



video case



chapter 5 E-commerce Business Strategies

case 1 Deals Galore at Groupon

watch the video at

<https://www.youtube.com/watch?v=iHWEXs6fOrw>

summary

Groupon is a location-based service that helps consumers find great local deals and assists merchants in attracting and managing customers. *L= 3:40.*

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Groupon's business model is based on the theory that everyone loves a great deal. Groupon is a popular "deal of the day" Web site offering discounted gift certificates usable at local or national companies. Each day Groupon e-mails its subscribers discounted offers for goods and services that are targeted by location and personal preferences.

Customers purchase Groupons through Groupon's Web site or mobile apps and redeem them with affiliated merchants. The discounts are huge—usually 50 to 90 percent off. Groupon makes money by keeping approximately half the money the customer pays for the coupon. Most deals are only valid for several days and have a limited quantity.

Groupon started as a group coupon-broker of services, and initially deals were only met if a certain number of people purchased them. However, enough deals are purchased that Groupon has been able to discard that tipping point for enabling deals. The company has grown rapidly (today it is in over 1000 cities in 48 countries) to become more of a marketplace and has expanded its offerings. Groupon Goods is an online deal-of-the-day department-style store; Groupon Live offers deals on live events; Groupon Reserve has premium deals from prestigious brands and companies. A recently released mobile app,

Snap, offers cash rewards to consumers for purchasing specific grocery items and sending a photo of their store receipt from their phone.

Along with expanding services to consumers, Groupon has refocused also on services for merchants. With GrouponWorks (Grouponworks.com), it provides services that help small businesses manage the entire customer acquisition process and more. GrouponWorks services include comprehensive online ad campaign management, advice, deals on business supplies, point-of-sale iPad apps to replace cash registers, payment processing systems, inventory management, as well as post-purchase analytics.

video case questions

1. What features of contemporary e-commerce does Groupon utilize?
2. What value does this service provide subscribing merchants? What value does it provide customers?
3. What kinds of businesses are most likely to benefit from using Groupon?
4. Visit Groupon's Web site and enter your zip code. What kinds of deals are displayed? Would you use Groupon? Why or why not?
5. Are there any disadvantages to the merchant in using Groupon Works?

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