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Value Impediments for Organizers of Communities of Consumption

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Abstract

Purpose: The purpose of this paper is to provide insight in the decision-making of organizations deciding whether or not to initiate and employ a virtual community of consumption by examining the potential values and value impediments for community organizers.

Design/methodology/approach: By adopting a value creation approach, we identify from the extant literature the values that communities of consumption can provide for both participants and organizers. We then formulate three main theoretical propositions on the impediments to the creation and appropriation of these values for organizations and exploratively test the external validity of these value impediments in an exploratory case study in the Dutch travel industry, as an exemplar industry that would be pre-eminently fit to take advantage of the commercial opportunities of communities of consumption.

Findings: Travel organizations in our case study are aware of the potential values that communities of consumption could provide, but are unwilling and expect to be limitedly able to realize and appropriate these values. They identify various value impediments related to our basic propositions that add up to a reluctance to initiate a community of consumption.

Value/originality: Whereas the extant economic literature on communities of consumption highlights the potential values for either participants or organizers, we combine both. Furthermore, we highlight the existence of potential impediments to value creation for community organizers instead of adding to the ill-founded optimism in the literature.

Keywords: virtual communities, value creation, impediments, travel industry.

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Introduction

The academic and popular literature has extensively praised the business opportunities of virtual communities (e.g. Amit and Zott, 2001; Balasubramanian and Mahajan, 2001; Kardaras et al., 2003; Rothaermel and Sugiyama, 2001). Particularly, the travel industry is mentioned as an industry that would be pre-eminently fit to take advantage of the economic potential of virtual communities through improved commercial opportunities (Dellaert, 2000; Hagel III and Armstrong, 1997; Wang et al., 2002). This type of community is referred to as community of transaction (Armstrong and Hagel III, 1996), community of consumption (Kozinets, 1999; Valck, 2005), or organization-sponsored commercial community (Porter, 2004), for it creates opportunities to gather customer information, to engage in one-to-one marketing, to increase the number of transactions for organizations, to nurture innovation and to add complementary value to existing products and services. We adhere to the following definition of virtual community of consumption: a social aggregation of people with a shared focus on consumption or transaction-related activities, engaged in information exchanges that are enabled by internet technologies and an organizer. While this definition is similar to commonly used definitions proposed by Rheingold (1993) and Hagel and Armstrong (1997), we emphasize information exchange as the primary value driver for communities of consumption and discuss the implications for the organizer in creating potential economic value.

A decade after Armstrong and Hagel's (2006) initial publication, the optimism in the literature does not seem to have translated unequivocally to practice. Even though several examples of travel-related communities of consumption exist in the US (e.g. TripAdvisor.com, VirtualTourist.com, ThornTree.com), it is not as common a phenomenon as the literature leads us to suspect. Our initial scan of the Dutch travel industry indicates that very few communities of consumption exist (see Research methodology section). More importantly, the communities of consumption that are organized by actual travel organizations, i.e. either travel agencies or tour operators, seem to be particularly scarce. On top of this scarcity, little empirical evidence in general is reported of organizations –travel organizations not excepted– that are able to successfully appropriate the value realized by communities of consumption (cf. Balasubramanian and Mahajan, 2001). This leads to the state of affairs that either the predicted economic potential of communities of consumption requires a longer gestation period or the underlying theoretical explanation requires augmentation, with the majority of authors pointing towards the latter (e.g. Kim et al., 2004; Rothaermel and Sugiyama, 2001; Shang et al., 2006). In order to derive ways for organizations to employ communities valuably the suggested theoretical enhancements focus mainly on understanding the community participants: the valuation of participants' contributions (Dellaert, 2000), participants' motivations (Balasubramanian

and Mahajan, 2001), and community characteristics and outcomes (Koh and Kim, 2004). This paper emphasizes the equally relevant perspective of the community organizer. Specifically, we focus on the potential inhibitors that restrain travel organizations (tour operators and travel agents) from organizing a community of consumption on their website from a value creation perspective. The paper thus deviates from the tradition to examine communities in existence. Instead, we scrutinize the managerial challenge of organizations that are assessing whether or not to implement and employ a community of consumption.

According to Armstrong and Hagel (1996), the strategic decision-making for organizations involves answering two key questions: 1) how large is the economic potential? 2) how intense is the competition likely to be? While we endorse the importance of these questions, we argue that they provide little guidance for managerial decision-making by organizations. The first question passes over the organization's willingness and ability to appropriate the potential value. Not only does the literature differ on the presumed values that a community of consumption could create, uncertainty could exist with regard to the feasibility for organizations to appropriate some of these values. In the second question, Armstrong and Hagel (1996) point towards 'natural owners' as potential competitors for community organizers defined as "those who enter the arena with a strong advantage because of assets such as brand name, deep customer relationships, and in some cases, published content that they own" (Hagel III and Armstrong, 1997). Besides the fact that competition by non-natural owners cannot be ruled out and the intensity of competition co-depends^[1] on the nature and size of the economic potential, the term 'natural owner' merely allows us to characterize successful community organizers *ex post*. It provides insufficient *ex ante* insight in the motivations of presumed natural owners that decide *not* to employ a community. The aim of this paper is to address these shortcomings and to provide a handle for decision-making by organizations taking into account potential value for participants and the organizer.

We argue that an organization will decide to initiate a community of consumption if it is seeing, willing and able to derive value from it, in excess of the expense of initiating and operating the community. First, we present an overview of the literature on the presumed values of information exchange in communities of consumption for participants and organizers. Subsequently, the potential impediments to these values for community organizers are derived by drawing on Penrose's (1959) tripartite (seeing, willing and being able) perspective of strategy. This leads to three basic propositions on impediments to value creation in communities of consumption. We, then, present an exploratory case study of three Dutch travel organizations aimed at identifying the inhibitors that prevent them from initiating a community of consumption. By mapping the findings onto the propositions, we can

assess the external validity of some of the presumed value drivers of communities of consumption in the Dutch travel industry. Finally, we reflect on the findings and discuss their implications.

Potential economic values for participants and organizers

From an economic perspective, “a successful community-based business model will generate value and capture profits” (Krieger and Müller, 2003, p.56). While many thriving communities are able to generate value for its members, very often the value of communities is distributed principally to the members and cannot be captured as profit for the builder (Krieger and Müller, 2003). In examining the potential economic values of communities of consumption, we therefore distinguish between the utility value for participants and value for the organizer. We start from the basic assumption that a community that is able to create utility value for its participants will be able to create value (and possibly profits) for the organizer.

The extant economic perspective on communities regards it as an alternative ideal-typical form of organization with trust as the corresponding coordination mechanism (Adler, 2001) that is well suited (compared to markets or hierarchies) for organizing the interaction among its participants by facilitating information exchange. In the (neoclassical) economic view, the value of these information exchanges is composed of the transactional value, i.e. the counter value against which the information is exchanged, and the utility value that derives from the (future) use of the information (Bates, 1990). However, the special characteristics of information as economic good (e.g. Choi et al., 1997) cause its transactional value to tend to zero, due to the commoditization effect (Shapiro and Varian, 1999), especially when information is publicly accessible and freely available in an online community (i.e. information’s public good’s nature is emphasized). This emphasizes the utility value for community participants that use the information as the primary value driver for the community’s information exchange. While this value is hard to determine for it is probabilistic (Bates, 1990) and thus, highly dependent on the context and the user, three types of utility value are distinguished^[iii]: focus-related utility, derived from the participant’s belief that all contributions to the community strengthen or advance the focus of the community; consumption utility, derived from the participant’s direct consumption of the contribution of other participants; and approval utility, derived from the satisfaction that ensues when other participants consume and approve of the participant’s contribution (Balasubramanian and Mahajan, 2001). The participants’ values that are recognized in the literature on communities of consumption are predominantly focus-related and consumption utility. However, communities of consumption can also provide value to their participants by fulfilling social and psychological needs (Preece, 2000). Such ‘social’ values include values of identity and belonging by providing a platform for taking part, being a member of a group (Wang et al., 2002) and being able to

communicate with like-minded others, possibly resulting in interpersonal relations (Valck, 2005). Nevertheless, with our main focus on economic values, these social values will be left out of account.

Economic values for participants that have been recognized in the literature can be ranged under three headings:

- *decreased transaction costs* – Both reduced search costs resulting from the collectively available information for decision-making, and reduced information asymmetry between buyers and suppliers account for a decrease in the overall transaction costs for participants. On the one hand, the transaction efficiency is increased when a consumer can access a breadth and depth of information (e.g. travel destinations and price/quality ratio's) shared by community participants in a travel-related community, because it increases the amount and quality of information available for decision-making (Dellaert, 2000; Hagel III and Armstrong, 1997; Valck, 2005). On the other hand, a participant's information disadvantage with regard to the quality of travel products and services diminishes vis-à-vis suppliers thanks to other participants' evaluations and feedback (Dellaert, 2000; Lechner and Hummel, 2002). Such information asymmetries exist as a result of the difficulty of evaluating ex ante the quality aspects of travel products (in fact of any experience good (Nelson, 1970)), and the reluctance of some travel organizations to provide (reliable) quality information (Truijens, 2004).
- *improved product/service usage* – Not all information available in a community directly influences the participants' transaction costs, instead it can contribute to the improved usage (and thus utility) of products or services (after purchase). In travel-related communities, a participant's holiday experience might improve thanks to good recommendations by other participants.
- *increased buying power* – Given the joint interest and focus of the community participants, a community can provide the opportunity for consumers to join forces by aggregating their demand for products or services and to negotiate quantity rebates at suppliers (Schubert and Ginsburg, 2000), or to set up so-called reverse markets (Hagel III and Armstrong, 1997).

The participants' values identified above have two main implications for the organizer of a community of consumption. First, the organizer has to be aware that the main value driver is the community's ability to organize efficient information exchange among its participants. Second, the role of the organizer is limited to facilitating the information exchange and providing the conditions under which participants can realize direct efficiencies of reduced transaction costs (e.g. search costs) or indirect efficiencies of utility from improved usage and collective buying power. Partly, this is a technical concern of providing intuitive user interfaces and advanced search mechanisms (Preece, 2000). Partly, it involves setting the focus of the community in a way that a shared, consumption-related focus and

interest is present (Wang et al., 2002) and information exchange is aroused as a result. Partly, it involves ensuring that trust becomes the dominant coordination mechanism (Adler, 2001) in the community, such that the level of opportunistic behavior (e.g. free-riding or lurking) is minimized.

Undeniably, community organizers incur costs by creating one or more of the above values for participants. Against this, the literature has identified values that community organizers can create and appropriate themselves. By applying Amit and Zott's (2001) e-Business value framework, the organizer's values can be ranged under four sources of value creation, which are connected in the sense that "the presence of each value driver enhances the effectiveness of any other driver" (p.509):

- *efficiency* – As a platform for focused information exchange, a community of consumption provides opportunities for organizers to realize efficiencies from the ease of communicating with its participants (Evans et al., 2001) and the ease of market research. On the one hand, it enables suppliers to explain and advertise (changes in) their product/service offering to a targeted audience (Wang et al., 2002). Besides reducing its own costs of marketing and communication, the organizer can appropriate the value of this efficiency directly by charging advertising and sales commission to third-parties such as participating suppliers (Hagel III and Armstrong, 1997; Rothaermel and Sugiyama, 2001). On the other hand, the community enables organizers to efficiently reduce information disadvantages vis-à-vis consumers by learning about participants' profiles and preferences through their transaction behaviour, and evaluations and appraisal of products or services (Hagel III and Rayport, 1997). These profiles (e.g. contact information) and preferences can be used for customizing and personalising the product offering (Kozinets, 1999; Valck, 2005), which enables increased profit margins through price discrimination, or they can be sold to third parties such as direct marketing companies ^[iii] (Hagel III and Armstrong, 1997).
- *complements* – Communities can provide value for organizers when they offer bundles of complementing products/services that are valued higher by customers than the individual components by themselves. For example, e-bookers, a European online travel site, grants its customers access to weather information, currency exchange rate information, and appointments with immunization clinics (Amit and Zott, 2001, p.505). In communities of consumption, the participants' information exchange on (travel) products can contribute to an increase in perceived added utility and thus provides an opportunity for organizers to capitalize on this added value, or to differentiate from competitors (Porter, 1980).
- *lock-in* – Communities can cause participants to become locked-in due to high switching costs (e.g. caused by the presence of valuable content, personalized advertisements or product offering, or habituation to a user interface) resulting in loyalty towards a product, brand or supplier/organizer. This loyalty possibly results in repeat transactions (Hagel III and Armstrong,

1997). Lock-in can be reinforced by positive network externalities: a large community attracts and locks-in more participants since it provides more potential value to its participants compared to smaller communities (Shapiro and Varian, 1999). Besides the value of repeat transactions, organizers can ask user fees for access to the community to directly capitalize on the attractiveness and to further increase the switching costs for existing participants. Concurrently, such fees raise the barrier to entry for new community participants and limit the effect of positive network externalities.

- *novelty* – Communities that facilitate and stimulate product evaluations by customers can provide valuable input for product/service enhancements and new product development (Füller et al., 2006). Moreover, the input guides product development that actually fits the preferences of a targeted audience, or micro niche (Kozinets, 1999).

Impediments to value creation

Drawing on Penrose's (1959) tripartite perspective on strategy, we derive three basic propositions (P1 to P3) on the impediments to value creation for organizers of communities of consumption. We argue that an organization will decide to initiate a community of consumption if it is *seeing, willing and able* to derive value from it, in excess of the expense of initiating and operating the community. This leads us to the first proposition that:

P1 a community organizer might not see the values that a community of consumption could create for its participants and itself.

If an organization is simply unaware of the commercial opportunities that communities of consumption can provide, it is unlikely to initiate one. In case it does recognize the potential values identified in the literature, a community organizer might *not be willing* (P2) to realize the potential values, because:

P2a the expected participant value is insufficient to draw a critical mass required for a lively information exchange.

In order to realize values from a community a critical amount of interaction needs to take place. The extent to which different products evoke this, depends mainly on the type of product. In general, it is acknowledged that as a typical experience good, travel products provide sufficient focus for efficient information exchange (e.g., Wang et al., 2002). Nevertheless, the extent to which lively interaction is evoked might vary between different types of travel products, depending on the level of experience in the product: for instance, compare a flight from A to B (commodity) with a guided hiking tour in Bhutan. This, in turn, limits all values that an organizer can realize, both through a lack of critical mass of participants needed for marketing efficiency and lock-in, and a lack of relevant information exchanged in the community needed

for identifying consumer preferences, product development and enhancement, and adding complementary value.

P2b the expected values for the organizer do not outweigh the expected costs associated with the community.

When a community is able to create sufficient participant value to realize lively interaction, still the values that result from it for the organizer might not outweigh the setup and maintenance costs required for organizing efficient information exchange in the community. Besides, if the community aims to provide the participant value of reduced information asymmetry, this might be incompatible with the organizer's existing source of value creation if it is based partly on exploiting information asymmetries in opaque markets (Truijens, 2004; Yao, 1988). A community that provides increased market transparency through increased comparability of products, quality and prices for consumers will be disadvantageous for some market parties because they lose previously incompletely informed (and possibly locked-in) customers. These market parties will be typically unwilling to initiate a community of consumption, if they are not compensated for their loss of income.

Finally, even if an organization sees the potential value and is willing to initiate the community:

P3 a community organizer might not be able to appropriate the values from it.

A community organizer might lack the resources or capabilities to appropriate values from the community. Such (strategic) resources and capabilities can be costly to develop, or even impossible to acquire at factor markets. In order to appropriate efficiency, complement and novelty values, the organizer needs to be able to register, store, analyze and interpret the content of the information exchange in order to derive customer profiles and preferences, and translated it into desired product enhancements. In addition, it needs to be able to acquire the means needed to respond to the desired product enhancements, or a sudden increase in demand for a product that is enthusiastically discussed in the community. This ability is, thus, co-dependent on the organizer's position in the value chain. In order to appropriate lock-in values, the organizer should be able to convert the loyalty of community participants into increased sales. Apart from the finding that participation in a community is not always associated with loyalty towards the organizer (Koh and Kim, 2004), the link between loyalty and increased sales is weak (Kim et al., 2004). Those market parties that have access to the required resources and capabilities are so-called natural owners (Hagel III and Armstrong, 1997). Those who are unable to develop or acquire the resources and capabilities will only initiate a community of consumption if the organizer values outweigh the costs associated with appropriating these values.

These three basic propositions present the theoretical arguments for organizations not to initiate a community of consumption. These propositions are tested in an empirical study, outlined in the next section, in order to assess their external validity.

Research methodology

In order to assess the external validity of the presumed value drivers of communities of consumption that are identified in the literature, we conducted a qualitative study in the Dutch leisure travel industry during the second half of 2005. The main research question driving the study was: what are the impediments to economic value creation that explain the absence of a community of consumption on the company's website? Given the nature of the research question, the study involved an in-depth case study at three case organizations that were selected in a pre-scan of the industry. This section addresses the methodological justification and outlines the research approach taken.

The industry selection for the study is based on three industry characteristics that positively influence the likelihood of travel organizations to initiate a community of consumption. First, the travel industry is recognized by both the popular and academic press as an industry that is pre-eminently fit for taking advantage of e-commerce applications. In 2004 the online home shopping revenues for the Dutch travel industry (€ 740M) accounted for almost half of the total online home shopping revenues.^{iv} Second, the Internet is the consumers' preferred channel for enquiries, the search and booking of travel products in the Netherlands (Deloitte, 2004). Finally, the experience-like nature of travel products and the related information asymmetry with regard to quality - the typical lemons problem (Akerlof, 1970) - , make it useful for organizations to provide quality signals to consumers (Kirmani and Akshay, 2000). Virtual communities provide an opportunity to effectively and efficiently broadcast such product quality signals.

In order to come to a valid case selection, a pre-scan of the industry was executed to explore the existence of virtual communities organized by Dutch travel organizations. The scan included tour operators, travel agents and travel-related intermediaries, recognized by the national branch organization ANVR^v and focused at the existence of elements of virtual communities (e.g., forum, travel tips, reviews) derived from Preece (2000) and from leading examples of large virtual travel communities in the US, such as IgoUgo, TripAdvisor and Virtual Tourist. The pre-scan indicated surprisingly little use of elements of virtual communities on the travel organizations' websites (see Appendix A). The actual selection of travel organizations was based on: market share, minimal

similarity in type of travel product offering, and the willingness to provide access to the researchers. The final selection included:

- Belvilla (www.belvilla.nl) is the Dutch market leader (annual revenues >20 M€) with over 15 years of experience in renting out holiday homes of private owners (around 3500) in 11 European countries. Belvilla is an intermediary between consumers and homeowners that generally have exclusive seasonal contracts. For its distribution, Belvilla uses direct channels (website, call centre) and intermediaries (travel agents) connected to their booking system. Currently, Belvilla does not use elements of a virtual community on its website, but it is aware of the possibilities of virtual communities.
- TUI Netherlands (www.tui.nl) is the largest Dutch travel organization (1.200 M€ revenues in 2003) embracing three larger all-round and several smaller, specialized brands and company-owned travel agents. The main shared focus of the brands' product offering is package tours, while the value propositions differ per brand (price, quality, product). Each brand employs a multi-channel distribution strategy, using direct and/or indirect channels such as the Internet, a call centre, and company-owned as well as independent travel agents. At present, one of the brands (Kras) uses elements of a virtual community that allows customers to send in travel reports and pictures that are placed on the website after being editorially reviewed.
- SNP (www.snp.nl) is the Dutch market leader (around 30.000 annual bookings) for the segment of active travels with a cultural focus within and outside of Europe. Its value proposition is based on providing high-quality travels to unique destinations with professional guidance. SNP uses direct sales (internet bookings and call centre) to distribute their products. Presently, SNP uses a guest book (travel café) to enable interaction among website visitors (e.g. requests for previous experiences with travels or for travel companions).

In each of the cases, the highest-ranking manager responsible for internet-related affairs was contacted and briefed on the background of the research. On site semi-structured interviews were conducted lasting up to two hours. The interviews were structured around the topics of the organization's business strategy, products and processes, the current and past Internet strategy and the possibilities of virtual communities. The interviews were recorded and transcribed and the interviewees were given the opportunity to correct and approve the transcriptions. Interview data were complemented with relevant information from company reports, policy statements, press releases and the company website in order to obtain data triangulation. Subsequently, all data were coded using a coding scheme derived from the theoretical propositions P1 to P3. Appropriate quotes per case were organized and analyzed per proposition and finally confronted across the cases. The synthesized findings are discussed in the next section.

Case study findings

Table I summarizes the case study findings by showing per proposition whether impediments to value creation were identified by each of the case organizations. These findings are discussed in more detail below.

		Belvilla	TUI	SNP	Remarks	
P1	A community organizer might not see the values that a community of consumption could create for its participants and itself					
	<i>Impediments identified</i>				<i>Values recognized, but not all considered practically feasible</i>	
	<i>No impediments identified</i>	♦	♦	♦		
P2	A community organizer might <i>not be willing</i> to realize the potential values because:					
	P2a	the expected participant value is insufficient to draw a critical mass required for a lively information exchange				
		<i>Impediments identified</i>	♦	♦	♦	<i>Simple, low-experience travel products and possibly biased community-organizers limit participant's value</i>
		<i>No impediments identified</i>				
	P2b	the expected values for the organizer do not outweigh the expected costs associated with the community				
		<i>Impediments identified</i>	♦	♦	♦	<i>Incongruity with core business, side effects of transparency, and qualitative nature of community information limit organizer's value</i>
<i>No impediments identified</i>						
P3	a community organizer might not be able to appropriate the values from it					
	<i>Impediments identified</i>	♦	♦	♦	<i>Limited allotment flexibility, maturity of website, required resources and experience to handle community information limit organizer's ability to realize value</i>	
	<i>No impediments identified</i>					

Table I Overview of identified impediments per theoretical proposition

Seeing the potential values

With regard to proposition P1, all three cases recognize the values that communities of consumption could provide. Respondents affirm that customer feedback and product evaluations could provide efficiency and innovation value for selection and purchase management, for improving the handling

and evaluation of complaints at the customer service department, for making recommendation in sales and for setting up mailings. Nevertheless, SNP and Belvilla express doubts with regard to the complementary value a community can add to its travel products. They believe that the travel products itself are the principal value drivers that provide competitive potential, and the added value of a community is marginal. With regard to lock-in value all cases expect that a community can tighten the lock-in of a stable subset of existing customers and question the feasibility and usefulness of attracting new customers to the website. Belvilla states that merely attracting customers is insufficient, and it needs active customer participation and consigned personal information in order to create value. These findings suggest that the cases are not disinclined to initiate a community because they are unaware of the potential economic values, even though some of the values are questioned.

Willingness to realize the potential values

With regard to proposition P2a, all three cases state that a community will add only limited value for participants unless the focus is broadened to include information on the surroundings or finding travel companions. A community is thought to be suitable for travel products with a strong emphasis on the experience (SNP) or niche products (TUI), rather than simple products such as Belvilla's holiday homes or all-inclusive holidays, which are not expected to elicit a lively (and thus valuable) interaction among participants. While SNP does regard its travel products as suitable for a community in principle, it raises that a seller-organized community might be associated with biases that would harm the credibility, and thus limit the participant value of the information provided in the community. These findings suggest that at least two impediments to the willingness to realize the potential value from a virtual community were recognized across the cases.

With regard to proposition P2b, three value impediments for organizers were identified across the cases. First, there is a fear of the unknown effect and impact of informational transparency, especially in case of negative reviews. TUI remarks that random people might cut into the discussion with potential negative impact on a brand's image. Belvilla states: "feedback is extremely valuable, but it is currently concealed. Where and how to reveal it, requires careful thinking." As a consequence, it requires effort to ensure a critical mass of reviews that provide a carefully balanced set of positive and negative opinions. Besides, the openness of feedback would allow competitors to target popular holiday homes and to contact the owners for a competing contract. SNP does not share these concerns: "We are not afraid to provide transparency with regard to our organization. (...) Our quality standard allows us to dare to do this." SNP is currently engaged in providing the aggregated quantitative results from customer reviews on its website, complemented with some qualitative reviews. Second, where the findings for P2a indicate that a lively travel community would require a broad focus, the cases

utter a reluctance to organize a broadly focused community due to the incongruence with its current core business, which focuses principally on the product itself. Both Belvilla and SNP expect other (independent) parties to be better equipped to organize such broadly focused travel-related communities that include the product offering of multiple travel organizations. Finally, SNP poses that the qualitative information (feedback, reports) in a community provides little to go on for product development and it prefers quantitative figures. Since initially the community will represent only a small group of early adopters, it would be unwise to respond unthinkingly to the comments of an unrepresentative group of customers. “Time is not ripe, yet. (...) Besides, in developing new products we allow our employees to unleash their creativity within the borders of our business concept. We do not follow the demands and preferences of our customers just like that” (SNP). These findings suggest that the reluctance to organize a community is influenced by the expectation to only limitedly create value for the organizer, given the additional effort (and associated costs) required to setup and maintain a community.

Ability to realize the potential values

With regard to proposition P3, two impediments to the ability to appropriate the potential value from a community were identified. While the ability to setup the required technical infrastructure is not regarded as problematic, the first main impediment recognized by all the cases is their limited ability to actually respond to customer information. SNP stresses that they would want to avoid the semblance of customer involvement if they are unable to act upon their input. Given the market mechanism of capacity allotments (e.g. beds, flights) before the season starts, there is limited flexibility in adjusting allotments during the season in case customer information would indicate changes in demands. Belvilla adds that the uniqueness of its holiday homes makes it hard to respond to changes in consumer demand, since every holiday home can only be rented out once. A second inhibitor mentioned by all cases is developmental stage of the cases’ websites: Belvilla states that “it also depends on the stage that your website is in. These things need to evolve and cannot be realized all at once.” Belvilla and SNP are currently working on realizing personal pages for registered visitors. TUI adds that for brands that use travel agents as main distribution channel, websites are currently used for general brand marketing purposes and travel agents provide detailed product information. As a result, TUI -direct seller Kras excepted- knows very little of their customers, for this information is not released by travel agents. In terms of the required competences, a third inhibitor is identified for some of the cases. SNP thinks that it is able to maintain a community given the recent expansion of the IT part of the Marketing department. Accordingly, TUI confidently expects to be able to develop the required competences. Finally, Belvilla questions its ability to initiate and operate a community. “We first need an idea of what a community amounts to and how we would like to go about it, what the

rules of the game are, and whether the idea is worthy of setting up a virtual community.” These findings suggest that the ability to organize a community in terms of resources and capabilities is partly impeded by the limited flexibility in making allotment changes, the maturity of the current websites and the lack of required resources and experience to analyze customer information.

Conclusions

In our aim to scrutinize the decision-making process of potential community organizers, we have adopted a value creation perspective. Whereas the extant economic literature on communities of consumption highlights the potential values for either participants or organizers, we combined both and derived potential impediments to value creation for community organizers in terms of three basic theoretical propositions, which were exploratively tested in a case study in the Dutch travel industry.

Mapping the sample travel organizations onto the propositions reveals that they have made a conscious decision not to initiate a community of consumption for they see all potential community values identified in the literature. However, in contrast to the optimistic literature, the travel organizations cast doubts on the practical feasibility of appropriating these values specifically when it concerns lock-in value. We conclude that they are not disinclined to initiate a community because they are unaware of the potential economic values, and thus P1 can be rejected in the context of our study.

Subsequently, the travel organizations’ willingness to organize a community is impeded by several limits to the expected amount of value that can be realized for both participants and the organizer. Unlike the literature that unitedly regards travel products as a lucrative community topic, our sample organizations nuance that the customers’ need for information in certain product market combinations (specifically simple, low-experience travel products) might not be sufficient to entice a valuable interaction in a community. In addition, the sample organizations would be reluctant to broaden the community focus because of the incongruity with their core business. In this highly competitive industry with wafer-thin profit margins, the required additional investments with uncertain returns resulting from the negative side effects of providing informational transparency and the limited applicability of qualitative information for product development add up to a reluctance to initiate a community. On top of this, independent market parties such as publishers of travel guides -e.g. Lonely Planet (Stockdale and Borovicka, 2006)- exist whose core business is to provide information (cf. Armstrong’s (1996) natural owners) and who have no pretence of biases towards particular travel organizations. Therefore, we conclude that proposition 2a and 2b on the willingness to initiate a community can be affirmed in the context of this study. Accordingly, proposition 3 is affirmed given the impediments to the ability to appropriate value from a community that were raised by the sample

travel organizations. The main impediment is not the required technological infrastructure and skills, but the limited ability to quickly respond to customer feedback that is caused by the seasonal market mechanism for travel component allotments. Additionally, their ability to appropriate value from a community is impeded by a general lack of experience in analyzing customer information, particularly relevant for non direct-selling travel organizations that have very limited access to and control over customer information residing at travel intermediaries.

Taken together, the impediments to value creation and appropriation identified by the travel organizations cause uncertainties with regard to the feasibility of economic potential of communities of consumption. Even the larger market parties that we selected for our case study were consciously unwilling to invest in a virtual community of consumption. Based on the results of this exploratory study, we conclude that the optimism around the commercial opportunities of communities of consumption in the travel industry is -at the least- not univocally recognized by tour operators and travel agents. We further argue that it is not simply a matter of a longer gestation period before the commercial benefits mentioned in the literature will be within reach for travel organizations (i.e. tour operators and travel agents). The feasibility of the economic potential of virtual communities for community organizers can be hindered by various value impediments that impact both their willingness and ability to realize and appropriate value from a community of consumption. Even though the relevance and impact of each of the value impediments differs from organization to organization each of the identified impediments relates to the organization's business strategy, core competences and value proposition, to their position in the value chain and to the idiosyncrasies of the travel industry. In contrast to the Dutch context, package tours are an uncommon phenomenon in the US, where travelers need to compose their travels from individual elements (flight, hotel, etc.) themselves. This industry difference might explain the existence and success of TripAdvisor, owned by travel agency Expedia, and VirtualTourist and ThornTree (Lonely Planet) and therefore provide an interesting opportunity for comparative research.

We conclude that taking into account the value impediments for organizers and participants will augment the underlying theoretical explanation of the economic potential of communities of consumption. We, therefore, encourage further theoretical and empirical research on the economic potential of communities: both cross-national studies to examine the influence of industry differences, as well as research that scrutinizes the social values and related impediments that we excluded from the focus of our study. These studies will help to further nuance the optimistic voice of the literature and provide handles for realistic decision-making by potential community organizers that envision communities of consumption as a competitive panacea.

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Appendix A

◆ marks the existence of a virtual community element on the website;

Notes: (1) Editors review travel reports and/or pictures that are uploaded;

(2) Uploading travel reports and/or pictures is possible after having booked a trip;

(3) Travel reports are read-only; (4) Profile can only be used to save favourite trips during search; (5)

Pictures can be uploaded after having booked and are only accessible for friends; (6) Some travel reports are located on external websites;

Name	URL	Travel reports	Pictures	Reviews	Travel tips	Guest book	Forum	Market place	Profile
Oad Reizen	www.oad.nl	◆ ^{1,2}							
Thomas Cook	www.thomascook.nl								◆ ⁴
Neckermann (Thomas Cook)	www.neckermann.nl								◆ ⁴
Arke (TUI)	www.arke.nl								
Kras Stervakanties (TUI)	www.kras.nl	◆ ^{1,2,6}	◆ ^{1,2}	◆					◆ ⁴
Holland International (TUI)	www.hollandinternational.nl								
De Jong Intravakanties	www.dejongintra.nl								
Hotelplan	www.hotelplan.nl								
Fox vakanties (ANWB)	www.fox.nl	◆ ^{1,2}					◆		
Sunweb / Gogo Tours	www.sunweb.nl			◆ ¹					
Bizz travel	www.bizztravel.nl								
Husk	www.husk.nl								
Advanced Travel Partner	www.atp.nl								
Sky International Tours	www.skytours.nl								
Single maar niet alleen (ANWB)	www.singlemaarnietalleen.nl	◆ ^{1,2}	◆ ^{1,2}				◆		
Boer en Wendel (TUI)	www.boerenwendel.nl								
SNP (ANWB)	www.snp.nl					◆			
Djosjer	www.djosjer.nl	◆ ³	◆ ⁵						◆ ⁴
Shoestring	reizigersplatform.shoestring.nl	◆ ²	◆ ²		◆		◆	◆	◆
Sindbad wandelvakanties	www.sindbad.nl	◆ ^{1,6}	◆ ¹			◆			
Vrij uit (Thomas Cook)	www.vrijuit.nl								
Pharos Reizen (ANWB)	www.pharosreizen.nl	◆ ³							◆ ⁴

Value Impediments for Organizers of Communities of Consumption

Belvilla	www.belvilla.nl									
Vaya	www.vaya.nl									
World of TUI	www.tui.nl									
Globe Reizen (Oad)	www.globereisbureau.nl	◆ ³								
Brooks (Hotelplan)	www.brooks.nl									
D-reizen	www.d-reizen.nl									
Toerkoop	www.toerkoop.nl									
Vakantie Experts	www.vakantiexperts.nl									
Kilroy travels	www.kilroytravels.nl									
Good bookers	www.goodbookers.nl									
Expedia	www.expedia.nl									◆ ⁴
Last minute.nl (TUI)	www.lastminute.nl									
Elmar reizen	www.elmar.nl	◆ ^{1,2}	◆ ^{1,2}							
Travel Planet	www.travelplanet.nl									

Notes

^[i] While Hagel III and Armstrong (1997) treat the questions independently, the two key questions are interrelated.

^[ii] These values may be relevant to different extents across different communities, and across constituents within the same community. Furthermore, all the constituents need not contribute, for many non-contributing members can subsist on focus-related and consumption utility (Balasubramanian and Mahajan, 2001)

^[iii] Hagel and Armstrong (1997) recognize the legal restraints and the adverse effects of doing so on the trust between participants and organizer and therefore advise against it.

^{iv} Research report 2005 Blauw Research and Thuiswinkel.org, Nederlandse online consumentenbestedingen (Online consumer expenditure in the Netherlands).

^v ANVR : General Dutch Federation of Travel Organizations (Algemeen Nederlands Verbond van Reisondernemingen)