

## **Brand Communities and the Role of Local Dealers**

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### **Abstract**

This article reveals the importance of integrating distribution partners into a brand community management (BCM) and investigates how distribution partners can profit from the economic potential of BCs. Within this study a mixed-method approach combining qualitative and quantitative market research is used. Study I focuses on analyzing the relationship between car manufacturers, their local dealers, and the car brands' communities from the point of view of both local dealers and BC members. Based on the findings of the first study, study II investigates the profitability of a dealer's engagement in the BC. Results indicate a need for integrating local dealers in a network-orientated BCM and that local dealers can economically benefit from their BC engagement.

Keywords: brand community, brand loyalty, brand management, relationship marketing

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### Extended Abstract

Brand Communities (BCs) are not a new phenomenon for companies to deal with. However, due to the emergence of new communication media their variety, meaning, and perception in the society have increased in the past years. BCs are a platform for shared brand experiences and social exchange between like-minded people and are defined as: “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand” (Muniz and O’Guinn 2001). Empirical work indicates that BC members show a high degree of brand loyalty and deliver positive word-of-mouth (WOM), direct customer feedback, and consumer-generated innovations as well as risks such as negative WOM or losing control of the brand.

Although some practical consequences and implications for marketing management can be derived from BC studies, little has been written about the management of BCs. Furthermore, the conclusions of previous studies essentially refer to the dyadic relationship between BCs and manufacturers. Research on the role and importance of distribution channel partners (e.g., local car dealers) in a “network-oriented Brand Community Management (BCM)” is lacking. Moreover, nothing is known about the loyalty of BC members towards these distribution partners nor about the economic potentials of these BCs. In the present paper, we try to fill the gaps in the BC literature by investigating the following research questions: What role do local dealers play within a BCM? And to what extent can local dealers profit from the economic potential of BCs?

To answer these research questions a mixed-method design is used. The starting point is a qualitative survey (study I) to explore and understand the relationship between brand manufacturers, local dealers, and BCs. Semi-structured interviews with 16 German local car dealers of six brands were conducted. Additionally, 33 administrators of German car BCs were contacted and their web-pages were analysed. Based on the findings of the first study, study II attempts to assess how local dealers can benefit from engaging in BCs. In order to do so, we interviewed a total of 1,023 German car brand customers online. 788 of these customers were members of various online and/or offline car BCs and 90 of them stated that their community is supported by their local car dealer. The remaining 235 car owners did not belong to any BC and were used as a control group in our analysis of variance.

Key results of our study indicate the need for integrating local dealers in a network-orientated BCM. Thereby, local dealers can benefit from the economic potential of BCs. Results also indicate that BC members who receive support from their local dealer are significantly more loyal in terms of repurchase and word-of-mouth intention and are more profitable in terms of positively reacting to cross-selling activities by the dealer compared to both members of BCs not receiving any support from the dealer and BC members whose dealer is not at all engaged in the BC. Furthermore, the high brand loyalty of BC members does not necessarily extend to loyalty towards the local dealers. To what extent a BC engagement influences the image of manufacturers and dealers and to which degree popularity is increased for local dealers should be analyzed in further research.

(References available upon request)