

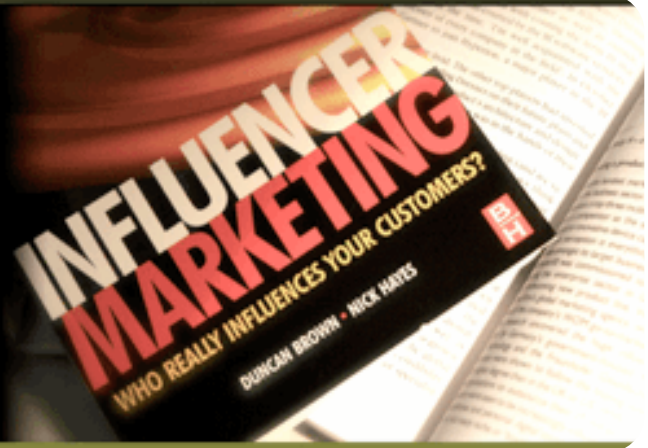


July'14

An original White Paper: To What Degree Are Your Prospects & Customers Influenced by Online & Offline Communities?

Influencer50 White Paper

#18



To What Degree Are Your Prospects & Customers Influenced by Online & Offline Communities?

Though most Heads of Marketing believe they're important, less than one-quarter initiate ongoing proactive relationships with them. So why not?

A 2013 McKinsey survey of B2B buyers stated that 'an honest, open dialogue with customers and society' was the number one most important perceived attribute of their chosen vendors. A 2013 Forrester report polled thousands of B2B marketers and concluded that online communities were one of the most influential tools in a B2B marketer's toolkit.

Despite 76% ⁽¹⁾ of B2B industry marketing heads rating their sector's main forums and communities (both online & offline) as 'very important' in terms of influencing their prospects, only one-quarter of those same vendors are confident their organization has ongoing, proactive relationships with them.

There's clearly a vast gap between the perceived importance of industry communities to potential buyers - and vendors' understanding of them. So why can this be?

The Situation

According to the publishers of InformationWeek, special interest communities featured in the top five most likely sources of vendor information for prospective purchasers (both at initial problem scoping and at vendor choice stages).

Yet in an Influencer50 survey ⁽¹⁾ earlier this year we asked why vendors had chosen to take part in one online or offline community over another. Of the 151 respondents, 33% said for "reasons unknown", 23% said for "historical reasons, before I was involved", 25% for "well considered and relevant management reasons", and 19% for "a personal choice made by the individual themselves".

© INFLUENCER50 2014 : An original White Paper written by Influencer50 Inc. Number: WP#18
Made available through Creative Commons license.

Influencer50 Inc.
716 Montgomery St.
San Francisco
CA 94111

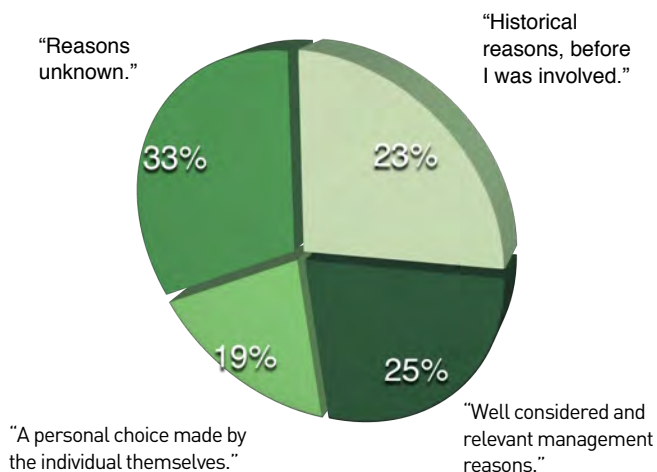
1.415.963.4050
info@influencer50.com
www.influencer50.com

'The global authority on Influencer Marketing in the B2B & B2C sectors, delivering influencer identification, engagement & measurement programs to clients including IBM, Microsoft, Walmart, Oracle, SAP, Salesforce.com, Michelin, Virginia Tech University and Orange.'

Date: July'14
By: Nick Hayes
Office: San Francisco
Phone: 1.415.963.4050
Email: nick.hayes@influencer50.com

Version: 01

Q1. As a vendor, why did your organization decide to take part in whichever online or offline communities it has?



It seems vendors aren't taking online & offline communities as seriously as they might. At Influencer50 we always used to assume that most vendors, while understandably not knowing their key influencers, would be sufficiently integrated into their 'industry conversation' to already be a part of their industry sector's most important forums and online communities. Even if those individuals weren't within the vendor's marketing dept. surely those in product support, product development, customer support or similar.

It became apparent a few years back that not only was this not the case, but that communities were one of the areas where vendors needed most help and advice. "I don't know who but I imagine we have people involved there" was the typical response when we questioned our clients or prospects on this. Communities are clearly a large and important grey area for many vendors.

Why is this? It can only be that most vendors haven't been able to measure the effects of these communities, and subsequently the benefits of engaging with them. User

Groups have for decades been an important focus for most organizations - whether they're run independently or through the vendor. But the rise of online communication and collaboration has made it many times easier to establish often loose-knit and amorphous groups of interested (and often highly influential) individuals.

Whatever the case, the majority of vendors feel a distance from these groups. Even if they don't want to be in control of them, they'd would like to be aware what's going on within them. And the more we investigate, the more the disconnect becomes apparent to us. Whatever the country, whatever the industry.

Why can't your social media team just deal with it?

Such communities don't comfortably fit within the remit of PR or Marketing, nor Channel Relations or BusDev. Nor even the Social Media team who tend to focus their outreach on Twitter, Facebook and maybe LinkedIn. It's subject matter experts that are most needed, as well as those with most empathy for the customer. And of course some forums actively discourage vendors from taking part. Whatever the reason, vendors are rarely plugged in to the industry conversation at its most raw - and this simply has to change. Vendors don't know what they're missing.

Gail Moody-Byrd, senior director of digital, social and communities at SAP, explains, "B2B marketers should be focusing on influencer marketing. A lot of companies are adopting social media practices and building communities, but they are doing it in a vacuum; it's very easy to create a very narrow echo-chamber, to have lots of blogs and Tweets going out that no one is responding to. So we're putting a lot of effort into influencer marketing—finding out who is talking about us and identifying those people who we don't have relationships with and inviting them back into a conversation with us." [3]

Certainly many vendors do think that social outreach does have a role to play. In the 2013 LinkedIn B2B Technology Marketing Group Survey [5], when asked "What social media tactics do you consider most effective?" the 845 respondents ranked "Building relationships with bloggers, community moderators and other influencers" as the joint top-rated activity, tying with "Posting content on company blog" at 48%.

Communities are clearly a large and important grey area for many vendors.

Whatever the reason, vendors are rarely plugged in to the industry conversation at its most raw.

Even bearing in mind that this was a heavily online / digital skew on the issue, it once more emphasizes the importance of communities (and, inevitably, their moderators).

We don't have hard data on this, but our adopted wisdom, borne from a number of client projects, is that many buyers are either active on Twitter or in online communities - but not both. You might assume that someone who takes an active part in social media conversations would naturally extend those conversations into online communities. But it seems users largely make a choice between one or the other, or perhaps neither, but almost never both.

Perhaps they feel they'd be repeating their contributions, or perhaps culturally they feel they're either a Twitter or online community type person, but it appears rare for any one individual to be active on both platforms. We first noticed this a few years back as part of our auto-industry work for Michelin, and it seems to be emphasized by our latest survey.

The findings would suggest that any social media outreach your organization may be undertaking is not reaching the online communities you're likely assuming it is. And so working with your online communities needs to be considered a very separate strategy.

The image of a community group is changing

The public image of those active in an industry's community groups has come a long way since the 1990s when they were seen as loners, unfashionable nerds and overly interested in their industry's technical details. In many cases today's community groups, both online and offline, have become the center of the market conversation. The rise of online peer review and discussion sites - from Amazon and Yelp to TripAdvisor and Facebook - has meant that discussion between those with similar workplace challenges has become increasingly sociable, accessible and often now a job requirement. Being a member of your industry's major community groups can be seen as a badge of honor, status and achievement. We don't think twice about joining LinkedIn and what is that but an online community of 300m members?

This change in public acceptance has greatly impacted the use of communities by B2B buyers. Far from being seen as a sign of weakness or lack of knowledge, asking questions of your peers within a community group has become a logical step in many buyers' decision process. But how important are they and how are vendor organizations reacting?

How important might these groups be?

At Influencer50 we're currently collating the responses to a short survey of 150 U.S.-based marketing heads on their views of industry-specific community groups, both offline and online. What we already know is that B2B buyers i.e. your prospects and customers, see certain communities as extremely influential in their decision-making.

Yet many vendors have an entirely off-hand relationship with their industry sector's community groups. We're constantly surprised at the low awareness our clients have for which ones are important and which aren't. And those that do consider such groups important, aren't sure who in their organization they should make responsible for them. Then there's the question of what form of relationship should the vendor have with those groups? Should it be just a watching brief, should they just dive in and get actively involved at the ordinary member level, or should they consider securing its future (and its direction) through financial sponsorship?

Many buyers are either active on Twitter or in online communities - but not both.

It appears rare for any one individual to be active on both platforms.

Even those that do consider such groups important, aren't sure who in their organization they should make responsible for them.

A 2013 Forrester report ... concluded that online communities were one of the most influential tools in a B2B marketer's toolkit.

And where do they stand on content censorship - for any peer group content is likely to offend certain parties from time to time? How 'hands-on' and proactive should the appointed community moderator be? There seem to be very few answers.

A Fall 2013 McKinsey & Co. survey of B2B buyers highlighted that 'honest, open dialogue with customers and society' was the number one most important perceived attribute of the chosen vendors. Second was 'Acts responsibly across its supply chain' and third was 'Has a high level of specialist expertise'.

So the central question - 'To what degree are your projects & customers influenced by online & offline communities?' - appears easily answered. Potentially, and very significantly. Whether your own organization is in one of those industry sectors with influential groups is another matter.

In an analysis of Influencer50's most recent 100 client projects, each founded in identifying those individuals most influencing our client's prospects and customers, we found 18% of those individuals were members of at least one of their industry's five most prominent online communities. This may not initially sound high, but it's one of the highest common factors of any we found, for influencers tend to be disparate individuals rather than collectively linked through similar job titles, locations, positions, etc. And who's to say that those 18% aren't themselves being heavily influenced by what they're experiencing within those online communities? Influencing the Influencers is always one of those Holy Grails for any marketing dept.

At what stages of the buying process are the views of communities most relevant?

A 2013 Forrester report ^[2] comprises several studies the research firm conducted that polled thousands of B2B marketers. It concluded that online communities were one of the most influential tools in a B2B marketer's toolkit. Online communities have grown as both a lead generation and nurturing tool; the report revealed that 55% of B2B marketers plan to increase use of communities on their website in lead generation efforts, while 46% plan to do the same to nurture leads.

FierceCMO wrote on its site in March 2014, "According to Forrester's report: Online communities, particularly closed, private communities, are giving B2B marketers the ability to connect with customers and have those one-to-one conversations in a way that social networks like Facebook and Twitter can't do alone."

"(B2B marketers are) gravitating toward the tactics and the channels where their customers want to have business conversations," lead analyst Zachary Reiss-Davis said. "Communities - particularly more private, topic-specific communities - let them have conversations that they can really get deeply into solving someone's business challenges and business pain-points in a way that is not really possible on mass-audience social networks."

Industry veteran Donovan Neale-May has said ^[4] that when the CMO Council issued its own survey on purchasing trends, 47% of respondents cited professional associations and online communities, as well as industry organisations and groups, as the most valuable in shaping purchase decisions. "Peer-powered organisations, including professional communities and industry groups, offer brands the opportunity to access powerful insights into customer audiences, as well as trusted channels for content engagement."

Online, Offline, or both?

Are real market influencers any more attracted by offline communities than online communities, or vice versa? We have little hard data on this issue, only anecdotal, save for this one question in our recent U.S. survey. (Q2. graphic on right)

The fact is that few offline communities - bricks & mortar conferences, traditional 'one evening a quarter' user group meetings, and the like - nowadays don't also incorporate some form of online collaboration too, even if it's only via email reminders, discussion summaries, etc. And many try to initiate a year-round online community if only to ease the process of attracting walk-in attendees to their usually lucrative annual event.

The line between the two is blurring. There are many examples of online communities establishing offline meet-ups but these by geographic necessity attract only a small subset of the online membership (which may well be global). What is clear is that it is easier to make money through establishing offline communities than it is online, where memberships tend to be much lower cost or often free. We have seen few successful examples of high-cost membership to online industry peer networks. Those we have found with >\$1000 individual membership fees tend to be very tight-lipped about their (likely low) membership levels. The blueprint trend is to move heavily to an online model, reducing running costs to the absolute core and charging only a minimal membership fee (if at all).

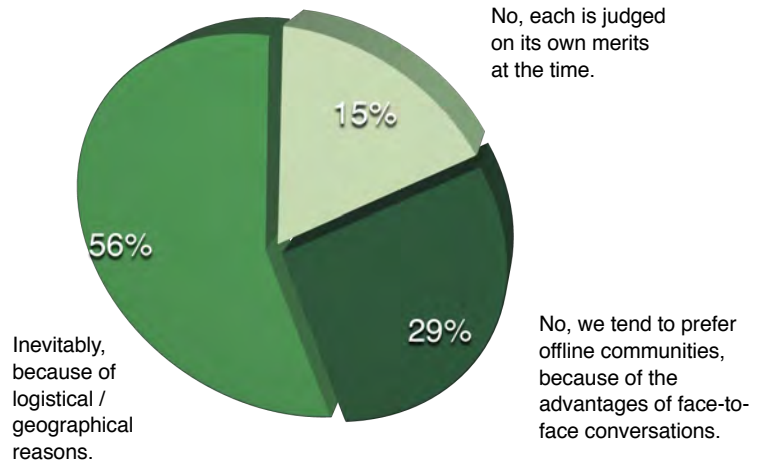
Of course, in some circumstances the opportunity to meet other users might be an incentive in and of itself. If your online community is made up of users with similar or convergent interests, there might well be value in informal 'networking' events to help these people get to know each other better.

A natural conclusion is that most brands should be advised to create a mixture of the two, for while online collaboration is more important at certain stages of the customer conversation, especially in the early stages, so face-to-face conversations are more desirable nearer to the purchase decision itself.

Online communities are built on word of mouth; Facebook users inviting their friends to groups, Twitter users seeing retweets from other tweeters, Foursquare users reading their friends' tips, etc. Offline communities need to use these same behaviors to broaden their influence too. That may mean reducing entry barriers, encouraging members to bring friends with them, revolving the community management roles amongst members etc.

Prestige is a battle many community managers face. It is far easier to infer prestige within an offline community - think airlines and their Gold or Platinum members - exclusive lounges, priority seating, enhanced facilities, meet'n'greet opportunities for instance, than it is for online communities. Value is a difficult perception online.

Q2. Are online communities of greater interest to you than offline / 'in-person' communities?

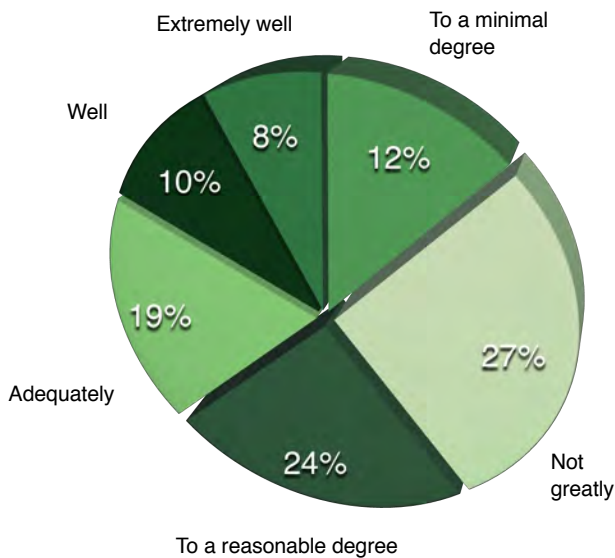


What is clear is that it is easier to make money through establishing offline communities than it is online.

We have seen few successful examples of high-cost membership to online industry peer networks.

Most vendors have little idea what conversations are going on within these communities.

Q3. For those communities where your company does have a known representative, how well are the activities of that community communicated inside your organization?



Engagement can't just be 'farmed out'. Engaging with your most interested community must be intrinsic to your organization.

What actually goes on in these communities?

One particularly interesting finding of our Influencer50 research ⁽¹⁾ is that most vendors have little idea what conversations are going on within these communities. Even when a vendor has selected one or more employees to take an active role within that community, the trends, topics and questions discussed within are rarely communicated outside of those employees' close associates. Invariably the market insight available from these communities is never heard by either the vendor's marketing or sales depts.

When asked, "For those communities where your company does have a known representative, how well are the activities of that community communicated inside your organization?" (see Q3. graphic left), an astonishing 63% said that internal communication is 'less than adequate'.

As illustrated earlier, when asked why a vendor organization had chosen one online or offline community over another, one-third said for "reasons unknown", and a further one-quarter "for historical reasons".

Size may play a role too. In Technorati's Digital Influence 2013 report ⁽⁶⁾, over half of the respondents agreed that smaller communities had a greater influence on a topic than larger ones. The real value of online communities comes from discussing ideas, sharing information and learning from one another. Rarely does value come from the size of a community. Although would-be purchasers understand this, vendors often get hung up on joining or acquiring massive communities, sometimes at the expense of user experience.

Summary

So why do marketing depts. have such a poor understanding of their prospects' online & offline communities? The very fact that community groups have changed so much in the past decade or two is a factor in why they're not treated with sufficient respect today. Today's marketing heads, mostly in their forties and fifties, learnt their trade when community groups did not enjoy the importance they do now. But survey after survey has shown the influence of such group discussions on today's eventual purchase choice. Vendors and brands, should, but currently rarely do, allocate one or more executives to immerse themselves in the most important communities, and systematically bring those learnings immediately back into the organization.

Community groups are rarely best dealt with by a vendor's social media team, though they may have a role to play. Engagement can't just be 'farmed out'. Engaging with your most interested community must be intrinsic to your organization itself - product development, customer support, sales and marketing. And which groups a vendors gets involved with should be a well considered decision too, with the central purpose of joining understood to all. Everything has to be measured, and so long as the original purpose for joining is remembered, community involvement can be measured without choosing to monitor the uptick in clicks, visits and fans.

As we so often say, vendors, and especially their marketing depts., need to better understand what's on the minds of their customers and prospects. Where better to do that than from within these online & offline communities?

Of course, how marketing heads decide which of the available communities are most worthy of their attention is a whole different question. It's a question Influencer50 has been investing considerable time on.

- ENDS -

**Marketing depts.,
need to better
understand what's on
the minds of their
customers and
prospects.**

References:

⁽¹⁾ Influencer50 survey of 151 mid-sized and large US-based B2B vendor organisations, April'14.

⁽²⁾ 'How B2B Marketers Use Social Now - Emerging Trends in B2B Social Marketing for 2013 published May'13 by Zachary Reiss-Davis, Forrester.

⁽³⁾ FierceCMO.com: <http://www.fiercecmo.com/special-reports/b2b-marketers-look-private-social-communities-nurture-generate-leads>

⁽⁴⁾ "Better Lead Yield in the Content Marketing Field," a study from the CMO Council and NetLine, June 2013

http://www.cmo.com/articles/2013/6/3/b2b_buyers_don_t_tru.html

⁽⁵⁾ 2013 LinkedIn B2B Technology Marketing Group Survey

<http://www.slideshare.net/hschulze/b2-b-lead-generation-report-2013>

⁽⁶⁾ Technorati's 2013 Digital Influence Report

<http://technoratimedia.com/report/>

ABOUT INFLUENCER50:

Our services help organizations tie their marketing efforts directly to sales-cycle objections by identifying and working with the key influencers in their specific markets. Our clients range from multinationals such as IBM, Microsoft, Walmart, Michelin, Oracle, Salesforce.com and Virginia Tech University to niche, region-specific organisations.

Influencer50 provides custom Influencer identification, engagement & measurement, alongside proprietary InfluencerTracker dashboards for our clients.

E: info@influencer50.com W: influencer50.com