

## Giffgaff case study using community to build an entirely new kind of company



### about Giffgaff

giffgaff is a 'sim card-only' mobile virtual network operator based in the UK. They do things differently to the big mobile networks. They're run by their members. Members get rewarded for running parts of the business like answering questions in the community, getting new members, or helping to promote the company. This means giffgaff keeps its costs low and passes the savings back to members.

giffgaff has won several major awards including the Forrester Research International Groundswell award in 2010 and the Best New Brand award in 2011 by The Marketing Society Awards for Excellence. Part of the overall Telefonica O2 family, giffgaff is a fully independent company and runs its service on the O2 network.

### business challenge

Does a business, like a mobile service provider, have to run with the traditional overhead and expense, or is there a new social way to run a business?

The UK-based mobile virtual network operator, giffgaff, has a slogan of 'The mobile network run by you'. What's the big deal? Many companies have slogans which tout similar values.

### Giffgaff means what it says

'giffgaff' is an old Scottish term that refers to the process of mutual giving—a name completely in keeping for a company whose passionate and knowledgeable users are not only the front line of customer support, but also a driving force in the running of the company itself, shaping product offerings, even marketing materials.

Remarkably, the service provider has a staff of just 25. That's correct, 25 people. So how can a national mobile service provider run an operation so efficiently? Firstly, they embrace the power of the social customer.

"giffgaff's community is one of the key driving forces behind our success, the network really is powered by its members," said Robbie Hearn, giffgaff's Head of Member Experience. "We were looking for an entirely new way to do business. Many people pay lip service to being run by members—but what really sets giffgaff apart is that the community is really part of our business. We have no call centre and all customer service is done by the online community. I don't know of another company like us."

giffgaff's model is different. The business operates 100% online, with no retail distribution, no big budget advertising,

and no sprawling call centres. giffgaff customers (known as 'giffgaffers') get all the information they need from a growing user-generated pool of knowledge in their Lithium-powered community, which over 20% of them also contribute to. For personal billing issues, members can email a dedicated help team—this is just something that, purely from a confidentiality standpoint, couldn't be crowdsourced.

"Many companies talk about how they listen to and respond to their customers," said Hearn, "but when people find out how deeply our community is involved in giffgaff's whole business, I think they are incredibly surprised."

### starting something new

The idea behind giffgaff was to create a 'start up' style business, which ran efficiently and without the traditional resource constraints.

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Head of Member Experience, giffgaff



The vision for this was to give consumers choice in selecting a service provider that lets them get involved and participate in the running and shaping of the company.

giffgaff turned to Lithium Technologies to help them architect a community where members' activity and participation could help them share in the success of the business. "We were looking at Lithium's expertise in building large scale, successful communities, and how quickly they could bring this to market for us. Their SaaS platform and their community knowledge helps us grow rapidly while controlling our costs, which is important to help pass cost savings on to our members," says Hearn.

The model developed rewards active community members for running parts of the business including answering questions in the community, attracting new members, or helping to promote the company.

As a thank you, community members are rewarded with virtual praise—known as kudos—an elevated personal reputation; and 'Payback Points' which are awarded every six months. These points are accumulated for referring people to the service, helping people by answering specific questions and solving technical issues in the community, or even creating promotional material for the company. The points can be applied against their monthly mobile services, taken as a cash reward, or donated to a charitable cause.

In a novel move, giffgaff actually launched its community even before the mobile service went live. Members who joined before the company rolled out its beta service in late 2009 were given the special rank of 'Founders'—giving them a deep sense of ownership. These people helped shape a lot of giffgaff's service today, including much of the bundles, network services, and apps.

### pass the savings forward

Crowd-sourced material keeps giffgaff's costs lower and, importantly, lets them pass the savings back to the members—a situation where everyone wins. This approach has led giffgaff to earn a Net Promoter score in the mid 70s—on par with some of the largest internet and consumer goods companies. It has also meant that overall customer satisfaction is at an incredible 91%, not only amazing for a telecom, but for any organization.

"I think many people were skeptical that this type of business model would be accepted by the public," says Hearn. "It's pretty clear that the modern consumer wants to be deeply involved in the products and companies that they are loyal to. This is particularly true if they feel they have a voice and can help make them be even more successful. The giffgaff community gives them the ideal place to be involved and be rewarded."

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### just how are giffgaffers contributing... well, how are these for stats?

- Members have asked over 130,000 questions in the 'Help' forums in 2010
- The community has responded with over 1 million replies
- 100% of the questions were answered by the community
- Average response time for questions is within just three minutes (24/7)
- An amazing 95% of queries were answered within 60 minutes
- Over 40% of the customer base got involved in the first six months and received Payback cash in return
- The top earning giffgaffer earned over £13,000, and is using that to pay his way through University

giffgaff's Head of Community, Vincent Boon, is on the front line of engaging these new social customers. "Basically, from day one it was obvious that there was a very knowledgeable and passionate set of founders who wanted to comment, help others, and create with us. This passion extends to the point where just our superusers are spending upwards of 170 hours a month helping the community to answer questions and assisting people migrating onto our service. Some giffgaffers even spent over nine hours a day helping people."

"The value generated by the community is incredible, and means we can take the savings we make from not having a traditional, high cost infrastructure, and pass that directly to our customers in terms of great product value. Everyone wins!" said Vincent.

### shaping the company

But the community isn't purely the 'giffgaff support team'. giffgaff implemented Lithium Ideas in February, creating an area to help collect crowd-sourced ideas and improve the service further. With upwards of 9,000 ideas over the past few years, the community has seen over 270 ideas implemented to help improve mobile service—and an additional 100 community-generated ideas are in development.

A great example of how giffgaff is run by its community is the launch of 'goodybags'—price bundles which are truly unlimited. giffgaff asked its community what they wanted and received 285 responses, which helped to guide the development of this valuable bundle. Clear and direct feedback from the community helps shape the products they need and want.

The passionate user base is also a marketing and R&D engine too. giffgaff members have been spreading the word about the company, and making commercials—in fact, so far, giffgaff members have produced and posted 146 videos online—generating over 500,000 views to date. By supporting the developers in its community through the purchase of SDKs and opening up data and APIs, giffgaff is also able to bring applications to market far more rapidly than in a traditional model. An iPhone app was built and launched within weeks, followed by apps in the Ovi store, and apps for the Android platform.

giffgaff is a business with a difference. It's run by the community for the community.

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Vincent Boon  
Head of Community, giffgaff



For more information about giffgaff, visit  
[www.giffgaff.com](http://www.giffgaff.com)

### about Lithium

Lithium helps companies unlock the passion of their customers. Lithium software powers amazing Social Customer Experiences for more than 400 iconic brands including AT&T, BT, Best Buy, Indosat, Sephora, Skype and Telstra. Lithium helps companies grow brand advocacy, drive sales, reduce costs and accelerate innovation to create social communities that redefine the customer experience. For more information, visit [lithium.com](http://lithium.com), or connect with us on [Twitter](#), [Facebook](#) and our own community—the [Lithosphere](#). Lithium is privately held with corporate headquarters in San Francisco, Calif. and offices in Europe, Asia and Australia.