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BUSINESS & ECONOMICS

The new way of Online Shopping

Creating a cashback model to benefit both companies and customers

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Dissertation written under the supervision

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Abstract

In a global marketplace, e-commerce continues to gain importance. But when it comes to online shopping, customer trust in advertisement is limited, and finding the right product at the lowest possible price is time-consuming. For companies, among other factors, constantly creating content to generate organic growth on Social Media and strengthening brand awareness is time and capital intensive.

This dissertation proposes a solution to combat these problems. The App called Whisper enables online shoppers to save time and money when posting content and tagging both the store or brand and Whisper. In turn, customers become brand ambassadors for companies, generating more trustworthy visibility while automating marketing efforts.

Results from the analysis revealed that this App appeals to the German young adult cohort. Within a large sample size (n = 359), over 54 % of participants are inclined to use the App.

Cornerstone features include a high amount of cashback, a high number of partnered brands and shops, and a quick onboarding process. Whisper sets itself apart from the diverse German competition by adding new dimensions to the cashback and social commerce industry. The most important aspects are a curated feed within the App consisting of the most popular posts by users and the ability to receive cashback post-purchase.

The analysis showed that Whisper has a unique business model in an uncontested market space. To discover underlying customer motivations and more precisely appease the target group, further research must be conducted.

Keywords: Word of Mouth, Social Media, Online Shopping, Influencer Marketing, Lean Canvas, Value Proposition, Market Analysis, Blue Ocean Strategy, Product Management

Abstracto

Num mercado global, o comércio electrónico continua a ganhar importância. Quando se trata de compras online, a confiança do cliente na publicidade é limitada, e encontrar o produto certo ao preço mais baixo possível consome tempo. Para as empresas, a criação constante de conteúdos para gerar crescimento orgânico nos Social Media e reforçar o conhecimento da marca é intensiva em termos de tempo e capital.

Esta dissertação propõe uma solução para combater estes problemas. O aplicativo chamado Whisper permite aos compradores online poupar tempo e dinheiro ao publicar conteúdo e etiquetar tanto a loja ou marca como o Whisper. Os clientes tornam-se embaixadores da marca para as empresas, gerando uma visibilidade mais digna de confiança e automatizando os esforços de marketing.

Este App apela ao segmento alemão de jovens adultos. Dentro de uma amostra (n = 359), mais de 54 % dos participantes estão inclinados a utilizar o App. As características mais valorizadas incluem uma grande interesse pelo cashback, um elevado número de marcas e lojas parceiras, e um rápido processo de integração a bordo. O Whisper distingue-se da diversa concorrência alemã ao acrescentar novas dimensões à indústria do cashback e do comércio social. Os aspectos mais importantes são um conteúdo cuidado dentro da aplicação que consiste nos posts mais populares pelos utilizadores e na capacidade de receber cashback pós-compra.

Whisper tem um modelo de negócio único num espaço de mercado incontestável. Para descobrir as motivações subjacentes dos clientes e mais precisamente apaziguar o grupo-alvo, devem ser realizadas mais pesquisas.

Palavras-chave: Word of Mouth, Social Media, Online Shopping, Influencer Marketing, Lean Canvas, Value Proposition, Market Analysis, Blue Ocean Strategy, Product Management

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Abbreviations

EA	Early Adopter
LC	Lean Canvas
MVP	Minimum Viable Product
SM	Social Media
WOM	Word of mouth

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1 Introduction

On a global scale, online shopping is one of the most popular activities on the Internet. A study from eMarketer (2021) shows that in 2020, retail e-commerce sales amounted to 4.28 trillion US Dollars. Fueled by the COVID crisis among other factors, these numbers are projected to grow to up to 5.4 trillion in 2022 and 6.4 trillion US Dollars in 2024. The latter projection would mark a doubling of all global online sales in just six years (compared to 2.9 trillion USD in 2018). In line with this development, E-Commerce becomes ever more important as a substitute for traditional retail. Whereas online sales made up 13.8 % of total worldwide sales in 2019, this number rose to 17.8 % in 2020 and is expected to grow up to 23.4 % in 2024 (Lebow, 2021). Therefore, online marketing and customer engagement efforts are a necessity for most companies to reach customers, and keep or expand market share (Dinesh & MuniRaju, 2021).

1.1 Problem

In a rapidly developing digital landscape with a variety of ways to consume media such as reading the news on the laptop, watching videos on the tablet, or listening to Podcasts while texting friends, new modes of engaging customers emerge. In this context, digital advertising enables companies to narrowly target a pre-defined set of customers with individualized messages better than ever (Gordon et al., 2021). However, a study conducted by Nielsen in 2015 found that, although companies tried to connect with potential customers online, almost a third of all online marketing campaigns fail because they either don't create awareness or boost sales. Furthermore, less than half of the people assessed in Nielsen's study said that they trust paid online and mobile ads, be it videos (48 %), ads in search engine results (47 %) and ads on social networks (46 %) (Nielsen, 2015). Therefore, to turn prospects into customers, companies need to find a way to deliver narrowly targeted ads that are at the same time trustworthy and credible.

For consumers, Lee and Lee (2004) found that the Internet makes it easier and faster than ever to gather information and data about specific products.

Nevertheless, the reduced effort for retrieving and distributing information comes with a pitfall. Nowadays, product information is provided in a multitude of sources (for instance the company's online presence, review platforms, retail platforms, SM platforms etc.) and for every good there is an abundance of quickly changing available alternatives (J. Lee & Cho, 2005).

This leads to choice overload of viable options, resulting in confusion and overall less satisfied and less confident consumers along the buying funnel (B.-K. Lee & Lee, 2004).

1.2 Proposed Solution

According to Nielsen (2015), the single most trusted form of advertising is the opinion of friends and family, with 83 % of respondents stating that they trust their inner circle when it comes to purchasing decisions. This medium far exceeds trust put in branded websites and consumer opinions posted online (70 % and 66 % respectively) (Nielsen, 2015). Based on these findings, the study showed that happy customers can become strong advocates for brands, even if given no reward in return of spreading the word.

The Dissertation's aim is to evaluate a form of incentivized word of mouth advertisement in the social commerce space. Social commerce refers to the enhancement of e-commerce with the addition of Social Media (SM). The proposed solution entails that after a purchase, customers can create a story[1] or a post on their preferred SM channel. Posted content should depict the purchased product along with a tag of the shop it was bought from or the brand itself. The App, called Whisper, must be tagged as well. For the endorsement, customers are then rewarded with a cashback. Within the App, posts and stories from users are showcased, enabling to create curated feeds for specific products and niches.

This form of using brand advocates enables companies to reach a wide audience of potential clients that is mainly homogenous to their existing customer base, boosts exposure and drives traffic to their site. Users will receive a monetary incentive in the form of cashback, maximizing their satisfaction with the shopping experience due to lower costs and minimizing the time spent looking for inspiration and discounts. Also, prospective customers are made aware which goods their inner circle is happy with, shortening the information-gathering and decision-making process when looking for inspiration or new purchases.

To evaluate customer acceptance of the proposed solution and its fit in the competitive environment, the following research questions will be analyzed:

RQ1: What is the ideal target market and who are potential customers?

RQ2: What are necessary features of the product to be successful?

RQ3: What are market characteristics of competitors and how does Whisper set itself apart?

[1] A story is a time-limited post in the form of text, photograph, or video that usually self-deletes after 24 hours. It is available on almost any Social Media platform nowadays (2021).

1.3 Scope and Structure of the Thesis

The scope of this dissertation mainly comprises the development phase of starting this venture. Being a two-sided marketplace, the proposed solution needs to look both at buyers and sellers to fully evaluate the business idea. Doing so would far exceed the capacity of the word count, hence why the focus lies on the customer's side. The last part of the analysis still briefly outlines the underlying rationale and explains why companies will be enticed to participate.

The following part will build the basis of the analysis by describing the academically recognized Lean methodology, its components and enhances it with additional frameworks.

In the third chapter, the methodology and proceedings of the thesis are outlined shortly.

Afterwards, the ventures premises will be evaluated in depth. Extensive surveys will be assessed and conducted both qualitatively and quantitatively. Based on the findings, all parts of the Lean canvas bar the financial side will be addressed and evaluated.

Finally, a conclusion is drawn whether Whisper might become successful and if so, which factors are crucial. The research questions are answered, and a resume is provided for limitations of the study and future research that must be conducted.

2 Literature Review

In this chapter, literature describing successful business models is examined. This thesis builds on the "Lean approach" which relies on the papers "The Lean Startup" (Ries, 2011) "Business Model Generation" (Osterwalder & Pigneur, 2010) and "Running Lean" (Maurya, 2011).

Maurya's subsequently derived Lean Canvas and its components are discussed and enhanced with other scientific frameworks. The gist of the lean approach is to formulate hypotheses and conduct experiments and trials to test them. Based on the results, pivots are quickly undertaken and iterations to the hypotheses are implemented. Regarding the number of citations, it can be stated that these papers and the Lean approach itself are widely accepted within the scientific community. However, it needs to be acknowledged that some criticism emerged, arguing that the emphasis on rapid pivoting leads to favoring easily observable feedback and cutting short the research process (Felin et al., 2019).

2.1 The Lean Approach

According to Ries, newly founded companies nowadays operate under a high degree of uncertainty. Neither do startups know what their product should look like, nor to which customer base it could appeal. Therefore, formerly used modes of predicting success such as doing market research and defining a strategy are no longer sufficient to evaluate the potential of a startup (Ries, 2011). In line with this assessment, Maurya (2011) states "Running Lean provides a better way to build web applications in the face of extreme uncertainty".

In the Lean principle, the customer serves as the focal point. Ideas must be continuously presented, and their perceptions need to be assessed. Based on the findings, iterations are made rapidly. To achieve this, Ries proposes validated learning in a constant feedback loop with experiments to constantly optimize the product or service. Maurya builds on this notion and formulates necessary components of the loop. According to him, a *specific* and *testable* hypothesis needs to be stated, formulating a possible solution. (Ries, 2011; Maurya, 2011). It is then validated with a small sample size of about five participants, which has been proven to be sufficient (Nielsen & Landauer, 1993). A negative result indicates that the hypothesis will likely not work and should be modified. Positive feedback should be taken as affirmation, but not a guarantee of success.

Further iterations are then made and verified in a quantitative survey with a larger sample size. (Maurya, 2011).

To design an appropriate initial questionnaire and acquire reliable data, the "Mom Test" is widely recognized within product management. Synthesized, the interviewer is not to seek approval for their solution but rather find out whether customers have the assumed pain points that the product aims to solve. Therefore, questions must be directed on past events rather than predictions of the future and shouldn't ask for opinions or compliments (Fitzpatrick, 2013).

2.2 The Lean Canvas

When the hypotheses are verified and validated, it can be stated with relative confidence that an actual problem is uncovered that needs solving. Validation further indicates that the proposed solution to reduce customer pains is adequate, though likely not fully developed. Building on this, a business model needs to be generated. With the Lean Canvas, which is a variation of the Business Model Canvas with a more thorough focus on solving problems, Maurya offers a one-page solution. It is subdivided in nine fields that address all areas of a business idea and is designed to look like this:

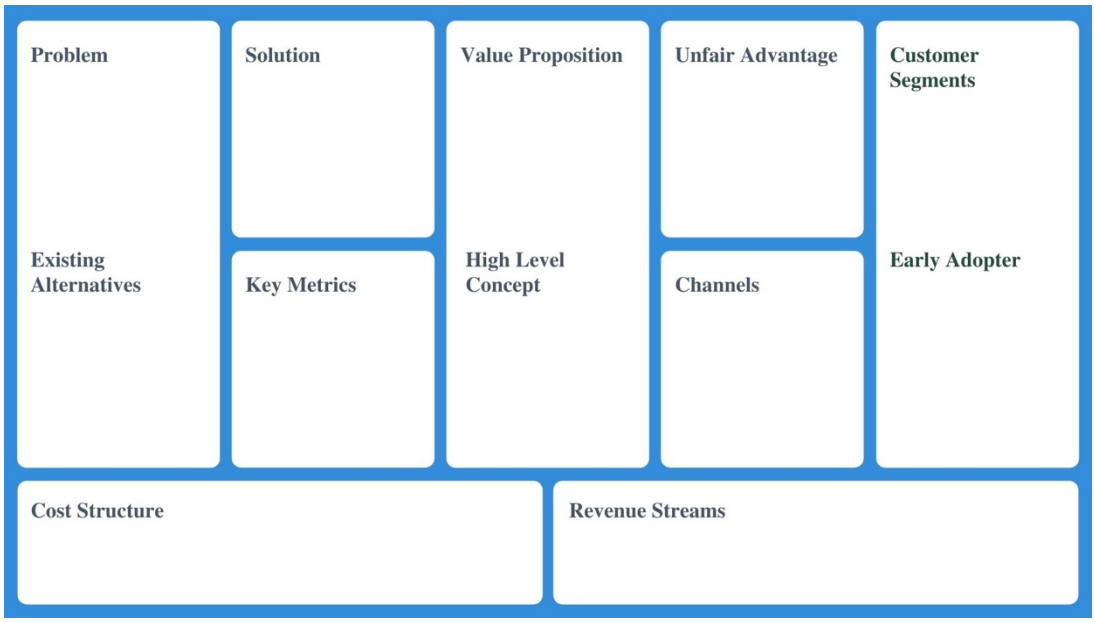

Figure 1: The Lean Canvas. Source: The Author, based on Maurya (2011)

In line with the Lean principle, assumptions are first made and later verified to incrementally refine the canvas. The following instructions are based on Maurya's assessments on how to best complete the LC.

First, the outer segments **Problem** and **Customer Segments** are assessed. The goal is to synthesize which problems potential customers are experiencing and how they are addressing it. The existing alternative might not necessarily be a direct competitor but rather a workaround to the issue.

A special consideration needs to be made regarding the early adopter (EA), since the product initially must occupy a niche in which the EA are the first ones to start using it.

Following, a **unique value proposition** must be derived from the most severe problems the EA are experiencing. A bold **solution** to alleviate these pains needs to be formulated, focusing on promised benefits and not features for the customer. The accompanying high-level concept draws a comparison to a well-known brand. An example would be "Podcasts are Netflix for your ears". To then reach the assumed customers, **channels** need to be evaluated, in which a differentiation between push and pull marketing is necessary. A push strategy refers to using traditional marketing to create of awareness of the brand's existence. On the contrary, a **pull strategy** creates demand by letting customers discover a brand more organically and subtle.

After these segments are evaluated, the inherent **cost structure** and **revenue streams** of those measures can be analyzed. The preliminary cost structure mainly comprises building an MVP and the associated costs of conducting interviews. As for the revenue streams, there is a plethora of possible models that can be applied (e.g. Freemium, free trials, subscriptions, advertising and more). According to Maurya, it is important to note that "the lifetime value of customers exceeds the cost of customer acquisition by at least a factor or three" (Maurya, 2011). Therefore, **key metrics** need to be established. Although metrics cannot fully explain *why* a user does something, they are crucial in understanding and tracking *what* they do. They also help monitor relevant data and identify potential problems. Dependent on the nature of the business, there is a multitude of possible key metrics that can be incorporated.

Lastly, the **unfair advantage** points out what exactly sets the venture apart from others. A wide set of factors is possible, ranging from personal skills to industry knowledge, access to a rare resource and more (Maurya, 2011).

2.3 Additional Frameworks

Not all segments of the LC can be evaluated without the use of additional proven frameworks. To uncover customer pains in the preliminary interviews, the already introduced **Mom Test** will be applied. From these findings, a customer profile and subsequently the unique value proposition for further verification can be deducted. Traditionally used customer personas have been discussed controversially in the academic discourse (Jansen et al., 2021) and won't be included in this thesis.

2.3.1 Creating Value

With the **Value Proposition Canvas**, Osterwalder et. al provide an appropriate tool to visualize the findings that is unanimously recognized in the scientific community as measured by citations (1.706). It is divided into two sections, the first being the customer profile, containing pains, gains, and jobs. Research data must be prioritized on perceived intensity: How intense is the pain, how essential is the gain and how important is the job the customer wants to perform. After prioritizing, the value proposition containing pain relievers, gain creators and products to solve jobs can be created (Osterwalder et al., 2014). Upon completion, a list of necessary features is developed. Because time is crucial and testing needs to be done continuously, these solutions then need to be prioritized in terms of importance.

2.3.2 Prioritizing features

The **MoSCoW method** enables doing so. It is widely used in product management and is clustered into four categories: Must have features being the cornerstone of the product, should have features adding significant value, could have features that might be added at a later stage, and won't have features that are out of the current scope (Cline, 2015). Although some criticism emerged whether features of the could have category are ever introduced and where to draw the line between categories, this framework is regarded as sufficient for the scope of this paper.

2.3.3 Analyzing the market environment

To analyze the competitive market environment, **Value Curves** will be used. According to Kim & Mauborgne, simply benchmarking the competition and "offering more for less" will not result in significant market share. Rather, a company should try to separate itself entirely from the competition in one aspect (Kim & Mauborgne, 2005).

The authors introduce a "**four actions framework**", which breaks down an industry into four segments. This framework allows to precisely identify factors in which a company can stand out from the competition and potentially create new value within the industry that has not been introduced before, thus creating a "blue ocean" – essentially uncontested market space.

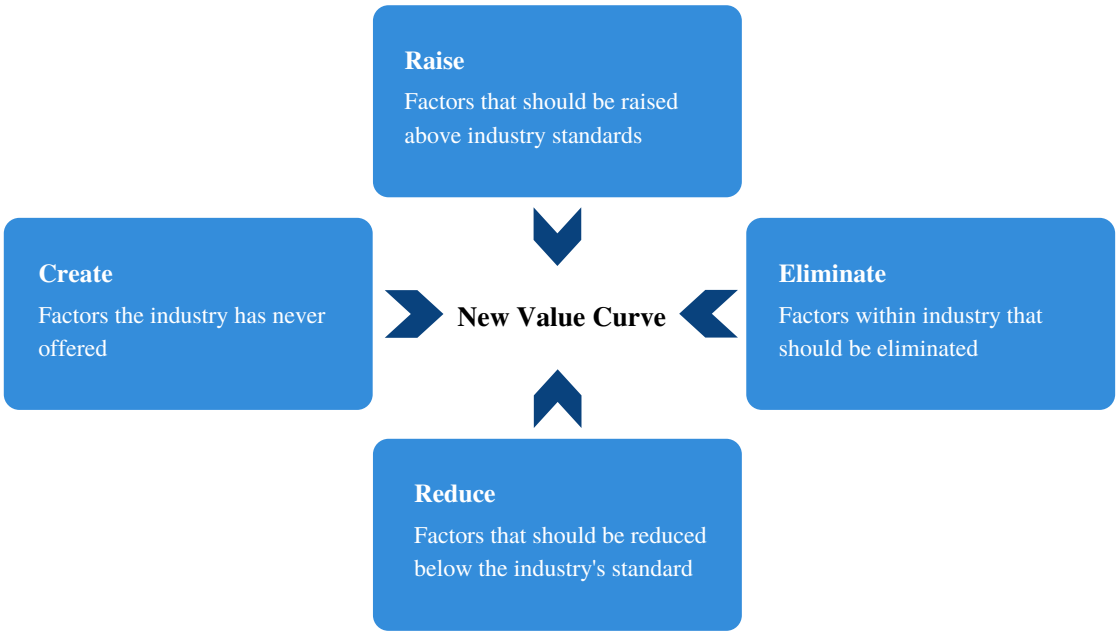

Figure 2: The four actions framework. Source: The Author, based on Kim & Mauborgne (2005)

2.3.4 Measuring success

After these frameworks are applied, it can be assumed that the product is able to achieve product-market-fit. To track and measure success, key metrics must be introduced and monitored. The **AARRR model** by McClure bundles the five highly important metrics for many startups into a customer funnel. For every component, a metric and strategy then is to be defined (McClure, 2007).

The pillars of the model consist of:

Acquisition	Why customers come to the product
Activation	Why users actively engage
Retention	Why users leave or stay
Revenue	Why users pay
Referral	Why users recommend the product

3 Methodology

In line with the Lean approach, this work is highly customer centric. To initially assess what drives customers when shopping online, including associated pains, whether they would use the proposed solution and if so, what features they seek in it, preliminary **qualitative user interviews** are pivotal.

Before the interviews start, the author thought about the problems he encounters when buying products on the Internet to build the initial premise of Whisper which was already introduced in chapter 1. Furthermore, a semi-structured guideline for the interviews was drafted and a minimum viable product (MVP) was developed to show to participants.

For subject selection in the interviews, the assumption is made that the ideal niche will be one of the following: Fashion, beauty, tech, health, interior. Interviews are conducted according to the Mom test and the learnings are then incorporated into a **quantitative survey**. Its main goal is to find out whether the solution is desired in a large sample size and which functionalities are needed. Evaluation will be done using descriptive statistics and performing regression analyses. The findings are then elaborated further using the additional frameworks mentioned from chapter 2.3 onwards.

First, the final value proposition is derived by using the **Value proposition canvas**. Afterwards, all the features that have been rated by participants in the quantitative survey are clustered into categories with decreasing importance by using the **MoScoW framework**.

Following, the market environment is discussed and analyzed. **Value curves** help making differences between competitors visible. The findings are then translated into the **Four actions framework** which will show whether a truly unique value proposition has been constructed and a niche in the market has been discovered. Once this is achieved, it's possible to assume that the product could achieve a product-market-fit. Consequently, metrics for measuring success are established by using the **AARRR** framework, which is also called "pirate metrics". Afterwards, the benefits for retailers and brands when partnering with Whisper are discussed.

Eventually, the likelihood of the venture's success is evaluated, the completed Lean canvas is provided, and the research questions are answered. The thesis then closes by giving an outlook on further research that must be conducted and stating the limitations of the study.

4 Analysis

The Analysis starts with qualitative interviews to assess whether there is indeed a need for using Whisper and, if true, which features are desired. Participant's statements are categorised and clustered into pains, gains and jobs that are encompassed while shopping online. These findings lay the foundation for the following parts of the thesis. They also enable setting up a quantitative online survey to further appraise the ideal target group, their wants, and consequently the target market.

4.1 Qualitative preliminary semi-structured Interviews

Based on initial assumptions about the target group and their shopping behavior, friends and acquaintances of the author have been selected. The talks followed a semi-structured guideline (Addendum A) that was flexible in regards in which direction the interview flowed. After assessing pains, gains, and jobs, participants were asked to come up with their own solution to combat the encountered problems during online shopping. Following, an MVP (Addendum B) was presented and the participant's willingness of using the proposed solution was evaluated.

4.1.1 Participants

An emphasis lied on making the group of interviewees diverse to account for differences across socioeconomic aspects. The following graphic describes their shopping behavior.

Participant		Online shopping behaviour
Participant A ♀ 27, German, Consultant ***Health, Technology***		Takes her time to monitor prices. Often it takes too long so she buys right away. Then she uses affiliate discounts from Instagram influencers. It took her a while to curate her feed that way. Overall it's a time-consuming way of shopping.
Participant B ♀ 27, Paraguayan, Apprentice ***Luxury wear, Beauty***		Seeks inspiration on Pinterest and second-hand clothing platforms. Likes to buy luxury for cheap. Sometimes, private sellers sell her fake items. For beauty products, she reads recommendations and relies on testimonials.
Participant C ♂ 28, German, works full-time ***Technology, Health***		Not sensible to prices. Extensively reads online reviews on technology and nutrition before he buys. Performance is more important than the price, yet he is sometimes disappointed in his purchases.
Participant D ♂ 22, French, Intern ***Streetwear, Outdoor goods***		For streetwear, he buys what appeals to him. Discovers new brands by having developed a very curated SM feed. For high quality outdoor wear & camping goods, he relies on suggestions from friends.
Participant E ♀ 26, German, Student ***Luxury wear, Beauty, Interieur***		Is well-connected on SM. Uses referral codes from others and regularly gets her own. Still, she spends extensive time searching for products that appeal to her (Interieur) and that are of high quality (Beauty).

Figure 3: Summary of preliminary study participants. Source: The Author

4.1.2 Evaluation

To evaluate and cluster the interviews, a pattern analysis is performed using first and second order codes (Saldaña, 2013). The following table depicts the findings.

Table 1: Pattern Analysis of interviews. Source: The Author, based on Saldaña (2013)

Category	Subcategory	Statement	Participant	Amount
Online Shopping Behavior	Frequency	Very frequently (≥ 4 times/week)	/	0
		Frequently (1-2 times/week)	A, E	2
		Occasionally (2-3 times per month)	B, C	2
		Rarely (≤1 per month)	D	1
	Category bought	Clothing	A, B, D, E	4
		Electronics	A, B, C, D, E	5
		Beauty	B, E	2
		Health	A, C	2
		Interior	A, B, E	3
		Appliances	A, C, D, E	4
	Product Discovery	Reading online reviews	A, B, C, D, E	5
		Exposure to Ads in real life	A, B, C, D, E	5
		Exposure to Ads online	A, B, C, D, E	5
		Endorsements by influencers	A, B, C, D, E	5
		Post/story of a friend	A, B, D, E	4
		Recommendations from friends	A, B, C, D, E	5
		Talking to friends	A, B, C, D, E	5
	Trust	High trust in Ad from brand	C	1
		High trust in online review	A, C	3
		High trust in endorsement by influencer	C	1
		High trust in recommendation from friends	A, B, C, D, E	5
	Price Sensitivity	Doesn't care about getting a lower price	C	1
		Buys impulsively when desired product is on sale	A, B, E	3
		Buys impulsively when product not prior desired is on sale	C	1
		Uses price checking portals, waiting for price drop	A, B, D, E	4
		Searches for discount coupons	A, B, D, E	4
		Signs up to newsletters for discount	A, B	2
		Uses affiliate links from influencer	A, E	2
	Problems	Low trust in Advertisement (brand ads, endorsements)	A, B, D, E	4
		Low trust in online reviews	B, D, E	3
		Low trust in recommendation from friends	/	0
		Long process to discover right product	A, B, C, D, E	5
		Long process to get best price	A, B, D, E	4
		Long process to curate SM feed to discover products	A, B, E	3
		Wants to buy the right item to reduce returns	D	1

SM Behavior	Channels	Instagram	A, B, C, D, E	5
		Tiktok	A, B, D, E	4
		Youtube	A, B, C, D	4
		Pinterest	A, B, E	3
		Facebook	C, E	2
		Snapchat	D, E	2
		Twitch	C	1
	Passive use	Daily	A, B, C, D, E	5
	Posting content	Daily	E	1
		Weekly	A, B	2
		Monthly	C, D	2
		Never	/	0
Proposed Solution	Willingness to use	Yes		0
		Yes, dependent on features	A, B, D, E	4
		No, because of the following reasons	C	1
	Desired Features	High amount of cashback	A, B, D	3
		High number of available brands	A, B, D, E	4
		Easy sign-up	A, B, E	3
		Freedom in content creation	A, B, E	3
		Curated content (in-App)	A, E	2
		Appealing stickers to tag brand	B, E	2
		Receive notifications for special Cashback promotions (in-App)	D	1
	Reasons not to use	Doesn't want others to know what I buy	C	1
		Doesn't want to come across as an influencer/sellout	C	1
		Doesn't want to download additional Apps	C	1
		Doesn't care about saving money	C	1
Socio-Economic Stats	Age Range	18-24	D	1
		24-34	A, B, C, E	4
	Gender	Female	A, B, E	3
		Male	C, D	2
	Employment Status	Working full-time	A, C	2
		Student	E	1
		Apprentice/intern	B, D	2
	Monthly Income Range	500€ - 999€	B, E	2
		1.000€ - 1.499€	D	1
		1.500€ - 2.999€	C	1
		3.000€ - 4.999€	A	1
		≥ 5.000€	/	0

Generally, the interviewed women ranked the problem of "time-intensity" not as severe as the men did and enjoyed browsing for the most part, for instance when searching for home interior. However, when looking for specific products (e.g. skin care against pimples), they stated that researching was a nuisance and they had to actively look up testimonials and reviews by influencers. They rated the process as time-consuming and coupled with little trustworthiness. In some instances, participants then relied on talking to friends that they knew had similar problems and used similar products to receive recommendations.

The interviewed men were more utility-oriented and wanted speed, low effort, and to perceive a satisfactory price-to-quality ratio. Especially the process of product discovery posed a severe pain for them.

Both genders wanted to save as much money as possible, except for participant C. When talking about possible solutions, they stated looking up coupon codes, signing up for e-mail newsletters and stumbling upon referrals from influencers. Using affiliate or cashback platforms for shopping purposes was not the case for any of the subjects.

When presented with the MVP of Whisper, all but one participant were inclined to use the service, dependent on the variety of features that are offered.

One drawback was the frequency of use – 3 participants would use such a service only for every other purchase and only if they were satisfied with the product to avoid becoming a "walking billboard".

4.1.3 Assumptions for quantitative online survey

The takeaways from the preliminary interviews build the foundations for the assumptions about the target group on a larger scale and the value that Whisper can offer.

Target group

Although interviewees consisted of both genders, they were not as diverse in their age range and nationalities. Still, due to the willingness of using Whisper, it is deducted that the potential target group mainly encompasses young adults and that nationality is not a decisive factor.

Pains, Gains and Jobs

At the end of every action stands a goal that is intended to be achieved. These are called **Jobs**. When people shop online, they can have different goals in mind. The assumed **gains** refer to how the proposed solution alleviates **pains** and helps getting the job done. (Osterwalder et al., 2014). The following table synthesizes the overall takeaways that were uncovered in the preliminary interviews.

Table 2

Pains, Gains and Jobs identified from the Interviews. Source: The Author

Jobs	**Pains**	**Gains**
Want to find the right product	Advertisements and reviews offer low trustworthiness	Ability to ask a friend's opinion on their own purchase, since it's known
Spending as little time as possible browsing	Searching for discounts can be time-consuming	Effortlessly discover new products
Avoiding doing intense research	Searching for products is time-consuming	Adding social proof and trust to purchases
Paying as little as possible	Having to sign-up to newsletters for promo codes and receiving spam mails	Possible curation of viable products within the App
Feeling that a good decision has been made		

After concluding the interviews, participants were asked to rank their perceptions regarding those three factors. All the answers were then synthesized and given an overall rank according to the subjects' answers.

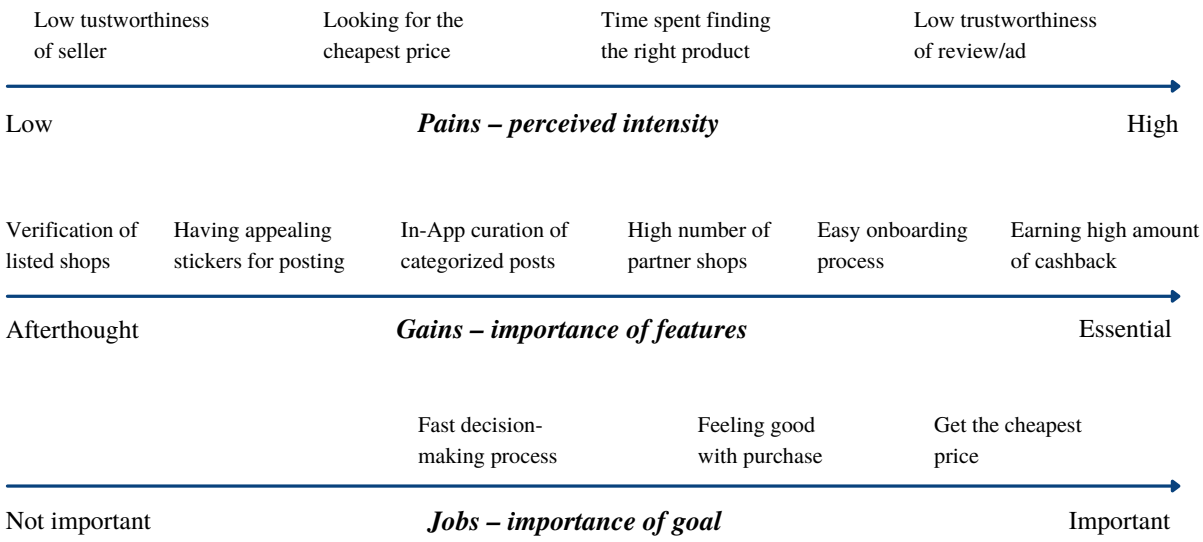

Figure 4: Pains, Gains & Jobs. Source: The Author, based on Osterwalder et. al (2014)

4.2 Quantitative online survey

The insights collected in the qualitative interviews were a prerequisite to see if there is a need in the market and to verify the willingness of customers to use the service of Whisper. Because this could be substantiated, the initial hypotheses that this is a product desired by customers can be validated. To test this assumption in a large sample size, an online questionnaire is developed and carried out.

4.2.1 Survey Design and Distribution

Aligned with research question 1 and 2, the main goal of the survey is to find out whether the **solution is desired**, and if yes, which **features** are sought after. Furthermore, it will be evaluated for which **product category** this solution appeals most – this will likely be the ideal niche to get started. Regarding willingness to adoption, demographic factors will be analyzed to test which **Gender, Nationality, Age, Income** and **Education level** is most likely to use the service.

The survey is conducted using Qualtrics. In accordance with their guidelines, it is kept as short and simple as possible to reach maximum engagement (Fisher, 2020). According to studies, online marketing is more efficient and yields better results for generating participants for surveys (Grover & Vriens, 2006). Hence, the survey was first distributed via online mediums (Whatsapp groups, LinkedIn, Instagram). With only 120 participants after two weeks of publishing, the reach of those channels was unsatisfactory and contradicted the empirical research. Then, a handout containing a QR code and a direct call to action was created. The author subsequently spent two days during lunch time at the University of Hamburg, asking students to fill out the survey, yielding 351 additional responses. In total, 471 participants attempted the survey out of which 385 completed it. After cleaning the data, 375 valid answers are left. Due to the survey's use of one-dimensional scales, there is no test for reliability, e.g. Cronbach's Alpha.

4.2.2 Hypotheses Development

As opposed to tackling multiple industries, Whisper wants to focus on one product segment. Findings from the qualitative interviews yielded that electronics were the most purchased category among participants. A study conducted by Statista further supports this notion. It found that in 2020 in Germany, electronics ranked the number one spot in e-commerce, followed

closely by fashion articles (Statista, 2020b). This leads to the assumption that indeed, electronics should be the right segment to get started which must be analyzed in a larger sample size.

The setup of the online questionnaire did not allow performing a regression analysis on the ideal target market. Therefore, it is evaluated by using a descriptive approach.

Furthermore, identifying who will be the customer is essential. From the preliminary survey, no clear correlation could be established between socioeconomic factors and frequency of shopping as an influence on willingness to use the App. By evaluating the online survey, clearer conclusions might be drawn in a large sample size as to which socioeconomic factors have significant impact on the likelihood of Whisper's adoption.

Therefore, hypotheses for the **target group** state:

H1a: Age has an influence on App usage probability

H1b: Income has an influence on App usage probability

H1c: Shopping intensity has an influence on App usage probability

H1d: Gender has an influence on App usage probability

H1c: Frequency of online shopping has an influence on App usage probability

To further determine the App's success factors, it is of importance to find out key features that are desired. The presented options were derived from the initial interviews. However, participants also had the opportunity to suggest more features. The hypotheses for **features** state:

H2a: The amount of money that is received has a significant influence on App usage probability

H2b: The number of available brands has a significant influence on App usage probability

H2c: In-App curation of posts to discover new products has a significant influence on App usage probability

H2d: Freedom to design the post has a significant influence on App usage probability

H2e: An easy sign-up process has a significant influence on App usage probability

H2f: Having appealing stickers to tag the brand and Whisper has a significant influence on App usage probability

4.2.3 Survey Analysis

The survey participants were 41.2 % male (148) and 58.8 % female (211). Due to the author's network and mode of asking students at the Uni Hamburg, with 81.05 %, an overwhelming majority of students answered the questionnaire. As a result, the subject's income levels within brackets are relatively low and the participants themselves mainly comprise young adults. The following graphics depict the descriptive findings.

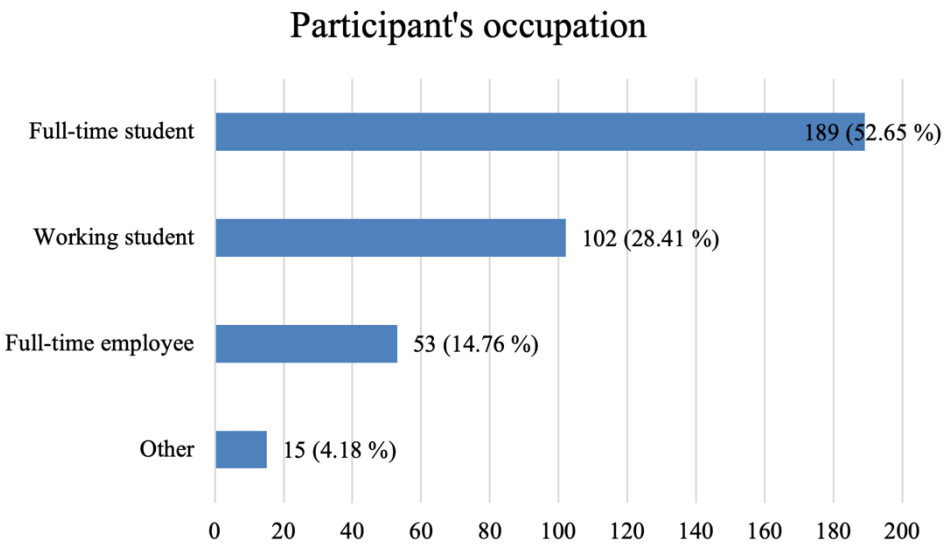

Figure 5: Occupation of the study's participants. Source: Survey (n = 359)

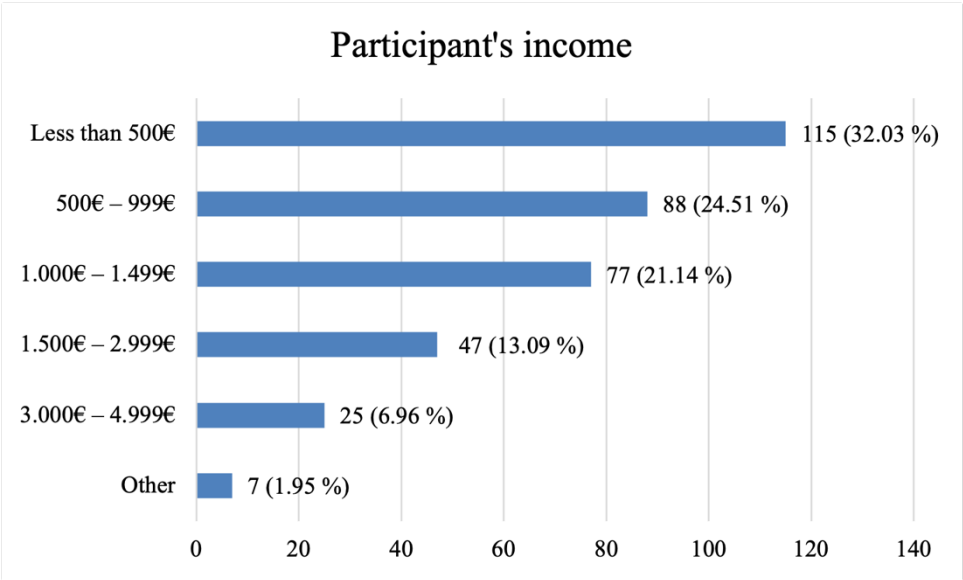

Figure 6: Income brackets of the study's participants. Source: Survey (n = 359)

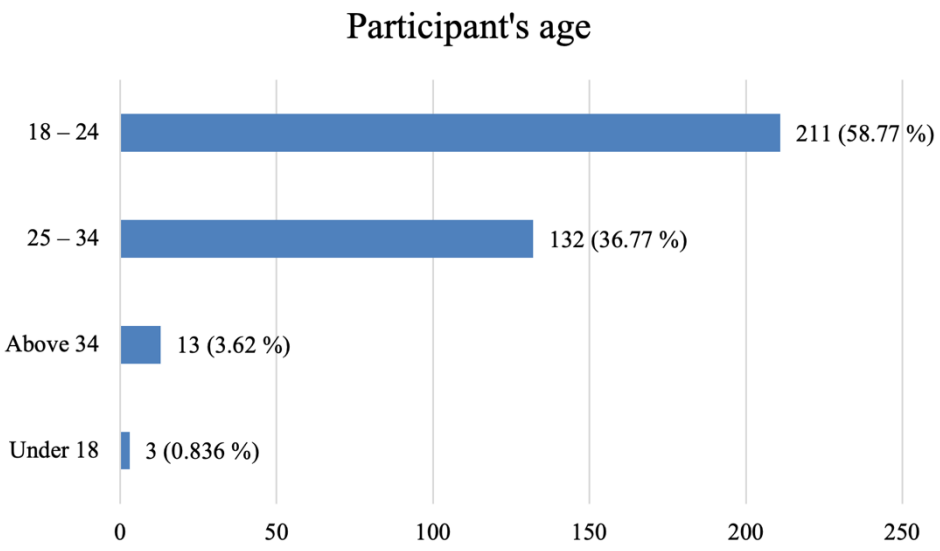

Figure 7: Age brackets of the study's participants. Source: Survey (n = 359)

Starting, the survey asked participants whether they buy products online. Out of 375 valid answers, 359 participants stated this to be true (95.7 %). For the other 16 subjects, the survey ended at this point. In terms of frequency, most subjects shop between two to three times a month. About 15.6 % (56 participants) are very active, buying products more than once per week.

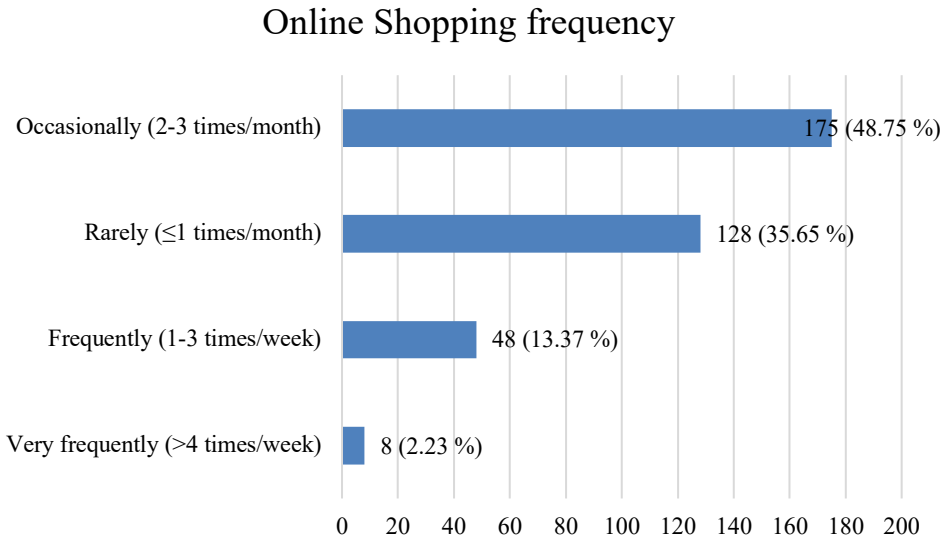

Figure 8: Participant's online shopping frequency (n = 359). Source: Survey

Target market

To find out which product category is mainly purchased, participants then were asked to pick their categories in a multiple-choice question. Afterwards, there was only one choice for the type of product that is mainly ordered. Contradicting the findings from the preliminary survey, **Fashion** was by far and large the most given answer in the one-choice format, making up 72.7 % of all purchases and clearly leading ahead of electronics.

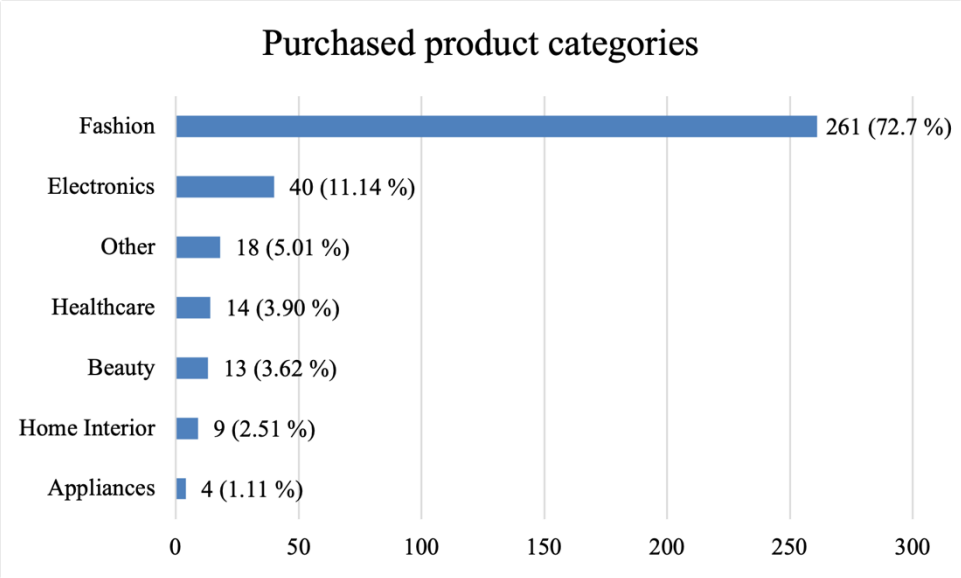

Figure 9: Ranking of purchased product categories. Source: Survey (n = 359)

Due to the overwhelming number of purchases, fashion and apparel as opposed to electronics seems to be the ideal niche to get started – clearly, there is demand from the consumer's side. When looking at the type of content that is posted online this also seems intuitive for the App. The hashtag #ootd (outfit of the day), where users flaunt their outfits, so far contains over 392m posts on Instagram (December 2021). Sifting through the content shows that the majority of posts are shared by private users, with many of them actually tagging the brands that they wear. This further underlines the notion that **fashion** should be the **target market**.

Target group

Having established which niche to tackle, it is important to figure out who the target customer is.

The survey briefly explained the model of Whisper and showed an MVP without explicitly stating the features that are included. Following, the question was posed whether the participants would use the App. Out of 359 subjects that shop online, 195 (54.3 %) were inclined to do so. These participants were then asked about features they'd like to see and instructed to rank the degree of App usage on a Likert scale (1 – 5).

To test whether socioeconomic factors influence willingness to use the App with only an initial idea of the functionality, a multiple linear regression is conducted with the 359 subjects. The dependent variable is "Would you use the App?".

The independent variables consist of all demographic data: Gender, Age (within age brackets), and Nationality. Further variables include occupation, income levels, and online shopping frequency, which are all within brackets.

Table 2: Regression analysis. Influence of socioeconomic factors on willingness to use the App. Source: Survey (n = 359)

Coefficient	Unstandardized B	Coefficients Std. Error	Standardized Coefficients ß	t	Significance
Constant	1.657	.153		10.845	.000
Gender	-.021	.054	-0.21	-.385	.071
Age	-.022	.043	-.030	-.504	.614
Occupation	-.031	.027	-.070	-1.151	.251
Income	.025	.023	.068	1.089	.277
Education	.012	.035	.020	.344	.733
Shopping frequency	-.083	.036	-2.305	-2.305	.022

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.145a	.021	.004	.498

a. Predictors: (Constant), Shopping Frequency, Education, Gender, Occupation, Age, Income

This model is not a good predictor of variance within the dependent variable of App usage. The p-values of every coefficient are outside of the 0.05 % confidence range and thus bear no significance. The model summary underlines this notion – according to the adjusted R-squared, which accounts for the number of predictors in the model, only 0.4 % of variation on the dependent variable is explained. Therefore, this model is not suited to gather significant conclusions.

A possible explanation for the insignificance of predictors might be that Whisper either caters to a very broad target group or that there are other, more important factors, that are missing.

Evidently, more thorough research must be conducted, and looking at the people interested in the App might generate better insights. As already introduced, those 195 subjects were asked to rank the features uncovered in the preliminary interviews on a Likert scale from 1 (little importance) to 5 (high importance) and later rank the degree to which they would use from 1 (low frequency) to 5 (high frequency). This yields the possibility to evaluate the influence of the App's features on the customer's degree of adoption.

Table 3: Regression analysis. Influence of features on usage inclination. Source: Survey (n = 195)

Coefficient	Unstandardized B	Coefficients Std. Error	Standardized Coefficients ß	T	Significance
Constant	2.803	.744		3.766	.000
Easy sign-up	-.036	.094	-0.28	-.376	.707
In-App curation of posts	.255	.084	.217	3.050	.003
Freedom on designing post	-.022	.090	-.018	-.246	.806
High amount of Cashback	.059	.113	.040	.522	.602
High number of shops	.048	.092	.038	.527	.599
Appealing stickers	-.162	.090	-.130	-1.814	.071

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.276a	.076	.047	1.238

Again, this model using features as predictors is not robust, with the adjusted r-squared explaining 0.47 % of variation on the inclination of using Whisper. Therefore, it is not suitable to make accurate predictions due to a fair amount of unexplained variance.

Regardless, in the ANOVA table we can observe that the coefficient of "In-App curation of posts" has a p-value of .003, which puts it within the 5 % confidence interval. Therefore, the null hypothesis H2c can be rejected, and it is evident that this factor is significant to explain the

user's frequency of using Whisper. This is also consistent with the findings from the interviews, in which "time spent finding the right product" was ranked as a major pain point. Regardless of using a suboptimal model for estimation, the survey could still validate this insight in a larger sample size.

Regarding the App's features, the other null hypotheses cannot be rejected, and subsequently, no other feature has a significant impact on the degree of using the App.

Being in the cashback sector, it seems rather counterintuitive that i) range of products that are available and ii) amount of cashback that is received would be of little to no importance.

Looking at the total value of features on the Likert scale as given by participants explains why this is the case.

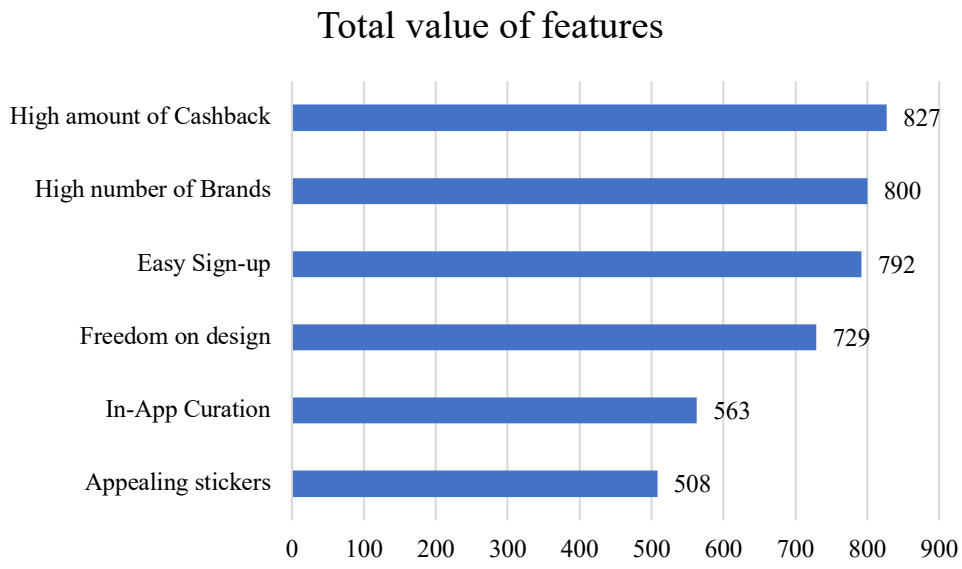

Figure 10: Total value of mentions on the Likert scale (1 – 5). Source: Survey (n = 195)

No matter where participants ranked the degree of using the App on the Likert scale, the predictors "amount of cashback", "number of brands" and "easy sign-up" were always highly desired. Subsequently, these three factors don't correlate heavily with a high intent of use. This leads to the conclusion that those features are merely basic prerequisites for getting customers, because they build the core function of the App.

Finally, a regression analysis on the frequency of use is performed including all relevant predictors.

Table 4: Regression analysis. Influence of all variables on usage inclination. Source: Survey (n = 195)

Coefficient	Unstandardized B	Coefficients Std. Error	Standardized Coefficients ß	t	Significance
Constant	3.355	.902		3.721	.000
Easy sign-up	-.017	.094	-0.13	-.184	.854
In-App curation of posts	.248	.084	.211	2.953	.004
Freedom on designing post	-.043	.089	-.036	-.486	.627
High amount of Cashback	.053	.113	.036	.472	.637
High number of shops	-.002	.092	-.001	-.017	.986
Appealing stickers	-.144	.089	-.115	-1.613	.109
Shopping frequency	.177	.115	.110	1.547	.124
Gender	-.277	.189	-.107	-1.465	.145
Age	-.145	.138	-.086	-1.050	.295
Occupation	.109	.098	.098	1.214	.226
Income	-.237	-.252	-.252	-2.887	.004
Education	.190	.112	.112	1.364	.174

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.370a	.137	.080	1.215

According to the adjusted r-squared, this model again only captures 0.8 % of explanatory variance on the frequency of App usage. With a p-value of .004 < .05, "in-App curation of posts" continues to have significant impact on the outcome. Furthermore, within the cohort of the 195 participants that want to use the App, the level of income now also becomes significant with a p-value of .004. In statistical terms, this means that when a person moves up into the next higher income bracket ceteris paribus, their inclination to use the App will diminish by 2.37 points on the Likert scale.

Evaluation

For the target market, descriptive analysis showed that electronics is not highly demanded by the survey's participants. Rather, due to the high number of votes, the market of choice is deemed to be fashion.

Regarding the hypotheses for the target group, only H1b can be rejected. It could be shown that income has a significant and negative impact on the inclination of using the App. In essence, the lower the participant ranks within the income bracket, the more likely is the adoption of Whisper in a higher frequency. Other socioeconomic factors were proven to not be influential on the dependent variable. This could mean two things: Either Whisper's value proposition is so broad that it applies to a wide range of potential customers or there are other factors apart from features that bear significance. A possibility would be intensity of SM use, frequency of online interaction, currently used shopping channels and more.

The analyses regarding desired features painted an unclear picture, with a statistical inability to reject H2a, H2b and H2e within the multiple linear regression. Looking at the total amount of mentions of these features though it becomes more evident that this is the case because the features "amount of cashback", "availability of a wide range of brands" and "quick sign-up" are rather necessities to install the App than actual value drivers for customers. As for the statistical analysis, only the null hypotheses H2c than be rejected, meaning that curated content to depict the products visually in-App will be of significant impact for frequency of using Whisper. This factor is consistent with the qualitative interviews, where subjects stated fatigue with a prolonged decision-making process for finding and buying the right product.

The online questionnaire being short and brief yielded both benefits and downsides. On the one hand, a large, and due to mode of distribution, independent sample size could be gathered. With over 54 % of all valid answers stating an intent of using the App, this can be perceived as a preliminary proof of concept pre-App development. Furthermore, the sample size leads to robust insights into which features are desired for success.

However, on the other hand, the mass survey had its limitations. In order to reach a broad spectrum of participants, not enough questions were posed regarding the SM behavior of participants which might play another significant role in App adoption. Also, being mainly distributed among German-speaking students in one location might have skewed the findings.

All things considered, the survey was able to generate a proof of concept and laid the foundation for building the first version of the App. Going forward, in line with the Lean approach, additional and continuous research and user interviews must be conducted to ensure building a product that is closely aligned with customer expectations and tailored to fit the right target group. When doing data analysis, other types of regressions should be considered as well.

4.3 Value Proposition Canvas

Both surveys were important to assess pain points for customers and to find out which features are desired. After this assessment, the final value proposition can be derived. Accordingly, this is based on the value proposition canvas approach by Osterwalder et al. The model is depicted in the following graphic.

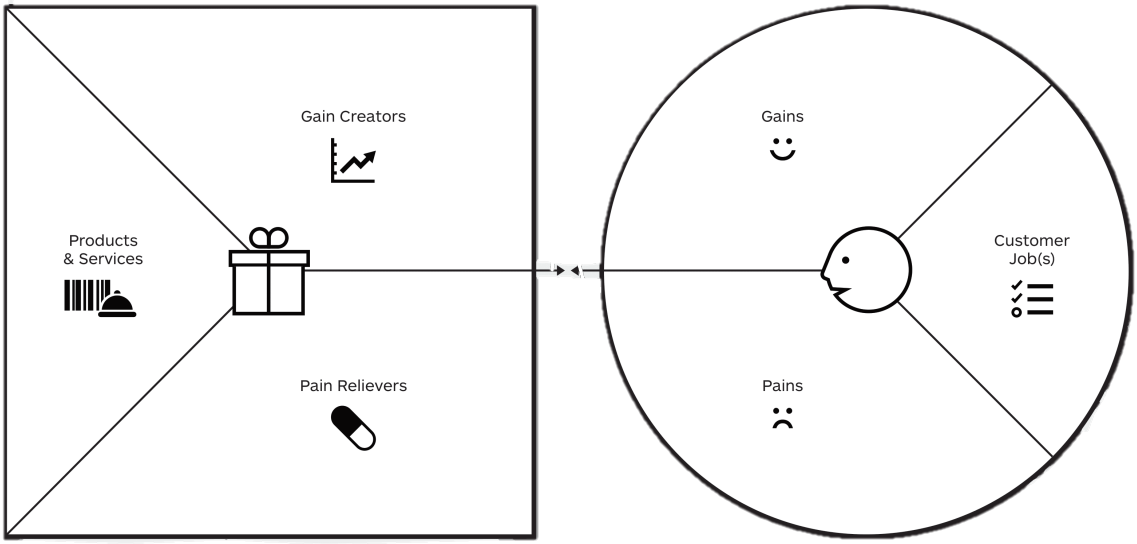

Figure 11: Value Proposition Canvas. Source: Strategyzer (by Osterwalder)

Pictured on the right-hand side is the customer with their pains, gains and jobs which have already been established in the preliminary interviews with selected participants. This circle takes the spot of "customer segments" within the Lean canvas. The counterpart is the company, offering gain creators and pain relievers for customers with the offered products and services, which corresponds with the "value proposition" within the LC. The product is at the center, and the value proposition is built around it. Pain relievers state how customer pains are alleviated by the solution and lastly, gain creators describe through which measures customer value is created (Osterwalder et al., 2014).

Recapping, customer **jobs** consist of finding the right product within a reasonable timeframe at a relatively low price. Besides that, an overarching job is to feel good about a purchase made – which directly correlates with the aforementioned aspects.

The **pains** associated with this process entail low trustworthiness of advertisements, be it branded marketing, influencer marketing or (paid) reviews. Furthermore, with an abundance of platforms for shopping and information gathering, the decision-making process is prolonged as

is the process of finding the lowest price. Another pain, although less intensely perceived, is that some sellers are negatively viewed as being untrustworthy.

Gains for customers when using the fictional App were uncovered in the interviews, and they are manifold. They encompass saving money without actively looking for discounts, a wide range of available shops that are partnered and having graphically displayed content to browse for inspiration. Furthermore, customers will benefit from an easy onboarding process and verification of trustworthiness for the partnered shops and brands.

Now, the company aims to alleviate these pains for customers and create gains, i.e. value. The **product** to do so has already been described: It's an App that promises customers cashbacks on purchases from partnered shops and brands once they post a picture or story with said product.

Gain creators consist of the ability to receive a discount in the form of a cashback without having to actively search for it. Instilling more transparency while shortening the duration of the shopping process is achieved by having the curated feed from real customers that can respond to questions.

Pain relievers entail verification of all listed sellers to reduce ambiguity about credibility of stores and brands. Featured posts by other users will also help seeing how an outfit fits as opposed to edited professional product photos.

Subsequently, the **value proposition** can be derived which is similar to a company's mission, but more focused on being tailored to suit the customer profile. It states:

> "Whisper provides customers with a seamless online shopping experience when buying fashion by providing a platform with curated graphical content by actual users for real, trustworthy inspiration and quick decision-making. Customers that want to show outfits they love are rewarded with a cashback on their purchase, making the shopping process more affordable without the hassle of searching for discounts. Prospective users can discover their next favorite piece by either browsing in-App or discovering friend's hauls on Social Media."

Corresponding with this proposition, a **high-level concept** is created to get this message across easily. It should be catchy and draw a comparison to a renowned product or service. For Whisper, the proprietary high-level statements states:

> "Instagram meets Amazon for discovering your next favorite fashion piece."

4.4 Prioritizing Features

Combining the interviews with the survey and subsequently applying the value proposition canvas uncovered the perks and features that customers desire. Because time is limited, and not all aspects hold the same weight, these features must be prioritized based on their potential impact in relation to the effort for their implementation. The following statements are based on the lecture "Digital Product Management", held at Católica in 2021 (Albuquerque, 2021).

The MoSCoW prioritization framework, which was briefly introduced in chapter 2.3.2 is recognized within product management as an appropriate tool. It is clustered into four categories:

Must have, should have, could have, and won't have features.

No matter where potential users ranked their frequency of using the App, high amount of cashback, high number of brands and an easy sign-up were quintessential. Without those perks users likely would not sign up at all – which makes sense: Without available brands there would be nothing to buy, and without a relatively incentivizing amount of money to receive on the purchase, one of the core premises of the App would fail. As evidenced by the number of ratings the quick sign-up received, for the everyday customer a straightforward and fast onboarding process is of utmost importance and almost as non-negotiable as the prior mentioned aspects. Therefore, those three features are vital requirements and rank in the **must have** segment.

Following, the "should have" category has a significant impact on the value delivery of a product. As the quantitative analysis has proven, the curated feed for inspiration while browsing within the App is a significant predictor on App adoption. As compared to the must have category, it is not essential but highly important. Therefore, it is regarded as a **should have** feature. Not as much a feature, but rather a perk or rule is constituted by the freedom of designing the content. Clearly, users want to feel empowered and be creative in designing their post/story as shown by the survey's results. Providing guidelines is a necessity. These can be loosely stated to deliver both value and satisfaction for the customer and the company. For now, they state that the product must be visible, and tags must be used. These are straightforward and easy to implement, which is why they rank as well as a **should have** feature.

Lastly, the sticker selection was neither popular among the survey's participants, nor did it have significant impact on App adoption. Though it's not vital, it could probably be developed with relatively low effort. Therefore, the sticker selection is classified as a **could have** add-on that can be developed at a later stage.

4.5 Competitor Analysis

The survey yielded valuable key insights, both on the target group and on the target market. It could be validated that the solution of a cashback platform is desired. Therefore, the competitor analysis will focus on the cashback space in which companies earn money through affiliation (i.e. driving customers to the shop and brand).

Due to the survey's skew in targeting the German population, only mediums for the German speaking market are evaluated. Within this environment, there's a wide variety of different solutions, ranging from simple cashback providers to price-tracking platforms and intermediaries that connect brands with "real" influencers. The author chose the three biggest competitors with the closest profile to what Whisper aspires to be, which is to be situated in between the cashback and social commerce space.

Based on the competitor's in-App user experience, every company is shortly summarized. To draw a comparison, subsequently a table with categories is produced and value curves are created to graphically depict the similarities and differences between competitors. Then, it will be analyzed whether Whisper is able to create a new value curve and, if not, what could be done to achieve this.

4.5.1 Competitors

Shoop (shoop.de) – Founded in 2010 in Berlin, Shoop is one of the biggest players within the German cashback market, holding 16.2 million Euros in total assets in 2020 (Northdata, 2021). Signing up only requires verifying the Email. The App itself has a clean design that is relatively easy to navigate. Users can choose companies to shop from via Shoop and must do their purchases within the native App. Shoop offers cashback for nearly every consumer category, ranging from supermarkets and fashion brands to hotels and tech companies. The App contains a search bar for categories, and within these, there's a wide variety of suppliers. Although some deals are accessible indefinitely, the majority of offers are time limited. The total amount of cashback is subject to basket volume, and oftentimes also dependent on other conditions such as a minimum purchase value or being a new customer. This list of requirements is rather upfront and transparently communicated.

The overall cashback amount ranges from 1.5 % to 10 %.

iGraal (igraal.com) – iGraal was founded in France in 2006 and works similarly to Shoop – shopping is done via the App and cashback is distributed afterwards. The signup requires the user's full name, an Email that needs to be verified and a secure password.

Just like Shoop, iGraal for the most part works with time-limited offers for many categories and different companies, although with a little less variety than Shoop. To browse different categories, there is no search bar. This limits ease of use and makes the App feel rather crowded, because offers are shown in no particular order and can't be filtered. iGraal offers cashback ranges from 1 % to 8 % for most products.

Nano (getnano.io) – Nano connects companies with everyday SM users. Founded in 2020, the Austrian based company offers time-limited collaborations for a wide range of categories, such as beverages, pet food, spices, fashion and more. Within categories, variety is very limited, often containing only one product. For every collaboration, users must enter a raffle to get picked with the prerequisite of preemptively sharing a story or post about the brand. If they are chosen as winners, they receive the product free of charge and are obligated to either share two more stories or one post. Essentially, users will have to prematurely advertise with an unknown payoff, that in the best scenario results in products free of charge. The requirements are transparently outlined upfront. The sign-up process is rather exhaustive, demanding full personal data (first and last name, date of birth, home address, Email and phone number that must be verified), and a dedicated account on the platform. Additionally, users also must connect their SM profile to the newly created account on nano. The look and feel of the App is straightforward and intuitive. At Nano, there is no cashback, but free products.

Whisper – The business model and value proposition were already pointed out in chapter 4.3. Analyzing the quantitative survey uncovered that high discounts in the form of cashback, a broad range of brands and shops and a quick sign-up process are non-negotiable prerequisites. For the latter, users will only be required to connect their SM handles with the App. Having assessed the competition, the process of shopping and receiving cashback will also be made as simple as possible. Users will not be forced to use Whisper as surrogate to buy products. Instead, shopping can be done within the partnered shops or brands native store, which in nearly every instance yields a higher usability. Afterwards, users are only asked to upload their invoice to Whisper and share their post to receive the money.

The best posts will be selected and featured within the App to enhance the curated feed. Additionally, users will be able to use Whisper without having to buy anything, but rather utilize it as a tool for curated inspiration.

The following table helps further draw comparisons between competitors. Categories that have been detected will be of importance for the next part, which is the value curve analysis.

Table 5: Competitor overview. Source: The Author

	Shoop	**iGraal**	**Nano**	**Whisper**
Description	Cashback at variety of stores when checking out via Shoop	Cashback at variety of stores when checking out via iGraal	"Nano influencers" get free products for endorsement	Upload invoice and receive cashback for endorsement
Founded	2010	2006	2020	2022
Based in	Germany	France	Austria	Germany
Incentive	Cashback	Cashback	Free products	Cashback
Requirements	Shopping via App	Shopping via App	Shopping via App, post/story with tags	Post/story with tags
Sign up	Very quick	Rather quick	Very slow	Very quick
Ease of use	High	Medium	Medium to high	High
Share of time-limited offers	Medium	Medium to high	Extremely high	Very low
Variety of categories	Very high	Rather high	High	Low
Variety within categories	Very high	High	Very low	High
Visual content for product discovery	Very low	Extremely low	Medium	High
Possibility of reward after purchase is done	No	No	No	Yes

4.5.2 Value Curves

Value curves help to graphically analyze and detect differences between competitors.

According to Kim & Mauborgne, true value innovation is driven by generating cost savings for customers while simultaneously raising buyer value. As depicted in chapter 2.3.4, the former is associated with reducing and eliminating factors that companies compete on, while the latter

focuses on raising the industry's standards and creating new elements that have not been offered before. Thus, the strategy of creating a blue ocean is concerned with finding a niche without competitors, essentially operating in "uncontested market space" (Kim & Mauborgne, 2005). To graphically depict these factors, the authors propose using value curves. For various segments, those curves show areas in which a company distinguishes itself from competitors.

A blue ocean is created when three criteria are met: **focus** on key factors, visible **divergence** to competition, and a **compelling reason why the company stands out** (Kim & Mauborgne, 2005). Based on the competitor's overview in Table 5, it is possible to draw such value curves as depicted in the figure below. A high number on the y-axis indicates a high level of the factor on the x-axis.

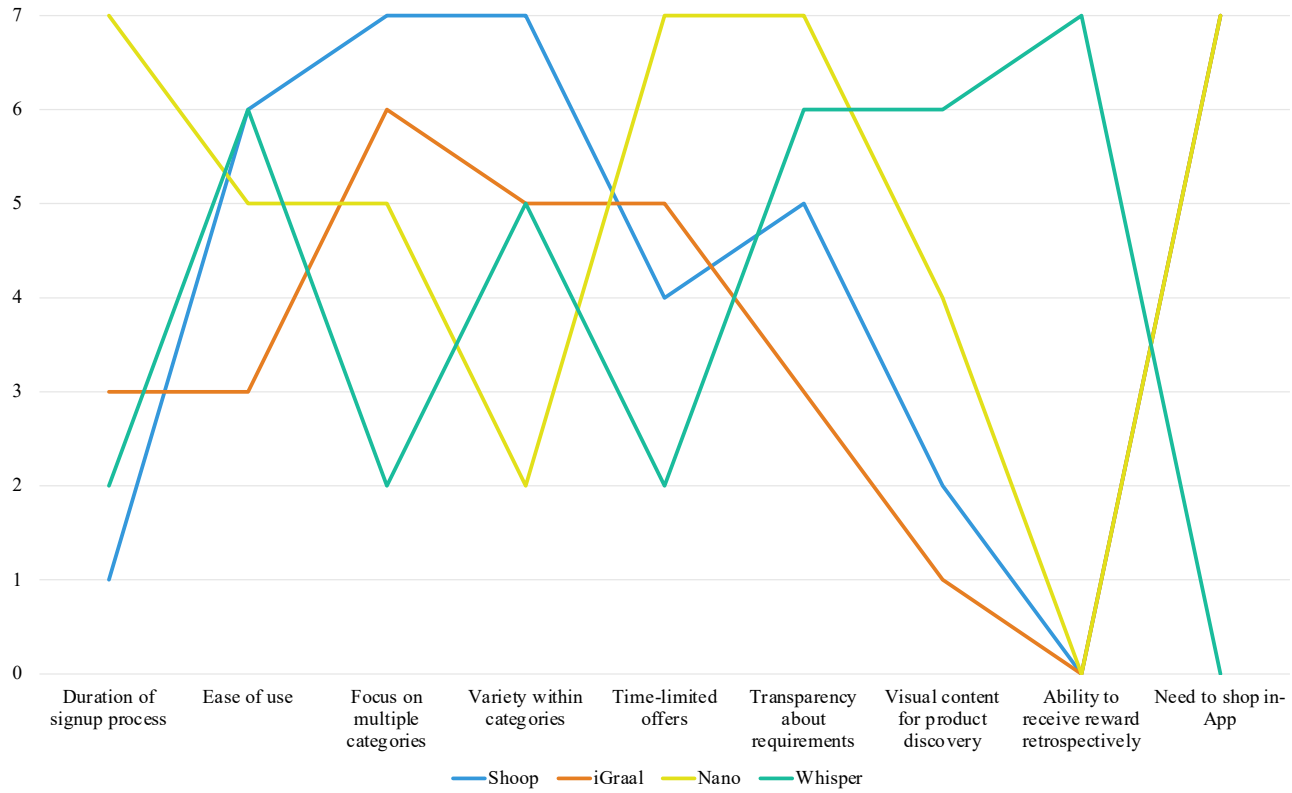

Figure 12: Value curves within competitor analysis. Source: The author

Losing focus or lack thereof is one major reason why startups fail (CB Insights, 2021). Therefore, Whisper does not intend to operate in multiple product categories, but rather focuses on the area of fashion. This leads to a clear differentiation from the competition that across the board serve as one-stop-shops for either receiving cashback or free products. The competition's broad range of segments in one instance even creates a cluttered layout, which proves to be detrimental regarding the ease of use.

Within the fashion segment, Whisper's goal is to offer a wider range of different products (e.g. sneakers, apparel, accessories, and more), clearly differentiating from the most similar competitor Nano, which has a very limited selection of products.

Another diverging factor is that the App aims to establish long-term partnerships with brands and retailers, and in turn offering only a very limited number of time-limited deals. This decision is made to ensure a feeling of reliability – customers don't have to constantly check the App to see whether their favorite store or brand is featured for a couple of days or not.

All the aforementioned factors demonstrate Whisper's focus and its divergence from the competition. But they are not sufficient to be a truly compelling reason to choose it over more established players.

By allowing customers to simply upload the invoice for receiving their cashback, Whisper creates a **new value curve** that is unmatched within the industry. This eliminates the need to shop via the intermediary's proxy, which often comes with an inherent lack of functionality. Additionally, it enables customers to retrospectively earn cashback *after* the purchase. By doing so, they can shop the way they are used and are free to decide to share a post to receive money.

An additional new value curve is the curated product feed with pictures from real customers. The competitors rely on using a few polished shots directly from the brand which don't always paint the real picture. Clothing worn by normal customers is assumed to be perceived as more authentic, with the additional option to ask questions regarding fit and feel of the fabric and cut. Furthermore, the layout from the competition's Apps makes organic product discovery very strenuous, and, except for Nano, almost impossible.

Summarized, Whisper *eliminates* the need to shop via proxy, and *raises* the standard of product discovery. Furthermore, it *reduces* the time spent to find the right products at a discounted price and *creates* new factors by enabling customers to retrospectively get a discount on their purchase, even if they haven't bought while using the App.

According to Kim & Mauborgne, this will enable the company to operate in a **Blue Ocean**, and therefore in a space without direct competition.

4.6 Market Analysis

Since the analysis has shown that there is a competitive advantage over other players, the size of the opportunity within the German fashion market must be analyzed. For evaluation, the widely recognized TAM-SAM-SOM model is chosen. The three predictors are ordered by descending size: The total addressable market (TAM) constitutes the entirely capturable market on a global scale. Acquiring it would require a truly Blue Ocean strategy – not only in Germany, but worldwide. This being unlikely, the TAM serves as a an estimator on the total market size, and not as benchmark on what is to be captured (Hart, 2020). Following, the serviceable available market (SAM) captures the portion of the market that is attainable based on the business model, the targets, and the geographic reach. Finally, the serviceable obtainable market (SOM) describes the fraction of the SAM that can realistically be captured (Denault, 2017).

According to predictions by Statista in 2021, the worldwide revenue of the apparel market is at a volume of around 1.200 billion USD (Statista, 2021d). Very broadly put, if every transaction was to run through Whisper and the company took a cut of 5 % (the median of what the competitors offer), the **TAM** would be at 60 billion USD. Because the App likely does not have a truly global Blue Ocean strategy and this figure is rather fictional, looking at the **SAM** seems more reasonable. The same source states a volume of 70.5 billion USD in 2021 for the German fashion industry. At a 5 % cut of overall revenue, the serviceable available market therefore is at 3.5 billion USD.

The survey analysis yielded that the App's target group is comprises young adults. According to another examination, 20- to 29-year-olds made up 21.2 % of all online purchases in Germany in 2020 (Statista, 2020c). Merging this number with the percentage of participants buying fashion (72.7 %) constitutes that 15.34 % of all purchases within the fashion industry stem from this cohort. Applying this proportion to the SAM of 3.5 billion USD yields a capturable revenue of 536.9 million USD. According to the quantitative survey's findings, just shy of 50 % of all participants are inclined to use Whisper at least once, thus halving the capturable market to 268.45 million USD at a fee of 5 %. Being a new player without much traction, it's possible to assume that only 1.5 % of all sales within those cohort are placed using Whisper – leaving the **SOM** at 4.02 million USD within the first year. Converted at the current exchange rate of 1€ to 1.14 USD (in December 2021), this leaves the final number of 3.52 million Euros.

All these calculations are built on a lot of assumptions within a perfect model that likely doesn't represent the real world. Therefore, the evaluation should be treated with caution. Still, the numbers provide a first glance on what could be possible to achieve, especially considering that Whisper in fact has a unique business model.

4.7 Success Metrics

Since the evaluation has shown that the product could be successful, metrics must be established to define what success is. Due to the limited scope of this paper, neglecting the cost structure and revenue streams of this undertaking, financial metrics are put aside, and a focus is given to performance metrics.

A variety of frameworks is possible, such as the "DeLone & McLean Information Systems Success Model" which is used for "measuring the performance of information systems" (DeLone & McLean, 2004), or "MAU/DAU", tracking monthly and respectively daily active users (von Coelln, 2009). Whisper being just an idea on paper for now without an existing customer base, "MAU/DAU" would not make much sense. Given a large enough user base, it would be advisable to incorporate these metrics at a later stage of the venture.

For now, **AARRR** (also called "pirate metrics") will be used. The model was developed by Dan McClure and helps startups objectively validate their product management and marketing endeavors. As briefly explained in chapter 2.3.3, the AARRR model consists of Acquisition, Activation, Retention, Revenue and Referral (McClure, 2007). Following, strategies and metrics to create a successful market entry are proposed for every AARRR pillar. Lacking scientific papers on this approach, statements will be based on McClure, the script of the class "Digital Product Management" by André Albuquerque and online blogs.

Acquisition – why users come to the product. The metrics include a variety of factors which could be a download, a sign-up or starting to browse the curated in-App feed. A **download** is a sign that the marketing efforts worked and that customers understand the value proposition, which is why it is deemed a sufficient metric for initially assessing the success of garnering people's interest.

The strategy to drive downloads encompasses both online and offline advertising. Distributing the quantitative survey has shown that the offline efforts yielded much better results in comparison to online distribution. While conducting the offline campaign for reaching survey participants, around 200 respondents stated that they intend to use the App in the span of two days. The author engaged in a lot of direct conversation with prospective users and word spread fast: many students knew about the campaign without having seen the flyer. It has therefore been validated that indeed interest in using this App is prevalent among this target group. Subsequently, a viable strategy for getting the first initial downloads is to replicate this undertaking. The plan is to return to campus with another funny and eye-catching flyer, stating that the efforts paid off and that the App is finally live. This approach could then be applied to other universities in the vicinity. It is deemed to be effective for creating initial awareness, although it's not as scalable as online marketing.

Therefore, at a later stage, online ads will be published, targeting a similar user profile as that of the existing user base to generate additional downloads.

Activation – why users actively engage. A download is a viable acquisition metric, but it's no predictor whether people enjoy the App enough to become a user. The goal is to measure if the onboarding process is straightforward enough to turn prospects into users. To capture that, the milestone for activation is defined as users posting their first story with the tags, converting into a customer. This metric manifests itself in the **activation rate**, which is calculated by looking at a certain timeframe (e.g. a week or a month), and dividing the number of users completing the milestone by the total number of users that signed up times 100. The activation rate gives crucial insights both into whether serious enough leads are recruited by marketing efforts and if there is room for improvement in the onboarding process (Geckoboard, 2021a). The strategy encompasses looking into why users aren't activating and the aspects that keep them from activation. This can be pursued by sending short survey requests to idle users, asking them for their opinion and incentivizing them monetarily to a) share their opinion and b) nudging them to activate. This could be done by promising additional cashback on their first purchase.

Another strategic factor is speeding up the process of reaching the milestone. Since users have already downloaded the App on their phone, an easy and cost-efficient way is to send them push notifications with a call to action.

There is a variety of best practices for messages with either provocative and funny content as well as messages that trigger fear of missing out (FOMO), for instance with time-limited additional rewards (Karnes, 2021). The plan is to send different messages and perform A/B tests to see which content creates the highest activation.

Retention – why users leave the App. It is important to see at which stage in the customer life cycle users start to disengage and abandon the App. In the beginning of Whisper, the customer base is expected to be mainly comprised of early adopters. Studies have shown that the loss of an early adopter weighs heavier than losing a late adopter as customer (Hogan et al., 2003), making it important to keep those first users in the App. To calculate customer retention, the **churn rate** is commonly used. First, all users reaching the milestone within a particular timeframe are grouped together in a cohort (Ironsource, 2021). The churn rate then looks at that timeframe and subtracts customers at the end from the customers at the beginning and divides the output by customers at the beginning of that period (Davis, 2018). The end result is how many users are still active from the time of their first activation to the end of the given time period. When looking at benchmarks, it can be stated that churn rates vary by App type. A study by Statista in 2020 found that for a 30 day period, they were at 5.6 % for shopping, and 3.9 % for social Apps (Statista, 2020a). Although Whisper is somewhere between both categories, because of the high importance of customer retention, the aim is to rival the benchmark of social Apps at 3.9 %.

Revenue – why users pay for the App. There is a multitude of revenue models that require users to pay for the service flat-out or install a freemium model, in which users can pay to unlock special benefits (for instance Spotify premium to get rid of the ads or Tinder Gold for unlimited swipes). Whisper does not intend to establish such a model before first traction is gained, because this could be a limiting factor for growth. Instead, revenue is projected to only be generated through the companies that pay for promotion. Should that over the course of the App's lifecycle prove to not be sufficient, another revenue stream would be to either incorporate subtle advertisements or build a freemium model in which monthly paying premium users will get the opportunity to receive special offers or take part in raffles. A metric of choice to track the effectiveness of such measures is the average revenue per user, also called ARPU (McBride, 2015).

Referral – why users recruit other users. Commonly, this can happen in two ways: either the user is highly satisfied and recommends the App to their friends, or they get incentivized to do so (for instance "refer a friend and get an additional 5€ cashback on your next purchase"). The first case is the cheapest and ideal solution, with the drawback that it's not measurable from where traffic is coming in. Even for viral WOM campaigns, companies face the problem of assessing the explicit ROI (Ferguson, 2008). In the latter case, a customer is assigned a unique referral code which allows precise tracking of how many new customers an existing customer brings in. It is then possible to create a viral coefficient. The coefficient is calculated by multiplying the invitation rate (total customers/invites sent) with the acceptance rate (invites sent/invites accepted). A viral coefficient of 1 would indicate that every generated customer refers another customer (McGaw, 2021).

As a strategy, due to the cost-efficient nature of the initial acquisition approach, money that would have been spent for online advertisement can be used to incentivize users to refer their friends, drawing in additional users.

When having established a customer base, Whisper is also inherently viral. Users sharing stories and posts don't only advertise for brands they purchased from, but with the tags and stickers also help create visibility for Whisper and enhance the App's social proof. This effect coupled with a referral strategy are likely to further boost Whisper's adoption among the target group.

4.8 Brand and retailer perspective

Being a two-sided marketplace, without brands and retailers as partners there wouldn't be any demand from the customer's side, which was also a key finding of the mass survey. This final part of the analysis is dedicated to briefly pointing out the benefits for Whisper's strategic partners.

As initially stated in the introduction, about a third of all online marketing campaign efforts don't pay off. Therefore, companies might think about new modes of engaging with customers – and Whisper offers one possible solution.

The online survey could prove that Whisper is desired by consumers. Therefore, one could argue that pull marketing can be deployed to convince brands and retailers to collaborate with Whisper. Traditional advertising, in which companies show ads to persuade customers into buying goods and services, is called push marketing. On the contrary, a pull strategy focuses on the consumer rather than marketing channels and can be viewed as a promotional strategy (Brocato, 2010). Its main goal is to drive customers to actively seek out the firm's products and "pull" customers in. Pull marketing is mainly employed by using word of mouth and within social media networks (Corporate Finance Institute, 2021). It enables a company to display their uniqueness and works especially well in more saturated markets such as fashion (Carmicheal, 2021). Evidently, the App is well suited to enrich a company's pull marketing mix with a new and unique medium. Additionally, this reasoning can also be applied to potential partners, showing that end customers would in fact be open to using this solution, and in turn making brands and retailers desire partnering up with Whisper.

For their "Social Trends 2022" report, Hootsuite interviewed ecommerce experts and marketing partners. The survey found that overall, most global brand's biggest aim for 2022 is to increase the brand awareness. Conversely, the participants stated that the biggest challenge in achieving this are consistently producing creative social content, a declining organic reach on SM, and the need to increase budgets for SM marketing efforts (Hootsuite, 2021). Allocating some of the funds reserved for traditional marketing efforts for using Whisper would alleviate the biggest perceived pains for these companies. Their customers would become brand advocates that constantly create new and creative content. Using Whisper would also boost the organic reach by making customers display their products without having to deploy ads in a traditional sense. As a result, brand awareness would likely be positively impacted without spending more than

the usual budget. Furthermore, according to the study, global Internet users between the age of 16-24 prefer using to SM over traditional search engines to research brands (Hootsuite, 2021). This further underlines the notion that it is of high importance for brands to be visibly represented within the social space.

By now, it could be argued that the influencer marketing industry has reached its maturity. For 2021, the worldwide market size is forecasted to reach 13.8 billion USD (Statista, 2021a). Data from Upfluence found that across all SM channels except for Tiktok, engagement rates with the community were bigger the smaller the influencer is, with channels exceeding one million followers being in the last place (Influencer Marketing Hub, 2021). This further underlines the importance of collaborating with small "creators" to reach and interact with a wide target audience. In this scenario, Whisper enables companies to automate their efforts to touch base with creators, saving both time and money for engaging in a partnership.

Additionally, the cost per acquisition (CPA) shows how much money is spent in marketing efforts for one specific campaign to generate one customer. It encompasses the total customer journey from the first touchpoint to the eventual purchase (Geckoboard, 2021b), but does not consider the money spent for branding purposes. A 2021 Google shopping benchmark report states that the overall CPA within the fashion industry (for apparel and accessoires) in 2020 is at 22.57 USD, or 19.78 Euro respectively (Sidecar, 2021). Although this number applies to the worldwide market and not Germany specifically, it gives a glimpse into the financial side for brands and retailers. Zalando, Germany's biggest online fashion retailer with a revenue of over 2,120 million USD in 2020 (Statista, 2021b), offers affiliate partners 12 % commission per new customer, 2 % additional commission for in-App tracking and another 1,50€ flat per new registration (Zalando Lounge, 2021). With Zalando's average basket size of 57€ after returns (Statista, 2021c), this number would result in 9.48€ of commission for a new customer for any affiliate partner.

Concluding, Germany's biggest player in the market holding the lion's share of bargaining power gives up over 16 % of revenue to affiliate partners. Looking at these figures, it becomes evident that besides all the aforementioned factors, there is also a financial interest for almost any retailer and brand to engage in a collaboration that Whisper offers.

5 Conclusion

The initially introduced pains for consumers when shopping online could be verified in the qualitative interviews. Trust in advertisement is limited, and finding the right product at the lowest possible price proves to be time-consuming. For companies, among other factors, constantly creating content to generate organic growth on SM and strengthening brand awareness is also time and capital intensive.

Whisper was set out to solve these mutual issues. The App enables online shoppers to save time and money when posting content and tagging both the store/brand and Whisper. In turn, the customers become brand ambassadors for companies, generating more trustworthy visibility while automating marketing efforts.

In the analysis, preliminary interviews were held that enabled setting up a quantitative survey. As an effect of most of the quantitative survey's participants being German, further analyses were focused on the German market. Based on the survey's findings, the value proposition could be derived, including the App's essential features. Using value curves and the TAM-SAM-SOM model, the competitive and market environment was analyzed. Success metrics were based on the AARRR model that also functions as a condensed go-to-market plan. The analysis ended by briefly pointing out the benefits for brands and retailers when partnering up with Whisper.

In closing, the three main research questions are answered.

RQ1: What is the ideal target market and who are potential customers?

Due to the survey's distribution, the target market will be Germany.

According to the survey results, the majority of participants that shop online mainly purchase clothing. Though this contradicts data on buying behavior of the overall German population, this seems to be the right niche to get started. The target group itself could not be properly identified, with no socioeconomic aspect other than the level of income significantly influencing the desire to use the App. However, the brunt of participants that want to use the App were students and younger than 30 years. Therefore, the target group can be categorized as "young and relatively low-income studying adults".

RQ2: What are necessary features of the product to be successful?

The quantitative analysis was able to discover three non-negotiable features for App adoption: A high amount of cashback, a high number of available brands and retailers, and an easy sign-up process. The first two features are subject to negotiations with potential partners that must be carried out meticulously. A quick sign-up is ensured by only asking customers to connect their SM profile to the App. Furthermore, it was shown that a curated feed within the App posed a significant influence on the subject's inclination to use Whisper. This factor is not only important for customers, but also helps Whisper distinguish itself from competitors. When these features are implemented correctly, over 54 % of the study's participants (n = 375) are willing to try the App, which suffices as a fundamental proof of concept.

RQ3: What are market characteristics of competitors and how does Whisper set itself apart?

The German market is comprised of diverse competition, such as price-comparison platforms, platforms connecting influencers and companies, social commerce platforms and cashback providers. The well-established cashback companies Shoop and iGraal and social commerce platform Nano pose the fiercest threats. Both cashback providers have diverse categories and offer a variety of products within those segments. For customers, it is mandatory to purchase products using the Shoop and iGraal as a proxy. Nano provides users with free products when advertising for them. None of the competitors seem to have a focus on a specific niche, and visual content within the App is seldom used.

A variety of factors distinguish Whisper clearly from the competition and allow to operate in uncontested market space. Curating the best posts and stories within the App helps customers discover new products and adds further visibility for brands, which is unmatched by competitors. Additionally, providing customers with the ability to receive a discount post-purchase by uploading the invoice removes the necessity to shop via proxy, adding a new dimension to the shopping experience and further disrupting the industry. Consequently, Whisper sets distinguishes itself drastically from the competition, which allows pursuing a Blue Ocean strategy.

Overall, the thesis could show that with this approach, Whisper has a unique business model that is desired by potential customers. To become successful, a multitude of additional factors outside of this paper's scope need to be considered. They are discussed in the next segment.

At last, the filled out Lean Canvas bar the cost structure and revenue streams is provided.

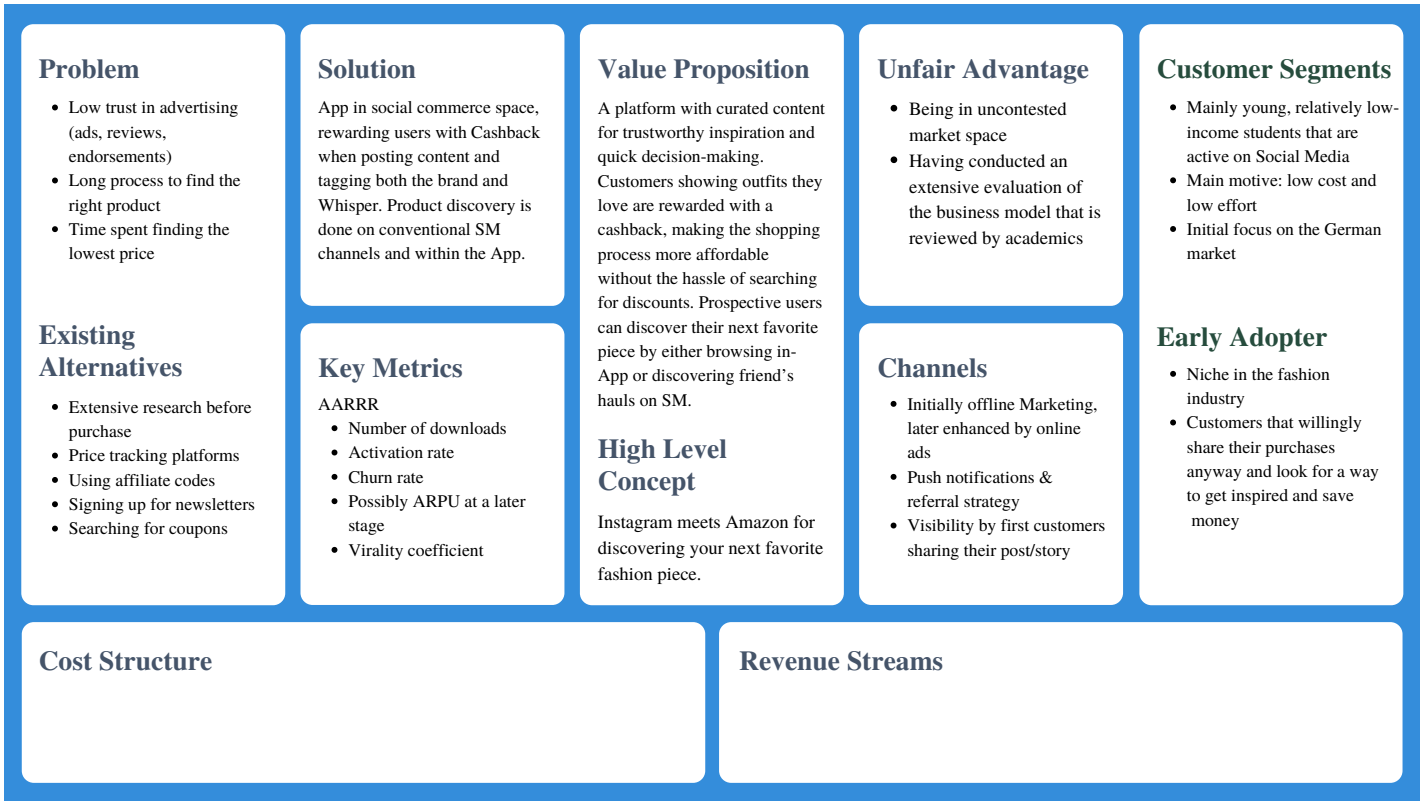

Figure 13: The completed Lean Canvas. Source: The Author, based on Maurya (2011)

6 Limitations and outlook

Keeping the online questionnaire brief to gather a high number of responses came with a pitfall: Although the quantitative analysis is viable as a proof of concept, it failed to uncover the overarching customer motivations. While it could be shown that young people are inclined to try out Whisper, socioeconomic factors bar the income level seemed to not be of significant influence on the App's adoption. This aligns with the author's assumption that customer personas are not sufficient to narrowly determine the target customers.

Therefore, **further research must be conducted** on a big scale. The discovered pains, gains and jobs that drive online shoppers must be validated in a large sample size in another quantitative survey. This will contribute to deepen the understanding of what customers expect and outline additional success factors. Subsequent surveys should be enhanced to account for the participant's SM use and modes of discovering new products, just as it was done in the qualitative analysis.

Furthermore, the quantitative analysis focused on a relatively small and condensed part of Germany within a homogenous group of students. Although participants seemed to be unbiased, additional research should be deployed among other cohorts to assess whether those pains, gains and jobs are consistent within different socioeconomic groups.

Starting out with Whisper, fashion was decided on as the target market, because the initial survey showed that this is where most of the participants spend their money. Statistically, there was no direct correlation from target market to willingness on using Whisper because the survey didn't account for that. Additional research needs to shed more light on this connection. But because the presence of correlation does not always infer commercial success and at some point, a niche must be chosen and tested out under real conditions, fashion seemed apt enough for the scope of this thesis.

Lastly, Whisper is a two-sided marketplace. Chapter 4.8. briefly pointed out why brands and retailers would be inclined to participate in the business model. Nevertheless, a more in-depth investigation is required with a thorough financial analysis to fully convince companies to become a strategic partner of Whisper. Doing so would likely equal the size of this thesis, which is why the financials both for end customers and partners was out of the dissertation's scope.

7 Addendum

7.1 Addendum A: Semi-structured interview guidelines

1) People

Age, Gender, Nationality, Occupation, Income, Education level

2) Problems

Shopping

Do you like shopping? (Not groceries or food)

Do you regularly shop online?

Do you use your laptop or your smartphone/device?

What type of products do you buy (online)?

How long is the decision-making process for you?

Do you leave stuff in the basket for a couple hours/days before buying?

How do you discover products?

Do you like the way you discover products?

Do you get inspired by others?

If yes, how so?

Are you price sensitive when it comes to shopping?

Are you proud of what you buy?

Social Media

Are you active on social media?

Do you regularly interact with others on SM?

Do you regularly make a post/story on SM?

If yes, what does in depict?

Do you tag stores or people?

If yes, why?

What do you share? Do you share where you are/what you do?

Are you proud of what you buy?

Do you share what you buy regularly?

3) Your Solution

Can you tell me about the last time you've encountered problems when shopping online?

How did it make you feel?

Did it influence your purchasing behavior?

How intensely did you perceive your pains?

Can you rank them on a scale from 1 (low intensity) to 5 (high intensity)?

How have you dealt with these problems for now?

Are you happy with the way you're dealing with these problems?

What would you improve?

4) Whisper

Would you be willing to share your purchase if you're happy with it?

Would you do it to get money back in return?

Would you do it on your SM profile?

Would you tag the store and the App that you use?

Would you be interested in getting a Referral code that you get money if some of your friends buy with it?

Would you share without incentive?

If you wouldn't share on your personal account:

Would you do it on a platform which is dedicated to showing products that you love?

Would you be interested in such a platform?

Why/why not?

Would you want to get paid for making a post (picture or very short video) about a product you like?

Would you use such a platform if you could earn credits/money just by up-/downvoting content?

7.2 Addendum B: MVP

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