

# CUSTOMER PARTICIPATION IN

# CREATING SITE BRAND LOYALTY

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## **ABSTRACT**

This article explores the development of an e-business marketing model that capitalizes on customer participation and the likely consequences of such efforts, principally site brand loyalty. A conceptual model illustrates how consumers' goals in visiting a website (task or experiential) affect their propensity to be site brand loyal and how characteristics of the site, including personalization and community, are related to brand loyalty. The model also shows that creating site brand loyalty leads to predictable affective, cognitive, and behavioral outcomes from customers, such as repeat visits to and patronage of the site, fewer intentions to defect to competitors, and more favorable attitudes toward the site. Case studies of corporate websites provide empirical evidence to support the model. The paper concludes by suggesting that customer participation in the e-business model fundamentally changes the way brands are developed. That is, producers no longer create an image for a brand and pass it on to

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the consumer; instead, the producer and consumer are *interactively* creating the e-business brand.

## INTRODUCTION

In sharp contrast to the alienation wrought by homogenized broad-cast media, sterilized mass “culture,” and the enforced anonymity of bureaucratic organizations, the Internet connected people to each other and provided a space in which the human voice would be rapidly rediscovered. (Levine, Locke, Searls, & Weinberger, 2000: p. xxi.)

The above quote from *The Cluetrain Manifesto* represents one of the least conventional views of the transformational power of the Internet. The central message of the *Manifesto* is that markets are primarily conversations, and through the Internet customers have regained the power to participate actively in the marketing process. This message is similar to the proclamations of many more conventionally accepted voices in the business literature. For example, in relationship marketing, or one-to-one marketing, the focus is on two-way interactive communication where the customer actively participates in his/her value creation (Duncan & Moriarty, 1998; Peppers & Rogers, 1997).

Technology, which has fundamentally impacted the way that marketers develop relationships with their customers (Baker, Buttery, & Richter-Buttery, 1998), has been a driving force in customers’ renewed ability to participate in the marketing process. As Baker et al. suggest the evolution of customer participation has come full circle from the agricultural age when the typical exchange involved a one-to-one barter, to the Industrial Revolution when exchanges were characterized as one-to-many, to the Information Age when target marketing allowed for one-to-many segments, and now to the Age of Communication where two-way interactive communication allows for the building of relationships.

Although many acknowledge that the Internet is changing the way companies and individ-

uals conduct business, few recognize that the Internet represents not just another distribution channel, retailing model, or vehicle for advertising, but rather it may be a completely new business model (Bambury, 1998; Deighton, 1997; Hoffman & Novak, 1996; Kalakota & Robinson, 1999). The primary factor driving the development of this new business model is the need to capitalize on the increased capabilities of a multimedia network that allows for a “many to many” communication environment (Hoffman & Novak, 1996). It is now technologically possible to allow customers to become active participants in the marketing process—everything from designing products to establishing prices and creating communication vehicles and distribution channels (Hoffman & Novak, 1996; Peppers & Rogers, 1997). However, to fully achieve this type of participation and to benefit from it, firms must implement new e-business models designed around the complex fusion of business process, enterprise applications, and new organizational structures (Kalakota & Robinson, 1999).

### *Purpose*

Traditional marketing channels have either facilitated product *or* information flows, but what is emerging over the Internet is an integrated channel of interaction. Thus, a focus on engaging the customer in this channel is central to the new business model. The goal of this research is to examine potential methods of encouraging active customer participation in the marketing process and the likely consequences of such efforts. The traditional marketing concept of brand loyalty will be examined as a key consequence of this type of participation. The characteristics of the online environment that influence the development of brand loyalty and the resulting consequences will be outlined. A conceptual model will be presented to contribute toward developing an e-business marketing model that capitalizes on customer participation. Empirical support for the model is demonstrated through case studies found on existing corporate websites.

## BRAND LOYALTY

### *Traditional Views of Brand Loyalty*

Brand loyalty is a concept with which most marketers are quite familiar; therefore this section will not serve as a comprehensive review of the literature, but rather a summary of the key points relevant to the current research. What is brand loyalty? In general, brand loyalty is understood to describe the characteristics of those consumers who have a strong commitment to a brand, because they view that brand as being more satisfactory than the alternatives and this evaluation is reinforced through repeated use (Day, 1969; Jacoby & Chestnut, 1978). The literature is quite clear on what brand loyalty means; however, there are differences of opinion on its measurement. The instrumental conditioning perspective views behavioral measures such as actual purchase patterns as being the best indicators of brand loyalty. This line of research maintains that brand loyalty develops from the positive reinforcement received from trying a brand and being satisfied with it, which leads to repeat purchase (Jacoby & Chestnut, 1978).

The problem is that behavioral measures cannot distinguish between actual brand loyalty (i.e., affect for the brand) and “spurious” repeat purchase patterns that may result from convenience, availability, inertia, or other factors. The cognitive school proposes that only measures of a consumer’s mental processes and beliefs can make the distinction between actual brand loyalty and spurious behavior (Day, 1969; Lutz & Winn, 1974). From this perspective, brand loyalty is the result of the consumer’s search and attribute evaluation process, which leads to beliefs of brand appropriateness or superiority and repeat purchase. An example of this is the model put forth by O’Guinn, Allen, and Semenik (2000), which defines brand loyalty as a function of experience and involvement levels. Customers who have a high experience level with a given product category and are highly involved with the category will tend to be brand loyal.

One method of resolving the debate while capitalizing on the advantages of each approach

is to combine them. Dick and Basu (1994) present an integrated model that demonstrates the advantages of looking at both attitudinal and behavioral components. Examining consumers in traditional, off-line environments, the study measured relative attitude toward the brand as well as repeat patronage. Those consumers exhibiting both high repeat patronage and holding a high relative attitude toward the brand were found to be brand loyal.

### *Brand Loyalty in the Online Environment*

Is there reason to believe that the current measures of brand loyalty can be applied to the online environment? Although there are new consumers discovering the Internet daily, the number of new users is being outpaced by the growth in new websites available (Hanson, 2000). This means that the battle for “eyeballs” or visitors will soon shift from the current emphasis on attracting new users to concern with retaining existing ones. Recognition that obtaining new customers to a site is not only more difficult as online competition increases, but also more costly, will drive managers to reemphasize brand loyalty (Hanson, 2000; Peppers & Rogers, 1997).

In light of this, the new e-business models must consider the value of favorable consumer attitudes and repeat patronage to the website. Online measures of these brand loyalty factors may differ from traditional marketing environments, however. For example, not all websites are transactional in nature, therefore measures of “repeat patronage” that focus on purchase may need to be altered. Differences in website type and functions may impact the development of brand loyalty; therefore a discussion of the most common website models is warranted.

### *Types of Websites*

Commercial websites may be designed for a wide variety of functions. The first order of distinction is between sites that are considered portals and all other sites. Portals, also known as gateways, are “web sites that serve as starting points to other destinations or activities on the

World Wide Web. Portals also commonly provide services such as e-mail, online chat forums and original content” (net.lingo.com) Some of the best known sites with the highest usage rates are portals such as Yahoo, Excite, and AOL. Portals are large and amorphous, and by definition often serve as a starting point as opposed to a destination site (although they can be both). Therefore it may be simpler to begin examination of relevant constructs in relation to more focused sites where consumers attempt to “arrive” as opposed to “just pass through.”

Among typical destination sites there are three primary models based on the method of revenue generation (Hoffman, Novak, & Chatterjee, 1995):

1. Sponsored content or advertising-based sites, which follow the traditional television model providing free content to users and deriving revenues from advertising space sold (for example cnn.com or whatis.com).
2. Fee-based or subscription-based sites, which obtain revenue up front from consumers and provide password-protected access to content (for example, WSJ.com or Forrester.com).
3. Online storefronts or transaction-based sites, which provide product information, take orders, payment, and arrange for delivery (for example, amazon.com or JCPenney.com).
4. A combination of the above.

### *Stickiness*

Retailers have long understood the value of keeping customers in a store longer and getting them to return more often (Hirschman, 1981). In the online world, this concept is called “stickiness” (Gillespie, Krishna, Oliver, Olsen, & Thiel, 1999). Stickiness is “the sum of all the web site qualities that induce visitors to remain at the site rather than move on to another site” (whatis.com). In other words, site stickiness is the ability to encourage customers to stay longer, navigate more deeply into a site, and return more often (Gillespie et al., 1999).

How well does this concept relate to brand loyalty? An examination of each of the elements of stickiness is necessary. First, *visit duration*; if a consumer visits a site and stays for a longer than average period of time, is this an indication of brand loyalty? E-Bay has been heralded for its ability to generate longer-than-average connect times and is said to have a very loyal customer base (Anders & Weber, 1999; Bradley & Porter, 2000). But longer-than-average duration at any given site could be the result of any number of factors. Issues such as confusing navigation, slow connect and load times, difficulty with content, or difficult shopping and transaction systems would contribute to increased visit duration, but not to customer satisfaction. However, if a consumer remains at a site by choice, and is receiving a value in exchange for his/her time, then stickiness is a positive characteristic.

How does one’s goal for being online affect stickiness? Novak, Hoffman, and Yung (2000) outline two types of online activity—task-oriented (work, online search for product information, and product purchase) and experiential (which involves fun and recreational activities, as well as traditional non-goal-directed search, or “surfing”). Experiential uses of the Web were positively correlated with time spent online, while task-oriented activities were negatively related. The authors conclude that “the online experience does not yet offer the requisite levels of challenge and arousal, nor do they induce the sense of telepresence and time distortion, necessary to create a truly compelling online customer experience” (p. 32). It may be as well that consumers do not desire a “compelling online experience” for task-oriented activities, at least not as it is defined in the study. Perhaps efficient, low connect times, or even transactions that do not require visiting the site may be preferred for task oriented activities. An example of an efficient, yet extremely short connection to a web site would be a customer with a standard re-buy order with a supplier who would only need to log on and click a single box to initiate the exchange. This transaction may contribute to customer satisfaction, but certainly not to above average duration of visit.

Stickiness may also be defined in terms of

*depth of visit*, or number of web pages viewed at a given site. In fact, some researchers (Hanson, 2000) define visit duration by number of pages viewed, which circumvents issues of low transmission speeds, slower end-user computers, and other delays that would contribute to longer visits, but not to positive attitudes. But it could be argued that depth of visit does not solve all of these issues since confusing site design could also lead to multiple page visits. However, in general website visitors continually make a judgment as to the value of continuing on at a given site or clicking away. Huberman, Pirolli, Pitkow, and Lukose (1998) propose that the decision to continue on at a site is a function of user expectations and uncertainty. In their examination of duration of visit on the Xerox company website, they found that each consecutive page viewed must be of increasing value for a consumer to expect or estimate future web pages to be of value. This function creates a sharply upward sloping curve where ratings of current page value must increase to increase the likelihood that the visit will continue. When visitors first arrive at a site they are more willing to keep looking at additional pages even if the value of the current page is low. Consumers seem to be optimistic at this point that future pages will be valuable. However, the longer the website visit, the higher the page quality must be for the visit to continue. This analysis leads the researchers to the conclusion that visit duration is a good measure of website value.

This may not always hold true, however, as the distinction between task orientation and experiential orientation may be relevant here. If consumers know what information they want, why would they want to visit more rather than fewer web pages in order to meet their needs? For an efficient transaction, most customers would prefer to arrive directly at the page they need and to have their needs met with a few quick clicks. However, for users with a more experiential orientation, a site with a great deal of value, both in terms of content breadth and depth, as well as other factors, would most likely invite more page viewing per visit than a site that was less valuable to the consumer.

The final aspect of stickiness under consideration is that of *repeat visits*. In most cases, consumers who return to a particular site do so because they expect the site to be of value to them. There are still examples, however, of customers who may in fact find a given site completely satisfactory, in part because a repeat visit is not necessary. An example of this would be the consumer who receives an e-mail notification that a previously unavailable item can now be shipped, requiring only an affirmative e-mail reply to complete the order. The efficiency of this transaction may be received quite positively, but would not contribute to a repeated visits measure.

The distinction between task and experiential orientations in Web usage may demonstrate a new application of the traditional ongoing search model (Bloch, Sherrell, & Ridgway, 1986). Consumers going online for recreational purposes or "surfing" will display the characteristics of ongoing searchers (those who search for the sake of knowledge and for the fun of it). Those who are online with a task orientation will more closely resemble traditional consumers in the problem-solving mode (as in pre-purchase search). Clearly consumers may exhibit either tendency depending on the situation. It is up to marketers to understand this behavior and to design websites that will meet the needs of consumers in both groups.

In conclusion, site stickiness, as measured by duration of visit, depth of visit, and repeat visits may be an effective indicator of favorable attitudes leading to brand loyalty for experiential uses of the Web, but efficiency measures unrelated to stickiness may be more appropriate for task-oriented uses of the Web.

## **METHODS OF INCREASING BRAND LOYALTY/STICKINESS**

Many managers recognize the potential value of increasing site stickiness. First, a site must build relevant and valuable content, providing sufficient depth and breadth to warrant consumer involvement. Additionally, leading websites are

already incorporating a variety of tools designed to increase site stickiness. These include:

- Allowing the user to personalize the site (Yahoo, Excite, and MSN Network, for example)
- Building online communities in which users post information or form discussion groups (Yahoo, Geocities)
- Inviting user feedback in response to columnists (ZDNet)
- Adding games to the site (Yahoo)
- Using extensive hypertext cross-references to other parts of the site (ZDNet and many others) (source: www.whatis.com)

Although each of these methods of increasing site stickiness may also have an impact on brand loyalty, examining them all is beyond the scope of the current study. Given the unique characteristics of the Internet that allow for a many-to-many communications model and unprecedented interactivity, it could be argued that the techniques of personalization and community building are the most fundamental for fostering consumer participation in marketing efforts. At a minimum, these two areas will constitute a good point of departure for this initial inquiry into online brand loyalty.

### *Personalization*

Personalization, as the ultimate form of customization, is the final result of understanding and meeting the unique needs of the customer. "One-to-one marketing" is a fundamental concept of interactive marketing and is key to customer retention and creating brand loyalty (Peppers & Rogers, 1997). The goal is to increase customer retention simply by making loyalty more convenient for the customer than non-loyalty.

Personalization can be thought of as a specialized form of product differentiation (Hanson, 2000). This differentiation can take the form of product modification to incorporate features designed to more fully meet the needs of the individual. It may also take the form of an extension to the consumer's search and evaluation capabilities through choice assistance tech-

nology (such as the product recommendations on amazon.com). Personalization not only meets the customer's needs more fully (providing functional benefits), but also is traditionally a sign of status (providing emotional benefits) and uniqueness (providing self-expressive benefits).

Personalization is likely to contribute to the creation of brand loyalty for both task-oriented and experiential uses. For the former, personalization is likely to increase the efficiency of achieving goals. Sites that know the consumer's preferences and pertinent information will be able to screen out unwanted information or product options, improve the accuracy of searches, and speed the completion of transactions. For both task-oriented and experiential uses, personalization will have a positive influence on the consumer's attitude toward the brand if the customer's needs are in fact more fully met, or if a greater bundle of benefits is received. Personalization will also increase the likelihood that this positive attitude will be coupled with the behavioral component of repeat visits to the site. The customer has now participated in the marketing efforts by investing time and energy into providing the information necessary for the personalization effort; therefore, loyalty to the site, as measured by repeat visits is easier than beginning over again with a competitive site.

Not all types of products lend themselves to personalization (e.g., many consumer goods). Consumers must both *desire* and *value* personalization for it to have effects on brand loyalty. Furthermore, excessive personalization wastes consumer time and potentially increases customer confusion. Peppers and Rogers (1997) suggest that when there is little difference in the value (or profitability) of a firm's customers, and they have similar needs, then there is little value to personalization for either the company or the consumer. Furthermore, personalization can be very expensive for a firm. However, if these efforts create a competitive advantage for the company, defined as long-lasting and defensible market position with above-normal profits (Porter, 1985), then personalization will, in fact, pay for itself.

An examination of current corporate web-sites provides evidence that companies are using personalization to increase customer satisfaction and create loyalty. An Internet search for the word “customized” turns up more than 1,173,515 web pages (AltaVista.com). Just as mass production was the hallmark of yesterday’s Industrial Age, mass customization has the potential to dominate the Information Age (Digitoe, 2001). One case in point is the launch of Millstone Personal Blends, a subsidiary of Procter & Gamble. The site offers coffee lovers a personalized way to create their own custom blend of coffee. At this site, customers participate in the marketing process by creating their own product and naming it. Customers answer a variety of questions regarding their taste and sensory preferences. This information drives the creation of a unique coffee blend that can be produced, packaged, and named for each individual consumer. In fact, customers can create multiple personal blends depending on their moods or situational needs. These preferences are stored in the customer’s profile so that more of the coffee can be ordered at a future date. The goal, according to Procter & Gamble is to “personalize the consumer’s experience” in order to maximize customer satisfaction and profitability (ATG, 2001).

Another site providing evidence to support the value of personalization is Earthlink, an Internet Service Provider. This ISP encourages customers to personalize the start-up page, to increase the ease of use and value of its services. More than 50% of EarthLink’s customer base has used the Personal Start Page service (PSP). The result of this increased personalization is increased brand loyalty and decreased brand switching as measured by a churn rate of only 4.2%, one of the lowest in the ISP industry (Meehan, 2000).

### *Community Building*

The second technique used to increase site stickiness is the building of virtual communities. These are groups of people who share common interests and needs who come together online to share a sense of community with others, without the constraints of time or space (Hagel &

Armstrong, 1997). Virtual communities capitalize on the interactivity and many-to-many communications potential of the Web. They may take the form of usenet groups, discussion forums, or chat rooms, among others. These communities have some of the characteristics of social gatherings, such as membership rules and norms, multidirectional communication, and users are responsible for contributing as well as consuming information (Hanson, 2000). Due to their ability to provide feedback to and information about companies and brands, virtual communities are a building block toward the type of consumer participation in marketing that has been discussed earlier, and therefore should be examined for their potential impact on brand loyalty.

Hagel and Armstrong boldly state, “those businesses that capitalize on organizing virtual communities will be richly rewarded with both peerless customer loyalty and impressive economic returns” (1997, p. 2). Similarly, Lamon notes, “being first to establish a ‘robust’ buyer and seller community is critical to e-commerce survival, not to mention success; second place won’t cut it in this mad scramble” (2000, p. 18).

How can this be? What are the benefits to consumers of an online community? Again, a variance may be predicted for task-oriented as compared to experiential uses of the Internet. In terms of increasing efficiency in goal attainment, online communities can provide access to information not available through any other means. Online communities provide a ready source of “word-online” (as opposed to word-of-mouth) experience with companies and brands. Just as consumers value personal recommendations for most products above all other information sources, online consumers may obtain the same types of experience based evaluations from the online community. A site that supports an active “critical mass” of involved consumers can be a valuable information resource (Hanson, 2000). This may contribute to positive attitudes toward the site for task-oriented uses.

Consumers who participate in an online community with an experiential orientation reap additional benefits. While the provision of useful information produces functional benefits

for the consumer, the social aspects of participating in a community produces both emotional and self-expressive benefits (Duffy, 1999; Meehan, 2000). In many online communities resources are abundant (personal experience, knowledge and opinions), giving and sharing are culturally valued, and status is determined by prowess, contribution, and reputation (Bambury, 1998). The idea of both producing and experiencing content along with the social interactivity is very rewarding to experience-oriented Internet users.

Encouraging online community is likely to increase site stickiness as well as positive attitudinal responses that may facilitate brand loyalty. However, allowing for users to communicate with each other on a company's site does not automatically foster a sense of community. What is necessary is a critical mass of users with a sense of collaboration, loyalty, and social trust. These are necessary to produce social capital, the sense of connection between individuals that arises from familiarity and participation that provides the energy for communities to thrive (Hanson, 2000; Meehan, 2000).

However, the benefit of increased brand loyalty arising from community building efforts may be offset by the risks. According to Peppers and Rogers (1997), we are experiencing a shift in power from producers to consumers. This is because virtual communities are more than social in nature; they represent a group with a critical mass of purchasing power and a viable communication network about products, quality, and prices. This consumer participation in the marketing effort may be seen as a threat to some companies.

Again, a search of corporate websites yields numerous examples of corporate investment in the belief that there is a relationship between online community and building customer loyalty. One of the communities most written about is EBay, Inc., where establishing a sense of community and trust were two keys to the auction site's success (Bradley & Porter, 2000). Two other companies who have taken this strategic initiative are AT&T WorldNet Service and Lycos Quote.com. For Internet service provider AT&T, the primary concern was customer re-

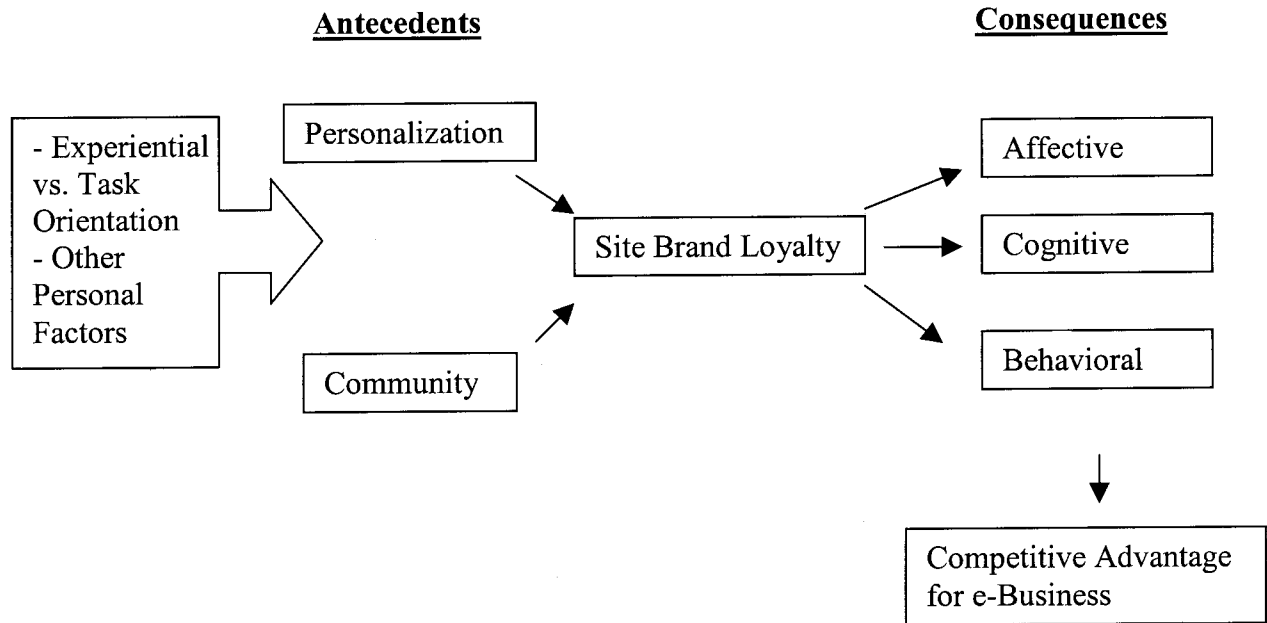
tention (Participate.com, 2001a). A community-building program called AT&T WorldNet CommunityPort SM was launched in October 1998. According to AT&T, the increased services of online community building tools improved the company's ability to meet the needs of its customers. One of the primary results was that there was "a lower overall churn rate among [AT&T's WorldNet] customers, which really points to the power of community to enhance customer loyalty and retain customers" (Participate.com, 2001a).

The primary concern of Lycos Quote.com was to "attract new visitors, keep them on the site longer, and keep both [current and new customers] coming back" (Participate.com, 2001b). Online community tools were implemented which enabled investors to learn from experts and communicate with peers. To meet the needs of its customers, a variety of communication venues were offered such as message boards, online seminars, live chats, and volunteer programs. Managers attribute the success of the site to the implementation of these community-building tools. As of April 2000, the site had over 4,000 users subscribed to its community services, with an average of 7,100 unique visitors per week.

### A CONCEPTUAL MODEL FOR DEVELOPING SITE BRAND LOYALTY

To conceptualize the process through which customers become loyal to websites, we propose a model that summarizes our previous discussion and case study evidence (Figure 1). The model identifies only one of the potential individual factors that influence the customer's online experience—usage orientation. As with traditional consumers in the search mode, online consumers may exhibit a task-orientation on some site visits and a more experiential orientation on others. Thus, the model shows that the factors that drive brand loyalty will differ for task-oriented as compared to experiential uses of the Internet. As noted earlier, those with a task orientation will find a site more valuable when it allows them to complete their task effi-





**FIGURE 1**  
Customer Participation in Creating Site Brand Loyalty

ciently and effectively. In contrast, those with an experiential orientation will find a site more valuable when it provides them entertainment and enjoyment. Other individual factors (e.g., general involvement with the Internet) as well as situational factors (e.g., time constraints) might influence the consumer's online participation as well.

The model also suggests that marketers can focus on at least two areas to enhance the consumer's online experience and develop website loyalty. Websites that foster personalization can enhance the company's ability to uniquely meet the customer's needs. Personalization not only increases the bundle of benefits to the customer, but also raises the costs of switching. Once the visitor has invested time and energy into the personalization process, there is a disincentive to start all over again with another site. Finally, websites that encourage consumers to build online communities clearly enhance the participation level with the brand. For example, customers communicate among themselves about potential new uses for and benefits derived from patronage of the brand.

Once brand loyalty is developed in a market, what are the consequences? And, of what ben-

efit is brand loyalty to the firm? As the model shows, site brand loyalty leads to cognitive, affective, and behavioral reactions from customers, such as repeat patronage and favorable attitudes toward the site and its brands, both of which are obviously tied to increased revenue. Furthermore, increasing brand loyalty is a method of increasing the inelasticity of demand (O'Guinn et al., 2000). Brand loyal customers are generally less sensitive to price increases because they value the benefits of the brand. And finally, increasing brand loyalty reinforces the differentiation of the brand, which decreases the likelihood that customers will switch brands in the face of increasing competition (Crispell & Brandenburg, 1993; Dick & Basu, 1994; Meehan, 2000). Thus, site brand loyalty leads to a competitive advantage for the e-business. That is, customer participation in the e-Business model will be fundamental in developing a sustainable competitive advantage through customer value (Slater, 1996; Woodruff, 1997).

Empirical evidence from the marketplace supports this model. For example, in the Lycos Quote.com case study the online community implementation had a positive impact in the

development of increased brand loyalty (Participate.com, 2001b). This increased brand loyalty had measurable results for each consequence predicted in the model: affective, cognitive, and behavioral. Site users who became community members increased the length of time spent on the site, returned more often, and generated more activity (as measured by community postings) compared to users who were not community members. A survey of site users indicated that community members were more likely to visit the site daily and refer others to it. Through the increase in the site's paying customer base, seminar registrations, and other activities, Lycos Quote.com reports a 535% return on investment for the online community initiative (Participate.com, 2001b).

According to a recent Yankee Group Report, these results are not atypical (Meehan, 2000). A survey of companies implementing a community strategy shows increases in brand loyalty in both the business-to-business market and in the business-to-consumer market. Return on investment (ROI) is influenced both directly and indirectly through increased sales, reduced costs, improved tracking of promotional expenditures, and increased customer satisfaction. For example, a 1999 survey indicated that across a variety of websites, online shoppers who are community members buy at a much higher rate than non-members (Yankee Group Report, 1999). In some industries a successful community implementation can yield ROI as high as 400% (Meehan, 2000).

### POTENTIAL BARRIERS TO CUSTOMER PARTICIPATION

There are, of course, potential barriers to increasing customer participation. Many Internet users are reluctant to supply personal information; in fact this issue topped the list of personalization concerns in a recent survey conducted by Forester (Hagen, Howe, & Berman, 1998). Marketers must be judicious in both obtaining and using such information. Furthermore, personalization may not add value to many products and services. Clearly, customers must per-

ceive a value to the personalization before they will relinquish their privacy and give of their time to participate in the marketing effort. However, if companies can define how personalization will provide the customer functional, emotional, and/or self-expressive benefits, then they will be more likely to obtain the type of participation that will lead to increased site brand loyalty.

Similar issues pertain to building online communities. Not all brands or companies can create enough interest or have the requisite emotional and social involvement needed to build a sense of community. As more online discussion groups, chat rooms, and communities develop, the competition for the customer's participation will greatly increase. Companies must understand the usage orientations and other individual factors that motivate customers to join these groups, and determine the types of benefits they will obtain. Websites that understand the customer's online experience will be best equipped to provide customers with what they need to make participation valuable, and thus increase site loyalty.

A final barrier to developing site brand loyalty is the steady progression of "me-too" competitors who also will be vying for the customer's attention through attempts to personalize their sites and build brand communities. Thus, the key to *sustainable* site brand loyalty will be in consistently providing superior customer value.

### FUTURE RESEARCH

At this point in time there is a variety of case study evidence supporting the positive effect of website personalization and online community on increasing customer loyalty. What is needed in the next stage of study is further investigation into the specific effects of consumer differences such as task or experiential orientation. Furthermore, a number of exciting and intriguing research questions remain in terms of how customer participation influences the creation of site brand loyalty. First, extensions to this work should seek to delineate other factors that would impact the customer's participation in the marketing effort. Second, further investiga-

tion into the consequences of such participation will provide marketers with the information needed to implement participation enhancing strategies. And finally, characteristics of brands that support personalization and community-building efforts require more exploration.

## CONCLUSION

The traditional marketing concept calls for an organization to focus on customers (Kohli & Jaworski, 1990); the need for such a focus has not changed. But is a website on the Internet a product, a store, a service, a vendor, or a channel? The integration of these functions and the blurring of these distinctions is the challenge of building the new e-business model (Kalakota & Robinson, 1999). Duncan and Moriarty (1998) suggest that the common denominator among all of the marketing functions is *communication*. Communication is at the heart of relationship marketing and is the basis for understanding and developing customer value in the off-line world; it becomes even more important in the "many-to-many environment" of the Internet.

This new communication model shifts the power by enabling customers to participate in the marketing effort. Today the balance of power between producers and consumers is in equilibrium, and the boundaries between them are blurring (Berthon, Holbrook, & Hulbert, 2000). In addition, just as with previous media technologies (e.g., radio, television, printing presses), the Internet has changed the way that information is made available (Yadav, 2000). As happened when other technologies became available, firms may languish for a time until they learn how to compete in the new environment. For example, what arose out of the one-to-many market segment era, was a one-way communication model where the firm imbued its brand with an image to differentiate it from all the other brands. What arises out of the many-to-many marketing era will clearly be more interactive and involve negotiation between the producer and the consumer as to what a brand's image and meaning will be. A quote by Dick Anderson, General Manager of

IBM Web Management personifies this perspective: "We have around 1 million visitors a week to ibm.com. The activity that you have when you have that level of traffic coming to your site is a very critical part of what your brand image is. In fact, you might say it's beginning to set the brand image." (2000, p. 70). Thus, in the new age of interactive communication, producers and customers are co-creating the e-business brand. When customers desire this sort of participation in creating an e-business brand, it seems brand loyalty will also be fostered.

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