

CUSTOMER EXPERIENCE PARTNERS

The Value and Demands of Private Online Communities



Businesses need to evolve to survive. Change is a necessity - be it offering a higher level of service, lowering prices, introducing a new product line, or just refreshing the appearance of a retail outlet. Such evolution: 1.) helps retain more current customers; 2.) may earn a greater share of current customers' spending; 3.) and can even help to generate more positive word of mouth.

Is that Houlihan's or Houlifans?

Exemplifying this need to evolve, casual dining restaurant Houlihan's last fall reportedly tested an update to their menu offering some recession-friendly alternatives with "small plates" menu items. Initial sales were anything but promising, but Houlihan's didn't have to wait for a substantial downturn at the cash register to act. Thanks to their Private Online Customer Community (their "**Houlifans**") they received objective feedback from a sample of customers in a hurry and responded by making changes that revived sales and profits.

Interestingly, Houlihan's has also observed that beyond providing insights and offering ideas its online community members also talk and write about their favorite menu items, and are more likely than typical customers to bring friends and co-workers along when they dine. All ancillary benefits derived from a Private Online Community of customers. But, we believe many, if not most, Online Communities are established without a real understanding of the many possible benefits and of the commitment required. Keeping a Private Online Community relevant and engaging is a demanding job. But creating a Community and then failing to properly manage the group has severe consequences. Not only will the sponsor fail to receive the insights and ideas a vibrant community can produce, it can actually harm a brand or tarnish a company's image through the disappointment of community members.

You can't manage what you don't measure

Private Online Customer Communities are a relatively new concept. Keeping them alive and active is a challenge in itself. There is a lot of trial and error taking place and few tools to guide the way. In response, Customer Experience Partners has developed the **Community Engagement Index**. The Index combines behavioral and emotional measures to: 1) Monitor how well a community is engaging members, 2) Determine what type of activities and manager styles are best succeeding in driving participation, 3) Predict when a community is about to suffer a downturn in engagement, and 4) Identify what needs to be done to improve engagement in the future.

To learn more, visit our website www.customerexperiencepartners.com or call us.

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