Creating Online Brand Value through Online Discussion Site

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CREATING ONLINE BRAND VALUE THROUGH ONLINE DISCUSSION SITES

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ABSTRACT: This paper discusses the implications of the new evolving Service-Dominant (S-D) logic in marketing on brand value creation. Furthermore, it introduces the concept of online brand value and examines whether online discussion sites constitute a means for firms to co-create, together with a firm’s customers, online brand value. Moreover, a conceptual framework of online discussion sites is proposed. Finally, the results of an exploratory empirical analysis of two discussion sites are presented. The findings provide initial support for the hypothesis that online discussion sites can be used to create online brand value. Moreover, the findings suggest that firm-generated discussion sites are better suited for online brand value co-creation activities than third-party generated discussion sites.

INTRODUCTION

Firms are increasingly recognizing that brands are among their most valuable assets and are, therefore, intensifying the level of resources directed toward building them (Madden, Fehle, and Fournier 2006; Simon and Sullivan 1993). Prior research on brand value creation has primarily focused on investigating brand value against the background of a goods-dominant logic (Vargo and Lusch 2004). However, Merz, He, and Vargo (2009) posit that branding is evolving toward a new brand logic, which brings with it a new understanding of brand value creation and which is reflected in the evolving service-dominant (S-D) logic in marketing (Vargo and Lusch 2004). Consequently, the question arises what implications the S-D logic has on brand value creation.

Besides taking a goods-dominant logic perspective on brand value creation, prior research has also predominantly focused on examining brand value creation in an offline context, despite the widespread observation that branding in an online context becomes even more important (e.g., Clauser 2001; Kotha, Rajgopal, and Rindova 2001) and that firms do not have a good understanding of how to build brand value online (Christodoulides et al. 2006). Because the online environment is significantly different from the offline environment (Alwi and Da Silva 2007; Hoffman and Novak 1996), a better understanding of how firms can build brand value in the online environment is needed (Christodoulides and de Chernatony 2004; Merrilees and Fry 2002).
Given the importance of the new brand logic and the lack of understanding of how firms can build brand value in the online environment, this paper examines how one interactive online tool can help firms co-create online brand value. Specifically, we investigate how online discussion sites can help firms co-create online brand value. The purpose of this paper is fourfold: First, we examine the implications of the evolving S-D logic on brand value creation. Second, we introduce the concept of online brand value. Third, we develop a typology of online discussion sites and put forward hypotheses regarding the relationship between online discussion site type and online brand value. Fourth, we conduct an empirical analysis to test our hypotheses.

THE EVOLVING SERVICE-DOMINANT LOGIC IN MARKETING

Formal academic marketing inherited its foundation from neo-classical economic theory at the beginning of the twentieth century (Vargo and Morgan 2005). Not surprisingly, therefore, it was built on a goods- and manufacturing-based model of economic exchange, which Vargo and Lusch (2004) called a “goods-dominant” (G-D) logic. G-D logic views units of output, embedded with value in the production process, as the central unit of exchange. Specifically, it suggests that firms create value, embed that value into goods, and then sell their goods to customers through discrete transactions. A G-D logic, therefore, views customers as exogenous to the value creation process and thus as operand resources. Operand resources are resources on which an operation or act is performed to produce benefit (e.g., for the producing firm; Constantin and Lusch 1994). As a result, G-D logic emphasizes discrete transactions and customer acquisition.

In line with calls from other researchers, Vargo and Lusch (2004) argued that the G-D logic perspective is limited as it does not fully take into consideration the increasing importance of services. In recognition of the limitations of G-D logic, Vargo and Lusch (2004) therefore proposed a new service-based model of all exchange which they named service-dominant (S-D) logic. Specifically, the authors suggest that marketing is evolving toward a new dominant logic, which is more service-centered and customer-oriented. This S-D logic suggests that people exchange service for service. The authors define service “as the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (p. 2). Therefore, people exchange to acquire the benefits of applied specialized operant resources (knowledge and skills). In contrast to operand resources, operant resources are capable of causing benefit by directly acting on other resources, either operand or operant, to create benefit (Constantin and Lusch 1994). As a result, S-D logic views tangible goods as embodied knowledge or activities. Tangible goods, therefore, solely constitute the distribution mechanism for service provision.

Whereas a G-D logic perspective views the “producer” and “consumer” as separate parties in the exchange process, an S-D logic perspective views the
consumer as a co-creator (operand resource), rather than a target (operand resource). Moreover, a service-centered view is process oriented, that is, value is only created interactively. Consequently, it embraces a process-oriented logic (marketing with) that emphasizes value-in-use in contrast to the traditional output-oriented models (marketing to) that argue that value is determined through value-in-exchange. S-D logic, therefore, acknowledges that value is not embedded in the physical goods but rather co-created through (perceived) consumption and usage and always determined by the beneficiary. This implies that exchange is relational (Grönroos 1994; Gummesson 1998) and that firms cannot deliver value but only make value propositions (see also Merz, Czerwinski, and Amblee 2009).

IMPLICATIONS OF THE S-D LOGIC IN MARKETING ON BRAND VALUE CREATION

Just as Vargo and Lusch (2004) have argued that marketing is evolving toward a new logic, so have Merz, He, and Vargo (2009) argued that branding is evolving toward a new brand logic. The authors map the evolution of the branding literature and organize it into brand eras to delineate the various conceptualizations of brand. They find that branding has shifted from the conceptualization of brand as a firm-provided property of goods to brand as a collaborative, value co-creation activity of firms and all of their stakeholders, in line with the evolving S-D logic in marketing.

Specifically, Merz et al. (2009) identify four brand eras. The first brand era is the Individual Goods-Focus Brand Era (1900s–1930s), in which customers and brands constitute operand resources. Brand value is embedded in the physical good and created when goods are sold (output orientation). Brand value is determined through value-in-exchange (e.g., Low and Fullerton 1994). Overall, therefore, this brand era took a G-D logic perspective to branding.

The Value-Focus Brand Era (1930s–1990s) constitutes the next brand era in Merz et al.’s (2009) conceptualization. In this brand era, brands begin to be viewed as operant resources and hence were seen as being able to stand on their own (instead of solely adding value to any market offering when exchanged in the marketplace). However, brand value was still being viewed as determined through value-in-exchange. Overall, while still mostly G-D, this brand era began to evolve toward a more S-D logic view of brands and branding (e.g., Levy 1959; Park et al. 1986).

The third brand era is the Relationships-Focus Brand Era (1990s–2000s). In this brand era, the branding literature examined in more detail the customer-firm (Aaker 1991; Kapferer 1992; Keller 1993), the customer-brand (Aaker 1997; Fournier 1998), and the firm-brand (Berry 2000; de Chernatony 1999) relationships. Collectively, the different research streams led to the insights that internal (e.g., employees) and external (e.g., consumers) customers constitute operant resources and hence brand value co-creators. Furthermore, in this brand era scholars acknowledged that brand value is determined through customers’ perceived value-in-use and that it is relational (process orientation), that is, that it
is co-created through affective dyadic relationships that customers form with their brands. Consequently, this brand era took a predominantly S-D logic perspective to branding.

The final brand era identified by the authors is the Stakeholder-Focus Brand Era (2005 and forward). In this brand era, brand scholars acknowledged that all stakeholders form network relationships with brands and interact socially with other stakeholders. Consequently, this brand era acknowledged that all stakeholders constitute operant resources and hence co-create brand value (e.g., Ballantyne and Aitken 2007; McAlexander et al. 2002; Muniz et al. 2005). This brand era fully reflects the essence of the S-D logic in marketing.

Overall, therefore, in line with the S-D logic in marketing, Merz et al. (2009) demonstrate that brand scholars have shifted their focus over the past several decades from viewing a brand as an identifier to viewing it as a dynamic and social process. Thus, the branding literature shifted from an output orientation (i.e., brand value is embedded in the physical goods and determined through value-in-exchange) to a process orientation (i.e., brand value is co-created with all stakeholders and determined through all stakeholders’ collectively perceived value-in-use). Furthermore, it shifted from viewing internal and external customers as exogenous to the brand value creation process to viewing them as endogenous. Finally, the branding literature shifted from viewing brands as operand resources and directly connected to the market offering to viewing brands as operant resources that exist independently from the market offering. As mentioned, this shift in the branding literature mirrors the shift that has taken place in the marketing literature in general – the shift toward a more S-D logic.

Consequently, the new brand logic and the S-D logic in marketing have the following implications for the brand value creation process: (1) brand value creation is relational (process orientation), (2) customers are always co-creators of brand value, and (3) brand value is always determined through customers’ perceived value-in-use. As a result, firms need to take this new brand logic into consideration when creating their (online and offline) brand value(s). In the following section, we introduce the concept of online brand value.

**ONLINE BRAND VALUE**

In line with the new brand logic, we define brand value as a brand’s perceived use value to all customer constituents. Similarly, we define online brand value as a brand’s perceived use value to all online customer constituents, that is, to all Internet users. Our definition of online brand value highlights that we distinguish between offline and online brands and between brand value creation activities targeted toward building a firm’s offline and online brand. Given that brands exist that are strong in the offline (e.g., Coca-Cola, McDonald’s), online (e.g., Google, eBay), or both (e.g., Cisco, Dell) worlds, we believe that any marketing activity targeted toward building online brand value should complement, rather than substitute, the activities targeted toward building offline brand value.
Prior research has highlighted the need for the online brand value concept as the online equivalent to offline brand value. Kotha et al. (2001) argued that building brand value is a key determinant of competitive success for Internet firms. Similarly, de Chernatony (2001) argued that the Internet’s unique characteristics have implications for developing and managing brands. Furthermore, Christodoulides et al. (2006) emphasized that “brand” is a universal concept regardless of setting but that the ways in which brand value is created are different in an online than offline context. Ind and Riondino (2008) argue that the web has changed everything for brands. As a result, many researchers have highlighted the importance of online brands and branding in the online context. Despite this acknowledgement, however, surprisingly little research exists that helps managers understand how to build a strong online brand, that is, how to build online brand value.

The few studies that investigate brand value creation in the online context are mainly of conceptual nature. For example, Page and Lepkowska-White (2002) introduced the concept of web equity and developed a framework for building consumer value in Internet companies. Specifically, they drew upon Keller’s (1993) customer-based brand value concept and identified factors that drive web equity through awareness and image. Kim et al. (2002) also built upon Keller’s brand value conceptualization and put forward a conceptual framework to help firms build brand equity online. These authors argue that firms should increase awareness (i.e., search engines, web advertising, online word-of-mouth, cross promotion) or brand knowledge (i.e., website, trust) to build their web equity. Nandan (2005) built upon these studies and proposed the concept of web brand franchise to help firms manage successful online brands.

**CREATING ONLINE BRAND VALUE THROUGH ONLINE DISCUSSION SITES**

As mentioned, the S-D logic suggests that brand value is relational and that customers are always co-creators of brand value. Furthermore, it suggests that brand value is always determined through customers’ perceived value-in-use. We contend that online discussion sites are useful means for companies to create online brand value due to their peculiar characteristics.

To illustrate, online discussion sites draw together people with similar interests. They present an opportunity for participants to share their experience, knowledge, and opinions on a specific topic with others (Fong and Burton 2006). Discussion boards cover diverse topics from automobiles to movies, sports teams, and the latest iPhone applications. Customers are likely to actively engage in discussion sites only if they perceive a site to have value-in-use. Furthermore, because they actively post their experience, knowledge, and opinions, customers also co-create the content of such sites and hence their brand value. Moreover, the more content is provided on discussion sites, the more valuable they are to customers. In turn, the more valuable the discussion sites for customers, the more likely they return to that site regularly. Hence, successful discussion sites are also
Thus, against the background of the new brand logic, discussion sites seem to constitute valuable means to co-create online brand value (see Figure 1).

Figure 1: Creating Online Brand Value Through Co-Creation, Relationships, and Perceived Value-in-Use

Previous research on discussion sites has found that discussion boards are credible information sources for participants (Bickart and Schindler 2001) and thereby have a significant influence on participants’ decision-making (Kozinets 1999; Nelson and Otnes 2005). Fong and Burton (2006) emphasize this by highlighting that consumers are increasingly turning to computer-mediated communication for information to use in their decision-making process. Hagel and Armstrong (1997) suggest that virtual communities (e.g., discussion sites) provide consumers with the ability to develop relationships, co-create content, exchange information, and buy and sell products.

Nelson and Otnes (2005) examined the role of virtual communities in planning weddings. The authors found that brides used discussion boards to solicit advice, opinions, and information, as well as gain marketing-related information, recommend websites, and share stories (Fong and Burton 2006). These results support Kozinets’ (1999) finding that discussion boards have wide exposure and influence because participants who share a similar interest peruse them frequently. In support of this view, Bickart and Schindler (2001) suggest that this sort of information source may have greater credibility than marketer-generated information as the personal opinion and account of a participant who has experienced a product is judged to be a trustworthy source because the participant is a fellow consumer, perceived to have no vested interest in the product and no intentions to manipulate the reader (Fong and Burton 2006).
Given this previous research, therefore, it seems likely that online
discussion sites constitute valuable means for companies to co-create online
brand value. Specifically, it seems that online discussion sites help firms created
online brand value due to (1) customers’ possibility to contribute content, (2)
customers’ possibility to form relationships with the online brand and other
online discussion site visitors, and (3) customers’ perceived value-in-use of such
discussion sites.

To examine how online discussion sites help firms co-create online brand
value, we distinguish between different types of discussion sites. First, we adopt
Puto and Well’s (1984) classification of advertising and distinguish between
informational and experiential online discussion sites. In line with Puto and
Wells’ (1984) definition of informational advertising, we define an informational
online discussion site as a site which provides the visitor with factual, relevant
information in a clear and logical manner. In contrast, online discussion sites that
focus on providing an experience or that “transform” the experience of using the
brand by endowing this use with a particular experience, instead of rational and
logical information, are called experiential online discussion sites. For an online
discussion site to be experiential, it must make the experience of using the
website richer, warmer, more exciting, and/or enjoyable than that obtained solely
from an objective description of factual information (Puto and Wells 1984). It is
worth noting that information and experience are not mutually exclusive
categories of online discussion sites. Therefore, an online discussion site can be
both informational and experiential (Holbrook and Hirschman 1982).

Another dimension that can be used to differentiate between different
online discussion sites is discussion site generator. Specifically, we differentiate
between firm-generated online discussion sites and third-party-generated
discussion sites. We define firm-generated online discussion sites as sites that are
initiated by firms and targeted toward their customers (e.g.,
http://social.technet.microsoft.com/Forums/en/w7itprogeneral/, a site generated
by Microsoft for the discussion of Windows 7). In contrast, we define third-
party-generated online discussion sites as sites that are initiated by customers or
other firms and targeted toward other customers (e.g.,
http://www.sevenforums.com/, a Windows 7 discussion forum generated by an
independent company). Both third-party-generated and firm-generated online
discussion sites are likely to help firms build online brand value. Taking online
discussion site type and online discussion site generator as the two dimensions,
we propose the following online discussion site typology (see Table 1).
Table 1: Online discussion site Typology

<table>
<thead>
<tr>
<th>Online Discussion Site Type</th>
<th>Informational</th>
<th>Experiential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Discussion Site</td>
<td>Firm-Generated</td>
<td>Firm-Generated</td>
</tr>
<tr>
<td>Site Generator</td>
<td>Informational Online</td>
<td>Experiential Online</td>
</tr>
<tr>
<td></td>
<td>Discussion Sites</td>
<td>Discussion Sites</td>
</tr>
<tr>
<td>Third-party</td>
<td>Third-party-Generated</td>
<td>Third-party-Generated</td>
</tr>
<tr>
<td>Informational Online</td>
<td>Discussion Sites</td>
<td>Discussion Sites</td>
</tr>
<tr>
<td>Experiential Online</td>
<td>Discussion Sites</td>
<td>Discussion Sites</td>
</tr>
</tbody>
</table>

In the following, we will analyze one firm-generated informational online discussion site and one third-party-generated informational online discussion site to better understand whether discussion sites help companies create online brand value and if so which of the two types of discussion sites is better suited for firms to create online brand value. It should be noted that the following examinations of these different types of discussion sites are rather exploratory in nature.

DATA COLLECTION AND ANALYSIS

To test our hypotheses and gain a better understanding of how consumers use online forums, we conducted a study of two online forums devoted to the Windows 7 Operating System. The most popular (based on Google’s PageRank) company-owned and third party forums were chosen for this study. These forums are http://social.technet.microsoft.com/Forums/en/w7itprogeneral/ and http://www.sevenforums.com/, respectively, which we will refer to as “Microsoft’s Forum” and “Seven Forums.”

Before we analyze the contents of the discussions themselves, it is worthwhile to point out that the ownership of the forum has direct bearing on design elements that may enhance or detract from Microsoft’s online brand value. Microsoft owns a number of brands, and their discussion forum offers a place for them to cross promote them to Windows 7 users. For instance, Figure 2 shows the search box on Microsoft’s Forum, which has been branded as a “bing” search using Microsoft’s bing search engine. In contrast, Seven Forums has no incentive to, and does not, cross promote other Microsoft products. Rather, Seven Forums sells advertising space on its forum site. The products advertised may either complement Microsoft’s products or compete with them. Furthermore, since Seven Forums is not affiliated with Microsoft it is not able to use Microsoft’s branding images on its site. The result is a derivative Windows logo shown in Figure 3 that is similar but not quite the same as the actual Microsoft Windows Logo. Such a derivative logo can detract from Microsoft’s online branding efforts. This initial finding is interesting as it shows that firm-generated online discussion sites seem to be better suited to build online brand value than third-party-generated online discussion sites.
Figure 2. Cross-promoting Microsoft’s bing search engine on their own Forum.

![Microsoft TechNet Search TechNet with Bing and bing logo](image)

Figure 3. The Seven Forum’s logo, imitative of the official MS Windows logo.

![Seven Forums logo](image)

We now turn our attention to the actual content of the discussions that take place on the two forums. Figure 4 shows a typical conversation on Seven Forums. A forum user posts a question, another user replies with a suggestion, and the original user concludes the conversation by offering thanks for the suggestion and letting the other users know that the problem has been resolved. In this case, the conversation consists of three messages. When a question is not resolved quickly, the conversation can become lengthy as multiple users offer a variety of suggestions and also pose questions to clarify the problem if necessary. Discussions on Microsoft’s forum follow a similar pattern.

Figure 4. A representative conversation on Seven Forums.

![Conversation](image)

For this study, we downloaded from each forum 2,000 conversations that took place in the fall of 2009. We performed a statistical analysis of the text in the discussions to gain an understanding of the value of the discussions to the
users as well as to gauge user sentiment. The analysis was performed using R Statistical Software and the tm text mining package in particular.

Table 2 shows the general characteristics of the conversations on the two forums. The conversations on Seven Forums were slightly longer. This may indicate that Seven Forums is a “chattier” and friendlier environment. Or, it may be that the users on Seven Forums are less knowledgeable and take longer to solve a problem than the users on Microsoft’s forum. One factor that may play into this is that actual Microsoft employees contribute to the discussion on Microsoft’s forum (though they are far from the sole responders) and their expertise may lead to quicker resolution of questions. We also see that about 18% more people participated on Microsoft’s forum.

Table 2. General characteristics of the conversations downloaded.

<table>
<thead>
<tr>
<th></th>
<th>Microsoft’s Forum</th>
<th>Seven Forums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Messages</td>
<td>14,600</td>
<td>18,992</td>
</tr>
<tr>
<td>Average Conversation Length</td>
<td>7.3 messages</td>
<td>9.5 messages</td>
</tr>
<tr>
<td>Unique participants</td>
<td>3,477</td>
<td>2,955</td>
</tr>
</tbody>
</table>

Figure 5 shows how often different operating systems were mentioned on the two forums. Microsoft itself was mentioned significantly more frequently on its own forum. This is an indication that a company-owned forum may help strengthen the company’s online brand value more than a third-party forum.

Figure 5. Mentions of Microsoft, Mac OS, Linux, and Vista on the two forums.

In order to assess the sentiment of the consumers using the two forums, we measured the presence of words with positive connotations as well as words that indicate a polite tone. Figure 6 shows the usage patterns of several words that highlight the trend found across a wide variety of words from each category. Words with positive connotations, such as “great,” “best,” and “love” are used with about the same frequency on both forums – from between 2 to 3.5
occurrences per 10,000 words. The word “please,” indicating politeness, is used approximately six times more frequently in Microsoft’s forum. This may be an artifact of the Microsoft forum’s shorter conversations or it may indicate that by hosting a forum a company is able to foster a more civil discussion surrounding its brand and the use of its products.

Figure 6. The frequency of positive (left) and polite (right) words.

CONCLUSION

The purpose of this research was to investigate the implications of the new brand logic, mirrored in the new evolving S-D logic in marketing, on brand value creation. In addition, we aimed to introduce the concept of online brand value, develop a typology of online discussion sites, and put forward relationships between online discussion site types and online brand value. Prior research has called for a better understanding of the implications of the S-D logic on brand value creation (Vargo and Lusch 2004). Moreover, prior research has repeatedly called for a better understanding of how to build brand value online (Christodoulides et al. 2006). This research has focused on one online marketing tool – online discussion sites – and examined how different types of online discussion sites help firms co-create online brand value.

The results of an initial empirical analysis suggest that firms can utilize online discussion sites successfully to create online brand value. However, the findings also suggest that firm-generated discussion sites are better suited for online brand value co-creation activities than third-party generated discussion sites. As a result, firms should not “outsource” their online brand building activities to third-party discussion sites but instead aim to set up their own online discussion sites and monitor the activities that take place on their sites carefully.

While these findings are interesting and have significant implications for brand managers, it should be pointed out that the empirical analysis was exploratory in nature. That is, we focused on analyzing only two discussion sites (one firm-owned and one third-party owned). As a result, the results are necessarily only representative for these two sites. Future empirical research is
necessary to examine online brand value creation in more detail and with a
greater selection of online discussion sites.

REFERENCES


