

Company Context Analysis

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Company: **Groupon**

What do they do?

By enabling real-time commerce across local businesses, travel destinations, consumer products and live events, shoppers can find the best a city has to offer, Groupon is redefining how small businesses attract and retain customers by providing them with customizable and scalable marketing tools and services to profitably grow their businesses.

Mission/Value Proposition

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

Number of Employees

1000-5000 Employees

Company History (Industry, B2B/B2C, funding history)

Founded in November 11, 2008

- Andrew Mason's view that there must be some way to leverage large number of people's collective bargaining power led to *The Point*, a web platform based on the "tipping point" principle that would utilize social media to get people together to accomplish a goal. Founder Eric Lefkowsky wanted the company to pivot in order to focus entirely on group buying. Born from The Point, Groupon was launched in November 2008 (Wikipedia)
- Groupon has had 35 acquisitions till 2016
- Operates in 48 countries and 500 markets
- Went public in Nov 4, 2011
- B2C – customers paying for each deal on Groupon
- Funding History: Raised around \$1.3B in seven rounds (Wikipedia) (CrunchBase)

Product

- Groupon website, Snap, Mobile app
- Groupon Getaways
- Groupon Merchant, GrouponWorks

Source of income

- Transaction fee model

Key Users

- Buyers
- Merchants

Goals

Buyers:

Bargain hunters

People organizing group activities

Users who want to find services locally

Merchants: Targeting customers in local market

No huge marketing budget

Need to gain popularity for their product or services among the people of the community

Use Cases

Small business owners who cannot afford large marketing campaigns or advertising costs need a medium to showcase their services to local community. They want to attract enough number of customers to use their service and create a word-of-mouth advertisements or provide positive reviews about the business. Main goal here is to ensure enough customers keep using their service/product. Profits are driven based on volume mainly.

Buyers who scout for bargains or discounted prices need a platform to search and explore what services or products are available. They need to be able to find reviews or opinion of other users who have used the service or worked with the merchant. Users also need an assurance that they can withdraw or return the coupons purchased and hence need a platform which can facilitate this.

Buyers who look for package deals for travelling need a platform to search for deals that encompass different services under single package. Again reliability and security on the payment made to the merchant is necessary.

Key Performance Indicator (KPI)

Measured for site and mobile app -

Number of merchants registering their businesses or services with Groupon

Number of merchants coming back for more deals

Number of customers buying into a deal

Number of customers who return the coupons for a refund

Number of new customers registering with the platform

Number of repeat customers

Number of customers buying into a deal due to an advertisement or mail sent by Groupon

Time elapsed between a customer's search and buying the deal – indicates the level of detail provided in the site about the offer

Competitive Landscape

- **Direct competition:** LivingSocial, Plum District, 8Coupons, BuyWithMe
- **Indirect:** Amazon, eBay, Google- which have large customer base could potentially compete with Groupon on deals and localized offers for its customers

SWOT Analysis of Groupon:

STRENGTHS <ul style="list-style-type: none">• Established connection with more than 150,000 merchants globally• Local businesses or events which want to drive volume gain more from Groupon• Social proof – number of customers who have already bought the deal is a powerful motivator for buyers• Advertising platform for new businesses because of large user base• Platform provides insights to merchants related to their promotion and helps in building a repeat customer base	WEAKNESS <ul style="list-style-type: none">• Degeneration of brand identity due to discounts• Merchants may not come back to Groupon once they have established repeat customers• Level of service on a deal depends solely on the merchants and not on Groupon• Businesses have to choose between cannibalizing existing customer base and reaching to wider customer base
OPPURTUNITIES <ul style="list-style-type: none">• Partnership with businesses by providing them help with selling slow moving inventory• Platform to provide a social network - to create user profiles. Users can then form groups online to buy a group activity• Leverage existing data to provide insights to businesses to design and focus deals to particular group of users who will likely be repeat customers. Such services can be charged a premium cost by Groupon• Network or platform for highly localized ads – even ones with no discounts or deals	THREATS <ul style="list-style-type: none">• No guarantee of repeat customers• New entrants - Lot of new companies in market to provide marketing an advertisement services to local merchants• Deals and coupons are loss leader for businesses• Established ecommerce marketplace like Amazon, eBay pose a threat to growth as a ecommerce marketplace