

# Coupons gone social



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Coupons Gone Social Not long ago coupon inserts on Sunday??™s newspapers were the easiest and probably most common way to save on thousands of products and services from free Big Mac??™s at McDonalds to casual dinners at Olive Garden. But today the social media phenomenon has revolutionized the coupon industry. Sites, such as Groupon.

com, provide to their subscribers a daily offer on restaurants, spa treatments, movie tickets, etc. via email or smart phone. Then they rely on social media to spread the deal. If a certain number of people sign up for the offer then deal becomes available to all, if the predetermined minimum is not met no one gets the deal that day. From a marketing standpoint this could be one of the most effective ways to really benefit from all the social media fever that has taken over the retail industry.

For businesses is a great way to really convert ??? likes??? into bucks. Business owners not only benefit from higher volume but they are also creating buzz about their products and services in the social media world. On the other hand consumers are taking advantage of great discounts without the hassle of clipping coupons and saving them on their wallets for months to later discover that they had expired weeks ago. The idea is definitely convenient, easy to use and could really save customers money. In fact, today on Groupon. com for \$30 you get five Vector tanning-bed sessions or three spray tans at AbsoluTans, which has a value of up to \$75. Ideal for the cold gray days were are having in Miami.

The business plan behind these sites seems to be very successful. According to a recent report on Bloomberg the top provider of online daily discounts,

Groupon, has pushed into hundreds of new cities and doubled its subscriber base over the past three months. That has helped its valuation soar since December, when it turned down a bid from Google Inc. (GOOG) for \$6 billion.

The company now has 70 million users and reaches more than 500 markets, up from 300 when Google made its offer. The company is now in the talks with Goldman Sachs Group Inc. (GS) and Morgan Stanley (MS) for an IPO of over 25 billion dollars. But even though it all seems wonderful to Groupon, the company faces strong competition from dozens of sites. By just searching on Google for ??? Groupon competitors??? I came across six different companies: Livingsocial, Gilt City, Buy with Me, Tippr, Juice in the City and We Give to Get. Without mentioning that after Google failed to buy Groupon it is striking out on its own, making many people wonder if the company is really worth 25 billion or if smaller competitors will soon become Groupon??™s worst nightmare.

In reality there is no much difference between all the ??? social-coupon??? competitors. They all follow the same business model and they even make their websites look very alike. At this point what will really differentiate Groupon from all the others is a huge \$25 billion IPO, which will give the company an edge over competitors, generating enough cash to grow in smaller cities, partner with additional retailers, but more importantly buy out every small venture to consolidate its market share. In the long run I believe we will see how there will only be two major players in the industry who are backed up either by large amounts of money as Groupon or by giant internet players like Amazon, current investor on Livingsocial. com.

And even though social media will allow smaller firms to be created at the end it will still be a game of few. Norberto MunozReferences: ??? Deals Galore, Competitors Abound: A Primer On Groupon-Like? Startups <http://techcrunch.com/2010/07/11/groupon-competitors-guide/> Spawn of Groupon <http://www.slate.com/id/2280963/> Groupon Valuation Soars as Possible I. P.

O. Nears <http://dealbook.nytimes.com/2011/03/17/groupon-valuation-soars-as-possible-i-p-o-nears/scp=3&sq=groupon&st=cse> Groupon could be a great way to attract new customers to any small business but business owners really need to do the math and become educated about the pros and cons of the program. Many could be afraid that this type of promotion would not necessarily generate a repeat purchase, but If the service is great, the quality is excellent and the overall experience is good why not going back Also, with 70 million subscribers in Groupon the site is a great way to generate buzz about your business now that the service is so trendy.

Like you said it could be a win-wins situation. In my opinion this will be an industry dominated by two or three giants, and my guess is Groupon with its \$25 billion IPO, Google thanks to its already powerful business and probably one more player that could be either Facebook or Living Social because of its relationship with Amazon. The question is, are there enough retailers interested in partnering with this giants Probably at the end the competition between them will be so strong that the ultimate winner will be the business owner, who could be offered several options to choose from.