Chapter 5.9

Increasing Capital Revenue in Social Networking Communities:
Building Social and Economic Relationships through Avatars and Characters

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ABSTRACT

The rise of online communities in Internet environments has set in motion an unprecedented shift in power from vendors of goods and services to the customers who buy them, with those vendors who understand this transfer of power and choose to capitalize on it by organizing online communities and being richly rewarded with both peerless customer loyalty and impressive economic returns. A type of online community, the virtual world, could radically alter the way people work, learn, grow consume, and entertain. Understanding the exchange of social and economic capital in online communities could involve looking at what causes actors to spend their resources on improving someone else's reputation. Actors' reputations may affect others' willingness to trade with them or give them gifts. Investigating online communities reveals a large number of different characters and associated avatars. When an actor looks at another's avatar they will evaluate them and make decisions that are crucial to creating interaction between customers and vendors in virtual worlds based on the exchange of goods and services. This chapter utilizes the ecological cognition framework to understand transactions, characters and avatars in virtual worlds and investigates the exchange of capital in a bulletin board and virtual. The chapter finds strong evidence for the existence of characters and stereotypes based on the ecological cognition framework and empirical evidence that actors using avatars with antisocial connotations are more likely to

have a lower return on investment and be rated less positively than those with more sophisticated appearing avatars.

INTRODUCTION

The rise of online communities has set in motion an unprecedented power shift from goods and services vendors to customers according to Armstrong and Hagel (1997). Vendors who understand this power transfer and choose to capitalize on it are richly rewarded with both peerless customer loyalty and impressive economic returns they argue. In contemporary business discourse, online community is no longer seen as an impediment to online commerce, nor is it considered just a useful Web site add-on or a synonym for interactive marketing strategies. Rather, online communities are frequently central to the commercial development of the Internet, and to the imagined future of narrowcasting and mass customization in the wider world of marketing and advertising (Werry, 2001). According to Bressler and Grantham (2000), online communities offer vendors an unparalleled opportunity to really get to know their customers and to offer customized goods and services in a cost executive way and it is this recognition of an individual's needs that creates lasting customer loyalty. However, if as argued by Bishop (2007a) that needs, which he defines as pre-existing goals, are not the only cognitive element that affects an actor's behavior, then vendors that want to use online communities to reach their customers will benefit from taking account of the knowledge, skills and social networks of their customers as well.

According to Bishop (2003) it is possible to effectively create an online community at a click of a button as tools such as Yahoo! Groups and MSN Communities allow the casual Internet user to create a space on the Net for people to talk about a specific topic or Interest. Authors such as Bishop have defined online communities based on the forms they take. These forms range from special interest discussion Web sites to instant messaging groups. A social definition could include the requirement that an information system's users go through the membership lifecycle identified by Kim (2000). Kim's lifecycle proposed that individual online community members would enter each community as visitors, or "Lurkers." After breaking through a barrier they would become "Novices," and settle in to community life. If they regularly post content, they become "Regulars." Next, they become "Leaders," and if they serve in the community for a considerable amount of time, they become "Elders." Primary online community genres based on this definition are easily identified by the technology platforms on which they are based. Using this definition, it is possible to see the personal homepage as an online community since users must go through the membership lifecycle in order to post messages to a 'guestbook' or join a 'Circle of Friends'. The Circle of Friends method of networking, developed as part of the VECC Project (see Bishop, 2002) has been embedded in social networking sites, some of which meet the above definition of an online community. One of the most popular genres of online community is the bulletin board, also known as a message board. According to Kim (2000), a message board is one of the most familiar genres of online gathering place, which is asynchronous, meaning people do not have to be in the same place at the same time to have a conversation. An alternative to the message board is the e-mail list, which is the easiest kind of online gathering place to create, maintain and in which to participate (ibid). Another genre of online community that facilitates discussion is the Chat Group, where people can chat synchronously, communicating in the same place at the same time (Figallo, 1998). Two relatively new types of online community are the Weblog and the Wiki. Weblogs, or blogs are Web sites that comprise hyperlinks to articles, news releases, discussions and comments that vary in length and

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