

THE EFFECTS OF VIRTUAL COMMUNITIES ON BRAND EQUITY

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Abstract

Scant research attention has been given to the study of the effects of brand community on brand equity. This research study addresses the aforementioned gap by investigating the effects of virtual communities on brand equity. Three antecedents of the Brand Community Identification namely: Integration in Brand Community (IBC), Consumer Knowledge, and Community Engagement, are identified in the conceptual framework. The effect of brand community identification on brand equity was investigated according to four hypotheses. All four hypotheses are supported. The results indicated there are significant positive relationships between Brand Community Identification and Brand Equity. Furthermore, all antecedents of Brand Community Identification (e.g. Integration in Brand Community (IBC), Consumer Knowledge, and Community Engagement) have significant positive relationships with Brand Community Identification.

INTRODUCTION

The concept of a brand community was introduced by Muniz and O'Guinn (2001) as "*a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand*" (p.412). Brand communities represent a form of human association situated within a consumption context (Muniz & O'Guinn, 2001). The first definition of virtual communities was proposed by Rheingold (as cited in Leimeister, Sidiras, and Krmar, 2006). A virtual community is defined as "*social aggregations that emerge from the Net when enough people carry on public discussion long enough, with sufficient human feelings, to form webs of personal relationships in cyber-space*" (p.413).

The concept of brand equity emerged in the early 1990s. According to Bharadwaj, Varadarajan and Fahy (1993), brand equity is an important source of competitive advantage. Aaker (1991) proposes that 1) brand equity creates value for both the customer and the firm, 2) value for the customer enhances value for the firm, and 3) brand equity consists of multiple dimensions, such as perceived quality, brand loyalty, brand awareness, and brand association.

Marketing efforts can be the antecedents of brand equity (Yoo, Donthu, & Lee, 2000), such that

good marketing activities can create more brand value (Muniz & O'Guinn, 2001). Brand community can be created by the company to enhance more brand relationships among the customers. Customers who have good brand experiences and love the brand might join the communities, in which they think that the community can identify itself as a good member and as a good citizen in the society.

Brand community can affect the brand equity in some ways (Muniz & O'Guinn, 2001). However, scant research attention has been given to the study of the effects of brand community on the brand equity. This research paper addresses the aforementioned gap by investigating the effects of virtual communities on the brand equity.

RATIONALE FOR THE STUDY

Previous research has demonstrated that brand community has some effects on the brand equity (Muniz & O'Guinn, 2001). Brand community has become an interesting research topic among research scholars over the past ten years, especially the studies about virtual communities. Internet can establish and reinforce connection between people. Hagel III and Armstrong (1997) described the importance of virtual communities as follows: