

Chapter 13

Virtual Communities in Marketing Processes: A Marketing Framework

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ABSTRACT

The chapter provides a marketing framework to analyse the uses of virtual communities on marketing processes. The framework involves: actors (companies and companies), goals, marketing strategies, and influence process. Each of these elements is described in detail. Moreover, in the chapter the framework is applied to EBay in order to understand how the functionalities provided by this virtual community allow companies and consumers to achieve their marketing goals.

INTRODUCTION

The advent of digital economy has given rise to the design and implementation of new marketing processes. In this scenario a deep innovation has been produced by Virtual Communities (VCs). VCs have shown increasingly promising outlook compared to traditional marketing methods. The marketing potential of VCs is mainly given in

terms of added value they provide, resulting from new combinations of information, products and services and innovative integrations of resources and relationships between consumers and companies. In particular VCs offer an effective environment for information exchange, which helps companies to understand consumer preferences. The importance of VCs is connected to the symmetry between companies and consumers in their

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communication process; indeed, consumers do not passively receive marketers' messages but they actively express their needs, preferences, and choices.

The aim of this chapter is to propose a marketing framework that provides a structured methodology to understand the uses of VCs on marketing processes. The framework involves: actors (consumers and companies); goals; marketing strategies; and influence process. On considering consumers, VCs allow them to:

- Gather information about products and services offered by companies and communicate with other consumers
- Interact with other members of similar interests without constraints of time and space and reduced search costs
- Provide feedback content about the product, to the firm and to other consumers
- Add "collective content" through discussion forums
- Have economic benefits like special price, customized offers and better service
- Being part of a powerful bargaining group that can influence important marketing decisions

Moreover according to Blackwell et al. (2001) VC's membership affect each of phases of consumers' purchase decisions: (1) need recognition, (2) search for information, (3) pre-purchase evaluation of alternatives, (4) purchase, (5) consumption, (6) post-purchase evaluation, and (7) divestment. With respect to companies, VCs give them the possibility to address consumers individually and interactively, allowing carrying out the promotion of products and services in the different phases of: diffusion, testing, and redesign. VCs carry out the diffusion of the products/services in a way that has been traditionally reserved to manufacturers and large-scale distributors. In products/services testing it allows companies to receive feedback from consumers around the world. Finally, in

products/services redesign it enables consumers to share their ideas and to post their suggestions to the community on a continuous basis. Concurring with the open source movement, the development process evolved incrementally as new suggestions from consumers appeared. VCs is also used by Companies to integrate consumers into market research and products development. Companies can get efficient support to improve products for more customer satisfaction as well as to identify new sources of revenue this is for example the case of eBay VC. The eBay VC has evolved over the past 15 years and it is more than just an auction VC; billions of dollars in fixed-priced products/services sell there each year. The eBay VC represents today an online marketplace that accounts for almost 10% of the entire world's ecommerce sales year after year so it constitutes today an essential factor for the company marketing strategies. In order to understand how the functionalities of eBay allows implementing companies and consumers marketing goals, the provided marketing framework is applied to this VC. The eBay VC has been considered for the analysis because it represents the "leading market player within global trade" (Black, 2007). Thanks to its functionalities such as: merchandising tools, Web analytics, email marketing, standard shopping; classified advertisements, event ticket trading, money transfers and other services that allows companies and consumers trading directly with each other allow, it allows companies and consumers to achieve their marketing goals in a simple and efficient way. In particular the different tools used by companies and consumer to satisfy their different needs on the eBay VC are described in detail.

The chapter presents the following structure. The second section provides some VC definition and analyses studies on impacts they have on marketing processes. The third presents the marketing framework by describing in detail all his elements actors, goals, marketing strategies and influence process). In the fourth, the provided

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