**About Honey:**

The **Honey Business Model**operates as a free browser extension app that offers its users promotional codes, automatic coupons, and saving deals for buying products on supported e-commerce websites.

Honey aims to help its users save money through mouth-watering discounts when they shop online.

**Industry:** Online coupons, E-commerce, shopping,

**Founded:** October 2012

**Founders:** George Ruan, Ryan Hudson

**Headquarters:** Los Angeles, California, United States

**Number of employees:** 209 (worldwide, 2018)

**Parent Company:** PayPal

**Total Funding Amount:** $31.8 M

**Investors:** 14

Honey uses 39 technology products and services including HTML5, Google Analytics, and Google Fonts, according to G2 Stack.Honey is actively using 43 technologies for its website, according to BuiltWith. These include Viewport Meta, IPhone / Mobile Compatible, and SPF.

**Valuation and Revenue of Company:**

1. **VALUATION**-Honey was **acquired by PayPal in January 2020 for $4 Billion**.
2. **REVENUE**– According to PayPal, the annual revenue of Paypal Honey in the 2018 audited report was **$100 million** and the company is currently **growing at a rate of more than 100% annually.**

**Revenue Model:**

This company makes money through Affiliation. Honey majorly makes its money through commissions from its merchant partners. When any of the users of the Honey browser extension app uses a coupon or promotional code to find an available discount and purchase a product, Honey gets a commission fee from the merchant. The commission is a percentage of the total sales price, usually 0.5% to 10%, and sometimes as high as 20%.

Honey tracks every sale and works with affiliates to confirm the purchases their users make. They work with over 20 affiliate networks. Honey has partnered with over 30,000 stores in industries ranging from fashion, food, and travel, to electronics and gadgets.

**Investors:**

Honey was able to raise a total of **$31.8Million** in over **6 rounds** of its funding.

It is funded by 14 investors. Some of them are

* Citi Ventures
* Trend investment group
* Anthos Capital
* Ludlow ventures
* Mucker Capital
* Cedana Capital
* Wonder Ventures
* BAM Ventures
* Plug and Play
* SGH Capital

**Customer Analysis:**

* Currently providing its services to shopping sites in the **US, UK, Canada, Australia**, and some more, Honey’s focus is on customers involved in **the E-Commerce space**.
* Most of its members are millennials belonging to a young generation of both male and female. (Age 16-24)
* Honey’s **17 million** monthly active users take advantage of its suite of money-saving tools to track prices, get alerts, make lists, browse offers and participate in an Ebates-like rewards program called Honey Gold.

**Key Competitors:**

* **RetailMeNot**: With a funding of $484 million, RetailMeNot is one of Honey’s biggest competitors. Founded on 27th October 2006, it is an American multinational company.
* **Shopper**: Honey’s one of the most popular competitors, Shopper helps its users to save maximum on every purchase by automatically applying all available & valid coupons for their purchase.
* **Flipp**: Flip is a website/mobile app that helps its users save money by offering them the latest deals and discounts at their local stores.
* **Piggy**: Piggy is a free-to-use browser extension that saves the time and money of its users by offering them coupon codes and cashback.
* **Coupert**: Coupert is a browser extension that works as a free personal shopping assistant to help its users save money as much as possible while shopping online.

**Honey’s Customer Relationships:**

Honey’s customer relationship consists of:

* Social media
* Customer service
* Website

**Promotions, Collaborations and marketing strategies:**

* Marketing strategies of these compony are very simple most of them offer app or browser to use at free of cost which will help people to get perfect coupon for saving money or to get maximum discount
* These all compony have a separate option on their website which is of their press media news appearance or any official statement they have released
* All of them have their social media account which is actively used by them to connect with people and for advertisement
* ***Honey*** offers honey gold membership it contain Honey offers a **free rewards program** for all users known as Honey Gold. With Honey Gold, users can earn rewards when shopping at more than 5,500 retailers like Home Depot, Apple and Microsoft. They can then redeem rewards for gift cards at merchants like Chipotle, Sephora and Nordstrom

**Product Portfolio:**

* It mainly offers discount coupons.
* Other than that it has price history and price drop alerts feature to which is attractive for the
* Honey Gold- When a user uses it’s service, gets some gold coin, which can be later redeemed to gift cards of certain amounts

**Detailed SWOT (Strength, Weakness, Opportunities and Threat) analysis**

### **Honey’s Strengths**

* Free for end user
* Owned by a giant Paypal which gives edge over new entrants and startups
* Huge userbase of 17 million user and foot print over 1000s of online stores
* Unique Feature in Honey mobile app, where consumers can add items from different retailers to their cart and pay for them all at once. That has been something that nobody in retail has solved yet.
* Initially launched for Chrome but recently introduced for Microsoft Edge, Safari, Firefox, and Opera. And also applications launched on Google playstore as well as apple app store

### **Honey’s Weaknesses**

* **Brand Recognition:**

Yet to gain expected popularity in countries like India China and Indonesia where local players like **Brthe (India) ,** [**Weipinhui**](https://www.crunchbase.com/organization/vipshop)**(China)**, [**Ralali**](https://www.crunchbase.com/organization/ralali)**(Indonesia)**

* **Tough Competitions:**

Other Competitors like Capital One Shopping (formerly WikiBuy) by Capital One & **Karma** also giving tough competition with some unique feature Karma has predictive analytics bot which helps consumers make better shopping decisions prior to purchase, whether by opting for a better price, applying coupons, or letting you know to wait until the price drops even more

### **Honey’s Opportunities**

* **Integration in Paypal payment interface**:

We can soon witness the integration of coupons with payment apps. Cashback, rewards, and loyalty programs will be accessible in PayPal wallet.

* **New User Acquisition:**

Access to Paypal’s 300 million user base including huge number of Merchants. It can extend its services to more countries. Honey can attract more users through marketing.

### **Honey’s Threats**

* **From Tech-Giants:**

like **Amazon** and **Google** who has already become challenger to Paypal as well with their own payment service. Google Shopping and Amazon Assistance also helps with Coupon and can softly restrict Honey on their platform.

* **Misinformation:**

Amazon released a statement and prompted its users to uninstall Honey. The e-commerce giant named “security issues” as the reason, stating that user’s data would be at risk.

**New strategy for customer acquisition:**

The company offers a bunch of tools to grab a cost-effective deal. These tools are-

* **Price comparison and alerts**: Honey alerts its users to the lowest prices on Amazon by comparing the prices of different sellers for the same item. It even includes shipping costs and considers Prime membership;
* **Droplist**: The droplist feature on Honey allows users to add items from their desired e-commerce store to a list. If any coupon for the added items pops up, Honey alerts its users. Also, a user can determine the price at which they want to purchase an item;
* **Gold cashback & Rewards program**: If there are no available discounts, users can earn Honey’s digital currency, “gold”. The Gold cashback and rewards program ensures that users can redeem their accrued gold for gift cards from retailers such as Home Depot, Microsoft, etc.;
* **Price History**: On Amazon, Honey tracks the prices of products from over 30 days to about 120 days. It notifies users about price changes and helps them to make informed decisions before purchasing a product.
* **Referal**: When anyone joins Honey through a referral link, both the referred friend and the referral can receive a 500 Honey Gold Referral bonus.
* **Advent to Mobile Space** – Originally a web browser extension, Honey has now entered mobile space too. Now users can add products from different sites to a single cart. As Honey states – the extension goes with you. The app brings everything to you.
* Along with its wide range of services, Honey also provides tips to its members to make better buying decisions. This feature is at present, only available in the US.

**Value Propositions:**

Why should customers prefer Honey? Here is a list of values delivered by Honey to make customers lives simple and easier-

**Time Saver**– The customers need not browse here and there to get a valid coupon or promotional code to get the best deal for a product. Honey does this task. It automatically does the entire process thus, saving a lot of time and effort.

**Saves Money**– With a host of tools that Honey has to offer to its members, it helps them in getting a cost-effective deal. Along with a valid coupon, they might have a chance to win a cashback in the form of ‘Honey Gold’.

**Lessen the workload**– One can add products in an electronic basket called the Droplist and can easily track prices without the need for visiting the merchant’s site. This feature is offered by honey which automatically sends a notification to the customer when the price of the product drops.

**Different Marketing strategy:**

* Over the past 2 years, they have appeared on 100+ podcasts and over 400 YouTube channels whilst their strongest content categories are Gaming, Lifestyle and Entertainment.
* Their best performing sponsored video was with PewDiePie in September 2019, which attracted 59 million views.
* In 2020, Honey launched a web series called "Honey Originals", interviewing some of the major YouTube stars they had sponsored in the past, and solidifying their YouTube presence.

Honey’s Key Partners:

* **Partner Merchant Stores**: Without the merchant/e-commerce stores that partner with Honey, the browser extension app cannot be used. Honey partners with over 40,000 merchant stores to give the best deals and discounts on products of all types to their customers. Some of these merchant stores include Target, Macy’s Nike, Adidas, Sephora, Lowe’s, etc.;
* **Affiliate Networks**: Although Honey partners with merchants/e-commerce stores, it does not deal with them directly. Instead, Honey works with its partner affiliate networks to provide its services to its users. Some of the affiliate networks Honey partners with include Rakuten, LinkConnector, Groupon, Affiliate future, etc.;
* **Marketing Partners**: These are channels through which Honey advertises its services to its target audience. An example of Honey’s marketing partner is YouTube.

## **Conclusion:**

The Honey Business Model is determined to help its users save money and time at no extra cost when shopping online. This is achieved by offering users the best deals and discounts on whatever product they are trying to purchase. In addition to saving money and time, Honey helps its users to make healthy decisions while shopping. The price history feature tells a user the best time to buy a product.

Honey operates an affiliate marketing business model and generates revenue solely from affiliate commissions. The commission Honey receives on each customer purchase depends on the deal made with the merchant/e-commerce store. The Honey business model is effective and has generated millions of dollars in revenue as its user base grows.

Over the past 2 years, they have appeared on 100+ podcasts and over 400 YouTube channels whilst their strongest content categories are Gaming, Lifestyle and Entertainment.

#### **Honey on YouTube**

Their best performing sponsored video was with PewDiePie in September 2019, which attracted 59 million views.

In 2020, Honey launched a web series called "Honey Originals", interviewing some of the major YouTube stars they had sponsored in the past, and solidifying their YouTube presence.