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Why Online Communities Matter

John I. Todor, Ph.D

The Whetstone Edge, LLC

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Summary: *Social media is experiencing explosive growth. Many ask why, where is it headed, and what are the potential impacts on society and the economy? Psychologist and business strategist, John I. Todor, Ph.D., provides a psycho-social view of the reasons for the growth, as well as insights on how it can lead to win-win outcomes for customers and companies.*

One hundred and seven million people were drawn to Facebook in a few short years. Busy professionals are fueling the growth of LinkedIn to the tune of over 300% per year. Are people simply acting like lemmings? Are they like the drones in the 1985 Apple commercial unwittingly following the crowd? Or, are there deeper human drives at work? Are there psychological and sociological reasons behind people's eagerness to connect?

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Pushed Out of Our Psychological Comfort Zones

Long before social media arrived on the scene, people were affected by rapid innovation in technology and constant change. It is difficult to keep up with what's happening in one's own field or area of special interest. But it is nearly impossible to avoid anxiety, frustration, and confusion when the world around you changes in unpredictable ways.

Certainly we all feel frustration when confronted with new technology. Most often we figure it out and eliminate the confusion. Or do we? Everyone knows how to use Microsoft Word. However, most people use a very limited set of capabilities. They get by until they have a need to do something new, like place a photo in a block of text. Figuring out how can be a lesson in frustration.

Our reality is that we live in a world of abundance and overwhelming choice and, while it may seem paradoxical, these conditions push us out of our psychological comfort zones¹. We also must contend with information overload, the stress of dealing with the uncertainty and complexity brought on by change, and the time pressures associated with living in a 24/7, always on world. All of these factors erode our sense of orderliness and safety. They reduce our sense of control, our ability to predict events in the external world. Often we cope by finding a temporary fix or

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we find ways to avoid these situations. It is easy to assume that each episode has only a temporary negative effect. The evidence, however, reveals a much more pervasive and enduring societal impact.

Recent research presents compelling evidence that anxiety, stress, depression², aggravation³, distrust⁴ and procrastination⁵ have all increased at a societal level. So have alienation, loneliness⁶ and our social connectedness⁷. At a personal level we are disengaged^{8,9} or indifferent in more and more situations. This impacts self-esteem and our psychological system's ability to adapt. At an interpersonal level, we are less connected, especially in trusting relationships that we can count on when the chips are down.

The Need for Sense Making

The human psychological system is remarkable in its ability to make sense out of uncertainties, face what was once complex, and make it understandable and predictable. It enables us to regain a sense of predictability and control. What once created anxiety or frustration is replaced by a new sense of order. This is fundamental to one's self-esteem which reflects an inward knowledge of being able to adjust to change, to thrive, and even desire the new and novel. It is a critical aspect of mental well being and the foundation of happiness.

In his book, *A Whole New Mind: Moving from the Information Age to the Conceptual Age*¹⁰, Dan Pink argues that we have plenty of information; in fact, we face too much information and too much uncertainty coming at us too fast. As a consequence we struggle with finding understanding and value in change. When we do, it is psychologically rewarding and it enables us to derive experiential value from our new insights.

Relationships and Communities

How does this need for sense making relate to our need for social connectedness? Research by Robert Kelly of Carnegie Mellon University brings it clearly into focus. In 1986 when he asked people what percentage of the knowledge they needed to do their job was inside their own head, the average estimate was 75%. By 1997 the average estimate was below 20%. You can imagine what it is today! We are dependent on relationships with others to deal with knowledge explosion and increasing complexity. Kelly was asking people about their job where they were paid to be competent¹¹. What about the average citizens trying to adapt to waves of change in virtually all aspects of their lives?

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Relationships are the essential medium. However, for relationships to work there must be mutual trust. Without trust there is lack of the openness or intimacy required to allow the relationship to focus on issues. These days, trust in companies, their marketing and employees ranks in the bottom third of trust scales. As a result, interactions between customers and companies tend to focus on the economic transaction. Lacking trusted relationships, customers focus on the best trade-off between price and convenience and companies find they must repeatedly compete with each other to win each sale.

In contrast, peers rank at the top of trust scales. Why? Because there is a shared perspective. Recommendations of friends or associates are contextually relevant. If it is meaningful to them, it is likely to be meaningful to us. The stronger the trust in the relationship, the more credibility we put in the recommendation.

Peer review and consumer generated content are highly trusted, even though they may be posted by someone we don't personally know. Why is this? Other consumers tend to describe the experiential aspects of purchasing a product and, importantly, focus on the experiential value derived from using the product.

Social theorists make a distinction between weak tie relationships and strong tie relationships. In the social networking world, most ties or connections are relatively weak. People with over 500 connections in LinkedIn.com have mostly weak ties to acquaintances rather than relationships that come from close interaction.

Both weak and strong ties are valuable online. The weak tie connection in a peer review facilitates an immediate decision. As the level of participation and contribution increases by all parties, the strength of the ties increases. Some travel sites start with recommendations but facilitate collaborations that result in strangers co-operatively planning vacation together and sharing real-world experiences. Similarly, online discussions among individual stock traders can evolve into collaborative subgroups that function as a shared brain trust.

Are companies left out? They are if they do not become part of the conversations and an authentic part of the communities. When Fiat was planning the re-release of the Fiat 500 car, they started by building a community of interest. Five hundred days before the release, they enticed over 8000 people to help them design the accessories for the car. These

accessories are highly popular, as is the car itself. Today there is a highly interactive community sharing a passion and commitment to all things Fiat 500. They advise each other on how to “experience” the car. They evangelize their experiences with the car to prospective buyers. They provide Fiat with the insights to keep this community happy and loyal. And they do so for free.

John I. Todor, Ph.D. is the managing partner of The Whetstone Edge, LLC, (www.TheWhetstoneEdge.com) a firm that advises companies on how to use social media to foster relationships with customers that have a real world benefit to both parties. His most recent book is *Addicted Customers: How to Get Them Hooked on Your Company*. (www.AddictedCustomers.com)

Notes

¹John I. Todor, *Addicted Customers: How to Get Them Hooked On Your Company*. (Martinez, CA: Silverado Press, 2006).

²Martin Seligman, *Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment*. (New York: Free Press, 2002).

³Steve Farkas and Jean Johnson, *Aggravating Circumstances: A Status Report on Rudeness in America*. A report from Public Agenda prepared for the Pew Charitable Trust, 2002.

⁴Richard Edelman, *The 2006 Edelman Trust Barometer*, PRWeek, January 26, 2006.

⁵Steel, P. *The Nature of Procrastination*. *Psychological Bulletin*, 133(1), 65-94, 2007.

⁶Miller McPherson, Lynn Smith-Lovin and Matthew Brashear, *Isolation in America: Changes in Core Discussion Networks over Two Decades*, *American Sociological Review*, vol. 71, 353-375, 2006.

⁷Robert D. Putnam. *Bowling Alone: The Collapse and Revival of American Community*. (New York: Simon and Schuster, 2000).

⁸Harry Hoover, *Why Passionate Employees Matter* (MarketingProfs.com, Nov. 5, 2002).

⁹Richard Sennett, *The Corrosion of Character: The Personal Consequence of Work in the New Capitalism*, (New York: Bantam Books, 1998).

¹⁰Daniel H. Pink, *A Whole New Mind: Moving from the Information Age to the Conceptual Age*. (New York: Riverhead Books, 2005).

¹¹Robert E. Kelly, *How to Be A Star at Work*, (New York: Times Books, 1998).