

# Groupon marketing plan assignment

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Conclusion Executive Summary Groupon, Incorporated (Groupon) is a national e-commerce marketplace that connects local merchants to local consumers by offering goods and/or services at a discount. Each day Groupon e-mails its subscribers discounted offers for goods and services that are targeted by demographics and/or filtered by personal preference. National merchants also have used the company's marketplace as an alternative to traditional marketing and brand advertising.

Currently, Groupon does most of its marketing and advertising on the internet and on the following cellular phones: Android, Blackberry, and the iPhone. After conducting research, it appears Groupon has a niche market, which consists of individuals who have expensive phones and/or are computer savvy. Because a large amount of people use different coupons and may not be computer savvy, my team is putting together a marketing plan that will allow for Groupon to increase its marketability with an older generation and enhance the marketing plan they currently utilize to attract these customers.

Our marketing plan will consist of an executive summary, situation analysis, market summary, SWOT analysis, a review of Groupon's competitors, products and services, keys to success, and critical issues. Additionally, our marketing plan will consist of Marketing Strategy: mission, marketing objectives, financial objective, target markets, positioning, strategies, market mix, and marketing research. The next portion of our marketing plan will be the controls: implementation, marketing organization, and contingency planning. Finally, We will construct a conclusion.

Market Summary Based on the data for mobile coupon users in the United States for 2011, the estimated number of adult mobile coupon users in the United States from 2010 to 2013 is as following: Estimated number of adult mobile coupon users in the United States (2010-2013) In 2011, there were about 19.8 million U.S. adults coupon users and this number is estimated to increase to 35.6 million by 2013. Leading daily deal sites in the United States in April 2011, based on unique visitors (in 1,000) Number of deals sold by Groupon from 2nd quarter 2009 to 3rd quarter 2011 (in millions) In the first quarter of 2010, a total of 1.6 million deals were sold worldwide. By the third quarter of 2011, the total number of deals sold increased to 33.01 million.

Sales Force from 2010 to 2011 Below are tables that show us how Groupon has developed the size of their sales force in both domestic and international markets. This information gives us a snapshot of how their sales force has increased.

Size of Sales Force	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	March 31, 2011	June 30, 2011	Sept. 30, 2011	Dec. 1 2011
North America	128	201	348	493	661	990	1,004	1,062
International	1,080	1,224	2,080	2,895	3,860	3,849	4,134	Total increase
	1,281	2,573	3,556	4,850	4,853	5,196	Sales Force Increase by Percentage	100%
	16%	22%	19%	20%	84%	78%	81%	79%

Total SWOT Analysis for Groupon

Strengths  
Weaknesses Market leader amongst competition Helps develop local economy Aggressive expansion on emerging markets Diversified offers Less limitation on the business (E-commerce) Range Of deals to offered

Large customer and merchant base (35 million registered customers) Asset leverage Innovative Online growth Network power (no ads cost for partnering merchants) No refunds Customer range limitation (main consumers are

young people and females, deals only available in most major cities) Deal-of-the-Day expires within a day Customer retention (Usually first timer customers, rarely return) Opportunities for Groupon Threats for Groupon Increase Market share (currently have 80% +/- of market share) Market penetration into less developed markets Economies of scale (Worldwide) Acquisition offer from large companies ex. previous \$5. billion offer from Google) Extension partners Growth of e-commerce (Online shopping & advertising) Newspaper advertising Market goes as far as new products and services Partnership with social networks More companies will participate resulting in becoming business partners Strong competition and new players such as Google Many small, imitator sites Industry leading position – needs to stay on top Technology barrier Economic slowdown Side-effects of aggressive expansion including managerial problems It is hard to imagine talking about operating or using businesses without nline services these days, as online shopping has caught attention of, and is used by so many customers.

Because of the increased use of online shopping, Groupon has been able to enter and dominate an area that has the potential for great expansion. Groupon online discount coupon service provides opportunities for users to receive significant discounts on goods and services and has already established itself in many big cities. This service not only obviously benefits the consumer and merchant but it also increases sales in the local economy as the services are geographically based. Groupon is also appealing to merchants as it is easy advertising” even if the Groupon is not purchased the business is viewed by many potential customers as it is received by so many.

Groupon does have competition from other businesses that offer similar services, such as Living Social and Ever Save, but remains the leader in the industry. Groupon has 35 million registered customers and continues to diversify its offers (deals can range from high end dinners to deals on a cup of coffee) and markets to retain and expand its client base. Weaknesses There are a couple of weaknesses that Groupon currently faces. While their discount deals are incredible, they do not provide refunds, so customers have to make their decisions carefully. Additionally, the market for their services has a disproportionate amount of young females who purchase deals.

This unbalanced customer base is one of the greatest weaknesses for Groupon. “ Deal of the Day’ not only must be purchased quickly but the Groupon must be used quickly too, as it expires within one day. Additionally, Groupon does not have a large return customer base. A large portion of their customers are one time users/first time users. Opportunities The e-commerce industry will grow even more in the future. This means there will be more opportunities for companies which are based on web technology. There is growth expectation for more customers for the online coupon market as well. The growth potential for this market is obvious. This will bring many merchants into online advertising and promotions as well.

As the internet has connected the world, the opportunities for Groupon to branch into a global market are a reality. This will increase the amount of subscribers but it will also increase the services and merchandise offered worldwide. Threats There is a strong competition in the market. Groupon needs to find ways to differentiate their services from competitors in order to

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stay as an industry leader. Additionally, their managerial problems is another potential threat since Groupon is growing quickly and seems to be having a hard time handling a quickly expanding staff. Their CEO even warns that their managerial system should be reinforced.

If they fail to improve their operation efficiency in a timely manner, they might lose market share to its competitors whose work reflects workplace organization. Competition Groupon has many competitors. According to Business Insider, there are “zillions” of competing services that offer similar promotions. Though the article from Business Insider concludes that the market will be unable to support the many competitors that exist right now, they all represent a threat to Groupon and none can be ignored. These are a few that are approaching the name-recognition that Groupon enjoys: Living Social Though Living Social is actually older than Groupon (Living Social was founded in 2007, Groupon founded in 2008), it is still considered an up-and-coming competitor to Groupon.

Living Social’s success has been due to its imitation of Groupon (daily deals, email subscription, and a powerful mobile application). Google Offers This is a particularly interesting competitor since Google unsuccessfully tried to purchase Groupon in 2010. Google Offers does not offer anything particularly different from Living Social or from Groupon. The advantage Google Offers enjoys is a tie-in with its other successful products and services, such as Android, the mobile operating system on more than 50% of smartphones, and its popular Google Maps service. Though Google Offers has had a slow start, compared to both Groupon and Living Social, Google Offers has the market penetration and the financials to make it a very real threat to

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Groupon. Ever Save Eversave. om in Woburn, MA is a private company categorized under Electronic Media Advertising Representatives. Our research shows it was established in 1999 and incorporated in Massachusetts. Products or services offered are: advertising and related services, mail advertising services, advertising agencies, ads services and advertising media services. BuyWithMe BuyWithMe is the premier group coupon buying website where leading local merchants offer exclusive limited time offers to members of the BuyWithMe community. Through the power of its numbers, BuyWithMe negotiates handpicked group discounts for its customers to access at spas, restaurants, health clubs, bars and other local activities in their city.

BuyWithMe currently publishes daily deals in 12 major DMAs, including Austin, Boston, Chicago, Dallas, Houston, Los Angeles, Philadelphia, phoenix, New York, and San Diego. BuyWithMe is headquartered in New York City, and maintains an office in Boston where it was founded. BuyWithMe was founded by serial entrepreneur and value investor Andrew Moss. Product (Service) Offering Groupon is an online subscription service that offers promotions and discounts for its subscribers from various businesses in specific geographic areas. Groupon offers discounts on products and services ranging from restaurants, organized trips, coffee shops, to dry cleaners. Some of Groupon's offers include physical goods (Groupon Goods). Those goods range from technological products to movie tickets.

Groupon recently launched a new service, Groupon Now, which offers instant deals to a user's geographic area. Groupon offers one "groupon" per day in each of its markets. There are 500 markets and 44 countries that Groupon  
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serves. Groupon earns 50% Of the price consumers pay. For instance, if a customer buys a discounted meal at a restaurant for \$60, Groupon receives \$30, and the restaurant receives the remaining \$30. Though Groupon's business model has received some negative press, it is still viable and is being imitated by its competitors. Groupon does not make or sell any of its own products or services. It relies entirely upon the products and services of businesses operating in specific geographic areas.

This allows Groupon to focus entirely upon its image and it's branding, rather than product manufacturing and distribution Key to Success Groupon's strengths is certainly an emphasis for companys long-term uccess, however, to target the older generation it must make an effort to invent new innovative ideas and services that gain the attention of its intended audience. An emphasized marketing plan is used to determine how a new product or service will affect a business. Furthermore, to determine and develop a marketing plan will help to ensure the success of the new service that is currently in developmental stages. The marketing plan objective is the company's ability to have a written document and make the necessary actions. Groupon's services must determine the importance Of the dvertising to the targeted audience and what will be the next step to develop the company's marketing strategies.

Compan ies are growing and changing all the time and this growth is necessary to keep up with the competition in the market. The objective of almost all businesses is to gain profits and add new products is just one way a company like Groupon can try to do this. In order for Groupon to be successful among their new target audience, the company will have to use <https://assignbuster.com/groupon-marketing-plan-assignment/>



the proper marketing. There may be many items on the market that can be used in this same manner, but this one needs to stand out from the rest. Marketing is a way to build a lasting relationship with customers and keep them coming back for newer products. Groupon will need to market this advertisement in such a way that their Older customers will continue to come back.

**Critical issues** Some of Groupon's critical issues can be a higher cost compared to competitors, weak presence in business area, and lack of business application integration, and support. Nevertheless, Groupon exhibits growth of E-commerce and currently increasing market share, however, Groupon will have to become more competitive on cost to win more business on the older clientele. Groupon will manifest more business expansion opportunities, and increase volume of advertisement to the older generation. **Mission** To maximize marketing for Groupon and expand the brand to new and more lucrative market segments in order to offer the exciting and fun promotions that Groupon has to Offer to as many people as possible.

**Marketing Objectives** More and more people are adopting mobile internet devices (54.9% of cell phone owners own smartphones as of June 2012). And that rate is growing. In the second quarter of 2012, % of people who purchased cell phones bought smartphones. The majority of those phones sold are Android. Close second is the iPhone. This means that more and more people are using smartphones with both email capabilities and the ability to download applications (app), i. e. , the Groupon app. There are many competitors to Groupon, according Business Insider. This means that <https://assignbuster.com/groupon-marketing-plan-assignment/>

in order for Groupon to stay relevant and fresh in consumers minds, it must differentiate from copycat services like Living Social and Lifebooker.

This can be accomplished by appealing to not just a younger, a more tech-savvy market (which is already using Groupon, and its competitors, in overwhelming numbers), but to an older, less tech-savvy market, but holding much bigger purchasing power. The advantages of marketing to a demographic with more purchasing power are self evident: more people using Groupon with more money means increased revenue. The secondary advantage is that since this market is largely untapped, and since this demographic is more brand loyal, we can simultaneously create a stronger brand among this demographic, but beat the competition to the punch.

Financial Objectives 1 . Keep the growth rate high on three digits as percentage. 2. Increase total revenue at least 100% by taking senior market share 3. Minimize net loss by over 10% through financial management.

For the years ended December 31 , 2009, 2010 and 2011 , revenue for Groupon was \$14. 5 million, \$312. 9 million and \$1, 610. 4 million, respectively. It about 2200% growth from 2009 to 201 0, and 500% growth from 201 0 to 201 1 including international market. Groupon increased total marketing expenses significantly, focusing on expanding market share by online channels like social networking websites and search engines.

However, net loss has increased from \$6, 916 (2009) to \$456, 320(201 0), and hen \$373, 494 (2011). Since Groupon is now concentrating on aggressive growth, we predict that taking the share of the market, including expansion of international market; will be one of Groupon’s main goals.

We project next year's financial revenue and net loss based on 10-k below

Projection for Revenue	2011	2012	\$1 0, 430	Net loss	\$297, 762	\$226, 274
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We are expecting revenue will be increased by about 40% while increasing net loss of 6. 5% based on the data from 10-K. Target Markets Groupon, Inc. distributes a featured daily deal by e-mail on behalf of local merchants to subscribers. It offers daily deals from more than 40 national merchants, including Bath & Body , Body Shop, Hyatt Regency, InterContinental Hotels, Lions Gale, Redbook, Shutterfly and Zipcar across subsets of the North American and international markets. The company featured deals from over 1 90, 000 merchants worldwide with local commerce markets in leisure, recreations, foodservice and retail sector.