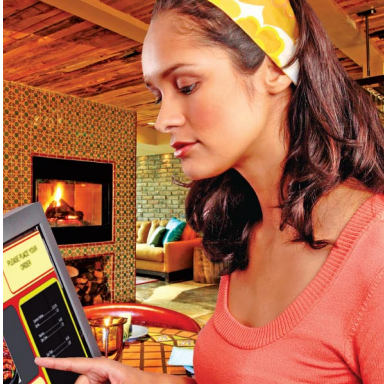




Social Commerce Defined





An Introduction to Social Commerce

Social Commerce is a new phenomenon that has taken the e-commerce world by storm. Unlike many technologies to emerge over the years, social commerce has had a rapid adoption. A few years ago, Facebook, Twitter, YouTube and LinkedIn were not common terms in our vocabulary. Few could have predicted how pervasive the social technologies have become not only online, but also in our daily lives.

Put simply, social commerce is the concept of word-of-mouth, applied to e-commerce.

Social commerce has taken word-of-mouth where it never really existed before, the online shopping world. Customers now are looking for ways to leverage each other's expertise, understand what they are purchasing, and make more informed and accurate purchase decisions. Retailers need to understand their customers and what they expect out of the shopping experience to develop a successful social commerce strategy.

This whitepaper will focus on the definition of Social Commerce, the benefits of social commerce to retailers, the different components and how IBM has enabled Social Commerce in WebSphere® Commerce Version 7.0.

The Basics of Social Commerce

Social Commerce is the marriage of a retailers products and the interaction of shoppers with the content. It comes in many forms, although the most common and adopted is online ratings and reviews. As the use of the internet has evolved, shoppers have increased their expectations of the retail interaction experience. It is no longer enough to have standard product descriptions with static text and standard descriptions. Shoppers want detailed product descriptions that include product specifications and information on how the product works; instructions and how-do tips and videos. Essentially, shoppers are looking for more information to gauge the value they get for their money with specific products. Shoppers have transferred the social in-store shopping experience to the online experience and now, expect an interactive and more social experience online.

The screenshot shows a product listing for two skirts: 'Animal print skirt' for \$15.99 and 'Flower tiered skirt' for \$14.99. Below the listings is a 'Girls Dresses and Skirts Blog' section with a 'Create Entry' form. The form includes a title field with the text 'Another nice collection' and a content area with the text 'These skirts are simply adorable and my niece agrees !'. A 'Create' button is at the bottom, with a message: 'The administrative policy of this site prevents content from displaying immediately.' To the right, there is a sidebar with three items: 'Striped bodysuit for baby' for \$19.99, 'Varsity tee' for \$14.99, and 'Heart tee' for \$9.99, each with an 'Add to Cart' button.



Today's shoppers are looking for transparency from retailers. Providing the opportunity to share knowledge, insights, thoughts and opinions ensures that retailers are offering a more social experience online and adds significant credibility to a website. As retailers introduce social commerce to the online experience, it is critical be authentic and genuine when speaking to shoppers, who are passionate about products and their brand. The social web is here to stay, it's no longer a young adult phenomenon. In fact, the fastest growing demographic on Facebook is now woman between the age of 45 and 55, who also happen to hold a big piece of a family's purse. By personalizing the experience, retailers can engage shoppers and transform them into brand advocates.

Social Commerce Impact on Retailers

In many cases, retailers were on the forefront of social technologies such as enhanced conversion rates after integrating ratings and reviews into product pages. Conversion rates are one of three primary benefits retailers can enjoy by pursuing a broader social commerce strategy. By making their entire retail experience social, and leveraging the unique components of social commerce from a technical, application and strategic perspective, retailers can turn their sites into communities, where conversations flourish around brand, product, and lifestyle-oriented content – creating a larger, more vibrant, and more effective online experience leading to return visits and increased sales.

As shoppers have adopted social technologies, merchants and manufacturers have responded by providing features such as ratings and reviews and integration to Twitter accounts, where shoppers share promotions and new products. Companies are innovating the shopping experience with social technologies such as a Facebook store and integrated social campaigns. Social Commerce is redefining the way brands and retailers are interacting with customers.

The Key Components of Social Commerce

Social commerce can deliver several key benefits. First, social commerce drives new online visitors. By deploying a social, search-optimized content on their sites, retailers organically can increase their search engine page rank and attract site visitors through the multitude of new access points created by this content. Custom content with product-relevant topics, categories, and lifestyles – whether created by users or professional content creators – can drive new traffic to the site. For example, a home and garden retailer hosting an article about “How to Build an Outdoor Deck” would attract users searching for related terms on major search engines – in turn acquiring highly qualified new site visitors. Retail strategists and marketers should examine content as broadening the top of the marketing funnel – building traditional “awareness” – not through print ads or network TV spots, but rather through today's corollary: search. Understanding the science of deploying SEO-friendly content is key: even the top position on the second page of Google search results gets less than 1% clickthrough rate.



The second benefit of implementing a social commerce strategy is increased engagement. This engagement is created primarily by integrating social applications into the core site experience of a retail website. By giving shoppers the right tools to interact with product and lifestyle-related content on their social commerce destination, retailers enable those shoppers to build preference for that content and the products and brands represented. User profiles, groups, blogs, forums, photos, videos, comments, ratings, reviews and recommendations are all critical social applications which can be customized, combined and deployed to power a range of user experiences, including:

- **Shopper Show-and-Tell** – Blogs, photos, and comments enable shoppers to share their product experiences, which helps provide informative perspectives for prospective shoppers making purchasing decisions about the product
- **Product Page Discussion** – Ratings, reviews, recommendations, and comments power Q&A-type experiences around products, enabling shoppers and staff to interact around product features, benefits and use cases.
- **Project Journals** – Photos, user profiles and blogs enable shoppers to establish product journals that chronicle the use of products.
- **How-to Guides** – User, employee and expert-created articles and videos provide shoppers with valuable, influential information on product usage, and provide retailers with a wealth of informational reference content.

In addition to integrating these social applications into the core site experience, retailers should create and deploy custom applications designed to enable entirely new engagement opportunities on the site. Custom applications deliver a new experience for shoppers and build long-term preference for the site as a destination and should be tailored to fit that particular retailer's business or brand. For example, for a health and lifestyle retailer, a custom application might be a calorie counter – an application that would provide shoppers with a rock-solid, benefit-laden reason to visit and re-visit the web site (or corresponding mobile application) on a daily basis, further engaging that user with the online experience.

The third and final benefit to social commerce is that it can drive conversion among new, engaged visitors. By leveraging social technologies that allow shoppers to discuss product benefits, features and use cases, retailers enable those shoppers to influence each other in the purchase process. Nielsen reports that 70 percent of people trust recommendations from unknown users online, while Forrester has shown that nearly half of US online adults read ratings and reviews at least once per month.



Other social commerce strategies are more creative, and deliver huge potential for increasing conversion rates. For example, effective deployment of descriptive content – whether user reviews, comments, blogs, or professionally-written product descriptions – in a search-optimized fashion can bring in shoppers with high intent to purchase from long-tail search phrases, searches which typically signify high purchase intent compared with more generic product search terms. E-marketer reports that a “Q1 2009 Razorfish survey of social network users found that some 29% reported sharing their views online at least every few weeks, while 10% said they made such contributions at least every few days”. As shoppers get more comfortable with sharing their opinions through social networks, we are set to see an even greater impact.

Social Commerce also brings other advantages to retailers. When customers share their opinions about product, it is beneficial for retailers to listen and respond to feedback. When products are poorly rated by a number of people, there is a good chance that the product is not performing as expected or potentially a manufacturing problem. By having visibility to these issues early, retailers can affect customer satisfaction dramatically and reduce return rates.

Social commerce success requires retailers to adopt their shoppers’ frame of mind. Ultimately, a retail site is like any other site from the user perspective: users come there to consume and interact with content. By giving users more content to consume and more ways to interact with that content, a retailer succeeds in providing the user what they’re looking for. In return, the retailer is rewarded with increased brand loyalty and preference, demonstrable with higher traffic volumes, engagement metrics and conversion rates.

Integrating Social Commerce into the Retail Software Platform

For many retailers deploying social commerce capabilities as part of an integrated retail software platform can bring significant additional value. The IBM Retail Industry Framework is a software platform that provides integration, process optimization and analytical capabilities. It enables retailers to integrate products like WebSphere Commerce with other solutions, and in the context of social commerce, it provides the capability to be deployed in different channels or integrated with other applications.



One example of using this approach would be to integrate with a text analytics solution like the IBM OmniFind Analytics Edition. This would enable a retailer to analyze the customer interactions in order to gain deeper levels of insight such as understanding sentiment trends, or identifying unusual or unexpected patterns in the interactions. With this information available, it would help the retailer to answer questions such as: "What do customers love and hate about my products?" and "What new markets and opportunities should we pursue?"

WebSphere Commerce Version 7 is a core component of the Retail Industry Framework software platform. The WebSphere Commerce Version 7 Social Commerce capability enables the creation of user-generated content and tracking the creation of social content for marketing and community building purposes.

How IBM WebSphere Commerce Version 7 Helps Retailers Leverage the Power of Social Media

Social Commerce in WebSphere Commerce Version 7 enables the creation of user-generated content and tracking the creation of social content for marketing and community building purposes. The types of user-generated content that can be created out-of-the-box include Blogs, Social Profiles, Ratings and Reviews and photo galleries. Through platform providers such as Pluck, additional modules such as forums, videos, comments, and other applications can also be deployed.

Social Software providers

WebSphere Commerce requires the use of social software providers for hosting, storage, retrieval and management (moderation) of user generate content. There are two categories of social software that can be leveraged from WebSphere Commerce.

- **On-premise licensed social software:** With this type of integration, retailers purchase, install and manage the on-premise social software that will be used by WebSphere Commerce to store and retrieve social content. With version 7 of WebSphere Commerce, there is pre-built integration with IBM Lotus Connections 2.5 for this purpose. The retailer will be responsible for provisioning the hardware and software for Lotus Connections. The retailer also is responsible for managing the infrastructure and configuring the software.

The Social Commerce integration with Lotus Connections 2.5 allows a retailer to enable blogs, photo galleries and social profiles (Ratings and Reviews are not part of this offering). The key benefit to leveraging on-premise software is that the user-generated content resides completely within the merchant's data center.



- **Social Software as a Service (SaaS):** With this type of integration, the retailer is expected to sign a Service Level Agreement (SLA) with a vendor that hosts and manages social content on behalf of the retailer. There is support in WebSphere Commerce Version 7.0 for two popular vendors - Pluck and Bazaar Voice. The integration with Pluck enables the use of blogs, photo galleries and social profiles. Pluck also enables discovery, comments, video, groups, forums, ratings and reviews, and custom web, mobile and desktop applications running on its social application server. Integration with Bazaar Voice enables the use of ratings and reviews with store assets. Additional SaaS vendors may be added by extending the Social Commerce solution to a specific SaaS vendor's content API.

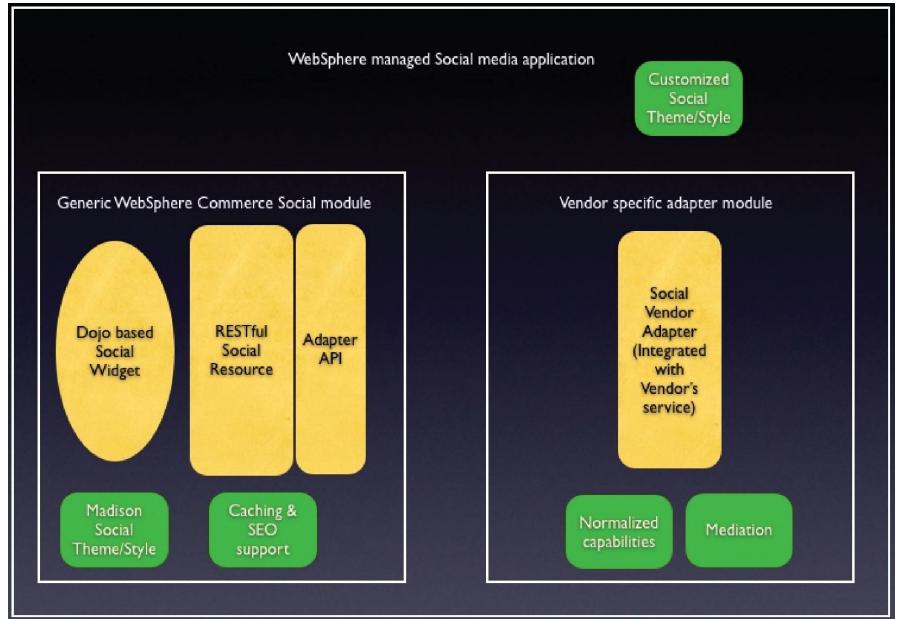
There are various reports that analyze the costs versus the benefits of SaaS and on-premise software. This paper does not address these details as retailers make these decisions based on their unique requirements.

The tools for moderation of user-generated content are provided by the social software vendor. Moderation of user-generated content for relevance, abusive language and competitor interference is strongly recommended for internet-facing retailers.

Mashup Technology

Since the content rendered for the social widgets is not stored in the WebSphere Commerce domain, the typical architecture for integrating social content with store content is leveraging mashups. The two broad categories of mashup technology are:

- **Client-side mashups** – Loosely defined, this refers to integration of content from different sources at the client (browser, mobile device etc) through the use of JavaScript libraries. This type of integration is used by SaaS vendors to integrate the vendor-specific social widgets into store pages. This typically requires the use of cross-domain transports (to side-step browser sandbox constraints) along with DNS masking to associate the vendor's IP address with the retailer's domain to allow cookies to be sent to the SaaS vendor for authentication.
- **Server-side mashups** – With this type of architecture, the content is integrated on the server side in the WebSphere Commerce engine through content/data API provided by the social software and is rendered as part of the Commerce application to the client. WebSphere Commerce Version 7.0 uses this architecture to integrate social content into the store pages in a vendor-agnostic manner. This gives the retailer the ability to switch providers or technology with minimal updates to the store pages.



The social widgets as depicted in the figure above are delivered as part of the WebSphere Commerce Social Commerce feature are generic. These widgets can use the same themes and styles as the rest of the store pages without any coordination with the social software vendors.

The architecture also uses a Representational State Transfer (REST) style that allows the retailer to leverage a common social API for extending the solution. It also allows the use of standard caching technologies. The solution enables rendering stylized Search Engine Optimized (SEO) representation of dynamic social content to improve the page ranking of the store pages associated with the social content. As depicted above, these capabilities are out-of-the box, regardless of the social software vendor. In addition to the social software vendors supported in WebSphere Commerce Version 7.0, it is possible to leverage the underlying IBM WebSphere sMash technology for Social Commerce to integrate with other third-party vendors or in-house software, without changing any of the store page integration.

There are other benefits to this solution. Since social content always flows through the retailer's site, they can have more insight in terms of how social activity correlates to the shopping activity. There are also no issues with private user cookie information flowing unimpeded to third-party sites, because this is filtered at the server side prior to leveraging the vendor's data API.



Social widgets

The Social Commerce user interface widgets with WebSphere Commerce Version 7.0 extend the functionality of selected available Dojo 1.3 widgets to create a versatile, customer-friendly store. These widgets are interactive Web 2.0 widgets that render content without page transitions. They add new functionality, changing the appearance and interaction experience in the store.

Social Commerce contains the following user interface widgets:

- **ibm.social.Profile** - The Profile widget is used by shoppers to create an online community profile that contains their personal information. The information is displayed when the social networking content created by the shopper is displayed in the storefront.
- **ibm.social.Blog** - The Blog widget is used by shoppers to view the content of blog entries, create new blog entries, and add comments to or recommend existing blog entries. Shoppers can view the content of blog entries and mark content as inappropriate. When content is flagged as inappropriate, it is sent to the Site Administrator, who can view the blog entry and determine whether to delete it from the storefront.
- **ibm.social.PhotoGallery** - The PhotoGallery widget is used by shoppers to post photos and view photos within a gallery. Shoppers can add comments to photos, recommend photos, and mark content as inappropriate. When content is flagged as inappropriate, it is sent to the Site Administrator who can view the photo and determine whether to delete it from the storefront.
- **ibm.social.BookMarks** - The BookMarks widget adds social bookmarking capabilities to a store page. It is used by shoppers to create bookmarks for store pages that contain social content and share the social content on social bookmarking sites, such as Digg, Delicious, Google, and Facebook.
- **ibm.social.Reviews** - The Reviews widget is used by shoppers to create a numeric rating with review text for a product. It also displays the average rating for a product.



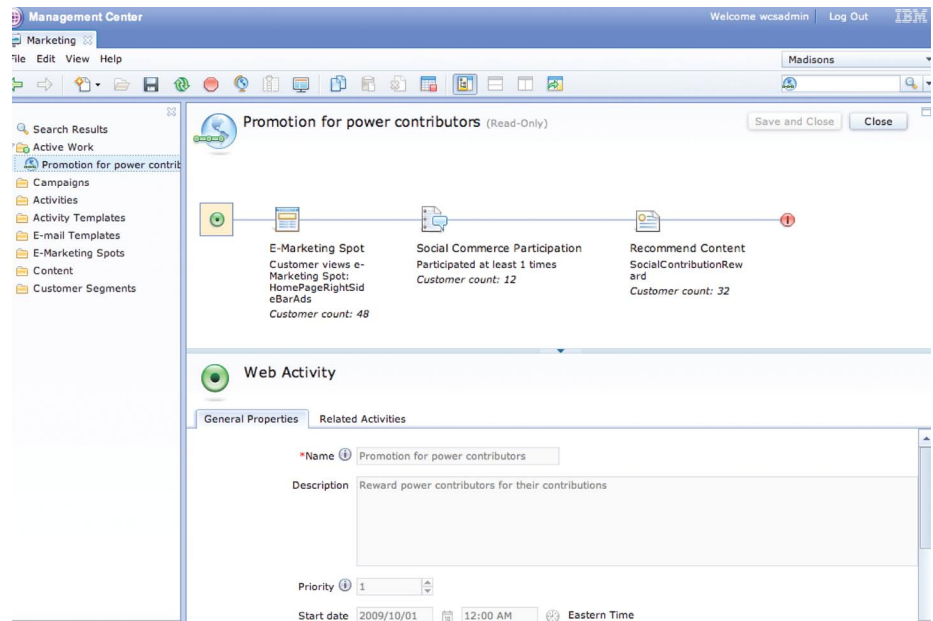
These widgets can be easily integrated in to the store pages by including very concise XHTML snippets, such as the following example that declares a blog widget.

```
<div
dojoType="ibm.social.Blog"
title="Item Mode Blog"
resourceId="Sample Store Item Id">
</div>
```

The widgets are loosely coupled with the store pages to allow the store developer to associate the resource with one or more store artifacts such as a product, category, store, gift registry or any other uniquely identifiable entity using the value of the “resourceId” attribute. The widgets are easily customizable and extensible using simple style sheets.

Precision Marketing

Social Commerce is about quality user-generated content. Shoppers are looking for reviews and experiences that match their own prior to making a purchase decision. WebSphere Commerce Version 7.0 enables the retailers to track social activity and promote contribution of content to foster a loyal community.



Precision marketing allows marketing managers to use the IBM Management Center to define rules and policies focusing on frequent contributors with various promotions using a number of criteria. Business users can easily segment users by their level of participation in ratings and reviews and blogs and provide them with targeted promotions. As a shopper’s participation changes over time, they can be moved from segments to continue to foster the retailer-shopper relationship.



In Conclusion

Social Commerce is changing the way retailers and shoppers interact. IBM is committed to innovate and provide customers with new technologies and features that help retailers leverage the power of the online word-of-mouth. IBM provides out-of-the-box integrations with Bazaarvoice Ratings and Reviews, Lotus Connections and Pluck Sitalife to accelerate the time to value of social commerce deployments for our customers and powerful business user tools to enhance shopper's active participation.

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