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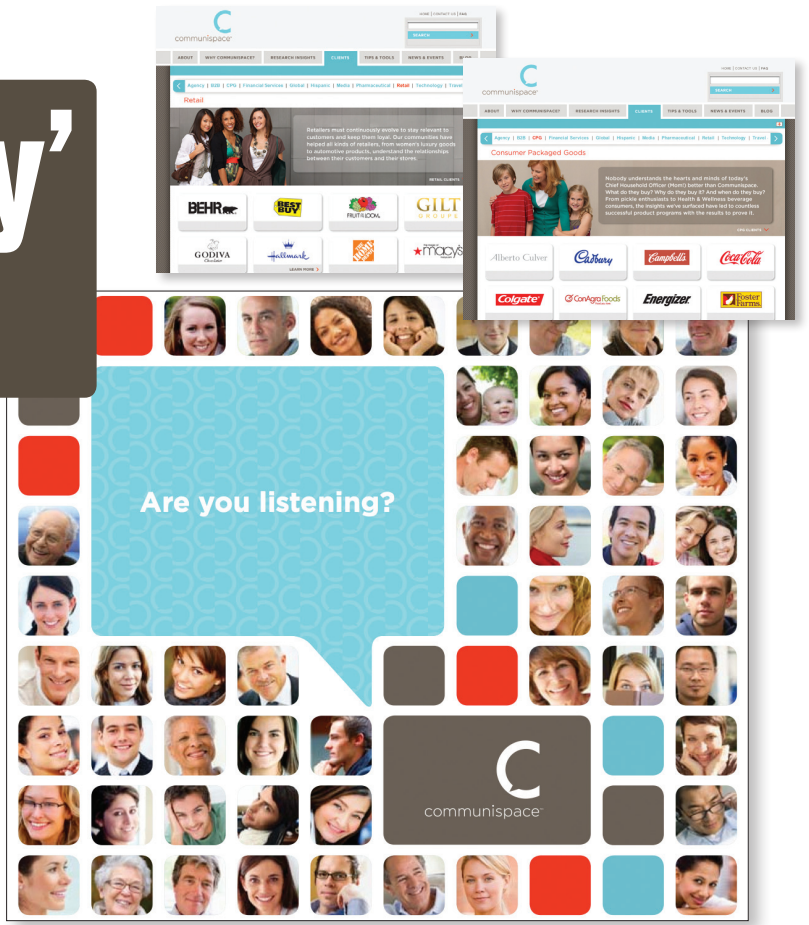
Shopper Marketing

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'Community' RESEARCH

Online communities and their recruited members uniquely bring speed and flexibility to the research process

Watertown, Mass.-based Communispace operates approximately 300 online communities for varying companies, among them retailers and CPGs. Community members are recruited and incentivized.



By Al Urbanski

Consumer packaged goods manufacturers are increasingly using online communities as a research tool – for good reason. “Through the evolution of technology, marketers and researchers now have unparalleled access to consumers and the ability to quickly and efficiently communicate with them in real time,” says Bryan Jones, director of shopper insights for **PepsiCo’s** Pepsi Americas Beverages. “Research that cost tens of thousands of dollars and took weeks and months in the past can now be accomplished in days or hours and deliver similar insights for much less money.”

Online communities – which can go by various names, including MROCs (market research online communities), online panels and customer networks – are private websites fielded by marketers and populated by 300 to 500 handpicked consumers. Mostly managed by outside research companies, they serve as brand and product research laboratories that are sharply tuned to specific consumer and shopper marketing goals. Participants tend to be representative of a brand’s target market, but they may also be hardcore fans of the par-

ticular brand. Shopper and consumer insights executives seek community members who feel they have some ownership in the brands. They are people who like to voice their opinions and see their input have an effect.

Through online polls, scheduled chats,

field exercises at retail and natural cross-talk between members, brands use online communities as perpetual focus groups that offer insights into brand strategies, product innovation, lifestyle trends and social media preferences. Perhaps most importantly, marketers

EXECUTIVE SUMMARY

- More and more CPGs are using online communities as a research tool because they enable them to conduct expensive and time-consuming research far more quickly.
- Online communities are known by various names including “MROCs” (market research online communities), “online panels” and “customer networks.”
- These private websites are typically populated by 300-500 handpicked consumers, and usually – though not always – are managed by outside research companies.
- Participants tend to be representative of a brand’s target market and/or “hardcore fans.”
- Research gathering tools include online polls, scheduled chats, field exercises at retail and the natural cross-talk among members.
- Startup costs for a community can be high, so most providers alternatively sign clients to longer-term contracts and charge monthly fees.

INSTITUTE POV: The 2010 DOT “Display of the Year,” the Wonka Rolling Endcap, was inspired in part by feedback generated at Wonka’s online community. As shopper marketers drill into the increasingly nuanced shopping patterns of various channels, chains and categories, expect to see greater use of this research technique.

turn to communities for quick-response reactions that can limit their risk in undertaking new initiatives.

“We can have online panels test merchandising innovations, new products or new packaging, and have results the next day,” says Matt Kleinschmit, senior vice president of the CPG practice at Chicago-based researcher **Vision Critical**, which operates approximately 500 communities.

Watertown, Mass.–based **Communispace**, which operates approximately 300 communities, puts the following parameters around each of its communities: they must be Internet-based, private (members are invited by the client) and “transparent” (the site is client-branded). The members are incented to ensure maximum involvement.

Who’s Using Them?

CPG marketers such as **Procter & Gamble**, **Kraft Foods** and **ConAgra Foods** and retailers such as **Walmart** have employed online communities for years. ConAgra in 2009 successfully reconfigured its marketing programs for retail partners using research that tapped into consumer emotions involved in lean-times purchase decisions. And Walmart changed its tagline in 2008 from “Always Low Prices” to “Save More. Live Better” after conducting research that revealed moms loved saving money not so much because it made them feel efficient as that it made them feel smart. Both ConAgra’s and Walmart’s insights came from Communispace-run communities.

Most communities are centered on single brands within companies, as insight “consultants” need to have affinity for that brand, not necessarily for the company. The types of companies with community sites are far-ranging and include **BP**, **Hewlett-Packard**, **Best Buy**, **The Home Depot**, **Novartis**, **Energizer Holdings**, **Macy’s**, **Reebok** and **Verizon**.

Diana Gabbard, who leads consumer insights efforts for BP’s Retail Fuels unit, is a relatively new user to online communities and became an immediate fan. “We like the speed, the flexibility and the two-way conversation we can have with our consumers” on the company’s BP Conversation Station site. “We get to know them from both a who-they-are and a what-they-need-and-want point of view. Consumers are able to share with us via video and photos what they see at the pump.”

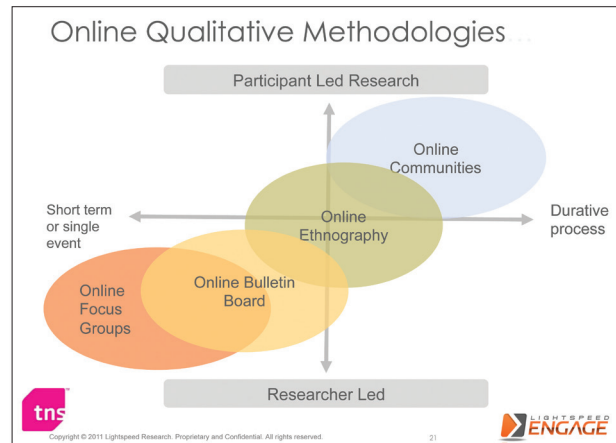
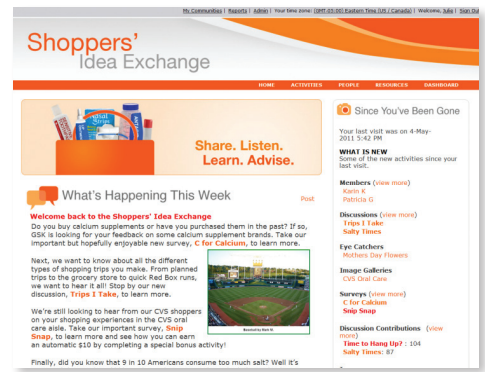
“They are definitely increasing the speed and flexibility with which we address a business problem,” says Sterling Jackson, research manager for Americas shopper insights at Hewlett-Packard. “They have changed how we use research.”

What’s the Cost?

Research companies such as Communispace, Vision Critical and Chicago-based **Lightspeed Research** recruit, handle rewards programs,

add analysis and manage the day-to-day operations for their clients. Startup costs for the typical community can be high, so most providers alternatively sign clients to longer-term contracts and charge monthly fees that are all-inclusive. These can range from \$10,000 to \$40,000 depending on how intensively a client intends to work the community.

Some companies prefer to manage their own communities and not have the providers involved. Vision Critical says that it builds sites for such clients at a cost of \$75,000 to



Through Communispace’s Shoppers’ Idea Exchange, GlaxoSmithKline sought insights about calcium supplements, while CVS/pharmacy wanted information about shopping in the oral care aisle.

This chart from Lightspeed Research portrays online communities as more durable and participant-led than other online research tactics.

\$100,000 on the low end, and up to \$400,000 on the high end for those wanting virtual-store technology.

Lightspeed, an online research unit of **WPP**, says annual budgets for communities generally range between \$300,000 and \$500,000, though it has one client (whom it declined to identify) with a \$3 million annual budget.

Who Are the Members?

Brands limit membership in their communities to 500 because they want participants to have a special bond with their companies so they are able to connect with and feel an affinity for the brands. “They are there to advise each other and the brand,” says Communispace senior vice president of innovation Julie Wittes Schlack. “Our people have been carefully screened to client specifications. We know with a good deal of precision whom we are talking to.”

The research companies recruit the community members, usually from the client’s CRM (customer relationship management) database. Walmart recruits on its own from basic shopper lists, according to Lightspeed. Companies also recruit those who have responded to random online brand surveys. The recruiters make their selections based on client requirements – e.g., age, gender, brand proclivity, retail habits, lifestyle group – and engage them by phone and/or email.

The recruitment process is designed to pick individuals who really want to participate and for whom monetary payoffs are a low priority. “Most people do want to provide feedback because they think it’s going to help make

their products better. They are usually going to be upfront,” says Leslie Warshaw, senior vice president of global marketing and business strategy at Lightspeed. “We’re leveraging the social media behavior, especially among the younger generation. They’re all about telling you what they think.”

Some individuals – such as **Harley-Davidson** owners, according to Warshaw – are so engaged with the brand that they feel honored to be involved and do it for free. As a rule, they get a token gift for signing onto the site, usually a gift card. They don’t receive anything to take part in regular activities such as blogs and chats. On some sites, they accrue points for taking part in activities like random surveys that can result in a gift card for a certain point total. Bulletin board and shopping trip activities usually merit a reward on their own. Gift cards rarely exceed a \$25 value.

“Part of the art in managing these panels is presenting intrinsic incentives,” says Kleinschmit of Vision Critical. “We share back information. We give them surprise and delight messages, make them part of the inner circle. With people who are engaged a lot, we may send them a gift card.”

How Are They Engaged?

HP’s Jackson says he values the ongoing relationship with community members. “They have a strong desire to express their opinions. We give them a voice, and they are often appreciative to have this voice.”

In general, brands give the community members a voice through:

- **Surveys:** Members might be asked to visit a supermarket cereal aisle, for instance, and take a short survey about the experience. They might receive a \$10 gift card for replying.
- **Bulletin boards:** Members might go shopping and take pictures of the experience, or make a collage of all the people of their household using dental products. These are normally posted for a few days and pay a larger reward for response.
- **Panels:** Members are invited to come online at a certain time to engage in a discussion about a new product or ad campaign. Brand marketers and consumer insights managers listen in while the site moderator leads the discussion.
- **Virtual-store tests:** If a CPG wants to test the impact of its in-aisle signage versus competitors, providers such as Vision Critical could lead community members through virtual-store experiences and gauge their purchase intent for different merchandising scenarios.

in return for responding to regular queries. “We get very rich feedback from this group within 24 hours of a request,” he says. “We once sent out a request at 11 p.m. and had a good response back by 1 a.m.”

One learning from the group unsettled Jackson: Students were using the HP printers only at critical times and not on a steady basis. Through further probing, he found the students were unaware that each printer had its own email address and that they could easily dispatch print jobs to it from a remote computer or cell phone. “From then on, we worked the fact that every printer has its own email address into all our ad copy and packaging for ePrint,” he says.

Flexibility Is Key

Flexibility is a special attribute of online communities, the experts say. The elite 500 can be summoned at a moment’s notice.

When Sara Lee encountered bumps in the road while introducing a new frozen product, it

put a response in front of the community, and within 24 hours members posted over 60 comments with advice on how to tweak it.”

And should a particular insight raise another question in a marketer’s mind, the question can always be fired back at the online community. “With a focus group, there’s always that moment going back to the car when the participant stops and says, ‘Darn, I should have said this,’” says Wittes Schlack of Communispace. “There’s no way of going back to tell the moderator your further thoughts because that focus group is gone forever, but an online community buys the members and the client the time to reflect and elaborate.”

Expected Growth

Online communities are beginning to permeate and work in tandem with other research disciplines because of their ability to tap into the growing voice of consumers. Twenty-first century consumers are bubbling over with input, and an online community is an ideal vehicle to catch that input and run with it.

“The idea of consumers as the passive receptors of media is old. How many messages does the consumer tweet, blog and post in this active broadcast world? They send as much as they receive,” observes John Ross, CEO of **Shopper Sciences**, an Atlanta-based research arm of **Inter-public Group** that identifies shopper influences both inside and outside the retail environment.

Online research practitioners foresee a burgeoning role for communities. “I think the real growth area will be combining capabilities – online communities with shoppalongs, with virtual store environments, with mobile trigger surveys while members are out shopping,” says Warshaw. “I could see a Walmart and a Procter & Gamble combining their communities, adding a mobile component and adding a link to a Facebook page. The capabilities are incredible.”

Communispace runs a community for the Alli weight-loss OTC brand with **GlaxoSmithKline** in concert with **Costco**, says Moskowitz. “They share their tips, questions, challenges – actively supporting one another. Costco feels its relationship with customers is strengthened by this.”

Warshaw believes co-op efforts like that will take off soon. “As the CPG retailers become more savvy about how to use retailers’ customer information, research communities will grow.” **SM**

“We told our online community participants, ‘We know that something isn’t working, please tell us what you think.’”

Jill Boyce, director of insights and strategic planning, Sara Lee Corp.

- **Eavesdropping:** Because community members often have an intense interest in the product, they are eager to offer each other tips and observations. For example, the members of a community for a popular diet aid may spend a lot of time messaging because they are united in a cause to lose weight. The community sponsors then listen to these conversations and extract valuable information.

The key in employing each of these tactics is interactivity. “Easy-to-use interactive tools enhance participant engagement, which in turn leads to better insights,” says Jill Boyce, director of insights and strategic planning at **Sara Lee Corp.** “We have everything from highlighter tools to indicate which aspects of a concept are resonating, to magnet boards that allow participants to easily associate words and phrases with a product category, to the ability for participants to upload photographs that show them shopping, preparing or consuming.”

HP Learns From College Students

HP marketers wanted to make in-roads at colleges, where “students are bombarded by Apple,” says Jackson. So, he set up an online community of freshmen who were given ePrint wireless printers for their dorm rooms

mailed coupons good for a free product to community members and asked them to complete a survey. “While we learned a little bit about what was and was not working about our new product, we were still left with many questions,” says Boyce. “Our second approach to the business issue was much more open-ended. We essentially told our online community participants, ‘We know that something isn’t working about our new item, please tell us what you think.’” Sara Lee’s honest appeal produced rich insights that the company did not uncover during the product’s development cycle. “We have learned a lot about how to optimize not only the return on investment of an online community, but also the return on insights,” she says.

Those returns can come in some surprising ways. Earlier this year, a member of an online community run by Communispace for a food manufacturer read an item in *The Huffington Post* that said a product was found to contain arsenic. “This person immediately posted a note on the [community] site about it and asked, ‘What’s up? Anybody heard about it? Will it impact the company? Did they have a response?’” says Alan Moskowitz, a senior community manager at Communispace, who administers the community. “We went to the client with the question, and indeed they had. The company



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