Chapter XV

Virtual Community: A Model of Successful Marketing on the Internet

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Abstract

The development of commerce on the Internet based on virtual communities has become one of the most successful business models in the world today. In this chapter, we analyze the concept of the virtual community, describe marketing strategy implications and guidelines for its management, and suggest some alternative strategies and technologies which could be used in running a virtual community. Thus, we attempt to discover the potential
of virtual communities for an Internet entrepreneur, from a basically practical perspective, without losing sight of the conceptual aspects defining the strategies explained.

Introduction

When the technological bubble burst at the beginning of 2000, many companies in existence three years ago disappeared (Webmergers, 2003). This phenomenon has created the need to carefully analyze the economic viability of Internet projects. In this respect, researchers have concentrated fundamentally on defining aspects, such as consumer behavior or the design of more efficient business models and marketing strategies (Alba et al., 1997; Bauer, Grether & Leach, 2002; Bigné & Ruiz, 2003; Clemente & Escriba, 2003; Görsch, 2001; Ruiz & Bigné, 2003). A simple analysis of the present situation on the Web shows that many of the businesses which have survived the Internet crisis have a common link, namely, the existence of a virtual community organized around the entity (e.g., eBay, Wired, Yahoo!, Amazon). The virtual community, a social institution which goes back a very long way, has transferred to the Internet with considerable speed and ease and has served as a source of income for and is the mainstay of many organizations.

The general aim of this chapter is to explain the characteristic features of virtual communities, paying special attention to the most important strategies, management suggestions, and technology being used in this type of business model. This chapter begins with an analysis of the concept of community from a sociological viewpoint. It then deals with the definition of a virtual community and what causes an individual to belong to one. We shall then show the main implications of the development of virtual communities on marketing. Next, we detail the most feasible strategies and a series of recommendations for the proper management of Internet communities. There follows an explanation of the most common technologies in this type of business. The final section presents the main conclusions of the chapter and future lines of research and challenges to be addressed.