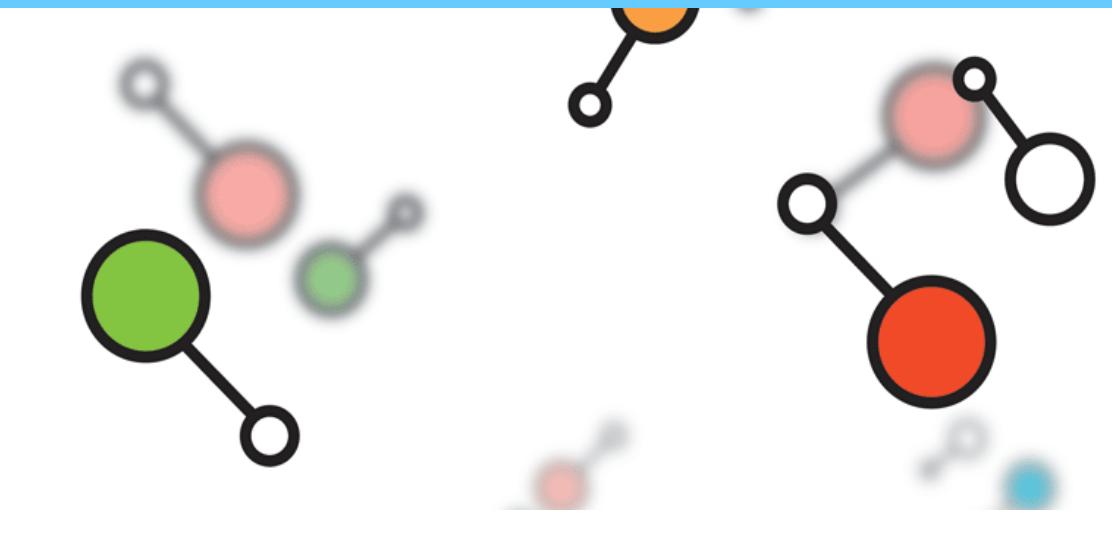




INNOCEPT CONSULT

User communities



WHITE PAPER

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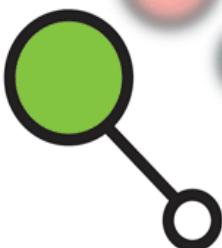


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TELIA


Innocept Consult™
Necessity is the source of all inventions

Projektet er støtte af Erhvervs- og Byggestyrelses 'Program for brugerdreven innovation'



User communities

This paper explores how user communities are composed and how they can work well enough to create and sustain complex innovations.

The use of the term *user community* in relation to user-driven innovation can be dated back to 1976 when the term was introduced in regards to innovation by the manufacturer. The use of the term *user community* in the early work is a bit vague and the theoretical body of the user community theory is developed throughout the 1980s and 1990s (Urban and von Hippel 1988; von Hippel 1988; Rangaswamy and Lilien 1997).

Rangaswamy and Lilien (1997) state in their concluding comments of the article *Software Tools for New Product Development* that “*in the immediate future, the Internet promises to have a significant impact on NPD. The most interesting possibilities are the ability to more readily identify lead user communities and involve them in the NPD process*” (Rangaswamy and Lilien 1997, p 182).

The above is directly related to the discussion concerning the toolkit strategy, because the Toolkit strategy must be based on an underlying assumption that user-to-user interaction and user-to-user creation are possible; therefore, the next section is devoted to exploring this assumption and thereby also exploring user communities.

User communities

Based on findings from extreme sports equipment many researchers start in the 90' to focus more on innovation by user communities.

Based on web-based user communities e.g. open source software communities and extreme sporting equipment communities, concludes one researcher that "what is most exciting is that innovation communities composed of users and for users, communities that according to traditional economic views shouldn't exist, work well enough to create and sustain complex innovations without any manufacturer involvement" (von Hippel 2001, p 5).

Sonali shows in his PhD thesis how communities are "composed by loosely-affiliated individuals with common interests" (Sonali 2003 p. 3) and how informal structure in the user community enables the creation of valuable information and feedback (Sonali 2003 p. 3).

Sonali further shows how this informal structure in the user communities allows for matching problems between individuals who possess the knowledge and resources to solve these problems (Sonali 2003 p. 3).

User communities

In 2002, Lakhani and von Hippel explored the Apache open-source software case from 2000 and show how user-to-user assistance in the open-source software works and is developed. Lakhani and von Hippel 2002 find the following user motives for engaging in open source software development:

- (1) A user's direct need for software and software improvements
- (2) Enjoyment of the work itself
- (3) The enhanced reputation that may flow from making high-quality contributions to an open source project.

In 2004, Jeppesen showed that by "*letting the complements (content/modules) drift freely in the community*", the total value of a given platform will increase and the platform sales will rise (Jeppesen 2004, p 18). Furthermore, the manufacturer is able to incorporate the best user-developed complements in its commercialized offerings.

Sonali also shows in his paper *Open Beyond Software* (Sonali 2005) how the user community model "*is based upon the open, voluntary, and collaborative efforts of users – a term that describes enthusiasts, tinkerers, amateurs, everyday people, and even firms who derive benefit from a product or service by using it*" (Sonali 2005 p. 2).

User communities

This is also researched through the case *Propellerhead*



The case shows how innovative users having lead user characteristics in this case are most likely to be hobbyists, and further that "*innovative users generally respond to recognition from the firm*" (Jeppesen and Frederiksen 2004, p 21).

As well as it is important to understand the underlying relations and factors in user communities it is just as important to have an updated view of how user communities and social services are evolving.

The following pages will examine different user communities and the user-generated content they are based on.

User communities

The growth in user communities and social networking sites are impressive. The growth of e.g. Facebook is truly without precedence - more than 1,5 million Danish users, 150 million users worldwide, 35 different languages and it is represented in 170 countries.



The above figure shows some of the key social services which focuses on user communities. They are all key players within their own field and focuses for the most part on user-generated content. The most dominating services are: Facebook, YouTube, Flickr, Wikipedia and MySpace.

A comprehensive list of social networking websites can be found in wikipedia (http://en.wikipedia.org/wiki/List_of_social_networking_websites)

User communities

User generated content

Social sites and user communities are collecting user-generated content from (most often) the lead users and distribute the content to consuming users. The following table presents an aggregated collection of user-generated content on the web by the year 2007.

Application	Amount of content (absolute nos.)	Rate of creation of new content
Blogging	70M blogs and doubling every 5-7 months for the last 2 years (Technorati, April 2007)	120000 new blogs created daily - Slowing down in the doubling of the size of the blogosphere, as well as a slowing in growth in the rate of posts created per day since Oct 2006 (Technorati, 2007)
Photo-sharing	1+ billion images in photo sharing sites (Aug 2007)	900,000 new photos are uploaded daily on average in Flickr; growth levelling off (private analysis based on Flickr log 2007)
Video-sharing	an estimated 40M videos on video sharing sites (June 2007)	More than 65,000 videos uploaded daily in YouTube (June 2006) ; in a single month (Aug 2006) the number of videos on the site grew 20% ; no. videos appearing to decrease since March 2007 (analysis of YouTube data 2007)
Social networking	Over 250M profiles in Social Networking sites (Oct 2007)	After a stage of exponential growth, the growth in number of profiles in MySpace slowed down (analysis weblog 2007)
Wikipedia	7.5 M articles in all combined Wikipedia sites in approximately 250 languages (Oct 2007)	Growth in number of articles in EN Wikipedia tailed off since Sep 2006 (Wikipedia 2007)
Social gaming	Tens of billions of user-created objects in Second Life (April 2006)	70% of those that logged in every day have at least created an object in SL (Clickable Culture statistics 2006)
Social tagging	Milions of photos tagged in Flickr, videos in YouTube, tracked by Technorati in blog posts (Aug 2007)	over 1M tags added per week in Flickr (Yahoo Research 2006); 2.6M geotagged photos in Flickr in Aug 2007 , up from 1.6 M in 2006 (analysis Flickr data 2007)

Table 1 – Content creation in social computing

User communities

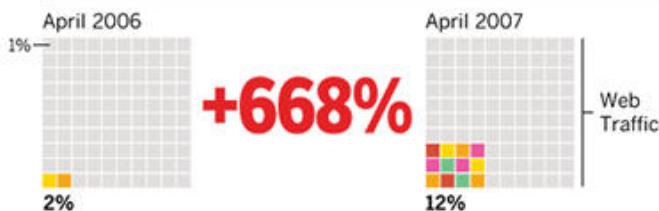
When looking at user communities and social networking sites, we see that:

- Wikipedia has almost 7.5 m user-generated articles
- YouTube has more than 100 m videos
- The web holds more than 200 m blogs
- Facebook has 1.5 m+ users in DK and 150 m+ users Worldwide

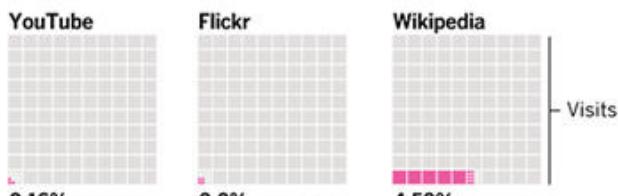
What can be learned

Social media usage is growing tremendously fast - however only a small number of users generate content (see the model below), e.g. only 0.2 % are creating content on Flickr. This makes the lead users even more curtial since they are more likely to contribute to the creation of user-generated content.

Social media usage is still small but growing fast



But very few users create content



http://www.businessweek.com/magazine/content/07_24/b4038404.htm

Furthermore, the consuming users put a great deal of trust in the creating users! This is validated in the report "*Trust in advertising*" October 2007, which shows that over 78 % of the web users rely on recommendations from other users.

User communities

The case of InnovationWorld.com

A great example of an innovative company-designed user community can be found in Innovation World developed by the telecommunications company TeliaSonera.

Innovation World is designed for user interaction – here users can meet and share ideas with other innovative people.

User-generated ideas and innovations are ranked by other Innovation World members and the ones with the highest ratings will be taken into consideration and get awarded by the IW team.

The goal is to create an open dialogue between users and professionals, where TeliaSonera can identify the best innovations, adapt to the customers' needs and quickly turn the ideas and needs into services.

The user community are powered by and for the mobile enthusiasts allowing them to discuss the world of mobile.

INNOVATION WORLD
Data release Powered by You

- [HOME](#)
- [IDEAS](#)
- [TRY](#)
- [LOUNGE](#)
- [SUPPORT](#)

INNOCEPT
Irix
jherk-B

GREETINGS

Welcome to Innovation World !

This is the place for you to have an impact on the mobile future.
Quick tour of the site:
Click IDEAS to share your ideas for future mobile services.
Click TRY to find new services to test and review.
Click LOUNGE to read and discuss about hot mobile topics.
Click SUPPORT to find help and more info about us.
Your opinions matter, and together we'll create the mobile future!

We are happy to see you on site!
THE INNOVATION WORLD TEAM

SPEAK YOUR MIND

Will you buy a new phone during 2009?

Yes
 Maybe
 No

[Vote](#)

[View Results](#) Total Votes: 12345

IN FOCUS

[PixSense](#)

USER ACTIVITY

Label active users...

	innoccept	Denmark
	Irix	Sweden
	jherk-B	Sweden

SITE NEWS

New closing date for IW Award

The Innovation World Award posting time has been extended until Monday, January 19, at 12:00 CET. Click.

[MORE](#)

STUDENT COMPETITION

EUROPEAN STUDENTS Innovation World Award!

THINK BIG can be
THEN MAKE IT FIT TO
MOBILE PHONE, win 5 000 €
[READ MORE](#)

POPULAR IDEAS

Laserpointer
Seems like they cram everything they can think of in celphones these days: why not a laserpointer? ...

Phone storage?
With today's constantly increasing storage capacity in telephones, I'd like to be able to ...

User communities

Market value

The market sees a tremendous value in the social services and user communities - but the value are difficult to estimate because how much is a user worth?

We have only a few data on the market value of these services:

Facebook \$15 billion

Bebo \$850 million

LinkedIn \$1 billion

Based on these numbers, PriceWaterhouseCoopers has estimated the market value of selected communities:

Site	Value Based On		
	Bebo Deal	LinkedIn Deal	Facebook Deal
MySpace.com	\$ 3,279,184,220	\$ 18,045,014,284	\$ 19,981,067,260
Facebook.com	\$ 2,461,718,519	\$ 13,546,584,411	\$ 15,000,000,000
Bebo.com	\$ 850,000,000	\$ 4,677,462,781	\$ 5,179,308,642
Hi5.com	\$ 322,144,914	\$ 1,772,730,405	\$ 1,962,926,983
Ameblo.jp	\$ 318,796,110	\$ 1,754,302,281	\$ 1,942,521,702
Buzznet	\$ 275,843,872	\$ 1,517,940,523	\$ 1,680,800,648
Skyrock.com	\$ 270,563,270	\$ 1,488,881,911	\$ 1,648,624,331
Mixi.jp	\$ 270,469,365	\$ 1,488,365,160	\$ 1,648,052,138
Piczo.com	\$ 228,179,520	\$ 1,255,648,482	\$ 1,390,367,244
Studivz.net	\$ 204,513,483	\$ 1,125,416,713	\$ 1,246,162,884
Linkedin.com	\$ 181,722,451	\$ 1,000,000,000	\$ 1,107,290,188
Tagged.com	\$ 171,021,351	\$ 941,112,948	\$ 1,042,085,134
Netlog.com	\$ 162,716,039	\$ 895,409,664	\$ 991,478,335
Orkut.com	\$ 150,388,212	\$ 827,570,901	\$ 916,361,138
Hyves.nl	\$ 138,543,637	\$ 762,391,416	\$ 844,188,535
Friendster.com	\$ 108,105,350	\$ 594,892,648	\$ 658,718,792
Perfspot.com	\$ 106,593,717	\$ 586,574,288	\$ 649,507,953
Dada.net	\$ 102,789,834	\$ 565,641,910	\$ 626,329,737
Nasza-Klasa.pl	\$ 90,801,993	\$ 499,674,050	\$ 553,284,172
Multiply.com	\$ 75,472,812	\$ 415,319,140	\$ 459,878,809
Odnoklassniki.ru	\$ 64,882,232	\$ 357,040,264	\$ 395,347,181
Badoo.com	\$ 55,315,218	\$ 304,393,971	\$ 337,052,457
Metrolog.com	\$ 50,608,401	\$ 278,492,837	\$ 308,372,386
Vkontakte.ru	\$ 44,002,291	\$ 242,140,090	\$ 268,119,346
Sonicoo.com	\$ 33,431,936	\$ 183,972,514	\$ 203,710,960

<http://www.pwc.com/extweb/pwcpublications.nsf/docid/5AC172F2C9DED8F5852570210044EEA7>

The table above demonstrates the expected market value of user communities and the table indirectly shows the expected value of user generated content.

User communities

What can be learned?

Less than 1 % of the users are generating enormous amounts of content. Furthermore, many user communities and social services are creating huge businesses based on this content.

When we focus on user communities, it is found that user communities exist because the users are motivated by needs, empowerment, enjoyment, reputation and official appreciation.

The user communities are composed by users and for users, and they work well enough to create and sustain complex innovations.

By having a loosely-affiliated structure, individuals with common interests or values are able to create valuable knowledge, feedback, and innovations.

How to gain value from user communities

Organizations should be aware that they:

- are listening to the users
- take part in the discussion (messages are not dialog)
- are a part of the development
- act socially
- share content with the users
- give the users more control
- motivate the users
- are honest about their goal and motivation

Remember: Creating value from user communities is possible - but challenging!



A user's direct need for software and software improvements



Enhanced reputation that may flow from making high-quality contributions to an open source project.

Why participate in user communities?

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Enjoyment of the work itself

