

THE ROI OF INVESTING IN AN ONLINE COMMUNITY PLATFORM

March 2016

This document will provide a brief overview of how investing in an online community platform helps organizations improve four key areas of the business.

→ **Omer Minkara**, Research Director,
Contact Center & Customer Experience Management



Look no further than investing in an online community platform if minimizing cost of CEM programs and increasing client spend are among your top objectives.

What exactly is the cost of investing in the wrong technology tools that fail to deliver the expected results in managing customer experiences?

The answer to the above question varies across all businesses. However, what's common across almost all businesses is that companies have either a formal or informal program designed to gauge the cost and benefits of investing in technology tools. Aberdeen's March 2016 study, [*Online Communities: Bond with Customers in the Digital Age*](#), looked at online community platforms as one technology enabler helping companies provide current and future customers with a digital hub they can use to interact with one another.

An online community is a place for current and future customers to share experiences with a company's products or services, ask peers for help in addressing certain challenges, and resolve support issues by using self-service functionality built into the community platform. Considering the nature of online community platforms, companies should evaluate the benefits of investing in this technology across these four categories:

Impact on Customer Experience Results

The ability to meet and exceed customer needs is the strongest indicator of an organization's performance. Buyers vote with their wallet, and as such growth in client spend is a strong indicator of company success in the area of customer experience management (CEM). Our [Online Communities](#) research shows that **companies with online communities enjoy 40% greater profit margin per account**, compared to others (35% vs. 25%). Furthermore, those companies also enjoy **5.9% annual increase in customer profit margins** whereas peers without an online community platform observe a 0.4% erosion in this metric.

Growth in profit margins is an indicator of an organization's ability to create happy buyers. There are two main influencers of profit: revenue and cost. The aforementioned findings indicate that use of an online community platform helps organizations increase revenue and reduce costs to enhance profit margins. Therefore, look no further than investing in an online community platform if minimizing cost of CEM programs and increasing client spend are among your top objectives.

Impact on Marketing Results

Great customer experiences don't happen by themselves. They require multiple stakeholders in the business to closely monitor and address buyer needs. One such stakeholder is Marketing. Modern marketers are responsible for a plethora of activities, ranging from brand management to sales enablement. Return on marketing investments (ROMI - see sidebar) is a critical indicator of a marketer's ability to influence business outcomes.

Data shows that **marketers that add online communities into their multi-channel and multi-touch marketing programs achieve 31% greater ROMI**, compared to those without this technology (47% vs. 36%). Those companies also enjoy 4.4-times

44%

of companies have already incorporated online communities within their CEM channel-mix.

Definition: ROMI

For the purposes of this research, Aberdeen defines ROMI as a performance metric comparing the total value of marketing activities attributed to closed business and the corresponding marketing costs behind said marketing activities

→ [Related Research](#)

"Online Communities: Bond with Customers in the Digital Age"

greater annual improvement in ROMI, compared to peers without this technology (35.1% vs. 8.0%).

Impact on Sales Results

Revenue is the lifeblood of an organization. As such it's imperative that companies find ways to grow their revenue to survive and thrive in the era of the empowered customer. The benefits of building and managing an online community platform can be seen in this area as well. Data reveals that companies with this technology in their toolbox **achieve 3.8-times greater annual improvement in overall sales team attainment of quota**, compared to All Others (15.0% vs. 4.0%).

Accomplishing the revenue growth noted above requires sellers to know their accounts better in order to position the right product / service to the right buyer at the right time. By analyzing customer conversations in the online community, sellers are empowered with such intelligence, giving them a competitive edge against peers without a community platform.

Impact on Service Results

You raised awareness for your brand, and converted a potential buyer into a paying customer. The work doesn't stop there. Common knowledge in the industry indicates that it's cheaper to retain an existing client than acquire a net-new one. Customer service is crucial when it comes to delighting buyers as organizations that truly 'wow' their clients are far more likely to earn their loyalty and positive word-of-mouth.

Use of an online community platform helps service leaders provide clients with a digital hub they can use to do self-service. This reduces customer effort by helping customers avoid going through a sophisticated interactive voice response (IVR) system and explaining their issue to a live agent. Indeed, **companies with an online community platform enjoy 9.6% annual**

Organizations that truly 'wow' their clients are far more likely to earn their loyalty and positive word-of-mouth.

improvement (decrease) in customer effort score, compared to a mere 0.8% by others.

The process that leads to reduced customer effort also ultimately helps companies deflect more support issues through self-service in the online community. In fact, the Online Communities study shows that companies with this technology address 85% more issues without live agent assistance, compared to those without an online community (24% vs. 13%).

Key Takeaways

Investing in any technology requires a comprehensive evaluation of how that technology will influence company success. In the era of the empowered customer, success for most organizations reflects the ability to meet and exceed buyer needs. The findings highlighted in this document indicate that investing in an online community platform helps organizations check the box on this requirement. In addition, it helps those companies also master sales and marketing effectiveness and optimize service delivery. If building lasting bonds with customers and improving your current business processes are among your top objectives, then research validates that you should evaluate how an online community platform will help your business transform itself.

Ready to get started with your online community program? Then, we recommend reading our [related research](#) to learn the top three strategies helping organizations reap maximum results from investing in an online community platform.

Great customer experiences don't happen by themselves. They require all stakeholders in the business to contribute. Companies with an online community platform enable those stakeholders with the right tools to do their job.

About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

This document is the result of primary research performed by Aberdeen Group and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group and may not be reproduced, distributed, archived, or transmitted in any forms or by any means without prior written consent by Aberdeen Group.