



## The Essential Guide to Building a CRM Community

By Rick Cook | July 31, 2008

Properly done, a community is one of the most valuable forms of social networking for CRM.

Communities are used to market everything from subcompact cars in India to travel-agent services. Successful communities generate benefits ranging from increased sales to favorable word-of-mouth campaigns from influential market leaders. That's one reason why CRM vendors such as Salesforce.com Inc. and SugarCRM Inc. have put a lot of effort into building communities for the users of their products.

Socially, a community is a group of communicating people with a common interest. In the case of CRM communities, user interaction typically starts with a company-run Web site that provides related product information as well as a place for members to meet. A CRM community exists at the intersection of marketing and social networking and has members from a range of professional areas.

### Community Benefits

The obvious benefit of a successful community for the sponsoring enterprise is increased sales. Community members tend to purchase significantly more of a company's goods and services. A less apparent benefit is that a community tends to produce more positive impressions of a company and its products.

A community is also invaluable in getting customer feedback. "A community can create a direct feedback loop. It's kind of like a continuous focus group," said Lyle Fong, CEO and co-founder of Lithium Technologies Inc., an Emeryville, Calif.-based company specializing in building communities for businesses. The fact that a community allows for conversations between vendors and customers makes it possible for you to learn directly from clients in ways that no focus group or marketing survey can ever offer.

More importantly, communities build loyalty. Customers who feel part of a community are notoriously more loyal to the brand. Consider all the consumers who are still loyal to the old Volkswagen Beetle, which hasn't been sold in the United States for about 30 years. Or, more recently, look at the approximately 800 blogs currently devoted to Starbucks Corp. coffee shops.

Communities are also a source of support and self-help for your customers. Community forums let customers collaborate to find solutions to problems and answer questions about your product.

Finally, a well-run community builds trust for your brand. This comes not so much from what you as a company do but from what the community members say. "Customers today trust their peers and automatically discount what companies say," Fong pointed out.

### Should a Community Be Part of Your CRM Effort?

The answer is "perhaps."

While a well-run community can be a major benefit to any CRM effort, it takes work and the perks will vary with your marketing approach.

Communities are also different than the usual sales and marketing efforts. They have their own rules — which can occasionally be counterintuitive — that you have to respect. For example, a community inevitably involves scrutiny and sometimes criticism of your company and its products. You simply have to accept a certain amount of this and hopefully learn from it.

## What Are You Selling?

Some types of products respond to community building better than others. In general, the more potential for loyalty to your brand, the greater the potential for a community.

Also generally speaking, the more your marketing strategy builds on product differentiation, the easier it is to construct a community. A strategy dependent solely on low prices is likely to generate less enthusiasm for a network than one built on features.

However, it's important to understand just what you're offering. A corner gas station is unlikely to have the best-priced gasoline in town. But if the station promotes its repair services to a particular audience — such as customers who don't know anything about their cars — the station can build a very useful community.

## Who's Your Audience?

The audience for your community may be significantly different than the audience for your CRM efforts.

For example, Lithium specializes in communities aimed at the hard-core users. "It's not about building a site where everyone can go on there and cater to masses," Fong said. "We build our solutions to cater to the experienced users, the influencers. If we cater to their needs, attract them, they're going to be evangelizing the brand."

## Launching a Community

One of the most difficult parts of creating a successful community is getting it off the ground. A community is built on its membership, and membership tends to feed on itself. That is, the more active community members you have, the easier it is to attract more active community members. A good part of starting a community is getting this process to the point where it can self-generate.

The key to a successful community is content. There has to be something there to attract members. This can be anything from blogs to online games, such as Sonic Drive-In's Make TJ Drink, which emphasizes the number of soft-drink combinations available. However, the most useful content is probably traffic from community members.

To generate community input you should limit the number of forums, especially in the beginning. You also need to start conversations, ask questions and get employees to comment.

After traffic from community members, the next most useful content is company-provided information. If you can offer tips or suggestions that will help your community members, show them better ways to use your products and avoid common problems, you will not only keep the existing members coming back but you will also encourage them to publicize your community to others.

Finally, you have to establish the right tone for your community. A community is not the place for corporate speak or PR-type blabber. You have to deal with community members as one person to another. The more frank and honest you are, the more successful you'll be.

This brings up the very delicate matter of criticism. You can reasonably expect that not everything the community says about your company will be completely favorable. The worst thing you can do is to stifle any criticism by removing messages or using other controlling measures. You should try to deal with criticism honestly and consider it as useful feedback.

However, the fact remains that you're going to face some people from grudge bearers to outright lunatics. When a community member starts degrading the tone of the community and makes it less useful for the other members, you should step in firmly and, if necessary, remove the person from the community.

## Do It Yourself or Hire It Out?

You don't have to create a community from scratch all by yourself. There are a number of companies that specialize in community building for marketing. They range from advisory consultants to companies, such as Lithium, that specialize in running the entire operation. It's important to understand that there are some segments of running a profitable community you cannot outsource. The critical part is determining the overall strategy of the community and how it fits into your marketing plans. An outsider may be able to help you clarify your strategy, but only you can decide how a community will align with your CRM goals.

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