

# Turning Content Viewers Into Subscribers

Recent research finds that content websites can more readily convert site visitors into paying customers by prompting visitors to gradually increase their social engagement with the site — using a concept the authors call the “ladder of participation.”

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Social activity on a website can increase users' commitment to the site and willingness to pay for its services. Our work suggests that social engagement could actually be used to solve the conversion challenge that so many content websites encounter, in which users enjoy free content that the website provides but are unwilling to contribute to the site monetarily.

The bad news is that it's not enough to just add participatory options and hope that users will click and interact. To see any real economic benefit from user engagement, a website has to have a clear strategy in place. Our research introduces the concept of the *ladder of participation* — a framework for strategic thinking about using site engagement to improve conversion. The notion of the ladder is based on the idea that, as users become increasingly engaged with a website, they become more willing to pay for its services — and the website must take an active approach to engage and interact with its users, guiding them “up the ladder.” To do this, website managers must understand the current user community, identify how they would like that community to evolve, and select the participatory features they offer — and the order of their introduction — accordingly.

We empirically demonstrated the relationships between a user's position on the ladder of participation and his or her willingness to pay, using data on more than 100,000 users from Last.fm. Last.fm is a music-streaming website with social features that enable users to interact with the content on the site and with one another. The website operates under a freemium business model, in which basic service is free but users can pay a monthly membership fee to enhance their music-listening experience. Remarkably, even though these benefits are unrelated to the website's social features, we found that people who used those social features — that is, participated in the Last.fm community, and particularly if they acted as community

[DIGITAL BUSINESS]

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BY LIOR ZALMANSON AND GAL OESTREICHER-SINGER

These days, when almost every website offers social features, a burning question is: What is the business value of users' “likes” and “shares?” Past attempts at finding the answer have touched on the idea of user engagement, suggesting that users who are more socially active on a site continue to

browse and explore it for longer periods of time, contribute more content, and communicate more about the website with others, potentially attracting new users.

Our research in the last five years hints at a more concrete relationship between user engagement and website profitability:

leaders — were more likely to subscribe to premium services, compared with users who did not participate in the community. (Detailed findings from this study were published in *MIS Quarterly*. See “Related Research.”) We also found that users who were more active in the community made the subscription decision sooner after joining compared with users who were less active (or not active at all).

To study cases in which a website explicitly asks users to engage in participatory actions, and even requires them to engage in such actions to consume further content, we conducted another series of Web experiments in a specially designed website named “VideoBook,” which provides high-quality video content. While watching videos, users were presented with various “calls to action,” issued at different points in time, and their site behavior before and after exposure to these prompts was recorded. At the end of an allotted time period, users were asked to donate real money, which they were told would be used to improve the website. The first study we conducted showed that users who were given calls to action in the first 10 minutes of usage donated more money to the website than users who were not exposed to such prompts. We found that even one prompt was enough to increase users’ likelihood of voluntarily engaging with the website and to boost the number of contributions. The prompts did not affect users’ enjoyment or willingness to continue using the website. Our next study showed that the sequence of participatory activities is crucial: When the tasks that users were prompted to engage in were not

presented in increasing order of effort level, users tended to donate and participate less than when tasks were ordered that way.

Four key management insights emerged from our research on the ladder of participation and its connection to capturing value from users’ social engagement.

**1. Understand the many faces of user participation.** Many websites tend to treat all forms of user participation as essentially alike, referring to all of them as reflections of “user engagement.” But if we were to ask people whether clicking on a “like” button next to a short video clip is identical to leaving a detailed comment, the answer would probably be a clear “no.” Liking is a way for a user to signal a general affinity toward the content. Commenting, on the other hand, is much more complex. Users can use the comment option to express their opinions but also to raise questions, interact with fellow users, respond to them, and much more. Clearly, commenting on content requires greater cognitive effort and time from the user than liking the content.

We differentiate user participation features into three categories:

- *Content organization* refers to features that require little effort from the user and that help fellow users receive useful information about the content. These features include the “like” button and options such as ratings (star ratings or a numerical scale) or tagging content with user-suggested keywords.
- *Community participation* includes all features that have the potential to create interactions among users on the website. These include chats, forums, internal blogs, comment options, sharing options, social or interest groups, and so forth. These features form the basis of the website’s community and require low to moderate efforts from the user.
- *Community leadership* refers to features and options that put users in the

moderator’s seat. These include options to create new social groups on the website, moderate the website’s discussions, and create content channels. It is rare for traditional commercial websites to install such features, but they are common on websites that encourage vast community input, as these websites tend to delegate some, if not all, moderating tasks to users.

When creating a strategy around social features, website operators should decide which types of features to install according to the results they are trying to achieve: better access to content, interaction among users, or the creation of a vibrant and sustainable community.

**2. Search for your website’s ladder of participation.** There is a consensus among researchers in the field of online communities that user participation tends to follow a ladder-type pattern. In most cases, users start off as “lurkers” who passively consume content. These users may later make small contributions to the community, for example, by organizing (tagging or liking) content. Users on the next level make more substantial contributions, such as posting comments to discussion forums. Finally, on the top rung of the ladder are members who take on leadership roles in the community, for example, by initiating or moderating discussions. At each rung of the ladder, the user increases his or her effort and commitment to the website and as a result supplies the website with more value. Research has shown that users at higher rungs of the ladder are more likely to feel strongly committed to the website. In particular, these users choose to invest time in the website not only because of the benefits they may gain but also because of feelings of belonging and obligation to the community.

In recent years, many analysts have used the analogy of a funnel when thinking about user engagement, capturing the notion that as engagement effort grows,

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## RELATED RESEARCH

► G. Oestreicher-Singer and L. Zalmanson, “Content or Community? A Digital Business Strategy for Content Providers in the Social Age,” *MIS Quarterly* 37, no. 2 (June 2013): 591-616.

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fewer people will participate. However, this analogy overlooks users' own volition, suggesting that they "slide" into participation without exercising any agency. The concept of a "ladder" reflects a user's decision-making process, which is affected by his or her past experience with the website, and which expresses the user's wishes and free will. We suggest that website managers who seek to develop a user-participation strategy can gain more by considering participation as a ladder rather than as a funnel. Thus, the second step to seeing returns on your investment in social features is to become closely familiar with your own ladder: Who and how many users can be found on each rung? How and when do they move from one to another?

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**3. Let your users climb to conversion.**

A key finding of our research is that there is a connection between users' social engagement with a website and their willingness to pay for premium services on the website. In recent years, many websites have been utilizing two-tiered business models, in which basic website service is free, but premium content or services come at a cost. Our data show that loyalty in terms of social participation leads to loyalty in terms of spending on added features and services on the website. In particular, we observe that participatory activities that require higher levels of effort, such as blogging and moderating website discussions, tend to be associated with higher willingness to pay, compared with participatory activities that require less effort from users.

However, it is probably not enough to incorporate only those social features that have been shown to be directly associated with higher willingness to pay, since the user needs to gradually build commitment toward the website. The active community members who are the most likely to contribute economically are expected to reach their high levels of engagement only after gaining experience with the website's features, organizing content, and becoming acquainted with the website's community. User engagement thus requires the website to invest in providing a platform that offers enough rungs to enable users to climb gradually, fulfilling their growing need to engage. And website managers also need to have a degree of patience, as each user's climb takes time.

Thus, the third step to seeing returns on your investment in social features is making sure you provide your users with a large enough variety of features (that is, enough rungs) to enable them to climb to higher levels of commitment before you expect to benefit from those features.

**4. Don't be afraid to encourage users to participate.**

User engagement is definitely not an "if you build it, they will come" situation. In fact, many websites that incorporate social features never reach their engagement goals. Websites should take an active role in encouraging users to climb the ladder of participation and to shorten the time it takes users to move between the rungs.

Many website operators are reluctant to ask their users for anything for fear of

upsetting them or making them leave. However, our results do not point to any significant decrease in users' wishes to continue using the site or recommend it to friends after being faced with a website's requests to participate. Our experiments also suggest that when presenting multiple requests to participate, a website should issue these requests starting with small requests and culminating in requests that require more effort on the part of the user. We found that offering the same encouragement but in the "wrong" order may backfire and lead users to like the website less. Therefore, it could be wise to draw users in gradually, instead of suggesting that they invest high levels of effort from the start. One means of doing so might be to observe a user's activity on the site and slowly prompt him or her to "move up" the ladder. For example, after a user has consumed content, he or she can be asked to tag it. After tagging a content item, the user might be prompted to post a comment about it, and so on. Such prompts might help increase the percentage of users who reach high levels of participation.

Thus, the final step to seeing returns on your investment in social features is to thoughtfully and carefully "nudge" your users up the ladder. Website owners should not hesitate to actively encourage user participation, as long as they don't ask for too much, too soon — but instead help to support users' gradual climb up the ladder of participation.

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