

# Aperius Consulting

## DIGITAL COMMUNITY BUILDING

### Summary:

- Sales is moving from a transactional (point-in-time) model to an affiliated (long-term relationship) model.
- To build relationships, organisations need to focus on finding mutually beneficial opportunities for meaningful interaction.
- One interaction channel that is growing in popularity is digital communities.
- Digital communities have three unique attributes;
  - They aren't restricted by space or time.
  - They are dynamic and 'noisy'
  - They operate with different social standards
- Although digital communities can be explosive environments, it's generally better to participate than to be voluntarily excluded
- Participation can take two forms; tapping into existing communities or building new ones.
- All community's pass through key phases in their development; formation, development, expansion, maturation.
- Contraction and collapse can happen at any point if the community is not nurtured.
- Motivating community participation throughout the different phases of development is essential.

## DIGITAL COMMUNITY BUILDING

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*Organisations are moving from transaction to affiliated sales models.*

In many organisations (I would argue most), sales is not just about closing an individual transaction with a buyer. Even when a sale is structured around a single product with a defined price, organisations that embrace the *art* of sales are focused on building a relationship with the buyer. They want to sell the product today *and* they want the buyer to come back and purchase more tomorrow. They are adopting an affiliated sales model based on building a long-term (rather than single point-in-time) relationship with the buyer.



Building buyer relationships makes good business sense. Buyers, whether they are acting as an individual consumer or as the representative of an organisation, don't always want to just buy a product or service. Often, they want to buy the experience associated with a product or service. They want to engage with it. And engaged buyers are more open to repeat purchases and upsell/cross sell of tangentially related products and services.<sup>1</sup>

*Expand the experience, deepen the relationship, and build buyer engagement*

The buyer desire for an experience is good news for marketing. It means that (in many instances) the top buyers are naturally predisposed to building a relationship. Of course, building relationships is easier said than done and involves cultivating three things; time, reciprocity and intensity.

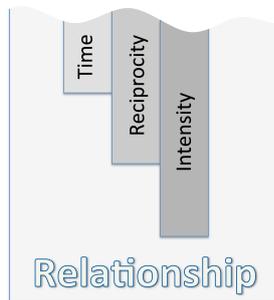
Time is the most basic component of relationship building. For any kind of relationship to develop, people must spend time together. This might seem obvious but it's often poorly considered or even neglected. All too often organisations think that if they simply reach out to buyers a relationship will flourish. It simply doesn't happen that way. To establish and maintain buyer relationships, organisations need to be looking for every opportunity to get time with the buyer.

Reciprocity is the second component of relationship building. It means that the time spent together must have value. It isn't just about interaction; it's about interaction that has purpose. Organisations need to be structuring the time they spend with buyers so that all parties perceive value in the investment. Time spent without reciprocity, is typically considered wasted time by at least one party.

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<sup>1</sup> *There is a plethora of data about how much more valuable an 'engaged' buyer is. Estimates range from 2.5x to 10x and sometimes even higher. But, the bottom line is that they are more predisposed to buy.*

Intensity is the final component of relationship building, and the most elusive. It means that not only does the time spent together need to have value, it should also have meaning. It means that interaction is more than simply providing direct benefit, and extends to less tangible indirect (or even emotive) benefits. It means that the time invested in the relationship is quality time.



Organisations that can tap into time and reciprocity are 80% of the way towards cultivating solid interactions with buyers. Organisations that add intensity into the mix will be positioned to truly develop mutually beneficial and enduring relationships.

Unfortunately, there isn't a formula for creating time, reciprocity and intensity. Organisations need to take advantage of (or build) interaction opportunities that are appropriate to their unique set of circumstances. The skill comes in how different channels are balanced so that interaction is optimised.

*Digital communities are a critical channel for relationship building*

One channel that should always be considered is digital communities.

The basic concept of using communities to promote and sell offerings is nothing new, in fact it's an approach that businesses have used for generations. Digital communities also aren't new, and some of the oldest have been around for more than 20 years. But, technology advances and 'always-on' mobile connectivity is new, and it means that digital communities are becoming increasingly relevant to people's lives. A growing portion of society relates to electronic communities as much (or even more) than physical communities.

Digital community participation is one aspect of social marketing. As digital communities proliferate, their importance to commercial success grows. Those organisations that do not actively embrace them leave themselves exposed to having buyer relationships stolen by those that do.

*Digital communities have unique attributes*

Digital communities have several unique attributes, but there are three that stand out for the marketing professional.

1. They compress time and distance. Physical and temporal constraints have less meaning within a digital community since the interaction is electronic. Participants can be anywhere in the world and can be active at any time. This lack of restriction allows them to accommodate a diverse pool of members and bring together people that otherwise would not be able to interact.
2. They are noisy. The reduction in physical and temporal constraints creates the potential for a raucous environment and the number of individuals that can simultaneously contribute to a conversation is high. In extremely dynamic digital communities it's common to have multiple 'conversations within conversations' that would be impossible in a physical environment.

- They operate on different social standards. Despite separation by time or distance (or perhaps because of it), digital community members tend to participate in a much more direct manner than they would in a physical community. Discussion flows in a generally similar way to physical interaction, but tends to be more terse with a reduced emphasis on social niceties.

These three key attributes of digital communities create both opportunities and issues.

MINIMAL CONSTRAINTS	HIGH NOISE	DIFFERENT SOCIAL STANDARDS	
Broad Participation (+)	High Information Intensity (+)	Unvarnished Insight (+)	ROI
VS.	VS.	VS.	
Potential for Misunderstanding (+)	Difficult Data Distillation (+)	High Emotional Volatility (+)	BOOM

Compression of time and distance means that a greater diversity of participants can be active in a digital community (than a physical community), but also increases the potential for misunderstanding due to language or cultural differences.

Increased noise means that the information density of digital communities is high, but also makes it challenging to distil intelligence from the information. Reduced social standards means that (unvarnished) dialogue can be highly insightful, but also raises the emotional temperature of interaction and creates an environment that is susceptible to over-reaction.

*Although there are risks, it's generally better to be involved*

The potential for misunderstanding, high noise and emotional over-reaction is an explosive mix. It's a genuine cause for concern since communities are open to becoming melting pots for vitriol, disagreement and complaint. But, take a step back and think about it for a moment. There are two very good reasons to accept the dangers and embrace digital communities.

First, there are lots of digital communities and they are frequently (usually) outside of the control of an organisation. It's generally better to know what is being said and participate in the conversation than to be voluntarily excluded from it. It's the old adage of "keep your friends close, and your enemies closer".

Second, it's worth noting that communities frequently rise to defend those organisations with which they've built a good relationship. When an organisation is trusted, buyers are considerably less likely to believe negative comments when they hear them. Taking the time to utilise communities to build relationships within them and thereby build engaged buyers, is time well spent.

*Digital communities – build or borrow?*

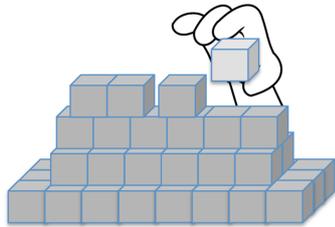
Organisations are faced with two options when incorporating digital communities into the marketing mix – participate in an existing community or build a new one.

At first glance, participating in an existing digital community appears to be the easiest option since fundamental structures of the community are already in place. It will have a location in which to operate, a set of participants and some underlying basis for interaction. At the other end of the spectrum,

building an entirely new digital community can seem daunting. After all, if the community doesn't exist today perhaps that's because there isn't any demand for it, or it's too difficult to bring all of the relevant constituents together. "If you build it, they will come" is a notoriously dangerous axiom in the business arena.

Neither perspective is entirely accurate. Joining existing communities isn't always an easy option and building new communities isn't always an insurmountable challenge.

*Tapping into existing communities requires finesse*

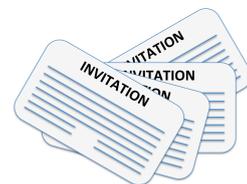


When tapping into existing digital communities, the big challenge is to build participation without disrupting the existing balance. Most 'independent' digital communities are naturally sceptical of a commercial organisation joining the conversation. They assume that involvement will be overly partisan and it's a valid concern. After all why would any organisation invest time and effort in a community if there were no benefit? But, it's a biased and short-sighted perspective since the same is true for all community participants. *Everybody* is seeking a benefit of some kind, or they wouldn't be there. The trick for both individuals and organisations is to demonstrate reciprocity and ensure that the community gains from participation. In essence, being a good citizen within the community.

It is an activity that requires finesse. If mishandled an existing community will (at best) reject an organisation that is attempting to join it. But if handled well, the organisation can enrich the community by nurturing and supporting it. Well-managed participation from a thoughtful and respectful organisation can actually help a community evolve into a more advanced state that's beneficial to all members.

*Building new communities requires an investment in resources*

When building new digital communities, a good way of thinking about it is to imagine hosting a dinner party. The host provides the venue, the table, the food, the utensils, the service and perhaps even the entertainment. The guests provide the conversation but the host provides everything else. In a digital community the host provides (as a minimum) a base of technology (hardware, software and services) and supporting effort in designing and managing the community.



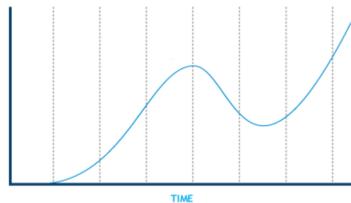
But, there are some clear advantages to building a new digital community. It's a "clean sheet of paper" and can be moulded into something that best suits the organisation developing it. It can be established along a defined roadmap that is pre-considered to be optimal for growing a strong membership base with the right profile of participants. Rules can be established and (provided that they're 'reasonable') will act as a social framework within which the community can operate, thereby reducing the dangers associated with misunderstanding, high noise and emotional over-reaction.

*Digital community participation requires commitment and flexibility*

It should be noted that participating in existing digital communities and building new ones aren't mutually exclusive activities. Those organisations that most effectively adopt digital communities as an integral aspect of their social marketing strategy will almost certainly do both. Whether participating in existing communities or building new ones, organisations must employ finesse and careful management. Communities are like organic entities, and while they can (and should) be nurtured in their development, it isn't always possible to map this out clearly. Organisations must be willing to compromise on short-term tactics when necessary so that a longer-term strategy of relationship building and buyer engagement is achieved.

*Digital communities move through different stages of development*

The organic growth of communities means that they need different things at different points in their development.



Brand new communities are in the formation stage. During this period the community has a no real group identity and is an extension or amalgam of the identity of the organisation or individuals that founded it. The primary challenge during this phase is to attract (the right) new members. Participants

will be testing the community to determine if it is something in which they want to invest time in, and will be looking to see if they have a connection with it. So the key strategy during this stage is to ensure that the benefits of participation are clear and easily recognised.

Once a community is established it moves into the second stage of development – expansion. During this phase the community begins to develop a group identity that is beyond an amalgam of the identities of founder members and an initial sense of 'esprit de corps' develops within the participants. The primary challenge now is to continue to attract new members while creating a deeper and richer environment for existing members. The strategy is to maintain direction and founding principles, but allow the community to morph along lines of improvement. It's still necessary to provide clear direct benefits to participation, but it's also important to introduce more subtle indirect and emotive benefits.

Communities that have been established for some time, and are seeing membership stabilise are in the mature stage. During this period the group identity evolves into a community culture and members of the community feel an increased affinity to one another. This is the period when the community tends to be at its most productive and this is the time when community participants often derive the most value from membership of the community. The strategy during this stage is to emphasize community reciprocity and cultivate intensity. Direct benefits become less important while indirect and emotive benefits become essential.

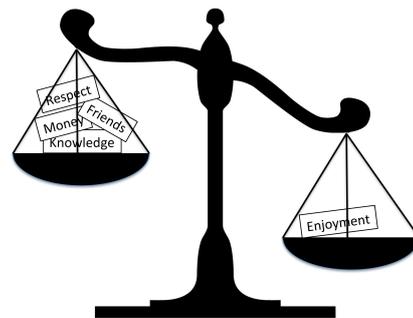
At all stages of development, communities are vulnerable to collapse if they are not nurtured. Whether acting as host or participant, organisations must

monitor the health of the community, and react appropriately. It's something that requires a level of attention that is not insignificant.

*Motivation is a balancing act*

Although there are many factors to consider during community development, the most basic is participant motivation. In the early stages, motivations tend to be direct and extrinsic – that is, the stimulus to join the community is external. In the later stages of community development, motivations tend to be more indirect and intrinsic – that is, the stimulus to participate is more internal. Community management is all about balancing between extrinsic and intrinsic motivations as the community develops. For this reason, it's worth looking into the concept of motivation.

There are lots of scholarly articles about what motivates people, from Maslow's 'hierarchy of needs' to Steven Reiss' 'basic desires'. But, for the purposes of this discussion I'll focus on a handful of motivations that drive 95% of digital community participation.



- Financial. This is probably the most simple of motivations, with community participants attracted by some level of financial reward – a direct payment, a discount to a purchase, or a money-saving activity. Although it can be considered crass, the reality is that financial motivation is strong since it can be easily translated into other forms of desire.
- Educational. This is another strong motivator, with community participants attracted by the promise of learning something useful. Sometimes this can be a direct desire to answer a specific question (which is often what initially attracts people to a digital community) but it can also be a more progressive and long-term focus on building deeper proficiency in an area of interest. It's interesting to note that beyond the direct (answer a question) and indirect (build knowledge) levels of educational motivation, there is a deeper emotive level that taps into the unique human characteristic of curiosity about a topic.
- Social. At its most direct, social motivation is simply to connect with individuals or groups in the community. At this level the motivation is 'networking' for personal or professional gain. However, social motivations in the most well developed communities are much deeper and centred around cultivating a sense of belonging. This motivation is one of the most fundamental attributes of human behaviour – the desire to be part of a tribe.
- Political. This is probably the most finely balanced and subtle motivation, built around participant desire for status, power or influence. Although it can be mercenary, with participants choosing to get involved in a community for obvious personal gain, it can also

be more egalitarian. In the latter case, participants are more interested in the approval and respect of fellow community members as a measure of self worth than for tangible personal gain. It's a less direct motivation, but very powerful and one that often drives mature and long-standing communities. It's the reason that leader boards and participation badges/medals are so commonly used to motivate and maintain active community participation.

- Epicurial.<sup>2</sup> The fifth and final motivation is pleasure. While financial motivation is probably the most simple, epicurial motivation is probably the most basic. It could be argued that all other motivations are really grounded in an ultimate desire for pleasure. Although it's typically the most elusive motivation to tangibly exploit, it's exceptionally powerful. If a community can provide some appropriate balance of financial, educational, social or political value, it will have a strong basis for development. If the community can also provide enjoyment for participants, then it will have an unshakeable foundation.

When nurturing communities, organisations need to identify and cater to the appropriate participant motivations. Typically, during the early stages of development the focus is on attracting people to the community while later, the focus shifts to maintaining membership. Early stage motivations tend to be extrinsically focused (and direct) while later stage motivations tend to be intrinsically focused (and more indirect and emotive). The goal is to continually evolve the community towards a stage where the participants don't just interact, but become immersed within it.

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<sup>2</sup> Epicurus (341-270BC) argued that the purpose of life was to attain a happy, tranquil state, characterized by ataraxia—peace and freedom from fear—and aponia—the absence of pain. He believed that pleasure and pain are measures of what is good and evil; death is the end of both body and soul and should therefore not be feared; the gods do not reward or punish humans; the universe is infinite and eternal; and events in the world are ultimately based on the motions and interactions of atoms moving in empty space.

## CONCLUSIONS: some guidelines for digital community management

Digital community building is just one component of the continually evolving discipline of social marketing. It's a relatively new area and the rulebook is being written as organisations explore it. But, some key guidelines are emerging. Here's a list of 15 things for an organisation to take into consideration as it develops its digital community strategy.

1. *Try the easy stuff first.* Start establishing some experience in digital communities, and then expand. Don't attempt to build a new digital community without previous experience. Stick your toe in the water, participate in existing communities, undertake some 'experimental' programmes, and take the time to learn. Approach the activity in a structured manner, documenting what works and what doesn't and leverage the insight to continually build expertise.
2. *Don't (necessarily) believe the 'experts'.* Lots of individuals and organisations claim to be experts, but social marketing generally and digital communities specifically are emerging disciplines. The rules are still being defined. By all means listen to experts in digital community building, but understand that their experience is limited. Past performance is not a guarantee of future success. A tactic that worked yesterday might still work today, but probably not as effectively as an evolved version of the same tactic that has been customised for a specific set of circumstances.
3. *Don't assume that age is a qualification for digital expertise.* Many organisations are giving responsibility for social marketing to the youngest members of the marketing organisation. It's a move that's based on the assumption that they have grown up with social technology and understand how to use it. That's true, but older marketing professionals have every bit as much ability to build digital communities as the younger members of the marketing team, and often understand the value of technology as both a social accessory and a business tool. Those of a similar demographic profile to the community participants are most likely to have the best appreciation of what will (and won't work). It's important to involve marketing professionals of all ages, but the more experienced marketing professionals have the experience and expertise to bring together all of the skills necessary to effectively manage a digital community.
4. *Cater to different community participants simultaneously.* Digital communities tend to consist of four key groups; explorers (that are looking for information), professors (that are providing information), socialisers (that are building personal networks), and traders (that are exploiting the community to buy or sell something). A healthy community typically has participation from all four groups and any one individual can fit within one or more of the groups at any instance in time. Dependent on the

- goals (and dynamics) of the community it's important to cultivate the different groups and build symbiosis between them.
5. *Allow freedom of participation.* Although it's acceptable to establish entry requirements to join a community, it's generally unacceptable to penalise withdrawal. Participants must feel comfortable that, should they choose to leave, there will be no penalty. A concern about being 'locked in' to a community is a common barrier to membership.
  6. *Accept (or establish) community restrictions but don't make it difficult.* A false perspective of digital communities is that they are a 'free for all' with no rules. In reality, the most productive digital communities often have very specific guidelines in much the same way that most highly developed physical communities have laws. Make it as easy as possible to join and be active within the community, but establish guidelines and appoint moderators to enforce them. Reward good behaviour and penalise bad behaviour. The skill is to ensure that restrictions do not stifle participation and are continually adjusted to accommodate community evolution.
  7. *Be careful about motivation.* Motivating community participation is a delicate balancing act. Direct and extrinsic motivation is most appropriate during early stage community development while indirect and intrinsic motivation is more appropriate in later stage communities. Over-reliance on extrinsic motivations can create communities that are structured more around direct benefit attainment than social participation. Organisations should look to tap into intrinsic value as soon as possible and remember that enjoyment/pleasure trumps all other motivations.
  8. *Understand and monitor participant value.* Community participation must be mutually beneficial to everybody, including the organisation nurturing the community. It's essential to continually assess the reciprocity of community involvement for everybody. If the mutual benefit becomes misaligned, action must be taken quickly or the community will rapidly collapse.
  9. *Target (or enable) participants with the appropriate skills and capabilities.* Foster an environment where the participants have the skills and capability to participate. It doesn't matter how motivated somebody is. If they're lacking the skill and capability to participate they're not going to be productive community members over the long-term.
  10. *Balance the time between listening and talking.* When participating in communities it's important to get the correct ratio of listening to talking. At some times it's necessary for an organisation to talk, typically to educate, inform or motivate other community participants. At other times it's necessary to listen and allow other community members to 'take the floor'.
  11. *Encourage broad participation and peer-to-peer interaction.* As communities develop it's common for uber-participants to emerge. These people become the core members of the community and tend to shape how it evolves. They typically

adopt moderation roles and become the experts that answer questions. While they are the lifeblood of a community (and should be encouraged and supported), it's essential to look for ways to ensure that others also have the opportunity to be active. In general, the majority of participants need to feel equal and even the experts should still be 'one of us'. The ultimate goal is collective autonomy –participants acting independently, but for the general benefit of the community.

12. *Actively manage in real-time.* The dynamic nature of digital communities means that they are continually evolving. If they aren't monitored, it's easy for them to evolve into something unexpected. The best communities have people monitoring constantly and adjusting community dynamics on a real-time basis. The goal is to maintain a happy environment for the current participants while creating something that is also attractive to new participants. Communities change and they must be capable of flexing with those changes.
13. *Accept community fragmentation.* As communities grow, it isn't unusual for sub-groups to form. This is an inevitable outcome of a healthy community and must be accepted. Be flexible enough to appreciate that splinter cells will emerge and may even evolve into communities in their own right.
14. *Demand (and exhibit) openness and honesty.* It's inevitable that there will be some level of duplicity in every community and there are always some people that misrepresent themselves. While anonymity is often one of the attractions of digital community participation, misrepresentation should be avoided and penalised when uncovered.
15. *Exploit altruism.* A human dynamic seems to be that people like to help people, and prefer fixing problems above realizing opportunities. The most dynamic and well-developed digital communities tend to be geared around helping community participants with issues. This is an important characteristic that should be appreciated when trying to establish or grow a community. Structuring a community around problem solving is easier than structuring it around commercial interest.

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