brands (Park, Lee, & Han, 2007). Also, mobile and web-based technologies create interactive platforms for individuals and communities to share, co-create, discuss, and modify user-generated content (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011). Such platforms are catalysts for branding co-creation, the process of branding with customers in an online environment, as opposed to pairing two or more branded products (constituent brands) to form a separate and unique product (composite brand) (Park, Jun, & Shocker, 1996). These create new opportunities for businesses to develop their brand identities. Customers share their experiences on these platforms, and create shared meanings for brands (Muniz & O'Guinn, 2000). This connectivity nurtures members to receive favorable information (Brown & Reingen, 1987) about products from reliable sources within their network, resulting in distinctive brand experiences. Social media platform use is changing the online branding process due to faster information sharing (Chordes, 2009).

Involvement and participation in online communities on social media platforms is an essential part of branding co-creation, due to the rich source of diversity and knowledge these activities embody. Due to the participatory culture, branding shifted from a firm-based activity providing products to customers with little feedback to branding as a collaborative, value co-creation activity in which firms and their stakeholders participate (Merz, He, & Vargo, 2009). In turn, co-creation is a process of engaging customers in creating value (Prahalad & Ramaswamy, 2004) as customers are transformed from passive customers to active players (Vargo & Lusch, 2004). Co-creation of value reflects a participatory culture where people seek the opportunity to contribute to their world's and the firm's search for customer insights on brands (Ind, Iglesias, & Schultz, 2013). For instance, Parmentier (2015) has shown that a business can innovate with users by developing co-creation activities within a brand community, generating valuable innovations by bringing together lead, creative, and other users to generate ideas and new functions, uses, and contents pertaining to innovation.

Researchers suggested various ways of managing the process of value co-creation. Payne, Storbacka, Frow, and Knox (2009) proposed a model consisting of four components: customers' value-creation process, suppliers' value-creation process, encounters where interactions are creating these experiences, and impacts of additional sources of brand knowledge. Singh and Sonnenburg (2012) suggested using improvisational theatre to show that in social media brand owners do not tell brand stories alone, but co-create brand performances in collaboration with others. France, Merrilees, and Miller (2015) developed a model with brand engagement, self-congruity and involvement as antecedents to brand co-creation which, in turn, affects brand value and knowledge. They identify the moderating effects of brand interactivity and brand communities on the co-creation of a brand identity.

In a brand community, once online customers' intent to co-brand, they provide details of their shopping experiences and information on their favorite brands, and encourage others to purchase (Gensler, Volckner, Liu-Thompkins, & Wiertz, 2013). Such involvement brings significant benefits, as any positive impact on branding increases the differentiation among competitors, strengthens trust, decreases search costs, minimizes perceived risks, and serves as high quality signal from customers' viewpoints (Hosany, Ekinci, & Uysal, 2006; Kim, Kim, Kim, Kim, & Kang, 2008). These effects are prominent in social commerce, i.e. the evolution of e-commerce activities on social media platforms (Liang, Ho, Li, & Turban, 2011). Branding with customers using social media platforms is possible with online community participation leading to relationship marketing.

2.2. Relationship marketing

Relationship marketing aims to identify, establish, maintain, enhance and, when necessary, terminate relationships with customers and other stakeholders. In an e-commerce context, it aims to maintain and increase firm profitability, while meeting the objectives of all parties by a mutual exchange and fulfilment of promises (Grönroos, 1994). This article focuses on broad ranges of business-to-customer interactions to improve branding co-creation. Relationship marketing increases customers' commitment to the organization by offering better value on a continuous basis at a reduced cost (Sheth & Parvatiyar, 2002). This process is achieved through co-creation of value, as it requires managing across and within customer and supplier value creation processes (Payne, Storbacka, & Frow, 2008).

In relationship marketing, the central theme is the quality of the relationship which is the intensity and tightness of a relationship, both of which play a pivotal role in influencing customer loyalty (Palmatier, Dant, Grewal, & Evans, 2006; Yadav, de Valck, Hennig-Thurau, Hoffman, & Spann, 2013). Trust, commitment and long-term orientation emerged as building blocks in relationship marketing theory (Sheth & Parvatiyar, 2002). Morgan and Hunt (1994) elaborated on the roles of commitment and trust to posit the effects of network and cooperation with customers. Also, Crosby, Evans, and Cowles (1990) identified satisfaction as one of the components of relationship quality. Casaló, Flavián, and Guinalíu (2010) studied satisfaction as an antecedent and consequence of relationship quality. From a management perspective, past literature reports that relationship quality is one major factor affecting customers' decisions to maintain, build, or withdraw from a relationship (Cheng & Myagmarsuren, 2011). Thus, maintaining a quality relationship with customers has a positive impact on profits.

Consistent with previous studies (Morgan & Hunt, 1994; Sheth & Parvatiyar, 2002), this article focuses on the theme of relationship marketing by examining the dimensions of trust, commitment and satisfaction (Palmatier et al., 2006) and their relationship to loyalty, branding activities and the co-creation of value. Invariably, the trust dimension is viewed as an essential factor for successful relationships (Noor, 2012). It is the confidence index of being willing to depend on a trading partner (Morgan & Hunt, 1994). In relationship marketing, trust is the basis of interpersonal and commercial relationships (Guenzi & Pelloni, 2004). Social media platforms empowered more participation from customers and increased their level of trust in new products introduced by firms. Trust is a catalytic factor in the online environment of business relationships and is related to a customer's perception of and willingness to participate in and establish relationships with suppliers online (Gefen, Karahanana, & Straub, 2003; Gefen & Straub, 2000). Similarly, in customer relationships the higher the trust, the higher the willingness to consider a brand extension to a similar category (Wu & Yen, 2007). Trust is an important element in most economic and social transactions (Pavlou, 2003). When there is no trust, customers stay away (Reichheld & Schefter, 2000). We expect trust to be a key element of overall relationship quality.

The commitment aspect of relationship quality is also key to building a successful and productive long-term relationship (Hsu, Liu, & Lee,