

Group buying sites boost e-commerce in Asia

May 2 2011, by Simin Wang



People pass signboards for a Chinese Internet "group buying" firm in Beijing. Innovative "group buying" sites offering bargains on everything from meals to travel packages are catching on in Asia as companies harness the power of social media to influence consumer behaviour.

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International brands and local merchants alike are exploiting the business model, which offers attractive deals with a catch -- they have to be purchased by a minimum number of consumers within a deadline.

The discount sites take out advertisements on [Facebook](#) and portals, send out Twitter messages and blast emails to their target market to promote particular deals.

Consumers in turn ask family members and friends to take up an offer -- so that they can eat in a group or relax in a spa together -- and at the end of a successful promotion, discount sites get a cut from the vendors.

"It is basically about creating experience for the user," said Patrick Linden, chief executive of Singapore site deal.com.sg, who said his sales hit Sg\$2 million (\$1.6 million) in February from just Sg\$20,000 in May 2010, its first month of operation.

"Basically, social media powers our business," said the 30-year-old German entrepreneur who claims to have more than 300,000 email subscribers notified regularly about offers.

"The whole [viral marketing](#) is enabled through social media."

Financial services giant J.P. Morgan forecasts the Asia retail e-commerce market, excluding travel, to more than double from \$156 billion in 2010 to \$323 billion in 2013.

According to the China Internet Network Information Center, there are nearly 20 million group-buying customers in China among the country's 160 million e-commerce consumers.

"There is definitely an upward trend for social shopping," said Elias Ghanem, Singapore-based general manager for Southeast Asia and India at payment solutions company PayPal.

"When you combine the notion of social shopping with group buying, you get a very powerful experience that has the potential to appeal to millions of consumers," he added.

"Many Asians are already connected with friends, family and colleagues on social networks, so it's only natural that merchants of all sizes would

follow them."

On a recent weekday, three different sites in Singapore offered deals such as Sg\$1 (80 cents) for a chicken burger, Sg\$5 for a nail service and Sg\$48 for a traditional Chinese medicine package -- all just a fraction of normal costs.

Global discount coupon giant Groupon is expanding its presence in Asia, acquiring sites in Hong Kong, Singapore, Malaysia and Taiwan and has initiated a joint venture in China.

Groupon Singapore, formerly known as Beeconomic, says it has overtaken eBay and Amazon to become Singapore's 17th most visited website with 150,000 hits per day.

"I think this is a very sustainable business," said Groupon Singapore's chief executive Karl Chong, a 29-year-old Australian.

The company offers exclusive deals from international merchants such as fast-food chain Subway, ice-cream company Ben & Jerry's and fashion retailer G2000.

A study by consumer research firm Nielsen, commissioned by [PayPal](#), reported that Singapore's online shopping market was worth Sg\$1.1 billion (\$889 million) in 2010 and expected to reach Sg\$4.4 billion by 2015.

In a city-state with only five million people, Nielsen says there were 1.2 million shoppers aged 18 and above with an average online spending per head of Sg\$1,492 (\$1,206) in 2010.

Another local coupon site, [bigdeal.sg](#), features deals from local small and medium enterprises which founder Daphne Teo, 25, said are not getting

as much attention as multinational companies despite their quality services.

About 20 online discount sites now operate in Singapore, one of the world's most connected societies with virtually full web and mobile penetration.

"I was really hooked when it started because some of the deals were at least 50 percent less than what I used to pay," said online shopper Peggy Lim, a 34-year-old office administrative employee.

"It also gave me an excuse to try out some new things, like eyelash extension, bag spa and fitness class," she said.

To stay ahead of the game, several coupon sites are extending their online services to mobile phones, providing customers with another way of clinching deals wherever they are, with location-based services linked to shops in the immediate vicinity.

"Online offers a lot of benefits such as convenience, speed, time, a 24-hour opening, tremendous information on products and reviews," said Hooi Den Huan, 56, director of Nanyang Technopreneurship Center, which helps Singapore businessmen exploit technology to boost sales.

"In the Asia-Pacific region, more and more people are coming online, in places like Vietnam, China and India, so I think this trend will grow in the future," he told AFP.

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Citation: Group buying sites boost e-commerce in Asia (2011, May 2) retrieved 26 April 2024 from <https://phys.org/news/2011-05-group-sites-boost-e-commerce-asia.html>

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