

# Groupon

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# Gameplan

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- What makes Groupon interesting?
- User persona of Groupon
- What's critical for Groupon
- What are Groupon's issues?
- Feature to address both sides of the market
- Wireframes
- Measure of Feature's Success
- Roadblocks
- How to get the word out?

# What makes Groupon interesting?

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**Groupon**

# Deal hunter - Beth



## User Story

*"As a Groupon customer, I love to explore and discover local deals so that I can read what others think about the service and try new stuff.. At low cost!"*

Age: 29  
Software Engineer  
Urban dweller  
Loves shopping, fitness  
freak and loves hiking

# Merchant - Pete



## User Story

*"As a small business owner, I want a platform to reach out to new customers, connect and provide high quality service so that I can expand my business and understand customer's needs"*

Age: 46  
Owner of a health and  
fitness center  
Recently opened his  
second branch of spa

# What's crucial for Groupon

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## User



- Active number of unique users
- Number of deals sold
- Average gross billing per active user
- Customer satisfaction

## Merchant

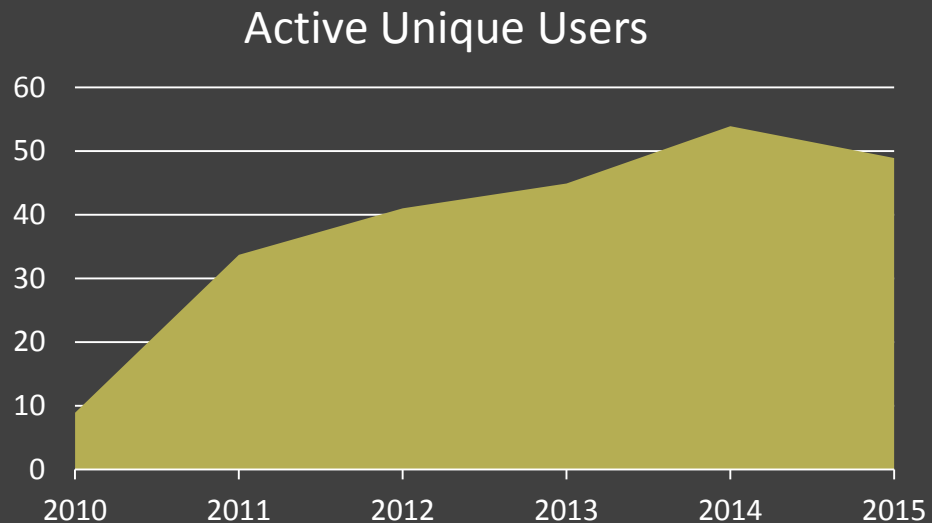


- Number of subscribed merchants
- Live time value of a merchant
- Average gross profit per merchant
- Merchant satisfaction

# What are Groupon's issues?

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## Flat User base

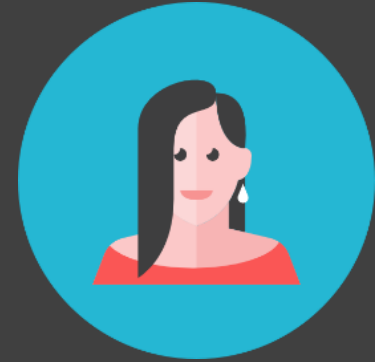


## Merchant Satisfaction





Refers Sandra to the Spa



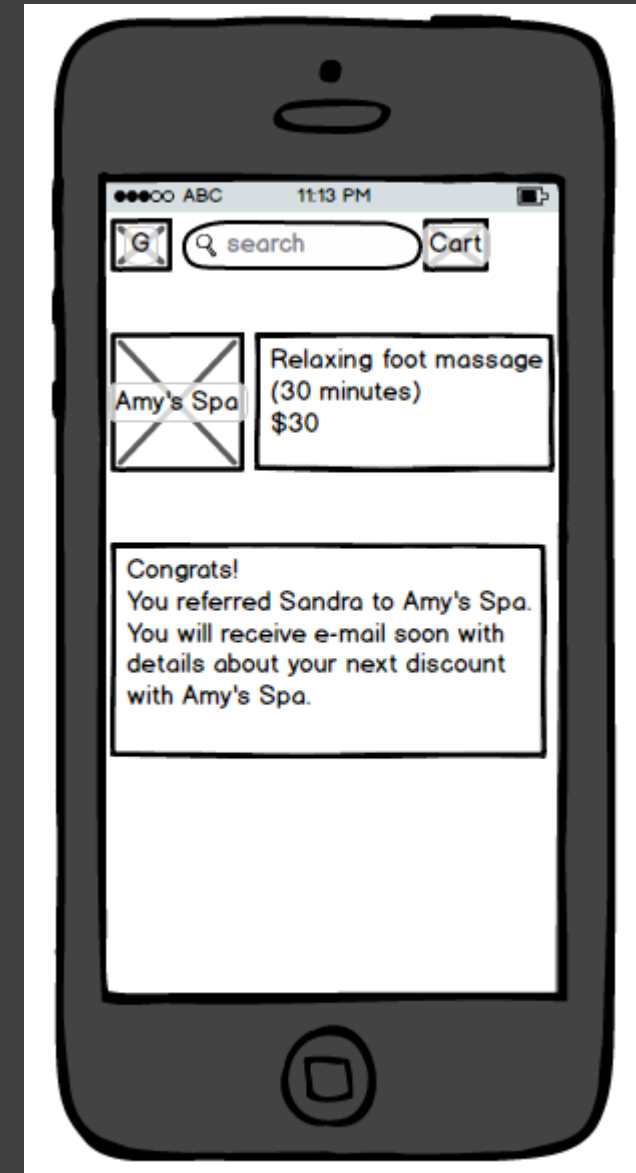
REFERAL  
BONUS

Loves the  
service!

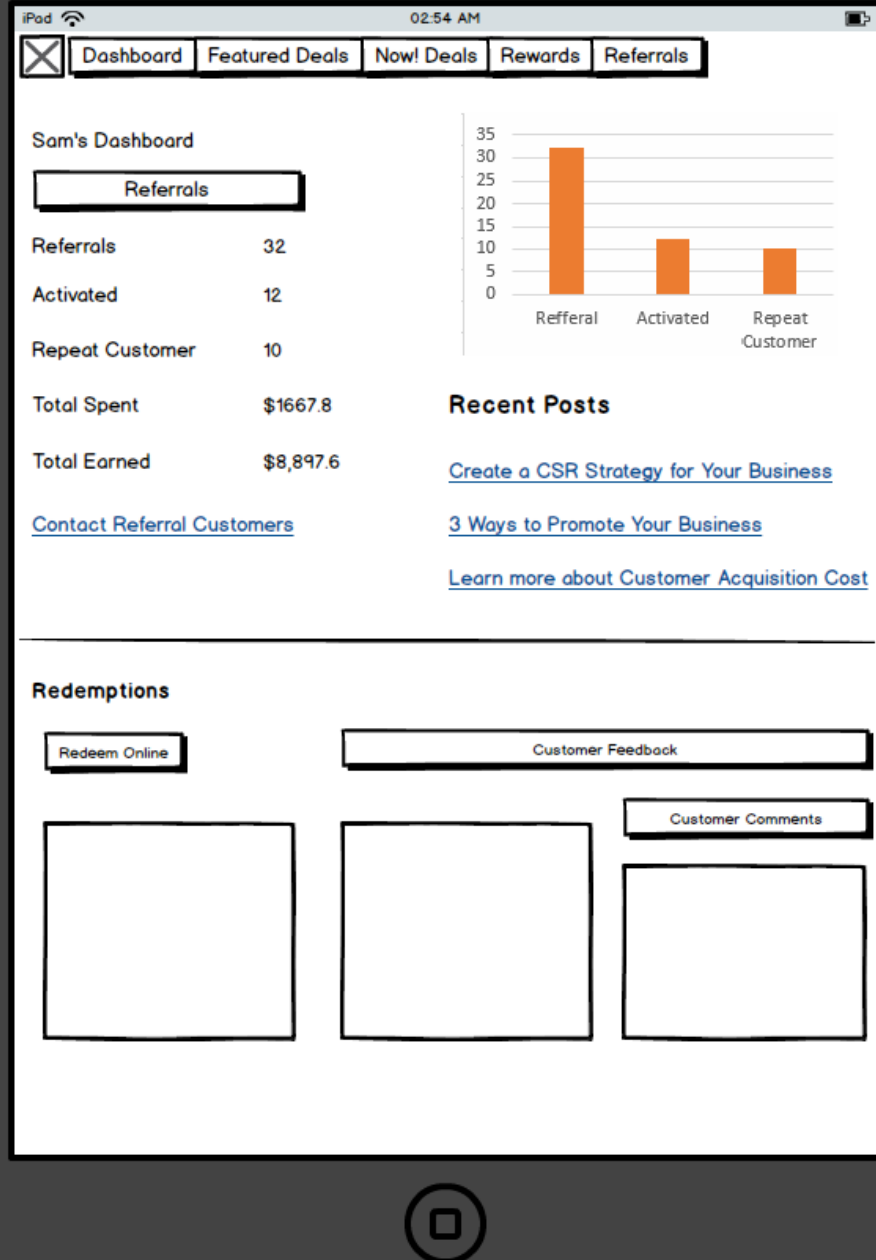
Buys Groupon  
deal



**Groupon**







# Measure of Feature's Success

- Reward attainability
- Feature discoverability
- Participation rate
- Referral conversion rate
  - Number of repeat customer to the merchant
  - Number of new, unique active customers to Groupon



# Roadblocks

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Merchant readiness

User acceptance

Existing customers of merchant



# How to get the word out?

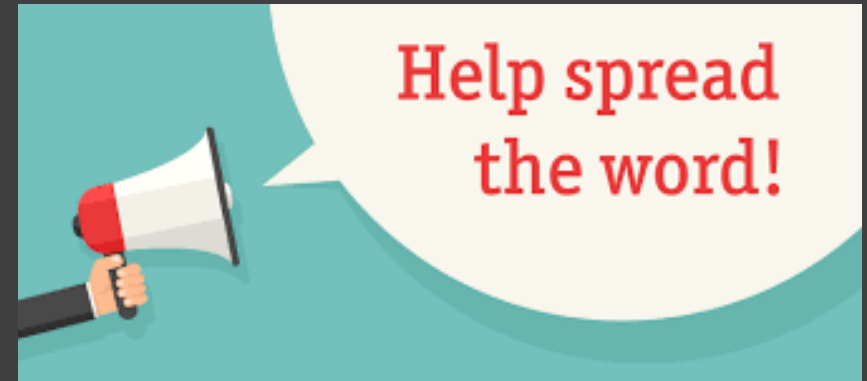
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Email Announcements

In-app notifications

Blog posts

Educating Groupon Sales and Customer Support teams





BACKUP SLIDES

Is it worth running such a promotion?

Break even analysis:

As per 2015 Annual Report, Total Operating Expenses: \$ 1.4 billion

Total Operating Expense	\$ 1.4 billion
% expense on Merchant or Deal onboarding	40% of 1.4 billion ~ 0.6 billion
Number of active deals	650,000
Operating cost per deal	0.6 billion/650,000 ~ \$900

Roughly, Groupon spends \$900 to assess a merchant/deal and runs it. Consider a merchant who wants to put 1000 deals over 90 days.

For example: 1000 deals of \$30 giving service worth \$65. Groupon fees is 50% of sales made by the deal.

To break-even, Groupon must sell at least 60 of 1000 coupons for the deal, which is 0.06%.

**Success measure:**

If deal sells even 30% of 1000 coupons on Groupon – along with referral, total revenue from deal = 300 deals \* \$30 = \$ 9,000

Groupon gets 50% of \$9,000 and merchant takes \$9,000 roughly. Though, merchant may or may not make a profit or break-even on the deal – same criteria on deals without the referral feature.

Total number of deals	1000
% coupons bought	300
Total gross revenue on the Groupon	\$ 9000
Groupon's fees	\$ 4500
Merchant's share	\$ 4500
% of deal buyers who refer friend	~60% = 180
% of referrals buy same deal	~40% = 72
% of referrers going back to merchant outside Groupon	~10% = 7

Merchant ends up with:

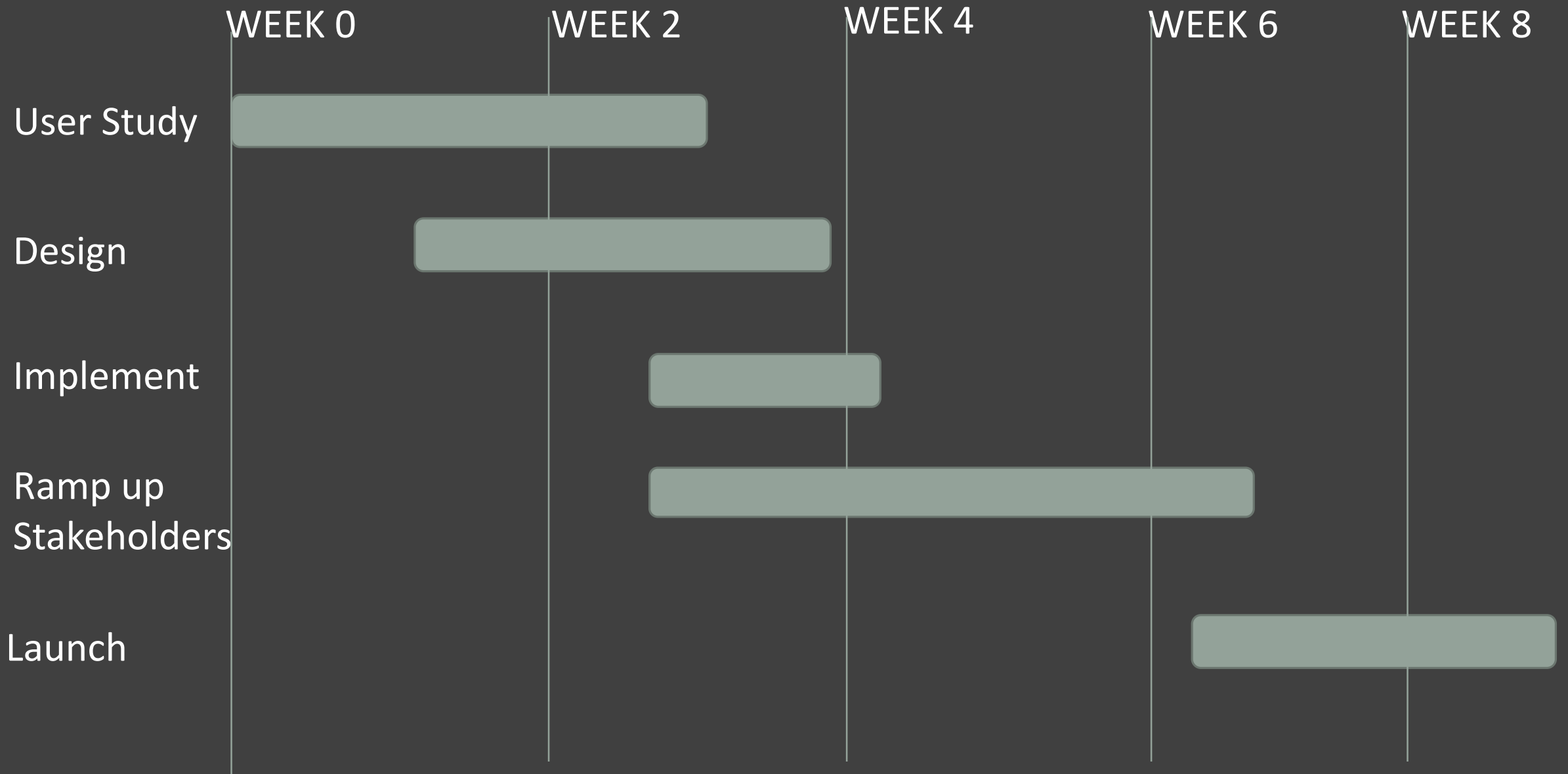
Marketing of his service

Traffic of 300 customers in 90 days

7 repeat customers outside Groupon

72 more Groupon customers after initial flow of Groupon customers





# Meet the Deal hunter - Beth!



Age: 29  
Software Engineer  
Urban dweller  
Loves shopping, fitness  
freak and loves hiking

## User Story

*"As a Groupon customer, I love to explore and discover local deals so that I can read what others think about the service and try new stuff"*

## Attributes

- Relies on social opinion
- Likes to try new things
- Has time to research
- Online shopper

## Challenges

- Reputation of the service provider
- Discovering local service providers
- Scout for new experiences and services

# Meet the merchant Pete!



Age: 46  
Owner of a health and fitness center  
Recently opened his second branch of spa

## User Story

*"As a small business owner, I want a platform to reach out to new customers, connect and provide high quality service so that I can expand my business and understand customer's needs"*

## Attributes

- Been in hospitality industry for > 15 years
- Wants to expand his spa chain
- Believes happy customers bring more business
- High standards of service

## Challenges

- Upfront marketing expense
- Reaching local customers
- Ability to connect and reach customers
- Drive foot traffic in mid-week

# What Groupon believes in?

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To connect **local commerce**, increasing **consumer buying power** while driving more business to local merchants through price and discovery.

