

Shanthan Kumar Bine

991447982

Chapter 2 Case 2:2

Groupon case study

1. How does information technology help Groupon compete?

- A. Information technology helps Groupon compete by helping company reach a large number of customer base through e-mails, personalized offers and give customers instant deals using location-based software. company also provides mobile capabilities and the integration of databases of local information, which enhances customer experience.

2. Do you agree or disagree with the statement that “Groupon has no sustainable competitive advantage? explain your pov.

- A. I believe Groupon does not have sustainable competitive advantage due to fact that they operate in an environment where anyone can enter and become their competitor.
- B. On the other hand, I think Groupon is an innovative company with high potential, especially after its acquisition of Kima Labs, mobile payment specialist and Hyderpublic a company that builds databases of local information. Groupon has also built a large customer base and a large network of merchants, which could be difficult for competitors to replicate. Furthermore, the company has a strong brand, which can also be considered a competitive advantage.

3. How does Groupon add value to the companies whose offers are sold on the site?

- A. Groupon adds value to the companies whose offers are sold on the site by introducing their products to a large customer base that they have and create buzz around their business. Retailers also benefit from the chance to sell additional products and services to customers who come to redeem their coupons and turn them into repeating customers
- B. For example, In August 2010, Groupon launched its first national deal, a coupon worth \$50 of Gap apparel and accessories for \$25. It sold over 440,000 coupons, netting Groupon and the Gap close to \$11 million.

4. Why do you believe Groupon Now was integrated into the main Groupon site? Explain whether you think that it was a success or a failure, and why.

- A. Groupon Now was integrated into the main Groupon Site in 2013 because it was a success using time-based local application that would give customers instant deals at merchants nearby using location-based software. The integration of Groupon now into the main site has made convenient for customers and improved their experience .

5. What would you advise Groupon leaders to consider as their next application?

- A. I would advise Groupon leaders to consider expanding their services into new market places, also Internationally and Improve their technology to further personalize offers and explore ways to add benefits to both customers and retailers. Increase their market networks and also consider to acquire technology companies to provide them a competitive advantage.

6. Analyze the business model of Groupon using Porter's five forces model.

A. According to my research, “Five Forces that Shape Strategy”, Michael Porter observed five forces that have significant impact on a firm's profitability in its industry. These five forces analysis today in business world is also known as -Porter Five Forces Analysis. The Porter Five (5) Forces are.

- Threat of New Entrants
- Bargaining Power of Suppliers
- Bargaining Power of Buyers
- Threat from Substitute Products
- Rivalry among the existing players.

1. **Threat of New entrants** – Groupon operates in crowded and competitive market, with large and well established companies like living social and amazon.com entering. However, Groupon can tackle this as it has built a strong brand reputation, large customer base, technology use and they built strong relationships with merchants.
2. **Bargaining power of suppliers** – Groupon operates by partnering with merchants and offering discounts on their products or services. These merchants may have bargaining power, as they can choose to work with Groupon or other daily deal sites. However, Groupon has established a large network of merchants, which can reduce their bargaining power.
3. **Bargaining Power of Buyers** - The customers of Groupon have bargaining power, as they have a wide range of options available to them for obtaining discounts and deals. Groupon's value proposition is based on offering high-value discounts to its customers, so maintaining a strong customer base is important. The large customer base is the point that differentiates Groupon from its competition. so, maintaining a strong customer base is important.
4. **Threat from Substitute Products** - The concept of online coupons and discounts is not new, and there are numerous alternative options available to customers. Substitute products or services such as traditional

paper coupons, daily deal sites, or discount websites may pose a threat to Groupon's business.

5. **Rivalry among the existing players** - The market for online coupons and discounts is highly competitive market, with many players such as LivingSocial, restaurant.com, and Amazon.com competing for market share. Groupon has established a strong brand name and has differentiated itself through its mobile capabilities and location-based services, which can help it to compete with its rivals.

In conclusion, Groupon competes in a market with intense rivalry and a wide range of alternatives, but it has built a strong brand and set itself apart with its mobile capabilities and location-based features. Since both customers and businesses have negotiating power, it is important to take both into account when determining Groupon's profitability.