

THE BELONG EFFECT BY SID LEE™ 2022 REPORT

From Brand-Owned to Member-Owned: The Business Case for Community Participation

2022

**The Belong
Effect**

by **sidlee**

The Belong Effect

by
sidlee

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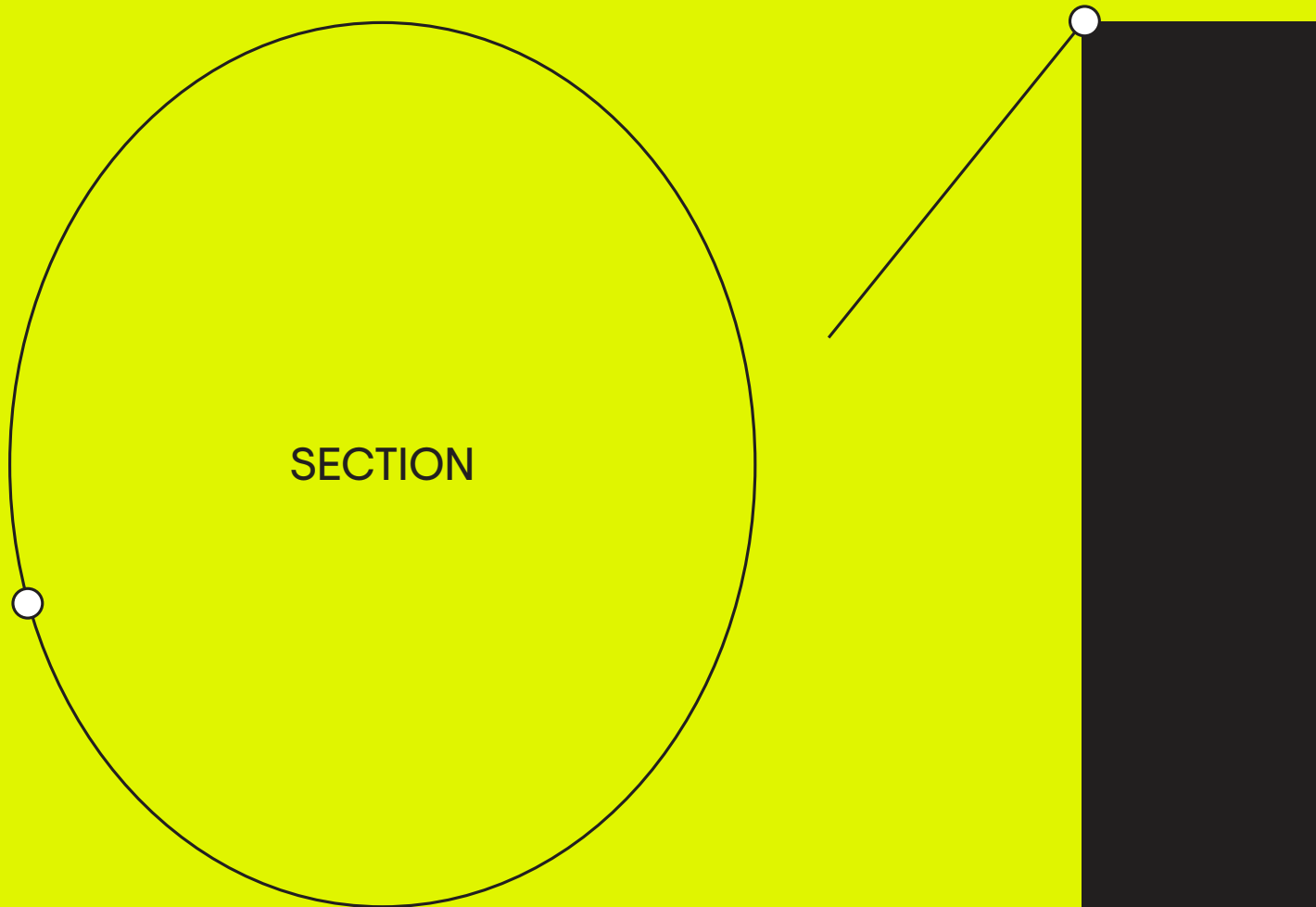
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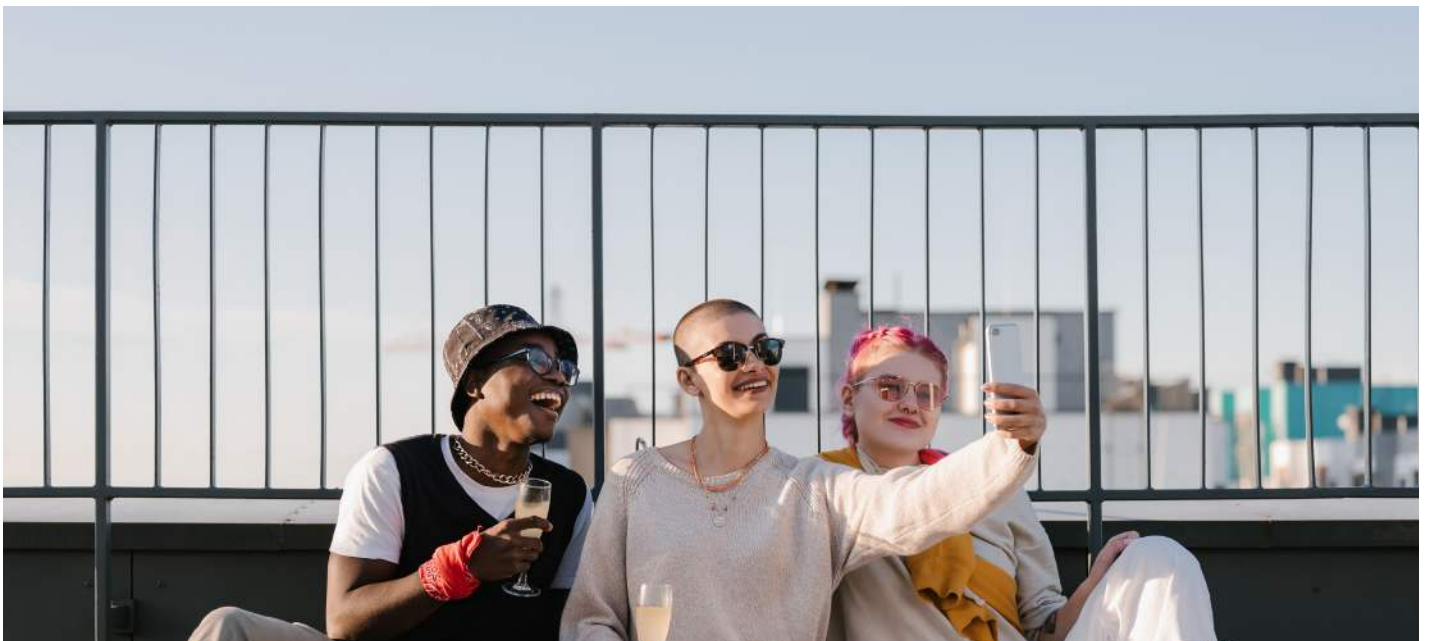
WHO WE ARE AND WHY WE'RE HERE

CREDENTIALS

Sid Lee is a borderless creative community applying storytelling, design, and technology to build customer experiences that matter. Working out of New York, Los Angeles, Seattle, Montréal, Toronto, London, and Paris, Sid Lee imagines end-to-end customer experiences with progressive clients including Amazon, Cirque du Soleil, eBay, FIFA, Heineken, Hyundai, Netflix, Sony, The North Face, and Warner Brothers. We are the first to investigate belonging in communities as the most effective way to activate brand participation.

The **Angus Reid Group** is the most trusted source for market research in Canada. With 50 years of experience, an innovative and well-respected online and opinion community of hundreds of thousands (the Angus Reid Forum) and industry-leading expertise, they're answering the questions that matter.

Together, we surveyed **8,000 Gen Zs and millennials** (aged 18 to 38) in Europe and North America. We spoke to them in two phases, between April 30 and May 21, 2021, and between May 6 and May 26, 2022.



Your communities are your competitive advantage.

Marketing strategies are built around driving growth, loyalty and profit.
How do you create sticky brand awareness and engage people in a way
that generates more conversions and increased purchase intent?



We believe there's huge value and opportunity in communities.

- Our second global survey found that brand participation in existing member-owned communities is 2X as effective at driving belonging compared to building your own.

They're an untapped resource, and a cost-effective path to belonging.

- Only two in five communities have a brand that is linked to them.

And belonging has a serious impact on loyalty, advocacy and purchase intent.

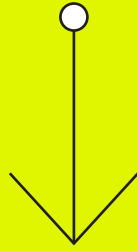
- Nine out of 10 community members will purchase from brands that participate meaningfully in their communities.

It all comes down to how you engage with them. Wherever you are on your community journey — looking for new ways to engage with them or just starting out — this report contains fresh insights and a framework to understand and analyze community. Consider it a tool in your arsenal and a way to approach segmentation beyond the individual. Smart money's on community.



Every year, we use the 40-point Belong Quotient™ to measure how well brands attach to pre-existing communities. Check out the top brands at belongeffect.sidlee.com

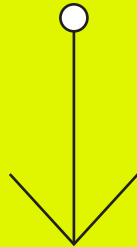
PARTICIPATION



BELONGING



ADVOCACY



PURCHASE INTENT



In 2021, we explored the relationship between community, belonging and brands.

Last year, we conducted the first-ever investigation into how brands can harness the power of community to create a sense of belonging.

- We found that:

- _____ Gen Z and millennials are constantly finding new communities that define their sense of self.
- _____ They derive their identity mostly from values-based communities (rather than, say, interest-based ones).
- _____ Values-based communities have lower brand penetration and mobilize more people more often.
- _____ When it comes to community, brand participation in member-owned communities is where it's at.



“

But what about
my brand-owned community?
You know, the one we're
spending a lot of money on.

”

We heard from CMOs who had brand-owned communities. You challenged our 2021 hypothesis, and that got us thinking.

We wanted to understand how brands could most effectively engage with communities. How strong are brand-owned communities relative to member-owned ones? Do last year's findings withstand a brand-driven stress-test? And can we build a framework that helps you harness the untapped power of community?

We wanted to measure the strength of brand-owned communities relative to member-owned ones. We wanted to stress-test our research and see if we could build a framework to help your brand harness the power of community at the same time.

But first, a note on how brands engage with communities. There are two ways:

BRAND-OWNED

These are communities that are built and maintained by brands.



SOURCE: NIKE.COM

EXAMPLE

NIKE RUN CLUB

The Nike Run Club app lets you track your runs and challenge friends. Active users of the app form a brand-owned community. Between January and November of 2020, the Nike Run Club app was downloaded 15.4 million times. That's a big community.

MEMBER-OWNED

These are communities that form organically around family, values, lifestyle, interests or work.

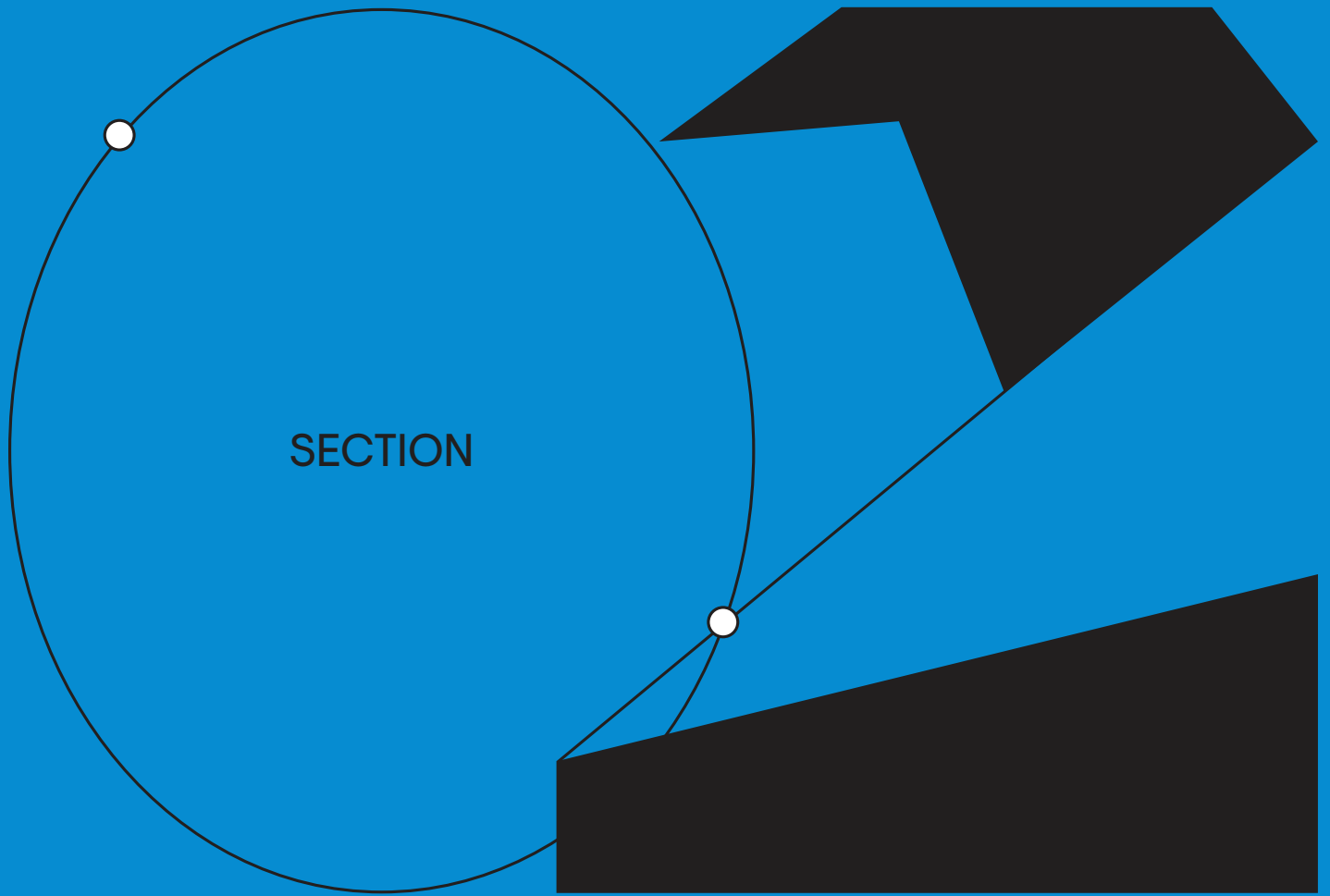


SOURCE: FACEBOOK.COM/YAMAJORUNCREW

EXAMPLE

YAMAJO RUN CREW

Nike participates in geographically-based running club communities, supporting them by donating product and money. In the US, it's estimated that almost 60 million people participate in running. Internationally, that number surges to as many as 621 million. That's a massive, global community ripe for participation.



WHAT WE LEARNED IN 2022

Building on the success of our 2021 report, and with the support of the Angus Reid Group, we surveyed 8,000 Gen Z and millennials in the US, Canada, the UK and France.

The representative sample was balanced by gender, region and age group within each market:

- Gen Z (18-24)
- Younger millennials (25-29)
- Older millennials (30-38)

The objectives of the 2022 study were as follows:

- Understand what actions brands need to take to connect with communities (creating a **playbook** for brands).
- Determine whether brands have **communities** (brand-owned communities), and if so, what is the strength of those communities (relative to member-owned communities linked to brands). This evaluation was based on a pre-set list of 15 brands in each market and up to two celebrities or social media influencers that respondents like/follow. The evaluation used the same community criteria (belonging, identity, social capital, oneness, mobilization) as for the brands linked to member-owned communities.

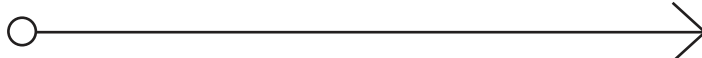
The Belong Report

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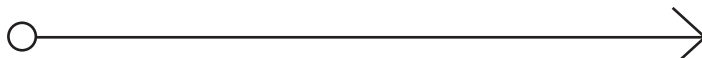
WHAT ELSE WE LEARNED



Our four fundamental pillars of community were revalidated, demonstrating year-over-year consistency in our model



Communities are here to stay, whether online or IRL, because they help mitigate the loneliness epidemic that has been on the rise for the last half of a century



There are key strategies and ideas to help formulate a community brand strategy underpinned by the four community pillars

AND THAT MEANS

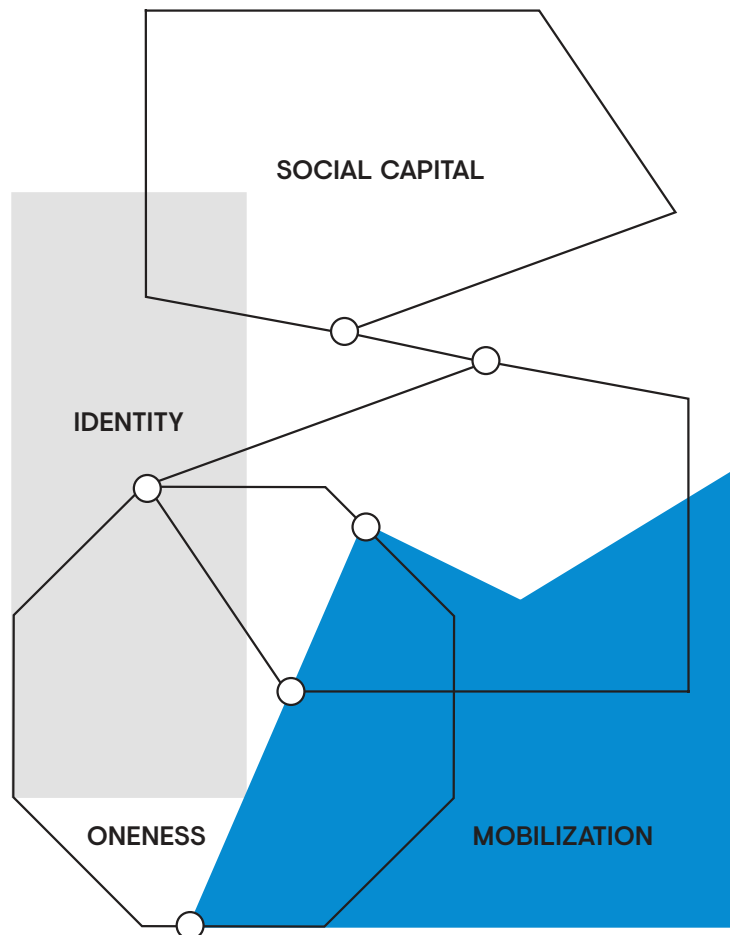
We have a reliable tool for defining and analyzing communities

Brands that really get the core reasons for communities and can deliver meaningful and lasting interactions in those communities have a huge opportunity for growth in advocacy, loyalty and purchase intent

As an agency, we have been able to create a framework to help your brand harness the power of communities

IDENTITY, SOCIAL CAPITAL, ONENESS AND MOBILIZATION DEFINE A COMMUNITY'S POWER.



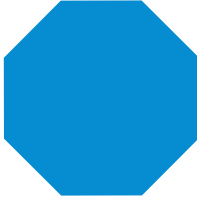

These are the four pillars foundational to a strong sense
of community belonging.

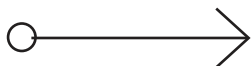


Our proprietary model of community pillars was validated two years in a row through an international survey by Angus Reid Group, confirming its consistency and reliability.

THE FOUR PILLARS OF COMMUNITY

The higher individual community members score on each of these pillars, the stronger the overall community.

IDENTITY	SOCIAL CAPITAL	ONENESS	MOBILIZATION
			
DEFINITION			
An individual's emotional connection to a group	The collective value the community places on each member's influence	The extent to which the community can be seen as a cohesive whole rather than composed of disparate members	The ability and degree to which members of a community will rally together to take action
INSIGHT			
If your brand fosters a strong attachment to community, individual members will feel that your brand reflects their identity, leading to a relationship with lifetime loyalty	If your brand makes community members feel like they have a voice — and that voice is heard — the higher the community's social capital will be, resulting in loyalty, advocacy, virality and strong word-of-mouth	If your brand creates a strong sense of unity within a community, members will see your brand as aligned with the community	If your brand participates meaningfully in communities, not only are community members keen to participate in brand initiatives, but they'll also recruit others — both inside the community and out — to join in as well, leading to brand advocacy, flourishing network effects and invaluable earned media





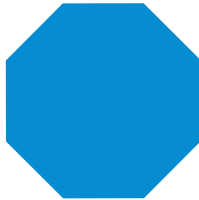

To learn more about the four pillars of community, download [The Belong Effect 2021 Report](#).

WHEN
YOU
STRENGTHEN
COMMUNITIES



NETWORK
EFFECTS
FLOURISH

In 2022, we found out that when brands participate intentionally with member-owned communities, they can harness the power of network effects to boost awareness and drive growth.

IDENTITY	SOCIAL CAPITAL	ONENESS	MOBILIZATION
			
HOW COMMUNITIES SCORE ACROSS PILLARS			
<p>85 %</p> <p>of participants said that their community defines them as a person</p>	<p>76 %</p> <p>of participants feel like they have influence — that they have a voice and that it's heard — by their community</p>	<p>85 %</p> <p>of participants feel a sense of unity as a member of a community</p>	<p>80 %</p> <p>say their community works together to take action and get stuff done</p>
HOW BRAND PARTICIPATION DRIVES NETWORK EFFECTS			
<p>80 %</p> <p>of participants said that brands that participate in their community reflect their identity</p>	<p>75 %</p> <p>feel they have influence over the brands linked to their communities</p>	<p>30 %</p> <p>said brands participating in their community acted like any other member, indicating huge potential for brands to act more authentically like community members and improve that sense of cohesion</p>	<p>84 %</p> <p>would participate in an initiative launched by a brand connected to their community</p>



The brands that make our annual Belong Index know how to put the power of network effects into action. See them all at belongeffect.sidlee.com

The Business Case for Community Participation

We get it — brands always need to maximize benefits in relation to cost. That's the bottom line (in more ways than one). That's why this year's findings are game-changing.

Based on your feedback, we wanted to test brand-owned communities, and the effects and benefits of belonging against last year's findings. This is what we uncovered.



People see themselves nearly 2X as much in brands that participate in member-owned communities.

- We found a 97% increase in reflection of a person's identity by brands that participate in member-owned communities compared to brand-owned communities.

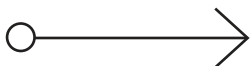


EXAMPLE

BLACK ON DEPOP

Depop is an online reseller marketplace popular with Zoomers / Gen Z. With Black on Depop, they featured Black sellers on Depop's front page and worked with Black creatives to bring the experience to life. Ongoing research with other underserved communities underpins the initiative to see how they can better see themselves on Depop.

Depop tapped into the identity of an existing community, strengthening its self-esteem, to better reflect and represent it.



By leveraging the power of identity, we can strengthen customer loyalty and build a relationship with lifetime-value.

People feel they have more than 2X the impact on brands that participate in member-owned communities.

- We found a 108% increase in the amount a person feels that they are heard or can influence a brand that participates in member-owned communities compared to brand-owned communities.



EXAMPLE

ROBLOX GUCCI GARDEN

Roblox is a massive global online gaming platform with over 190 million monthly players, and growing. In Q2 of 2022, they had 52.2 million average daily users, up 21% year over year. They regularly spotlight top talents from their community to innovate and update features using the studio toolkit, and can earn credits through game acquisition, shared content on socials or selling avatar updates. Capitalizing on this metaverse market opportunity, brands such as Gucci, Vans, Stella McCartney and Warner Music Group have hired popular Roblox developers like Rook Vanguard and Builder Boy to create exclusive experiences featuring shoppable content.

Roblox tapped into and elevated homegrown talent, giving them a platform and a voice to recruit new members to the community.



By leveraging the power of social capital, network effects flourish. Brands can harness network effects to increase awareness, boost profitability and capture a greater market share.

People feel nearly 2X as united with their member-owned community.

- We found a 95% increase in unity between member-owned communities compared to brand-owned communities.



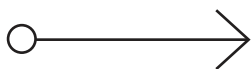
SOURCE: DISNEY PHOTOBLOGGRAPHY

EXAMPLE

THE MAGICAL WORLD OF DISNEYBOUNDING

Disney is a super stellar constellation of media and entertainment offerings that has been bringing magic and lifelong memories to all generations for generations. So as to not interfere with official park business, adult fans of Disney — a community known as Disney Adults — are not allowed to wear costumes on site. Enter DisneyBounding, the (unofficial) activity of creating an outfit out of everyday clothes meant to evoke a certain character; a red dress and polka dot headband, for instance, works for Minnie, or a red t-shirt and yellow jeans, for Winnie. Disney itself encourages DisneyBounding, particularly during the Halloween season and on Dapper Days.

Disney leans into this unifying activity as a way to bring one of their most enthusiastic and devoted communities together (and even giving them a uniform).



By bringing together their community as a cohesive unit, Disney is helping their community feel aligned with their brand, leading to brand loyalty and advocacy.

There's a lot more participation – including in brand initiatives – in member-owned communities.

- We found that people in member-owned communities are 110 % more likely to work together compared to brand-owned communities.
- Further, we found a 49% boost in participation in brand initiatives when conducted in member-owned communities compared to brand-owned communities.

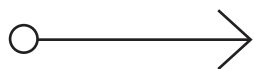


EXAMPLE

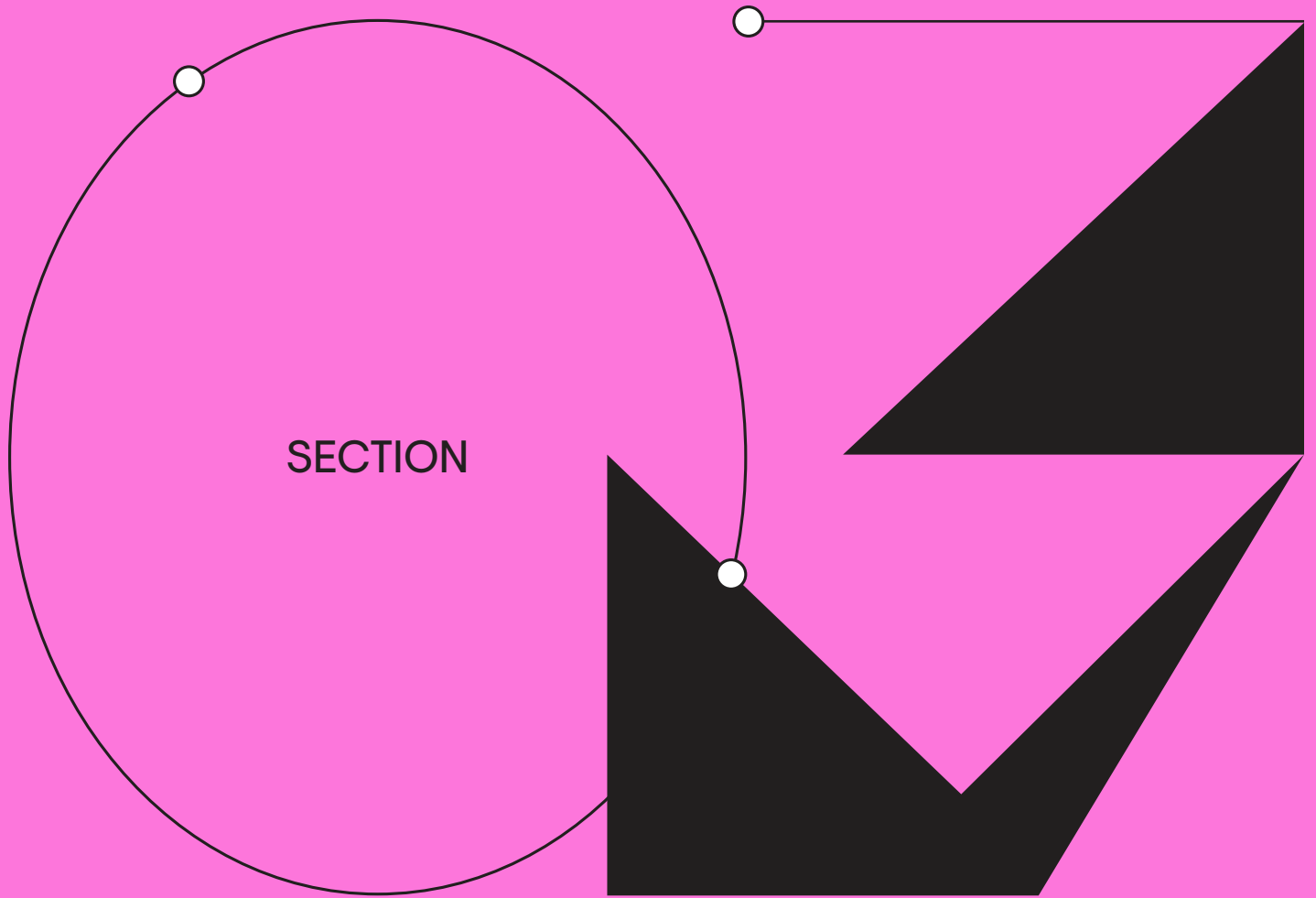
TELFAR COUNTERFEIT TAKE DOWN

Telfar is a Black- and queer-founded fashion brand that's upending industry norms, giving visibility to and boosting the buying power of marginalized communities. The result is epic customer loyalty, people who feel they have a stake in the brand (and, in fact, Telfar calls them "shareholders"). When a copycat bag hit the market, their community mobilized without ever being asked by the brand. The community swarmed on social media, and the offender took down the product within 24 hours. Bonus: Telfar — and their community — earned coverage in the New York Times over the incident.

Through existing goodwill rooted in strong Black/queer identity and trust from Telfar, the community exhibits epic brand loyalty and generates positive media coverage.

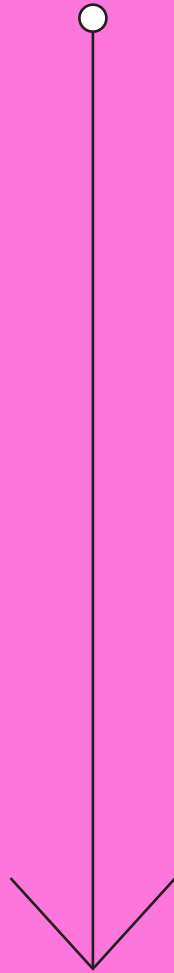


Acts of mobilization get attention and also provide opportunities for existing members to tap others in their network to join.



WHAT IT MEANS FOR YOUR BRAND

BRANDS CAN PLAY
A POWERFUL ROLE
IN BELONGING



AND BELONGING HAS
A DIRECT CORRELATION
TO PURCHASE INTENT

The path to purchase intent is clear.

For brands, participation in a member-owned community delivers twice the effect of belonging compared to strategies focused on brand-owned communities.

But only two in five communities have a brand that is linked to it.

This is despite the fact that nine out of 10 community members would purchase from brands that participate and foster belonging in their community. Penetration is low, and brands have a lot of room in which to maneuver.



Loneliness isn't new, but it's more prevalent among the young. And belonging is a potent antidote to loneliness.



Loneliness is an epidemic that's still raging, with little change relative to the peak of — or even the period prior to — the pandemic.

But our research found that it's particularly bad among Gen Z and millennials:

- 79% of adults aged 18-24 report feeling lonely compared to 41% of seniors aged 66 and older
- 42% of adults aged 18-34 report always feeling left out, compared to just 16% of people aged 55 and older

We continue to crave belonging as a way to mitigate these feelings of loneliness. Though technology connects us now more than ever, we see no correlation between belonging to a digital community and decreased isolation.

Brands can play a powerful role in belonging.
And belonging has a direct correlation to purchase intent.



By participating meaningfully in member-owned communities, brands can help forge stronger connections within those communities.

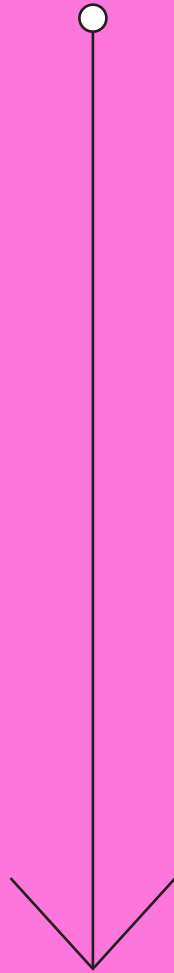
By using the four pillars to understand and analyze communities, brands can locate the opportunities available to strengthen community, increase belonging and derive the associated benefits, including loyalty, network effects, advocacy and purchase intent.

Of note: Celebrities, influencers and pro sports teams are the highest performing brand-owned communities.

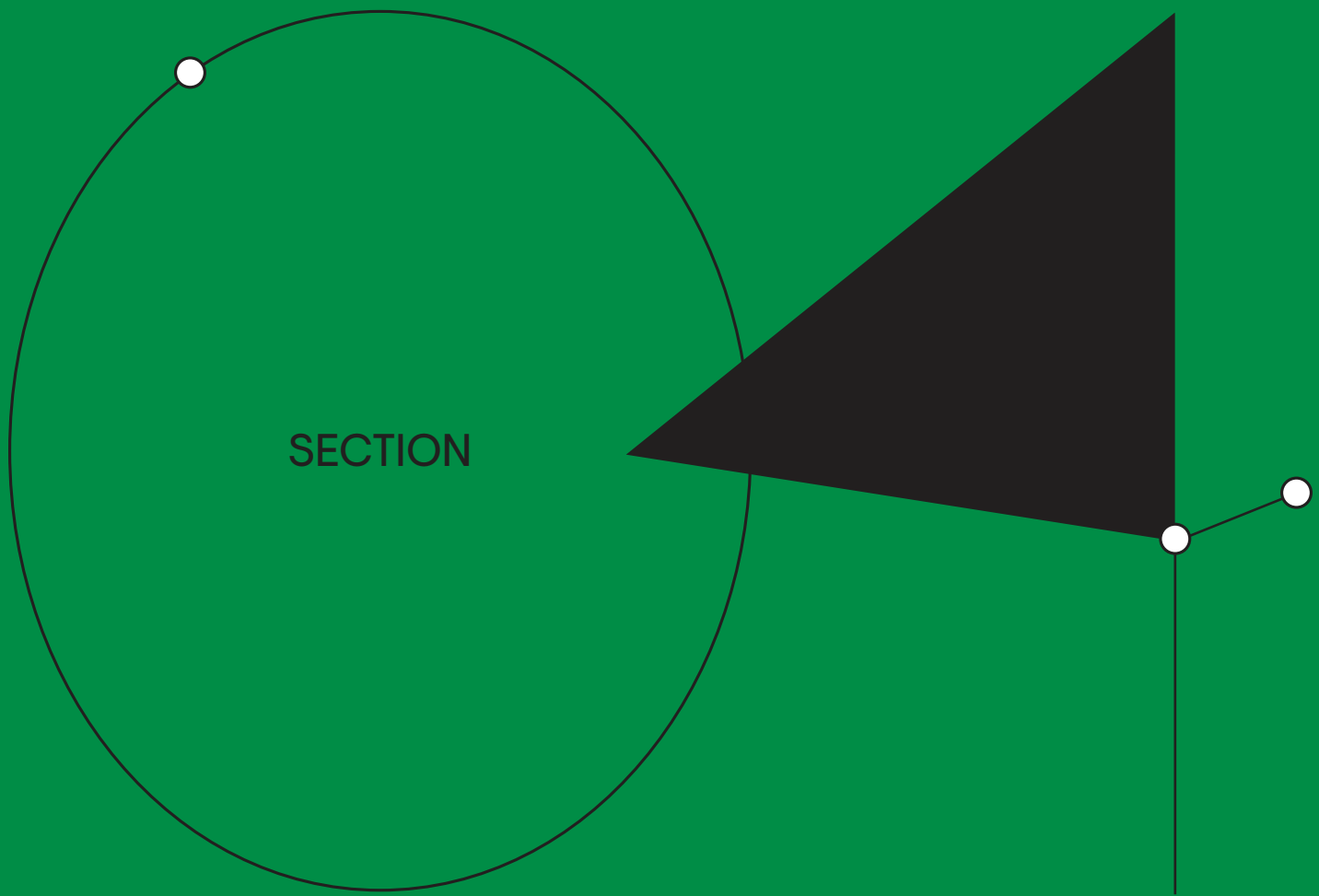


The only categories in our research where the brand communities are on equal footing with member-owned communities (from a community pillar perspective) is among celebrities, influencers and sports teams. This is a fascinating demonstration of how these types of brands — where the brand equals an individual or a group of individuals — are able to bring people together and make them feel a sense of belonging.

BY FOSTERING
BELONGING
IN A COMMUNITY



YOU FOSTER
BELONGING TO
A BRAND



SECTION

HOW TO TAKE ACTION

Words are cheap. Action is crucial and (cost-effective).

Authenticity is a word that's been devalued through misuse and overuse. But fostering community is a way to create true, authentic belonging.

The space for strategy within member-owned communities is not crowded, and it delivers results.

To start, we've identified some kick-off questions you can ask yourself to help build your brand playbook.





ASK YOURSELF

- How does your brand foster loyalty and elicit emotions from community members?
- Who is the archetypal community member? What makes them different from non-members?
- How are you demonstrating tangible, measurable support — not just words — for communities of interest?
- How are you inspiring and building the self-esteem of members through your participation in their community?



ASK YOURSELF

- How do you make sure you're promoting and amplifying the real voices of the community, rather than telling them who they are?
- How are you fostering genuine connections and strengthening bonds between members?
- How are you enabling the sense of power and security that comes from a valuable and tight community?



ASK YOURSELF

- Do you mirror and share the same goals as the community?
- Do you feel like a cohesive part of the community?
- Do you behave within the community like an authentic member?
Or are you speaking to the community according to your wants and needs?
- Is the community fractured? If so, can you help unify it and tighten its perception of itself as a cohesive unit? Or should you focus on another community with a greater sense of unity?



ASK YOURSELF

- How are you helping the community move towards its objectives?
- Are you creating initiatives or activations that speak to the actual collective goals and desires of the community?
- Do you facilitate, echo and embolden the collective actions of the community that were not created by the brand?

WE CAN HELP YOU

- **Find your people**

For many brands, simply knowing where to start can be intimidating. It can be difficult to identify which communities to target. Communities are not consumer segments.

We can help identify the optimal communities for your brand to attach itself to. Communities that are strong across all four pillars with low penetration from other brands can be an effective strategy. But a community with low strength across the pillars provides an optimal opportunity for a brand to play a key role in the growth of that community.

- **Engage with them**

We'll create guidelines and build simple internal structures that can help your brand address the needs and foster the potential of a community by strategically participating in that community.

- **Foster belonging**


We'll help your brand develop key SOWs that will resonate with community members in a way that fosters belonging not only within the community but also to the brand.

- **Leverage the power of community**

At Sid Lee, we're developing a suite of bespoke services that help brands find and strengthen communities, foster belonging and deliver better ROI on marketing spend for your brand.

Your feedback is what
inspired this report,
so we want your thoughts
on this year's findings.

 belongeffect.sidlee.com/connect

 linkedin.com/showcase/belongeffect