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Power through Platform

A Strategic Growth Plan

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Overview

Objective.

Society6 has incredible potential for growth. However, the market for print on demand (POD) ecommerce is already thick with competition from established players like Redbubble, Zazzle and Cafe Press to start-ups like Nuvango, Deny Designs and Curioos. This proposal will present a plan for distancing Society6 from the dog-eat-dog competition between these retailers and elevate the Society6 offering into a platform that can scale beyond the scope of any single ecommerce retailer.

Goals.

Society6 aims to be the world's #1 platform for art and design. That is our goal.

There is not yet a dominant platform in our space. Certainly there are larger POD retailers than S6, but none have built a dominant position that creates lock-in for its members and full market reach for its products. In technology, there are typically no more than two major platforms in any space — the market leader and the upstart that keeps them honest. We see this in social networks (Facebook & Twitter), video (YouTube & Vimeo), search (Google & Bing), smartphones (iOS & Android) and OS (Windows & Mac).

You're either 1st, 2nd, or a footnote.

Recommendation.

What would the number #1 platform support?

- Every artist. The tools should empower every artist to create on their own terms.

- A vibrant community. A network for discovering, discussing and sharing great work.

- A sales channel. An outlet that can serve all types of customers with art and products that speak to them.

We'll build this platform through three strategic initiatives: Studio, Social and Storefronts.

1. The Studio project will modernize our artist tools. Currently, our competition has a significant advantage over us. We will build a best-in-class upload system, with new features that allow artists to offer products not available on any POD site.

2. Expanding the Social experience will create higher engagement, repeat visits and exposure for new art and artists. We have a slight advantage against our core competition now, but extending our advantage is an important differentiator moving forward.

3. Storefronts provide the largest potential for Society6 to scale. The fact is, S6 will never be able to properly surface the vast ocean of content that flows into the system. We need reach that doesn't dilute the brand. Storefronts will change the game.

These three initiatives reinforce and build on each other. Together, they can bring bring massive growth to Society6.

S6 Studio: create and sell

Artist's choice.

The print on demand space is quite competitive and one of the strongest differentiators is artist toolset. Artists know they will spend significant time uploading and refining their products. The site that offers the best tools has an advantage in pulling in the top talent. Using a slow and cumbersome toolset doesn't inspire much loyalty and reflects poorly on our brand. Society6 needs to step up its game to remain relevant to the artists who create our products.

Match, then exceed.

For Society6 to match the level of our competition we must develop tools that enable:

1. **Efficient Upload.** Require fewer asset uploads to create a product line.

2. **Size & Position.** Precisely position your art where you want it on your product.

3. **Product Control.** Sell only the products, styles and colors you want and disable those you don't, including art prints.

   But we don't want to simply match our competitors, we want to exceed them. These features will set us apart:

4. **Scheduled Releases.** Drop your new releases exactly when you choose.

5. **Limited Edition POD.** Sell any print on demand product as a limited edition or timed edition.

6. **Artist Editions.** Sell art products produced directly by the artist.

The strategy.

S6 Studio is a play for artist retention and then growth.

The first three features above are table stakes. We need those features to be current with the market. The latter three, Scheduled Releases, Limited Edition POD and Artist Editions, however, are game changers.

Let's start with Scheduled Releases. Making the most out of releasing a new piece of art means promoting its release date in advance, appearing in My Society feeds at the right time of day and spreading out your releases to help build momentum. This is extremely difficult when you need to upload your work, customize your products then publish in one sitting. Fine-tuning a product line, then releasing it exactly when you want is all part of building your brand. This is a feature no competitor in the market offers.

Limited Edition POD sounds like a contradiction. But scarcity is one of the tools artists use to increase the value of their products and to stimulate demand. POD is typically the other end of the spectrum. There is no "inventory" in the traditional sense; more units are always available. But we can maintain "virtual" inventory in our platform which allows artists to run promotions that no other vendor offers. Want to sell only 50 prints along with unlimited consumer products? Go for it. Want to sell clocks based on your most popular art for 24 hours only? Do it!

Now lets talk about Artist Editions. Currently there is a sharp divide between POD vendors and e-commerce vendors. But artists need the services of both. Look on most artist's S6 About page and you'll see links to their ecommerce store run by Big Cartel, or Shopify, or Bigcommerce. Typically, artists use these stores to sell their originals and limited edition prints. These products are much more profitable for artists than POD products so it's not something they are likely to stop doing. But there is no reason that artists should need to run multiple distinct shops to offer ecommerce for a few additional products. Society6 can solve this problem. By allowing Artist Editions to be sold in the S6 store (with a separate pricing model discussed later in this plan), artists can target their traffic at a sole provider for *all* of their products.

From a business perspective, this is an excellent opportunity to pull artists to the S6 Platform by solving problems that no other POD vendor is addressing. This would also put our toe in the water of the gigantic general ecommerce market. Shopify is valued at $1B and SquareSpace is running Super Bowl ads with Jeff Bridges. While artists are certainly a minority of that market, it is revenue that we can peel away from the major ecommerce players without expecting them to venture into the POD business.

Limited Edition POD and Artist Editions are opportunities to separate ourselves from the pack of POD vendors, extend our platform to solve specific problems for the artists who design our products and create a new revenue stream from product types that were previously outside our reach. These features would be unique to Society6 and offer us a competitive advantage.

Note: For Limited Edition POD and Artist Editions, artists would be restricted from re-enabling these products in the future. It's a trade-off that empowers artists to be creative in developing their product offering but limits them from creating false scarcity at the customer's expense.

The potential.

Matching the feature set of our competitors will primarily benefit artist retention. Advanced features will be valued by artists and will begin to draw new artists to the platform. Artist Editions would be a competitive move against ecommerce platforms like Big Cartel and attract new artists who were previously unserved by our platform. Knowing that we are missing out on many of the top artists due to our requirements on selling art prints, enhancements to Studio will draw premiere sellers to our platform.

Our top 10% of artists generate the bulk of Society6 annual revenue — 80% — nearly $6K per artist. These top artists are incredibly valuable. Growing our top tier of artists by 10% would result in an additional $3M per year in revenue.

The scope.

1. **Initial Release — 4 Months.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	2	1
Time	1 Month	1 Month	3-4 Months	2 Weeks

2. **Ongoing Development.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	2	1
Time	Half Time	As Needed	Full Time	Half Time

S6 Social: expanding the society

Grow our friends list.

The social functionality in our competitors' offerings is minimal. The strongest is Redbubble which supports following artists and being able to view a simple feed of new posts. They also offer "Bubblemail" which is an on-site messaging system. Cafe Press allows following artists and not much else. Zazzle allows you Like a shop. The biggest competitor in the art community space is Deviant Art which has far higher traffic volume than S6 but the actual experience does not feel modern. It has all the expected functionality but the UI feels distinctly web 1.0.

Bringing our community experience up to the modern standards of the major social platforms would put us in a clear leadership position within the art community space. We would be more modern than Deviant Art and more feature rich than the POD market.

From good to great.

Our Social functionality needs a core set of features to help the community flourish:

1. **On-Boarding.** Grow our member base and engage them with 'starter' content for positive initial experiences.

2. **Art Feeds.** The best way to discover, experience and curate art online.

3. **Notifications.** Let the site speak through the activity of the member base.

The strategy.

S6 Social is a play for member growth, higher user engagement, social sharing and site 'stickiness'.

Currently, My Society is a near-secret feature for members, its presence only hinted at by artists' Follow buttons. To improve On-Boarding, we will create stronger calls to action and greater information about the membership benefits for users in addition to artists. By creating new 'Starter Packs' of artists to follow — by content type such as painting or photography — members will get a rich experience they can enjoy immediately.

Art Feeds are the best way to find great content. New work from your favorite artists in a more powerful Following feed, art recommended by the platform's tastemakers — including curated S6 feeds — in a new Recommended feed, and a new Trending feed will expose the most popular work flowing into the platform. We will also improve our algorithms for our recommendations which will better help members find great content beyond the Starter Packs.

Notifications will help artists and members alike. Knowing the state of your follower count and which artwork is gaining traction and making sales is very important for artists. Notifications for member @username mentions in comments will help support dialog rather than single-sided compliments like "love your work." Curators will be notified when their collections are followed. Notifications will make My Society feel alive with activity.

The potential.

We are slightly ahead of the game with our current Social components. Now is the time to polish and expand our core functionality. Notifications will make the site feel more engaging and connected. Feeds will help the community curate and expose the best content. On-boarding will draw in more members and hook them on the experience. Social can function as a moat around our offering that will be difficult for our competitors to overcome and could begin to pull traffic from Deviant Art.

Member purchase an average of $109 per year (double the $55 per year from non-members). But members account for only 10% of all customers. If we grow our member base by 50% and purchase rates stay constant, we would produce an additional $3M in revenue per year.

The scope.

1. **Initial Release — 3 Months.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	2	1
Time	2 Weeks	1 Month	2 Months	2 Weeks

2. **Ongoing Development.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	2	1
Time	Half Time	As Needed	Full Time	Half Time

S6 Storefronts: a new model

Exposure, for everyone.

As any kind of artist or designer, you want to get your work exposed to as wide an audience as possible and find your niche. In the Society6 Store, even as the content library grows, we only have the ability to surface a limited amount of content. This inhibits the potential for new artists to succeed and for our platform to grow.

Our competitors purposefully keep their brands generic and their product line broad so they can target any demographic. This breadth is an advantage but doesn't allow a deep connection with their customers. Society6 has a focussed brand that targets a specific demographic. This focus allows us to go deep with our target market and drive stronger brand loyalty. How do we achieve the broad market reach of our competitors without sacrificing the deep connection our brand has built with our customers?

Changing the game for online retail.

Our Storefronts can empower artists and a whole new class of retailers:

1. **Inline Widgets.** Share and sell Society6 products on any site or blog with a simple code snippet.

2. **Retail Sites.** Anyone can operate their own retail shop, powered by the art and design of Society6.

3. **Sister Sites.** Find the right niches and invest in dedicated sites.

The strategy.

Society6, as a retail brand, is not all things to all people. It speaks very clearly to the youth market. It features a certain kind of art and artists. It engages art fans and tastemakers. We grow brand loyalty by speaking with a true voice to our audience.

Society6, as a platform, should be as broad as possible to reach customers of all types and all tastes and empower artists to reach them as well. We scale by bringing exposure to art and products beyond what the Society6 brand can support.

Working as an extension or our affiliate program, we should pursue the following opportunities to extend our platform's reach.

1. **Inline Widgets.** Much as Twitter or YouTube lets users embed their content on any webpage, our own embed technology would allow any publisher or blogger to easily insert art from the S6 platform, which would support product purchases directly from the widget. This would earn the publisher a commission on the sale.

2. **Retail Sites.** This feature targets three audiences: Artists, Brands and Shop Runners.

   Let's start with artists. Currently, established artists all run their own sites which feature on-site blogs, internal or linked portfolios, internal or linked ecommerce shops and linked POD shops. Through these sites, artists can address their own fan bases better than we can. However, artists need to drive traffic to several related sites to get customers to make purchases or engage with content. Artists launching their own sites, with a fully integrated POD store, is something new to the market. Many brands could benefit from a POD model for their merchandise sales. Content sites, bloggers, bands, non-profits and

more would all simplify their operation by using Society6 to produce and fulfill its merchandise sales. The market opportunity here is huge. Cracked generates 1.5% of Society6 traffic to sell their own tees. The biggest weakness of our current implementation is that brands need to send their traffic to the S6 store, which is a jarring user experience and therefore converts at poor rates. By providing fully independent sites, brands can leverage their own look and feel to keep conversion rates up and take advantage of the POD model. This is a turn-key merchandise operation.

Shop runners have a huge new opportunity with Retail Sites. Now, anyone can curate a pop-up shop, source their products from the S6 community of artists, let Society6 print and fulfill orders and handle post-purchase support. The retailer's job is to pair the right products with the right audience. Retailer shops could spring up around any niche — by style, subject, product type or demographic — and earn revenue for surfacing the best content on S6. This is a new model for ecommerce that leverages and strengthens the S6 platform while also extending the reach of our artists. Have an idea for a shop featuring the best skull tees? Go for it. Want to start a home goods shop for for fans of traditional art styles? You're a few clicks away.

Note: Initial release of retail sites would use pre-designed templates. We would develop template customization and full white-label API access in the medium term.

3. **Sister Sites.** This strategy is not unique. Toyota operates Scion and Lexus to reach market segments that Toyota itself cannot. Run a search for 'tote bags' and you'll see Williams-Sonoma competing with Society6 through their Pottery Barn and West Elm brands. The weakness for Society6 to address is that it will never strongly feature work like photography, it will never be the right fit for kids clothing, it will never be the right place for funny tees. But with Sister Brands and the appropriate market research, Society6 will be able to extend its reach to segments of the art market that it can't currently address. Marketing teams would be spun up to curate content and grow sales. Sister sites will produce major new revenue streams for Society6.

The potential.

- By creating an entirely new retail network, driven by anyone who signs up and can target any conceivable niche, Society6 is introducing a genuinely new model for ecommerce. This opportunity casts a wide net and could result in $5M+ revenue per year.
- Cracked is currently worth $300K per year to Society6. Through brand sites we could improve conversion rates and get this number to $500K. If we can spin up 10 new brands of this size in the next year, that's an extra $5M in revenue from brand sites.
- Sister sites, assuming we accurately target viable markets, could produce 10%–20% of Society6 revenue resulting in an additional $5M–$10M in revenue per year *per site*. These sites would only require marketing teams to operate.
- **In total, Storefronts functionality could drive an additional $20M in revenue with the potential to be much higher.**

The scope.

1. **Initial Release — 2 Months for Inline Widgets, 3 Months for Retail Sites, 3 Months for Sister Sites.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	5	2
Time	1 Month	2 Months	6 Months	1 Month

2. **Ongoing Development.**

Role	Product Manager	UX / UI Designer	Full-Stack Engineers	QA Engineers
Heads	1	1	6	2
Time	Full Time	Full Time	Full Time	Full Time

Pricing Splits

A simple, fair pricing structure.

Much of this proposal involves new product offerings. Artist Editions, Inline Widgets and Retail Sites create new ways of producing and selling art and design that extends Society6 into new opportunities. Part of that process will involve setting prices and splits. The following should be goals of our split structure:

1. **Fair and Competitive.** Splits should be competitive in the marketplace, easy to understand, and fair.

2. **Incentivize Retailers.** The price split for retailers must create a sufficient opportunity to draw them to the platform.

3. **Attracts Brands.** Set good enough splits to help brands choose the simplicity of POD over the margins of mass production.

Print on demand products.

1. Society6 sets the retail price.
   For art products, the artist can add mark up.

2. Artist share has increased from 10% to 15%.
   This makes us more competitive in our artist split.

3. When sold on retail sites, the retailer gets a 15% commission. The retailer can add mark up.
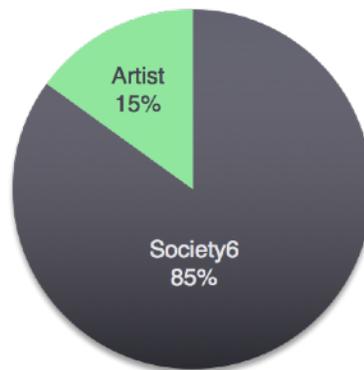
Artist Edition products.

4. Artist sets the retail price.

5. When sold on Society6, S6 gets 30% platform fee. (Same as Saatchi Art)

6. When sold on retail sites, the retailer gets a 15% commission. The retailer can add mark up.
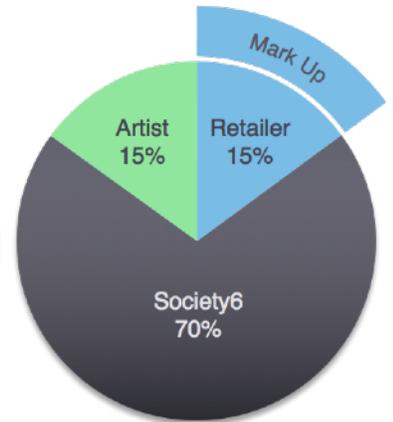
Additional notes.

7. Integrated art and retail sites receive both the artist and retailer shares. POD: 30%, Artist Edition: 85%

8. Inline widgets don't allow mark up.

9. Affiliate payout should move to 15% for consistency.
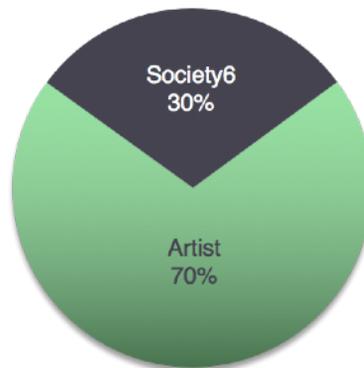
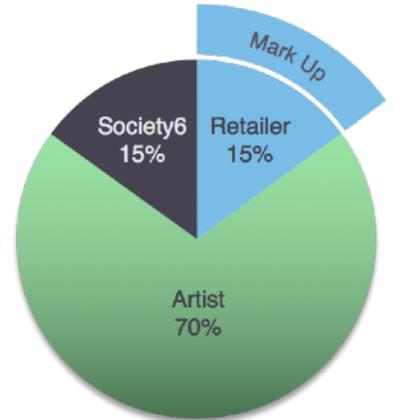This is a recommendation. More analysis should follow.

POD: Sold on Society6

Artist
15%

Society6
85%

POD: Sold on Retail Site

Mark Up

Artist
15%

Retailer
15%

Society6
70%

Artist Edition: Sold on Society6

Society6
30%

Artist
70%

Artist Edition: Sold on Retail Site


Mark Up

Society6
15%

Retailer
15%

Artist
70%

# Our Place in the Market (For Now)

It's crowded in here.

Print on demand is booming. It provides obvious value by cutting production and fulfillment out of the mix when selling consumer goods. Now, anyone can spin up their own products easily while focussing more on the creative aspects they enjoy.

Society6 is steadily gaining reach and awareness of our products and brand. We reach the valuable youth market. We have strong growth rates. Customers like our products. We are on a solid path forward. But due to strong competition and similar service offerings, now is the time to implement a strategy to become the most compelling platform for creatives to sell their work.
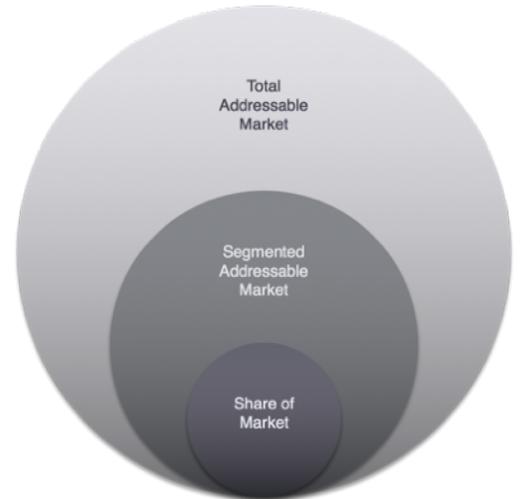
Addressable market analysis.

Let's dive right in. Society6 operates in the POD segment, but our reach can expand into larger markets. Let's break down our total addressable market and consider our strategy in expanding our reach.
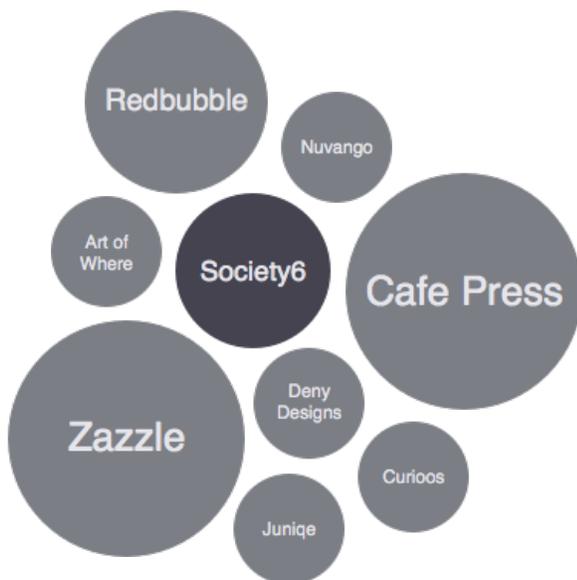
1. **Share of Market.** Within our immediate print on demand space, Society6 is on the rise but holds a minority share of the market. Revenue numbers for our competitors are hard to come by but we can make some assumptions to get a sense of the Share of Market that Society6 can penetrate. Using Compete.com data, and looking at the unique visits multiplier as a proxy for size of our competition, we can get an approximate size of the POD market.

   Zazzle – 5x, Cafe Press – 5x, Redbubble – 1.5x. Start-up competitors are much lower in volume.

   If we assume the ratio of visits to revenue holds, starting with Society6 revenue of ~$40M, we can project that the SOM for the print on demand market is approximately $500M. Our goal is to both grow this market and take over share from our competitors.

2. **Segmented Addressable Market.**
   Expanding the view from the POD market, we can see that Society6 has the opportunity to add features that allow it to play in the larger arena of ecommerce platforms, portfolio vendors and art networks. The SAM is easily in the $1B+ range. We can pull a portion of the customers in this market to Society6 and expand our value as a platform.

3. **Total Addressable Market.**
   Pulling back further, we see the gigantic consumer apparel and housewares market. Run Google searches for our product types and you'll see we are already in competition with some of these brands. And many of the product types sold in this total market would be candidates for on-demand production. Growing the scale of the Society6 platform will put us in more direct competition with these heavy hitters for our share of the $10B+ TAM for consumer goods.
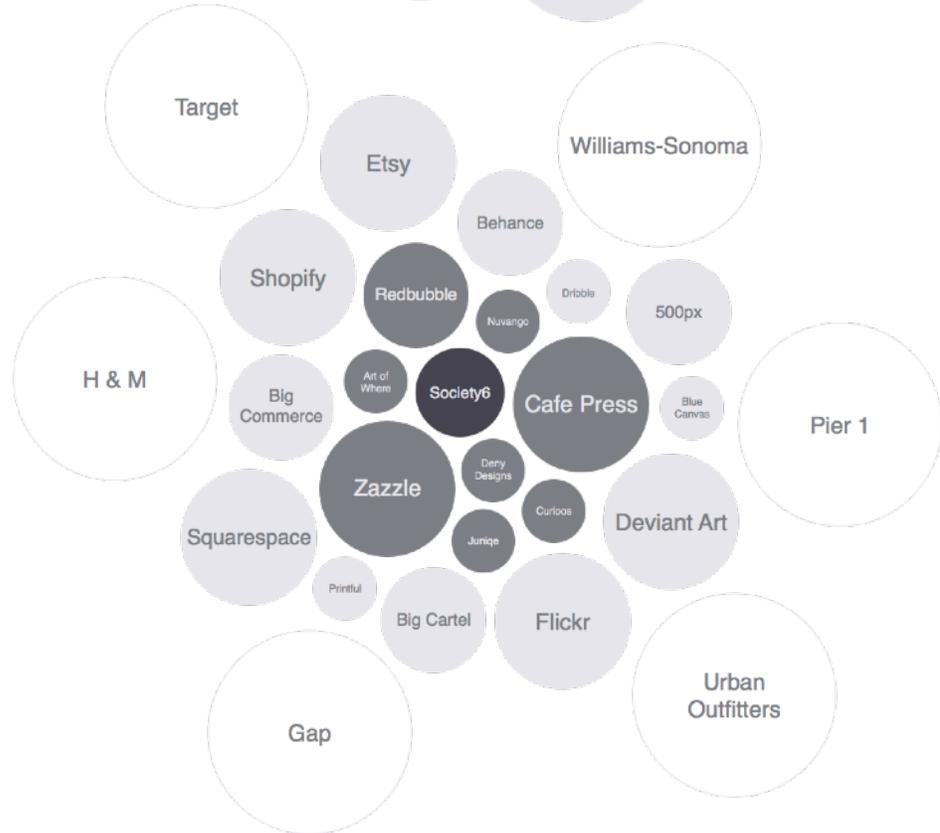
Competing in these markets may sound like wishful thinking. But this is the future if we make the right strategic moves. Manufacturing is increasingly moving to an on demand model. Positioning Society6 to connect artists and designers with fans and customers across all audience segments will allow us to ride the wave.

Conclusion

Start now

Every company in the print on demand space is aggressively moving forward. If we want to leapfrog the competition, it means starting now before they gain a deeper foothold. The initiatives in this proposal push the market forward and establish competitive advantages for Society6 as a platform player.

S6 Studio, including Artist Editions, bridges a gap between POD and ecommerce providers to put the best solution under a single service. This is not on the radar of the other POD vendors and would be a shot across the bow of ecommerce vendors.

S6 Social drives membership and repeat visits through community notifications and feeds that make art fun. The goal is to build Society6 into the single best art and artist discovery platform, forming a defensive shield against competitors.

S6 Storefronts changes the game in POD by positioning Society6 as a platform that others can build their success upon. The S6 platform provides a middleware for interfacing with POD machinery and infrastructure. Enabling this as a simple web service elevates our potential to scale dramatically. Suddenly artists, retailers and brands can take advantage of print on demand.

With S6 Studio adding ~$3M in additional revenue, S6 Social adding ~$3M and S6 Storefronts adding ~$20M, Society6 could achieve revenue gains as large as $26M per year once these projects are up and running.

Demand Media needs a return to rapid growth. Investors want big revenue or big ideas. This plan goes for both.

Imagine: every artist designing and selling the products they want, being discovered and engaging with fans, reaching any customer niche through a network of 1st party and 3rd party ecommerce retailers in addition to running their own shop.

This is the Society6 story.

Approve this plan. Let's start now.