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KEYS TO COMMUNITY READINESS AND GROWTH:

How Brands Prepare for Online Community

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Study sponsored by Salesforce, Jive and Vanilla Forums.

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Executive Summary

Around the world, organizations are rallying to build branded communities. They've seen the success of co-creation efforts at companies like Dell, LEGO, and Apple, and they want a piece of the pie. From huge enterprises like Salesforce and Cisco to startups-turned-giants Airbnb and Etsy, community is becoming the strategic lifeblood of the business world.

But we have a problem.

While some organizations are in a strong position to thrive in the new collaborative economy, many more are failing. Some are cultivating cultures of transparency and investing in people, process, and technology. Others are expecting high returns but have disenfranchised the very knowledge workers that run the communities on which the promise of ROI is built.

A new world of online community haves and have-nots is emerging, where some are poised for success, while others struggle to make ends meet on the engagement front.

In order to help branded online communities understand the critical success factors, Leader Networks and CMX collaborated on this study. The research examines the organizational people, processes, and technology scenarios that fuel existing or future community initiatives. The result is a data-driven portrait of characteristics that can be used to predict the potential business impact of an online community. Based on the trends of communities deemed "very successful," this portrait offers an inside look at what separates these communities from the pack and provides a strategic and operational model to emulate.

And we clearly sparked interest within the industry, as, in just a few weeks, more than 400 professionals who have an online community or are considering one responded to the survey. In the middle of our questionnaire, we split these two groups apart so that we could compare the drivers, decisions, and processes that comprise each group's experience.

Since we want to see more thriving branded communities built, we need to give businesses the knowledge required to build them. This survey begins to paint a vivid picture of what organizations must know in order to define the right business case, assess the likelihood of their customers engaging online, and understand the operational impact required to succeed over time.

MAJOR TAKEAWAYS ABOUT THE KEYS TO COMMUNITY SUCCESS

1. **An overwhelming 86% of survey respondents believe that having a branded online community will positively impact core operations, while 85% believe it will improve the customer journey and increase trust.**

2. **Brands launching online communities are increasingly focused on supporting the customer journey. When the motivations to launch an online community were explored among both those who have an online community and those considering one in the future, the focus on cost reduction was rated significantly less important among those that are considering launching a community. Cost reduction fell from 31% for those already launched to 10% for future community drivers.**

Brands that have online communities are driven to build them in order to help ensure competitive advantage by focusing on customer satisfaction and retention (61%) and gathering ideas to fuel future innovation (48%). After communities launched, the majority of respondents (53%) reported that user-created content was highly valued by their organization.

3. **Executive sponsorship and identifying key business drivers are critical success factors in launching a successful online community.**

When launching a branded online community, 56% found it important to determine a business need, 45% relied on executive support, and 39% built a business case.

4. **Maintaining community engagement and growth is an ongoing challenge for most, yet they are often the leading indicators of success for very successful communities.**

More than half of respondents were concerned that their community will fail to be vibrant. And their fears are warranted, as our data show that a lack of internal support and low member engagement are the primary reasons that communities fail long-term.

5. **Organizations considering launching an online community often underestimate staffing and technology requirements.**

The overwhelming majority (92%) of brands that have a community report utilizing at least one dedicated community manager, and devote more staff to larger communities. However, only 2 out of 3 brands considering a community plan to have a dedicated resource.

In addition, respondents who consider their communities very successful and those from larger organizations are more likely to report that their organization expended "high" effort in selecting a software program. Yet only 1 in 4 organizations are rigorous in their approach to the vendor selection process.

There is a marked difference in how business-to-business (B2B) and business-to-consumer (B2C) companies view community launches. B2B companies are:

- More likely to seek and find an executive sponsor prior to launch
- More likely to be motivated by cost reduction as a business driver
- More likely to see strong offline events as an indicator for community readiness
- Among those considering launching a community, they are more likely to indicate that "solving problems by accessing experts and FAQs" and "self-serve through videos and how-to tutorials" would be main member activities

1. THE KEYS TO COMMUNITY READINESS

Very successful communities had the following attributes in common:

- They believe that community will improve the customer journey, reduce costs, generate indirect revenue, and streamline the supply chain

- They are more likely to define community as "members who develop relationships with each other on a dedicated platform"

- Their top triggers for new member acquisition are onboarding all customers/employees and refer-a-peer programs

- They expend a lot of effort in selecting community software

- They are most likely to have a full-time manager and more likely to have multiple managers

- They are more likely to report that "gathering and organizing product feedback" is a top challenge

- They highly value new product ideas or feedback

Methodology

The study used mixed methods to fuel this report; an extensive survey was followed by select interviews conducted over the phone.

Study composition:

- The survey was administered online to **414 participants** who completed it between 10/15/15 and 11/20/15
- Seventy-six percent of participants were located in the United States
- Survey participation was primarily driven by marketing and community management professionals. Survey takers were gathered via social channels, email, and peer referral

Separate results are presented for those organizations that "Have Online Branded Community" and those that "Do Not Have a Community but are Considering One." Results were analyzed by multiple segments (community size, community age, focus of the organization, size of the organization, and success of community). Significant differences are noted throughout the report.

Throughout this report you will find two features that highlight the findings. First, "Keys to Success" bring out the most salient and actionable insights from the data. Second, "Expert Insights" are quotes from real professionals who shared these insights via phone interviews. These experts have built communities and their insights illuminate the best practices they've formed through real-world experience.
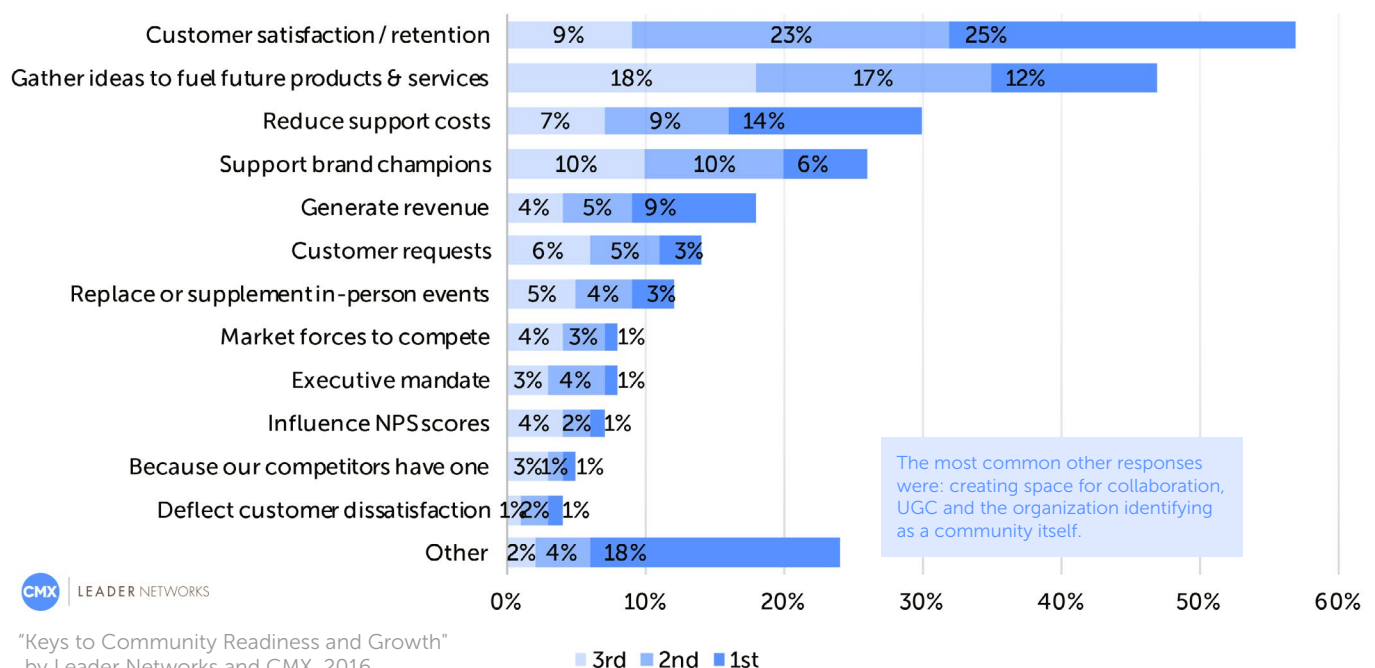
Part One: Reflections from Organizations that Have a Community

We asked those organizations who have an online community to share why they launched one in the first place. As anyone who has run an online community can attest, the reasons for launch often vary widely, and the reasons for its continued existence frequently change after the community has existed for a while. We wanted to understand the ways that organizations invest in community launches, so that others can understand the factors that facilitate initial buy-in and long-term success.

CUSTOMER SATISFACTION AND RETENTION DRIVE ORGANIZATIONS TO LAUNCH ONLINE COMMUNITIES

Motivations for building a branded online community often impact the outcomes, so respondents were asked to rank the business drivers they'd selected in order of importance. We were attempting to illuminate the business reasons for community in order to either help community professionals make stronger cases to their organization, or shift their community's focus to meet pressing business needs.

PLEASE RANK YOUR DRIVERS FOR LAUNCHING AN ONLINE COMMUNITY FROM MOST TO LEAST IMPORTANT

Driver	3rd	2nd	1st
Customer satisfaction / retention	9%	23%	25%
Gather ideas to fuel future products & services	18%	17%	12%
Reduce support costs	7%	9%	14%
Support brand champions	10%	10%	6%
Generate revenue	4%	5%	9%
Customer requests	6%	5%	3%
Replace or supplement in-person events	5%	4%	3%
Market forces to compete	4%	3%	1%
Executive mandate	3%	4%	1%
Influence NPS scores	4%	2%	1%
Because our competitors have one	3%	1%	1%
Deflect customer dissatisfaction	1%	2%	1%
Other	2%	4%	18%

The most common other responses were: creating space for collaboration, UGC and the organization identifying as a community itself.

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Legend: ■ 3rd ■ 2nd ■ 1st

Many survey respondents who selected customer satisfaction and retention as a reason for launching an online community also identified it as the most important driver. And while reducing support costs was identified as the primary driver by a larger percentage of people, many more respondents selected gathering ideas to fuel innovation (commonly referred to as co-creation) as a leading driver.

It is surprising that innovation and retention were cited as the primary drivers for community launches. The data suggests that a revolution is underway, and that organizations, especially B2C organizations, are putting customers first, valuing their input, and focusing on providing more value in order to retain them.

Customer relationships are the foundation of many organizations' success. Consequently, organizations are relying less on community as a support engine and cost-reduction strategy, and are viewing top-line business growth as a primary reason to build a branded community.

This is a huge shift in the way that businesses view community—they are moving from a cost-reduction strategy to a value-creation strategy.

In B2B firms, however, the data suggests that reducing support costs is still a main driver for launching a community. As the complexity of B2B products and services tends to be higher than B2C products and services, it is likely that the support demands are also higher, creating a need to alleviate some of this burden through a self-serve model (at least for low-complexity issues).

After launch, customer retention and innovation remain vital to securing financing and ensuring the community's ongoing success. Businesses will look for community professionals to prove their positive effect on these drivers if they are going to continue funding community strategy.

Over 80% of respondents (both who have launched and are considering launching a community) believe it is important to integrate a community with their core business processes, such as ecommerce or customer relationship management. This integration is an excellent way for businesses to increase their value to customers.

HOW IMPORTANT IS IT TO INTEGRATE CORE BUSINESS PROCESSES SUCH AS ECOMMERCE OR CUSTOMER RELATIONSHIP MANAGEMENT INTO YOUR COMMUNITY?
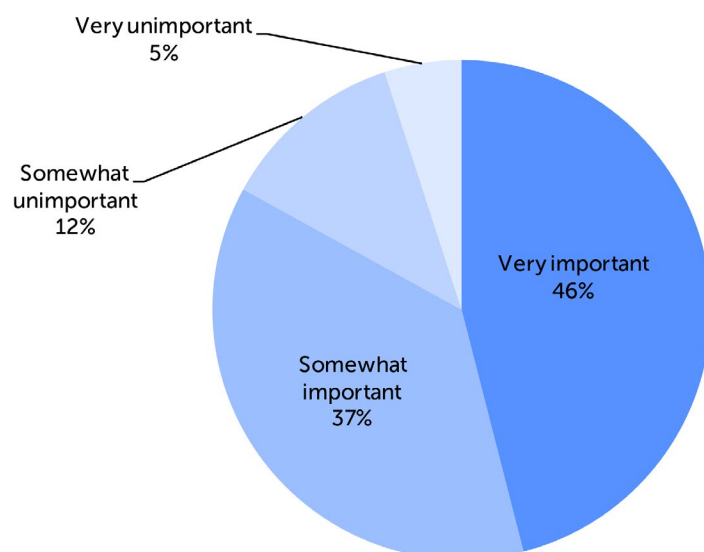
Very unimportant 5%

Somewhat unimportant 12%

Very important 46%

Somewhat important 37%

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

At this point, only a select number of enterprise-ready software solutions have embedded functionality that connects core business processes to the community software. We anticipate seeing a closer alignment in this area in the future.

The majority of marketers and community builders (56%) who have built an online community state that strong executive support was the key to gaining funding before the community launched. This means that these community builders relied on executives who believed in the power of community, and those executives sold the strategy up the chain on their behalf. Executive support has been demonstrated to have material impact on the outcomes of online community. According to a recent study by Demand Metric "Two-thirds of organizations with highly involved executives are seeing their communities influence 16% or more of their organization's total revenue."

The second-most popular mechanism for gaining funding for community strategy was identifying clear business needs (45%). The community builders also likely built the business case well before making a software purchase.

It is essential that community practitioners identify internal champions who can help them carve out clear business objectives before launching a community. These relationships will allow community professionals to get the funding and support they need (and, as a later finding highlights, that is sorely lacking in many organizations). And, since communities frequently impact core operations, community professionals should not stop once they've identified a strong executive sponsor. From our experience, involving cross-functional stakeholders is also an important aspect of building community awareness, fostering support and securing buy-in.

FREQUENT IDEA SHARING IS THE PRIMARY SIGN OF COMMUNITY READINESS

We asked respondents to identify what prompted them to launch their community. What signs led them to believe that their prospective members would benefit from an online community? The success of an online community is dependent upon member utilization, so it is paramount that community builders ensure that the community fills both a member need and a business need.

2. KEY TO SUCCESS

Organizations now view community as a competitive advantage. Those professionals who can put community in this light will find it easier to gain buy-in for their community strategies and secure funding throughout the community's existence.
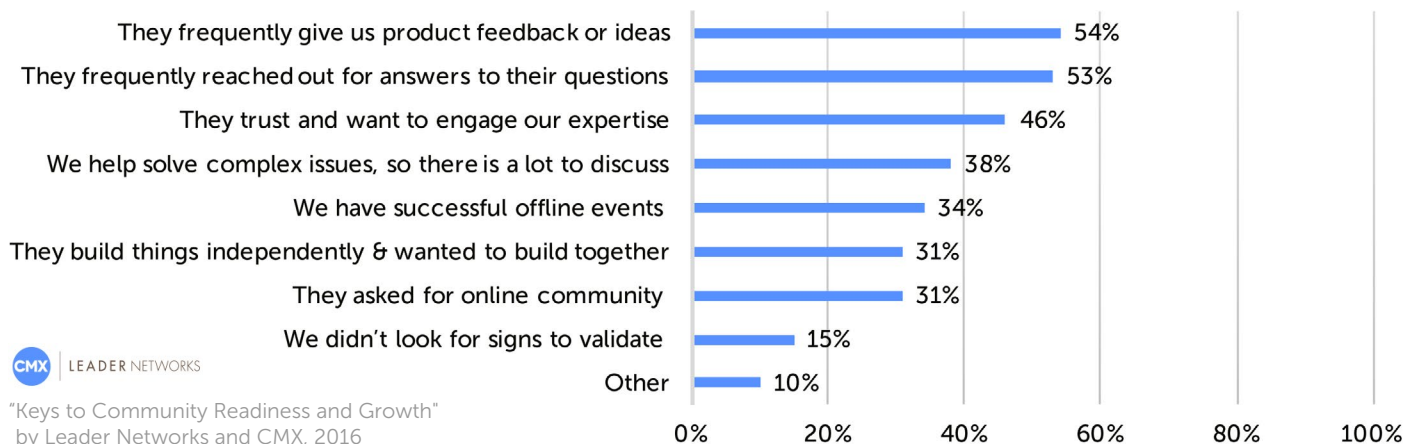
EXPERT INSIGHT

"At Healthstream, the CEO is a huge advocate of the community. He needed to be convinced that we had done our research and then he wanted us to move forward with our strategy." — Shara Karasic, Director of Community at Healthstream

3. KEY TO SUCCESS

Develop and champion a clear business case for your community alongside an executive sponsor.

WHAT WERE SOME SIGNS THAT YOUR CUSTOMERS WANTED A BRANDED ONLINE COMMUNITY? (SELECT ALL THAT APPLY)

Sign	Percentage
They frequently give us product feedback or ideas	54%
They frequently reached out for answers to their questions	53%
They trust and want to engage our expertise	46%
We help solve complex issues, so there is a lot to discuss	38%
We have successful offline events	34%
They build things independently & wanted to build together	31%
They asked for online community	31%
We didn't look for signs to validate	15%
Other	10%

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It is reassuring to see that the majority of organizations surveyed (85%) who have an online community sought to validate the need for community with their customers prior to launch. As the community industry matures, risk management is an essential part of business case development.

The two most-cited signs of readiness centered on idea sharing with customers. Customers were reaching out to provide product feedback and receive answers to their questions in over 50% of cases, demonstrating a member need that a community could address.

Respondents with larger communities were more likely to indicate that users "reached out to get answers to their questions" as a sign of readiness.

Organizations with a B2C focus were less likely to report that "successful offline events" signaled community readiness. This finding suggests either that offline events are not as important in the B2C environment, or that most of these organizations have not yet identified how to supply real in-person value to consumers.

In all of the most-often cited cases, the primary sign of readiness was customers who were clamoring for more value—whether that value come in the form of answers, product improvements, engagements with trusted internal experts, events like user groups, or solutions to complex issues.

In all cases, community readiness is a function of how much value the business can supply the customer. If the business cannot create more value for the customer and the customer is not already actively trying to engage with the business, the time may not be right for community.

EXPERT INSIGHT

"We found we were answering the same questions over and over. So we ran our community research through a digital agency. They did surveys and interviews to identify what our customers needed. They wanted to know what others struggled with. Seeing others solving problems is more useful than a white paper explaining how to do something." – Jennifer Mitchell-Doe, Director of Social Enablement at The Hartford, speaking of her 17 years building community at Analog Devices

To advance a customer-centric approach through community (and in general), focus on building relationships, creating helpful content for customers, and opening up lines of communication with them. With open communication, the organization will likely see these readiness markers develop over time. It is far easier to gather those who are already converted than it is to construct an empty space and then try to shepherd people into it.

SIZE AND GROWTH MATTER TO ONLINE BRANDED COMMUNITIES

We asked respondents to tell us about their community growth patterns post-launch.

Until now, the community industry lacked salient benchmarks to understand what a typical positive growth pattern looked like. Because of this, community leaders have spent many sleepless nights wondering if they were growing fast enough, and worrying about whether they were succeeding or failing to meet industry norms.

Moreover, as we will see detailed later in the study, the biggest barrier to launch is the fear that the community will fail to be vibrant (without really knowing what vibrant looks like). How much growth is
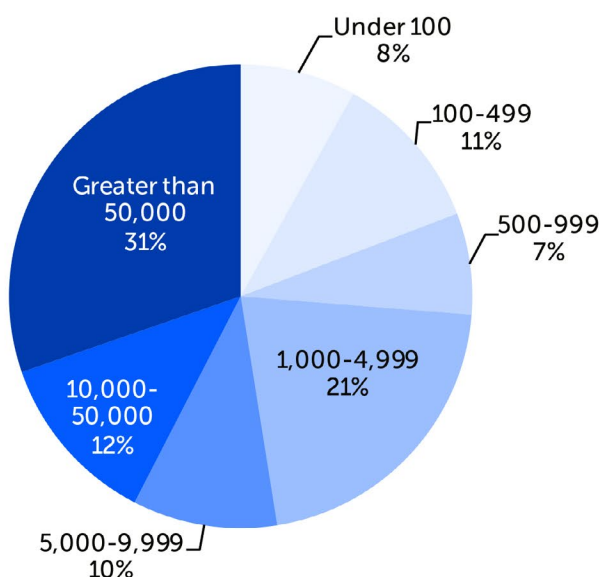
4. KEY TO SUCCESS

Communities do not create trust. They cement it. If your customers are clamoring for more value, create that value and build relationships first. The time is not always right to launch an online community.
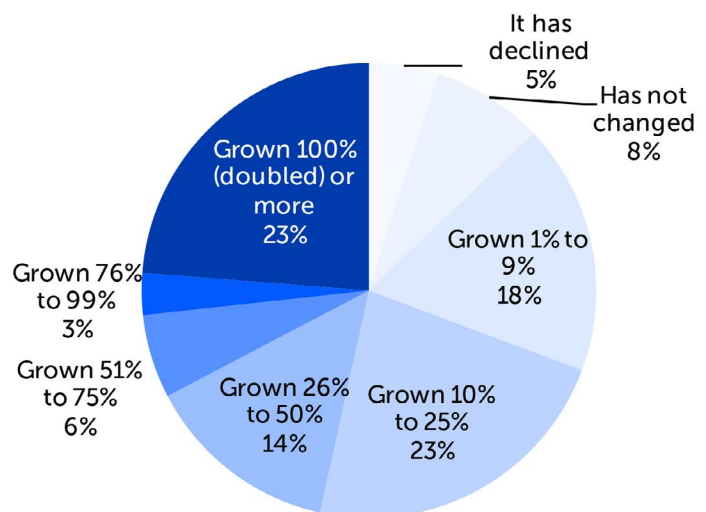

QUESTION: HOW MANY TOTAL MEMBERS ARE IN YOUR COMMUNITY?

TOTAL MEMBERS

Under 100
8%

100-499
11%

500-999
7%

1,000-4,999
21%

5,000-9,999
10%

10,000-50,000
12%

Greater than 50,000
31%

WHAT HAS THE GROWTH IN YOUR COMMUNITY BEEN OVER THE PAST YEAR?

GROWTH IN PAST YEAR

It has declined
5%

Has not changed
8%

Grown 1% to 9%
18%

Grown 10% to 25%
23%

Grown 26% to 50%
14%

Grown 51% to 75%
6%

Grown 76% to 99%
3%

Grown 100% (doubled) or more
23%

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normal? We sought the answer to that question here. We also discovered some surprising information regarding community growth and size as it relates to continued success.

Our respondents included a large number of community builders with a membership base of 50,000 and above (over 3 in 10 respondents reported communities of this size).

Close to a quarter of respondents indicated that their community had at least doubled in the past year. Younger communities were smaller, but they reported more rapid growth.

There is a strong link to be made between community growth and the age of the community. If the community does not grow quickly at the outset, it is a sign that the organization has either failed to meet a member need, has not properly articulated their message, or that their relationships with customers are not yet strong enough to cement trust in the community space.

Growth is often organic in communities that bring together people who once felt isolated. Fast growth, while not the ultimate indicator of community success, is important for validating your community mission, vision, content strategy, and outreach efforts. If you are building a valuable community, growth is frequently a natural by-product.

THERE IS NO "MAGIC BULLET" FOR COMMUNITY GROWTH

So, if growth is vital to early community success, how do you achieve it? We asked respondents to list the methods they use to bring new members into the fold. In a later question, we asked them which member acquisition methods have made the biggest impact.

HOW DO YOU ATTRACT NEW MEMBERS TO JOIN THE COMMUNITY? (SELECT ALL THAT APPLY)

Method	Percentage
Use social media marketing to raise awareness	58%
Run events	37%
Email invitations from our organizations list	37%
Develop personalized outreach to prospective members	32%
Onboard all customers or employees to the community	29%
Offer incentives and giveaways	20%
Refer-a-peer programs	19%
Share an online tour of the community	18%
Purchase lists	2%
Other	23%

Multiple other responses cited "word of mouth" and "product support."

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A wide variety of approaches are used to gather new members, and many communities prudently use more than one method. Clearly, there is no one-size-fits-all approach. While social media and events were the most-cited methods for trying to increase membership, they are not, as the next finding makes clear, always the most effective way to produce growth.

Context for member acquisition efforts is significant here. Growth strategies are highly individual to community types and sizes. B2C communities tend to offer more incentives and giveaways than B2B companies. This suggests B2C companies believe that prospective members need some initial extrinsic motivator (like a contest) to become engaged, and, once this engagement has occurred, feel they can provide intrinsic motivation. In the next chart, you'll see why this is an erroneous assumption.

Small communities make use of mailing lists with greater frequency than large communities. This is likely because small communities have more intimate connections with their members, making email a cost-effective way to reach members in an environment where their attention is less divided. However, as the community grows, email becomes a less-cited way of continuing that growth.

Interestingly, the majority of respondents cite social media as one of their top-of-funnel activities for gaining new members. This doesn't mean that social media is where community activity happens. It means that they attract new members by sharing their community content on social media platforms. They view social media as a great way to show prospective members what they may be missing inside the community. One advantage of using social media as a marketing channel for community is that outside social platforms provide a large base to recruit from, enabling the interesting conversations and content contained in the community to reach a larger audience. This content has the potential to serve as a honeypot and get people to join the community.
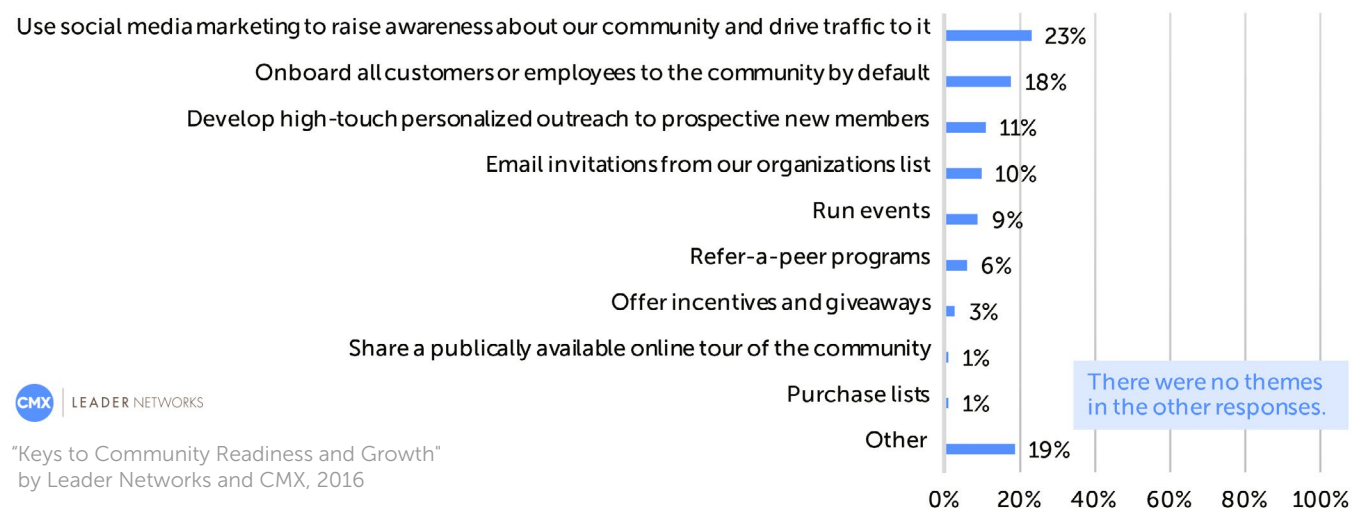
EXPERT INSIGHT

The goal for our pre-launch community is that when it's public, we already want to have a lively community. We have invited hundreds of community influencers behind the scenes. We find people who want exposure and want to get to the next level in their career. Members want to become more visible. Keying into that is really important." – Shara Karasic, Director of Community at Healthstream

THE WAY TO GROW A COMMUNITY IS THROUGH SOCIAL MEDIA AND AUTOMATIC ONBOARDING

We then asked respondents to share their top-performing tactic to produce growth in the community.

AMONG THE ACTIVITIES YOU USE TO ATTRACT NEW MEMBERSHIP TO YOUR COMMUNITY, WHICH ONE HAS BEEN THE MOST SUCCESSFUL IN CONVERTING NEW MEMBERS?

Activity	%
Use social media marketing to raise awareness about our community and drive traffic to it	23%
Onboard all customers or employees to the community by default	18%
Develop high-touch personalized outreach to prospective new members	11%
Email invitations from our organizations list	10%
Run events	9%
Refer-a-peer programs	6%
Offer incentives and giveaways	3%
Share a publically available online tour of the community	1%
Purchase lists	1%
Other	19%

There were no themes in the other responses.

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We found that the methods of successful new member acquisition were dependent on community profiles. This is why knowing your member personas and creating campaigns that serve the needs of each member persona are so vital. It would be wise for community managers to invest their time in meaningful persona research to inform and align their member acquisition strategies.

Respondents who consider their communities very successful are more likely to report that "Onboard[ing] all customers or employees" and "Refer-a-peer programs" are the top growth triggers for their communities.

It should be noted: The wide range of responses is exactly why growth should not always be a goal of community work. We have illuminated how to grow for growth's sake, but that is not always the best route. Just because you have a huge member base does not mean you have engagement, influence, or the trust of your members.

Small but highly engaged communities often yield very strong business impacts without achieving mass scale. It is also important to note that the larger the community, the less likely members are to share the details of their practice or professional challenges—due to their fear of who may be listening in.

6. KEY TO SUCCESS

Very successful communities report that onboarding all customers or employees and refer-a-peer programs lead to the highest rate of community member conversion. But you shouldn't pursue growth just for growth's sake.

When attempting to gauge the success of a community, intimacy and customer insights that can be leveraged are often more meaningful metrics than the number of new members. But if you want to grow fast (and, if you're a new community, this may be essential to future health, as cited above), the organizations highlighted in the next paragraph point the way to doing just that.
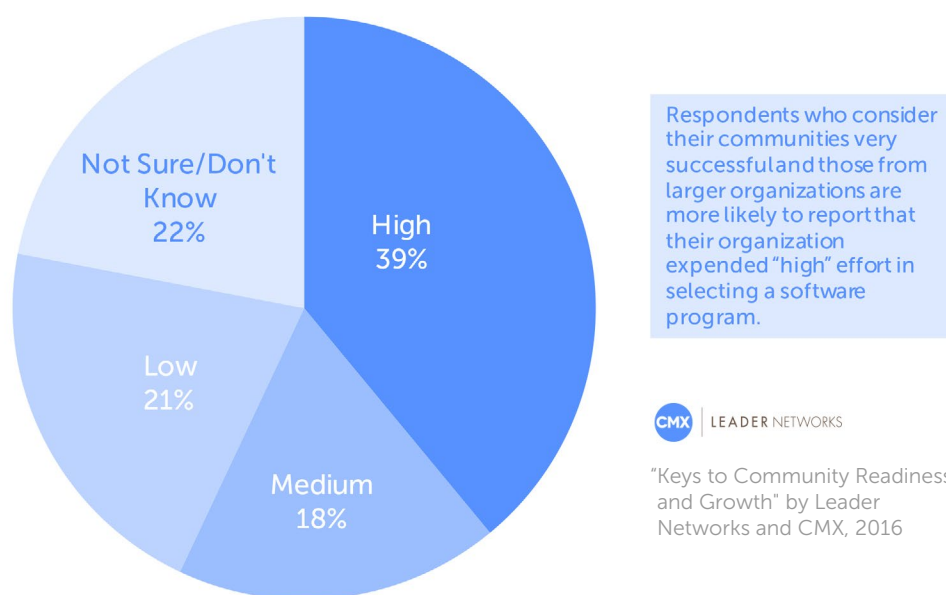
VERY SUCCESSFUL COMMUNITIES SPEND MORE TIME RESEARCHING COMMUNITY PLATFORMS

Choosing the right community platform to actualize the business case and support member needs is an important decision that has a large impact on the community's future potential.

Picking a platform that does not offer features and functions that support the business case introduces complexity and creates the potential for dissatisfaction. However, given the relatively low cost of community software and the siloed nature of community in many organizations, community leaders may not face rigorous scrutiny from executives as they select their platform. That being said, the ramifications of this choice are long-standing.

To learn more about the technology decision-making process, we asked respondents to share the level of effort they put into researching their community platforms.

HOW WOULD YOU RATE THE LEVEL OF RESEARCH EFFORT THAT YOUR ORGANIZATION DEVOTED TO SELECT A SOFTWARE PLATFORM?

Not Sure/Don't Know 22%

High 39%

Low 21%

Medium 18%

Respondents who consider their communities very successful and those from larger organizations are more likely to report that their organization expended "high" effort in selecting a software program.

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We found an uneven approach to community platform selection. Respondents who consider their communities very successful and those from larger organizations were more likely to report that their organization expended "High" effort in selecting a software program.
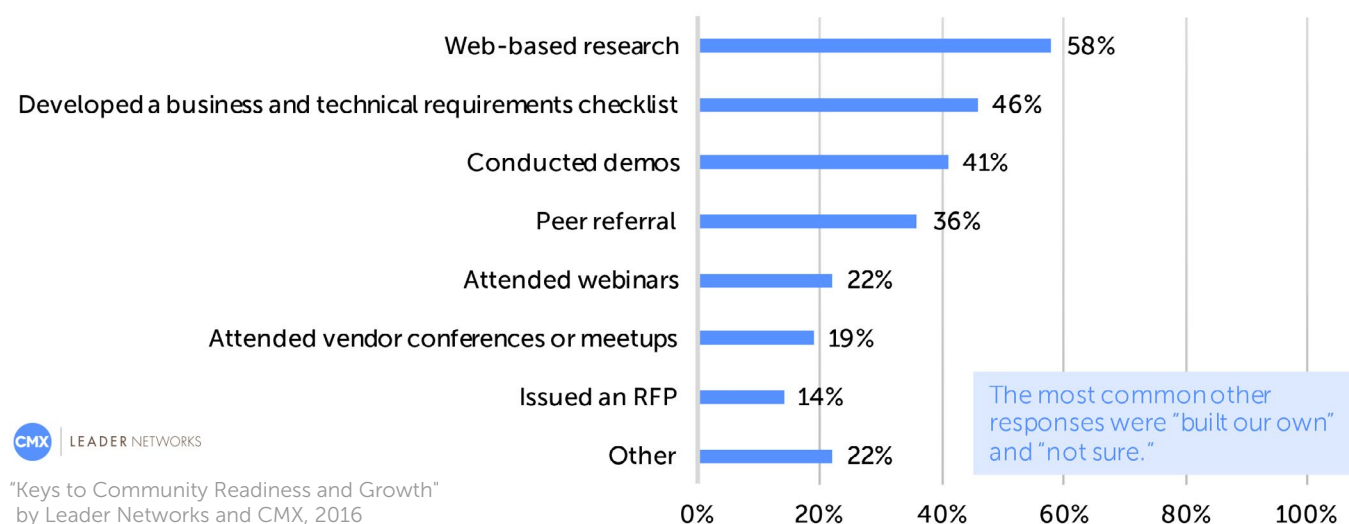
However, only 4 in 10 organizations said that they were rigorous while researching a platform.

This is a big part of the gap that separates the successful from the very successful, and either points to a need for the standardization of research into platforms, a lack of information, or a broken sales process in the community platform business.

WEB RESEARCH IS THE MOST COMMON WAY ORGANIZATIONS RESEARCH COMMUNITY PLATFORMS

Following the theme explored above, we then inquired about the tactics organizations used to research community software. The data below details the various methods used by organizations that already have an online community.

WHAT TACTICS DID YOU USE TO RESEARCH A COMMUNITY SOFTWARE PLATFORM? [SELECT ALL THAT APPLY]

Tactic	Percentage
Web-based research	58%
Developed a business and technical requirements checklist	46%
Conducted demos	41%
Peer referral	36%
Attended webinars	22%
Attended vendor conferences or meetups	19%
Issued an RFP	14%
Other	22%

The most common other responses were "built our own" and "not sure."

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A majority of respondents selected web-based research as their primary method. Unfortunately, fewer than half took the time to gather business or technical requirements. Respondents from larger organizations were more likely to indicate that their organization developed a requirements checklist, issued an RFP, and conducted demos in order to select their platform.
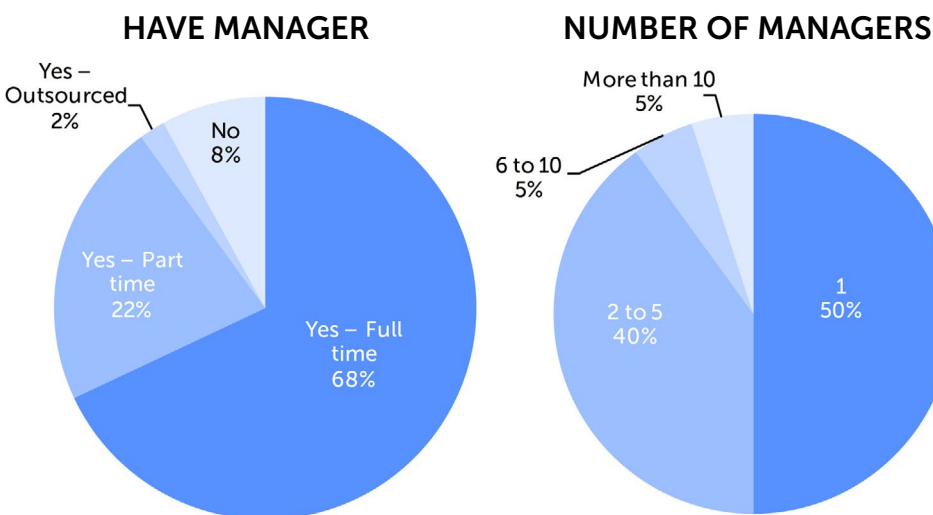
About one-fifth of respondents cited "Other" as a method of research. The majority of those answers were either "not sure" or "built our own," meaning that their company expended resources to build a customized platform.

As practitioners, we have a long way to go before community software selection is standardized. This is yet another part of the process where an executive sponsor would prove helpful. A sponsor can guide community professionals (especially newer ones) through the demo process, the requirements checklist, and more. A community consisting of community practitioners would also be helpful on this front.

ALMOST ALL COMMUNITIES HAVE A COMMUNITY MANAGER

One of the burning questions in the community industry is: "What is the appropriate level of staffing for an online community?" Community manager burnout is not only a reality—it is also a frequent topic at online community conferences, and in offline and online conversations about the profession.

In order to explore staffing models, we probed into whether communities typically have a community manager. And, as is evident below, we learned that the majority of communities have at least one dedicated community manager.

HAVE MANAGER

Yes – Outsourced 2%

No 8%

Yes – Part time 22%

Yes – Full time 68%

NUMBER OF MANAGERS

More than 10 5%

6 to 10 5%

2 to 5 40%

1 50%

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But is one enough? How many managers should communities of various sizes employ?

More than 9 in 10 respondents indicate that they have a dedicated community manager. Half of those have a single manager. Larger, older, and very successful communities are not only more likely to have a full-time manager, they are also more likely to have multiple managers.

Communities with a thousand or more members are more likely to have more than one manager than are smaller communities. There is also a trend toward communities larger than 10,000 members having 6-10 or more than 10 managers. And the following finding should come as no surprise: If you want a successful community, you have to staff it with professionals who know how to engage members and lead them.

TOP THREE PROBLEMS FOR ORGANIZATIONS WITH COMMUNITIES

While well-run and well-staffed communities frequently advance meaningful business and customer goals, they are not a panacea. In fact, these communities are often more challenging to support operationally than early-stage community builders realize.
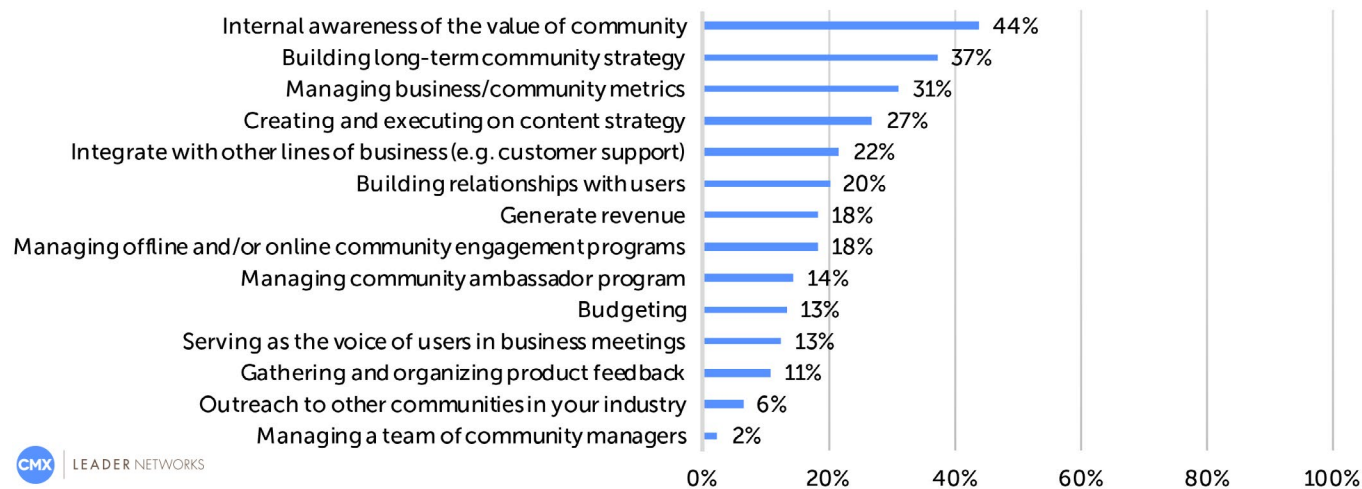
Too often, an online community is thought of as a marketing campaign and not as a line of business. In order to pinpoint those issues that are an ongoing struggle for community professionals, we asked respondents to rate up to three of their top challenges as community builders.

8. KEY TO SUCCESS

Nine in 10 communities have a dedicated community manager. The most successful, long-running, and largest communities have one or more community managers on staff. The success of a community strategy is directly tied to the resources behind it.

PLEASE IDENTIFY THE TOP CHALLENGES YOU FACE AS A COMMUNITY BUILDER (SELECT UP TO 3)

Challenge	Percentage
Internal awareness of the value of community	44%
Building long-term community strategy	37%
Managing business/community metrics	31%
Creating and executing on content strategy	27%
Integrate with other lines of business (e.g. customer support)	22%
Building relationships with users	20%
Generate revenue	18%
Managing offline and/or online community engagement programs	18%
Managing community ambassador program	14%
Budgeting	13%
Serving as the voice of users in business meetings	13%
Gathering and organizing product feedback	11%
Outreach to other communities in your industry	6%
Managing a team of community managers	2%

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"Keys to Community Readiness and Growth"
by Leader Networks and CMX, 2016

Internal awareness of the value of the community was identified as a top challenge by close to half of respondents. Many community professionals work hard to engage their community members, but have trouble evangelizing for the value of their own work.

Again, this is where an executive sponsor is crucial to the long-term success of the community. A sponsor would help the community professional see where their insights are most valuable to the company. This sponsor could also help sell the value of the community throughout the organization.

Community professionals are also likely to struggle to share the value of their work because of limited resources and reporting. We have a long way to go in standardizing community reporting and teaching professionals the skills they need to show their value. Regular reporting and set workflows are examples of tactics that would allow practitioners to bolster their impact within the organization.

Respondents who consider their communities very successful are less likely to report "Building relationships with users" as a top challenge, and more likely to report "Gathering and organizing product feedback" as a challenge. This is an interesting finding that points to product innovation being an important driver in very successful communities. Successful communities tend to have strong relationships, but may struggle to organize all the value created by those relationships.
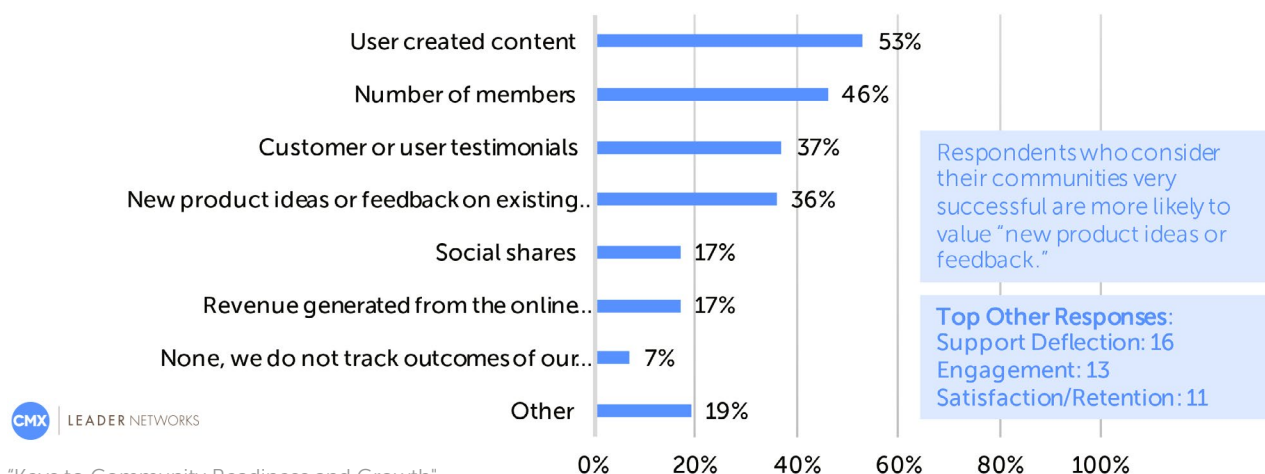
The most successful communities report not being concerned with member acquisition and growth. Instead, their focus is how to leverage what they learn from customer feedback in a way that will impact core operations.

Larger organizations are more likely to identify "[Integration] with other lines of business" and "Internal awareness of the value of community" as top challenges. This is likely due to the existence of complex internal structures that make it hard for information bubbling up from the bottom to reach the upper ranks of the organization. These organizations can struggle to become or remain responsive to their communities, and must institute careful procedures while gathering and examining community insights.

AFTER LAUNCH, ORGANIZATIONS VALUE USER-CREATED CONTENT AND COMMUNITY SIZE ABOVE OTHER MEASURES OF SUCCESS

As with many innovation initiatives that are strategic in nature, there is often a delta between the anticipated benefits and those realized post-launch. We asked survey respondents to share what outcomes their organizations valued the most post-launch in order to gauge how faithful organizations are to the drivers that initially motivated them to build a community.

WHAT COMMUNITY OUTCOMES ARE MOST VALUED BY YOUR ORGANIZATION? (SELECT UP TO 3)

User created content	53%
Number of members	46%
Customer or user testimonials	37%
New product ideas or feedback on existing...	36%
Social shares	17%
Revenue generated from the online...	17%
None, we do not track outcomes of our...	7%
Other	19%

Respondents who consider their communities very successful are more likely to value "new product ideas or feedback."

Top Other Responses:
Support Deflection: 16
Engagement: 13
Satisfaction/Retention: 11

"Keys to Community Readiness and Growth"
by Leader Networks and CMX, 2016

Over half of respondents said that their organizations care about "User-created content," and almost half selected "Number of members." In other words, their organizations are looking for growth in both the size of the community and the content created by members. These are community health metrics, but they do not tie in with those top drivers of successful community strategy we saw pre-launch: an increase in customer retention and innovation.

The difference between what very successful communities value, and what all other communities do, is especially interesting. Organizations that report high success rates frequently value community outcomes that are focused more on business and operations such as new product ideas or feedback on existing products than moderately successful and not successful communities.

This finding sheds light on a major issue in the community industry: To be successful, you must show that you are able to deliver real business value. Those who enjoy the biggest ROI on their community strategy likely have their ability to effectively calculate real business impact to thank, not the pursuit of growth for growth's sake.

This could be a large reason why, up to this point, ROI on community has been so elusive for so many companies. Organizations are likely to set growth and scale goals pre-launch, and yet fail to evolve them as the engagement and knowledge sharing intensifies within their communities. The resulting metrics can be so divorced from their actual impact that they become meaningless. You become what you measure, so measure wisely.

EXPERT INSIGHT

The question of ROI continued to come up even to the day I left. We ran surveys. We asked questions like 'Would you be more inclined to buy products from [us] knowing the support community is available?' that would get to the ROI of our work. We got amazing numbers on that to prove the ROI. We measured metrics like the growth of the community. We compared the member-to-engagement ratio. We weren't just looking to growth of members. We were looking at activity, not just number of members. But it was never easy to prove ROI in a way that made everyone happy." – Jennifer Mitchell-Doe, Director of Social Enablement at The Hartford, speaking of her 17 years building community at Analog Devices

9 IN 10 CONSIDER THEIR COMMUNITY A SUCCESS

Curious to learn how communities are faring, we asked community professionals to evaluate their own work thus far. The results were heartening.

HOW SUCCESSFUL IS YOUR COMMUNITY?
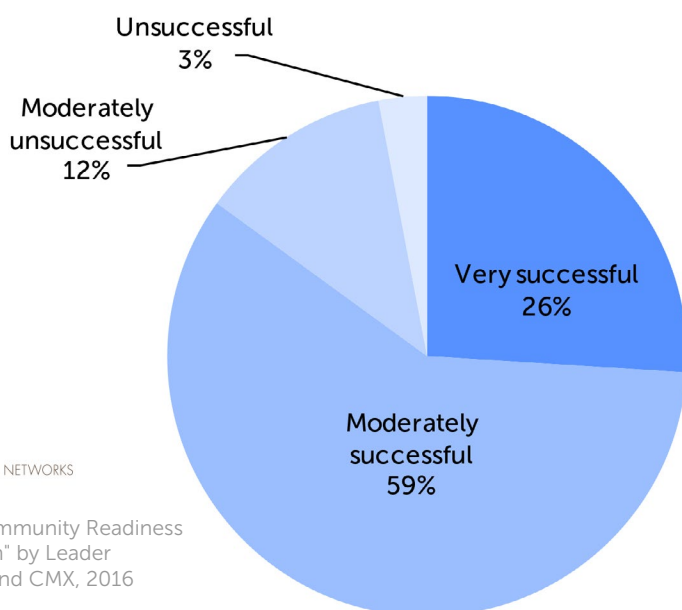
Unsuccessful
3%

Moderately
unsuccessful
12%

Very successful
26%

Moderately
successful
59%

CMX | LEADER NETWORKS

"Keys to Community Readiness
and Growth" by Leader
Networks and CMX, 2016

Nine out of 10 respondents deemed their community a success.

However, it is important to note that just over a quarter consider their community very successful.

Let's look at what sets the best communities apart from the so-so communities and those that are outright unsuccessful.

We asked respondents to write, in their own words, the primary reason for their community's success. We then coded the answers and found that six primary reasons were cited.

WHAT IS THE PRIMARY REASON THAT YOUR ORGANIZATION'S BRANDED ONLINE COMMUNITY IS A SUCCESS?

Our members are engaged/trust community, **33%**	Clear business strategy, **22%**	Excellent community management, **14%**	Community solves problems for members, **14%**
		Great content, **8%**	Strong community growth & retention, **8%** / Other, **4%**

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016
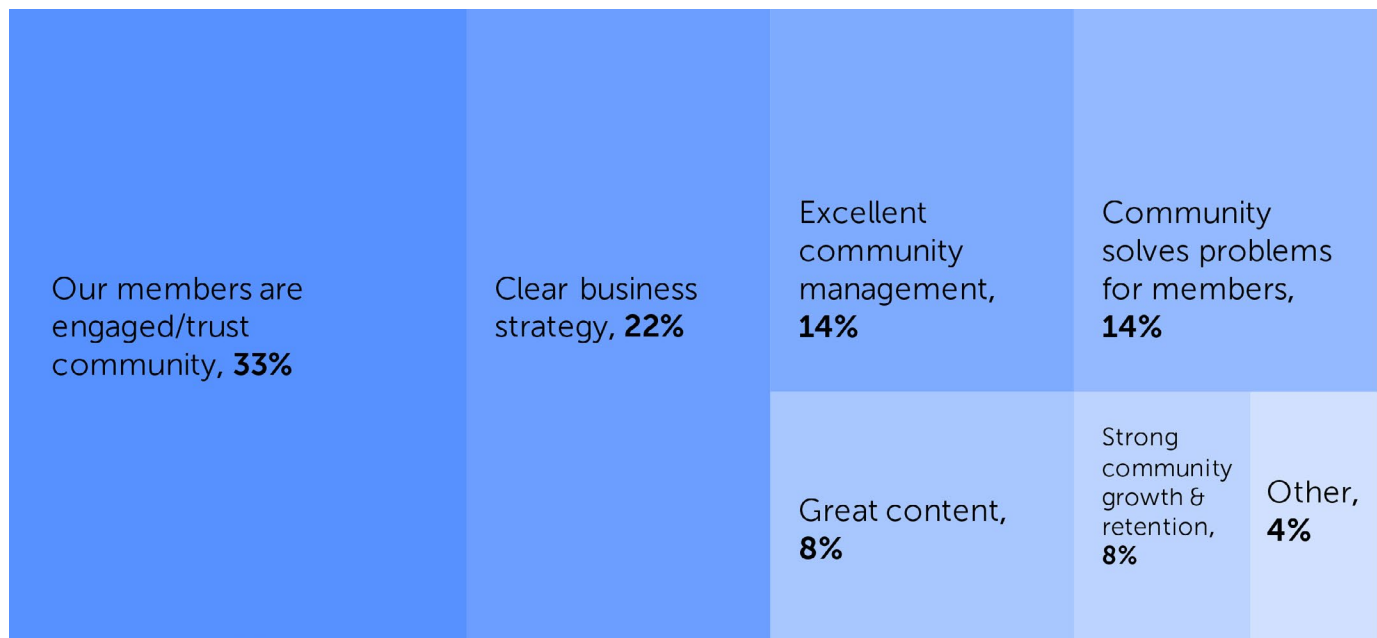
CMX | LEADER NETWORKS

The most-cited reason for the success of a community is engaged members who trust the community space. One-third of respondents echoed this idea in their reply.

This is why growth should not be emphasized at the expense of true engagement and trust-building activities. A small, trusted community will prove to be far more valuable than a large one where members either don't trust one another or don't trust the organization.

About one-fifth of respondents said that a clear business strategy was key to their success. They are able, therefore, to map their community work back to business objectives.

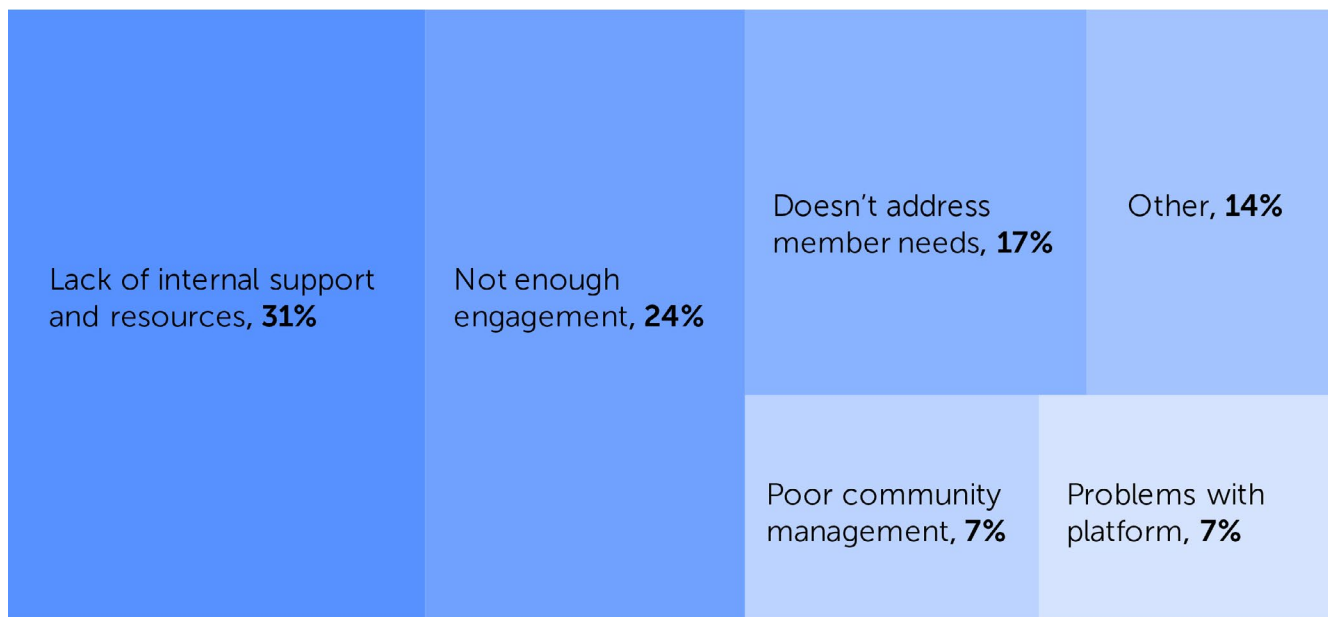## LACK OF SUPPORT AND RESOURCES IS THE PRIMARY REASON FOR COMMUNITY FAILURE

We then asked those who deemed their community to be unsuccessful why they believed this had happened.

EXPERT INSIGHT

"We're successful because we have seen our business' revenue increase over 100% through sponsorships that we otherwise would not have received without a strong supply-side community of our end users." – Survey Respondent

WHAT IS THE PRIMARY REASON THAT YOUR ORGANIZATION'S BRANDED ONLINE COMMUNITY WAS NOT SUCCESSFUL?

Lack of internal support and resources, **31%**

Not enough engagement, **24%**

Doesn't address member needs, **17%**

Other, **14%**

Poor community management, **7%**

Problems with platform, **7%**

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

CMX | LEADER NETWORKS

A majority of respondents agreed that a lack of internal support and resources contributed to the conception of their communities as "unsuccessful." This may be explained by the gap between what organizations care about measuring pre-launch and post-launch. Most organizations are not measuring what they need to in order to prove the value of their community to the company.

In this response, we again see the importance of executive sponsors, since they are a crucial part of providing community practitioners the support and resources they need.

"Not Enough Engagement" was the second-most cited reason for community failure. This phenomenon is the direct result of a lack of trust and value creation in these communities, which is why paying attention to the markers for community readiness is key.

EXPERT INSIGHT

"We're unsuccessful because the value-added for the members is not sufficient. Executive and member expectations differ fundamentally." — Survey Respondent

VERY SUCCESSFUL COMMUNITIES ARE ACHIEVED THROUGH THE COMBINATION OF STEADY GROWTH AND SIGNIFICANT BUSINESS IMPACT OUTCOMES

The culmination of data enables us to report on the factors that make for very successful communities. There were two critical success factors present in a majority of the communities that consider themselves very successful. The success equation is as follows:

Growth of Community (26% or More) + Most Valued Outcome (New product ideas or feedback on existing products) = 50% Very Successful

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

Respondents who reported high community growth and selected "New product ideas or feedback on existing products" as their most valued community outcome are almost twice as likely as others to state that their community is very successful.

10. KEY TO SUCCESS

Lack of resources and support is the number one reason that communities fail. Find an executive sponsor before launching a community to ensure long-term success.

11. KEY TO SUCCESS

Community growth combined with the ability to contribute to a valuable business goal (most typically new product ideas or feedback) contributes to community success.

Part Two: Organizations Considering Community Launches

In Part One of this study, we shared insights from organizations that had already launched online communities.

In Part Two, we asked organizations that are considering a community about the reasons for their consideration, what their expectations are, and what aspects of community are making them hesitant.
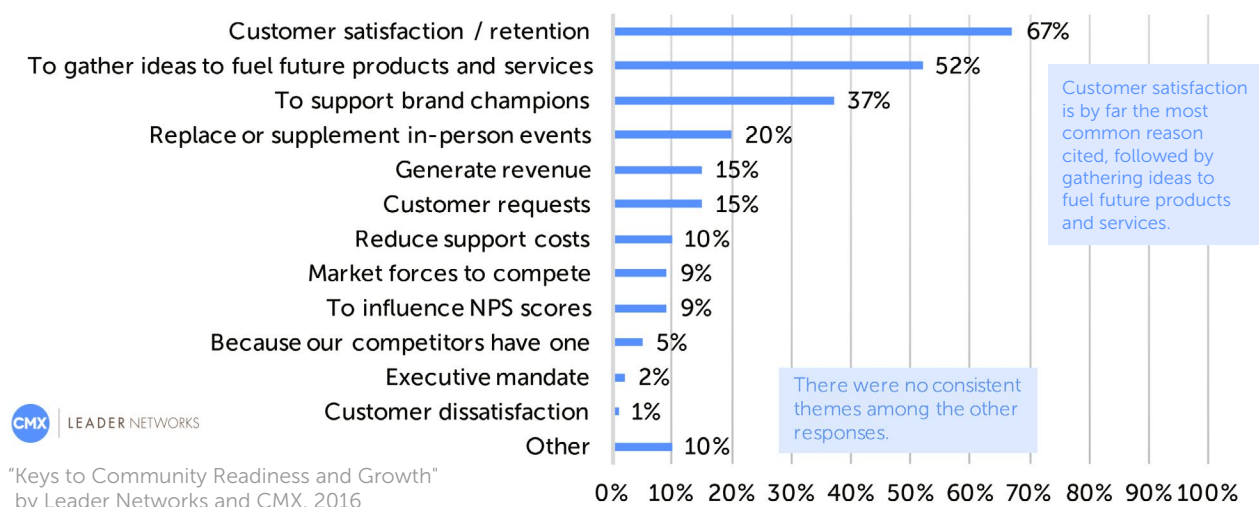
In an organization, deciding to launch any new strategy is an arduous and often overwhelming process. Many organizations are just now getting wind of the power of community, due to its emergence as an important organizational value-add. They want a piece of the community pie, but they may not be equipped to dig in. They cite issues with building a solid business case, selling a strategy internally, and building long-term value for their community members.

These organizations need a variety of resources in order to understand the operational impact behind a community launch and the type of results they will need to deliver.

CUSTOMER SATISFACTION AND RETENTION ARE THE MAIN REASONS THAT ORGANIZATIONS CONSIDER A COMMUNITY

We asked organizations that were considering a community to provide their reasons for a possible community launch. We were looking to compare the drivers between communities that had already launched with those that were still deliberating.

CUSTOMER SATISFACTION AND RETENTION IS THE MAIN REASON COMMUNITY IS CONSIDERED

Reason	Percentage
Customer satisfaction / retention	67%
To gather ideas to fuel future products and services	52%
To support brand champions	37%
Replace or supplement in-person events	20%
Generate revenue	15%
Customer requests	15%
Reduce support costs	10%
Market forces to compete	9%
To influence NPS scores	9%
Because our competitors have one	5%
Executive mandate	2%
Customer dissatisfaction	1%
Other	10%

Customer satisfaction is by far the most common reason cited, followed by gathering ideas to fuel future products and services.

There were no consistent themes among the other responses.

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"Keys to Community Readiness and Growth"
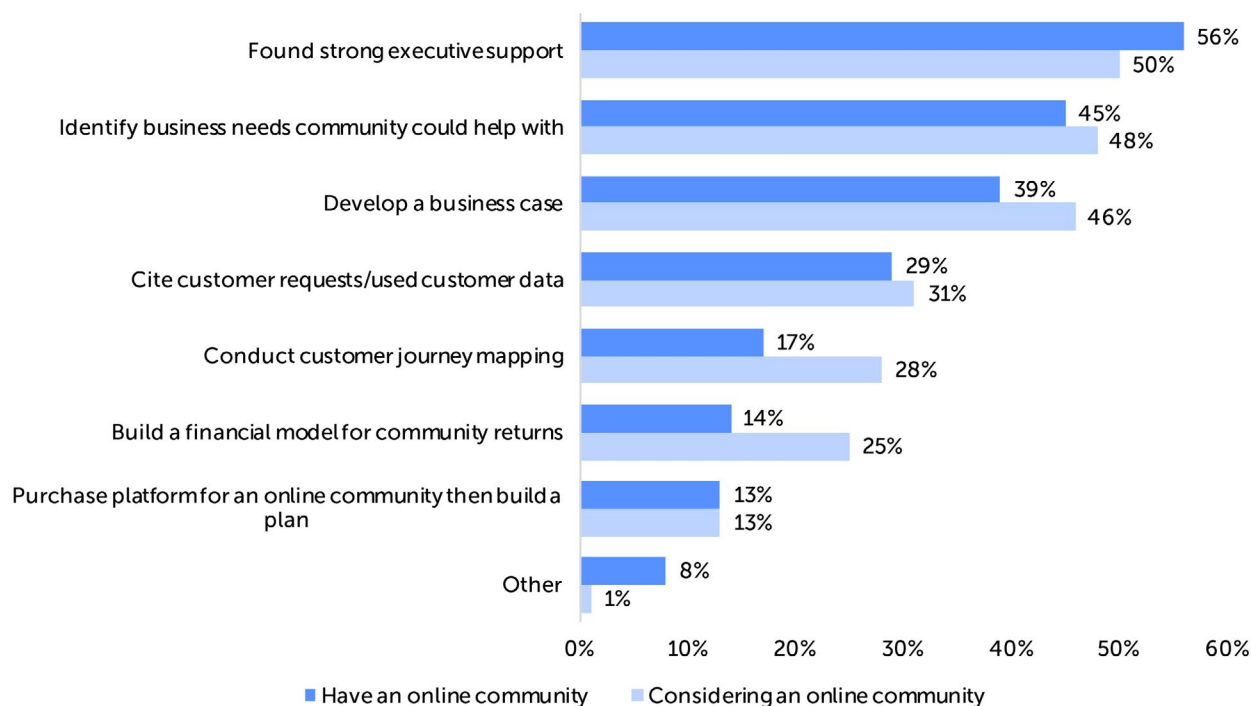by Leader Networks and CMX, 2016

Fueling customer satisfaction and retention was by far the most common reason (67%) organizations were considering a community. The second-most cited reason (52%) was to gather ideas to fuel future products and services.

This thinking is in line with that of organizations that have already launched communities. This shows that these organizations, while still in the consideration phase, have the right ideas about what community is capable of.

IN ORDER TO GAIN FUNDING, COMMUNITY PROFESSIONALS NEED TO GAIN STRONG EXECUTIVE SUPPORT, IDENTIFY CLEAR BUSINESS NEEDS, AND BUILD A BUSINESS CASE FOR COMMUNITY

We asked organizations who had an online community and those who were considering an online community how they had gotten funding, or planned to get funding.

COMMUNITIES OF THE FUTURE WILL BE BUILT ON A STRONG BUSINESS FOUNDATION

	Have an online community	Considering an online community
Found strong executive support	56%	50%
Identify business needs community could help with	45%	48%
Develop a business case	39%	46%
Cite customer requests/used customer data	29%	31%
Conduct customer journey mapping	17%	28%
Build a financial model for community returns	14%	25%
Purchase platform for an online community then build a plan	13%	13%
Other	8%	1%

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016
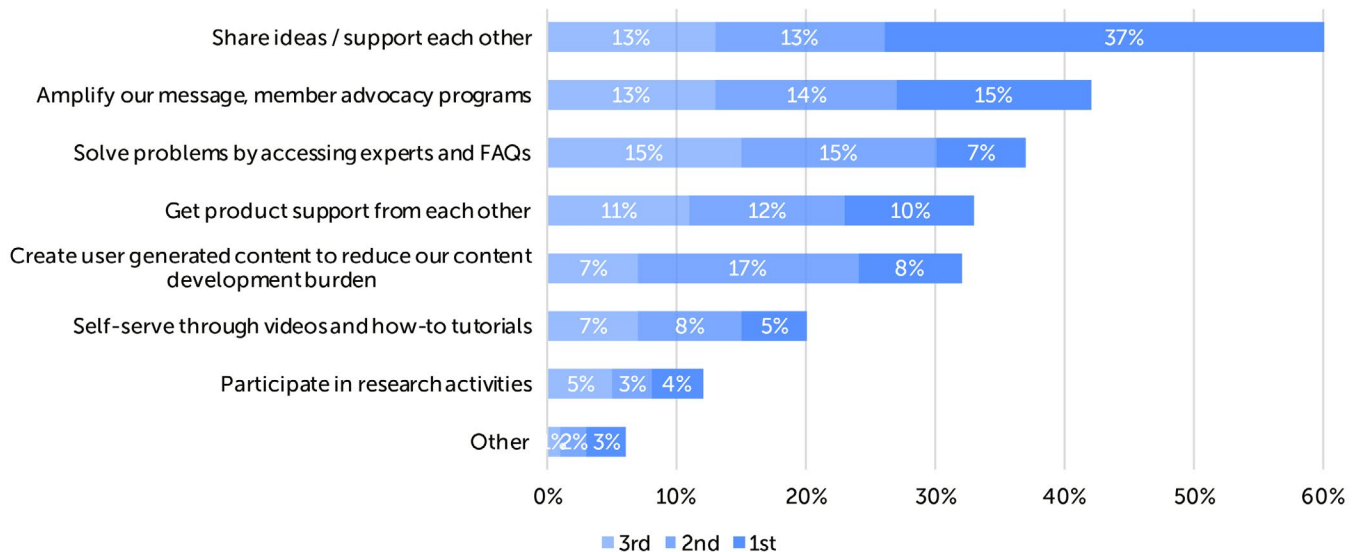

SHARING IDEAS AND AMPLIFYING THE BRAND'S MESSAGE ARE THE MOST VALUED ACTIVITIES FOR THOSE WHO ARE CONSIDERING COMMUNITY

We wanted to understand what activities organizations value most in their communities. This provides us with a clear roadmap to defining community success in organizations that have yet to launch a community. It also helps us identify where organizations may be setting unrealistic expectations for

community, so that we can temper expectations and paint a different picture of what short- and long-term success looks like. These measures will lead to more successful investment in community in the future.

IF YOU WERE TO LAUNCH AN ONLINE COMMUNITY, WHAT WOULD BE THE MAIN ACTIVITIES OF THE MEMBERS?

	3rd	2nd	1st
Share ideas / support each other	13%	13%	37%
Amplify our message, member advocacy programs	13%	14%	15%
Solve problems by accessing experts and FAQs	15%	15%	7%
Get product support from each other	11%	12%	10%
Create user generated content to reduce our content development burden	7%	17%	8%
Self-serve through videos and how-to tutorials	7%	8%	5%
Participate in research activities	5%	3%	4%
Other	2%	2%	3%

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

CMX | LEADER NETWORKS

The top most-desired activity among those considering a community is community members sharing ideas and helping each other. In a stacked ranking, a total of 37% of respondents cited this as their most desired outcome.

As this finding is in line with organizations that have launched communities, we can see that there is a great deal of organizational space for innovation-focused communities. Gaining buy-in for these types of communities may be far easier than it is for other types, such as support or enthusiast communities.
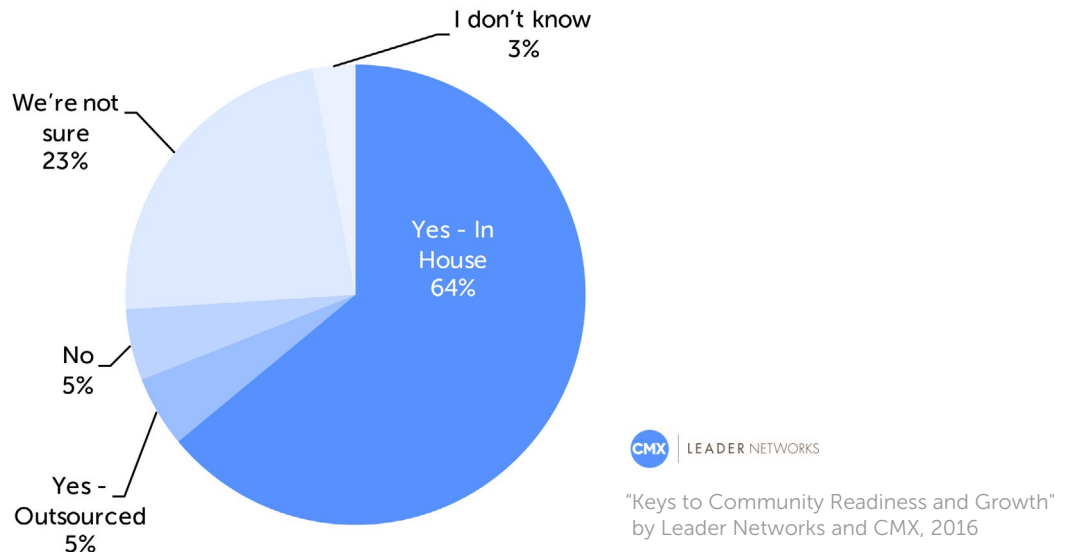
The second-most popular answer was a desire to have members "Amplify our message." This would likely take the form of an ambassador program, or some other marketing-centric community. While audience amplification is a popular tactic in the social media world, its place as a key member activity should concern organizations. Amplifying brand messages is a one-sided expectation that tends to ignore, and defy, both human nature and the nature of activity in communities. Why would people join a community to advocate for a brand? The simple answer: they don't.

The popularity of this answer suggests that those who are considering an online community and have yet to build a business case or lay out the reasons why members would join the community may be poised to join the group of less successful or failed communities.

ONLY 2 OUT OF 3 OF THOSE CONSIDERING A COMMUNITY PLAN TO STAFF IT IN-HOUSE

We asked those considering a community how they planned to position it for long-term success. How would they staff it in order to increase engagement and funnel user insights into the organization?

HOW DO YOU PLAN TO STAFF YOUR ONLINE COMMUNITY?

I don't know
3%

We're not sure
23%

Yes - In House
64%

No
5%

Yes - Outsourced
5%

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"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

The slight majority (64%) of respondents plan to hire an in-house community manager to run their communities.

But as we saw in the communities that have launched, 9 out of 10 successful communities have a dedicated community manager—and the largest, oldest, and most successful tend to have more than one.

This response indicates that community managers need to continue to raise awareness about the value of their work. What do they do? Why are they vital to community success?

One barrier organizations face when pondering these questions pre-platform is wondering if there will be enough work for this staffer. The answer to this question is a resounding yes, provided the community manager is responsible for a variety of member- and marketing-related services. New companies often staff their communities with two part-time community managers during the early stages. A benefit of this structure is that it gives each community manager a conversational foil, as new communities can often be "quiet" until the ball gets rolling.

A larger question is: How do we get companies who don't fully understand community to invest in hiring full-time community managers? This is a key factor for success, and yet we still see that almost one-third of companies are unaware of its importance.
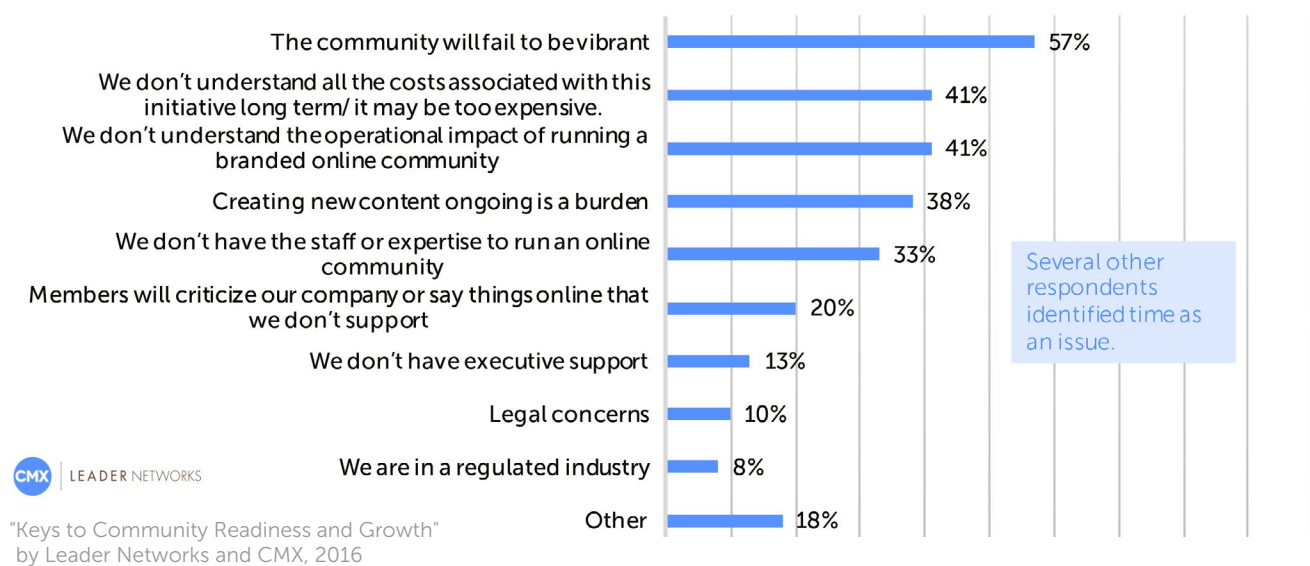
We have a lot of advocacy work to do in our industry. We have a lot of work to do so that our value is clear to organizations that will invest in community in the next 5-10 years.

ORGANIZATIONS PERCEIVE A WIDE VARIETY OF OBSTACLES TO LAUNCHING A COMMUNITY

It is only natural that the organizations that are considering building an online community far outnumber those that actually build one, for various reasons. But, due to the fact that community building is a relatively new discipline for brands (they have been alive and well with technologists and within education for more than 20 years), unnecessary fears often get in the way.

Consequently, we explored the biggest concerns that arise during the consideration process. What has kept these organizations from investing in community?

WHAT ARE YOUR ORGANIZATION'S BIGGEST CONCERNS ABOUT LAUNCHING AN ONLINE BRANDED COMMUNITY? [SELECT ALL THAT APPLY]

Concern	Percentage
The community will fail to be vibrant	57%
We don't understand all the costs associated with this initiative long term/ it may be too expensive.	41%
We don't understand the operational impact of running a branded online community	41%
Creating new content ongoing is a burden	38%
We don't have the staff or expertise to run an online community	33%
Members will criticize our company or say things online that we don't support	20%
We don't have executive support	13%
Legal concerns	10%
We are in a regulated industry	8%
Other	18%

Several other respondents identified time as an issue.

"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

The top concern when considering a community is that it will fail to be vibrant (35% of respondents stated this was their primary concern, and a total of 57% listed it in the top three). A total of 14% of respondents stated that they didn't understand the financial or operational cost of running a branded community, and 41% said that this was a top-three concern.

There is clearly some room for standardizing the business case for community. We need to further our understanding of vibrancy, as well as our understanding of the costs of launching a community.

However, there is heartening news: vibrancy is relative. The most successful communities share two key traits: growth and meeting business objectives. As long as these two conditions are met, the community is more likely to be seen as successful, or "vibrant."

Having a business case and validating the community purpose with members prior to launch would help alleviate fears (or confirm them, thus mitigating an unsuccessful launch). The companies considering community can learn much from the work that very successful communities have done before them.
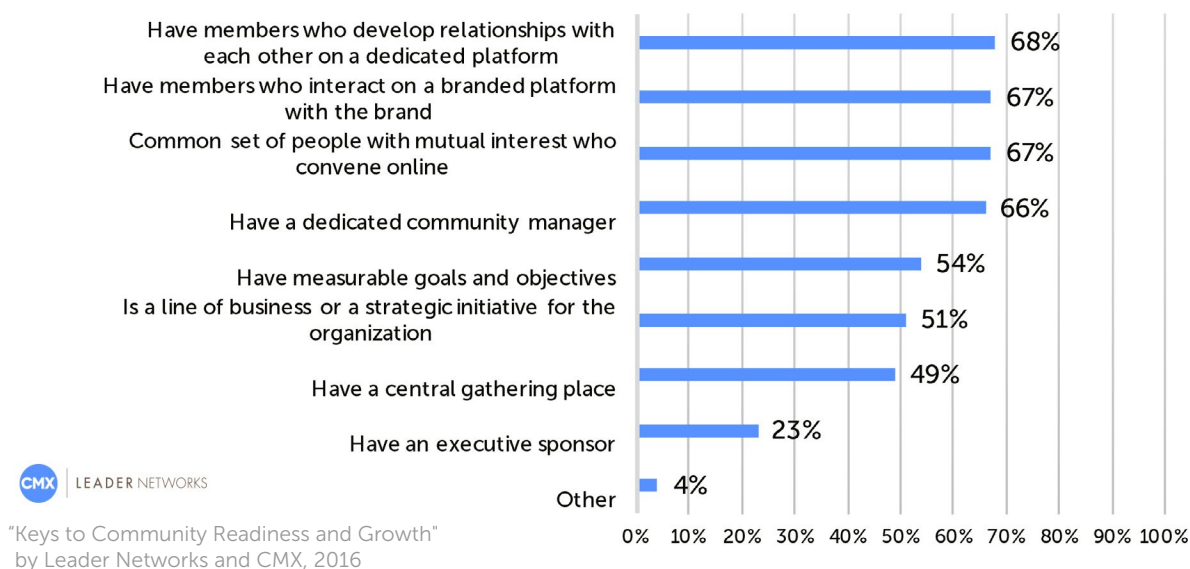
Part Three: Indicators of Community Success

In Part Three, we combine insights from organizations that have yet to launch a community with those that have launched a community. Our most important finding was people's definition of community within their organizations.

THE KEY CHARACTERISTICS OF THE DEFINITION OF "COMMUNITY"

We asked respondents to select all aspects of their definition of community, and found that definitions ran the gamut. This is the essence of the community discipline, and yet we are still struggling to build consensus on what our jobs entail.

HOW DO YOU DEFINE AN ONLINE BRANDED COMMUNITY IN YOUR ORGANIZATION? [SELECT ALL THAT APPLY]

Definition	Percentage
Have members who develop relationships with each other on a dedicated platform	68%
Have members who interact on a branded platform with the brand	67%
Common set of people with mutual interest who convene online	67%
Have a dedicated community manager	66%
Have measurable goals and objectives	54%
Is a line of business or a strategic initiative for the organization	51%
Have a central gathering place	49%
Have an executive sponsor	23%
Other	4%

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"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

We asked respondents how they defined "online branded community" in their organizations, and the answers revealed what many already know: the market is confused about what is, and what is not a branded community.

However, while confusion exists among survey takers, the survey supports the widely accepted notion that branded community does not include loose connections and conversations that occur in the larger social sphere. And 49% of respondents agreed that a branded community must have a central gathering place.

Another interesting finding emerged from this data: Those with a B2B focus and those in larger organizations are more likely to indicate that an online branded community has "an executive sponsor."

Those who consider their community very successful are more likely to indicate that an online branded community is defined by having "members who develop relationships with each other on a dedicated platform." This points the way toward a formal definition of branded community, one that can be spread widely and enthusiastically.

GAINING TRUST, IMPROVING CUSTOMER SERVICE AND CORE OPERATIONS ARE VIEWED AS THE BIGGEST BENEFITS COMMUNITY HAS TO OFFER

Here, survey takers ranked the degree to which they believed community would drive factors like improving the customer journey, generating revenue, and streamlining the supply chain.

USING THE SCALE BELOW PLEASE INDICATE TO WHAT DEGREE DO YOU BELIEVE A BRANDED ONLINE COMMUNITY WILL DO EACH OF THE FOLLOWING.
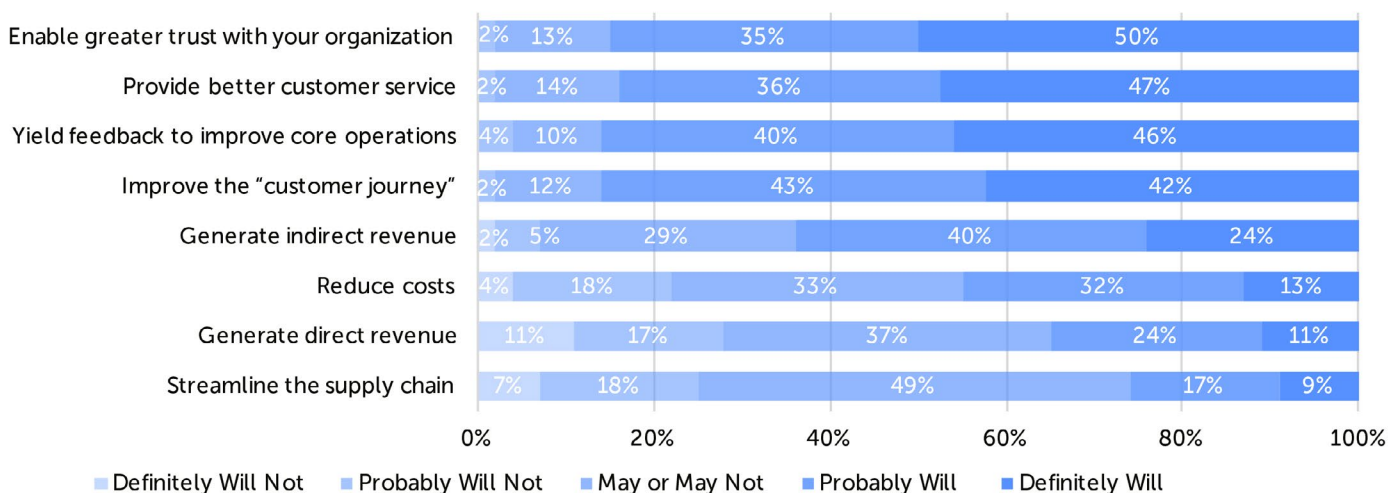
"Keys to Community Readiness and Growth" by Leader Networks and CMX, 2016

We found that organizations view gaining trust, improving customer service, and improving the company's core operations as the biggest benefits a community can yield. In many ways, reaching these three outcomes is the proverbial "brass ring" of achieving and maintaining competitive advantage, at large.

Those who consider their community to be very successful are more likely to believe that a community will improve the customer journey, reduce costs, generate indirect revenue, and streamline the supply chain.

Conclusion

The community industry has made enormous strides toward maturity. Organizations are becoming aware of how community can create strategic advantage.

While companies are starting to understand community on a strategic level, the tactics for achieving success are less clear-cut.

These growing pains are a challenge that community professionals can address head-on alongside their teams and organizations. Equipped with these research findings, community professionals now have more tools to sell community internally and to set expectations for what success looks like.

Selling community requires internal buy-in and executive sponsors. This buy-in takes time. Don't rush it. Work methodically to build a business case before rushing in to build a branded community. Validate your community's value proposition with careful customer research. Research platforms rigorously and start with small wins before expecting full organizational buy-in. In small companies, take a lean approach to community building that demonstrates its enormous power at little cost.

It's time for all community professionals and the organizations that lead them to hold themselves to deliberate standards so they can raise the bar for branded community success.

About Us

Leader Networks (www.leadernetworks.com) is a strategic research and consulting firm that helps organizations develop social business strategies, create and grow online communities, and lead social marketing strategies and operations. We have worked the world's largest and most influential organizations to share best practices, create integrated strategies, develop sustainable business models, and shape user engagement in ways that will extend their operating model. See our clients.

Leader Networks was established in 2006 by Vanessa DiMauro, founder and CEO. She is a recognized authority on social business strategy, online community and is a pioneering researcher. Leader Networks team members bring extensive strategic consulting, business operations, content management and technology expertise to bear on each client's unique needs and concerns.

CMX Media (www.CMXHub.com) is the hub for the community industry. We help community professionals thrive. It is our mission to grow community's impact within the business world and to give community professionals the tools and knowledge they need to succeed.

CMX hosts CMX Summit, the world's largest gathering of community professionals. We also publish a weekly newsletter that helps businesses and practitioners understand the how to build community and measure its business value. We host meetups around the world as part of our CMX Series program. We also teach workshops and courses on community building as a professional discipline. To learn more about CMX, visit CMXHub.com/About.

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We couldn't do this work without your support, advocacy, sharing, and all the energy you bring to the community profession. We are grateful to be among so many talented people.

END NOTE

[i] Demand Metric (September 2014), Online Communities: Driving Customer Engagement & Influencing Revenue"