

## GROUPON BATTLING FOR ITS LIFE AS DAILY DEALS SHRINK



Groupon and others daily deals entities were predicted to alter the environment of small-business advertising. However, they are working to adapt as more proof has come about that their business plans are structurally inept, according to a report in the Chicago Tribune. Last week they announced another three months of low revenue. Their stock dropped 30 percent to an all-time worst \$2.76. When the market closed Monday, it plummeted further to \$2.69. Loving Social, a competitor, is seeing a loss as well. Both organizations are planning to modernize. They are planning to get into basic online commerce regions such as off-price sales. New companies are creating their own alterations in regards to discount coupons. Experts say that the rapid expansion that let Groupon hit the market at \$20 a share last year was helped by business people purchase into a fresh field or marketing that didn't totally have a grasp on. The low rates from Groupon have cost too much and the repeat business they do get is unclear. Approximately 115 businessmen that utilized daily deals in the fall indicated that 39 percent of them would probably not conduct another Groupon promotion for several years. This was due to the elevated commission figure and small total of repeat customers through said promotion. It also states that 32 percent of them lost money while 40 percent said the promotion was not as beneficial as other marketing options. Interest in the daily deals has dipped as well. Groupon states that the average revenue for each customer dropped to \$63.96 over the last year from \$76.49. High ranking officials in the company have jettied as the overall value has fallen to \$1.8 billion. When the company went public, it was at \$13 billion. Critics have questioned Groupon's accounting methods, even though Groupon claims it had \$1.2 billion without any long-term debt. A new assortment of services and features are on their way that Groupon believes will attract partners for various companies to use. Groupon owns approximately half of the daily deals market in North America. Challenges are still abound for Groupon. Last week they fired 80 workers in order to save money. Rivals have started to take traditional coupons and bring them into the technological age. They take a small portion of revenue for every sale from their coupons. New companies are planning to shape their deals to offer merchants a larger portion of profits. Interest is building in the areas of restaurants and spa services, places where larger coupons might work better for merchants.