

## Effective Executive Vol. XVI No. 3 September 2013

### Case Study

### Social Networking – A Strategic Heaven or Entrepreneurial Hell: A Case of Plantcast.com

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In spite of the best efforts by Mark Hendrickson and his team of enthusiastic professionals, their venture—plantcast.com—did not survive the rough rides in lucrative social networking domain. They had everything going for them—a working concept, adequate finance, booming market and robust technology. The early adopters took to the service lovingly too. Yet, something went amiss and unfortunately a great idea died in its infancy. This paper aims at studying and exploring the reasons for the same. It traces the journey of this venture right from its impressive beginning to its steady downfall. It talks about the competitive scope and environmental aspects of social networking as a profitable business proposition. It highlights the importance of right direction and strategy even when the markets are extremely growth-savvy.

#### Introduction

As the margin between our digital and physical lives blurs day by day, the Internet has become an information forum where people spend a majority of their time. They learn, play and communicate with others globally. In a certain way, people have conquered physical distance via Internet. More recently, European Travel Commission reported that social networking accounted for nearly one in every five minutes spent online globally in October 2011, ranking as the most engaging online activity worldwide. Also, according to comScore's recently released

report, "It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed", social networking sites now reach 82% of the world's Internet population aged 15 and older that accessed the Internet from a home or work computer, representing 1.2 billion users around the globe.

With the huge success of facebook.com, came a whirlwind of activity in the social networking and long distance communication zone. There were an estimated 835.5 million Facebook users worldwide at the end of March 2012, according to Internet World Stats. Europe was the region

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with most Facebook subscribers (233 million), followed by Asia (195 million). In the third place was North America (173 million), followed by South America, Central America, Africa, the Middle East, Oceania, and the Caribbean. The most important conclusion is that only eight regions show growth. Asia and South America stand out as the regions with the highest growth for Facebook.

There were 1.43 billion social network users in 2012, a 19.2% increase over 2011, according to eMarketer, "Worldwide Social Network Usage: Market Size and Growth Forecast" report. In 2012, 63.2% of Internet users visited a social network at least once a month, which is expected to rise to 67.6% in 2013 and 70.7% in 2014. At those user rates, one out of every five people in the world will use a social network in 2013, and one in every four will do so in 2014. According to the Neilson company's report, "Internet and Consumer Media Insights," Internet users spent an average of 6 hours, 13 minutes just in the month of May 2010, compared to 3 hours 31 minutes the previous year. Obviously, the marketers were quick to realize the opportunity and flood into this relatively new space.

Probably, this was what led Mark Hendrickson to quit his job at techcrunch.com and conceptualize [www.plantcast.com](http://www.plantcast.com)—a service that made it easy for people to share the actual things they were doing in real life and discover what everyone else they were related to was up to. By 24 years of age, Mark had won many accolades. He was being viewed as "someone to look out for". From quite an early age, he had started showing entrepreneurial qualities. He grew up in Menlo Park, California, down the street from Stanford, raised by a high-tech marketer Dad and a Mom in banking. He attended Bowdoin College and studied Nietzsche. He majored in

both Government and Economics. He had been a writer with a famous blogging site called Techcrunch.com. At the same time, he worked as their web developer also. He worked with Techcrunch for good two years when he realized that his passion lay elsewhere. This passion fueled energy into him to breathe life into something. It did not take long for him to find his cofounder Jay Marceyes on Twitter and create a vision for Plantcast.

Leaving the job was indeed a huge step—both in terms of risks and rewards. However, Mark was confident of this plan working. Thus, started the cumbersome process of a startup company. In his own words, "it was a long road, and the ride wasn't always smooth, but the rush of those highs has made the experience incredibly rewarding." However, once he started, he never looked back, and so finally, the gods smiled at him.

He had identified the huge commercial viability and social potential that our calendars possess and the idea was built to capitalize on the same. Plantcast.com provided a really easy way for people to take whatever plans they had in their calendars and share them openly with friends. This would facilitate friends and peers to organize get-togethers and parties and a general know-how of each others' plans. The idea was to diminish the line of difference between virtual and physical worlds.

#### The Genesis

Plantcast was developed very lovingly by Mark and Jay Marceyes, who was also the lead programmer, under the aegis of 'Worldly Developments'. This is a software company based in San Francisco, CA with a focus on designing social web applications.

Worldly developments launched Plantcast in December 2009, after visiting and revisiting the concept for some time. Jay and Mark were soon

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joined by Dave McClure, Adam Rifkin and Tom Conrad as advisors.

Worldly developments raised a micro seed from fbFund to begin operations. Plancast was soon lapped up by over 10 impressive investors and was funded US\$800,000 as seed round. This came at just the right time, because Mark and his team were on their way to develop a mobile application for Apple then.

Thus, a beautifully interactive and visually appealing platform was built. Plancast had a user-friendly interface and provided a great medium for people to post and prepare for events and other social activities which they were scheduled to undertake. Users shared the most interesting things on their calendars, making this the best place to find out about things to do, straight from the people doing them. Plancast kept them informed about the things their friends were planning, as well as events that matched their location and interests, thereby helping them discover things to do that one may miss.

#### The Progress

The way the site worked was that not only will ones' friends learn all about their upcoming activities and schemes, but they will also be able to join them in if that is what they want. In that sense, the site resembles more a social organizer than a mere calendar. And the social aspect is made all the more strong since both Twitter and Facebook are fully supported, making the site instantly accessible to a public as large as it could be.

The little company had big plans for the future, though. "We want to host and distribute all content that pertains to what individuals, organizations and businesses have planned for the future," Hendrickson had said. "If you break the idea of an 'event' down into its basic units (what's going to happen, when, and where), there's

a ton of relevant social content through the long tail. We're designed to host a superset of all this event data."

Plancast's objective was to attract any and every category of users. The idea of extensive social sharing was germinating into a plant now. It had business and organizations posting upcoming events and opportunities, local sports' team games or other community events. Armed with a possible mobile app for Apple, they even wanted to get into space where one can create his/her personal events.

#### The Competitive Space: Deriving the Strategic Advantage

There are at least 50 websites which are in similar or related space as Plancast. The major ones being planypus, mobaganda, socializr and yahoo.upcoming.com. All of these websites hold 60-80% similarity in the content and process of Plancast.

At a broad level, Facebook, Eventbrite, Twitter and Klout were the biggest and most direct competitors. However, Mark very strategically embedded all these in Plancast to make most constructive usage of competition. But events management space is busy. Established players like Eventbrite and Meetup have been the go-to tools for event organizers, with up-and-coming tools like Guestlist gaining popularity. Startup companies like Lanyrd try to help members utilize maximum out of conferences, while Sonar helps members connect with people at that particular seminar. These tools all focus on an all-round experience—creating, managing, promoting, and networking in virtual as well as physical space.

Social media is a space where emulation happens at lightning speed. For any innovative service, there comes a 'me too' the very next day. Or, worst still a big player decides to step in and go for end run offensive competitive strategy.

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LinkedIn CEO, Jeff Weiner recently said that the amount of time people spend on social networking is reaching a ceiling. "Nobody has any free time," he recently remarked. "Unlike social platforms and TV, which can coexist, you don't see people using Twitter while they're using Facebook, or using Facebook while they're using LinkedIn." This is to say that people really do not have time to adopt to something new in the same zone. Thus, it becomes very tough for a new entrant to carve a niche for itself.

However, there is a group of people who believe that since all these websites cater to different socializing needs of an individual, there can be a cooperative integration. Nevertheless, the data regarding failures of once big names in the Internet proves otherwise. Facebook led to the demise of popular websites like MySpace and Orkut. Digg.com also had similar misfortune. Some critics blame Twitter as the killer, since Digg did not have the celebrity appeal of Twitter, nor could it control the sophisticated power users that overwhelmed the front page. Many people attempted to use Digg to share information, something that was not possible unless a user was quite powerful.

#### Facilitators

The plan broadcasting service worked excellently well for some time, between which they even hired talent (at well-off packages and equity stakes) Plancast had deep integration with other services like Four Squares, Google add-on, Facebook and Twitter, etc. Andrew Mager, a well-known critic, wrote on his blog, "The best way to describe Plancast is a social calendar with huge ears. I'll say that it's the one digest e-mail that I actually read. If you haven't played with it, you must. If you are looking for an event in your area, it's the best spot to start looking. I was fascinated by Mark Hendrickson."

Plancast provided a platform for people not only to connect with each other over virtual world, but also gave them power to schedule and organize actual meet-ups with friends and colleagues. There was a facility to find friends, discover as well as create events, which was unique and most lapped up. Also, through its fully supported sites, the users were given opportunity to create a buzz around their events.

The early adopters jumped at the buzzing new opportunity to socialize on the web. Due to this exciting initial launch and traction, it was believed that there was a larger market ready to adopt the service. Both the social networking zone and venture capitalist zone were buzzing with the 'Plancast' word. Blogs were being written regularly and the website was gathering rounds of appreciation—both for the concept and its application. In a short time, Plancast garnered 100,000 registered users and 230,000 visits a month.

Over the subsequent year and a half, the team struggled to refine its core purpose and bolster central value proposition with better functionality and design.

The service was deemed most helpful for discovering new events—since users were able to follow anyone, it was extremely simple to find out about top events. The built-in sharing options also helped with content volume and virality—sync with Facebook and it pulled a user's Facebook events into their feed, sync with Twitter and it shares any events a user plans to attend. This meant despite the small number of users, there was always content, even if it was not user generated but rather pulled in automatically from users' social accounts. Plancast was the most useful during big conferences. With small meet-ups, panels and parties happening at all hours of the day, Plancast was a great way to see what events were planned, who was signed up for which events, and to keep them all straight.

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However, in spite of the best efforts and most honest intentions, Plantcast never made it to the critical mass usage category. It could not really take off after a few initial steps.

## The Strategic Challenges

The external environment, which plays extremely critical role in any organization's success, was crowded with challenges. Unfortunately, Plantcast did not really have any plan to encounter these successfully.

The personality that anyone presents on the web may be in complete contrast with the real one. This is where the fun of social network lies. A common man can be reflected as a celebrity successfully, courtesy social networking sites. An investment banker may want people to know him as a guitarist in a popular band. By actually dissolving these boundaries, the fun value earned something of a question mark. Also, a couple of 'not too interesting' meetings is all that took people to withdraw from the idea, at least temporarily.

The more number of friends one has on a social network, the more outspoken, extrovert, or cool image can be portrayed. While the traditional status updates and picture posting works too well for the obscure friends also, the concept of meeting up with them and updating them about one's plans constantly is hardly that appealing. One may post ones' pictures to get more comments but they may not prefer catching up with them over a weekend.

As a working or studying person, there cannot be more than five plans on anybody's mind at any point in time, which they would want to share with people around them. That too may remain unchanged till the upcoming weekend. As a result, the place which should be buzzing with activity becomes little stagnant. To top it all, one may support a cause and wish that their friend list should not only support the same cause but also

uplift their image. But when it comes to a serious personal event, one may want only one's numbered dear ones to get the information, which can also be dealt with by regular personal phone calls than a post on a social network.

More so, since almost everyone is already on Facebook, people prefer posting their events on the same. They may not like to go to Plantcast merely to post an event.

Generally, working people often like to conserve their 'spare time' and spend it in an unobstructed way rather than proactively seek out events and places, unless for occasions like the New Year. Because they have a dearth of time, they prefer lazing at home or at a friend's place than partying.

For any crime-infested country, the major concern in actual socialization is that of safety and security. Also, a happening place may be viewed upon as a highly 'unsafe' one too, thereby raising an alert and thus discouraging people.

People do not really like to commit to something quite in advance for a variety of reasons. As such, eventually they even hesitate to post them. Thus, over a period of time, the place becomes quite dull and lifeless. Also, if there is an unplanned person and he/she makes plans in impulse, then they may not give a commitment but may directly turn up for the event.

In Hendrickson's own words, "Most social networks feed primarily on vanity, in that they allow people to share and tailor online content that makes them look good. They can help people communicate to others that they've attended impressive schools, built amazing careers, attended cool parties, dated attractive people, thought deep thoughts, or reared cute kids. The top-level goal for most people is to convince others they are the individuals they want to be, whether that includes being happy, attractive, smart, fun-loving or anything else."

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Sharing plans, unfortunately, does not present the same opportunity to show off and incur the same subsequent happy feelings. Some plans are suitable for widespread consumption and can make a person look good, such as attending an awesome concert or savvy conference. But, sadly, the vainest events are exclusive and not appropriate for sharing with others, especially in detail."

## The Business Dilemma

The business model itself was questionable. There was no mechanism of regular revenue which was built into the system. Mostly, revenue was left to the mercy of website's popularity quotient. However, the event planners, corporate meet-ups, etc. were either not focused or were not targeted at all. A user may be spending huge amounts on his/her travels or parties, but this money was never capitalized upon. Overall, there was a visible flaw in both the aspects—identification of target audience as well as the revenue model.

Unfortunately, not sufficient amount of social media marketing was done to promote Plantcast. As such, it remained quite unknown in a major part of the globe. Somewhere, it was believed that through various connections, it would become a hit on its own. However, in the world today, one cannot survive without taking leverage of social media market.

For the longest time, Mark faced the dilemma of what should be done with Plantcast now that the future was quite uncertain. Though Mark has already announced its shut down, he is still not sure whether or not he wants to continue with it. On the one hand, he wishes to announce the demise of Plantcast and discontinue the service, while on the other, he is seriously contemplating joining some other job and continuing with Plantcast as a part-time business. In this case, they

will be able to revive it when they deem markets to be favorable. However, there is a big question of that huge data on Plantcast which even includes a lot of personal data of the users. Also, now that it is well-known that the service did not do well, Mark and Jay are not even sure of getting good buyers for the service.

## Plantcast: The Possible Survival and Growth Strategy

There is no denying the fact that there is immense potential in this hugely crowded space. Business had to be built in this domain on rock solid foundation. Moreover, a base of 1 million users is good enough for any website to survive. The focus area, rather, should be on building this base, while keeping the existing users intact. Therefore, the core markets should be clearly identified. The commercial users like travel planners, event organizers and other corporates should be targeted with a certain pricing strategy like registration or subscription fee and added features specifically suited to their needs. At the same time, a more interesting platform should be provided for the individual users. Different games and apps can be built into the interface to effect the same. Since, Plantcast already has the technology, it only remains a matter of implementation.

Promoting the website is the next piece of task which Plantcast should undertake. Gaming more and more users from developing markets like China, India, Russia, etc. would ensure popularity across the globe and hence would definitely lead to a growing number of users, thus accomplishing the other feat.

Peter Farrell quoted "People mix up entrepreneurship with risk-taking ...An entrepreneur is a risk-minimizer, an opportunity seeker." To conclude, Plantcast should overcome the stated challenges to produce a more realistic and viable business. »

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Appendix

Table 1: Social Network User Penetration, 2011-2014

S. No.	Year	Percentage of Population
1.	2011	17.3
2	2012	20.4
3	2013	23.4
4	2014	25.8

Source: "Social Networking and UGC", New Media Trend Watch, available at <http://newmediatrendwatch.com/world-overview/537-social-networkink-and-ugc>

Exhibit I: The Home Page

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Appendix (Cont.)

Exhibit II: An Example of Applications on Plancast

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