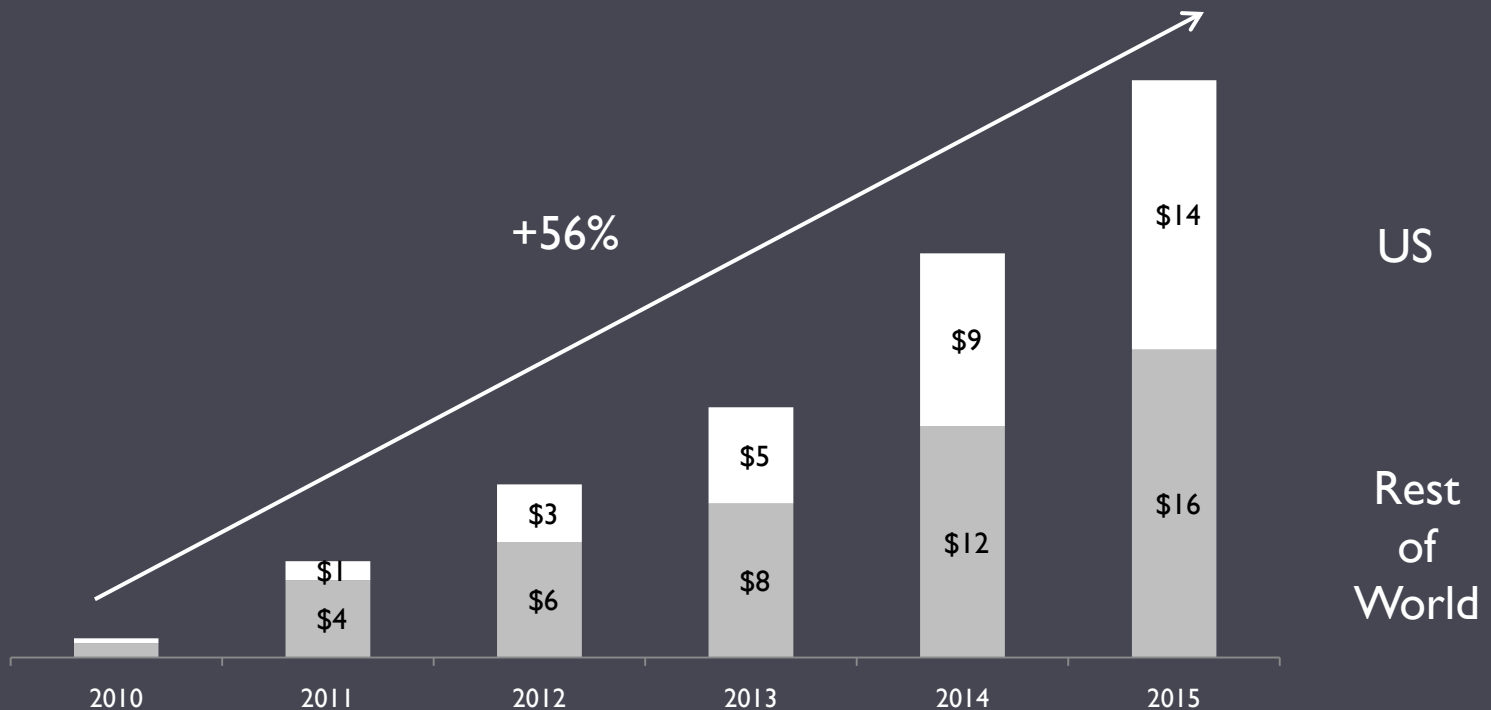


# The most compelling externality of social + commerce – big DATA

Center for Digital Strategy, MBA Fellows, Jonathan Lewis

# Social layer-driven e-commerce is here, big, and growing rapidly

Booz & Company Estimate of Social Commerce Market Size (2010 – 2015; in US \$Billions)



Source: Forrester Research; GP Bullhound; Euromonitor; Booz & Company Analysis. link: <http://bit.ly/hy3eSk>.

# “Turning products into conversations” is generating big buzz

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<b>Flash Sales</b>	- Gilt Groupe	Share of time-limited online deals (and drive member-get-member referrals)
<b>Group-Buy</b>	- GroupOn - LivingSocial	Share of time-limited local deals
<b>Social Shopping Sites</b>	- Kaboodle - Lockerz	Share of products discovered online – thus encouraging ‘social discovery’
<b>Social Shopping Apps</b>	- ShopKick - Stickybits	Share store visits, using scanning technology to encourage store discovery and selection
<b>Purchase-Sharing</b>	- Blippy - Swipely	Share products purchased – thus encouraging social product discovery and selection
<b>Personal Shopper</b>	- GoTryItOn	Smart shopping decisions by allowing shoppers to get a second opinion on what to buy

Source: *Commerce Gets Social: How Your Networks Are Driving What You Buy*. Wired Magazine. Feb 2011. link: <http://bit.ly/e6J5kl>.

# Companies are investing in Social, but derived value is uncertain

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72% of retailers will increase their ad spending on social networks this year over last year, but...

Close to two-thirds (62%) of retailers surveyed also note that the ROI associated with social is unclear

- The State of Retailing Online report,  
conducted by Forrester Research for Shop.org

*Source: Retailers continue to invest in mobile and social despite poor ROI. Juan Martinez. Direct Marketing News. Link: <http://bit.ly/kfGmlk>*

# What they aren't thinking about is the value derived from social layer data

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Source: *Visualizing Friendships*. Paul Butler. link: <http://on.fb.me/fcG8Ng>

# The value of the social layer is seen in three ways

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<b>Customer-Oriented</b>	<ul style="list-style-type: none"><li>• Recommendations / Reviews</li><li>• Content filtering</li></ul>
<b>Marketing-Oriented</b>	<ul style="list-style-type: none"><li>• Behavioral Targeted Advertising</li><li>• Ad Optimization</li><li>• Buzz-Monitoring</li></ul>
<b>Product-Oriented</b>	<ul style="list-style-type: none"><li>• Customer Analysis</li><li>• Business Intelligence</li></ul>

# Well-known examples of data uses of the social layer litter the web

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<b>Company</b>	<b>Type</b>	<b>Activity</b>
BazaarVoice	Recommendations / Reviews	Consumer Ratings & Review for over 1,000 brands importing Facebook likes & syndicating consumer reviews into Google search results
Swipely	Customer Analysis	Offers a card-less brand loyalty program using credits on Amazon driven by publication of purchase data
RapLeaf	Behavioral Ad Targeting	Profile-driven ad targeting service
Radian6	Buzz Monitoring	Follow topics, brands, user sentiment on social networks, blogs, regular media

Source: *The near-term evolution of social commerce*. GigaOm. David Card. link: <http://bit.ly/IPBcVS>

# Leveraging the power of this data is now possible for even the smallest player

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- ▶ Data-friendly web languages
- ▶ Web 2.0 user-centric systems
- ▶ Computer processing speeds
- ▶ Internet adoption & speeds
- ▶ Cheap data storage & dynamic scalability
- ▶ Commercialization of data mining techniques and development of data mining software

# There are companies setup to help

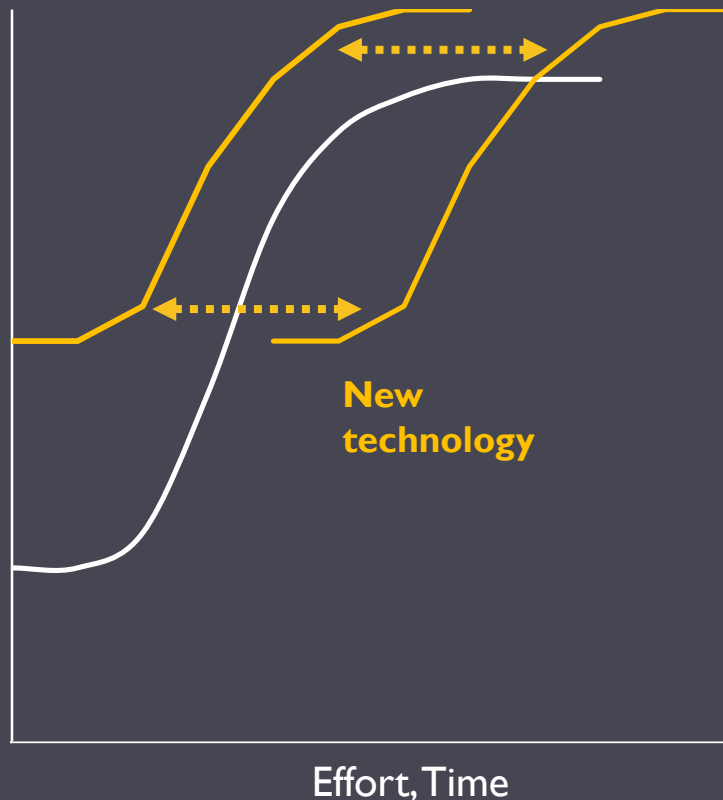
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InfoChimps	Marketplace for data sets and APIs. Datasets are easily browsed and the metadata is contributed by users.
Factual	A platform to share and mash open data on any subject through widgets and APIs. It provides smart tools to help the community build and maintain a trusted source of structured data.
Cloudera	Offers enterprises a data platform built on the popular Apache Hadoop open-source software package.
Lattice Engines	Provides B2B sales intelligence software enabling companies to integrate internal, external and Lattice Engines proprietary data to identify customer patterns and trigger events that influence buying decisions.
Palantir	Provides platforms for integrating, visualizing, and analyzing the world's information, including structured, unstructured, relational, temporal, and geospatial data.
Sulia	Customized curated feeds of real-time social media data for customers to use and analyze.
Gnip	Harvests and packages social media data from a variety of sources.

Source: *Big Data needs to think Bigger*. 567 Technology. Semil Shah. link: <http://bit.ly/mQhFxy>.

# As the emerging players adopt, the further behind the incumbents become

Performance



## Factors in determining technology's s-curve

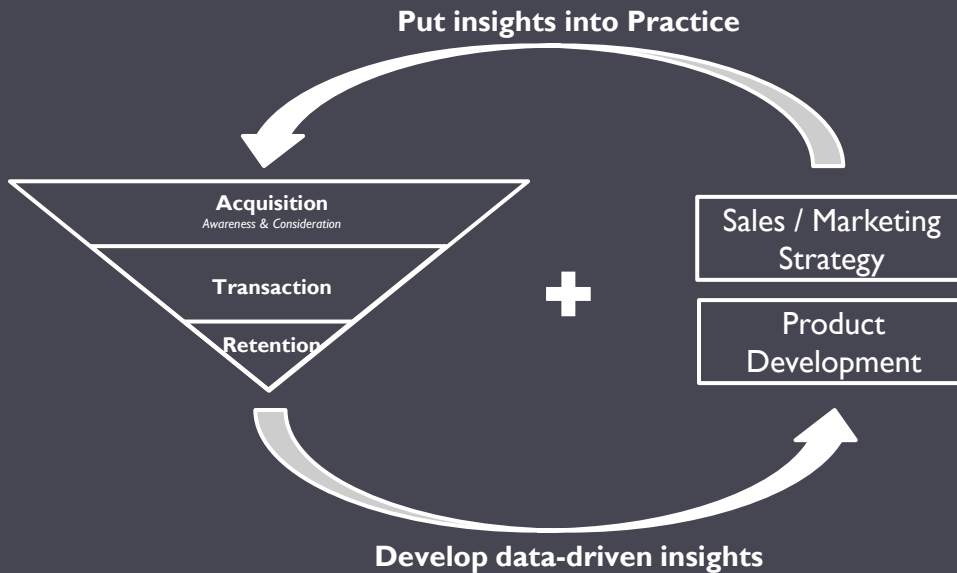
- ▶ Intrinsic
  - ▶ Desired level of interaction & engagement for your product type
  - ▶ Desired level of interaction & engagement with your brand
- ▶ Internal
  - ▶ Position in value chain and involvement in customer interaction
  - ▶ Firm capabilities, resource & knowledge
  - ▶ Firm's web foundation
  - ▶ Firm's strategy, organic vs. inorganic growth
- ▶ External
  - ▶ Competing opportunities, such as market extensions
  - ▶ Threats from startups, other firms

Sources: Innovation Ecosystems and the Pace of Substitution: Re-examining Technology S Curves. Ron Adner and Rahul Kapoor. June 2010.

Customer Power, Strategic Investment, and the Failure of Leading Firms. Clayton Christensen and Joseph Bower. March 1996. Strategic Management Journal.

# The ROI for Social can be clear, and compelling

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Better than traditional customer research:

- Faster to Execute
- Greater Cost Efficiency
- Greater Depth of Knowledge

# APPENDIX

# But, the biggest e-commerce players have a head start

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A short list of the recognized leading data scientists:

- ▶ Dmitry Ryaboy - Twitter
- ▶ Jeff Hammerbacher - Cloudera (formerly of Facebook)
- ▶ Deepak Singh - Amazon
- ▶ Skomorach and DJ Patil - LinkedIn

*Source: Big Data needs to think Bigger. 567 Technology. Semil Shah. link: <http://bit.ly/mQhFxy>.*

# New innovations will drive value for e-commerce firms if they meet specific criteria

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Intrinsic	Internal	External
<ul style="list-style-type: none"> <li>✓ Meets specific customer need               <ul style="list-style-type: none"> <li>• Lowers barriers to adoption</li> <li>• Improves customer experience</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Enhances value in priority interaction point (driven by position in value chain)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Generates more value than other extension opportunities</li> </ul>
<ul style="list-style-type: none"> <li>✓ Enhances interaction around product, brand and/or solution</li> </ul>	<ul style="list-style-type: none"> <li>✓ Possess internal capabilities to execute and support feature</li> </ul>	<ul style="list-style-type: none"> <li>✓ Puts at par with competition (and being at par is necessary)</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Supports growth strategy (organic vs. inorganic)</li> </ul>	
	<ul style="list-style-type: none"> <li>✓ Have foundational elements in place to make feature effective</li> </ul>	

Understanding customer needs and performance relative to expectations will allow e-commerce players to identify and prioritize innovation initiatives and feature implementation