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Social Shopping Takes on New Meaning With Newsfeed Purchasing

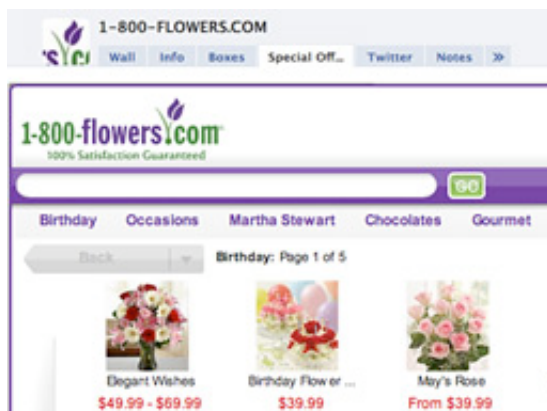
Startup Moves Retail Stores Into Banner Ads, Lets Consumers Make Buys From Their Facebook Pages

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Published: September 14, 2009

NEW YORK (AdAge.com) -- Coming Soon: fully functional retail stores in your Facebook newsfeed.

As Facebook wades deeper into the e-commerce space with its payments system, a gift store that sells real items and retail stores on brand pages, it was only a matter of time before someone figured out a way to enable shopping in what is arguably the site's most valuable real-estate: the newsfeed.



A FIRST: Alvenda and 1-800-Flowers launched a store on a Facebook brand page.

In this case, that someone isn't Facebook but Alvenda, a Minneapolis-based startup that has already been moving retail stores into banner ads and letting people make purchases directly from the ad units.

"Instead of having one e-commerce store you have hundreds of millions," said Alvenda CEO Wade Gerten.

"We package it up as a banner ad and traffic it all over the web." More interestingly, though, the company is packaging up those stores and putting them in social-network sites.

'Between friends'

A month ago, Alvenda and 1-800-Flowers made headlines for launching the first e-commerce store on a Facebook brand page. That store required users to head to the 1-800-Flowers page and click on the store tab to shop. But when Alvenda launches the newsfeed stores, users won't even have to leave their feed to make a purchase.

"The fan-page store was fun and groundbreaking, but what social shopping really looks like is between friends," said Mr. Gerten, who founded the company with former Target.com Marketing Chief Brian Howe. He said the company will launch in-newsfeed shopping before the holidays with several yet-unnamed retailers.

A hypothetical example of how it works: You create a gift registry on Target.com or Macys.com, and by hitting a button you can share your registry with all your friends on Facebook. They'll see the notification in their newsfeed -- "Karen has shared her gift registry" -- and, without leaving the newsfeed, Karen's friends can purchase off the registry. Users could also compile wish lists on retailer sites (or e-commerce-enabled brand pages) that they share with their Facebook newsfeed. Their friends will then have the option to pool their money to purchase items from that wishlist together.

Sharing shopping information in the Facebook newsfeed is an interesting idea, but Alvenda and the retailers with which it launches will have to tread lightly. Facebook got into hot water for sharing users' purchases via the newsfeed a few years ago with its Beacon launch, a mistake it chalked up to not giving consumers enough explanation and control.

A recent study by Ripple6 and The E-tailing group suggests 83% of people want to share information about their purchases and that 43% credit making purchases as a result of their social-networking surfing. And given that Facebook is commanding an ever-greater amount of people's internet time -- more than five hours a month, according to July Nielsen data -- it's no wonder retailers are keen to explore e-commerce on social networks. JCPenney, for one, has an active Facebook page. It stops short of actually selling products on it, but has a "shop" tab and links to its own site.

Facebook Credits

Facebook has made several moves to enable more e-commerce experiences. It expanded its currency program, Facebook Credits, which operates a bit like a Facebook-only Pay Pal system: users can buy credits and use them to buy things such as virtual gifts. More recently, Facebook has allowed developers to add real gifts to its gift shop, so in addition to, say, buying a virtual teddy bear, one can buy an actual teddy bear and have it shipped to a friend's house.

Facebook doesn't actually do any e-commerce itself but it has created a platform, not unlike eBay, in which its buyers can find sellers and, eventually, it seems likely Facebook Credits could be the currency for many of the transactions that occur on the site. Right now Facebook doesn't make money through Credits, short of generating revenue on sales on its own virtual gifts, but that could change.

There's another reason Facebook is ripe for big retail, Mr. Gerten said. "It's the first Christmas you'll have multiple generations within Facebook. If my dad wants a BluRay player, my brother and I can go in there and divvy it up for him."

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