



Batman: The Killing Joke (HC, Special Ed)

\$14.99 (\$3.00 shipping, free returns)

Batman faces his oldest foe in this one-shot epic by Alan Moore that took the Dark Knight back to his dark roots.

Reply LIKE or DISLIKE to personalize future picks.

To buy it, reply YES.

1 ReplyYes's Origin Bound service sends users a graphic novel recommendation daily

2 Replying with LIKE or DISLIKE helps personalize the recommendations

3 Replying with YES purchases the item, which then ships

Mazzeo's company is an investor in **ReplyYes**, a Seattle e-commerce company that sells vinyl records and graphic novels, and uses a mix of algorithm-powered bots and actual people to discern customers' wants and tastes. ReplyYes sends out one text per customer per day. If the featured vinyl record is something you covet, a simple "yes" text will take care of the whole transaction. About a week later, the album can be playing on your turntable.

**Peach**, a food delivery company based in Seattle, offers daily lunch specials via text message. Although Peach doesn't customize the choices, "there's something with messaging that just feels intimate," says Scott Jacobson, managing director of Madrona Ventures, an investor in both Peach and ReplyYes; the latter was developed in Madrona's in-house lab. "It's very much more of a conversation than e-mail."

Pioneered by Tencent's WeChat service, conversational—or chat—commerce is on the rise in the U.S. In recent months, several services have emerged, including Assist, which allows you to book haircuts or order flowers via text or Facebook messenger. Magic, an all-purpose butler/valet/personal shopper, lets users text what they're looking for; a human operator will try to fulfill the request. The services all rely on text to communicate, but vary in whether they use chat bots or humans, or a combination of the two.

Established tech companies are also exploring text options. On April 12, Facebook's Mark Zuckerberg said he wanted to let customers chat with artificially intelligent bots to get

sports updates or order a car service. **Microsoft** in March unveiled programming tools to let developers write apps for chat commerce services.

"This has the power to be another huge way to buy," says Forrester Research analyst Sucharita Mulpuru. While chat commerce can be a valuable marketing tool for companies large and small, she says, the buzz about it in VC circles is a bit over the top.

ReplyYes has sold more than \$1 million worth of vinyl records via text message in the eight months since its debut, according to Chief Executive Officer Dave Cotter. "It's a passionate community," he says, adding that 68 percent of his buyers are repeat customers. Cotter, an ex-Amazon.com manager, says he has no interest in competing with his former employer or big-box stores. He's targeting niche collectors. When users sign up for ReplyYes's vinyl service, called the Edit, they're quizzed on their music preferences and asked to give a thumbs-up or -down to such albums as the Beatles' *Abbey Road* and Dr. Dre's *The Chronic*. Besides typing "yes" to make a purchase, users can text "like" or "dislike" to refine the algorithms that determine their interests.

On April 14, ReplyYes rolled out a service called Origin Bound that will carry thousands of graphic novels. The startup has raised \$2.5 million since its inception. Besides Madrona, investors include Francois Kress, the CEO of Carolina Herrera, and *Saturday Night Live* creator Lorne Michaels's investment arm. Lowercase Capital is backing the company—in part so that founders of some of its other investments can use the technology to test concepts and get immediate user feedback.

The clutter-free and personalized nature of chat commerce may not last long. Cotter of ReplyYes says he doesn't want to break the trust of customers, who have granted him access to their text in-box. You're only as good as your recommendation engine, he says. The company is scouting for its next nerd subculture. —Dina Bass

**The bottom line** Chat commerce is getting traction in the U.S.; one service has sold \$1 million worth of vinyl records using personalized texts.

## E-Commerce

# Moving Merchandise Via Chats and Bots

► Text messages are becoming a way to buy goods and services

► "There's something with messaging that just feels intimate"

The latest e-commerce strategy for winning customers and simplifying transactions is known as conversational commerce—using text messages to offer a daily choice, often personalized, of a meal, product, or service. The whole transaction takes a few seconds and doesn't clutter anyone's e-mail in-box. "As people get numb to social and e-mail, messaging is still the unpolluted medium," says Matt Mazzeo, a managing director of Lowercase Capital. "It hasn't yet been diluted by massive spammy marketing channels."