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Sociagram

Engaging the world through video

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Design in Management, MIDS 420
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1. Introduction

“Happiness is only real when shared” – Christopher McCandless

This observation by McCandless probably explains the existence of the gifting market, defined as items or experiences purchased to give as a gift, which represents roughly 10 percent of the total retail market (Source: Unitymarketingonline.com). Gift shopping is perceived to be the ultimate in ‘emotional consumerism’ since gift giving is centered on emotionally connecting gift givers and recipients. Whenever, the consumer shopping behavior is dictated by emotions, the overall goal of the shopping experience is for the consumer to buy a product in order to achieve a special feeling, enhance an experience or to deepen an emotional reaction. The gift acts as a means to an end, and the end is to strengthen the emotional ties between the sender and the receiver.

“When you care enough to send the very best...” Almost everyone has heard this phrase by Hallmark on television or radio, seen it on the Internet or even written on the cards they send and receive. The greeting card sector is a cornerstone of the gifting industry. The custom of sending greeting cards can be traced back to the ancient Chinese who would exchange messages of good will for the New Year. The early Egyptians used papyrus scrolls to write and send greetings. A German immigrant, Louis Prang, is credited with starting the greeting card industry in America with the establishment of his lithograph business that perfected the color lithograph process. Most of the greeting card companies that exist today were formed after 1906. By the 1980’s alternative greeting cards began appearing on the market. These were cards not necessarily intended for a special occasion, but to serve as a reminder of personal and sentimental connections among friends.

Given that the gifting industry is highly influenced by social and technological trends, consumers show a developed appetite for innovations and original ideas. Sociagram, a social video platform, caters to this particular customer need in the greetings sector by delivering white-labeled video solutions to organizations seeking innovation and personalization on their sites. The solution offered by Sociagram is primarily used in the ecommerce industrial sector to record, store and deliver video messages accompanying gift products. The solution is currently deployed by about forty small online retailers in an effort towards increasing customer acquisition and fostering customer loyalty. The video plugin offered by Sociagram seeks to exploit the three main advantages offered by the inclusion of multimedia messages – increased customer engagement, better customer education and higher emotive attachment

of customers. Integrating the three main industry sectors of ecommerce, personalized greeting and social video, the product has immense potential to be used in domains apart from ecommerce and in contexts other than gifting.

2. Organizational Profile

In 2011, Ryan O'Donnell started *Let's Gift It* focusing on online group gifting. However, he found out that the area was a startup graveyard. Inheriting the gifting idea, Sociagram was founded in New York in 2012. Sociagram presents a cloud based, web and mobile platform that enable users to create and send unique video greetings to mark milestones such as birthdays, anniversaries or holidays. Online retailers can integrate Sociagram to offer customers the option to create and add video gifting messages as they check out, while individuals can also create and send video greetings using the company's stand-alone program. One of the main selling points of their video solution is its '*ease to use*'. In 2013, the company moved to Cleveland to exploit the city's available entrepreneurial amenities and resources. In March 2013, Sociagram received a \$250,000 investment commitment from nonprofit venture development organization JumpStart Inc. They have also raised \$20,000 from DreamIt Ventures and \$250,000 convertible note from Angels.

Being a small start-up, the following five players constitute its taskforce as described on the official website of Sociagram:

- Ryan O'Donnell : Co-Founder – Chief Executive Officer
- Marco DiDomenico : Co-Founder – Engineer
- Lily Himmelsbach : Operations
- Tim Downs : Engineer
- Kipum Lee : User experience designer

Current Positioning

The value proposition offered by Sociagram is in its conceptualization as a cloud based video communication platform that increases customer acquisition and fosters customer loyalty for online retailers. The video solution offered by Sociagram is comparable to that offered by most of its competitors. In the pipeline is the addition of a

couple of new features to the tool that could set it a notch above the competing products. The most recent application of their product is in the online wedding registry link of Bed Bath & Beyond's website which went live in March 2014. Thus far, Sociagram has partnered with about forty small online retailers in multiple ecommerce segments ranging from online flower shops to linguistic centers to baby gear. The total number of videos created by their tool is projected to be at a staggering figure of 1.25 million.

Revenue Generation

Sociagram currently develops a plugin that can easily be integrated into a checkout page of an online store. The revenue of Sociagram currently is based on income that is generated by charging a certain amount (approximately \$1.50) per personalized video message. This amount is charged to the retailer and not the client, suggesting that the retailer will have to incorporate the price of a video message in his product. It has to be noted that each contract is different and that the pricing offered by Sociagram is subject to variations. The market they are operating in is being valued at \$1Billion (source: Sociagram) and has tremendous growth potential. To this date, Sociagram has raised \$520K in venture capital and is looking for another \$750K by the end of 2014.

3. Problem Statement

The original goal for the team revealed during the initial conversation with the CEO of Sociagram was to explore possible business opportunities in markets other than ecommerce for Sociagram's current technology. This was decided upon in a quest to increase their current revenue and liberate the revenue flow from the temporal constraints caused by the seasonal aspects of gift-giving.

The team started out exploring opportunities for Sociagram's extant product in different industries, but decided to take step back and explore video user behavior in depth. It became apparent that there was a gaping hole in the current conversation espoused by existing video messaging products and led the team to believe that addressing this gap would extend Sociagram's current functionality and more importantly, enhance user experience.

Professor Albert Mehrabian of University of California, Los Angeles has pioneered the understanding of communications since the 1960s. His prolific research shows that 7% of message pertaining to feelings and attitudes

is in the words that are spoken, 38% of message pertaining to feelings and attitudes is paralinguistic (the way that the words are said, and 55% of message pertaining to feelings and attitudes is in facial expression. This finding is represented below:

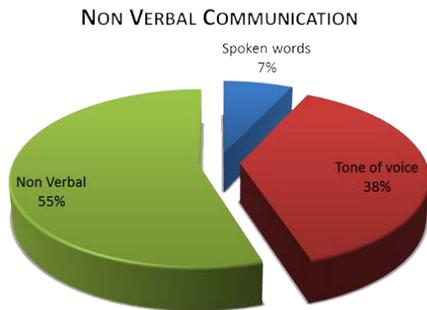


Fig 1: Significance of non-verbal communication

Sociagram capitalizes on the importance of the non-verbal aspects of communication by enabling gift senders leave a rich, emotionally significant message for the recipient. Though this experience can be very fulfilling for the receiver, it leaves the sender in partial darkness as he has to depend on an asynchronous text/voice message to assuage the reaction of the gift receiver. It forces one to question whether sharing is real when there is no proportional response given that happiness is assumed to be real only when shared.

The current path of real communication between the sender and receiver in Sociagram's product is uni-directional as shown below:

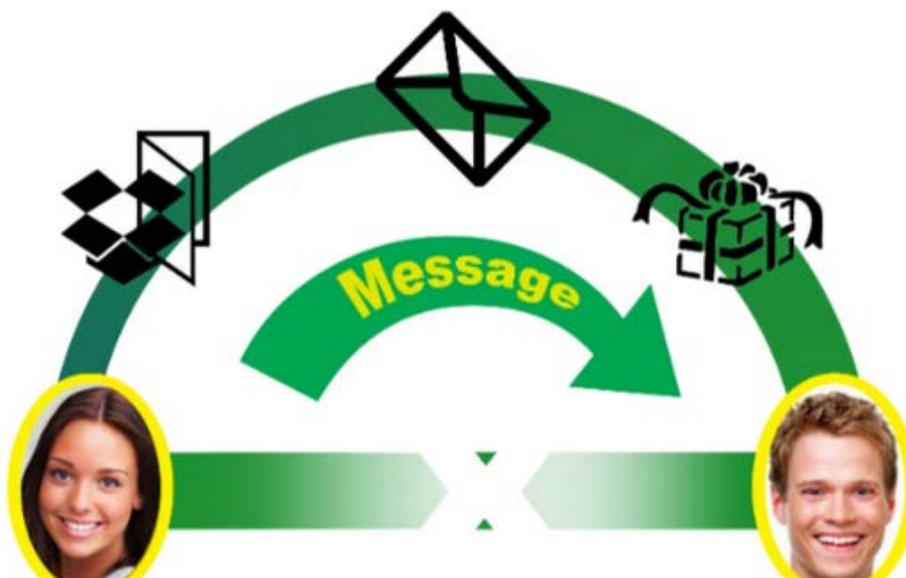


Fig II: Flow of conversation in Sociagram’s current solution

This depiction convinces the team that there is a significant path that can be added from the receiver back to the sender that completes the conversation loop.

4. Solution

“I know what I have given you.... I do not know what you have received” – Antonio Porchia

Semi-structured interviews with people that are both familiar and unfamiliar with the concept of video-messaging and observation of people using videos, helped the team convince that an important path in the communication flow between the sender and receiver is missing from Sociagram’s current product. A detailed look at the market of video messaging solutions also helped the team realize that Sociagram is currently in a space that is occupied by many similar products. There is definitely room to distinguish Sociagram from its competitor, which can be accomplished by completing the conversation loop between the gift giver and receiver. An automatic recording of the gift recipient’s reaction that could be send back to the gift giver conditional on the recipient’s acquiescence will help Sociagram carve a niche for itself in a market that is fresh and sparsely populated. The solution suggested by the team is depicted below:



Fig III: Proposed solution

The conversation loop was closed by recording the instant response of the receiver and sending it back to the sender. More importantly, emotions, which have been mostly left out, are introduced back to the cycle. The instant response will capture the most genuine feeling of the receiver. By video-recording it, the feeling can be understood more directly compared to a traditional thank-you note or an e-mail reply. Both sender and receiver in the loop will cherish the value of the response. User experience can be enhanced and our goal is to initiate a conversation with this feature.

This response can be sent either at the same time or at a different point in time depending on the customer's preference. A prototype developed by the team for the gifting market application shown below further highlights the value added by the response loop. This is developed especially for an application in American Greetings' (a prospective client of Sociagram) current gifting service.



Fig IV: Prototype of the solution developed by the team

5. Implications and Conclusion

We believe that the solution proposed by is technically feasible and will not pose any resistance from the end users. People sometimes share messages and videos just to see how other people react. The extended functionality of Sociagram will be able to meet this customer need subsequently increasing the customer base and ensuring customer satisfaction. Vendors are thus likely to incorporate this service into their online system, and since Sociagram is a B2B company, this would result in more revenue for Socigaram. The proposed feature aligns with the company's value proposition of personalizing the gifting message and elevates it to a sublime level.

We believe that Sociagram has a substantial competitive advantage in this segment of the market that is populated with just a couple of products that incorporate automatic recording of the recipient reaction. Samba and Gigglemail are the two products that the team discovered as having a similar functionality to that proposed for Sociagram. However, these two products are purely applications that have be downloaded on one's smart-phone whereas Sociagram will have the unique advantage of being a seemingly innocuous plug-in on a vendor's website. This feature will help Sociagram be distinct in a world populated by applications conceived solely for smart-phone use and tap in on demographic segments that are not smart-phone savvy. As a matter of fact, people who use Sociagram's service are actually customers of the vendors. Thus, Sociagram can avoid competing directly with these B2C companies by incorporate this function into vendors' services. Finally, Sociagram will be the first company to apply this feature into muti-platform including cell phones, tablets, and web browsers.

The team also strongly feels that there are alternate avenues in addition to the gifting market where Sociagram can be one of the pioneer's in a well-rounded video messaging solution. The two parts in our solution are "instant" and "video response". We develop a three-stage business case. The first stage is applying this function to Sociagram's current market in gifting and e-commerce. This would be the least intense scenario. Sociagram doesn't need to change their business model and thus can stay in their "comfort zone". This first step will help them to "get started" and begin getting experience in this new field.

A step forward would be applying this feature into other industries where "instant video response" matters. We consider places where lots of emotions happens. An example will be the healthcare industry. Hospitals can provide their patient with a service sending messages to their families who can't come and visit. Families' instant response would be a great gift for the patients. Also, wedding industries where newly engaged couples can send out messages

and get responses/blessings from their friends. Similar places or industries that this application matters would be airports, travel agencies, etc. All these fields are away from Sociagram's current market of gifting and thus act as back-up plans.

A third stage would be taking the concept of "video responses" and apply it to multiple industries. This includes education where massive online open courses are becoming a threat to traditional universities, customers services where users can get video response to their problems, elder cares where doctors can easily modify old people health status, politics where candidates are relying more on social media than ever to reach out to their constituents. Another great opportunity is developing function for video comments. This could be applied to multiple kinds of websites from normal forum to online shopping. Storytelling, automobile sales, and sports can also be potential markets for this vein of video messaging. These alternate markets and contexts will skyrocket Sociagram to a distinguished position in the field of video-messaging and revolutionize the way video messages are sent and received. The team strongly feels that automatic response recording and transmission back to the original sender provides Sociagram the unique opportunity to morph itself from a technological start-up to a market leader and visionary.

Appendix

A. Design Poster

Problem:

When a video message is sent virtually, the sender is left in an emotionally unfulfilled state by receiving a disproportionate response from the receiver, resulting in an incomplete conversation.

Solution:

To provide feedback in the form of a video response from the receiver to the original sender so as to complete the social exchange between the two users.

Statistics:

- 6.1 Billion Cards are purchased per year in the United States
- Birthday Cards are the most commonly sent
- 1.5 Billion cards are sent on Christmas
- 144 Million cards are sent on Valentines Day
- Average Card costs \$2 - \$4
- Younger people tend to use the internet more often for greeting cards
- 22% believe giving gift cards is too impersonable

Executive Summary:

Currently, Sociagram offers a basic solution to the growing demand for video in online retail. The product offered is an easy to integrate plug-in that allows customers of sociagrams clients to add a more personal touch to their gift or card through video recording. The product relies fully on customers emotional engagement in a message. The product tries to convey feelings and emotions between people physically separated at that time. As Christopher McCandless wrote "Happiness is only real when shared" and we would like to add that sharing is only real when feedback is experienced.



Feedback Loop:

Gifting is usually a one way stream of information with an individual sending a sincere gift with little to no feedback. With modern technology, the emotional element is lost and is replaced with emails, free shipping, and e-cards. With the lost personal touch of digital media, a more interactive medium is needed to create conversation through media that completes a simple gesture with sincere emotion rather than text.

1: The user sends a greeting card as an email attachment. Embedded in the card is a video.

2: Upon clicking on the video, the viewer is prompted with a request to access their camera.

3: The viewer then watches the video and is recorded in the corner.

4: Once the video is finished, the recording is sent back to the sender, starting a conversation.

B. Original design Brief

Executive Summary

Sociagram is a social video platform, delivering white-labeled video solutions to organizations seeking innovation and personalization on their sites. The product is currently deployed by about forty small online retailers in an effort towards increasing customer acquisition and fostering customer loyalty. The solution offered by Sociagram is primarily used in the ecommerce industrial sector to record, store and deliver video messages accompanying gift products. The main drawback faced by Sociagram in its current market application is the lull during most months of the year caused by the accumulation of gifting activities during seasonal holidays and hallmark events.

Integrating the three main industry sectors of ecommerce, personalized greeting and social video, the product has immense potential to be used domains apart from ecommerce and in contexts other than gifting. There are various industrial sectors in which the tool can be used including education, politics, automobile sales, sports and so on. The plugin can be used in a gaming context to host video message contests or in a story-telling context to present vibrant audiovisuals. The goal of the project is to explore these other avenues in which the video plugin offered by Sociagram can be used to exploit the three main advantages offered by the inclusion of multimedia messages – increased customer engagement, better customer education and higher emotive attachment of customers. The duration of the project will be devoted to exploring alternative markets for the application, conducting a feasibility of the same, discovering a context in which the plugin can be used in the new market and developing a comprehensive user experience for the new application.

1. Organizational Profile

History

In 2011, Ryan O'Donnell started *Let's Gift It* focusing on online group gifting. However, he found out that the area was a startup graveyard. Inheriting the gifting idea, Sociagram was founded in New York in 2012. Sociagram presents a cloud based, web and mobile platform that enable users to create and send unique video greetings to mark milestones such as birthdays, anniversaries or holidays. Their first beta version was launched in June 2012 and kept evolving. Online retailers can integrate Sociagram to offer customers the option to create and add video gifting messages as they check out, while individuals can also create and send video greetings using the company's stand-alone program. One of the main selling points of their video solution is its 'ease to use'. In 2013, the company moved to Cleveland to exploit the city's available entrepreneurial amenities and resources. In March 2013, Sociagram received a \$250,000 investment commitment from nonprofit venture development organization JumpStart Inc. They have also raised \$20,000 from DreamIt Ventures and \$250,000 convertible note from Angels.

The Team

Being a small start-up, the following five players constitute its taskforce as described on the official website of Sociagram:

- Ryan O'Donnell (Co-Founder – CEO)

Ryan's insatiable curiosity led to the co-founding of Let's Gift It, which eventually pivoted into Sociagram. He spent the last 10 years in New York in various management positions for technology startups including Right Media that was acquired by Yahoo! in 2007 for \$680 million. Ryan hustles flat out, trades in the currency of reciprocity and has a penchant for conciseness, life hacking, and competition.

- Marco DiDomenico (Co-Founder – Engineer)

Marco is the CTO and head technical ninja at Sociagram. He brings to the team over 10 years of software development and user experience from companies like DreamLabs and Stock.ly.

- Lily Himmelsbach (Operations)

Lily runs operations and business development at Sociagram. She joined the team from Zaarly, a San Francisco based startup focused on building a peer-to-peer marketplace. Prior to entering the tech scene, Lily led the launch of American Eagle Outfitter's international franchising division, and worked on their ecommerce children's line.

- Tim Downs (Engineer)

Tim is an engineer obsessed with building highly available web applications. He joined the team in March of 2013 from Cleveland based Urbancode. Before Urbancode he worked to create industry defining social media marketing and analytics tools at HubSpot in Cambridge, MA and loyalty platform management tools at ePrize in Pleasant Ridge, MI.

- Kipum Lee (User experience designer)

Kip is a user experience professional working on his PhD at the Department of Design and Innovation at the Weatherhead School of Management, Case Western Reserve University. He's worked at IDEO, frog, and Marriott International, where he led the UX for Marriott's suite of mobile apps and on-property digital products. He is a frequent conference speaker on the topic of design, innovation, and user experience, and also teaches classes on design thinking to MBA and engineering students at Weatherhead.

Current Positioning

Sociagram is a social video platform, delivering white-labeled video solutions to organizations seeking innovation and personalization on their sites. They have developed a custom video plugin focused on innovating gifting and ecommerce. The value proposition offered by Sociagram is its conceptualization as a cloud based video

communication platform that increases customer acquisition and fosters customer loyalty for online retailers. It thus integrates three main industry sectors – ecommerce, personalized greetings and social video. The video solution offered by Sociagram is comparable to that offered by most of its competitors. In the pipeline is the addition of a couple of new features to the tool that could set it a notch above the competing products. The most recent application of their product is in the online wedding registry link of Bed Bath & Beyond’s website which goes live in March 2014. Thus far, Sociagram has partnered with about forty small online retailers in multiple ecommerce segments ranging from online flower shops to linguistic centers to baby gear. The total number of videos created by their tool is projected to be at a staggering figure of 1.25 million.

Revenue Generation

Sociagram currently develops a plugin that can easily be integrated into a checkout page of an online store. The business plan of Sociagram at this moment is based on income that would be generated by charging a certain amount (approximately \$1.50) per personalized video message. This amount would be charged to the retailer and not the client, suggesting that the retailer will have to incorporate the price of a video message in his product. Each contract can be different however and this will be determined further down the process. The market they are operating in is being valued at \$1Billion. This value is estimated by calculating the amount of presents bought by US adults and multiplying that by \$1.50. This market has growth potential, as the e-giftcard market is valued at around \$13.5Billion and could use some more personalized messages. To this date, Sociagram has raised 520K in venture capital and is looking for another 750K in 2014.

2. Problem Statement

The multimedia solution offered by Sociagram brings three industry segments together; e-commerce, personalized greetings and social video. Using video messages and multimedia content on a website has the advantages of increasing customer engagement with the website while simultaneously educating the customers and increasing their emotive attachment. The context in which the videos can be delivered can range anywhere between personalized greetings to educational narratives to audiovisual contests. The application does not have to be limited to the e-commerce sector – it can be used to promote automobile sales, in furthering online education, in promoting political campaigns and so on. Despite the multitude of opportunities and contexts in which their product could be used, Sociagram finds itself being limited to being used as a video gift messaging option in the website of its small retail clients. Its revenue generation bears the brunt of this typecasting with almost all revenues being generated around seasonal holidays and hallmark events with little or no revenue during the off-gifting periods. This issue is brought about by the fact that a small start-up like Sociagram does not have enough resources to explore alternatives and extend their product to suit such alternate markets.

Sociagram wants us as Design Management students to outline possible applications of their existing core competency of cloud-based social video technology that enhance the end-user experience with the final product/service.

Six major alternate markets have been identified in the conversation with Sociagram’s CEO – education, politics, storytelling, automobile sales, healthcare and sports. One additional context in which video messages could be used has also been unveiled in the team’s strategic conversation – gaming/contests. These alternate markets and contexts will be studied to identify the future direction for Sociagram’s growth if it’s current deployment in the video ecommerce market fails to take off.

3. Goals & Objectives Of The Project

Aim Of The Project

As can be derived from the problem statement, Sociagram could use some new opportunities and extend their customer base. Our aim is to bring these to the table and maybe help them gain revenue when implemented. Around the design table, we will evaluate these opportunities by specific user experience analysis. We will try to identify one or multiple markets and define the potential costumers within. At the end of this project we hope to have a very well established concept with evidence-based arguments that will allow Sociagram to undertake exciting new ventures.

Beneficiary

The main beneficiary of this project will be the start-up Sociagram and its stakeholders. The benefits that Sociagram is intended to gain from this project are listed below.

1. A higher revenue stream
2. A back-up plan for their business
3. New opportunities to pursue and evaluate during the slow season

Limitations

The limitations of this project are very clear and simple. As a graduate team working in one semester, we only have a limited amount of time to come up with clear issues, problems and solutions. Due to the fact that this industry is new and growing there is a small amount of historical information available on market trends and successes. This, however, also provides us the freedom of broadening our search horizons and trying to mimic recent success stories. Also due to Sociagram being a startup, there are monetary limitations. The designs we eventually will come up with are constrained by a small budget dependent on venture capital. Luckily there is no limitation on our personal creativity and logic.

Desirable Outcomes

After exploring potential markets for Sociagram and different concepts to apply, we hope to end up with an executable option that increases their client base and revenues. The final presentation has to reflect our research, designs and economical arguments. Besides bringing value to Sociagram, we also hope to develop new and valuable skills that helps achieve our professional aspirations.

4. Schedule Of Work

January 13 - February 2: Exploring the design brief

- Discover issues and problems through research on background information and by streamlined conversations with Co-founder and CEO Ryan O'Donnell.
- Group discussion leads to shared understanding of the problem and defining the goals and objectives for the following period.
- Project plan

February 3 - March 2: Conception of solution

- Define key issues and generate a variety of ideas on how to address them (concept mapping)
- Develop possible solutions and visual explanations
- Conduct market research on solutions and build different scenarios
- Make some conceptual models of interesting solutions

March 3 - April 6: Development of solution

- Plan and design a solution (possibly several)
- Test ideas and concepts with peers and faculty and evaluate the feasibility of the same
- Reiterate solutions until viable
- Build an economic argument for the design

April 7 - April 28: Delivery of solution

- Build prototype (optional)
- Present the concept and prototype
- Present the business case

5. Budget estimate for the project

Most resources will be dedicated to research based on existing technology and through internet resources. Other than document creation and presentation, we do not expect extensive project costs exclusive of those currently spent on salaries at Sociagram. A potential cost on the successful achievement of a viable solution will be the development of a prototype and accompanying marketing campaigns.