

CRITICAL FACTORS AFFECTING REVENUE OF SOCIAL COUPON WEBSITES

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ABSTRACT

Social media, social networking, social commerce; all things social reign supreme in the digital marketplace. While society, by its very definition, has always been shaped by social interactions, the nature of social media has truly transformed not only personal interactions, but also the way individuals interact with businesses. The ability to instantly learn about the experiences and opinions of others who interact with a business can have a great impact on an individual's opinion and therefore, his or her willingness to do business with that organization. This in turn, can affect a company's reputation, its ability to generate sales, and thus, its revenue.

The power and influence of the social group has made social couponing sites such as Groupon or LivingSocial big players in the e-commerce marketplace. However, like many other forms of e-business, they have seen their share of fortune swing wildly at times. These global e-commerce marketplaces offer small to medium-sized merchants the chance to attract new customers, while at the same time offering those potential customers the chance to try new products and services at discounted prices. These benefits help explain the popularity of these social commerce websites. However, they can also experience downturns with both sides (vendors and customers) voicing complaints about the platform's results (Pentina & Taylor, 2013).

What makes this type of social shopping attractive and keeps customers participating in the daily deals? One possible explanation we explore in this research is whether information that is displayed in the content on social couponing websites such as: price, discount, rating, etc., influences the customer participation, and thus the revenue of individual social coupon companies. We conducted a pilot study by selecting 100 companies from a well-known social coupon website to examine these variables that are displayed on each online coupon offering. In this paper, we will explore the relationship between the aforementioned critical factors and revenue of social coupon websites.

REFERENCES

Pentina, I., & Taylor, D. G. 2013. "Regulatory Focus and Daily-Deal Message Framing: Are We Saving or Gaining with Groupon?" *Journal of Interactive Advertising*, (13:2), pp. 67-75.