

Private Online Communities (POCs) **for Co-Creation and More**

It is unimaginable for a brand/company in this day and age to have a mature social media strategy without owning a private online community (POC). From a market research perspective, POCs have evolved through developing online qualitative research. This paper describes and explores the various methods of interaction between a brand and the members of a POC. It also compares the process and functionality used for online qualitative research with off-line alternatives and their pros and cons. A POC can be an extension of the marketing department of an organisation for co-creation but it can serve other purposes as well.



Author: Michalis A. Michael

Group Managing Director

DigitalMR Ltd.

Email: mmichael@digital-mr.com

Tel.: +44 751 571 0370

London, March 2012

Table of Contents

1. Introduction
2. Why should a brand own a POC?
3. The Establishment Process of a Private Online Community
 - 3.1. Define Scope
 - 3.2. Recruit
 - 3.3. Engage & Incentivise
 - 3.4. Manage Activities
 - 3.4.1. Online Chat Groups
 - 3.4.2. IDIs, Diads, Triads
 - 3.4.3 Forums/ Bulletin Boards
 - 3.4.4 Video Diaries
 - 3.4.5 Online Stimuli Evaluation
 - 3.4.6 Video Clip Evaluation
 - 3.4.7 Online Surveys
 - 3.4.8 Polling
 - 3.5 Replenish
4. Research Applications
5. Conclusions

1. Introduction

The dramatic growth in use of social media by consumers has fuelled a corresponding increase in the use of Private Online Communities (POCs) and their acceptance as a valid research tool. They have much to offer clients who are looking for ways to interact with their customers in order to build brand advocacy and conduct research with a “switched-on” audience.

Despite widespread use, there is still some confusion regarding POCs, probably because:

1. There are a number of terms used for client owned online communities –the aforementioned POCs, Branded Online Communities (BOCs) or Market Research Online Communities (MROCs).
2. These terms are also often mistakenly used in reference to online panels, especially “private” panels that clients have custom built for research purposes.

Panels and communities are quite distinct. Put simply, a panel is a group of consumers that a client will conduct surveys with – perhaps once a month or so. The client asks questions and panelists give their answers in a fairly structured way.

However with a POC, not only can clients ask their community members questions, but also members can interact with the client (or host) and among themselves. The nature of the community allows them to do this in a much more unstructured and ad hoc way. And it’s the opening up of these boundaries and restrictions posed by more conventional research that enables communities to get you closer to your customers.

The growth of social media has meant customers are much more comfortable interacting with organizations in this way. And the parallel growth in web listening, means that clients can have complementary research methods at their disposal that enable them to run communities more effectively. Through web listening one can recruit potential community members, based on the types of comment they post on the internet. Furthermore web listening allows you to identify current hot topics of conversation which can be adapted and used as discussion topics for your online community.

Social Media Research
"We Understand what people *e-feel* and *e-think*"



Private online communities in conjunction with Active Web Listening and traditional online research about social media make up what we call: Social Media Research.

There are distinct areas whereby POCs can interact with the other elements of social media research for better results. One area of connectivity with web listening is to recruit people into online communities based on their perceptions and beliefs expressed on the internet as opposed to just their demographics. A possibility that was not available to us 10 years ago. Another meaningful interaction between POCs and web listening is to take views from online posts and test them in-depth among the community members. In an online community we can use traditional online surveys to find out what the members believe about certain issues and we can even poll them with quick questions that they self-select to respond to.

We differentiate between online communities for co-creation and community panels by the number of members they contain - ideally between 200-500 for co-creation and many thousands of members for community panels which can also be used as a sample source for quantitative online research in addition to using sub-communities for co-creation. Co-creation

is usually done using qualitative research tools such as chat groups and bulletin board discussions.

2. Why should a Brand Own a POC

Private online communities should be part of every brand's social media strategy. As already indicated they can be used for co-creation and for other more traditional marketing research objectives. The holy grail of social media marketing is maximising advocacy. This basically means motivating highly influential people to become brand ambassadors. It has been proven in multiple surveys that consumers trust other consumers (even if they are strangers) more than they trust advertising by the brands themselves.

Communities create potential for genuine dialogue and relationship building both among consumer members and with the brand owner. If run correctly, these communities can develop into powerful research tools that also build brand advocacy. The research element is not restricted to just asking questions – when your community members are interacting with one another it's a great place to simply listen. It's a bit like finding out what your customers and potential customers think of your brand, once you've left the room!

Brands want to know what the connected consumer of today who is also a publisher on earned media (earned as opposed to bought or owned media are mainly social media where "followers" or "likes" are earned based on merit) , thinks and feels so that they can align their marketing approach for maximum impact, for advocacy.

Another reason for POC ownership that applies to some brands, is to boost low incidence of respondents which can otherwise make research projects cost prohibitive. Owning the sample in a private online community or community panel means that the owner pays for sample acquisition only once and is able to use it multiple times.

The 5 Principles of Co-creation

1. Inspire Community Member Participation
2. Connect Creative Minds
3. Share the Results
4. Select the Very Best
5. Continue the Community Development

Source: Fronteer Strategy

Private Online Communities (POCs) for co-creation are a highly effective marketing and market research tool, particularly in markets of intense competition or those vulnerable from changes in the economy. However, simply having a functioning community with 200 or so members occasionally interacting with the host is unlikely to generate the desired results.

POCs are also an invaluable tool in identifying and capitalising on gaps in the market. Bank of America has a POC made up of young adults and college students. From this POC they identified that most students had a bank account before enrolling in college. Hence, they identified an opportunity to expand their banking operations into a market not previously viewed as lucrative. To push their services into this market they set up a new POC made up of high school students. The result is that high school student sales have become one of the fastest growing segments in the bank.

A company should not be restricted to just one POC. Mercedes and Walt Disney are examples of companies that have split their customer base to achieve a better reflected view of the population they represent. Mercedes has opted to split their potential customer base into two demographic communities. The Generation Benz community consists of 580 members aged from 16 -33, while the older Mercedes Benz Advisors community has around 1,800 members.

The members were carefully selected, with Generation Benz members qualifying by age and “prosperity to luxury”. Offering a more rounded view, only 64% of these members are currently Mercedes customers. For Walt Disney, the community members have been categorised as Family, Early Adopters or General Entertainment Consumers, with 500 members in each community. The option for these types of communities is to target the relevant communities based on the nature of the discussion topic.

Operating and integrating a successful POC can be very beneficial, but owners must be aware of possible issues. When a company has employed a highly engaged and successful community, there is the danger that member feedback could be taken and applied to major business decisions— before it is fully assessed by other company stakeholders. The POCs are there to push the company forward, improve brand image, get closer to the customers and provide an added advantage. The results from the community, like any business plans or ideas, should still go through vigorous examinations, especially if they could possibly shape the success of the business. Another issue that companies may overlook is the fact that the community is not representative (in a statistically significant sense) of the entire population they are intended to represent. Ideas which require a lot of investment can be tested with quantitative online surveys.

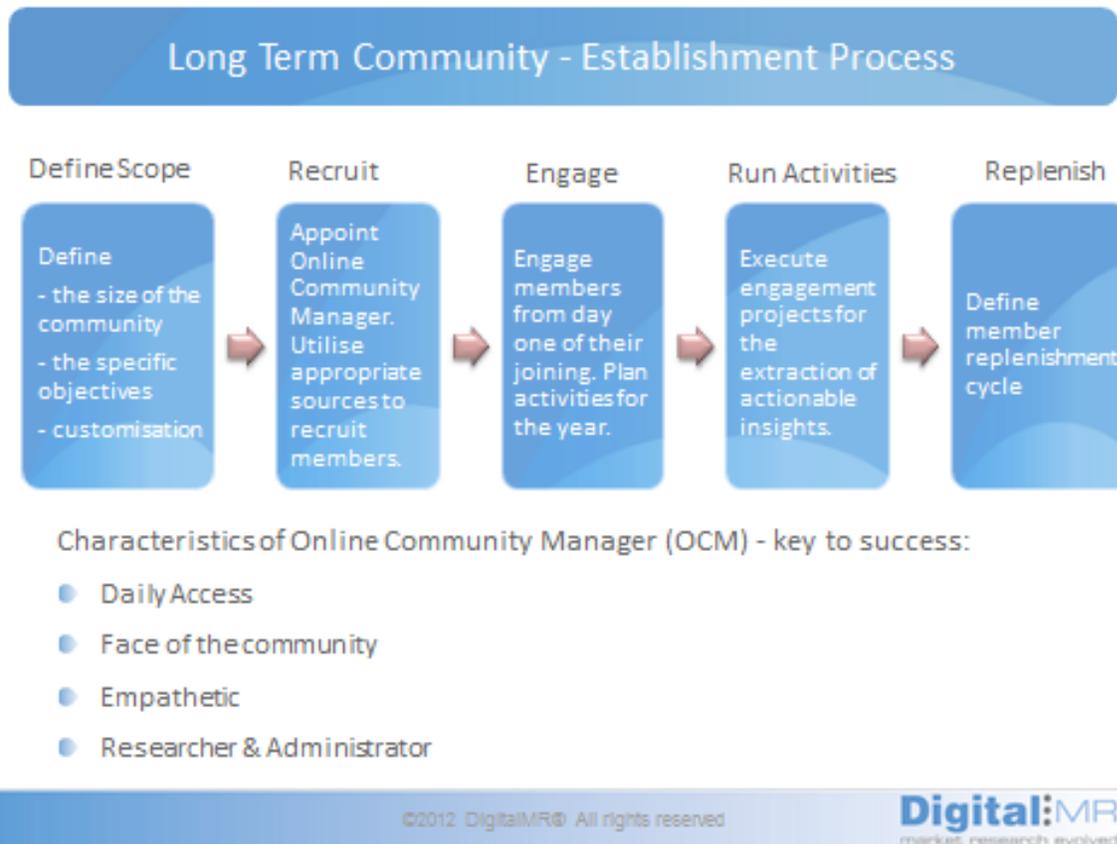
3. The Establishment process for a private online community

3.1. Define Scope

First of all we need to know why we are building a community. What are the specific objectives and what is the scope? Is it mainly for the creation of new products, to add new features to existing products, for new advertising messages and media e.g. the social media presence? Is it for more traditional marketing needs such as customer segmentation, pricing research, usage and attitudes, purchase habits etc.? What about the scope in terms of duration, geography, community size, profile of participants? Should the community be branded with the owner’s brand or should it be blind to the community members as to who the owner of the community is. If we are just engaging creative people and early adopters for co-creation of products it should be okay to disclose the name of the brand. If the purpose of the community is for broader research objectives, biasing the members by knowing who pays for their incentives may not be a smart thing to do. These are all questions that need to be answered before we start looking for someone to build and manage the community for us.

Before we start recruiting we need to choose a supplier for the online platform, the recruitment and the management of the community. It is usually better to have one

supplier/partner deal with all these tasks. What is important is that the online platform functionality is continuously evolving, that the supplier has a proven track record of delivering functionality on time and that the pricing is competitive.



In terms of duration we may classify communities into short, medium and long term:

- Short Term: 2 weeks to 2 months
- Medium Term: 3-11 months
- Long Term: 12 months and longer

3.2. Recruitment

The best way to recruit members to a community is to not have to recruit! Many times brands have interactions with consumers on different platforms online and also offline. The first order of business is to evaluate the possibility of utilising what already exists. One great example is when a company has a Facebook fan-page. Would it not be great to be able to create sub communities of the fans to deal with co-creation without having to leave Facebook? This possibility with the option of Facebook apps exists today. A secondary option is to invite Twitter

followers, members of a loyalty scheme or simply invite people from your CRM or direct emailing database.



3.3. Engage and Incentivise

It takes a lot of effort and money to recruit a community of customers. A brand needs to safeguard its investment in creating a community and engage with all the tips and tricks known to mankind to minimise attrition of members. A long term online community should not exist without a very capable online Community Manager.

The key to a successful POC is member engagement. This is what sets it apart from other types of research. If community members are highly engaged, they are more likely to take part in research initiatives, more likely to take the time and care to let you know their true feelings (and more likely to discuss brand related issues among themselves).

However, this level of engagement doesn't just happen overnight. It needs to be nurtured and managed on an on-going basis by an experienced Community Manager. The successful Community Manager needs to be a hybrid between a qualitative researcher, an

administrator and sometimes an entrepreneur. Think of your community comprising a large number of guests for a big dinner party. You have a large room full of individuals with shared interests, but they don't really know each other and may be reluctant to interact initially. As host, the Community Manager is there to welcome new joiners, break the ice, provide games and activities for people to get involved in and subjects for them to talk about. When the conversation begins to flow you are then in a position to listen with interest.

However, while dinner parties have a start and a finish, a community is ongoing and constantly evolving. Now that people are interacting, you need to maintain freshness and buzz in the community to ensure that your members remain actively engaged. There needs to be enough interest and motivation to them coming back to interact with you and with each other. A good community manager will ensure that the community continues to flourish and that you don't get distracted from responding to your members. It's very much a reciprocal relationship. If your community becomes neglected and members begin to leave, not only is research weakened, but advocacy is lost and you'll need to work even harder to get it back.

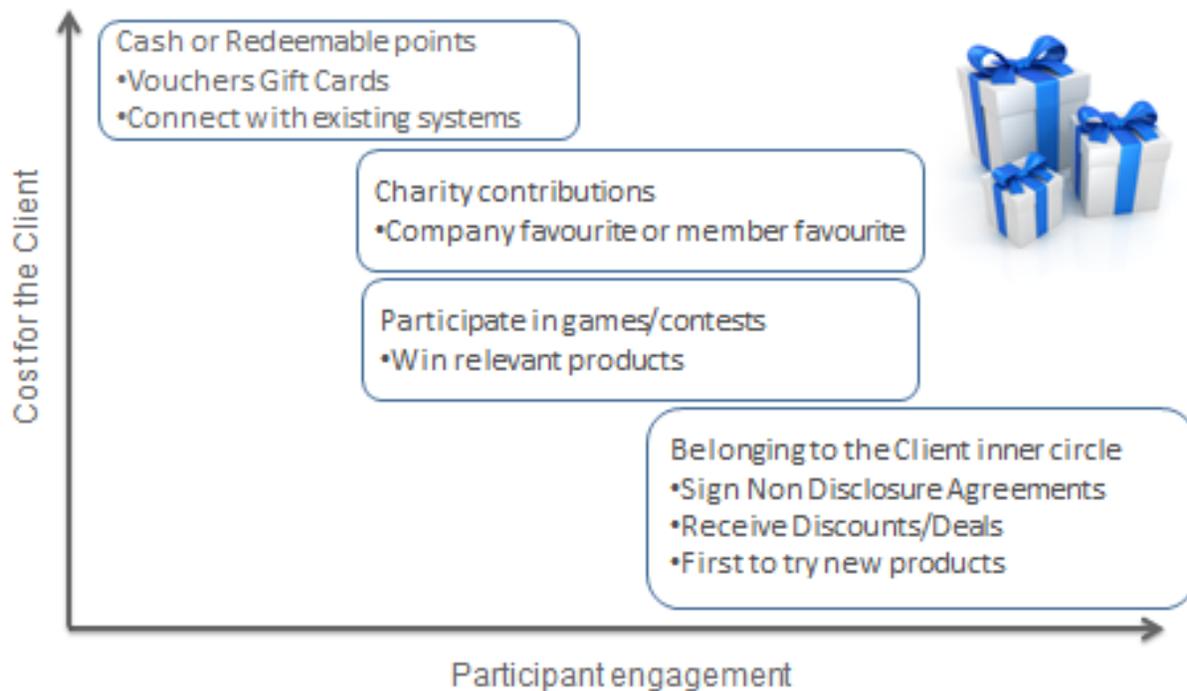
Whereas the previous role of the research manager may have been more project-orientated, the Community Manager is more about long term continuous development. Over time you build deeper relationships with consumers and in turn they will provide you with deeper levels of insight. If you are able to make your guests feel welcome and value their involvement, they will begin to feel that they are a part of the inner circle in your company, that they are informed about the outcomes of surveys and discussions, and that they have a stake in processes such as product development.

Because social media allows customers to interact with organizations at the time of their choosing, it's only fitting that research platforms should try to enhance this experience further. Research has previously been restricted in the degree of interaction it can provide. But by adopting a social media approach and treating your sample as guests or collaborators you can now become the perfect host and really engage with your customers for co-creation.

- The role of the online Community Manager is to engage the members of the community in a positive way and thus reduce the attrition rate.
 - Ways to engage and activate the members are:
 - Start discussions on the community “wall”
 - Invite members to participate in polls, contests and games
 - Be the face of the community and the go-to person for all queries the members may have
- In the absence of a Community Manager up to 60% of member attrition within one year may be expected (i.e. 5%/month). The presence of a capable online Community

Manager who engages with the community members on a daily basis can reduce attrition to up to 20%.

Member Incentives



©2012 DigitalMR® All rights reserved

Creating an active, inspired and vibrant community is a process that requires long term continuous development through regular member engagement. A highly engaged community is likely to lead to more impressive results - hence, the Community Manager has a very important role to play. Member engagement also stems from being excited about the brand or the cause, feeling at ease to express themselves, interest in the community and having a sense that their opinions are being listened to.

Considering the importance of the Community Manager, it was surprising that a Deloitte study in 2008 found that 30% of POCs had just a part time employee in charge of the community. Underestimating the role of the Community Manager can be detrimental to the success of the online community. Successful POCs have demonstrated effective engagement with their members. Perks like store vouchers and free test drives by Mercedes have encouraged current POC members to encourage others to join the online communities. Also, within the role of member engagement, the Community Manager must make the members feel like they are

playing a part in shaping the business decisions. Hence, the reasons for any rejected ideas must be clearly communicated to the community members to demonstrate that their ideas are being seriously considered.

3.4. Manage Activities

The research activities are defined by the objectives and budget for the research. Most of the activities fall under traditional qualitative research methods conducted online. New methodologies do not make the principles of market research obsolete. We should always stay cognizant of the differences between qualitative and quantitative research and treat statistical significance with the respect it deserves!

Here are a few examples of the tools, processes and research techniques that DigitalMR has developed over the last 18 months and used to help clients better interact with their communities and their customers:

3.4.1. **Online Chat Groups** – more than simply “focus groups online” online chat groups offer many advantages over the traditional format. Participants are able to view video and hear audio of the moderator, chat among themselves in real time and type answers to the moderator’s questions. The online platform enables live capture of typed comments for automatic transcription. And because answers are typed, it allows participants to respond simultaneously to a moderated question, without having to wait for each other to finish speaking. This results in double or even triple the volume of feedback compared to live voice interaction. The moderator can also prompt those who responded to get additional feedback in a much faster way.

There are significant advantages to this in terms of turnaround of results - the speed and volume of data processing is significantly increased and word clouds can be created automatically with the most-used words and phrases made larger to graphically highlight their importance.

It is also a very cost effective way to engage with difficult to reach sample across different time-zones and geographies. We have found, for example, while using this technique with time-poor C-Suite executives, they enjoyed interacting with their peers and would be happy to repeat the process again.

3.4.2. **In-Depth Interviews, pairs and triads** – a similar format can be used for longer, more in-depth interviews of 30-60 minutes. For a full and open discussion, the platform allows participants to see/hear each other and the moderator through video and audio at all times. It is simple for participants to set-up using web cam and computer microphones (or speakers and headsets).

Another advantage of this technique is that the platform enables complex visuals to be shown onscreen to stimulate discussion, and virtual whiteboards can be set up to record feedback, summarise and prompt further debate.

- 3.4.3. **Forum/Bulletin Board Discussion** – this technique, used for groups of 15-25 people, utilises a “Facebook” look and feel so participants feel at home straight away. A research project usually lasts around 1-2 weeks and its main advantage over the previously mentioned methods is that it is asynchronous – meaning participants can respond to the moderator or each other at a time when it suits them, they are not constrained by when the questions are asked.

The forum can be moderated, participants can interact among themselves, and they can upload photographs and share experiences - basically forming a micro-community which can be re-activated for further research.

- 3.4.4. **Online ethnography, video/photo diaries** – derived from social anthropology techniques, ethnography involves observing participants in their natural settings which can provide very useful insights, especially when combined with findings from other research sources.

Technology allows us to take online ethnography to the next level. With the help of web cams, tablets, smartphones and mobile handsets we are able to collect observational information (video clips, photos) alongside audio commentaries.

These techniques are much less intrusive, faster and cheaper than traditional methods. We have found online ethnography especially useful to gain deep insights around new product testing and product development.

- 3.4.5. **Online stimuli evaluation** – usually offered in online communities, this method can offer up a variety of images online – web pages, software, screen grabs etc - for comment and evaluation by members. This can be developed into hybrid quant approach by allowing larger numbers of participants to easily highlight graphically, what they like or dislike about the images shown to them.

All these newly evolving online qualitative research methods are not only great tools, they can also specifically be used for co-creation within the context of an online community or on an ad-hoc basis. Online communities can be short, medium or long term from a couple of weeks to a number of years. They can be an integral part of a social media research plan that may also involve active web listening, and traditional online marketing research around social media. Staff and customers alike can get more involved in generating new ideas, for products, services and communications and be kept updated on developments. In this way online qualitative techniques can help convert influential participants into brand advocates,

allowing them to become much more engaged and feel part of a brand's "inner circle".

- 3.4.6. **Video Clip Evaluation** – This functionality is becoming more and more popular with the growth of Youtube and other video channels that allow the dissemination of messaging using video clips. Whether it is for a TV-commercial-like spot, a video blog ("vlog") or a press release in video, a tool that evaluates and predicts the impact it will have to a larger audience definitely has its place on an online community platform. In terms of co-creation it also helps a company fine tune and improve its video clips before they are broadcasted publicly.
- 3.4.7. **Online Surveys** – Any online survey tool for quantitative research can be used embedded within an online community and enhanced with rich media such as video clips and images.
- 3.4.8. **Polling** – Asking one question or two on a self-select basis as opposed to pushing the questions via email is a good way to keep the community engaged and find out interesting pieces of information that can be used at short notice.

3.5. Replenish

Once the community is up and running, the hope is that member attrition will be kept at a minimum. However large or small the attrition, a process needs to be in place to replenish members that leave the community and to keep the community fresh. It is likely that the same sources for recruitment will be used to replace the leavers. A correctly implemented and managed combination of intrinsic and extrinsic motivation factors will keep attrition to below 20% on an annual basis.

4. Research Applications

Here are some ways to use communities and the activity tools for market research:

- Idea generation for new product development
- Ad and product concept testing and refinement
- Product testing
- In-depth tracking of brand perceptions and competitors
- Observe occasions of product usage for customer experience evaluation (ethnography)
- Evaluate and explore new target groups
- Discuss various topics and identify perceptions relating to the product category

- Identify trends
- Evaluate customer experience and improve loyalty

In addition to all the ways described above a community owner can also let the members of the community discuss among themselves and just listen for “Gems”.

5. Conclusion

The era of brand control and one way communication is long gone. We are now witnessing a transformation of our society that makes change in the way we market and sell products a must. Private online communities are one of the tools in the armoury of the marketer of today. It is actually **the fastest growing tool** in the market research industry during the last two years. Creating new products and messaging with the help of customers is not only easier, faster and cheaper but it also enables companies to create better products targeted to specific segments of the market. If the products are co-created by the people who later are going to buy them, it significantly reduces the risk of failure. The FMCG industry certainly has a lot of room for improvement. A.G. Lafley one of the former successful CEOs of P&G disclosed in an interview that only 15% of their new products were successful. A constant dialogue and connection to the people who buy and use our products can only improve this success ratio.