

# Success Metrics and Analysis

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## Metrics for Groupon's success

## Operating Metrics

- a. Number of visitors – Groupon website and app
- b. % of users dropping off from Checkout page, home page, search page, and reviews page
- c. Number of merchants registered
- d. Number of units sold (voucher/deals)
- e. Average time spent by user per session

## Financial metrics

- a. Gross billings: This metric represents the total dollar value of customer purchases of goods and services
- b. Revenue
- c. Gross profit
- d. Number of coupons returned or cancelled resulting in a refund
- e. Average Order value
- f. Sales per visitor
- g. Revenue by product line (Local deals, Getaways, Goods and Retail)

## Marketing metrics

- a. Cost of acquisition – customer and merchant
- b. Repeat customer rate
- c. Customer Lifetime value – applicable for both customer and merchant

## Other metrics

- a. Customer satisfaction
- b. Merchant satisfaction
- c. Net promoter scores
- d. Operating expenses
- e. Traffic via mobile app

## Gathering baseline metrics

Finance Metrics	Data
Gross billings	\$ 6,255,540
Revenue	\$ 3,119,516
Gross profit	\$ 1,385,065
Marketing expense	\$ 254 million

Operating Metric	Data
Number of unique active customer	47.4 million
Gross billing generated by average active customer	\$ 129.98
Number of units sold	220.8 million
Number of active deals	650,000 for 2015
% of transactions from mobile app	55%
Revenue	\$3119.5 million

Other Metric	Data
Customer satisfaction	95% customers satisfied with their purchase
Merchant satisfaction	71%
Demographics	74% customers are women

## Analysis

Where is the company falling short on the above success metrics? Prioritize the opportunities.

Merchant satisfaction is an important metric that drives Groupon's revenue. Company seems to be falling in this area as most merchants are not seeing long term gains by running long term deals with Groupon. In order to attract merchants, Groupon is accepting lower margin per deals – which if left uncorrected will affect the revenue stream for Groupon.





## Opportunities

1. Groupon is seeing an increase in the revenue in its Goods and Travel category. The reservation price of customers shopping in Travel category is relatively high and hence the need for sharp discount is reduced. Groupon can focus on increasing the service level in this category to ensure they do not fall into cycle of giving large discounts like in their Local category.  
Stated in Groupon's 10-K as: *"The increase in our gross billings was comprised of a \$82.8 million increase in our Goods category and a \$2.9 million increase in our Travel category, partially offset by a \$68.0 million decrease in our Local category."*
2. Invest in improving effectiveness of marketing and promotional services provided by Groupon to the merchants.
3. Improve user's experience to ensure continuous involvement of users on Groupon.

## Opportunities derived from User study

1. **Feature:** Group the coupons or deals bought into categories so that user spends more time shopping for deals and less time searching already bought list of deals.

**Why:** "My Groupons" page currently lists all the Groupons bought by a user as a list as shown below. User has no way to know which Groupons are redeemed, yet to be redeemed, soon expiring

Expires On Oct 4, 2016		Sears Auto Center Purchased Jul 6, 2016	Full Synthetic Oil Change	<a href="#">View Details</a> <a href="#">View Voucher</a> <a href="#">Mark as Redeemed</a>
Expired On Jul 4, 2016		4th of July Fireworks with San Francisco Symphony: "A Night at the Movies" Purchased May 21, 2016 <a href="#">View Order Details</a>	1. 07/04/16 at 8 p.m., 200-Level: One G-Pass Ticket 2. 07/04/16 at 8 p.m., 200-Level: One G-Pass Ticket	Redeemed <a href="#">Leave Feedback</a> Redeemed <a href="#">Leave Feedback</a>
Expires On Aug 31, 2016		Fandango Purchased Mar 11, 2016	\$26 Total Value Toward Two Tickets at Fandango.com	<a href="#">View Details</a> <a href="#">View Voucher</a> <a href="#">Mark as Redeemed</a>
Expired On Dec 31, 2015		Fandango Purchased Jul 24, 2015	\$26 Towards Two Tickets at Fandango.com	<a href="#">View Details</a> <a href="#">Leave Feedback</a> Redeemed

- Feature:** A push notification after user redeems Groupon voucher – "Recommend Field Stone Winery service to a friend and take 5% off on your next visit"

**Why:** Merchants complain about not getting long term customers even after a successful stint of Groupon. This feature drives more users to Groupon due to social effect of a friend recommending a place/service and merchants have a benefit of getting customer outside Groupon deals too – encouraging merchants to see Groupons more often.

I'm picking Feature 2 listed above to elaborate upon.

#### References:

1. Groupon's Annual Report 2015
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3. "HOW EFFECTIVE ARE GROUPON PROMOTIONS FOR BUSINESSES?" by Utpal M. Dholakia and Rice University
4. Quora: <https://www.quora.com/Is-Groupon-good-for-businesses-over-the-long-term-Do-deal-sites-like-Groupon-build-loyalty-for-returning-customers#>