

Facebook seen as next frontier for online sales

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Brick-and-mortar retailers badly want to tap into Facebook's 500 million users.

Retailers realize that for a growing number of [Facebook](#) users, it's no longer just a website. It's a new platform, one of the "big new disruptors" in the online world, according to experts assembled at last week's Shop.org annual retail technology summit in Dallas.

Stores are chatting with customers on Facebook about what's new in stores, holding contests and posting weekly ads. Now, in time for the holidays, companies are building Facebook "stores" that will allow people to shop without leaving Facebook.

Retailers want to "turn all these (social media) conversations into conversions," said Henry Wong, chief executive of Adgregate Markets, a company that's about to put a dozen retailers, including the Gap, Banana Republic and Old Navy, into social commerce.

Aggregate, based in Sausalito, Calif., is working with McAfee to provide security for the shopping platforms.

Why do shoppers need a new platform?

"Because this is where the customer is hanging out," Wong said.
"They're not hanging out on websites."

More than 30 billion pieces of content are shared monthly on Facebook. More than 1 million websites have integrated with Facebook to accommodate those users, of which 50 percent sign on daily.

Mike Murphy, vice president of [global sales](#) for Facebook, said "there's a lot of page-building happening with the functionality to allow shopping" inside Facebook.

"We want it to happen," he said.

Best Buy is an example of a large retailer with a "shop" tab on its Facebook page. Its entire inventory is on Facebook, and users are encouraged to share items they're considering with their friends and read what others think about a product.

"That allows the customer to make a good purchase," Murphy said.

"Originally, we all thought of Facebook as a destination website that people went to" and now it's viewed as a platform, said Josh Goldman, general partner of Norwest Venture Partners. Goldman is the former CEO of mySimon Inc., a popular shopping search engine in the 1990s that was sold to CNET for \$730 million.

It's helping to define what Goldman calls "social retailing."

Some of the move to Facebook is an example of the old "location, location, location" axiom, said Rob Solomon, president and chief operating officer of Groupon, the fast-growing daily deal site. "In the old days, everyone had to be on Yahoo. Now you have to be on Facebook."

For some retailers, especially brick-and-mortar vs. online-only retailers, Facebook pages are seeing more traffic than websites, Murphy said.

Gaming, especially Zynga's FarmVille and Cafe World, have taken off faster on Facebook than retailing, Murphy said. A new company is trying to tap into that popularity for retailers.

Ifelgoods, based in Menlo Park, Calif., has created a promotional tool that allows [retailers](#) to give Facebook credits used by gamers instead of expensive coupons or discounts.

The credits cost the retailer as little as 10 cents and could be offered for sharing a product with friends or signing up for retailers' e-mails.

Murphy described what Facebook imagines as the future.

Retail pages won't be the same for everyone. They'll be customized, and shoppers will vote on what goes on sale next week, he said.

And beyond shopping?

"You sign into a set-top box, and it informs you that six of your friends watched 'Entourage,' and your dad taped it for you," Murphy said.

"Fourteen of your friends like 'Modern Family,' and we taped it for you."

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