TAKEAWAYS

54% reported measuring retention to demonstrate their community’s business value.

44% had their metrics in place within six months of launching their community.

46% who measure change in sales revenue believe it to be the most important metric they track.

93% said that measuring their community’s value led to “increased interest from other departments.”

26% believe “Customer Support/Success” to be the most important value their community drives for their organization.

35% reported that the most important business value for their community has changed in the past.

21% reported that their community “has an executive sponsor.”

71% employ a community manager in their organization.

$500k in annual revenue is the level most companies reach before hiring a full-time community manager.
EXECUTIVE SUMMARY

The community industry is developing at breakneck speed. Companies are coming up with more and more creative ideas to leverage the community concept to benefit their overall brand and business.

As brand communities further infiltrate every industry, executives and community practitioners find themselves faced with a growing number of fundamental questions that don’t have obvious answers:

“What should our community accomplish?”

“How do I know that our community is working?”

“How is our community driving the top line?”

For years, many have argued that a community’s impact cannot be measured. And while studies have been done to evaluate what consumers get from brands, no study has yet looked at how companies are actually finding value from brand communities in today’s ever-more complex business landscape.

This report is in response to that notion. We now know community’s impact can be measured because we surveyed over 500 community builders who are building brand communities. They told us exactly how they do it.

The findings from this report are meant to help those companies that are still unsure about their measurement strategy; the data shows what metrics different types of communities measure, how often they’re measured, and which metrics are most effective.

At the same time, our insights paint a picture of an industry that is still trying to figure itself out, to mature. Many companies are not confident in the metrics they measure today, and they are not seeing results from their reporting.

While we were shocked by some of the uncertainty we found, we were also fascinated with the methods organizations are using to measure their community’s value and the paths they are taking to achieve success.

Read on to learn about how companies today are defining the role of community, how they prove its impact, and how organizations are responding to a community’s success.

Best,

Carrie Melissa Jones

Founding Partner, COO of CMX

ABOUT CMX

CMX is the hub for the community industry. Our mission is to organize and equip a global movement of community professionals.

We are the hosts of CMX Summit, the community industry’s largest annual event, and offer professional online training and in-person workshops on community strategy. Our work with organizations like Google, IBM, Salesforce, and Yelp has helped create thriving communities that are shaping the world.

If you’re interested in working with CMX to take your community strategy to the next level, get in touch at info@cmxhub.com.

ABOUT OUR SPONSORS

Thank you to the sponsors of this study. Their contribution allows us to share the results freely:

Salesforce Community Cloud

Salesforce Community Cloud is powered by advanced online community software that allows businesses of all sizes to connect to their partners, customers, employees, and business processes like never before.

Using community software from Salesforce, leading companies worldwide have built customized, branded communities to integrate and simplify business processes and enable seamless collaboration across the enterprise.

Influitive

Influitive is driving the shift from company-centric marketing to advocate marketing. Our advocacy platform and team of experts helps the world’s most successful businesses spark, build and sustain a movement behind their brands with the participation of their greatest marketing asset: their customers. We believe the companies that put their customers at the heart of their marketing — and their business — are the ones that will win.
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ABOUT THIS REPORT

Methodology

This study was completed through a combination of surveying and interviewing respondents. To collect responses for our study, we used multiple avenues:

- Direct outreach to our community
- Outreach from our promotional partners in the tech industry
- Outreach from our sponsors (Salesforce Community Cloud and Influitive) to their networks
- Direct outreach to Fortune 500 companies and startups valued at over $1 billion

Of those who responded, 70% had launched brand communities. To account for a possible bias in our collection (we don’t believe 70% of the world’s organizations have a brand community at this time), we created two sets of questions.

Those who said they do have a community were asked about their current methods, while those who are only considering a community were asked to answer a slightly different set of questions pertaining to their plans and expectations. Answers from respondents without a community were not included in this study.

Through this process we were able to gather responses from 533 participants, a select number of which were interviewed to understand more about their brand community value and measurement.
RESPONDENT SNAPSHOT

We asked our participants to describe their community using multiple metrics so that we could:

a) provide a clear picture of our respondent pool, and
b) segment results to uncover more detailed insights.

Tenure

How long has your brand community existed?
(% of respondents)

<table>
<thead>
<tr>
<th>Tenure</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 6 months</td>
<td>12%</td>
</tr>
<tr>
<td>6-11 months</td>
<td>15%</td>
</tr>
<tr>
<td>1-2 years</td>
<td>23%</td>
</tr>
<tr>
<td>3-4 years</td>
<td>23%</td>
</tr>
<tr>
<td>more than 5 years</td>
<td>28%</td>
</tr>
</tbody>
</table>

The majority of respondents (74%) have had a community for more than a year, while 12% have communities that are less than 6 months old.

Size

Number of members
(% of respondents)

<table>
<thead>
<tr>
<th>Size</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 100k</td>
<td>64%</td>
</tr>
<tr>
<td>100k - 500k</td>
<td>18%</td>
</tr>
<tr>
<td>500k - 1m</td>
<td>10%</td>
</tr>
<tr>
<td>1m - 5m</td>
<td>7%</td>
</tr>
<tr>
<td>5m - 10m</td>
<td>1%</td>
</tr>
<tr>
<td>10m - 15m</td>
<td>1%</td>
</tr>
</tbody>
</table>

Most of our respondents (64%) have communities that have less than 100k members and 42% have less than 5k. However, there was a small portion of respondents (9%) that have a brand community with more than 1 million members.
Revenue
What was the approximate annual revenue for your company last year?

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $250k</td>
<td>31%</td>
</tr>
<tr>
<td>$250k - $1m</td>
<td>20%</td>
</tr>
<tr>
<td>$1m - $10m</td>
<td>10%</td>
</tr>
<tr>
<td>$10m - $50m</td>
<td>7%</td>
</tr>
<tr>
<td>$50m - $100m</td>
<td>5%</td>
</tr>
<tr>
<td>$100m - $500m</td>
<td>8%</td>
</tr>
<tr>
<td>$500m - $1b</td>
<td>6%</td>
</tr>
<tr>
<td>$1b - $2b</td>
<td>8%</td>
</tr>
<tr>
<td>over $2b</td>
<td>3%</td>
</tr>
</tbody>
</table>

31% of participants reported less than $250k in revenue, but 59% reported over $1 million

Company size
How many employees does your organization have?

<table>
<thead>
<tr>
<th>Employee Range</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-50</td>
<td>48%</td>
</tr>
<tr>
<td>51-200</td>
<td>18%</td>
</tr>
<tr>
<td>201-500</td>
<td>8%</td>
</tr>
<tr>
<td>501-1000</td>
<td>8%</td>
</tr>
<tr>
<td>1001-2000</td>
<td>5%</td>
</tr>
<tr>
<td>2001-5000</td>
<td>7%</td>
</tr>
<tr>
<td>5001-10,000</td>
<td>3%</td>
</tr>
<tr>
<td>over 10,000</td>
<td>8%</td>
</tr>
</tbody>
</table>

Nearly half of respondents (48%) reported that their company had 50 or fewer employees. Companies with "enterprise-level" employee count (200 and above) made up 34% of our respondent pool.

Industry
What industry does your company belong to?

- 46% Technology
- 16% Professional Services
- 10% Consumer
- 8% Education
- 8% Non-profit
- 4% Finance
- 10 Healthcare
- 7 Manufacturing
- 4 Transportation
- 0 Energy & Utilities
- 0 Government

46% of respondents reported that their company is in the technology field.

We’ll use this data later to draw insights into common characteristics for each stage in a community lifecycle.
DEFINING COMMUNITY

Today’s communities take on a variety of roles within an organization, providing different returns depending on the community’s goals. “Brand community” itself is still a contested term outside of academia.²

Because the definition of community itself is not yet standardized in popular culture, we decided to find common ground with which to start our discussion.

We asked participants, “How do you define a brand community in your organization?” and provided five options we’ve found to be common amongst the many communities we’ve worked with. Even still, there isn’t one universal definition of brand community in these organizations.

While there are a couple clear outliers (only 21% of respondents included “Has an executive sponsor” in their definition), no one option garnered more than 70% popularity. Even if we disqualify those who answered, “I don’t know how to define my brand community,” the most popular option (“Has members who develop relationships with each other online or offline”) was still irrelevant to one in every four participants.
Community’s Business Value

After respondents chose their definition of brand community, they were asked to specify their community’s “business value.” The options provided were derived from the SPACE model, which is based on the CMX team’s work with hundreds of companies, as well as insights from our community members.

Companies build communities to serve one of the overarching values below:

<table>
<thead>
<tr>
<th>S</th>
<th>Customer Support/Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>Product Ideation, Innovation and Feedback</td>
</tr>
<tr>
<td>A</td>
<td>Acquisition and Advocacy</td>
</tr>
<tr>
<td>C</td>
<td>Content and Programming</td>
</tr>
<tr>
<td>E</td>
<td>External Engagement</td>
</tr>
<tr>
<td>I</td>
<td>Internal Engagement</td>
</tr>
</tbody>
</table>

- **Customer Support/Success**: Create a space for members to answer questions and solve problems for each other in order to be more successful with the product or service.
- **Product Ideation, Innovation and Feedback**: Create a space for members to share ideas and feedback that will be used to drive innovation and product improvements.
- **Acquisition and Advocacy**: Build a network of ambassadors and/or advocates who drive awareness and growth (typically, marketing-centric goals) for the business.
- **Content and Programming**: Gather the people who contribute information, goods, or services that make up the product or assets within the product.
- **External Engagement**: Create a space for people who have a common interest that is related to, or focused on, your brand or product.
- **Internal Engagement**: Deepen internal employee engagement or engagement between suppliers, vendors, or other teams that contribute to a company’s end product.
What is the single most important value that your community drives for your organization?

(\% of respondents)

Customer Support or Customer Success: 26\%
Product Ideation, Innovation and Feedback: 13\%
Acquisition and Advocacy: 23\%
Content and Programming: 13\%
External Engagement: 18\%
Internal Engagement: 4\%
Other: 4\%
I am not sure what business value our community drives: 1\%

When we asked companies to specify which option was most relevant to their community, the most popular choice with 26\% of responses was “Customer Support or Service.”

“Acquisition or Advocacy” was a close runner-up with 23\%, and the least popular value was “Internal Engagement” with only 4\% of responses.

This chart tells us that the long-held view of community as primarily a customer service hub is still very much alive and well.

“It is important to note here that this is merely a benchmark for the industry and that these numbers shouldn’t discourage a brand from building community in a “less-popular” category. Community can impact a business by building on any of these values. For example, while very few companies chose Internal Engagement as their community’s primary value, we believe this category has the potential for enormous growth in the coming years as companies recognize community as an opportunity to harness employee engagement and knowledge.

It can be valuable, however, to use this chart as a benchmark to compare to relevant peer groups and identify possible missed opportunities or to define your community’s primary business value for the very first time.”
Community Size by Value

One question we often hear: Is a larger community always better than a smaller community?

To get more insight into different community types and their relative sizes, we determined the average size of communities by the value that they primarily drive. Content communities are by far the largest, averaging a little less than 230,000 members, while Product communities average 130,000.

We attribute these differences to the difference in output for each community type: content communities have high-value output for members with little ask, whereas product communities reach out to members for feedback, which doesn’t necessarily deliver equivalent value to the user.

Membership also means different things depending on the community type, and the value a member provides a company within a product community (new ideas, fixes, and feedback) may be much larger than the value provided by a member of a content community.

PRO TIP

Use this table as a benchmark for your community’s ideal size, but don’t get too caught up in vanity metrics if they don’t matter to your ultimate mission.
Changing Priorities

Communities can (and often do) evolve and shift as organizations mature. As a company decides what it needs from its community, the role that community plays can change entirely. Sometimes, the business itself pivots and the community must pivot along with it.

To understand more about how the role of community changes, we asked participants whether their community always had the same primary business value, and if not, which value did they switch from?

Has the above always been the most important value that community drives for your organization, or has it changed over time?

(Number of respondents)

47% of survey respondents said they’ve shifted their community’s value at some point in the community lifecycle.

We believe this data could represent a trend we’ve witnessed where communities are only able to guess what their community’s business value will be. Then, once the community launches, the program becomes clearer and strategies pivot.
Of those companies that switched values, 19% reported that they changed from content and programming. In terms of values they switched to, the most popular was Acquisition and Advocacy with 27%.

These statistics make sense: Many companies who plan to use their community for content creation end up identifying key ambassadors and advocates who add value when given more structure and power from the brand. Their contribution becomes a lot clearer to measure and define.

In fact, 21% of “Content and Programming” companies shifted to “Acquisition and Advocacy.”

We caught up with one such company to further explore why this path is so common.
Racked, which is a brand of Vox Media, was changing its strategy, and the way they measured community had to change with it. We spoke with Annemarie Dooling, Director of Programming, to learn more:

“\textbf{EXPERT INSIGHT:} 
\textit{Annemarie Dooling, Director of Programming, Racked}"

“This year, we shifted our strategy away from dot com [organic website] to looking at distributed traffic. This shifted how the community was valued and changed our entire editorial team’s strategy.”

In order to make that switch, it took a huge internal effort from the editorial, growth, and analytics teams:

“We had a ‘math rager,’ Dooling explains “Three of us sat in a room figuring out the equivalents to industry standards so we could show meaningful metrics. We use a program called SkimLinks, and it has a report that shows revenue per user. Of course, this is something I still fight with every day.’

“We are the only Vox brand that measures this way and it’s because people were carrying our pieces into their own communities and we wanted to look at actual engagements… our audience was in these pockets. But now we can look at revenue per reader.”

Many companies have to keep pace with rapid changes happening in the market, and so their community strategy must change along with it.

To take a slightly different view of the data, we separated responses by value and determined the percentage of respondents who changed to that value. 47% of Product Ideation, Innovation and Feedback communities switched from another value.
We believe many companies are switching to a product-focused model because it is a natural output from other types of communities. Many brands don’t initially believe a community focused on building a product will actually work; there isn’t direct value to the user. Instead, the organization is the recipient of the value. Once they launch a content or acquisition community, however, the discussion ends up focusing on ways to better the product. People begin pitching in and offering their two cents.

This could also be a deliberate strategy. Companies realize that if they launch a product community right away, they won’t have a dedicated user base. But if they start out with a community that’s focused more on delivering value to the user, they can pivot later or launch a product-focused community program inside their larger community that becomes even more valuable to them.

Now that we have a better sense of how companies think about their own community and how it provides value, let’s explore how companies are measuring that value to prove their returns.
MEASURING VALUE

Whether you’re assessing the success of your community-building efforts, their impact within your company, or their impact on top line sales, measuring a community’s value can be extremely difficult, time consuming, and often fruitless if you don’t know what you’re looking for.

The reason measuring the value of community can be so difficult is the same reason it’s difficult to measure the effect of certain marketing initiatives. Community often exists so far up the “funnel” that it seems impossible to attribute any outcome to a community’s influence. And because it is difficult to determine where a community is making an impact, it’s even harder to determine which community aspects are driving that impact.

But don’t worry; there are a number of ways to measure a community’s value, many of which we’ll address in this section that includes detailed specifics about our respondents’ measurement strategy.
The Most Popular Metrics

To understand the value a community provides for an organization, you need a clear view of what qualifies as success for that community. To that end, we presented our participants with a number of key performance indicators (KPIs) and asked them to select which metrics they track.

Note: Because not every metric applies to every community type, many options were only available to participants who indicated a specific community value. For instance, “Product ideas” was not an option for someone with a content community, and “# or % of answered questions” wasn’t an option for someone with a product community.

What we found was that 54% of participants measure retention to demonstrate their community’s business value, a much higher percentage than any other metric.

What metrics do you measure to demonstrate your community’s business value?

(\% of respondents)

<table>
<thead>
<tr>
<th>Metric</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>54%</td>
</tr>
<tr>
<td>New customers</td>
<td>37%</td>
</tr>
<tr>
<td>Customer satisfaction ratings</td>
<td>37%</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>31%</td>
</tr>
<tr>
<td>NPS score</td>
<td>28%</td>
</tr>
<tr>
<td>Change in sales revenue</td>
<td>24%</td>
</tr>
<tr>
<td>Customer lifetime value</td>
<td>24%</td>
</tr>
<tr>
<td>New user/member sign-ups</td>
<td>22%</td>
</tr>
<tr>
<td># or % of answered questions</td>
<td>21%</td>
</tr>
<tr>
<td>Usage</td>
<td>16%</td>
</tr>
<tr>
<td>Self support</td>
<td>15%</td>
</tr>
<tr>
<td>Case deflection</td>
<td>14%</td>
</tr>
<tr>
<td>Cost savings</td>
<td>14%</td>
</tr>
<tr>
<td>Reach</td>
<td>13%</td>
</tr>
<tr>
<td>Number of active users/members</td>
<td>10%</td>
</tr>
<tr>
<td>Product ideas</td>
<td>9%</td>
</tr>
<tr>
<td>We don’t use metrics to demonstrate our community’s value.</td>
<td>8%</td>
</tr>
<tr>
<td>Pieces of product feedback implemented</td>
<td>8%</td>
</tr>
<tr>
<td>Number of posts</td>
<td>7%</td>
</tr>
<tr>
<td>Adoption</td>
<td>6%</td>
</tr>
<tr>
<td>Amount of content “shipped” or approved</td>
<td>4%</td>
</tr>
<tr>
<td>Market share</td>
<td>4%</td>
</tr>
<tr>
<td>Other (please list all)</td>
<td>0%</td>
</tr>
</tbody>
</table>

If we look only at options available to everyone, regardless of their primary business value, we can better identify metrics that aren’t as popular: Only 14% of companies reported tracking “cost savings.”
There are a number of assumptions that could explain the lack of enthusiasm for measuring cost savings (the task is typically reserved for Operations, "cost" could mean something different to different companies, the metric may not be a solid option for every value type, etc.), but we propose that the reason measuring this metric is so rare is mostly due to the typical roles communities play and the internal silos that don’t allow for cross-functional data analysis. Many brands do not currently understand how to create business processes that will connect community cross-functionally, and we do believe this is an area that will need to mature in the coming years. Another possible explanation is that calculating cost savings is impossible if you don’t have an existing benchmark. After all, 8% of respondents said they don’t measure any metrics today at all.

What many companies don’t realize is that, even though reducing costs may not be their primary reason for launching a community, measuring that metric can still justify a community investment (especially in absence of proof that your community is positively affecting top line sales). For example, companies can utilize their community to test new products on groups they know to be dedicated users, which could result in both R&D and customer service savings. Comparing year-over-year savings can illuminate this now-hidden benefit of brand communities.

A final note on this chart: 8% of participants responded, “We don’t use metrics to demonstrate our community’s value.” Even if these companies don’t need to measure metrics, without defining which metrics are most important, they are likely missing out on opportunities to identify ways to drive more value of their community, focus and prioritize their day-to-day work, and affect the top line.
Program-Specific Metrics

As we’ve highlighted in our SPACE model article, “Often, different areas of the SPACE model will require a different strategy, community platform, and possibly a different team.”

To understand more about each value type’s measurement strategy, we determined each group’s most popular metric.

<table>
<thead>
<tr>
<th>Value</th>
<th>Most popular metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Support or Customer Success</td>
<td># or % of answered questions (65%)</td>
</tr>
<tr>
<td>Product Ideation, Innovation and Feedback</td>
<td>Product Ideas (60%)</td>
</tr>
<tr>
<td>Acquisition and Advocacy</td>
<td>New user/member sign-ups (62%)</td>
</tr>
<tr>
<td>Content and Programming</td>
<td>Number of active users/members (74%)</td>
</tr>
<tr>
<td>External Engagement</td>
<td>Retention (20%)</td>
</tr>
<tr>
<td>Internal Engagement</td>
<td>Retention (25%)</td>
</tr>
</tbody>
</table>

Again, these findings report the current snapshot of the group of participants who identified a specific value as the most important, and don’t necessarily indicate the ideal, or “right,” metrics. These should be used as a benchmark, not the be-all-end-all metrics you must measure.
Critical Metrics

While it’s most common to use multiple metrics to determine a community’s success, we wanted to know whether the results changed if companies could only choose their most important metric.

If we focus our attention only on the options available to all respondents, “cost savings” is still at the bottom of the pack while “retention” is still the most popular choice.

**Among the metrics you measure to show your effect on business value, what is the most important one?**
(Only those options available to all participants)
(% of respondents)

- Retention: 14%
- Change in sales revenue: 13%
- Customer lifetime value: 8%
- Customer loyalty: 8%
- Customer satisfaction ratings: 7%
- New customers: 6%
- NPS score: 6%
- Cost savings: 3%

When participants could choose multiple metrics, “change in sales revenue” was trailing in terms of popularity, but when they could only choose one, that metric was the second-most popular choice with 13% of responses.

**HOW DO YOU MEASURE RETENTION?**

Here’s a quick guide to calculating community retention for reference:

Retention Rate = ((CE-CN)/CS) X 100

CE = number of community members at end of period
CN = number of new community members acquired during period
CS = number of community members at start of period
If we look only at companies who chose “change in sales revenue” as their most important metric, we find something even more interesting:

% of those who measure Change in Sales Revenue vs Most Important Metric

(% of respondents)

<table>
<thead>
<tr>
<th>Metric</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in sales revenue</td>
<td>39%</td>
</tr>
<tr>
<td>Customer lifetime value</td>
<td>9%</td>
</tr>
<tr>
<td>New user/member sign-ups</td>
<td>9%</td>
</tr>
<tr>
<td>Customer satisfaction ratings</td>
<td>6%</td>
</tr>
<tr>
<td>New customers</td>
<td>6%</td>
</tr>
<tr>
<td># or % of answered questions</td>
<td>5%</td>
</tr>
<tr>
<td>Number of active users/members</td>
<td>5%</td>
</tr>
<tr>
<td>NPS score</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
<tr>
<td>Self support</td>
<td>3%</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>2%</td>
</tr>
<tr>
<td>Market share</td>
<td>2%</td>
</tr>
<tr>
<td>Pieces of product feedback</td>
<td>2%</td>
</tr>
<tr>
<td>Pieces of product feedback</td>
<td>2%</td>
</tr>
<tr>
<td>Product ideas</td>
<td>2%</td>
</tr>
<tr>
<td>Reach</td>
<td>2%</td>
</tr>
<tr>
<td>Retention</td>
<td>2%</td>
</tr>
<tr>
<td>Usage</td>
<td>2%</td>
</tr>
</tbody>
</table>

39% of companies that measure “change in sales revenue” believe it to be the most important metric they track.

What does this say? Maybe “change in sales revenue” is difficult to track, but once you come up with a system to track it, it’s incredibly valuable for measuring a community’s worth.
How Companies Decide on Metrics

Once we collected data on which metrics companies track, we wanted to find out how they decided on those metrics. After all, these metrics determine how a company shapes their community, so we’d like to think this decision is as data-driven as possible.

Participants were asked, “How did you decide on the metrics you use to measure your community’s ability to deliver business value?” and could answer with an open-ended response. Qualitatively, we found most responses fit into one of five buckets (listed below by popularity):

1. Our metrics aligned with the organization’s business goals
2. We created a business case or strategy document
3. We were guided or directed by the executive team
4. We conducted A/B tests with multiple metrics
5. We received guidance from our analytical team

To get a more in-depth understanding of this process, we followed-up with participants whose answers were particularly interesting or helpful.

EXPERT INSIGHT:
Rob Shapiro, Community Strategist and Former Sr. Director of My Oracle Support Community

“At the end of the day, what you think is important is nowhere near as important as what executives want to see,” says Rob Shapiro, Community Strategist and Former Sr. Director of My Oracle Support Community. Drawing on his experience at Oracle, where he built support community, he says:

“What you often care about in the beginning is awareness and adoption, so you first lean on metrics like registration, creation, fundamental data to get buy-in. [At Oracle], we started out with 12 communities and 20,000 people. After a year, our reporting showed 85 communities and 400,000 people. You have to create the ‘wow’ effect to get initial buy-in. Then your ROI does change.

Five years later, executives didn’t care about the size of community alone. They wanted to know things like ‘What is the percentage of replies that have been marked correct and helpful?’ Whatever metric you pick, you have to show that the impact on revenue is something meaningful.

But it’s a moving target based on leadership change in the organization. People, agendas, goals, direction all change and, in communities, we had to be agile enough to accommodate. There are a lot of ways to massage a number, but when you do, you lose your benchmarks.

So do we constantly bow to executives if they want to see things change? Mine is a two-folded answer: On the one side, we have to be constantly educating the people around us as to who we are and our roadmap. On the other side, we also need standards. Adjunct and equally important, today, our industry has no consistent and disciplined reporting standards.”
Lynette Robinson of MyHealthTeams had a more clear-cut, unwavering decision from her leadership team, which had not fundamentally changed in her time working there:

“Metrics were part of the initial outline when the company started. I was employee number six or seven. Our metrics by that time were just a given. We don’t do any lead generation, so we can’t point directly to any dollars tied to active users, but we do have partnerships with external organizations and we use our members as a source of anonymized data. So our revenue is derived by how well the community sites we build are doing. We also pay attention to attrition rate, but it’s not as big of a focus. I feel like we could look at why people are leaving more.”

**PRO TIP**

If you’re looking to bring measurement into your community strategy for the first time, we suggest you start by asking yourself three questions:

1. **Content and Programming**: is the content and programming we’re creating for our community working?

2. **Community Engagement**: are community members engaged and participating in the community on a regular basis?

3. **Business Objectives**: is the community creating value for the business?

If you want to explore more about each metric, check out [The Simple 3-Step Model for Measuring Community](#).
When to Start Measuring Metrics and Measurement Timeline

When we asked our participants “How long after launching your community did you have these metrics in place?” we found that communities decide on their metrics quickly: 44% had their metrics in place within six months and 16% before launch.

How long after launching your community did you have these metrics in place?
(% of respondents)

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>% Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before launch</td>
<td>8</td>
</tr>
<tr>
<td>Within 0-2 months of launching</td>
<td>16</td>
</tr>
<tr>
<td>Within 3-5 months of launching</td>
<td>12</td>
</tr>
<tr>
<td>Within 6-9 months of launching</td>
<td>10</td>
</tr>
<tr>
<td>Within 10-12 months of launching</td>
<td>8</td>
</tr>
<tr>
<td>Within 13 months - 2 years of launching</td>
<td>11</td>
</tr>
<tr>
<td>More than 2 years after launching</td>
<td>12</td>
</tr>
<tr>
<td>I don’t know</td>
<td>16</td>
</tr>
</tbody>
</table>

While this chart seems to paint a picture of companies who figured it out right away, it’s important to keep in mind that nearly half of companies have switched their community value as well, which almost certainly affects the metrics they measure.

When we looked at the average revenue of the companies who picked their metrics quickly versus those who took time to decide, there was no correlation between the time a company takes to set their metrics and their economic success.

Granted, revenue isn’t the end-all-be-all success factor; for example, some young companies may be on a successful trajectory but are at the beginning of their economic upswing.

However, the data supports our viewpoint, which is to opt for relevance over timeliness. While it may seem appealing to set up tracking as soon as possible and worry about the relevancy of metrics later, it doesn’t necessarily produce the best results.
To understand how confident respondents felt after setting their metrics, we asked, “How long did it take you to decide these metrics were correct?” and found very different answers: 32% still aren’t sure that they are measuring the right things.

How long did it take you to decide that these were the correct metrics to measure?
(% of respondents)

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 month</td>
<td>12%</td>
</tr>
<tr>
<td>1-2 months</td>
<td>15%</td>
</tr>
<tr>
<td>3-4 months</td>
<td>14%</td>
</tr>
<tr>
<td>5-6 months</td>
<td>6%</td>
</tr>
<tr>
<td>More than 6 months</td>
<td>21%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>32%</td>
</tr>
</tbody>
</table>

This brings up another challenge: even after you’ve decided on a metric and figured out how to track it, it may be even more difficult to determine whether your measurement strategy is correct.

Keep in mind, however, that this number could also reflect a lack of confidence from organizations and those who are building brand community. A portion of that 32% could be tracking the right metric, but just aren’t confident that that is the case.
Measurement Frequency

For many organizations launching a community, it’s difficult to determine how often to run reports and check on measurement progress.

To analyze measurement frequency, we presented respondents with the same options they were given for the “What metrics do you measure to demonstrate your community’s business value?” question, and asked them to specify how often they measure each of those metrics.

The verdict? 53% of metrics are measured on a quarterly basis and only 9% are measured daily.

When we break down each metric by measurement frequency, we see clear measurement preferences for certain metrics.

Note: The chart on the next page omits “never” responses, as well as any option that wasn’t available to every value group.
Only 3% of respondents who measure "cost savings" do so on a daily basis, and 69% measure the metric every quarter. On the other end, 19% of respondents who measure "new customers" track it daily, while 29% measure it quarterly.

The frequency with which a company measures its metrics is usually tied to their company’s reporting strategy in general, as well as the availability of the data. For instance, metrics like "cost savings" and "customer lifetime value" rely on long-term sales numbers. The same goes for "NPS score" and "customer satisfaction," which typically rely on surveys administered to customers.

We can apply the same logic to more frequently-checked metrics: data about new customers is typically available in real-time, making it easy for team leaders to check those numbers every day.
These charts tell you that you shouldn’t be worried that you’re not checking your data frequently enough; most companies either have a hard time getting timely updates to their metrics or simply don’t need to check them every day. Obsessively checking real-time visitor data is not only unnecessary, but probably a waste of valuable time.

The big takeaway here is the picture of what other companies are doing. To keep up and establish a baseline for reporting frequency, the data indicates that the following are benchmarks for each metric:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Customers</td>
<td>Monthly or Daily</td>
</tr>
<tr>
<td>Retention</td>
<td>Monthly</td>
</tr>
<tr>
<td>Customer Lifetime Value</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Change in Sales Revenue</td>
<td>Quarterly or Monthly</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>Quarterly or Monthly</td>
</tr>
<tr>
<td>Cost Savings</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Quarterly</td>
</tr>
<tr>
<td>NPS Score</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>
Plan vs. Reality

For participants who don’t have a brand community but are considering starting one, we presented them questions about what they plan to measure instead.

We then compared the percentage of participants who currently measure metrics to the percentage of those who plan to measure. Besides “cost savings,” every metric had a higher percentage of respondents who plan on measuring it than the percentage that do.

<table>
<thead>
<tr>
<th>Metric</th>
<th>% of respondents who measure the metric</th>
<th>% of respondents who plan on measuring the metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in sales revenue</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>Cost savings</td>
<td>14%</td>
<td>29%</td>
</tr>
<tr>
<td>Customer lifetime value</td>
<td>24%</td>
<td>50%</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>31%</td>
<td>55%</td>
</tr>
<tr>
<td>Customer satisfaction ratings</td>
<td>37%</td>
<td>55%</td>
</tr>
<tr>
<td>New customers</td>
<td>37%</td>
<td>60%</td>
</tr>
<tr>
<td>NPS score</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Retention</td>
<td>54%</td>
<td>59%</td>
</tr>
</tbody>
</table>
The largest difference occurs in “customer lifetime value.” 50% of respondents without a community plan on incorporating “CLV” into their strategy, but only 24% of those with a community actually measure it.

This chart could possibly speak to companies that realize they don’t need to measure a metric once they launch their community, but we believe these numbers echo the rest of the report’s findings: in general, it’s more difficult to decide which metrics to measure (and then to measure them consistently) than most companies anticipate.

Certain metrics may be attractive in theory, but in practice, calculating “customer lifetime value” is difficult, out of scope, or even irrelevant once the many other responsibilities of running a community arise.

The big takeaway here is that deciding on metrics should be thoughtful, but not overwhelming. Get the basics right, and connect business processes as you go if needed to prove your value. Waiting around to find the “perfect” way to gather metrics that are not even relevant to your core reasons for building the community can often detract from the ultimate reason why brands build communities: to stay connected.

PRO TIP
Don’t overwhelm yourself trying to track too many things, and don’t over-promise before launching the community. If anything, start with less and add only if necessary.
Measurement Success

Now that we’ve explored the way companies establish their metrics, let’s explore the logical next question in the measurement journey: “Do our metrics actually measure our community’s contributions to the business?”

We asked our participants “On a scale from 1 to 4 (1 being not confident at all and 4 being very confident), how confident are you that you have the right metrics in place to determine the business value of your community?” We found that most companies are somewhere in between.

45% of participants responded that they were “Confident,” while only 13% responded “Very Confident.”

45% of participants responded that they were “Confident,” while only 13% responded “Very Confident.”

However, being a little confident is better than having no confidence at all, so we feel optimistic that 84% of respondents are at least somewhat confident that they are headed in the right direction.
To determine whether confidence in metrics is at all related to a company’s financial success, we grouped the responses by reported revenue and found a correlation between how confident you are in your measurement strategy and the money your company makes.

**Weighted Confidence vs. Revenue**

To visually represent this data, a graph was created showing the percentage of respondents (confidence levels) across different revenue buckets. The chart is color-coded to indicate revenue ranges such as $0 - $250k, $250k - $500k, etc.

Confidence goes up pretty steadily by revenue bucket; companies pulling in $250-500k revenue average a whole point lower than those with more than $10B in revenue.
We followed up with a number of respondents to find out the primary reason why they are, or are not, confident in their metrics.

When asked “What is the primary reason that you are confident in your organization’s metrics for measuring your brand community’s business value?” our respondents shared that they felt most confident in their metrics when they were able to tie them back to business goals:

- “Because I have been able to show growth and relate that back to income for the company by determining the value of a customer.”
- “It reflects what we see in other metrics like revenue and downloads.”
- “Because we are able to track and display the impact it has on our company’s bottom line.”
- “Because our metrics map back to our team and company goals.”
- “We can see correlation to these metrics and our sales growth”

One participant simply responded, “Revenue rules all.”

Nicole Banks, Senior Community Manager at Imperva Incapsula, gave us a more detailed explanation about why she feels confident in her measurement strategy:

EXPERT INSIGHT:
Nicole Banks, Senior Community Manager, Imperva Incapsula

“With consistent reporting, I’m able to present metrics that show how important and vital our community is. The idea of community is still brand new, but I’ve already had company leaders come to me and ask for community input and feedback on certain projects. I believe it will become more and more of a resource for the company when making product decisions.”

Nearly all of those who reported that they are not confident in their metrics cited their inability to connect the dots from community activity KPIs to company ROI and other siloed metrics within the organization. If this rings true for your efforts, it’s important to remember that you are not alone in your uncertainty. As a good starting point, aim for correlation and not causation.

As new community builder Joel Connolly of Blackbird Ventures recently said, “Causation is overrated.” It certainly can be if it is stopping you from building an effective community that you can one day work diligently to tie back to revenue.
INTERNAL EFFECT

We’ve dedicated most of this report to exploring how companies view and measure their community’s impact on the business. In this section, we’ll look at how respondents prove their community’s value within the organization, the staff required to run the community, and the organizational response to metrics.
Running Reports

Those looking to prove their community’s value need to effectively report key performance indicators (KPIs). If community managers aren’t confident in the accuracy of their reports, or they can’t generate insights when executives need them, they can’t effectively convey a community’s value.

To determine just how crucial reports are to communities, we asked participants “On a scale from 1 to 7 (1 being not at all important and 7 being extremely important), how important is it that you have the ability to quickly run reports that show your community’s value?” and found that more than 80% of participants responded with a 5 or higher.

How important is it to have the ability to quickly run reports?

Community leaders who can show their community’s health and value quickly and with confidence are in a much better position to direct attention to accomplishments and secure resources for community-building efforts.
To determine whether running quick reports actually translates to success, we grouped respondents into two buckets (those who responded with a 1 - 4 and those who responded with a 5 - 7) and found that revenue was highly correlated to the desire for quick reporting.

How important is it to have the ability to quickly run reports? (average revenue)

- 1 - 4: $534,594,828
- 5 - 7: $954,598,870

The reported revenue for those who rated between 5 - 7 was nearly twice (a 79% increase) as much as those who reported between a 1 and 4. The respondents who believe that running quick reports is important tend to work for organizations that have more revenue. This is likely due to a combination of pressure from executives, and the larger base of knowledge and resources available at larger enterprises.
The Role of the Community Manager

For many professionals, the term “community manager” is inextricably linked to social media management. However, as we’ve seen so far, brand communities can take on numerous forms and drive different types of value, which in turn requires different types of community management.

Creating a thriving community takes more than just building the actual functionality; even if your community is still in its infancy, it most likely needs moderation and management of some kind. For some companies, those responsibilities require their own dedicated role.

For our report, we wanted to see how many respondent communities have hired a community manager and how many managers they staff. When we asked participants, “Is your community staffed with a dedicated Community Manager?” 71% said yes.

Is your community staffed with a dedicated community manager?
(Number of respondents)

71%
Yes

29%
No
Of those that said yes, 46% employ one community manager full-time.

Is your community staffed with a dedicated Community Manager? (Responses from participants who have a community manager) (% of respondents)

- 1 part-time community manager: 18%
- 1 full-time community manager: 47%
- 2-5 community managers: 24%
- 6-10 community managers: 5%
- More than 10 community managers: 6%
- Outsourced: 1%

35% of respondents have more than two full-time community managers and less than 1% reported outsourcing the position.
Is your community staffed with a dedicated Community Manager? (Responses from participants who have a community manager) (% of respondents)

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $250k</td>
<td>22%</td>
</tr>
<tr>
<td>$250k - $500k</td>
<td>38%</td>
</tr>
<tr>
<td>$500k - $1m</td>
<td>69%</td>
</tr>
<tr>
<td>$1m - $10m</td>
<td>71%</td>
</tr>
<tr>
<td>$10m - $50m</td>
<td>69%</td>
</tr>
<tr>
<td>$50m - $100m</td>
<td>79%</td>
</tr>
<tr>
<td>$100m - $500m</td>
<td>80%</td>
</tr>
<tr>
<td>$500m - $2b</td>
<td>91%</td>
</tr>
<tr>
<td>$2b - $10b</td>
<td>94%</td>
</tr>
<tr>
<td>Over $10b</td>
<td>67%</td>
</tr>
</tbody>
</table>

CMX has published a number of articles about hiring a community manager, but until now, we didn’t have concrete numbers around when companies hire these roles.

To answer this question, we grouped answers into revenue buckets and found that most companies don’t hire a full-time community manager until they hit $500,000 in revenue.

For companies with more than $500,000 in revenue, at least one full-time community manager is the norm: 77% of respondents who reported annual revenue higher than $500,000 have at least one full-time community manager, as opposed to the 25% of respondents with revenue numbers below $500,000.

Of course, revenue isn’t the only deciding factor in determining whether or not to bring on (or keep on!) a community manager. In addition to looking at metrics, it’s important to take advice from the experts.

Here are a few articles that relate to hiring a community manager: 6 common signs you need to hire a community professional, Want to Hire an Online Community Manager? Better Answer These Questions First, How to Hire and Structure a Community Team.
Organizational Impact

Once a team has their metrics in place and (presumably) starts to see improvements in their KPIs, we typically expect to see five distinct responses from the organization:

1. Increased headcount on the community team
2. Increased leadership support
3. Increased budget
4. Spread of community into other departments
5. Increased interest in community from other departments

To see which of these responses was most common, we asked participants to specify whether each option was applicable to their situation, and if so, to rate the degree to which they’ve seen each effect. Overall, respondents see a lot of support and interest but increased budget and headcount are still eluding some communities.

How have these metrics affected your organization internally? Please rate the degree to which you’ve seen these effects (if at all).

(% of respondents)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Not at all</th>
<th>Yes, somewhat</th>
<th>Yes, definitely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased headcount on the CM team</td>
<td>30%</td>
<td>29%</td>
<td>41%</td>
</tr>
<tr>
<td>Increased leadership support</td>
<td>49%</td>
<td>41%</td>
<td>10%</td>
</tr>
<tr>
<td>Increased budget</td>
<td>35%</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Spread of community into other departments</td>
<td>44%</td>
<td>38%</td>
<td>18%</td>
</tr>
<tr>
<td>Increased interest in community from other departments</td>
<td>52%</td>
<td>42%</td>
<td>7%</td>
</tr>
</tbody>
</table>
If we simplify things to look at the percentage of those reported that have seen an effect versus those that don’t, we see that a resounding 93% of participants said that in some way their metrics led to “increased interest from other departments” and 90% reported that the saw “increased leadership support.”

How have these metrics affected your organization internally?
Please rate the degree to which you’ve seen these effects (if at all).

(% of respondents)

- Increased headcount on the CM team
- Increased leadership support
- Increased budget
- Spread of community into other departments
- Increased interest in community from other departments

Alternatively, 41% of respondents did not see an increased headcount and 27% did not see an increase in budget.

To us, these charts show that internal support is high, but not enough to garner increased resources, which can be a sign of two things:

1. Communities, when run effectively, are incredibly cost-effective and don’t require intensive internal resources.
2. Because many companies haven’t found a way to connect their metrics to revenue, they have a difficult time justifying an increased budget or headcount.

To draw any real investment from most organizations, community managers and those that lead them will need to show executives how community is driving top-line revenue in a tangible way.

To learn more about connecting community efforts to revenue goals, we recommend reading case studies and reports from companies who have achieved this result, including Salesforce, Sephora, and Influitive.
CLOSING COMMENTS

There are few people who have been studying this space and its business impact as long as Jeremiah Owyang. His work as the creator of Community Manager Appreciation Day, Founder of Crowd Companies, Founding Partner of Altimeter Group, and as a Senior Analyst at Forrester has had a major influence on the community industry. He shared his comments on this research:

“Back in 2010, I recognized the important work of community managers by founding Community Manager Appreciation Day. At the time, community managers could be found running support organizations, evangelizing their brands, and interfacing with customers via social media. But their hard work was often overlooked. Today, community managers are still on the front lines, changing the face of the business world each day. The main difference is that now they’re doing this in larger numbers, with larger influence, and with better tools to empower their communities and careers.

Of course, no two community managers are the same. The collaborative economy and new business models are shaking up how this work is done. Instead of trying to simplify the complex changes happening, this report showcases the complexity of community and shows how this profession will continue to mature. Today, community managers sit at the hub of the business and drive deep support, marketing, product, innovation, and sales value — often at the same time. They need to showcase that work.

There is, as always, more work to be done. Community is no longer a nice-to-have. It’s essential that businesses invest intelligently in community programs and show the results to prove that they’re making an impact. I believe we will see more and more businesses doing this in the coming years.”

While we have made large strides together as an industry, it remains our job to make leaps forward so that businesses can more effectively harness the true power of human connection.

Onwards,

David Spinks
Founder and CEO of CMX