

Groupon And The Online Deal Revolution

Contributed by eMarketer
Monday, 04 July 2011
Last Updated Tuesday, 05 July 2011

Digital coupons put a new spin on an old marketing tool

While the vast majority of coupons are still clipped from Sunday newspaper inserts, digital coupon usage is growing rapidly.

In 2011, nearly half of all online consumers will redeem digital coupons online or in a store, eMarketer forecasts. Increased usage and acceptance of mobile coupons will ensure future digital coupon growth.

“Several factors account for the rise of digital couponing,” said Jeffrey Grau, eMarketer principal analyst and author of the new report, “Coupon to Groupon: New Channels for an Old Tradition.” “The recession, the increased use of the internet as a shopping and research channel, and, of course, the immense popularity of daily deal sites like Groupon and LivingSocial have created a new form of online deal hunting.”

This year, eMarketer estimates, 88.2 million US adults will redeem an online coupon or code for use either online or offline at least once.

Many of those coupons will be from daily deal sites, where users pay for coupons in advance and in return get a steep discount.

Morpace reported that 32.5% of internet users had downloaded Groupon coupons, for example. Unlike regular online coupon users, Groupon users were young, mostly in the 18-to-34 age bracket.

But like regular online coupon users, Groupon users had higher income. Groupon users also tended to be female and married, but by narrower margins than they were for regular online coupon users.

The age profile of Groupon users certainly appears to be shifting, according to Experian Hitwise. For the four weeks ended January 29, 2011, the largest concentration of Groupon visitors was users ages 55 and older (37.5%).

“Daily deal sites like Groupon and LivingSocial cater mainly to small businesses,” said Grau. “But national brands have been intrigued by their potential and several have launched daily deal offers. Before taking this route, brands should understand that daily deal sites and regular online coupon sites appeal to different demographic segments and meet different consumer needs. Also, the two types of sites have completely different business models, affecting how deals are structured.”

The full report, “Coupon to Groupon: New Channels for an Old Tradition” also answers these key questions:

What is the outlook for digital coupons?

How and where do consumers find digital coupons?

What role do social networks play in the distribution of digital coupons?

7 June 2011