Foursquare, the Politics of Location Platforms, and the Importance of Geocoded Data

Rowan Wilken
Swinburne Institute for Social Research, Swinburne University of Technology
Australia
rwilken@swin.edu.au

Abstract

This paper takes a political economic and "platform politics" approach in examining the shifting business model of mobile social networking service Foursquare. Working from an understanding that medium (or platform) specificity still matters, it explores how Foursquare's shifting business model is driving changes in location data generated by its users is extracted, handled, and "monetized".

Keywords

Foursquare; platform politics; location; geocoded data; business models

Introduction

This paper explores the growing significance of location and geocoded data for social media services. Taking a political economic (Albarran, 2013) and "platform politics" (Gillespie, 2010) approach, I examine the shifting business models of mobile social networking service Foursquare (a focus which forms one part of a larger study examining the geolocational affordances of a number of social media services, including Twitter, Facebook, Google, and Grindr). Drawing on existing scholarship and industry reportage and analysis, I develop a "platform critique" of Foursquare which, in Gerlitz and Helmond's (2013, p. 2) words, aims to be sensitive to its technical infrastructure whilst giving attention to the social and economic implications of it as a platform. Medium specificity still matters (Maras & Sutton, 2000, p. 103), and there are clear differences between social media platforms in terms of how location data is extracted and how it is handled (Barreneche, 2012; van Dijck, 2011). In the case of Foursquare Labs Inc., its still evolving business model, and the design and use of its platform, I argue, shapes how geocoded data is obtained and "monetized".

From Badges to "Location-and-Discovery"

Foursquare encourages the use of a mobile device to check-in to particular locations (such as a café) that the user is visiting. With the service, GPS and/or network location data is accessed to provide the user with a list of nearby locations, and points are awarded for each check-in. A key feature of Foursquare since its launch has been its game-like qualities, which include earning badges for various milestones, creating patterns of check-in locations, and the inter-user competition to become "Mayor" of a location via repeated visitation. Another significant attribute is social, including sharing one's location with friends within the service, as well as the option of pushing check-in notifications to other social media platforms. Since its launch in 2009, Foursquare has acquired more than 10 million users and has registered over 1 billion total check-ins.

Recently, however, Foursquare has been facing persistent questions "about the long-term sustainability of its business" (Isaac, 2013b). Due to reported slowing in user growth, and underwhelming revenue generation to date, investors are said to be reluctant to give the company additional injections of capital investment (Fiegerman, 2012). This has prompted Foursquare to rethink its corporate strategy and business model. The path it appears to be taking is not new: the monetization of user traffic data. As van Couvering points out, search and social media services tend to be characterized by media platforms that facilitate exchange between producers and audiences, and

which operate across "complex content pools that are large in size, extremely varied in terms of producers, and frequently refreshed" (van Couvering, 2011, p. 198). Due to the complexity of the "content pool", the platform thus "becomes the central way to mediate connections between audiences and producers" (p. 198). Significantly, "if the content pool is the network", then "audience traffic, enabled through the platform, are the connections within the network" (p. 198). It is these "connections" which form the "core, saleable asset" for the owners of the platform (p. 198). For Foursquare, the ability to parse geolocational and user check-in data is "key to its monetary strategy" (Goldman, 2012). Moreover, by bucking recent trends (Sheehan, 2013) and maintaining an accessible API, "popular apps like Instagram and Path use Foursquare's API to serve up location-based data", which in turn adds to the overall data pool Foursquare is able to access and sift (Calore, 2013).

Foursquare's Dennis Crowley notes, "We are starting to get really good at figuring out what the context is" in the geo-data accrued through check-ins (Crowley quoted in Goldman, 2012) and using this check-in data "as the basis for a search and recommendation platform" (MarketingManagersInfo, 2013; Kerr, 2012). In short, the value of check-ins for Foursquare is the accumulation of large amounts of data concerning people's movement through urban space and their patterns of consumption. This information holds clear value for advertisers and marketers, as well as providing the opportunity for Foursquare to develop new features that make use of that data – three such features are discussed here.

The first of these is the "Explore" feature, aimed at Foursquare users. In essence, it is a recommendations and ratings system – or, in the words of one commentator, an "interactive city guide" (Gobry, 2012) – utilizing a series of metrics drawn from each user and their social network history (including tips, likes, dislikes, popularity, local expertise, and so on – Kerr, 2012). This information is then targeted to that user in the form of "recommendations for places you would probably like to visit based on your profile and check-in history" (Goldman, 2012). Accompanying the Explore feature is an upgraded website, which is said to attract 1 million visits per day, with a prominent search box (Kerr, 2012) – perhaps in recognition of the fact that "a lot of entertainment planning takes place at work or in the home" (MarketingManagersInfo, 2013). In late May, 2013, Foursquare added what it calls "super-specific search" to Explore. This applies a range of filters to search results that combine common queries (such as price, opening hours, and so on), with additional information drawn from check-ins and user data. In the words of one tech commentator, "the end result isn't far off what Facebook is attempting to do with its ambitious Graph Search" (Welch, 2013). In short, in CEO Dennis Crowley's words, Foursquare is no longer about leader boards, badges and points; it's about local search and discovery.

In addition to the above are new features developed specifically for businesses. These fit squarely with Foursquare's plans to "get most of its future sales from software that helps merchants track the behavior of potential customers" (Crowley quoted in Chang & MacMillan, 2011). While Foursquare already collects some revenue through strategic partnerships with competitors such as Groupon Inc. (Chang & MacMillan, 2011) and other companies (Van Grove, 2013), these recent developments are quite different in that they want "businesses to pay for help analyzing the data generated by [Foursquare's] 10 million users" (Chang & MacMillan, 2011). Foursquare's "first revenue-generating product" (Fiegerman, 2012), launched in 2012, was "promoted updates", advertising messages sent to users who are in the vicinity of a restaurant or other business. What distinguishes this service is that, rather than buy "advertising impressions", participating brands pay on a "cost-per-action model related to how consumers interact with the updates" (Kelly, 2012). The second business feature is the Foursquare for Business app (Foursquare Blog, 2013; Isaac, 2013b). Launched in early 2013, it allows businesses to offer "digital punchcard" deals when users check-in, as well as send messages to regulars (Isaac, 2012).

Discussion & Conclusion

These constitute significant developments. Foursquare is strategically downplaying its gameplay elements (Isaac, 2013a) and repositioning the urban exploration aspects of its service to fit within what

has recently been termed the "like economy" (Gerlitz & Helmond, 2013). While Foursquare is facing increasing competition, including from Twitter and Facebook, unlike these other platforms, it has a user base already acclimatized to location-sharing, and an emerging ability to interpret and leverage this data. It is banking on the granulation of this location and recommendation information to maintain its place in the social media ecosystem (Calore, 2013), especially as it goes head-to-head with the likes of Groupon and Yelp.

But there is risk involved. The strategy focuses on Foursquare's so-called "super users", the "contingent of users and merchants who are seriously engaged by its platform". Once the company has a "dense, engaged, revenue-generating core of users, its aim is to expand from this base (Gobry, 2012). The trick for Foursquare will be in managing commercial and new user growth, without ostracizing its core constituency of high-end users – those initially drawn to its gameplay elements.

Acknowledgments

This paper is an output from a program of research under an Australian Research Council Early Career Research Award – DE120102114, "The Cultural Economy of Locative Media", funded 2012-2014. The author gratefully acknowledges the ARC's financial support, and the research assistance provided to the program by Emily van der Nagel and Jenny Kennedy.

References

Albarran, Alan B. (2013). *The Social Media Industries.* London: Routledge.

Barreneche, C. (2012). Governing the geocoded world: Environmentality and the politics of location platforms. *Convergence: The International Journal of Research into New Media Technologies 18* (3), 331-351. doi: 10.1177/1354856512442764.

Calore, M. (2013). How Foursquare is forcing social networks to check in or check out. *Wired*, March 12. Retrieved from http://www.wired.com/underwire/2013/03/location-apps-social-media/.

Chang, E. & MacMillan, D. (2011). Foursquare says merchant services will provide bulk of revenue. *Bloomberg.com*, August 2. Retrieved from http://www.bloomberg.com/news/2011-08-02/foursquare-ceo-says-merchant-services-will-provide-bulk-of-startup-s-sales.html.

Fiegerman, S. (2012). Foursquare will make just $2 million in revenues this year. *Mashable.com*, November 22. Retrieved from http://mashable.com/2012/11/21/foursquare-revenue-2-million-2012/.

Foursquare Blog. (2013). Manage a business on foursquare? Download our new app to easily connect with customers right from your phone. *Foursquare Blog*, January 29. Retrieved from http://blog.foursquare.com/2013/01/29/manage-a-business-on-foursquare-download-our-new-app-to-easily-connect-with-customers-right-from-your-phone/.

Gerlitz, C. & Helmond, A. (2013). The Like economy: Social buttons and the data-intensive web. *New Media & Society* [online first]. Doi: 10.1177/1461444812472322.

Gillespie, T. (2010). The politics of "platforms". *New Media & Society 12* (3), 347-364.

Gobry, P.-E. (2012). Foursquare's revenue model sharpens into focus. *Business Insider*, May 9. Retrieved from http://articles.businessinsider.com/2012-05-09/research/31634849_1_foursquare-business-model-yelp.

Goldman, D. (2012). Foursquare CEO: "Not just check-ins and badges". *CNNMoney*, February 29. Retrieved from http://money.cnn.com/2012/02/29/technology/foursquare_ceo/index.htm.

Isaac, M. (2012). With new merchant local updates tool, Foursquare is getting serious about its business. *All Things D*, July 18. Retrieved from http://allthingsd.com/20120718/with-new-merchant-local-updates-tool-foursquare-is-getting-serious-about-its-business/.

Isaac, M. (2013a). CEO Dennis Crowley on Foursquare's biggest mistake. *All Things D*, March 11. Retrieved from http://allthingsd.com/20130311/ceo-dennis-crowley-on-foursquares-biggest-mistake/.

Isaac, M. (2013b). Foursquare's new app is open for business. *All Things D*, January 29. Retrieved from http://allthingsd.com/20130129/foursquares-new-app-is-open-for-business/.

Kelly, A. M. (2012). Three reasons why Foursquare's new advertising model might work. *Forbes*, August 22. Retrieved from http://www.forbes.com/sites/annemariekelly/2012/08/22/three-reasons-why-foursquares-new-advertising-model-might-work/.

Kerr, D. (2012). Foursquare launches rating system, competes with Yelp. *CNet.com*, November 5. Retrieved from http://news.cnet.com/8301-1023_3-57545517-93/foursquare-launches-rating-system-competes-with-yelp/.

Kessler, S. (2012). Foursquare's plan for making money: Promoted specials. *Mashable.com*, May 9. Retrieved from http://mashable.com/2012/05/09/foursquares-plan-for-making-money/.

MarketingManagersInfo. (2013). Foursquare finds its business model – maybe… *MarketingManagersInfo.co.uk*. Retrieved from http://www.marketingmanagersinfo.co.uk/articles/foursquare_finds_its_business_model.aspx.

Maras, S. & Sutton, D. (2000). Medium specificity re-visited. *Convergence: The International Journal of Research into New Media Technologies 6*, 98-113. doi: 10.1177/135485650000600207.

Sheehan, J. (2013). APIs are dead, long live APIs. *The Next Web*, March 12. Retrieved from http://thenextweb.com/dd/2013/03/12/apis-are-dead-long-live-apis/.

van Couvering, E. (2011). Navigational media: The political economy of online traffic. In D. Winseck & Y. Yin (Eds.). *Media Political Economies: Hierarchies, Markets and Finance in the Global Media Industries* (pp. 183-200). London: Bloomsbury.

van Dijk, J. (2011). Tracing Twitter: The rise of a microblogging platform. *International Journal of Media and Cultural Politics 7* (3), 333-348.

Van Grove, J. (2013). Foursquare checks in to more revenue with credit card specials. *CNet News*, February 25. Retrieved from http://news.cnet.com/8301-1023_3-57571202-93/foursquare-checks-in-to-more-revenue-with-credit-card-specials/.

Welch, C. (2013). Foursquare rolls out "super-specific" filters to help you search out the perfect destination. *The Verge*, May 22. Retrieved from http://www.theverge.com/2013/5/22/4355862/foursquare-rolls-out-super-specific-natural-language-search.

License

This article is ©2013 Rowan Wilken, and licensed under CC BY-NC-ND.