Groupon remorse? Sites let users unload deals

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In this screen shot provided by DealsGoRound.com, an image from the website is displayed. DealsGoRound lets consumers sell daily deals from sites like Groupon and LivingSocial that they no longer want. The resale market emerged in the past year on the heels of the exploding popularity of daily deals. (AP Photo/DealsGoRound.com)

(AP) -- Wish you hadn't bought that daily deal for a hot air balloon ride? You're not alone.

A growing number of shoppers with buyer's remorse are tapping an emerging resale market to unload the coupons they no longer want from sites like Groupon and LivingSocial.

For the uninitiated, daily deal sites offer limited-time discounts of as much as 90 percent on a variety of products and services. But the elements that make the deals so enticing - the steep price cuts, limited supply and countdown clock - can also be a potent mix for impulse purchases.

The pitfalls are apparent in a key statistic; an estimated 20 percent of the discounts are never redeemed.

That's where sites like DealsGoRound.com come into play. There's no charge for sellers to list an unwanted coupon, but the sites takes a 10 percent cut if it's sold. At LifeSta.com, another resale site for daily deals, sellers pay 99 cents plus 8 percent of the sale price. Buyers don't pay any fees on either site.

"People buy deals with good intentions," says Kris Petersen, founder and CEO of DealsGoRound. "But then the planning doesn't come together or they run out of time to use the deal."

The emergence of the resale market is a natural outgrowth of the explosive popularity of daily deal sites in the past year. Although Groupon and LivingSocial are by far the biggest and best known players in the space, there are now an estimated 400 similar sites, according Daily Deal Media, which tracks the industry. And this year, consumers are expected to spend an estimated $1.9 billion snapping up bargains, about double the amount spent last year.

The deals are usually tilted toward a higher-end clientele, with offers including discounts on restaurant vouchers, wine tasting tours and shiatsu massages. But circumstances can sometimes prevent shoppers from redeeming their coupons.

After paying $40 for a month of unlimited yoga classes on Groupon,

Michael Roman found a more convenient venue for practicing his downward dog. So he decided to list the coupon on DealsGoRound.

He listed the deal for the same amount he paid, with plans to lower the price if it didn't sell quickly. But the coupon sold within hours.

"The immediacy is what surprised me," says Roman, a 47-year-old business analyst from Chicago.

If a coupon is popular enough, sellers may even be able to fetch a small profit. Because daily deal sites offer such steep discounts, sellers can list their coupons for more than they paid and still offer a bargain. For buyers, resale sites offer access to deals that are no longer available.

In other cases, sellers may have to ask for less than they paid. This usually happens when a coupon's expiration date is fast approaching or if the retailer or service is too obscure.

The worst case scenario is that sellers never find a buyer; DealsGoRound says that happens with about a third of its listings.

It's worth noting that technically, Groupon's terms of use prohibit the unauthorized resale of its coupons. The fine print on LivingSocial's site also prohibits the sale of its vouchers. But DealsGoRound, which is based in the same building as Groupon's Chicago headquarters, notes that it has operated for more than a year without hearing concerns from any daily deal sites. It says it would honor any requests to stop listing coupons from specific sites.

In any case, consumers are flocking to DealsGoRound and Lifesta. The sites both have listings in more than 100 cities, shadowing the markets where Groupon and LivingSocial do most their business. DealsGoRound recently listed about 300 deals in Chicago; LifeSta listed about 500 in

San Francisco.

Groupon notes that it doesn't encourage the use of resale site because it can't guarantee the authenticity of the coupons sold on them. But both DealsGoRound and LifeSta guarantee buyers refunds if there are any problems with the coupons. The sites require sellers to electronically submit coupon vouchers before they're listed.

Like eBay, they work as intermediaries so transactions are kept seamless.

"There's no meeting someone at Starbucks hoping they'll show up," said Petersen of DealsGoRound.

Another site, CoupRecoup.com, works more like Craigslist and lets buyers contact sellers directly. CoupRecoup doesn't offer any guarantees, but sellers may like it because there are no fees.

Before turning to the resale market, however, check out whether it's possible to get a refund is possible directly from the daily deal site.

LivingSocial gives shoppers five days to return deals for any reason. Groupon doesn't offer such leeway. But the site says its customer service team works on a case-by-case basis to give buyers refunds or site credit if they can't redeem a coupon for a legitimate reason. An example might be if a customer couldn't attend a concert because of a medical emergency.

There's another little-known clause worth nothing. To comply with federal and state laws, Groupon and LivingSocial say their coupons only lose their promotional value after the expiration date. The coupons are still good for however much the buyer paid for it.

So if a shopper pays $20 for a $40 restaurant voucher, the voucher is still good for $20 even after the expiration date. If customers run into problems, the sites will work with merchants to ensure the coupons are honored.

There are cases where buyers will simply be out of luck, however. For example, if you buy a deal for an event like a concert and it passes, there's no way to get your money back.

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