Understanding Pinterest

1

As one of the fastest-growing social media channels ever, Pinterest is probably something you've heard plenty of buzz about. "I saw it on Pinterest" is becoming a common answer to the question "where did you learn how to do that?" You might also have heard other website owners or businesses talking about a huge influx of traffic from Pinterest. No matter how Pinterest made it onto your radar, you know you need to learn more about it to best leverage it as part of your social media plan. But first, you have to understand it. In this chapter, we'll explore what Pinterest is and how and why so many people are using it.

Chapter Contents

What Is Pinterest?

Pinterest refers to itself as a "virtual pinboard." Of course if you don't know what a virtual pinboard is, that title doesn't help you very much.

Think of it this way. If you've ever seen someone pull out a card box filled with recipe clippings or a binder full of wedding ideas or inspiration for their next home remodel, you've got the general idea.

Pinterest simply takes that concept and moves it to a socially based online environment. Now users can collect those wedding ideas in a web-based environment where each picture also features a link back to the original source of the content. Pinterest users can connect with and follow the pins of other users who have posted content they find interesting.

Pinterest essentially becomes a community bound together by interests rather than existing personal connections.

Visual Bookmarking

One of the great things about the Internet is the ability to use it to find ideas, inspiration, and guides for nearly any topic known to humankind. Whether you're looking to make insanely great waffles, rebuild the engine on a 1988 Ferrari F40, or create the ultimate bucket list, the Web is a user's best friend.

The problem comes when you stumble across information that's valuable but for which you have no immediate use. This is why web browsers allow users to save pages into collections known as bookmarks. While it's certainly possible for users to categorize and tag these bookmarks, it requires them to read through their listings to find just the right information.

For many users, browser-based bookmarks eventually become a jumbled mess of listings that resemble the previously mentioned box of recipe clippings, as you can see in Figure 1.1.

This obviously harms the user experience because all that great content gets lost in the virtual bottom of the box and users never find their way back.

Pinterest addresses this problem by turning bookmarks into a visual medium. Users can create topical boards and pin the images that inspired them to these boards along with a description and the URL of where they found the information, as shown in Figure 1.2.

This way, instead of trying to read through a jumbled collection of saved title tags, users can spot the content they're looking for by simply browsing the pictures they've pinned to a topical pinboard and immediately clicking through to the content. For web users, Pinterest becomes an ever evolving collection of the things that interest them.
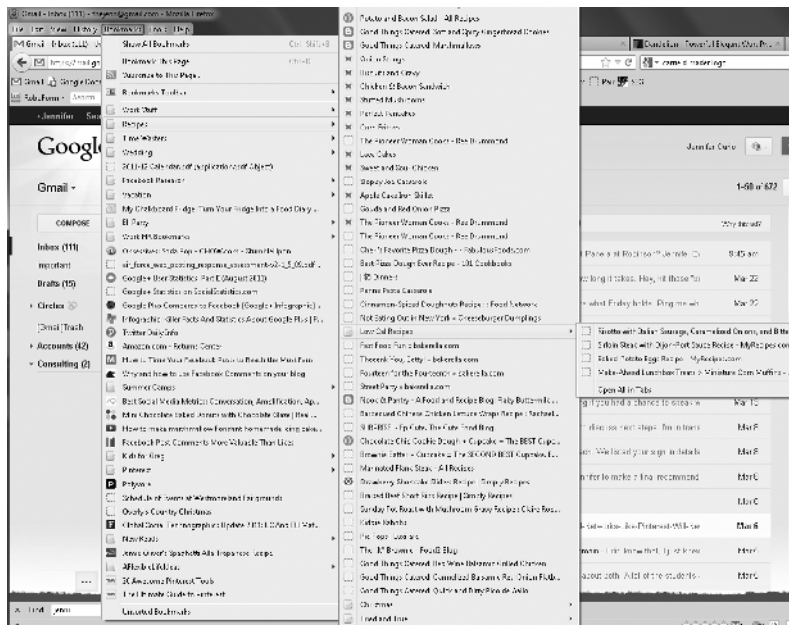
Figure 1.1 The average web user has a large collection of bookmarks that actually tell them very little about what links they've saved.
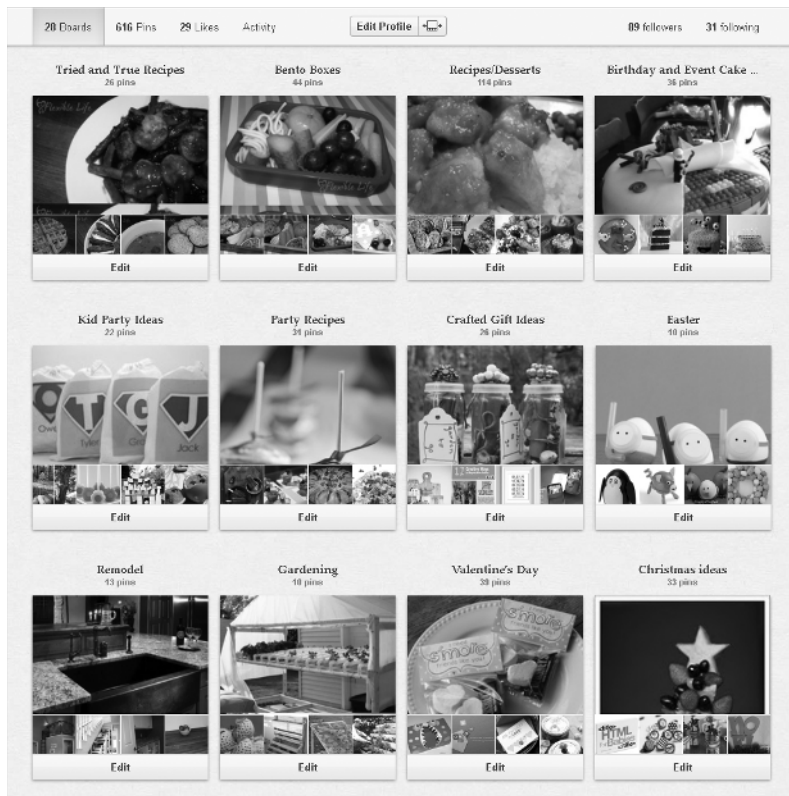

Figure 1.2 Pinterest boards make it easy for web users to find saved content at a glance.

Visual Idea Searching

Another key differentiator of Pinterest is how it changes the way people search for information. Although search engines like Google and Bing do an excellent job of indexing the billions of pages of content on the Web, they still leave users with the somewhat exhausting task of sorting through listing after listing looking for the information they want.

A standard Google search for birthday cake ideas might turn up a page of results like those shown in Figure 1.3.
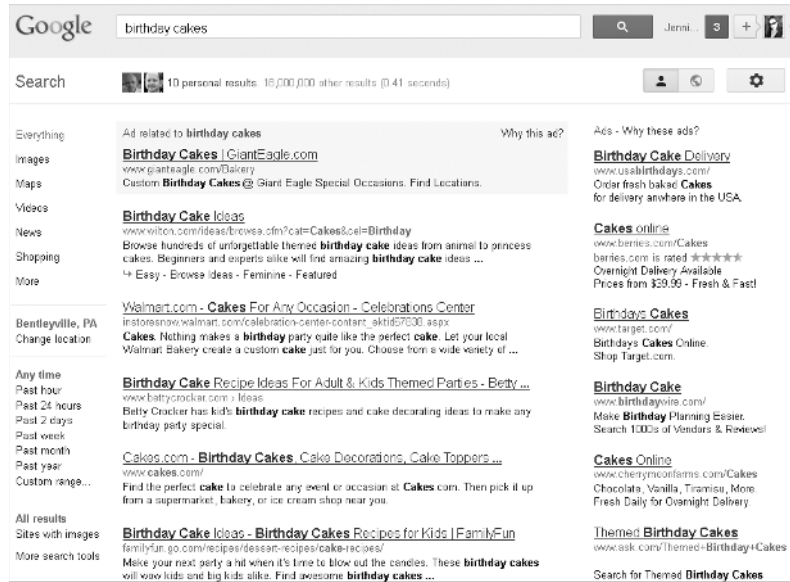
Figure 1.3 Traditional search results are text heavy and image light, requiring users to click on each result to see if it's a fit.

Users are forced to read through the titles and descriptions of various web pages to find the content that will be visually appealing to them. While most search engines integrate image listings into the results, those images are often a mishmash of related and unrelated content.

In the world of Pinterest, keyword searches can be used to search for individual users, topical boards, or individual pins (see Figure 1.4). Using Pinterest to run the same search often turns up a virtual smorgasbord of options and ideas.

The difference in terms of user experience is clear. Search engines deliver up text-based content based on algorithms. Pinterest serves up full visuals based on the content other people have found to be worthwhile.
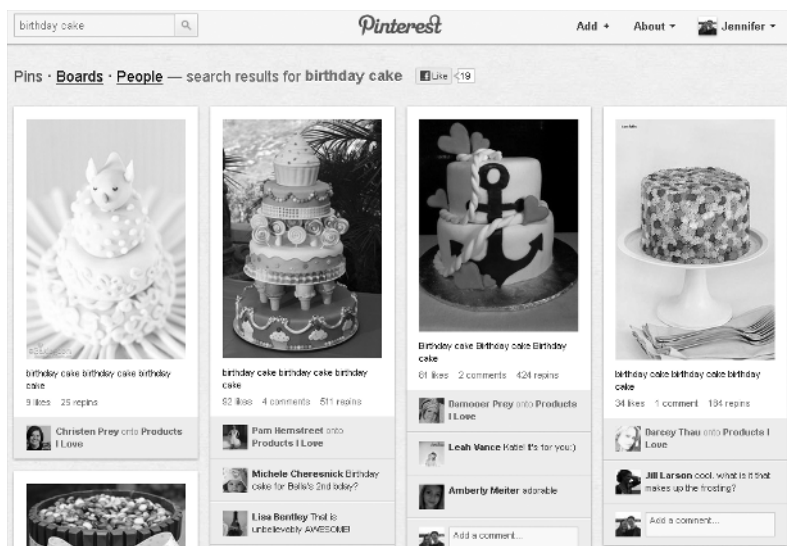
Figure 1.4 Pinterest search results allow users to quickly scroll through visual representations of the content behind the click.

The History of Pinterest

While Pinterest was originally launched as an invitation-only beta in the spring of 2010, it took a while for it to gain notice among social media marketers and mainstream web users. In fact, in December 2010, Pinterest was home to only about 10,000 users.

A full year after its launch, marketers could still be forgiven for their unfamiliarity with the service. After all, Pinterest was a bit like a sneaky, lovable cat—the kind of cat that curls up in the lap of its owner to give warm fuzzies while they pet it but remains quietly invisible to anyone not already in the know. People either knew of Pinterest and used it daily, or had no idea it even existed.

That all changed in the latter half of 2011 when Pinterest started showing up as a strong source of referral traffic for both retail and content-driven websites.

> **N o t e :**   For many content-based sites, Pinterest has quickly become a key source of referral traffic. Shannon King, general manager of *Real Simple* magazine, claimed that Pinterest was responsible for more referral traffic than Facebook during the month of October 2011. In an interview with *AdAge*, King explained that *Real Simple* viewed Pinterest as "an important part of our social media strategy."

Time magazine named Pinterest as one of the "50 Best Websites of 2011" in August of that year, and user and marketer interest quickly picked up steam.

By the end of 2011, the cat was out of the bag and everyone was stepping up for some love. The site reported more than 11 million unique visits per week by the end of 2011, making it a top-10 social media site and the fastest site ever to top 10 million users.

Pinterest's Quietly Explosive Growth

One of the things that makes Pinterest unique from other popular social media sites is the organic nature with which traffic grew and flourished. While most social media sites that perform well in the United States tend to attract early adoption from the coasts, which then expands inward to the general populace, Pinterest followed a different pattern.

An Organically Formed Community

Rather than launching among techies and marketers, Pinterest first attracted crafters and brides-to-be in the heartland of the United States. These users shared the site with their friends via social media channels like Facebook, Twitter, and blogs and quietly built a thriving community of users with little to no influence from big brands or marketers.

In fact, Pinterest founder Ben Silbermann explained in an interview with *The New York Times* that he launched the service in his hometown of Des Moines, Iowa, and by reaching out to crafters and hobby bloggers via the Web.

Note: Silbermann's inspiration for the site came from his penchant for collecting items as a child. "It's like, when you go to a friend's house, you're always excited to see what's on their bookshelf," he said in a March 11, 2012 *New York Times* article. "Behind Pinterest was the idea that if you can put that online, it'd be really exciting for folks."

During the first year the site was in operation, the user base grew primarily by word of mouth and online invitation. Brides-to-be mentioned the site on wedding-oriented forums and talked it up as a great place to collect ideas. Crafting bloggers started mentioning it as a great source of inspiration and shared do-it-yourself (DIY) style ideas. Foodies started uploading food porn and collecting the recipes they wanted to try.

As more users joined in, they talked the site up to their friends or mentioned "I found the idea on Pinterest" on their blog, and legions more signed up.

Silbermann created a product that didn't have to be hyped by the tech-savvy influencers of the Web. In fact, while the tech world was talking about Google+, the rest of America was quietly adopting Pinterest and using it to change the way they use the Web.

Demographics

Part of the big appeal of Pinterest for marketers is the current demographic makeup of the site. The average user is a female between the ages of 25 and 34 who hails

from middle America. Half of them have children and nearly a third of them are from families with household incomes of more than $100,000 per year.

According to data from DoubleClick (Figure 1.5), the site skews heavily toward women, a fact that isn't surprising given that food and crafts are currently the most popular topics on the site.

Sources: ComScore, Experian Hitwise, Alexa

Figure 1.5 While Pinterest has diverse membership demographics, college educated, middle income mothers from the American heartland make up the greatest portion of its user base.

Although men have begun streaming into the site as it's risen in popularity, women still make up the greatest majority of the active user base. In fact, 97 percent of Pinterest's followers on Facebook are female.

These are the same women who make the greatest majority of purchasing decisions in the retail market, making Pinterest an extremely attractive place for brands to build connections with consumers.

Perhaps the biggest differentiator of Pinterest demographics compared to other popular social media sites is the geographical breakdown. While most social media sites have high adoption rates in major metropolitan areas and the East and West coasts, Pinterest's most active users are from America's heartland.

States like Utah, Alabama, Oklahoma, and Tennessee lead the way among active Pinterest users. This makes Pinterest an especially attractive social media channel for advertisers who are already successfully engaging with coastal and metropolitan users on other social media channels but have not yet been able to fully tap the Middle America market.

How Pinterest Makes Money

Like most social media channels, Pinterest was launched with a focus on user experience and growth. While Pinterest has had no problem attracting angel investors to power its development machine, Pinterest had no clear-cut revenue model in place when this book went to print.

On the Pinterest Help page (`http://pinterest.com/about/help/`), the site explains its revenue model this way:

> *Right now, we are focused on growing Pinterest and making it more valuable. To fund these efforts, we have taken outside investment from entrepreneurs and venture capitalists. In the past, we've tested a few different approaches to making money such as affiliate links. We might also try adding advertisements, but we haven't done this yet.*
>
> *Even though making money isn't our top priority right now, it is a long term goal. After all, we want Pinterest to be here to stay!*

Affiliate Links

One of the more public ways Pinterest has explored monetization as the site has grown has been to explore the use of affiliate links to generate small portions of revenue each time a user follows a relevant link and makes a product purchase. Pinterest accomplished this via what they called a "test run" with the company Skimlinks.

Skimlinks helped Pinterest monetize the site by searching for pinned images that linked to websites featuring an affiliate program. If no affiliate code was included in the link when it was originally pinned, Skimlinks would automatically generate and insert the appropriate affiliate code.

As the volume of activity on Pinterest increased, Skimlinks allowed the site to pull in ongoing revenue from user activity without the need for intrusive ads or premium accounts.

In January 2012, several bloggers made note that their pins were being edited by the inclusion of affiliate links. In the firestorm of conversation and controversy that followed, Pinterest announced that it had already terminated its relationship with Skimlinks and was exploring other ways of monetizing the site.

Ad Platform Potential

A natural source of revenue for Pinterest to explore will be targeted advertising opportunities. Much like Google, Facebook, and Twitter before it, Pinterest has the potential to gather an extraordinary amount of insight and data on its users.

In fact, Facebook's foray into the world of paid advertising has demonstrated the lucrative ad market potential for a company that can aggregate specific data on what its users like best and how they interact with their social media–based connections.

Chances are high that Pinterest will work to develop a targeted ad platform that focuses on the benefits derived from the site, including the following:

Contextual Advertising   Advertisers could easily match ads to specific topics, displaying them when users run searches or browse certain categories.

Premium Pins   Pinterest could allow brands and users to pay a fee to promote their pins to the top of category listings or to be permanently listed at the tops of the boards they are pinned to.

Sponsored Pins   Following the style of sponsored posts on blogs and sponsored tweets, Pinterest could allow power users the option of receiving payment for highlighting pins from advertisers.

Board-Based Advertising   With boards so carefully curated by topic and tagged as part of Pinterest's overall categorization system, advertisers could easily buy topical space at the top of users' boards.

Premium Account Potential

Most social media sites have shied away from subscription-based models, but several have successfully generated revenue from users by offering "freemium: and premium versions of a similar user experience.

Flickr, a popular social media–based image-sharing site that flourished in the early 2000s, offered a premium model that removed the cap on the number and size of the images that could be posted. Millions of users paid $25 a year to have unlimited access to the service.

It is possible Pinterest could consider placing limitations on the number of boards a user could curate unless they paid for a premium membership. It is also possible Pinterest could allow users to opt out of any advertising models by paying a yearly subscription fee for the service.

Pinterest's Long-Term Potential

The single biggest question marketers tend to have when new social media channels experience explosive growth is whether or not the channel has the potential to go the distance. After all, the big risk of being an early adopter is wasting time building a presence for an audience that never materializes.

While Pinterest experienced steady growth during the first 18 months of its existence, the sudden explosion in exposure and interest at the end of 2011 has led many to wonder if Pinterest is simply the latest in a series of sites that will flourish and then fade away. As someone who has been in the online marketing industry since the late 1990s, I've seen many companies rise to the spotlight before fading away as the "ooh shiny" mentality wears off and people move on to the next new thing. When I consider the qualities present in the social media channels that go the distance, I believe Pinterest has all the makings of a long-term social media player.

Early-to-Market Advantage

Perhaps the single biggest advantage Pinterest has in the realm of social media image duration is the fact that it got there first. The years have shown that the first company

to reach critical mass on a newly developed social media channel tends to rule the roost for the long haul.

Dozens of sites have challenged YouTube without ever coming close to capturing a high percentage of the video market. The same can be said for Twitter's many challengers. While Facebook did need to beat out MySpace to take the reigning position as the king of social networking, it managed to do so while social networking channels were still in their infancy.

Pinterest rose to popularity with a product that provided what no other site was offering: an excellent user experience that allowed members to do something no other site did. There are bound to be challengers, but it's mighty hard to knock the king off the hill once that hill has become Mt. Everest.

Third-Party Integration

When you consider the sheer amount of data being collected by Pinterest right now, it's a bit staggering. Millions upon millions of individuals are actively cataloging their likes, their plans, and their sources of inspiration on a single website. Pinterest's server system is poised to become one of the largest consumer insight machines that has ever been put together.

A key difference between Pinterest and other social media sites is that Pinterest doesn't just track the information consumers deem worthy of actively sharing with their connections. Social networks like Facebook and microblogging platforms like Twitter are designed to give users a place to broadcast content. It's where users go to showcase the best of the best of what they've discovered online. It's where they stake their personal reputation on the idea that other people will also be interested in a piece of content.

Pinterest is an entirely different type of website. It's where users focus on collecting ideas and information for themselves. They just happen to be doing it in an environment where their contacts are free to take a peek. This opens the door for a very different type of user data for advertisers.

While sites like Facebook and Twitter allowed advertisers to learn who consumers interacted with and sites like Foursquare allowed them to understand the retail locations they frequented, Pinterest gives advertisers the ability to understand what sparks passion in their users.

Overlaying the data being collected at Pinterest with the data available via other social media channels leads to powerful advertising potential. Consider the following scenarios:

> **A retail store** receives notification via a social check-in app that a user has entered the store. The app integrates with Pinterest's interest graph data on that customer and takes note of any products from the store's retail site that have been pinned. A discount on those products is offered to the individual.

An ad network partners with both Facebook and Pinterest and overlays the user data from each site to create a highly targeted ad system. Advertisers would know an individual user's age, geographical location, employment status, social connection level, and propensity for sharing content or engaging with shared content along with a fully cataloged listing of every topic, item, and concept they've chosen to archive.

Gathering and understanding demographics has gotten easier and easier as social networks have emerged and analytical technology has improved. Adding psychographic data to the mix offers up a powerful combination for companies looking to reach highly targeted customers.

Sustainability for Users

A key factor likely to contribute to the ongoing growth and future stability of Pinterest is the ease of use for the system. There's no need to devote much time and effort to the service. Few users generate original content. There's no need to create and edit videos to upload or to research and write blog posts. In fact, there's not even a reason for users to leave the site.

The greatest majority of pin activity comes from "repins," meaning users are simply taking images that have been pinned by other users and adding them to their own categories. This makes Pinterest more of a time killer than a time sink, unless users get completely caught up in browsing original content.

Pinterest is one of the few social media channels that requires absolutely no content creation by its users. This makes it one of the least time consuming of all social media channels. It also makes it extremely attractive to both busy consumers and thinly stretched marketing departments.