FROM RESEARCH TO RELATIONSHIP: USING COMMUNITIES TO GAIN ENTRÉE INTO CUSTOMER CONVERSATIONS

Executive Summary

Companies are looking to "communities" to gain entrée into customers' lives and conversations and generate timely, actionable insights. Communities, in turn, can be offline or online, public or private, and branded or unbranded. While each approach has its merits, all forms of community fundamentally differ from survey-driven panels in that they allow interaction between members, and enable relationships to develop between members and the sponsoring company/brand. A clear understanding of the salient differences between communities and panels will enable marketers to use each for the appropriate purpose, relying on panels for market sizing and other quantitatively-based tasks, and on communities for the kind of "bottom up" consumer engagement that drives innovation and marketing effectiveness.

Introduction

Suppose you are at a party and overhear a group of strangers involved in a conversation that interests you. You want to get to know them. Do you jump in and pose a series of questions to them in the hope that they will share their lives, feelings, and aspirations with you? Or do you listen in, wait for an opening in which you can contribute something of value to the conversation, and slowly let them get to know you first? Most of us would choose the latter of these two options because people are more likely to reveal their true selves to people they know.

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Prior to the global embracing of the Internet, companies tried to get to know customers through qualitative market research (via focus groups and other methods) and through quantitative market research via telephone and mail surveys to large groups, or "panels," of consumers. Telephone and mail surveys allowed for the quantitative measurement of customer attitudes and behavior. Then along came the Internet, which compressed space and time. Seeing an opportunity to do what they'd always done in a more time- and cost-effective manner, marketers turned to online research to reach more consumers in less time. Surveys, similar to those administered over the phone or through the mail, are now administered to subsets of large online panels of people who have agreed to be surveyed via a telephone recruit

(then supplied with the equipment and Internet access required to do so), opted in to be surveyed via an email or banner ad, or simply failed to opt out.

However, the Internet has done more than enable conventional research via new delivery channels. It has enabled ordinary consumers to connect and communicate with one another in unprecedented ways. **Now, more and more people are bringing *themselves* together online (via blogs, message boards, IM, wikis, etc.) and are having conversations about everything.** The ease with which one can obtain information, talk with knowledgeable peers, explore shared interests, ask and give advice, and form opinions about companies' products, brands, and business practices means that consumers now initiate and control these conversations. And marketers, much like our hypothetical party guest, are often being excluded.

The Challenges Facing Traditional Online Market Research

In this climate, online survey-driven research is facing three major challenges:

1. **Participation rates for conventional online surveys are declining.**
   Because today's consumers *do* have the capability to control how (and with whom) they converse, the traditional time-consuming and marketer-driven survey has become less appealing to them. According to a white paper issued by Knowledge Networks, "In a recent study, MR professionals cited response rates as their biggest research concern, with 36 percent putting it at the top of their "worry" list."[1] And indeed, a Stanford University study comparing six research vendors showed a wide range of response rates, from 2% to 73%, with the bottom four vendors averaging only 9%[2].

2. **Lack of engagement in the survey process is contributing to this decline.**
   Cross-sectional surveys devised by companies to suit their agendas are inherently limited; they pigeon-hole consumers as passive participants with little control over the inquiry process or the topic under discussion. In contrast, recent research – including a provocative study by MacElroy and Gray based on over 27,000 respondent interviews between 2003 and 2006 – suggests that respondent participation increases significantly (from 13.5% with no "community" or sense of affinity with the sponsor, to 36.5% when a high affiliation score was present) when consumers know with whom they are talking, are treated with respect (i.e., are not misled about the time involved in taking a survey), have an "affinity" for the company sponsoring the

> *"So many U.S. residents refuse to participate in marketing-research surveys that it has become increasingly difficult to get reasonably reliable consumer data -- a problem of potentially catastrophic implications for the big marketers who spend tens or even hundreds of millions of dollars for such research each year. This is a problem of stunning scope."* —Jack Neff,
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> "Opinion Fatigue: Inside the Marketing-Research Crisis," *Advertising Age*, October 10, 2006

[1] Knowledge Networks. *The Decision Maker's Guide to Online Research.* 2006 Edition.
[2] Simpser, Alberto; Levendusky, Matt; Chang, LinChiat; Gershkoff, Amy; and Agrawal, Aditya. Comparing the Results of Probability and Non-Probability Sample Surveys. Presented at 2005 AAPOR conference.

survey, and perceive the survey topic to be relevant for them.[3]
Conventional methods, then, can be out of step with how consumers want to communicate, and the steady and relentless decline in market research participation is a clear reflection of this cultural trend.

3. **Marketers face a crisis of confidence in the quality or projectability of data generated by online panels.**
Recent examinations have revealed a number of concerns. First, less than 1% of all Internet households account for 30% of all surveys taken online.[4] Second, online panels have been shown to be populated, at least in part, with fraudulent or disengaged respondents. Professional survey takers (who make a living from the incentives they receive from participating in multiple panels) are disproportionate contributors to the overall data garnered from panel research. For example, a recent study conducted by the Advertising Research Foundation (ARF) revealed that a mere 5% of the total panel population supplies 50% of survey responses[5]. Professional respondents each took an average of 80 surveys in 2004 and participated in an average of 7 major panels at a time[6]. **When tracked over time, these participants have been shown to be less engaged, to rush through surveys, and to give inaccurate feedback.** Recent studies by Procter & Gamble[7] show alarming disparity between results obtained from online panels and other methods, suggesting that these quality problems are a serious and real issue for traditional survey research.

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While all of the major panel providers are taking serious and ongoing measures to improve and maintain the quality of their respondent pools, the general lack of ongoing, longitudinal *relationships* with individual panelists make such efforts challenging. This challenge is yet another driver of the desire on the part of marketers and panel companies alike to find new and better ways to engage and develop a more intimate knowledge of customers.

Most panel companies are making serious, good faith efforts to address these problems (both by trying to more closely weed and monitor their respondent pools and by trying to increase their level of engagement with them), and panels remain irreplaceable tools for quantitative research. However, survey-based approaches alone can't help companies gain entrée into the online consumer-to-consumer and consumer-to-company conversations that generate rich, timely, and actionable

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[3] MacElroy, William H. & Gray, Michael M. *Sponsor-affinity component of the leverage-salience theory of survey cooperation.* Socratic Technologies, presented at the IIR Industry Summit: Improving Respondent Cooperation, September, 2006.
[4] Ibid.
[5] Neff, Jack. *Consumers Rebel Against Marketers' Endless Surveys.* Advertising Age. Oct. 10, 2006.
[6] Lederer, Bob., Marc Dresner. Starving the Elephant: An Issue of Mammoth Proportions. Research Business Report.
[7] Dedeker, Kim. *A discussion: Research on research.* Procter & Gamble, presented at the IIR Industry Summit: Improving Respondent Cooperation, September, 2006.

insights. That's why many marketing leaders are looking to "communities" as a way to enhance the member/respondent experience and build relationships.

The Emergence of Communities

What *Is* a Community? ...

Many companies are starting to take advantage of what they call "communities". However, the term "community" is widely used and means various things depending on who is using the term and in what context. Therefore, in an attempt to clear the rapidly muddying waters, let's start with a definition.

In the marketing context, and for purposes of this paper, a community is **a group of consumers or customers who share common interests *and* who interact with one another.** Communities can be *offline* (as in the case of the tens of thousands of Harley-Davidson owners who take road trips together) or *online* (as in the case of the early Tivo adopters who created their own forums in which to discuss the product's features, benefits, and enhancements). For the balance of this paper, we'll be focusing on online communities and how they compare to online panels.

Online communities can either be *public* or *private*. The major differences between the two can be seen in terms of:

- **Access:** Public communities are open to everyone on the Internet, whereas in private online communities, members are pre-selected according to relevant criteria (rich profile data is known), must log in with a password, and post and view content that is not visible to non-community members.
- **Size:** Public communities may attract tens of thousands of visitors, resulting in thousands of page views and the possibility of thousands of postings. In contrast, private communities tend to have far fewer members. However, private communities tend to have significantly higher participation rates. A public community with 50,000 members might have only 100 people, or 0.2% who actively participate, while a private community of 400 might have 300 people, or 75%, who are frequently and deeply involved.

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- **Facilitation:** Until recently, public communities were usually not actively facilitated, meaning that there was no obvious and constant sponsor/moderator who is guiding or simply reliably responding to the ongoing conversation. In contrast, private online communities usually have a visible facilitator that manages the conversation to help keep it lively, and closes the loop, keeping members informed of how the sponsoring company is using their feedback.
- **Purpose:** By virtue of their size and unrestricted access, public communities tend to serve primarily as a means for consumers and companies to exchange information and review products. In contrast, because they are intimate and secure, private communities are safe places for companies to share highly confidential and early-stage ideas, generating the feedback and insights that fuel innovation.

- **Intimacy:** In public communities, participants tend to adopt screen names or avatars, and because of that anonymity, it is easier to flame or defame others or push a covert agenda. In contrast, because they are smaller and members are held accountable for their postings and behavior, private communities generate greater trust, openness, and respectful candor. The more members get to know one another, the more open, personal, and detailed their conversations become.

Whether in public or private communities, if the community is *branded*, consumers also get to know the sponsoring company as well. The most successful communities are those in which companies are transparent about who they are and what they intend to use the community for.

Now that we've defined communities, let's explore how they compare to panels.

How do Communities Differ from Panels?

Structural Differences

Panels have historically been used for quantitative research, to obtain snapshots at a moment in time, and use that data for purposes of market sizing, go/no go decisions, and other applications that require very large and statistically significant sample sizes. Companies pay for *measurements* of large populations when they conduct surveys within online panels.

In contrast, communities differ from panels in their best uses, structure, and most importantly, in the experience of the people that belong to each.

	Online Panels	Private Online Communities
Best Uses	▪ Go-/no-go decision-making or when high levels of precision are needed ▪ Volume Forecasting ▪ Response rate estimation ▪ Predictive modeling ▪ Dynamic conjoint or other advanced quantitative methods ▪ Awareness and usage studies ▪ Satisfaction tracking studies ▪ Ad tracking ▪ Market sizing	▪ Identifying unmet needs ▪ Insight gathering ▪ Listening for language, emotions ▪ Market sampling, concept testing ▪ New product ideation and innovation ▪ Longitudinal studies ▪ Customer engagement and loyalty
Size	Large sample; up to 5 million people (with a subset in the hundreds or thousands participating in a typical survey)	Small; 300-500 people per community

Frequency of contact	• Once or Periodic • Typically from once a month to once per year	• Ongoing and Longitudinal; 24/7/365 • Daily, with average of four activities per week
Quality of feedback	Largely quantitative, and quality is increasingly dependent on mindshare/ time investment of respondent	Rich, honest, specific, qualitative (with some quantitative capability)
Knowledge of panelist/member	Minimal, limited to self-reported information and survey responses	Deeper due to ongoing relationship, objective (and not just self-reported) behavior, intimacy of relationships, personal disclosure
Member/panelist experience	Top-down relationship; company asks and panelist responds	Reciprocal; bottom-up and top-down relationship; members dialogue directly with company and with one another

However, the most important difference between private online community member and panelist experience can best be seen from the perspective of the people participating.

What Makes a "Community" *Feel* Like a Community

Let's return to the party scenario we visited initially in this paper. This time imagine that you're the party-goer whose conversation is being joined by the eager new guest. Would you feel more inclined to include someone who doesn't disclose their identity or one who introduces themselves? Would you be more attracted to someone who is only interested in discussing topics that he or she has initiated, or to someone obviously interested in what interests you?

Now think about the last time you participated in a survey. In exchange for your time, you were asked to answer a series or questions that you may or may not have been interested in. Even if interested, the answers you gave were constrained by the questions you were asked and may not have accurately described how you feel. The time required to take the survey took was longer than you might have expected. And even if the survey design was excellent, after answering these questions you return to your life not knowing how the information you took the time to

> *"What interests me about the community is the opportunity to express my personal opinions and ideas. I was thrilled to see many of the community's ideas and suggestions actually put into action by [client] in their marketing campaigns for their various products. [client] is truly a company who listens to its consumers and takes ideas / suggestions to heart. I have the highest respect for the company and will continue to support their causes and products."*
> —Member of private online Financial Services Community

contribute was used.   You may not have even known who initiated the survey.

Now, let's say you are a member of a private online community. You were invited to join by a company that was transparent about their identity and objectives, and assured of the opportunity to mix in a private, secure environment with others who share your life stage, needs, or passions. Your fellow members know you and you know them. You have similar interests and have been having conversations about not only products and services, but life in general. You feel good about working with the community's sponsoring company because they *listen,* and demonstrate that fact by sharing how the contributions you have made are used to improve their business. In short, you feel comfortable, free to express your ideas, and heard.

The contrast in experiences is key in light of the need to get valid and candid insights from customers. A well-conceived and well-run community will be effective because the user experience is conducive to the deep engagement that marketers seek.

It will also help mitigate against some of the "quality" challenges that panel companies are currently working to address. It is far more difficult for professional survey respondents to flourish in private online communities, even if they've been recruited from panels. Community members are given minimal incentives based on continual participation, and if over time and ongoing, it becomes apparent that their contributions are perfunctory or insincere, they are removed from the community This deters professional survey takers who just look for the quick, pay-per-drink, one-time interaction. As a result, participation rates in Communispace's private online communities tend to average between 45-65% of the total membership in any given month.

Community participation does not mean that customers will not also continue to take surveys offered to them by virtue of their membership in panels. But as a 2006 Communispace study that quantified the candor and information-richness of qualitative member feedback indicates, if the sponsoring company is authentic in their willingness to listen hard and earn the right to join the members' conversations, the quality of that community participation will be rich in honesty, specificity, and self-disclosure[8].

What Isn't a Community?

Private online communities are not simply smaller segments of larger panels.   They represent a logical solution to the needs of contemporary-minded marketers and move

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beyond the common approach of applying traditional survey methods online. *Community* is not simply an unmoderated public message board, and it most certainly isn't a smaller, more precise slice of a panel that's surveyed more frequently.

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[8] Communispace Corporation. *Positive Bias and Community Membership*. 2006.

The confusion around this issue is understandable. Recognizing the need for small, intimate environments in which companies can engage with their customers, many panel providers are now offering what they refer to as smaller or branded "communities" for purposes of deeper insights or stronger connections. However, a closer look reveals that at least some of these are simply a reiteration of the survey model, possibly augmented by the occasional company-initiated bulletin board, but in a branded context and with a smaller slice of the panel.

The limitations of this definition of "community" become apparent in this quote from one such company's web site, "With a branded panel you can nurture a deeper connection with customers because you can conduct more frequent studies without added cost."

While this company's approach may enable more frequent question-asking, it does nothing new or different to engage the panelists in a deeper connection with the brand and with each other. In contrast, intimate connections *are* created in private online communities because companies know exactly who they are interacting with, members know and interact with other members, and members typically know the company they are speaking with.

The Power of Conversation to Drive Insights and Innovation

So why is it so critical for your customers to feel that they're engaged in a reciprocal relationship with the sponsoring company and with their peers? **Because the consumer-company relationship has undergone a fundamental and significant transformation**[9]. Insight and innovation have traditionally occurred in a *top-down relationship* between companies and customers. Now through advances in technology (email, messages boards, Instant Messaging, blogs, YouTube, etc.) customers are closer than ever and creating their own conversations, often about companies. Innovation is now generated from online customer-to-customer conversations—and marketers owe it to their brands to obtain entrée into those conversations.

Some have called this a power shift[10]. Power that was once in the hands of companies (top) has changed hands to communities of online customers

> *"This is something brand new, and I think we're going to have some fun, share some laughs, ideas and maybe invent a couple of new wildly interesting products and promotions! I think it's wonderful that [client] is extending themselves so that we have a podium to share our thoughts. I wish "other" companies would follow their lead and show more interest in their customers. And this is so unique! Usually, the only time a "company" hears from a consumer, would be so the consumer can complain about their product. Being shorted on a quantity, spoilage, whatever... it's probably pretty seldom that somebody calls and says...*
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> *'Hey this [product] is GREAT stuff! Keep it coming!' This community will focus on the POSITIVE. That's really cool. To improve, update, enhance, create, and grow, for ALL of us! We ALL make out - WIN - WIN - WIN!"*
> —Member of private online Consumer Packaged Goods Company Community

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[9] Ahonen & Moore, *Communities Drive Brands*
[10] "*Power Shift: How the Internet Gives Consumers the Upper Hand- and What Proactive Carmakers Can Do About It)*" Nielsen BuzzMetrics whitepaper

(bottom). Companies now seek methods for gaining *bottom-up insights* from customers[11]. For this and the reasons previously mentioned, traditional survey methods conducted in large panels are not meeting this need.

Does this imply that the need for good quantitative research has passed or that panels are obsolete? Absolutely not. Panels remain extraordinarily valuable resources for projecting trends and validating concepts, and most panel companies are taking aggressive, good-faith measures to improve the quality of their participants and the reliability of their data.

However, panels of any size, with any frequency of survey or online focus group administration, should not be confused with genuine, private online communities where:

- **Participation rates are higher** because social ties, among members and between members and sponsoring companies, are strong;

- **Members feel empowered and engaged** because of reciprocity between company and members.

- **Members take ownership**, starting their own dialogues, surveys, galleries, etc.

- **Companies get answers to unasked questions**; they stay ahead of the curve because communities surface unmet needs.

Private, branded, online communities are a time- and cost-effective source of bottom up insights that can only be achieved through *reciprocal relationships* **between companies** and their customers. Without them, companies may test hypotheses but don't have a ready resource for generating new ones. With them, companies have relationships with their customers that are as dynamic as the marketplace itself.

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[11] Charron, Favier, Li. "*Social Computing: How Networks Erode Institutional Power and What to Do About It*". Forrester Report

Communispace

Communispace Corporation helps global organizations transform how they listen to, and engage with, customers. Through the creation and management of private, branded online communities, Communispace makes continuous conversations with customers practical and possible. The company uniquely delivers the voice of the customer enabling businesses to drive faster innovation, build loyalty, and accelerate growth. Founded in 1999, the company has created more than 225 customer communities for major corporations including: Kraft, Hewlett-Packard, Charles Schwab, Hallmark, Unilever, GlaxoSmithKline, Avon, Starwood Hotels, General Mills, the Chicago Tribune, PepsiCo, and many more.

Communispace is headquartered in Watertown, MA with offices in Atlanta, Chicago, New York, and San Francisco.

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