

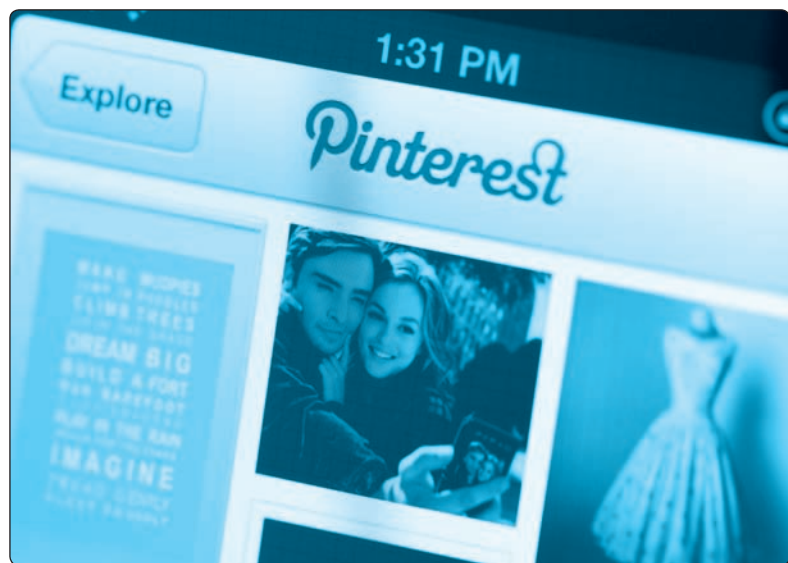
# P i n t e r e s t :

## A Picture Is Worth a Thousand Words

**L**ike all of the most successful e-commerce companies, Pinterest taps into a simple truth. In Pinterest's case, the simple truth is that people love to collect things, and show off their collections to others. And like other Internet firms that have goals of global scope, such as Google, Facebook, and Amazon, Pinterest also has a global mission: to connect everyone in the world through the things they find interesting. How? Founded in 2009 by Ben Silbermann, Evan Sharp, and Paul Sciarra and launched in March 2010, Pinterest allows you to create virtual scrapbooks of images, video, and other content that you "pin" to a virtual

bulletin board or pin board on the Web site. Categories range from Animals to Videos, with Food & Drink, DIY & Crafts, and Women's Fashion among the most popular. Find something that you particularly like? In addition to "liking" and perhaps commenting on it, you can re-pin it to your own board, or follow a link back to the original source. Find someone whose taste you admire or who shares your passions? You can follow one or more of that pinner's boards to keep track of everything she or he pins.

Reportedly the fastest Web site in history to reach 10 million users, Pinterest currently has more than 50 million users, more than double from the previous year. According to some tracking services, it is now the third most visited social network in the United States, behind Facebook and Twitter. It is also one of the "stickiest" sites on the Web—according to comScore, users spend an average of 80 minutes per session on Pinterest, and almost 60% of users with accounts visit once or more a week. Jeff Jordan, a partner at Andreessen Horowitz, a venture capital firm and investor in Pinterest, says he has seen only one other site with similar numbers—Facebook. And like Facebook before it, Pinterest has begun a transition toward monetizing that appeal. The first step, in November 2012, was to offer business accounts that provide additional resources for brands. Currently, there is no charge for a business account, but that clearly may change in the future. In March 2013, Pinterest introduced a new Web analytics tool, also currently free, that helps Web site owners understand how people are using pinned material that has originated from their Web sites. Shortly thereafter,



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it began a revamp of its look, in an effort to help users discover new content more effectively and interact with it and other Pinterest users. In May 2013, it introduced its first localized site, for the United Kingdom, with another localized site for France reportedly in the wings.

Whole Foods, the natural foods supermarket chain, was one of the first companies to develop a presence on Pinterest, and now has more than 120,000 followers. It doesn’t use Pinterest to advertise its own products in an overt way. Instead, it uses Pinterest as a way to communicate Whole Foods’ core values through carefully curating and presenting images relevant to those values. Pinterest is also having an impact on the magazine world. For instance, Time Inc.’s *Real Simple*, also an early adopter, is one of the most-followed brands on Pinterest, with more than 300,000 followers. Pinterest has become a leading source of traffic to the Real Simple Web site, providing twice as many referrals as Facebook and Twitter combined. Other publishers are experiencing similar results.

For consumers, Pinterest can function both as a source of inspiration and aspiration. It has proven to be very popular for creating shopping wish lists and a great way to get ideas. Retailers, in particular, have taken notice and for good reason: several reports have shown that Pinterest helps drive shoppers to make purchases. For example, a study of 25,000 online stores using the Shopify e-commerce platform found there was as much traffic originating from Pinterest as from Twitter, and that Pinterest users spent an average of \$80 each time they made an online purchase, twice the amount of Facebook users. Bizrate Insights found that almost a third of online shoppers surveyed had made a purchase based on what they had seen on Pinterest and other image-sharing sites; an even higher percentage (37%) had seen items they wanted to buy but had not yet purchased. There clearly remains room for growth, however. According to *Internet Retailer*, almost half of the retailers it surveyed in 2013 did not yet have a presence on Pinterest.

Pinterest’s Web site was created using Django, an open source Web 2.0 framework that uses the Python programming language, which enables rapid development and reusability of components, coupled with elegant design. As with Facebook and Twitter, many third-party developers have also joined the party, with additional apps, browser extensions, and other third-party content that leverage off of the Pinterest platform. For instance, Zoomingo offers both a Web site and a mobile shopping app that allows you to find and get sale alerts for items you and others have pinned. Pinterest is also aggressive about leveraging ties to other social networks such as Facebook and Twitter—when you register, you can do so via Facebook, Twitter, or e-mail. Once you’ve registered, you can easily add Pinterest to your Facebook Timeline or link to your Twitter account.

On the mobile front, Pinterest introduced its own iPhone app in March 2011 and has frequently updated it since then, and an iPad app is also available. However, rather than develop additional stand-alone apps for Android, BlackBerry, or Windows smartphones, Pinterest chose a different route: to create a mobile version of its Web site using HTML5. Unlike an app, Pinterest Mobile runs inside the smartphone’s browser rather than as a stand-alone program, and is able to serve multiple platforms.

Despite all the good news for Pinterest, there are some significant issues lurking just behind the scenes that may cloud its future; chief among them is copyright infringement. The basis of Pinterest’s business model involves users potentially violating others’

copyrights by posting images without permission and/or attribution. Although Pinterest's Terms of Service puts the onus on its users to avoid doing so, the site knowingly facilitates such actions by, for example, providing a "Pin it" tool embedded in the user's browser toolbar. Much of the content on the site reportedly violates its Terms of Service. Pinterest has provided an opt-out code to enable other sites to bar its content from being shared on Pinterest, but some question why they should have to take action when Pinterest is creating the problem. Further, the code does not necessarily resolve the issue, since it does not prevent someone from downloading an image and then uploading it to Pinterest. Another thing Pinterest has done to try to ameliorate the problem is to automatically add citations (attribution) to content coming from certain specified sources, such as Flickr, YouTube, Vimeo, Etsy, Kickstarter, and SlideShare, among others. It also complies with the Digital Millennium Copyright Act, which requires sites to remove images that violate copyright, but this too requires the copyright holder to be proactive and take action to demand the images be removed. Although no major copyright cases have been filed against it so far, how Pinterest resolves this issue may have a major impact on its ultimate success.

Pinterest is also not immune to the spam and scams that plague many e-commerce initiatives. Security analysts believe Pinterest will have to adapt its systems to deal with scammers and warn users to be wary of requests to pin content before viewing it and to be suspicious of "free" offers, surveys, and links with questionable titles. Pinterest has acknowledged the problem and has promised to improve its technology.

Another issue facing Pinterest is competition. Will Pinterest be like MySpace, destined to be eclipsed by a later entrant? Although some similar firms preceded Pinterest into the "visual collection" space, such as Polyvore and StyleCaster, Pinterest can be considered a first mover and as such has some significant advantages. However, other competitors have sprung up, such as Juxtapost (which allows private boards), Manteresting (aimed at the male demographic), Wanelo, and Fancy. Fancy has a revenue model based on linking its users to transactions, taking a 10% cut of purchases in the process, and has backing from co-founders of both Twitter and Facebook. The Fancy could become a formidable rival to Pinterest.

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