

Groupon testing out VIP program

February 17 2012, By Wailin Wong

Groupon Inc. is testing a new program called Groupon VIP, the Chicago-based daily deals company's first foray into a paid product for subscribers.

The subscription-based loyalty program costs \$29.99 a year after a three-month free trial period and provides early access to deals, as well as the ability to purchase deals that have closed or sold out to regular subscribers. In addition, Groupon VIP members have one-click access on the website to process refunds on coupons that they were not able to redeem in time, with the refund coming in the form of Groupon credit.

Groupon spokeswoman Julie Mossler called the program "a must-have for Groupon addicts" but cautioned that it is still in test mode. The company is "quietly testing in a handful of markets," she said. Chicago is not part of the test, which debuted in Tampa, Fla. and also includes Hampton Roads in Virginia.

Washington, D.C.-based LivingSocial has been testing a similar program, Plus, since November 2011. LivingSocial's service costs \$20 per month and provides early access to special and closed deals, the ability to participate in VIP events and \$5 in additional credit every month.

Groupon VIP represents the first time the company has had a paid product on its site. Signing up for Groupon e-mails is free and consumers pay just for the coupons they want to purchase. The test of the subscription-based program comes as the company continues to

experiment with features that offer heightened personalization for consumers and more manageable traffic for merchants.

Speaking Thursday at a Goldman Sachs-organized investors' conference in California, Groupon [Chief Executive](#) Andrew Mason said personalized deals will roll out to non-U.S. subscribers later this quarter. Consumers will also see their experience improve in terms of receiving deals that are more suited to them, whether it's by geography or area of interest.

"In the next two to three months, we're doing a few things to make (personalization) even better," Mason said.

Subscribers will be able to store multiple locations, such as their home and workplaces, for example. And deals will come up with a thumbs-up or thumbs-down feature so that a person tired of seeing Pilates deals can click thumbs-down to keep similar offers from popping up again or indicate a preference to receive additional, similar deals.

This tweak "also helps to remove some of the worst infractions in our deal selection for users that don't want to receive certain types of deals," Mason said.

In addition, Mason said more features to share [deals](#) through online social networks are forthcoming, though he was vague on the details.

"We have not done nearly as much as we can or will to leverage social," he said. "There's sharing that happens naturally, but there's not a lot of functionality that you would look at built into Groupon and say, 'That feels like a very social feature.' So you can expect more of that from us."

On the merchant side, Groupon is helping businesses manage the flow of customers they receive from running a deal. The typical "redemption

curve" for a Groupon offer sees 15 to 20 percent of total redemptions taking place in the first month, followed by a drop-off and another spike close to the expiration date. Mason said [Groupon](#) is staggering expiration dates so that customers have longer or shorter redemption windows, depending on when they purchase a deal.

"We're also looking to figure out how to partition our delivery of customers into several mini-deals-where instead of doing one big deal event where we send you 1,000 or 2,000 customers all at once, let's do 200 customers and do it again in a week and a week and segment it to different parts of our audience," Mason said.

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Citation: Groupon testing out VIP program (2012, February 17) retrieved 6 May 2024 from <https://phys.org/news/2012-02-groupon-vip.html>

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