



A Note on Virtual Communities

Definition of a Community

To be able to grasp the concept of virtual communities, one has to begin by looking at their real world counterparts. Although the concept of community is an old one in the physical world, scholars are yet to find a common definition of community that everyone can agree on. One of the earliest conceptualizations of community was given by Tonnies (1887) who made a distinction between *Gemeinschaft* (community) and *Gesellschaft* (society). *Gemeinschaft* was presented as the pre-industrial phenomenon, which resulted in enduring, genuine, and intimate relationships, rooted in family, kinship and creation of bonds arising from shared understanding, language and customs. *Gesellschaft*, on the other hand, was defined as the newer industrial concept – a superficial, transitory artifact which was contractual in nature and where all relationships were impersonal and individualistic. These relationships were based on and carried forward by selfish interest.

The modern Webster's dictionary defines community as a unified body of individuals; society at large; joint ownership or participation; common character (likeness of interest); social activity or a social state or condition. The word community has been used in connection with a wide variety of things—neighborhoods, villages, towns, cities, nations, ethnic groups; monastic, utopian, and intentional communities; and academic, business or specialized communities. According to a few writers, the word originates from the Latin root *Communis*, meaning 'common.' *Communis*, in turn can be obtained from the following combinations of words (see Fernback, 1995; Howard, 1997):

Cum (together) + *munus* (gifts or services). As used here, the word community stands for 'with gifts or services.'

Cum (together) + *unus* (one). According to this usage community can be interpreted to mean 'with oneness or unity.'

This first interpretation of community makes reciprocity an important requirement and assumes that people are rational and able to choose communities based on the reciprocal relationships each has to offer.

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The second interpretation relates community to communication (which also has its roots in *communis*) and both these words are used in instances where the emphasis is on bringing people together or creating /increasing divisions among people.

Sociologists have a different notion of community, which, being a socially constructed concept, is often laden with value judgements. This leads to confusion over how communities are defined in empirical terms (what community is) or in normative terms (what community should be). Despite these differences, Effrat (1974) identifies three main conceptions of community in the West World:

1. **Community as solidarity institutions.** This refers to those spheres or institutions of society that promote solidarity and are potential integrators of society. Examples include family, ethnic groups, voluntary organizations, and residential groups. The main characteristics of these groups are rules, norms, and roles that produce feelings of warmth, closeness and belonging, thereby placing a strong emphasis on the normative aspect of community.
2. **Community as interaction.** This relates to the nature of interaction between people and close relationships among them. These relationships are primary and informal, and describe the way that people relate to each other over and above the necessary requisites.
3. **Community as institutionally distinct groups.** This notion of community involves a group of people who share a range of institutions (economic, social, or political) on the basis of their belonging to some familiar social category. The focus is partly on institutions, but mostly on a segment of population that tends to interact in overlapping friendship networks, to share similar outlook and interests, and to participate in common institutions. Examples include community of scholars, doctors, etc.

According to Taylor (1982) the core attributes which are (or should be) possessed by all communities to some extent are:

1. **Common beliefs and values** – there is a variation in their range and the degree to which these are shared, articulated, systematized and elaborated. For example, a monastery or a utopian community has a wide range of shared beliefs and values, while a commune has a narrow range. Communication has not been taken as a separate characteristic of communities, but has been subsumed in shared values and beliefs. While shared values and beliefs generally promote communication, the presence of communication does not necessarily result in shared values.
2. **Direct and many sided relationships between members** – Here relationships are not mediated by institutions, representatives, leaders, codes or abstractions. Members of a community relate to each other through many facets of their being, and such relations are implicitly assumed to be face-to-face and spatial in nature.
3. **Reciprocity** – Relationships and exchanges exist which exhibit some form of co-operation and sharing galvanized by short term altruism and long-term self interest, or a mixture of the two.

Taylor concludes that based on variances in these characteristics, communities could be placed on a continuum measuring 'degree of community.' However, the advent of new communication technology has changed the way people look at a community.

Virtual Communities

Cyberspace is a special kind of social place constructed technologically where human interaction, communication and commerce can take place through interconnected computers via phone lines and data networks. These computer networks allow one-to-one, many-to-one and even many-to-

many forms of communication. This has led some social scientists to suggest that computer mediated communication may foster building of virtual communities – a new form of real life communities.

The concept of virtual communities, like that of physical communities, is also an amorphous one that does not lend itself readily to an unequivocal definition. Various writers have forwarded a number of definitions of virtual communities. For example, Rheingold (1993) contends that "virtual communities are social aggregations that emerge from the Net when enough people carry on [those] public discussions long enough, with sufficient human feeling, to form webs of personal relationships in Cyberspace." Virtual communities are powerful "incorporeal" communities built on shared interest; they are not wedded to geography, or contained by national borders (Bugliarello, 1997). They are online forums that include contributions from, and encourage discourse among, specific sets of like-minded netizens (Murphy, 1997). They can be viewed as a set of on-going many sided transactions that occur predominantly through computers linked via telecommunication networks (Smith, 1995).

Virtual communities are social relationships forged in cyberspace through repeated contact within a specific boundary or place (e.g., a conference or a chat line) that is symbolically delineated by topic of interest. There is no predictable relationship between computer mediated communication and virtual communities—the former does not necessarily lead to the latter. In fact some sociologists question whether or not the notion of community can be extended at all to cyberspace.

Virtual vs. Physical Communities

The structure, operation, and the composition of virtual communities differ from communities in the real world in certain fundamental ways at the interaction level. Smith (1995) outlines five characteristics of virtual community interchanges that are not possessed by communication in the physical world.

- *Aspatial*. Virtual interaction tends to be *aspatial*. In other words, it is not constrained by geographical, territorial boundaries of the interacting individuals. Real communities, on the other hand, are often described in terms of their spatial boundaries, for example, a neighborhood, a village or a town. Although, the spatial characteristic of real communities has decreased in degree with the advent of telephone and faster modes of travel, space is still an important, often necessary, criterion for defining a physical aggregation of people as a community.
- *Asynchronous*. Interactions in a virtual community are *asynchronous*. In the virtual domain, communication does not have to take place in real time. Except for chat sessions, all other means of communication on the Internet allow for staggered interaction, where members need not be present in the same time to carry on a conversation. Real communities require people to be present in the same time, if not in the same place, in order to be able to communicate.
- *Acorporeal*. Due to bandwidth limitations, very little data can be effectively transmitted over modems and phone lines and therefore, communication in virtual communities tends to be text-based. Only written words are exchanged and non-verbal cues like gestures, dress, posture, body language and facial expressions that often accompany physical communication are absent. And there is a complete absence of face-to-face interaction and members appear *acorporeal* (or without body) to each other.¹

¹ However, virtual communities have developed their own text-based substitutes to express emotions and physical gestures. They use keyboard characters to create faces expressing smile, laughter, anger, etc. and physical gestures like a hand shake or a hug are expressed in words. Physical communities, on the other

- *Astigmatic*. Since virtual communication is generally text based and acorporeal, it is also free from stigma. In other words, any markings or behaviors (race, gender, and physical appearance) that locate a person in a particular social standing are absent. Virtual interaction is, therefore, *astigmatic*. In physical communities, a lot of information about a person is given away from his or her appearance during face-to-face interaction. In fact, many physical communities are formed around such physical and social characteristics.
- *Anonymous*. Finally, interactions in virtual communities, due to the four preceding characteristics are capable of being more *anonymous* than in physical communities.

An additional difference between physical and virtual communities is that membership of physical communities is often unintentional. People may become part of a community simply because they live in or work at a specific place, thus defining the boundaries of the community in geographical terms which requires considerable effort to break out of. Conversely, membership in virtual communities is usually intentional, since people *choose* to become members of a particular community. This intentional aspect of virtual communities leaves the structure of the virtual community fairly fragile as people can leave with very little effort.

There are also many ways in which online communities have been found to be similar to physical communities. Both are characterized by communication and relationship building among people. Members offer each other social support, a sense of belonging, and solidarity. They help each other, work together, cooperate and engage in trade. People basically do the same kinds of activities in both physical and virtual communities – they discuss, argue, fight, reconcile, make friends and amuse themselves. (Rheingold, 1993).

The above similarities suggest that virtual communities are really extensions of or virtual substitutes for their physical counterparts. Since the medium of communication is different in virtual communities, many interactions of the real world are simply transformed to suit the medium. The transformations may lead to differences in operation, structure and composition of virtual communities, but these online communities are very similar *in spirit* to the physical communities. A virtual community very closely resembles the ‘third place’ in real life – a social gathering like a bar or a café.

As Smith (1995) also argues, virtual communities, in spite of their differences with communities located in real life, are “communities” and the virtuality is only in the nature of the seemingly non-existent medium. He compares virtual communities to the communities of correspondence of the 19th century, where groups separated by great distances were brought together by shared interests. It is only the speed of interaction that is much faster in today’s virtual communities, and it is the speed that makes the dynamics of virtual communities different (see **Table 1**).

Virtual Communities- Advantages and Disadvantages

Online communities due to their differences offer certain advantages and disadvantages over real communities.

- They make relationships possible between people without regard to geographical and time constraints. People from different nations, those across time zones, and those who are homebound due to handicaps can all connect together. It is therefore possible to have aggregations of a larger

hand, require face-to-face interaction in all communications, and physical co-presence of members is generally necessary, except when some conversations are carried out via the telephone.

number of people than in the real world. Many more people can be accommodated at any point of time in a virtual meeting room.

- Online communities offer a safer meeting ground (as compared to cities). They allow members to experiment with and explore new identities and personalities, leading to more uninhibited interaction than in the real world. They bring together people from all walks of life regardless of their social status, class, race, gender or age. People in the same virtual community may never meet in real life, yet they can share a tangible relationship through their computer modems.
- The problem with virtual communities is that members cannot be identified or held accountable for their actions and words. While this may encourage people to shed their inhibitions, it can also lead to unpleasant encounters in some virtual communities and the only recourse is to deny the offender access to the virtual community.

Mechanisms for Operating Virtual Communities

Virtual communities deploy a number of mechanisms to operate and maintain themselves. Many of these mechanisms are being made available free-of-charge in order to draw people into a community.

- **Email**—This is a thirty year old asynchronous tool that can readily transport text, images, and sound between people connected by their computers. According to a Businessweek-Harris Poll, email is preferred by 83% of online users as a mode of interaction. People interact by sending messages directly to each other and may receive replies in minutes, hours or days later. Email lists allow for one-to-many communication as well. A group of people can continue a discussion through a series of messages going back and forth between the group members. Thousands of discussion groups that correspond via email lists exist, each having thousands of members in turn. Email lists have owners who can exercise control over membership and content of the messages.
- **Multiuser Dimensions (MUDs)**—These are text based virtual environments to which users can log in via their computers to participate in what is called a ‘game’. Each user is given access to a database of ‘rooms’, ‘corridors’, ‘exits’ and other objects which users can browse as well as manipulate. They can move from one room to another either observing the activities of other users or taking part in the ‘game’. This database is designed to give users an impression of a physical space, which they can revisit. The emphasis is on fantasy and adventure. Users invariably take on identities that are different from their physical selves. Users in the same ‘room’ can also interact with each other using text in real-time, and thus MUDs also promote community building and personal contact.
- **Chat channels**—These are textual tools that are modeled after CB radio channels and allow members to carry on real-time, synchronous conversations by sending 1-2 line text messages to each other, like a text version of a telephone conference. In this increasingly popular mode of communication, members can choose which channel they would like to participate in based on their interests and affinities. There are gender and age based chat channels as well as channels devoted to parenting, dating, etc. The Internet Relay Chat (IRC) is the largest chat system comprising of a number of channels that are offered free to users. Many online service providers also offer their own chat channels.
- **Conferencing systems/ Bulletin Board Systems (BBS)/ Information Services**—Bulletin Boards and Conference groups get together a number of people interested in the same topic to facilitate discussions between them. The email concept is extended further and members’ comments regarding a particular subject are posted in a common space where all other members can read and respond to those comments. BBS and conferencing systems are thus asynchronous modes of communication. Members take an active part by selecting the BBS that they wish to read messages from and contribute messages to. BBS are similar to conferencing systems, but they

have a lot more material posted on the common site – software libraries, weather reports, stock reports, airline reservations etc. Usenet and Picospan (Well) are examples of BBS. Information services organize themselves along the lines of bulletin boards but they are operated for profits.

All of the above modes of communication are now also supported by the World Wide Web. Further, the Web provides a rich interface that is easier to navigate in and complements the text based communication mechanisms.

Reasons For The Emergence Of Virtual Communities

Over the past 5 years, the Internet, especially the World Wide Web, has become a crowded place as more and more computer users log on. Web surfing, for example, has become a favorite past-time for those who have the time and the means to access the Internet. People are finding ways to accomplish an increasing variety of their day-to-day activities online, without having to move from their computer terminals. However, users, who earlier used to visit site after site, rarely staying for more than a few seconds at each one, now seem to prefer less chaotic places. Polls show that having found sites that serve their needs, people prefer to visit the same site or group of sites rather than surf the Web. When a group of people repeatedly visit the same site and interact with each other, they begin to forge and sustain personal relationships and ties with each other. Such a group qualifies to be called a community according to the definitions presented earlier. Virtual communities are formed in the process when people wish to fulfill specific needs online. These needs include the need for communication, information, entertainment, and transaction.

- **Communication.** This is a very basic human need. The desire to connect and get in touch with family, friends, peers and like minded individuals is what compels many to go online. People who have shared similar, intense experiences communicate with each other to offer support. Senior citizens, women or teenagers, like to seek out companions like themselves. People with a passionate interest in some topic, or a hobby, want to communicate with others who have the same interests, while some people just wish to make friends. The Internet provides a fast and convenient way for all such people to meet and interact with each other, find a sense of belonging and possibly form relationships.
- **Information.** Another need that people seek to fulfill online is the need for information. Information sought can be of two types – interest specific and transaction specific. In the first case, individuals interested in cooking, for example, might want to find out the recipe for a dish or a someone interested in the stock market may want to learn how to get together a portfolio of stocks. Transaction specific information is sought in case someone compares airline ticket prices online before buying the ticket or looks for a good deal on a used car. The Internet is a gold mine of information related to practically every field one can think of.²
- **Entertainment.** The Internet also provides entertainment by allowing people to play games and solve puzzles online; experiment with different identities and personalities; experience fantasy and adventure. For example ESPNNet allows visitors to its sports site to form teams and play a selected sport against each other. Or, MUDs provide virtual environments that allow role playing and games.
- **Transactions.** The Internet offers a convenient way of conducting commercial transactions as well. Electronic markets have come about on the Net where buyers and sellers can trade in a

² Data and information can be found on innumerable topics – current events, news, the next day's weather, research papers and journals, company profiles, movie and book reviews, travel etc. The ease with which this information can be obtained is unparalleled – anyone, anytime and from anywhere can access data and information from the Internet.

variety of products like clothes, grocery, computers, airline tickets, books, CDs and financial services.

Different virtual communities can fulfill one or more of the above needs. However, the one need that all virtual communities address is that of communication and relationships. By definition, sustained interaction and relationships are necessary conditions that differentiate a virtual community from simply a collection of people.

Hagel and Armstrong (1997) have outlined four types of electronic communities that can be formed to address the generic needs identified above:

- ***Communities of Transaction.*** These communities facilitate buying and selling of goods and services. These communities serve to build an electronic marketplace where buyers and sellers can come together and engage in trade. Before purchasing a product, members can seek information about the product from other members of the community. For example, Amazon.com encourages members to leave comments on books that they have read. Other potential buyers can, then access these comments or reviews.
- ***Communities of Interest*** consist of individuals who come together based on a shared interest like gardening enthusiasts, parents or movie buffs. Interaction is on a more social and personal level than from the first type of community and bulletin boards, posters and forums are used extensively.
- ***Communities of Fantasy*** facilitate creation of environments, identities and games to provide adventure, entertainment, and fun.
- ***Communities of Relationships.*** Here people interested in making friends and personal contacts come together. Members maintain close, intimate ties with each other, more often than not, they know each others' real-world identities and they often share intense experiences together.

Other types of communities that can be identified are *Communities of Information* that provide information to the user on a host of transaction or interest based topics. Virtual communities are not exclusive and may exist as combinations of one or more of the above.

How do Virtual Communities Create Value?

The interactivity of the Internet coupled with its rich information base makes it a very powerful medium that promises to make electronic markets more efficient and decrease transaction costs. Transaction costs are decreased because companies can interact with customers directly without going through middlemen like distributors or wholesalers. In addition, the Internet makes information available to consumers, thereby reducing the information asymmetry that exists between companies and the consumers. This makes consumers more powerful and they are able to negotiate better while making their purchases. The result is erosion of the profit margins of companies that consequently affects their competitive advantage. Firms, therefore, must look for new resources to leverage in order to be successful vis-à-vis their competitors.

According to conventional business models, the search for resources has focussed either on the internal processes of the firm, or the external processes that involve the relationship of the firm with their suppliers and distributors. Of late, game theoretical models used by economists have extended this focus to the firm's relationship with its competitors. Firms have, till now, been creating value for customers through effective deployment of one or more of their resources or improvements in their business processes. At no point have firms looked at the customer as a resource.

This is where the business model based on virtual communities might prove to be a useful one to follow. Virtual communities allow the power of information to be harnessed for both the customer and the firm. The customers, as mentioned earlier, have benefited from the Internet in that they now have information available on their fingertips, which takes time and effort to obtain off-line. This helps the customers improve their bargaining power vis-à-vis the companies and to get the best deal on their purchases. There is still some amount of uncertainty that comes from possessing too much information – especially if the product information originates from companies themselves. Customers who are members of virtual communities can hope to reduce this uncertainty by verifying the validity of the information from other members of the virtual community who have already purchased and used the product.

Value is created for different kinds of companies in different ways. According to Hagel and Armstrong (1997) the value comes from:

1. **Usage fees**—customers pay to access a community builder's site on an hourly basis. This is a short-term tactic as it discourages entry and duration of stay.
2. **Transaction and advertising based fees** – companies can charge a fee for every transaction that takes place on their site. This fee is charged to the companies and not the consumers.
3. **Content fee**—a fee that is charged for accessing/downloading material from a community site.
4. **Increased Efficiencies**. Firms can take advantage of synergies with existing businesses. For example, Microsoft Corporation saves on physical distribution of software by letting users download software directly from their website.

A developer/organizer of web sites and virtual communities can create a competitive advantage vis-à-vis other site organizers, if it is successful in attracting more traffic to its site. Traffic in turn helps generate revenues through advertising, transaction, usage and content fees. According to Hagel and Armstrong the competitiveness of communities is based on the size of the community and the number of different customer needs that are fulfilled.

All companies that are willing to pay the fees charged by the organizers can access customer information and advertise their products on the web to the audience of any virtual community. It is difficult to say whether any one company can then manage to acquire a competitive advantage from possessing information that is more or less public information in terms of its availability, or from a strategy of advertising on the web that is being adopted by all its competitors. In this context, the options open for producers of goods and services are:

1. Be part of a virtual community created by organizers – but as mentioned above, this does not give the firm any distinct advantage over the competition.
2. Become a site organizer – i.e. get into a new business. In this case, competition comes from other site organizers and the business model for this part of the company's business is governed by the same business model that Armstrong and Hagel discuss.
3. Create a firm specific virtual community.

What is most important for the firm is to create its own virtual community or virtual communities generated around its core products. Such virtual communities, if successful, can be sources of competitive advantage because member generated content is not made available to competitors.

Building such a community is not likely to be an easy task. On one hand, potential consumers are not likely to revisit a site that offers products of only one company. This means that the focus of the site built by the firm has to be broadened (possibly by making competitor products available, which erodes the advantage that the company hopes to generate.) One solution could be to get together with non-competing firms in the same product category and build a community around the core theme. Examples include children's products. On the other hand, if the real life models of communities are any indication, virtual communities need to develop around a narrow focus. Companies have to be able to do a careful balancing act between the two extremes to make virtual communities work for them.

The size of the virtual communities is an important consideration for companies. Virtual communities need to accumulate a critical mass before they can begin to be of value to firms. Anecdotal data shows that on some successful virtual communities the increase in the member population has been explosive and yet the virtual communities have kept their community-like character intact. However, if the numbers get too large, the community may either split into one or more sub-communities, or cease to exist altogether.

Examples of Virtual Communities

America Online

America Online (AOL) has its origins in the Control Video Corporation (CVC), a small online video-games firm that started in the 1980s and after many changes finally emerged as AOL in 1991. When AOL went public in 1992, it offered games, email, chat, news, forums, travel and other information, and, at that time was competing against rivals like Compuserve (which it later acquired) and Prodigy.

Since going public, AOL has increased its revenue up to \$ 2 Billion in 1997, has 9500 employees, a growth rate of 60%, and ranks first among all the internet services providers, including MSN and IBM Global Network. AOL is now the dominant provider of online services with over 12 million subscribers of its own and another 2.5 million who subscribe to its subsidiary Compuserve.

AOL's success lies in making the transition from merely providing information and internet services to providing interaction between its subscribers and building a community. Not only does AOL's software offer an easy to use interface, it also provides special services designed to perpetuate a community like culture in its subscriber base that keeps the subscribers coming back. For example, subscribers are allowed to own chat-rooms and forums, thus enabling AOL to capitalize on subscriber generated contents. Its subsidiary, Compuserve has organized its content into 21 different communities based on different topics of interest for the convenience of its subscribers. AOL has also tied up with Eastman Kodak to provide a service that allows subscribers to be able to link family and friends to photo sites, or to send photographs through email without special cameras and film. Subscribers can also send film to retail processing centers where images are loaded on to AOL through Kodak systems.

The Motley Fool

The Motley fool is an online investing forum on AOL that was attracting about 250,000 visitors per month in July 1998. It provides company news, commentary on market trends, offers tutorials on how to build a portfolio as well as interactive discussion groups for customers and staff to debate and discuss investments. There are also market prediction games available where

subscribers can play against each other. It thus offers a mix of content, community, and entertainment, related to a specific topic, that keeps bringing back serious professionals as well as first-time dabblers interested in the stock market.

Tripod.com

Tripod is a 50-employee company, which in the last three years has become one of the most visited sites on the web. Tripod targets a group of 18-34 year olds and offers information on a variety of topics. It has 33 interest areas called pods, where membership is free. These areas are organized by topics related to work, money, travel, and living.

Tripod creates virtual communities and offers a personalized experience to each member. This is done in part by allowing members to create their own web pages. Once these web pages are created, members are more likely to come back to them and hence to Tripod's site. The personal member information gathered in the process can then be used to tightly segment the customer base. In addition to pods and web pages, Tripod also conducts online conferences in order to lure people back.

Revenues come from vendors who want to advertise on one or more of its sites and from users who sign up for premium services offered (e.g., A larger storage area for web pages, chat channel, and message forwarding).

iVillage.com

iVillage was launched in 1995 as a site targeted at Baby Boomers but over time it has evolved into a leading women's online virtual community and reportedly attracts about 2 million visitors in a month. iVillage offers a relevant and specialized online environment for women where they can find others with shared interests, exchange information, seek advice and support on issues in their day-to-day lives including parenting, work and health. At present, the nine content areas of iVillage relate to career, fitness and beauty, food, health, relationships, working from home, parenting and shopping. It is a comprehensive one-stop destination for women looking for practical and useful information.

Better Health, for example, is the content area related to health that provides message boards, live chats and links to other sites that allow members to access health resources like disease management, forums, mutual support groups, inputs from medical professionals etc.

iVillage also runs a site for parents called Parentsoup where parents can find answers to their queries either through interaction with professionals or with each other. This parenting community boasts about 200,000 visitors, who stay on for longer than 10 minutes each to chat with other parents or post messages on message boards. Parentsoup works with advertisers and sponsors to set up bridges to companion sites closely linked to parentsoup. For example, parentsoup provides a link to parentsclub.com, a site for Triaminic cough syrup for children, but it also has a lot of additional parenting information.

iVillage has also opened an online store, iBaby, catering to the needs of babies. This store offers thousands of baby products from 800 vendors all over the world, providing a simple and convenient way for parents to shop.

Geocities.com

This online neighborhood which was founded in 1996, is very similar to tripod.com in that it provides a set of virtual communities (called neighborhoods) based on themes. For example, Area5 is related to science and Colosseum to sports. Geocities offers visitors space to build their homepages and reportedly has 0.5 million members or 'residents'. All content is generated by these residents, either through web-pages or through chat channels, bulletin boards and special forums. Geocities also appoints community leaders to help newcomers get settled. Advertisements and sponsorships are the revenue sources for this site.

eBay.com

Since its inception in 1995, eBay.com has become the leading person-to-person auction house on the Net and is one of the top ten most-visited sites. eBay is a personal trading community that carries a vast array of products being sold by individuals as well as small businesses and provides an efficient virtual market place for buyers and sellers of goods to come together for barter and trade on a one-to-one basis. eBay hosts about 2 million auctions in one month in almost 400 categories including popular collectibles, antiques, books and magazines, memorabilia, toys, dolls, stamps, jewelry and precious stones.

The key reason behind the popularity of this site is the establishment of trust through constant information sharing among users. All users have access to the Feedback Forum that contains trader references posted by other users, thus creating online 'reputations'. Traders with negative reputations are suspended from the system.

Another feature of eBay is the personalized account pages that allow users of eBay to get confidential updated information about their transactions. Personal information is available regarding current activity in the user's favorite categories, user feedback from other members, credit or debit balances, notification and status of the items that the user is selling, user's bid status and whether or not the user is the highest bidder. These account pages make it extremely convenient for the member to use the site and maintain control over personal transactions.

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Table 1
A Comparison of Physical and Virtual Communities

	Physical community	Virtual community
Types	A variety of types can be identified	Usually based on interest
Mechanics	Face-to-face communication Can also be long distance (eg. Phone)	Communication is not face-to-face but is virtual – MUDs, chat, email etc.
Characteristics/ Attributes	Geographic and time barriers are present	No geographical / time barriers (aspatial and synchronous)
	One-to-one or one-to-many communication is possible	Many-to-many communication is also possible
	Richer use of language, voice, gestures etc.	Text Based
Member profiles	Depends on the way the community is defined	Usually better off financially, educationally and in terms of time available to go on the Internet
Size	Usually small	May or may not be small
Time required. for formation	Usually long (limited by distance and space constrains)	Usually rapid (increasing returns to scale notions apply)