Lighting the Campfire: 
The Creation of a Community of Interest Around a Media Company

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Introduction

Virtual (on-line) communities have been widely discussed in the academic literature, for example in the fields of sociology (e.g. Wellman et al., 1996), information and communication (e.g. Komito, 1998; Boczkowski, 1999; Ward, 1999; Bieber et al., 2002), marketing (e.g. Granitz and Ward, 1996; Balasubramanian and Mahajan, 2001), strategy (e.g. Hagel III and Armstrong, 1996), common management (e.g. Rothaermel and Sugiyama, 2001; Williams and Cothrel, 2000) and media management (e.g. Hummel and Lechner, 2001).

Despite the wide coverage on communities, the academic literature does not in general seem to consider community building to be a strategy for companies. A large part of the academic literature has been more focused on the architecture and meaning of these communities. To use communities as a strategy, the economic effects of the virtual communities have to be described. Balasubramanian and Mahajan (2001) suggest that the participants in a community maximise the social interaction utility or the virtual information capital and that the organiser of a community has to consider this when creating the community. Hagel and Armstrong (1996), on the other hand, concentrate on the different customer needs and the different possible sources of revenue (usage fees, content fees, transaction and advertising revenues and synergy effects).

Underlying the suggestions in Balasubramanian and Mahajan (2001) and Hagel and Armstrong (1996) is the assumption that the organisers of communities must create continuous attention for their products or services. This article describes and analyses a strategy for communities also built on this assumption and describes the economic effects that can arise from such a strategy. In the process of building a strategic model for communities, enactment (Weick, 1995) through storytelling (e.g. Boje, 1995; Boyce, 1996) is a central tool, as noted by Barry and Elmes (1997), who discuss the importance of the strategic story for management.

This article follows Balasubramanian’s and Mahajan’s (2001) definition of communities. Their definition is close to what Hagel and Armstrong (1996) and Hummel and Lechner (2001) call communities of interest. By building communities of interest, this article argues, community organisers enjoy network economies (Arthur, 1996; Shapiro and Varian, 1999), a point also made by Rothaermel and Sugiyama (2001). In a market built on network economies, there often is only one winner, and hence, pursuing the strategy might be a high-risk investment.

This paper is structured in the following way. First, the theoretical frame is developed, and the concept of cognitive dominance explained. Then a description of a cognitive dominance strategy is illustrated in a single case study from the Swedish media industry on how a company extensively used such a strategy. The company aimed to create a community of interest around its product. To do this, the company needed to gain attention by growing in importance in the public debate, and use storytelling with a distinguished rhetoric to, more evidently jointly create a reality with its audience. The cognitive dominance strategy also allowed the media company to go through changes, as it built upon change itself.

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Abstract

This article describes a strategy for community building, labeled cognitive dominance. The strategy highlights the economic value of the concepts enactment and storytelling in a network of people. The article links community theory with network economics and strategy in the community setting and argues that network effects can be reaped through the creation of the community. The cognitive dominance strategy in implementation is illustrated in a single case study from the Swedish media industry on how a company extensively used such a strategy. The company aimed to create a community of interest around its product. To do this, the company needed to gain attention by growing in importance in the public debate, and use storytelling with a distinguished rhetoric to, more evidently jointly create a reality with its audience.

The cognitive dominance strategy also allowed the media company to go through changes, as it built upon change itself.
strategy for the Campfire follows. This was the metaphor for the community of interest that the media house Mistral (pseudonym) created. A discussion and analysis of the strategy, both with implications for the case and for theory follow, as well as the conclusions that can be drawn for such a strategy.

The value of a community

In Balasubramanian and Mahajan (2001), virtual communities are defined by five characteristics:

1. Aggregations of people
2. The constituents are rational utility-maximizers
3. The constituents interact without physical collocation, although not all parties necessarily interact with each other
4. The constituents are producers and consumers of information (for example) and engage in social exchange of what they produce, but do not need to be both producers and consumers
5. The social interaction taking place revolves around a focus that is well understood and comprises a shared objective, a shared property/identity, or a shared interest

These characteristics seem to build on the simple definition given by Castells: ‘a self-defined electronic network of interactive communication organized around a shared interest or purpose’ (1996, p. 362). The constituents in the community strive to maximise social interaction utility or virtual information capital, according to Balasubramanian and Mahajan (2001). Virtual information capital in their definition is the ‘body of information formed by the cumulative contributions of, and consumed by, the constituents of the virtual community’ (ibid., p. 127). The organiser of the community makes money by selling goods and services to the community constituents and thereby maximises his value.

Balasubramanian and Mahajan (ibid.) assume active publics (Hallahan, 2000) and differentiate communities on the degree of social interaction within the community and concreteness of the focus of the activity (well-defined or diffused). The communication taking place in such a community does not fulfill the symmetrical condition appreciated by normative communication theorists (Hallahan, 2000). Balasubramanian and Mahajan (2001) do also not consider the communicative rationality of for example Habermas (1984) and Forester (1983). The communication in a community is centred around a focal question, and is two-way, but asymmetrical. Moreover, the constituents of the community participate as utility maximisers, a condition normally not considered in for example communication theory. However, this condition is not central here, and will not be discussed further.

Hagel and Armstrong (1996) identify four different communities on basis of the customer needs that the community fulfils:

- communities of transaction
- communities of fantasy
- communities of relationship
- communities of interest

The fourth community in this typology, the communities of interest, suit well the definition made by Balasubramanian and Mahajan (2001). Hummel and Lechner describe these communities of interest as:

[.../] forums for meeting people and interacting with them about a common interest. [...] In communities of interest, the participants use the forum to exchange thoughts or news. They contribute their own content and react to content brought in by others. [...] (2001, p.8)

Hummel and Lechner (ibid.) use the communities of interest as they differentiate between categories of communities from reliance on either communication or transactions. The Napster music sharing community, for example, is a transaction-based community, where as the network game Quake is based on communication.

In a community such as Napster, the system is subject to network economies (Katz and Shapiro, 1985, 1994; Arthur, 1996; Shapiro and Varian, 1999). Napster is dependent on the number of users that are connected to it. The value of the system increases with the number of users. This is the same effect that occurs with the fax machine (or any communication device). A fax machine is useless if there is only one. When more and more people purchase fax machines, the possibilities to communicate increases exponentially, as does the value of a single fax machine. The effect that occurs is in economists’ language a network externality (Arthur, 1996; Shapiro and Varian, 1999).

In Arthur’s (1996) framework, network externalities are a part of the increasing returns effect, the tendency for ‘that which is far ahead to get farther ahead, for that which loses advantage to lose further advantage’. He lists three characteristics of a knowledge-based market that create the increasing returns phenomenon:

- Up-front costs – the relative cost of knowledge is high – i.e. the quota between development costs and production costs is large
- Network externalities – people need to be compatible with each other and therefore choose the same computer program, communication device or source of information
- Customer groove-in – customers are trained to use a specific product and are therefore not likely to switch

However, network externalities are not exclusive to transaction-based communities such as Napster. Communities of interest also enjoy network externalities (Rothaermel and Sugiyama, 2001). Consider for example a discussion about the TV-series Baywatch in the lunchroom. The value of this discussion...
increases with every person that has seen the show. It is not possible to enjoy the discussion if not having seen it. So, to use the reasoning of Arthur (1996), there is a basic knowledge investment in the show that excludes the possibility for other companies to copy it. There is also a customer groove-in for the people starting to watch Baywatch, and there are network externalities because the value of the discussion increases with the number of people sharing the same frame of reference. The community of Baywatch-viewers is not organised (if not in a fan club or a protest group) but the network externalities are still present.

The increasing returns effect is especially important in knowledge-based industries due to the reliance on up-front costs for knowledge (Arthur, 1996). Many authors have pointed out the difference between industries based on investments in real capital and knowledge-based industries such as the media industry (e.g. Arthur, 1996; Bjorkegren, 1996; Boisot, 1998).

Since the media industry is both real capital based as well as knowledge based, the further text refers to the knowledge-based business, instead of knowledge-based industries.

As knowledge-based businesses are subject to network externalities, there is often room for only one or a few winners in the market (Shapiro and Varian, 1999). The winner hence achieves dominance, a goal that lies behind the classical school of strategy theory (Mason, 1939; Ansoff, 1965; Rhenman, 1973). The classical school discussed system dominance and concluded that there was a high positive correlation between relative market share and profit rate (hence dominance was desired). This view was discussed and disputed, as studies indicated that it was wrong (e.g. Marcus, 1969). In knowledge-based businesses, the link between relative size and profitability is important. However, the dominance in this setting is not primarily dependent on a system-of-fits (Rhenman, 1973) built on the relations in the industry structure. A proposal for an alternative to system dominance that suits the community model is cognitive dominance, a different kind of system-of-fits between the firm and its community as the firm enacts its community through a storytelling strategy.

**Enacting strategies through stories**

Building on how communities function, cognitive dominance occurs when the first-hand attention from a person’s side is given to one source of information in a certain matter (such as the Baywatch TV-show). In other words, the information source ‘owns’ a major part of the person’s mental space. This kind of reasoning is not new in the media business. Political science and communication theory have long been concerned with agenda setting, i.e. how mass media influences the issues that concern its audience (e.g. Erbring et al., 1980; Webster, 1998). These studies are concerned with the issues if and how the mass media influence people what to think, or if the influence is limited to what they think about (Entman, 1989). A main concern is if the audience is seen as an outcome of media actions or as an agent (Webster, 1998). The former case is represented by the public being influenced by the media, and the latter by the public acting independently and acting upon the media (and not the other way around).

The reasoning of how media influences thinking is also prevalent in the field of public relations and marketing practice and theory. Weiner defines public relations as the ‘activities /.../ intended to analyse, adjust to, influence and direct the opinion of any group or groups of persons in the interest of any individual, group or institution’ (1996, p. 14). Marketing studies often have a normative approach to the possibilities to create mental awareness for a product in a certain segment (Ries and Trout, 2001) and are concerned with ways to measure mind sharing, top-of-mind (brand) awareness or priming effects (e.g. Gruber, 1969; Laurent et al., 1995; Grewal et al., 1997).
Cognitive dominance means becoming the customers’ entrusted in an area or around an issue. Around this issue, the customer and the company co-evolve and jointly change in accordance to environmental changes or changes in the relationship. In a social constructivist language, the company and its customers jointly create and share reality. In social psychology, such a process is called enactment. Weick writes that ‘People create their environments as those environments create them’ (1995, p.34, drawing from Follett, 1924). This is an important statement. People create their own environments, which constrain or define their possible paths of action (Weick, 1995). These environments are realities that are shared within a group or an organization as Boyce writes: ‘/…/ individuals engage in the construction of their personal meaning, collectives engage in the construction of a social reality /…/’ (1996, p. 8; drawing from Berger and Luckmann, 1967).

In Weick (1988, 1995), the broadening of enactment to a larger group is reached through a sensemaking process. Different tools can be used for this process. One is storytelling (Weick, 1995; Boyce, 1995, 1996; Boje, 1991, 1995, 2000). Boyce (1996) uses storytelling in the social constructivist sense, as a tool for sensemaking. Boje (1995, 2000) and Barry & Elmes (1997) acknowledge the value of storytelling for strategic purposes. Boje, for example, describes the ‘storytelling organisation’ when analysing Walt Disney Corporation (1995, 2000). He sets out to deconstruct the stories told by the Disney empire to launch an alternative view of the ‘Magic Kingdom’. Barry and Elmes (1997), on the other hand, make a more general analysis as the describe the important of storytelling for strategy. They claim that every strategy or strategic change is reliant on the stories that are told around it, and that strategic stories have their own fads and fashions, just as do for example managerial techniques (Abrahamson, 1991).

Storytelling serves strategic purposes also in this article. The company has to manage enactment through storytelling and continuously call for attention to create cognitive dominance, in accordance with figure 1. Cognitive dominance has to start with attention, as a community is built on people giving continuous attention to it. Simultaneously, the enactment process in the community begins, as people establish shared constructions of reality, language and views. To connect people to the community, and reap the possible network economies, it is important to treat the company’s storytelling as a strategic tool and monitor the stories that are told.

**Method**

The research behind this study has been collaborative (Jacob et al., 2000), implying an interactive knowledge mode that within management sciences is called Mode 2 research (Gibbons et al., 1994). Such research is transdisciplinary and is concerned with knowledge as it works in practice and in the context of application, and hence aims to be relevant for practice (Starkey and Madan, 2001). Mode 2 research has the ambition to produce knowledge that serves as actionable (Argyris, 1993; Argyris et al., 1995; David, 2002) and is rooted in experimental science (Lewin, 1951) and action science (Argyris et al., 1995). A typical characteristic is the joint formulation of research problems (Adler and Shani, 2001; Börjesson and Norrgren, 2002).

Within this research paradigm, a number of operational methods for the interaction between the researcher and the field (the object studied) emerge. all from the researcher being an indirect observer to direct intervention in the actions in the studied organization (e.g. experiment or actual development, Lewin, 1951).

Here, a method called jam sessions (Adler and Shani, 2001; Börjesson and Johansson, 2002) was used, a method being a combination of observation and direct intervention. More concrete, jam sessions could be described as a sort of think-tank seminars. In such a method, the aim is to produce knowledge that is valid in both scientific and practical terms.

The development of Mistral was studied through a combination of interview studies and jam sessions. Whereas the jam session produces knowledge on the intermediate, contextual level (e.g. taxonomies, language creation) the interviews produced qualitative data, together providing an in-depth understanding of phenomena in the organisation. The study of Mistral followed a one-year longitudinal study (Leonard-Barton, 1990), and was analysed as a single case study (Yin, 1984).

Jam sessions were at Mistral used for research problem formulation, data collection and validation of results. The results from the jam sessions and from the interview studies were in the case of Mistral discussed and tested in jam sessions with various participants. The taxonomies and expressions (enactment, constant change etc.) used in this article were to a very high extent produced in collaboration between the researchers and Mistral representatives. The goal in these sessions was to grasp the underlying logic in the way Mistral worked. Further input, as well as a certain validation of results was also achieved in the interview studies. Between the jam sessions, systematic analysis of the material was done in Nvivo (computer program for qualitative analysis) with the goal of challenging the proposals given by the company representatives on basis of the interviews and of the discourse in the jams sessions themselves.

**Building communities: Mistral**

Mistral started as a minor magazine specialized on the business of the television industry. In the advent of the
‘new economy’, the magazine raised venture capital to expand business, changed format and focus and expanded the newsroom and distribution activities to include new media forms. At the time of study, Mistral was a media house that produced a newspaper, a web magazine, fairs and television. The focus for the products changed from television to report from the ‘new economy’ in all its aspects – venture capital, IT, new media, etc.

The genesis of Mistral’s strategy was that it did not only want to become profitable. The management team of Mistral credited itself for not only seeking profits:

I think that this might be two goals – the growth objectives, i.e. to become large and important. On the importance side, you could say that we differ a lot from many new media houses and new media products. They don’t have any other will than to become profitable. We have the will to become important too. We want to be influential. /.../ There is something else to this than becoming Metro (a quick-read, free newspaper) that sells lots of ads. (Editor-in-chief, Mistral)

The strategies of Mistral should be viewed in light of the goals of the company, according to the editor-in-chief. Being big in the media industry does not only have to do with size, he explained. It is also central to be seen and to be quoted. Through becoming important, the circulation numbers, web site viewers, fair visitors and the television audience would increase. The competitive advantage that would be built up with the goal of becoming important would then transfer into monetary rewards, as the company came into a growing spiral.

Central in this strategy was the creation of a community around Mistral. The editor-in-chief called it the Campfire, a metaphor coined to reinforce the enactment strategy of the company. Around the Campfire gathered readers, employees of Mistral, advertisers and other principals of the company to tell each other the best stories of the contemporary. Everyone participated by giving comments that were in turn used as bases for columns, sending in tips of articles, by being the object of interviews and reading about others in the same position. Mistral was to a high extent read by people that could be interviewed in articles. ‘You write about the same people that read you, the same people that you write about also read the newspaper, so (the editor-in-chief) says that we “write about our heroes for our heroes”’, a Mistral reporter said.

The Mistral perspective

Mistral was a company with a mission. The three founders wanted to create a new journalistic style. The products should be created using a perspective and a rhetoric here called the Mistral perspective. In other words, the design of the articles should be recognizable to the audiences of the different Mistral media. This could be compared with political journalism. A Marxist news agency would probably have the workers’ perspective in mind, and the financial press could likewise be said to have a capitalist approach, since many articles are about changes in the stock market. Just as the members of a political party share similar beliefs, Mistral wanted to create a common reality around the Campfire together with its audience.

The Mistral perspective was built on the assumption that the industrial society is being replaced by the information or knowledge society. Mistral’s publisher exemplified this with the Volkswagen CEO who had said that there was no real difference between a Škoda and a Volkswagen; the difference lay in the branding. The Mistral perspective was likewise built upon the ideas that brands, actions in the media world and institutional demands on companies are the actual things taking place in society. The real capital of companies was in this perspective not as important as their cultural or medial capital.

Mistral’s activities

The editor-in-chief, the publisher and the head of new media initiatives defined what they saw as the most important activities in the Mistral’s growing strategy:

Being seen everywhere – The management team of Mistral worked actively to gain space in other media. They were seen in television shows, wrote columns in other newspapers, made expert comments in radio programs and spoke at seminars and fairs. The head of new media initiatives argued that this was ‘... a very hands-on goal for how you become big – how many times you are quoted by other media. A few times a day, five days a week, this is how we work all the time’. According to the editor-in-chief, Mistral had plans to have one person employed only to keep track of how and where Mistral was seen and quoted.

Creating expectations of the future – The management team used what could be called expectations driven management. By addressing the technical development, the market development and other changes in the environment, the changes themselves were indeed influenced, the management team argued.

We try to be in the middle of change in society. And this is a part of our mission, to be in that change. To do this, and preferably be in the middle of the change itself, we must ourselves be able to change, and be active in the change. (CEO of Mistral)

When the editor-in-chief was out speaking, he created expectations on the product Mistral that the employees had to fulfil. At the Campfire, Mistral would enact its audience through these stories about the future. The interaction in the community was cen-
By creating customer interaction, Mistral would become the leading storyteller in the area that it covered, and its stories would create expectations, which in turn would create more attention. This would increase the importance of Mistral and hence lead to growth.

**Constant change** – The management team of Mistral wanted change to be a credo for the company. The ambition to become dominant in Mistral’s field of reporting included a dilemma. The niche that Mistral wanted to build up would not be unique for long if the company settled. The company would then stand the risk of being beaten by larger competitors. To solve the dilemma, the management wanted to change Mistral’s strategy continuously. By from time to time changing focus on what they wrote about, how they acted, and what goals they set up, they said, no one could find methods of beating them. The head of new media initiatives said:

> You cannot point on what Mistral is. The second you can say that, we become vulnerable. It is a good thing that no one really can place us somewhere, because than we will be bashed. As long as we continue to move, we will be hard to find. (Head of new media initiatives, Mistral)

The principle of constant change put high pressure on the possibilities for Mistral to put the Mistral perspective into work, and became a central issue in the strategy Mistral was deploying.

**Discussion**

**Mistral’s cognitive dominance strategy**

What is cognitive dominance in the Mistral setting? How would it relate to the actions taken by Mistral that are described in the case? Figure 2 explains the relationship between the strategic activities of Mistral and their importance for storytelling, enactment, attention and for cognitive dominance.

Mistral founded the enactment process in its community on the Mistral perspective. The participants in the community had to agree on the perspective. The perspective also meant creating expectations of the future through storytelling (this was what Mistral to a high extent did). These predictions could then be covered in the Mistral media, giving the prerequisites to pulling the audience’s attention to Mistral’s products. The descriptions of the future were also a part of the enactment process, and they gave the possibility for continuous attention over time.

Storytelling did not have any value without people paying attention to Mistral. Once attention was established, it needed to be maintained. To grow and attain attention and dominance, being seen everywhere was important. Its exposure strategy went hand in hand with being the central information node. The shaping of the social reality would not be feasible to the same extent if the Mistral managers had not chosen to market themselves by being seen everywhere. The logic behind this is that if you let yourself be seen and heard in as many places as possible, people will come to you for advice. The public discourse that influences decision making in companies will also be pushed in a certain direction.

Similarly, seeing constant change as a prerequisite for work was needed to keep continuous attention as the environment changed. Mistral’s idea was to be in the midst of the change and this was necessary to keep continuous attention for the products. If Mistral succeeded in creating confidence and enactment in its audience, participants in the community would come to Mistral for advice in turbulent times, and hence follow Mistral through the change.
The value of the information shared around the Campfire, and the value of the collective view was increased by the size of the community, i.e. there was a network externality effect in place. If Mistral’s version of a growth strategy (importance as a mean and end for growth) were successful, the increasing returns phenomenon would put Mistral in a growing spiral.

The concept of cognitive dominance

This article expands the economic importance of communities in terms of theory. It highlights the possibilities to create a community of interest around a focus and a company and the network externalities that are inherent in any communications medium in which the virtual information capital (Balasubramanian and Mahajan, 2001) has a high value. Hence, it aligns with Rothaermel and Sugiyama (2001) on the notion of the prevalence of network effects in communities.

The study also suggests using cognitive dominance as a strategy for virtual communities of interest. Cognitive dominance is an enactment strategy built on storytelling and continuous attention, and highlights the observations made by Barry and Elmes (1997). Mistral entered the stage and claimed attention, almost a dramaturgical kind of strategy. Cognitive dominance as a strategy differs from classical strategy theory, because it depends on a system-of-fits (Rhenman, 1973) in the minds and interests of the participants, and not in institutional arrangements. The description of cognitive dominance in this article is a suggestion for what the concept could include. The strategic activities (being seen everywhere, constant change and creating expectations of the future) should be seen as examples of activities in a cognitive dominance strategy.

This study of the media house Mistral differs from the political science studies on agenda setting (e.g. Erbring et al., 1980; Entman, 1989) in its level of analysis and its direction. The focal point is the company’s behaviour and not an evaluation of how the audience reacted. More than a passive relationship between the messenger (the media) and the interpreter (the audience), the description discusses the active relationship (Hallahan, 2000) between two actors when the media company tries to create the community. The relationship is asymmetrical and builds on the creation of a common reality around a media actor. Thus, what is achieved is neither a symmetrical relationship, nor communicative rationality (Forrest, 1983; Habermas, 1984). Rather, what the Mistral community represents is a mixture between seeing the audience as an outcome of business and as an agent acting on the media (Williams, 1999), instead of vice versa. The creation of the community is a mixture between a customer coalition and a product, since the participants part-take in the creation of a product that is created around a company.

Conclusions

Mistral’s strategy was to create a community — the Campfire — around itself, with the purpose of becoming important and in the end profitable. Mistral tried to enact a common reality together with its audience. To do this, Mistral needed stories, rhetoric and the continuous attention of its audience. Creating cognitive dominance was necessary to achieve the network effects that Mistral needed to grow. It is important to note that the dominance that has been described is dependent on the audience awareness and time spent on the product, and not on the power balance in the industry structure.

This paper extends the meaning of creating a common reality from the group or organisation to a community around a media firm. This does not need to be exclusive for the media business. It is likely that other kinds of businesses could act in similar ways. The difference would be the channels that are used to promote the ideas of the company. The Mistral strategy suits the demands on companies that have been put up in the popular management literature quite well — striving for dominance and constant change at the same time. Therefore, if media prophets are true about the medialisation of society, the cognitive dominance is likely to be an issue for companies in many other businesses as well if they reconceptualise their products in media terms instead of technical specifications. The cognitive dominance strategy should in this setting be a viable strategy for community creation and is most likely commonly used in the communities of interest that exist, because it is part effect of what is created and part conscious strategy.

Epilogue

As it turned out, Mistral grew steadily until the rapid turn-down of the advertisement business cycle in Sweden. About half a year after the research study was ended, Mistral merged with Sweden’s second biggest financial daily. The editor-in-chief and the publisher became the new editor-in-chief and the new publisher of the merged newspaper. The newspaper seized to exist as a stand-alone product, but the ideas of Mistral and the organisation grew in influence.

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