THE ROLE OF BRAND COMMUNITIES WITHIN THE ATHLETIC FOOTWEAR INDUSTRY

AN ASSESSMENT OF SELECTED BRAND COMMUNITIES WITH A FOCUS ON THE SWISS ATHLETIC FOOTWEAR INDUSTRY

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I. Management Summary

Adidas’s launch of the “Adidas Runners” community, Asics “FrontRunners” and Nike’s “Training Club” are only a few communities that have been established within past years. This evolution highlights the rise of so-called brand communities. The idea of customer communities arose with the internet in the beginning of the 21st century. This phenomenon brings customer engagement and relationship marketing to a new level. Brand communities – if well implied – allow companies to connect with their customers on a closer and more integrated level than ever before. They facilitate the establishment of a network that fosters conversation, engagement and loyalty. Online or offline brand communities can establish close bonds between people who share similar interests around a brand.

Brands have moved away from purely selling a product. This bachelor thesis seeks to address brand communities by assessing the Swiss athletic footwear market on the topic and elaborates the implications. It further provides insights into the value, measurement and success factors of brand communities. The data for this analysis is gathered from secondary research including a literature review that explains existing concepts and theories on brand communities. Furthermore, semi-structured interviews with representatives of ASICS, ON and ADIDAS in Switzerland provided an overview of the implication of brand communities and revealed realistic practical insights.

Brand communities have taken a key role and the increasing importance of selling experience and transformation guidance has enlarged the potential and the need from society for brand communities. Marketing experts agree upon the fact that brand communities will last and become even more powerful than they are today. The thesis has found that amongst the three assessed companies, all of them consider brand communities as a valuable vehicle to increase customer engagement, loyalty and word of mouth. All of them have online brand communities and perceive Facebook as the most valuable network. Two out of three companies have a physical brand community in order to establish a more tangible and local connection to their customers. All companies have experienced positive effects of implementing brand communities. Two of them link their increased market share and net sales to the success of brand communities. On the other hand, one of the main issues for marketers has been to measure brand communities. Although companies say that brand communities have positively impacted their business,
it remains challenging to measure the performance of brand communities. As a result, marketers are still hesitant to allocate budgets to brand communities.

The dynamic of brand communities requires further and ongoing research, this thesis is meant to disclose the first insight into the Swiss athletic footwear market and is a fundamental base work for further studies. Further study could focus on a quantitative research to support the findings regarding the measurement tool, additional success factor and global validity of the findings.
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V. List of Abbreviation

BC    Brand Community
BCs   Brand Communities
AFI   Athletic Footwear Industry
NPS   Net Promoter Score
WoM   Word-of-mouth
AR    Adidas Runner
KPI   Key Performance Indicator
1 INTRODUCTION

At the end of the 19th century, the idea of developing a lightweight shoe that would provide more grip for runners was introduced. In 1896 the first Olympic Marathon was held in Athens (Fuehrer & Douglas, 2014). The Winner, Spyridon Louis, finished the race in 2 hours 58 Minutes and 50 Seconds with leather spied running shoes. During this time, the U.S. Rubber Company named Plimsolls developed the first ever mass produced Sneaker (‘History of Sneakers’, 2017). The name derived from the fact that rubber soles of shoes made no noise. Converse were among the first to apply this technology for athletic footwear and introduced a basketball rubber soled shoe in 1917 (Hugh, 2015). Soon after in 1936, Jesse Owens won four golden medals at the Olympic games in sports shoes manufactured by Adolf Dassler, founder of ADIDAS (Fuehrer & Douglas, 2014). Ever since research and technology of athletic footwear has continued with competitors across the world aiming to provide the best shoes for athletes (‘History of Sneakers’, 2017). In 2016 NIKE launched a campaign with three top athletes to break the 2-hour marathon barrier (Rowland, 2016). With the new shoe innovation, they have almost broken the barrier in 2017 and finished within 2 hours and 25 seconds (‘Nike Breaking2 News’, 2017). Today the demand for sneakers remains high, not only as sports but also as a fashion item (‘History of Sneakers’, 2017).

“In the 21st century, branding ultimately will be the only unique differentiator between companies” Forbes quoted, retrieved from (Esch, 2014). This also applies for the highly competitive Athletic Footwear Industry (AFI). Globalization and technological development have increased the competition within the AFI and augmented pressure for R&D and Marketing (PRNewswire, 2015). Today, buying a certain brand says something about the person who buys it (Giannetto, 2015). Brands have become central to people’s life – so central that brands have the power to be the center of communities. Muinz and O’Guinn were among the first to identify this phenomenon back in 2001 and defined such communities ‘brand communities’ “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand” (Muniz & O’Guinn, 2001). Ever since, the powerful phenomenon of brand communities emerges across the world (O’Sullivan, Richardson, & Collins, 2011).

For the past fifteen years, researchers and experts have applied and further developed the concept of brand communities (BCs) (Wiegandt, 2009). With the
emergence of the internet and social media, connecting with individuals with like-minded people across the globe has become natural and has dramatically influenced marketing practice (Lee, 2009). Further social media platforms allow brands to interact and connect on a completely new level with their customers. In the next few years’ BCs are likely to become of high importance for brands (Chaffey, Smith, & Smith, 2012).

Sports brands were amongst the first brands to form BCs (Tomaszewski, 2014). Previous work has focused on the phenomenon of BCs and proven the economic relevance of BCs. Only little research has been done about the current role of BCs within the Swiss AFI. It is not yet known, if BCs already play a central role in marketing and branding within the Swiss AFI.

This paper outlines the role of BCs in the Swiss AFI. In this context, the thesis aims to gain a better understanding of BC’s by reviewing existing literature and conducting interviews with sport brand experts.
1.1 Research Question

This thesis will contribute towards the research of the role of BCs within the athletic footwear industry in Switzerland by investigating the following research questions.

Main Research question 1: what is the role of BCs within the AFI?
Research question 2: how common are brand communities for the AFI today?
Research question 3: how do marketers perceive BCs?
Research question 4: what are success factors of brand communities?
Research question 5: how are the benefits of brand communities measured?
Research question 6: what is the future of BC?

1.2 Outline

This paper is divided into six sections. The first section offers a brief overview of the topic and outlines the structure of the paper. The second section examines the applied research model. The third section describes the theoretical framework as well as frequently used terms throughout the paper are described. This is followed by a review of existing BC literature to answer; what BCs are, what the benefits of BCs are, what the success factors are and how they are measured according to theory. In the last part of section three, a situational analysis including a PESTEL and 5 Forces analysis is provided to give an overview of the macro and micro environment of the AFI.

Section four presents the findings of the analysis including a suitability testing and organises the results of the interviews held with brands. These interviews provide information on the implication of BCs, the benefits, value and risks for companies and reveals an understanding of the measurement approach. Additionally, they specify the future of BCs as perceived by the companies.

A discussion of the findings falls into section five, where the implications of the brands are compared with each other and the theory. This section discloses the role of BCs within the AFI including expert views to enhance the discussion part.

Finally, section six summarizes a conclusion of the results and refers to the outlook and future research.
1.3 Delimitations

The bachelor thesis shall provide a first-hand insight into BCs existence in the Swiss AF market. It is meant to analyze, how BCs of sports brand have grown within past years and what approach they follow. The time to conduct research, analyze and evaluate results and ultimately write the thesis was limited. Due to this limitation, the consumer’s perspective has not been assessed. Hence, the suitability testing was based on a self-assessment of the brands.

The geographical location to conduct research was limited. Therefore, the interviews were conducted with the community managers available in Switzerland and Germany. Some of the invited companies for interviews, namely Lululemon, Puma, Nike, OchsnerSport, Mammut and Salomon declined the request and could therefore not be further assessed on the topic of BCs for this study. A further limitation faced was that the research could not compare the implication of BCs for different cultural and geographical places.
2 RESEARCH METHOD

Having stated the research question and aim of this thesis, it is essential to clarify on how data was collected in order to support arguments espoused in this paper. The research focuses on identifying the role of BCs for companies that are operating in the AFI in Switzerland. First, it will be identified if it is suitable to build BCs for this particular industry. Second, different concepts were combined to conduct a comprehensive model to assess BCs of various companies.

The applied methodology of the current research consists of mainly two approaches. Foremost, peer-reviewed articles and books are reviewed in order to define the theoretical framework of the current paper. The secondary research is the data collection retrieved not directly by the analyst himself (Rabianski, 2003). It is data that is publicly available and based on a research made by another researcher (Cambridge Dictionary, 2017).

Second, semi-structured interviews with community and brand manager were conducted to investigate research question 2,3,4 and 5. The following people were interviewed

- Edward Heckes, Global Digital Producer, ON
- Daniel Kupferschmied, Trade Marketing, Montana SPORT (ASICS)
- Anuschka Kummer, Community Manager, Montana SPORT (ASICS)
- Yousef Hammoudah, Director Key City Brand Activation, ADIDAS
- Jovan Popadic, Manager Switzerland, The Insiders

Semi-structured interviews were conducted since it allows the author to collect data with a fairly open framework that allows focused, conversational, two-way communication (Laforest, 2009). Qualitative research is characterized by open questions, an inductive approach and is usually done with a smaller number of people. This approach allows both interviewer and interviewee to answer in a flexible manner and go into detail if deeper explanation is necessary. A successful interview requires identifying respondents, deciding on the number of interviews and preparing the interviews (Laforest, 2009). After having conducted the interviews, a comprehensive and agreed summary is applied that identifies the main themes and ideas for each topic that have emerged from the interview (Laforest, 2009). The comprehensive interview summary
will provide the data basis for the findings, as well as information directly gathered from the online BCs (Scheibler, 2010).

On the company level assessment, the BCs on Facebook, Blogs, Instagram, Twitter and YouTube were selected for further investigation. Other information was collected from publicly available sources reporting on the BCs. Existing theories were applied to analyze the BCs of each brand. Since BC are not yet widely understood and are still evolving, the following existing concepts are applied to draw a consistent comparison in the discussion part:

- Suitability test of BCs (Loewenfeld, 2006)
- Typology of BCs (Cova & Pace, 2013)
- Success factors of BCs (Loewenfeld, 2006)

2.1 Criticism

Primary and secondary research have advantages and disadvantages. While the theoretical approach is very research and argument intensive, the semi-structured interview approach is very much dependent on the interviewee and interviewer. With the theoretical approach various studies can be taken into account whereas with the empirical approach only one voice is taken into account. Furthermore, it can be challenging to find interview partners and the interviewees had different hierarchical roles within the company which hinders a consistent assessment. Majority of respondents were based in Switzerland and therefore the results are mainly applicable to the Swiss market. On the other hand, the risk with secondary research is that it can be outdated very quickly. Especially due to the fast advancement of the internet and new forms of communication, the existing literature can be outdated quickly.
3 THEORETICAL FRAMEWORK

Besides outlining the basic terminology of brand communities relevant to this field of research, the author combines several theories in regard to brand communities in order to obtain a useful theoretical framework. The outline illustrates how the term “brand community” evolved throughout the years as well as puts emphasis on the success factors, benefits and values for companies of BCs. This part further provides the current macro and micro environment of the AFI and competitive structure with a focus on Switzerland.

3.1 Definition of Terms

The understanding of certain marketing terms is essential for following the thesis, therefore these are briefly explained in this part.

3.1.1 Brand identity

Brand identity is the “…common element sending a single message amid the wide variety of its products, actions and communications. “(Kapferer, 2012). Brand identity therefore explains how the brand will support the organization’s overall mission and objectives. Identity is the source of brand positioning. Brand identities can be explained by products, processes, organizations, persons or symbols (Aaker, 2015).

3.1.2 Brand positioning

Brand positioning is the way consumers, users, buyers, and others view competitive brands. Brands can be plotted on a perceptual grid to position them according to certain assessment characteristics (AMA, 2017).

3.1.3 Brand loyalty

Brand loyalty occurs when a consumer generally buys the same manufacturer-originated product or service repeatedly over time, instead of buying from several suppliers within a certain category (AMA, 2017). Consumers have such an intense dedication purchasing from the same brand that competitors’ actions are left disregarded (Lazarevic, 2012).

3.1.4 Brand equity

Brand equity can be regarded from two perspectives; a financial perspective and a behavioral perspective. The first asks how successful the brand performs, whereas the second perspective asks why the brand is successful (Esch, 2014). The American Marketing Association defines brand equity as the value of the brand, from a consumer’s perspective it is based on consumers’ attitudes about positive brand attributes and
favorable consequences of brand use (AMA, 2017). Having brand equity means that consumers believe that this product is superior than any other similar product available on the market and that this brand is better than anything else on the market. Consumers must therefore value the brand to want to purchase it and to become loyal to it (Keller, 2016).

3.1.5 Online Networks

Social networks are web-based platforms that allow the building of communities (Heidemann, 2010). Most common form of online communities are online social networks such as Facebook.com, Twitter.com, Instagram.com and LinkedIn.com (Heidemann, 2010). Other sub-groups of online communities are support communities, advocate communities and insight communities (Douglas, 2016).

3.1.6 Word of Mouth

Word of Mouth (WoM) is a form of verbal communication about a brand, product or service between a sender and receiver. WoM is an influential technique of offline promotion (Chaffey, Smith, & Smith, 2012, p. 407). It takes an important role in influencing and conditioning the image of a product or brand (Esch, 2017).

3.1.7 Net Promoter Score

The Net Promoter Score (NPS) provides an indicator for the viral recommendation of online worth-to-mouth-propaganda. It measures customer experience and provides a strong predictor for business growth (Esch, 2017).

3.2 Brand Communities

In order to have a better understanding of BCs, the term and its origin will be explained by defining communities, brands and finally BCs. In a second step in part 3.2.2 it will be answered why companies apply BCs and the value they have for brands. Finally, in part 3.2.3 forms, success factors and measurement tools are defined. The theories and frameworks introduced in this part will provide the basis for further assessment of the BCs.

3.2.1 What are Brand Communities?

3.2.1.1 Community

There are numerous definitions of the term community and additionally, the perception of community has changed over time. In 1974, Bell and Newby defined community as “a social interaction based on geographic area, self-sufficiency, common life and procession of common ends, norms and means.” (Etzioni, 1996). Initially,
communities were limited to a geographical location. Today however, globalization, the technological progress and modern communication enabled the forming of communities independently of time and place. Constant characteristics of communities are defined as “a consciousness of kind, shared rituals and traditions, a sense of moral responsibility that is sensed in a way of duty or obligation towards the community as a whole” (Muniz & O’Guinn, 2001). Communities have developed and changed over time, Loewenfeld (2006, p. 31) describes this development with traditional communities that have changed due to industrializing, urbanization, modernism, postmodernism and technological progress into so-called new forms of communities. Figure 2 gathers the transition from traditional to new community forms.

<table>
<thead>
<tr>
<th>Traditional communities</th>
<th>New community forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. family, tribes, village community, congregation</td>
<td>e.g. virtual communities, subcultures of consumption, brand communities</td>
</tr>
<tr>
<td>- Shared origin (family, geography)</td>
<td>- Global village</td>
</tr>
<tr>
<td>- Strong bonds</td>
<td>- Identification through shared interests, values, ideals</td>
</tr>
<tr>
<td>- Togetherness</td>
<td>- Utilization of joint advantages and technological progress</td>
</tr>
<tr>
<td>- Reciprocity</td>
<td>- Hedonistic motives</td>
</tr>
<tr>
<td>- Trust</td>
<td>- Community as Value</td>
</tr>
<tr>
<td>- Community as Value</td>
<td>- Focus on values</td>
</tr>
<tr>
<td></td>
<td>- Combination of values and needs</td>
</tr>
</tbody>
</table>

Figure 2 Evolution of communities (Loewenfeld, 2006, p. 31)

A community can further be defined through a psychological and social perspective. The underlying theory of communities is social identity theory developed by Tajfel and Turner in the 1970s (Tajfel & Turner, 1979). This was then further developed by Ashforth and Mael (Ashforth & Mael, 1989) to organizational identification theory. Later McMillan (1996, p. 317-319) further developed the theory that has become the most widely accepted understanding of how communities are built. “sense of community is a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared faith that members’ needs will be met through their commitment to be together” (Mcmillan, 1996).
They defined four factors that make a community healthy and strong. Loewenfeld (2006, p. 66) has applied this theory to elucidate the roots of BCs. Table 1 below explains these factors in more detail.

<table>
<thead>
<tr>
<th>Membership</th>
<th>Influence</th>
<th>Integration and Fulfilment of Needs</th>
<th>Shared Emotional Connection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional safety</td>
<td>Equal, concurrent influence of member and group and vice versa</td>
<td>Benefits of being a member</td>
<td>Identification with the history of the community</td>
</tr>
<tr>
<td>A sense of belonging and identification</td>
<td>Personal investment</td>
<td>Membership has to fulfill a need and be valuable</td>
<td>Experiences form a long lasting, emotional connection or spiritual connection</td>
</tr>
<tr>
<td>A common symbol system</td>
<td>A sense of mattering</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1 Sense of community (McMillan, 1996 and Loewenfeld, 2006, p. 67)

3.2.1.1 Brand

The brand definition of Keller will be used to define the term brand; “a brand is a set of mental associations, held by the consumer, which add to the perceived value of the product or service”. The creation of strong brands has become very important since a brand that is well known and easily recognizable creates value for the cooperation (Keller, 2016). A strong brand creates added value to the functional use of the product itself (Loewenfeld, 2006). Brands can also be explained with Maslow’s hierarchy of needs. Strong brands give the consumer security and can provide a feeling of identity and belongingness (Aaker, 2015). A luxurious brand can fulfill the need for esteem and some brands can even create self-actualization for the consumers by increasing customer-brand engagement (Loewenfeld, 2006).

3.2.1.2 Branding

Branding in terms, includes all concrete marketing actions to build up a brand that is differentiable from competing and similar products available on the market in order to make a product identifiable and connected to a certain brand (Esch, 2014). Branding is often defined as “the enterprise of creating added value in the minds of consumers, that is, building perceived values beyond the observable physical value of the product, and thus differentiating the product” (Supphellen, 2000). Higher elements than the psychological need fulfilment can only be achieved with the process of branding (Loewenfeld, 2006). Hence, branding covers the intangible and emotional aspects of a product.
3.2.1.3 Brand Community

Muniz and O’Guinn (Muniz & O’Guinn, 2001) introduced BC as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand”. The most central part of community has remained equal for BCs: the reason people join is still the desire for membership and belonging. Digitalization enabled people to join even easier and across borders to find people and groups who share the same needs and interests. The characteristics of BCs are people forming strong networks and bonding around the brand itself (Chaffey, Smith, & Smith, 2012, p. 163).

During the past years, several corporations and researchers have developed new concepts based on the learnings of case studies that researched the impact of BCs on brand loyalty of customers. The following paragraph reviews the most recently published theories and books on the topic of BCs.

Although the relevance of BCs has increased and there are many marketing studies on the topic, the most well-known and relied on study remains Muinz and O’Gunnin (2001, p. 427). Their explanation highlights the three-dimensional relationships that are built within a BC. Figure 3, the community triad describes this three-dimensional relationship.

![Figure 3 Brand Community Triad](#)

3.2.1.4 The Consumer-Brand Relationship

BCs allow brands to connect closer with consumers through new communication technologies of physical communities. As a result, customers can be integrated more closely into the value adding process (Loewenfeld, 2006).
3.2.1.5 The Consumer-Consumer Relationship

Consumers rely on third party sources for example on recommendations of other customers of the brand, since this source of information provides unbiased, authentic and trustworthy information and recommendation (Loewenfeld, 2006). Online communities provide a great platform to access such information (Kelly, 2017). Customers have easier access to community experts and neutral recommendations on a product (Douglas, 2016).

3.2.1.6 The Brand-Community Relationship

The more intensive the interaction and integration of consumers and the community, the better for the firms (Loewenfeld, 2006). Building lasting relationships results in reciprocal dependency between customers and firms (Smith, 2017). Previous studies have revealed that, the stronger the integration of the community member toward the BC, the higher the loyalty and satisfaction of this member (Loewenfeld, 2006).

3.2.2 Why Brand Communities?

Having defined the origin, roots and characteristics of BCs. Research question 2 and 6 are now partially answered with a literature review on the importance of BCs.

As introduced in chapter 3.2.1.2, the need for brands can be explained with the pyramid of needs. The need for social belongingness can therefore be satisfied with BCs where members belong to and share similar interests, rituals and values (Loewenfeld, 2006). Belonging to a wider group matches with the need to find social identity (Smith, 2017). This identification with such a community will in terms make the brand itself stronger. The research of Muniz and O’Guinn (2001, p. 412) showed that a BC clearly affects brand equity in its four components of brand loyalty, brand awareness, perceived quality and brand association. They argue that building a BC helps to actualize the concept of relationship marketing. Since 2001 several other studies suggested that effective BCs indeed positively influence brand equity (Loewenfeld, 2006).

Loewenfeld’s (2006, p. 282) study revealed that a strong interaction within the BC- triad results in a BC that increases not only brand loyalty, but also customer integration and word-of-mouth (WoM) (Loewenfeld, 2006). Previous studies have pointed out that both product quality perception and BCs have a strong effect on brand loyalty and WoM (Wiegandt, 2009). The findings of Loewenfeld’s (2006, p. 274) study supports the suggestion that BCs are valuable to brands and can be of economic relevance.
3.2.2.1 Suitability of Brand Communities

Lindstrøm (Lindstrøm, 2011) argued that an emotional attraction is the foundation to build a BC since only by emotional engagement people will change their habits and alter their choices. Loewenfeld (2006) further analyzed BCs and concluded that usually besides the emotional attraction, brands with a strong image, a long lasting history, a rather low buying frequency and lifestyle brands are likely to build prosperous BCs. He constructed a framework consisting of five questions to testify the suitability of the brand to build a BC (Loewenfeld, 2008).

1. Is there a lasting interest from customers?
2. Do consumers identify themselves with the brand?
3. Does the brand touch the consumer emotionally?
4. Is the brand important for the everyday life of the consumer?
5. Does the brand build a frame of entertainment or interactive activity?

The answer to these questions can be yes or no; the more yes, the more suitable BCs are for this brand (Loewenfeld, 2008).

3.2.2.2 Value of Brand Communities

As mentioned above, there are several studies underlining and suggesting the benefit and value of BCs (Wiegandt, 2009). The main findings of previous research are that BCs;

- Increase brand equity on all four components; perceived quality, brand loyalty, brand awareness, brand association
- Increase customer engagement
- Increase WoM

Considering the results of a study published by the GDI¹ on the change of trust, the internet provides a source of primary information that influences a consumer’s decision (Frick & Hauser, 2007). The internet allows to evaluate and rate products in a respected, credible and trusted manner.

McKinsey & Company have come to a similar finding and introduced the so-called new decision making process model which suggests that consumer make their decision based on a circular journey that consists of four phases: 1. Initial consideration, 2. Active evaluation and the process of researching potential purchases, 3. Closure when

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¹ GDI stands for Gottlieb Duttweiler Institut; a Swiss Independent Think Tank in economical, social and consumitional study.
consumers buy a brand and 4. Post-purchase when consumers experience the purchase (Court, Elzinga, Mulder, & Vetvik, 2009).

According to McKinsey & Company two-thirds of the touch points within the phase two involve internet reviews and WoM recommendations from friends and family (Court et al., 2009). Therefore, they recommend investing in communities where consumers can exchange their experiences with the product since peer-to-peer reviews are a valuable source of information within the decision making process. In order to further enhance the customer journey, BCs are said to build ongoing post purchase relationships and encourage advocacy (Edelman, 2010). Consequently, today there is much higher importance placed on customer engagement and the integration of the customer voice into the value adding process. So called customer-driven marketing strategies are on growing and BCs can be a convincing method to achieve this (Court et al., 2009). The change of trust (Appendix 1) further underlines that social recommendation of similar user behaviors and preferences are a trustworthy source of information, likely to influence the decision making process (Frick & Hauser, 2007). The McKinsey & Company report further recommends that brands need to invest more into platforms with high 3rd party presence to provide the consumer with a place where active evaluation can take place. It is about providing the right information at the right time to trigger the initial consideration of the consumer and providing the consumers on their decision making journey with adequate information that will in the end lead to a purchase and ongoing loyal relationship between the brand, the consumer and the community. It is important to align the marketing activities to the decision making cycle in pursuance of reaching consumers (Court et al., 2009). The new decision making journey described in figure 4, adds a further explanation to why BCs have become so valuable to brands in the age of digitalization.
3.2.3 How are Brand Communities implemented?

3.2.3.1 Forms of Brand Communities

Loewenfeld (2006, p. 38) has summarized different types of communities based on existing literature. The first differentiation is made between commercial and non-commercial communities. Non-commercial communities are families, clans, cliques or similar societies. These however are not considered by Muinz and O’Gunning (2001, p. 415) and do not fall into the definition of BCs. Commercial communities can be B2B or B2C communities (Loewenfeld, 2006). A further distinction can be made between long and short term communities. Finally, online and offline community distinction has become increasingly important since virtual communities are on the rise. Online BCs are more effective simply due to the fact that they reach a broader number of customers (Wiegandt, 2009). On the other hand, Smith (Smith, 2017) argues that having a physical presence (offline communities) can send a positive signal to the members and establish a tangible closer component and local connection to the community (Smith, 2017).

Loewenfeld (2006, p. 34) concluded that most BCs cannot be purely assigned to one classification only. Often BCs apply a mixed form of community. Another approach introduced by Cove & Pace (2013) is the framework that defines the Typology of BCs with a matrix that indicates the degree of investment required by consumers over the approached retail strategy of the company (Cova & Pace, 2013). The focus of the study

Figure 4 Decision making cycle (Court et al., 2009)
was on emotional brands where consumers made investments in terms of time and money to be part of the community. Based on an observation analysis, they have identified the level of required investment to be made by its consumer in terms of time and money. Mass-market convenience products are usually located in the lower right corner whereby niche retailers and emotional brands are rather found in the upper left corner (Cova & Pace, 2013).

![Image](Figure 5 Typology of brand communities (Cova & Pace, 2013)

There are other researchers who define the forms of BCs differently or in more depth, this thesis relies on the widely accepted framework defined by Cove & pace (2013, p. 1091).

3.2.3.2 Success factors of Brand communities

Having understood the necessity, value and forms of a BC, the success factors of BCs will now be defined as a fundamental understanding of existing literature to answer research question 2. In the long run, only well implemented BCs are valuable for both, the consumer and the brand. Several studies showed that the quality of the BC matters (Esch, 2014). In order to achieve the benefits for both sides and avoid the risks of BCs, Loewenfeld (2006) defined eight success factors for BCs out of which the last ones are the least relevant to building a successful BC (Loewenfeld, 2006).

1. Support within the customer-customer relationship (high)
2. Brand-client interaction (high)
3. Identification with the brand (medium)
4. Ongoing brand interaction from consumers to the brand (medium)
5. Satisfaction of needs (medium)
6. Togetherness (medium)
7. Social Identity (medium)
8. Friendships (low)
9. Influence on the group (low)

Other researchers further emphasize the necessity to fully integrate BCs into the corporate strategy and see them as a business strategy rather than a marketing strategy. Considering Giannetto’s (Giannetto, 2015) explanation, he takes into account the link between big data, social and mobile media and the impact on communities of such new technologies, and online BC introduce new benefits for cooperation and a unique chance to integrate and connect closer with consumers (Chaffey et al., 2012). Especially younger generations are willing to promote brands they love on their personal social network. This allows an integrated approach and brands can successfully multiply their communities since customers themselves build and promote the community they are attached towards (Giannetto, Giannetto, 2015). Organizations have to learn to use traditional, social and mobile channels to provide a range of communication channels. Similarly Beverland (Beverland, 2009) justifies in his book that building brand authenticity requires seven habits, one of them being “to be one with the community”. According to Beverland (Beverland, 2009), only authentic brands are able to build links to communities. “Authentic brands may operate globally” but although markets become more globalized, multicultural and borderless, they “never forget the local” (Beverland, 2009, p. 157). “I believe communities are the future of brand communication. “ by John V Willshire (Kendall, 2015). Companies should aim to increase the commitment of its employees and acknowledge them as impactful stakeholders who can spread a positive WoM about the company (Kendall, 2015). Likewise Hanlon (Hanlon, 2009) states in his book on primal branding that in order to create a community around a brand, companies have to understand that brands are believe-systems. Therefore, it is crucial to build relationships with people who share the same passions and are willing to share and develop a community around this passion, while staying flexible and allowing consumers to communicate liberally (Kendall, 2015, p. 118). People who fully believe in the company, product and brand have the biggest influence on other people (Hanlon, 2009 p. 11).
3.2.3.3 Risks of Brand Communities

Besides the positive aspects of BCs, risks are also involved when introducing BCs. Today, “almost anyone can affect a company’s brand” – positively or negatively (Giannetto, 2015). Social media allow groups previously not relevant to the business to impact any brand. These groups might include social activists, organization allies, suppliers, influencers, bloggers and other social influencers, which all have to be taken into account. The two main concerns for corporations should therefore be to first find a way to identify and communicate effectively with individual consumers. Secondly, Giannetto (Giannetto, 2015) suggests creating a consistent way of interacting with the entire market that defines and reflects the corporate approach, belief and value proposition in order to meet the expectation of social consumers at large. Negative WoM can arise from a lack of strategy, objectives and weak execution (Chaffey et al., 2012). Negative information about the brand is spread instantly and can empower a whole community to act against the brand. This can be in form of negative comments or at its most extreme lead to “firestorms” and significant reputation loss (Kimmel & Kitchen, 2014). Firestorms are a phenomenon that appears online due to the fast spread of social media and high consecutiveness leading to the negative WoM. In such situations it is important to react appropriately towards the negative feedback or voice. It is recommended by experts to respond rapidly and honestly to stay calm and dissolve facts fast (Martínez-López, 2016).

Giannetto (2015, p. 74) further recommends that companies have to use the platform as an extension of who they are, what they value, and the beliefs they hold on to. He suggests that companies have to follow an integrated approach in which BCs are not just a part of the marketing strategy but rather connected to the business strategy. Only by having BCs fully integrated and lived by all its employees and emotional connection can be established (Giannetto, 2015, p. 75)

3.2.3.4 Measuring Brand Communities

Ultimately, BCs are a marketing tool that serves to reach consumers at the moment that most influences their decisions. Researchers highlight that it is a difficult task to measure the performance BCs due to the simple fact that relationships are difficult to measure (Court et al., 2009). Based on the consumer decision making cycle explained in chapter 3.2.2.2, there are three main goals to reach; brand awareness, building relationships and generating leads into purchasing journeys. Brands today can no longer
react to customers purchasing decision, in fact they also have to actively shape those decision journeys (Court et al., 2009).

The sales funnel model aims to generate sales through the process of awareness, leads, prospects and sales/contracts (Zhel, 2016). Thus, the starting point to increase sales is to raise awareness of the company among its stakeholders (Kelly, 2017). Zhel (Zhel, 2016) suggests, that the sales funnel is an important reference to explain sales, revenue and cost in relation to marketing activities. The traditional sales funnel can be adaptable and is frequently used for measuring social media content as illustrated in figure 6 (Kelly, 2017). Therefore, the analyst suggests applying a combined form of the new decision making cycle and the sales funnel for social media as a measurement framework for BCs as visualized in figure 6 and the three stages of measurement are further defined in table 2.

![Sales Funnel for brand communities](image)

**Figure 6 Sales Funnel for brand communities adjusted from (Kelly, 2017; Zhel, 2016)**

<table>
<thead>
<tr>
<th><strong>BRAND AWARENESS</strong></th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Online: number of fans, followers, subscribers, Impressions</td>
<td></td>
</tr>
<tr>
<td>• Offline: number of people participating on events</td>
<td></td>
</tr>
<tr>
<td><strong>Influence</strong></td>
<td></td>
</tr>
<tr>
<td>• Online: Mentions by Influencers</td>
<td></td>
</tr>
<tr>
<td><strong>Engagement</strong></td>
<td></td>
</tr>
<tr>
<td>• Online: Brand mentions, retweets, clicks, likes, shares, replies, wall posts, comments, site visits</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>RELATIONSHIP BUILDING</strong></th>
<th>Action/Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Online: content downloads, lead generation forms, proposals, direct messages, leads increase on webpage</td>
<td></td>
</tr>
<tr>
<td>• Offline: number of friendships that are built with coaches and within the offline community</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>LEAD GENERATION</strong></th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Online: online sales, phone sales</td>
<td></td>
</tr>
<tr>
<td>• Offline: in-person sales, sales at distributors</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2 Measurement Indicators for Brand Communities (Kelly, 2017. and Zhel, 2016)**
### 3.3 Athletic Footwear Industry

The AFI is a generic name for a shoe designed for sporting activities. The athletic footwear market industry incorporates sportswear, trekking shoes, aerobic and gym shoes, running and walking shoes, Aerobic and gym wear (Global Market Insight, 2015).

#### 3.3.1 What is the Industry environment of the Athletic Footwear Industry?

Within the AFI, the running category currently has the highest market share amongst all categories with approximately 35% (Lu, 2016). The summary of the conducted PESTEL in figure 7 below provides an insight into the macro environmental impacts on the Swiss AFI, the complete PESTEL is provided in Appendix 8.2.

**Figure 7 Summary of PESTEL**
3.3.2 Which brands are competing in this industry?

In order to have a profound understanding of the industry forces influencing the micro environment and competitive industry, a Five Forces analysis was conducted and is provided in Appendix 8.3 to provide a closer look at the micro external business environment that surrounds competitors within the industry. Figure 8 summarizes the Industry forces.

**Figure 8 Summary of Five Forces Analysis**

3.3.3 Industry Summary

The AFI is a very competitive industry that has strong key players, currently dominating the global market. For Switzerland these players are also very dominate. Products that supply the fast changing consumer taste are of good quality and have a fair consumer price/value (Global Industry Analysts, Inc., 2015). The Industry is slightly growing in Europe and the current health-trend positively influences the purchasing power. Investment into R&D and Marketing are key to obtaining a USP (Global Market Insight, 2015).
Figure 9 indicates the key players of the Industry to be NIKE and ADIDAS, followed by New Balance, Sketchers and ASICS (Trischi, 2016). Besides the large competitors, there are micro-brands gaining market share with niche products. Run repeat, an online platform where people across the world give a rating on shoes, ranks the Swiss Start-up Brand ON amongst its top players (RunRepeat, 2017). The positioning grid of the industry in figure 10 reveals the high price competitiveness of the brands.

Figure 10 Perceptual Map adjusted from (Chang, 2017)

For the further assessment of BCs within the AFI, three players were chosen that operate within the Swiss market and are representative of the industry distribution. For the researcher it was important to take the view of companies of different sizes. Therefore,
the brands ADIDAS, ASICS and ON were chosen since they are representative of the variety of the industry. ADIDAS as a large player, ASICS as a Medium player and ON as a relatively small player and new entrant to the market.

Chapter three deducted the evolution of brand communities and presented several theories and frameworks relevant to the topic. The Typology of BCs by Cova & Pace (2013) provides the theoretical understanding to answer how common brand communities are for the AFI. The defined benefits and risks can provide a theoretical answer to research question 3. The defined success factors by Loewenfeld (2006) will be influential to answer research question four to compare the findings of the following chapter towards the findings of Loewenfeld (2006). The theoretical framework provided the basis to conduct the semi-structured interviews and further research on offline brand communities for the findings of this paper.

Additionally, this chapter included a situational analysis of the AFI. This investigation allowed the researcher to choose three players to be assessed for further analysis; ADIDAS, ASICS and ON.
4 FINDINGS

The previously outlined terms and theories provided the necessary understanding and implications of brand communities. The next chapter presents the analysis of the collected information and data from online communities of brands and semi-structured interviews and provides the results of the suitability testing.

4.1 Suitability Test for Brand Communities in the Athletic Footwear Industry

Loewenfeld’s suitability test (Loewenfeld, 2008) can be applied for any brand. It is suggested to ask these five questions in regard to the establishment of a BC. This part of the analysis will provide the findings of the suitability testing deducted in Chapter 3.3 and will provide the analysis to answer research question 2; how common are BCs in the AFI?

1. Is there a lasting interest from customers?
Looking at the long-lasting tradition and high market share of ASICS and ADIDAS, it seems evident that there is an on-going interest from customers for these brands (Chapter 3.3.3). ON however is very new to this industry. Nevertheless, within the few years ON has been existing, they have managed to expand at a rapid speed. Within 7 years they have reached a world-wide presence and continuously grow and increase market share (Heckes, 2017).

2. Do consumers identify themselves with the brand?
All three brands provide the condition of an identity creating brand according to Loewenfeld’s theory (2006, p. 16). Sports brand allow active involvement and consumer dialogue for example within the sales process. Additionally, especially running brands attract people with similar interest which increases the identification potential with the brand (Loewenfeld, 2006, p. 130). Therefore, a general YES can be given to all of the three brands since they fulfil the identification potential criteria.

3. Does the brand activate the consumer emotionally?
Sports equipment and articles usually respond to an emotional activation of the consumer (Loewenfeld, 2006, p. 278). The wallpapers of the brands and the image slogan of the three selected brands all evolve some degree of emotional activation as revealed in Appendix 8.4. Therefore, a YES can be given to this question for all brands.

4. Is the brand important for the everyday life of the consumer?
Lifestyle brands enjoy a high involvement of the mass and usually people like to identify themselves with such brands. Loewenfeld (2006, p. 279) uses Puma and Oakley as similar brands that enjoy the status of a Lifestyle brand. In his argumentation Puma managed to shift from a pure sports brand to a brand where the emotional connection has priority over the practical use that defines the brand. Taking this definition, it can be said that there is a clear YES for ADIDAS since they have a lifestyle brand (ADIDAS Originals) and ADIDAS brand for sports. ASICS has its clear focus on performance sports articles but provides a separate lifestyle shoe called the ASICSTiger. ON currently purely focuses on running shoes and clothes. Looking at the Swiss market, it can be observed that many people wear the ON shoes as a leisure sneaker. ASICS and ON therefore not fully match this characteristic.

5. Does the brand build a frame of entertainment or interactive activity?

Does the brand have a potential to be a topic of interest? Is it likely that people talk about the brand and its products? Is it likely that consumers compare and exchange their experience of the brand and product? For all brands, the answer is a clear YES. Runners like to compare and talk about their shoes and gear in general (Popadic, 2017). New technologies and innovation in this industry are a topic of general interest and are often published in newspapers.

<table>
<thead>
<tr>
<th></th>
<th>ASICS</th>
<th>ON</th>
<th>ADIDAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lasting interest</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Brand Identity</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Emotional activation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Importance of brand in daily life</td>
<td>~</td>
<td>~</td>
<td>✓</td>
</tr>
<tr>
<td>5. Advocates interaction, conversation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

*Table 3 Suitability Testing Applied*
4.2 Assessment Brand Community ASICS

This part reflects the findings of the social media analysis and interview held with Montana SPORT on the topic of BCs of ASICS. These findings collect data to answer research question 2,3,4 and 5.

Montana SPORT AG is a leading commercial enterprise that imports high-quality sports products from abroad. Founded in 1939, they are the official distributor with the exclusive right for selling ASICS articles as well as Onitsuka Tiger and Haglöfs in Switzerland (‘MontanaSport History’, 2017). Onitsuka Tiger and ASICS were both founded by Mr. Kihachiro Onitsuka a Japanese athletic footwear company that operates globally today. The name comes from a Latin phrase “Anima Sana In Corpore Sano”, which means “A Sound Mind in a Sound Body.” ASICS today still remains true to its mission statement and pledges to bring harmony to the body and soul with innovative and performance products (‘ASICS Corporate’, 2017).

4.2.1 Brand Communities at ASICS

ASICS has BCs on several online platforms, namely on Facebook, Twitter, Instagram, Pinterest and YouTube. These platforms are centrally managed in the Netherlands. ASICS headquarters are based in Japan and the other offices across the world are all subsidiaries, together forming the ASICS group. ASICS Switzerland in contrast is not a direct subsidiary but the distribution partner of ASICS. For ASICS the main BC is an On- and Offline community called FrontRunners. The ASICS FrontRunner project was first launched in 2010 in Germany. In 2013 the project expanded to Austria and in 2014 to Switzerland and 11 other countries. The goal of FrontRunners is to “support ambitious runners all over the world”, and to establish a community of runners who share the passion for running (Kupferschmied & Kummer, 2017).

The FrontRunners community in Switzerland grew from 4 runners in 2014 to 30 runners in 2017. Since 2016 ASICS Switzerland has received more freedom to build up the FrontRunner community rather independently from Germany. Since the end of 2016 they also have a Community Manager purely responsible for FrontRunners Switzerland. This position did not exist before and therefore a more serious investment and approach to build up a BC in Switzerland just started in 2017 (Kupferschmied & Kummer, 2017).

An additional BC in Switzerland is the online blog kaizensport.ch, there ASICS Switzerland created a community of highly interested customers and retailers who are

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2 ASICS Switzerland is represented by Montana SPORT
interested in the latest technology and newest features of the ASICS products. Unfortunately, it is hard to find this blog online since there is no direct link to the brand ASICS itself in the blog name “kaizensport” (Kupferschmied & Kummer, 2017).

4.2.2 Value of Brand Communities for ASICS

The 30 FrontRunners who have received an exclusive running kit and teachings on the gear as well a free access to various running races across Switzerland, should in return communicate their passion for ASICS on social media and in their offline network (running communities, family and friends). Due to the rather low engagement of FrontRunners in Switzerland, the community manager is currently not fully content with the value gained from FrontRunners. Amongst the 30 members, only 1-2% provide valuable content on social media. When asked about the internal perception of the value of FrontRunners, the community manager states that the community is important but does not have first priority. Additionally, the interviewee states that there is only little understanding and consciousness form employees and retailers about the potential of FrontRunners (Kupferschmied & Kummer, 2017).

4.2.3 Success factors of Brand Communities

Due to the rather young BC of FrontRunners in Switzerland, it is hard for the community manager to already draw a conclusion about the success factors. Interestingly, the community manager mentions that the strategic approach of Germany and Switzerland differs quite significantly. As a result, Switzerland is not able to copy the strategy form Germany and follows their own approach. The reason being the much smaller budget available for Switzerland and a different focus of the community. In Germany, the focus is to increase awareness, acquire loyal members and brand lovers. In Switzerland, the budget is tighter and they see brand community as a chance to get closer to the end customer. BCs are the gateway for ASICS Switzerland to establish a closer connection to the end customer, as the interaction amongst Frontrunners towards the project still lacks initiative. Currently the interaction amongst FrontRunners and towards the project is lacking initiative. Another problem is that the 30 FrontRunners prefer to remain anonymous and do not perceive themselves as a running community but rather as individual runners. The community manager concluded that the cultural background has a strong impact. The Swiss culture is more reserved and restrictive in connecting with new people and are not as easy going and spontaneous as other cultures might be (Kupferschmied & Kummer, 2017).
4.2.4 Measuring Brand Communities

The measurement of BCs is difficult for ASICS Switzerland. They are currently having complications to quantify their investment into BCs. The community manager devotes a lot of her time on controlling the activities of the FrontRunners on social media, providing them with regular feedback to achieve a higher quality of posts and enlarge their follower number. There is however no clear measurement framework in place. Their measurement is based on gut instinct rather than on a clear measurement framework. This makes it even more difficult to justify the value of the BC. For ASICS Switzerland it is important to see results from the FrontRunners. If they don’t any see return on investment, it is unsure if the community will remain in the future. The assessment of brand awareness, relationship building and lead generation can therefore not be made yet. Table 4 below gives an indication of brand awareness on social media exposure from the ASICS group. These indicators are not sufficient for ASICS Switzerland as they do not reflect the specific contribution of ASICS Switzerland (Kupferschmied & Kummer, 2017).

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Followers</th>
<th>Ranking (most valuable for ASICS Switzerland)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook ASICS</td>
<td>2’929’600</td>
<td>Medium</td>
</tr>
<tr>
<td>Facebook FrontRunners</td>
<td>76’300</td>
<td>Medium</td>
</tr>
<tr>
<td>Facebook Kaizen.Sport</td>
<td>610</td>
<td>Medium</td>
</tr>
<tr>
<td>Twitter ASICS</td>
<td>26’600</td>
<td>Low</td>
</tr>
<tr>
<td>Instagram FrontRunners</td>
<td>517’000</td>
<td>High</td>
</tr>
<tr>
<td>Pinterest Europe ASICS</td>
<td>1’436</td>
<td>Medium</td>
</tr>
<tr>
<td>YouTube ASICS</td>
<td>8’026</td>
<td>High</td>
</tr>
</tbody>
</table>

Table 4 Online Brand Communities ASICS

4.2.5 Future of Brand Communities at ASICS

For ASICS Switzerland, is clear that there are many learnings form these first five months that they actively invest in BCs. Currently, the plan is to keep a similar monetary investment in BCs for the coming year. However, they will most likely reduce the number of Frontrunners and better select the members. They will only continue to work with a few out of the 30 FrontRunners, with those who actively posted and showed high engagement. Over the next month, they will start looking for potential runners they perceive as loyal and suitable members to join the community. Within the next year they want to expand the project to the French part of Switzerland. Another approach will be to launch more spontaneous offline promotional activities to engage with customers. The focus will remain on the Instagram channel since on Facebook they have only little access to engage with the community of ASICS. They are positive that if they manage to create
a stronger and more unified community across FrontRunners in Switzerland, this marketing activity could be essential for the future success of ASICS Switzerland (Kupferschmied & Kummer, 2017).
4.3 Assessment Brand Community ON

This part reflects the findings of the social media analysis and interview held with ON on the topic of BCs. These findings collect data to answer research question 2, 3, 4 and 5.

ON AG was established in 2010 by top athletes Olivier Bernhard, David Allemann and Caspar Coppetti. They introduced a new technology of a Swiss engineered running shoe that revolutionized the running industry. Since then, they expanded into more than 25 countries and won many international design and technology awards (‘Read about the ON Story’, 2017). ON is a young Swiss, Zurich-based sports company with a simple mission. The team of sports scientists and running enthusiasts around world-class athlete Olivier Bernhard (triple world champion and six-times Ironman winner) strives to elevate running to a sport that’s not just healthy but also fun (‘Read about the ON Story’, 2017).

4.3.1 Brand Communities at ON

ON describes BCs as platforms to interact with the community interested in their products. Ever since ON was founded in 2010 they have made use of social platforms. Today ON focuses on online communities such as Facebook, Instagram, Twitter, Vimeo, YouTube and Strava. The team responsible for the content, alignment of campaigns on social media and design is a branch of the E-commerce department. It grew to roughly 10-15 people based in the HQ of Switzerland but also internationally with country specific specialists on social media across the globe. The grass root marketing team is responsible for the offline communities who usually have the form of short-term communities in form of events or special training weeks. As a start-up, ON is still a small niche manufacturer within the industry. The flat-hierarchy enables close interaction within the departments, it is mentioned that online communities touch almost every aspect of the business today, therefore the social media specialists have a frequent exchange with all departments (Heckes, 2017).

ON used to apply an umbrella approach where all communities were treated similarly. The latest strategic approach is to segment the communities and provide content targeted towards the needs of each community. Amongst all platforms, Facebook is the most successful one since there the engagement of the community is very high (Heckes, 2017).
4.3.2 Value of Brand Communities for ON

The value of BCs for ON is very high. According to the interviewee the business would not be as successful as it is today if it wasn’t for the engagement on social media. Being present with BCs have added value because
- They grow at a fast speed
- They have enabled a closer interaction and dialog with consumers
- They increase WoM

(Heckes, 2017)

4.3.3 Success of ON’s Brand Communities

The result of the interview revealed three main success factors of ON
- Customers see ON not only as a product but also as an expert on running who is open for a dialog
- Members honor the close interaction perceived by ON and engage closely with the brand
- ON aims to be part of a FUN running experience and encourages the members to share these moments of FUN

(Heckes, 2017)

4.3.4 Measuring Brand Communities

The adjusted Sales Funnel cannot be fully assessed as an external party of the company purely due to the fact that the interviewee did not have access to the full data. What can be done is to summarize the statements made regarding each of the three measuring points received throughout the interview (Heckes, 2017).

4.3.4.1 Brand Awareness

The exposure can be observed in online communities based on the number of fans, followers and subscribers of the online platform. For ON this looks as follows

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Followers</th>
<th>Ranking (most valuable for brand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>89’498</td>
<td>Very valuable</td>
</tr>
<tr>
<td>Twitter</td>
<td>7’962</td>
<td>Medium</td>
</tr>
<tr>
<td>Instagram</td>
<td>27’200</td>
<td>Very valuable</td>
</tr>
<tr>
<td>Vimeo</td>
<td>107</td>
<td>Low</td>
</tr>
<tr>
<td>YouTube</td>
<td>2’488</td>
<td>Medium</td>
</tr>
<tr>
<td>Strava</td>
<td>2’610</td>
<td>Very valuable</td>
</tr>
</tbody>
</table>

Table 5 Online Brand Communities ON
The Interviewee stressed that the engagement of the community on the platform of Facebook is very high. They are often mentioned in comments, retweeted by retailers and consumers, liked and clicked at. This statement can be underlined with the data collection publicly available on Facebook. For Strava, the engagement is also high. An example of a post in Strava is given in the Appendix 8.5 (Heckes, 2017).

4.3.4.2 Relationship Building

When it comes to relationship building, no clear data is publicly available on how much content is downloaded and how many leads are generated to the webpage. The interviewee agreed that they use this indicator as a measurement tool for online BCs. Further, the interviewee emphasized that content provided within the community is essential to increase and enhance the relationship building. No other advertisement tool allows ON to interact so closely with their consumer. They aim to seek conversation and to interact with the community (Heckes, 2017). As an offline tool, ON recently started the so-called ambassador program. With this member club they aim to have a close interaction with some key runners across the world who act as their BC. This allows ON to further fuel word of mouth but also to establish offline relationships and receive feedback from these brand ambassadors (Heckes, 2017).

4.3.4.3 Purchasing Journeys / Lead Generation

When it comes to actual purchases, little data is available. The interviewees confirmed that they measure how many online purchases came from which community (Heckes, 2017). They see a strong correlation but also regard BCs as a place to generate awareness. Strava for instance is not directly linked to purchasing journeys but rather aiming for close connection to the community and gaining loyal customers in the long-term. Purchases related to the Strava community can however not yet be tracked (Heckes, 2017).

4.3.5 Future of Brand Communities

For ON it is clear that BCs will remain a strong focus of their marketing strategy. They will keep investing in platforms and people with ambassador programs to increase customer loyalty and acquisition. BCs for ON are also a long term investment – seeing the big picture and aiming for a clear strategy and goal setting for each community is essential (Heckes, 2017).
4.4 Assessment Brand Community ADIDAS

This part reflects the findings of the social media analysis and interview held with ADIDAS on the topic of BCs. These findings collect data to answer research question 2, 3, 4 and 5.

ADIDAS was established in 1949 by Adolf Dassler and is today among the leading sports brands worldwide (‘Adidas History’, 2017).

4.4.1 Brand Communities at ADIDAS

The strongest BC of the ADIDAS group is the running BC called Adidas Runners (AR). This community aims to connect like-minded people looking for an international running club, one that not only connects runners within a city but rather creates an international running community (Adidas Runners, 2017). Besides the running club AR can participate in exclusive other sports or leisure events and community parties. “We are the ADIDAS Runners. We invite you to join us on this journey to a fitter, healthier and happier life. Our approach combines a holistic philosophy and an individual treatment of every single member. We want to help you become the best runner you can be with the help of fellow AR and a team of professional coaches“ (Adidas Runners, 2017). The community has evolved through a successive approach and has grown organically since 2014 (Hammoudah, 2017). Today the runner community is an international network of passionate runners that strongly identify with thebrand ADIDAS. The focus of the community is to provide various training elements designed for runners, provide coaching, consult on nutrition and provide medical assistance. The drivers of the community are to improve the running speed of individuals, help to achieve a better fitness and health, get to know the city they live in and, above all, create a great community experience and make friends across the international community (Hammoudah, 2017).

4.4.2 Value of Brand Communities for ADIDAS

The ADIDAS Running community has become very valuable for the ADIDAS group. This is thanks to the newly established platform to interact and establish an enhanced brand-consumer relationship where consumers can be part of the brand through co-creation, direct feedback and high identification with the brand. The members share the experience they have with ADIDAS on social media and with their personal network which has a much stronger effect on the range coverage and reference effect. Furthermore, the loyalty of customers has increased and so have net sales and Net
Promoter Score (NPS) since the AR community have been established. Not only in Berlin, but rather globally, a similar approach of BCs has become a vital part of ADIDAS’ brand success and investment in the ADIDAS Runner community make a significant part of the total Marketing budget (Hammoudah, 2017).

4.4.3 Success factors of Brand Communities

The BC’s success was at its initial state the exclusivity of the community. By limiting the Running Group to a small group of people, the coaches managed to develop a close and personal relationship with the runners. It raised the interest of other runners and the desire to be part of this unique community that supports runners and provides them with various benefits. While the community grew organically and expanded to other European cities, this approach remained central. The loyalty focus resulted in a success factor for ADIDAS. Additionally, this approach allowed a platform for runners with similar passion and interest to get to know each other and make friends. The commitment towards the community increased due to the friendships that they have established and resulted in an intrinsic motivation of crew members (Hammoudah, 2017).

- Customer-customer relationship
- Customer-brand relationship (international)
- Organic growth (quality over quantity)
- Exclusivity of the community

4.4.4 Measuring Brand Communities

To measure BCs, ADIDAS relies on Social Media KPI’s, NPS and Net sales (Hammoudah, 2017).

4.4.4.1 Brand Awareness

Awareness is created through content on the listed online community platforms below as well as through content created by the members themselves. Awareness creation by ADIDAS is not the main goal of the BCs. What is valuable it the content created by the members of the community themselves since this reveals a stronger identification with the brand, a higher reach and positive spread of the Brand (Hammoudah, 2017).

<table>
<thead>
<tr>
<th>Online Communities</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook ADIDAS Originals</td>
<td>29’506’813</td>
</tr>
<tr>
<td>Facebook ADIDAS Running</td>
<td>7’473’137</td>
</tr>
<tr>
<td>Facebook AR Zürich</td>
<td>1’541</td>
</tr>
<tr>
<td>Twitter</td>
<td>3’100’000</td>
</tr>
<tr>
<td>Instagram ADIDAS</td>
<td>14’300’000</td>
</tr>
</tbody>
</table>
Table 6 Online Brand Communities ADIDAS

<table>
<thead>
<tr>
<th></th>
<th>ADIDAS Running</th>
<th>ADIDAS runners DE/AT/CH</th>
<th>ADIDAS Runners Blog</th>
<th>ADIDAS Runners Tracker</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1’500’000</td>
<td>8’837</td>
<td>No data publicly available</td>
<td>No data publicly available</td>
</tr>
</tbody>
</table>

4.4.4.2 Relationship Building

The Coach of each city can provide feedback on the closeness of the community. The Facebook group gives an additional insight into how connected the members are and how actively they respond. Reach of posts and continuousness also proved an indication on the relationship building. Additionally, the NPS allows marketers to gain an insight into the customer experience and predicts business growth. A positive NPS is therefore a valuable indicator for the success of the effects of BCs (Hammoudah, 2017).

4.4.4.3 Lead Generation

ADIDAS uses the Net Sales variation as a clear measurement tool. ADIDAS has experienced an increase in Net Sales since the ADIDAS Runner group (and previously with ADIDAS Boost) has been introduced to the market. It provides a clear indication of the positive affect of brand communities (Hammoudah, 2017).

4.4.5 Future of Brand Communities at ADIDAS

BCs will most definitely remain a strategic focus of ADIDAS. Although the concept is very simple and easy to copy, they see the future potential of this form of marketing. ADIDAS will keep setting the focus on an organic growth and aim for quality rather than quantity. Committed people are worth much more and loyal in the long-term perspective. It is important to preserve the community unique and it has to keep being exiting to be part of it (Hammoudah, 2017).
5 DISCUSSION

In this chapter, qualitative data derived from the semi-structured interviews is put in relation to the relevant theories in order to discuss the answer of the initially defined research questions in Chapter 1.1.

5.1 How common are Brand Communities for the Athletic Footwear Industry today?

The literature review provides a deeper understanding of the rise of BCs and gives reason to suggest that BCs are becoming a common tool in the marketing domain. The results of the interview and further analysis indicate that BCs are commonly applied in the Swiss AFI.

The suitability testing in Chapter 4.1 found that one out of three brands, ADIDAS, fulfilled all of the 5 criteria, creating lasting interest, brand identity, emotional activation, advocates interaction and conversation and importance of brand in daily life. The latter was not fully reached by ASICS and ON since these brands are perceived to have a higher focus on the practical use of the brand. ADIDAS can be considered as a lifestyle brand and has therefore fully fulfilled the importance of a brand for daily life. According to Loeweneld’s (2006) definition, all of the three brands represent a high suitability and potential to apply BCs since they reached 4 out of 5 YES (and 5 out of 5 for ADIDAS) in the suitability testing.

Since the suitability testing was positive, it is not surprising that all of the three brands have some kind of BC already in place. As anticipated, online BCs are applied by all brands. Facebook, Twitter, Instagram and YouTube are amongst the most commonly used online BCs out of which Facebook is perceived the most valuable by all brands. Table 7 provides an overview of the applied online BC for each brand.

<table>
<thead>
<tr>
<th></th>
<th>ASICS/Montana</th>
<th>ADIDAS</th>
<th>ON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Instagram</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>YouTube</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Twitter</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Blog</td>
<td>Kaizensport</td>
<td>ADIDAS Runners</td>
<td>To be launched in 2017</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>ADIDAS Tracker</td>
<td>Strava</td>
</tr>
</tbody>
</table>

Table 7 Online Brand Communities Overview
Considering offline communities, two out of the three brands established an offline BC. ADIDAS and ASICS have an offline community with a hybrid strategic approach, combining both online and offline communities. According to Loewenfeld (2006) and Smith ((Smith, 2017) this is a very common approach and makes sense in order to intensify the relationship with offline communities while increasing the reach with online communities. ASICS founded its first offline community in Germany in 2010 before they expanded in 2014 to other countries (Kupferschmied & Kummer, 2017). ADIDAS created its first physical community also in Germany in 2014 and operate it since 2016 globally (Adidas Runners, 2017).

Based on the framework of Cove and Pace (2013, p. 1091), the typology of online and offline BCs based on the findings would look as follows: the online communities are summarized in the bottom left for all brands since the level of required investment for customers is comparatively weak and the retail strategy regarding online communities is currently large and not segmented. In an earlier stage, ADIDAS had a closed Facebook group, today everyone can request to be part of the community (Hammoudah, 2017).

![Retail Strategy (Brand)](Figure 11 Typology of brand communities applied (Cova & Pace, 2013, p. 1091))

ON has announced the establishment of an ambassador program in the U.S, which will form the first brand ambassador program and therefore the first physical brand community for ON (Heckes, 2017). This investment further highlights the upswing of BCs. Given that three out of three brands have online brand communities and two out of
three run offline communities that have been existing since 2010 for ASICS and 2014 for ADIDAS, the researcher concludes that brand communities are common within the athletic footwear industry.

5.2 How do Marketers perceive Brand Communities?

The Interviews gave a clear insight into the perception of BCs for the marketers. All brands operate BC managers within the marketing department. While at ON BCs are allocated within E-Marketing department, at ASICS it is part of the marketing department and at ADIDAS the brand management unit takes care of BCs. Out of the three assessed brands, all perceive BCs as valuable to increase awareness of the brand. ADIDAS and ON both emphasize that BCs have successfully impacted the growth of the business. Both, ADIDAS and ON confirmed a positive impact on customer-brand interaction, co-creation, increase in loyalty and brand awareness as well as an increase of sales. At ASICS the value of BCs has not yet been fully experienced, they however believe in the potential of the value of BCs. Interestingly, the brands had slightly different ambitions to apply BCs. As a result, the value perceived also varies. Table 8 summarizes the perceived value and level of investment for each brand.

<table>
<thead>
<tr>
<th>Value</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ON</strong></td>
<td></td>
</tr>
<tr>
<td>- Grow at a fast speed</td>
<td>- Budget: Medium proportion of total marketing spending</td>
</tr>
<tr>
<td>- Closer interaction and dialog between consumers and brands</td>
<td>- Labor: A team of roughly 15 people worldwide</td>
</tr>
<tr>
<td>- Fuel word of mouth</td>
<td></td>
</tr>
<tr>
<td><strong>ADIDAS</strong></td>
<td></td>
</tr>
<tr>
<td>- Increase awareness of ADIDAS</td>
<td>- Budget: High proportion of total marketing spending</td>
</tr>
<tr>
<td>- Intensify brand-customer relationship</td>
<td>- Labor: Several coaches across the world, a</td>
</tr>
<tr>
<td>and as a result receive direct feedback</td>
<td>team centralized in Germany and an</td>
</tr>
<tr>
<td>and co-creation</td>
<td>agency. In Switzerland there are 2 coaches</td>
</tr>
<tr>
<td>- Increase customer loyalty and brand fans</td>
<td>and 2 people of an agency responsible for</td>
</tr>
<tr>
<td></td>
<td>the AR Zürich</td>
</tr>
<tr>
<td><strong>ASICS</strong></td>
<td></td>
</tr>
<tr>
<td>- Gateway to connect closer to end-</td>
<td>- Budget in Switzerland: Low proportion of total</td>
</tr>
<tr>
<td>consumers</td>
<td>marketing budget</td>
</tr>
<tr>
<td>- Increase sales</td>
<td>- Labor: One person responsible in</td>
</tr>
<tr>
<td>- Increase word of mouth</td>
<td>Switzerland</td>
</tr>
</tbody>
</table>

Table 8 Value and Investment overview

Bearing in mind the Swiss market which is rather small and not the most influential market, local Swiss investments are lower and less advanced than in other
markets. There seems to be a correlation between value and investment. Predictably, the higher the believe in the value of BCs, the higher are the investments. ADIDAS for instance spends a large proportion of its total marketing spending in BCs, ASICS on the other hand only spends a very small budget on BCs (Kupferschmied & Kummer, 2017). ADIDAS applied a successive approach of increased spending step by step within few years. Considering that both brands started introducing BCs in Switzerland around the same time, they are today at a very different stage (Hammoudah, 2017). The most likely explanation thereof is that ASICS Switzerland is restrictive with investment and does not fully believe in the value of BC just yet as they are still in the evaluation phase. Additionally, ASICS Switzerland is not part of the global FrontRunner strategy and applied a slightly different approach to the rest of the group.

ADIDAS in turn follows a hybrid approach that allows the captains to adapt the centrally decided strategy to local cultural differences (Hammoudah, 2017). The budget is assigned by the HQ and therefore centrally decided. It seems that ASICS has a similar global approach, with the exception of Switzerland. At ADIDAS BCs are of high value and therefore the investments towards them takes up a large part of the total marketing spending (Hammoudah, 2017).

Considering the change of trust and impact on the decision making cycle, it seems evident that BC are of high value and importance for brands. The findings of the interviews support that BC are valuable for the community manager. As one out of three interviewed companies, ASICS Switzerland, said that the value of BC is not yet fully understood by the whole company and they have not yet experienced business growth related to BCs (Kupferschmied & Kummer, 2017). This finding leads to the assumption that investments towards the BC of ASICS Switzerland are too little (in terms of labor and money) or that the BC does not yet incorporate all success factors. Chapter 5.1.1.3 provides a more comprehensive insight in the success factors. It might however still be too early to make an accurate assumption since the BC of FrontRunners in Switzerland is relatively young.

The observed change in the decision making cycle and trust perception together with the fast rise of BCs and the statements made by successful companies competing with the use of BC in the AFI let to presume that marketers perceive BCs as valuable. Nevertheless, BC are a very new concept and it requires trial and time for brands to fully believe in the value of BC.
5.3 What are Success Factors of Brand Communities?

The findings suggest that Loewenfeld’s eight success factors are indeed perceived as success factors by most of the three brands (Loewenfeld, 2006). Below, the findings of the interviews are segmented with regard to each success factor. Some of the success factors are not reached by all brands and the implication is slightly different for each brand. The researcher made an attempt to graph the degree of fulfilment of each success factor for the BCs of each brand. This classification has its limitations since it is based on the perception of the researcher’s interpretation of the findings including interviews and social media channels consideration, the reasoning for the ranking is provided below the chart segmented for each success factor. A high degree of fulfilment is ranked as a 5 and the lowest degree is ranked with 0.

Implementation of success factors

![Graph of success factors implementation](image)

1) Supportive customer-customer relationship (high)

**ADIDAS**: Has a strong international online and offline community that acts very supportively. During a Marathon supported by ADIDAS for instance, besides AR there will be a big support group cheering for their other crew runners.

**ON**: Claims to have a supportive interaction with customers on Facebook. They further launch a blog to enable feedback and recommendation of customers that will increase a supportive customer-customer relationship. The support is limited to online relationships.
ASICS: The international community is one of the strongest and largest running communities. In Switzerland the community is however still lacking a sense of unity.

2) Brand-client interaction (high)

ADIDAS: At the AR community the coaches know most of their members by name. This emphasizes the closeness between the brand and the consumer and was part of the strategy since early on.

ON: Customers see ON not only as a product but also as an expert when it comes to running who is open for a dialog. The dialog is again limited to online communities.

ASICS: Interaction between the FrontRunners and the brand manager is very close and the members are invited and obliged to participate in two sales teaching per year. This relationship is initiated by the community manager who has a rather tight control.

3) Identification with the brand (medium)

ADIDAS: The community is unique and exclusive and can only be experienced as a member of the AR community.

ON: The members honor the close interaction with ON and engage closely with the brands.

ASICS: want to build a community of people who support the brand, invest in training and teaching the members to know more about the product. This enhances the identification with the brand.

4) Brand interaction from consumers to the brand (medium)

Frequency of posts and the interaction if there is an events seems to be rather high for all brands (Appendix 8.5). To make an adequate ranking there is not enough data available for the researcher and they will be ranked equal for this success factor as visible in figure12.

5) Satisfaction of needs (medium)

ADIDAS: Stresses that providing a platform that allows people to make friends and create a network satisfies the need of belonging to a community.

Functional: provide a community shirt and discounts, provide coaching, provide nutrition tips, free race tickets

Individual: online discussions, reaching of goals, better fitness, friends

ON: starts with an ambassador program and provide full sponsorship of clothes to the selected participants. Currently, they provide individual satisfaction though the dialog in online discussions and on Strava by announcing the fastest runners of the week.

ASICS
**Functional:** provide a full outfit of ASICS, free race tickets

**Individual:** possibly this aspect is not fully transparent to the participants of the training. The members are not yet building a unity, which does not fulfil the need for belongingness.

6) **Similar interests (medium)**

All brands cover and attract members with a similar interest: running.

7) **Social identity (medium)**

**ADIDAS:** the individuals feel part of the community – commonly used hashtags indicate social identity and the sense of WE; #WhyIrun and CREWlove

**ON:** Strava allows runners to rank and compare themselves to others rather than building a community. The focus seems to lie more on individual performance. Hashtags used are #onrunning and #runonclouds.

**ASICS:** In Switzerland, the community lacks a sense of community – the commonly used hashtags are #ASICSFrontRunners and #dontrunfly have a lower focus on the community but rather on the individual performance.

8) **Friendships (low)**

In theory, Loewenfeld (2006, p. 286) accentuates that it is not necessary to have friendships build, but support amongst the members is sufficient to build a community (see success factor 1). In the interview with ADIDAS, this aspect was considered a key success factor.

**ADIDAS:** underscores that the community is so strong since members have established friendship within the local and international running group. Such friendships have the power to establish intrinsic motivation and bind the community.

**ON:** In the interview, there was no mention of friendships within the community.

**ASICS:** FrontRunners of Switzerland get along with each other but as far as the community manager knows there are no close bounds between the member so far.

9) **Influence on the group (low)**

Members of the group want to have their influence on the community.

**ADIDAS:** Communities allow direct feedback and facilitate co-creation. For ADIDAS it is important that the group takes influence.

**ON:** Often interacts directly through online platforms to gain interest and give customers a voice. ON is particularly interested if customers contribute and suggest new ideas.

**ASICS:** FrontRunners can give their direct feedback when they have their material coaching session with the brand. During this session is possible to allow an influence on
the group and the FrontRunners. Facebook also provides a platform to influence on the group.

10) Exclusivity of the brand community

ADIDAS: The BC started as an exclusive group of runners in Berlin and gradually expanded. Today coaching’s, trainings and other benefits are restricted to community members – everyone who is interested in joining the running community can join. Nevertheless, the community is treated as an exclusive group for runners.

ON: No specific comment was made during the interview regarding the exclusivity.

ASICS: Exclusivity is very important for the FrontRunners community and only people who make the effort to go through the application process and are a fit for the brand can be part of the community.

The analysis did not specifically focus on the difference between online and offline communities. There is however a tendency that pure online communities in social media are unable to create such close bounds as mixed forms of online and offline communities. It seems that online communities are suitable to create a lot of awareness but lack the success factors of unity, common support, friendships. This finding is in line with Smith’s (Smith, 2017) findings that offline communities have a positive effect on members and establish a tangible component and local connection to the community. So far, the significance of the finding is not clear and further research could focus on the difference between the online and offline community.

Interestingly, besides the mentioned success factors above, ADIDAS and ASICS consider the exclusivity of the BC as an additional success factor of their BCs (Hammoudah, 2017; Kupferschmied & Kummer, 2017). The finding was quite unexpected since making the BC exclusive could result in reaching a lower number of people. In contrast, ADIDAS observed that by making the community exclusive and unique, people want to be part of the community and feel more special when they manage to be part of it (Hammoudah, 2017). Therefore, the additionally found success factor exclusivity of the community is also showed in figure 12 and is probable to be highly important for offline BCs. The loyalty and commitment of the members consequently is very high. ASICS has experienced a similar trend in Germany, there large numbers of people applying to be part of the community but only few are selected, making it more valuable to be a FrontRunner (Hammoudah, 2017). Surprisingly, all brands point out a common learning when it comes to BCs: quality matters more than quantity. This applies
to the number of people who are in the community and the content the brand and member’s share.

### 5.4 How are the Benefits of Brand Communities Measured?

Considering the aim and value of BCs mentioned above, the companies should be able to somehow measure the benefits in order to verify the investment into BCs. A pattern observed is that brands who perceive BCs as highly valuable have a more sophisticated framework to measure the effect of BCs. ADIDAS and ON confirm that they can measure online BCs through social media indicators (Hammoudah, 2017; Heckes, 2017). Therefore, the online sales funnel introduced in chapter 3.2 covers the common measurements that brands apply to measure online BCs. In addition to this, ADIDAS relies on the Net Sales and NPS indicator. ASICS Switzerland faces the challenge that most online BCs are not managed abroad and therefore ASICS Switzerland has little influence on and limited access to these platforms (Kupferschmied & Kummer, 2017). The findings confirm the usefulness of applying an adapted form of the above mentioned sales funnel. The results of the interviews suggest to further extend this framework by the NPS indicator, as visualized in figure 13.

![Figure 13 Improved Sales Funnel for brand communities adjusted from (Kelly, 2017; Zhel, 2016)](attachment)

None of the brands can measure the reach of a post of a member of the community. According to ADIDAS, a post of a member has a higher impact on the brand image than a post of the brand itself (Hammoudah, 2017). The relevance is higher since the post of a community member is more emotional than the post of the brand itself. The result of the interviews revealed different views on the accordance of measurement. Another measurement for ADIDAS provides direct feedback received from coaches. ADIDAS has
followed a successive establishment of their BC. After the testing phase and positive increase of net sales, they had the confidence to soon after launch a bigger and even global extension of their BC. The experience gained in the testing phase allowed ADIDAS to invest with confidence and a clear strategy (Hammoudah, 2017). Interviews with an expert on WoM highlighted that such a step-by-step approach is very common for large companies (Hammoudah, 2017). It is observed that large companies seek new ways of marketing and brand communities allow a very promising tool for interactive marketing.

**5.5 What is the Future of Brand Communities?**

The results of the interviews point out that branding is no longer purely concerned with the product. There is a strong tendency that communities become much more relevant to the branding process. Investments in brand communities have increase by all brands in terms of monetary and labor investment. All of the assessed brands have understood the value and potential of brand communities. Presumably, brands have understood that consumers are seeking experience since buying experiences make them happier than simply purchasing products (Popadic, 2017). The process of economic value creation visualized in figure 14 suggests there is a natural progression of value that goes from basic commodities to building products, services and experiences to the final stage of personal transformation (Hoang, 2016). The product becomes the better, transformed self, rather than the purchased good. BC can take an active role in becoming better people and reaching personal goals (Pine II & Gilmore, 1998). In the interview with ADIDAS they specifically mentioned this theory and aim of the BC. Younger generations seem to be much more attached to purchasing transformational experiences rather than material goods (Sherman, 2016). These findings led to the conclusion that inevitably there will be more BCs in the future as people are looking for such experiences and transformations.
5.6 What is the Role of Brand Communities within the Athletic Footwear Industry?

It was found that the role of brand communities is growing within the AFI in Switzerland, in terms of monetary and labor investment, platforms and form (online and offline). Given that all investigated brands have online brand communities and two out of three offline communities existing since 2010 for ASICS and 2014 for ADIDAS, the researcher concludes that brand communities are commonly applied within the athletic footwear industry. In combination with the societal change of trust perception, and the societal need for belonging to a group, it seems likely that BCs are becoming very important for brands as they provide a new channel to interact and establish a relationship with brand. Finally, the new decision making cycle implies the need of third party recommendation is essential for increasing the likelihood of a purchase (Court et al., 2009). Brand communities can have a very strong influence on the consumer when well established.

The interviews with community managers provided a clear picture of the rising and important role of BCs especially within the AFI. Marketers have understood the important role of BC as a new way to increase customer loyalty, customer engagement and WoM. Marketing products through experiences and leading transformation is what people remember. Nevertheless, BCs are still a very new concept and it requires trial and time for brands to fully believe in the value of BC. Consequently, BCs have an important and growing role for companies, branding and marketing.
6 CONCLUSION

This thesis offers new insights about the role of BCs within the AFI in Switzerland that in this paper’s knowledge did not exist before. While previous research assessed the effects of BCs on customers, this thesis deeply looks into the implication approach of BCs of three athletic footwear brands in Switzerland. It investigated the existing literature on the topic of BCs and compared relatively new theories with practical implication approaches of brands within the AFI. The research focused on defining the similarities of BCs within the industry, the value, the success factors, the measurement as well as the future of BCs.

From this analysis it becomes clear that BCs have become an important role in marketing and branding. Brand managers have understood that consumers today seek a closer and more integrated relationship with other consumers and the brand. BCs allow a three-dimensional relationship building that increases consumer engagement, loyalty and WoM. The findings highlight that, as of today, there is no universal accepted framework to manage, establish and measure BCs. Some choose purely online communities, but research and the findings of the interviews suggest that mixed forms of online and offline communities are the most successful ones. The quality of the BC matters and the eight success factors identified by Loewenfeld (2006) were in line with the findings of the interviews. In addition, the research identified another success factor not addressed by Loewenfeld (2006); the exclusivity of a BC. This factor was highlighted by brands who applied the hybrid form of online and offline BCs. A consequence, brand managers learned that quality is more important than quantity when it comes to BCs. Considering that one of the analyzed brands doubled their market share in a specific region through the establishment of a BC and another brand stated that BCs had a strong influence on today’s success of the company, the researcher obtained comprehensive results that demonstrate the rising importance of BCs within the AFI in Switzerland that allows customer integrity and transformation.

6.1 Outlook and Further Research

BCs are a very new concept that has been existing for roughly fifteen years. For the past five years, brands within the AFI have increased investment in online and offline communities. As a result, the concept and potential of BCs is not yet fully analyzed and changes are dynamic. This paper has paved a way for other brands within the industry in
evaluating the establishment of a BC and provides a basis to compare future BC structures to the current frameworks defined by theory. As the concept is so new, companies are hesitant to allocate budgets to BCs. Working with BCs is a learning process that takes time and brands have to be willing to try out and potentially fail before the full benefit of a BC is visible to the entire company. The current study was limited to a qualitative analysis of three brands within the Swiss market. Therefore, the findings might be limited for other countries. Another important limitation is due to the self-assessment of the researcher. This particularly limits the findings regarding the sales funnel, the suitability testing and the success factor analysis. A quantitative analysis explicitly analyzing these findings is suggested for further research. The paper points out that further research on measuring BCs could be done. The suggested framework in 3.2.5 complies with the findings of the interviews, does however not yet provide enough evidence to be defined as a universal framework for measuring BCs. Further study could be done on the topic of global integration of BCs and the cultural influence would be interesting to research on. Community managers have mentioned that cultural implications are challenging. This paper was limited to focusing on the Swiss market and did not further analyze the implication for the global market. Finally, given the qualitative focus and therefore small sample size, caution must be taken and the findings might not be transferred to any company or industry.
7 Sources

A


B


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F


G


H


Heckes, E. (2017, April 13). Interview with ON AG.


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8 APPENDIX

8.1 Appendix: Change of Trust

<table>
<thead>
<tr>
<th>Trust placed in...</th>
<th>Yesterday</th>
<th>Today</th>
<th>Tomorrow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trust in people, family and relations</td>
<td>Trust in systems, institutions or algorithms</td>
<td>Trust in social (online) networks, hyperlinked tribes, friends and friends of friends</td>
</tr>
</tbody>
</table>

| Connections / type of link | Strong links The closer we are related, the closer friends we are, the more we trust each other. Face to face; local | Independent - no links | Many weak, indirect links, second level friends, friends of friends |

| Basic assumptions | Preference for family relationships “Blood is thicker than water” Tradition | Science, trialling, competition Certificates Technical testing Quality testing Economic testing Benchmarking | Social intelligence Wisdom of the masses “Elective affinities” |

| Logic of advantage | | |

| Control mechanisms, reassurance | Patriarchal, family control Expectation of reciprocity | The law, contracts, liability | Reputation, self-regulation as regards self-refining power of the collective |

| System of recommendation | Personal recommendation – based on personal experiences of a relative or friend | Product recommendation based on quality testing and expert opinion | Social recommendation based on experience of acquaintances with similar user behaviors and preferences |

Figure 15 Change of Trust (Frick & Hauser, 2007, p. 22)

8.2 Appendix: PESTEL

The PESTEL framework is a framework applied to analyze the environment external to an organization and its industry (Boddy, 2014b, p. 91 - 95). It analyzes the macro environmental influences such as the political conditions, international economy, sociocultural factors, technology and legal conditions. The industry environment including suppliers, competitors and customers are influenced by such external influences, therefore this analysis will draw a short overview of the PESTEL factors of Switzerland under the consideration of global trends (Marketline, 2012, p. 2).

The first variable is defined as the Political influence on the Swiss AFI. The consensus-based political system that has several centers of influence, has led to high
political stability. The political stability guarantees a high level of security for investments (Marketline, 2012).

The second variable is the **Economical** factor. The liberal economic system of Switzerland has experienced a downturn during 2008-2009 due to the economic crisis (Switzerland Global Enterprise, 2016). Switzerland is among the countries with the highest purchasing power worldwide and is known for economic and monetary stability (Marketline, 2012). Due to the higher labor, transport, import and retail costs, prices for textile, clothing and nutrition goods are relatively high in Switzerland (Switzerland Global Enterprise, 2016). Due to the strong Swiss franc, the retail market has experienced a slight increase of shopping tourism to neighboring countries. For textile and clothing goods, 77% are imported goods from abroad.

The **Social** factor is influenced by a strong trend toward health conscious and active societies (Global Market Insight, 2015). The attitude towards leisure and sports is partly responsible for the growth of the AFI (Global Industry Analysts, Inc., 2015). Especially Women athlete’s numbers have increased on a global scale (Guyduy, 2016). Switzerland has experienced a slight increase of the obesity rate, while at the same time the number of people who move regularly has increased (Bundesamt für Statistiken [bfs], 2012). A further global trend can be observed concerning the social factor which is the increasing emphasis on product safety (Global Industry Analysts, Inc., 2015). People are more concerned about the safety of the running shoe and its health benefit. This trend goes hand in hand with the higher awareness about eco-friendly production (PRNewswire, 2015). Finally, the consumer behavior has also changed due to the digitalization (Foley, Cherix, & Colomb, 2016). People interact and purchase athletic footwear online and offline. Online purchasing currently experiences a high increase and grew by 8.7% in 2016 (Versandhandel, 2016). Consumers expect more seasonal trends of the collection and more different collections (Global Market Insight, 2015). Due to the rising e-commerce purchase alternatives for the consumer, seller interaction is currently introduced. Social Media has further influenced the shopping behavior of the consumer (Foley et al., 2016). Today Swiss buyers inform themselves via internet about the products and rely heavily on reviews, comments and feedbacks. These factors are anticipated to drive and change the athletic footwear market in future.

The **Technological** factor has highly influenced the AFI as technology is a main driver for differentiation within the market (Global Market Insight, 2015). Increasing investment towards R&D especially by big players such as NIKE and ADIDAS has
brought the athletic running industry to a new state (Forbes, 2016). This trend is forecasted to stay important for the future since NIKE and ADIDAS have announced to build new production facilities using the 3D printing technology (ibid). Rapid obsoleting of product innovation lead to high competition and pressure to keep innovating (Global Market Insight, 2015). The industry is further shaped by sustainable product technology innovation to use new materials such as recycled plastic even for the shoe production. It is an ongoing competition for product innovation to enhance the running experience, lighter footwear for Women and men as well as personalized production of shoes. Then the technological factor has influenced the use of mobile. Further, there is a strong and rapid emergence of new design concepts and themes (Global Industry Analysts, Inc., 2015).

The **Environmental** factor is another variable that has shaped the footwear industry in past years. Reducing the environmental footprint is part of the goals of many brands within the industry (Global Industry Analysts, Inc., 2015). Brands such as NIKE (‘NIKE Sustainable Innovation’, 2017) and ADIDAS have already announced to reduce their co2 footprint and use materials more effectively (‘ADIDAS General Approach’, 2017). The sustainability trend also fosters innovation and new collaborations. Brands also start to use their sustainability efforts as a means to differentiate themselves from other players (Global Industry Analysts, Inc., 2015).

Finally, from a **legal** aspect, Switzerland provides a well-considered favorable climate for investors. Switzerland enjoys a very strong position in the Doing Business Index with rank 31 stressing the advantages of low tax rates, registration property and ease of opening up a new business (World Bank Group, 2017).
8.3 Appendix: Porters Five Forces

Taking a closer look with the micro environment analysis allows to analyze the conditions in the industries that surround the companies (Boddy, 2014a, p. 88 - 91). For this analysis the competition framework will be drawn for the industry rather than for one company, here the industry will focus on global insights since the production of the AFI does not take place in Switzerland.

The first force is the Bargaining power of suppliers for the AFI, which is considered to be rather weak to moderate. Since the industry is so competitive, usually most of suppliers have not very significant powers to the business. They became more important due to the sustainability trend as now it is more important to gain good suppliers and a strong relationship towards each other. Major raw materials used for the production of athletic footwear include synthetic rubber, plastic compounds, nylon, leather, polyurethane and canvas. Synthetic rubber is a primary raw material that directly impacts the industry’s gross margins (Global Industry Analysts, Inc., 2015). The price for synthetic rubber has increased since the beginning of 2017 due to a supply shortage (Chiaer, 2016).

The second force is the Threat of substitutes which is a low force on the industry. The only substitute available for an athletic running shoe would be another athletic shoe but most likely it comes back to the rivalry amongst the key players since in most cases these provide a wider range of sports and leisure shoes. Hence there are no real substitutes.

The third force is the Bargaining power of buyers. In the case of the AFI, this force is moderate-high. The reason being the switching costs for buyers that are willing to shift to another brand due to better price, quality, innovation or new style. On the other hand, buyers lose their bargaining power when they become loyal and attached to the brand. Strong brands reduce the bargaining power of buyers, increase the barrier to switch to another manufacturer and allow brands to request a higher price for their shoes (Lussier & Kimball., 2017).

The fourth force is the Threat of new entrants and is considered to be rather moderate. As data shows the main big player of the industry stayed rather stable over the past years and managed obtain large market share. New entrants have a weak force since the costs of brand development are so high and due to the economies of scale, large existing corporations are just stronger (Rowland, 2016). New entrants are more likely to
gain market share in a niche market of the AFI thanks to technology and innovation (Polachek, 2016). So there are chances to gain market share as a start-up or micro-brand but the threat to the existing strong brands is rather moderate still. They have an advantage when it comes to economies of scale and costs of doing business (Rowland, 2016).

The fifth force is the **Rivalry among the existing industry**, the strongest industry force. The AFI is highly competitive on a worldwide basis (NIKE Annual Report 2015, 2016). There is a moderate number of brands out of which five brands collectively account for 80% of the global athletic footwear market share; these are NIKE, ADIDAS, VF Corp., ASICS and New Balance. NIKE, ADIDAS, and ASICS accounted for the industry leaders in 2015. Consumer’s inclination for brands differ on the basis of region (Global Market Insight, 2015). In the European industry, ASICS and Puma are stronger than ADIDAS and NIKE. In the U.S., VF Corp., Skechers and New Balance have a strong presence besides NIKE and ADIDAS (Global Industry Analysts, Inc., 2015).
8.4 Appendix: Suitability Testing Data

8.4.1 Emotional Brand activation ASICS

Brand slogan: Run ON clouds

Figure 16 ON pictures (‘On | Schweizer Performance Laufschuhe’, 2017)

8.4.1 Emotional Brand activation ON

Brand slogan ASICS: Want it more

Figure 17 ASICS pictures (‘Want it More | ASICS DE’, 2017)

8.4.2 Emotional Brand activation ADIDAS

Brand slogan ADIDAS: Impossible is nothing

Figure 18 ADIDAS pictures (‘adidas Gruppe - “Impossible is nothing”’, 2017)
8.5 Appendix: Online Community Data

8.5.1 ASICS

1,318 People talking about this

1,378 People checked in here

2,929,575 Total Page Likes
0% from last week

327 New Page Likes
▼ 31.9%

Figure 19 ASICS Group on Facebook ('ASICS - Startseite | Facebook', 2017)

2,929,294 Total Page follows
0% from last week

1,155 People talking about this

76,393 Total Page Likes
▲ 0.3% from last week

222 New Page Likes
▲ 31.4%

Figure 20 FrontRunners ASICS on Facebook ('ASICS Frontrunner Facebook', n.d.)
8.5.2  ON

5,338 People talking about this

92,980 Total Page Likes
▲ 1.3% from last week

1,157 New Page Likes
▲ 32.7%

This week
Last week

25/04 26/04 27/04 28/04 29/04 30/04 01/05

92,375 Total Page follows
0% from last week

Figure 21 ON on Facebook (‘On Facebook’, 2017)

The On ambassador program now open – and last week’…
A busy week running – but never too busy to post the top result from last week.

As always, some people went above and beyond, topping the charts of the On club and earning themselves a follow from On. These were:

Distance: M...

Tommy Vargas Vor 4 Tagen
Would love to be selected for the ambassador programz

Scott E Vor 4 Tagen

Ed Smith Vor 4 Tagen
Likewise I’m constantly wearing ON kit as it fit and performance are second to none for me. 😊

Adam Brodie Vor 4 Tagen
Thanks ON! I’d love to be involved with the ambassador program to represent the brand down under :-)  

Emmett Murphy Vor 2 Tagen
Signed up. Fingers crossed 🤞

Michele Bell Vor 1 Tag
I’ve applied! I wear both ON Cloudflow running shoes and ON Cloudventure trail shoes and would love to be selected to represent the brand.
8.5.3 ADIDAS

**Figure 22** Example of a Post on Strava (‘Strava’, 2017)

**Figure 23** ADIDAS Originals on Facebook (‘adidas Running Facebook’, 2017)

**Figure 24** ADIDAS Running on Facebook (‘adidas Originals Facebook’, 2017)
This is the official summary of the Interview held by Dana Müller with Daniel Kupferschmied und Anuschka Kummer on the topic on Brand Communities at Montana SPORT as Distributor of ASICS in Switzerland.

Daniel Kupferschmied is the Trade Marketing Head at Montana SPORT AG based in Switzerland. Anuschka Kummer is the brand community manager and social media responsible at Montana SPORT. Montana SPORT owns the official distributor with the exclusive right for selling ASICS articles as well as Onitsuka Tiger and Haglöfs in Switzerland. They are the official partner of ASICS for 70 years. Today they employ roughly 25 employees in Switzerland. Montana SPORT as the distributor is the interface between the retailer and the official brands. They therefore operate from Business (Distributor) to Business (Retailer) (B2B) across Switzerland.

Some parts of the business are therefore directly handled by ASICS themselves. For example, the Official Website ASICS.ch and the Facebook page are managed by the headquarters. The Interview therefore focussed on the most influential brand community, the ASICS FrontRunner. Besides the FrontRunner, the B2B buyers of Montana SPORT can be considered as a brand community as well. Due to the high rivalry amongst the retailers in Switzerland, Montana SPORT does not actively perceive the retailers that purchase products from them as a community. The Interview focussed on the B2C community (FrontRunner) rather than on the B2B relationship.

The FrontRunner are a community of passionate runners who choose ASICS products. The concept of FrontRunner was established in 2010 in Germany. Today the community has roughly 500 FrontRunner members across 14 countries. In Switzerland the community exists since 2014 where the project was started with 4 Runners. The strongest community is based in Germany where roughly 120 members meet regularly and influence their personal network. FrontRunner mission is to have one team that shares the same passion for running that builds a strong running community across the globe.
Anuschka is responsible for the FrontRunner in Switzerland with a workload of 40% percent (per week). Since 2016 the investment towards FrontRunner has increased and since 2017 the project has seriously started. Since 2017 Anuschka manages 30 FrontRunner who are widely spread across the German part of Switzerland. Her task is to control, manage and coordinate the FrontRunner across Switzerland. Her daily task includes observation of the social media activities of all FrontRunner, inviting them to upcoming events and organizing trainings so that the FrontRunner become familiar with the technical side of the performance products of ASICS. The community management is part of the marketing department. Although there is only one person responsible for the brand community in Switzerland, there are frequently touchpoints with other members of the marketing department for example with Daniel as the trade marketing manager.

For Montana SPORT has the intention to increase sales through spreading word of mouth via the FrontRunner. Currently, in Switzerland they are about to build a community of influential runners, out of the 30 FrontRunner only a few are very active. FrontRunner receive an exclusive running kit and teaching on the gear. In return FrontRunner should post on social media, interact with their personal running community or network and spread the word about the running gear of ASICS. The focus at the times is to increase the awareness and understanding of FrontRunner across Switzerland. The value of the FrontRunner for Montana SPORT is to increase brand awareness and show that ASICS is more than just a shoe. They want to bring the brand ASICS closer to casual runner – everyone can wear a performance shoe in order to run at their personal best. ASICS Slogans are “Want it more – If you really want to be an athlete”.

As the community manager, Anuschka spends quite some time with controlling the FrontRunner mainly through social media posts. Some of them have many questions and require close management. Anuschka and Daniel state that it is challenging to achieve a sense of unity within the FrontRunner Switzerland and to connect this Swiss community to the international community. First of all, they conclude that this is due to the geographical widespread of the individual FrontRunner (in Switzerland). Further they believe that the Swiss culture hinder individuals to connect as enthusiastic and close as this happens in Germany. Another challenge is that the interest of the FrontRunner group in Germany and Switzerland is very different.

Whereas in Germany they have a large budget to invest into brand communities, they achieved to create an influential and strong bounded running community with highly engaged members who spread a strong sense of community. In order to achieve this
community, Germany payed and still invests a much larger amount of money and strategic focus into this group. The aim in Germany is much more to increase awareness, acquire loyal members and brand lovers. In Switzerland the budget is tighter and they see brand community as a chance to get closer to the end customer. Brand communities are the gateway for Montana SPORT to establish a closer connection to the end customer. Montana SPORT wants to bring FrontRunners and distributors together making the brand more available for the end customer. Both interviewees say that the interest into the FrontRunner community differs not only between Germany and Switzerland but also for other countries such as the Netherlands, Spain, Austria, etc. Other countries are however subsidiaries with a tighter control from Germany. In their next global meeting with all community managers it will most likely come to discussions about the intentions and approach followed for the community.

The challenge is to create a sense of unity within the FrontRunner community in Switzerland, Anuschka says. Additionally, many FrontRunner lack of initiative. On their closed and hidden Facebook page of the FrontRunner CH the communication is one-sided. Usually it is the community manager who shares information or content and the engagement of FrontRunner is shy and rather passive.

Besides the runner community there is also the kaizenSPORT.ch blog, where Montana SPORTs shares brand technology content for a group of runners who are highly interested about the newest features of the products. Some retailers follow this blog as well to receive regular updates. Daniel states that although they have share-buttons on this page only very few people share the content of this blog on social media. On the official website of ASICS.ch, Montana SPORT has no access to share content since the rights belong to ASICS themselves and the content produced there is not frequently updated since for the global team this is usually not a very high priority.

The segmentation of ASICS lies on the concentration of different running types, the so defined “run-lover”, “fast-and-the-furious” and “sensei”. For the brand ASICS, the “run-lover” are the go to guys since they are loyal and performance drive. The aim for the future will be to gain FrontRunner who adhere to these segments and share the same values as the brand ASICS. Looking back at the selection process today, it is clear that this process is very important for the success of the community. When they had to choose the members last year they were lacking time and knowledge about the runners. For the next selection they will choose the FrontRunner more intensively and structured. Most
likely, the number of runners will shrink in order to have fewer but more engaged members. From the 30 FrontRunner currently existing many of them will be excluded from the program next year since the involvement was very low. Anuschka states that she has to see result from the FrontRunner (return on investment). The view from Montana SPORT is that the investment into the FrontRunner is important but not first priority. At the moment they have seen some return on investment from the FrontRunner but it is yet measurable. Daniel adds that internally there is only little understanding and consciousness from employees and retailers about the potential value of the FrontRunner. The early stage of the project FrontRunner allows for learnings during this first months of the project. The budget aligned for brand communities is very minimal (in Switzerland) in comparison to the overall marketing costs. In comparison to other countries it is this probably the lowest budget invested into any community (in Switzerland less than 1% of the total marketing budget). This is due to the limited and already aligned budget of Montana SPORTs for the next years. Most budget is spent on the 5 main events (ASICS Bremgarten Reusslauf, Grand Prix von Bern, Switzerland Marathon Light, Jungfrau Marathon, Swiss City Marathon Lucerne) that Montana SPORT sponsors and the running TOP Athletes they support (Daniela Ryf, Viktor Röthlin, Adrian Lehmann, Fabienne Schlumpf, Martin Stähli). First there must be a result of the community and step by step they will increase the budget from the FrontRunner if they show result.

When talking about the measurement of brand communities, Daniel and Anuschka state that measuring the impact of brand communities is challenging for them. Currently there is no measurement framework in place. Anuschka tries to measure trough likes on Instagram, clicks and shares. But at the end of the day their measurement is based on gut-feeling. Other than that there is no clear reporting existing. Currently they don’t have any measurements applied to measure word-of-mouth in the offline world.

In future the aim is to gain a more qualitative running community of FrontRunner. Most likely the number will not increase anytime soon, the aim is to expand to the French part of Switzerland next year. Additionally, they will plan to launch more offline events where FrontRunner will be involved to spontaneously engage with the community. There are some ideas there but no clear action plan in place yet. The focus will remain on Instagram and secondly on Facebook and YouTube. Anuschka places a slight stronger focus on Instagram and YouTube. Montana SPORT and the FrontRunner aim to become the connector between the end consumer and the brand ASICS. Finally, the interviewee
concludes that; the FrontRunners-concept is worldwide unique and is the only community that unites so many diverse runners across the globe to run together.
8.7 Appendix 7: Interview with ON

<table>
<thead>
<tr>
<th>Interview with</th>
<th>Edward Heckes</th>
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</thead>
<tbody>
<tr>
<td>Company</td>
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This is the official summary of the Interview held by Dana Müller with Edward Heckes on the topic on Brand Communities.

Edward Heckes is the global digital producer at ON AG based in Switzerland. His team is responsible for the content management and alignment of campaigns to the overall branding and marketing strategy.

ON has online brand communities on platforms such as Facebook, Instagram, Twitter, Vimeo, YouTube and Strava. Since ON was established in 2010 online brand communities and social media marketing was of high importance. In the beginning, the aim was to be present on such platforms and growing the community. During the past years not only the network of the community but also the team internally responsible for managing and creating content has grew to roughly 10-15 people. This team is a branch of the E-commerce department. Besides the core team in the headquarters of Switzerland where the Design and Development and main Customer Service is based, the team works as an international team with other social media experts across the globe. Besides the online brand communities, ON occasionally hosts events to engage with offline communities. Then the grass root marketing team is in charge of organizing such events with offline communities. The team works closely together and is agile when it comes to creating content for the communities, it is common at ON to discuss topics directly across departments. Edward mentions that online communities almost touch every aspect of business, therefore it is great to have a flat hierarchy and a start-up atmosphere.

The main idea behind the establishment of brand communities was to expand and grow the business. In the beginning and up until today the focus lies on spreading the word about ON and using brand communities as medium to reach more people and fuel word of mouth. Across the platforms an umbrella approach was applied where every community was approached similarly. Recently however, the approach is more segmented in order to tackle the needs of every community individually. Social media is
more of a benchmark for finding new fans, interacting with them and encouraging them to be the voice in the market.

Overall the interaction with the community is very much steered by the community itself. Especially the Facebook community reaches a very high engagement from the members itself who foster interaction with the brand and other members. ON encourages member to share their views and have conversation with them. Amongst the online communities, Facebook is the most valuable brand community for ON since this community shows the highest engagement. Followed by Instagram that gets more and more important.

So far ON has not experienced any extreme negative firewalls from the community. Edwards states that their community is lucky to have strong fans who even stand up for the brand in case of a negative vows. ON then usually provides facts in a discussion but other than that tries not to intervene too much. ON has the approach to learn from the (negative) feedback and opinions they receive. In case of dissatisfaction with a product for instance, ON tries to have a dialog with this customer in order to better understand his or her disappointment with the product. Engaging with a customer might help ON to improve or alter their product. Edward further underlines that the risk of online brand community is that it can change very fast and it requires visual attention and monitoring across the online platforms at all times.

When asking Edward referring the importance of brand communities for the business, he underlines that ON wouldn’t be as successful as they are today without the brand communities and the strong engagement on social platforms. Being present and connecting with the community has helped the whole company to grow at an incredible speed. Tools such as google analytics underline and give evidence that having social communities’ nurtures word of mouth and incentives to purchase the product. The strong engagement within the platforms show that people actually care about the brand and the products ON engineers and designs. So Edwards response that today it is less difficult to measure the impact of online communities since there are different tools available to do so (Likes, clicks, comments). Facebook caters for international business and is an excellent business driver, suitable to manage and track traffic.

On the other hand, he says that it also depends on the platform and community. Strava for example is a platform that ON only uses since 6 months and where they already have over 2500 fans. They are one of the first brands to use this platform that was established to share personal sporting results with a community of friends. Strava allows
only little tracking and is not yet used by firms to advertise for their product. Edward states that being on this platform is not a direct path to increase purchases but rather to engage with a very specific and active running community. The number of followers on Twitter is much smaller and on Vimeo and You Tube they effort to provide information with a strong focus on video content. ON has tested other social media applications such as SnapChat, but so far they don’t see this application as a key driver for the future since ON believes that this is not where people talk about running.

Edward underlines that in comparison to many other brands, the engagement of the communities especially on Facebook is significantly high. It seems that ON currently has a very strong and engaged Facebook community that keeps growing in an organic way.

Looking into the future of brand communities, it is hard to forecast this fast changing digital world. Edward says that at the end of the day people will always like good quality. Quality content also accounts on social media. Good articles and posts will always be read and shared. Maybe there will be even less posts but with a higher quality. After Edward, the future is about quality rather than quantity.

Tailoring communities will become important to touch the heart of the community. Cultural differences do exist therefore for ON it is important to work with an international team in order to adapt their approach across the globe to cultural communities.

Another observation from ON is that their running communities seek the interaction and see ON not only as a product but rather as an expert when it comes to running. This is probably as well part of the success of ON’s community who have a very high engagement. Additionally, ON uses social media as a place to get feedback from the consumers, they are open to hear about how they use products and would even consider to provide a shoe for another sports industry besides running if the community would request it.

Currently they plan to launch a new HUB blog where the community can comment and interact on a blog page. Further an Ambassador program is planned and more physical community gatherings will be scheduled in order to increase customer loyalty and acquisition of new customers.

Strava in terms of a business point of view might not be the best investment, but down the track it is still going to be valuable in future because it has a very strong running
community. It is important to see the bigger picture and aim for a good strategy and setting goals for each community to reach.

The challenge ahead will be to make sure to invest people, time and resources at the right time into the right communities. Especially for new upcoming platforms it is always important to evaluate and be able to justify the decision made. It is about being nimble and not missing out opportunities while at the same time keeping the resources under control and not strolling over oneself.

For ON the main focus is to create events and influence the community that consists of runners to “make running FUN again”. A lot of the time they do a sensibility test for their events and ask themselves if they would want to participate on this event or share the content. Edward says that his team aims to encourage runners across the globe to share their positive running events and they will only do so if these things are fun, new and worth while spreading.

The completed bachelor thesis will be sent to Edward on the 1st of June 2017.

*This summary is read and accepted by Edward Heckes as an accurate summary of the Interview*

*Accepted via E-Mail as a verbal confirmation by Edward Heckes 2nd of May 2017*
8.8 Appendix 8: Interview with ADIDAS

<table>
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Official transcription of the telephone Interview with Yousef Hammouda from ADIDAS.

1. Wie entstanden “brand communities” bei ADIDAS?


2. Wie haben die AR expandiert?

3. Was ist der Nutzen von “brand communities” für ADIDAS?
ADIDAS hat stets eher auf Loyalität statt auf Awareness gesetzt. Vielleicht war Awareness creation am Anfang wichtig. Wie bereits erklärt, haben wir uns bereits am Anfang auf den closed circle approach fokussiert. Wir wollen Läufer bei uns haben die wirklich teil dieser “community” sein möchten und starkes Interesse zeigen. Mit diesem entgegengesetzten Approach zu herkömmlichen Marken, wo der Fokus auf Quantität statt Qualität gesetzt wird, haben wir uns einen Vorteil erschaffen. Anfangs war das Medien Budget eher klein, dadurch hat man gemerkt, dass ein Beitrag von einem crew member viel mehr Reichweite, Bezugseffekt und -stärke hat als wenn die Marke ein solches Bild teilt. Des Weiteren haben Menschen das Bedürfnis sich bei jemanden für deren Leistung zu bedanken. Wenn also ein Crewmember sich durch die ADIDAS Runner Trainings verbessert und auch noch ein paar Schuhe bekommt, hat er automatisch das Verlangen sich zu bedanken. Heutzutage geht das am besten mit einem Foto und Beitrag, der auf sozialen Medien geteilt wird. Ein weiterer Faktor ist, dass ADIDAS Beziehungen ermöglicht. Statt, dass die Marke die Kunden bespielt, tauschen sich Kunden gegenseitig aus und bilden Freundschaften dank ADIDAS. Es entsteht eine intrinsische Motivation Teil dieser “community” zu sein und dadurch entsteht die Markenloyalität.

4. Welchen Stellenwert hat die ADIDAS Runners “community” für ADIDAS?

5. **In welchem Bereich sind “brand communities” angegliedert und wie gross ist diese Abteilung?**
Brand communities sind ein Teil der Brand Marketing Unit und werden zentral von Deutschland geführt. ADIDAS arbeitet mit einer Agentur zusammen, zusätzlich hat es in jeder Stadt Coaches und Captains, die die Runs leiten.

6. **Wie werden die ADIDAS Runner global geführt?**
Ein Hybrid Approach wird verfolgt. Das heisst nebst der zentrale gibt es lokale Captains welche einer klaren Angabe folgen. Allerdings gibt es aber auch lokale Assets welche es erlauben, sich an die lokale Kultur anzupassen.

7. **Mit welchen Online Kanälen arbeitet ADIDAS um die “community” zu erhalten?**

8. **Wie können “brand communities” gemessen werden?**

9. Was sind die Herausforderungen für die Zukunft der ADIDAS Runner “community”?
Es ist relativ einfach solche communities zu bilden, das Konzept ist simpel und kann von anderen Marken kopiert werden. Allerdings hat ADIDAS einen Vorsprung und bereits ein starkes Netzwerk gebildet.

10. Was sind die Visionen für die ADIDAS Runners “community”?
Auch in Zukunft wird der Fokus nicht auf Wachstum, sondern auf Qualität und organismchem Wachstum liegen. Bestimmt wird die “community” noch an globaler Reichweite gewinnen, und eine Erweiterung des interkulturellen Austauschs soll gefördert werden.

11. Werden Brand Communites wie die ADIDAS Runners auch noch in Zukunft wichtig sein?
Die ADIDAS Runner “community” wird auch in Zukunft noch eine entscheidende Rolle für den Marken Erfolg spielen. Wichtig ist, dass die “community” weiter attraktiv bleibt und immer wieder an neuer Kraft, Energie und Leuten gewinnt, die Teil der “community” sein möchten und deren Werte teilt.
8.9 Appendix 9: Interview with The Insiders

Interview with Jovan Popadic

Company ‘The Insiders’ Date 04.05.2017
Audio record Yes Publishing of Information is allowed

This is the official summary of the Interview held by Dana Müller with Jovan Popadic on the topic of Brand Communities and Word of Mouth (WoM) a view from ‘The Insiders’.

The Business Model of the Insider is two-sided. On one side they serve the end customer and on the other side they have the resources who are their members. Customers are companies (often from the Fast Moving Consumer Goods ‘FMCG’ sector) who want to increase WoM of their products. The IT platform can be seen as their value proposition since it combines the two sides and is used as database and for communication purposes. The members are the people who like to test products and sign up to become part of ‘The Insiders’ word of mouth Network. Insiders (members) test interesting products and share their personal product experience by talking to their online and offline network. ‘The Insiders’ ensures word of mouth, control how members engage, collect feedback and can provide an access to a new customer base. Companies (clients of ‘The Insiders’) in return pay for this service and hope to increase their sales at the end of a campaign.

‘The Insiders’ was founded in 2009 in Belgium and Holland, then further expanded to a total of 25 countries. Today they employ roughly 150 employees, have successfully completed 1000 campaigns and enlarged their network of members enormously. In Switzerland Jovan is the only employee of ‘the Insiders’.

Word of Mouth has become an important mean to do marketing. Jovan experienced many companies especially form the FMCG sector who are willing to try new forms of marketing. The reason for that is a shift of marketing. Large FMCG tend to have a very similar marketing approach and the effect on the consumer diminishes. Consumers are much more responsive to brands they can identify themselves with. Therefore, there is a need for companies to engage more with their consumers. Bloggers for instance became much more important for brands since they sell a lifestyle rather than just a product.
‘The Insiders’ follow a clear process and have defined a framework to conduct WoM. The first phase is to prepare and gather all information about the product that will be promoted during the campaign. ‘The Insiders’ will collaborate with the company and define specific guidelines. In a second step, ‘The Insiders’ make a pre-selection of the pool of people who will be chosen for the campaign. Based on the intended target group defined by the client-company, they will select people who signed up to join the campaign. In phase three the final selection will be made according to the defined target group of the client-company. Then the campaign actually starts and the samplings are sent out to the pool. During the following weeks, the participants test the product, tell their family and friends and online network about the product. As a tracking method they have to send short reports reflecting the reaction of the people they have told and showed the product. By the end of the campaign all participants fill out an additional feedback forum in order to evaluate how the perception of the product has changed over time. Additionally, they send in links if they have shared recommendations online or wrote posts online. Besides the free product, members automatically participate in the competition to win a price. The member who has contributed the most (had the highest number of online and offline WoM interaction) will win this price. This gives an additional incentive for participants to be part of ‘The Insiders’. For companies it is important that the members are not payed. Payed WoM (also referred to as faked WoM) can lead discrepancy and manipulation. It is important to have a pool of people who like to have the role of testing, trying and talking about the product. People who just want to have free products and do not provide the feedback demanded will not be selected for another campaign.

‘The Insiders’ can therefore measure the number of people reached and additionally gain information about the relevance, credibility and superiority of the product (based on the information given in the feedback forms). ‘The Insiders’ can measure the whole customer experience with the product which is valuable for the company in the end. Comparing ‘The Insiders’ approach to an Influencer (for example a blogger), the benefit is that ‘The Insiders’ are more likely to reach a new and more diversified customer. Influencer mainly create awareness and attract similar people. However, they cannot guarantee an increase of sales. Online reputation can be measured with google so by typing the name of the product they can see if they appear in the top ten. Experience showed that brands who want to launch a new product generate higher WoM through ‘The Insiders’. Not every product is suitable to conduct WoM. An FMCG
good that exists for a long time and everybody already knows about is for example not likely to generate as much WoM as a new product. Another risk is that if the product is bad, people will also share negative experience made with the product. Therefore ‘The Insiders’ only rarely works with start-ups since often the products are not fully finished.

In future, Jovan projects that the interest into WoM especially from large enterprises will increase. At the end of the day WoM works very natural and authentic. Social Media (Facebook or Instagram promoted posts) is useful to reach many people but just as with classical media (for example advertisement in TV), people get used to this kind of advertisement very quickly. What people actually seek is a close connection and unique experience with the brand. This is what people remember and is worth while telling to friends.

Most large companies have difficulties to assign marketing budget towards ‘the Insiders’ (and similar new forms of advertisement) since it is a yet unknown way of doing marketing. Currently companies spend almost 0% of their marketing budget on WoM. WoM and other forms that increase customers-brand integrity will increase and as a result such “new ways” of marketing activities will grow. Most companies currently pay ‘The Insiders’ from digital marketing budget. Usually large companies test and try a lot of new marketing possibilities and if they see an impact on sales they increase the investment. Large consumer electronics companies such as Samsung or Philips have launched smaller campaigns with 'The Insiders' in order to test WoM marketing as a communication channel. The strategy was proven effective and triggered a larger commitment both in scale and budget for future international campaigns.

The sports industry adapted very fast to this new trend. It seems that emotional brands have it easier to build a community around them. Products that activate the emotions are have it easier to build WoM naturally.

This summary is read and accepted by Jovan Popadic as an accurate summary of the Interview.

10.05.2017 Zürich

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