

RESEARCH STUDY

Log In With Facebook and the 2012 Internet Retailer Top 500



There remains a huge untapped opportunity for the IR 500 to take advantage of Log in with Facebook and its many benefits.

Executive Summary

Sociable Labs undertook a study in August 2012 to review the adoption rate and implementation practices around Log in with Facebook for the top 500 online retailers (the Internet Retailer 500 or “IR 500”). In particular, Sociable Labs reviewed how these online retailers integrated Log in with Facebook as an alternative option for their account creation, site registration, and site login processes. Sociable Labs’ study of Log in with Facebook usage by the IR 500 was restricted to this use case only – simply whether Log in with Facebook is integrated with the core e-commerce site for user account creation. Sociable Labs did not study other use cases for Facebook Platform, such as Social Plugins (i.e. Like buttons) or other onsite social applications that utilize Log in with Facebook.

Sociable Labs found that adoption of Log in with Facebook by the IR 500 is still in its beginning stages, with 6%, or 30, of the top 500 online retailers having implemented Log in with Facebook into their account creation process today. This remains an untapped opportunity area for most of the IR 500, who have yet to take advantage of the many benefits that Log in with Facebook affords: simplified account creation, elimination of required site-specific passwords, increased onsite personalization, richer CRM data, and increased referral traffic from Facebook. Sociable Labs believes that the major factors hindering adoption include technical barriers to implementation, perceived security concerns, and level of effort required for implementation. Many of these barriers will be removed over time, which should spur continued adoption of Log in with Facebook by the IR 500.

Although the absolute number of IR 500 sites that have implemented a form of Social Login remains small (30), Facebook is by far the dominant Social Login option chosen by these online retailers. All IR 500 sites that have implemented a Social Login solution include Log in with Facebook. Furthermore, **77% of these sites only offer Log in with Facebook**. Sociable Labs believes that online retailers will continue to prioritize Log in with Facebook over other forms of Social Login (*Twitter, Yahoo, Google*, etc.) as Facebook continues to advance its offerings around Facebook Platform.

The majority of IR 500 sites that offer forms of Social Login other than Facebook have done so by utilizing a third-party software vendor such as *Gigya* or *Janrain*. However, only 17% of the IR 500 that have implemented Social Login have chosen to do so via a vendor. The majority of the IR 500 that have implemented Log in with Facebook have done so independent of third-party software, which is why Sociable Labs believes Facebook will remain the primary, and only, social login option offered by most online retailers.

Sociable Labs also found that a large percentage of IR 500 sites that have implemented Log in with Facebook have done so incorrectly, or are not leveraging best practices. A full 30% of those who have implemented Log in with Facebook have done it incorrectly by requiring the user to create a site password in tandem with Log in with Facebook. Exactly half of those who have implemented Log in with Facebook have yet to offer it during the checkout process, missing a big opportunity to generate more usage and provide a consistent user experience. None of the IR 500 that have implemented Log in with Facebook are taking advantage of one of the primary benefits of Log in with Facebook – Persistent Login—to automatically login users on return visits.

Study Methodology

In the first two weeks of August, 2012, Sociable Labs analysed the websites of the top 500 online retailers (IR 500).¹ In reviewing each online retailer, Sociable Labs categorized each site on the basis of observed deployment of Log in with Facebook as of August 2012. To be considered a site that has deployed Log in with Facebook, the site must have offered Log in with Facebook as part of its registration (account creation) and login process.² Sites that use Facebook APIs for purposes not tied to registration were not considered in this group. As a disclaimer, Sociable Labs study findings are based on hand-collected data by reviewing each IR 500 website. Our findings were not directly validated with the online retailer.

In addition to categorizing sites on the basis of Log in with Facebook deployment, Sociable Labs also evaluated whether they were implemented in a best practices manner. Sociable Labs collected data on the following best practices for implementing Log in with Facebook:

- **No Site Password Required** — No requirement for the user to create a site password in tandem with the Log in with Facebook.
- **Log in with Facebook during Checkout** — Log in with Facebook deployed as part of the checkout process, giving the user the option to create an account.
- **Persistent Login** — Retailer automatically logs the user into the site on return visits when the user is already logged-in to Facebook and previously authorized Log in with Facebook.

In addition to best practices, Sociable Labs also collected data on how the IR 500 went about integrating Log in with Facebook. Sociable Labs evaluated whether the online retailer utilized a vendor for their Log in with Facebook integration, or implemented the Facebook APIs directly. Sociable Labs also evaluated whether the retailer offered other Social Login options (*Twitter, Yahoo, Google*, etc.) in addition to Log in with Facebook.

¹ Top 500 is defined by the 2012 edition of *Internet Retailer's Top 500 Guide*. Internet Retailer ranks the top 500 online retailers based on 2011 annual online sales. In the case where the online retailer was a holding company for multiple brands, Sociable Labs selected the flagship brand as the representative e-commerce site for that holding company. For sites where the primary website is a media site, and the e-commerce portion is a sub-site, Sociable Labs selected the e-commerce sub-site for evaluation. This occurred mostly for the major sports brands (*NHL.com, NFL.com*, etc.)

² It is possible that some sites make use of Log in with Facebook (i.e. formerly termed Facebook Connect) for social applications other than Registration or Login. However, these examples were excluded from the data set to focus strictly on the Login process. Sites that might be in process of deploying Log in with Facebook, were also similarly excluded.

Study Findings

Finding: Log in with Facebook, as a site registration and login option for large online retailers, has yet to be adopted broadly.

Only 6%, or 30 retailers in the IR 500, have current deployments of Log in with Facebook as a registration option. These sites are listed below in Table A. It is important to note that other IR 500 retailers that make use of Facebook Platform in other ways (i.e. social plugins, social applications, etc.) are not included amongst these 30 since they do not have Log in with Facebook integrated with their registration/sign-in systems for their e-commerce site.

Analysis: The benefits of Log in with Facebook as a registration option are numerous, both for the user and the online retailer. Some of these include an easier Login process, improved site personalization, richer CRM data on the user, ability to drive increased referral traffic from Facebook via social sharing, and increased user engagement and retention. For all these reasons, Log in with Facebook has become widely adopted across the web. Why then, has there not been broader adoption of Log in with Facebook by the top online retailers?

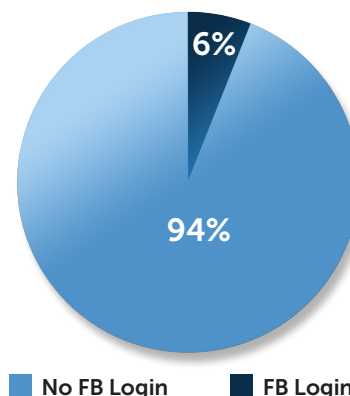
Sociable Labs believes this is due to three main reasons based on its discussion with online retailers:

- 1. Technical Barriers** — Many of the top online retailers operate on e-commerce software platforms that do not easily support Log in with Facebook as an authentication mechanism for users. This creates a large technical barrier to implementation and drives the costs of implementation prohibitively high for many retailers.
- 2. Security Concerns** — Some online retailers believe that Log in with Facebook integration can increase their exposure to security risk. While Sociable Labs believes that these perceptions are invalid, it remains a big concern for IT teams at online retailers, thereby hindering adoption.
- 3. Effort Required** — Even for sites where technical barriers or security concerns are not an issue, the changes required represent a rather significant undertaking to cover all the user flows and use cases. This includes changing security protections throughout the site. For online retailers who have limited IT resources, Log in with Facebook has not been a prioritized initiative as a result.

For these three reasons, Log in with Facebook has yet to be adopted by the IR 500 to a significant degree in 2012. However, many of the companies we have spoken with in the IR 500 have plans to integrate Log in with Facebook in 2013, and we would not be surprised if the penetration rate doubles or triples to 12% to 18% in 2013.

As a further sign that legacy systems are the largest inhibitor to Log in with Facebook integration, it is interesting to note that a large percentage of the newer entrants to the IR 500 (*ideeli*, *One Kings Lane*, *Beyond the Rack*, *Fab.com*, *Modcloth*, etc.) do offer Log in with Facebook. Sociable Labs believes this is because their e-commerce platforms require less effort to integrate Log in with Facebook.

IR 500 Deploying Log in with Facebook as Registration Option



FINDING: Log in with Facebook, as a site registration and login option for large online retailers, has yet to be adopted broadly.

Sociable Labs believes that Log in with Facebook will eventually penetrate the majority of IR 500 sites once the major e-commerce platforms (*Demandware, Magento, GSI Commerce, ATG, IBM*, etc.) begin to provide Log in with Facebook as a native integration. This will remove the greatest barriers to adoption.

TABLE A

**Internet Retailer 500 Websites with Log in with Facebook
Deployed for Account Creation and Sign-in (August 2012)**

1-800-Flowers.com Inc.	http://www.1800flowers.com
American Eagle Outfitters Inc.	http://www.ae.com
Ancestry.com Inc.	http://www.ancestry.com/
Art.com Inc.	http://www.art.com/
Barneys New York Inc.	http://www.barneys.com/
Beau-Coup Favors Inc.	http://www.beau-coup.com/
Beyond the Rack	https://www.beyondtherack.com
Burberry Ltd.	http://us.burberry.com
Charming Shoppes Inc.	http://www.lanebryant.com/
Chegg Inc.	http://www.chegg.com
David's Bridal Inc.	http://www.davidsbridal.com
DrillSpot.com	http://www.drillspot.com
eCampus.com	http://www.ecampus.com
Fab.com	http://fab.com/
Furniture.com Inc.	http://www.furniture.com/
Garmin Ltd.	http://www.garmin.com/us/
Hallmark Cards Inc.	http://www.hallmark.com
HSN Inc.	http://www.hsn.com/
ideeli Inc.	http://www.ideeli.com
Jackthreads.com	https://www.jackthreads.com/
Lamps Plus Inc.	http://www.lampsplus.com/
ModCloth Inc.	http://www.modcloth.com
OmahaSteaks.com Inc.	http://www.omahasteaks.com
One Kings Lane	http://www.onekingslane.com/
Sears Holdings Corp.	http://www.sears.com
Skechers USA Inc.	http://www.skechers.com/
Starbucks Corp.	http://www.starbucksstore.com
Threadless.com	http://www.threadless.com/
Wine.com Inc.	http://www.wine.com
ZooStores.com	http://www.zoostores.com/

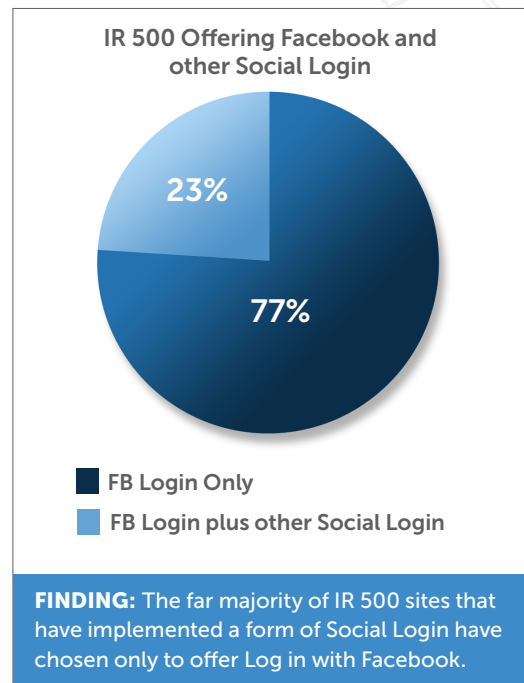
Finding: The far majority of IR 500 sites that have implemented a form of Social Login have chosen only to offer Log in with Facebook.

Sociable Labs found that all sites in the IR 500 that offer Social Login, offer Log in with Facebook. However, 77% of the sites that have integrated Log in with Facebook do not offer any other Social Login option (*Twitter, Yahoo, Google, etc.*).

Analysis: This finding demonstrates that Facebook has become the alternative login of choice for major online retailers. Facebook, as opposed to other options (*Twitter, Google, Yahoo*), offers the retailer much more compelling value from a marketing perspective, which is a primary reason why retailers have made this choice. Facebook has much richer user profile data than the other networks, thereby creating much more utility for the retailer from a CRM perspective.

Further, given the frequency with which users login to Facebook itself, it is ultimately the primary choice by the end user as a social login method. Most retailers have realized that deploying Log in with Facebook will help them capture the majority of the value from Social Login. In fact, those retailers offering multiple Login options tend to have done so via a third-party vendor, whereby the cost of offering multiple Login choices comes at no additional cost for the service. However, there is a hidden opportunity cost associated with having users connect to networks other than Facebook, as the value of a connected user from these networks is far lower than the value of a Facebook Connected user. One of the primary misconceptions today is that all social login choices provide equal access to user demographic data. On almost all services other than Facebook, users rarely provide full demographic information. In addition to the user data, Facebook also provides more robust options for sharing content back to Facebook, such as the newly created “publish actions” permission that allows for automatic Open Graph publishing of on-site actions. Thus, while offering more social login options incrementally increases the number of registrations, these registrations offer no significant benefit above normal site registration due to the lack of CRM data, personalization, and social sharing opportunities.

For all of the above reasons, Sociable Labs believes that Facebook will continue to be the dominant choice for Social Login until another network advances to reach parity with Facebook, which is unlikely to occur in the short-term.



Finding: The far majority of IR 500 sites that have implemented Log in with Facebook for registration have chosen not to use a third-party software vendor to do so.

83%, or 25 of the 30 IR 500 sites using Log in with Facebook, are doing so by directly leveraging the Facebook APIs themselves, as opposed to using a third-party software vendor (*Gigya*, *Janrain*, etc.) for Social Login.

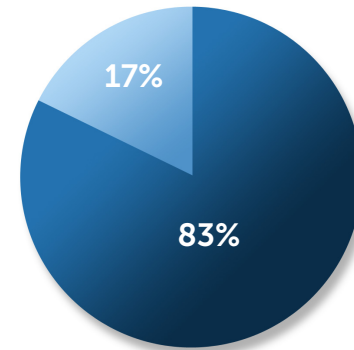
Analysis: There are pros and cons of working with a software vendor to provide Log in with Facebook functionality, and the appropriate choice for each online retailer will differ based on circumstance and needs. The Facebook APIs are freely available for any website to use, and the majority of IR 500 sites implementing Social Login are choosing this option over the third-party vendors; this is the current state of the market.

However, the leading software vendors for Social Login (*Gigya*, *Janrain*) have continued to invest in their software offerings to provide an identity management service with ancillary services, which will further strengthen the vendor value proposition and result in increased adoption of vendor products by online retailers in the near-term.

In the long-term, Sociable Labs believes the basic Log in with Facebook functionality will become a native component of the major e-commerce platforms. Software vendors will advance their offerings in terms of onsite personalization, social sharing, social CRM, and other applications that provide far more value than the Log in with Facebook as a standalone application.

Sociable Labs itself has focused on providing best of breed social applications based on the use of the social graph and Facebook identity, and believes this will become a primary need for online retailers in the future. Log in with Facebook during registration is an important part of the equation, but by itself does not provide the full value proposition for either the user or the retailer.

Build Internally vs. Third-Party Vendor



■ **Build Internally**
■ **Vendor used for FB Login**

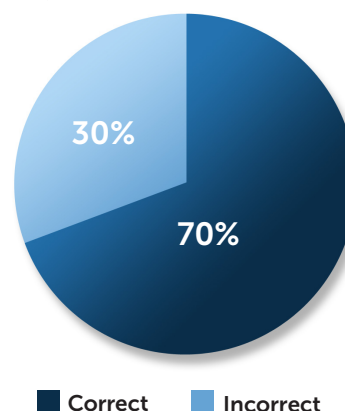
FINDING: The far majority of IR500 sites that have implemented Log in with Facebook for registration have chosen not to use a third-party software vendor to do so.

Finding: Of the sites that have integrated Log in with Facebook into registration, 30% have done it suboptimally by requiring the user to create a site password.

Of the sites that have integrated Log in with Facebook into registration, Sociable Labs divided the list into those that don't and those that do require the user to create a site password as part of the Log in with Facebook process. The correct implementation is to NOT require a password, so that the user should only need their Facebook credentials to create an account and login.

Analysis: Sociable Labs has found that many online retailers have added the requirement of site password creation as part of the Log in with Facebook process. This is a mistake that should be avoided as it leads to a poor user experience and eliminates one of the primary benefits of Log in with Facebook: an easy way to register for the site.

Sites Integrating Log in with Facebook Correctly



FINDING: Of the sites that have integrated Log in with Facebook into registration, 30% have done it incorrectly by requiring the user to create a site password.

In addition to creating a great deal of confusion to the user, most retailers do not realize the ramifications when it comes to quality assurance. Introducing a site password as part of the Log in with Facebook process generates a number of corner cases where the user might be authenticated via Facebook, but not logged-in to the site. These "half signed-in" states create a variety of confusing user states that are difficult to account for.

TABLE B
Site Password Requirement for FB Login Sites

No site password required

1-800-Flowers.com Inc.	HSN Inc.
Ancestry.com Inc.	Jackthreads.com
Art.com Inc.	Lamps Plus Inc.
Barneys New York Inc.	Omaha Steaks.com Inc.
Beau-Coup Favors Inc.	One Kings Lane
Beyond the Rack	Sears Holdings Corp.
Charming Shoppes Inc.	Skechers USA Inc.
DrillSpot.com	Starbucks Corp.
eCampus.com	Threadless.com
Fab.com	Wine.com Inc.

Site password required

American Eagle Outfitters Inc.
Burberry Ltd.
Chegg Inc
David's Bridal Inc
Furniture.com Inc
Garmin Ltd.
Hallmark Cards Inc.
ideeli Inc.
ModCloth Inc

Finding: Only 50% of IR 500 sites that have implemented Log in with Facebook for new account creation have integrated it into their checkout process as well.

Analysis: Many of the sites that have implemented Log in with Facebook have not implemented it according to best practices. One of the primary drivers for account creation on e-commerce sites is new account creation during the checkout process. Providing consumers with the option to utilize Log in with Facebook to create an account during checkout would be beneficial to both consumers and the online retailer. This is one opportunity area that online retailers should consider when implementing Log in with Facebook.

Finding: None of the IR 500 sites that have implemented Log in with Facebook are taking advantage of a key benefit of Log in with Facebook, Persistent Login.

Analysis: Online retailers are missing out on a key benefit behind Log in with Facebook — what Sociable Labs is calling “Persistent Login”. When a user authorizes Log in with Facebook once for a site, on a return visit the user could be automatically logged-in to the site if they are logged-in to Facebook. The user would be authenticated to the site on the basis of having an active user session with Facebook, which Facebook validates on behalf of the site. According to a Sociable Labs study in November 2011, over 50% of users browsing e-commerce sites are currently logged-in to Facebook. This means that for every return visit by a previously connected Facebook user there is a 50% chance they could be logged-in automatically and safely to their account. The benefits here include increased personalization of the site based on the logged-in user status, reduction in number of steps to a secure checkout, and increased social sharing opportunities.

Best Practice Spotlight

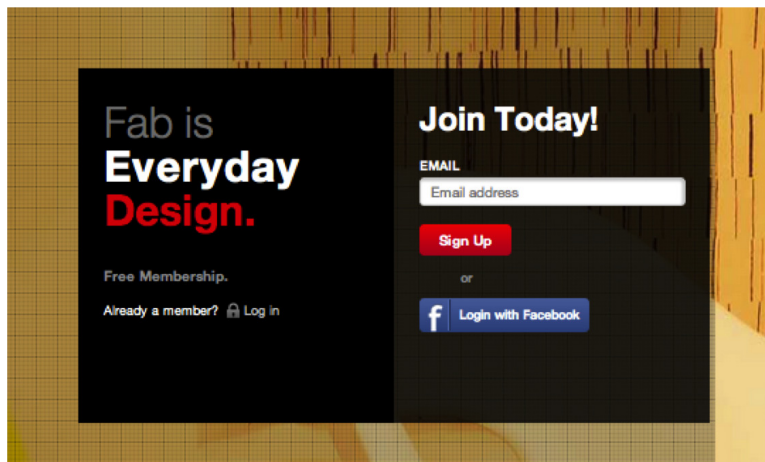
One of our intentions for this research study was to highlight best practice examples of companies that have implemented Log in with Facebook. At the time of this writing, we felt that the deployments by Fab.com and LivingSocial both highlight certain best practices that companies considering Log in with Facebook should be aware of. We highlight Fab.com for the fact that it does not require the user to manage a site password. As we noted in the study findings above, approximately one in three companies implementing Log in with Facebook make the mistake of requiring the user to add a password. Fab.com does not make this mistake. In addition, Fab.com has made other best practice choices in their implementation.

We highlight LivingSocial for the fact that they are taking advantage of Persistent Login capabilities made possible by the high daily engagement rate of Facebook users. LivingSocial automatically logs in a user who has previously authorized Log in with Facebook upon return visits (assuming the user is also currently logged-in to their Facebook account). Both of these user flows are depicted using screenshots from the respective deployments below.

Both Fab.com and LivingSocial have shown high consumer adoption of Log in with Facebook. LivingSocial, as one of the first major e-commerce sites to implement Log in with Facebook has over 2.2 million users on a monthly basis accessing the site via Log in with Facebook. Fab.com, as a more recent implementation of Log in with Facebook, has just over 380,000 monthly active users and growing quickly. Sociable Labs believes that these best practice examples demonstrate that when implemented correctly, Log in with Facebook is a preferred choice for many consumers.

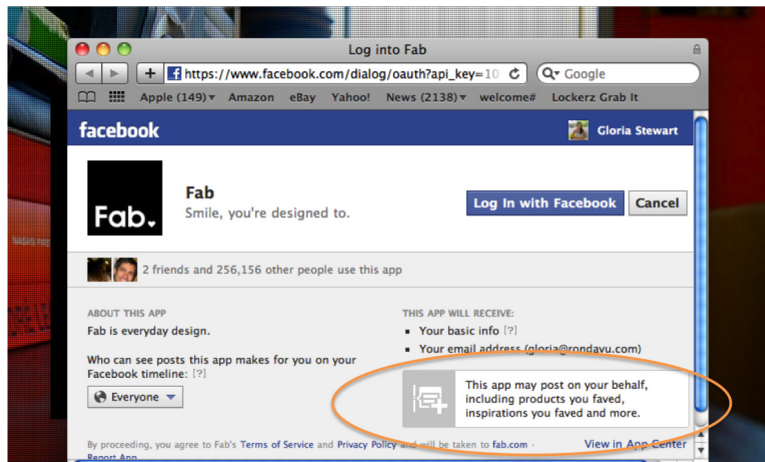
Fab.com Spotlight

Step 1: New User Registration



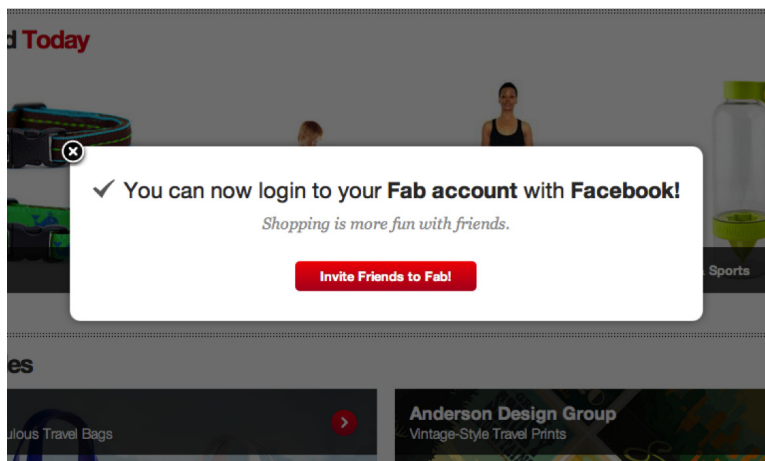
Fab.com gives the user a choice to register either by e-mail, or by Facebook. Sociable Labs would encourage Log in with Facebook to be the primary choice, but that should be AB tested. Note that Fab.com only offers Log in with Facebook as an alternative. Fab.com has made the choice clear to the user.

Step 2: Facebook permissions grant



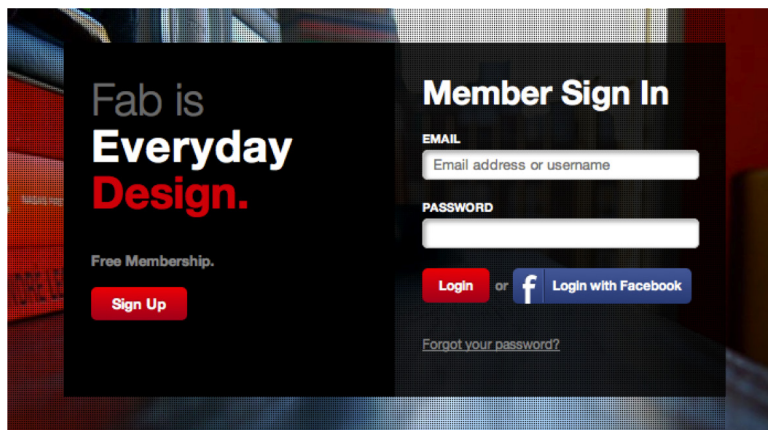
Once the user chooses Log in with Facebook, they will need to grant Fab.com permission to use their Facebook data. This permission pop-up is served directly by Facebook, although Fab.com has chosen which Facebook permissions to ask of the user. Sociable Labs believes Fab.com has made a good choice here by asking for the “publish actions” permission circled in orange in the bottom right corner. This permission grants Fab.com the right to share (i.e. Open Graph publish) certain user activities on Fab.com back to the user’s Facebook timeline. The benefit of Open Graph publishing is increased traffic and new user acquisition to Fab.com. Further, Open Graph data that is shared is utilized in sponsored stories for more effective ad campaigns on Facebook.

Step 3: Registration complete



Once the user accepts the Facebook permissions prompt, their registration is complete. The user was not asked to create an additional Fab.com password nor were they asked for any additional data. By accepting the Facebook permissions prompt, the user also agreed to Fab.com terms of service, including opt-in to e-mail communications. For this reason, Fab.com does not need to ask for additional user permissions. Fab.com takes Facebook registration one step further by asking the user to invite friends to Fab.com, while this is not an appropriate step for most traditional e-commerce sites, it represents another opportunity to increase new customer acquisition from Facebook that Fab.com is leveraging.

Step 4: Returning user sign-in

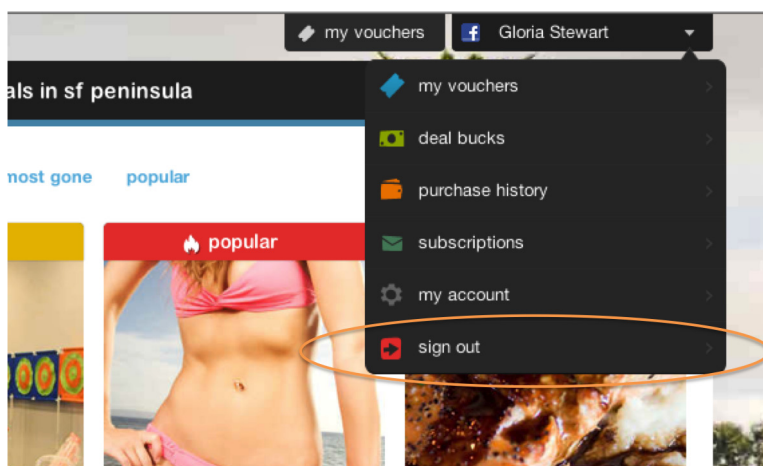


For returning users, they also have a choice to Login via Facebook, as shown above. One best practice that Fab.com is not leveraging is Persistent Login, whereby returning users who have already Facebook connected and are currently logged-in to Facebook could just be signed-in to Fab.com automatically without seeing the logged-out home page depicted above. We demonstrate how LivingSocial takes advantage of that capability next.

LivingSocial Spotlight

LivingSocial, like Fab.com, also does not require the user to create a site password during the Log in with Facebook process. However, unlike Fab.com, LivingSocial goes one step further by not requiring a returning user to explicitly click a login button if they are already logged-in to Facebook. Sociable Labs calls this Persistent Login and considers it to be a best practice example. A key component to enabling Persistent Login is that once a user signs out of LivingSocial, that they are also signed out of Facebook. In this way, once a user logs back into Facebook, they can be logged-in to LivingSocial automatically. Below we highlight screenshots of this particular user flow.

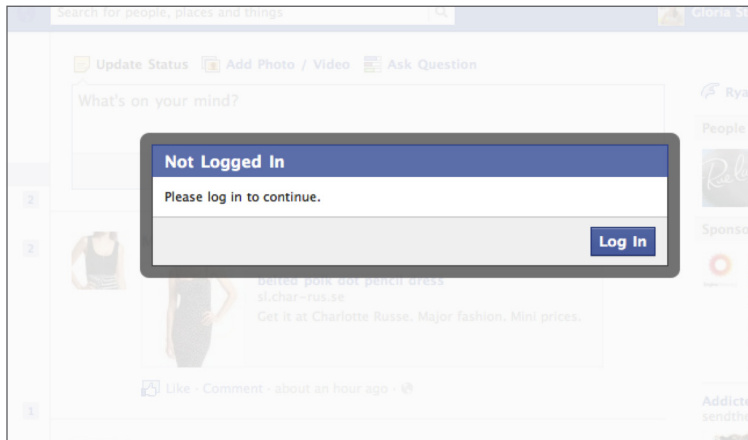
Step 1: Logged-in user sign-out



If the user has previously accepted the Facebook permission prompt and is now signed-in to LivingSocial, the user can logout by clicking the "sign out" link (highlighted in the bottom right below). This will trigger a call to Facebook to

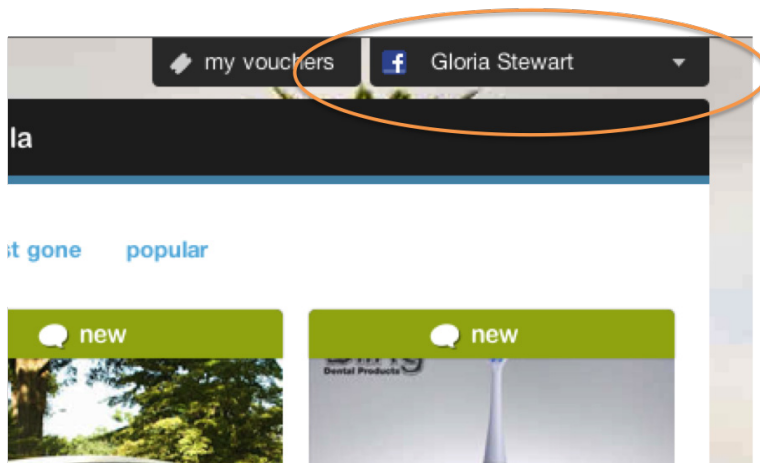
also log the user out of Facebook.com. This is necessary in the case of Persistent Login; otherwise, there is no on-site mechanism for the user to change which Facebook user is signed-in to LivingSocial.

Step 2: User logged out of Facebook



The user will be logged-out of Facebook. However, once they login to Facebook, this will establish a new authenticated active session with Facebook. If the user returns to LivingSocial in the same browser session, LivingSocial will now sign the user in automatically.

Step 3: Return visit automatic login



Here we show that once the user returns to LivingSocial with an active Facebook session, they are automatically signed-in to their LivingSocial account without any need to click a "login" button.

Conclusion

The largest online retailers have been slower to adopt social technology, and Log in with Facebook in particular, than the broader web community. Today, according to Facebook, over 1 million websites have integrated Log in with Facebook. There remains a huge untapped opportunity for the IR 500 to take advantage of Log in with Facebook and its many benefits. New entrants to the IR 500 such as *Fab.com* have proven some of these value propositions. As of this writing, Fab.com has nearly 380,000 monthly active users of Log in with Facebook, and on any given day 25% of the visits to Fab are coming from Facebook.

For the IR 500 to more rapidly adopt social technology it will require the IR 500 early adopters to provide compelling proof points and examples of superior user experiences to the broader e-commerce community. This, combined with the removal of technical barriers and more robust software offerings from third-party vendors, will reduce the current barriers to adoption.

Today, there are only a few good examples of Log in with Facebook among the IR 500, and even fewer that have advanced beyond Log in with Facebook to provide truly transformative personalized, social experiences for their users. A personalized, social shopping experience is the future of online retail, and Sociable Labs looks forward to working with more of the IR 500 to make this future a reality today.

About Sociable Labs

Sociable Labs makes social sharing more useful for consumers, bringing social proofing to product discovery and purchasing. Sociable Labs offers a SAAS solution for online retailers that leverages the power of Facebook's Open Graph directly on the ".com" website via a suite of Social Applications, integrated AB testing, and Analytics. Our customers include leading online retailers like *Rue La La*, *Wine.com*, *Wayfair*, *Chegg*, and *The Active Network*.

Contact us at **855-SOCIABLE (855-762-4225)** or Info@SociableLabs.com.

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