

## **Proposal: Utilizing user data, competitor analysis, and A/B testing to expand Amazon Spark users**

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### **Spark had an unsatisfying performance compared to Instagram and Little Red Book**

Our team<sup>1</sup> launched Amazon Spark last year, aiming to build Amazon's own social ecommerce platform where Prime members can have a one-stop experience of discovering, sharing, and purchasing Amazon products through shoppable feeds, without leaving Amazon's mobile application.

However, while other similar social ecommerce platforms such as Instagram shoppable feeds and China's Little Red Book<sup>2</sup> gained huge success globally, Spark is not well known, and there aren't many active users generating traffic on this platform. Recently, there are several negative media coverages<sup>3</sup> on Spark. This prompted our team to reflect on our product and explore new analytical methods to fix the issue and expand our user base.

### **We did not effectively utilize user data and marketing analytics tools to understand consumer needs and wants**

Our current product faces several complaints from the public and the media: unclear positioning, confusing user interface, and lack of quality content, all leading to low platform traffic. Our social ecommerce user experience is more of a hard sell than a social experience since Spark is not integrated into the overall Amazon shopping experience very seamlessly. Spark is hidden in the sidebar of Amazon mobile app and few people knows exactly where to find it. In order to tackle these problems, to improve user experience, and to increase number of active Spark users, we need to have a better understanding of our users' needs and wants, learn from similar business models, and redesign our user interface.

<sup>1</sup> Amazon.com, founded by Jeff Bezos in 1994, is the leading ecommerce and cloud service provider based in Seattle, Washington. Its mission is "to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices."

The Amazon Spark project is led by a group of software engineers, data scientists, product managers, and marketing staff.

<sup>2</sup> Little Red Book (小红书) is a Chinese social e-commerce shopping app that is both an online social community and a B2C shopping site which mainly sells overseas products that are hard to find in China. By September 2017, the Red Community already has 60 million active registered users, and during its six-year anniversary sales in June 2017, it made sales of 100 millions RMB (nearly 15 million USD) in 2 hours. (<https://jingdaily.com/luxury-brands-chinese-ecommerce-social-media-platform-redbook/>)

<sup>3</sup> Kiri Masters published an article *Here's everything that's wrong with Amazon Spark* on Forbes in May, 2018. She commented on Amazon Spark's misleading positioning, limited user bases, and poor integration into the app itself, all contributing to turning Spark into a wasted initiative. She also called for an more active communication with brand ambassadors and influencers for Amazon to reboot its Spark. (<https://www.forbes.com/sites/kirimasters/2018/05/20/heres-everything-thats-wrong-with-amazon-spark/#1e77527c65eb>)

Similarly, earlier in March 2018, digiday also pointed out the problem of Spark not effectively promoting itself to brands and influencers. (<https://digiday.com/marketing/nobody-using-amazon-spark-not-taking-off-brands-agencies/>)

## **A three-step solution: user data mining, competitor analysis, and A/B testing**

The first step approaching our problem is to use market research and internal user data to generate insights into what and how our users actually think about and interact with our product. After figuring out demographics, activity patterns, and satisfaction level of current active users of spark and amazon mobile app, hopefully we can better understand the gap between actual user perception and our expectation and integrate user opinions into our repositioning strategy.

In step two, we will do some desk research and competitor analysis. Some useful resources are *Social Commerce dossier* and *Online Shopping Behavior dossier* by Statista and E-Stats report by United States Census Bureau. By doing so, we can identify shifting consumption patterns and better adjust our positioning.

The last step in improving our platform is an A/B testing of different user interfaces. By selecting random Prime member sample in real-time or focus group participants and presenting different versions of user interfaces to them, we are able to track their response such as their scrolling and browsing time and if they click on items or not. These data can be used to create a more user-friendly interface.

Pardot by Salesforce is a good tool to build A/B testing pipelines and to better engage with potential users and brands. R and Python can also do A/B testing by implementing a simulation based on data collected on user's response to different interfaces.

## **Cost and resources needed**

The three-step solution require some additional talents. For the market research and competitor analysis, a group of experienced market researchers is needed. We can either use our in-house staff or outsource research to a third-party market research company; the latter is going to be costly but they might also be more skilled in conducting research, especially competitor analysis of a foreign company such as Little Red Book.

We are also going to bring in more behavioral scientists to analyze user behaviors, marketing analysts to build pipeline for A/B testing, and more UI/UX designers to redesign user interface. Besides the cost of acquiring more talents, Pardot has a monthly subscription fees from \$1,250 to \$4,000.

## **Performance Measurement: conversion rate, click rate, and daily traffic**

To measure the performance of our three-step solution, we need to constantly monitor changes in user response: how much does the conversion rate of a Prime member to an active Spark user change? Does the click rate improve? How does the daily, weekly, and monthly traffic on Spark change before and after the implementation of our solution? How does the growth rate of our active users on Spark change?

## **Conclusion**

The success of Instagram shoppable feeds and Little Red Book proves the potential of social ecommerce. Given our strong Prime membership base and our existing product delivery ability, the idea of Amazon Spark shouldn't be wasted. And yet, we should invest in market research, data-driven marketing strategies, and product redesign to better meet consumer expectation.

## **Reference**

- Masters, Kiri. "Here's Everything That's Wrong With Amazon Spark." Forbes, Forbes Magazine, 21 May 2018, [www.forbes.com/sites/kirimasters/2018/05/20/heres-everything-thats-wrong-with-amazon-spark/#1e77527c65eb](http://www.forbes.com/sites/kirimasters/2018/05/20/heres-everything-thats-wrong-with-amazon-spark/#1e77527c65eb).
- Pathak, Shareen. "'Nobody Is Using It': Amazon Spark Is Not Taking off with Brands, Agencies." Digiday, 29 Mar. 2018, [digiday.com/marketing/nobody-using-amazon-spark-not-taking-off-brands-agencies/](http://digiday.com/marketing/nobody-using-amazon-spark-not-taking-off-brands-agencies/).