

Best Practices, September 2012

It's time to bring proven social sciences into community management

Welcome to the September edition of our new Best Practices monthly newsletter.

This month we tackle three best practices, the return on investment, structural cohesiveness, and the role of symbols within successful online communities.

If we're going to develop successful online communities for the long term, all three play a key role.

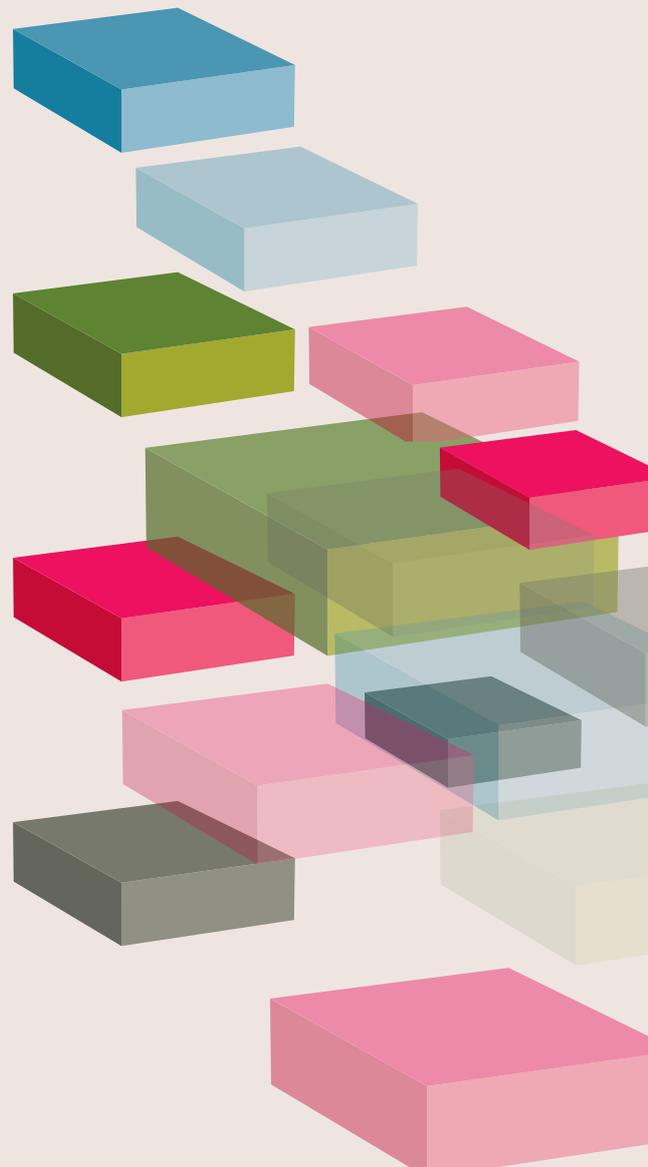
The return on investment (ROI) will secure internal support and long-term investment.

Structural cohesiveness lays the groundwork for long-term success.

Symbols help shape and reinforce the community identity.

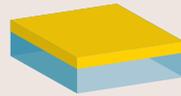
We would like your comments on this new series. Please respond to this newsletter here:

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1

Best Practice Develop A Strong Sense of Community



Summary

There is no shortage of papers identifying the potential ROI of online communities.

Hagel and Armstrong (1997), Cothrel (2000), Millen and Fontaine (2003), Owyang (2008), Petouhoff (2009), Lees (2012) highlight a range of benefits, some real, some theoretical.

Yet, there are few proven, independent, studies that assess the ROI. Most analyze theoretical returns, self-reported returns, or benefits to participants. The independent studies which do exist present a mixed picture:

Fisher et al. (2007) couldn't prove the extra costs to the organization if the community did not exist. Brock et al. (2008) concluded the community didn't generate a positive ROI.

Poyer et al. (2011) found participants had a higher retention rate. Manchanda et al. (2012) identified 19% of consumer spending could be attributed to social activity.

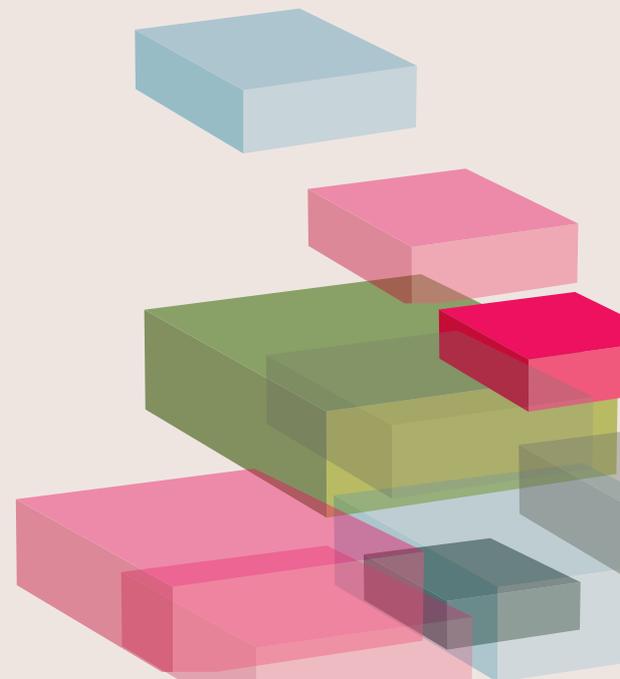


Why is this important?

You can build a successful community that doesn't generate a positive ROI. Unless you're measuring this, it's impossible to know if the community helps your organization at all. Eventually organizations will question the benefits, you need to have the answers.

Don't dodge the ROI question, dive into it. The investments are easy to measure, the returns are more difficult. Measure real returns, not theoretical. Measure increased revenues and reduced costs.

Increased page views, likes, shares, online mentions aren't returns, engagement, and loyalty are not realized returns, increased spending per customer attributable to the community is a return





Practical next steps

“You can build a successful community which doesn’t generate a positive ROI”

You might not have this data now, but that is not an excuse for not beginning to collect it now. Begin measuring the following:

- **Increased spending per community member.** This includes increased repeat purchases from customers, increased retention rates from community members, community members purchasing new products/services from the organization.
- **Acquisition of new customers/clients.** This includes leads generated via the community multiplied by those which have led to sales and then multiplied by the profit of those sales.
- **Real cost reductions.** Highlight any cost reductions which are attributable to the community. If members are in the community, you should be able to spend less on marketing, advertising, and PR to reach your target audience. Also include any reduced customer service costs, recruitment costs, focus groups costs, and any internal savings through improved collaboration in employee communities.
- **Increased productivity.** Include any measurable increase in productivity attributable to the community. This may be calculated with a profitability per employee ratio, correlated with the number of communities participat-

ing in the community. Wenger (2003) also recommends documenting single anecdotal examples of and attributing a value to these examples.

- **Fulfillment of the organization’s mission.** This is for non-profit organizations only. Measure the satisfaction/happiness ratings of your target audience and compare this with similar ratings from other activities your organization is undertaking. You can here put a \$ figure per ‘satisfaction point’ and track the value of the community.

It is extremely difficult to accurately measure the return on investment of an online community. However, there are several processes which can help.

First, use surveys to track spending per members when they first join the community and then after six-months. Identify the average increase in spending per active member and multiply this by the number of active members in the community.

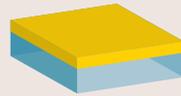
Second, use non-members as a control group. If the spending of this group also increased, you can’t attribute this to the community.

Third, track lurkers in the community. They might not generate an ROI, but still provide value to the organization.



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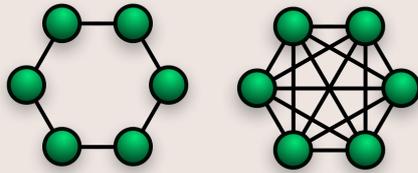
Best Practice Ensure A Strong Structural Cohesion



Summary

The structural cohesion of the group depends upon the quantity and quality of connections between actors (Moody and White, 2003).

In groups with a strong cohesion you can trace multiple routes from one actor in the network to another.



In the two images above, both have the same number of actors (people!), but the group on the right has a much stronger cohesion than the group on the left.

In groups with a weak structural cohesion, there is either a low density of connections, multiple routes passing through bottleneck actors, or poor quality of connections.

In groups with a high structural cohesion, there are no bottleneck actors and a large number of routes between actors.

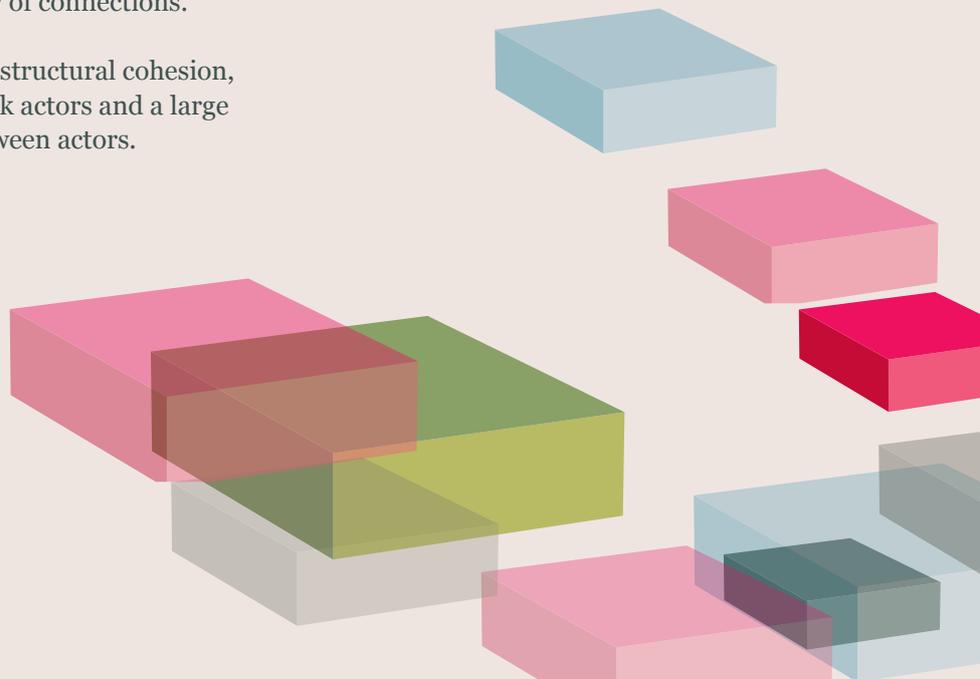


Why is this important?

If your community is dependent upon a few key individuals, you're in real danger. The departure of a few people can suck the community into a rapid decline. You therefore need to work to build connections both through and around the key connectors in the community.

It's also important not to allow yourself, nor an employee, to become the leader for the group (all connections going through a single individual). This limits activity within a community and provides a dangerous framework if you were to ever leave.

To develop a stable community, you must proactively facilitate interactions between various individuals and groups. Every single new, quality, connection you develop increased the structural cohesion of the group.





Practical next steps

If your community is dependent upon a few key individuals, you're in a real danger

- **Honestly review the structure of your community.** Is structural cohesion a problem? Are a few key individuals linked to the majority of members in the community? Are a tiny number of people responsible for the majority of popular discussions?
- **Identify micro-interests.** It's not enough just to make introductions. Introductions alone do not build quality connections. Quality connections are developed within a context. You can create that context. Identify the micro topics/interests and facilitate discussions/group activities around these. Invite a selection of members with that interest to join and participate, leave out the high-profile connectors.

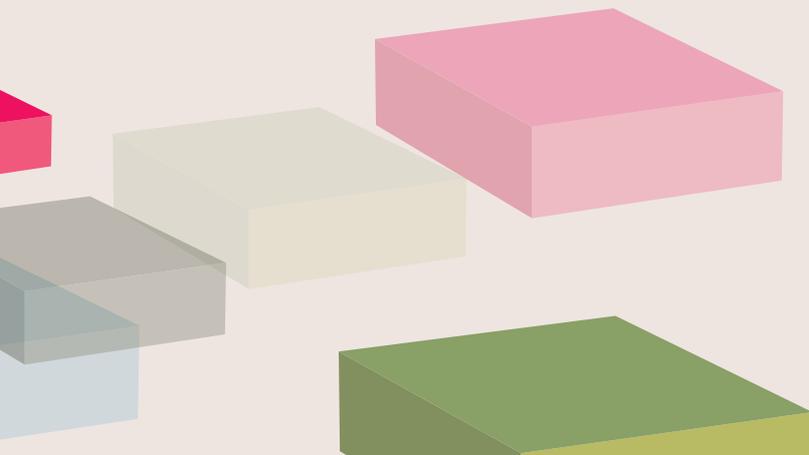
If you're short on ideas, look at popular topics in the community, demographic clusters (e.g. people from a certain location), or habits/psychographics that members in the community believe in. This will also be relevant when developing sub-groups in the community to encourage mitosis.

- **Encourage the development of groups which high connectors are not involved with.** Facilitate the development of sub-groups that do not involve the high-connectors. Build connections around these individuals. Help foster and facilitate the early

activity in these communities.

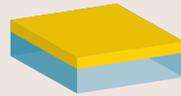
- **4) Build up new connectors. Even with the actions above, the high connectors may still dominate the community.** The danger is upsetting these individuals to the extent they leave the community (or establish a rival communities).

The goal instead isn't to sideline them, it's simply to create multiple new high connectors. Gradually build up new people in the community. Increase the profiles of people that are rapidly building their own following/audience amongst the group. Gradually give less attention to established actors in the network.



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Best Practice Using Motivation To Increase Participation



Summary

Communities orientate around shared symbols. Symbols attract new members, they reinforce the community identity, they provide the basis for further interaction between members (Cohen, 1985; McMillan and Chavis, 1985).

Community symbols take many forms. They include beliefs of the group, objects, names, signs, logos, ideas, slogans, and any other 'thing' that has a unique meaning to community members. Element14, for example, is literally a symbol for design engineers and now a successful community.

Symbols help with boundary maintenance. They help separate the insiders from the outsiders.

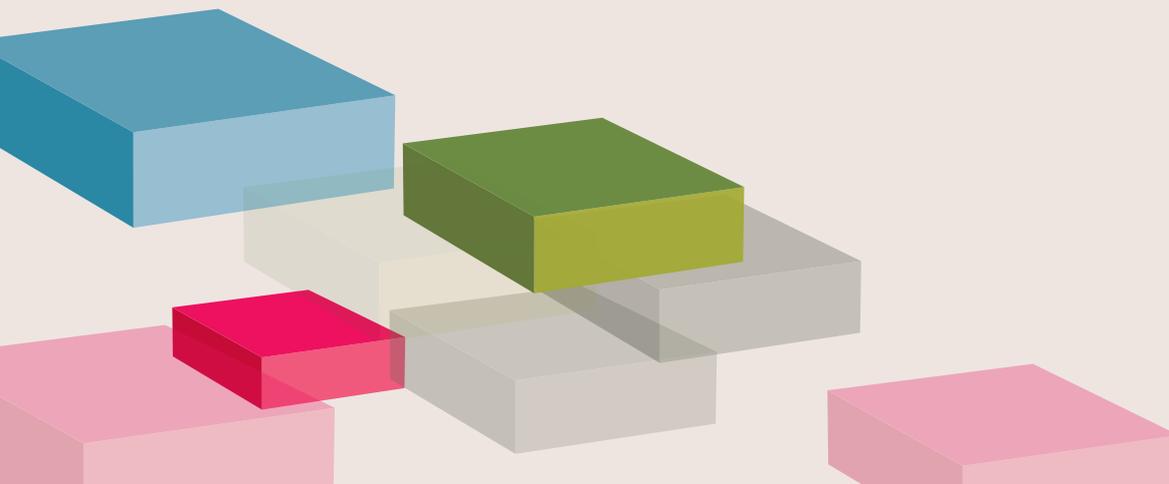


Why is this important?

Many organizations struggle to make their communities appear genuine. They struggle to connect with the audience they're trying to reach. They struggle to facilitate a strong community identity.

The problem is most organizations approach communities with a marketing mindset which, when communicated through the community, repels their target audience. The best way to avoid this is to use the symbols identified by the community.

If used correctly, you can develop a community that attracts your target audience, has a very strong identity, and helps develop a sense of community (see previous newsletter).





Practical next steps

- **Identify existing symbols.** To increase the use of symbols, you first need to identify relevant symbols. To identify these you need to interview 10 to 20 of your community members and review existing discussions both on your community and in rival communities. Look for words, ideas, or other objects that would appear strange outside of the community. List every symbol you can find and the frequency of that symbol.
- **Increase use of symbols in content.** In your content about the community, regularly reference the symbols used by members in the community. These should be relevant to the item of content.
- **Use symbols for names within the community.** Use symbols for names of areas, activities, events, interviews, or even of the community itself. Name areas of the community after relevant symbols. Use symbols as the names for upcoming events and activities in the community.

More information

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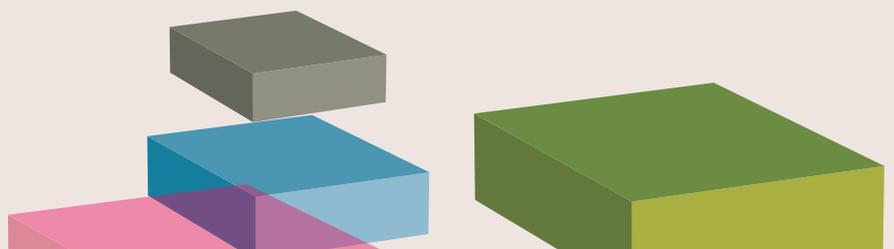
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Goodbye!

Thank you for reading the September 'Best Practices' newsletter. Next month we will be reviewing some examples of successful online communities, along with what you can learn from these examples.

About The Pillar Summit

The Pillar Summit is the world's professional community management training course designed to change the way you approach online communities.

You can sign up for the Pillar Summit's Professional Community Management course at www.pillarsummit.com.

