

Exploratory Phase Report

February 17, 2011

FlashMob

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Process

Our project began with the idea of leveraging social media to create flash mobs, a group of people who assemble suddenly in a public place, for reasons not tied to any event other than the assembly itself or entertaining tasks associated with that assembly. This seemed like a good idea for a number of reasons. Flash mobs are becoming a popular leisure activity with more organizations and people joining in. Paired with this trend, more people have smart-phones than ever before, offering widespread opportunities for location-aware applications. We envisioned the FlashMob service and app capitalizing on both of these rising trends.

The rise of smart-phones has already led to several mobile apps with “check-in” functionality, allowing a user to broadcast their location to a network of friends. This market is expanding quickly and maturing as larger players like Facebook and Google are trying to join in. New features, including rewards and discounts for checking-in to locations, are still being explored.

On top of this functionality, viable business models are emerging around the idea of mob behavior. Groupon, one of the fastest-growing businesses in history, is making money by taking a cut of discounts that are triggered by a critical mass of coupon purchases. Yelp Deals offers similar promotions and Facebook is pairing with nationwide corporations to push out widespread deals.

From this idea, we came up with a few proposals for new mobile applications:

- Local businesses create their own Groupon-style deals based on up-to-the-minute availability
- Consumers get deals by checking in at a local business: the more people to check in, the bigger the deal becomes
- Consumers pitch deals to local businesses by offering a large group of customers

Once we had a good idea of the space we wanted to explore, we turned to the field to begin conducting user research. Many of the aforementioned companies would be our competitors once the app was built, so we studied the end users of those companies’ services. We ended up interviewing a total of 20 users. Modeling the data from those interviews and analyzing our notes carefully, we identified the following key insights:

- Younger users have more flexibility with last-minute planning

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- Recommendations are important: friends, gurus, crowd-sourced ratings
- Free stuff and discounts are compelling, even when small
- When paying for a coupon in advance, the customer wants plenty of time
- The deal must be guaranteed for people to show up

Co-creation of value involves cooperation between a business and a customer, so we interviewed business owners and event promoters as well. We spoke with 7 owners of businesses of various sizes, from local shop owners to managers of franchisee stores. We also spoke to 3 event promoters to gain further insights on how businesses advertise or choose to run promotions. From this research, we learned the following:

- Limited availability creates demand
- Must make the potential customer understand why this event matters to them
- The ability to offer discounts depends on your business model
- Local business owners are more involved in marketing and have more flexibility for offering last-minute deals
- Big businesses are less flexible
- Discounts on low-cost products (like coffee) have less draw

On top of this user research, we took a close look at the companies with which we would be competing and compared their products' feature sets. The results of that analysis are contained in the appendices of this document.

By the end of our research efforts, we realized something critically important: many small business owners wouldn't be interested in many of our initial app ideas. We were forced to revisit our concepts and choose a new approach.

Our plan is to build a mobile application that will allow users to act as event promoters. Users can tell other users about events and offer tickets to the events. When users purchase tickets through another user, the user who promoted the event gets a kickback. Businesses and organizations that host events will have an easier time promoting those events with a large user base working for them. The users who facilitate ticket sales will make money off of the sales, giving them an incentive to work hard to promote the event. The users who are promoted to will learn about fun, relevant events that they might not have known about otherwise. All three entities in this chain – businesses, promoters, end users – will receive value from this application.

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Elevator pitch

From our identification and interest in this space, we wrote the following elevator pitch:

How would you like to spark demand for your business based on your up-to-the-minute availability?

SET Analysis

In order to identify product opportunities for our mobile service and refine its initially conceived usefulness, we created a comprehensive list of factors involving relevant trends in the economic, social and technological fields. This list groups the key aspects that may provide drivers to guide the evolution of the idea towards a deployable sustainable business model, and includes:

Social drivers

The main goal of people involved directly or indirectly in event promotion at any scale is to gather as much attendees as possible. In pursuing the objective of notifying possible attendees, event promoters, particularly for small events, usually rely on different tools and strategies ranging from word of mouth, VIP event lists, to email and social networks. The effectiveness of any of these services is far from perfect presenting scalability issues for massive responsiveness and strong constraints for “last-minute” event notifications. Our initial contact with people working in the event promotion business clearly showed us that they are indeed interested in using tools to increase the effectiveness of their labor at lower effort. The current growth in smartphone device ownership has increased the popularity, acceptance and demand of location based and context aware mobile applications. Not only this, but it has also created a new set of attitudes and expectations from the users: they want to be able to easily access online relevant content on the go, getting notifications particularly relevant to their interests and context. We believe providing options for ticket event purchase for paid events, totally match those expectations and would greatly enhance the user experience. Due to the fact that attending an event is a social activity among groups of people “per-se”, providing a social component for event collaboration (forwarding, sharing, commenting, rating, etc), is a clear path for functional differentiation.



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Economic factors

Contextual inquiries and user surveys adopted for this project, as well as extensive Internet research, demonstrated that event promoters consider a strategic factor reducing costs associated with the event advertisement and ticketing control. When being asked, they stated considering technology based alternative methods to increase attendance is also a desirable option. Linking this element to the fact that people find highly attractive getting online products/services discounts and deals provided a new interesting perspective in the way to conceive the event purchase process.

Technological trends

Recent increase in the capabilities of smartphones has made possible the creation of new, innovative applications that take advantage of hardware elements to extend the reach and scope of mobile services. Components such as GPS, provide a more enjoyable user experience based on predictive patterns (i.e. location), push technology permits sending external notifications without draining the battery life of the device, barcode/qr code readers suggest new marketing possibilities never before approached and NFC tags will shortly allow users to carry virtual mobile wallets to pay for goods and services. Based on our technological analysis, we foresee a strong presence of this and coming services that will enhance the usability and interaction of initiatives.

All of these elements provide an interesting contextual framework for positioning a mobile application that serves with precision the needs and expectations of the actors involved in event advertisement, ticket purchase and social discounts.

Competition & Product Opportunity Gap

Our research in event-promoting services led us to discover three key features, paired together for success. First, the app must have a strong mobile aspect, relying on geolocation, push notifications, and instant transactions. We believe no current services competes in this field. Second, all events and recommendations must be based around the user's network of friends. Facebook Events successfully leverages a user's connections to share events but fails to extend beyond a group of friends. For recommendations, Last.fm has had success in their Audioscrobbler engine designed to processed mined data from a user and their friends. Finally, both the users and event promoters need a quantifiable incentive to create, promote, and attend events. Four-square turns check-ins into a competitive game. Groupon offers significant financial discounts for those willing to try a place out.

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Mobile

Without a strong mobile presence, any event-sharing service is restricted from spontaneous and on-the-go purpose. Many competitors entered this market before mobility was a viable model for success. For example, Going.com launched in 2005, offering a minimally-interactive website just before the mobile era started. With the sudden explosion of smart-phone apps, Going.com struggled to keep up and had an unsuccessful launch of their iPhone app in 2008. Shortly after, they stopped all further development and expansion onto mobile platforms, and have zero mobile presence in 2011. Similarly, Upcoming.org started off slowly in 2003 until their 2005 purchase by Yahoo!. Their service offers a tighter social aspect, allowing for shared event calendars and community features based on location. Given this feature set, their business would be ideal for a mobile model, however Yahoo! has announced no plans to expand beyond the desktop website. None of these services have had any significant success in recent years.

Social

While exploring the market of activity-based apps, all potential users expressed the same concern: “If none of my friends are using it, then why would I?” From over twenty interviews, we learned that apps like Foursquare are only successful if a user is connecting with their friends through the service. Facebook Events draws success from the already-existing connection with friends and family. All events exist in a network of friends, making it likely that any invitee knows a portion of those attending. Based on a similar social model, Last.fm builds a music platform on top of a community-driven foundation. Both these services have had strong user adoption world-wide.

Incentives

In an increasingly-rapid world, users need a reason to invest time into a digital service. For Groupon users, large savings are an incentive to pay upfront for meals at restaurants or massages at salons. For Foursquare users, competitive rewards and last-minute coupons make certain businesses more desirable. This gap exists in the event promotion market.

We believe these features define a large opportunity gap for a well-executed event sharing service to succeed where others are failing.

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Appendix A: Hunt statement

The wild success of Groupon has proven the viability of the critical mass coupon, in which customers commit to purchasing a coupon for a local business if a certain number of other customers commit to doing the same. Location-based check-in services like Foursquare have become national hits as people use their smartphones to share their location with friends, earning points each time they participate in the service. Groupon provides a financial incentive to participate (users save money), and Foursquare provides a social incentive (competition and information sharing among friends). Perhaps these two services could be combined to incentivize users to physically appear at a certain place & time?

This is why I want to research a mobile application that can earn its users rewards in the form of cash discounts or a virtual currency (such as points) for showing up in a predetermined place at a scheduled time. That place & time could be scheduled far in advance, so that users could plan to be there and the check-in might have higher participation. The place & time could also be released with little or no notice, possibly making the check-ins more exclusive or difficult to obtain; this might heighten the excitement of pursuing the check-in or getting in on the deal.

There is a possibility for cross-promotion here. The business offering the coupon is promoted and hopefully earns new customers. Additionally, the location where the users must check in is promoted. This location can be affiliated with the business offering the coupon, or it could be unrelated. The cross-promotional aspect could lead to interesting new revenue streams.

Now that we've seen that people are willing to participate in these services separately, there is a clear reason to explore the possibility of a business model that combines the two.

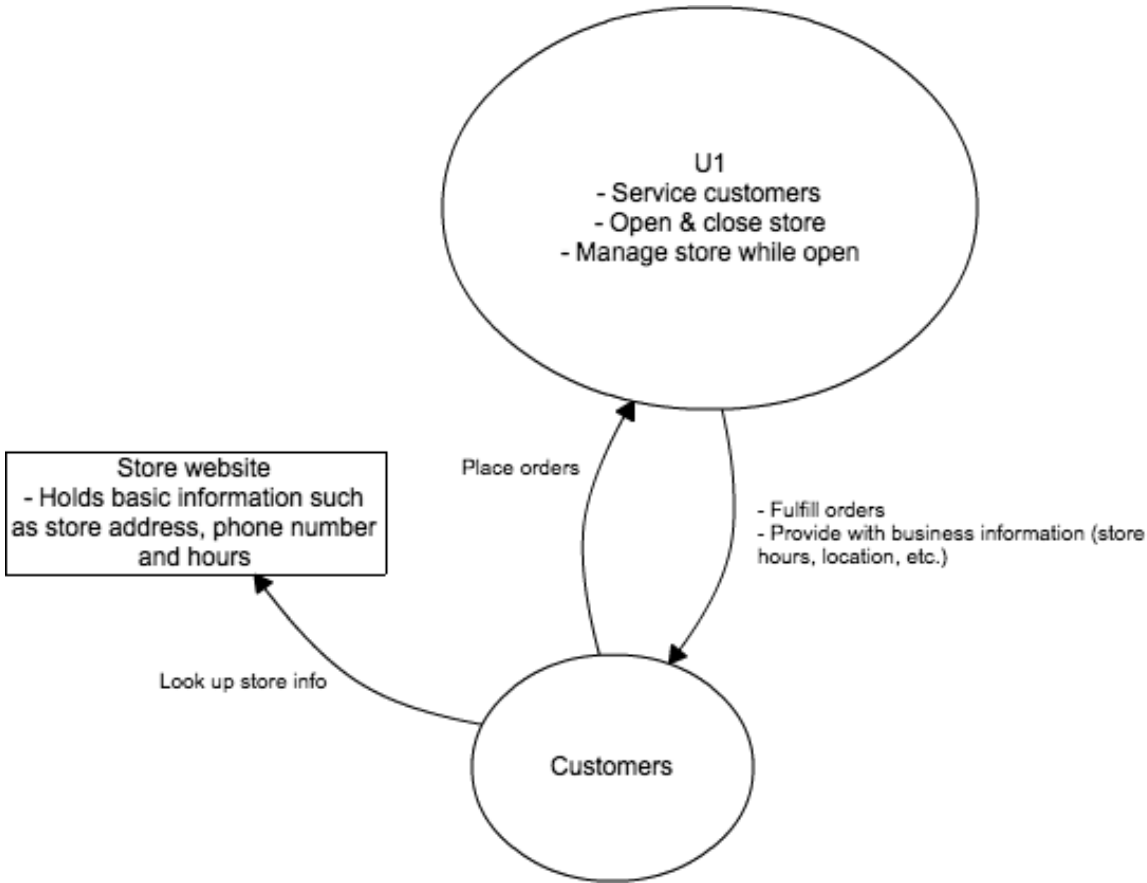
Proposed service title: FlashMob

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Appendix B: Data Models

U1 Flow Model

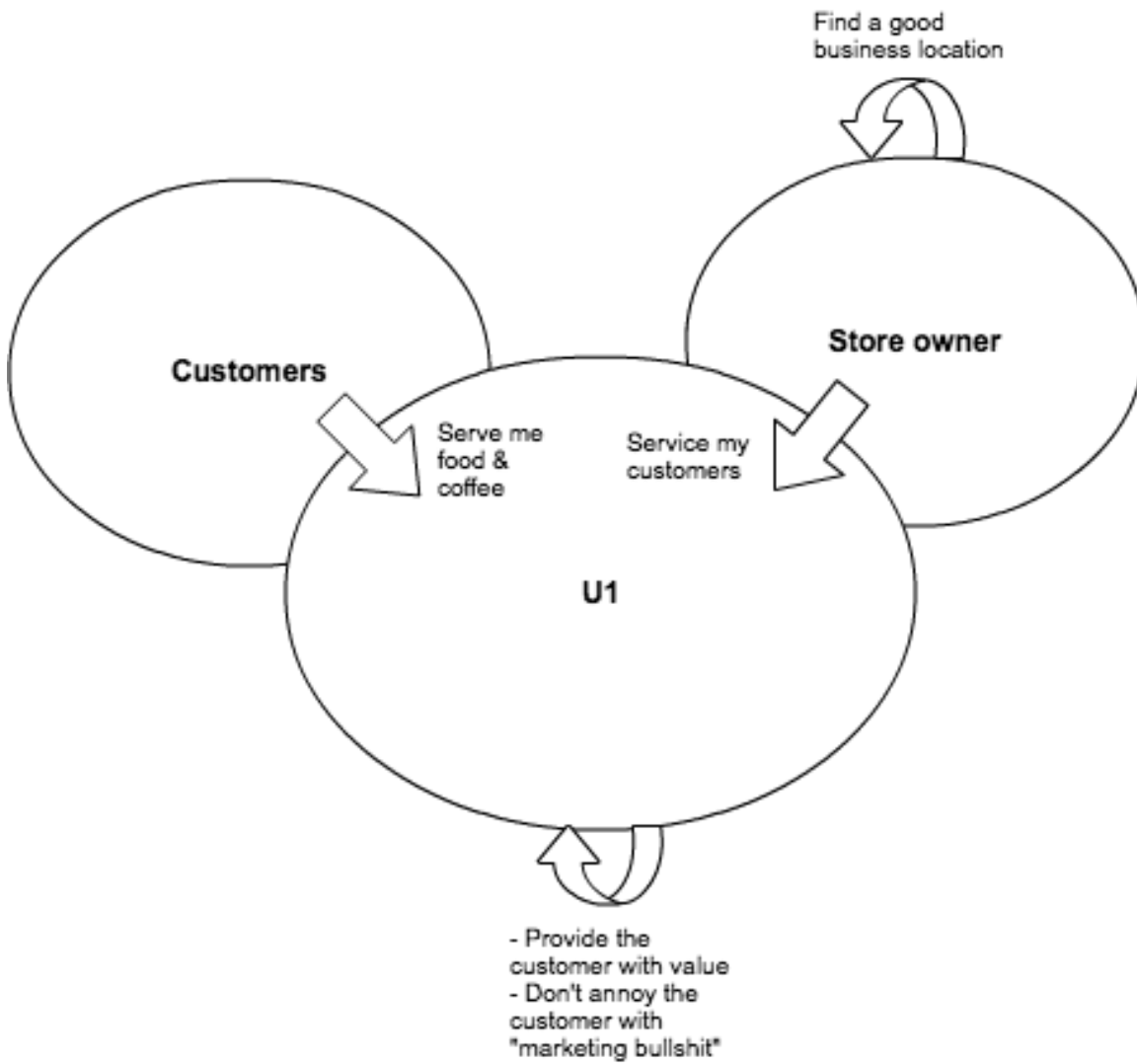


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Appendix B: Data Models

U1 Cultural Model

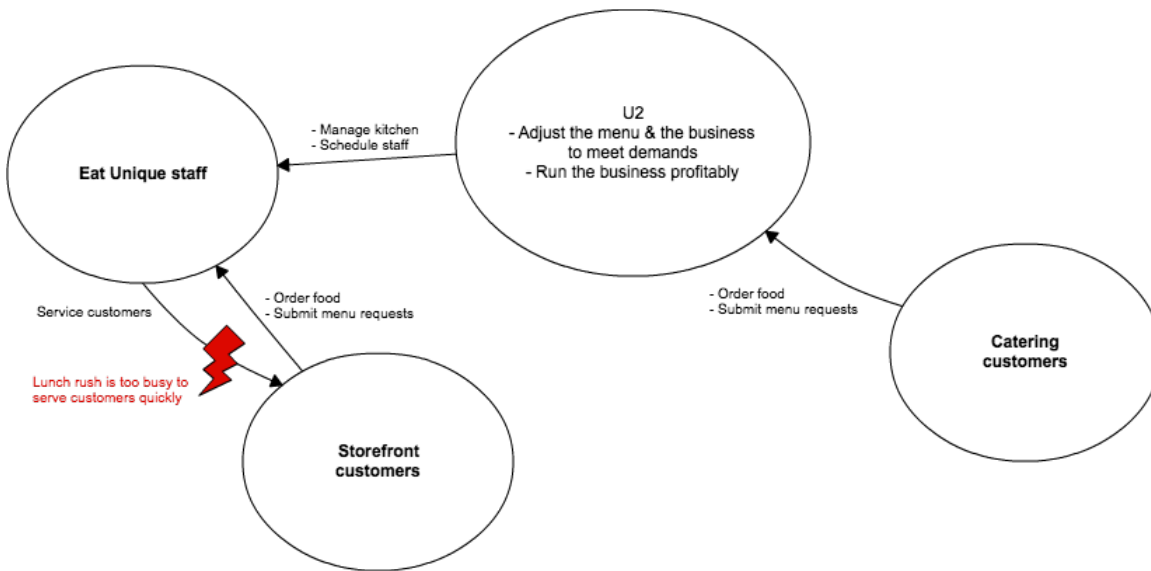


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Appendix B: Data Models

U2 Flow Model



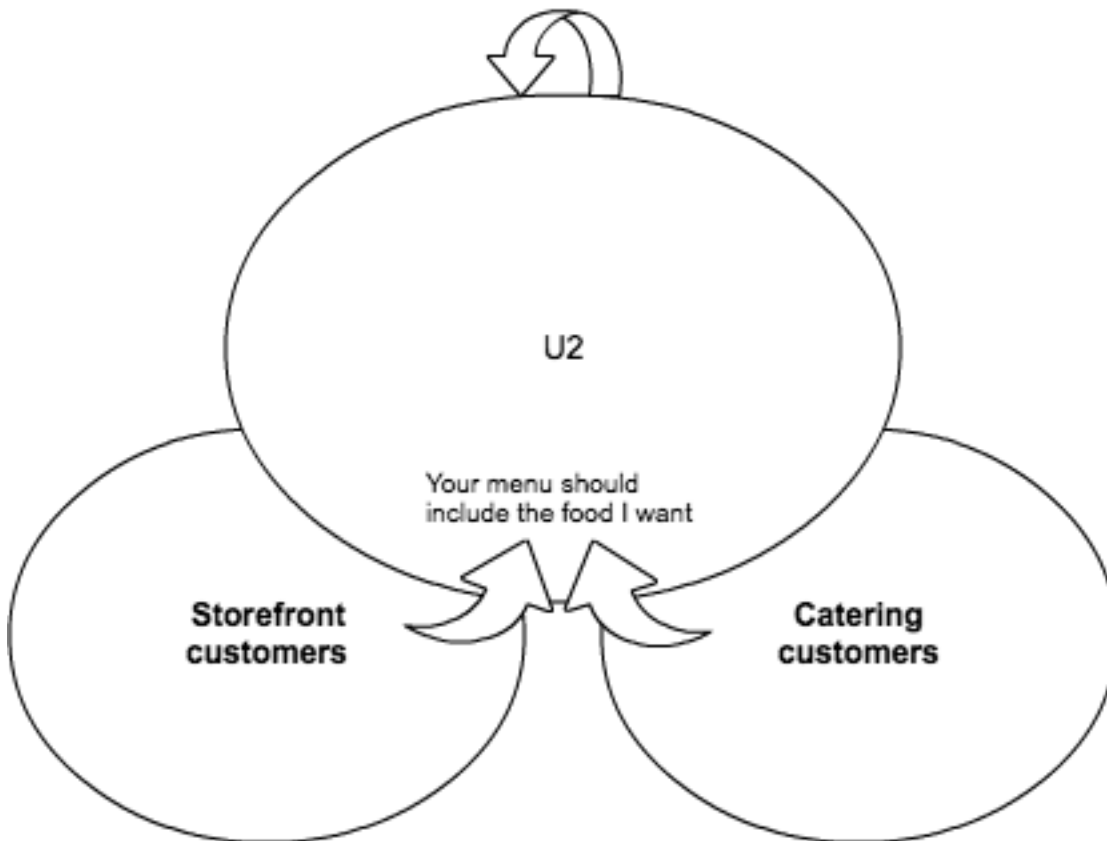
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Appendix B: Data Models

U2 Cultural Model

- I want the customer to be happy so that they will come back
- I want to increase my evening and catering businesses
- I want to find a good business location



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Appendix C: Competitive Analysis for Original Design Idea

Feature	Groupon	Foursquare	Facebook	Craigslist	Living social
Discounts towards local businesses & products	Yes	Yes	Yes	No	Yes
Discounts for local services	Yes	Yes	Yes	Yes	Yes
Discounts for online sales	Yes (through customer site)	No	Yes (through customer site)	No	Yes (through customer site)
Discounts for chains (not only local establishments, but company-wide)	Yes	No	Yes	No	Yes
Check-in features	No	Yes	Yes	No	No
How to notify users	E-mail, facebook	Mobile app	Mobile app	None	E-mail, facebook
Revenue model: How they make money	Deal cut, advertisement	They don't	Deal cut, advertisement	Paid job ads	Deal cut, advertisement
How users connect: Distribution channels of the service	Web, mobile app	Mobile app	Mobile app	Email	Web, mobile app
Push notifications	Yes	No	Yes	No	No
Mobile presence (app)	Yes, iPhone, BB, Android	Yes, iPhone, BB, Android, Nokia, WP7, Palm	Yes, iPhone, BB, Android, Nokia, WP7, Palm	No	Yes, Android, iPhone
Social component	Indirectly	Yes	Yes	No	Indirectly
Entertainment component	No	Yes (badges, finding friends)	Yes (badges, finding friends)	No	No
Advertisement included	Yes	Yes	Yes	Yes	Yes
User base (number)	35 MM	5 MM	600 MM	50 MM	10 MM
Customer base (number)					
User profile: Main attributes or demographic information	Young, educated, females: deals are often focused on the health, fitness and beauty markets	Young people	Everyone	N/A	Young, educated, females: deals are often focused on the health, fitness and beauty markets
Cost for users (i.e. membership)	Free to use + cost of the coupon	Free	Free	Free to use + cost of product/service	Free to use + cost of the coupon
Discount services (small 0 - 10, medium 10 - 25, big 25 or more)	Medium	Small	Medium	None	Medium
Cost for customers (i.e. coupon)	XX% commission taken from each coupon sold			Range ~10 - 75 per ad	
Customer added value		Badge unlock	Badges		If after sharing a link, 3 people buy it, your is free
Partners	Digital Sky Tech: \$135 million	Union Square Ventures, O'Reilly AlphaTech Ventures, Andreessen Horowitz	Valued at \$50 Billion with investors including Goldman Sachs		Amazon: investment of \$175 million
Collaboration: Reviews, comments, ratings, sharing with friends, location, etc.	Yes, except location	Yes (all)	Yes (all)	Yes (forum only)	Yes, except location
Global presence	Yes (20 countries)	Yes	Yes	Yes (60 countries)	Yes (4 countries)
Time expiral of the discount	Up to 6 months	Depends on what's posted	Depends on what's posted	None	Up to 6 months
Noticeable challenges of the business model	Smaller business could become suddenly flooded with customers; deal rejection (seven of every eight possible deals suggested by merchants were dismissed by Groupon)	No business model exists yet			Smaller business could become suddenly flooded with customers; deal rejection (seven of every eight possible deals suggested by merchants were dismissed by Groupon)
Particularity of business model	Group of users need to but it before it becomes effective	Badges are secretly held by the company			
API extension	No	Yes		No	No

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Appendix D: Competitive Analysis for Current Design Idea

Features	Going.com	Facebook Events	Eventful	Upcoming.org	Last.fm
Quick description	See where everyone is going. Share what you like to do. Check out who's into stuff you like.	Organize gatherings and parties with your friends, as well as let people in your community know about upcoming events.	"Eventful is a web service which aims to help users search for, track, and share information about events"	"Upcoming is a social event calendar website that launched in 2003, acquired by Yahoo! in 2005"	Last.fm builds a detailed profile of each user's musical taste. The profile data is displayed on the user's profile page, offering social networking features and recommendations of artists similar to the user's favorites.
Primary feature	"City feed" - seeing all things in your city	Creating events to be shared solely with friends	Users can search for events worldwide by time, location, performer, and descriptive keyword. Users can create private or public calendars, including "smart" calendars which automatically update when events matching search criteria are added or existing events are modified	"Searchable, browsable repository of upcoming events, such as music concerts, art exhibits, business conferences, and so on"	"Audioscrobbler" music recommendation engine
Unique Features	Meet people with similar interests	Private to just invitees and their friends' news feeds, non-browsable	"Eventful Demand allows users to declare an event or performance they would like to see locally"		
Competitive Feature	Browsable list of local events	Fast event sharing with list of friends. 610 million user base			Events lets users specify a location and a radius from there, then suggests gigs or festivals that that user may want to see in the area. Any registered user may add a new venue or event which will then be listed on the band or artist's main page, together with other details if available. Can post photos and media to the Event.
Mobile Presence (app)	Broken iPhone app	Smartphones	iPhone	Unofficial iPhone app, "Happening"	Every major MP3 player & smartphone
How users connect: Distribution channels of the service		Web, mobile			Website, plugin to iTunes, Xbox 360, Many MP3 players, iPhone
Social Component		Yes			Profiles, recommendations, groups, events
Entertainment Component					Music and concerts
Financial Component					None
Revenue Model					Premium paid accounts, ads, donations
User Base		600 million active users	"over 2 million users and is growing at approximately 100,000 new users per week" (2007)		Over 40 million active users based in more than 190 countries
User profile: Main attributes or demographic information					
Cost for users (i.e. membership)		Free			Free, Premium accounts \$3/mo
User added value		Create the events			
Partners			MTV	Yahoo!	
Global presence	Only 30 cities in the US	Worldwide	Worldwide	Overwhelming majority in North America, particularly the San Francisco Bay Area.	Worldwide
Collaboration: Reviews, comments, ratings, sharing with friends, location, etc.		Yes: Sharing with friends, discussions			Yes
Noticeable challenges of the business model		None		Owned by Yahoo!	Reliant on investor funding
API extension	No		Yes	Yes	Yes

