The Overlap of Brand Community and Word of Mouth

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Abstract

Brand community, groups of people formed and centered around the brand's consumption, is not a new concept to brands and researchers. For decades, companies have attempted to establish and strengthen brand communities to bring greater benefits for both businesses and consumers. This review paper will compile previous research on the impact of brand community on customer-brand relationships. The effects of social media and word of mouth on brand community will also be covered in this literature. Furthermore, there will be propositions on the influence of word of mouth on brand community development, which will be illustrated through the comparison and analysis of companies Amazon and Shopee–a leading e-commerce platform in Vietnam. This manuscript will provide valuable resources for companies, especially in developing economies, on how to generate brand loyalty, brand trust, and customer engagement. It will also serve as a foundation for future research on the overlap of brand community and word of mouth.

Keywords: brand community, word of mouth, customer-brand relationships, e-commerce, targeted messaging, interdependent self-construal

1. Introduction

Characterized by a sense of togetherness and belonging, community describes a group of people sharing similarities and practices (Muniz, et al., 2001). Although community is a familiar social concept that has existed in humanity since time immemorial, brand community was not recognized or extensively researched until 2001 (Muniz, et al., 2001). For the last several decades, companies have created communities to increase brand loyalty and strengthen customer-brand relationships (Kaur, et al., 2020). Before social media existed, companies built brand communities primarily through community events such as the Harley Davidson Posse Ride and Camp Jeep. Brand communities in the past were largely offline, however, for the past 15 years, social

media has gathered people together, transforming brand community from a geographical concept to a "shared identity" (Muniz, et al., 2001; Gruzd and Haythornthwaite, 2013). By harnessing social media, brands can leverage this "shared identity" to create much stronger communities.

This review paper will reacquaint consumer researchers with the intersection of brand community and social media and highlight word of mouth as the keystone in fostering strong customer relationships. Although research on brand community and on word of mouth individually is abundant, there is little research or literature review on the overlap of these two marketing topics. Companies can refer to this literature as a guide to building strong brand communities to boost customer loyalty and satisfaction. Future work can build upon this

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literature review to study the potential of word of mouth in building brand community.

2.   Brand Community

Brand community describes a group of customers with emotional attachment and long-term interest in a brand (Muniz, et al., 2001). Since it was first brought to academic attention in 2001, brand community has been considered a prominent method to foster strong customer-brand relationships (Muniz, et al., 2001; Cova, et al., 2006; Habibi, et al., 2014; Schouten, et al., 2007). The strength of a brand community relies on its customer engagement. (Schau, et al., 2009). As customers engage and form relationships in the brand community, they develop a stronger connection to the brands, therefore making them more loyal (Stokburger-Sauer, et al., 2013). Their interaction is largely based on the need to exchange information and is therefore voluntary, which reduces the need for continuous enforcement from companies to maintain the brand communities (Brodie, et al., 2013).

Researchers have shown that brand community offers great benefits to brands by creating good customer-brand relationships (Jang, et al., 2008; Hur, et al., 2011; Brodie, et al., 2013; Habibi, et al., 2014). For instance, customers with higher levels of community engagement have greater brand trust (Habibi, et al., 2014). Brand community also makes customers emotionally invested in the brand, which substantially enhances brand loyalty (Brodie, et al., 2013; McAlexander, et al., 2002; Stokberger-Sauer, et al., 2013). Customers with previously weak bonds with brands are found to develop higher brand satisfaction after having brand community experience (McAlexander, et al., 2002). These increases in brand trust, loyalty, and satisfaction demonstrate strong relationships with both returning and new customers and overall highlight the advantages of brand community (Jang, et al., 2008; Hur, et al., 2011).

There are two major branches of research on brand community: online brand community and offline brand community. While both forms of community share certain characteristics such as voluntary consumer engagement and the spread of information resources, the place in which the community occurs influences the characteristics of

each group.

2.1 Offline Brand Communities

Offline brand communities maintain customer engagement and community commitment through in-person brandfests and activities (Muniz, et al., 2001). Despite the ubiquity of social media, offline brand communities still play a crucial role in attracting customers with weak brand identification and boosting brand satisfaction (McAlexander, et al., 2002). This is because offline events allow members to network, gain brand experience, and exchange information in person (Hur, et al., 2011). One example of offline events is brandfest, a social gathering where customers can engage with brands and products. Camp Jeep, for example, allows customers to experience different car models and gain useful insight into their vehicles through the "Jeep 101" course. By providing consumers with valuable information, Jeep brings customers a sense of support that makes them more connected and loyal to the brand (McAlexander, et al., 2002). The ability to engage with other Jeep customers and enjoy brand experiences at the event also strengthens customer-brand identification–the main driver of brand trust and brand advocacy (Stokburger-Sauer, et al., 2013). Another notable example of offline brandfests is the Harley-Davidson cross-country rally that increased community kinship from 79% to 83% (Fournier, et al., 2000). These examples demonstrate a key point that customer engagement is important to the success of offline brand communities (Schau, et al., 2009). Compared to online events, offline brandfests still offer some advantages such as in-person product experience and face-to-face interaction. Overall, offline brand communities are fundamental to the relationships between brands and customers for the genuine and personal experience they provide.

2.2 Online Brand Communities

Online brand communities utilize virtual platforms to allow customers to interact and exchange information (Jang, et al., 2008). With technology, online brand communities exist almost

everywhere: forums, websites, social media, etc (Laroche, et al., 2012). While online communities do not allow for face-to-face interaction, there are various ways to create customer engagement virtually. One example is community Q&A, where members engage by asking and answering inquiries. The act of inquiring and responding forges a sense of support among members that brings brand warmth to the community (McAlexander, et al., 2002). As brand warmth is one of the five drivers of customer-brand identification, such interaction can strengthen brand communities and enhance brand loyalty (Stokburger-Sauer, et al., 2013). The example of community Q&A also indicates that online brand community still provides customers the means to connect and engage like offline communities do (Stokburger-Sauer, et al., 2013). Member engagement in online communities is most effective when done out of voluntarism rather than rewards, which suggests that a strong virtual community should be driven by consumers' need for information rather than the need for benefits (Hur, et al., 2011; Brodie, et al., 2013). Overall, virtual communities exhibit several similar characteristics to an offline community such as voluntary engagement and information inquiry. However, offline communities offer direct brand experience and stronger connections through in-person interaction, while online communities allow for broader social networks and easier ways to share information.

3. Word of Mouth

Word of mouth is the spread of information from one person to another through daily dialogues (Berger, 2016). What differentiates word of mouth from paid advertising is the difference in how information travels. With word of mouth, individuals willingly pass on information, whereas information is forced into people's lives in paid advertising (Berger, 2016). Some examples of word of mouth include referral codes, product reviews, or customer experience (Sun, et al., 2006). As information distribution is a way brand community members interact, word of mouth is fundamental to creating customer engagement, especially in online brand communities (Brown, et al., 2007). To understand

how word of mouth facilitates brand community, it is important to examine different word of mouth strategies.

One of the crucial elements for generating word of mouth is emotions. High-arousal emotions, such as fear and anger, are more successful at prompting people to pass on information (Berger and Milkman, 2012). Flash sales are a notable example. The announcement of flash sales often provokes fear of missing out on customers due to the short duration of sales (Przybylski, et al., 2013). This prompts customers to take action immediately, which includes spreading information on flash sales, raising brand awareness, and generating customer engagement.

Practicality is another element that contributes to word of mouth. There are numerous examples of practical values. Receiving discounts for every successful referral is a practical value. Useful tips and tricks in how-to articles are practical values. Practicality incentivizes the spread of information as people desire to appear helpful to others (Berger, 2016). Likewise, the voluntary act of sharing helpful information like discount codes in brand communities also stems from people's desire to be helpful members of the communities. This spread of information ultimately increases brand awareness and facilitates customer engagement. The two examples of emotions and practical value above illustrate how brands can use word of mouth to raise brand awareness and build active virtual brand communities.

In terms of impact, word of mouth remarkably surpasses traditional advertising (Buttle, 1998; Chevalier and Mayzlin, 2016). It is nine times more effective than advertising in influencing customer purchase behavior (Buttle, 1998). This is because word of mouth provides trust–people are more likely to consider recommendations from their close networks rather than their acquaintances (Brown and Reingen, 1987). Word of mouth is also more cost-efficient than traditional advertising. The willingness of people to pass on information reduces the cost and efforts of dispersing information for businesses. Lastly, word of mouth causes people to engage with each other, such as by sharing discount codes, which fosters community engagement and kinship. Since customer engagement results in greater

brand trust, brand loyalty, and brand satisfaction, brands should utilize the overlap of word of mouth and brand community to build stronger customer relationships (Habibi, et al., 2014; Chevalier and Mayzlin, 2006).

4. Overlap of Brand Community and Word of Mouth

The above example of sharing discount codes in brand communities is one illustration of how word of mouth can foster close customer-customer relationships that develop community kinship. Brands should leverage the influence of word of mouth to create similar experiences to benefit their communities. Another way to do so is through user-generated stories, such as customer reviews. Stories distribute and reinforce information much more effectively than facts and figures do (Berger, 2016). The sharing of customer experience among members passes on brand information, such as brand values or product recommendations, that can further strengthen customer-brand relationships and influence purchase decisions. Since word of mouth occurs both online and offline, it gives brands the flexibility to promote customer engagement in their communities. Companies that are developing online brand communities should highly consider word of mouth as a method to establish an engaging community. Besides practicality, emotions, and stories, there are other factors that can maximize the effectiveness of word of mouth in brand community, which will be discussed in the next section.

4.1 Guidance for Using Word of Mouth in Brand Communities

Companies often grapple with the type of message they send to consumers, especially whether to use targeted or more general messages. While mass messaging is more affordable due to its versatility, targeted messaging is more appealing to a specific audience. As different customers hold different opinions and beliefs, non-targeted ads may create conflicts in the messages delivered and thus decrease their effectiveness (Farahat and Bailey, 2012). However, having multiple targeted ads for multiple

demographics is not any better as it can cause confusion and damage to the brand image. Instead, identifying with a niche group will help brands craft consistent and specific messages that allow customers to identify with the brands and make the brands seem more trustworthy. Since customer-brand identification is one valuable benefit of brand community, it suggests that targeted messaging is significant to brand community development. Additionally, people tend to develop stronger ties with individuals with similar interests, beliefs, backgrounds, etc (Brown and Reingen, 1987). Having a specific message catered to a specific group will increase the propensity of sharing in that circle. Therefore, companies that utilize targeted messaging to generate word-of-mouth conversations can more effectively build brand communities with higher customer engagement levels. Formally:

P1: Targeted advertising increases the effectiveness of word of mouth in building a strong brand community.

Of the characteristics that differentiate people, their self-perceptions as independent from or interdependent with others are gaining increasing research focus. Independence is the focus on oneself, while interdependence is one's consciousness of other people. Interdependent individuals often hold a collectivist mindset, which emphasizes the group's needs and goals over individual desires. The difference between these two construal types can be perceived through group interaction, where independent individuals act on their own needs and interdependent individuals are more attuned to the needs of others. The greater consciousness of their group identity causes interdependent people to feel more obliged to assist others in group settings, whether by sharing useful information, referral codes, or customer experience in brand communities. This sense of kinship among interdependent-oriented people allows for more community engagement, which is what forms strong brand communities (Steffes and Burgee, 2009; Xu-Priour, et al., 2014). Formally:

P2: People with interdependent construal are easier to

establish brand communities and generate word of mouth.

4.2 Illustrating Propositions Through Amazon and Shopee

Amazon and Shopee are two e-commerce companies that provide sellers and buyers the virtual platforms to connect and exchange. Founded in 1994, Amazon is the world's biggest online retailer with 2.4 billion monthly visits. On the other hand, Shopee only gains 70 million visits each month. The platform has only existed in Vietnam for 5 years (to Amazon's 27). By building a brand community on social media, Shopee was able to dominate the e- commerce sector of Vietnam within 4 years. And by having monthly flash sales, Shopee is able to encourage customers to frequently engage in word of mouth by sharing discount codes. These flash sales are also the online brandfests for customers to interact and network in order to strengthen the community. Meanwhile, Amazon attempted to build a diverse brand community through the Amazon Influencer Program, which gathers influencers from different fields to share recommendations on Amazon products on social media.

However, as Amazon utilizes the reach of influencers to raise brand awareness, it also creates confusion about its brand image as influencers in different fields–such as beauty, health and fitness, and technology–appeal to different demographics, which hinders Amazon from appealing to the customers in the most genuine way. On the other hand, by forming a brand community for Vietnamese people, Shopee is able to create a more close-knit community. Their success in building brand community is reflected through the many community groups on Facebook that are created solely for sharing Shopee promo codes, with one up to 300,000 members and 630 posts a day. Meanwhile, the average review rate on Amazon is 1-2%, meaning that there are only 1 to 2 reviews for every 100 orders. This low review rate indicates little customer engagement in the Amazon brand community. As the biggest retailer, Amazon should face little difficulty in building a strong brand community, but the comparison above shows otherwise. Shopee, despite existing for only 5 years, has a much more active community.

There are several reasons for the low customer engagement in the Amazon community. The first reason is the target audience. Operating in a country where online shopping is most popular among young adults, Shopee mainly serves people from 18 to 30 years old. Meanwhile, Amazon targets multiple age groups, from teenagers to old-aged adults. Though Shopee seems to be at the disadvantage of having a smaller set of customers, it actually benefits the company in targeted messaging. As illustrated in the first proposition, in which targeted messaging enhances the effectiveness of word of mouth, the single group that Shopee caters to helps the company generate greater word of mouth, resulting in greater customer engagement in its brand community. While Amazon serves the people in America, a culturally diverse country, Shopee serves the people in Vietnam, where they share the same language, culture, and ethnicity. The homogenous population in Vietnam allows for more word-of-mouth engagement and easier spread of information.

Lastly, Amazon and Shopee differ in the cultural values of the country they operate in. Cultures can differ in the extent to which they are interdependent. If Americans uphold an independent mindset, Asian countries like Vietnam are more interdependent and collectivist (Zhang and Neelankavil, 1997). Based on the second proposition, in which interdependent self-construal facilitates community development, the strong sense of togetherness in Vietnam allows Shopee to more easily build a strong brand community and encourage members to engage in word of mouth. Word of mouth is also particularly effective in attracting new customers as it creates brand visibility and brand awareness (Berger, 2016). In fact, research shows that accessibility and awareness are the two strongest factors influencing the performance of e-commerce platforms in Vietnam (Tran, 2019). This demonstrates that generating word of mouth on interdependent customers can be significantly advantageous for businesses, especially in e-commerce.

5. Discussion

The literature review highlights brand community as a powerful tool to strengthen customer-brand

relationships in order to generate greater values for businesses and consumers. This emphasis on brand community points out that after-sales service, such as brand education or brand experience, leads to higher customer retention and acquisition. The paper also underscores the relevance of word of mouth in brand community, where customer engagement is an essence of a successful brand community. Companies can leverage the influence of word of mouth to create more engagement in their communities. The propositions on targeted advertising and self-construal types advise brands to pay close attention to their customer demographics in order to create more effective marketing. Overall, the paper illustrates the profound impact of customer-brand relationships on customers' purchase decisions, which reinforces the great importance of customer service.

The review paper provides several suggestions on how brands can effectively build brand communities through word of mouth. Firstly, brands should define a target demographic to keep their core values and messages consistent. When brands align their images to the beliefs of their target audience, customers can identify more closely with the brands, thus resulting in greater brand loyalty. Secondly, the proposition on self-construal shows that businesses in interdependent countries should take advantage of the collective identity of interdependent people to encourage more customer engagement in brand communities. On the other hand, companies in independent nations like the US can consider interdependence priming as an alternative to build brand communities (Gardner, et al., 1999).

Since research on word of mouth and brand community is limited, it is crucial to advance the knowledge on the relationship between these two topics as a lynchpin to good customer-brand relationships. Researchers can also examine the influence of independent and interdependent self-construal on brand community. As self-construal is not strictly cultural, researchers should also study the effectiveness of interdependence priming in brand community development (Gardner, et al., 1999). Research on interdependence priming will help companies that target the American populations establish much more active brand communities.

6.   Conclusion

The goal of this paper is to compile academic research on brand community and word of mouth and to highlight the potential of word of mouth in building brand community. By giving customers brand education and experience, brand community offers companies remarkable benefits such as increased customer trust, loyalty, and satisfaction. Since member engagement is fundamental to the strength and success of brand community, word of mouth can be utilized to foster interaction among community members. In addition, targeted advertising can increase word of mouth engagement, which is helpful to brand community development. It is also easier to form brand communities among interdependent-oriented individuals due to their collectivist mindset. The propositions on targeted advertising and self- construal types also explain why one company has a greater brand community presence than others. Future work should explore the relationship between brand community and word of mouth as well as self-construal to give businesses more suggestions for building good customer relationships.

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