

Google gets into local bargain game with Offers

1 June 2011, by Charlotte Raab



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Google Offers, working in conjunction with the Wallet mobile [payment platform](#) for Android smartphones, will begin testing in Portland, Oregon and eventually expand to New York City and the San Francisco area.

"There is no intent to favor one (smartphone) platform," Google executive chairman [Eric Schmidt](#) said while introducing Offers at an All Things Digital conference at a resort in the southern California town of Rancho Palos Verdes.

"This is a big opportunity," he added, as Stephanie Telenius and another Google executive demonstrated Offers on stage. "We make our money through advertising and the Offers."

The service takes advantage of near-field-communication (NFC) chips to consummate discounts available to people who sign up using Gmail accounts.

"Tap, pay and save," Telenius said. "This is new; there is no one doing this exact thing. We are integrating at the point of sale."

Offers comes as a direct challenge to Chicago-based Groupon, which offers subscribers online coupons for discounts on a broad range of consumer goods and services.

Groupon in April announced the appointment of former Google executive Margo Georgiadis, saying she would oversee global sales, marketing and operations.

Georgiadis was previously Google's vice president in charge of [global sales](#).

Google's move to build its own local coupon service comes as it ramps up its commerce platform to stay in tune with lifestyles increasingly centered on smart [mobile gadgets](#) such as smartphones and [tablet computers](#).

Groupon, which claimed 50 million subscribers at the start of this year, had rejected a reported \$5 billion takeover offer from Google.



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Google Offers meshes with a [free application](#) introduced last week that turns a smartphone into an electronic wallet and is designed to replace plastic credit cards.

Google Wallet is being field tested in New York and San Francisco and will be available this summer.

It will initially work with Google's Nexus S 4G [smartphone](#) from Sprint, the third-largest US wireless provider, and will eventually be expanded to other phones equipped with NFC technology.

An NFC chip in a phone allows a user who has entered his or her credit card details to "tap-and-pay" for purchases at a checkout register equipped with the PayPass system from CitiMasterCard.

Within hours of the unveiling of Wallet last week, eBay and PayPal filed a lawsuit charging that Google tapped into the online financial transaction service's know-how for the mobile payments project.

Mountain View, California-based Google has rejected the charge that it swiped PayPal trade secrets and vowed to fight the lawsuit.

PayPal spent three years trying to work out a deal in which it would handle payments for Android smartphones, only to see [Google](#) scuttle the talks and hire PayPal lead negotiator Osama Bedier, according to court documents.

The online bargains market has attracted social networking powerhouse Facebook along with startups such as Groupon and LivingSocial.

In April, Facebook began testing a deals program in five US cities in a bid to expand its revenue stream beyond advertising and carve out a niche in the rapidly growing online bargain space.

While many of the offers on Groupon involve solo activities or purchases, Facebook, which has more than 500 million members, said its deals program will emphasize group activities.

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