
The impact of strategic actions on the reputation building of e-businesses

Faouzi Bensebaa

The author

Faouzi Bensebaa is based at the Université de Marne-La-Vallée, Marne-La-Vallée, France.

Keywords

Strategic management, Electronic commerce, Internet

Abstract

A certain number of theoretical trends consider a firm's reputation as valuable intangible assets. For companies in dematerialized e-commerce, which is not protected by traditional entry barriers, reputation may be one of the key sources of competitive advantage. Assuming that firms' assets result from flows of strategic actions, this research examines – over the 1999-2002 period – the strategic actions underlying the reputations of Lastminute.com and Ebookers.com. Relying on an inductive approach, this research shows how Lastminute managed to build up its reputation through three types of actions – symbolical, competitive and relational – on the one hand, and through achieving a balance between those three types of action and the frequency of those actions, on the other hand. Finally, this research suggests a system linking the properties of those strategic actions to the firm's reputation building.

Electronic access

The Emerald Research Register for this journal is available at
www.emeraldinsight.com/researchregister

The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0959-0552.htm

In spite of the failure of a certain number of so-called dot.com companies, the number of “start-ups” in the world remains substantial. The e-commerce sector can be considered as a source of numerous opportunities. This is proved by the volume of e-business transactions (B to C) which represented US\$45 billion in 2000[1] and the number of potential prospects amounting to 373 million individuals connected to this network[2].

Lastminute.com (henceforth Lastminute), a British firm, specialised in the retail sale of last minute travel and leisure opportunities, showed the first positive results in its short history in 2002[3]. The online travel agency has become one of the first European Internet businesses within a few months (*Le Monde*, 2002).

Although several factors generally account for the difference of intra and intersectorial performance between the actors, numerous experts consider that reputation lies at the core of the emblematic position of Lastminute on the Web (*The Times*, 2002)[4]. Assuming that the firms' assets result from a flow of strategic actions (Diericks and Cool, 1989), this study examines the strategic actions which led to building up Lastminute's reputation over the 1999-2002 period. The problem is then to develop a system analysing the building of the firm's reputation through an inductive approach.

Reputation is recognized as valuable intangible assets by numerous authors (for example, Dunbar *et al.*, 1998; Fombrun, 1996; Hall, 1992, 1993). Its role and potential impact on the success or failure of a firm are reported along three distinct trends[5] in literature: the resource-based approach, the stakeholders analysis and the interpretative strategy (Rindova and Kotha, 1998).

Indeed, resource theorists were the first to recognize reputation as intangible assets and admitted that reputation, because it is difficult to create, exchange, imitate or substitute, give a sustainable competitive advantage to the firm (Amit and Shoemaker, 1994; Lipmann and Rumelt, 1982; Peteraf, 1993). However, this complexity sometimes makes it difficult to conduct a systematic study on how such asset is built up (Miller and Shamsie, 1996; Priem and Butler, 2001).

Unlike the resource-based approach which establishes a close relationship between reputation and competitive advantage, supporters of the stakeholders theory consider that reputation reflects the judgements of the different observers, influenced by the firm's actions (Fombrun, 1996; Wartick, 1992). Those theorists generally consider that reputation ranking is one of the major mechanisms through which the shareholders rate the achievement of a performance according to



their own expectations (Martins *et al.*, 1995; McGuire *et al.*, 1998; Preston and Sapienza, 1990). The empirical research underlying this view has focused on the relative role of the financial and social performance as the determining factor in the ranking achieved by newspapers (for example, *Fortune*, *Le Nouvel Economiste*, *Management*, etc., Fombrun and Rindova, 1998; Srivastava *et al.*, 1997).

On their side, institutional theorists and researchers in interpretative strategy (for example Porac *et al.*, 1989) have considered that reputation was a macro-cognitive characteristic of the sectors and the markets. Thus, they structure the perceptions and interpretations of the actors in the market on the base of the identity and the statute of the competing firms within the transaction networks and competitive groups (Abrahamson and Fombrun, 1994; Fombrun, 1996; Porac *et al.*, 1989; Rindova and Fombrun, 1999).

However, like resource-based contributions, most of those studies have not been empirically validated, especially because it is difficult to seize and observe macro-cognitive processes (Scott, 1995; Weick, 1995). Within the framework of these three theoretical trends which notably consider that a firm's reputation can only be the object of inferences, this research considers, on the one hand, that a firm's reputation results from the flow of its strategic actions (Diericks and Cool, 1989; Weigelt and Camerer, 1988), and on the other hand, that the stakeholders observe the firms' actions and develop beliefs about their reputation – beliefs about their salient features, deemed positive or negative (Fombrun, 1996; Fombrun and Shanley, 1990).

This research analyses the actions of a so-called "online company" because the Internet is supposed to intensify the factors which contribute to building up a reputation and makes it possible to observe the reputation building process over a short period of time. Overall, this article falls into two sections – the first is devoted to the study of the Internet as the research context within which the companies build up their reputation. In the same section, the process by which data are collected and analysed is presented. The key strategic actions, their properties and links with the reputation are described in the second part. To conclude, we discuss the different propositions.

Research context, study field and methodology

In this first part, we focus on three aspects: the role played by reputation and the large degree of uncertainty facing the players operating in the

e-commerce sector; the characteristics of the firms being studied; data collecting and analysis.

Reputation and uncertainty in e-commerce

The significant role played by the firm's reputation in the exchange relations, in the organization of resource flows and in consumer's confidence building is not new and has already been the subject of several scholarly researches (for instance Fenneteau, 1998; Weigelt and Camerer, 1988). This topic was also studied, although in a different way, by retail scholars, who subscribe to the view that store image is a critical component in store choice and store loyalty as well as a complex combination of tangible and intangible, or functional and psychological attributes. However, operationalisation of this concept has proved difficult (Thompson and Chen, 1998). The novel aspect of the Internet-based relationships, generally defined under the word of "e-commerce", relates to the increased uncertainty which characterizes the buyers' environment. Indeed, the latter usually makes buying decisions over a wide range of choices that are drastically reduced in e-commerce. In addition, although consumers use both intrinsic characteristics (for example, components, taste and texture) and extrinsic ones (brand, price, packaging and label) as substitute indicators of the product or the quality of the service (Dick *et al.*, 1994), it is considered that the intrinsic elements play a major role in the decision-making process.

When these elements are absent, the risk attached to a transaction rises for the consumers, which tends to reinforce the value of quality guarantees such as the firm's reputation (Shapiro, 1983; Yoon *et al.*, 1993). In addition, e-business start-ups develop innovative economic models, based on several new specificities (such as electronic warning messages, chat forums, newsletters) whose value is not visible in a traditional "physical" sense (Hamel and Sampler, 1998; Kotha, 1998). However, because of this novel dimension, consumers may lack information (Fiske and Taylor, 1991) on how transactions should be carried out on the Internet. Moreover, the lack of competitive categorization models (Porac and Thomas, 1990; Rosa and Porac, 2002) makes it difficult for consumers to seize, understand and assess the services provided by a company while comparing them. Hence, in e-business, reputation becomes a key factor in the purchasing decision, especially when one has to compare different competitive offers (Ward *et al.*, 1992).

In terms of uncertainty, investors who try to invest in the Internet sector, through buying the

shares and bonds of Internet firms, probably meet the same difficulties in assessing those companies for lack of the traditional financial and accounting ratings of a company's performance. The lack of categorization models prevent them from discriminating and comparing the different economic models as well as their growth prospects. Moreover, as it is easy to have access to the Internet, this attracts a significant number of individuals – either unexperienced or/and professional investors, which raises the number of enquiries about the businesses operating in this sector. This description illustrates the new dynamic of the capitals market and the major changes induced by e-commerce in the relationship between companies and investors: numerous players acting on the market, scrutinizing the firms' activities and results, developing certain beliefs about them and seeking as varied information as possible.

In this modified investing environment, which is made up of professional or inexperienced operators, e-businesses which compete with traditional firms, face several drawbacks when trying to attract people's attention: they do not have a long performance history (except for those that stem from traditional groups or firms), they do not have widely recognized brands and their economic models have not been tried over the long run. However, they are perceived as sources of opportunities in their sector (*Business Week*, 2000). So, the reputations of those firms play a greater role in investing decisions than real comparisons based on measured performance assessments generally used to rate traditional firms.

Likewise, although the perceived organisational attractiveness and reputation of a firm generally affect the employees' behaviour (Elsbach and Kramer, 1996), this effect may be amplified in e-businesses. Indeed, the uncertainty derived from the economic models of those firms induces the employees to bet on e-businesses in a way very similar to investors' approaches, which may sometimes and everything considered, lead to labour shortages. To sum it up, the building up of a reputation must then be seen as a mechanism which reduces the uncertainty linked to e-businesses (Weigelt and Camerer, 1988) and affecting the numerous stakeholders. Thus, in comparison to traditional firms, e-businesses will focus more on the making of their reputations, insofar as the Internet specificities lead to the rapid and large-scale satisfaction rating of their products, services and the behaviours which they exhibit.

Consequently, our research offers a framework which highlights the key role played by the building up and intensification of a firm's reputation. This

type of research is particularly appropriate to in-depth case studies, since this phenomenon can be directly observed (Eisenhardt, 1989). However, the specificity of this framework may limit the applicability of the intuitions that may be developed. The following section justifies and describes the chosen sector as well as the methodology that is used.

Typical features of the firms being studied

Lastminute was chosen because it illustrates the phenomenon which interests us. Indeed, our preliminary exploration has found that its managers recognized the major role played by the building up of its reputation and that the firm has been extremely good at increasing this reputation. Thus, Lastminute is not so much a typical e-business but rather an example which represents a "revealed case" (Yin, 1994; Rindova and Kotha, 1998). In order to compare with Lastminute, we have chosen Ebookers.com (henceforth Ebookers), considered as one of the main competitors of Lastminute. We have used the internal analysis of the case in order to identify the types of actions used, followed by a comparative analysis between the two cases in order to examine the importance and characteristics of the actions at work. Also, by developing an inductive approach to the making of a firm's reputation, we relied on the "constant comparative" method (Glaser and Strauss, 1967) and on the "reproduction" logic (Yin, 1994) of multiple case studies.

The two companies chosen for this study show similar features. Ebookers is an online travel agency, offering flights, hotel reservations, car rentals and services associated to travels at negotiated fares. The firm also sells airline tickets and vacation packages at standard prices. As an online travel agency, Ebookers is identical to Lastminute in terms of sectorial features. This sectorial similarity makes it possible to monitor the sources of the reputation assets that are specific to this sector. However, whereas Lastminute aims foremost at selling last minute tickets, Ebookers's offer is larger insofar as it offers negotiated or non-negotiated products, last minute or regular products. In addition, Ebookers stems from Flightbookers plc, a London-based travel agency which became the first company to offer an interactive site in the UK in 1996. In June 1999, Ebookers became a separate entity and in November 1999, Ebookers and Flightbookers reunited in order to become one single firm, after Flightbookers plc had been purchased by Ebookers. This information is given to date the precedence of Ebookers over Lastminute, which means that Ebookers is a competitor with a well-established reputation and with perhaps more

significant resources. These differences make it possible to monitor the effect of a firm's established position on the market and possibly the effect of the resources on reputation-linked assets.

Table I gives information on the birth of both firms and on the genesis of their economic model.

Collecting and analysing data

We started collecting data by interviewing key informants: two journalists, specialists of e-business in the tourist sector; a consultant in new technologies in the same sector; a former manager of a company, acquired by Lastminute in France. The interviews were proposed as being part of a larger study on competition from e-business. For us, informants were purposively selected to maximise the chances of uncovering three types of information:

- (1) A description of contextual details concerning the tourist sector.
- (2) A description of major firms in the e-tourist sector and their behaviours.
- (3) An identification of important elements not revealed by the public press.

The interviews were also designed to yield information going beyond the written and constructed speech.

The access limited to the informants led us to collect data from public sources. The interviews with the key informants as well as other informal discussion (with two tourism scholars and two management scholars) were used to validate the constructs we developed from public sources. Informants were interviewed for a total of ten hours. All interviews were conducted by the author to permit the holistic perspective (Fournier, 1998).

Table I Principal characteristics of economic models of Lastminute.com and Ebookers.com

	Lastminute.com	Ebookers.com
Founding date	April 1998 with a team of eight	June 1999
Founders	Brent Hoberman and Martha Lane Fox, two under-30 British citizens, without any experience of travel and leisure environments yet experienced with the Internet. The economic model was conceived in 1995 by Brent Hoberman, who was working in a media strategy consultancy firm and who managed to convince Lane Fox to join him at the end of 1997. Based on the idea of adequately balancing offer and demand, a Web site was launched in October 1998 in order to offer consumers the possibility of purchasing flight tickets, hotel bookings, leisure activities and gifts at an attractive price	Dinesh Dhamija. Ebookers is a company stemming from Flightbookers plc, the London-based travel agency and the first one to set up an interactive Web site in the UK. Ebookers.com was also the first to set up interactive Web sites in France and Finland. Ebookers became a separate Internet firm in June 1999 and was introduced on the Nasdaq (USA) and Neuer Market (Germany) in November 1999. In November 2000, Ebookers.com and Flightbookers became a single firm after Ebookers.com acquired Flightbookers plc
Bases of the economic model	According to Brent Hoberman, at the end of the 1990s, over £2 billion worth hotel rooms in the UK and over £10 billion worth airplane seats remained unsold every year. The idea was to enable providers of quality products to clear the stocks that could not be sold through traditional means, while offering consumers access to products at attractive prices. This idea was developed in the March 2000 IPO document. <i>Prices</i> : prices are the lowest in the travel and leisure sector considering that the services/products are made up with "perishable" stocks, i.e. stocks that must be sold at a given time and that cannot be re-used: airplane tickets, hotel rooms, concert tickets and restaurant bookings. <i>Convenience</i> : a single site enables consumers to identify and take advantage of attractive offers in a rapid and easy way. <i>Distinction</i> : new and distinctive products and services aiming to push consumers into trying something different: "Lastminute.com wants to encourage a spontaneous, romantic and sometimes adventurous behaviour by offering its users the opportunity to make their dreams come true at an unbeatable price", (Martha Lane Fox)	Ebookers operates in Europe, on the leisure market and on the smaller size travel segment. It is an Internet portal continuously offering products and services, including public prices and prices negotiated with airlines and hotels. Public prices are "regular" prices available on the GDS whereas negotiated fares indicate that airlines are unable to sell all their seats at the public fare. Excess capacities are given over to third parties who offer reductions by 30 to 65 per cent from regular prices. Ebookers negotiates discount agreements with about 120 air companies and 20,000 hotels as well as car rental companies and cruise companies. The firm operates in 11 countries: Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Spain, Sweden, Switzerland, the UK
Financing	In 1998: \$1 million were collected from risk capital companies, notably from France Telecom and companies focusing on new media. In January 2000: £31 million were raised from 7 strategic international partners: Vivendy, the subsidiary of Vivendi, Sony Music Entertainment, Bass company, Starwood hotels, Mitsubishi Corp., the American site Priceline.com and the manager of BAA airports who invested \$13.2 million (with 5 per cent of the capital). They joined the three strategic existing partners: Innovacom (France Telecom), T-Ventures (Deutsche Telekom), Intel. In March 2000: First introduction on London Stock Exchange	Public financing via the introduction on the Nasdaq and the Neuer Market (November 1999) and on London Stock Exchange (April 2001). In addition, 59 per cent of the capital is held by the founder and CEO, Dinesh Dhamija

The main sources of this study's data are articles and press releases over the 1999-2002 period. We used two search engines: the first one was in English – Proquest – and the second one was in French – Europresse. This investigation has led us to seek in the media and collect 784 advertisements concerning Lastminute. We rejected repetitive reports (events reported by several sources) and we selected 83 events for more detailed analysis and coding. Concerning Ebookers, 153 reports were listed and 74 events were selected.

To assess the firms' reputation stock, we used Lexis/Nexis electronic database over the same period and selected two subsamples for a more thorough analysis. For the first one, we used the total number of articles in the "Major Newspapers" database in order to assess the firms' visibility, the object of our investigation. Then, we selected all the articles published in the *Financial Times* and dealing with Lastminute and Ebookers, respectively 303 articles for the former firm and 173 for the latter one, in order to proceed to a detailed thematic analysis. This source is relevant as it is thought to shape the opinion of the whole body of actors in the companies' environment.

In terms of data analysis, the first step consisted of building individual case studies of the two selected firms (Eisenhardt and Brown, 1996). As a "revealed case", Lastminute offers a wide range of actions which we used to develop a classification model and a set of constructs. The data analysis was followed by the reading of the informants' interviews and the press releases and by working out the main categories of the undertaken actions. Examples of such actions have a bearing on the choice of the firm's name (interview), on the use of the name as symbol (interview), on the remodelling of the Web site (*Internet Business News*, 2000) and on partnership (*Euromedia*, 2002). We then gathered the converging concepts, quotations and actions. For example, numerous actions establishing links with the actors, such as distributors or portal providers like AOL, are integrated into the category "distribution and audience enlargement agreement"; increasing the product and market size thanks to new offers and/or expanding the firm through mergers or acquisitions or alliances fall into three categories: "internal growth", "external growth", "joint growth".

In a third phase, we defined theoretical categories in order to represent the conceptual qualities of the identified actions (column 2 of Figure 1). We used those categories (Van Maanen and Schein, 1979) to describe the empirical actions at a higher abstract level. Those theoretical categories come from the existing literature

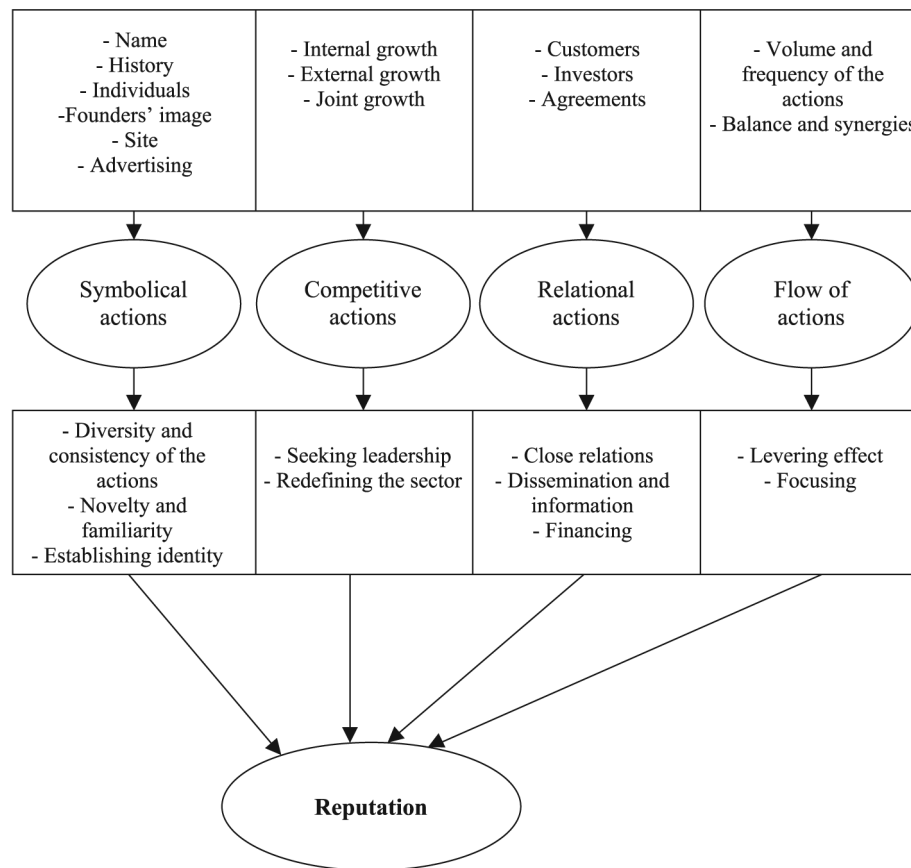
presenting similar types of actions. For example, expanding capacities through three types of growth are identified in the economic literature as a competitive move to attack or defend a leadership position on the market (Bunch and Smiley, 1992). Hence, we classified those actions as "competitive actions". On the basis of this approach, coding moved from definition to interpretation as is recommended by Miles and Huberman (1984) and as is used in a number of qualitative studies (Eisenhardt and Brown, 1996; Gioia and Thomas, 1996). Our iterating from the existing literature to the emerging one ensures that our qualitative results are valid (Eisenhardt, 1989). To test the reliability of our classification model, we asked another researcher to encode all the actions. Consistency between encoders is 0.84 for the actions undertaken by Lastminute and 0.78 for those undertaken by Ebookers, which represents an acceptable agreement level (Miles and Huberman, 1984). Disagreements were sorted out by discussion.

In a fourth phase, comparing cases allowed us to refine our constructions and to identify their classifications and properties (Strauss and Corbin, 1992). By using comparative tables, as is recommended by Miles and Huberman (1984), actions and actions flows between the firms under study were compared to highlight the differences in their properties and to link those properties to the growing reputation stock (see Figure 1). The propositions that we obtained rely, on the one hand, on the theory underlying the process of how beliefs about reputations are developed and on the other hand, on our own observations on the differences between the undertaken strategic actions and the content of the reputation stock.

To assess the relative effectiveness of the different reputation building actions, we have developed a way to measure the reputation stock of the firm being studied. Starting from the definitions of reputation as (1) the salient features which observers detect in a firm (Fombrun, 1996) and as the degree of public esteem, we developed three ways of measuring the reputation stock:

- (1) To operationalize the presence of firms on the market, we have used their visibility in the media, as measured by the number of articles published about them in the 1999-2002 period, in the Lexis' "Major Newspapers" database.
- (2) To assess public esteem, we have used the tone of the media coverage of a firm, i.e. the number of positive, negative or neutral references (Rindova and Kotha, 1998; Wartick, 1992) to the firm in the *Financial Times*.

Figure 1 Strategic actions and reputation building



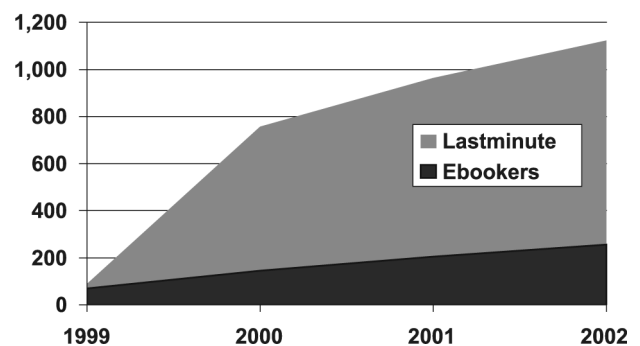
(3) To evaluate the degree by which a reputation stock reflects the preoccupations and appropriate evaluations of the numerous stakeholders, we coded the content of the media coverage of the firm, i.e. the references to the name of the firm produced in a context of questions relating to consumers, investors, partners, competitors or to the public.

We then asked an independent researcher to code a subsample made up with 20 per cent of the references. The obtained consistency between both encoders was 0.92 for the esteem profiles and 0.86 for the profiles linked to the stakeholders. All disagreements were discussed and solved.

Figure 2 represents the different levels of the reputation stock accumulated by Lastminute and Ebookers, measured in terms of media visibility, i.e. from the number of articles published in the main newspapers referring to the firm's name. It shows the superiority of Lastminute over Ebookers (Wilcoxon ranking test shows a critical probability of 10 per cent).

Figure 3 shows the increase in esteem, measured from the references to the firm published in the *Financial Times*, a newspaper

Figure 2 Accumulated visibility



considered as an opinion leader. It highlights the discrepancies in the reputation stock of each firm.

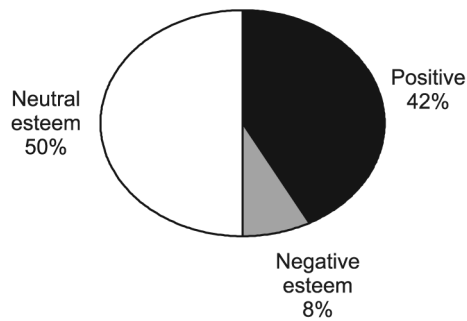
To examine more thoroughly the differences in the reputation stocks, we constructed esteem profiles and stakeholders profiles for each firm. The esteem profiles, presented in Figure 4, show the relative percentage of positive, negative or neutral references for each firm. Figure 4 shows that Lastminute enjoys the highest rate of esteem: 49 per cent of the references are positive versus 42 per cent for Ebookers. On the other hand, 25 per cent of the references are negative versus 8 per cent

Figure 3 Cumulated esteem of the two firms



Figure 4 Esteem distribution

Ebookers



Lastminute

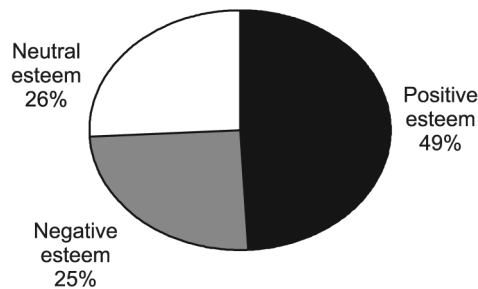
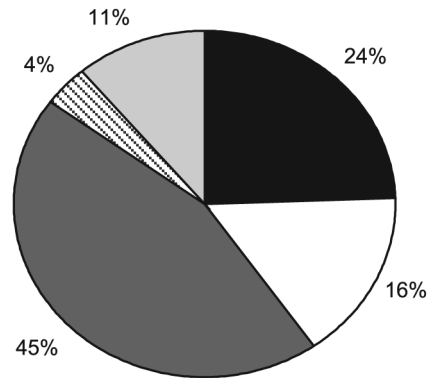
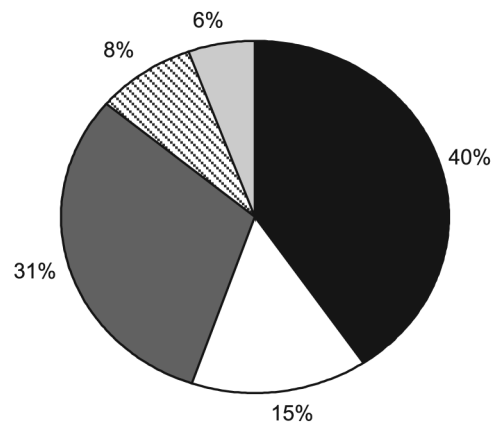


Figure 5 Stakeholder esteem profile

Lastminute



Ebookers



only for Ebookers. This latter result can be notably accounted for by the investors' disappointment following the fall in the share's value after Lastminute was introduced on the stock market on 14 March 2000 (*European Venture Capital Journal*, 2000).

Figure 5 shows the substantial role played by the investors' opinions in the case of Lastminute (45 per cent of the references versus 31 per cent for Ebookers). In addition, the domination by a group of stakeholders suggests that reputation is dominated by perceptions on the nature of the economic model. Moreover, the 15 per cent

references relative to consumers (outmatching Ebookers' mere 6 per cent) indicate that reputation is also shaped by the firm's product. However, the 40 per cent references relative to

e-bookers' public deal with reputation building by the public, in a broad sense, for a company already well-established in the sector.

Reputation building through flows of strategic actions

This second section examines the causes of the performances of Internet firms in terms of growing reputation stock and studies the actions that were undertaken. The results are structured along the type of action – symbolical, competitive, relational – in order to highlight the theoretical concepts underlying the actions that were conducted (Gioia and Thomas, 1996). For each type of action – symbolical, competitive and relational – the key moves associated with each type is first described; the differences which were noticed between the types of action are then discussed; finally, we develop the theoretical arguments which link those discrepancies to the growth of the reputation stock.

The fourth aspect of this section bears on the relation between the number of actions that were undertaken and reputation, as well as the balance between the different types of action and reputation. By reporting our results, we illustrate as closely as possible the inductive process, which ranges from observing examples, in order to analyse differences, to building a theory through constant iteration between existing ideas and emerging intuitions.

Symbolical actions

We define as symbolical actions those actions which are undertaken by the firms in order to communicate their identities and create meaning about themselves. Six examples were taken into account here:

- (1) the trade name;
- (2) the founders' image;
- (3) the firm's history;
- (4) the individuals;
- (5) the Web site; and
- (6) advertising.

The founders' idea being that a company's name allows it to be identified by external observers (Aaker, 1992), they have tried to find a name that was synonymous to "a promise to the customer"; i.e. the ability to buy everything at the last minute: trips, presents, consumer's goods, leisure, shows etc. and contrary to several "start-ups", the company's name has a precise meaning. Moreover, the added ".com" identifies the firm as relating to the Internet and distinguishes it from traditional operators.

As far as image is concerned, the founders have used marketing techniques to convey the image of London Stock-Exchange ("The City") and to become icons for a whole generation of new entrepreneurs. In order to promote their company and to obtain a positive perception of the market, to raise funds, to attract venture capital companies and to succeed immediately when introduced on the Stock Exchange, they put forward their personalities but this was focused at first on Martha Lane Fox's physical presence: Brent Hoberman, who in fact initiated the project, remained off stage (*The Wall Street Journal*, 1998).

A new firm is often presented to the other actors in the market through the history of its creation, which can be used to communicate the founder's vision (Aldrich and Fiol, 1994). In the present case, the founders of Lastminute relied on the myth of the "start-up": starting from nothing and achieving a rapid success with creative projects. By repeatedly and consistently communicating along this line in interviews with journalists, they contributed to spread this image to a large public. However, after companies in the new economy faced many difficulties in the financial markets, the public speeches of the founders evolved to bear mainly on accountable and financial indexes together with profitability.

As far as individuals are concerned, a major element of Lastminute's strategy was its desire to recruit an experienced manager. According to Martha Lane Fox, building a managers' team with experienced executives give credibility to the firm (*The Times*, 2002). When the situation becomes tricky, the firm's partners expect strong signals in terms of managerial experience. For example, Allan Leighton, former president and CEO of Wal Mart Europe, became Chairman in October 2000. Likewise, operational activities were entrusted to David Kelly, a former executive at Amazon.co.uk. Martha Lane Fox considers that "it is a mistake to believe that there are only Brent [Hoberman] and I. You must attract the best person for the job, usually this person will be overqualified for the stage reached by the firm but you hope that the company will grow and meet the person's qualifications. If, as founders, you believe that you can do better than anyone else, you are making a mistake because you can never do that" (*The Times*, 2002).

Thanks to their Web site, e-businesses establish interfaces with their customers (and with other interested stakeholders). These Web sites are virtual stores, made up of different elements: electronic offers (by surfing the Web pages detailing the companies' different activities); immediacy (by revealing the "last minute" nature of the products and services offered by the firm, in

the case of Lastminute); security (by providing links to Lastminute's partners, indicating prices and securing means of payment); functionality (easy use, a reliable and functional site, a rapid presentation of adequate offers with a limited graphic content so as to allow rapid data loading) (for a detailed marketing analysis of Web site offers, see for example Kotzab and Madlberger, 2001, or Bertsch *et al.*, 2002, quoted by Bonet *et al.*, 2003).

Advertising constitutes an elaborate mechanism for the symbolical representation of the firms and their products (Kotler, 1991). Traditional advertising and on line advertising aim to create an audience and to transform visitors into buyers. If the former type of advertising does not need any further comment, the latter type rests on agreements between Internet service providers, portal providers, content suppliers etc. which enables Lastminute to have a permanent "button" for its offers instead of advertising banners or links. Those agreements state that the firm pays a certain price for each registered user or each new customer listed from Web sites rather than a price for each "seen" page. This approach is considered as likely to effectively attract traffic towards the Web site of a given firm and it carries a relatively low user recording cost.

Theoretically, the use of a great number of various symbols makes it easy to shape beliefs; it increases and widens the number of would-be targets. With this view, a positive relation may even be established between the variety of the themes in the firms' communication portfolios and their ranking in terms of reputation by newspapers such as *Fortune* (Fombrun and Rindova, 1988). When, in addition, it is possible to achieve a coherence between symbols, messages are reinforced and the firm's identity appears harmonious to the various stakeholders.

Symbolical actions are also used in order to increase the value of retail e-commerce while offering conceptual and metaphorical foundations to the observers' imaginations. These actions highlight the novelty of this medium and create links with familiar experiences, which contributes to building up a firm's reputation while facilitating the integration of new signals with the established reference systems in the stakeholders' minds (Weick, 1995). In addition, contrasts between the virtual and real, the known and unknown, are symbolical devices expected to create emotional responses, thus influencing the images and beliefs associated with the firm (Pettis, 1995).

Finally, the repetitive use of symbols establishes the identity of e-businesses and increases their pre-eminence while partaking of cognitive mechanisms. Indeed, market observers (analysts,

journalists, experts, etc.) categorize companies as members of a given competitive entity (Porac and Thomas, 1990). When these members are considered as "prototypes", they become "salient". Typically, Yahoo! is more like a prototype Internet portal than Microsoft Network because it is more representative of the "portal" category. Moreover, these types of business are used as benchmarks in intrasectorial comparisons, which increases their visibility and reputation (Rindova and Fombrun, 1999). Establishing a strong identity allows Lastminute to be the prototype Internet travel agency and to serve as an illustrative or normative example.

Competitive actions

We define as competitive actions, the actions through which companies aim at establishing, strengthening and perpetuating their positions in the market. Close examination of the actions undertaken by the companies under study shows that competitive actions bear essentially on size increase. Those actions are identical to the mechanisms studied in the industrial economic literature in order to sustain the advantages of the first arrived on the market or delay the arrival of a competitor in this sector:

- Price (Bain, 1968).
- Scale and scope (Spence, 1977; Dixit, 1980), reputation (Milgrom and Roberts, 1982). Lastminute's and Ebookers' competitive actions bear on their internal development (Koenig, 1996) (launching of Lastminute in Italy, *Euromedia.net*, 2001; Launching of an extranet for hotel providers so that they can modify their prices and confirm reservations via the Internet).
- On mergers and acquisitions (Paturel, 1993) (acquisition of Degriftour, *TTG*, 2000; acquisition of Travelselect, *TTG*, 2002).
- On joint development (Doz and Hamel, 2000; Evans, 2001) (Strategic partnership with LCC24, Lufthansa's on-line travel agency, *Euromedia*, 2002; setting up a joint venture with two Japanese firms to sell discount trips and stays, *Jiji Press English News Service*, 2002).

The competitive actions which were used allow us to redefine the sectorial paradigm and to improve the legitimacy of Internet firms. Thus, some competitive actions go beyond establishing competitive positions and reputation. Since the Internet makes it possible to set up economic models that are different from those used in the physical world (Hamel and Sampler, 1998; Varian and Shapiro, 1999), the competitive actions of e-businesses tend to focus on shaping the stakeholders' views in the technological and

sectorial domains (Aldrich and Fiol, 1994; Van de Ven and Garud, 1989). In this way, firms create a new sectorial paradigm which guides the stakeholders' views of key dimensions and proposals, technologies and actors' trajectories. For example, acquiring firms that are larger in size than the acquiring firms themselves, through fund raising or new equity issues, is considered as strategic investment in growth opportunities.

So, by seeking to act on the stakeholders' beliefs about the sector's characteristics, the firms influence the growth of the reputation stock because they introduce new criteria in a company's assessment.

Relational actions

Relational actions consist of those actions that lead to repeated exchanges with the stakeholders. Three examples are studied here: customers; investors; distribution agreements. The customer's service lies at the heart of Lastminute's relationships with consumers. The firm's mission shows that it aspires to be a customer-centred organisation as it aims to offer consumers access to quality products at attractive prices. To achieve this, the firm has developed technologies exclusively dedicated to the customer's service in order to answer the customers' messages, store their purchase histories, allow the use of the site as a Web page and recommend products and services according to the consumers' manifest preferences. On their side, customers may proactively manage the nature of their relations with Internet firms. Thus, they manage the degree of a personalized interaction by establishing their preferences. For example, they can use Lastminute's or Ebookers' site as a homepage, publish advertisements on the site, add the firms' sites to their own list of "favourite sites", receive newsletters, find fundings for their trips, etc. Although the customer's service is generally recognized as the major source of competitive advantage (Porter, 1980), building up relationships with investors is a relatively new ground for the firms (Rao and Qu, 1997).

When raising the initial funds, Hoberman and Lane Fox (Lastminute's founders) had made contacts with venture capital companies in order to set up the firm and establish its brand name as quickly as possible. The second and third collections were more selective, since the firm mainly tried to set up strategic relations. Finally, before the firm was introduced on the Stock Exchange, the fourth collection which was both selective and quantitative, managed to raise £41 million from investors such as Intel, BAA, Bass Hotels and Resorts, Sony Music etc. Moreover, on Lastminute's site, under the "investor relations" heading, the firm provides general information,

press releases, financial elements, annual and quarterly reports, the share's value, the firm's analyses by experts, the most commonly asked questions, the financial events to come and a contact list.

One of the main Internet myths is that it gives direct access to customers and leads to disintermediation ((*The Economist*, 1999). Which is true but, at the same time, Lastminute has sought to extend its distribution network by sharing its revenues with other firms. The "affiliation program", launched in March 2002 (*Les Echos*, March 11, 2002), whose ambition is to gain 2,000 affiliated sites, gives access to Lastminute's site, through the site of an affiliated firm, thus enlarging the body of users.

For every purchase made via this link, the affiliated site receives a commission while Lastminute enlarges its customers' base. Thus, this distribution network seems quite appropriate to catch people's attention and to build a firm's reputation on the Internet as it decentralizes the information flows and consumers' traffic that are hindered in the traditional economy by their physical infrastructure. In addition to enlarging the Web with micro-distributors, Lastminute has set up relations with major portal sites: AOL, Microsoft, Yahoo! and with partners using the WAP technology: MViva, France Telecom, T-Mobil (Germany), One2One (UK) etc. Those agreements give direct access to a concentrated traffic. They also improve the firm's reputation as a major online retailer.

A close study of Lastminute's and Ebookers' actions suggests that both firms base their customer's relations on a personalized interface which may bring specific and significant knowledge to the customers, helping them to learn and go beyond the mere purchase of a product and/or service. Considering this fact, psychologists explain that relations based on knowing one another personally and feeling responsible for one another may be defined as "close mutual relations" (Berschied, 1985, Levinger, 1980). Besides, by supplying information to investors on the Web site it is possible to open a continuous dialogue with them, to answer their problems and to help them reach their aims. This approach is specifically adapted to the needs of an emerging population of amateur-investors who perform online transactions.

Lastminute as well as Ebookers aim at the emergence of a community based both on transactions (leisure seeking consumers) and on interests (opinion sharing consumers). This community creates a critical mass of consumers who, in their turn, may have major effects on the firm's reputation. For example, when the

community grows, the exchange of information about the firm increases. So, in addition to the firm, the community becomes the focus point of the various stakeholders.

The network of microdistributors (partners and affiliated ones) created by focal firms also provides some of the advantages offered by belonging to a community. It increases the circulation of information about the firm, it heightens the number of its defenders and attracts the flows, which is a necessary condition for most business transactions.

Finally, the agreements signed with the key Internet companies and/or those mastering the WAP technology enable the firms to build their reputation more rapidly. Although the main objective of such relations is to improve access to customers and to technologies, those relations may be considered as reputation-influencing mechanisms.

For example, by turning Lastminute into one of its privileged partners, Yahoo! significantly impacted lastminute's reputation. Moreover, this relation also satisfies mutual interests. Indeed, Yahoo!'s reputation depends on its ability to discover significant partners in the product categories which the firm has chosen to offer to consumers. Likewise, by signing agreements with WAP leading firms, Lastminute broadens its reputation on the network and clearly shows its desire to integrate new technologies.

Action flows and balance

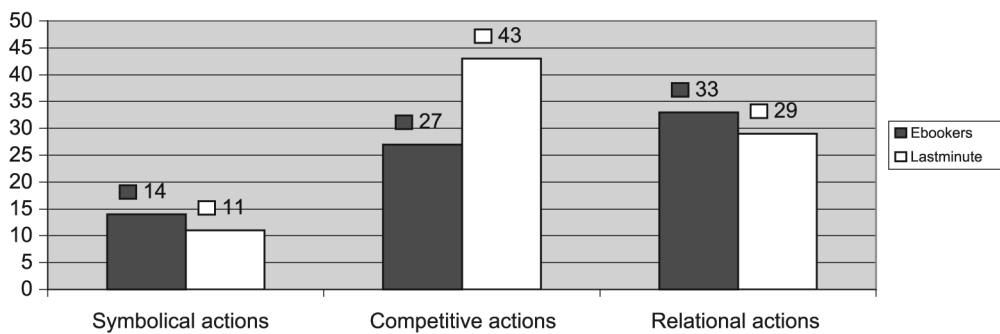
Resource theorists consider that the reputation shaping process is highly complex and cannot be easily imitated (Barney, 1991). This reputation results from the accumulated effects of the firm's various policies and their persistence over time (Diericks and Cool, 1989). The data analysis enables us to see that Lastminute's actions are more numerous than Ebookers (83 versus 74, see Figure 6), knowing that the latter is older thus better established in the sector. Thus, outperforming the main firm in the sector becomes significant. Indeed, on the Internet, where the attention of the stakeholders may be one of the main competitive resources (Varian and Shapiro, 1999), undertaking a great number of actions quickly heightens the probability for a firm to be seen, memorised and discussed. The ability to catch the attention of the stakeholders also means access to other decisive resources. Consequently, on a market based on the capacity of catching people's attention, the reputation building strategies and those aiming at gaining a competitive advantage may then converge to a higher degree than in the physical world. Hence, if every action attracts a fraction of the attention of

all the stakeholders, it is logical for more actions to attract more attention. Hence, the frequency and the number of actions will probably affect attention and so, help to build the visible dimension of the firm's reputation stock.

As for the balance between the different types of actions, both firms under study have roughly undertaken the same number of relational and symbolical actions but they differ in terms of competitive actions (Figure 6). Indeed, it may be interesting for a firm to use a balanced portfolio of actions to build its reputation because each flow of actions affects reputation building via different mechanisms. Symbolical actions, for example, influence the interpretative systems which observers record (Weick, 1995); relational actions shape the social capital (Nahapiet and Goshal, 1998); and competitive actions lowers competitive uncertainty (Heil and Robertson, 1991). However, these actions are not independent from one another. Indeed, the symbolical actions rely on images and interpretative systems which may affect the stakeholders' propensity to be involved in a relation with the firms (Porac *et al.*, 1989; Jones, 1995).

On their side, relational actions shape the social capital which may then influence the perception of uncertainty and the choice of interpretative systems (Uzzi, 1997). So, the more a firm relies on a flow of various actions, the more its actions influence one another, because of mutually reinforcing mechanisms. This synergy leads to a leveraging effect: the potential impact is higher than the one expected from a single action. Given the complex and difficult control of the reputation building process, the leveraging effect may improve the ability of controlling reputation. The balance may be willingly broken if the firms consider that putting more weight on a given type of action, over a given period, may be more beneficial than a frantic research between the different types of actions. Thus, we have found that Lastminute gave more weight to its competitive actions (in its portfolio of actions as well as compared to Ebookers). This difference suggests that the challenging firms or newly-arrived firms must not only be more efficient than the already-established ones, but they must also be quick at building their reputations and testing their economic models through actions that will strengthen their market positions.

The analysis which covers both the flows and balance of actions, shows that researchers are capable of pinpointing the reputation building process over time and to a certain extent. A certain number of specific categories that may enable firms to develop reputation-building strategies consistent with their identities, their capacities and

Figure 6 The different types of actions

sectorial contexts, are identified. It also appears that these processes take place at different levels, thus requiring different decision bases: symbolical as well as competitive; customer-focused or centered on investors and strategic partners.

Figure 1 illustrates an inductive system of reputation-building on the Internet (Rindova and Kotha, 1998), based on gathering flows of specific actions into types and on defining the properties of the Internet-linked actions.

Conclusions

This work systematically examines the way used by Lastminute and Ebookers, which are e-businesses, to build intangible assets by means of strategic actions. The Internet is a market characterized, especially for dematerialized products, by low entry barriers, and in which demand is mainly drawn by attention and fame, so the firm's reputation is one of the major assets. Hence, the approach which is developed here may greatly help in improving our understanding of the way firms shape not only their reputation, but also their competitive advantage in general.

Thus, this research broadens the core ideas of the resource-based approach. Indeed, resource theorists have specified the conditions under which a resource may become a source of competitive advantage (Amit and Shoemaker, 1993; Peteraf, 1993). However, but for a few exceptions (see for example, King and Zeithaml, 2001), the studies in this field offer few clues to managers and researchers to guide them along the processes through which resources are created (Porter, 1991). By suggesting an approach based on a reputation-building process rooted in concrete actions, this work partially fills this gap.

Besides, the analyses of symbolical actions agree with the ideas of the institutional theory which focus on the role played by this type of actions in acknowledging the institutional medium and

legitimacy (Meyer and Rowan, 1977; Pfeffer, 1981; Suchman, 1995).

Although institutional theorists diverge about the role played by the symbols spread by the firms (Suchman, 1995), they usually agree to consider that organisations often lower environmental uncertainty by relying on symbols (Aldrich and Fiol, 1994; Suchman, 1995). In this research, symbols are used to balance the images of novelty with images of familiarity, which helps to influence the processes that are meaningful to consumers and investors (not to mention others), and so to increase a firm's reputation.

Third, results suggest how important it is to obtain pioneering advantages in the interpretation field: Lastminute is not a pioneer in its sector but it is the first company to offer a wide range of services associated to last minute purchasing, to impulse buying, thus disseminating Internet-linked symbols. With this view, Lastminute made a priority of its symbolic flow when it was created. So, this research shows the major role played by symbolical actions when a firm enters this sector. Given our limited understanding of the role played by cognitive processes in competitive markets in general (Porac and Thomas, 1990) and in e-commerce in particular, studying how symbols are managed can be considered as a relevant axis for future studies.

As far as competitive actions are concerned, the use of signals to develop and strengthen a firm's reputation has already been studied by researchers (Ferrier, 1997; Fombrun and Shanley, 1990; Milgrom and Roberts, 1982; Porter, 1980; Shapiro, 1983). With this view, the actors in the market are considered as reaching similar rational conclusions, given the information supplied by the signals. But these conclusions are better verified in established sectors where the different stakeholders share a paradigm to interpret the meaning of different competitive actions (Porac *et al.*, 1989; Spender, 1989). However, on the Internet, there is a lack of common paradigms and establishing a new economic model is a

fundamental aspect of competitive behaviour. A future research should examine both the factors leading to the shaping of shared Internet sectorial beliefs and the role played by reputations as focus points around which beliefs are made (Abrahamson and Fombrun, 1994).

Future research should also compare the performance of competitive actions (obtaining competitive positions) to the performance of actions which redefine the sector. In the field of relational actions, this research suggests that the Internet almost continuously offers a co-presence (Giddens, 1984) that is virtual (Rothaermel and Sugiyama, 2001), co-location (Fairlough, 1994; Ganesh and Amit, 2003) and interaction (Naphapiet and Goshal, 1998). Moreover, the Internet allows to “memorize” a detailed personal knowledge of the exchange partners. These conditions push companies away from transactional exchanges and intensify relations, both individual and collective, on which the activities are founded. Although this paper has underlined the advantages of “a close mutual relation” in order to grasp the new aspects of the relation between the firms and the stakeholders, future research should examine the economic and organisational investments that are required to feed and sustain such relations. Relational actions also link the firms to numerous networks which, in their turn, enable them to concentrate the consumers’ traffic on the extremely decentralised Internet environment. So, it seems that the decentralisation of the Internet has a constraining impact on the setting up of networks. Relations with key Internet sites (like Yahoo!) supply a structure that channels the traffic towards the site of the customer-demanding firm, although the “associated programmes” with smaller individual sites also supply a wider network. Building a social structure of networks allows to reflect the ever-increasing role of the Internet and to create a substitute to the missing physical infrastructure. Future research should more thoroughly examine certain functions of the Internet networks, where reputation – through its accumulation and influence – seem to play a major role.

Finally, the approach proposed in this study links reputation-building and more generally the development of intangible assets to the concepts developed by the competitive dynamic trend – concepts used to examine the rivalry between firms and competitive positioning (Smith *et al.*, 1992). By associating the development of intangible assets to competitive dynamics, this study shows the high value of the links between the internal determining factors and the external factors of a sustainable competitive advantage.

To sum up, the contribution of this research globally lies in the setting up of an approach, which relies on several theoretical corpuses and is likely to allow the study of the effects of the firms’ different strategic behaviours on their reputations. It is only by studying the joint impacts of the symbolic, competitive and relational actions that it will be possible to distinguish the complex elements at work in the reputation management process. So, this approach supplies ways to detect and analyse the strategic building of a firm’s reputation. It clarifies the links between a firm’s reputation management and its competitive strategy.

The intuitions developed in this article aim at detecting the phenomena that could define the future competitive environment. For example, the close mutual relations between the firms and the stakeholders could develop. One may imagine that symbol management is the core principle of performing competitive strategies in markets that lack physical signals and indicators. The environment emerging from new technologies may lead to frequently redefining the limits of the sector and of the paradigms. In this environment, many pioneering actions have achieved the status of model “reputation indexes” which other Internet and traditional firms will probably imitate in their quest for sources of competitive advantage.

Notes

- 1 <http://www.epaysnews.com/statistics/transactions.html>
- 2 2001 dated figures, <http://www.gtreach.com/globstats/evol.html>
- 3 Its share rose by over 178 per cent on London Stock Exchange and by 187 per cent on the Nasdaq, the firm has also acquired a certain number of European companies: Travelprice, Travelselect and Destination Group.
- 4 For most Dotcom entrepreneurs, it is a well-known story: a skyrocketing share price and a virtual fortune are rapidly followed by investors losing confidence and a return to darkness. Martha Lane Fox and Brent Hoberman, Lastminute founders seem to be the latest examples of this phenomenon. But today, their comeback, predicted a year ago, is foretold (*The Times*, 2002).
- 5 Reputation is also taken into account by the accounting theory through the notion of “goodwill” which means the excess global value of a company at a given time over the measured value of the identified elements of its assets at that date. This excess value corresponds to the intangible asset resulting from the firm’s good relations with its customers, its human resources, a favourable location, its reputation and numerous other factors which enable a firm to make profits above what is normally expected (Depallens and Jobard, 1990, p. 498). However, the accounting approach is not integrated in our study insofar as it is only a company assessing method whereas our investigation deals with the players’ strategies.

References

- Aaker, D. (1992), *Managing Brand Equity: Capitalizing on the Value of a Brand Name*, Free Press, New York, NY.
- Abrahamson, E. and Fombrun, C.J. (1994), "Macro-cultures: determinants and consequences", *Academy of Management Review*, Vol. 19 No. 4, pp. 728-57.
- Aldrich, H.E. and Fiol, C.M. (1994), "Fools rush in? The institutional context of industry creation", *Academy of Management Review*, Vol. 19 No. 4, pp. 645-70.
- Amit, R. and Shoemaker, P.J.H. (1993), "Strategic assets and organizational rent", *Strategic Management Journal*, Vol. 14 No. 1, pp. 33-46.
- Amit, R. and Shoemaker, P.J.H. (1994), "Investment in strategic assets: industry and firm-level perspectives", *Advances in Strategic Management*, Vol. 10 No. part A, pp. 3-44.
- Bain, J. (1968), *Industrial Organization*, Wiley, New York, NY.
- Barney, J. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No. 1, pp. 99-120.
- Berscheid, E. (1985), "Interpersonal attraction", in Lindzey, G. and Aronson, E. (Eds), *Handbook of Social Psychology*, Random House, New York, NY.
- Bertsch, T., Busbin, J. and Wright, N. (2002), "Gaining competitive advantage in e-tailing through marketing management and value-added uses of technology", *Competitiveness Review*, Vol. 12 No. 2, pp. 49-56.
- Bonet, D., Paché, G. and Bacus-Montfort, I. (2003), "Marketing on-line and logistical performance in the e-grocery sector: some preliminary findings from a case study", *Proceedings of the 12th International Conference in Research on the Distribution Trades*, CD-Rom, July.
- Bunch, D. and Smiley, R. (1992), "Who deters entry? Evidence on the use of strategic entry deterrents", *Review of Economics & Statistics*, Vol. 74 No. 3, pp. 509-21.
- Business Week* (2000), "Is the big bucks party over?", *Business Week*, 3 April, p. EB102.
- Depallens, G. and Jobard, J.-P. (1990), *Gestion Financière de l'Entreprise*, 10th ed., Sirey, Paris.
- Dick, A.S., Richardson, P.S. and Jain, A.K. (1994), "Extrinsic and intrinsic cue effects on perceptions of store brand quality", *Journal of Marketing*, Vol. 58 No. 4, pp. 28-36.
- Diericks, I. and Cool, K. (1989), "Asset stock accumulation and sustainability of competition advantage", *Management Science*, Vol. 35 No. 12, pp. 1504-11.
- Dixit, A.K. (1980), "The role of investment in entry-deterrence", *Economic Journal*, Vol. 90 March, pp. 95-106.
- Doz, Y. and Hamel, G. (2000), *L'Avantage des Alliances: Logiques et Création de Valeur*, French translation, Dunod, Paris.
- Dunbar, R., Garud, R. and Kotha, S. (1998), "Substance and style: the case of Steinway and Sons", working paper, New York University, New York, NY.
- (The) *Economist* (1999), "Business and the Internet: the net imperative", *The Economist*, 26 June, pp. 1-24.
- Eisenhardt, K. (1989), "Building theories from case study research", *Academy of Management Review*, Vol. 14 No. 4, pp. 532-50.
- Eisenhardt, K.M. and Brown, S. (1996), "Environmental embeddedness and the constancy of corporate strategy", *Advances in Strategic Management*, Vol. 13, pp. 187-214.
- Elsbach, K.D. and Kramer, R.M. (1996), "Member's responses to organizational identity threats: encountering and countering the business week rankings", *Administrative Science Quarterly*, Vol. 41 No. 3, pp. 442-76.
- Euromedia* (2002), "Euromedia Lastminute acquires stake in LCC24", *Euromedia*, 11 June.
- Euromedia.net* (2001), "Lastminute.com lands in Italy", *Euromedia.net*, 5 February.
- European Venture Capital Journal* (2000), "Exits – Lastminute.com generates market madness", *European Venture Capital Journal*, 1 April.
- Evans, N. (2001), "Collaborative strategy: an analysis of the changing world of international airline alliances", *Tourism Management*, Vol. 22 No. 3, pp. 229-43.
- Fairlough, G. (1994), "Innovation and organization", in Dodgson, M. and Rothwell, R. (Eds), *Handbook of Industrial Innovation, Part I*, Edward Elgar Publishing, Aldershot, pp. 325-6.
- Fenneteau, H. (1998), "Confiance, réputation et coopération", in Thépot, J. (Ed.), *Gestion et Théorie des Jeux*, Vuibert/Fnege, Paris, pp. 87-112.
- Ferrier, W. (1997), "'Tough talk' and market leaders: the role of overt signaling and reputation-building behaviors in sustaining industry dominance", *Corporate Reputation Review*, Summer, pp. 98-102.
- Fiske, S.T. and Taylor, S.E. (1991), *Social Cognition*, McGraw-Hill, New York, NY.
- Fombrun, C.J. (1996), *Reputation: Realizing Value from the Corporate Image*, Harvard Business School Press, Cambridge, MA.
- Fombrun, C.J. and Rindova, V. (1998), "Reputation management in the global 1000", *Corporate Reputation Review*, Vol. 1 No. 3, pp. 205-11.
- Fombrun, C.J. and Shanley, M. (1990), "What's a name? Reputation building and corporate strategy", *Academy of Management Journal*, Vol. 33 No. 2, pp. 233-58.
- Fournier, S. (1998), "Consumers and their brands: developing relationship theory in consumer research", *Journal of Consumer Research*, Vol. 24 No. 4, pp. 343-73.
- Ganesh, I. and Amit, P.I. (2003), "Internet shopping agents: virtual co-location and competition", *Marketing Science*, Vol. 22 No. 1, pp. 85-106.
- Giddens, A. (1984), *The Constitution of Society*, Polity Press, Cambridge.
- Gioia, D. and Thomas, J.B. (1996), "Institutional identity, image and issue interpretation: sensemaking during strategic change in academia", *Administrative Science Quarterly*, Vol. 41 No. 3, pp. 370-403.
- Glaser, B.G. and Strauss, A. (1967), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine Publishing, Chicago, IL.
- Hall, R. (1992), "The strategic analysis of intangible resources", *Strategic Management Journal*, Vol. 13 No. 2, pp. 135-44.
- Hall, R. (1993), "Framework linking intangible resources and capabilities to sustainable competitive advantage", *Strategic Management Journal*, Vol. 14 No. 8, pp. 607-18.
- Hamel, G. and Sampler, J. (1998), "Ecorporation, more than just Web-based, it's building a new industry order", *Fortune*, 7 December, pp. 52-63.
- Heil, O. and Robertson, T.S. (1991), "Toward a theory of competitive market signaling: a research agenda", *Strategic Management Journal*, Vol. 12 No. 6, pp. 403-18.
- Internet Business News* (2000), "Lastminute.com expands into Australian market with new 2G site", *Internet Business News*, 18 August.
- Jiji Press English News Service (2002), "2 Japan travel firms tie up with British firms", Jiji Press English News Service, Tokyo, 8 February.
- Jones, T.M. (1995), "Instrumental stakeholder theory: a synthesis of ethics and economics", *Academy of Management Review*, Vol. 20 No. 2, pp. 404-38.

- King, A.W. and Zeithaml, C.P. (2001), "Competencies and firm performance: examining the causal ambiguity paradox", *Strategic Management Journal*, Vol. 22 No. 1, pp. 75-99.
- Koenig, G. (1996), *Management Stratégique: Paradoxes, Interactions et Apprentissages*, Nathan, Paris.
- Kotha, S. (1998), "Competing on the Internet: the case of amazon.com", *European Management Journal*, Vol. 16 No. 2, pp. 212-22.
- Kotler, P. (1991), *Marketing Management*, 7th ed., Prentice Hall, Englewood Cliffs, NJ.
- Kotzab, H. and Madlberger, M. (2001), "European retailing in e-transition? An empirical evaluation of web-based retailing indications from Austria", *International Journal of Physical Distribution & Logistics Management*, Vol. 31 No. 6, pp. 440-62.
- Le Monde* (2002), "Le Monde Certaines start-up pionnières du Web relèvent la tête", *Le Monde*, 14 October.
- Les Echos* (2002), "Echos.net: start-up", *Les Echos*, 11 March.
- Levinger, G. (1980), "Toward an analysis of close relationship", *Journal of Experimental Social Psychology*, Vol. 16 No. 6, pp. 510-44.
- Lipmann, S.A. and Rumelt, R. (1982), "Uncertain imitability: an analysis of interfirm differences in efficiency under competition", *Bell Journal of Economics*, Vol. 13 No. 2, pp. 418-38.
- Martins, L., Fombrun, C.J. and Marlin, A.T. (1995), "Assessing environmental performance: facts and figures", in Capra, F. and Gunster, P. (Eds), *Steering Business toward Sustainability*, United Nations University Elmwood Institute, Tokyo.
- McGuire, J.B., Sundgren, A. and Schneeweis, T. (1998), "Corporate social responsibility and the firm financial performance", *Academy of Management Journal*, Vol. 31 No. 4, pp. 854-72.
- Meyer, J. and Rowan, B. (1977), "Institutional organizations: formal structure as myth and ceremony", *The American Journal of Sociology*, Vol. 83 No. 2, pp. 340-63.
- Miles, M. and Huberman, A.M. (1984), *Qualitative Data Analysis: A Sourcebook of New Methods*, Sage, Beverly Hills, CA.
- Milgrom, P. and Roberts, J. (1982), "Limit pricing and entry under incomplete information: an equilibrium analysis", *Econometrica*, Vol. 50 No. 2, pp. 443-59.
- Miller, D. and Shamsie, J. (1996), "The resource-based view of the firm in two environments: the Hollywood film studios from 1936 to 1965", *Academy of Management Journal*, Vol. 39 No. 3, pp. 519-43.
- Nahapiet, J. and Ghoshal, S. (1998), "Social capital, intellectual capital, and the organizational advantage", *Academy of Management Review*, Vol. 23 No. 2, pp. 242-66.
- Paturel, R. (1993), "Stratégie de croissance externe", in *Encyclopédie du Management, Tome 1*, Vuibert, Paris, pp. 407-18.
- Peteraf, M.A. (1993), "The cornerstones of competitive advantage: a resource-based view", *Strategic Management Journal*, Vol. 14 No. 3, pp. 179-91.
- Pettis, C. (1995), *Technobrand: How to Create and Use "Brand Identity" to Market, Advertise, and Sell Technology Products*, Amacom, New York, NY.
- Pfeffer, J. (1981), "Management as symbolic action: the creation and maintenance of organizational paradigms", in Cummings, L.L. and Staw, B.M. (Eds), *Research in Organizational Behavior*, JAI Press, Greenwich, CT, pp. 1-52.
- Porac, J.F. and Thomas, H. (1990), "Taxonomic mental models in competitor definition", *Academy of Management Review*, Vol. 15 No. 2, pp. 224-40.
- Porac, J.F., Thomas, H. and Baden-Fuller, C. (1989), "Competitive groups as cognitive communities: the case of Scottish knitwear", *Journal of Management Studies*, Vol. 26 No. 4, pp. 397-416.
- Porter, M.E. (1980), *Choix Stratégique et Compétition, Techniques d'Analyse des Secteurs et de la Compétition dans l'Industrie*, Economica, Paris.
- Porter, M.E. (1991), "Towards a dynamic theory of strategy", *Strategic Management Journal*, Vol. 12, special issue, pp. 95-117.
- Preston, L.E. and Sapienza, H.J. (1990), "Stakeholder management and corporate performance", *Journal of Behavioral Economics*, Vol. 19 No. 4, pp. 361-75.
- Priem, R. and Butler, J. (2001), "Is the resource-based 'view' a useful perspective for strategic management research?", *Academy of Management Review*, Vol. 26 No. 1, pp. 22-40.
- Rao, A. and Qu, L. (1997), *Brand Alliances as Information about Inobservable Product Quality*, working paper, No. 97-100, Marketing Science Institute, Cambridge, MA.
- Rindova, P.V. and Kotha, S. (1998), *Building Reputational Stocks through Strategic Actions Flows: Lessons from Amazon.com and its Competitors in Internet Retailing*, working paper, University of Maryland, MD.
- Rindova, V. and Fombrun, C. (1999), "Constructing competitive advantage: the role of firm-constituent interactions", *Strategic Management Journal*, Vol. 20 No. 8, pp. 691-710.
- Rosa, J.A. and Porac, J.F. (2002), "Categorization bases and their influence on product category knowledge structures", *Psychology & Marketing*, Vol. 19 No. 6, pp. 503-32.
- Rothaermel, F. and Sugiyama, S. (2001), "Virtual Internet communities and commercial success: individual and community-level theories grounded in the atypical case of Timezone.com", *Journal of Management*, Vol. 27 No. 3, pp. 297-312.
- Scott, W.R. (1995), *Institutions and Organizations*, Sage, Beverly Hills, CA.
- Shapiro, C. (1983), "Premiums for high-quality products as returns to reputations", *Quarterly Journal of Economics*, Vol. 98 No. 4, pp. 659-79.
- Smith, K.G., Grimm, C.M. and Gannon, M.J. (1992), *Dynamics of Competitive Strategy*, Sage Publications, London.
- Spence, A.M. (1977), "Entry, capacity, investment and oligopolistic pricing", *Bell Journal of Economics*, Vol. 8 No. 2, pp. 534-44.
- Spender, J.C. (1989), "What do managers really do for their organization", *European Management Journal*, Vol. 7 No. 1, pp. 10-22.
- Srivastava, R.K., Shervani, T.A. and Fahey, L. (1997), *Market-based Assets and Shareholder Value: A Framework for Analysis*, Working Paper, No. 97-119, Marketing Science Institute, Cambridge, MA.
- Strauss, A. and Corbin, J.M. (1992), "A nursing model for chronic illness management based upon the trajectory framework", in Woog, P. (Ed.), *The Chronic Illness Trajectory Framework*, Springer, New York, NY, pp. 9-28.
- Suchman, M. (1995), "Managing legitimacy: strategic and institutional approaches", *Academy of Management Review*, Vol. 20 No. 3, pp. 571-611.
- Thompson, K.E. and Chen, Y.L. (1998), "Retail store image: a means-end approach", *Journal of Marketing Practice*, Vol. 4 No. 6, pp. 161-8.
- (The)Times (2002), "Lastminute.com makes a comeback", *The Times*, 10 November.
- TTG (2000), "Degriffour acquisition lifts Lastminute to number two in France", *Travel Trade Gazette*, 21 August.
- TTG (2002), "Lastminute acquires travelselect", *Travel Trade Gazette*, 15 April.

- Uzzi, B. (1997), "Towards a network perspective on organizational decline", *The International Journal of Sociology and Social Policy*, Vol. 17 No. 7/8, pp. 111-56.
- Van de Ven, A.H. and Garud, R. (1989), "Technological innovation and industry emergence: the case of cochlear implants", in *Research on the Management of Innovation: The Minnesota Studies*, Harper and Row, New York, NY, pp. 489-535.
- Van Maanen, J. and Schein, E.H. (1979), "Towards a theory of organizational socialization", in Staw, B.M. (Ed.), *Research in Organizational Behavior*, Vol. 1, JAI Press, Greenwich, CT, pp. 209-64.
- Varian, H.R. and Shapiro, C. (1999), "The Art of standards wars", *California Management Review*, Vol. 41 No. 2, pp. 8-32.
- Wall Street Journal* (1998), "Wall Street Journal overview – click and buy: why – and where – Internet commerce is succeeding", *Wall Street Journal*, 7 December.
- Ward, J., Bitner, M. and Barnes, J. (1992), "Measuring the prototypicality of meaning of retail environments", *Journal of Retailing*, Vol. 68 No. 2, pp. 124-94.
- Wartick, S.L. (1992), "The relationship between intense media exposure and change in corporate reputation", *Business and Society*, Vol. 31 No. 1, pp. 33-50.
- Weick, K. (1995), *Sensemaking in Organizations*, Sage Publications, Thousand Oaks, CA.
- Weigelt, K. and Camerer, C. (1988), "Reputation and corporate strategy: a review of recent theory and applications", *Strategic Management Journal*, Vol. 9 No. 5, pp. 443-54.
- Yin, R.K. (1994), *Case Study Research: Design and Methods*, Applied Social Research Methods Series 5, Sage, Thousand Oaks, CA.
- Yoon, J.P. and Kerschberg, L. (1993), "A framework for knowledge and evolution in databases", *IEEE Transactions on Knowledge and Data Engineering*, Vol. 5 No. 6, pp. 973-9.

Further reading

- Barney, J., Wright, M. and Ketchen, D.J. Jr (2001), "The resource-based view of the firm: ten years after 1991", *Journal of Management*, Vol. 27 No. 6, pp. 625-41.
- Castanias, R.P. and Helfat, C.E. (2001), "The managerial rents model: theory and empirical analysis", *Journal of Management*, Vol. 27 No. 6, pp. 661-78.
- Hagel, J. and Armstrong, A.G. (1997), *Net Gain: Expanding Markets through Virtual Communities*, Harvard Business School Press, Boston, MA.
- Mintzberg, H. and Waters, J. (1985), "Of strategies, deliberate and emergent", *Strategic Management Journal*, Vol. 6 No. 3, pp. 257-72.
- Shapiro, C. and Varian, H. (1998), "Versioning: the smart way to sell information", *Harvard Business Review*, Vol. 76 No. 6, pp. 106-14.
- Vickers, M. and Weiss, G. (2000), "Wall Street's hype machine: it could spell trouble for investors", *Business Week*, 3 April, p. 112.
- Weick, K. (1979), *The Social Psychology of Organizing*, Random House, Reading, MA.