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Ethan Whitehill: Welcome to the Brand Show, I am Ethan Whitehill.

Lou Thurmon: And I'm Lou Thurmon.

Ethan Whitehill: In this episode, we are talking to another force in the social media universe. Last week, it was Groupon and today, our focus is on Foursquare. Actually, which reminds me, I need to check in to the office today because I am battling one of the interns to be mayor of Two West.

Lou Thurmon: Of your own company. Get on it! [Laughter]

Ethan Whitehill: Eric Friedman, Director of Client Services for foursquare joins us to talk about his company's emergence as the go-to city guide for close networks of friends.

Lou Thurmon: That's right. Not only are they focused on this intimate social circle, it's also the digital platform of choice for smaller retailers.

Ethan Whitehill: Eric, welcome to the show!

Eric Friedman: Thank you for having me.

Ethan Whitehill: Well, I think it's safe to say that foursquare is definitely leading the way in location-based services and this whole thing has happened relatively quickly. I know in internet time, it's probably not too quick. But I think for a lot of business services and technologies, I think you guys have moved quite rapidly and I think our listeners would love to hear how it all evolved, where Foursquare came from.

Eric Friedman: Well thanks very much. We think things are going well too. I am obviously biased as I work at foursquare, but the original incarnation of Foursquare was created by the two co-founders, Naveen and Dennis, and the company originally was really – the idea of Dennis to make a better city guide to find out what your friends are up to, what they are

doing and really unlock the power of what's going on around you by virtue of what your friends are doing.

Ethan Whitehill: It's interesting, as you described it as a better city guide, we just recently interviewed Groupon on the show and they described their service as a type of city guide, a way to explore the city, but your approach is obviously different. And there has been a lot of talk and a lot of news actually in the last week regarding other services that are either location based or in that same space and I wonder if you can tell us, why is Foursquare different? What do you have to offer as absolutely a pioneer and an innovator in the space? What do you have to offer versus other services?

Eric Friedman: Sure. I think that first and foremost, the social graph that we work on and concentrate on have to do with people you see and interact with on a regular basis. A lot of other services are people you have other types of interactions with that you're sharing photos or chatting with or are just friends from different networks, either connected professionally, socially, through college, through school, things like that. The Foursquare network is really about people that you interact with and see on a regular basis. So I look at it as in the real world social graph.

Ethan Whitehill: One of the really interesting features, I think, about foursquare is the concept of the mayorship, and I'm wondering if you could tell us where that idea came from and how that is evolving today.

Eric Friedman: Sure. It is one of my favorites as well. The original incarnation was actually – came up with one of our original investors, Chad Stoller who saw Naveen and Dennis actually working at a coffee shop so much that he recommended that they actually have the title of mayor of that coffee shop. The idea behind it is simply, on a technical level, the person that's checked into a place more times than anyone else on Foursquare in 60 days, but the social implications of that are pretty widespread. We hear a lot of awesome stories of people trying to get mayorships in their office, their favorite bar, museums, things that would drive a different type of behavior; maybe somebody stopping off somewhere on their way home from work that they otherwise wouldn't, and that's the type of social behavior that has risen out of this title.

Lou Thurmon: Speaking of behavior, I am very interested to know in what ways you have witnessed merchants actually being directly benefitted from the users of Foursquare. Just creative ways that the technology engaged consumers to boost their sales.

Eric Friedman: Sure. There are a couple of national examples and there are a couple of local examples. It's something that's obviously near and dear to my heart as I work on this exact problem with the merchant; both verifying their location but now allowing them to run different specials. I think on the national level, there's a couple of flagship examples that have seen some pretty huge levels of success. One of the biggest partnerships that we did was with Starbucks which did a mayor offer. They offered actually earlier in the summer a dollar off to anyone that was a mayor of Starbucks towards a new drink they came out with. They actually saw a huge amount of checking increase once the offer was live, which was obviously due to more people on foursquare but also people being aware of the offer and fighting for that mayorship. So that type of behavior that we track through redemption at Starbucks of the mayor offer, and just observing things like Twitter and people saying, "Hey, I would never have bought this drink in the first place. But getting a dollar off and being the mayor, I am going to try something new." That was a great flagship example and we've gotten a bunch of retailers on the national chain level on board. American Eagle had a great offer giving 15% off to those people who check in just one time on Foursquare. Gap had a great promotion in the last few weeks is a one-day only 25% off, which is another great one. But what is most interesting are the real individual merchants who have one location or one shop, one bar, one restaurant and there's been a few instances where people have opened up shop in a new area, been running newspaper ads and different coupon ads and a Foursquare ad. They are always giving away something for free and found a lot of value in having a special at their location – for example a free sample or a certain percentage off and because people are checking in on Foursquare and seeing offers nearby, they are driven to that business location, taking advantage of that offer and we are seeing a lot of people abandoning the type of advertising such as newspapers and the circulars in favor of this free special, which they're giving something of monetary value away, but that ends up being a larger purchase down the line. It's about getting people

through the front door, letting them sample your products and obviously becoming bigger customers.

Lou Thurmon: It's really a great example of that bridge between digital and going into the physical location.

Ethan Whitehill: Yes. I read recently that multi-channel shoppers spend four times the amount of a single source shopper, which I think is really interesting, and it makes me think too that there's got to be a lot of data that you are collecting with all those check-ins. Beyond specific promotions with specific retailers, what do you do with that data? Where does that go?

Eric Friedman: Sure. So right now, that data is used by Foursquare to make the system operate better. And what I mean by that is that we've been at this for a couple of years now and obviously, the system is available worldwide. We are using that data to make the system easier to use. So when you are in a city for the first time or when you are nearby to a location, we rely on a number of different factors that we don't control such as GPS, cellular network or the hardware of the phone. By using the data that people give out by using Foursquare, we are actually making it easier to find places you want to check in at when you are nearby, if there's say a hardware problem or a GPS problem or a network problem. The places with the most checking and activity actually surface to the top of your list and we also use net data on a time and day basis. For example, you wouldn't have an early morning coffee shop at night time on the weekend. Those are the types of smart sorting decisions we can use using a couple of years of data and having linked people on the system.

Lou Thurmon: It's a really great point of how you are able to use data to control things that are just outside of your realm.

Eric Friedman: Yes, exactly. The more people use the system, the smarter the system gets and then it becomes more useful. I think it's one of the network effect of more friends being in the system so it becomes easier and more fun to meet up with people, as well as the serendipity of more brands being on the platform and offering more interesting things. I think it's a very symbiotic relationship of brands seeing people use the service, brands seeing people on a service and that eco system kind of evolving. I think we are at the very [initial] stages of it, but

that's what makes it so exciting to work on some of these problems.

Ethan Whitehill: So as you increase somebody's social exposure through location services, obviously privacy becomes a question. I know that it's a growing question not just with location-based social media but also just Facebook and other services as well. How do you address privacy questions and concerns?

Eric Friedman: Sure. So we take privacy extremely seriously at Foursquare and have since the beginning. We have an entire help section dedicated towards privacy issues, concerns, questions and people are encouraged to go there if they have a question, a comment or issues and we are constantly monitoring the system for anything that goes on. One thing to point out that I think is pretty important that sometimes it gets overlooked: Is it's a two-way relationship for friendship within Foursquare? So unlike Twitter where you are following someone, Foursquare is actually friending someone. They have to friend you back to actually get your location. That's a two-way street that happens between you and anyone you're broadcasting your location to. The other thing is that you are opting in to share your location. So, Foursquare never knows when you check in to a location; once you open the app and check in to that place. So anytime you are out with a group of friends and you want to check in, it's kind of like telling your other friends nearby, "Hey, here's where we are" – that's not the case and you don't check in and that does not become an issue. So we take it very seriously. We look at ways in which we can use the latest and greatest technologies to protect how people interact with the system, how the information is used and how it is stored on our side as well.

Lou Thurmon: I am very interested in kind of future plans to really see what you have on the table for that balance between the wants of your users and the demands of marketers. What's in store for us with Foursquare in the future?

Eric Friedman: Like I said earlier, I think we are in the very [initial] stages of this arena. I think that the idea of a check in has obviously become very interesting to both us and a lot of other companies. I think it's what happens afterwards that's most interesting. To me, on the business side, the way in which businesses can leverage the data – exhaust as I like to call it –

being given off by the users is interesting. It makes the service better. It makes the businesses able to target people a little bit better, and I think it just makes the overall game play and game dynamic, if you haven't really gone into a little bit better to reward people for positive behavior. I think we are looking at all those things; to be able to have a whiteboard full of ideas here, a really core critical team of engineers and the smartest people I've had a chance to work with that are attacking some of these problems; and I think it's just the early days for what the product has to offer which is kind of exciting.

Ethan Whitehill: Can you give us a sneak peek into some more of that game play as you say in terms of how you are going to be rewarding people. I know Shop Kick launched this week and they have a location-based rewards system. Where can we be looking for Foursquare in this area in the future?

Eric Friedman: I think we're thinking a lot about how to incorporate some of these game dynamics in a way that is not too obtrusive. Like I said, it's a social utility versus a game. I think a lot of companies are more swinging towards the side of a game play and a lot of other companies are swinging towards the side of a business utility.

Ethan Whitehill: Right.

Eric Friedman: I think Foursquare fit in that nexus of being a social utility first and then having some of these experiments because that's exactly what they are; from brands and agencies and some of our partners and how they can reach people. I think as a system, as I said before, becomes smarter; as the network effect of more people being on the system becomes greater, you can look to some of the things that we are currently fleshing out and even some of the data such as tips, which are things you can do or place; to use, which are things you might want to accomplish either at a place or places, or you know how much about this restaurant. That type of information which is currently being selected is something we are spending time looking at in terms of making it easier to find things to do and finding the best to do. I think that all comes from people using the system and putting in solid data.

Ethan Whitehill: Now, there's an 800-pound gorilla that entered kind of your market space with Facebook recently and Facebook Places.

Can you tell us a little bit about how Foursquare is going to change or what that means to Foursquare as a result of that, if anything or are you going to continue down the path that you've already set?

Eric Friedman: Yes, I think we've known – what we've been up to for a while, we're up on stage with them when they made the announcement. We are looking at their API right now to figure out the best integration. I think that's an integration you're going to see in the future. It makes a lot of sense. As I'm saying before, I think if you look at our social graph in terms of what it is comprised of, it's really people you see and hang out with on a daily if not weekly basis. I think the social graph for Facebook is slightly different. Even if it is for my personal-use case; involving my high school network, my college network, my friends network, my work/profession network. I do all these networking with different [unintelligible] of groups and important [facts]. I think that concentrating on location first and social first is what Foursquare has done; makes it a different type of experience. I'm most interested in seeing how people use the service, but I think the integration makes sense. The integration is there and as their API becomes a little more robust and as they open up the service, I definitely look forward to working together with them and seeing the two services connected. But like I said, I think there are some pretty stark differences today.

Ethan Whitehill: Eric, if you have any advice for businesses that are interested in getting involved with foursquare promotions and maybe haven't done it yet, what would you tell them to do?

Eric Friedman: We have a site dedicated to businesses. Like I said, my focus is really on individual merchants with one location, five locations, and obviously some of the larger chains. By way of just being direct, it's at foursquare.com/businesses and that lets them come in and verify their business. What I mean by verify their businesses; it allows them to key people who are checking in to their location already. Do you have a network of millions of people who are using our service and a lot of the times, I just invite people come in and see the analytics we give them. So it's a bunch of key metrics that we find really useful such as top visitors, most recent check ins, check ins all-time, time of day, great demographic data, male/female breakdown. What that gives them is just a snapshot of what's happening in their location.

This is obviously great for people just to get an idea of what Foursquare is all about, what it means to a merchant and how they can start interacting with our system. That's a great stepping off point to what we call "Loyalty Offers." I mentioned some of those earlier, which are in the form of special offers or mayor offers, and that just gives you a way of reaching out to those people that are either new customers who haven't checked in your store before or rewarding those loyal customers, who people that come by five times a month or a couple of times every two weeks and then incentivizes them to come back. So the analytics is kind of the hub of that system and from there you can add some of these loyalty offers if you choose. If not, it's a great snapshot to see the most successful times of when people are checking in, and still times as well such as when businesses want to have an evening rush at a restaurant for happy hour or targeting some new special offerings, selections or something like that.

Ethan Whitehill: It's interesting your demographic is somewhat different, and I mentioned Groupon earlier and I have to go back to this because I actually have a listener question that I am going to pose to you. As I understand it, your users are predominantly male – and correct me if I am wrong on that – that may be old data but that is what I understand. This particular listener wrote; his name is Jason and Jason wants to know what percentage of your users are marketing and ad professionals versus regular Joe's and Jane's? I have to say being in the industry, most everybody I know is using Foursquare but is that just my own industry perspective?

Eric Friedman: I think the data regarding male versus female is possibly slightly old. We are quickly approaching 3 million users and I think it's really a 60-40 split, skewed towards male. That being said, I'm finding more and more use cases like people in different demographics using the service. I think it's really hard to pigeonhole one specific person or type of user or location of user any more.

Ethan Whitehill: Yes.

Eric Friedman: With that many people on the system, I think it is difficult. Specifically regarding industry people versus regular Joe's, I think there's a larger amount of regular Joe's simply by virtue or just the breakup of population at large. That is at least what we are seeing in terms of merchants who offer

things to users as well as international luxury brands and different partners. They are just seeing their everyday customers come by, people who aren't really sort of in tune to the social media world or ad agency markets.

Ethan Whitehill: So yes, and that just totally makes sense. I mean you've sort of through the early adopters and you are kind of hitting the main stream and more of the majority audience and I think that would make sense for your growth curve. Thank you so much for your time with us Eric. It's been a pleasure talking to you and we hope to stay in touch and see what develops for Foursquare next.

Eric Friedman: Thank you very much for having me on the show!