

GET YOUR GROUPON

The real deal about the latest craze in coupon clipping BY RICK LEVIN

It sounds like an industry insider's term barked on the set by porn directors, as in, "Hey, Ed, after we get the D.P. with Starla, let's try a group-on right before the money shot."

Technically speaking, however, Groupon is a noun, albeit a very mobile-seeming noun — one that may eventually enter English usage as a verb. "Honey, I'm hungry. What do you say we Groupon that pizza?"

All speculation aside, the phenomenon of Groupon has been with us for some time now. A compound term of "group" and "coupon" smashed together, Groupon was launched in 2008 and by April 2010 was valued at \$1.35 billion.

The general idea behind Groupon and similar consumer perks like Living Social is twofold: First, a daily special is promoted, typically online, that promises a particular consumer good at a reduced price, like a \$35 meal for \$10. It seems too good to be true, like a Ponzi scheme.

The second part of the equation involves Groupon's benefit to retailers who take the hit up front for the potential benefit of increased patronage in the future, i.e. a Groupon user who's never been to your café but just wanted a super-cheap lunch ends up totally loving your Reuben and therefore returns every Tuesday, ready to pay full price for the sandwich.

Heidi Tunnell of Heidi Tunnell Catering Co. in Eugene has used both Groupon and Living Social. "I signed up for Groupon because I had done Living Social and I was happy with Living Social," Tunnell says. "I guess we thought it would draw new customers."

Tunnell says in both instances she drew in new customers, though ultimately she was happier with Living Social.

"Groupon was just someone over the phone," she says. "We set the terms and kept going back and forth because he kept trying to weasel things in there that I had said no to originally, then he kept trying to put them in there."

Cameron Langham, sales manager for Oakshire Brewing, says his company decided to go with Groupon "to better expose the public to Oakshire and our tasting room." All in all, Langham says he was satisfied with the

couple of factors tipped the scales, Bertolone says. "For one, Living Social seemed to be more localized," he says, adding that "they were willing to come in and talk to us, and Groupon was primarily over the phone."

He says, all in all, Soriah's been pleased with the results. "It was cool," Bertolone says of working with Living Social. "When somebody experienced Café Soriah and used one of their coupons, they gave feedback pretty intimately."

Bertolone's comments about Living Social, then, present one side of the story — the best of all possible worlds, in corporate terms. Of course, "there were a fair share of deal seekers," he admits. On the other hand, "not many people think of us as an every night sort of restaurant, which we're trying to change," Bertolone

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results. "I didn't think we'd sell over 500 (Groupon vouchers) and we sold over 1,700," he explains.

In Langham's view, whether Groupon works for your business depends upon what type of business you run. "If I were a restaurant I probably wouldn't do it," he says, pointing out that, unlike a restaurant, Oakshire provides a product available in stores and on tap around town.

Another thing to consider, Langham says, is any business's capacity to deal with a tsunami of Groupon-gripping customers hitting a restaurant all at once, swamping the establishment. "I mean, we were hammered the first week," he says of Oakshire's Groupon experience. "If that happened in the restaurant business, I could see you turning off as many people as you turned on."

Jon Bertolone, floor manager at Café Soriah, says both Groupon and Living Social courted the restaurant. A

explains, "so by getting people in there and seeing us, we appreciated that."

So, to Groupon or not to Groupon?

It would seem deals like Groupon and Living Social arrive at the nexus where industrial capitalism gives way to a hyper-consumerism fueled by the ethereal tides of digital commerce. Groupon is coupon cutting in the age of social networking — marketing at light speed with the forensic flash of target demographics and consumer taste delivered "intimately."

As Mr. Miyagi might say, you are free to access your personal Zen in the matter, to "group on, group off." Who doesn't like living socially?

Then again, Groupon's 2011 fourth-quarter report pegged a loss of \$9.8 million, which might have inspired a few investors to Fuckoff altogether. ■

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