

What's the matter with living social? essay sample

[Literature](#), [Russian Literature](#)



What's the Deal with LivingSocial?, Harvard Business School Case, #9-512-065 Format: 2 pages max, single space if necessary, 1 inch margins all around, minimum 10 pt font. Assume you are working for a new Venture Capital firm here in Denver after graduating with your UCD Masters degree. While you would like a salary commensurate with your skills (\$150,000 per year), you are given a subsistence wage of \$30,000. However, you are given the opportunity to work as part of the management teams that are forced upon startups who are funded by your VC firm. Your payoff potential comes from earning equity in the startup firms. If your projects are successful, it is possible you could earn millions of dollars and launch a lucrative career in entrepreneurship. Questions

1. Your first assignment is to work on a consulting project at LivingSocial for its CFO. He feels you can conduct an objective analysis since you are from the "outside". First, analyze the business model of LivingSocial. Second, you need to provide a recommendation...how would you change the business model to build and grow long term, consistent profits that are above the industry average? Be sure to analyze the impacts of your recommendation in detail to provide support for your ideas.

2. Before you have a chance to see if your recommendations are adopted and ultimately successful, you are pulled away for a quick consulting gig at another company being funded and run by the VC firm. This firm is a fast casual hamburger chain that serves custom-made burgers using natural beef (you choose the toppings), fresh cut fries, milkshakes, and has a license to serve beer. The plan is for the hamburger company to come into Denver region and immediately open 30 restaurants in locations throughout the

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metro area. The hamburger company's marketing VP wants you to develop a plan that uses social media and other Web 2.0 tools to establish and build its brand in Denver and to build a strong and loyal customer base.

Recommend a plan? After sharing the plan, the VP of Marketing has convinced the CEO that your plan will be the key business component that will provide the hamburger company with its competitive advantage. What do you think?

1. Being appointed as a new consultant of LivingSocial, I would first like to analyze the business model of LivingSocial. Business Model - LivingSocial offers new deals each day to its members who subscribe via email. Once a deal has been purchased, members are e-mailed their redemption vouchers the following business day. In addition, there is a referral scheme which makes the offer for a member free if three referrals from the member purchase the offer. Members must either print out their vouchers or download the LivingSocial app on their Android, iPhone, iPad, or iPod to redeem. LivingSocial also provides new customer leads at no upfront cost to merchants, however LivingSocial takes a cut of the deal revenue. Merchants can also control what the offer involves and may choose to cap purchases, as not to overwhelm their business. Recommendation - It appears that couponing models from sites such as LivingSocial have passed their peak - the performance of LivingSocial is likely to, in the near future, be an important indicator of the segment. I would want LivingSocial to use the technique of Innovation in IT. It will fit in the second strategy when the company is operationalized.

New innovations used by LivingSocial can lead to revenue growth.

LivingSocial should make innovations in their business to be more profitable when consumers pay LivingSocial when the deal is purchased. Hence, making these changes can generate good revenue for them when they take a typical 30%-50% share of the revenue generated by the deal after paying the local businesses. Innovations could increase product/service revenues more than how much they had received in 2011 i. e \$176 million. New innovations can also lead to cost reduction. And hence, Innovation can be a source of competitive advantage to LivingSocial. The focus is to analyze the steps taken by the two main online competitors and one future competitor of LivingSocial, they are : Groupon, Bloomspot and Google Offers and act accordingly. Hence, in order to have a competitive advantage, LivingSocial should have to follow the steps used in the model of competitive strategy from Porter, Michael E. they are : Objectives of LivingSocial -> Strategy to compete -> Resources and capabilities -> Assumptions -> Centralized by Competitors.

To be more competitive and innovative in the market, I would like to change the model of LivingSocial by not viewing themselves as a daily deals business, but as a local commerce business. I envision a future where LivingSocial becomes an online seller of goods and services beyond just its daily deals. In this way, LivingSocial can be a competitor of Amazon (a LivingSocial investor). LivingSocial can also implement the technique of CRM as a tool to built relationship with crucial customers through technology. Through CRM, it can provide good service and manage customers that are important to maximize profit per customer. 2. -Use of Social Media and other

Web 2.0 tool will be a great idea that can lead to success for the Hamburger Company. This can help in making a strong and loyal customer base. Social Media and Web 2.0 tools are the new types of Innovation and Technology. It is used by many firms to help them to create & prove new products & services, & bring new products to market.

Social networking also helps the company to connect Research & Development teams. Recommendation - In order to be successful, the Hamburger Company should be innovative with their Product/Meal Category and Customer Category. The Hamburger Company can use an internal social network that resembles Facebook to teach its managers everything from the recipes to the best, fastest way to make them understand. Instead of mailing out spiral bound books, getting feedback from store visits and taking months of time to act on advice from the trenches, the network's freewheeling discussion and video can produce results in days. Hamburger Company can change their recipe based on customer feedback. Beyond advertising on Facebook or Twitter, this company should also use social networks to build teams that solve problem faster, share information better among their employees and partners, bring customer ideas for new product to come in the market earlier, and redesign all kinds of corporate software in Facebook's easy to learn style. The Hamburger Company can use blogs and social sites to bring customers into their product-making process.

They can also develop this blog on their website itself. Through this website, the company can take ideas for new or improved products. In order to give the business of Hamburger's company that extra edge to get a competitive

advantage, with the use of new-age media and technology applications, Web 2.0 giants like YouTube, Twitter, MySpace, Facebook, Digg, and applications like blogging, online communities, and RSS can help them in getting it. Blogging helps to increase keyword-rich web content, links, and to create a more intimate relationship with the customers.

Social Networking on sites like Facebook, MySpace and Twitter can be a very cost-effective viral marketing tool. Embed product videos, video recipes, and corporate presentations available on the hamburger company's website can be very helpful for their customers. Discussion Forums helps the customers and/or foodies a place to discuss the products, or type of products. Use of RSS keep customers/prospects up to date with news and updates. Live Chat can help to talk with the customers via web IM (instant messaging) to answer questions in real-time. This has been proven to increase the conversion rates. Virtual PBX can give the hamburger company an online-base PBX system for incoming calls. All these applications to be implemented in practical can lead to the success of the Hamburger Company.