Best Practices

The "64% Rule:"

What Real Customer Engagement Looks Like

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communispace™

EXECUTIVE SUMMARY

When a company's goal is insight and co-creation with customers, it's critical that they not only know who they're hearing from, but that this group of customer advisors comprise voices that are targeted, diverse, and ongoing. Active participation is a crucial measure of not only the quality, but the cost-effectiveness, of a company's investment in customer collaboration via social media. But despite the explosion of social media, the "1% rule" first identified in the early 1990s, still largely holds true. Opinion, feedback and knowledge-sharing forums such as blogs and rating and review sites show the same social technographics that they did at their inception: 1% of people create content, 9% edit or modify that content, and 90% view the content without contributing. While roughly 35% of the Facebook users who log in weekly update their status,[1] that content is generally private and inaccessible to market researchers, and the public feedback gathering tools within Facebook – as of this writing, a simple polling capability – show response rates of about 5%[2] (based on very limited data).

In contrast, in the private, recruited 300-500 person insight communities run by Communispace Corporation, an average of 64.1% of community members contribute new content every month, and only 7.5% "lurk," i.e. read content but do not contribute.

This study of participation trends in 246 Communispace communities comprising 86,275 members, explores the variables that influence participation and customer engagement. The factors that have the greatest impact on participation are community size (smaller is better), volume of new business-related activities for members to engage in (more is better), and whether all members share the same native country or language (commonality helps). However, in all other respects, participation is remarkably consistent regardless of industry vertical, member demographics, and community purpose.

Exclusivity, intimacy, privacy, the opportunity to forge relationships with other members and with the sponsoring brand, high-touch facilitation, and the knowledge that one's voice is being heard – these are all important factors driving engagement. And the total number of members – whether the group feels like a large reception vs. a crowd vs. a mob – is a major determinant of whether those essential conditions can exist.

INTRODUCTION

Marketers and market researchers alike hail social media for its ability to facilitate communication between a company and its (potential) customers – be they fans, prospects, or detractors. They rightly recognize that the digital stream of complaints, praises, and vertical thumbs enable them to take the pulse of the general buzz about their products.

But is that the same as true customer engagement?

In a 2007 research study examining participation patterns within 66 of Communispace's private online insight communities vs. larger, public forums and social networks, we asserted that, "If the measure of brand engagement is consumer-to-consumer and consumer-to company interaction, it's important to look not just at page views, but at the rates and volume of actual postings by unique visitors. How active are these viewers in terms of creating and adding to site content? Are they contributing to the conversation, or are they simply passive observers?"[3]

Now, almost five years later, Communispace has run over 400 communities, social media usage has increased exponentially, and not only do these questions remain, but given the enormous sums poured into social media marketing and semantic web mining, they are more critical than ever.

But remarkably, their answers are largely unchanged. In large, public forums and social networks, the phenomenon of "participation inequality"—first identified by Bell Communications researcher Will Hill in the early 1990s,[4] described in 2006 by Jackie Huba and Ben McConnell as "the 1% Rule,"[5] and now known as the "90-9-1"[6] rule—still holds. In general, on online forums and other social media sites, 1% of people create content, 9% edit or modify that content, and 90% view the content without contributing. While roughly 35% of the Facebook users who log in weekly update their status,[7] that content is generally private and inaccessible to market researchers, and the public feedback gathering tools within Facebook – as of this writing, a simple polling capability – show response rates of about 5%[8] (based on very limited data). Indeed, a recent report by Jacqueline Anderson and Josh Bernoff notes that, "Consumers continue to sign up for and interact on social networking sites, but other social behaviors that require creating content have seen no substantial growth in adoption since 2009. In fact, some behaviors have experienced attrition. In metropolitan China, for example, Joiners saw an increase of 18%, while Creators decreased by 3%."[9]

However, also unchanged are the atypically high participation rates seen in the small (300-500 person), private insight communities recruited and run by Communispace. In these communities, as in 2007, over 64% of members actively participate in a typical month, and only 7% "lurk," i.e. view content without contributing.

These participation benchmarks matter because when a company's goal is insight and co-creation with customers, it's critical that they not only know who they're hearing from, but that this group of customer advisors comprise voices that are targeted, diverse, and ongoing. Active participation is a crucial measure of not only the quality, but the cost-effectiveness, of a company's investment in customer collaboration via social media.

In this updated look at participation in Communispace communities, we'll examine the variables that influence the frequency and volume with which members contribute to conversations with the brands sponsoring them. As importantly, though, we'll make the case for why smaller communities, when properly recruited and actively facilitated, can yield big results.

About this study

This paper is based on proprietary data regarding member activity in 246 communities (comprising 86,275 members from around the world) built and facilitated by Communispace Corporation from January 2009—December 2010. In it, we provide some general trends, then explore how various community attributes might influence these trends, including:

- Number of members;
- Member characteristics;
- Facilitation level
- Industry vertical
- Language and nationality

Measures

For analyses presented in this paper, we define "community membership" as all people who have passed the initial recruitment screener and also logged in to a community at least once. The study evaluates communities and individuals along three dimensions, each speaking to a different aspect of participation:

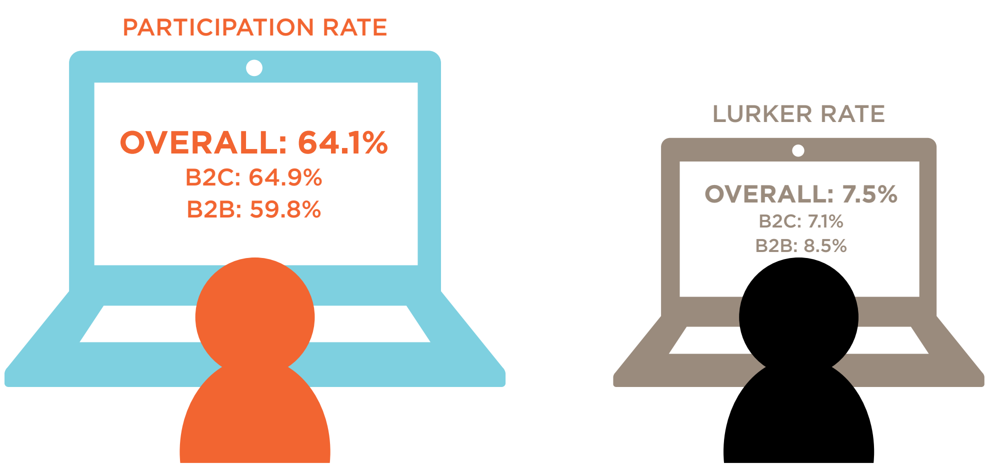
- **Participation:** the percentage of the membership actively contributing during a given period of time
- **Volume:** the number of contributions made by each member who participated during a given period of time
- **"Lurker" rate:** the percentage of members who log in, but simply observe versus actively participating

THE MACRO TREND: HIGH PARTICIPATION, LOW VARIABILITY

Two broad ways in which we classify communities are by their target membership – Business-to-Business (B2B) vs. Business-to-Consumer (B2C), and by their industry vertical. But no matter how we cut these data, we see remarkable consistency in participation rates and volume of contributions.

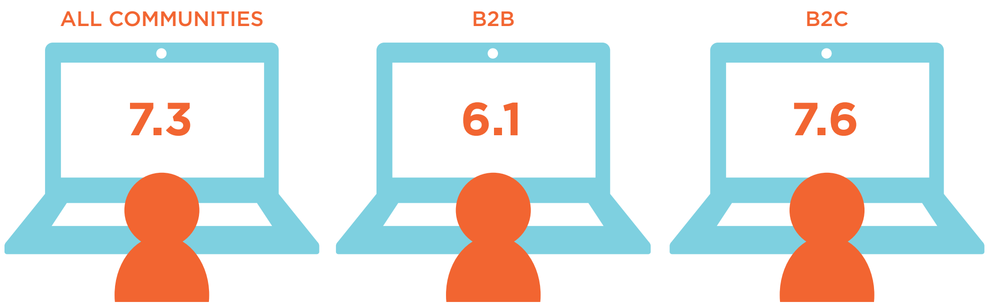
Though B2C communities generate slightly more participation than do B2B communities (64.9% vs. 59.8% respectively), across the board we see extremely robust average monthly participation rates of 64.1%, and a very low lurker rate of only 7.5% (as compared to the 90% lurker rate on most public opinion sites and forums).

Average Monthly Participation and Lurker Rates Across Communities



And by “active” participation, we do mean active. Though again B2C communities have slightly higher average contributions per month (7.6, as compared to 6.1 in B2B communities), the average number of contributions per month across all communities is a whopping 7.3.

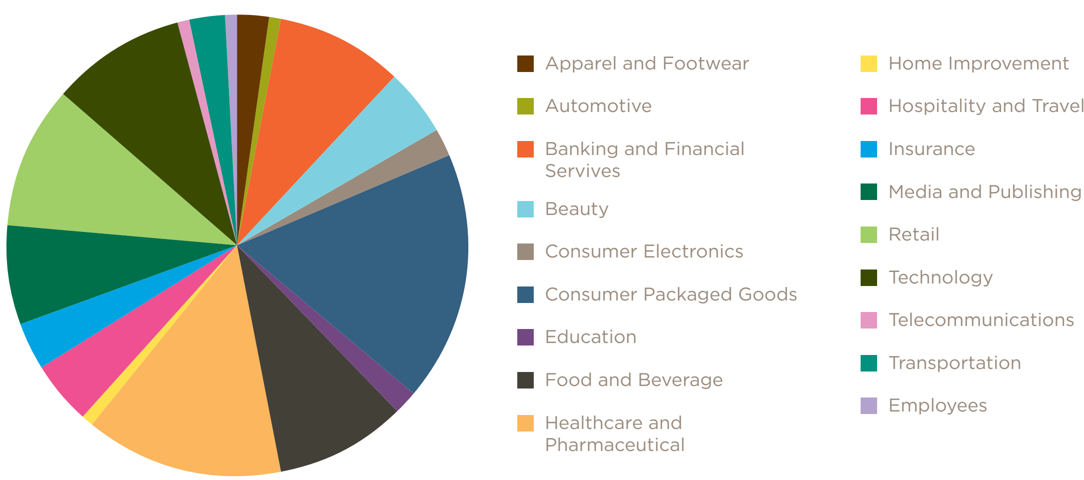
Average Monthly Contributions Across Communities



INDUSTRY BREAKDOWN: HIGH ENGAGEMENT IN LOW INVOLVEMENT CATEGORIES

The 246 communities in this study represent practically every major industry vertical serving consumers (as opposed to supply chain or other manufacturing-related industries). While many reflect a mix of B2B and B2C communities, some categories – such as Consumer Packaged Goods, Apparel, Hospitality and Travel, and Retail – are exclusively B2C, and in the Transportation and Technology verticals, B2B communities predominate.

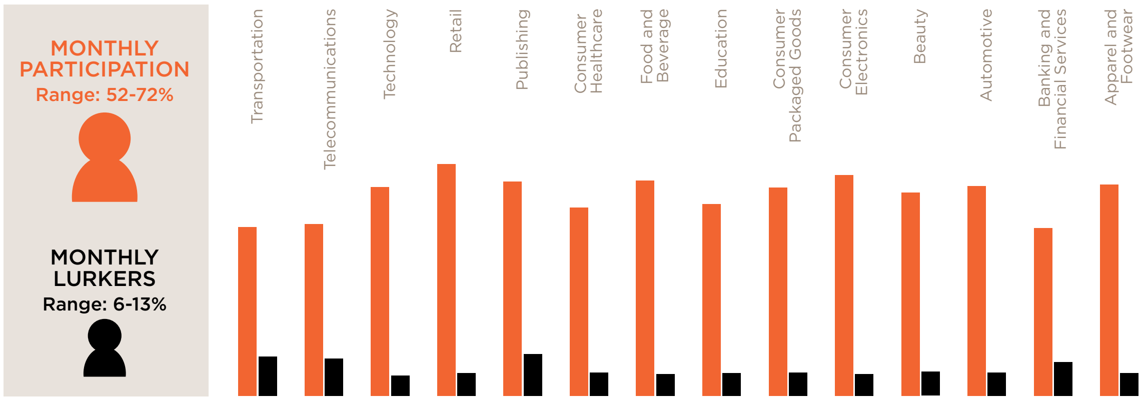
Community Breakout by Industry



Second only to consumer packaged goods communities, pharmaceutical communities are Communispace’s most abundant, despite—or more accurately, due to—the considerable regulatory constraints associated with this industry. This makes intuitive sense, given that private, intimate communities are a natural venue for people with shared health challenges to share their questions and fears and explore difficult topics. Whether they’re discussing menstruation, acid reflux, schizophrenia, or cancer treatments, our pharmaceutical and consumer healthcare community members embrace the opportunity to talk with one another and the community sponsors in a private, safe environment.

What is perhaps more surprising is that communities sponsored by companies in what are traditionally considered low-involvement product categories such as financial services or transportation, demonstrate participation and contribution rates that are as, if not more robust than high-involvement domains such as health or food and beverage. Consider the modest spans shown below:

Average Monthly Participation and Lurker Rates By Industry Vertical



... three constant factors—community size, a steady stream of engaging activities, and high-touch facilitation—play the most important role in ensuring community vibrancy.

Participation rates range from 52% to 72%, with the majority clustering in the 60-65% range, and lurker rates range from 6% to 13%, again with the majority clustering in the neighborhood of 7%. Considering the disparate nature of these verticals, and more importantly, of these members, these remarkably similar data suggest that three constant factors—community size, a steady stream of engaging activities, and high-touch facilitation—play the most important role in ensuring community vibrancy.

MORE OPPORTUNITY BREEDS MORE PARTICIPATION

A more significant variable than either community type (B2B vs. B2C) or industry vertical is the volume of facilitator-initiated activities each month, where an activity can be a discussion, survey, brainstorm, image or video gallery, or other special assignment such as journaling projects, mind maps, mobile diaries, etc. To meet client's business needs and budgets, Communispace offers tiered service levels, ranging from four to twelve business-related activities per month (in addition to whatever member-generated activities are posted). Just as there is an optimal community size (discussed in the next section), there is also an optimal number of activities per month. With fewer than four activities per month, there simply isn't enough fresh content to keep members engaged. With more than twelve (when fielded to the community as a whole, as opposed to smaller subgroups), members become overwhelmed by too many activities competing for their attention.

Service levels that include more monthly activities yield a higher rate of participation and number of contributions per member.

However, even within that four-to-twelve monthly activity range, we see notable variations in participation and lurker rates. Service levels that include more monthly activities yield a higher rate of participation and number of contributions per member. In communities where facilitators start at least seven activities per month (and the typical client engagement is for eight activities per month), participation rates are over 10% higher, and lurker rates almost 4% lower than in communities offering a maximum of four business-related activities per month.

Average Monthly Contributions, Participation and Lurker Rates by Service Level

	PARTICIPATION RATE	# CONTRIBUTIONS	LURKER RATE
Up to 4 activities per month	56.1%	5.86	10.4%
Up to 6 activities per month	59.4%	6.65	8.7%
7 to 12 activites per month (avg. 8)	67.3%	7.70	6.7%

This indicates that people are more responsive when prompted to participate more frequently, and they are also less likely to "lurk" in communities with more opportunities for participation.

SIZE MATTERS, AND SMALLER IS BETTER

The typical Communispace community contains 300-500 members. For marketers and market researchers accustomed to survey respondents numbering in the thousands, or Facebook fans numbering in the tens of thousands, this "sample size" may seem perplexingly small. But a community is not a panel to be used for one-time validation, market sizing, and prediction; rather, members are engaged week in and week out, contributing frequently and voluminously, generating content as much as reacting to it. It's also not a social marketing vehicle, to be used for boosting brand awareness and fueling campaigns; rather, members are there to talk to and advise the brand, not primarily to receive promotions and discounts.

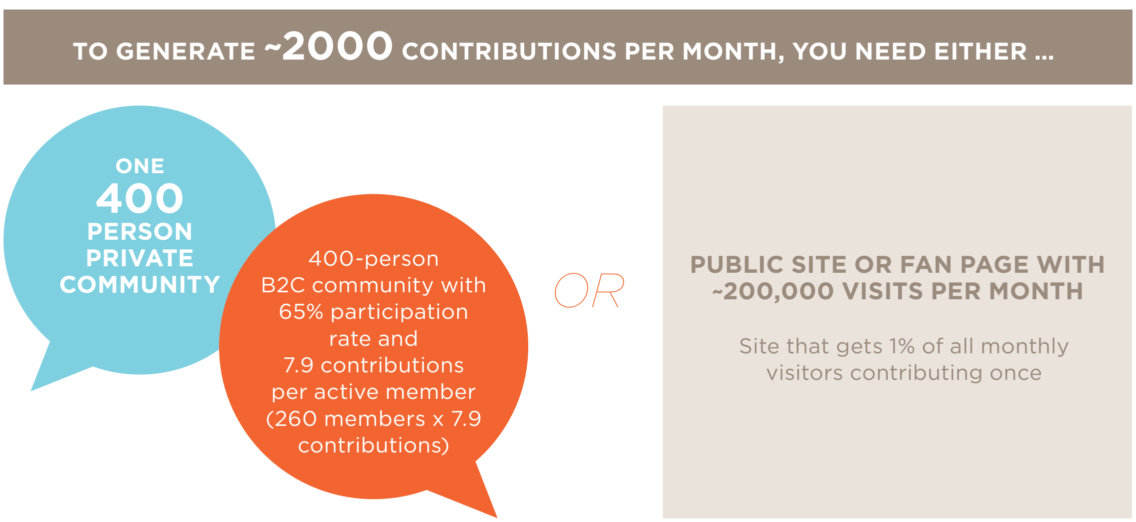
To best deliver on a community's purpose, which is to generate deep insight and engage consumers in co-creation, large numbers are neither desirable nor effective. Data from the current study echo findings from our 2007 research, indicating that when it comes to community, it is definitely possible to be too big. Average monthly participation in communities with over 500 members is 61.1%, which is 6% lower than that in communities with fewer than 300 members.

To best deliver on a community's purpose, which is to generate deep insight and engage consumers in co-creation, large numbers are neither desirable nor effective.

Prior research by Communispace has revealed several reasons why small, "gated" communities yield high participation.[10] Exclusivity, intimacy, privacy, the opportunity to forge relationships with other members and with the sponsoring brand,[11] high-touch facilitation, and the knowledge that one's voice is being heard[12] – these are all important factors driving engagement. And the total number of members – whether the group feels like a large reception vs. a crowd vs. a mob – is a major determinant of whether those essential conditions can exist.

Fewer numbers can yield greater ROI

As we noted in our 2006 participation research, "Not only is a much higher percentage of members contributing to the discussion in small, private communities, but the volume of their contributions is equivalent to what is garnered on sites with almost 500 times more visitors." That math still holds true.



What has changed since 2006 is the presence and impact of social networking sites. Groundswell author Josh Bernoff has defined a new rung on Forrester's proprietary Social Technographics Ladder, "Conversationalists," to reflect those people who share via social media by Tweeting or updating their Facebook status at least once a week.[13] He estimates that 33% of social media users are Conversationalists, certainly an improvement over the 90-9-1 Rule.

But the value of all those status updates to market researchers is significantly limited by the fact that web scraping tools can only access public content, and most Facebook users employ privacy settings that restrict who can see their updates. And unless those status updates and comments are happening on fan pages, they tell us little about if and how consumers are feeling about and engaging with a brand. Recent research suggests that consumers go to brand fan pages on social network sites more to hear from the brand than to talk to it,[14] but this is certainly an area ripe for further study.

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LANGUAGE IS THE DEMOGRAPHIC THAT MATTERS MOST

As is true in all forms of social media, women out-participate men in our communities, but not by much.

Average Monthly Participation and Lurker Rates By Gender

	PARTICIPATION RATE	# CONTRIBUTIONS	LURKER RATE
Primarily male	62.2%	7.2	6.7%
Primarily female	67.5%	7.9	6.3%

But gender is only one of many disparate participant characteristics. Because each of our communities is recruited to meet the specific business needs of each client, our membership varies dramatically in terms of age, income, life stage, location, habits, and product usage. The data set in this study includes communities comprising men who polish their cars by hand at least once a month, road warriors and top tier loyalty program members for major airlines and hotels, mass affluent consumers, operating room directors, people with rheumatoid arthritis, moms of toddlers, empty nesters, financial advisors, chefs, and gastroenterologists – to name just a few.

Despite this demographic diversity, we see minimal variation in participation rates...

Despite this demographic diversity, we see minimal variation in participation rates, with one exception: In Communispace, as is true everywhere in social media, Moms' communities are exceptionally vibrant. The social glue inherent in being a mother, the emotional importance women assign to that role, and the ongoing need for support and advice that parents experience, all combine to turbo-charge the conversation in this demographic.

While income, education, employment status, and even age play only a minimal role in influencing participation, shared language does play a crucial role in determining vibrancy. Our members come from all around the world, but the communities represented in this study vary in the following ways:

- Native English speakers -- who may be American only, North American only, or drawn from the US, UK, and/or Australia/New Zealand, depending on the community -- in English-language communities.
- A mix of native and non-native English speakers in English-language
- Non-native English speakers in non-English-language communities

Average Monthly Contributions, Participation and Lurker Rates by Language

	PARTICIPATION RATE	# CONTRIBUTIONS	LURKER RATE
Native English Speakers in English Communities	64.4%	7.3	7.0%
Mix in English Communities	63.4%	6.7	10.3%

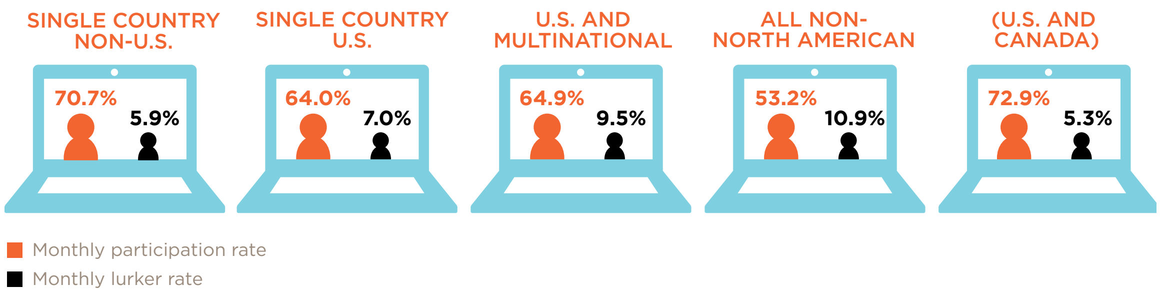
On the surface, what may be surprising is how similar participation rates are in the two types of English-language communities (those comprising exclusively native-English speakers, and those comprising a mix of native language speakers). However, the disparity in lurker rate between the two suggests that while the conversation may be of general interest in both types of communities, it is somewhat more challenging to more people to actively contribute in English-language communities when English is not their native tongue.

The national and cultural diversity proves to be a draw for members, and "ownership"—the number of member-generated activities as a percentage of the overall number of activities—is actually higher in multinational communities.

And indeed, when we drill down into community composition by country, we see that multinational English-language communities have higher participation rates and slightly lower lurker rates when Americans are included than when they are not, suggesting that the loquacious Americans may be disproportionately represented among the active members.[15]

While there are real challenges posed by having native speakers of multiple languages in a single English-language community, this study and prior Communispace research suggest that such communities are nonetheless extremely viable, and provide significant value to clients and members alike. Indeed, the national and cultural diversity proves to be a draw for members, and "ownership"—the number of member-generated activities as a percentage of the overall number of activities—is actually higher in multinational communities.[16]

Average Monthly Participation and Lurker Rates by Country Composition



However, the data also suggest that common nationality, not just shared language, is a driver of vibrancy. In the single-country, non-US communities (such as those comprising only members from Australia, only members from the United Kingdom, or only members from the Netherlands), participation was actually higher than in US-only communities.

Despite these generally encouraging numbers, we recognize that patterns in how often people participate, their motives for doing so, and the topics and types of activities that engage them may vary from one country and culture to another. As we acquire ever more multinational experience, this remains a research area of crucial importance to Communispace and our clients.

FEELING HEARD IS REWARDING (AND SO IS "THANK YOU")

Our private communities differ from public forums or social networks in that they are recruited, as opposed to self-forming. And with a few exceptions, they also differ in that they offer nominal gifts to members as a way of acknowledging and thanking them for their participation. In a typical consumer community, members who average at least one contribution per week are acknowledged every four to six weeks with an Amazon or PayPal certificate equivalent to $10 USD, with products or loyalty points from the sponsoring client, and/or with some combination of the two. However, in some communities, client policies or legal requirements prevent us from being able to offer any sort of incentive.

Average Monthly Contributions, Participation and Lurker Rates by Incentive Type

	PARTICIPATION RATE	# CONTRIBUTIONS	LURKER RATE
Client-Provided Product or Points	69.3%	7.7	6.3%
Standard Amazon Incentive	64.6%	7.4	6.8%
Standard PayPal Incentive	64.1%	6.8	8.2%
Mix of Monetary and Product/Points	59.5%	6.5	10.4%
No Incentive	42.1%	4.4	25.7%

Not surprisingly, those communities offering no incentives are less vibrant than those offering some sort of tangible "thank you" for the time and energy that members expend. What's more interesting is that those communities offering a mix of monetary and product or point-based incentives show slightly less vibrancy than those offering exclusively one or the other. We believe this is because the majority of those communities offering product or points (as opposed to monetary or no incentives) are either sponsored by retailers or by loyalty programs who are engaging their top tier members. Almost by definition, these types of communities are for existing brand fans, whose passion fuels participation, and who welcome appreciation gifts specific to the brands they are so passionate about.

Research ... shows no evidence of positive bias in members as a function of tenure in the community.

Any discussion of incentives or member appreciation gifts inevitably incites questions about the validity of the research done in these communities. Can members who are engaged with the brand in an ongoing way and receiving explicit rewards for doing so be expected to speak honestly? Research we conducted in 2006 shows no evidence of positive bias in members as a function of tenure in the community; indeed members become slightly more critical over time precisely because they are more invested in the sponsoring company's success and more vigilant about protecting the brand from missteps.[17] However, because we recognize that this is such an important question, we're repeating that research, this time with an even larger sample size. Though the data gathering isn't yet complete, thus far we see results almost identical to what we saw five years ago.

ENDING WHERE WE BEGAN

In our 2007 research, we concluded that "people may get more involved in private, intimate communities because they feel visible, heard, and engaged with the sponsoring company in a manner that large, more anonymous public sites can't deliver. It's no surprise that even hard-to-reach consumers are more likely to participate if they feel special and if they feel that company is truly listening."

Just as there is remarkably little change in the participation patterns we've seen in the intervening years, the drivers of engagement are equally constant. Participants come to these communities with a purpose in mind – to exchange information, seek and give advice, to be heard, to connect with others with whom they feel they have something in common, and ultimately, to make a difference. This last point is crucial, as the success of a community – the degree to which it engages customers deeply and honestly, over time – is not simply a function of how well the community is recruited and run. Ultimately, customer engagement lies in the hands of the brand and its willingness to reveal its identity, acknowledge what consumers are saying, and wherever possible, close the loop with them by sharing if and how they are acting on that input.

That's what ***real*** engagement looks like.

Endnotes

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