

# Is a Daily Deal The Right Marketing Strategy for Your Business?

by Christian Fea, Synertegic, Inc.

Companies like Groupon and Living Social have developed large networks of customers that are actively seeking new products and services. Whether to participate in a daily is a big decision to make for a small business owner that is looking for exposure to a large existing customer base in their area. The deal sites are known for taking a significant portion of a daily deal and the price being charged to the end customer is already usually below the price a company would normally charge for their services. This is what attracts the huge number of potential customers; however, if done without fully thinking out the true costs of providing the deal and servicing the influx of customers, a business can take a massive financial hit if customers do not stay around and make purchases in the future.

A joint venture marketing relationship with other local businesses may not have the overall reach that a Groupon or Living Social has in a specific demographic, but the revenue share terms will likely be much more favorable and still present your product and service to your target demographic. A daily deal can be a great one-time marketing campaign for some businesses, and so it should be considered as a strategy for any business.

## **Issues with Groupon to be aware of:**

1. Many small businesses have lost considerable amounts of money due to the deals that they have done. Groupon sales reps are not there to make sure that the deal is an ultimate success for your business's long term future, only that the deals are sold at the best price and revenue split for Groupon.

2. While some companies have received decent terms from Groupon others have had a worse than 50 percent revenue share with the deal site.

3. Many of the customers are only there for the cheap prices and are not your customers. They are Groupon customers and will be purchasing another deal from another provider the next time they need the same product or service that you provide.

4. People will travel to your location for a great deal, but may never return due to the longer distance from their home.

5. It can cheapen your brand. Customers that know you and made a purchase through Groupon or Living Social may resist paying full price in hopes that you'll do another super sale in the future.

There are other issues to be aware of such as brand control, customer satisfaction, upsetting existing customers who did not purchase the Groupon deal and many more. Unless your business really needs a last ditch effort to reach as many customers as possible, a different approach to customer acquisition would be best.

Find the right business partners that have your target demographic as their existing customers and create a joint venture marketing relationship that allows both businesses to equally benefit and grow rather than getting a daily deal site rich.

*Christian Fea is CEO of Synertegic, Inc., a Joint Venture Marketing firm. He exemplifies how to profit from Joint Venture relationships by creating profit centers with minimal risk and maximum profitability. Join his Joint Venture Marketing Wealth Report at [www.christianfea.com/joint-venture-wealth-reports](http://www.christianfea.com/joint-venture-wealth-reports)*