



## e-G8 FORUM

### **e-G8 Forum Summary**

Paris, May 24-25 2011

#### **Conversation:**

**Andrew Mason**, Founder & CEO, Groupon talks with **Gilles Babinet**, Entrepreneur and Chairman, Conseil National du Numérique

#### **Key Points**

- Groupon's phases of development reflect the evolution of Internet-based businesses towards increased personalization and real-time deals. It started with a push sales strategy, offering deal-a-day for customers to browse; it is now developing a more personalized demand-based "pull service" called Groupon Now.
- A key Groupon strength is the size of its salesforce, which helps create a quality-focused link with local businesses. Sales teams negotiate deals to bring together businesses and customers. This "density of coverage" with local salespeople has enabled the real-time Groupon Now to launch.
- The happiness of the customer -- by appealing to exactly what they're interested in finding -- is a business value Groupon emphasizes.
- The Groupon business model is based on using the Internet as a way to achieve a collective outcome.

#### **Synopsis**

Launched in November 2008, Groupon now stakes the claim of being the fastest growing company in the world, employing 7,500 people to offer localized "deal-of-the-day" coupons to customers. Its group discounts are negotiated by Groupon itself with local businesses in 500 different cities across 46 countries, mainly in the food and entertainment industry. Andrew Mason said the company has found the Groupon model surprisingly effective in every region of the world.

Specifically focusing on customer happiness was key for GroupOn's success with a local-centric e-commerce model that had never succeeded before, a business value that is not as complicated as some companies may think. "It's as simple as talking to your customers and understanding what they



want and making sure you do those things," Mason said. Critical was the company's ability to put themselves in the shoes of customers to understand their priorities. Relating to a highly demanding customer mindset, the company was able to work to serve it.

Groupon found it was a mistake to try "to be all things for all people." It realized that doing a great job serving a selection of customers was far more valuable than doing an okay job serving everyone. Another key discovery was that self-service was not always the answer in building e-commerce models. Groupon's expanding sales force was an essential ingredient to growing its network of local merchants.

The company focuses on "relevance" today -- refining personalization technology to find products that will be of maximum interest to every individual consumer. It has also added a real-time element with its Groupon Now service, based on the premise that customers often make food and entertainment decisions at the very last minute. Providing an effective real-time experience required moving from a "push" model to the more difficult "pull experience." Instead of browsing offers Groupon found for them, the customer tells the service specifically what they want and when. Groupon Now uses relationships with thousands of merchants to offer real-time deals in a window of a few hours.

Mason said Groupon has had the effect of "catalyzing" lifelong passions among customers. A discount of 70% off at local rock-climbing classes can lead to discovery of interest in the sport among people who would otherwise never had considered becoming a rock-climbing enthusiast. "It exposes people to things they wouldn't otherwise do."

Groupon's business model is based on using the Internet for collective action, allowing individuals to come together to achieve a common goal. The model has also repeatedly been used for more altruistic purposes with success.

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