GROUPE ESC DIJON BOURGOGNE

Cahiers du CEREN 31 (2010)

CEREN
www.escdijon.com

P2P Interaction Orientation and Brand Value Building in Online Social Lending Startups[2]

Arvind Ashta [a] *& Djamchid.Assadi* [b]

[a] *Chairholder in Microfinance, Burgundy School of Business (Groupe ESC Dijon-Bourgogne), CEREN,), CERMi*
arvind.ashta@escdijon.eu
[b] *Burgundy School of Business (Groupe ESC Dijon-Bourgogne), CEREN*
djamchid.assadi@escdijon.eu

Abstract

Brand valuation has found new dimensions: internet and more specifically web 2.0 have made the interactions and transactions possible between peers around the world. In this research, we look at the web 2.0 tools actually being used by the peer to peer lending websites and see which ones are being used to build up brand equity in the sector of peer-to-peer (P2P) lending which should, by virtue of its foundation, promote the use of social media. After reviewing the literature on brand equity and indicating the importance of the online lending sector in the microfinance context, this research studies the Web 2.0 tools to find out how they can be used to build up brand equity. It then analyzes the strategies of Web 2.0 integration to build up brand equity in the sector of peer-to-peer (P2P) lending which should, by virtue of its foundation, promote the use of social media, using comparative case studies. The sample members are all in the initial phases of their lifecycle. They are all racing to create a buzz and get clicks and dollars to pass on to poor people. The initial findings witness different ways of brand equity creation on different websites. This is to our knowledge the first paper on internet based strategies to create tangible value in brand management, in online peer-to-peer sector, micro-lending industry and business of microfinance. The results will firstly be of interest to all social websites as well as all microfinance institutions, some banks and financial service institutions.

Introduction

Brands have resisted the emergence of the Internet which was supposed to be a space of search engines' selected commodities instead of brands. One basic reason is that as low barriers to entry on the Internet, at least on the technical ground, led to an extraordinary growth in the number of sites to choose from, the average confused and frustrated Internet user looked desperately for landmarks. Perplexed customers often turned back to familiar brands to do business with repeatedly (Carpenter, 2000).

Not only customers, but also Internet startups have little chance of taking off without awareness of and confidence in their brands: they need to attract not only customers, but also investors. As a result and in accordance with the insights of Veblen on the importance of intangibles, notably brand equity in the value of an enterprise (1904, Ch. 6), intangible assets turned to be even more important in the virtual space of the Internet. Many Internet-branded startups have been acquired at considerably high prices.

With the evolution of practical experiences, a myriad of literature on value of brands for both sellers and buyers has bridged the time between the analysis of Veblen and that of many others in our times. However, this literature, highly prolific on Internet brands, has almost ignored the impact of a new technology - despite its importance - on the making of brand equity: Web 2.0. The current literature studies both the Internet brands and the revolution caused by the Web 2.0 tools, but rarely the impact of the latter on the former.

[2] *Our thanks to the discussant, Bert D'Espallier, and participants at a workshop organized by CERMI in Mons, Belgium (Nov 27, 2009) for their suggestions and to Banque Populaire de Bourgogne-Franche Comté for the financing.*