

LEADER NETWORKS

# Business Impact of Online Communities

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Vanessa DiMauro, CEO Leader Networks

@vdimauro

Study Sponsored by Higher Logic and The Conference Board



[www.leadernetworks.com](http://www.leadernetworks.com)

Vanessa DiMauro, Jessica Fish and Kim Burke, Business Impact of  
Online Community Study, Leader Networks, 2017.  
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# Our definition of a branded community

- has a business plan or mission
- is designed to support at least 1-2 business needs
- is intended to be interactive
- has an executive sponsor and dedicated staff
- success measures are defined
- and typically engages, at least in part, on an owned interactive platform.

Source: <http://www.leadernetworks.com/2013/07/what-does-online-community-mean-to-your-company.html>

# *About This Study:*

## **The Business Impact of Online Communities**

The goal of this study is to provide digital business professionals with a research-backed analysis of the business impact of online communities and how they provide competitive advantage.

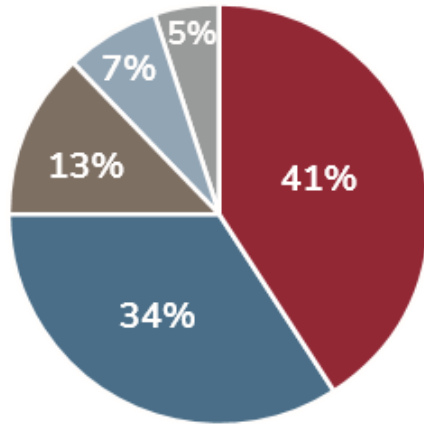
The questions it addresses:

- ▶ How do organizations define competitive advantage?
- ▶ What is the organizational impact of online communities?
- ▶ How do organizations discover and track community-driven revenue and cost savings?
- ▶ What are the key obstacles to success that communities need to overcome?
- ▶ What are the leading measures and metrics/KPIs that brands can use to track the business impact of community?

**The survey was administered online to 271 participants who completed it between November 7 and December 1, 2016**

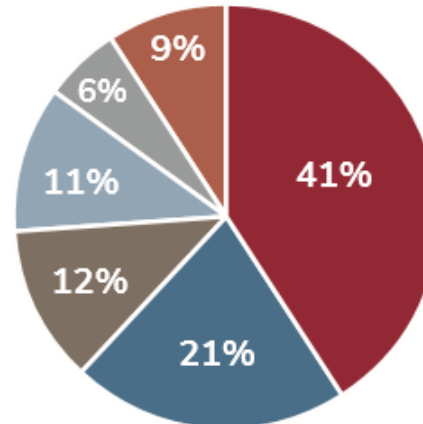
# Demographics

Organization by Type



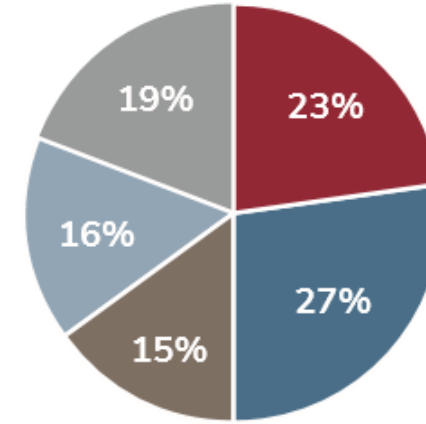
- Business to Business
- Association/Non-Profit organizations
- B2B and B2C
- B2C
- Other

Job Title



- Senior manager/manager
- Marketing/digital and/or communications executive
- Senior director/director
- Strategist
- CEO or president
- Other

Community Size



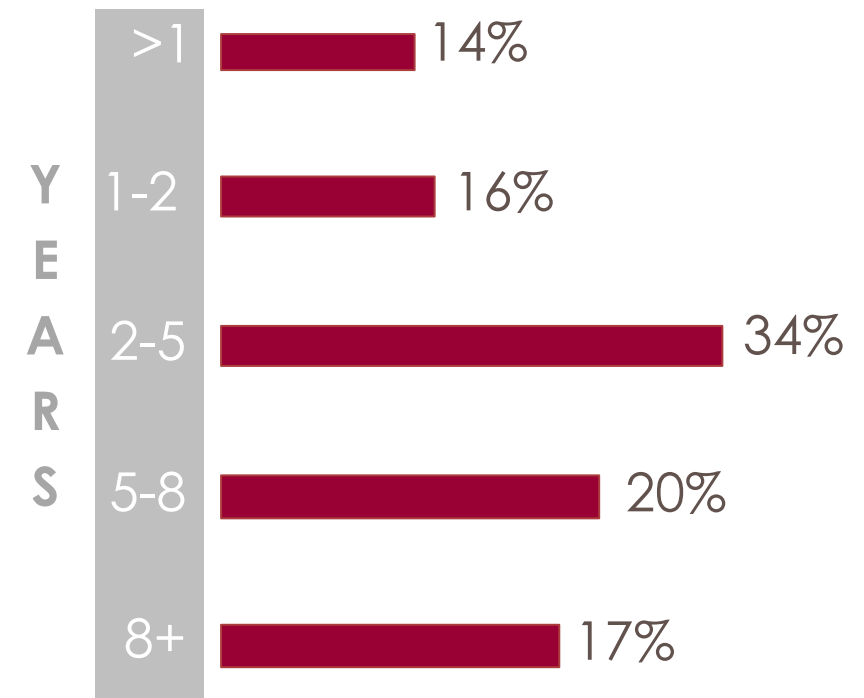
- Under 1,000
- 1,001 to 5,000
- 5,001 to 10,000
- 10,001 to 50,000
- More than 50,000

# Community Types and Age

- ▶ **73%** of respondents have a Customer Community
- ▶ **46%** have a Customer Community and either an Employee or Both Employee and Partner Community
- ▶ **30%** have a Customer Community and either a Partner or Both Employee and Partner Community
- ▶ **6%** ONLY have an Employee Community (no Customer or Partner)
- ▶ **3%** ONLY have a Partner Community (no customer or employee).

All results were analyzed by the following segments. Significant differences are noted on the relevant slide. Business Type: B2B, B2C or Both B2B and B2C, Association / Non-Profit Community Type: Customer or Other Age of Community: 2 Years or Less, Just over 2 to 5 Years, 5 Years or More

How long has your community existed?



**KEY FINDING:** For the majority of marketing and community leaders (57%), competitive advantage means retaining current customers.

**KEY FINDING:** Communities are producing revenue – in substantial amounts – but it takes time.

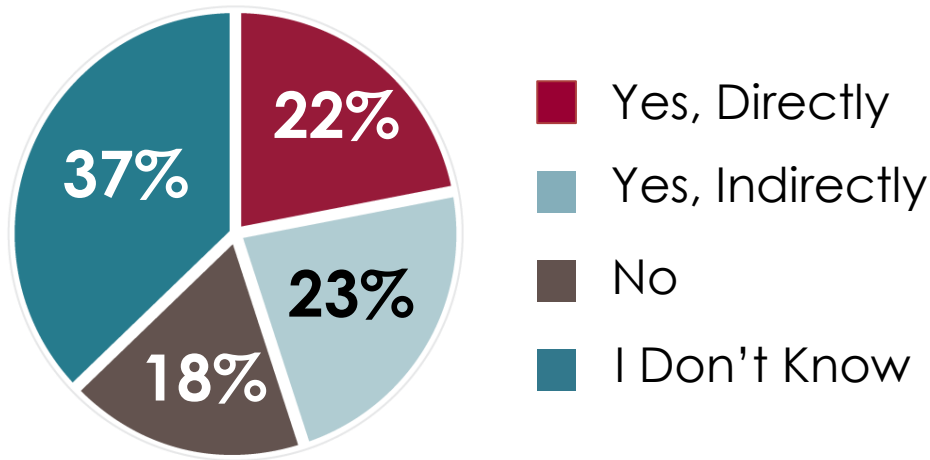
**KEY FINDING:** There is a burning need for better reporting of community expenditures and cost savings.



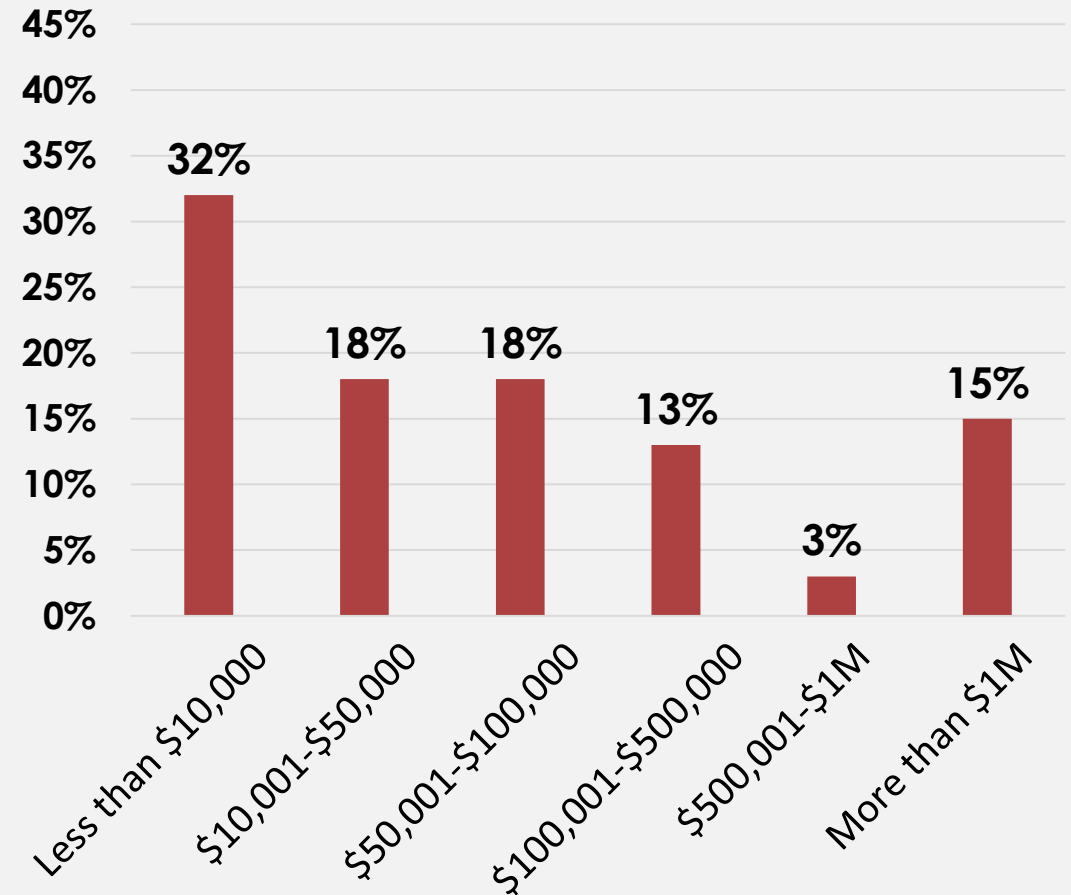
Communities save money, but projections are often based on “guesstimates.”

Does Your Community Reduce Costs for Your Organization?

IF YES



How Much Did your Community Save Your Organization Last Year?



**KEY FINDING:** Marketers are at the helm of online communities – which is an incredibly strategic position.

**KEY FINDING:** Business-focused metrics are nascent – but a standard of measurement is emerging.

# Leader Networks' Community Impact Framework

TACTICAL METRICS

## Community Vibrancy Metrics (CVM):

Tracks overall health and utility of the community.

EXAMPLES METRICS: Membership growth, time on site, and community newsletter opt-outs.

## Engagement Metrics (Subset of CVM):

Tracks community relevancy.

EXAMPLES METRICS: number of participating/contributing members, net new vs. returning contributors, posts or replies per time interval.

## Content Consumption & Impact Metrics (CCIM):

Tracks community content relevancy and reach.

EXAMPLES METRICS: content reach, shares and comments as well as event registrations.

## Customer Support Impact Metrics:

Tracks value of community as support channel.

EXAMPLES METRICS: time to resolution, ticket deflection, number of accepted solutions.

## Customer Retention/ Satisfaction Metrics:

Tracks correlation between community membership and customer retention.

EXAMPLES METRICS: customer retention due to community/renewal rates, NPS score for customers who are community members, customer churn reduction

## Marketing and Sales Metrics:

Tracks impact of community on marketing and sales objectives.

EXAMPLES METRICS: numbers or increase in customer advocates, inbound calls generated by community, correlation between user engagement and annual revenue spend

## Business Integration Metrics (BIM):

Tracks impact of community on core operations.

EXAMPLES METRICS: new ideas generated, new ideas implemented, increase in specific operational efficiencies (e.g. meeting reduction or uptake of new product)

STRATEGIC METRICS

# BOTTOM LINE

## **Online Communities ARE having a big business impact:**

- ▶ They are driving competitive advantage in the form of customer retention and intimacy as well as more innovation and market awareness.
- ▶ They are delivering costs savings as well as revenue.
- ▶ They are also providing a powerful customer listening channel as well as employee collaboration channel.

## **However, brands with communities struggle to MEASURE and COMMUNICATE this business impact because:**

- ▶ They have data analysis issues because the community isn't connected to a CRM.
- ▶ They lack meaningful metrics to report success in business terms—a challenge that this report helps to overcome.

# LEADER NETWORKS

Digital and Social Intelligence For Competitive Advantage

**Vanessa DiMauro**  
CEO

92 Richmond Road  
Belmont, MA 02478  
617.484.0778

[vdimauro@leadernetworks.com](mailto:vdimauro@leadernetworks.com)  
[www.leadernetworks.com](http://www.leadernetworks.com)

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