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Leveraging User Communities to Create Deep Business Impact

User communities, per se, are not a new phenomenon. They have existed in the real world for years, but in more passive forms. Wherever there are products, there are users, and inevitably users would get together to discuss their experiences with the product. Housewives deriding the local grocer, students comparing the attributes of their pens, and even office-goers arguing over the usability of a particular brand of laptop are all user communities in their most basic form.

Even in these loose forms, user communities were able to create some impact on products and manufacturers. Peers were influenced in tech hardware buying decisions, the local grocer's business might have suffered from housewives' tales of ants in the lettuce. This impact, however, was on a rather small scale.

In the internet age, virtual communities and users are able to make their presence felt in a much bigger way. And today, with the advent of Web 2.0 led collaboration, virtual user communities are stronger than ever. Never before have users wielded so much power. Businesses have duly taken notice of this and are learning how to leverage the power of these virtual communities for their own benefit.

One of the first companies to effectively utilize this power was Propellerhead Software, a developer of computer-controlled musical instruments including tools for sound production, processing and recording. In 1999, Propellerhead launched ReBirth, a software for sound processing and recording. The product code was initially unavailable to users. An impromptu user community was formed on the Internet, for users of the product, to share tips and queries. But very soon, this community became the hub for something else. A group of computer-savvy members began to collaborate to try and hack into the product's source code. This process took 6-8 months with numerous users contributing to the effort.



Propellerhead recognized the potential in co-creation and tapped it effectively.

Finally, when the product had been successfully hacked, users began to create their own personalized versions with custom graphic designs and sound samples. The Propellerhead management, though surprised at the development, responded positively. They realized that they would be able to benefit from such product innovations, with more variety added by responsible users.

This incident subsequently triggered the opening up of parts of their product code to users interested in modifying the product – the company even began encouraging users to send in customized versions to them for review. Co-created updates of ReBirth were released in the market and these sold fast.

The Propellerhead example highlights the power of user communities and the necessity for a business to recognize opportunities for furthering business objectives. It may be argued that Propellerhead took a gamble in encouraging the 'hackers' instead of acting against them, but they were able to distinguish opportunity from threat and this eventually paid off.

This paper will investigate the ways in which businesses can similarly utilize such communities to their advantage, as Propellerhead did. Along the way, we will discuss this in the context of implemented examples, including some from the Indian context.

User Communities for Brand Building

The Internet as a medium is designed for accessibility and comprehensiveness. Virtual communities further exemplify these qualities and, hence, many businesses regard firm-hosted user communities as an ideal medium for improving reputation and brand image. An easily accessible firm-hosted user community, providing a wide range of post-sales support options for its product, can go a long way in projecting the company as user-friendly and improve its reputation.

Also, user feedback (positive or negative) on internet communities affects the perception of the brand, and can help companies recognize the pros and cons of its product, and where it stands with respect to competition. If implemented tactfully, a firm-hosted community can provide a feeling of involvement which adds to customer satisfaction in using a product. The main incentive for someone to join a fan club is a similar sense of involvement. This is the kind of feeling firms can hope to recreate through virtual communities.

An example, in this context, is the firm-hosted social networking site 'Gang of Girls', set up by Unilever's Sunsilk shampoo. Sunsilk encourages all its users to get together on the site and discuss product use, hair care, beauty tips etc. The site has been marketed as a network for 'girl bonding' and looked to improve Sunsilk's brand image among its target market of female youth.



With Gang of Girls, Sunsilk was able to channel the appeal of 'girl bonding' to boost its brand image.

Another innovative branding strategy, focused around user involvement, is that of MTV India. MTV India has taken advantage of the considerable Indian presence on social networking sites such as Orkut (India is the second most listed nationality after Brazil) and Facebook. An MTV Webmaster creates and moderates topical communities on Orkut and Facebook for MTV's reality shows such as Roadies. User feedback, comments and suggestions are actively encouraged on these communities.

The company used the community to track the popularity of its shows - as the majority of Indians on Orkut and Facebook are in the age group 15-25, this corresponds with the age of MTV's target audience. Using a community was, in a sense, a perfect media fit for MTV.



The online branding strategy of MTV has been highly successful. MTV was able to capitalize on the popularity of reality entertainment among its target audience and increase its television ratings significantly. Plus, the fit between its target group and social networking crowd resulted in a successful social media strategy too. The success of this strategy in creating buzz around 'Roadies' has encouraged MTV to implement similar online branding campaigns for shows like Splitsvilla too.

In both these examples, the companies essentially used online social networking to cast aside intermediaries, network, and gather real feedback from end consumers. In MTV's case, since Roadies was a television serial, they had an opportunity to translate adverse feedback into program/format changes if needed. That is the immediacy in impact of this new medium.

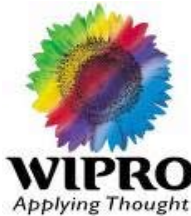
User Communities to Further Core Business Objectives

Training and Recruiting

Among core business functions, training and recruitment departments have been among the biggest beneficiaries of the Internet. From remote tutorials to online hiring, the web has created many usable and efficient business applications. In equal measure,

these departments have been quick to harness the powers of Web 2.0 as well. From using LinkedIn for effective hiring to communities for employee interaction, there are plenty of examples to look at.

One of the more sophisticated examples is Second Life, a virtual platform for interviews and training. Here, Wipro claims to be the first Indian company to have a presence on Second Life in the form of an Offshore Development Center known as Innovation Isle. The virtual campus has facilities like client engagement center, learning center, 3 floor ODC setup with cubicles, security desk at the campus entrance gate, amphitheatre, press announcements hall, basketball and volleyball courts, data center and a library. Wipro has the option to tie up with various academic organizations on Second Life to streamline its training and recruiting processes. The benefits are clear - saving time, reducing business costs and allowing businesses to reach out to employees all over the world.



By becoming the first Indian corporate presence on Second Life, Wipro was able to justify its reputation as a 'thought-leader.'

Customer Servicing

Firm-hosted user communities are an effective way to respond to customers, while simultaneously using the interaction to create a knowledge pool for other users. Even in independent user-communities (those not regulated by a firm), more experienced users help new users by answering their queries and sharing their knowledge. This user-to-user servicing takes a significant burden off the post-sales support systems of the company and reduces their workload greatly.

A good example of this is Hewlett Packard (HP), which has large independent user-communities such as Encompass (now amalgamated into Connect). Such communities are global in nature and reduce the workload of HP service centers.



Connect is a world-wide independent membership organization formed from the consolidation of former HP users groups, including Encompass, ITUG and HP-Interex EMEA. The community represents dedicated business technology professionals committed to helping users maximize their return on investment in HP products. It connects laymen and professionals who have a shared interest in HP's products and technology services. Connect has also instituted a Community Voice programme by which it hopes to influence future HP products and services.


Marketing

Social networking communities have become the fulcrum for Web 2.0 based marketing strategies of many companies. Consumer goods companies use platforms such as YouTube to distribute viral ads to create buzz around their products. To promote “legal purchase” of music among college students and its iTunes store, Apple partnered with Facebook in 2006. As a back-to-school special, Apple gave away 250 million music samplers to Facebook college users. Marketing through social networking sites can provide a more targeted reach and is a cost-effective way for a company to boost product sales.

Distribution

User communities can be utilized to streamline distribution, especially when the user community is the distribution network as well. This works well when the service activation or delivery is done on-line.

mGinger is a Bangalore-headquartered opt-in, permission-based SMS service, through which users become part of a target community by providing details about their interests. The user receives SMS advertisements corresponding to these interests from advertisers belonging to the mGinger network. mGinger provides monetary rewards to its users for every SMS they receive, as well as for those their referrals receive. Hence, users are motivated to create, maintain and expand their communities on mGinger



The innovative services provided by mGinger are beneficial to both advertisers and consumers - demonstrating that user communities can be monetized.

Portals like mGinger are beneficial to both producers and consumers - consumers are provided information on products specific to their interests, and producers can save significant marketing costs in advertising only to those interested, giving them a more targeted reach.

Product Modification and Improvement

The Propellerhead example clearly delineates the benefits firms can derive from user modification or ‘modding’. One industry which has embraced this, to its great benefit, is the computer games industry. Computer games released in the late 1990s were extensively modified by communities of users/hackers to suit their own needs. Possibly, the most notable case of this is that of Half-Life, a First Person Shooter computer game released in 1998. Valve, the creator of Half-Life, decided to make their product code open to the public so that they could modify certain elements of the gameplay. What they expected were a few minor modifications to graphic design, and slight alterations to maps. But, within weeks, a team of British Columbia students had completely overhauled the game and created a new, vastly different version which they termed ‘Counter-Strike’. The game became hugely popular throughout the campus and outside. Valve eventually heard of this drastically modified, hugely popular version of its game and bought it from the university students. ‘Counter-Strike’ was eventually released as a product of Valve. Today ‘Counter-Strike’ is even more popular than ‘Half-Life’.

A Note of Caution

Of course, for every Valve, there is also a Scrabulicious – the creator duo of the online version of Scrabble has been sued by the owners of the Scrabble game. This underscores a key issue surrounding co-creation : who owns the right and who reaps the benefit? While no clear answers or solutions are available in black and white, enterprises taking the co-creation route must place their policy upward – that they will (a) compensate users monetarily or (b) they will not, and the IPR of modified product vests with the company, with the user gaining from the publicity or even a job. What ever be the trade off, companies will be better off with a policy stated up front.

Another potential pitfall is that of malicious hacking. As exemplified by the Propellerhead case, user communities may become hubs for hacking and other subversive activity. Although, Propellerhead's was a case in which this proved beneficial, there exists a threat of malicious 'modding' also which hurts products and users alike.

Providing detailed company information on networking sites can compromise a company's privacy, in addition to being a security risk. In the case of firm-hosted communities, unsanctioned use of Web 2.0 technologies by employees is a very relevant threat. These and many other potential security risks must be kept in mind by companies when they are mapping out their Web 2.0 strategies.

Companies typically choose to handle the latter by creating specific policies for use and enabling access only to certain customer facing employees. In a sense this is no different from a call center transaction.

Prayag's Take

Looking for solutions rather than "dumping the baby with the bathwater" is the approach that's needed here since any use of the Web 2.0 tools can best be described as exploratory. And the benefits and rewards are compelling reasons to choose this path as there is plenty that Indian enterprises and, specifically, IT companies could leverage. Keeping in mind the large number of players in the Indian IT vendor space, competition is fierce. Customer service has become a key differentiating factor for sustaining growth and it is here that user communities can score – either as product support forums or knowledge centers or even customer user communities. Given that technology is the *raison d'être* for the Indian IT industry, it would also be a case of walking the talk.

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