

Net Communities in Brand Marketing

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Net communities were long the bane of manufacturers and retailers, which tried to keep their distance from these sites that they often saw as little more than venues for product and company bashing. Consumers are now turning to net communities for information on product purchases in an increasing number of cases, gradually making these sites into major channels for marketing communication. These net communities were originally intermediate groups with vague purposes and oftentimes even vaguer role structures. Moreover, because of such special characteristics as membership anonymity and asynchronous communications, their structure and functions were typically hard to fathom. In actuality, however, there are a number of net communities—such as user sites that focus on specific brands as well as sites that review specific product categories—that have a strong and extensive impact on consumer behavior. As innovators, opinion leaders and heavy users tend to gather together in net communities, marketers can expect such groups to exert an ever more powerful macroscopic effect on marketing. From the microscopic viewpoint, moreover, one-to-one advice based on actual experience has a strong impact on the decision-making processes of consumers, leading to an upswing in brand value through the formation of favorable impressions. As a result, the following three strategies will become necessary for marketers: (1) undertaking promotional activities to encourage access to net communities, (2) transmitting brand-focused “story information” within net communities to generate favorable impressions, and (3) providing “rules and tools” for effective communication.

I Brand Marketing and Net Communities

1 Net Communities as Marketing Tools

A “net community” is one of the contemporary phenomena in today’s online world that makes effective use of the interactive features of the Internet. It is essentially a venue for members as well as almost anyone else to exchange and share information by word-of-mouth communication among such participants. A feature of such communities that is not seen in other media is that users “grow” in the process of developing empathy through “interaction” among users and strengthening their involvement in the community.

Since the early days of the Internet, various studies have been carried out on utilizing net communities in business environments. In practice, however, little progress has been made in terms of their active utilization. This is because of such factors as the inherent difficulties of exerting community control (such as how to induce interaction among users), concerns over the spread of negative information, and the fact that not much was known about the effects that could be expected.

However, consumers are now increasingly turning to net communities for help in selecting products and services. There are also cases in which companies are actively utilizing such sites to create favorable impressions about products and services and to strengthen customer-company relationships.

In order to help take advantage of net communities as a contemporary and essential phenomenon for brand marketing, this paper (1) identifies the functions of net communities and their impact on potential users from a structural perspective, (2) clarifies the effects of net

communities, and (3) outlines the strategies that marketers (those in charge of merchandising) should take in utilizing such communities.

2 Increasing Users

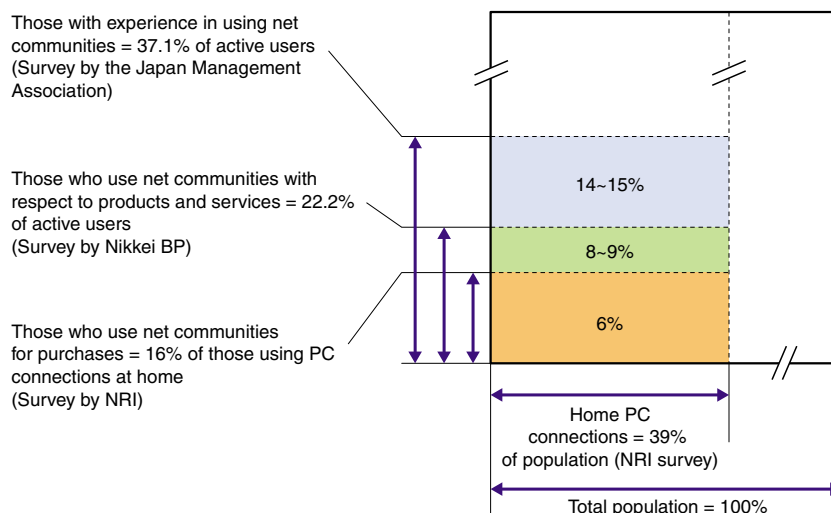
Various surveys carried out to estimate the number of net community users reveal that (1) approximately 15 percent of the total population uses such sites, (2) those using net communities to gather information on products and services account for about 8 percent to 9 percent of the population; and (3) people actually making purchases through net communities represent about 6 percent of the total population (Figure 1).

In sum, as approximately 10 percent of the total population has some form of contact with products and services through net communities, it would appear that the critical mass needed for the spread of such communities has been exceeded. And with progress in dedicated Internet access by means of xDSL (digital subscriber lines) and CATV, it is expected that the number of users will continue to grow.

3 Start of Utilization by Companies

Although companies generally recognized the effectiveness of net communities, progress in taking advantage of this new marketing channel has neither been fast nor easy. However, a 2001 survey by the Japan Advertisers Association found that 22 firms (24%) out of the 90 companies surveyed had opened bulletin boards and chat rooms on their own Websites. While this would hardly suggest an enthusiastic endorsement of the Internet among many businesses, it does indicate that the number of companies attempting to utilize net communities is increasing.

Figure 1. Estimated Number of Net Community Users



Note: PC = personal computer.
Source: Compiled on basis of data from various surveys.

II Community Marketing Gaining Increased Attention

As such, net communities have rapidly been coming in for increased attention in recent years. However, their positioning and definition are still not necessarily clear.

1 Positioning of Net Communities Under Group Theory

Groups consist of small, private clusters such as families and local communities, large public associations such as companies and nations, and intermediate assemblages between the two. The net communities targeted by this paper fall into the intermediate group (Figure 2). Groups in this category include such characteristics as (1) vague purposes and structures; (2) a feeling of belonging among members; and (3) relatively easy entry and withdrawal.¹⁸

2 Scope of Net Communities

Net communities represent an intermediate group formed mainly through language communication on an electronic network that includes the Internet. The typical venues of the past have included forums and conference rooms using PC communications, to which newsgroups on the Internet were later added. More recently, bulletin boards and chat rooms on the Web and mailing lists using email have also been included in net communities.

3 Community Marketing

Community marketing refers to marketing activities to build long-term favorable relationships between customers and the company by actively making good use of a net community to communicate with customers.

This technique is not the mere one-sided provision of information from the company, but rather connotes a mechanism to build an empathetic relationship between a company and consumers concerning the brand. In terms of this point, community marketing markedly differs from various marketing communication channels of the past.

III Classification and Examples of Net Communities

1 Nine Types of Net Communities

This paper classifies the types of net community in accordance with two axes: the operator and the scope of the themes discussed (Table 1).

Classifications by operator include: (1) a site operated by a company that provides the products and services featured in the net community; (2) a site operated by users; and (3) a site operated by a third party that is distinct from both of the entities above.

The scope of the themes discussed can be classified into: (a) topics focused on specific brands; (b) themes focused on product and service categories rather than specific brands; and (c) themes that deal with certain attributes of the participants, such as region and life stage, rather than products.

The extent of participant interest in the brands and themes targeted by an operator, and how the target brand is positioned among such themes, are the factors that determine the attitude of the participants towards the net community. They constitute the KFS (key factors for success) for a company in successfully utilizing a net community.

For example, in the case of the Type I net community in the table, it is assumed that there are many participants who have an interest in a specific brand and expect some type of benefit from the company. Accordingly,

Figure 2. Positioning of Net Communities

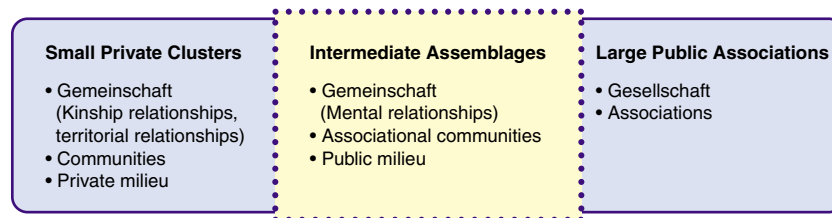


Table 1. Types of Net Communities

Theme \ Operator	① Relevant Company	② Users	③ Third-Party Company
(a) Specific Brand	I	II	III
(b) Product Category	IV	V	VI
(c) Region, life stage, etc.	VII	VIII	IX

the company will be able to acquire substantial and deeply held information on user needs concerning the target brand from the community. In the case of the Type IX net community, on the other hand, a variety of companies will be able to obtain marketing information from such a site, as users are free to participate in a wide-ranging and evolving array of topics.

2 Communities Meriting Attention from the Marketing Standpoint

The following five cases can be cited as leading net communities that merit particular attention (Table 2).

(1) @cosme (<http://cosme.net/>)

This net community is operated by a net venture company (Istyle Inc.) and is centered on cosmetics. It has 200,000 members, who exchange product information on various brands of cosmetics. This community comes under the Type VI classification in the nine types listed in Table 1.

(2) kakaku.com (<http://www.kakaku.com/>)

This is a community operated by a venture company (kakaku.com, Inc.), whose theme is the sales prices of PCs and other electric household appliances. Similar to the case with @cosme, it is classified as a Type VI community.

(3) Benesse Women's Park

(<http://women.benesse.ne.jp/>)

The community was established by Benesse Corporation for readers of its magazines, *Tamago Club* (which is targeted at expectant mothers) and *Hiyoko Club* (aimed at women with children under 18 months old), and has since been expanded. The community is mainly for women with pre-school-age children, and is classified as a Type IX community.

(4) FPANAPC

(<http://www.nifty.ne.jp/forum/fpanapc/>)

This site is the focus of a number of ongoing studies on net communities, and is considered to be a typical example of a community where interactive communication among users can have a strong impact on company activities. It is a user forum for notebook PCs made by Matsushita Electric Industrial Co., Ltd (such as the "Let'sNote" model) and is operated by Nifty. It comes under the Type II classification.

(5) Salus (<http://www.salus.ne.jp/>)

This site is operated by Tokyu Corporation (a railway company operating commuter lines in southwestern Tokyo and focused on housing developments along its lines) and mainly provides local information along its railway lines by gathering word-of-mouth information in order to increase added value for the development of

Table 2. Net Communities Meriting Attention

Name	@cosme	kakaku.com	Benesse Women's Park	FPANAPC	Salus
Operator	Istyle Inc.	kakaku.com, Inc.	Benesse Corporation	Nifty	Tokyu Corporation
Type	VI	VI	IX	II	VII, IX
Scale	Number of visitors: 300,000/month Number of members: 200,000 Number of page views: 20 million/month (October 2002)	Number of page views: 101.9 million/month (April 2002)	Number of members: 180,000 (March 2002)	--	--
Features	<ul style="list-style-type: none"> Information and communication on cosmetics 	<ul style="list-style-type: none"> Developed into a product comparison community based on price comparison information 	<ul style="list-style-type: none"> Community concerning all themes related to women's life Limited to female members 	<ul style="list-style-type: none"> Community among Matsushita PC users 	<ul style="list-style-type: none"> Information about areas along railway lines and local communities Linked with community newspapers and community FM broadcasting under the same name
Major Contents and Services	<ul style="list-style-type: none"> Word-of-mouth product rankings Product searches New product calendar Product planning room Monitors' events Asking advice from professionals and Q&A about cosmetics and beauty Everybody's plaza My page Member mail 	<ul style="list-style-type: none"> Price comparison information (PCs, electric household appliances, sporting goods, etc.) Price comparison service (insurance, communications service, etc.) Word-of-mouth bulletin board (product appraisals) Tender B2B (business-to-business procurement) Notification mail (push service) by registering desired prices 	<ul style="list-style-type: none"> Conference room by theme Conference room by area Seating for friends "Mail Friend Bulletin Board" Information from members (Readers' information board) Gifts Online voting Tamahiyo Magazine Page Auctions 	<ul style="list-style-type: none"> News Campaigns Data library Bulletin boards by model Mail magazine Mailing list 	<ul style="list-style-type: none"> Town information Housing information Tokyu Group information Transportation guide Bulletin boards by area Circle bulletin board Bulletin boards by theme

areas along the company’s rail lines. In addition to promoting areas adjacent to its lines, it also appears to be intent on gathering marketing information for Tokyu Group companies and other companies along its railway lines. It is classified as a Type VII or IX community.

IV Structure and Functions of Net Communities

The structure and functions of a site need to be identified in order to utilize net communities as a marketing tool. This chapter outlines the characteristics of net communities, activation mechanisms, purposes, themes, and the process of exerting an impact on purchasing decisions by consumers.

1 Characteristics of Net Communities

Various sources^{5, 8, 9, 11} have pointed out that the characteristics of net communities include: (1) asynchronous language communication; (2) strong anonymity among participating members; (3) emphasis on comments stemming from experiences of consumers; (4) a sense of volunteerism to assist members in need; and (5) autonomous interaction among customers with respect to consumption goods.

2 Net Community Activation Mechanisms

It is important to consider why people access net communities. Among the reasons cited by consumers are “status and respect.”¹⁷ It would appear that achieving a certain status by earning respect within a group through net community activities can serve as an incentive. Furthermore, the sense of “manipulation” by being able to exert an impact on the decision-making processes of others cannot be neglected.⁶

Satisfying such needs among the participants enables net communities to be activated. As indicated in Table 3, clarifying the purposes, preparing venues, establishing roles, and sponsoring events are considered important activation strategies.¹⁰

3 Purposes of Net Communities

The purposes of net communities can be classified into three types (left-hand column in Table 4).

(1) Information-access community

This is a community that is accessed for the purpose of gathering information. Most comments of these communities adopt a Q&A format. The recent phenomenon of “Review Sites” falls under this classification. Such communities follow a school-like organization, with

Table 3. Net Community Activation Strategies

<ul style="list-style-type: none"> (1) Defining the purposes and clearly expressing such purposes (2) Creating a venue that offers flexibility and expandability (3) Creating meaningful member profiles and constantly enhancing such profiles (4) Preparing various roles (5) Creating a strong leadership program (6) Encouraging appropriate net etiquette (7) Implementing regular events (8) Introducing ceremonies to the community (9) Encouraging the operation of sub-groups by members
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Source: Amy Jo Kim, *Community Building on the Web*, (Peachpit, 2000), translated by Namiko Ito, SHOEISHA, 2001.

Table 4. Net Community Classification

Classification by purpose	Classification by theme
<p>Information-access community</p> <ul style="list-style-type: none"> • Information gathering is the purpose, mainly centered on Q&A • School-like organization <p>Consummatory community</p> <ul style="list-style-type: none"> • Exchanges are the purpose • Club-type organization <p>Creative community</p> <ul style="list-style-type: none"> • Creation of value is the purpose • Company-type organization 	<p>Category community</p> <ul style="list-style-type: none"> • Specific lifestyle themes and product categories • From problem recognition to purchase decisions • Building trust in brand name • Many are similar to information-access community <p>Brand community</p> <ul style="list-style-type: none"> • Specific brand • Evaluation after purchase • Forming empathy towards the brand • Many are similar to consummatory communities and creative communities

some members turning to the site to ask questions and others providing appropriate answers.

(2) Consummatory community

The consummatory community is the opposite of the information-access community, in that access to the community itself constitutes the purpose. In other words, the goal is to facilitate exchanges among community members. Therefore, they typically adopt a club-type organizational format and observe a loose, unstructured approach to roles as they see themselves as a community of equals. This approach can be observed in many of the sites falling under the Type ② (operated by users) classification in Table 1.

(3) Creative community

This is a community that is accessed for the purpose of creating value such as new products and new ideas. Such sites typically involve a company-type organization, with clear role sharing to achieve the intended purposes, and represents a knowledge management technique within the company. Net communities like this can be seen in many of the sites coming under the Type ① (operated by the relevant company) classification in Table 1.

4 Themes of Net Communities

Net community sites can also be classified into two types by theme (right-hand column in Table 4).

(1) Category communities

This type of community is formed around specific lifestyle themes and product categories. Such a community exerts an influence on the entire process of making purchase decisions, from the stages of problem recognition, information gathering, attitude formation to the final purchase decision, and has the effect of building “trust” in the specific brand. In many cases, it takes the format of an information-access community. In terms of the Table 1 classification, this type of community would correspond to those in Categories (b) and (c).

(2) Brand communities

This is the type of community that adopts a specific brand as its theme, and access to the community is mainly by aficionados of the named brand. It has the effects of influencing the post-purchase evaluation and also of cultivating empathy towards the specific brand in the process of making purchase decisions. In many cases, such sites adopt the formats of a consummatory community and/or creative community. In terms of Table 1 classifications, this would correspond to Category (a).

In any case, there are types of communities directly operated by the companies concerned and those operated by third parties, as shown in Table 1.

5 The Influence of Net Communities on the Process

The following summarizes the mechanisms whereby the net community has an impact on the processes used by participants in making purchase decisions.

(1) Similarity of “word-of-mouth communication” and “rumor”

A net community very much resembles the case of word-of-mouth communication that has often been studied before. Word-of-mouth communication most likely occurs when the target shares the following characteristics: (1) entails the participant’s first experience; (2) involves complicated phenomena; (3) invokes major decision-making risks; and (4) leads to results that easily appeal to the visual sense.^{3, 4} In terms of these perspectives, it resembles the structure of a rumor. Survey findings indicate that the spreading power of a rumor is strengthened when the target theme is important, and the contents of the theme are obscure.¹

(2) One-to-one recommendation based on actual experience

A high degree of anonymity exists among net community members. Because of this, it is difficult to determine the credibility of remarks. Survey findings concerning net community usage reveal that remarks based on actual usage experience are likely to be more highly trusted.^{5, 12}

In many net community sites, the flow tends to follow a course of “explaining one’s own situation (self-disclosure) → asking questions → and receiving answers that correspond to the situation.” This means that the net community is an environment where one-to-one recommendations can be easily realized.

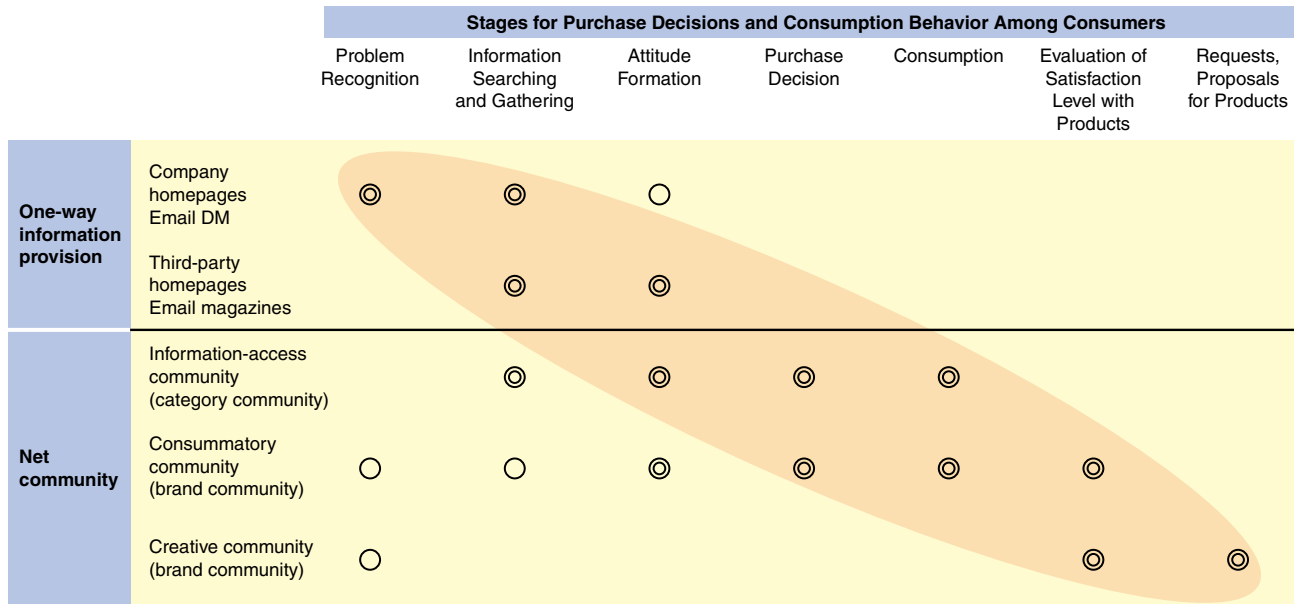
(3) Empathetic relationships

Net communities have important functions in the field of brand marketing as well. In cases where the brand exhibits and/or asserts one’s own personal characteristics, empathy is easily generated.

When a company’s actions are perceived as useful to the community¹⁶ the company is recognized as a being within the fellowship of the community and empathy is generated among participants. (Conversely, company actions that are perceived to be harmful quickly generate antipathy or even downright antagonism.)

Empathy is a psychological mechanism in which the recognition of similarities between oneself and the target object generates a sharing of feelings. As a result, empathy easily gives rise to feelings of altruism towards the target object² that can lead to the establishment of a relationship that leads users to support the brand. The net community provides the venue where the recognition of similarities through self-disclosure and empathy

Figure 3. Relationship Between Net Community and Purchase Decision Stages



Note: DM = Direct mail.

can readily occur through communication among participants.

(4) Stages of consumer behavior and the net community

Mass media have their strongest effects on general consumers at the stages of problem recognition and brand acknowledgement (Figure 3). In order to collect objective information, however, general company homepages and email magazines are considered to be more efficient.

The net community is a medium that exerts a strong influence at the stage of determining the final decision and in post-purchase evaluations. For example, verification studies of a specific community revealed a significant correlation between the creation of empathy and brand selection.¹⁶ Net communities have the effects of promoting a receptive hearing for one-to-one advice based on actual experience in important yet obscure situations, and also creating empathy towards the brand in question.

In the net communities, consumers turn to information-access sites in category communities and make the decision whether they will purchase a particular brand. After the purchase, brand loyalty is increased while carrying out consummatory or creative communication in a brand community.

V Net Communities: Effects and Utilization Strategy

The effects of net communities in terms of marketing can be separated into macroscopic and microscopic parameters.

1 Macroscopic Effects of Net Communities

There is generally a high possibility that special consumers will access the net community. Accordingly, marketers can expect the following macroscopic effects.

(1) Possible usage as venue for test marketing

Many innovators in the relevant field access net communities. This means that marketers can collect the evaluations of innovators within the net community.

(2) Expected access mainly by dedicated enthusiasts can lead to dissemination among the remaining segments

Many opinion leaders in the pertinent fields access net communities. This creates a high possibility that these opinion leaders will recommend the brand in question in both the real world as well as the virtual world on the network if positive evaluations are emanated through the net community.

(3) As it is possible to effectively access dedicated enthusiasts, some 80 percent of total sales can be achieved within the net community

As many heavy users of the relevant product access the net community, some 20 percent of heavy users can chalk up about 80 percent of total product sales if positive evaluations circulate within the net community.

2 Microscopic Effects of Net Communities

The expected microscopic effects on the process of making purchase decisions by people accessing net communities include the following.

In the case of the category community, the main effect is building trust in the brand before a purchase. The mechanisms that are geared towards achieving this effect include: (1) recommendations are effective as they deal with the specific concerns of the questioner (one-to-one); (2) easy-to-understand information can be provided, as information is exchanged among participants in the language of average consumers; and (3) credibility is high as recommendations are made by third parties and/or those with usage experience—not by a company.

These are the typical microscopic effects at a review site under the Type V or Type VI categories in terms of the Table 1 classifications. These mechanisms exist behind the business development at sites under the Type VI category.

In the case of the brand community, on the other hand, the main effect is creating empathy between the brand and consumers after the purchase. A number of mechanisms produce this effect. First of all, support for product consumption is provided among consumers, thus cutting the costs needed for marketers to respond to consumers. A second reason is that because good evaluations originate from purchasers themselves, this helps dissipate recognition disharmony after the purchase. And finally, fully acknowledging the similarity among net community members helps members to recognize the similarity between the brand and themselves, thereby leading towards building an empathetic relationship with the brand.

In terms of Table 1 classifications, these are the microscopic effects that are displayed in Type I and

Type II communities. While the operation of a community by the relevant company (Type I) was originally considered difficult, it will become possible for a company to actively utilize such a community if these mechanisms are made clear.

The key question then focuses on the methods available for companies to utilize these mechanisms. Three strategies to achieve this purpose are proposed in the following section (Figure 4).

3 Promoting the Net Community Itself

Participants in a net community can be divided into three classifications: ROM (read only members), QOM (question only members) or AOM (ask only members) and answerers.

ROM participants only read the comments of others, and the number of ROM participants is several times the number of those who make remarks. Once a person accesses a net community, however, such person will gradually become active in asking questions through accumulating experience in the relevant field, and will consequently become able to answer questions from others. This means that once someone can be motivated to access a net community, this person will naturally move on to become a highly loyal user.

However, there is no sure-fire approach that will promote access to a net community. The only possible measures call for increased advertising, establishing links from related sites, and making certain the community is prominently featured on search engines. But because a site's reputation as a good community has an

Figure 4. Net Community Utilization Strategies



important impact on promoting access, the following two strategies become more important.

4 Originating Story Information Concerning the Brand

A community can be spontaneously created for a strong and popular brand. It is like a club organization,⁷ and has the following characteristics.¹³

- A sense of fellowship (cultivating a strong belief about brand orthodoxy and a sense of confrontation with competing brands).
- Ceremony and tradition (the brand history is admired, and the story centered around the brand is shared).
- Support responsibilities (efforts are expended for the integration and maintenance of members, and no effort is spared in supporting member usage of the brand).

A net community that functions as a brand community exhibits exactly the three characteristics above. No community will be created for a brand that does not become a popular topic of conversation. If marketers can provide this brand story as part of their efforts to promote community activities, it will become possible to strengthen the brand community. In the case of Type I sites under the Table 1 classifications, information provided from the company side constitutes the biggest point in activating community activities.

5 Providing Rules and Tools

The following can be cited as the basic service elements of net communities that are commonly seen in the cases overviewed above.

- The communication venue itself
- Mechanisms to activate communication (moderator, pump-priming information, participation/comments point system, etc.)
- Clarifying information to be shared (themes)
- Mechanisms to fully utilize participant knowledge (referencing past logs, keyword searches, shared folders, creating databases, etc.)

The emphasis assigned to each of these elements naturally changes depending on the purpose and/or theme of the community. While a consummatory community is required to enhance the communication venue itself, efforts should be made in codifying the knowledge received in the case of information-access communities. For the Type VI review sites that are representative of the latter, the development of such tools is the most salient feature by far.

These service elements can be called “rules and tools” of the net community, and it is generally said that rules and tools are important in order to successfully activate such sites.^{11, 15} In particular, the rules that promote self-disclosure of a member are effective in

enabling one-to-one advice that suits the circumstances of a questioner. The necessary tools include a menu that promotes self-disclosure by members (virtual name cards, personal information searches), a function to search past remarks, a function that permits viewing the results of evaluations on the reliability of individual remarks and other functions to enhance the experience.

VI Ubiquitous Networks and Net Communities

The history of net communities is still young, and one can hardly say that its structure and functions have been fully studied.

1 Applicable Product Categories

Net communities cannot always be utilized effectively for all types of products. As noted previously, the spreading power of rumors is greatest in “important yet obscure” situations. The same can be said of the net community as well. Net communities will be utilized more effectively with respect to relatively expensive products that are related to fields that are important to the life of consumers. This is especially true in cases where product evaluations are difficult to obtain because the product itself is complicated and/or its purchase frequency is low.

2 Resistance to the Net Community Concept

There are people who cannot easily and comfortably access a net community. In relative terms, those who tend to be introverted or generally disbelieving often display a sense of resistance to remarks made in a net community. Furthermore, those who are generally unwilling to offer advice or help will rarely assist others in a net community.

3 Structural Changes Through New Technology

Progress in broadband technology has facilitated communications using both voice and motion pictures. And the development of mobile phones has enhanced the ubiquitous network environment. This will likely affect net communities that were developed on the basis of conventional PC communications and the Web. Such sites will substantially change in structure as new ways of communications become available.

According to Teruyasu Murakami, chief counselor of Nomura Research Institute, Ltd., an onymous attribute as opposed to the conventional anonymous attribute will constitute the essence of communications under a

ubiquitous network.¹⁴ In the onymous community, the “expression of one’s whole personality” will take root and create new reliability standards that will lead to more creative communication.

As the constant Internet access environment has spread, synchronous communications has increased to embrace such offerings as chatting and instant message formats. In comparison with the past asynchronous pattern, we can also expect to see more real-time communications in the future.

These moves by users will become the key to forecasting the future. We would like to hope that the net community, which has created the baseline for strengthening the power of brand names, will bring change to the very essence of promotional media by exerting more immediate effects when conventional asynchronous text communications is shifted to the real-time voice and motion picture communications of the future.

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