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From Good Deal Hunters to Pirates: Sailing the Market Seeking Pleasure and/or Fighting for Glory?

Are Groupon buyers only bargain hunters? Some retailers are lamenting that the program not only did not draw in new customers, but the new customers also spent less than the average amount spent by non-Groupon customers. More research is needed to examine the profitability for retailers using such sites (Grewal et al., 2011). Building on existing motivation-based shopper typologies and an extensive qualitative research, this research identifies new motivations favorable to small business but also motivations which could reframe the Groupon business model.

Content analysis of 23 interviews conducted with group buying web sites users confirms that some customers of group buying sites are motivated by bargain hunting (value motivation). They can either derive pleasure from bargains (promotion orientation leading to smart-shopping) or seek only to control their budget (prevention orientation leading to wise shopping) (Djelassi et al., 2009). As a matter of fact perceived value and anticipated regret were already found to be strong predictors of purchase intention (Coulter & Roggeveen, 2012). But this value orientation is far from being the sole motivation. Customers may also want to pass the time (kill-time motivation), cheer themselves up (gratification motivation) or explore new offerings (idea motivation).

Lastly, consumers may be motivated by “seeking economic advantage through bargaining interactions with sellers”, the so-called negotiation style isolated by Westbrook & Black (1985). Some consumers hijack the business model of group purchasing sites, for example, by negotiating directly with the small business. Other respondents attempt to exploit the limitations of the system by getting reimbursed on expired coupons. We define the hijacker as a purchaser “who uses his knowledge and skills to divert the strategies and tools of company and uses them for his own benefit or the benefit of a third party.” Several studies have already suggested that the company’s strategies and tools are sometimes diverted by consumers in the shopping context. For example “free-riders” inquire about a product, test it in one sales channel and then buy it in another (Singley & Williams, 1995). Some people buy products on private sales sites and then sell them at a profit (Ayadi, Giraud, & Gonzalez, 2013). Others adopt multiple identities so as to take advantage of several repayment offers (Odou, Djelassi, & Belvaux, 2008).

These practices refer to what Babeau and Chanlat (2011) call ordinary deviance, defined as “practices contrary to the rules, but in such a minor and surreptitious way, on matters of little importance compared to serious deviance (fraud, theft, etc.), that it makes sense to distinguish them from what the deviance literature is concerned with.” In the context of buying on Groupon, this behavior sometimes mixes altruistic foundations (enabling the provider to increase his margin) and social foundations (getting to relate to the provider). One of the contributions of this study in regard to this latter point is that the consumer does not “work” with the company to create and modify its offering (Cova & Cova, 2012), but diverts Groupon promotional offers for his own sake. In the context of value, kill-time, gratification or idea shopping, shoppers respect the “implied psychological contract” with Groupon defined by reciprocal obligations (Guo, 2010). Deviant consumers do not adhere to this psychological contract (when they negotiate directly with providers) or do not respect it (when they lie to obtain a refund).

A detour via work in the sociology of organizations (Crozier & Friedberg, 1977) can provide a better understanding of this phenomenon and how it gives rise to innovations (Babeau & Chanlat, 2011). Deviance is conceptualized as a “confrontation” between different ways of seeing and acting. The business model of group buying sites builds upon bargaining power between actors: the group buying website, the providers, and the customers. It imposes both a structure and rules that limit the freedom of providers (imposed margins) and customers (purchase limit, time-to-expiration), but give them a certain amount of leeway. These actors use this leeway to rebalance the system in their favor: using the information provided on the site to contact sellers directly, getting refunds for expired coupons, etc. These transgressions are a way of defending themselves against the constraints imposed by Groupon. They lead to changes in the group purchase model. New actors can emerge, who provide a structure with different rules and power relationships resulting from a compromise between actors. For example AllStar Deals leaves a greater margin to providers and encourage customers to look for their own deals and submit them to the company. Several dimensions of the creative process highlighted by Alter (2006) appear through this example: (1) hijackers who transgress the rules set by Groupon, (2) a conflict between these hijackers, Groupon rules and the established order, and (3) firms that take into account the implicit or explicit criticisms made by hijackers.

Paradoxically, it may be in Groupon’s interest to overlook some of these transgressions, for they can potentially increase users’ satisfaction level and ultimately their loyalty to the group purchase site. Would a customer be happier if he gets refunded for coupon after cheating? Would he be all the more satisfied if he feels he has tipped the balance of power? Would he be less tempted to go to a competitor's site? Similarly, to avoid losing too many customers, it may be in Groupon’s interest to leave a certain leeway to its users, or at least relax its refund rules. It would therefore be in their interest to listen to dissatisfied customers and allow them, within limits, to find an amicable agreement with the site.

More generally, to recruit new providers, Groupon salespeople could emphasize in their sales pitch the existence of motivations that are more lucrative, because they result in more impulse purchases (smart, gratification and kill-time shopping) or in the development of the customer relationship (idea shopping). The purchase of a Groupon voucher may be the first step in a relationship with a provider (idea shopping). Service quality therefore plays an important role, particular-

ly the welcome given to the Groupon customer by company personnel (Dholakia, 2011). Yet it does not seem satisfying as the feedback left on Yelp by Groupon customers is less favorable than that left by other customers (Byers, Mitzenmacher, & Zervas, 2012). The year is punctuated by commercial events such as Christmas, which allow merchants to increase their revenue by selling more to repeat buyers, but also by attracting new customers. Group buying sites capitalize on these events by providing tailored offerings. It would be interesting to go further in this direction by analyzing variations in consumers' shopping motivations during these various high points.

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