

FINANCE AND COMMERCE

Tech and Energy

September 22, 2009

Alvenda bringing retailers, shoppers together via Facebook, 'shoplets'

by [Arundhati Parmar](#) Staff Writer

Minneapolis-based [Alvenda](#) made headlines locally this month when it was named winner of Minnesota Cup, a prestigious statewide competition intended to foster innovation.

In the tech community, however, Alvenda's big breakthrough occurred in late July. That's when online retailer [1-800-Flowers.com](#), using Alvenda's technology, became the first store to set up shop entirely within Facebook, the wildly popular social-networking site.

Until that moment, plenty of retailers had advertised their wares on Facebook, but anyone who actually wanted to buy the items being advertised there had to check out on a separate site.

"We thought (we were the first), but we weren't sure, so we were racing to get it done," recalled Wade Gerten, co-founder and CEO of the firm. "We launched – and a product sold a couple of hours later; it turned out that it was the very first item that sold on Facebook." (For tech trivia fans, that product was a "Slice of Life" – carnations shaped in the form of a slice of cake.)

And that was just Alvenda's first effort to make Facebook more shopping-friendly. In October, it will help major retailers get a slice of the social network; through Alvenda's technology, users who create wedding registries and other wish lists on the homepages of retailers can share them with friends on the service. Their Facebook friends, in turn, can purchase the gifts without logging off their own page.

"What's really interesting is that this is the first holiday where there are multiple generations inside Facebook," Gerten said. "I think this is the perfect time for something like this to take off in the next two to three months."

'Funny' business

Gerten would not name the "major retailers" working with his firm, but he did not leave a whole lot to the imagination when he described two Minnesota customers as a major electronics retailer and a general merchandise retailer, presumably referring to Best Buy and Target. A further clue: One of Alvenda's co-founders spent six years managing marketing for Target's online business.

Alvenda isn't just helping retailers harness the power of Facebook. It is also helping to add horsepower to that more traditional form of web advertising: banner ads.

Traditional display ads on the Web consist of boxes with text and graphics on a given website; interacting with them necessarily requires users to navigate to a new window or tab. Not only are they static in direct contrast to the interactive nature of the Internet, they also interrupt the Web experience because users must stop whatever they were reading or doing on the page containing the ad once they click on it.

To Gerten, therein lies the problem. He used to sell Macy's merchandise on his own website but when it came to checkout, he would have to send users to Macys.com.

"I thought, 'That's kind of strange.' And usually, when you have those 'that's kind of funny' moments, there is a business there," Gerten said.

The business, it turned out, is what Alvenda now calls shoplets, or shop-able ads. Essentially, they're a fully functional e-commerce store masquerading as a banner or display ad on a website. 1-800-Flowers used this technology to launch millions of stores overnight on the web during this year's Mother's Day campaign. The company used them in a head-to-head test with a traditional, static banner ad shown to visitors to the 250 most popular sites on the Internet during the week leading up to Mother's Day in May. In the end, interaction rates on these rich media ads were 10 times higher than the regular banner ads. Sales were also 41 percent higher.

"It was a novel approach to display advertising," said Vib Prasad, vice president for Web marketing and merchandising at 1-800-Flowers. "The customers enjoyed the experience even if they were not going to be purchasing because it was so different than any experiences before."

Prasad said that the company will continue to use Alvenda's shoplet ads for campaigns in the future.

Ubiquity beckons

Such interactive ads aren't unique to Alvenda. A Gartner analyst pointed to another company called Adgregate Markets that also allows embedded shopping in ads. What's different is that Alvenda's ads have a "expand to shop" feature that increases the size of the display ad, providing a larger view of items.

"The expanded banner size is a nice trick," said Andrew Frank, research vice president of interactive media at Gartner.

Frank added that the idea of having interactive rich-media ads will become ubiquitous. He believes it's only a matter of time before bigger players such as Microsoft or Google decide to leverage their resources and large advertising networks to offer such functionality on various sites.

"So I guess the question is: How much time does a small entrepreneurial vendor have?" Frank said. "If they are lucky they get bought, if they are unlucky they get trampled."

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U.S. Trust Building Suite 100, Minneapolis, MN 55402 (612) 333-4244