

MONETIZING ONLINE FORUMS

A PRACTICAL GUIDE TO GENERATING REVENUE FROM FORUMS – THE RIGHT WAY

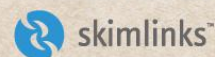


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WITH CONTRIBUTIONS FROM

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PRESENTED BY



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Disclosure (How This Book Came to Be)

When [Skimlinks](#) approached me about this project, they brought with them an interesting pitch. They wanted me to author, with contributors, a useful, valuable guide to monetizing online forums. In order for it to be truly valuable, they recognized that it had to be independent and that is why they came to me. They told me, flat out, that they wanted me to mention their primary competitor. That caught my attention.

So, Skimlinks paid for this book. They paid me, they paid the contributors (even though they didn't get to pick them) and they put time and resources behind this project.

I've been a Skimlinks publisher since the spring of 2009. I am a fan of the company. At a conference, they once bought 10 copies of my book, which were given away at their booth, which I appeared at for an hour or so. I hold stock in [Amazon.com](#) and have been affiliated with [SitePoint](#) for many years. Both companies are mentioned in this book, along with others that I have a publishing relationship with. It is important that you know all of this, in the interest of full disclosure.

It's one thing to claim independence and another thing to actually have it. For that word to have meaning, before I agreed to take on the project, Skimlinks had to give me the control I wanted, which was complete, unquestioned editorial control. They wouldn't see the full work until it was finished and, no matter what, I had the final say on every word included, in addition to who was allowed to contribute those words.

Therefore, for example, when you see that Alicia Navarro, the CEO of Skimlinks, contributed to portions of this book, beyond the foreword, it is because I wanted her to, not because I had to allow her to do so or because that was part of the deal. It wasn't.

It's not that I don't trust Skimlinks; because I do. I like and respect them. I just wanted to eliminate as much perceived bias as I possibly could. Skimlinks gave me money and I went

away, wrote a lot of words, collaborated with people I respect and presented them with a finished product. Beyond being the only way I would have worked, that is precisely what they wanted, which in my view speaks volumes about the company.

All organizations mentioned in this book were included at my discretion. Other contributors to this work did not decide who would or would not be mentioned. They didn't even decide if their own company would be mentioned, let alone what, if any, competitors. A mention should not be taken as an endorsement by me or anyone involved with this project.

If you know me, you know that I care about forums and online community. I have been managing them for 12 years. I care about this space and I believe in it. I also believe in making money, but doing it in the right way and maintaining the right balance between member experience and revenue generation. That is how it must be, to be sustainable.

This is an important project to me because this isn't something I regularly do. In fact, prior to this, I had written precisely zero free ebooks and white papers. There is a certain perception of free ebooks that we can't get around: most of them are a marketing gimmick. They have some information, but it's perfunctory and the aim is to get you to ask for more. Not all of them are like this.

Personally, we wanted it to be more. I approached this project with the same seriousness and commitment as I would a book for a major publisher – and that is how I want it to be treated. I want you to review it like you would review a book you purchased. My nightmare would be for this to be some throwaway ebook that will be tweeted and retweeted for a few days and then forgotten.

No, I want this project to be useful long beyond the marketing cycle and for it to be referred to for years to come. I want it to be the most valuable resource for those looking to monetize online forums, to date. I realize that is an aggressive goal.

As you read this ebook and consider its value, please don't judge it as something you received for free. I want you to judge it as if you paid for it. Hold it to that standard. Review it online. Tell people what you think about it. And please let me know how we did.

Thank you.

Patrick O'Keefe
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Foreword

Managing an online community can be fun, but earning an income from it can seem prohibitively difficult and dull. But to survive, grow, and constantly provide a better experience for its members and visitors, forums require more than just hard work: they need financial support. Figuring out how to make money from a forum can be even more daunting than building the forum in the first place.

Should you run ads on your site, or do you want to keep distractions to a minimum? Is it wrong to make money from user-generated content? What is affiliate marketing, and how can you make money with it on user-generated content? Should you try to make money right away, or wait until you have an active reader base?

If having ads is a good idea, where in the world do you start in terms of finding advertisers and setting up space on your site? What's a leaderboard? 728x90?!

The reason I started [Skimlinks](#) four years ago is that I needed an easier way to monetize my first business, an online community about products. We had trouble working out how to make money, so we created a technology that helped us. But I wish I'd had this book at the time to learn about the alternatives and best practices. If I had, who knows, maybe that first business would have blossomed and become the first Pinterest.

There is so much to learn about making money as a forum owner, and I'm thrilled that Patrick O'Keefe was able to devote so much of his time and energy to creating a single resource to help publishers learn why generating revenue is important, explore all of the different ways it can be done and work out how it can be done appropriately and respectfully.

There is no one better than Patrick to write this book. Patrick has been writing about online communities – and managing them himself – for years, and is widely acknowledged as an expert in the field, giving entertaining talks at conferences and events. He is, most crucially, passionate about doing it the right way. I don't know anyone with more integrity in the space.

I'm honored that he agreed to put together this thorough and comprehensive guide. It's my hope that it will make its way into the hands of current and aspiring online community and forum owners everywhere, to help them create and grow successful, profitable forums of every conceivable kind.

Alicia Navarro

Co-Founder and CEO, Skimlinks

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Why Generate Revenue From Your Online Forums?

This book is about monetizing your online forums.

But, before we dive too deeply into the various methods that you can utilize to generate revenue from your online community, I want to first talk about why it can be important to do so and why making money from what you do isn't a bad thing to think about, even if some may tell you that it is.

Mentioning "money" alongside "online community" or "online forums" can sometimes be a contentious thing to do. I understand why, but at the same time, I don't think it's necessary to be on the defensive about money or monetization.

For some people, if they hear that you are considering how you can generate revenue, or more revenue, from your community, they leap to the worst possible conclusion. For example, they may interpret you as meaning:

- "I want to get every last penny I can out of my community."
- "I am going to fill the page with advertisements!"
- "I don't care about the community or about usability – it's all about the money!"

While these things can be true, they are not always and they are certainly not true of every publisher.

If you know me, you know there is no greater champion of online community than me. I love this space, have invested in this space and care very deeply about it. I defend it vigorously from those looking to abuse it for a quick buck.

If one wishes to see revenue as an evil thing and to look at those who work to generate it as people who are trying to milk their community for all that it's worth, you can apply that to most anything that generates an income. A consultant can try to milk his clients for all

they are worth. A grocery store can try to milk their customers for all they are worth. A publication can try to milk their subscribers for all they are worth.

But, that probably shouldn't be your objective. Usually, it's not a great recipe for success. Generating revenue might be one of your goals, but milking people shouldn't be. That implies that you are trying to get as much money out of them as possible without any consideration of other factors.

That's bad and it ignores a simple truth: if someone feels like you are taking advantage of them, to some degree you lose them. And that's bad for the operation.

If a consultant wants to keep their clients and continue to generate an income, they must treat their clients with respect and deliver value. If the client feels that they are being taken advantage of, the client leaves.

Similarly, if someone who is managing an online forum wishes to generate an income, they must aim to create a valuable community or resource that delivers value to its members. If the members are unhappy with the experience of using the community, they may leave.

Balance. That's what it's all about. With that in mind, consider these two scenarios:

1. You place 500 ads on every page, charge people \$1,000 a month to access the community and don't care how people feel about the ads.
2. You don't generate any income at all.

Now, quite obviously, there is a very big gap between these two situations. There is a lot of room in between the two extremes.

It is exceptionally important that managing an online community should be approached as a serious responsibility, because it is one. If you want to do it well, it takes a lot of time and skill. Whether it is a hobby or your full time thing, it is serious and I believe it is appropriate for those managing an online community to generate revenue from it, in a manner in which they feel is appropriate.

If they do it in an unethical or shortsighted way, people will vote with their feet and leave. It is all part of the equation of community management. There is a line, which differs from forum to forum, and it is something that I am personally always very aware of. So should you be.

An online community is not some special, unique medium that is somehow meant to be devoid of revenue making. It is a website, like any other, that utilizes resources, both human resources and financial ones.

When I enjoy a website or forum, I don't think that the person or people behind it should have to toil away for the rest of their lives on what I enjoy and never earn an income. Instead, I want them to be as successful as they can be – wealthy even, if it's possible, without damaging their brand or community.

And I believe that a majority of people who partake in a free service of some kind understand that. If an online forum is not financially supported in some way, it is usually always a hobby or a side thing and when it comes time to cut things out of your life, because you have a family to feed, it makes sense for that side project to go.

Many great forums are run as hobbies. If you are able to sustain that, awesome. I have total respect for that. I just believe that you have the choice to do what you want, either way.

But, perhaps, even if it is a hobby, you reach a point where you can't dedicate the time you want to it because, well, you have to live. To be able to make it full time, you have to be able to live and accomplish your life goals. It's fine for managing a community to be a hobby, but all communities have financial and/or personal costs and if those costs become too much to bear, the stability of the forum is threatened. Revenue generation can be a natural part of the process of securing a forum's future.

An online community can take a lot of work to maintain, to the point where it can become a full time role. I believe that it is perfectly acceptable for that community to be monetized like any other web service – like [Twitter](#), [Facebook](#), [Flickr](#) and countless others. The purity of these services isn't threatened because the people behind them need to live.

Of course, some will disagree with all of what I have just said. The great thing is that you don't *have* to generate revenue. I wouldn't say anything negative about anyone who chooses not to generate any revenue from an online forum (whether it be through ads, leads for their business or something else) and I would hope, at the same time, that they would not say anything negative about those that do.

There is no one way. And with that said, let's get started.

Patrick O'Keefe

Display Advertising

When people first think about monetizing a forum, the place they commonly begin is with standard display advertising, which can include graphics, text and/or rich media. This is for good reason. It is a mature, established way of generating revenue and there are many tools and services that exist to facilitate it, which makes it easy to get started with.

Display advertising is a term that encompasses the various formats and techniques used by ad networks and advertisers to display ads to visitors of your forum. The techniques will vary, with each having its own upsides and downsides and it is important to understand the nuances of these techniques so that you are giving yourself the best chance for success.

Create a Privacy Policy

This may seem like an odd place to start, but let's just get it out there right away: create a privacy policy. Putting aside any legal reasons, it's a great idea, a best practice and is required by at least some of the companies that you may want to work with, not only for your display advertising, but for other forms of monetization that we'll discuss later in this book.

Your privacy policy describes your methods of gathering data from visitors and how that data is used and shared. It may sound scary, but as long as you understand your policy and stay true to it, it isn't. [Trust Guard](#) offers a great, free privacy policy generator at [FreePrivacyPolicy.com](#). Answer the questions in the form honestly and make sure that you indicate that cookies will be used for advertisements and to compile data – both of which will occur in the course of serving ads.

Though that should do the trick for most forums, this book should not be taken as legal advice. If you have any questions about your unique situation, you will want to seek out a qualified professional.

Do You Start with Advertisements or Do You Add Them Later?

This is a tricky question to wrestle with. Some people will tell you that you shouldn't have advertisements when you first open your forums. They will say that at the beginning you should be focused on traffic growth and that advertisements won't generate much revenue anyway, so you should hold off until later, until you are more established.

That viewpoint has merit, but the alternative view is that people aren't always fond of change. If you have people join your community when it has no ads, those people may expect that your forums will never have ads, as unfair as that may sound. So if you plan to have ads in the future, it may be a good idea to just add a few now.

While change is inevitable in most areas of your community – whether it be new members, new designs, new features or new ads – you want to try to make sure that when you change, it is meaningful. In some cases, it can be more beneficial to simply have ads at the start, even if they are placeholders and you aren't making much, if any, money.

This allows people to immediately come to the understanding that you will have ads and will lead to them being less likely to feel that you have betrayed them after they have already committed their time to your community.

If you are reading this, there is a good chance that you have already launched your forums and they may even be well established. But, if you happen to just be planning to launch your forums, keep these thoughts in mind.

Understanding Revenue Models

There are four basic revenue models that you will encounter in dealing with ad networks and advertisers. To firmly grasp their potential, you need to understand the differences between them and how they work.

You should not confine yourself to just one model. Instead, you should consider what will work best with your community and blend the different strategies to achieve optimal results. This may require some experimentation.

Sponsorship

The sponsorship model can also be referred to as “tenancy” and it works best on forums that have a niche audience. For example, let’s say you have a forum about blue widgets. It would be natural for an advertiser who sells blue widgets to place an ad directly on your forum since they already know that your audience is who they are trying to reach.

In this model, you are selling an ad for a fixed time period to the advertiser for a flat rate. Let’s say you have an ad zone on your forum that is 125 pixels in width by 125 pixels in height (normally written as “125x125”). You might sell that space to an advertiser for \$100 per 30 days. It doesn’t matter how many impressions the ad receives (how many times it is served to visitors), because you are selling time in that ad space, not impressions.

Sponsorships are typically sold on a guaranteed basis, meaning that you are guaranteeing exposure for the advertiser and they will not be outbid or replaced by a higher paying advertiser.

CPM

CPM stands for cost per thousand impressions (or, more technically, “cost per mille,” with “per mille” being Latin and meaning “by a thousand”). An impression occurs each time a visitor loads an ad on your forum.

To use some simple math, let’s assume an advertiser is paying you a \$1 CPM. This means, for every 1,000 ad impressions you serve to them, they will pay you \$1. So, if you serve 100,000 ad impressions, you will receive \$100 (100,000, divided by 1,000, multiplied by \$1).

CPA

This is cost per action or cost per acquisition and refers to the act of a user clicking an ad on your forum and then completing a very specific goal for the advertiser. An example of this would be the user buying a product from the advertiser or filling out a lead form – otherwise known as a conversion event. CPA can also be referred to as cost per lead, cost per sale, cost per engagement and cost per conversion. All of those terms mean pretty much the same thing.

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