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2009 Tribalization of Business Study

Transforming companies with communities and social media

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About the 2009 Tribalization of Business Study

- This study was conducted by **Deloitte, Beeline Labs and the Society for New Communications Research**
- We employed an online methodology among **400+ companies that have created and maintain online communities**
- The communities ranged from fewer than **100 members to more than 1 million members**
- Company revenues ranged from under **$1 million to more than $40 billion**
- In addition to an online survey, research included **in-depth interviews** of select respondents

Participating companies include:

- Computer manufacturers
- Computer networking companies
- Life science companies
- Consumer packaged goods companies
- Software companies
- Insurance companies
- Online auction companies
- Hotel chains
- Media and information companies

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Why social software and communities matter to business

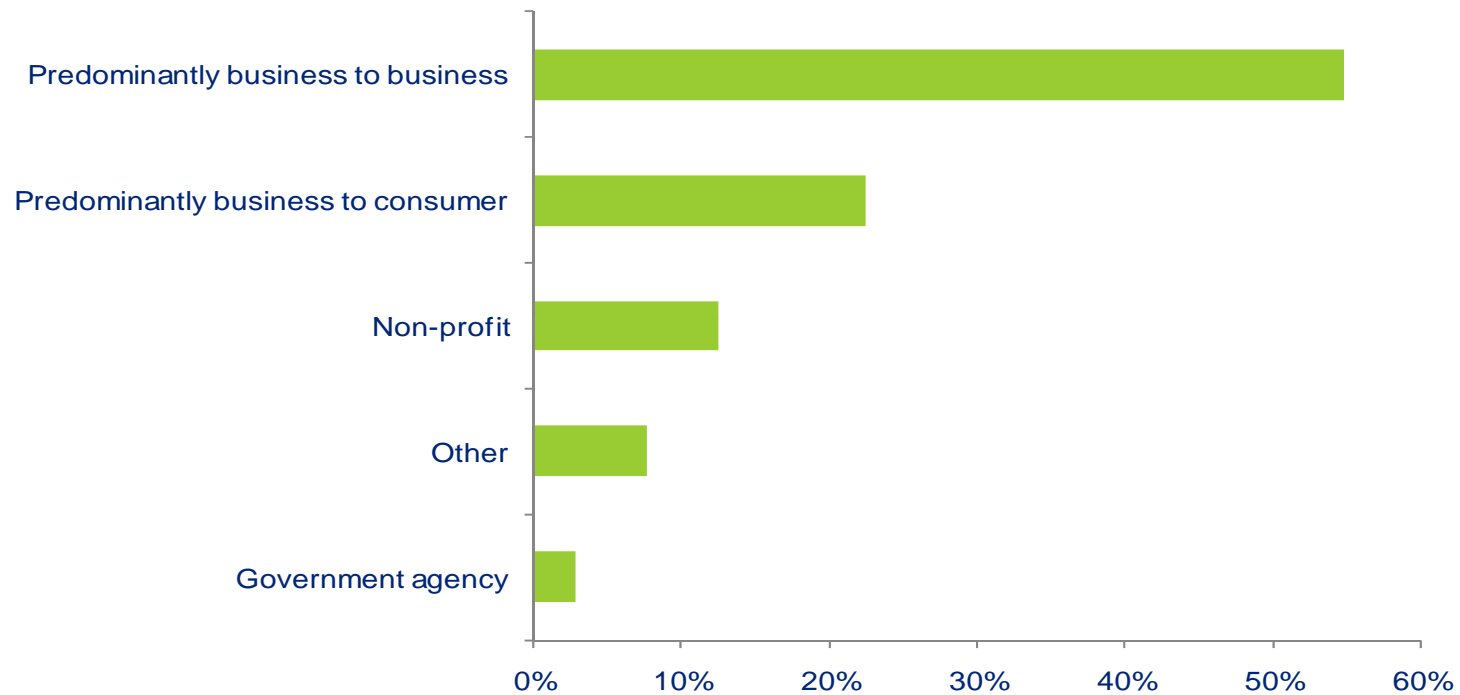- Humans are hard-wired to cooperate and share opinions

- Communities can have an "amplifier effect" on marketing, customer support and other corporate functions

- The positive impact of effective communities can be game-changing
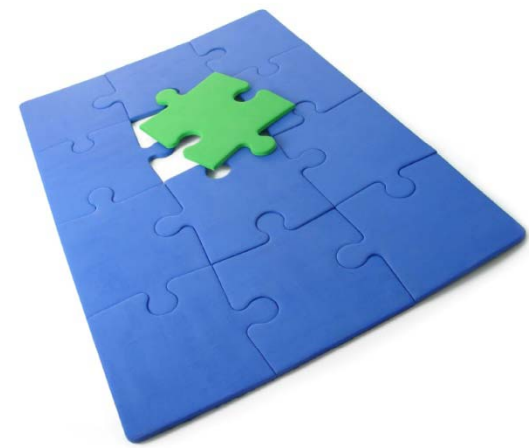
Survey demographics

Type of Organization

Q. My Organization is best described as:

Annual Revenues

Revenue	Percentage
Under $1 million	~42%
$1 million - $9,999,999	~18%
More than $1 billion	~17.5%
$10 million - $49,999,999	~9.5%
$50 million - $249,999,999	~4.5%
$250 million - $499,999,999	~4%
$500 million to $999,999,999	~3.5%
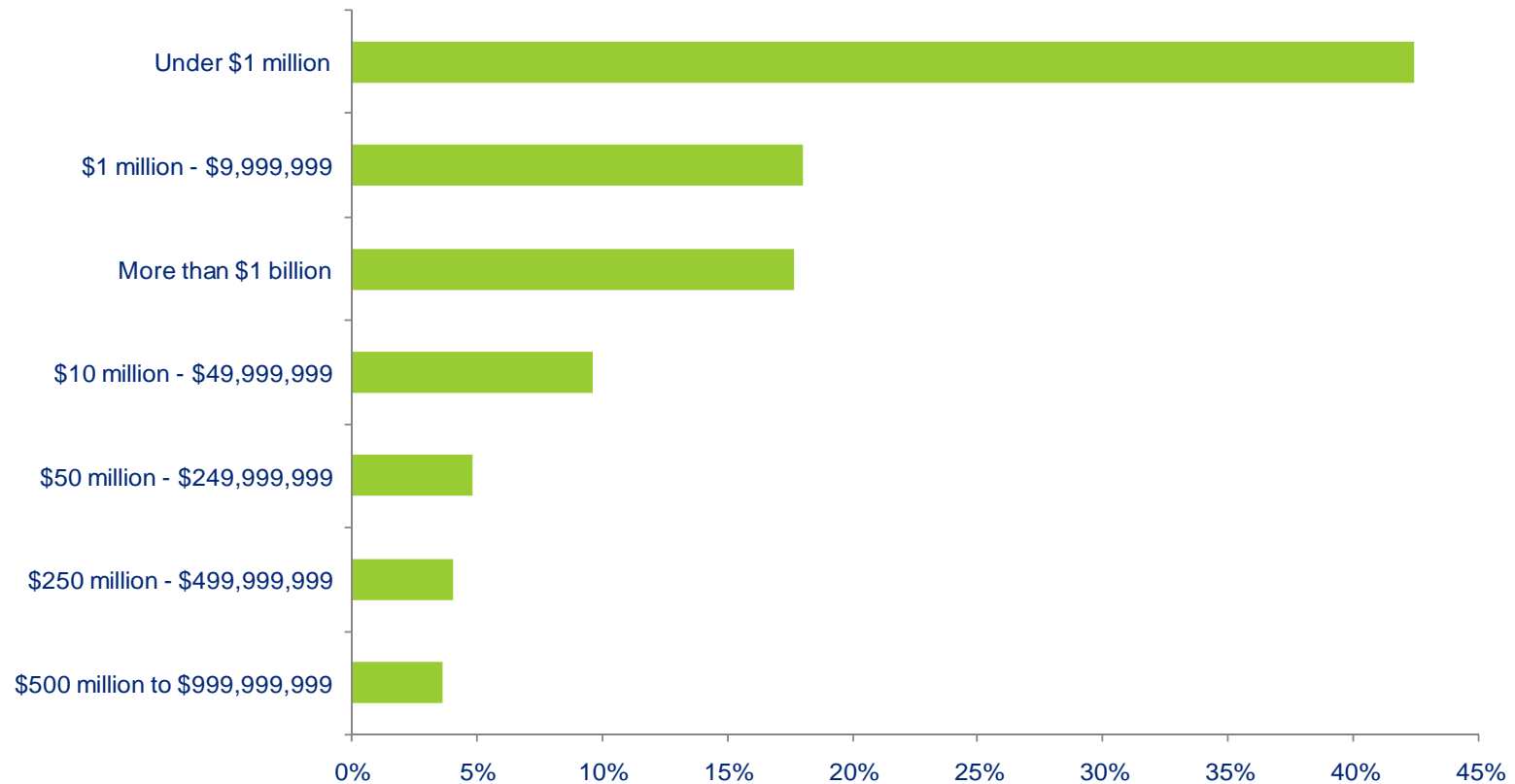
Q. What are your company's annual revenues?

Number of Active Members

Category	Percentage
< 100	~35.5%
101 - 500	~20%
1,001 - 5,000	~13.5%
501 - 1,000	~11.5%
5,001 - 10,000	~6.8%
10,001 - 50,000	~4.3%
50,001 - 100,000	~3.8%
100,001 - 1,000,000	~3%
More than 1,000,001	~0.4%
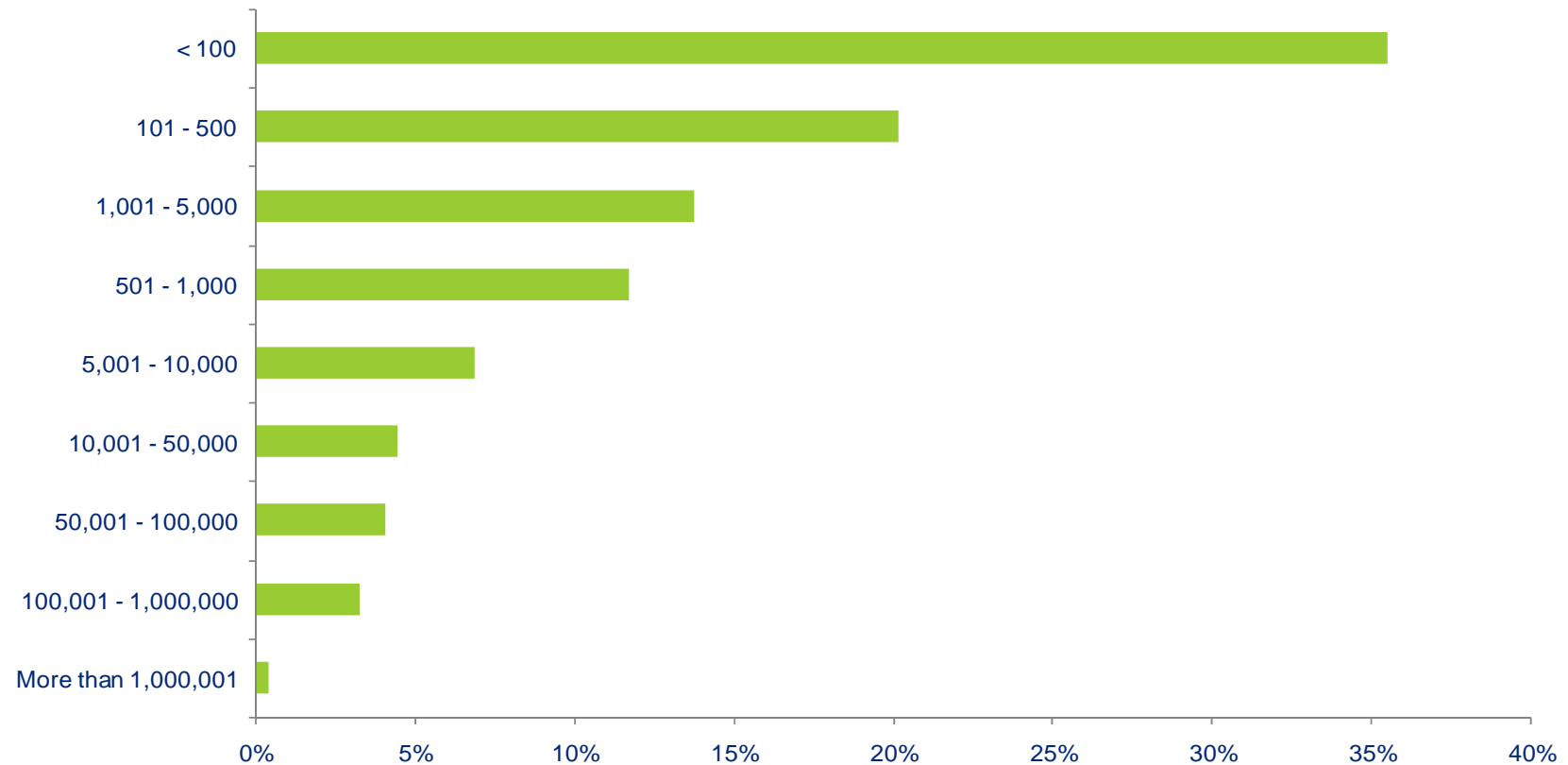
Q. How many active members do you have in your community?

Length of time oldest community has been up and running
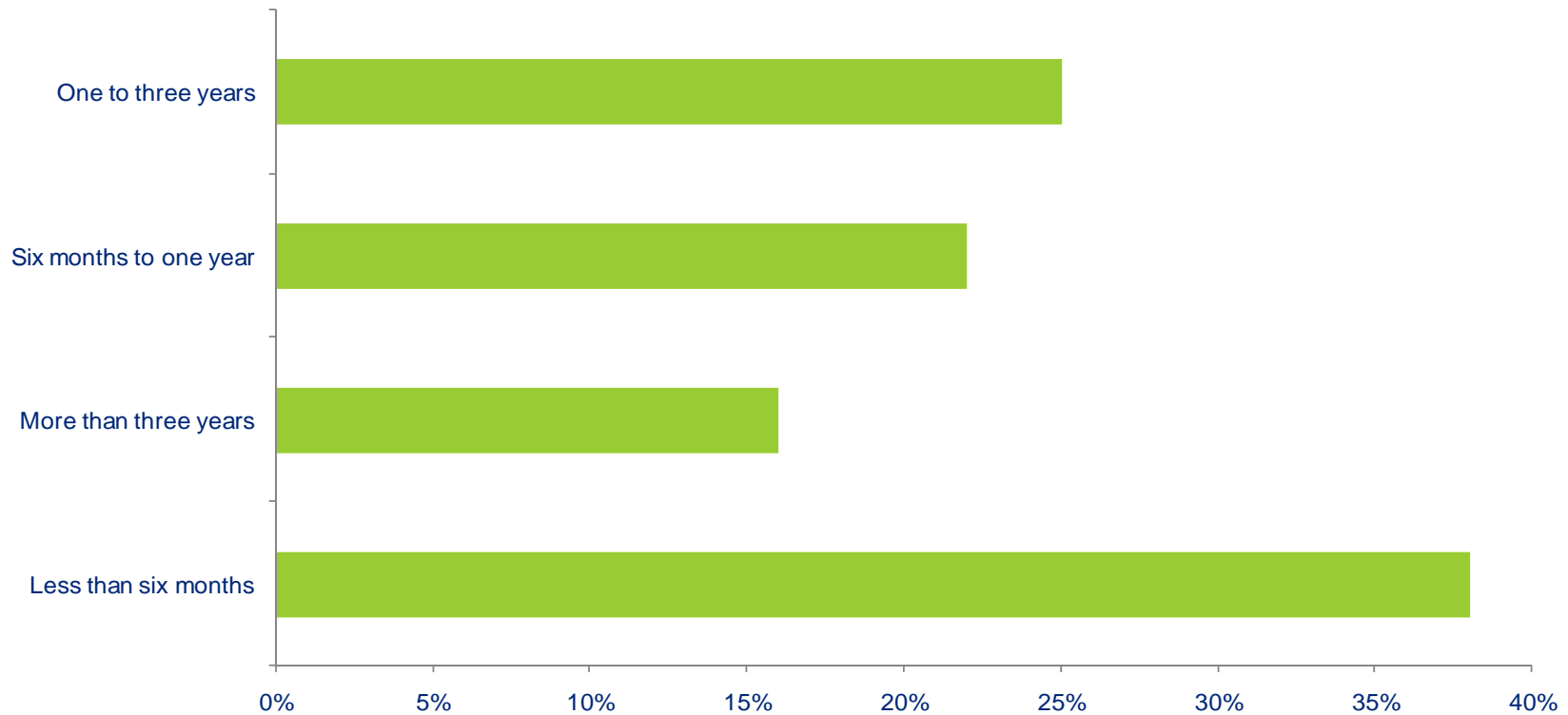
Q. How long has your oldest community been up and running?

Selected Results

Despite the perceived risks associated with participating in online communities, organizations' continued and enhanced investment in online communities underscores the value they provide to the enterprise.

94 percent of enterprises continue to invest in online communities and social media
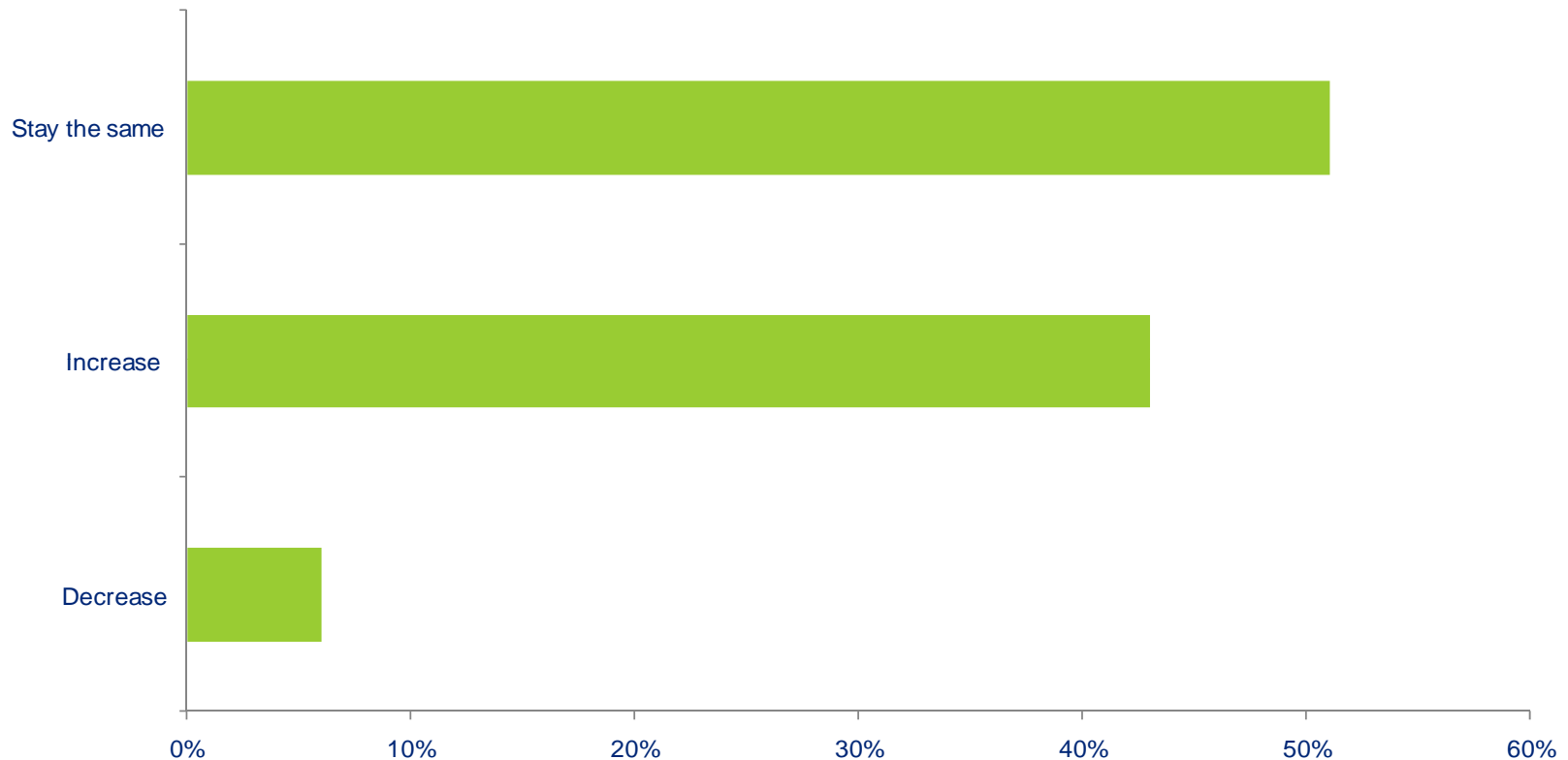
Q. Over the next 12 months, what will happen to your investment in community?

Several data points indicate continued maturation of the enterprise's use of communities and social media:

- Companies are paying close attention to non-active users or "lurkers"
- Companies are beginning to adopt ambassador programs which give outsiders preferred treatment in return for being more active in the community
- More full-time people are being deployed to manage the communities

32 percent of companies are capturing data on "lurkers" on their communities
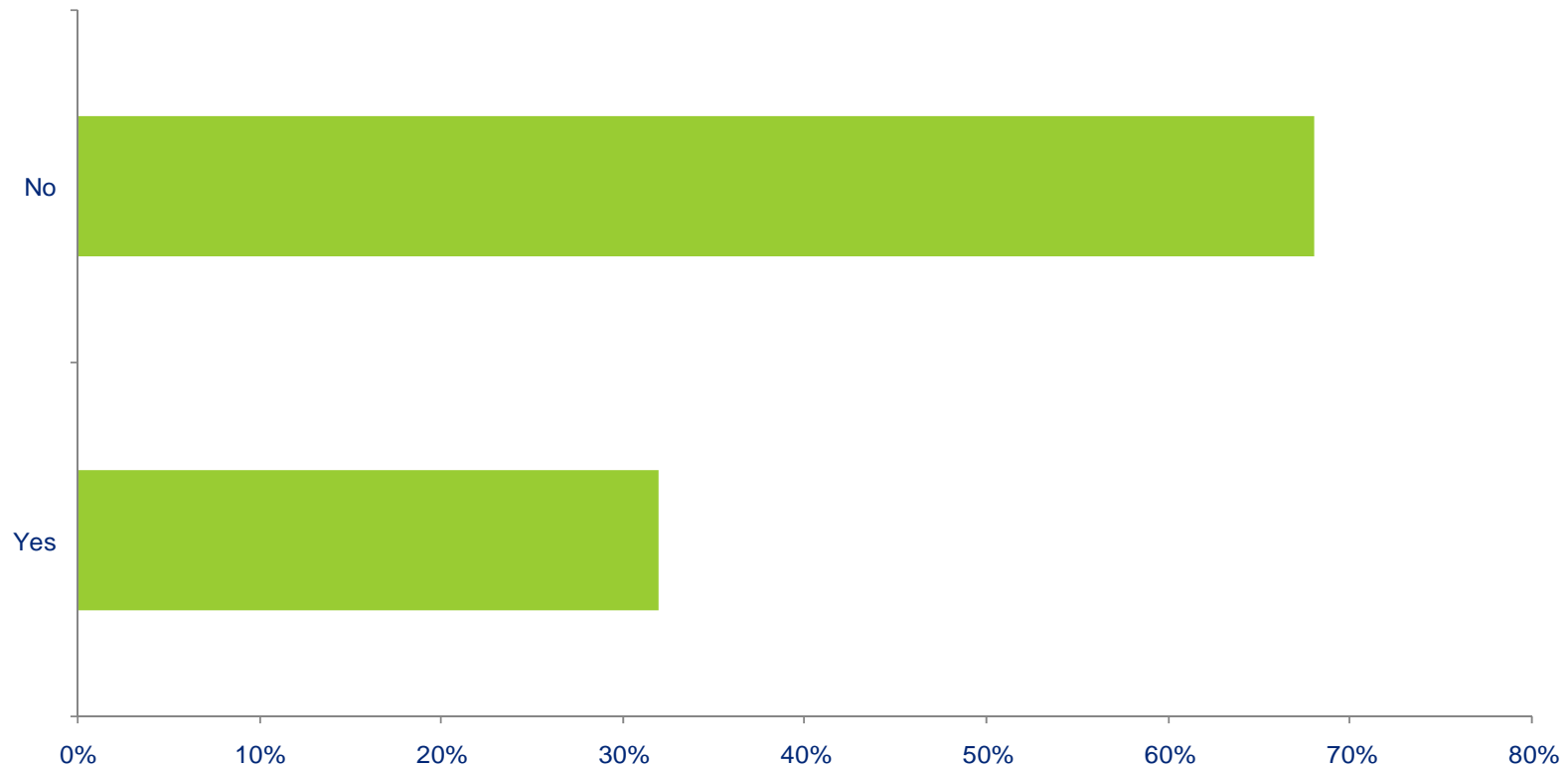
Q. Are you actively capturing data on lurkers (i.e., people who observe online community activity but don't participate in overt manner by posting, contributing, communicating with the members in the community)?

20 percent of respondents have a formal external "ambassador" program
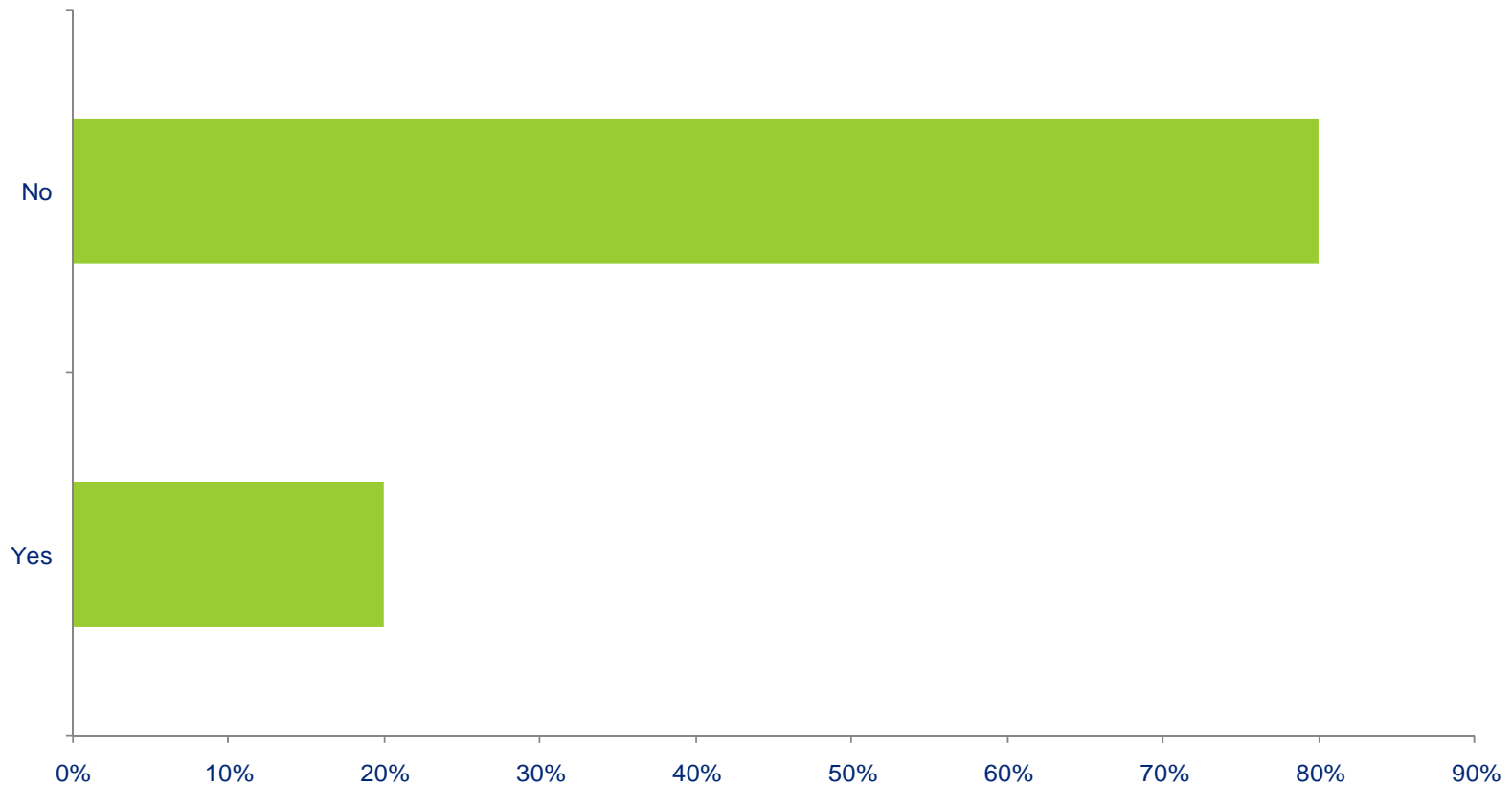
Q. Do you have a formal external "ambassador" program? (a program in which outsiders receive preferential treatment in return for being more active in the community)

More full-time people are being deployed to manage communities
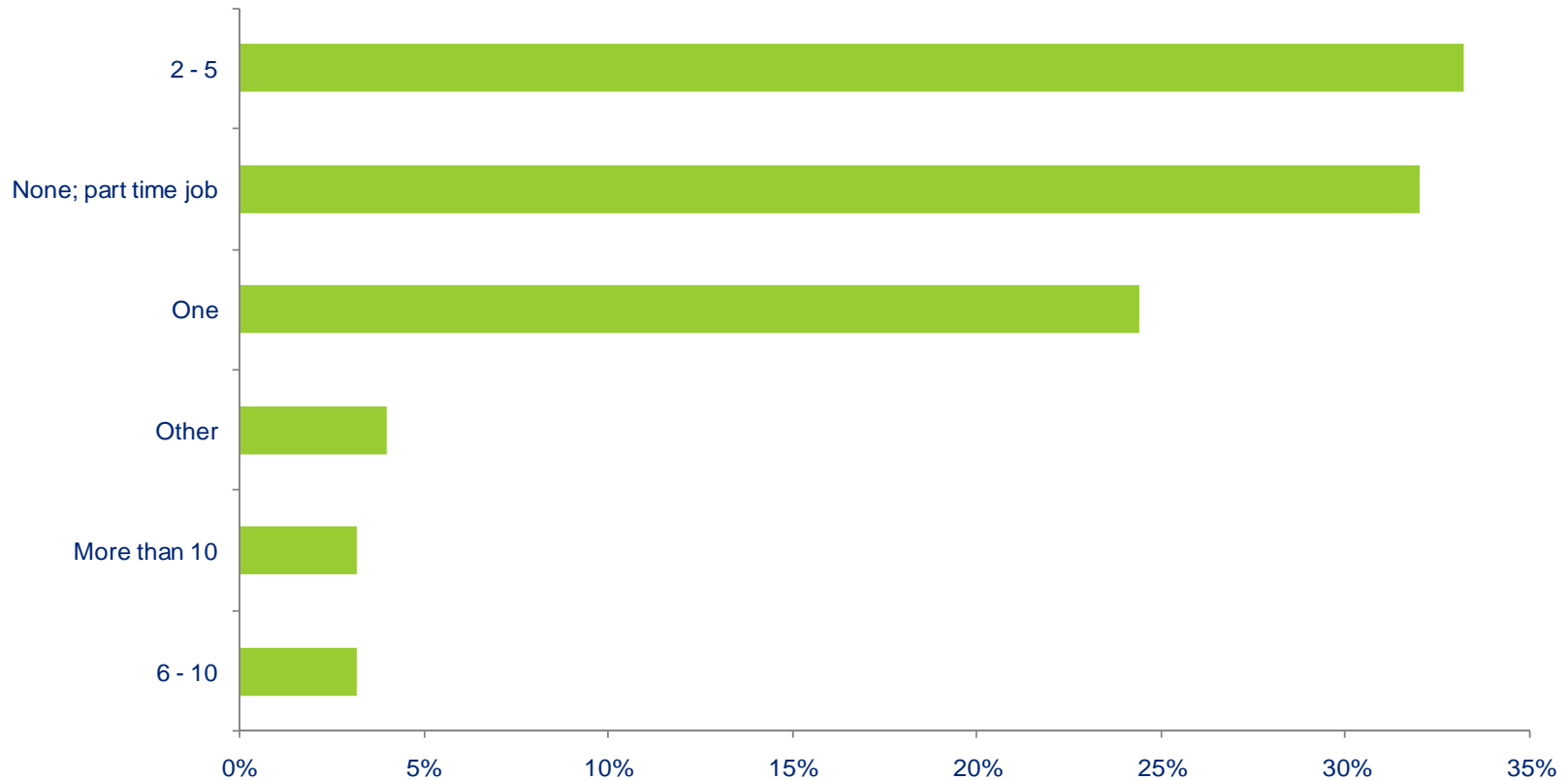
Q. How many full time people from your company manage this community?

While enterprises are effectively using these tools to engage with customers, partners, and employees for brand discussions and idea generation, the Tribalization Study also indicates that organizations continue to struggle with harnessing social media's full potential.

For example, of the companies surveyed, a majority agreed that increasing word-of-mouth , customer loyalty and brand continue to be the top business objectives of online communities, followed by idea generation and improved customer support quality. However, in the majority of companies surveyed, the marketing function continues to be the primary driver of online communities, resulting in a significant gap between community goals and the organizations' ability to fully leverage these communities on an enterprise-wide basis.

Increasing word-of-mouth, customer loyalty and brand awareness continue to be the top business objectives of online communities

Generate more word-of-mouth
Increase customer loyalty
Increase product/brand awareness
Bring outside ideas into organizations
Improve customer support quality
Increase sales
Improve public relations effectiveness
Improve partner relations
Business model innovation
Reduce customer support costs
Reduce customer acquisition costs
Reduce market research costs
Improve new product success ratios
Competitive response
Other
Prepare for crisis management
Unsure

0% 5% 10% 15% 20% 25% 30% 35% 40% 45%

Note: Participants could chose one or more responses

Q. Which of the following business objectives does your community have?

36% of the companies state that marketing manages their communities
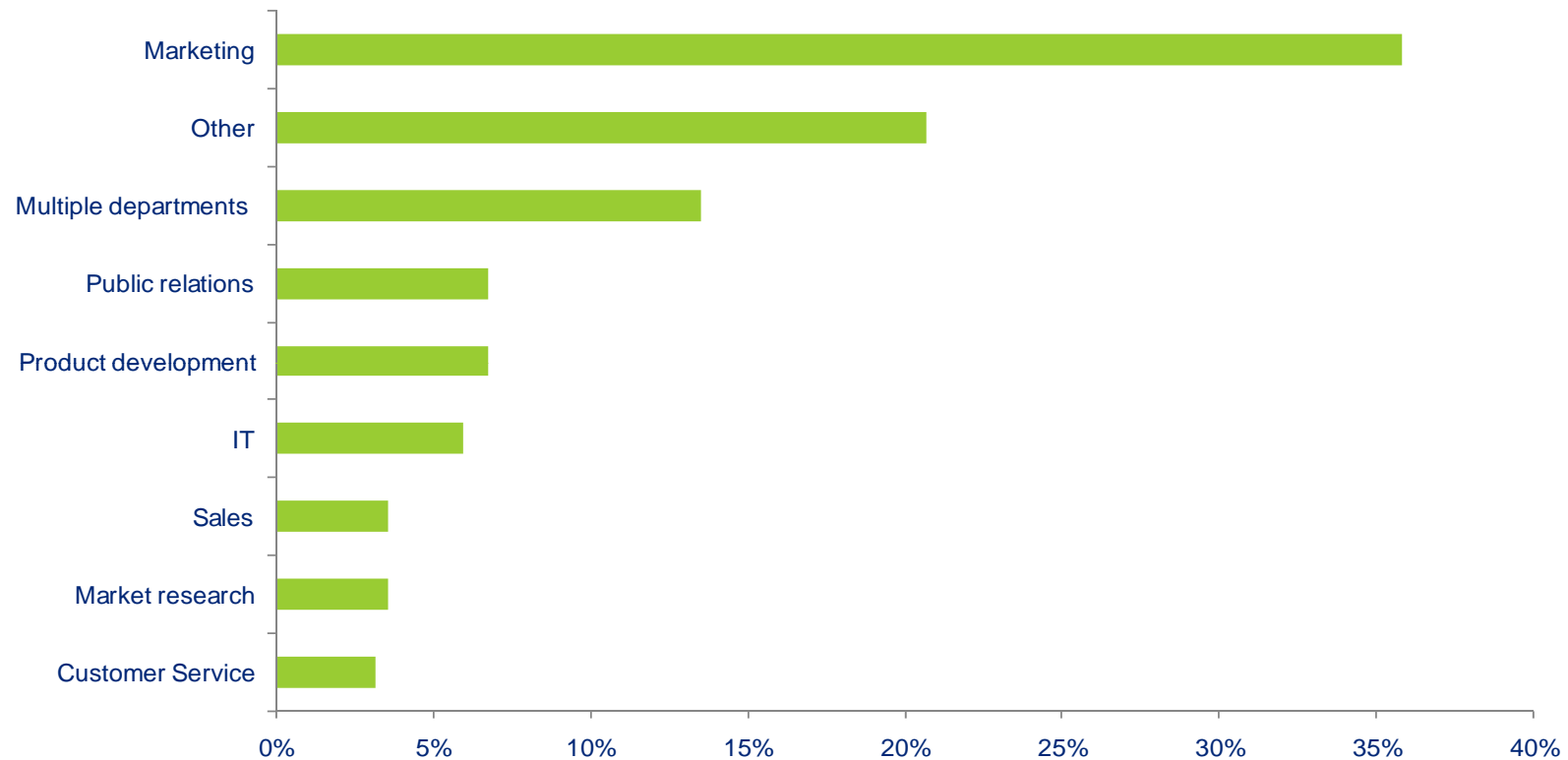
Q. Which department manages your community?

While the biggest obstacles to creating a successful community include getting people to join, stay engaged, and keep returning, many companies are not taking the steps necessary to overcome these challenges such as partnering and new management practices.

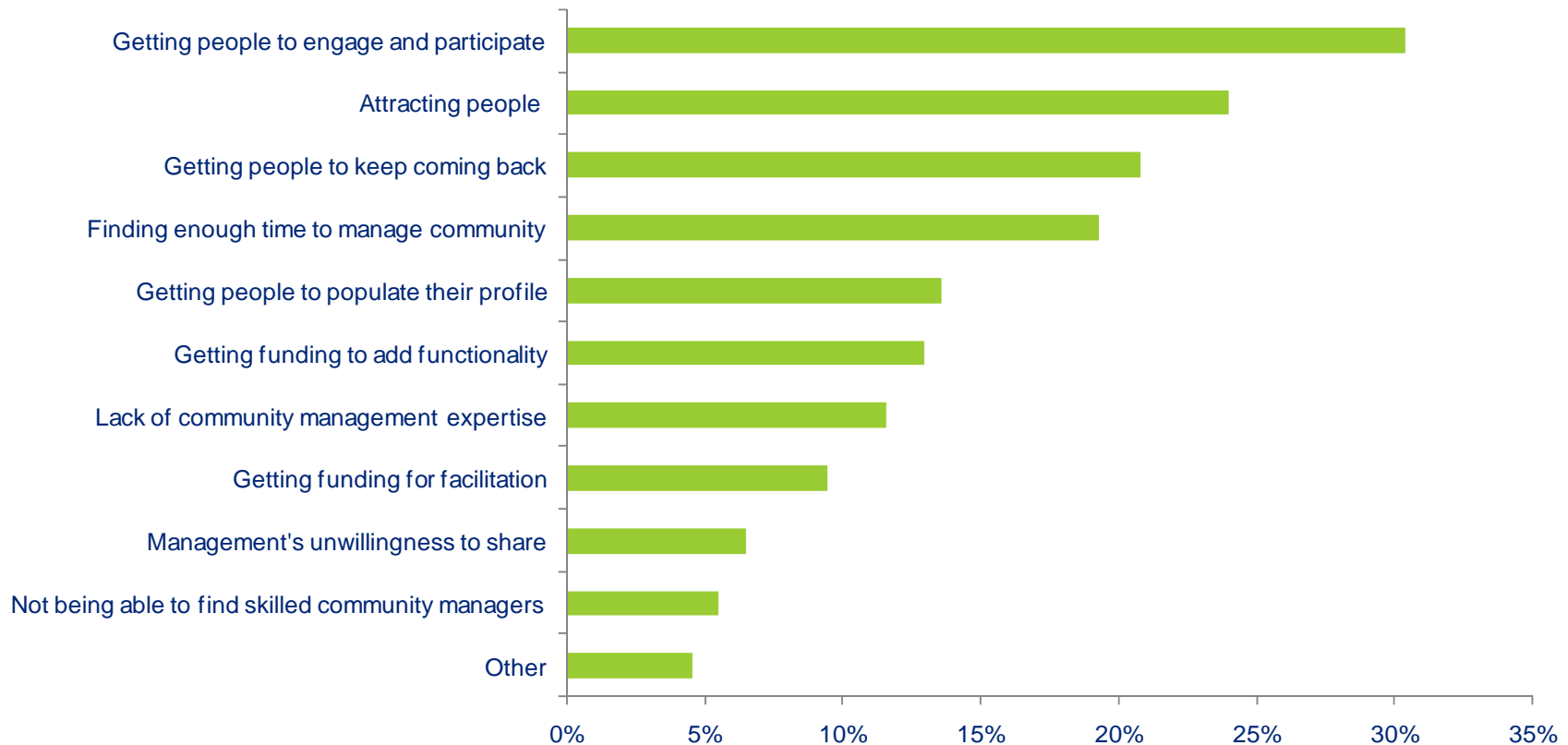# The biggest obstacles to creating successful communities are getting people to engage and participate, and getting people to keep coming back

Category	%
Getting people to engage and participate	
Attracting people	
Getting people to keep coming back	
Finding enough time to manage community	
Getting people to populate their profile	
Getting funding to add functionality	
Lack of community management expertise	
Getting funding for facilitation	
Management's unwillingness to share	
Not being able to find skilled community managers	
Other	

Q. What are the biggest obstacles to making your communities work ?

55 percent of companies that evaluated a partnership did not actually partner
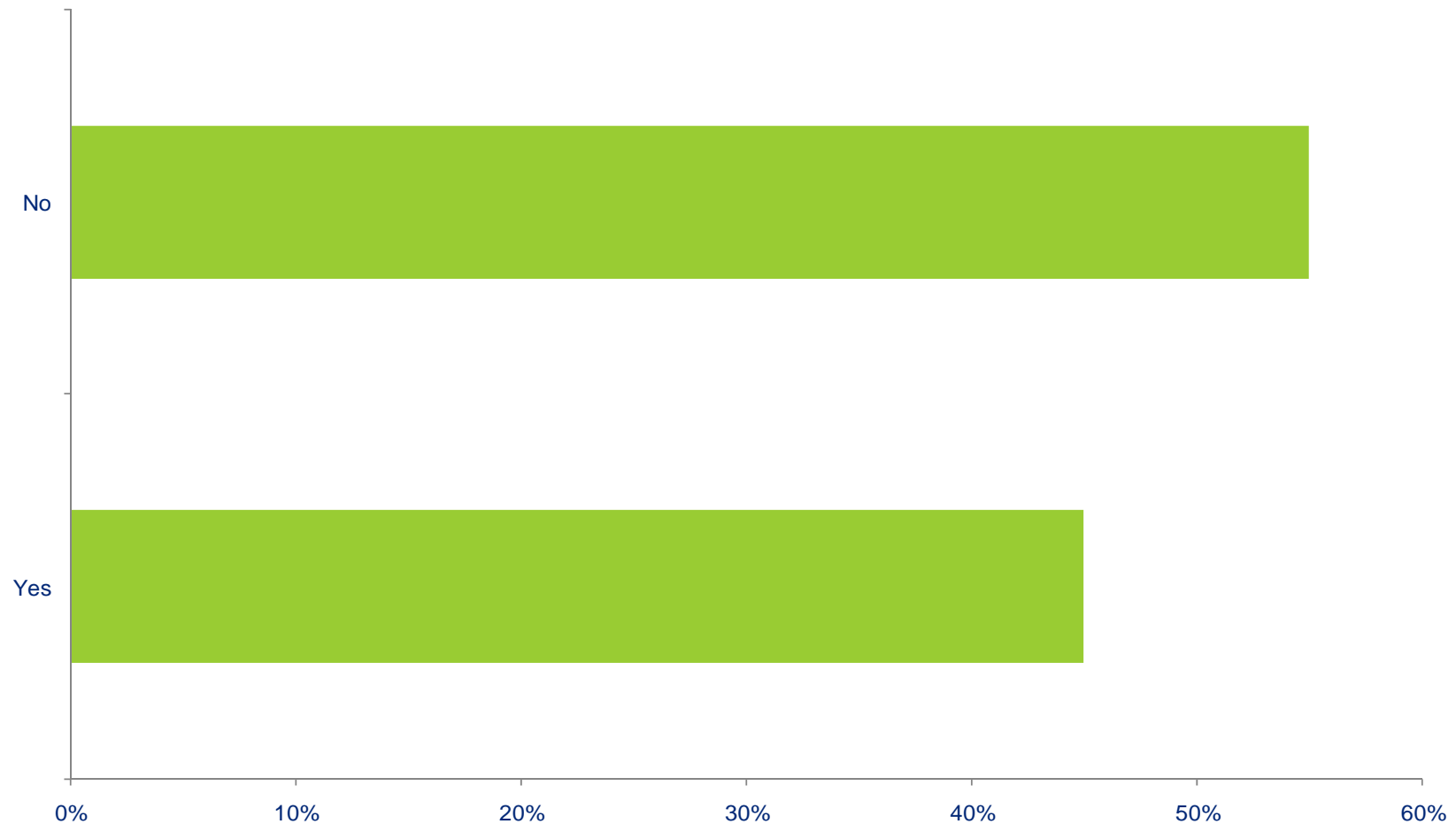
Q. If you did evaluate a partnership to develop your community, did you actually partner?

The survey revealed significant gaps between community goals (including generating word-of mouth, customer loyalty and brand awareness) and how success is being measured.   The top analytics for measuring success continue to be participation-related rather than metrics more aligned with the stated goals.

Number of active users and how often people post/comment are the most frequently used measures of success

Measure	Percentage
Number of "active" users	~34%
How often people post/comment	~32%
Number of visitors	~31%
Number of registered users	~28%
Number of repeat visitors	~26%
How often people visit	~23%
Time on site	~21%
Engagement	~20%
Changes in traffic over time	~19.5%
Page views	~19%
Rate of growth	~17.5%
Increase in search engine rank	~16.5%
Number of people who subscribe via email	~13%
Citations/links on other sites	~11%
Number of RSS feeds	~9%
Change/growth in RSS subscribers	~7%
Other	~6%

Q. What analytics do you use to measuring progress and success for your community?

Strategic Conclusions:

- To realize the full benefit of social media and online communities, it is imperative that business leaders move beyond viewing them as "bolt-ons" to their companies
- Companies should consider integrating the new information flows associated with communities with those information flows that already exist within their companies
- To be able to extract true business value from communities, new management strategies and practices will be critical, including redefining the scope and role of alliances as well as the overall boundaries of corporations

Contact Information

Contact us to learn more…

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