
8-4-2014

Consumers' Motivations and Daily Deal Promotions

Antonella Ardizzone

IULM University of Milan, antonella.ardizzone@iulm.it

Ariela Mortara

IULM University of Milan

Follow this and additional works at: <https://nsuworks.nova.edu/tqr>



Part of the [Quantitative, Qualitative, Comparative, and Historical Methodologies Commons](#), and the [Social Statistics Commons](#)

Recommended APA Citation

Ardizzone, A., & Mortara, A. (2014). Consumers' Motivations and Daily Deal Promotions. *The Qualitative Report*, 19(31), 1-15. <https://doi.org/10.46743/2160-3715/2014.1030>

This Article is brought to you for free and open access by the The Qualitative Report at NSUWorks. It has been accepted for inclusion in The Qualitative Report by an authorized administrator of NSUWorks. For more information, please contact nsuworks@nova.edu.



Consumers' Motivations and Daily Deal Promotions

Abstract

In the last years daily deal (dd) sites have become a substantial part of e-commerce scenario. Every day, for a limited time, such sites offer their subscribers, at very discounted prices, deals for products or services. Despite the worldwide success of daily deal sites, testified by articles in newspapers and magazines, there is an almost complete absence of academic research on this topic. The aim of this paper is to understand the consumers' drivers in online coupon buying. The study is exploratory in nature and authors have collected data by carrying out four synchronous online focus groups involving 21 participants and investigating five areas: level of awareness, perception area, social dimension, consumer behavior, and relationship with e-commerce. Respondents show a high level of awareness of daily deal sites. In the perceptive area, convenience emerges as the driving factor in coupon buying. As to the self-perception area, some ambivalences emerge between smartness and compulsive buying, highlighting also some dissatisfaction. The 'social dimension' is almost irrelevant, and as to consumer behavior, daily deal buying seems to be a kind of fashion. Consumers perceive the bargain side of the offer, behaving like "cherry pickers."

Keywords

Consumer Behavior, E-Commerce, Focus Group, Daily Deal Promotions, Groupon

Creative Commons License



This work is licensed under a [Creative Commons Attribution-NonCommercial-Share Alike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

Consumers' Motivations and Daily Deal Promotions

Antonella Ardizzone and Ariela Mortara
IULM University of Milan, Milan, Italy

In the last years daily deal (dd) sites have become a substantial part of e-commerce scenario. Every day, for a limited time, such sites offer their subscribers, at very discounted prices, deals for products or services. Despite the worldwide success of daily deal sites, testified by articles in newspapers and magazines, there is an almost complete absence of academic research on this topic. The aim of this paper is to understand the consumers' drivers in online coupon buying. The study is exploratory in nature and authors have collected data by carrying out four synchronous online focus groups involving 21 participants and investigating five areas: level of awareness, perception area, social dimension, consumer behavior, and relationship with e-commerce. Respondents show a high level of awareness of daily deal sites. In the perceptive area, convenience emerges as the driving factor in coupon buying. As to the self-perception area, some ambivalences emerge between smartness and compulsive buying, highlighting also some dissatisfaction. The 'social dimension' is almost irrelevant, and as to consumer behavior, daily deal buying seems to be a kind of fashion. Consumers perceive the bargain side of the offer, behaving like "cherry pickers." Keywords: Consumer Behavior, E-Commerce, Focus Group, Daily Deal Promotions, Groupon

Introduction

The daily deal promotions have emerged as a new trend along with the increase of e-commerce and despite (or probably thanks to) the economic crisis started in 2008. At very discounted prices (usually 50% to 90% off), for a limited time (usually one or two days), the daily deal (dd) sites offer their subscribers a deal for a product or a service.

Groupon is the most popular and largest daily deal site, founded by Andrew Mason in Chicago in 2008. Thanks to a growing rate of 219% in a half year, in the first half of 2011 the total revenues were \$688 million compared to \$313 million in 2010, despite a net loss of \$224 million in the first half of 2011 (Pepitone, 2011). According to The Archer Group (2011) dd sites count more than 500 and their numbers are still growing. In the US, besides Groupon, Living Social and Eversave are the best known and Groupalia and Lets Bonus in Italy.

As a new two-sided market, daily deals sport one side representing businesses offering discounted products or services; the other side representing customers interested in buying them; between the two the network benefits from the intermediation of the dd site. Theoretically, the coupon sales increase along with the growing of site subscribers, and, consequently, the merchants' benefits increase too (economies of scale). Clients benefit is proportional to the level of bargain obtained (number, quality, and convenience of the deals); the merchants and the dd site share profits from the sale of coupons in a variable percentage: for instance, Groupon's commission is 50% of the coupon price, but other dd sites ask for less (i.e., the share of LivingSocial is about 35%). Even if the earnings of dd sites and those of the merchants are proportional to the sold coupons, the merchants should take into account the difficulties met in satisfying a higher number of clients. Thus leading the service providers to offer a lesser quality service and consequently dissatisfy the clients. Different

motivations encourage merchants in joining dd sites: attracting new customers, increasing traffic to their points of sale, benefitting from word-of-mouth, gaining popularity, and increasing sell-out. DD promotions are a new marketing tool that is cheaper than advertising and fostered by group buying strategies and geo marketing tactics.

Groupon subscribers' base has doubled in 2011, reaching 115 million users in the world (The Archer Group, 2011), thus testifying the success of the phenomenon. Moreover, according to BIA/Kelsey (www.biakelsey.com), in the US in 2011, daily deal sites would earn \$1.25 billion and their revenues would increase between \$3.9 billion and \$6.0 billion by 2015. But these figures probably were underestimated since Groupon only in 2011 has collected revenues of \$688 million.

Articles in newspapers and magazines testify the worldwide success of dd sites, in spite of an almost complete absence of academic research on this topic. Hence, the paper identifies an under-researched area of e-consumer behavior in a marketing context. Thus the specific aim is to understand the consumers' drivers in online coupon buying. The paper presents the results of a qualitative research conducted on Italian daily deal users aimed at understanding

- 1) the daily deal concept for Italian consumers;
- 2) the level of awareness;
- 3) the perceptive area;
- 4) the social dimension;
- 5) the consumer behavior;
- 6) relationship with e-commerce.

The paper is organized as follows: the second section holds a review of the existing literature on online consumer behavior and daily deal promotions; the third section focuses on data about e-commerce and daily deals worldwide, in Europe, and in Italy; the fourth section defines the objectives of the study and the applied methodology; the fifth section reports the main results of the empirical research (online focus groups) on daily deal users in Italy, and the last section draws some conclusions.

Literature review

Academics began studying online consumer behavior since its emergence in the nineties. Since the first studies, scholars tried to draw a profile of the Internet shopper: according to Donthu and Garcia (1999) he is older, richer, more convenience oriented, more innovative, more impulsive, more variety seeking, less risk-averse and less brand and price conscious than Internet non-shoppers (Dennis & Merrilees, 2009).

Liebermann and Stashevsky (2002) and Ahuja et al. (2003) assessed that perceived risk was the most important barrier to Internet and e-commerce usage. Among the perceived risks, Internet credit card theft (see also Mangiaracina & Perego, 2009) and supplying personal information are recurrent, even if diversely affected by demographic traits and usage behavior characteristics.

Cheung et al. (2005) proposed a literature review in order to classify the fragmented and contradictory studies published between 1994 and 2002 (351 papers), presenting an integrated framework of the driving factors of consumer behavior. According to their analysis, five factors explain online consumer behavior: individual/consumer characteristics; product/service characteristics; medium characteristics; merchant; and intermediaries characteristics. These five 'domain areas' in turn differently influence the three key concepts of online consumer purchase: intention, adoption, and continuance. In a similar work, Perea y

Monzuwé et al. (2004) identified three factors affecting online shopping: usefulness, ease of use, and enjoyment of the Internet (Technology Acceptance Model). These factors affect the attitude toward online shopping and the intention to buy online through other five exogenous factors: consumer traits; situational factors; product characteristics; previous online shopping experience; and trust in online shopping. From the comparison between online and brick-and-mortar shopping, e-shopping emerges as fulfilling some consumer needs more effectively than traditional shopping: it offers the entire product-assortment; it permits the online shopper to obtain critical knowledge about firms, products and brands and to compare product features, availability, and prices more efficiently and effectively; it guarantees anonymity and it is less time consuming. The same results have emerged from a qualitative study by Dennis et al. (2002) involving university students.

According to the Jayawardhena's (2004) model, personal values (self-direction, enjoyment, and self-achievement values) are significantly related to positive attitudes towards e-shopping (Jayawardhena & Wright, 2009). Constantinides (2004) identifies the main constituents of the online experience in the functionality of the Web site (usability and interactivity); the trust and credibility of the online vendor (psychological elements); and the aesthetics and marketing mix of the Web site (content elements; see also Mangiaracina et al., 2009). Senecal et al. (2004) studied the importance of product recommendations: individuals looking for product recommendations have a more complex shopping behavior (i.e., they browse more web pages), but the authors find no substantial differences in online shopping behavior among the subjects who search for but do not follow product recommendations, and other subjects who search and follow them. Also the product types do not influence consumers' online shopping behavior.

More recently, some papers focus on the positive influence of online product recommendations (social shopping) and the consumers' intention to purchase (Hsiao et al., 2010; Lee et al., 2011; Olbrich & Holsing, 2011). In studying repurchase behavior and trust, Zhou et al. (2009) show that service quality influences repurchase behavior and satisfaction a lot more than website design quality, and San Martin and Camarero (2008) consider service quality, together with satisfaction related to previous purchases, Web site security, and privacy policies as the main determinants of trust. According to Hasslinger et al. (2007), price, trust, and convenience are the most influencing factors of online consumer; the same research identifies three clusters of online consumers: "high spenders," "price easers," and "bargain seekers."

Finally, in 2010 and 2011, some scholars studied specifically daily deal promotions, but mainly from the supply-side. According to the results of a survey-based study conducted on 150 businesses using Groupon promotions, Dholakia (2010, 2011a) highlights that the deal's profitability depends mainly on two factors: the customer willingness to spend beyond the deal value and the percentage of deal users willing to become repeat buyers. According to the study 66% of businesses were profitable. Moreover, profitability depends significantly and effectively on reaching new customers and employee satisfaction with Groupon promotion. Some factors affect the number of sold coupons: the duration of the promotion (positively); the length of time it is online (negatively); the presence of an upper limit on the number of saleable coupons (positive); if the business is a restaurant (positive). Three factors predict if a business will run another Groupon promotion: effectiveness in reaching new customers, the percentage of Groupon users who increase their buying, and employees' satisfaction with Groupon promotion. Through a case study, Dholakia & Tsabar (2011) highlight the positive effects of a Groupon promotion on a small retail start-up (a restaurant): it increases "exposure value" (rise in sales because of exposure received by the "grouponers") and sales.

Moreover, Dholakia (2011b) studied the daily deals through a multi-site analysis of the five most popular dd suppliers. The survey, conducted on a sample of 324 firms, found out that 55.5% earned money, 26.6% lost money and 17.9% broke even; moreover, there was a low redemption rate of new customers.

All the Dholakia's papers underline the structural weakness of the business model behind dd promotions and suggest a modification of offers to better balance the value offered to consumers (that at the moment are very advantaged) with the positive outcomes for small businesses (that at the moment do not seem advantaged enough) in order to build a business model sustainable in the long-run.

Finally, only two papers study the demand-side of the group-buying phenomenon. Dholakia and Kimes's (2011) quantitative survey on 973 respondents focuses on consumer perceptions of dd. The results highlight the overall enthusiasm of users (especially heavy users): they have no trouble spending coupons within the expiration date; they believe in saving money using coupons (they buy things they would have purchased anyway); they have integrated the dds in their shopping behavior; finally, they show a high intention of purchasing coupons over the next months. Among the dd sites, Groupon is the best known and used by customers whose frequency of buying decreases with age and increases with income and in urban areas. DDs are appealing to mainstream shoppers (who are not looking for distinctiveness), for impulsive shoppers, and for users interested in trying new products/services, while saving money. Finally, non-users have not purchased coupons mainly because they do not know about them.

Dumpe and Peterson (2011) made a similar quantitative study on consumers in Latvia. The survey (on a small sample of 153 people) emphasizes that the coupon discount must be at least 50% to persuade 80% of respondents to buy it; moreover, the respondents would like to buy catering coupons; they have not shopped at group buying websites mainly because they are not interested in and do not know about them; they buy coupons because of the lower price and the relevance of the offer.

An overview on e-commerce and daily deals

The e-commerce industry is increasing worldwide, thanks to the rise of group buying, online outlets (i.e., Privalia), mobile commerce, and 'social commerce' (e-commerce through social networks like Facebook or Twitter). Global B2C e-commerce revenues ranged approximately \$400 to 600 billion in 2010 (yStats.com, 2011). The percentage of B2C e-commerce revenue compared to the total retail revenue is about 8% for countries where the e-commerce is more developed (France or Great Britain) and below 3% in others less e-commerce oriented countries. The US market is the leader in global e-commerce sales, since it grossed about \$177 billion in 2010 (+13% compared to 2009) and 27% of worldwide volume (Gridley & Co, 2011).

The Italian e-commerce market is small from the demand side and in 2011 has reached the value of 8 billion Euro (+20% in 2011 vs. 2010, +17% in 2010 vs. 2009), about 2% of the total retail market (Politecnico di Milano & netcomm, 2011). Italian e-shoppers are only 30% of the total population (compared to a medium value of 60% in Europe), a total of 9.2 million.

The Italian e-commerce market is under-developed also from the supply side (Politecnico di Milano & netcomm, 2011): less than 5% of the Italian enterprises have an e-supply (compared to an average value in Europe of 15%).

According to a worldwide survey conducted on 25,000 Internet respondents across 51 countries (Nielsen, 2011) couponing is the second most popular saving strategy after buying "on sale" items (59%). Consumers favor good value for money (61%) over lowest prices

(58%) in choosing where to shop, even if they want to save money. 48% declare that they use coupons (traditional or online) to save on household expenses, thus assessing coupon use is most popular in North America (65%) and Asia Pacific (55%), especially in the US, China, and Hong Kong. Within Europe there are great differences in coupon use: in Western and Southern Europe at least half of the consumers declare -to use coupons (63% in Belgium and Portugal, 55% in Greece, 53% in France and 50% in Spain), compared to a marginal use in Northern and Eastern Europe (i.e., in Germany and the Netherlands).

According to an Eversave survey (Epmcom, 2012), in the US the most popular products and services bought through dd sites in 2010 were: online retail (gourmet food, children clothing, handbags, makeup - 67%); restaurants (46%); events and activities (concerts/theatre tickets, travels, etc. - 30%); health and beauty services (massage, facial, manicure, fitness, etc. - 23%). Furthermore, online couponing is a well-known phenomenon: 82% of e-shoppers are aware of group-buying (but only 19% have made a purchase) and the social shopping is also increasing (comScore Ink. et al., 2011).

In Italy, the value of coupon sales reached Euro 300 million in 2011. The dd promotion is a strongly increasing phenomenon since in 2010 total sales barely reached some dozens of millions and the number of dd sites increased from 3 to 23 between 2010 and 2011 (Yoodeal, 2011). Groupon, who has started its activity in March 2010 (Salvioli, 2012), is the market leader, obtaining a so huge and fast success that in 2011 ranked among the top 20 e-sellers (Politecnico di Milano & netcomm, 2011). The main followers are Groupalia and Letsbonus. The market is highly concentrated since the subscribers of the first three players count as 90% of the total subscribers, totally more than 10 million (Yoodeal, 2011). In 2011, the average discount increased to 68%. According to a recent survey on 640 subscribers of dd sites (Yoodeal, 2011), many people ignore the existence of dd sites; 84% of the e-coupon shoppers reported a positive experience; they mainly bought deals because of the high discount (81%), the transparency of the offer (48%) and to have a new experience (35%); they did not buy because the deal was not appealing (39%), the discount was low/not real (35%), and because of the bad reputation of the partner (32%); the most interesting offers were about wellness and free time/events (84%); usually respondents buy 3 coupons per month; and the most unsatisfying were wellness offers. Despite the dissatisfaction, 65% of respondents declared the intention to buy again in the future.

As researchers involved in studying e-commerce from both an economic and a sociological perspective, we have noted that despite the huge worldwide success of dds there was scarce academic interest on this topic. We supposed that this form of e-commerce could really influence the economic environment and it could also have a social impact on consumer behavior. Thus we have decided to engage in an exploratory study, using a qualitative approach to in depth understand consumers' motivations and attitudes. Furthermore, because of our different backgrounds, we believe that the multidisciplinary approach can provide some insightful concepts.

Study objectives and methodology

As we have already mentioned, academic research on the dd topic is in its starting phase and the concept of dd from the consumers' perspective is not yet defined.

The aim of our research is to understand:

- 1) the daily deal concept for Italian consumers;
- 2) the level of awareness;
- 3) the perceptive area;
- 4) the social dimension;

- 5) the consumer behavior;
- 6) relationship with e-commerce.

Procedure

In order to gain a deep understanding of the daily deal phenomenon, we have decided to use a qualitative approach: the focus group. Focus groups are aimed at eliciting data from small groups of people on the meanings, practices, and normative understandings behind phenomena; the findings are not meant to be generalized on a wider population (Bloor et al., 2001), but are useful to achieving a depth of understanding. Online focus groups have a similar use. Indeed, Internet-based data collection is now a well assessed methodological choice and online focus groups have been used for academic purpose since the pioneer study of Murray (1997). This methodology is coherent with the topic of the study, concerning online consumer behavior, and it allows to recruit informants easily and cheaply than traditional focus group.

As traditional focus groups, the online focus groups are characterized as an organized group discussion around a given topic, which is monitored, guided, and simultaneously recorded by the web platform (Stewart & Williams, 2005). Specifically, we conducted four synchronous online focus groups, a sort of moderated chat room that is more similar to face-to-face conversations (Mann & Steward, 2000; Williams, 2003).

Participants

The focus groups were conducted on the 15-16 February 2012 and have involved 15 female and 6 male participants, aged 25 through 45 coming from all over Italy. In order to respect the research ethical standard, we have secured the actual permission and interests of all those involved in the study and we have informed them about the anonymity of the data results.

We selected informants that have purchased at least one deal in the last 12 months, recruiting them using a snowball method (Van Meter, 1990) through social media (Facebook and LinkedIn).

Agenda

The focus group steps (Barbour, 2008) are:

- 1) introduction and establishing ground rules;
- 2) brief overview of the session;
- 3) the purpose of the study and objectives;
- 4) administrations of questions;
- 5) final reflections and conclusions.

Since the focus group had an explorative aim, we developed the focus group guide (Packer-Muti, 2010) according to the scarce available academic literature (Dholakia, 2010; Dholakia, 2011a; Dholakia, 2011b; Dholakia & Tsabar, 2011, Dholakia & Kimes, 2011), trying to understand the motivations fostering people to buy online coupons. We have defined five areas. The first explored the concept of dd among consumers (Dholakia & Kimes, 2011) (example question: "What is for you an online coupon?"). The second focused on level of awareness (Dholakia & Kimes, 2011) (example question "which daily deal site do you recall"). The third analyzed consumers' perception of dd (Malhotra, 2006) (example

question: “can you tell me the first three positive characteristics about online coupons?”). The fourth explored the influence of dds on consumer behavior (example question: “since coupon online exist, have you ever bought something that you do not really need?”). The fifth analyzed the social dimension (Haws et al., 2012) (example question: “do you share on line through social networks your experience with coupon online”). The last was aimed at understanding the relationship with e-commerce (Pi et al., 2011) (example question: “do you buy from e-commerce site as Amazon, E-bay, etc.?”).

In order to interpret the data, we have followed a grounded theory approach (Glaser, 2001) conducting a qualitative content analysis of the collected answers and we have coded them according to the conceptual categories emerged from the existing literature.

Main findings

Defining a daily deal and level of awareness

Since reviewing literature we could not find a precise definition for the dd, we tried to elicit it from our informants. After some initial confusion with online outlets, all the respondents recognized the similar features such as the essence of online coupon, the bargain concerning the offer, and the limited timespan for the coupon redemption:

“a way to access a (theoretically) bargain offer for a limited timespan” (Male: FG 2)

“a coupon bought online allowing to use a service by a commercial retail” (Female: FG 3).

“a coupon that you can buy from an authorized internet site, allowing to buy products and services with a great discount” (Female: FG 4).

We are able to state that, according to consumers, a dd is “a coupon that can be bought online, for a very limited time, allowing the purchasing of a product or a service with a great discount”. Almost all the respondents knew the dd since Groupon opened in Italy in March 2010 (Salvioli, 2012).

The role of word-of-mouth is crucial in the spreading of the phenomenon: mostly, the subscription to dd sites has been suggested by friends who were among the early adopters; only a few of the respondents have accessed dd sites through advertising banner.

Among the dd sites, Groupon and Groupalia are top-of-mind for our sample followed by Kgbdeals, Poinx and Jumpin. The spontaneous mentioning of almost all the players in the market testify the high awareness of dd sites among the respondents, despite the newness of the phenomenon (less than two years). However, none of the respondents are aware that there are some aggregator sites.

Perceptive area

According to literature (Hollway, Jefferson, 2000), in order to understand the spontaneous connotations related to the dd phenomenon, we asked the focus groups participants to describe the dd through three positive and then three negative adjectives.

“convenient, useful, fast” (Female: FG1)

“cheap, fast, daily” (Female: FG 4)

“newness, convenience, flexibility” (Male: FG3)

The area of convenience emerged as prevalent, with “cheap and convenient” being the most recurrent positive characteristics. The second semantic area is related to experiencing the newness: new places or new services that people are prone to visit thanks to the bargains offered from dd sites. Curiosity seems to be a potent driver, while informants highlight how coupons let them experience something new

“let us experience something new, let you go away from home, let us discover new palaces” (Female: FG 3).

As far as the negative characteristics are concerned, most of the respondents complained about the level of service:

“just one is enough: to be a client with a coupon is like being a second choice client” (Female: FG 1).

The sense of dissatisfaction is higher for a buyer of beauty care services as already emerged from other research (Yoodeal, 2011).

“the beauty center is always crowded, they don’t cuddle you as they do with ‘normal’ customer” (Female: FG4).

Another critical area is related to the conditions of the service: the timespan for using the coupon is often perceived as too limited, or the use-conditions too restraining.

“the deadlines are too close, too many e-mails, you have to buy without knowing the quality of the service” (Male: FG4).

The overbooking is also perceived as a critical factor:

“I always fear overbooking” (Male: FG 4).

According to the literature (Lichtenstein et al., 1990), the use of promotional tools, as the dds, influences differently consumers’ self-perception. Our sample felt mixed sensations: the negative ones were related to a sense of compulsion, the urge to buy just because there is a limited time to finalize the purchase that could also lead to a sense of dissonance concerning the opportunity to buy.

“I’m feeling compulsive” (Female: FG1)

“I’m feeling doubtful” (Male: FG4)

“I feel the urgency to buy” (Female: FG2)

Furthermore, many members of our panel doubt the utility of their purchases, thinking that the idea of convenience encourages them to buy something that is not really needed.

As far as the positive sensations are concerned, some respondents are happy about the bargain side of the deal: they feel competent and distinguished (Tian et al., 2001) because they have saved money

“I’m feeling smart” (Female: FG1)

“I’m feeling curious” (Male: FG4)

“I feel that I’m cheating” (Female: FG2)

Despite the fact that the negative aspects are mentioned more vehemently, the respondents declare their intention to buy more deals in the future.

Social dimension

Some authors (Hsiao et al., 2010; Olbrich & Holsing, 2011; Lee et al., 2011) suggest that there is a social dimension related to this kind of consumption. Indeed, the dd practice had also been identified as social shopping since, in order to be successful, the sold coupons should reach a certain number, thus implying a social dimension (i.e., consuming the deal together with friends). Nowadays, the term “social shopping” is used to define the union of social media with e-commerce, having all the features of social media (mostly Facebook and Twitter) - friends, groups, likes, comments and discussion - converge toward the activity of shopping.

Dd sites foster the use of social media as a means of socializing the experience: icons of Twitter and Facebook are present in all the coupons. Nevertheless, our informants prefer to share the experience through offline word-of-mouth with real friends, thereby refusing to act as a PR agency for the dd sites, maybe preferring to be considered as expert (Feick, Price, 1987):

“I speak with my friends about the bargains” (Male: FG1)

“I prefer to speak face to face with my colleague” (Female: FG2)

The social dimension is only marginally noted: most respondents buy for themselves or at least for them and their partners (if they buy restaurant or holiday deals), quite often the deals are meant to be a gift, but the idea of a social kind of consumption is very weak.

“I buy for myself and for my wife” (Male: FG4)

“I have bought a vacation for my mother” (Female: FG3)

Consumer behavior

According to a recent research (Yoodeal, 2011), the number of users of dds in Italy has skyrocketed in the last months, and most consumers (94%) buy three deals each month. If the deal is related to the wellness and beauty care area, the average increases to four deals in a small percentage of consumer. However these data have been collected between April and August 2011, thus they suffer of a “seasonal bias”: everybody wants to look fit for the summer vacations.

Indeed, our respondents, six months after the Yoodeal survey, declare to buy less than a deal per month and some have bought just one deal in the last six months.

“Since we started to buy coupons, we buy lesser of them” (Female: FG1,
Male: FG2, Female: FG2)

Obviously, given its limited qualitative nature, our research cannot be representative, but the drastically reduction of purchases could be an indicator of the fashionable side of the phenomenon: the number of purchases seems to decrease when the initial enthusiasm fades.

Our respondents have purchased very different deals: travels and vacations, restaurants, services for the house (cleaning hours, house painting, energy certification for the heater), beauty treatments (massage, beauty farm, waxing, hairdresser), all of which because

they perceive the bargain of the offer. Sometimes they have not bought, despite the appeal of the offer, because of the location (too far from home or office), the too short coupon's lifespan or because they really did not need it thus refusing to become impulsive buyer (Rook & Fisher, 1995).

“I don't buy anything if I don't need it” (Female: FG1)

“The offer was unclear or the location too far from home” (Male: FG4)

“I thought that there was too little to use the coupon” (Female: FG3).

Sometimes the lack of trust (Blundo et al., 2005) has restrained our respondents in buying travels and hotel accommodations.

“I didn't buy, because of past negative experiences” (Female: FG3)

Coherently with previous literature (Lichtenstein et al., 1990), the driver of convenience is a very powerful one: even if most of our informants are not enthusiasts with the dd experience, indeed some of them are really disappointed, all of them are willing to buy in the future if they perceive a bargain.

“If there is a real bargain, I will buy it in the future” (Male: FG4)

Either being disappointed with the level of the service or declaring that they could not afford the full price, no one has admitted any changing in their consumption habits after the coupon purchase: they have not come back without a coupon, nor have significantly changed their purchase pattern.

“Nothing is changed about my consumer pattern since I began to buy coupons” (Male: FG4)

Interestingly, some of the respondents declare to be disappointed with the service provider and not with the dd sites that are not perceived as responsible for the service's quality.

“I'm dissatisfied with the service provider, not with the dd site” (Female: FG4).

Relationship with e-commerce

According to a recent research (comScore Ink. et al., 2011), there is a strong link between dds shoppers and e-commerce. As far as our sample goes, all of the respondents have had some experience with e-commerce, mostly related to Amazon and IBS (an Italian internet bookshop) and to the online outlets like Privalia, Born to Shop, Vente Privee, Saldi Privati; someone even mentioned E-bay.

However they perceive the experience as totally different from the one they had with dds: a lesser convenience and a higher satisfaction level are typical of these sites, considered as totally reliable.

“I trust e-commerce sites more than dd sites, you know the product and you buy it” (Female: FG1).

Finally, we have asked our sample to describe the ideal dd user: they mostly have identified a woman between 25 and 45 years, a student or an employee, Internet skilled with an ability to choose the best available option. She should live in at least medium sized cities, preferably in the North and Center of Italy (where most of the deals are concentrated). About the income, two main positions emerge: she should either have a budget for superfluous purchases, or be bargain oriented. The existence of two well defined but opposing motivations reflects again the ambiguity already perceived from what had been previously highlighted. Ambiguity is emerging also from the very last question: ‘to whom would you like to suggest buying online deals’? Indeed, despite the controversial position of our respondents, who often highlight the negative sides of their experience:

“the service was bad, there is a lack of transparencies in the conditions, scarce reliability” (Female: FG3)

Most of them would like to suggest to everyone to buy a deal:

“I will suggest it to everyone, because you can experience something new” (Male: FG2).

According to our sample, people should at least check the dd sites in order to find some good bargain, with the exception of people who are not familiar with Internet, or customers demanding a top level service.

“I’ll suggest it to everyone looking for a good bargain for a product or service, that otherwise she would not buy” (Female: FG4).

Discussion, conclusive remarks and research limitations

Despite the success of dds, there is a lack of academic research on this topic, above all on consumers’ perceptions and motivations, our explorative research highlights some differences between the well-studied traditional e-commerce consumers (Dennis & Merrilees, 2009) and dd consumers. For our respondents, beside convenience and trust, that are recognized main drivers for online shopping, the fun side of the experience seems relevant. Being convenience the most important driver for online coupon buyer, the possibility to enjoy new experiences and new places encourages consumers to repeatedly buy them.

Our aim was to understand consumers’ attitudes toward the daily deals site in respect with other forms of e-commerce. The main results allow us

- a) to define daily deal as “a coupon that can be bought online allowing the purchasing of a product or a service with a great discount;”
- b) to investigate, through a qualitative research on dd shoppers five main areas such as level of awareness, perception, social dimension, consumer behavior, and relationship with e-commerce.

As a general conclusion, a sort of ambivalence emerges among our participants: positive feelings and general dissatisfaction are always coexisting.

More specifically, there is a high awareness of dd sites, since all participants spontaneously mentioned almost all the players in the market. Groupon and Gropalia emerge as top of mind (they are the market leaders), their awareness fostered by word-of-mouth (friends).

In the perceptive area, convenience emerges as the driving factor in coupon buying, followed by the willingness to have new experiences, despite these lead to deep dissatisfaction especially for beauty services. Other critical areas are related with the use-conditions (i.e., a limited timespan to redeem the deals). However, all interviewees declare their intention to buy e-coupons in the future.

Ambivalence emerges also related to the self-perception area: someone feels her/himself smart or competent in buying e-coupons, while some others perceive themselves as compulsive shoppers or think to have bought things that they do not really need.

The “social dimension” is almost irrelevant: few people share through Facebook or Twitter their experience and most of the interviewees are buying mainly for themselves.

As far as the consumer behavior is concerned, dd seems to be a kind of fashion, since our participants are less enthusiastic and buy less than one year ago. They perceive the bargain side of the offer, behaving like “cherry pickers” and not coming back without the coupon. So they are not going to change significantly their shopping behavior.

Our data about e-commerce point out that there is a significant link between e-commerce and dds purchase: all our participants have had prior experience with e-commerce sites and with online outlets which they perceive as much more reliable than dd sites.

Although the results cannot be statistical representative, they let us draw some useful implications, mainly for sellers. The general dissatisfaction about dds shows the need for retailers to improve the level of service in order to transform new customers in loyal customers, using the dds as a real marketing tool, and not only as a simple way to make money in the short-run. A good level of service and an enjoyable experience, and not only a very low price, should act as an incentive for new customers to return again, and to activate word-of-mouth, that is so important for this kind of shopping.

As far as research limitations are concerned, the first one is related to the methodological tool: the online focus group, compared to face to face one, let our analysis relies just on written statement instead of encompassing body languages and face expressions that could allow a deeper understanding.

Moreover, the snowball sample procedure, that has been useful in order to contact people from different part of the country, did not allow us to compose the sample in a more balanced way as gender and age of the informants are concerned.

Obviously, in order to deepen the quality of the insights, we could have face to face interviewed some of the informants as a second step of the study.

References

- Ahuja, M., Gupta, B., & Raman, P. (2003). An empirical investigation of online consumer purchasing behavior. *Communications of the ACM*, 46(12), 145-151.
- Barbour, R. (2008). *Doing focus groups*. Thousand Oaks, CA: Sage
- Bloor, M., Frankland, J., Thomas, M., & Robson, K. (2001). *Focus groups in social research*. London: Sage.
- Blundo, C., Cimato, S., & Bonis A. D. (2005). Secure e-coupons. *Electronic Commerce Research*, 5(1), 117-139.
- Cheung, C. M., Chan, G. W., & Limayem, M. (2005). A critical review of online consumer behavior: Empirical research. *Journal of Electronic Commerce in Organizations (JECO)*, 3(4), 1-19.
- comScore Ink., Social Shopping Labs, & Shop.org. (2011). *2011 Socialcommerce study*. Retrieved from http://www.thepartneringroup.com/pdf/2011_Social_Commerce_Study_%20exec_summary.pdf

- Dennis, C., Harris, L., & Sandhu, B. (2002). From bricks to clicks: Understanding the e-consumer. *Qualitative Market Research: An International Journal*, 5(4), 281-290.
- Dennis, C., & Merrilees, B. (2009). E-consumer behaviour behaviour. *European Journal of Marketing*, 43(9), 1121-1139.
- Dholakia, U. M. (2010). *How effective are Groupon promotions for businesses?* (2010, September 28). Retrieved from <http://ssrn.com/abstract=1696327>
- Dholakia, U. M. (2011, March 12). *What makes Groupon promotions profitable for businesses?* Retrieved from <http://ssrn.com/abstract=1790414>
- Dholakia, U. M. (2011, June 13). *How businesses fare with daily deals: A multi-site analysis of Groupon, Livingsocial, Opentable, Travelzoo, and BuyWithMe promotions.* Retrieved from <http://ssrn.com/abstract=1863466>
- Dholakia, U. M., & Kimes, S. E. (2011, September 11). *Daily deal fatigue or unabated enthusiasm? A study of consumer perceptions of daily deal promotions* Retrieved from <http://ssrn.com/abstract=1925865>
- Dholakia, U. M., & Tsabar, G. (2011, May 1). *A startup's experience with running a Groupon promotion.* Retrieved from SSRN: <http://ssrn.com/abstract=1828003>
- Donthu, N., & Garcia, A. (1999). The internet shopper. *Journal of Advertising Research*, 39(3), 52-58.
- Dumpe, M., & Peterson, L. (2011). *Consumer behavior in the internet environment in Latvia.* Research Paper, BA School of Business and Finance, Latvia.
- Feick, L. F., & Price, L. L. (1987). The market maven: A diffuser of marketplace information. *The Journal of Marketing*, 51, 83-97.
- Glaser, B. (2001). *The grounded theory perspective: Conceptualization contrasted with description.* Mill Valley, CA: Sociology Press.
- Gridley & Co. (2011). *Billion dollar babies – trends and opportunities in the new e-commerce world.* Retrieved from <http://www.slideshare.net/GridleyAndCompany/billion-dollar-babies-trends-and-opportunities-in-the-new-ecommerce-world>
- Hasslinger, A., Hodzic, S., & Opazo, C. (2007). *Consumer behavior in online shopping.* (Unpublished doctoral dissertation). Kristianstad University, Sweden.
- Haws, K. L., Bearden, W. O., & Nenkov, G. Y. (2012). Consumer spending self-control effectiveness and outcome elaboration prompts. *Journal of the Academy of Marketing Science*, 40(5), 695-710.
- Hollway, W., & Jefferson, T. (2000). *Doing qualitative research differently: Free association, narrative and the interview method.* Thousand Oaks, CA: Sage.
- Hsiao, K. L., Lin, J. C. C., Wang, X. Y., Lung, H. P., & Yu, H. J. (2010). Antecedents and consequences of trust in online product recommendations: An empirical study in social shopping. *Online Information Review*, 34(6), 935-953.
- Jayawardhena, C. (2004). Personal values' influence on e-shopping attitude and behavior. *Internet Research*, 14(2), 127-138.
- Jayawardhena, C., & Wright, L. T. (2009). An empirical investigation into e-shopping excitement: antecedents and effects. *European Journal of Marketing*, 43(9/10), 1171-1187.
- Lee, M. K. O., Shi, N., Cheung, C. M. K., Lim, K. H., & Sia, C. L. (2011). Consumer's decision to shop online: The moderating role of positive informational social influence. *Information and Management*, 48(6), 185-191.
- Lichtenstein, D. R., Netemeyer, R. G., & Burton, S. (1990). Distinguishing coupon proneness from value consciousness: An acquisition-transaction utility theory perspective. *The Journal of Marketing*, 54(3), 54-67.

- Liebermann, Y., & Stashevsky, S. (2002). Perceived risks as barriers to Internet and e-commerce usage. *Qualitative Market Research: An International Journal*, 5(4), 291-300.
- Malhotra, N. K. (2006). Questionnaire Design and Scale Development. In R. Grover & M. Vriens (Eds.), *The handbook of marketing research uses, misuses, and future advances* (pp. 176-202). Thousand Oaks, CA: Sage.
- Mangiaracina, R., & Perego, A. (2009). Payment systems in the B2c eCommerce: Are they a barrier for the online customer? *Journal of Internet Banking and Commerce*, 14(3). Retrieved from http://www.arraydev.com/commerce/jibc/2009-08/si_riccardo_2.pdf
- Mann, C., & Stewart, F. (2000). *Internet communication and qualitative research. A handbook for researching on line*. London, UK: Sage.
- Murray, P. (1997). Using virtual focus groups in qualitative health research. *Qualitative Health Research*, 7(4), 542-549.
- Nielsen. (2011). *Shopping and saving strategies around the world*. Retrieved from <http://hk.nielsen.com/documents/NielsenGlobalShoppingSavingReportOctober2011.pdf>
- Olbrich, R., & Holsing, C. (2011). Modeling consumer purchasing behavior in social shopping communities with clickstream data. *International Journal of Electronic Commerce*, 16(2), 15-40.
- Packer-Muti, B. (2010). Conducting a focus group. *The Qualitative Report*, 15(4), 1023-1026. Retrieved from <http://www.nova.edu/ssss/QR/QR15-4/packer.pdf>
- Pepitone, J. (2011, September 23). *Groupon's latest accounting revision whacks sales in half*. CNNMoney Tech. Retrieved from http://money.cnn.com/2011/09/23/technology/groupon_revenue/index.htm
- Perea y Monsuwé, T., Dellaert, B. G. C., & de Ruyter, K. (2004). What drives consumers to shop online? A literature review. *International Journal of Service Industry Management*, 15(1), 102-121.
- Pi, S. M., Liao, H. L., Liu, S. H., Lee, I. S. (2011). Factors influencing the behavior of online group-buying in Taiwan. *African Journal of Business Management*, 5(16), 7120-7129.
- Politecnico di Milano, & netcomm. (2011). *Osservatorio e-commerce B2C in Italia: accelera la crescita, tra nuovi ingressi e modelli di business innovative*. Retrieved from <http://danielelepido.blog.ilsole24ore.com/files/ecommerce-b2c-2011.pdf>
- Rook, D. W., & Fisher, R. J. (1995). Normative influences on impulsive buying behavior. *Journal of Consumer Research*, 22(3), 305-313.
- San Martín, S., & Camarero, C. (2008). Consumer trust to a web site: Moderating effect of attitudes toward online shopping. *CyberPsychology and Behavior*, 11(5), 549-554.
- Salvioli, L. (2012, February 18). *Chi assume? Facebook, Google, Amazon, Groupon, Linkedin...* Retrieved from <http://www.ilsole24ore.com/art/economia/2012-02-17/assume-internet-company-212407.shtml?uuid=AaWYfZtE>
- Senecal, S., Kalczynski, P. J., & Nantel, J. (2004). Consumers' decision-making process and their online shopping behavior: A clickstream analysis. *Journal of Business Research*, 58, 1599-1608.
- Stewart, K., & Williams, M. (2005). Researching online populations: The use of online focus groups for social research. *Qualitative Research*, 5, 395-416.
- The Archer Group. (2011). *Daily deals: What you need to know. Insight - online marketing trends*. Retrieved from http://www.archer-group.com/wp-content/uploads/2011/08/TAG_Insights_Issue7_DailyDeals.pdf
- Tian, K. T., Bearden, W. O., & Hunter, G. L. (2001). Consumers' need for uniqueness: Scale development and validation. *Journal of consumer research*, 28(1), 50-66.

- Van Meter, K. M. (1990). Methodological and design issues: Techniques for assessing the representatives of snowball samples. *NIDA Research Monograph*, 98(51.40), 31-43.
- Yoodeal. (2011). *Il mercato dei daily deals in Italia*. Retrieved from <http://www.tomshw.it/sito/img/zip/mkt.pdf>
- yStats.com. (2011). *Global B2C e-commerce market report 2011*. Retrieved from <http://www.reportlinker.com/p0733750-summary/Global-B2C-E-Commerce-Market-Report.html>
- Zhou, T., Lu, Y., & Wang, B. (2009). The relative importance of website design quality and service quality in determining consumers' online repurchase behavior. *Information Systems Management*, 26(4), 327-337.

Author Note

Antonella Ardizzone is Assistant Professor of Applied Economics at IULM University of Milan, Italy. She has been Visiting Research Assistant Professor at the Ithaca College, New York. She teaches Sector Analysis (Industrial Organization). Her research interests are in the field of industrial economics, data analysis, cultural and creative industries, intellectual property, media and music markets, industrial districts and enterprises clusters. She is co-author of a book on the Music Industry and of many papers published on national journals and on national and international books.

Ariela Mortara is Assistant Professor of Sociology of Consumption at IULM University of Milan. She teaches Sociology of Consumption (at IULM University) and Corporate Communication (at University of Trento). Her research interests concern: consumption, consumer behavior, relationship between consumption and new media, corporate communication. She is author of many national and international publications.

Correspondence concerning this article should be addressed to Antonella Ardizzone, Institute of Economics and Marketing, IULM University, Milan. Contact: Antonella.ardizzone@iulm.it

Copyright 2014: Antonella Ardizzone, Ariela Mortara, and Nova Southeastern University.

Article Citation

Ardizzone, A., & Mortara, A. (2014). Consumers' motivations and daily deal promotions. *The Qualitative Report*, 19(61), 1-15. Retrieved from <http://www.nova.edu/ssss/QR/QR19/ardizzone61.pdf>
