



# To Monetize Open Social Networks, Invite Customers to Be More Than Just “Friends”

New research asserts that consumers want deeper connections with brands—but open social networks are not where they want to build these connections. Instead, marketers need to invite their “friends” into a branded customer community that converts them into buyers, advocates, and long-term customers.

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# To Monetize Open Social Networks, Invite Customers to Be More Than Just “Friends”

New research asserts that consumers want deeper connections with brands—but open social networks are not where they want to build these connections. Instead, marketers need to invite their “friends” into a branded customer community that converts them into buyers, advocates, and long-term customers.

It’s almost considered gospel today: the idea that open social networks like Facebook, Twitter, and Pinterest are incredibly powerful tools that marketers can use for customer acquisition, retention, and revenue generation. By creating platforms for consumers to connect with each other and share their interests and content, these innovations have created entirely new touch points that hold the promise of personal, one-to-one relationships between marketers and consumers.

As a result, companies have invested billions of dollars in two key areas:

- Creating a strong digital presence in social networks—for example, via Facebook brand pages, Twitter handles, Pinboards, and Foursquare locations—and leveraging social marketing applications like Buddy Media.
- Deploying technologies such as Hootsuite and Radian6 to facilitate responding to consumers in open social networks.

To convert their new “friends” into buyers of products and services, many marketers are also adding e-commerce functions to their Facebook pages so that people can make purchases based on the recommendations of people in their networks.

But the fact is, despite their reach, open social networks have not proven to be the most effective customer-acquisition or revenue-generation channels, and most businesses are still seeking to quantify the business value of their investments. The question is, why? By “liking” brands on Facebook, Tweeting and blogging about them, and posting items on Pinterest, customers are clearly expressing

a latent desire to connect with the brands they care about. So where are the higher sales? Where are soaring stats for stronger customer acquisition and retention? Clearly, there is something missing from the equation.

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*U.S. marketers last year spent \$3.08 billion on Facebook brand pages and social media advertisements, according to estimates from eMarketer—and the investment return has been dismal.*

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## ■ Online Community: What Do Consumers Want from Brand Relationships?

According to a new study conducted by The Incyte Group, the answer lies in the nature of “online community”—specifically, where and how consumers expect to interact with their friends versus where and how they expect to interact with companies they do business with. “We engaged in this study because we thought that data on consumer preferences was missing from most of the research and commentary on social marketing effectiveness,” explains Dale Sakai, partner at Incyte. “We decided to find out for ourselves what drives consumers to want to engage with brands in social media, as well as the specific characteristics of online communities that would induce them to join.”

The research revealed that consumers want to be more than a generic “friend” of a company or brand on open social networks. “Open social networks, such as Facebook and Twitter, are where consumers expect to interact with individuals—their friends, colleagues, acquaintances, and professional networks,” notes Sakai. “Any benefits they receive from ‘friending’ companies in social networks are considered ancillary.” At the same time, the study showed that consumers want direct connections with companies and other customers in what are best described as “branded customer communities” (see Table 1 for a definition of terms). Most shocking, they do not expect—or even want—these communities to be part of an existing social network like Facebook or LinkedIn. Instead, their preference is for customer communities that are:

- **Run separately from open social networks, but have strong linkages to them so they can easily share information with like-minded friends**
- **Proactively managed by companies**
- **Tightly integrated with the company’s website**

Why don’t consumers seek relationships with companies through open social networks? According to Sakai, “It’s all about context and content. Customers indicated that they want these branded customer communities to provide access to relevant, trusted information at every stage in their buying cycle. The context of the buying cycle isn’t happening in traditional social networks. Instead, it’s happening on the broader Internet—primarily on manufacturer and retailer websites and through organic search.”

## ■ About the Research

The Incyte Group is a strategy consultancy that uses analytic-based methods and statistical models coupled with relevant financial and market data to derive optimal strategic plans for their clients. “We specialize in building quantitative models of market and buyer preferences upon which product development and marketing plans can be optimized,” explains Sakai. “Our analytic approaches have been developed in conjunction with IBM, the Stanford Business School, and the MIT Sloan School of Management.” Incyte works with the world’s leading technology companies, private equity firms,

and venture capital groups, such as IBM, Oracle, Accel/KKR and InterWest Partners, to optimize their strategic plans and increase valuations.

## The Methodology

For this study, Incyte’s research team surveyed thousands of U.S. consumers to identify demographic information, their understanding and use of Internet technology, and their use of open social networks. In addition, the survey included conjoint analytic techniques to understand their preferences around branded customer communities, including:

- **The value propositions that would attract them**
- **How they preferred to learn about these communities**
- **The role of the sponsoring brand**
- **The extent of social media linkages they would like to see**

The results focused on responses from 1,897 qualified consumers who actively use the Internet and represent adults from all age, socio-economic, and geographic groups in the U.S. “From the qualified respondents, we were able to build a model of consumer preferences for the entire U.S. adult population of Internet users,” notes Sakai. “This model allows us to test consumer preferences and perceptions of specific attributes of branded customer communities and build a very robust picture of the features and contexts that will drive consumers to join these communities.”

In addition to market demographics, market intelligence, and people’s preferences in Internet-branded customer community attributes, Incyte also asked consumers how they currently use the Internet to research, evaluate, purchase, and get service and support for products and services. To ensure respondents based their answers on a real-life situation that is meaningful to them, the survey asked them to identify preferred community characteristics for a hypothetical site that pertains to a product they had recently purchased. According to Sakai, “Knowing the product context of consumers by industry provided an additional insight into what consumers’ general preferences are for Internet communities.”

Open Social Network Characteristics	Branded Customer Community Characteristics
<ul style="list-style-type: none"> <li>• Examples: Facebook, Twitter, blogs</li> <li>• Designed as a social experience to primarily connect people to people around similar interests</li> <li>• Brands may or may not participate, but only have a limited ability to manage the community or vet its content</li> <li>• Supports social sharing between individuals</li> <li>• Trust is based on personal relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Examples: Ask Pampers, Mint.com Customer Community</li> <li>• Designed as a customer engagement community to connect people to people and people to companies</li> <li>• Brands proactively manage the community and control content</li> <li>• Supports social sharing between individuals, the company, and advocates</li> <li>• Trust is based on reputation of the participants, which is measured by the perceived value of their social media content and participation levels</li> </ul>

Table 1

## Key Findings

The researchers at Incyte were surprised by the study's findings, which turn many current assumptions about social marketing strategies on their head. Here are the highlights.

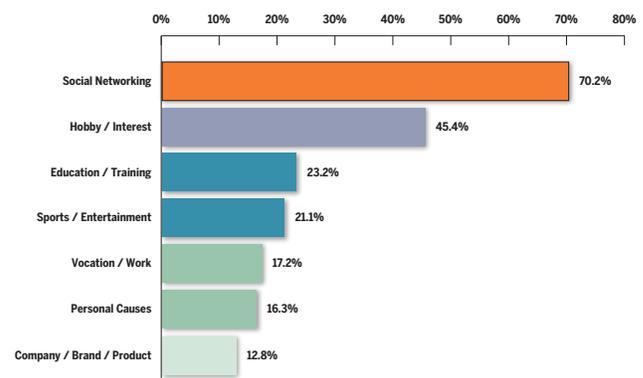
**#1:** Social networks are not the first place people go to research products and services. Google and brand websites are.

The study confirmed that the vast majority of U.S. adult Internet users are currently using open social networks. Nearly 83% frequented Facebook. 52% used YouTube. Almost 34% leveraged LinkedIn. Twitter and Google+ closed out the top five.

**But Facebook, Twitter, and other open social networks are not necessarily where consumers go to build relationship with companies or learn about and evaluate products and services.**

As shown in Chart #1, they primarily want to use these sites to connect with friends and family and pursue personal interests; only 12.8% use them to research brands and product details.

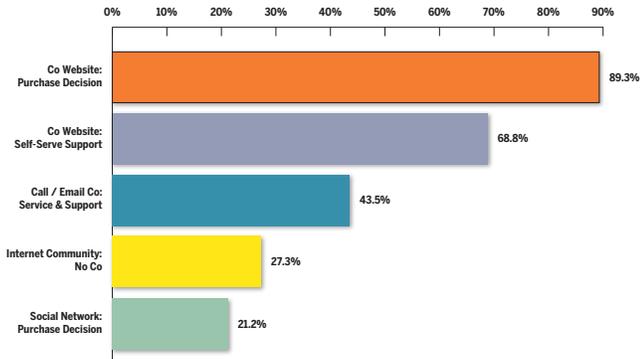
**Chart #1: Primary Reasons Consumers Use Social Networks**



**Company Websites are still the primary destinations for information to support a purchase decision.** As shown in Chart #2, when Incyte asked participants to name their primary destinations for researching products or seeking customer service via the Internet, their top choices were:

- Visit company Website to make a purchase decision — 89.3%
- Visit company Website for service/support questions — 68.8%
- Contact the company via e-mail — 43.5%
- Use an Internet community dedicated to the product/service — 27.3%
- Use a social network — 21.2%

**Chart # 2: Primary Destinations for Consumers Researching Products or Seeking Customer Service**



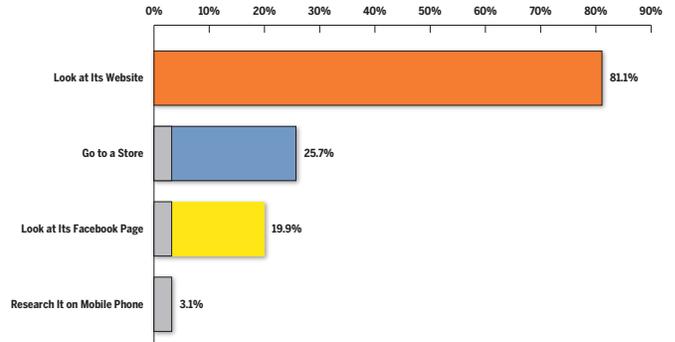
According to Sakai, the surprise is not that consumers expect to find information about products and services on a company Website. “What was interesting was consumers’ preference for branded customer communities over open social networks when they are seeking information to make a purchase decision or accessing service and support,” he explains. “Clearly, there is an opportunity here for companies to create branded customer communities specifically dedicated to these consumer goals—communities that are part of the website experience that supports the brand.”

**#2: Consumers showed a strong preference for branded customer communities over open social networks for building relationships with brands.**

“The fact that consumers generally prefer to get information from company Websites is even more interesting to us given participants’ responses regarding whether their preferences change when they discover a product or service through their interactions on social networks,” notes Sakai. Consider the following findings.

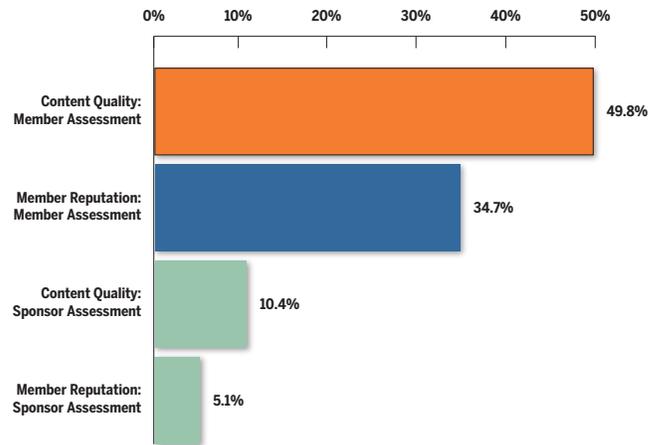
**When people are introduced to a new product, service, or brand through a social network and want to learn more about it, 81.1% said they would first visit the company Website, and 25.7% would visit a retail store.** Only 19% would look at its Facebook page. This further validates that consumers do not expect to find detailed information about products and services on open social networks. Rather, these sites are where people are more likely to begin to look for relevant products or services, or to discover them through a friend.

**Chart # 3: What Consumers Do to Learn More About a Product or Service**



**When asked how they assess the quality of content provided on company Websites when making a purchase decision, 49.8% of participants clearly show a preference for content that has been vetted as high-quality by other consumers, and 34.7% preferred content that has been provided by a consumer with a good reputation for providing strong content.** Content vetted solely by the company was not preferred, as shown in Chart #4.

**Chart# 4: How Consumers Assess the Quality of Content Provided on Company Websites When Making a Purchase Decision**



*Consumers don't want brand relationships to be a part of their open social networks; instead, they want company Websites to be more like their experiences with open social networks.*

Considered separately, these last two findings may seem paradoxical; but when looked at within the broader context of the study, they make perfect sense. Consumers don't want brand relationships to be a part of their open social networks; instead, they want company Websites to be more like their experiences with open social networks. This way,

they get the best of both worlds when researching new products and services—specifically, detailed product information from the company and real-life answers and opinions from other customers. They do not want their social networks to become corporate experiences.

### Characteristics of Branded Community Experiences Preferred by Consumers

- Managed by the company
- Linked with social networks, integrated with the company's Website, and indexed by search engines
- Providing detailed content that is relevant to members' changing context (shopper, new user seeking service or technical assistance, etc.)
- Providing a community member profile with user reputation data to help them assess the trustworthiness of peer answers and comments
- Ideally integrated with the company's e-commerce Website so shoppers can easily view social conversations and opinions as they research products

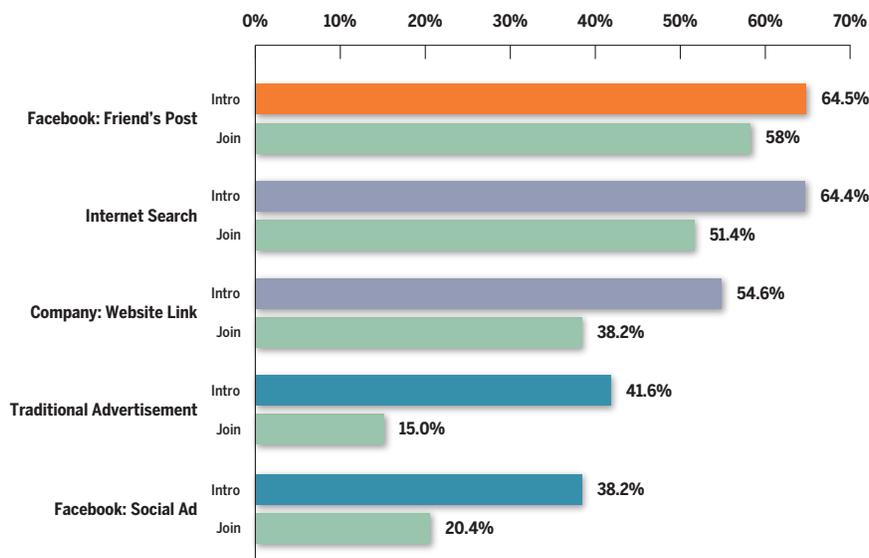
Table 2

#### Consumers prefer to join branded customer communities that they discovered through referrals from friends or their own research.

Incyte specifically asked consumers who had interacted with customer communities how they

discovered those communities, as well as whether or not they had "joined" the community. The most frequently mentioned discovery methods and their corresponding conversion rates are summarized in Chart #5.

**Chart # 5: How Consumers Prefer to Be Introduced to Branded Customer Communities and the Impact on Participation Rates**



Consumers did not mention advertisements as being primary mechanisms for community discovery, and this is likely due to the fact that few companies

are using advertisements to attract consumers to join their communities. "The conclusion we can draw here is that social media is the most effective

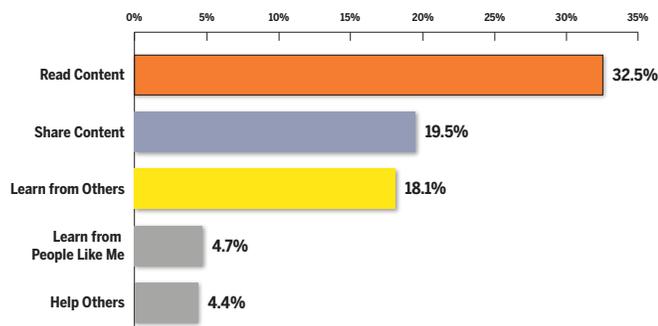
‘door’ for consumers to find and ‘enter’ customer communities and begin to engage in deeper relationships with companies,” states Sakai.

### #3: Relevant content is what drives consumers to prefer branded communities.

Incyte asked consumers what customer community activities they would most likely participate in. By far, responses related to consuming and sharing relevant content were the most common, as summarized here and shown in Chart #6:

- Read content—32.5%
- Share content—19.5%
- Learn from others—18.1%

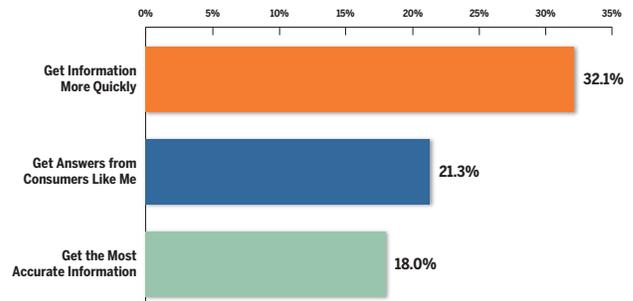
**Chart # 6: Top Activities Customers Engage in on Branded Customer Communities**



As these statistics imply, branded customer communities that focus on providing social content were of most interest to consumers. When researchers probed further to find out why, participants provided provocative answers. The most common responses included the following, as shown in Chart #7:

- Get information more quickly—32.1%
- Get answers from consumers like me—21.3%
- Get the most accurate information—18.0%

**Chart #7: Top Reasons Consumers Participate in a Branded Customer Community**



“Consumers are clearly saying that a primary value proposition of a customer community is that it allows them to quickly access information that is relevant and accurate—and they prefer it when that information is provided by other people like them,” explains Sakai.

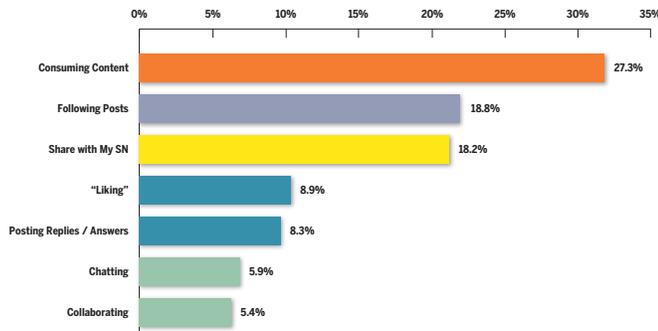
*“Consumers are clearly saying that a primary value proposition of a customer community is that it allows them to quickly access information that is relevant and accurate—and they prefer it when that information is provided by other people like them.”*

**Dale Sakai**, partner, The Incyte Group

What attracts them to customer communities is the relevancy of the content to their needs presale, at the point of sale, and post-sale. When asked which of the following activities they would most likely participate in on these sites, results showed the following trends, as shown in Chart #8:

- Read content — 27.3%
- Follow posts — 18.8%
- Share with social network — 18.2%
- “Liking” — 8.9%
- Posting replies and answers — 8.3%
- Chatting — 5.9%

**Chart #8: What Attracts Consumers to Branded Customer Communities**



Note that the vast majority of time spent on branded customer community sites is consuming content and following posts. Why? Because content—both company and consumer created—is king.

**#4: Consumers are very willing to become advocates for brands, products, and services they care about. Advocacy at scale is the untapped "holy grail" for marketers.**

Companies look to social marketing as a way to generate word-of-mouth promotion through "earned" media power—that is, product endorsements they didn't pay for, such as a customer raving about a product on Pinterest. However, since there are few examples of earned media power working at a scale to generate revenue, social network companies have been forced to disguise new advertising models (for example, sponsored tweets or Facebook ads) as real consumer advocacy. They are also singling out people with high Klout scores and giving them schwag as "payment" for their endorsements, reviews, and support in social media.

*"Social network companies have been forced to disguise new advertising models (for example, sponsored tweets or Facebook ads) as real consumer advocacy."*

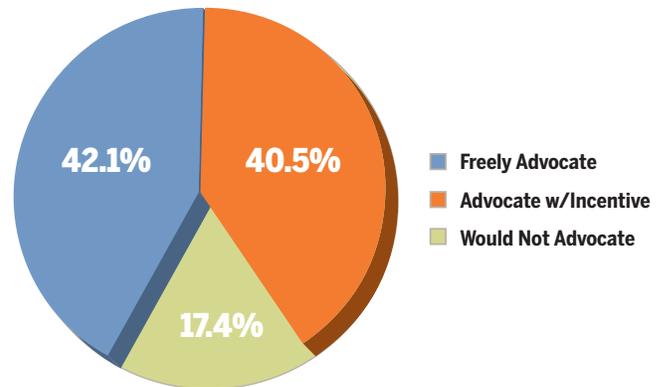
Dale Sakai, partner, The Incyte Group

*But can companies use branded customer communities to support trusted customer advocacy?*

This is the holy grail of marketing, as it means exploiting earned media—rather than hiring influencers or paying shills or schwag—and giving customers lots of opportunities to easily advocate, all at no cost to the business.

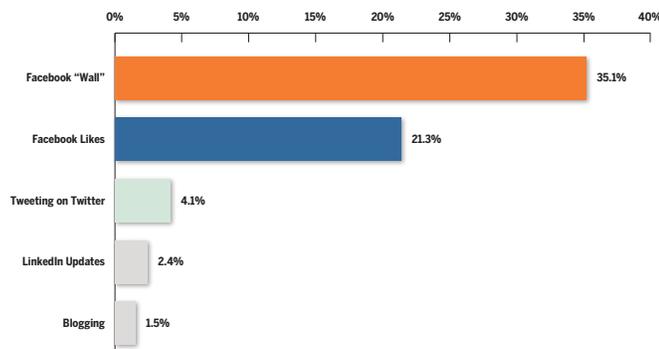
**To answer this question, Incyte asked participants very explicitly if they would be willing to become advocates for the products and services of the companies whose branded customer communities they joined.** Overwhelmingly, they said yes (82.6%). In fact, more than 42% said they would freely advocate without an incentive (see Chart #9). "This runs contrary to how most influencer programs (such as Klout) are currently constructed where the key assumption is that advocates require an incentive to share," notes Sakai. In addition, the research suggests that companies can leverage the untapped power of consumer advocacy with everyday people at scale—not by algorithmically targeting "influencers."

**Chart #9: Willingness to Be Advocates for Products and Services on "Internet Communities" that Consumers Join**



**According to Incyte, Facebook is the primary way people share content, comments, and other information with their friends and networks,** with 35.1% of consumers using their Facebook "Wall" and 21.3% using Facebook "likes" for this purpose. Twitter, blogging, and LinkedIn together were used only 8% of the time for this purpose. So as shown in Chart #10, from a marketing perspective, open social networks play a vital role in funneling prospects to relevant products and services—and the brands that offer them.

**Chart #10: Primary Way People Share Content and Comments with Friends and Networks**



## Conclusions

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Because consumers spend so much time engaging in open social networks like Facebook and Twitter, marketers can strategically leverage them to build relationships with massive numbers of consumers at scale. The problem is that “likes” aren’t equivalent to “relationships” with customers. Clearly, there is a missing tool in the social marketer’s toolkit. They need a way to connect with consumers and address their explicit needs and desires more directly.

This study sheds new light on the missing tool that marketers need to build strong relationships with consumers: a branded customer community. Without a customer community that the “brand” owns and proactively manages, social media strategies are simply incomplete. “Think of Facebook, Pinterest, and Twitter as doors, and until you invite your ‘friends’ into your branded customer community where they can ‘talk’ with each other and with you directly about your products and services, you’re essentially leaving them out in the cold,” explains Sakai. “The community can have an entry point on your Facebook brand page, but your consumers want to interact with you in your branded customer community, not their open social networks.”

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*Without a customer community that the “brand” owns and proactively manages, social media strategies are simply incomplete.*

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Further, the research suggests that the most effective invitation to a branded customer community is a referral from a friend. The imperative for marketers, then, is to identify and nurture the best brand advocates inside the community and encourage (or even incentivize) them to share their passion for the customer community and the brand with their own networks. While consumers are willing to passively engage (with “likes” or “follows”) with brands on open social networks, a customer community is where companies can explicitly address their needs as consumers. Facebook and Twitter are merely a way for them to learn about the communities they might be interested in joining.

So what is the consumer context that drives deeper brand relationships? And how does a branded customer community help create this context? Here’s where the magic happens. Because a customer community is owned and managed by a company and contains valuable social knowledge that has been vetted by advocates and employees, marketers have more flexibility to address customer needs based on their stage in the customer lifecycle. For example, customer engagement and content in the community can be used to:

- Introduce new customers to your brand
- Influence new customers as they evaluate or trial your products
- Create better product usage experiences
- Gather feedback and ideas for improving product/service experiences
- Provide self-serve, peer-guided service and support
- Build customer loyalty
- Identify and activate brand and product advocates

## The Unrealized Potential of Social Media for Marketers

Because branded customer communities can be used to support every stage of the customer lifecycle, they can generate significant return on investment. In addition, because a customer community is an engine for generating content that’s relevant to consumers based on their stage in the customer lifecycle, it’s easy to envision a future where most

consumer interactions are pushed through a branded customer community. For example:

- When acquiring new customers, a branded customer community can be a destination for your social campaigns.
- For driving conversion in ecommerce, community content can help consumers make purchase decisions.
- To keep satisfaction and loyalty high, a customer community can be used as a first line of service for exceptional, self-serve support experiences.
- To increase market share, a customer community can be used to facilitate having your brand advocates and influencers share information about your brand with their social networks.

## Taking Action

So how can marketers leverage these insights to quickly boost the revenue impact of their social media investments? Here are a few suggestions.

### Action #1: Create a Customer Community to Which All Open Social Networks Lead

The first step is to create a branded customer community. There are several software vendors that specialize in building communities for brands. Based on the research on customer preferences for these communities, look for solutions that offer the following features:

- Strong linkages to social networks
- Technical flexibility to create custom social integrations (either through APIs or other integration tools)
- Content that is crawled and indexed by search engines to encourage more discovery
- Support for easy categorization of content based on consumer needs, such as specific content types for consumer questions, problems, ideas, and praise

### Action #2: Use Customer Communities to Make Your Website More “Social”

As this study revealed, company Websites still matter! In fact, consumer preference was for social experiences that were hosted by the brand

and integrated with the brand’s Website. So when developing and executing a branded community strategy, marketers should seek solutions where the community:

- Can be browsed, searched, and interacted with by consumers on the company Website
- Has entry points on multiple pages of the Website, such as on product pages, help pages, and marketing pages
- Brings relevant customer conversations from the community into the company Website and places them on the appropriate product pages
- Supports use cases that touch the entire customer lifecycle, such as pre-purchase product evaluation and post-purchase content for service and support

### Action #3: Leverage Community to Turn Your Best Customers into Advocates

Word-of-mouth marketing from a company’s best customers is the biggest untapped marketing opportunity enabled by branded customer communities. Smart marketers will monitor their communities to identify potential brand or product advocates and create programs to encourage them to share their passion.

When evaluating and executing on a community strategy, look for a community platform with features designed to help identify, develop, and activate advocates, such as:

- The ability to track consumer activity and behavior (through leaderboards and analytics) to identify potential advocates
- The ability to display advocate content when it is contextually relevant to new consumers during the purchase process or when they are seeking support
- The ability to create special recognition (such as badges) for advocates to reward them for their participation
- A way for advocates to share content with their broader social networks to encourage more community participation

These are just some of the ways that marketers can leverage the findings from this study—and turn their social marketing investments into powerful customer-acquisition, retention, and revenue-gener-

ation channels. States Sakai: "By giving consumers access to a branded customer community that is proactively managed and optimized to meet their needs, companies can develop a stronger relationship with their customers. This, in turn, increases brand loyalty, customer advocacy, and cross/up sell revenue and generates more sales leads."

## Learn More

This research was sponsored by Get Satisfaction, the global market leader in customer engagement powering 65,000 branded customer communities around the world. Today, more than five million consumers actively engage in the Get Satisfaction network of companies to ask questions, share ideas, report problems, and truly engage with the brands and companies they care about.

Today, tens of millions of consumers benefit from Get Satisfaction communities by reading content posted by others. And many of the largest and most powerful companies and brands, such as P&G, Intuit, Adobe, Autodesk, and WebTrends, rely on the Get Satisfaction Engagement Platform to build a trusted connection with their customers based on one-to-one "conversations." Companies can gather insight from these conversations to improve customer service experiences, increase customer acquisition and retention, and drive innovation in products and services. In addition, they can quickly and easily execute their social initiatives by bringing relevant customer conversations wherever they take place: websites, social networks, search, and mobile.

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To learn more about this study or how Get Satisfaction can help your business, visit

**[www.getsatisfaction.com](http://www.getsatisfaction.com).**

This research was conducted by the Incyte Group:

**<http://www.incytegroup.com/>**

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