



The Price of Indifference

Re-examining the Role of Incentives in Online Communities

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Overview A heated debate has been raging in the blogosphere over the implications of incentivizing people for their participation in online customer communities. Some argue that it taints the validity of the content, leads to positive bias, and generally violates the principles of true, authentic community. What's the point of having a community, some say, if you're paying members to tell you what you want to hear?

As a leading provider of private online customer communities, Communispace Corporation has just completed a study that sheds new light on the role of the incentive in online customer communities. Comprising 2286 members from 16 communities across industries, the results reinforce those from an earlier study that explored whether positive bias resulted from ongoing participation in incentivized customer communities and show that—under the right circumstances—thank-you gifts for members do not hinder, but rather help promote a genuine customer-brand relationship.

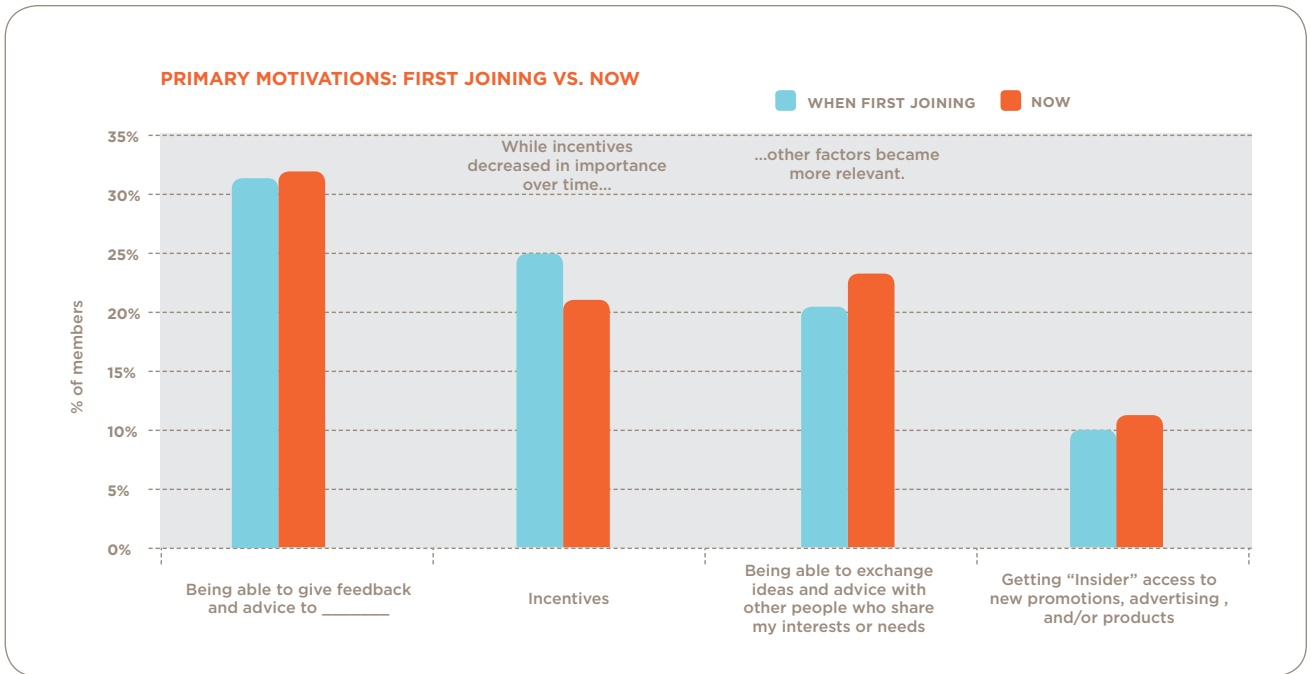
Intrinsic vs. Extrinsic Rewards

In a recent blog, anthropologist and author Robert Kozinets¹ worried about “*the difference in participation and information that extrinsic (rewarded by corporate payments) and intrinsic (I love or hate the brand and want others to know about it and share in it) rewards*” generate. Based on the results of our research and experience, we argue that both kinds of rewards can be derived from the same activity and comfortably co-exist.

All of the communities included in this study were offered a basic thank-you gift for participation, most often a \$10 or \$15 electronic gift certificate every 4 to 6 weeks, for a minimum of one contribution per week. A contribution can take many forms: completing a survey, posting to a bulletin board or brainstorm, sharing pictures or recipes, writing a product review, etc. (And incidentally, most members do well above the minimum required to earn the incentive, making an average of 4 contributions during weeks they contribute.) Some communities were also given coupons, product samples, in-home trials, and other gifts (e.g., an iPod to one winner of a story contest) from time to time.

When members were asked about their motivations for joining the community, most members did *not* cite the opportunity to earn money. The most common reason, selected by nearly one-third of respondents, was the opportunity to give feedback and advice to the sponsoring company. Incentives came in second, with only a quarter reporting it as their primary motivation. So already, before ever logging-in, members were anticipating some other intrinsic (or non-monetary extrinsic) rewards for their participation.

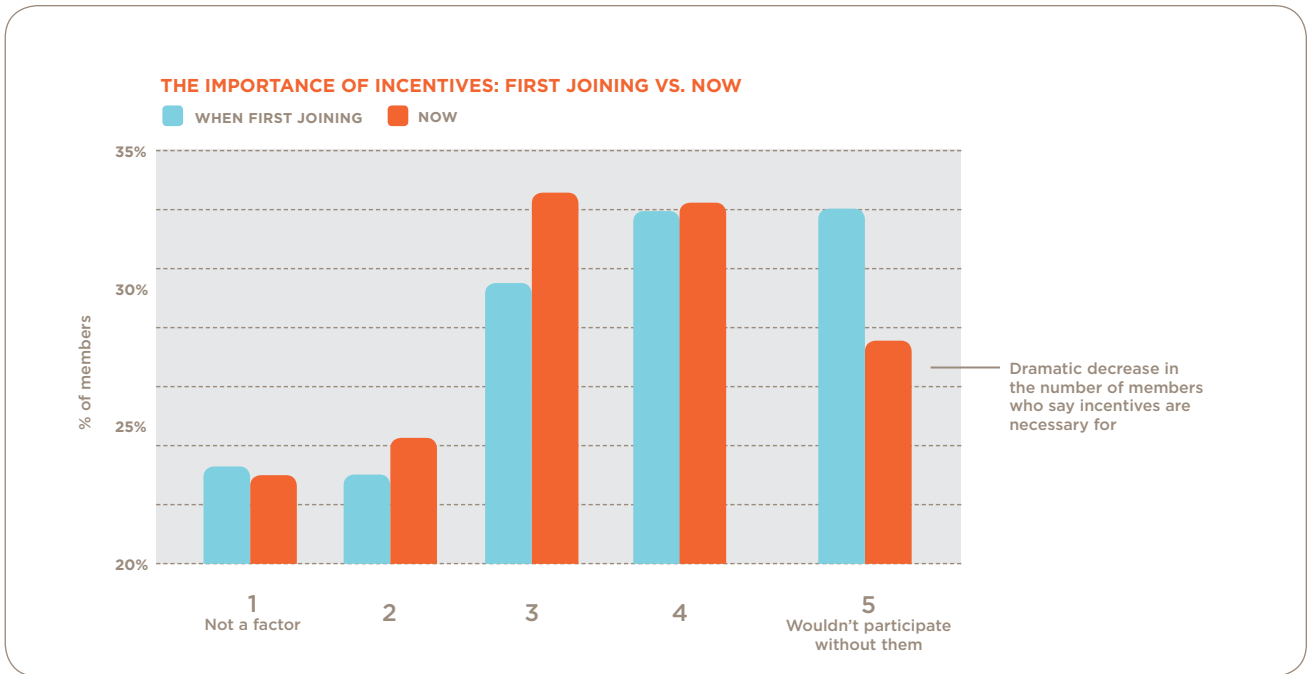
¹Kozinets, Robert. “Is Communispace-type Community ‘Real’ Community?” [Weblog entry.] Brandthrosophy - Robert Kozinets on Marketing, Media, and Technoculture. November 22, 2007. (<http://kozinets.net/archives/98>.) October 30, 2007.



And what about after joining? We wondered, would their time in the community change members' motivations for participating? Kozinets, for one², fears that rewarding members of brand communities will have negative long-term effects: *"They will take the money. Do what they need to do to keep it coming. They will go through the motions. But the emotions will not be there. The connection with the brand, and even the community, the reasons that they were recruited in the first place, will fade."*

However, the members tell a different story. When asked about the importance of incentives after being a member for a while, nearly one third gave them a lower rating than before. There was a statistically significant difference between pre- and post-ratings in a paired test ($t = 7.62, p = .000$), indicating that the importance of incentives did indeed change for these members.

²Kozinets, Robert. "Forcing It, Word-of-Mouth, and Community 'Factor X.'" [Weblog entry.] Brandthrosophy - Robert Kozinets on Marketing, Media, and Technoculture. March 3, 2008. (<http://kozinets.net/archives/98>.) October 30, 2007.



As incentives became less important over time, other benefits, such as getting “insider” access and conversing with like-minded individuals, grew in importance.

“The rewards were never motivation for me to participate in this forum. Nor are they now. I love being a member of an online community where I get to voice my opinions and read the opinions of others who share my love for anything and everything <brand name>.”

“The incentive initially caught my interest and then giving my opinion, but once I got involved in the community, I now just enjoy giving my opinion. Even if there weren’t an incentive, it’s enjoyable. I like that [brand] wants to listen.”

“After a few months, I guess the [incentive] became tiresome and the conversation kind of addictive. I like many of the topics and hearing guys’ thoughts on them, as well as having the opportunity to give my own perspective.”

In short, the community was moving from a market to a social exchange.

Social vs. Market Norms

In his book, *Predictably Irrational*, Dan Ariely³ explains that we live simultaneously in two worlds: one ruled by social norms, one by market norms—and you can’t mix the two. Under *social* norms, people are happy to help each other out and do not expect anything in return (e.g., helping your best friend move). Under *market* norms, people expect a fair wage for their work. But, according to Ariely, people will be less motivated to work for a “token” payment than in either of the above scenarios, provided the monetary value is mentioned at all. Based on experimental results, he concludes, “*People are willing to work for free, and they are willing to work for a reasonable wage, but offer them just a small payment and they will walk away.*”⁴

The \$10 or \$15 gift certificate every four to six weeks awarded to community members is hardly a fair market wage, but they do not “walk away.” In fact, some members invest extraordinary energy into communities, spending not just a few minutes a week participating, but keeping diaries, going on mystery shopping expeditions, creating collages, and engaging in many other time- and labor-intensive activities. What motivates them to do so?

Ariely describes social norms as being “*wrapped up in our social nature and our need for community.*”⁵ We agree, and see that human need expressed in our communities. Clearly, members are gleaning non-monetary benefits from their participation, and that’s what keeps most of them coming back—not the small thank-you gift. Indeed, about 40% of members reported deriving greater value from the content of the community than from the incentives.

Just as helping a friend move can provide an internal feeling of satisfaction and accomplishment, so too can helping a company do a better job—and not just because, as a customer, you will reap the benefits. Feeling heard, building social connections, giving and getting advice, expressing identity and expertise—these are all the intangible and intrinsic member benefits of a community done right.

In fact, many members reported that they were so committed to the community that they would continue to participate even if the incentives were taken away. Far from feeling emotionally disconnected from the brand and the community, they had formed deep and meaningful bonds.

Others expressed their gratitude for and enjoyment of the community, but admitted that, in their hectic and busy lives—and the current economic state—they would have trouble making the time to log-in, if not for the gift.

³Ariely, Dan. *Predictably Irrational*. New York: HarperCollins, 2008.

⁴*Ibid.*, p. 73.

⁵*Ibid.*, p. 768

“For me to take time off to help out is something I want to do, but it does take time to schedule it into my day. That’s why I appreciate the rewards.”

“The incentives may seem relatively insignificant, but I don’t feel I have enough free time to just fill out surveys, etc. and not get at least a small ‘atta-boy’ consolation for my time.”

“Now I’m into it and enjoy doing it, but with time becoming a limiting factor I have to prioritize EVERYthing! The incentive motivates me to click on an event at times when I would rather just skip it.”

These community dynamics illustrate the grey area between market and social norms. Returning to our example of helping a friend move, giving up a Saturday in the summer for someone other than your best friend might require a little incentive—say, pizza and six-pack.

Prior Communispace research has shown that Ariely’s notions of market and social norms—and the results of his experiments—do not hold true in this context. Communities with no incentive at all— pure social exchange—showed far lower participation rates than those that offered one. Customers may be willing to give their time as brand advisors, but social norms do not exclusively reign. Brands (though they may try) are not friends, and only the most vehement brand advocates would work for free (as some suggest they’d indeed be willing to do after some time in the community).

But by the same token, communities that offered a greater incentive (\$25+ per incentive period— something closer to “fair wage”), did not show any higher levels of participation. As one member put it, *“there are communities with larger and more rewarding incentives than this one, so the incentive is not really the issue.”* Another said, *“The amount of the reward itself would not be enough to keep me participating if I didn’t also enjoy it.”* In this case, it does seem like a small gift is all it takes to make members feel their time is valued. Incentives are not a payoff, but merely the appropriate way for companies to say, “Thank you for your time.”

So what about positive bias? If members are financially compensated in any way, doesn’t that mean that what they tell you can’t be trusted? Quite the opposite, by enlisting their help as brand advisors, you are showing them just how valuable and valued they are. This conclusion is borne out by a *prior Communispace study* on the impact of community tenure on concept ratings, which proved that community membership did not create positive bias over time.

One longtime Communispace client prefers the notion of “indifference bias” when explaining the value of his community. In his example, a man gets dressed and asks 100 strangers on the street how he looks. Most of them probably shrug and say, “Fine.” But if he asks his wife—because she cares about him, and indeed because in some ways how he looks is a reflection on her—you’d better believe she’ll tell him the truth. She is invested in how he looks!

The same kind of dynamic takes place inside of a branded community. As one member explained it, *“I think it is important that if we give thoughtful answers then we should get an incentive. Without the incentives you may not get an answer with much thought behind it.”* The amount of the incentive is almost irrelevant, but the fact of it makes members feel valued and thus more invested in the sponsoring company. And once you have customers who care about the future of the brand, paid or unpaid, they are much more likely to be candid and thoughtful in their feedback.

When thought leaders like Robert Kozinets question the quality and authenticity of insights derived from intentional, incentivized communities, it’s a positive sign that online communities have come of age. When the dust finally settles, practitioners in the field will likely reach the same conclusions articulated by Charlene Li and Josh Bernoff⁶ in *Groundswell*, which is that there is no one “true” form of community, but rather various forms of social networks to serve various purposes. Meanwhile, these are healthy and productive discussions to have in both the business and academic communities.

⁶Li, Charlene and Josh Bernoff. *Groundswell: Winning in a World Transformed by Social Technologies*. Boston: Harvard Business School Press, 2008.

Communispace Corporation is the leader in building, managing, and facilitating private branded communities that deliver the voice of the customer and enable businesses to generate continuous insights, drive faster innovation, and drive revenue. Founded in 1999, the company has created more than 300 customer communities for more than 100 global corporations including; Kraft, Hewlett-Packard, Charles Schwab, Hallmark, Unilever, GlaxoSmithKline, and Hilton Hotels. Headquartered in Watertown, Massachusetts, the company has offices in New York, San Francisco, London, Chicago, Austin, Atlanta, and San Remo, Italy.

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