

TagFi Report

Harnessing the Power of Community

Written by: Grace Townsley



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About this Report

We're better together. That's why the community model detailed in this report works. When organizations harness the power of community, while skillfully managing their community using virtual tools, their growth is limitless.

2020 taught us all that without an intentional community-building strategy, and a user-friendly digital space for members to connect, organizational effectiveness will dwindle.

TagFi was created to streamline the process of turning your organization into a virtual community. We believe that when organizations, new or mature, are given simple tools to grow their communities digitally, these groups have true staying power.

Virtual communities are the new normal. Over the past several months, businesses and organizations alike have realized that those events which once drove significant growth can now be mimicked, even expanded upon, digitally. This has led to an explosive growth in the depth of their markets. Organizations that were once limited by physical distances can now create global communities knitted together by shared virtual events, resources, and member connections.



What is the Community Model?

A sense of community and camaraderie unites people in a unique way. Individuals who find a community of others who share their same professional industry, interests, or goals, tend to become exceptionally loyal to that community.

That loyalty and buy-in among members is why organizations that have tapped into a community or developed their own community have recorded significant growth and member retention.

New look, same potency

Some critics say community is slowly being eroded by the independent digital age. Others worry that membership organizations are appealing to older millennials and baby boomers, but the younger generations just now entering the workforce are uninterested in joining these groups.

In 2020, Harvard Business Review published a study on the topic of community as a driver of business growth.¹ In this report, researchers noted that younger generations are losing interest in the old community model of labor organizations, religious groups, and nonprofits. But those brands that tap into the human desire for connectedness and progress towards a shared mission are stronger—and bigger—than ever.

The following research review holds true regardless of your organization's goals. Whether you're a professional membership group, a nonprofit, or a local gym, the community model fosters growth, expansion, and member buy-in. When your group properly deploys community-building tools, your environment can have true "stickiness."

¹ (Bussgang and Bacon 2020)



Understanding the three main types of communities

The following community business models may remind you of market segmentation. They are similar, but market segmentation splits a business's market into a few tightly defined homogenous groups: demographic, psychographic, behavioral, and geographic segments.

Instead of dividing an audience up by common traits, the community model pulls people together into groups based on their goals, mission, profession, or other shared intangible distinctions, for the purpose of providing the group with a highly relatable value.

There are a few forms of community your organization can focus on building or tapping into. Once you've identified which model best fits your business, you can leverage that model to create or strengthen the sense of community and camaraderie around your product or service.

Physical community

Establishing a physical community refers to considering how the geographical location of your organization or its benefits impact who is interested in joining. When you think of community, this is probably the model that comes to mind first. Retail businesses successfully capitalize on this model when they strategically plant their brick-and-mortar storefronts in the middle of their target market's favorite area of town.

For membership organizations and nonprofits, for example, this model is becoming increasingly difficult to leverage successfully as a standalone strategy. Digital preference continues to grow. Plus, there are notable limits on how large an organization can grow when relying on the physical community. However,



when this model is paired with one of the next two, it can be an effective added layer.

Professional affiliation community

The professional affiliation community model looks at how an organization can cater to a specific career field, career goal, or other professional need. A Chamber of Commerce, the American Society for Interior Design, and Entrepreneur's Organization are all examples of communities built around a common industry or professional focus.

This form of community can be particularly effective for building an organization because professional groups are not limited to a specific geographic area. Plus, members of professional organizations tend to be more strongly motivated to engage with one another because their activity often provides career opportunities and financial benefits. The return on investment for communities built around professionals can be easily tracked by members, so the value is easier to communicate.

Professional affiliation communities are not limited to offering professional benefits. For example, a nonprofit hoping to expand medical access for a third world country could use the professional affiliation model to tap into a community of medical workers who are passionate about global health. By offering ways for members to connect with one another around their shared career interests and desire to help others, this nonprofit could successfully build a strong network of donors and volunteers.

Internet community

The youngest community model of the three is the internet community. This model focuses on how the internet can unite people from around the world through common interests, hobbies, goals, or other traits.



It's easy to see why internet communities can quickly dwarf physical and professional ones. While physical communities unite thousands of people and professional affiliation communities unite hundreds of thousands, the internet reaches billions.

But it's also significantly more challenging to harness the power of internet communities – with so much competition and distraction, they can dissolve as quickly as they start. Successful organizations use custom tools to manage their online communities, boost retention, and increase member satisfaction.

How can your organization tap into the power of community?

Organizations that are able to establish a sense of community among their members, or those that have an existing community already built but are looking to expand or monetize it, have a true advantage over other businesses and organizations for a few reasons.²

Free member marketing. In a healthy and well-connected community, satisfied members tend to invite others to join. This often happens without the prompting of the organization's leadership and marketing. Your members likely have friends and family who also share the same need, goal, or interest. People are 84% more likely to trust a referral from a friend or coworker, so communities that provide consistent value are able to achieve quick member acquisition with lower marketing costs.

Low cancellation rate. People crave being a part of a community, whether it's personal or professional. The fear of missing out on community or benefits drives many to join groups like professional associations, interest groups, and nonprofit initiatives. That same motivation makes groups that repeatedly provide membership value hard to leave. These organizations can become "sticky" as membership growth provides even richer connections and engagement over time. Retention becomes as automatic as group growth.

Access to the most accurate source of data— member conversation. As the leader of an organization, you see the conversations, reviews, feedback, and engagement of your members in real time. That gives you access to top-quality, accurate data. With these insights, you can determine what features, resources,

² (Kroshkina 2021)



and services would best benefit your members. And you have a receptive (and often, forgiving) space to test and soft-launch your initiatives.

It takes time, resources, and intentionality to develop a healthy community around your brand, but the results are undeniable. Organizations that create or tap into community can grow faster and stronger than businesses that focus only on traditional marketing and social media platforms.



By the Numbers³

- On average, community members report investing about \$67 annually into their organization, but they receive an average of \$614 of value for their investment.
- Advanced communities see a ROI of 7,071% on their invested capital. This increases with scale.
- 70% of communities positively impact the brand and culture of the organization they support.
- Businesses built out of a thriving community report:
 - Increased customer loyalty
 - Lower support cost
 - Stronger awareness and branding
- 77% of community programs studied improved customer loyalty to the company managing the community.
- According to the survey of organizational leaders, communities create:
 - Customer loyalty
 - Lower support costs
 - Awareness and branding
 - Product improvements
 - Communications efficiency
 - Product usage
 - Quality improvement
 - Innovation
 - Revenue growth
 - Productivity and efficiency
- The average community team has 5.7 staff members supporting it.
- 34% of communities have formalized roles.

³ These statistics are from a report surveying over 150 companies, prepared by The Community Roundtable

Next steps

So, you recognize the value of community and the necessity of managing it well in our digital age. But how can you ensure your community has true staying power? Keep these four community management pillars in mind as you plan the future of your organization:

- 1. Make your valuable content easily accessible.** For your members to notice the value your organization delivers, they must have easy access to your resources. You must have a clear, consistent place to upload your content, connect members to your live virtual events, and quickly address any troubleshooting issues. The more clear and generous the value your organization offers, the more excited your members will be. And excited members share!
- 2. Seek healthy, diverse participation.** Creating space for diverse voices further builds value into your organization. Make sure your leadership team brings diversity and inclusion into your community space so that all members can feel comfortable in the environment.
- 3. Listen to feedback.** Keep your ears open for member feedback. What are members talking about in your forums? What do nonmembers say about your organization online? Do you have a satisfaction survey in place to catch comments and suggestions? The more feedback you internalize and act on, the better you can tailor your organization to your members.
- 4. Carefully monitor the tone.** If you notice the forums or feed are full of spam messages, valueless self-promotion, or divisive comments, it's time to moderate. Moderating your community is a full-time job, so many organizations find it helpful to split this role up over a few elected or hired community members who have the organizational core values in mind.



Key takeaways

When the COVID-19 pandemic struck, organizations that had already developed a robust online community were able to weather the interruptions. Even as their in-person events were cancelled or postponed, their members remained engaged.

In 2021, organizations can no longer rely on in-person events and brick-and-mortar storefronts to build the community required to have true staying power. Now, organizations must increasingly turn to digital tools to create, or tap into, healthy communities. The value to members must be obvious and consistent. The organization must listen and adapt. But when these things come together and the organization finds the right tools and resources, the community model is more powerful than ever.

That's what makes community so unique, and the tools that help you get there sooner, so valuable. That's the mission of TagFi.





References

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