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**Julie Mossler Name and Title: Julie Mossler, Consumer Marketing Manager**

**Julie Mossler Company: Groupon**

**Ethan Whitehill:** Welcome to The Brand Show. I'm Ethan Whitehill.

Lou Thurmon: And I'm Lou Thurmon.

**Ethan Whitehill:** This week, we get to talk to one of my favorite online phenomenon's, Groupon.

Lou Thurmon: From Burgers to Botox.

**Ethan Whitehill:** From lasics to lobsters.

Lou Thurmon: You never know what each day will bring in a deal.

**Ethan Whitehill:** Joining us today is Julie Mossler, Consumer Marketing Manager at Groupon, who will share with us how Groupon has changed the game for local retailers.

Lou Thurmon: When Groupon first began, most people viewed them as a discounted deal site. But through innovation and passion, Groupon became more of a city guide for its patrons.

**Ethan Whitehill:** Not only are they a city guide, Groupon now bridges the gap between brick-and-mortar and online shopping. They call it social commerce.

Lou Thurmon: Tune in to hear about their rapid growth challenges and how Groupon uses their brand personality as a competitive weapon.

**Ethan Whitehill:** Julie, welcome to the show.

**Julie Mossler: Hey, how are you?**

**Ethan Whitehill:** We're doing very well. We're anxious to find out from the person who knows the inside skinny at Groupon. How did you guys do it? You've accomplished tremendous growth. You're

getting amazing buzz all over the internet in a very short period of time.

**Julie Mossler:** When you say, "How did you do it?" I think a lot of times we don't really know. The story of the company is really interesting. Andrew Mason founded the company at 28 and at the time, he had started a website called The Point which was a site for collective action. You could get a group of people together to fix a school or a park, or a bunch of people had actually chipped in to build a dome over the city of Chicago to block out the snow [laughter]. It was one of those things where I think when people are thinking about how they're going to work together, it's daunting. To fix a park is daunting if it's just you and yourself. But when there are 50 other people, there's the strength in numbers and you can accomplish something great. That was what The Point was focused on and that site is still around today, but eventually the challenge came to monetize it and that's how Groupon was born. Really, we think of it as just being in the right place at the right time. We have an extremely smart, hardworking team and this all came about right at the time that sites like Facebook and Twitter were getting off the ground.

Lou Thurmon: Julie, you brought up several times growth and challenges, and I'm just going to set you up here. No other startup has grown more quickly to launch from the beginning up to \$1 billion in valuation except for YouTube, which I think did in twelve months. Now, Groupon achieved this in sixteen months so not far behind. What are some of the challenges faced by brand experience in such a rapid and exponential growth?

**Julie Mossler:** Well, it's twofold. For one, our company culture is iconic. It's something that is often compared to a place like Zappos where they have great customer service and they're a very consumer-friendly place to be in. I've never worked there but in working at Groupon, we viciously protect the culture in this office. And so, that's a challenge because when you're challenged, at the moment, we're growing by 50 to 75 employees a month.

Lou Thurmon: Wow!

**Julie Mossler:** That's a lot of people and we don't really want to hire the City of Chicago. What we want to do is hire people

that are fantastic that we can convince not to work anywhere else. That's a challenge – how do you maintain that level of growth and still know that you're hiring quality employees. We've done a great job of that so far and hopefully that will continue. I would say the other challenge is we're an international company now. So, replicating the success we've had here in the U.S. in another country, you've got to have people on the ground and you have to have members of the team that really know their way around that particular country and its culture and its values, and that's challenging.

Lou Thurmon: Oh, definitely.

**Ethan Whitehill:** Yes, so Groupon clearly started with a great idea.

Lou Thurmon: Yes.

**Ethan Whitehill:** Whether it was by plan or accident, it started with a great idea. I think the down economy and your timing, as I think you were mentioning, played in your favor but also the trend of just local deals. I mean, being locally relevant with the information you're providing. I'm wondering if you could tell us a little bit more about that.

**Julie Mossler:** Yes. I think that in a recession or otherwise, people always want to get a great deal. It doesn't matter how much money you make or what kind of financial situation you're in or what the trends are going on at the time. If I can get a haircut for 80% off, whether I make 30 grand a year or a million a year, that's appealing to me. For us, it has never really been so much about the deal as it is a way to help people explore their city. It sounds more of a city guide than we do a discount deal site, and there's a couple of reasons for that. For one, it keeps things interesting for us. The way we became popular was like featuring things that you wouldn't normally go do. So it could be helicopter flying lessons or jumping out of a plane or taking Chinese classes. I mean there are just so many things that we get into a habit of a routine and we overlook those things. That was what people rely on Groupon to introduce them to. To me, as the economy continues to get better, I think that if anything people just have even more of a reason to use Groupon because they have a little bit more discussion in common. They're excited to go do different things.

**Ethan Whitehill:** Let's talk about those people that you're targeting.

Lou Thurmon: Yes.

**Ethan Whitehill:** You mentioned the discretionary income and I think by and large, as I understand it, your demographic has been younger, well-educated women, but who do you really want to hit? What is your strategy there?

**Julie Mossler:** Can't we get everybody to use Groupon? It's something – I mean I...

Lou Thurmon: I hope so.

**Julie Mossler:** I think that – yes. The thing about young, educated women is that it's the demographic that everybody wants to hit. It's the sweet spot and we're lucky in that that's who we attract. But as the company grows, we certainly want to be able to connect to more people than just the twenty-somethings who have some money to burn. We recently launched Personalized Deals, which anticipate your buying history and the deal you might like to get, based on your gender, your zip code, and previous buying habits. Because of that, I think we've solved the problem of them saying, "Okay, Groupon, I don't need a bikini wax this week. Thank you, but I would much rather go to a restaurant."

**Ethan Whitehill:** That's what they think though.

**Julie Mossler:** Right.

**Ethan Whitehill:** Maybe they do.

**Julie Mossler:** Who knows? Then by all means, if that's something you're into, then we want to help you do that. I think that was the most common criticism. It was just that deals didn't feel custom enough. Because we're doing one deal a day, we're forced to pick the deal that seems like it will be appealing to the largest group of people. We'll still continue to do that and I think especially for people who aren't subscribers and maybe who just stumbled on the site that day, we're still going to offer those huge iconic brands and features that everybody likes. But at the same time, there are benefits to

being a subscriber because as we get to know you, we'll be able to send you the stuff that you do want and eliminate the stuff that you don't.

**Ethan Whitehill:** You mentioned "as you get to know them", and one of the things that I've always found really interesting about your Groupon offers is the personality that goes into the description.

Lou Thurmon: It's my favorite part of the morning.

**Julie Mossler:** Me too.

**Ethan Whitehill:** I would love to know who writes that and how did you come to settle on that tone of voice?

**Julie Mossler:** Sure. As of right now, we have a huge editorial team. We probably have about 70 people, who actually sit on another floor, because we've just totally outgrown our space, but they're fantastic. A lot of them have backgrounds in the humor community, whether they're improv actors or have written in the past. Actually, the people that wrote it from the very, very beginning didn't have a writing background. Our editor-in-chief, Aaron West, has been with the company since it started and he is the founder's – one of the founder's is a good friend – had no experience managing people and no experience writing in like a magazine-type environment. The talent is there and that is what sold deals. People thought it was just hysterical and it's what attracted people to us in the first place when we didn't really have a reputation to fall back on. We've got a team of humor writers. We have a team of fact checkers, voice writers, I mean you name it. It's a really impressive operation. I have a journalist background from school and I'm in total awe that it's great.

Lou Thurmon: Well, definitely the tone and the writing for the daily Groupons for every city really gives personality and almost a face to your brand. Right now, there is a sea of clones out there that are trying to jump on the bandwagon in this collective buying model. I'm very curious what your approach is to maintain your brand identity and more importantly ensure a loyal customer base as all of these other entities are popping up trying to mimic what you have so successfully created.

**Julie Mossler:** We can't really concern ourselves with sites whose main competency is just to copy us. We originated the space. We're the pioneers in the space and we continue to innovate everyday. So, all we can do is just focus on ourselves and hope that that will continue to teach us lessons, and attract new customers and keep things moving forward. The first personality goes – like I said, our culture is defended to the nth degree and I think that you can copy a lot of things but until you've been behind the walls and know what Groupon's like, the weapon of our personality is a strong weapon and it's not easily duplicated. It's such a quirky, unexpected personality and voice that I think people who try to copy it just come off as sarcastic or it's sort of jokes that you would expect to see. There's just so many nuances in it that, like I said, someone copying us isn't really something we're too concerned about from the branding perspective, which is really important in what we're talking about. The other reality of having clones is that our merchants decide whether they're going to run with us or run with them. The good thing is that we feel really strongly about the quality of our deals and we turn away a ton of businesses because they don't meet our criteria for quality and standards. It's just about making sure our product is best that it can be.

**Ethan Whitehill:** What is your criteria?

**Julie Mossler:** We don't have a hard black-and-white list for fear that someone might look through the cracks and not be featured because they don't meet every single bullet point. It's more a couple of basic things. You have to have a very positive online reviewson sites like Yelp or City Search. It's imperative that you have a website because if we're telling people that your service is 80% off, we want to be able to point them to the real price and say, "Here's proof that this is the value of this item." We'll do searches and look in forums and make sure that businesses that are out that way is fun. Say there's a new restaurant and they don't have any online reviews, we'll look and see. Maybe the chef had a restaurant previously that was very successful and had good ratings – things like that. That's kind of our standards from a business standpoint, and then the deals have to go through a quality control as well. If you are offering a deal that's only good on a Tuesday, nobody's going to buy that. We look at it and we say as a customer, "Is there something I would like to buy? Is this cool to me and is this

difficult to redeem?" If the answer is, "Yes, this is going to be really hard for people to use," that's not something we would want to feature.

**Ethan Whitehill:** I've always felt – and I think that's really interesting what you said because it feels like that the companies that do market through Groupon, they're not just marketing a promotion. They're receiving an endorsement, so to speak. You really kind of...

**Julie Mossler: Exactly.**

**Ethan Whitehill:** As you said, I guess it goes along with this idea of exploring the city because you're curating the best of in a particular market.

**Julie Mossler:** It's really not uncommon. All the time, we hear people say, "I was too late to buy the Groupon on Wednesday but then on Friday, I was working through my neighborhood and I noticed that business so I happened to stop in because they've been featuring Groupon." That happens constantly. The whole idea of collective buying, the fact that if enough people don't opt in the deal of a tip and nobody gets the deal, even when that happens, it's still a positive experience for our merchants because they've been featured among hundreds of thousands of subscribers who will now see their business as someone who has the Groupon stamp of approval.

**Ethan Whitehill:** Over the years – and I think you can blame it on a lot of factors. Maybe it's technology convergence and mobile devices. Maybe it's the economy or just the nature of retail. The shopper journey has changed dramatically. I'm wondering – sitting at Groupon how you see the shopper experience today.

**Julie Mossler:** Well, a lot of people have credited us with inventing social commerce. So it's e-commerce, but it's bringing in that level of social connection to either get a better deal or share it with your friends and whatnot. I think that that's apparently where we're headed as a society. On the one hand, it's equally important to go in and support local businesses and go into brick-and-mortar. But at the same time, the reality is that if you're behind a desk twelve hours a day, a lot of your shopping is going to take place online. This marries the two ideas. You're accomplishing something. You're figuring out where you're going to go on a special date for

dinner or for your dad's birthday or something. You're getting that done and you've bought it, and then it's up to you go in and redeem it. You're getting to do both and I think that that is where social commerce is headed where it's really making online marketing successful for small businesses. That wasn't something they were really able to do before.

**Ethan Whitehill:** I've wondered often when I receive a deal – and sometimes you do have side deals, but usually it's the focus on one deal. Have you ever considered opening it up to more deals a day?

**Julie Mossler:** We have. When we poll customers, which we do frequently, the number one feedback is that they like getting one deal a day because it's simple. You go to the site. Many people read the write-up regardless if they're going to buy it or not because they think it's funny, but they prefer to have one choice and that's it. That's just what our customers said that they liked. With starting Personalized Deals, right now, Personalized Deals are only in about seven cities but it will be rolled out system-wide by the end of the year. By doing that, we're actually featuring about seven businesses a day. It's just that your user experience is still just one deal a day.

Lou Thurmon: Sure.

**Julie Mossler:** In doing that, it's a problem-solver for us because in the past, I've mentioned we were turning away seven businesses for every one that was featured and the majority of those are quality control, just people that we necessarily wouldn't want on the site. But the remainder, are businesses that we think are great and it's just that the waiting list to be featured is six, seven, eight months. Now, we're able to feature all kinds of businesses. We can feature the guy who can only handle 200 customers coming in the door and we can also feature the one that can handle 20,000.

**Ethan Whitehill:** I'm wondering if you could give us some advice then for a retailer who would love to do a Groupon. Could you share with our listeners what it takes one to be the right kind of retailer to fit the Groupon model; and two, what is the right kind of deal for you to offer?

**Julie Mossler:** Well, the right kind of deal is something with no restrictions. We don't want customers to feel like there's a

gotcha. We actually have a section on the Groupon called The Fine Print and it's so that you know what to look there in case there have been any restrictions. One restriction that we do allow occasionally is maybe no alcohol covered under the Groupon or something like that. For the most part, we want you to be able to redeem your voucher any time, any place, whenever you feel like it. Then I would say we already talked about a quality business and having good online reviews but beyond that, to make it work for you, you need to think about what you're going to do to make these customers come back because we don't position Groupon as the money-making opportunity. We position it as an investment to get great long-term repeat business. But in order for that to happen, when those customers come in through your doors, you need to figure out what you're going to do to keep them. Maybe it's introducing them to special entertainment that you have three times a month or something or letting them know about upcoming promotions. There are a lot of different tricks that our merchants use to make sure that people have a fantastic experience and plan on coming back soon. So, I would definitely recommend anyone who's interested in Groupon. They can go to [Grouponworks.com](http://Grouponworks.com) and that's the website for local business owners to see if Groupon is right for them, and then just plan to maximize that experience because you get that one chance to turn them into a lifelong customer.

**Ethan Whitehill:** I might want to go back on record here and ask you a question about social media. As we're talking, I'm thinking about it. Can you share or just tell us about what social media means to Groupon? Obviously, it's important to your business model with the connective consumer and sharing deals, but how do you promote Groupon beyond that? How are you building an audience?

**Julie Mossler:** Sure. Well, social media is vital to Groupon. We think of ourselves as built on the societal grass of Facebook and Twitter. We share the deal everyday. Every city gets its own Twitter and Facebook page. But beyond that, we have value adds. A lot of our merchants will stumble on concert tickets or wine tasting or even air fare, hotel, or something like that and give it to us to give away to our customers, so we're doing things like that all the time. Also built into Groupon's business model, we have a referral program. So, if you share a deal with a friend and they're not a subscriber and they subscribe and buy, then you get \$10.00 when they make their

first purchase. It's monetizing these little things to spread the word with friends and get more exposure for that business so everybody wins.

**Ethan Whitehill:** How do you see mobile affecting all of this?

**Julie Mossler:** Mobile has been a really exciting development for us. We have an office in Palo Alto that's dedicated to that. We have an iPhone app and we have an Android app as well, which I love, and we also have an HTML5 site. So, automatically any phone that doesn't have our app can go to a page that's optimized for their phone. For us, it has been really great because with the iPhone app, you can actually plot out your Groupons in relation to where you're standing. If you go to downtown Chicago and you say, "I really want to go eat tonight. What Groupons do I have in my account?" it will plot them all out within a 5-mile radius, and you'll say, "Oh, great. Here's one down the street." The other thing is people can buy on the go as well through our application. So, you're not tied to a computer anymore. You don't need a printer to redeem it. You can make the decision on the fly.

Lou Thurmon: So true. Julie, you used some very graphic language earlier when you were talking about your culture. You said your "weapon" and that you'd "viciously protect" it. Can you give us a description of the day-to-day? What it's like inside the doors of Groupon and if you're lucky enough to be a team member, what the experience is?

**Julie Mossler:** Oh, gosh! Well, you picked an interesting day to ask me that. There's this room in our office that has been blocked out – like the door is locked – and it says "Michael's room" on it, and nobody has any idea what's inside of it. The door will open a crack and you'll see this old, nasty, flowered wallpaper and no one has any idea what it is. Today, the door opened and this guy fled out of the office with a mask screaming and wearing this weird – it was almost like a car mechanic jumper - just running out of the office and fleeing. Andrew, our founder, was chasing after him. So then we all got an email from Michael, saying that he had escaped and that if we can figure out where he is, we'll get a prize. I don't know. I'm worried that he's on the loose. We didn't even know he was living in his office, but that's one thing. We also had a guy in a ballerina costume. He was all tattooed and he had a

**ballerina costume and he just walked on for a week for no reason.**

Lou Thurmon: Well, I cannot thank you, yes.

**Julie Mossler: I think that gives you a fair idea.**

Lou Thurmon: It does, and I can just see on their side deal coming soon is "Where is Michael?" and your Groupon will be at the venue where Michael was.

**Julie Mossler: Right!**

**Ethan Whitehill:** Or maybe ballet lessons.

**Julie Mossler: Or it's funny if you...**

Lou Thurmon: There you go.

**Julie Mossler: Yes, and his room has all this crazy stuff in it and we got to look in there today. Apparently, he has some kind of a critter named Harold that escaped, too, but...**

Lou Thurmon: Oh, there's nothing like a varmint in the office.

**Julie Mossler: Yes. There's like a glass tank with a hole in the bottom and something escaped out of it, but we don't know what.**

Lou Thurmon: My goodness. Well, Julie, thank you so much for your time today and sharing not only the business side but also behind the scenes of Groupon. If someone is yet to be a follower and a brand investor for Groupon, where can they go in their city?

**Julie Mossler: You can go to Groupon.com and then there's a list at the top of the page with all the different cities we're in. We're even international. So if you're planning a trip to England or Germany or France, you can sign up there, too, and then you can do a city not like a tourist but like a local.**

Lou Thurmon: Excellent.

**Julie Mossler:** Then if you're interested in your merchant, then you go to [Grouponworks.com](http://Grouponworks.com).

**Ethan Whitehill:** Julie, thank you so much.

**Julie Mossler:** Thanks, guys.