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**Word of mouth, insights, customer loyalty are biggest benefits of online communities, says
new study by Beeline Labs, Deloitte, SNCR**

Involvement, not technology or funding, is greatest obstacle; eight emerging best practices

Boston, July 16, 2008: The greatest value of online communities is increasing word of mouth (35%), increasing brand awareness (28%), bringing new ideas into the organization faster (24%) and increasing customer loyalty (24%), according to a survey of organizations using online communities conducted by Beeline Labs, Deloitte, and the Society for New Communications Research.

“The 2008 Tribalization of Business” study found that the greatest obstacles to making a community work are *not* technology-related or getting funding, but getting people involved in the community (51%), finding enough time to manage the community (45%), and attracting people to the community (34%).

Interestingly, management was not cited as an obstacle either. Just 9% of the respondents said that their management was unwilling to share with community members.

“At conferences around the world we’ve heard marketers say that their biggest challenge is executives’ resistance because they fear losing control,” said Lois Kelly, a Beeline Labs partner. “But this research indicates that this may not be as big of an issue as marketers think. Clearly the bigger challenge is focusing the community around a purpose that people want to contribute to and be involved with – and devoting the right resources to promote and support the community.”

What contributes most to effectiveness: people giving and getting help

The features cited as contributing most to community effectiveness were:

- Ability for community members to connect with other like-minded people: 54%
- Ability for members to help others: 43%
- The community is focused around a hot topic or issue: 41%
- Quality of the community manager/community management team: 33%

Measurement: mix of hard and soft measures, business and analytics – and disconnects

Just as most marketers use diverse measures to assess overall marketing effectiveness, so is there diversity in how they are measuring the effectiveness of online communities. The top business measures being used are:

- Greater awareness: 49%
- Number of new ideas from the community: 41%
- More referrals: 28%
- Increased sales attributable to the community: 26%

The top analytic measures included:

- Number of visitors: 63%
- Number of “active” users: 58%
- How often people post/comment: 57%
- Number of registered users: 49%
- How often people visit: 45%

"One interesting discovery was the apparent inconsistency between what organizations set as goals and what they actually measure," commented Francois Gossieaux, a partner at Beeline Labs, "We also noticed mismatches between what respondents set as goals and the investments they actually make, as well as between their goals and the talent that they deploy against the community initiatives."

Some takeaways from survey the measurement data:

- A majority of community efforts are more focused on improving the top line revenue than reducing costs.
- Communications-related benefits seem to dominate the objectives, and are achieved most successfully.
- There is generally a mismatch between the web stats that companies track and the stated goals for the communities.

“These findings mirror what we have seen in our earlier studies of organizations using social media channels in their communications initiatives,” stated Jen McClure, executive director of Society for New Communications Research, a co-sponsor of the survey. “This may be indicative of the maturity level of the communications industry in terms of their understanding of how to best deploy and measure new communications tools and methodologies. We hope that this study

will help to add to the knowledge base and provide some best practices for how organizations can better use online communities.”

Lessons learned, advice for others: eight emerging best practices

When asked what their most important piece of advice is for others creating online communities, survey participants’ advice focused on eight areas:

1. **Start with the end in mind:** “Start with a business strategy, defining carefully what you want to accomplish through the community.” “Invest most in the area that services your key business objective.” “Be clear about the purpose of the community.”
2. **Focus on the value to the members:** “Make sure you deliver real, special, unique, obvious value to the core group you’re hoping to attract.” “Build the community around existing passion groups.” “The core of the community needs to be of high value or interest to people, a focus worth contributing to.” “Get insight into what motivates members to join the community; we found a different motivation than we hypothesized.”
3. **Don’t start with the technology:** “Too often people get drunk with Web 2.0 tool excitement and then try to push their business and customer goals into the wrong tool.”
4. **Keep it simple and intuitive:** “Focus on the least common denominator first. Keep it easy to navigate with simple tools to use.” “People are busy; they need information in brief, easy-to-scan bits they can quickly choose what is interesting to them and go right to it.”
5. **Keep it fresh and active:** “Keep activity levels up, constantly add new content.” “Think of how to create ‘events’ – what can you do to excite people and get them to share in the community.” “Update regularly, find topics for discussion.” “Content is king.”
6. **Have dynamic community leaders:** “Make sure you devote enough time to managing the community; letting it fester is worse than not having it in the first place.” “Participate but do not try to control. The community belongs to the people, not you.”
7. **Think through who to involve – or not.** “Get commitment from top management and communicate, communicate, communicate.” “Get Legal and PR to buy-in and help on design, but keep them out of active management.”
8. **Get a passionate core of participants active before launching:** “Make sure you have a committed core of passionate users before you launch.” “You must have a critical number of high-quality participants to get the momentum going.” “Beta test and seed before launch.”

About the survey

The survey measured the responses of more than 140 organizations – business-to-business, business-to-consumer, and non-profit -- which have created and maintain online communities. The communities ranged from fewer than 100 members to 10,000+ members.

About Beeline Labs

Beeline Labs, a marketing innovation firm, specializes in creating Marketing 2.0 strategies and programs that not only deliver business results on their own, but also make traditional programs – like lead generation, events, public relations, sales support and customer communications—work much more effectively. The company has specialized expertise in social media strategy consulting, making online communities predictably successful, and creating new types of online and offline content. For more: www.beelinelabs.com.

About Deloitte

As used in this document, “Deloitte” means Deloitte LLP. Please see Deloitte.com/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

About the Society for New Communications Research (SNCR)

The Society for New Communications Research is a global nonprofit think tank dedicated to the advanced study of the latest developments in new media and communications, and their effect on traditional media and business models, communications, culture and society. SNCR creates a bridge between the academic community and practitioners using these new tools and methodologies, and is focused on research, education and best practices. For more information about the Society for New Communications Research, visit <http://www.sncr.org> or call +1 (650) 331-0083.