

# Daily deal companies are here to stay, according to consumers

September 14 2011

---

Despite recent news reports questioning the long-term viability of daily deal companies, a new study from researchers at Rice University and Cornell University shows that the companies are more popular than ever among consumers.

"The key finding is that there is no evidence of waning interest among consumers of [daily deal promotions](#)," said Rice University's Utpal Dholakia, co-author of "Daily Deal [Fatigue](#) or Unabated Enthusiasm?" "In fact, the more deals purchased by an individual, the more enthusiastic they seem to be."

Dholakia, professor of management at Rice University's Jones Graduate School of Business, and Sheryl Kimes, professor of [hospitality management](#) at Cornell University, examined consumer perceptions of daily deal promotions. The researchers surveyed 973 respondents in August; 655 were daily deal users and 318 were not.

Dholakia said the study is good news for daily deal companies, who have been hit hard in recent weeks with reports of the industry's [decline](#). Even previous research by Dholakia found that not enough businesses are coming back to daily deals to make the industry sustainable over a long time.

The new study shows significant opportunity for growth among consumers, as only 16.7 percent of the research panel's population has used daily deals before, and the majority of non-users (90.6 percent)

haven't bought a deal because of awareness or access issues.

"We see significant further opportunity for trial and use of daily deals by current non-users," Dholakia said.

Overall, daily deal customers tend to have little interest in being seen as different or "fringe" in their shopping patterns, are not very careful with their [personal finances](#) and do not think about spending issues all the time. They are interested in trying new products and services to have new experiences to talk about and influence others. They are attracted to a deal because it is a deal, and are likely to be less sensitive to the actual terms of the offer made by the merchant.

"All of these psychological characteristics indicate that the underlying motivations for purchasing daily deals are complex and multifaceted, having to do with more than just saving money," Dholakia said.

The study brings into question one of the basic beliefs held by most in the daily deal industry. "There is a theory that consumers must be offered 'deep' discounts (50 percent or more) to be interested in daily deals," Dholakia said. "Our research shows that a significant number of [consumers](#) will continue to buy the deals even if the discounts are slightly smaller. This is a significant finding because my previous research showed that businesses find huge discounts to be unsustainable. The industry seems to be operating under the opinion that deep discounts are the only way to be successful, but that's not the case."

**More information:** To read the complete new study and previous research papers by Dholakia on daily deal sites, visit [www.ruf.rice.edu/~dholakia/](http://www.ruf.rice.edu/~dholakia/)

Provided by Rice University

Citation: Daily deal companies are here to stay, according to consumers (2011, September 14)  
retrieved 24 June 2024 from <https://phys.org/news/2011-09-daily-companies-consumers.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.