

Marketing strategy of groupon: case study

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MarketingCase Studyabout Groupon. com Groupon: Finding Strength in Numbers Case Study 14. 1 talks about the new internet coupon sensation: Groupon. Groupon was recently discovered in Chicago to gain exposure to new businesses through discounted membership deals and has been on the rise ever since. This particular case study attempts to elaborate on the success of Groupon and how it works. The e-coupon was designed to help business owners appeal to new prospective consumers by advertising group discounts on products and services. So far, the website advertises business in 45 major U.

S Cities and has over 2 million subscribers. There are a range of businesses that are advertised on the website. You can find discounts on spa packages, concert tickets, dinner and dessert specials, and more. The way it works is, the business owner makes a deal with the website by offering a discount on a product or service and tells how much they are willing to accept for it and the amount they're willing to give away. Then, Groupon advertises the offer for a limited time and receives a finder's fee once consumers purchase the deals.

The business has full control over the minimum and maximum number of deals they're willing to offer. If the deal doesn't appeal to consumers then there is no financial loss to the business owner. The intention of the business owner is not to gain a lot of profit from the deals made; rather the intent is to drive traffic to the business once the deal is over. Moreover, the benefit of Groupon to the producer comes after the deal is over and the benefit of Groupon for the consumer comes while the deal is still going on.

Questions for Critical Thinking

1. Coupons are a tried-and-true promotion method, and the Internet includes other couponing sites. How does Groupon differentiate itself? Groupon differs from other couponing sites in the sense of the approach taken to advertise the businesses featured on its site. The creators of this e-coupon site have taken into consideration that people are enjoying many products and services in a group setting. Events such as concerts, plays, and dinners usually aren't partaken in alone. It's very beneficial to the consumer to find and purchase discounts for these products for not only themselves, but for friends and family as well. Many other coupon sites only allow access to one coupon per person, but Groupon makes it easy and convenient for one person to obtain multiple coupons for multiple people.
2. Groupon's business strategy harnesses what it calls "collective buying power." What facets of the marketing environment have enabled a business like Groupon to emerge and become successful? The new age technology and ability to advertise via the web definitely plays a major role in the success of Groupon. Many businesses do their marketing on the internet and consumers are doing a lot of buying on the internet as well. This opens the door for many websites like Groupon to act as the middleman for sellers and buyers. Also, with a large number of businesses advertising online, it makes it easier for Groupon to compare prices and negotiate unbeatable deals.