Pascal's Wager: The Real or Promised Benefits of Brand-Sponsored Brand Communities

Caroline M Ford, University of Arkansas at Little Rock

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Pascal’s Wager: The Promised or Delivered Benefits of Brand-Sponsored Virtual Communities

Pamela S. Ellen, Georgia State University
Caroline M. Ford, Georgia State University, EDB Class of 2012
Robert W. Heller, Georgia State University, EDB Class of 2012
Michael S. Jordan, Georgia State University, EDB Class of 2012
Presentation Agenda

- Consumer shift
- Prior Work
- Firm Challenges
- Research Area of Interest
- Research Conclusions
Today’s Marketers Acknowledging Social Media a Viable Marketing Channel

- Consumers spending more time on social networking sites than search or any other sites
- 750 MM FB since ‘04
- Big global brands have millions of followers on fb pages
- Low/no cost appeals
- Online budgets beginning to include social spend (2nd only to mobile ad growth)
Facebook Users
In Millions
By Ben Foster
benphoster.com
twitter.com/benphoster
Facebook and Social Networking Sites: Share of Total U.S. Time Spent Online

comScore Media Metrix: Aug 2009 - Aug 2010

- Facebook.com
- All Other Social Networking Sites
What Firms are Doing in Social

Distinguish Paid vs. Earned Media

- Listening in brand conversations
- Participating in brand conversations
- Expediting message delivery or trying to control ‘spin’ (active listening)
- Creating, co-administering, or joining online brand communities (VBC)
**Brand Communities of Consumption** (Kozinets 1999)

a subgroup of virtual communities that explicitly center upon consumption-related interests... (who interact) ... based upon shared enthusiasm for, and knowledge of, a specific consumption activity or related group of activities.

**VBC** (Cova and Pace 2006)

Any group of people that possess a common interest in a specific brand and create a parallel social universe (subculture) rife with its own myths, values, rituals, vocabulary and hierarchy.

Differences in types of communities may be a function of the context in which they join (Porter and Donthu 2008).
VBC: Common company goals

- Source product innovation (Dell)
- Customer service (BestBuy)
- Improve CRM
  - Ie listening to customer preference about contact strategy
- Be part of the ‘in-crowd’ (trusted other)
- Discover newer ways to create brand value/monetize the social channel
Research Interest

Given the prevalence of social networking sites and the growing co-production of web content, how does the firm perceive it can derive value from engaging in VBC.
Practitioner-Identified Challenges

- New Metrics
  - for campaign measurement
  - for follower/fan value

- Firms are visitors in social networking sites

- Disconnect among managers
  - goals for what denotes success
  - goals for how social fits with traditional forms of Marcom (silos or integrated teams)
  - who is driving strategy
  - nomenclature discrepancies

- what is ‘engagement’?
Prior Work on Online Communities

- why individuals participate (Kozinets 1999; Raacke and Bonds-Raacke 2008)

- the online community’s role in innovation (Jeppesen and Frederiksen; Kozinets, Hemetsberger and Schau 2008; Prandelli, Swahney and Verona 2008)

- role of the community in new product development (Fuller, Barti, Ernst et al. 2006)

- role of different individuals in influencing the community (Truscov, Bodapati and Bucklin 2010)
Research- Identified Challenges

- High value of the opinion leader may not apply in online forums
  - Messages may originate from anywhere
  - Replying to threads may be more powerful than originating a message (Dwyer 2007)
- Company-sponsored communities may be less effective than enthusiast-run sites
- eWoM: Network ties among members may be weak not strong (Viswanath, Mislove, Cha et al 2009)
- Value of online communities ignore the effects of other spend in external marketing campaigns (Van den Bulte and Liliien 2001)
How do Marketers of Global Brands Leverage SM for Firm Value

- Heralded as leader in SM marketing
- 500 brands in 206 markets
- 1.7 billion servings daily
<table>
<thead>
<tr>
<th>Informant #</th>
<th>Informant Qualifications</th>
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<tbody>
<tr>
<td>Informant 1</td>
<td>The senior executive in charge of the company’s international interactive marketing effort</td>
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<tr>
<td>Informant 2</td>
<td>A senior manager in charge of implementing the company’s social media efforts</td>
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<tr>
<td>Informant 3</td>
<td>A senior manager in the company’s marketing research division</td>
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<tr>
<td>Informant 4</td>
<td>A senior manager in the company’s marketing research division</td>
</tr>
<tr>
<td>Informant 5</td>
<td>A Vice President of Marketing, Branding, &amp; Strategy for a marketing consulting company; formerly a Senior Marketing Executive at Case company and another Fortune 50 consumer goods company</td>
</tr>
<tr>
<td>Informant 6</td>
<td>Senior marketing executive in a global interactive marketing agency with 3000 employees located in 19 countries. The agency’s largest client is a Fortune 100 consumer products company</td>
</tr>
<tr>
<td>Informant 7</td>
<td>Senior executive in the one of largest customer relationship marketing agencies in the U.S., whose clients include four Fortune 100 consumer products companies</td>
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<tr>
<td>Informant 8</td>
<td>Senior public relations executive at a mid-sized advertising agency</td>
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<td>Informant 9</td>
<td>Internet marketing strategy consultant</td>
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## Brand Promotion in the VBC

- How will SM activities work for brand engagement?

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<thead>
<tr>
<th>SM Activities</th>
<th>Types of Experience Gained</th>
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<tbody>
<tr>
<td>Join Page</td>
<td>Identity/Community</td>
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<tr>
<td>Download Widget/App</td>
<td>Cool Factor</td>
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<tr>
<td>Stream Video</td>
<td>Utility/Information Gathering</td>
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<td>Status Updates</td>
<td>Sense of community</td>
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<td>Gift</td>
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<td>Sweepstakes Entry</td>
<td>Strike it Rich</td>
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<td>Contests</td>
<td>Empowerment</td>
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Brand Promotion in the VBC: Social Media Activities (apps)
Deriving Brand Value from SM

- Offer a conceptual value-based model from interviews with marketing consultants advising Fortune 1000 firms in social media marketing
Brand Promotion in the VBC: Social Media Activities (organic posts)
Brand Promotion in the VBC: Social Media Activities (video/voting)
Deriving Brand Value from SM

- Offer a conceptual value-based model from interviews with marketing consultants advising Fortune 1000 firms in social media marketing