CATÓLICA LISBON
BVSINESS & ECONOMICS

MYGON

DEAL OF THE DAY INDUSTRY

Acquisition or retention of MYGON users: a case of DoD industry sustainability

Dissertation by

Mariana Carvalho Rosa de Lencastre Ascenso

Student number: 152114312

Thesis written under the supervision of

Professor Paulo Marcos

Dissertation submitted in partial fulfilment of requirements for the degree of MSc in Management, Major in Marketing at CATÓLICA-LISBON School of Business & Economics

June 2016

Acknowledgements

First, I would like to thank my family for always believing in my capacities during my academic life and for giving me so many enriching opportunities throughout my life. I would like to leave a special note to my dear mother who was tireless in helping me during my bachelor's and master's degree, always contributing a little bit towards every single project.

I am also grateful to my thesis supervisor, Professor Paulo Marcos, for all the feedback, guidance and support that he gave me throughout these last 4 months.

I would like to thank MYGON and the whole team for welcoming me so warmly, contributing key information for the completion of this dissertation during my training period in the company these past 4 months. Special thanks also to Carlos Bispo, former Marketing Manager, as well as to Ricardo Vilares, CEO, for believing in me and giving me this great opportunity of working at MYGON and hopefully also contributing towards its future success.

Last but not least, I would like to thank my best friends from the bottom of my heart for always believing in me and motivating me. A special thanks to Simão Praxedes who was always available to help me and who gave me the best feedback throughout the dissertation process. To Bernardo Estevens for his patient, motivating and unconditional support during such an important phase of my life, a big thank you, and to my fellow students, Mariana Carriço and Margarida Freire, all my gratitude for their friendship and support during my bachelor's and master's degrees.

Abstract

Dissertation Title: Acquisition or retention of MYGON users: a case of DoD industry sustainability

Author: Mariana Carvalho Rosa de Lencastre Ascenso

MYGON is a Portuguese startup on daily deals set up in 2012. In Silicon Valley, the company was considered a potential global business with its innovative business model in the Deal of Day Industry in 2013 when the growth rates in this industry were still increasing. However, in the beginning of 2016 the results are completely different, the industry is stagnant, and the main players are struggling to survive and have even changed their business models. While looking at the sustainability of its business model, the question now is whether MYGON should enlarge its user base through constant acquisition of new users or retain its existing registered users, trying to turn them into real customers?

This dissertation provides a broad overview of relevant marketing topics in the Literature Review, both online customer acquisition and online customer retention, applied to the Deal of the Day Industry. Additionally, a Case Study about MYGON is included with a Teaching Note, where instructions are provided for in-class discussion. A Market Research is also conducted with an In-depth Interview with MYGON's CEO and Marketing Manager, a Focus Group, a Win-back Survey, and an Online Survey. In conclusion, the implications of the findings as to which direction the Portuguese company should take are also discussed.

Keywords: Online Group Buying, Deal of the Day Industry, Customer Acquisition Online , Customer Retention, Retention Online, Loyalty programs in Daily Deals

Resumo

Título da Dissertação: Aquisição ou retenção de utilizadores da MYGON: um caso de sustentabilidade na indústria Daily Deals

Autora: Mariana Carvalho Rosa de Lencastre Ascenso

A MYGON é uma startup portuguesa de daily deals criada em 2012. Esta empresa foi considerada um negócio de dimensão potencialmente global com o seu modelo inovador de negócio na indústria de Daily Deals, em 2013, em Silicon Valley, altura em que as taxas de crescimento desta indústria ainda estavam em alta. No entanto, no início de 2016, os resultados são completamente diferentes, a indústria estagnou e os principais intervenientes estão a lutar por sobreviver, tendo modificado os seus modelos de negócio. Olhando para a sustentabilidade do modelo de negócio, resta saber, agora, se a MYGON deve ampliar a sua base de utilizadores através de um esforço constante de aquisição de novos utilizadores ou se deve reter os utilizadores já registados, procurando torná-los verdadeiros clientes?

Esta dissertação proporciona uma ampla panorâmica dos relevantes tópicos de marketing recolhidos na Análise da Literatura, quer a nível da aquisição quer da retenção de clientes online, aplicada à indústria de Daily Deals. Além disso, foi incluído um Estudo de Caso acerca da MYGON juntamente com uma Nota de Ensino, onde são fornecidas instruções para discussão em aula. Também foi realizada uma Pesquisa de Mercado incluindo uma Entrevista Aprofundada com o CEO e o director de marketing da MYGON, um *Focus Group*, um Questionário de recuperação de antigos utilizadores e um Questionário Online. Finalmente e em conclusão, também são abordadas as implicações dos achados sobre a direcção que esta empresa portuguesa deve tomar no futuro.

Palavras-chave: Compras Colectivas Online, Indústria de Daily Deals, Aquisição de Clientes Online, Retenção de clientes, Retenção Online, Programas de Fidelização em Daily Deals

Contents page

1. Introduction

1.1. Problem Statement

In 2012, MYGON entered the Deal of the Day (DoD[1]) Industry with a new and innovative business model – there are no coupons and payments online – which resulted in a Silicon Valley award in 2013. Four years have gone by and in the meantime Groupon, which was the biggest player, decided to leave the Portuguese market in the beginning of this year, 2016. Although there are still a lot of companies operating in the Portuguese market, the industry itself is stagnant and struggling to be sustainable in a near future. During these four years MYGON has been growing in the Portuguese market as the only company operating in the DoD industry with this new business model. Recently, a copycat emerged with the same business model, Carrega Descontos, and MYGON has to fight in order to keep its first mover advantage while proving its business model is sustainable. Since MYGON was set up, the company has been focusing on enlarging its user base in the Portuguese market, whilst simultaneously facing the problem of retention of its existing users due to its high attrition rate. In order to keep growing and considering that there is a restrained budget and a limited timeframe, while looking at the sustainability of its business model, MYGON is currently facing a dilemma: **should MYGON keep focusing on enlarging its user base through constant acquisition of new users or should it focus on retaining its existing registered users, trying to turn them into real customers?**

1.2. Research Questions:

RQ1: Which characteristics describe the DoD Industry?

RQ2: Who are the users of daily deals websites in Portugal?

RQ3: What is MYGON's STP[2] in the Portuguese market?

RQ4: How could the merchants play a role in the acquisition and retention of users in this business model?

RQ5: To what extent is MYGON's business model in the DoD industry sustainable in terms of retaining its users and attractive in terms of acquiring new ones?

[1] Term used for Deal of the Day
[2] Segmentation, Targeting and Positioning

1.3. Methodology

This study contains primary data collected from the company, its current users, and consumers in the Portuguese market, as well as secondary data collected in MYGON during the period of thesis execution (internal data) and external data about the DoD industry. The research focuses only on the Portuguese market and on MYGON only in its capacity as a daily deal company.

In order to answer the proposed Research Questions, primary data was used such as the In-depth Interview with Carlos Bispo, Marketing Manager, and Ricardo Vilares, CEO, regarding the challenges the company is facing in 2016 as well as the company's retention and acquisition strategies. In addition to the qualitative research, a Focus Group was conducted with daily users who have never heard of and/or have never used MYGON in order to understand participant's behavior towards daily deals and their perceptions about daily deal websites/apps with a view to assessing their potential interest in MYGON's business model. Furthermore, part of this research was also quantitative, and was carried out by conducting two surveys: one directly with MYGON *Gold Inactive Users*[3] by phone as a win-back strategy in order to understand why those users stopped using MYGON (243 respondents) – users' general opinion and suggestions were asked; the other, a more general survey, targeting all Portuguese consumers with 295 valid responses in order to determine who the daily deal users in Portugal are exactly, their behavior and perceptions, and the positioning of MYGON in the Portuguese market. It was important to have consumers of both genders, with distinct income levels, from all age groups and with different backgrounds.

Secondary data came mainly from MYGON internal data, such as more specific information about the company, its offers, users' behavior and segmentation. This work was also supported by information available on the Internet, including MYGON's main website/application, and other relevant data about the DoD industry in Portugal.

[3]Marketing status which will be explained later on in the study

1.4. Academic and Managerial Relevance of Research

The reason why the daily deals topic was chosen for study is that it is a hot topic both worldwide and in Portugal at the moment. Groupon, the company which has shown one of the fastest growing ever is nowadays struggling to survive and has recently left six international markets, including Portugal. The sustainability of the daily deal business model is an issue which has been discussed recently, since Groupon and other daily deal websites had to change the model. Therefore, writing a case study about MYGON makes special sense since the Portuguese company was considered, in 2013, a global potential business in Silicon Valley for its innovative business model in the DoD industry, and this year, 2016, the company is facing a big dilemma. The aim of this study is to help the company understand which way to go in the long run, how to deal with some of the issues it is facing and, ultimately, understand the sustainability of its innovative business model in the DoD industry.

This dissertation focuses particularly on two main marketing topics: customer acquisition as well as customer retention, both online, as applied to Online Group Buying[4].

[4] Same meaning as Daily deal websites

2. Literature Review

This section aims to review some relevant marketing topics online such as Retention and Acquisition by providing a broad overview of academic articles. The way these topics are applied in the Online Group Buying contexts is reviewed in this section. The literature on some of these topics, especially applied to Online Group Buying, is still scarce, as mentioned by several authors. Therefore, some cited articles are not as recent as desirable, and were not published in top journals.

<u>Online Group Buying</u>

Erdogmus and Çiçek (2011) claim that Online Group Buying is one of the most successful and profitable online businesses which both sellers and buyers benefit from. Anand and Aron (2003) and Edelman et al. (2010) both claim that primarily, merchants enjoy discrimination advantages by drawing in price-sensitive customers and therefore attracting them to the organization, especially for merchants going through hard times. Secondly, merchants also benefit from advertising when a large number of consumers know about their existence, especially companies with low recognition. Despite these advantages, Dholakia (2010) states that not all the merchants of this kind find the online group buying system as profitable and valuable as they would like. A Harvard study by Gupta et al. (2012) shows that 50% of the merchants lose money with daily deal campaigns, however the type of business really matters for merchants' success with daily deals - Restaurants are generally not successful whilst Beauty Care is generally successful. Byers J. et al. (2011) even claim that daily deals could have negative effect on the merchants' reputation in the long run.

In the users' perspective, daily deals make for an exciting and surprising shopping experience, whereby the users are faced with different offers each day by visiting the website or application or checking their emails. However, there are some concerns that Daily deal users are tired of e-newsletters, particularly since most deals are advertised this way, as Dholakia and Kimes (2011) studied.

Consumers are mainly motivated by savings: although there is a significant effect of both monetary and exploration motives (search for novelty and variety), monetary motives have a higher visible effect on enjoyment value in daily deals transactions (Erdogmus and Çiçek, 2011).

Customer Acquisition Online

The customer acquisition process is particularly important for startups and firms competing in growth markets, meaning that for such firms, acquisition is the most important expense. Villanueva et al. (2008) state that the company could have an illusion of profitable growth when actually it is only acquiring unprofitable customers. This happens in the case of many Internet Startups that invest a lot in acquisition, hoping to lock customer revenue in the future. Moreover, it is also known that the acquisition process has an important effect on future retention probability (Thomas, 2001).

Customer acquisition could either come about through costly and fast-acting investments, marketing-induced strategies, such as marketing actions (broadcast media and direct mail) or through slower but cheaper word-of-mouth processes such as spontaneous referrals. Villanueva et al. (2008) examined the long-term contributions for the company of customers acquired from marketing-induced strategies and WOM processes, since customers acquired through different channels are expected to generate different value for the company (Lewis, 2006). The study was applied in a Web hosting company and revealed that marketing-induced customers add more short-term value, but WOM customers add twice as much in the long-term value of the firm.

Customer Retention

"Overall satisfaction has a strong positive effect on customer loyalty intentions [which is interpreted as actual retention (Gustafsson et al. 2005)] across a wide range of products and service categories" (Fornell 1992; Fornell et al. 1996). Moreover, Lemon et al. (2003) point out that customer retention is not only influenced by customer satisfaction (considerations of current and past evaluations of the company's performance) but also influenced by future consideration about the service (expected future use and anticipated regret).

Managers decide to have loyalty rewards programs since increased satisfaction and loyalty have a positive influence on long-term financial performance (Anderson et al. 1994). Kannan and Bramlett (2000) show that customers who are members of a loyalty reward program discount negative evaluations of the company when comparing with the competition. The reason for this is that members perceive they are getting better quality and service for the price they are paying, “good value”. Verhoef (2003) claims that although the effect is small, loyalty rewards programs that provide economic incentives positively affect customer retention as rewards can be highly motivating.

Recent studies such as Kumar et al. (2015) claim that ““lost” customers may pose a rewarding “last-resort” opportunity” for service firms with high attrition rates. The increasing interest in winning back the customers may be explained by the accepted notion that the acquisition of new customers is more expensive for the company than retaining existing customers (Stauss and Friege, 1999). Kumar et al. (2015) argue that the reason of defection and the win-back offer are indicative of how long customers will stay with the firm after reacquisition and how much the customers will spend. The study concludes that the stronger the first-lifetime relationship with the company, the higher the likelihood that the customer accepts the win-back offer.

Customer Retention Online

Vatariasombut et al. (2014) state that industries based on the Internet have advantages in that this gives companies a global presence and allows them to quickly acquire new customers in a cost-effective way. On the other hand, the Internet represents increasing competition, therefore reducing the likelihood of companies retaining customers in the long term. The author refers to three different forces which undermine customer retention in the Internet environment: reduction in users’ search costs; lower barriers to entry; and reduced distinctiveness of companies. The most important finding is that, for companies with a large online customer base, “the retention efforts should start with the categorization of users by their technological sophistication” (Vatariasombut et al. 2014), meaning the company should segment the current online customers according to their level of sophistication and address each segment according to their different needs.

Since the entry and switching costs are very low in the DoD industry, competition is huge. As price considerations are critical for these consumers, they have higher propensity to switch to another provider if a better offer is available (Krishnamurthi and Raj, 1991). Therefore it is challenging to maintain a loyal customer base in this industry. Nevertheless, promoting user loyalty in DoD platform and, therefore supporting sales, is the most important strategy to ensure sustainability and long-term survival in the competitive DoD market (Krasnova et al. 2013).

Krasnova et al. 2013 found that customer loyalty is largely driven by monetary incentives, meaning that customers want to ensure better quality and save money. The same article states that merchant's properties can decrease user's intentions to repurchase if merchants fall short of users' expectations concerning customer treatment standards. Hsu et al. (2014) also claim that the perceived merchants' product/service quality is a big issue when people talk about the offers of daily deal websites, and has positive influence on repurchasing intentions.

3. Case Study

3.1. MYGON - Keeping its business model sustainable

Founder & CEO, Ricardo Vilares, and Carlos Bispo, Marketing Manager, were both seated at the first monthly meeting of 2016 on a sunny day, four hardworking years after MYGON – *My Geo Offers Network* – was first set up. They were carefully analyzing the positive results along these first operating years of constant investment and increasing growth of the company. During these first years, they focused most of their attention on the constant acquisition (**Exhibit 1**) of new users with the new innovative concept and new business model in the DoD industry – MYGON as a startup won a Silicon Valley award in 2013 for being considered a global potential business. Whilst talking amongst themselves, an issue kept creeping up: how to keep growing both nationally and globally whilst keeping the business model sustainable. Having reached the 4-year mark, Ricardo and Carlos decided that the time had come to start focusing on where to invest based on the results and restrained budget in order to keep growing and be better equipped to stand up to the competition. During the meeting, two options came up while looking at the results. MYGON and its team could keep investing in the acquisition of new users since there is still room to invest in the Portuguese market and, in their opinion, many people in Portugal do not even know of MYGON's existence; or, on the other hand, MYGON could focus on the retention strategy, since most of the users registered are not real customers at MYGON and a considerable number of them have given up booking through MYGON. While discussing these aspects, both of them wondered if investing more in an effective loyalty system would be a good option.

Nevertheless, MYGON has to decide which way to go this year in order to keep growing in the Portuguese market whilst looking at its business model sustainability. At the end of the meeting, two options were put on the table: *either MYGON focuses more on enlarging its user base or focuses on retaining the company's existing users.*

3.2. Deal of the Day (DoD) Industry

The DoD Industry[i] is composed of companies that operate online and generate most of the revenue through discounts on local services, such as Restaurants or Beauty Care services, as well as local products for a limited time frame. In most of those companies, the products sold by their website or mobile application are given as vouchers that consumers can redeem at local merchants for the physical good or service. This business model allows the merchants to promote discounted services or products directly to the customers of the daily deal company. This allows the merchants to build brand loyalty and quickly sell surplus inventory or try to fill venues in low demand times. This means that the users purchase the deal on the daily deal websites rather than directly from the merchant, allowing websites to retain user data.

In most of the companies of this industry[i], the revenue consists of "the price paid by the customer for the voucher or the coupon after paying an agreed-upon percentage of the purchase price to the featured business". The vouchers usually expire after a certain period but the original value paid is maintained. Included in this industry are offers such as Restaurants, Beauty Care, Products, and other service deals.

The deal-of-the-day concept gained popularity with the launching of Woot.com in July 2004 with the "One Day, One Deal" concept, which was later bought by Amazon[ii]. By the end of 2006, the DoD industry had grown, adding up to 100 daily deal sites. In November 2008, Groupon entered the market and became the second fastest online company to reach a billion-dollar valuation[iii]. Other types of businesses, such as Facebook[iv] and Google, have also tested their own daily deal sites, but without success. Nevertheless, the rise of social networks, including Facebook and Myspace, has accelerated the growth of daily deal sites, making some deals virally popular. Online Group Buying proved to be a successful system with Groupon, and in a very short time, lots of clone group buying websites appeared and spread throughout the world: Lashou in China and Ihergo in Taiwan.

Industry Global Trends

From 2009 to 2014, Daily Deal sites experienced a huge revenue growth due to several factors[i]. Firstly, industry operators took advantage of the lower purchasing power whilst merchants tried to attract more customers. Moreover, the growing number of mobile Internet connections promoted an increase in demand for daily deals sites. Nevertheless, as the global economy begins to stabilize, revenue growth will wane and daily deal companies will shift their strategy in order to boost their profit margins. Therefore, this industry is expected to grow at a much slower pace from 2014 to 2019 than it did before the year 2014. Some studies[ii] suggest there is a structural weakness to the industry that will have to be addressed in the future. These problems exist on both the user and merchant sides of the DoD industry. One good example is the fact that deal users very rarely return for a full price purchase, and a large percentage of businesses indicate their lack of interest in further deals in the future.

Groupon and LivingSocial were the most popular websites in the DoD Industry but are now both struggling to survive[v]. Groupon has changed its strategy by creating a "merchant platform" for businesses to manage their daily deals called "GROUPON Merchant"[vi]. Participating businesses "can track campaigns, market through social media, and use new tools to create customized deals more quickly"[vii]. In order to carry out this shift in strategies, both companies had to slash costs to fund them. Both companies had to cut on their staff in order to survive, and Groupon ceased operating in seven international markets, including Portugal, in January 2016.

Daily Deal Sites Industry in Portugal

In Portugal, this industry grew exponentially between 2010 and 2013 as a result of the economic and social crisis. There was a boom of new daily deal sites in Portugal right after the entrance of Groupon in June 2010. According to a 2013[viii] study, buying from daily deal sites was a trend that had been consistent in the previous years, Portugal having been the European country with the most interest in this type of service.

Meanwhile, a new concept in this industry was created by MYGON in 2012, putting an end to the voucher system and giving rise to a free booking system with no payments online. This new concept has a great advantage for the users, since they only have to pay the service or the product at the merchant. More recently, another player called Carrega Descontos has adopted this system, becoming the first MYGON copycat. Since there is no inherent risk of booking in this business model – the user does not have to pay beforehand – the number of invalid bookings is significant (**Exhibit 2**).

In Portugal, this industry[ix] is made up of the main players Odisseias, ClubeFashion, Descontos.pt, Goodlife and Letsbonus, and others present in ranking order in **Exhibit 3**. The main player was Groupon until the beginning of 2016 when the company decided to move out of the Portuguese market. The players mentioned work with a coupon system.

Discount Aggregators are also included in this industry, acting as partners of daily deals websites, aggregating all the discounts available in most of the websites. The main player in Portugal is Forretas, followed by Wone and Bownty. There are also other important aggregators in the Portuguese market as can be seen in **Exhibit 4** in respective ranking order.

3.3. The users of daily deal websites in the Portuguese market

From the Focus Group, most of the participants agreed that they are not Discount Seekers, however and according to the results from the survey, 43% of the respondents agree or strongly agree with the sentence *"I am constantly looking for discounts"* (Figure 1). 76% of the Discount Seekers look for discounts online in websites and 21% in mobile applications (**Exhibit 5**).

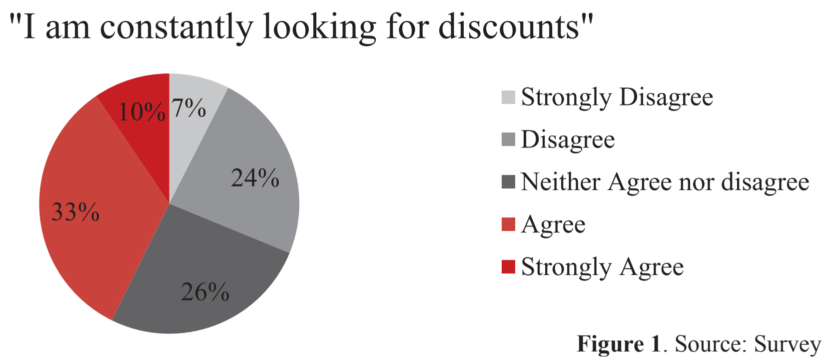


Figure 1. Source: Survey

From the respondents who are not Discount Seekers (those who answered that they do not agree or strongly disagree with the sentence above), the reason why they do not look for discounts is that they do not feel the need to do so (43,5%[5]), they do not feel the discounts are worth it (25%), or they do not know where to find discounts (17,4%) as shown in **Exhibit 6**.

According to Figure 2, in the Portuguese market, 33% of the total respondents are currently users of these daily deal websites. However, the majority of the total respondents do not search in daily deal websites (59%). 8% of them used to search in the past, and the main reason why they have stopped doing so is that they lost interest in the offers available (63%), followed by those who have stopped searching for discounts in general (21%) as shown in **Exhibit 7**.

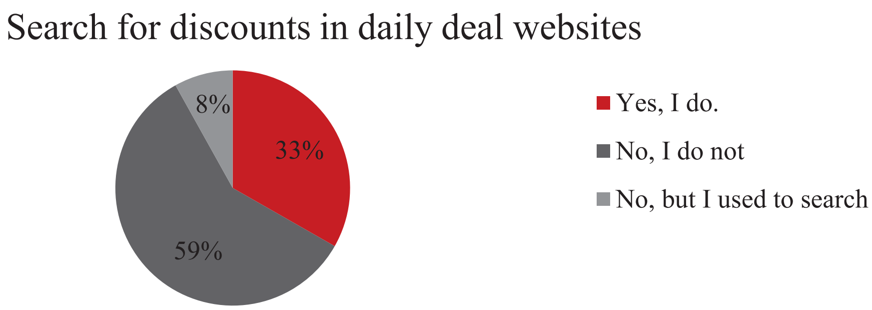


Figure 2. Source: Survey

[5]In this dissertation, a comma "," is going to be used as decimal mark

From the survey (**Exhibit 8)**, a typical daily deal user is female, aged 36-45, with a monthly income between €500 and €2000. Their occupation varies from working students, and both employed and unemployed people. Non-working students and retired people are not typical daily deal users.

Of the daily deal users in the Portuguese market, 77% search for discounts at least once a month. Of these, 27% do it once a month, 30% once a week, 19% more than once a week, and just under 1% search for discounts every day (**Exhibit 9**). The most searched for categories are Restaurants in the first place, followed by Accommodation and Travelling, and Beauty & Care immediately after (**Exhibit 10**) which matches the categories most searched on the FG[6].

Regarding actual purchases in daily deals, 18% of the users of daily deals have not purchased anything over the last year, the other 82% are purchasing users who are not so frequent purchasers, since only 11% had purchased more than 5 times over the last year as shown in Figure 3.

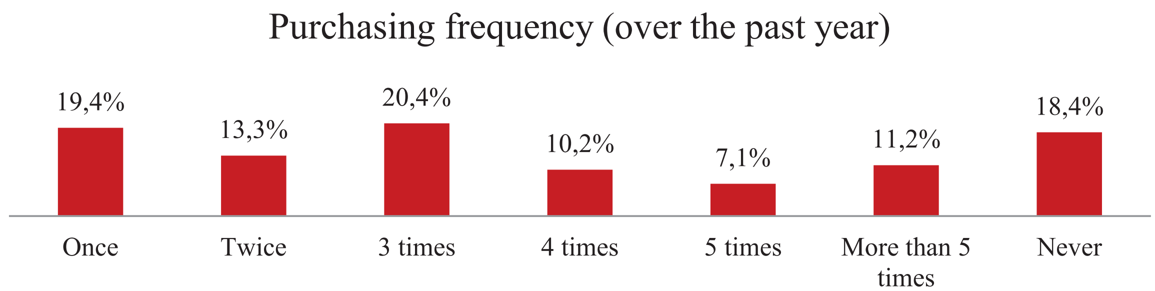


Figure 3. Source: Survey

Regarding the characteristics the daily deals users most value in the Portuguese market, the two most important ones are the 'Discount offered' itself, followed by the "Quality of the products/services offered" as shown in **Exhibit 11**.

Regarding the users' habits towards daily deals, 85% of the daily deal users in Portugal go directly to the daily deal website/application when looking for discounts, which makes sense since not all of them (52%) agree or strongly agree that when in social media they spontaneously click on campaigns they find interesting. However, almost 60% of users agree that they usually have a look at the e-newsletter to see whether there is anything interesting for them.

As analyzed in **Exhibit 12**, most of the users purchase deals on special occasions with their boyfriend/girlfriend or husband/wife (60%), half of them make a purchase when they want to

[6] Abbreviation for Focus Group

do something with their friends, and just 27% of the users agree that they purchase deals when they want to offer themselves a personal treat.

Most of the daily deal users feel excited when searching for new opportunities in daily deals websites (67%), however not all consider that the experience itself is more interesting than the discount, since only 28% agree with this (**Exhibit 12**). A factor that was considered very important in the FG when searching/purchasing for daily deals – users only care about the merchants whose products/service the websites are offering and the website is not important for them – has not reached a consensus, since less than half of the respondents in the survey (43%) agree on this. In terms of loyalty, as mentioned in FG "I do not consider myself loyal to any website, I am always searching for the best offer and price" matches the survey since only 14% of the daily deal users consider themselves loyal to a specific daily deal website.

The survey confirms what the FG brought to light, that is that only 28% of the users like to write reviews about their experiences, whilst 85% of them usually share their experiences with friends and family.

3.4. Company Overview

3.4.1. MYGON – My Geo Offers Network

Set up in April of 2012 by Ricardo Vilares and Gonçalo Bernardo as a startup[x], MYGON entered the Portuguese market with a completely innovative business model in the DoD industry.

"We aim to give you the best experience and the best conditions in the market!"
Ricardo Vilares, CEO at MYGON

Since it was set up, MYGON's main mission is to correct several market shortcomings regarding discount and promotion services such as the excessive number of emails advertising unwanted promotions, lack of service customization, mandatory registration and especially the payment systems. Up until 2012, the only concept known in DoD websites was the coupons' system where the user had to pay online for a coupon, voucher or ticket before using it. In 2012, MYGON created a revolutionary concept in the DoD industry which is more convenient and interesting, especially for the user: all they have to do is choose the campaign, book it for free and pay at the shop as is illustrated in Figure 4. Based on this idea, the company went to the USA and won a Silicon Valley award in 2013 for being considered a global potential business[xi]. The award assessment criterion was based on competitiveness and the feasibility of the business model, the addressable market size, team qualification, and attractiveness of the business to international financing as well as presentation of quality solutions. Additionally, MYGON aims to be an App to use every day, meaning that the user gets advice on promotions around him which are sent through GPS analysis[xii].

Figure 4. Source: MYGON

During the first two years, MYGON tried to communicate as an App/Website with the "Real time local deals"[7] as can be seen in Figure 5, but due to market needs, MYGON decided to change its positioning in the market at the end of 2014. The company started to aspire to become the most complete, accurate and user-friendly discount provider and local guide in order to raise local brand awareness and consequently their market presence. The slogan has changed to "The most complete local guide"[8], meaning that MYGON wants to be seen in this light while still promoting discounts.

Figure 5: "Real time local deals!"

Figure 6: "The most complete local guide"

In September 2015, MYGON started its internationalization process. Madrid, Spain, was the first step, with an investment of €500.000. This process extended to Barcelona at the beginning of this year, 2016. MYGON aims to further internationalize the company and expand its operations to the United Kingdom, the Netherlands and even the USA. The company expects to invest €2 million in internationalization[xiii].

In 2016, the company has a team of approximately 30 employees among the Administrative, Marketing, Content and Sales Departments both in Portugal and Spain. Within the two markets, MYGON has more than 300.000 users and more than 15.000 partnerships. Since 2012, the company has had 500.000 valid bookings, 85.000 fans on Facebook and 2 million visits to the Website or App per year. Since the Spanish market is relatively recent, as already explained in the methodology, the study will focus only on the Portuguese market.

[7] First slogan of the company (2012)
[8] Second Slogan of the company (Since 2014)

3.4.2. The Business operations Model

How does it work for the merchant?

MYGON creates each merchant's campaign in a tailor-made design with a view to promoting the business and its services, and attracting new customers in off-peak periods. It is a real time campaign, meaning that merchants can activate or deactivate the campaigns whenever they want. This promotion is free of charge for the merchants, meaning that the commission is only charged every time a user is sent by MYGON. By directly charging a commission from the local trader for each customer sent to their business, excluding additional fixed monthly costs and registration costs, MYGON aims to widen the variety of partnerships and maximizes the number of transactions in the platform. However, the value of the commission varies according to the category in which the discount is offered. For the categories Restaurants and Bars & Cafés, there is a fixed amount charged for each user MYGON sends. In the case of Beauty Care and the other four categories, there is a variable fee charged. Each merchant has an account in MYGON's system to manage their transactions, and in order to have online campaigns, the merchant has to charge their own account. Each time a user books a campaign, a certain agreed commission is discounted from that account.

How does it work for the user?

MYGON works in a GeoLocalized way, showing the user all the merchants and campaigns available in the vicinity, selecting the most relevant at each moment in time. The users can use MYGON's App or the Website, both are very accessible to look for new campaigns, choosing from the seven categories presented in the next section. From those campaigns, the users just have to choose one, book it for free and immediately receive a reservation code by email. In the Restaurants' category, the users just have to call or simply head over to the merchant's, present the reservation code, enjoy the offer and pay at the end. The payment already has MYGON's discount included. In the other categories, an email is sent with the merchant's phone number after the user has booked in order to schedule a convenient date for both.

There is also a Review system available, where the users have the opportunity to write about their experiences and rate them (from 1 to 5) and have a look at what others think about that specific venue.

3.4.3. MYGON – Offers Range

MYGON presents daily opportunities from seven types of categories such as Restaurants, Bars & Cafés, Health and Beauty[9], Services, Leisure & Sports, Accommodation, and Products as illustrated in Figure 7. The campaigns are subdivided into subcategories such as Sushi Restaurants or Italian Restaurants in the Restaurants category **(Exhibit 13).**

Figure 7: Categories. Source: MYGON

The number of merchants has been increasing since 2012, with 1270 partners to date (**Exhibit 14**). MYGON currently has 5653 campaigns online from the seven different categories, and this number has been increasing as can be seen in **Exhibit 15**. As shown in Figure 8, most of the campaigns are in the Health and Beauty category (59%), followed by Restaurants with 17% of the campaigns available. The remaining 24% of the campaigns belongs to the other 5 categories. The exact number of campaigns per category can be seen in more detail in **Exhibit 16**.

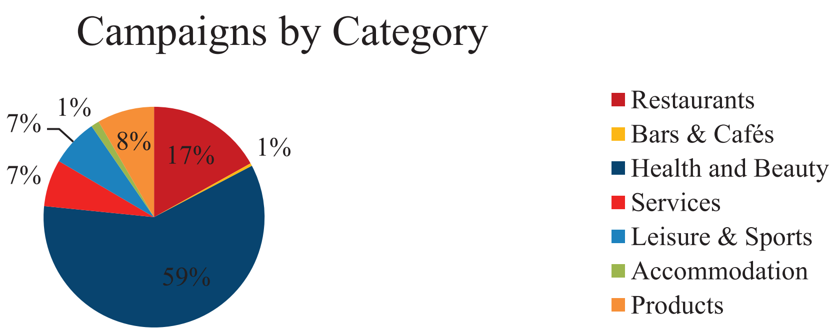
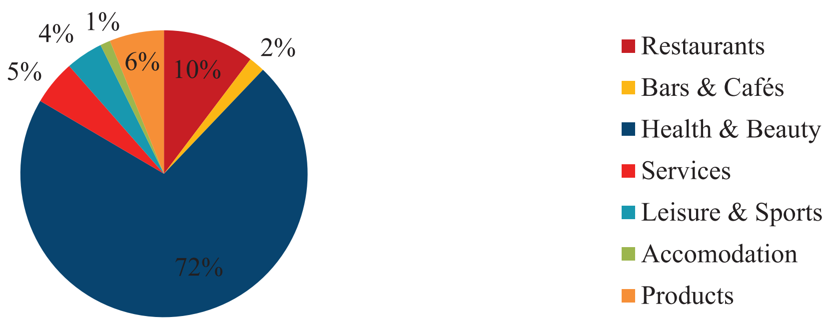


Figure 8. Source: MYGON

The number of campaigns per category is quite proportional to the number of stores by category. Health & Beauty stores are again the biggest slice of the pie, representing 72% of the stores. Restaurants only account for 10% of the total number of stores as shown in Figure 9.

[9] Same as Beauty Care

Number of stores by category



3.4.4. MYGON – The Users

<u>Segmentation</u>

"MYGON does not focus on any particular population group with a certain age, lifestyle or background. We try to match everyone's needs. Implicitly, the users need to be comfortable in using technology but that applies to anyone navigating online."

Carlos Bispo, Marketing Manager

Nonetheless, MYGON does segment the market in order to improve their marketing strategy according to two main factors: user gender and user location, either at the location in real time, suggesting offers near to the user, or by area of residence. Internally, the company also segments based on user activity: user marketing status and user marketing type.

User marketing status

In order to segment the user based on their status, MYGON looks at the day on which the user logged in last and their last booking. These user statuses are summarized in Figure 10. The *Active User* is a user who has booked and logged in within the last 2 months. The *Sleepy User* has logged in but has no booking registered in the last 2 months. The *Sleeping User* had the last login between 2 and 6 months ago and has no booking registered in the last 2 months. *In CPR* means that MYGON is trying to recover this user, since they have not made any booking in the last year, but within the last 2 months the user has logged in. An *Inactive User* is any user who has neither logged in nor booked in the last 6 months.

	Last login	Last booking
Active User	< 60 days	< 60 days
Sleepy User	<60 days	> 60 days
Sleeping User	60< days < 180	> 60 days
In CPR	< 60 days	> 360 days
Inactive User	>180 days	> 180 days

Figure 10. Source: MYGON

User marketing type

The user marketing types are segmented according to the number of bookings the user has made during MYGON's user life. The user segments are classified into five different marketing types as shown in Figure 11. The *Gold User* is any user who has 5 or more valid bookings. The *Repeat User* is any user with more than 1 valid booking. Segment number 3 includes any *User with One Valid Booking*, number 4 any user who *Has only invalid bookings,* and number 5 any *User with no bookings.*

	Bookings
1 – Gold User	≥ 5 valid bookings
2 – Repeat User	> 1 valid booking
3- User with one valid booking	= 1 valid booking
4 - Has only invalid bookings	0 valid bookings
5 – User with no bookings	0 valid or invalid bookings, just registered

Figure 11. Source: MYGON

The marketing strategies will then be adapted according to the different users' status and type, adding to users' gender and location. MYGON's approach is also based on the users' most searched categories and immediate location or even residence area and uses this information in order to propose to its users the most adequate campaigns.

Current users

The public most engaged by MYGON is female aged 25-45. Carlos Bispo, Marketing Manager, added that "70% of MYGON users with purchasing power are in that age group". MYGON users are Tech-savvy with smartphone, 55% of them book through the mobile application, and the remaining 45% use the website as shown in **Exhibit 17**.

As shown in Figure 12, only 37% of the registered users actually have made any kind of booking either valid or invalid, meaning that most of MYGON users (63%) have no transactions within the company. Lisbon and Oporto represent 80% of MYGON's penetration in the Portuguese market; the remaining 20% come from other cities in Portugal as represented in the Figure 13.

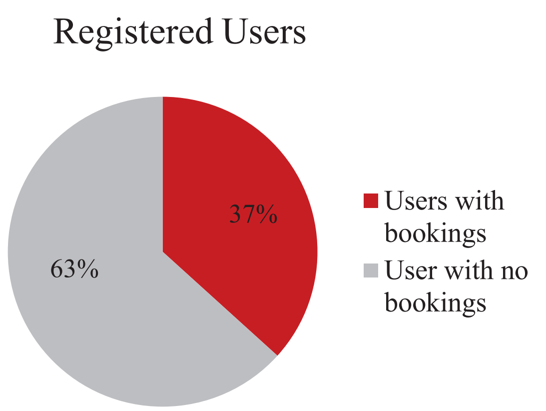


Figure 12. Source: MYGON

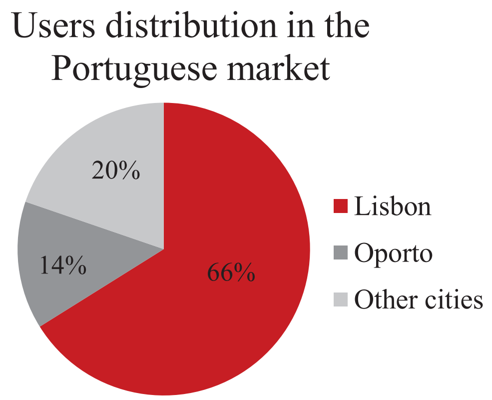


Figure 13. Source: MYGON

As shown below in Figure 14, within the User marketing status, the biggest slices of the pie belong to *Inactive Users* with 40% of the users, *Sleeping Users* with 36%, and *Active Users* with 21%. Figure 15 illustrates how the user marketing types are distributed: *Gold Users* represent only 10% of the users, the *Repeat Users* and users with *Only invalid bookings* represent 20% and 23%, respectively. Almost half of the users (47%) have only *One valid booking*.

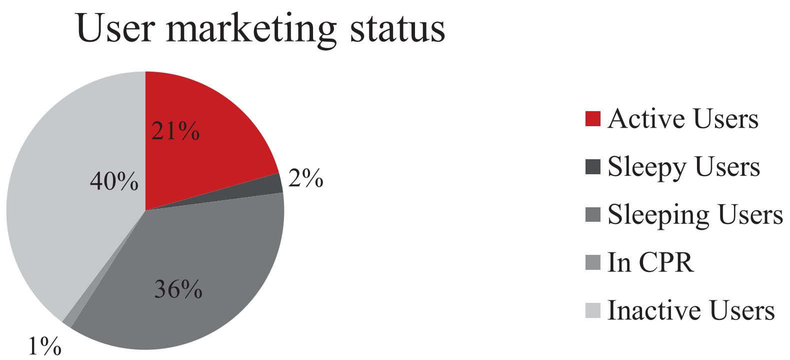


Figure 14. Source: MYGON

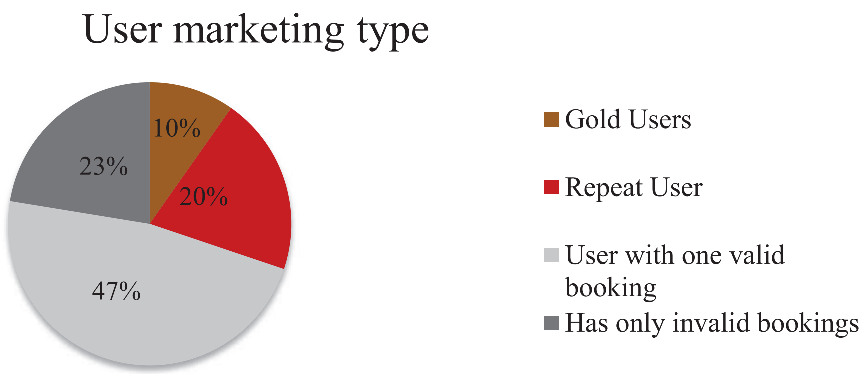


Figure 15. Source: MYGON

As shown in Figure 16, each user marketing type could have a different marketing status. Within the *Gold Users*, 54% are active and 13% are inactive. Only 26% of the *Repeat Users* are still active and 34% are inactive. Half of the users with *One valid booking* (49%) are inactive, and only 15% are still active. Finally, within the users with *Only invalid booking,* 38% are inactive and 14% are still active. The Users marketing status per type can be seen in more detail in **Exhibit 18**.

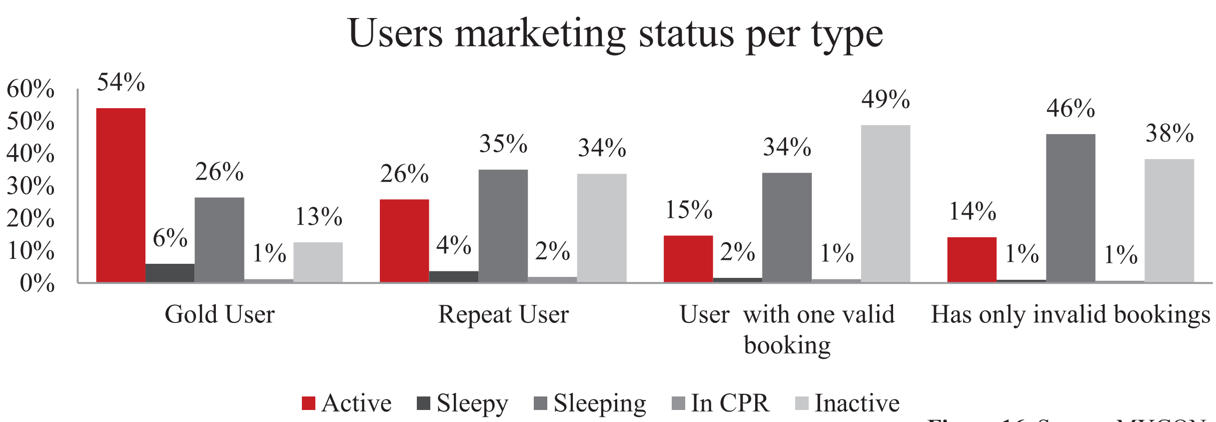


Figure 16. Source: MYGON

3.4.5. Communication strategy

MYGON communicates first as a booking daily deal platform, where the user can book any campaign they want free of charge (**Exhibit 19**), emphasizing MYGON's differentiation point. Since the mobile App has a GPS system, it suggests to the user the offers close by, therefore the message "Smarter way to shop locally" is passed to the users. Moreover, "Do you already know what you are going to do today?" (**Exhibit 20**) is a message that works as a teaser present especially in the user e-newsletters. Since the end of 2014, MYGON has been trying to change its communication as being "The most complete local guide" which is its current slogan, whilst keeping the same message that the user can "1.Choose the campaign, 2. Book for free, 3. Pay the merchant" (**Exhibit 21**).

Communication Channels

The user can access MYGON platform through the Website, mobile App or tablet App (**Exhibit 22**). Newsletters are sent by email with some campaign suggestions, working as a reminder to the existing users. MYGON also communicates via social media networks such as Facebook, using Facebook Ads, Instagram, Twitter, and Blog (**Exhibit 23**). MYGON also invest in some Google Adwords to go up in Google rank position. Besides that, the company is also present in some Aggregator sites such as Forretas, inserting a few campaigns and therefore gaining some visibility in the daily deals world.

3.4.6. MYGON's Positioning in the Portuguese market

In order to assess brand awareness and the most searched and purchased websites, the survey focused on the first 13 operating daily deal websites on the Alexa ranking[xiv] for the Portuguese market as well as Groupon. Although Groupon is not operating in Portugal anymore, the company was included in the survey due to its previous importance in the market, a fact that was highlighted in the FG ("when we used to think about searching discounts, the first that came to mind was Groupon"). The decision to include this company was made in order to better assess MYGON's positioning in the market before and after Groupon decided to leave.

The 3 companies which are on the Top of Mind of Portuguese daily deal users - meaning that either the respondents have heard of or have already searched/purchased from - are Groupon in the first place with 90,2%, Odisseias second (89,3%), and Lifecooler (77,9%) third (Figure 17). MYGON comes in fourth (68%) of the "Top of Mind". As CEO, Ricardo Vilares, mentioned in the In-depth interview, there is still a significant number of daily deal users who have never heard about MYGON (32%) and 33% of them have heard of MYGON but have never tried to search/book something from the website (**Exhibit 24**).

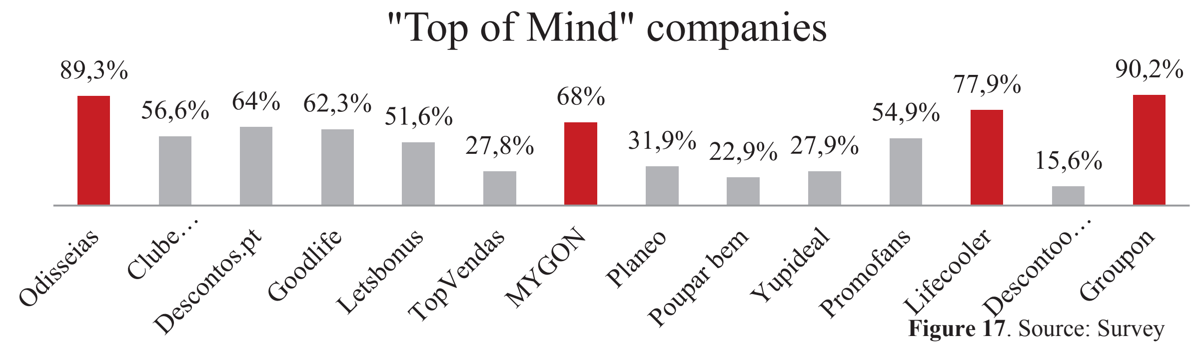


Figure 17. Source: Survey

In terms of actual searching/purchasing, the four companies which are on the Top of Mind of Portuguese users match the companies in which the users actually search and/or purchase. These four daily deal websites clearly stand out from the others as can be seen in Figure 18: Groupon and Odisseias are in the top level with 65,6% and 58,2% of the daily deal users searching and/or purchasing in, respectively (in the case of Groupon users who used to search/purchase); followed by Lifecooler and MYGON with 36,1% and 35,2% of the users, respectively.

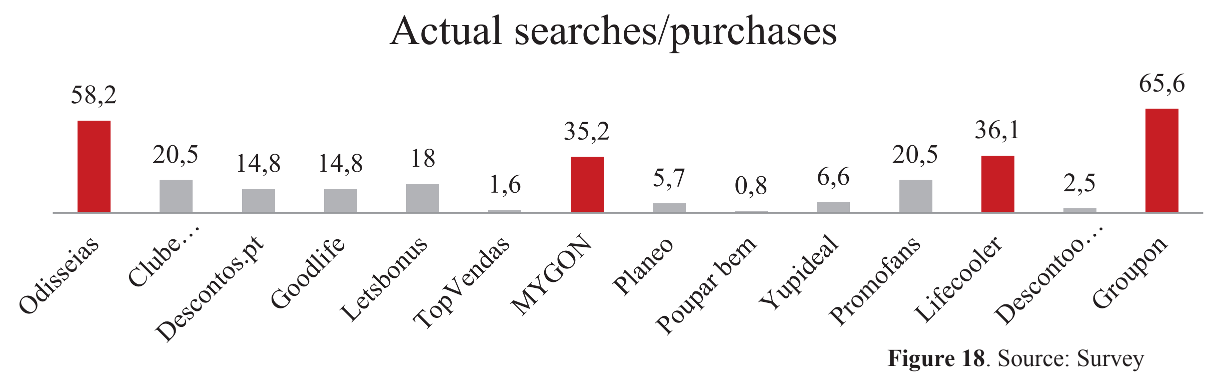


Figure 18. Source: Survey

In order to understand the positioning of MYGON in the Portuguese daily deal market, the survey enquired about the users' perceptions about MYGON when compared with Odisseias and Groupon regarding eight different criteria as shown in Figure 19. Odisseias and Groupon were chosen for the study as these were the two daily deal websites the participants as a whole could recall on the FG: Odisseias is currently the main player in Portugal and Groupon used to be number one in the market. The results presented in Figure 19 can be seen in more detail in **Exhibit 25**.

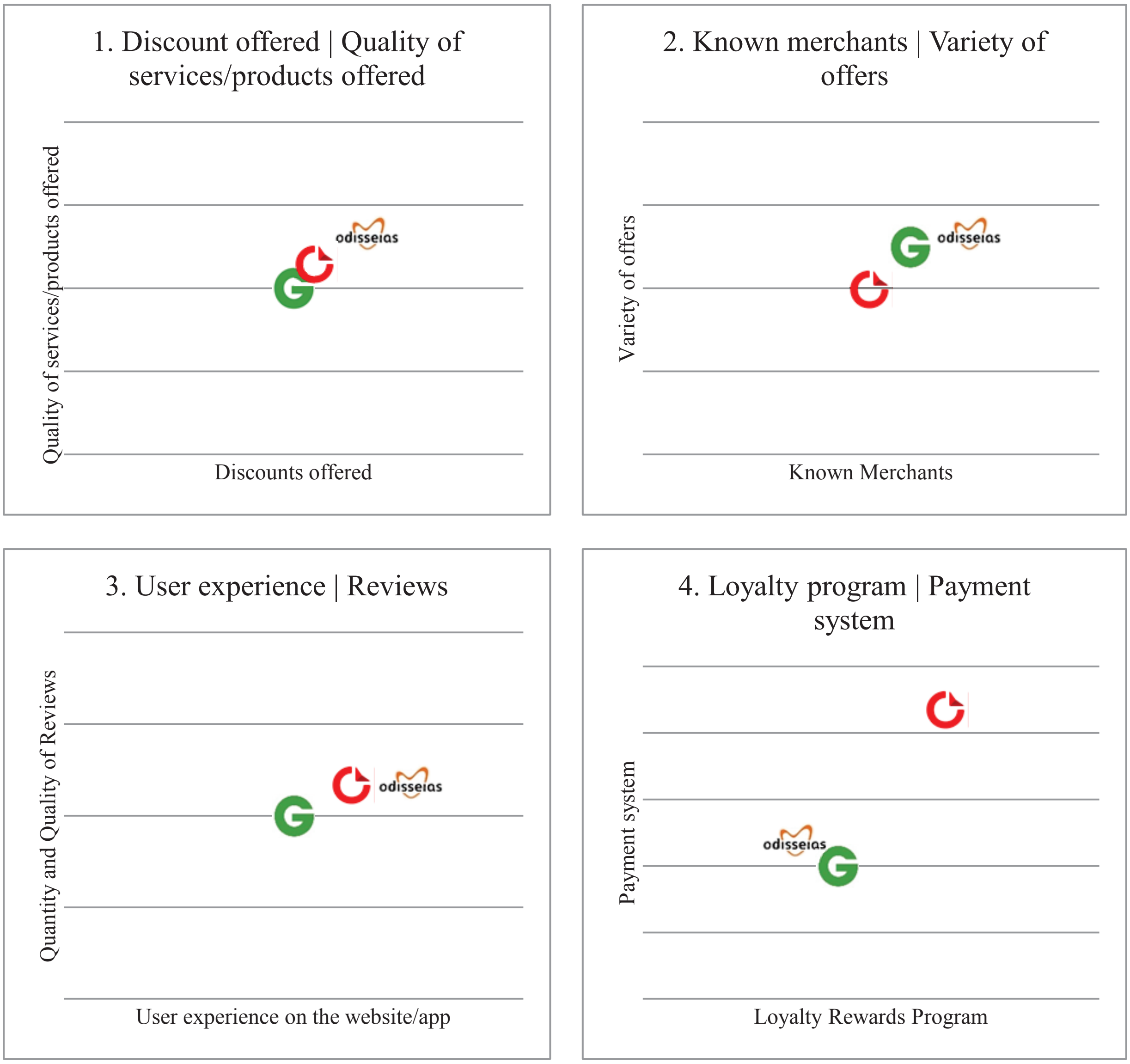


Figure 19. Source: Survey

In the "Discounts offered" and "Quality of services/products offered", Odisseias is perceived as performing better than MYGON and Groupon (first perceptual map). As for "Known merchants" and "Variety of offers", MYGON is perceived as performing worse than the other two daily deal websites (perceptual map number 2). MYGON's "User experience on the website/app" is perceived as performing worse than Odisseias. Moreover the "Quantity and quality of reviews" is similar to Odisseias and slightly better when compared to Groupon (perceptual map number 3). When asked about the "Loyalty rewards program" and "Payment system", MYGON stands out, being perceived as performing much better than the other two (perceptual map number 4).

According to survey results, from the daily deal users: 29% of the users search/book at MYGON, 13% used to search/book (**Exhibit 26**) and the two main reasons why they have stopped were either because they forgot to login to the app/website or lost interest in the available campaigns (**Exhibit 27**). The most searched/booked categories at MYGON are Restaurants in the first place, followed by Beauty Care (**Exhibit 28**). Regarding users' satisfaction towards MYGON, the users are generally satisfied with the Discounts offered, Quality of services/products offered, Variety of offers, User Experience in the website/app and Payment system as can be seen in **Exhibit 29**.

In order to assess the likelihood of daily deal users using MYGON, in the survey, after a presentation was made of the company, 83% of the respondents said they are likely to start booking from MYGON due to its point of differentiation (no online payment), 58% of which are very likely to do so (**Exhibit 30**).

3.4.7. Retention Strategy

Point System – The loyalty rewards program

MYGON's loyalty rewards program is based on a Point system. Through each booking, the user gains the points described in each specific campaign, which are proportional to the commission charged to the merchant. For instance, in a restaurant campaign, the user gains 30 points per person, but in an "eyelash extension" campaign, the user gains 234 points.

The user can also gain points by recommending MYGON to friends (20 points), but also by encouraging them to book, meaning that the user receives for the rest of MYGON's life, 10 points each time a friend books through MYGON. Additionally, the user also receives 5 points forever each time a friend's friend books through MYGON. These details are illustrated in Figure 20.

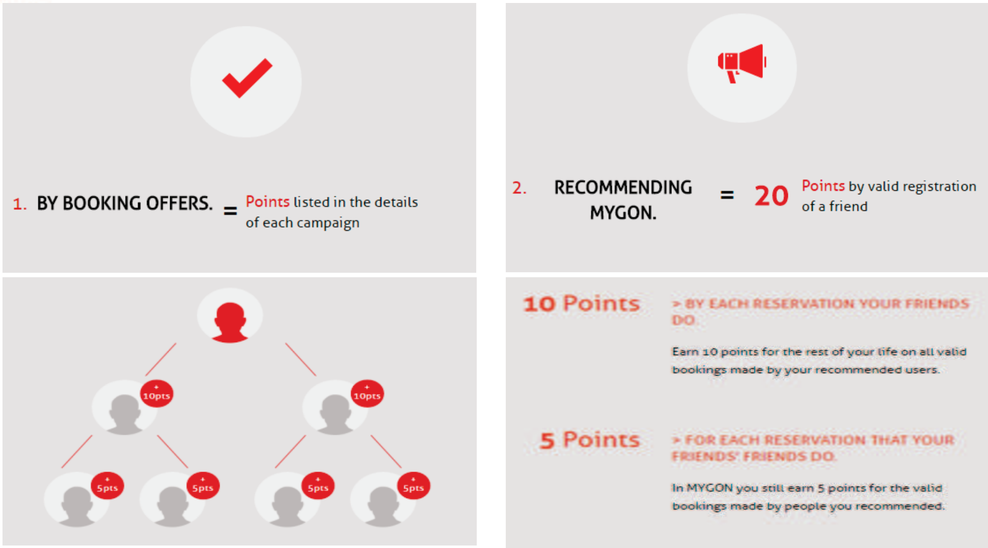


Figure 20. Source: MYGON

These points could be exchanged for prizes. Those prizes could be exchanged for MYGON's credit to use in other bookings, since 500 points are equivalent to 5€, 950 points to 10€, 1850 points to 20€, and 4500 points to 50€ as illustrated in Figure 21. The latter prize was implemented in the beginning of 2016 (**Exhibit 31).**

Vouchers			
500 points	**950 points**	**1850 points**	**4500 points**
Voucher 5€	Voucher 10€	Voucher 20€	Voucher 50€

Figure 21. Source: MYGON

Loyalty Rewards Program - Analysis

"If I am saving money and have the opportunity to save even more, it is obviously an incentive to keep booking from MYGON. It is also rewarding".

Participant from the FG

From the survey results regarding MYGON's Point System, only 53% of MYGON users know about the point system (**Exhibit 32**) and only 4% of the users who know the point system have already exchanged the points – according to MYGON internal results only 11% of the *Gold Active User*s have exchanged the points although on average they have sufficient points to exchange (**Exhibit 33**). Moreover, 56% of users have never exchanged the points since they have not reached sufficient points and 26% of users have no interest in the point system. However, 74% of the users do value the point system in the sense that it keeps them buying from MYGON.

Since the effectiveness of the loyalty rewards system was discussed in depth in the FG, a question on the survey focused on the four possible types of loyalty programs for MYGON as illustrated in Figure 22. Some participants suggested that coins would be a more attractive option for MYGON ("adding points does not mean anything to me, but euros could be more meaningful") as well as the option of benefiting from points or coins in the next purchase instead of accumulating those points or coins ("if I gain something with the booking, using it in the next booking would be better, since accumulating points is not attractive to me"). Curiously, from the survey the preferred options are in fact the two options in which the user gains, for instance, 1€ for a booking. In the users' perspective, the best option is the second loyalty program in which the user discounts the euro gained in the next booking, followed by the first one in which the user accumulates that euro in MYGON's account until they want to benefit from it. The least preferred option was the fourth in which the user gains, for example, 100 points for a booking and discounts those points in the next booking. The third option which has the same characteristics as current MYGON's program is not within the preferred systems. According to the results shown in **Exhibit 34** it lags far behind them, even for MYGON current users (**Exhibit 35**). Almost 80% of the respondents consider that the option chosen in the loyalty program is attractive for them (the responses vary from attractive to extremely attractive).

Figure 22.Source: Survey

E-newsletter – As a reminder

MYGON sends its users an e-newsletter with offers based only on the users' location and gender. The company sends, approximately, 20 newsletters per week. Each day a category is covered, and some of the emails are based on different themes varying according to holidays or other special days of the year.

From the FG insights, only one participant out of eight likes to have a look at e-newsletters: "If there is something interesting for me from looking at the subject, I click to see in more detail". On the contrary, almost 60% of daily users from the survey agree that they usually have a look at the e-newsletter to see whether there is anything interesting for them (covered in section 3.3).

Gold Inactive Questionnaire – Win-back process

MYGON has high numbers of *Inactive users* in the four marketing types of users as shown in Figure 16. This win-back questionnaire is conducted by MYGON on its *Gold Inactive Users* (users who have already made 5 valid bookings at MYGON but have no bookings in 6 months). After the win-back call, MYGON sends the user an email with the number of points the user currently has, and as a win-back reward, the inactive user gains extra points if they become active again in the next two weeks.

Win-back Results

From the users contacted, 18% are already *Active Users*, 8% are *Sleeping*, 2% are *Sleepy* and 6% are *In CPR*. The *Inactive Users* are still 66% of the contacted users as shown in Figure 23. As for the Win-back offer requests, only two of the 18% of the *Gold Active Users* asked for the win-back offer (extra points).

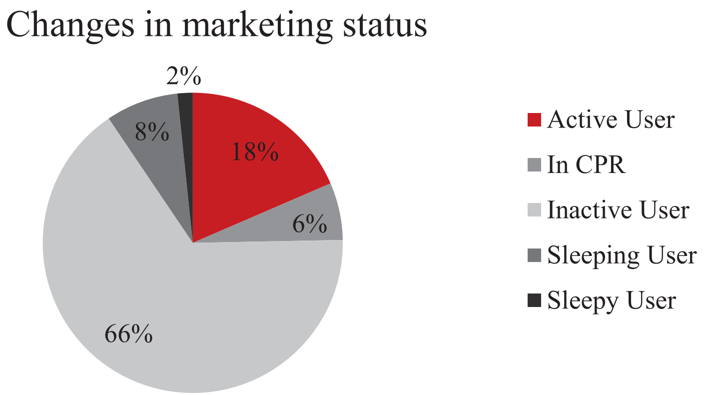


Figure 23. Source: Recovery Survey

Moreover, 84,7% of the users answered they were very likely to use MYGON again, but only 18% of these users actually turned *Active* during the recovery period (**Exhibit 36**).

As can be seen in figure 24, the two main reasons why the *Gold Inactive Users* stopped using MYGON is that they lost interest in the available campaigns (23%) as well as the fact that they were short in time due to personal/professional reasons (27,9%).The category most purchased by these users was Restaurants. Moreover, 32% of the respondents admit using other websites/applications to search and/or purchase promotions (**Exhibit 37**).

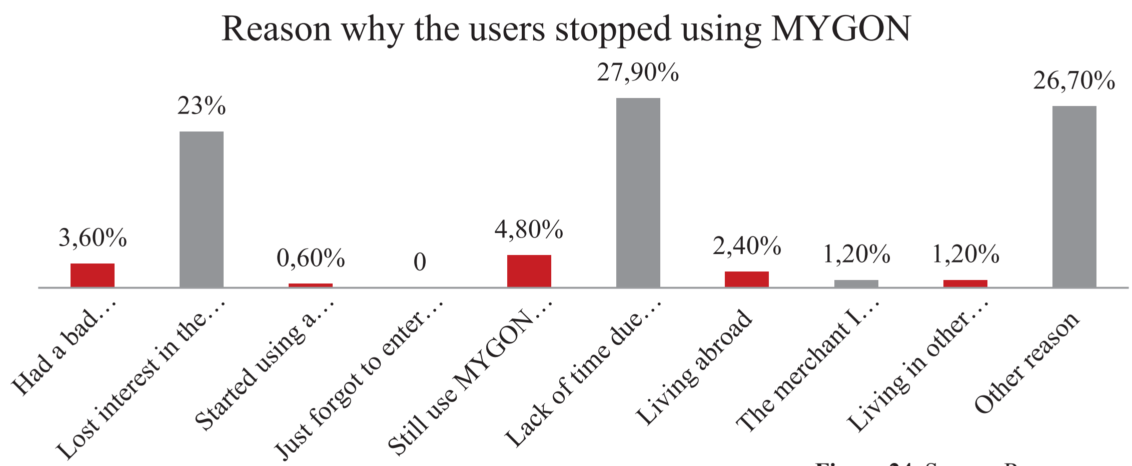


Figure 24. Source: Recovery survey

3.5. Merchants Role in the Acquisition and Retention of users

With the FG insight and survey results, the two most important characteristics for the participants and respondents are the "Discount offered" ("I need to be sure the website has the cheapest offers in the market") followed by the "Quality of the offers", and when this does not apply there is no interest in visiting the website. In order to assess the quality of merchants' services and products, the participants from the FG mentioned how important the reviews and ratings of merchants are for them in the decision making process and in terms of expectations.

Therefore, analyzing MYGON users' satisfaction with their experiences with the merchants is essential. MYGON users have the opportunity to rate their experiences from 1 to 5 (1 "very unsatisfied", and 5 "very satisfied"). The results from these ratings show that in 60% of the experiences booked at MYGON, users end up satisfied, rating the experience either 4 or 5, and only 20% of the experiences at MYGON went very badly (ratings of 1 or 2) as can be seen in Figure 25.

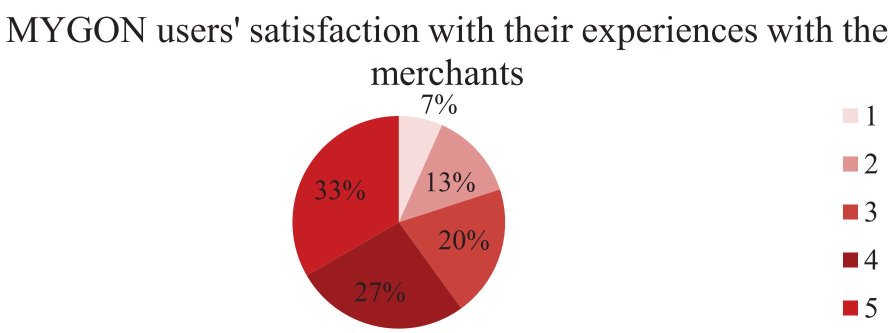


Figure 25. Source: MYGON

The extent to which the customer repeats the same experience was also a big issue in the FG discussion since the criteria to repeat either the same experience with the same merchants and/or searching/purchasing from the same website was based on how the first experience went: "There is no second chance! The first experience is crucial".

According to the survey results (**Exhibit 38**), after a good experience either the users have never repeated the experience with the same merchant (39%) in which case the website is not affected, or the users have visited the daily deal website again and have repeated the same experience with the same merchant (37%). In the case of a bad experience (**Exhibit 39**), a great number of users (36%) have never repeated the same experience (either with the merchant or with the website), and 34% of daily deal users from the survey have never had a bad experience in a daily deal website.

In the FG the quality of merchants was a big issue since some argue that a daily deals' offer itself could be very bad or the simple fact that this offer came from a daily deal website may sometimes make the service provided be perceived as not good: "If they [merchants] are making such a big discount, they are probably not good". However, just 15% of the daily deal users who answered the survey agree with this sentence: "I think that products/services that have a discount in these websites are of worse quality" (**Exhibit 40**).

Since the issue of "paying the merchants' full price" could be crucial for daily deal sustainability, one question on the survey asks to agree or disagree with this sentence: "After using a discount, it is hard for me to pay full price in future purchases in the same merchant". Most of the daily deal users (57%) agree with this (**Exhibit 41**).

Participants also highlighted in the FG the fact that sometimes they are afraid to pay online without knowing the merchants' availability, therefore there is an incentive to call the merchant and try to make the deal directly ("When I really want a hotel on a specific weekend, I have to pay before finding out whether they have availability. So, I call the hotel itself to ask about their availability and end up buying directly from the hotel at the same price or even less sometimes"). Although there is no payment online at MYGON, when the customer calls to ask more information about the campaign, almost 50% of the merchants try to sell directly (bypass), according to MYGON internal results.

Moreover and according to MYGON's results, even if the customer shows up, there is a high incentive for the merchants to pretend that customers do not show up in this business model as the money is always on the merchants' side and they want to avoid paying MYGON's commission. Each merchant has an account in MYGON's back office in order to manage users' transactions. When the merchant chooses the option "did not show up", an automatic email is sent to the user saying "you have not shown up" and the points are removed. MYGON could detect the fraud automatically if the user answered the email in case the information is incorrect.

3.6. <u>Sustainability in the DoD industry</u>

Are the daily deals websites a passing fad or are they here to stay?

From 2014 on, the daily deals industry has been growing at a slow pace as the economy has become more stable after the social and economic crisis, and comments such as "Daily deal is dead" have been common[xv]. Questions like "How could the daily deal websites create value for the merchants?" and comments such as "Daily deals are bad for merchants!" are issues which have been discussed recently as part of the structural weaknesses of this industry. Moreover, as the digital know-how from merchants increases, its allows them to create their own campaigns and use other types of advertising online such as Facebook Ads and Google Ads rather than using daily deal websites to promote their products/services.

Groupon and LivingSocial are struggling to survive and recently have changed their strategy to a "merchant's platform". Is this strategy the solution for the problems mentioned above? Should the other websites and MYGON follow the same strategy to keep them sustainable? Is MYGON's reward in Silicon Valley as a Global potential business still valid in 2016 with the same model?

What should MYGON do now?

Should MYGON increase the market share in the Portuguese market, keeping the same strategy? In order to acquire new users, should the offer be different?

Should MYGON invest more in retaining the existing users? Should the loyalty rewards program be changed as well as the win-back offer in order to retain current or past users?

4. Market Research

4.1. In-depth Interview

An In-depth interview was conducted with Carlos Bispo, Marketing Manager at MYGON and Ricardo Vilares, Founder & CEO (**Exhibit 42**). This interview was essential to provide information about the company's current situation, retention and acquisition strategies. Most of the insights collected have already been inserted along the Case Study.

4.2. Focus Group

The Focus Group was conducted with 8 Portuguese people between the ages of 20 and 30 who have never heard of or used MYGON before. The participants are of different genders (4 males and 4 females) and have different occupations. It took about 90 minutes to conduct and took place in Portuguese. The aim of this FG was to get a general insight of daily deal users' purchasing habits, daily deal websites perceptions and an external perception about MYGON and its differentiation points. The guideline can be seen in **Exhibit 43**, and the most important insights are mentioned in the case study.

4.3. *Gold Inactive* win-back questionnaire

The win-back questionnaire was conducted by MYGON with the participation of the dissertation author as part of the quantitative research of this study. It consisted of a short phone call to 243 *Gold Inactive Users* (users who have already made 5 valid bookings at MYGON but have not booked for the past 6 months) in which some questions were asked, as can be found in **Exhibit 44**. The aim of this questionnaire was to understand the reason why *Gold Users* have stopped booking from MYGON, and to try to find out what the likelihood is that they will use MYGON again.

4.4. Online Survey

4.4.1. Survey Purpose

An online survey was also conducted as part of the quantitative research of this study. The survey consisted of 30 questions, and was available to the general Portuguese public for 10 days (**Exhibit 45**). The main purpose of this questionnaire was to collect useful information in order to understand what percentage of the Portuguese population are Discount Seekers and which of these actually search/purchase in daily deals. The questions were mainly based on the purchasing behavior and attitudes towards these websites, their awareness and perception about the companies while comparing with MYGON. Regarding MYGON, the daily users of MYGON were asked about their satisfaction with the company, especially with the Point System. A general question was asked about the types of loyalty systems in daily deals.

The online questionnaire resulted in 295 valid responses, a relatively large number that allowed the author to extract relevant data, and to generate more solid statements. The data was analyzed with IBM's SPSS Software.

4.4.2. Sample Description

Within the 295 total number of respondents, 197 were female (67%) and 98 male (33%). The majority of respondents were aged between 16 and 24 (65,1%) and between 25 and 35 (19%). Regarding monthly income, 50,5% of the participants earn less than €500 which could be explained by the fact that 65,1% of the respondents are less than 24 years old (**Exhibit 46**).

More than half of the respondents are still students (59,3%), either school students (6,1%) or university students (53,2%). The employed respondents represent 35,6% of the answers. The vast majority of the respondents currently lives in Lisbon (89%).

5. Conclusions

5.1. Conclusions and Recommendations for MYGON

MYGON is a Portuguese startup on daily deals set up in 2012. Having reached the 4-year mark, there is still a significant proportion of daily deal users who have never heard of MYGON, and 33% have heard of it but have never used the website/application. On the other hand, there is a high attrition rate, meaning that there is a huge number of registered users who currently do not book from MYGON, some of which have never booked at all from the company. Five questions were formulated at the beginning of this dissertation in order to properly answer the dilemma MYGON is facing while analyzing the sustainability of its business model: **should MYGON keep focusing on enlarging its user base through constant acquisition of new users or should it focus on retaining its existing registered users, trying to turn them into real customers?** By using information from the Literature Review, the Case Study and the Marketing Research, this section aims to answer each of these questions to help MYGON solve this dilemma and to provide some extra knowledge about the Deal of the Day industry in Portugal and its future sustainability.

Although it is challenging to maintain loyalty in this industry and the effect of the loyalty rewards program could be very small, a reward that provides economic incentives positively affects users' retention. MYGON could try to focus on an effective program in order to retain users and therefore possibly avoid fraud and bypass situations. When the reward is of interest to the user, there could be a higher incentive not to buy directly and, in case of fraud, to answer the email sent. From the survey results, the most attractive loyalty program options for daily deal users would involve euros and not points as rewards. Therefore, MYGON should try to change the program to the preferred option which is, for example: "Gain 1€ per booking, get an extra 1€ discount in the next booking". As more than half of MYGON users do not know about the Loyalty rewards system, the company should try to increase its visibility, next to the booking sign, for instance. As for the *Gold Users*, MYGON should try to inform them when they have sufficient points to exchange, since only 11% of them have exchanged the points.

Although daily deal users could possibly become tired of e-newsletters, 60% of them still have a look at daily deal emails to see if there is anything of interest. The e-newsletter is still a great tool to work with as it could also be an exciting experience for the users, however MYGON only segment the e-newsletter based on users' location and gender. According to some studies, the retention efforts should start with segmenting the customers according to their interests in order to send customized e-newsletters. This approach makes sense in MYGON, since it is part of the company's mission. The company could have an interest list in users' profile (optional completion) in order to send more customized offers.

According to the results of the Win-back survey carried out on *Gold Inactive Users*, 18% of the users are *Active* now, but only two of them have asked for the Win-back offer. As ""lost" customers may pose a rewarding last "resort" opportunity", it is suggested that MYGON should keep recovering these users but try to make another win-back offer as it plays a big role in how long the user will stay in the company. It is suggested that an X€ discount offer be made in the next purchase, not putting pressure on the user in terms of deadline.

There are so many points to improve internally in order to retain the existing users that MYGON should focus first on a good retention strategy. Since 63% of the registered users have no transactions with MYGON, it could mean that the offer available is not of their interest. In addition, MYGON is considered by its users to be worse than its main competitors in terms of "Variety of offers" and lack of "Known merchants". Moreover, one of the main reasons for *Gold Users* defection is loss of interest in the campaigns. The category most booked by these users was Restaurants which is also the category most searched by its current users which is not at all the category most offered at MYGON. It is recommendable to first invest in broking more merchants in this category in order to better retain its existing users.

Within the retention strategy, MYGON should try to understand the reason why almost 50% of the users with transactions have made only one valid booking, and just 15% of them are still *Active*. Although the duration of the relationship was too short-lived to make the users easily accept the win-back offer, the first experience is decisive in terms of repurchasing intentions, and therefore MYGON should find a way to recover these users or at least understand their reasons of defection.

The acquisition of users is also an important process for MYGON as a startup. However, in acquiring new users the company could have an illusion of growth when actually these users are unprofitable, and, as mentioned before, 63% of the registered users have never made any kind of booking, either valid or invalid. In order to decrease this number, the first thing

MYGON should do in order to acquire not only new users but the right users, is to try to match the offers with what daily deal users in general are more interested in, since the "Discount offered" and the "Quality of the products/services" offered are the characteristics daily deal users value most. According to the survey, the categories daily deal users value most are Restaurants followed by Travelling and Accommodation, and then Beauty Care. Unless MYGON wants to position itself as a Beauty Care daily deal website – which is not aligned with MYGON's current segmentation strategy – the company should adapt the offers and try to match the categories with what most daily deal users are looking for in a daily deal website.

In fact 32% of the daily deal users in the Portuguese market have never heard of MYGON, meaning that in these 4 years of operation MYGON was unable to effectively reach almost all of them. What is more, 33% of the daily deal users have heard about MYGON but have never searched/purchased from the company.

Although the payment system is not the most valuable feature for a daily deal user, due to this point of differentiation which was presented in the survey to the participants who did not know MYGON, 83% answered that they were likely to start booking from the company. This means there is still a potential market for MYGON, however the offer should always match what they are interested in.

5.2. Limitations and Suggestions for Future Research

This study has faced several limitations, both in the qualitative and in the quantitative research. In the focus group, due to time and money restrictions, the participants were chosen conveniently within the author's social context, resulting in a biased and homogenous answer. Although the quantitative research analyzed several important questions for the study and 295 valid responses were obtained, which is considered a large number, the sample was not representative. Some characteristics of the sample might have led to biased results, namely the higher number of female respondents (67%) and the fact that 65,1% of the respondents are less than 24 years old. Moreover, one of the limitations was lack of information on the DoD industry in Portugal and also lack of research into users' perceptions of MYGON and its competitors, since Lifecooler proved to be an important player during the analysis.

Finally, this dissertation aims to add to the already published literature on acquisition and retention of users in the DoD industry. The literature for these marketing topics is scarce, both academically and practically speaking, especially regarding MYGON's business model type.

For future research, a deeper analysis into whether a loyalty rewards program could avoid a bypass situation would be beneficial, as well as a more concrete conclusion on how such a program could effectively retain daily deal users who are not considered to be loyal at all.

6. Teaching Notes

6.1. Synopsis

This dissertation focuses on the marketing topics of acquisition and retention of customers online. This analysis takes into consideration the business model sustainability of a national startup while facing a critical phase in the daily deals industry.

MYGON is a Portuguese startup in the DoD industry created in 2012. The company was considered a global potential business in Silicon Valley for its innovative business model in this industry. Unlike the other daily deal websites, MYGON stands out for not relying on a coupon system, meaning there are no online payments. However, since 2014, the industry has not seen much growth, and the main players have been struggling to survive. The year 2016 has been critical, since the main player Groupon has left the Portuguese market, and MYGON is facing a big dilemma while looking at the sustainability of its business model. Should MYGON focus on enlarging its user base by increasing its market share, or should the company focus on retaining its existing users, trying to turn them into real MYGON customers?

6.2. Target Audience and Teaching Objectives

This case can be used as a teaching aid mainly for Strategic Marketing and Management Information Systems courses. It is appropriate for both undergraduate and master's marketing students. First, it could be instructive to provide knowledge of important marketing concepts. Secondly, it could be challenging, raising in-class discussion by presenting an example of a startup's current dilemma in the Portuguese market. By reading and understanding the Case Study and its Exhibits, the students should be able to provide recommendations for the challenge faced by MYGON. As a result, the students would be better prepared in this type of decision making processes in their future careers.

To complement the Case Study, the following readings are suggested:

A. Krasnova, H., Veltri, N.F., and Spengler, K. (2013) “Deal of the Day” Platforms:What Drives Consumer Loyalty?, State of Art, Business & Information Systems Engineering, Volume 5, Issue 3, pp. 165-177

B. Erdogmus, I. E., and ÇiÇek,M. “Online Group Buying: What Is There For The Consumers?”, Procedia Social and Behavioral Sciences 24 (2011) 308–316

6.3. Teaching Plan

Prior to class discussion, students should be given a few days to prepare at home, by reading the Case Study, and the academic articles mentioned in the previous section. After the theoretical class, where the Professor teaches the related marketing topics, and home preparation, students should be able to answer the following questions:

Individual Assignment

1. Describe the DoD industry and analyze the industry attractiveness from MYGON’s business model perspective

In order to describe the DoD Industry, the students can find information in **section 3.2**. In order to qualitatively determine market attractiveness, the students could use the 5 Porter’s Forces.

The **Threat of New Entrants** is high. As the DoD industry is on the Internet, the barriers to entry are very low (low entry and switching costs), and the business model is also very easy to replicate, therefore there is a reduced distinctiveness of companies. (**Vatariasombut et. al (2014)).**

The **Threat of Substitutes** is also high. As time goes by and as merchants’ digital know-how increases, Google ads and Facebook could be a substitute of daily deals. Groupon’s new strategy could also be an alternative to the conceptual daily deal model, in which the merchants, meaning the “daily deals offer”, prefer to manage their own campaigns in a “Merchants platform”.

This information could be seen in **section 3.2** (Industry Global Trends) and **section 3.6**.

The **Bargaining Power of Suppliers** is also high. The suppliers could be either the merchants or the Discount aggregators, daily deal partners. Merchants play a significant role in daily deal websites in general, and within MYGON’s business model, merchants could play the

main role. Even with a control department, there is always the temptation to avoid using the correct procedure, especially when the users also want to bypass and bargain for a greater price reduction. Merchants could even play with the commission and give an extra deal discount to the user while pretending the user has not shown up. Since the money is initially on the merchant's side, some unethical merchants can still, after the booking, pretend the user has not shown up and give the user an extra discount, still lower than the commission the merchant would have to pay MYGON.
The information could be found in **section 3.5**.

The **Bargaining Power of Buyers** is high. Although it is not possible to bargain prices once the campaign has been chosen on the website, the customers can always call the merchant and make the deal directly at a lower price.
Since the "Discount offered" and the "Quality of the offers" (**section 3.3**) is what matters for daily deal users, a great deal of searching is always going on for the best offer at the best price regardless of the daily deal site (**Krishnamurthi and Raj, 1991).**

The **Intensity of Rivalry** is very high, since there are so many players and competition is very intense. The entry costs are low so the threat of new entrants is high as is that of substitutes, and buyers and suppliers have a high bargain power, especially in MYGON's case. Since the search costs are low and there are a lot of daily deal websites, users are always searching for the best offer, showing no loyalty towards any particular website.

2. How would you characterize daily deal users in Portugal? Considering MYGON's current situation and daily deal users' information, what do you recommend MYGON to improve?

In order to characterize a daily deal user in Portugal, the student can find relevant information in **section 3.3**.

Possible recommendations:

- Send more **customized e-newsletters** which is part of MYGON's main mission is important since:
    - The company only segments the e-newsletters based on the users' location and gender;

- E-newsletters are still an important tool (60% of the daily deal users still check them out);
- For companies with a large online customer base, retention efforts should start with the segmentation of their users according to their needs and interests (**Vatariasombut et. al, 2014);**

- Try to **match demand and supply**:
  - MYGON has been focusing more on campaigns in Beauty Care (59%) – Restaurants only has 17% of campaigns (**section 3.4.3**);
  - However, the majority of daily deal users value categories such as Restaurants most, followed by Travelling and Accommodation
  - The company should try to have more offers in the other two most valued categories.

3. How could the merchants play a role in the acquisition and retention of users in the DoD industry and especially with MYGON?

Most of the information to answer this question could be found in section 3.5.

Possible answer:

Merchants play a big role in the acquisition of new users and therefore in the retention thereof, firstly since the two most important characteristics for users in these websites are related with the offers: the "Discount offered" and the "Quality of offers" (**Section 3.3**). The reviews and ratings could also be very important in the decision making process as well as in managing user expectations, therefore the users' intentions to repurchase can decrease if the merchants disappoint them and the service is worse than they were expecting (**Krasnova et al. (2013)**). According to MYGON's current results, 60% of MYGON users end up satisfied with their experiences. However, 47% of MYGON users have only one valid booking and half of these are *Inactive* (**Current Users in section 3.4.4**) The reason why they did not book again could be simply due to a bad experience with a merchant. In fact and according to the survey and FG, after a bad experience, the user never repeats the same experience both in terms of merchant and website.

The perceived merchant's product/service quality has a positive influence on repurchase intentions (**Hsu et al., 2014**), and according to what was discussed on FG, a big discount has a negative effect on the merchants' perceived quality. However, results state that daily deal users in general do not agree that products/services with discount in these websites are of worse quality.

There are some structural reasons why merchants could play a significant role in daily deal websites, mainly in that of MYGON. Firstly, the question of how long a merchant would stay in a daily deal website is raised, since most of the daily deal users are not willing to pay a full price in the same merchant after using a discount, and in the long-run the merchants' presence in these websites might not be sustainable. Secondly, the bypass situations are a threat to the acquisition of users, in the sense that users become aware that it is in the merchants' best interest that users call them directly in order to avoid paying a commission, and sometimes they reduce the price even more. In MYGON's case, the situation is even harder, since merchants are free to manage their transactions, and the money is on their side, there is a higher incentive of fraud - pretending the user did not show up, avoiding the commission payment altogether.

4. To what extent is the DoD industry sustainable in terms of retaining its users and attractive in terms of acquiring new ones? What could MYGON do in order to keep its business model sustainable?

Possible Answer:

Since the DoD industry is based on the Internet, it allows easy acquisition of new users in a cost-effective way. However, competition is huge (lower barriers to entry) **(Vatariasombut et al., 2014)**, and since the size of the discount offered is critical and the searching costs are low, the likelihood of users switching to another provider with a better offer is even higher (**Krishnamurthi and Raj, 1991)**. These results are valid in the Portuguese market since only 14% of the daily deal users are considered loyal to a website (**Section 3.3**). Although it is challenging to maintain a loyal user base in this industry, it is crucial to ensure sustainability and long-term survival in this market (**Krasnova et al., 2013**)

The beginning of 2016 proved to be an important mark in the industry especially in the Portuguese market. Groupon is no longer in Portugal, has changed its strategy and created a "merchant platform" as the original format was no longer profitable. The merchants' presence in daily deals has been proving to be unsustainable for the future whilst the digital know-how of merchants is increasing (Facebook and Google ads, for instance). These aspects raise the questions of how a daily deal business could survive in the long run, and to what extent is Groupon's recent strategy the answer for that (**Section 3.6**).

The effect of a loyalty rewards program could have a small effect on retention (**Verhoef, 2003**), however in order to avoid MYGON users buying directly from the merchants without booking through the platform and, in case of fraud, the users ignoring the automatic email (**Section 3.5**), the effectiveness of the loyalty rewards system could play a big role. Therefore, MYGON could invest in a more effective loyalty rewards program (**Section 3.4.7**).

In order to retain its existing users, MYGON could look at the win-back process as an opportunity, trying to understand why *Gold Inactive Users* defect and invest in the win-back offer, as these two are an indicative of how long customers will stay in the company (**Kumar et al. 2015**). Although Restaurants are not as successful as Beauty Care in daily deals (**Gupta et al. 2012**), MYGON should invest in this category as it is the category most booked by its current users and *Gold Inactive Users* – considering one of the main reasons why they defect was loss of interest in available campaigns. In order to acquire new users, the previous idea also applies, since Restaurants are also the most searched category for daily deal users in general.

Group Assignment

Students should individually prepare the answers to the questions presented above and demonstrate their knowledge to the Professor. Students can be divided in groups of 4. Each group discusses one of the questions and reaches a final consensus. After 20 minutes of discussion, each group should present their answer to the class, and the other teams should also provide their feedback.

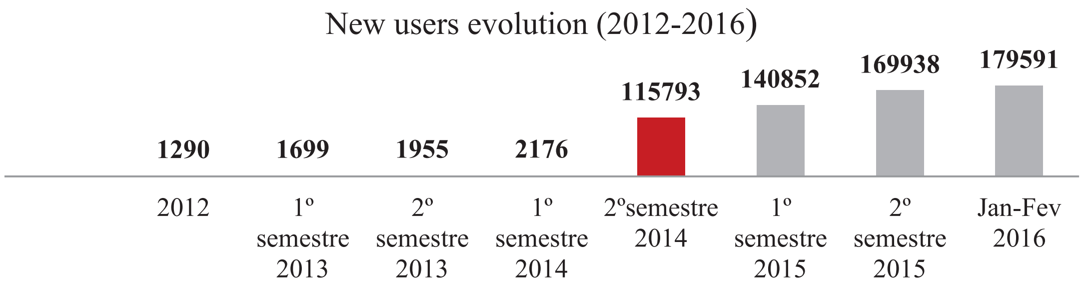
After the individual and group assignments are completed, students should be able to:

- Understand what the DoD Industry is and what the main differences in MYGON's business model are
- Characterize a Daily deal user in Portugal as well as MYGON's positioning, understanding what MYGON could adapt in order to best acquire and retain its users
- Understand what the role of merchants in daily deals is and how this could affect MYGON's acquisition and retention of users
- Understand how the DoD industry, and especially MYGON's business model, could be made sustainable in order to acquire and retain users

7. Exhibits

Case Study Exhibits

Exhibit 1 – New users evolution



Source: MYGON

Exhibit 2 – Valid vs. Invalid Bookings

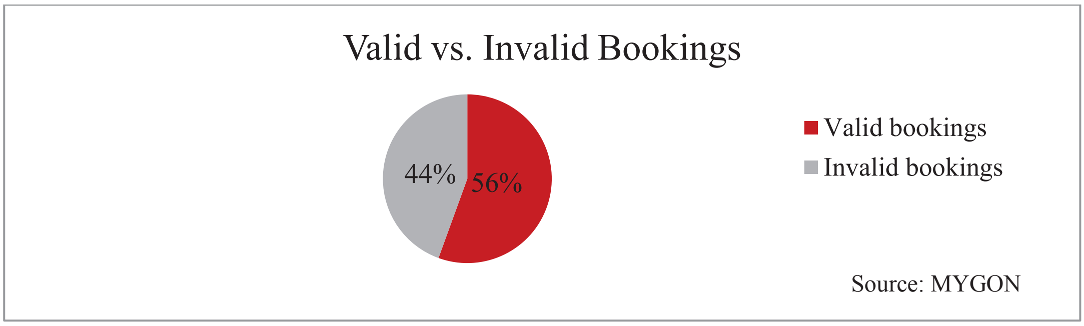


Exhibit 3 – Daily Deal sites in the Portuguese market

Daily Deal sites			
odisseias	CLUBEFASHION.com	descontos.pt	goodlife!
lifecooler DESCONTOS	LetsBonus	LEVAS.ME	TOPVENDAS
MYGON	planeo	poupar bem	Caraaime.pt
YUPIdeal.com	promo FANS	Livoo.pt	BLISS booker
ALCATEIA	HOTÉIS 24	plubee	compra comigo

	Global Rank	Rank in Portugal	Bounce Rate	Daily Page views per Visitor	Daily Time on Site
Odisseias	76503	348	26,40%	7,90	06:08
Clube Fashion	128919	478	23,20%	4,10	04:16
Descontos.pt	256844	962	46,20%	3,10	03:57
Goodlife	164898	1064	37,40%	4,00	04:19
Lifecooler-travel	325487	1142	33,80%	3,5	07:11
Letsbonus	17830	1777	35,80%	3,88	03:47
Levas.me	447486	2266	21,90%	9,30	13:19
Top Vendas	524125	2553	32,80%	3,9	04:07
MYGON	309303	2624	31,10%	4,50	04:44
Planeo	421456	3234	38,70%	3,00	02:21
Poupar bem	582031	3679	30,90%	4,10	04:18
Cardume.pt	655921	4891	45,00%	1,8	02:25
Yupideal	1383861	5621	21,10%	3,3	06:01
Promo fans	834993	5740	42,40%	2,2	02:10
Livoo	570155	6077	30,80%	3,10	03:57
Bliss Boker	2558878	9342	37,50%	2,1	02:45
Alcateia.com.pt	2210678	-	61,50%	1,5	01:26
Hoteis24	2279758	-	41,70%	1,90	02:02
Plubee	2318429	-	76,90%	1,7	01:36
Compra-comigo	3106680	-	-	1,1	01:02
Travelbird	4157575	-	-	-	-
Vouchers.pt	8832446	-	-	-	-
Dz count	9636321	-	-	-	-
Freupon	9636336	-	-	-	-
Carregadescontos	13788779	-	-	-	-

Happy moments	19626413	-	-	-	-
Desconto ocasiao	-	-	-	-	-
Sapo voucher	-	-	-	-	-
Choose Life	-	-	-	-	-
So-descontos.com	-	-	-	-	-
Ama desconto	-	-	-	-	-

Source: Alexa Internet

<u>Exhibit 4 – Aggregators of Daily deal sites in Portugal</u>

Daily Deals Aggregators		
FORRETAS	WONE	
COMPRA COOLETIVA	BOWNTY	TRYINX
TOSTÃO	SAPO PROMOS	NÉPPIA

	Global Rank	Rank in Portugal	Bounce Rate	Daily Page views per Visitor	Daily Time on Site
Forretas	475,981	2416	34%	4,3	03:50
Wone	816,352	3960	43,80%	3,6	03:06
Bownty	888,844	6184	34,70%	2,8	01:47
Tryix.pt	2,311,674	-	50%		02:08
Compra Cooletiva	9,636,303	-	-	-	-
Tostao		-	-	-	-
Sapo promos		-	-	-	-

Source: Alexa Internet

Exhibit 5 – Where users actually look for discounts

Statistics

		Online (websites)	Mobile Applications	TV	Radio	Magazines	Newspapers	Friends	Family	Other
N	Valid	155	48	20	3	42	10	53	29	25
	Missing	140	247	275	292	253	285	242	266	270

Source: Survey

Exhibit 6 – Reason why some Portuguese people do not look for discounts

Why do you not look for discounts?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I do not know where to find discounts**	16	5,4	17,4	17,4
	I do not feel the need to look for discounts	40	13,6	43,5	60,9
	I do not think the existing discounts are worth it	23	7,8	25,0	85,9
	Other	13	4,4	14,1	100,0
	Total	92	31,2	100,0	
Missing	System	203	68,8		
Total		295	100,0		

Source: Survey

Exhibit 7– Reason why some users have stopped searching for discounts in Daily deals

Why did you stop searching for discounts in daily deals websites?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I stopped searching for discounts in general**	5	1,7	20,8	20,8
	I stopped due to bad experiences in daily deals websites	2	,7	8,3	29,2
	I lost interest in the offers available	15	5,1	62,5	91,7
	Other	2	,7	8,3	100,0
	Total	24	8,1	100,0	
Missing	System	271	91,9		
Total		295	100,0		

Source: Survey

Exhibit 8 – Typical daily deal user

Do you search for discounts online in daily deal websites? * Gender Crosstabulation

			Gender		Total
			Male	Female	
Search for discounts online in daily deal websites?	**Yes, I do.**	Count	25	73	98
		% within Gender	25,5%	37,1%	33,2%
	No, I do not	Count	66	107	173
		% within Gender	67,3%	54,3%	58,6%
	No, but I used to search	Count	7	17	24
		% within Gender	7,1%	8,6%	8,1%
Total		Count	98	197	295
		% within Gender	100,0%	100,0%	100,0%

Do you search for discounts online in daily deal websites? * Age Crosstabulation

			Age						Total
			< 16 years old	16-24 years old	25-35 years old	36-45 years old	46-65 years old	> 65 years old	
Do you search for discounts online in daily deal websites?	**Yes, I do.**	Count	1	66	19	7	5	0	98
		% within Age	50,0%	34,4%	33,9%	41,2%	18,5%	0,0%	33,2%
	No, I do not	Count	1	112	32	10	17	1	173
		% within Age	50,0%	58,3%	57,1%	58,8%	63,0%	100,0%	58,6%
	No, but I used to search	Count	0	14	5	0	5	0	24
		% within Age	0,0%	7,3%	8,9%	0,0%	18,5%	0,0%	8,1%
Total		Count	2	192	56	17	27	1	295
		% within Age	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0 %

Do you search for discounts online in daily deal websites? * Income (monthly) Crosstabulation

			Income (monthly)					Total
			<500€	500€ - 1000€	1000 - 1500€	1500 - 2000€	>2000€	
Do you search for discounts online in daily deal websites?	**Yes, I do.**	Count	34	17	9	4	1	65
		% within income (monthly)	30,9%	32,7%	25,0%	44,4%	9,1%	29,8%
	No, I do not	Count	68	29	22	5	8	132
		% within income (monthly)	61,8%	55,8%	61,1%	55,6%	72,7%	60,6%
	No, but I used to search	Count	8	6	5	0	2	21
		% within income (monthly)	7,3%	11,5%	13,9%	0,0%	18,2%	9,6%
Total		Count	110	52	36	9	11	218
		% within income (monthly)	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

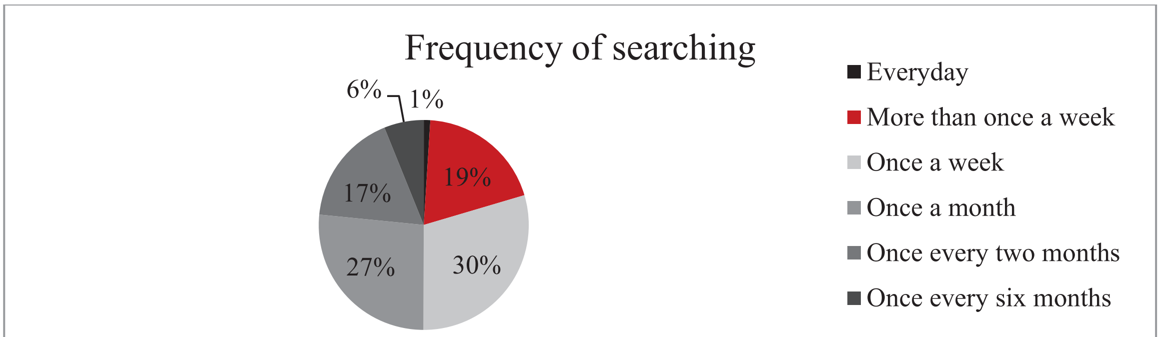
Source: Survey

Do you search for discounts online in daily deal websites? * Ocupation: Crosstabulation

			Ocupation: School student	University student	Working student	Employed	Unemployed	Retired	Total
Search for discounts online in daily deals websites?	**Yes, I do.**	Count	2	47	9	36	4	0	98
		% within Ocupation:	11,1%	33,8%	39,1%	34,3%	80,0%	0,0%	33,2%
	No, I do not	Count	16	82	10	60	1	4	173
		% within Ocupation:	88,9%	59,0%	43,5%	57,1%	20,0%	80,0%	58,6%
	No, but I used to search	Count	0	10	4	9	0	1	24
		% within Ocupation:	0,0%	7,2%	17,4%	8,6%	0,0%	20,0%	8,1%
Total		Count	18	139	23	105	5	5	295

Source: Survey

Exhibit 9 – Frequency of searching discounts on daily deal websites



Source: Survey

Exhibit 10- Categories users search most in daily deal websites

Statistics (from 98 responses)

		Restaurants	Cafés & Bars	Accommodation	Products	Services	Beauty & Care	Adventurous Experiences	Travelling	Technology	Clothes	Other
N	Valid	69	11	47	14	20	46	35	48	21	30	0
	Missing	226	284	248	281	275	249	260	247	274	265	295

Source: Survey

Exhibit 11 –Most valued characteristics

	Discount offered	Quality of the services/products offered	Variety of offers	Good user experience on the website/app	Quantity of reviews	Loyalty rewards system	No online payment
1	50,5	30,9	6,2	6,2	2,1	1	3,1
2	29,9	38,1	11,3	3,1	6,2	1	10,3
3	13,4	21,6	25,8	9,3	24,7	1	4,1
4	3,1	5,2	29,9	27,8	16,5	4,1	13,4
5	2,1	3,1	19,6	36,1	23,7	8,2	7,2
6	0	1	5,2	13,4	14,4	41,2	24,7
7	0	0	2,1	4,1	12,4	43,3	35,1
8	1	0	0	0	0	0	2,1

Source: Survey

Exhibit 12 – Psychographics

	I usually go directly to the daily deal website/application to search for discounts.	I usually have a look at the email newsletters and see if there is anything interesting for me.	When on Social media I spontaneously click on campaigns I find interesting.	I purchase deals on special occasions with my boyfriend/girlfriend	I purchase deals when I want to do something with my friends.	I purchase deals when I want to buy myself a treat
Strongly Disagree	0%	12,2%	5,1%	6,1%	6,1%	3,1%
Disagree	5,1%	16,3%	16,3%	16,3%	20,4%	6,1%
Neither Agree nor Disagree	10,2%	10,2%	16,3%	13,3%	23,5%	7,1%
Agree	56,1%	43,9%	46,9%	40,8%	40,8%	54,1%
Strongly Agree	28,6%	15,3%	12,2%	20,4%	8,2%	26,5%
Not applicable	0%	2%	3,1%	3,1%	1%	3,1%

Source: Survey

	I feel excited when I am searching for new opportunities in daily deal websites	I am more interested in the experience itself rather than the discount	I only care about the merchants whose products/services the websites are offering, the website itself is not important for me	I consider myself loyal to just one daily deal website	I am someone who likes to write reviews about my experiences.	I share my experiences in daily deal websites with my friends and family
Strongly Disagree	1%	10,2%	5,1%	20,4%	18,4%	0%
Disagree	4,1%	35,7%	13,3%	44,9%	34,7%	7,1%
Neither Agree nor Disagree	26,5%	26,5%	29,6%	18,4%	15,3%	8,2%
Agree	50%	22,4%	39,8%	14,3%	20,4%	55,1%
Strongly Agree	17,3%	5,1%	12,2%	0%	8,2%	29,6%
Not applicable	1%	0%	0%	2%	3,1%	0%

Source: Survey

CATÓLICA LISBON BUSINESS & ECONOMICS

MYGON

Exhibit 13 – MYGON Categories

1. Restaurants			
African Restaurant	Fast Food	Japanese Restaurant	Salads
All you can eat	Fish	Korean Restaurant	Sandwich &Wraps
Andalusian Restaurant	Gluten Free Food	Lao Restaurant	Seafood
Argentinian Restaurant	French Restaurant	Latin American Restaurant	Snack Bar
Asturia Restaurant	Fusion	Market Food	Soup
Austrian Restaurant	Galician Restaurant	Mediterranean Food	Spanish Tapas
Basque Restaurant	German Restaurant	Mexican Restaurant	Sri Lankan Restaurant
Brazilian Restaurant	Gourmet	Middle-Eastern Restaurant	Steakhouse
Brunch	Greek Restaurant	Moroccan Restaurant	Street Food
Burger	Grilled	Nepalese Restaurant	Swiss Restaurant
Catalan Restaurant	Hot Dog	Paquistan Restaurant	Thai Restaurant
Chinese Restaurant	Indian Restaurant	Peruvian Restaurant	Turkish Restaurant
Colombian Restaurant	Indonesian Restaurant	Portuguese Restaurant	Vegetarian Restaurant
Cuban Restaurant	Iranian Restaurant	Raw Food	Venezuelan Restaurant
Ecuatorian Restaurant	Irish Restaurant	Romanian Restaurant	Vietnamese Restaurant
English Restaurant	Italian Restaurant	Russian Restaurant	Wok

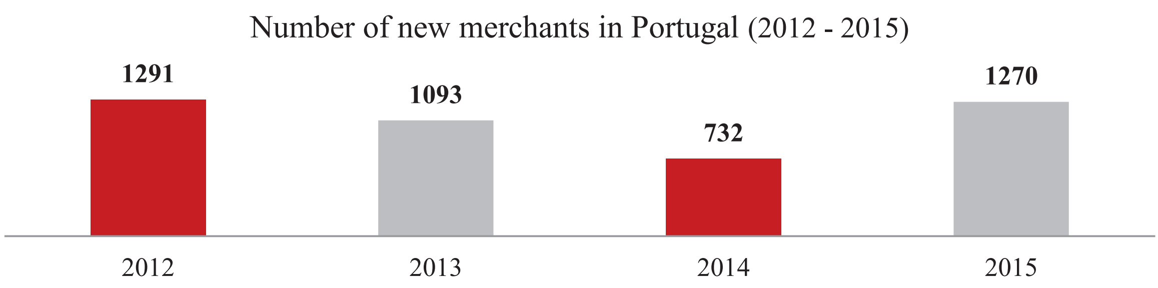
Source: MYGON

1. Bars & Cafés	2. Health & Beauty	3. Services	4. Leisure & Sports	5. Accommodation	6. Products
After work Bar	Alternative Therapies	Auto Services	Cultural Activities	2 Star Hotel	Accessories
Beach Bars	Body Treatment	Trainings	Dance Classes	3 Star Hotel	Animal
Brewery	Dentist	Photo Service	Gymnasiums	4 Star Hotel	Baby
Champaign House	Depilation	Home Service	Nautic Activities	5 Star Hotel	Clothes
Cocktails &Gins	Facial Treatment	Motorcycle & Bike	Outdoor activities	Campsite	Cosmetics & Perfume
Gay Bars	Hair Treatment	Professional Service	Sport Modalities	Eco-Tourism	Food

Hotel Bars	Hairdresser Female	Services for Animals	Tours & Sightseeing	Guesthouses	Food Supplements
Ice Creams	Hairdresser Male	Services for Children	Workshops	Holidays Rental	Gadgets & Technology
Kiosks	Health Services		Yoga	Hostels	House & Kitchen
Lounge	Makeup			Motorhome	Shoes
Night Club	Manicure			Pensions	Sports & Health
Pastry	Piercings			Rural Tourism	
Pubs	SPA/Massage			Snow trip	
Sports Bar	Beauty Care			Thermal	
Tea Room				Youth Hostels	
Wine Bar					

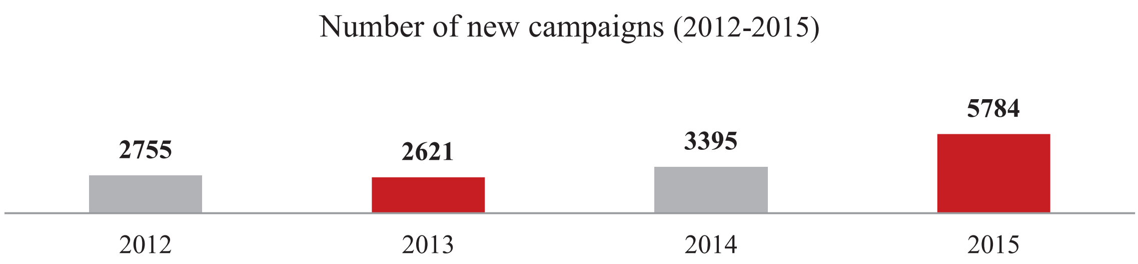
Source: MYGON

Exhibit 14 - Evolution of new merchants



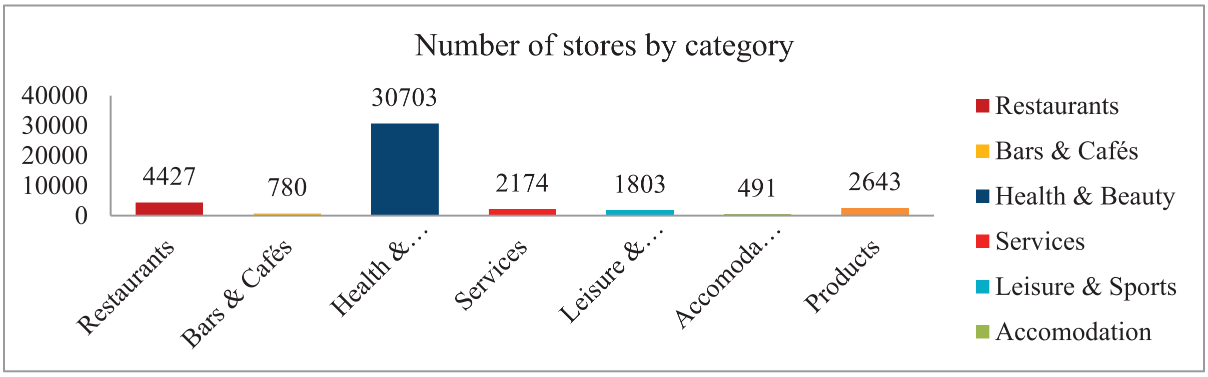
Source: MYGON

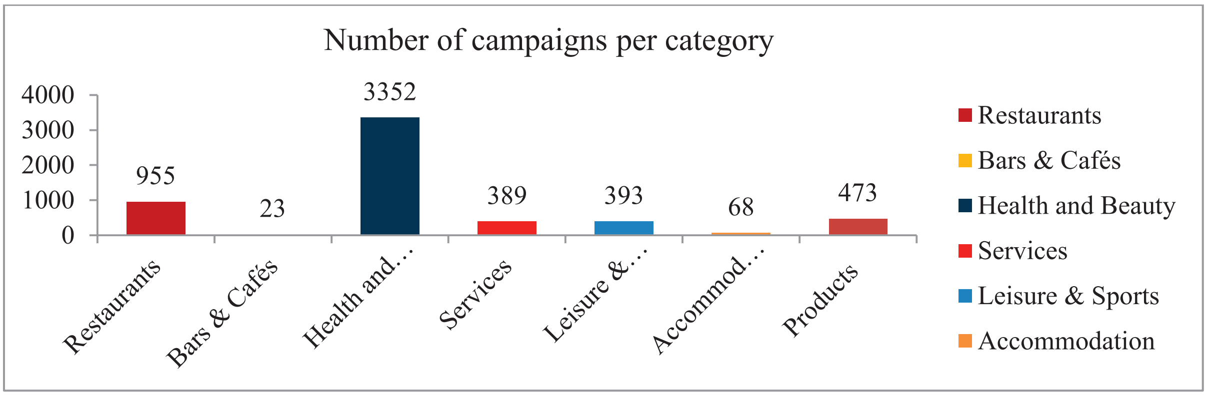
Exhibit 15 – Evolution of new campaigns



Source: MYGON

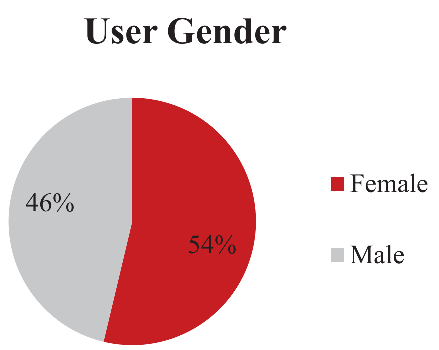
Exhibit 16 – Number of campaigns and stores per category

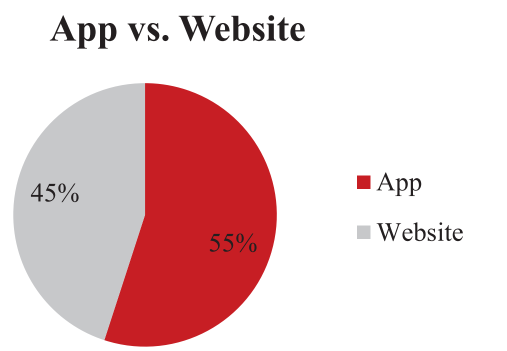




Source: MYGON

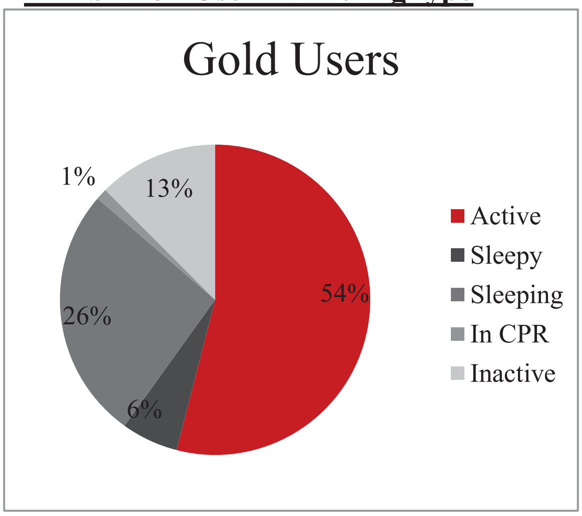
Exhibit 17 – User gender and habits

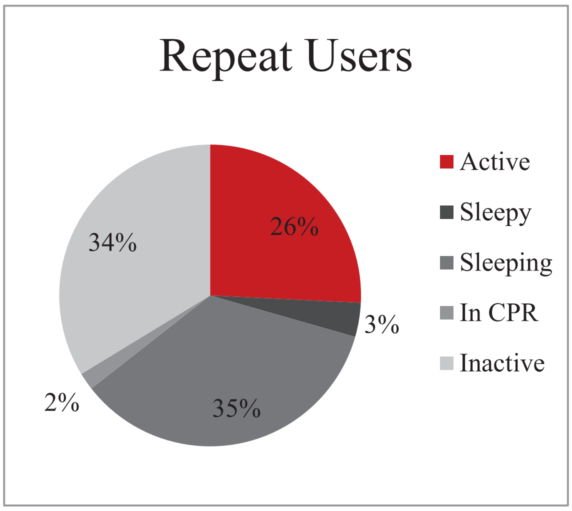


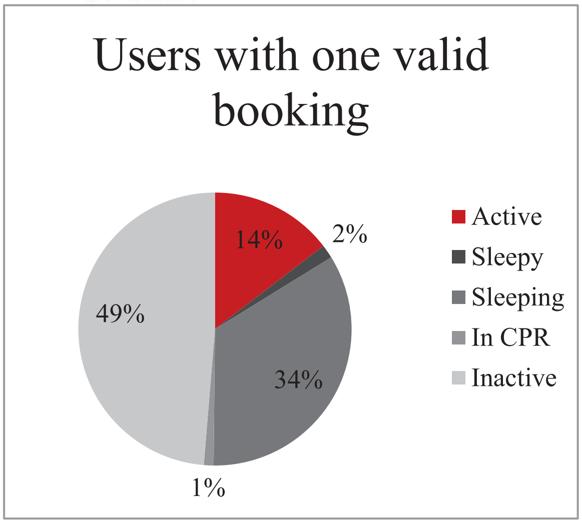


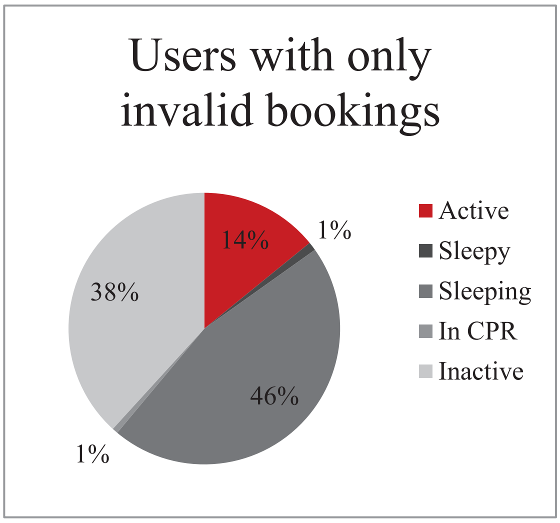
Source: MYGON

Exhibit 18 - User marketing type



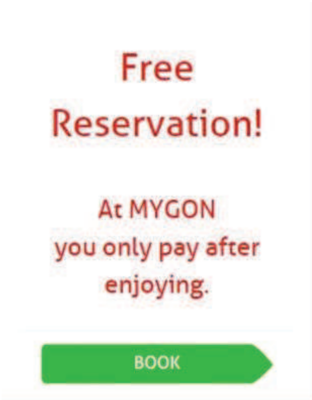






Source: MYGON

Exhibit 19 – Free Reservation

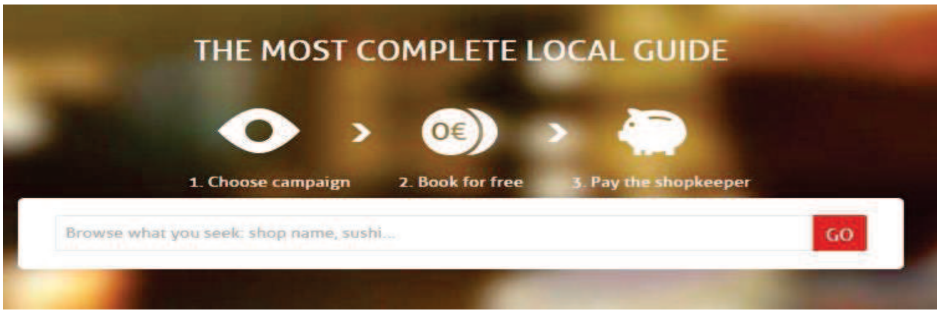


Source: MYGON

Exhibit 20 – Do you already know what you are going to do today?

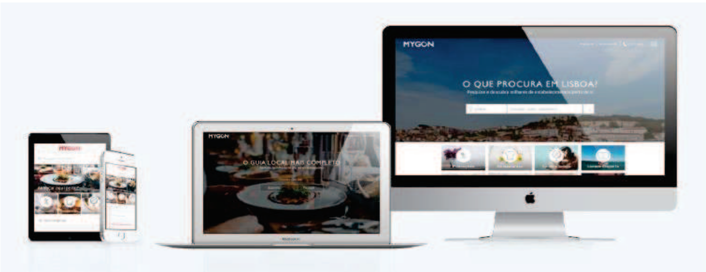
Source: MYGON

Exhibit 21 – The most complete Guide



Source: MYGON

Exhibit 22 – How to access MYGON through different devices



Source: MYGON

Exhibit 23 – Campaign's Promotion

Source: MYGON

Exhibit 24 – MYGON Awareness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I have just heard of**	40	13,6	32,8	32,8
	I have already searched/purchased from	43	14,6	35,2	68,0
	I have never heard of	39	13,2	32,0	100,0
	Total	122	41,4	100,0	
Missing	System	173	58,6		
Total		295	100,0		

Source: Survey

Exhibit 25 - Comparing MYGON with Groupon and Odisseias

MYGON/GROUPON		Discount offered	Quality of services/products offered	Known merchants	Variety of offers	User experience on the website/app	Quantity and quality of reviews	Loyalty rewards program	Payment system
N	Valid	30	27	24	32	27	18	18	28
	Missing	265	268	271	263	268	277	277	267
Mean		2,90	2,85	3,17	3,25	2,74	2,83	2,28	1,82
Median		3,00	3,00	3,00	3,00	3,00	3,00	2,50	1,50
Mode		3	3	3	3	2	3	3	1
Minimum		1	1	2	1	1	1	1	1
Maximum		5	4	4	5	4	5	4	4

Source: Survey

MYGON/ODISSEIAS		Discount offered	Quality of services/products offered	Known merchants	Variety of offers	User experience on the website/app	Quantity and quality of reviews	Loyalty rewards program	Payment system
N	Valid	23	23	23	25	24	18	16	23
	Missing	272	272	272	270	271	277	279	272
Mean		3,22	3,17	3,43	3,32	3,25	3,00	2,00	2,00
Median		3,00	3,00	3,00	3,00	3,00	3,00	2,00	1,00
Mode		4	4	3	3	4	3	1	1
Minimum		1	1	1	1	1	1	1	1
Maximum		5	5	5	5	5	5	4	5

Source: Survey

Exhibit 26 – Searching at MYGON

Do you search for daily deals at MYGON?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Yes, I do.**	35	11,9	28,7	28,7
	No, but I used to	16	5,4	13,1	41,8
	No, I do not	71	24,1	58,2	100,0
	Total	122	41,4	100,0	
Missing	System	173	58,6		
Total		295	100,0		

Source: Survey

Exhibit 27 – Reason why users have stopped using MYGON

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Lost interest in the available campaigns**	4	1,4	25,0	25,0
	Started using a different app/site for booking	2	,7	12,5	37,5
	Just forgot to enter the app/site again	5	1,7	31,3	68,8
	Lack of time due to personal/professional reasons	3	1,0	18,8	87,5
	Other reason	2	,7	12,5	100,0
	Total	16	5,4	100,0	
Missing	System	279	94,6		
Total		295	100,0		

Source: Survey

Exhibit 28 – Categories searched in MYGON

		Restaurants	Bars & Cafés	Health & Beauty	Services	Leisure & Sports	Accomodation	Products
N	Valid	43	10	24	4	5	9	6
	Missing	252	285	271	291	290	286	289
Mean		1,00	1,00	1,00	1,00	1,00	1,00	1,00
Median		1,00	1,00	1,00	1,00	1,00	1,00	1,00

Source: Survey

Exhibit 29– Users' satisfaction with MYGON

	Discount offered	**Quality of the services/ products offered**	**Known merchants**	**Variety of offer**	**User experience with the website**	**Variety and quality of reviews**	**Loyalty rewards program**	**Payment system**
Very unsatisfied	5,9	3,9	5,9	3,9	5,9	2	7,8	5,9
Unsatisfied	0	3,9	11,8	5,9	17,6	11,8	5,9	3,9
Neutral	11,8	5,9	19,6	17,6	9,8	11,8	13,7	11,8
Satisfied	56,9	51	37,3	45,1	41,2	35,3	31,4	27,5
Very satisfied	13,7	19,6	5,9	17,6	15,7	7,8	5,9	33,3
No opinion	11,8	15,7	19,6	9,8	9,8	31,4	35,3	17,6

Source: Survey

Exhibit 30 - Likelihood of using MYGON

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**1 - Extremeley Unlikely**	2	,7	2,8	2,8
	2	1	,3	1,4	4,2
	Indifferent	9	3,1	12,7	16,9
	6	5	1,7	7,0	23,9
	7	13	4,4	18,3	42,3
	8	21	7,1	29,6	71,8
	9	12	4,1	16,9	88,7
	10 - Extremely likely	8	2,7	11,3	100,0
	Total	71	24,1	100,0	

Source: Survey

Exhibit 31 –Point System prizes

Source: MYGON

Exhibit 32 – MYGON's point system

Do you know MYGON's point system?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Yes**	27	9,2	52,9	52,9
	No	24	8,1	47,1	100,0
	Total	51	17,3	100,0	
Missing	System	244	82,7		
Total		295	100,0		

Source: Survey

Have you ever exchanged the points for a prize?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Once**	1	,3	3,7	3,7
	Never, I have never reached sufficient points	15	5,1	55,6	59,3
	Never, I have no interest in the point system	7	2,4	25,9	85,2
	Other	4	1,4	14,8	100,0
	Total	27	9,2	100,0	
Missing	System	268	90,8		
Total		295	100,0		

Source: Survey

To what extent do you value this point system (which keeps you booking from MYGON)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I do not value at all**	2	,7	7,4	7,4
	I do not value	1	,3	3,7	11,1
	Indiferent	4	1,4	14,8	25,9
	I value	17	5,8	63,0	88,9
	I value a lot	3	1,0	11,1	100,0
	Total	27	9,2	100,0	
Missing	System	268	90,8		
Total		295	100,0		

Source: Survey

Exhibit 33 – Number of *Gold Users* who claimed prize

	Gold Active	Gold Sleepy	Gold Sleeping	Gold in CPR	Gold Inactive
Average Points per user	531	472	394	319	289
Number of users who claimed the prize	373	29	107	4	14
% of users who claimed the prize	11%	8%	7%	6%	2%

Source: MYGON

Exhibit 34 – 4 options of loyalty rewards programs

	Frequency
(1)	45
(2)	50
(3)	21
(4)	11

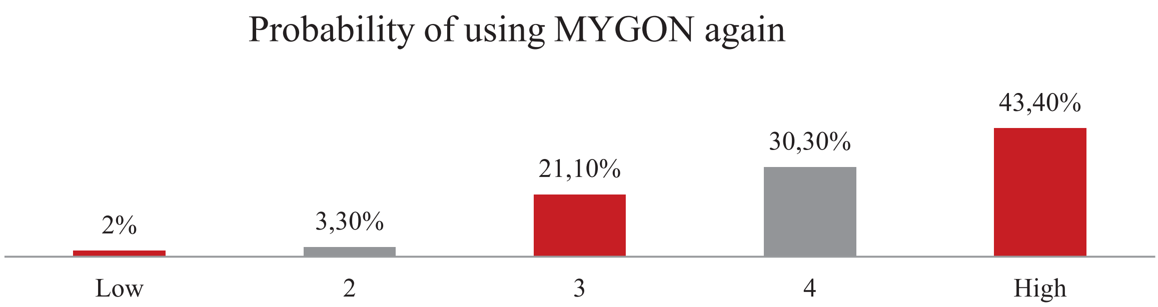
Source: Survey

Exhibit 35 - Cross tabulation (most attractive loyalty program)

			1	2	3	4
Do you search for daily deals at MYGON?	**Yes, I do.**	Count	11	14	6	4
		% within the options	24,40%	28,00%	28,60%	36,40%
		% of Total	24,40%	28,00%	28,60%	36,40%
	No, but I used to	Count	7	5	3	2
		% within the options	15,60%	10,00%	14,30%	18,20%
		% of Total	15,60%	10,00%	14,30%	18,20%
	No, I do not	Count	27	31	12	5
		% within the options	60,00%	62,00%	57,10%	45,50%
		% of Total	60,00%	62,00%	57,10%	45,50%
Total		Count	45	50	21	11

Source: Survey

Exhibit 36 – Gold Inactive users - Probability * marketing status



Source: Recovery Survey

Probability_using_mygon * marketing_status Crosstabulation

Count

		marketing_status					
		Active User	In CPR	Inactive User	Sleeping User	Sleepy User	Total
Probability_using_mygon	**1 Low**	1	0	2	0	0	3
	2,00	0	1	4	0	0	5
	3,00	3	4	24	0	1	32
	4,00	12	1	30	3	0	46
	5 High	12	6	36	11	1	66
Total		28	12	96	14	2	152

Source: Recovery Survey

Exhibit 37 – Gold Inactive users - Use of other daily deal website

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Yes**	50	20,6	31,6	31,6
	No	108	44,4	68,4	100,0
	Total	158	65,0	100,0	

Source: Recovery Survey

Exhibit 38 – After a good experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I visited the daily deal website again, and I have repeated the same experience with the same merchant.**	36	12,2	36,7	36,7
	I have repeated the same experience with the same merchant but I bought it directly from the merchant. .	12	4,1	12,2	49,0
	I have never repeated the same experience with the same merchant	38	12,9	38,8	87,8
	I have never purchased any experience.	12	4,1	12,2	100,0
	Total	98	33,2	100,0	
Missing	System	197	66,8		
Total		295	100,0		

Source: Survey

Exhibit 39 – After a bad experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**I visited the daily deal website again, and had a second trial in the same experience with the same merchant.**	1	,3	1,0	1,0
	I have repeated the same experience with the same merchant but I bought it directly from the merchant.	1	,3	1,0	2,0
	I have never repeated the same experience neither with the merchant nor with the website.	35	11,9	35,7	37,8
	I have never repeated the same experience with the same merchant but I kept purchasing from the same daily deal website	11	3,7	11,2	49,0
	I never had a bad experience in a daily deal website.	33	11,2	33,7	82,7
	I have never purchased any experience	17	5,8	17,3	100,0
	Total	98	33,2	100,0	

Source: Survey

Exhibit 40 – Quality of merchants

I think that products/services that have a discount in these websites are of worse quality"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Strongly Disagree**	8	2,7	8,2	8,2
	Disagree	43	14,6	43,9	52,0
	Neither Agree, nor Disagree	30	10,2	30,6	82,7
	Agree	14	4,7	14,3	96,9
	Strongly Agree	1	,3	1,0	98,0
	Not applicable	2	,7	2,0	100,0
	Total	98	33,2	100,0	
Missing	System	197	66,8		
Total		295	100,0		

Source: Survey

Exhibit 41 – Pay the full price

After using a discount, it is hard for me to pay full price again in future purchases in the same merchant.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Disagree**	18	6,1	18,4	18,4
	Neither Agree, nor Disagree	23	7,8	23,5	41,8
	Agree	38	12,9	38,8	80,6
	Strongly Agree	18	6,1	18,4	99,0
	Not applicable	1	,3	1,0	100,0
	Total	98	33,2	100,0	
Missing	System	197	66,8		
Total		295	100,0		

Source: Survey

Marketing Research Exhibits

Exhibit 42 – In-depth Interview Guideline

Introduction

Ask permission to record interview

Ask permission to use quotes of the interview in the case study

MYGON – the company

How was MYGON created?

What are MYGON's mission, vision and objectives?

What is the business operation Model of MYGON?

MYGON – From 2012 to 2016

What was MYGON's evolution until now?

Discussion about MYGON's repositioning at the end of 2014

How was the process of internationalization?

MYGON – Current situation

What is MYGON's current positioning in the market?

What are MYGON's main competitors?

What is MYGON's current segmentation strategy?

What is MYGON's current communication strategy?

How is MYGON's retention strategy?

How is MYGON's team structured nowadays?

How is MYGON planning in order to keep the first-mover advantage in Portugal?

What are the perspectives for the future?

Exhibit 43 – Focus Groups Guideline

1. **Warm-up (5 minutes) –** Introduction to the research purpose
    - Presentation of the participants being interviewed
    - Presentation of the theme research: Daily deal websites

2. **General consumption behavior in Daily Deal websites (20 minutes)**

- How frequently do you search for discounts online?
- Which criteria are important for you when you are searching for daily deals online?
- What kind of categories are you most interested in?
- Where do you usually search for daily deals? (Newsletters, Facebook or other social media, website or directly in the app, family and friends suggestions)
- How frequently do you actually purchase something in those websites?
- In which kind of occasions/situations do you buy them?
- What kind of campaigns have you already benefitted from (category, discount)?
- What are the characteristics you value the most in a daily deals website/app?
- What categories do you expect daily deals websites/apps to cover?
- What really annoys you in a daily deal website?
- Is the mandatory online payment an unpleasant situation when purchasing campaigns in a daily deal website?
- What motivates you to keep visiting the same website or buying through it?

3. **Consumer Characteristics/Lifestyles (15 minutes)**

- Would you say that you are a Discount Seeker (someone who is always searching for discounts online)?
- How would you describe your mailbox (daily deals newsletters)?
- To what extent are you someone who recommends/shares with your friends these websites and these campaigns?
- To what extent are you someone who writes reviews about your experience in those websites?
- To what extent do you share your experiences with your friends?
- If Yes, online or offline?

4. **Identify and study market/competition – 25 minutes**

- What are the daily deals websites you can recall?
- What are the websites you have already visited?
- What are the ones you visit more often?
- What are the characteristics you like the most in those websites?
- What are the ones you have already purchased from?
- What was the best experience in those daily deals websites?
- What was your worst experience in those daily deals websites?
- Have you bought a second time from those websites?
- What is the reason why you have kept or not kept using that app/website?
- Do you consider yourself loyal to any website? Why?
- Do you feel that any of those websites give you something in return for repeatedly buying from them?

5. MYGON perception (20 minutes)

- Have you ever heard about MYGON?

If the answer is "yes":

- How did you learn about MYGON?
- Have you ever visited the website?
- Do you know any friend who uses it?

Explain the business model and system and then show the website and app:

Observe and listen to the first attributes they look for and discuss with each other

- What are your first spontaneous thoughts, what comes to mind, first impressions about MYGON?
- What do you think differentiates MYGON positively from other websites?
- What do you think differentiates MYGON negatively from other websites?

Based on what you know now about MYGON:

- To what extent would you use it from now on?
- What is your opinion about the point system?
- To what extent would this point system keep you buying from MYGON?

Thank the participants and ask if they have additional comments or ideas to share.

Exhibit 44– Gold Inactive Users: Recovery Questionnaire

Phone Call:

1. **What is the reason why you stopped using MYGON?**

(1) Had a bad experience with a booking/campaign (merchant)
(2) Lost interest in the available campaigns
(3) Started using a different app/site for booking
(4) Just forgot to enter the app/site again
(5) I still use MYGON but have a different email registered
(6) Lack of time due to personal/professional reasons
(7) Living abroad
(8) The merchant I use to go to is not available anymore
(9) Living in another city in Portugal with lack of offers
(10) Other reason

2. **Do you use other discount apps/sites?**

(1) Yes
(2) No

3. **Probability of using MYGON again?**
From (1) to (5)

Exhibit 45 – Survey Guide

General discount seeking behavior:

1) How do you feel about the following sentence: "I am constantly looking for discounts"

(1) Strongly disagree
(2) Disagree
(3) Neutral
(4) Agree
(5) Strongly Agree

---BREAK---

1.1) Why do you not look for discounts? (For the ones who answer (1) e (2))

(1) I do not know where to find discounts
(2) I do not feel the need to look for discounts
(3) I do not think the existing discounts are worth it
(4) Other (open text)

---BREAK---

1.2) Where do you actually look for discounts?

(1) Online (websites)
(2) Mobile apps
(3) TV
(4) Radio
(5) Magazines
(6) Newspapers
(7) Friends
(8) Family
(9) Other (Open text)

---BREAK---

Daily deals Introduction: A daily deal site is a website where you can search several offers from several categories (restaurants, health and beauty centers, and other experiences) in which the price is usually below the normal price, with a discount.

Um website de daily deals é uma plataforma online onde os utilizadores podem encontrar várias ofertas dentro de várias categorias (Restaurantes, Centros de Estética, e outras experiências) a um valor muito inferior ao preço cobrado normalmente (com um desconto).

General consumption behavior

2) Do you search for discounts online in daily deals websites?

(1) Yes
(2) No, I do not (Skip to *demographics*)
(3) No, but I used to search (skip to (3))

---BREAK---

3) Why did you stop searching for discounts in daily deals websites?

(1) I stopped searching for discounts in general
(2) I stopped due to bad experiences in daily deals websites
(3) I lost interest in the offers available
(4) Other (Open text)

---BREAK---

4) **How frequently do you <u>search</u> for discounts online?**
   (1) Everyday
   (2) More than once a week
   (3) Once a week
   (4) Once a month
   (5) Once every two months
   (6) Once every six months
   (7) Once a year
   (8) Never (skip to demographics)

---**BREAK**---

5) **What are the categories you search more in daily deals websites?**
   (1) Restaurants
   (2) Cafés & Bars
   (3) Accommodation
   (4) Products
   (5) Services
   (6) Beauty and Care
   (7) Adventurous Experiences
   (8) Travelling
   (9) Technology
   (10) Clothes
   (11) Other (Open text)

6) **<u>Over the past year</u>, how many times have you actually <u>purchased/booked</u> something in daily deals websites?**
   (1) Once
   (2) Twice
   (3) Three times
   (4) 4 times
   (5) 5 times
   (6) More than 5 times
   (7) Never (go to 5, 6, 9 and continue)

---**BREAK**---

7) **What are the characteristics you most value (while searching and purchasing) in a daily deal website? (Please, Rank them)**
   (1) Discount offered
   (2) Quality of the services/products offered
   (3) Variety of offers
   (4) Good user experience on the website/app
   (5) Many reviews
   (6) Loyalty Rewards Program (program which gives you something in return when you purchase from the daily deal website)
   (7) No online payment
   (8) Other (open text)

---**BREAK**---

Psychographics

8) To what extent do you agree with the sentences below:
(1) Strongly Disagree (5) Strongly Agree (6) I do not know

a. I usually go directly to the daily deal website/application to search for discounts.
b. I usually have a look at the email newsletters and see if there is anything interesting for me.
c. When on Social media I spontaneously click on campaigns I find interesting.
--BREAK--
d. I purchase deals on special occasions with my boyfriend/girlfriend.
e. I purchase deals when I want to do something with my friends.
f. I purchase deals when I want to do something for myself.
--BREAK--
g. I feel excited when I am searching for new opportunities in daily deals websites.
h. I am more interested in the experience itself rather than the discount.
i. I only care about the merchants whose products/services the websites are offering, the website itself is not important for me.
j. Please select "I do not know" option. → **CONTROL QUESTION**
k. I consider myself loyal to just one daily deal website.
l. I am someone who likes to write reviews about my experiences.
m. I share my experiences in daily deals websites with my friends and family.
n. I think that products/services that have a discount in these websites are of worse quality"
o. After using a discount, it is hard for me to pay full price again in future purchases in the same merchant.

--BREAK--

9) Think about a <u>good experience</u> in a daily deal website: what did you do after that experience? (Select which one applies to you)

(1) I visited the daily deal website again, and I have repeated the same experience with the same merchant.
(2) I have repeated the same experience with the same merchant but I bought it directly from the merchant.
(3) I have never repeated the same experience with the same merchant but kept using the website/app
(4) I never had a good experience in a daily deal website.
(5) I have never purchased any experience.

10) Think about a <u>bad experience</u> in a daily deal website: what did you do after that experience (Select which one applies to you)
(1) I visited the daily deal website again, and had a second trial in the same experience with the same merchant.
(2) I have repeated the same experience with the same merchant but I bought it directly from the merchant.
(3) I have never repeated the same experience neither with the merchant nor with the website.
(4) I have never repeated the same experience with the same merchant but I kept purchasing from the same daily deal website.
(5) I never had a bad experience in a daily deal website.

---**BREAK**---

Competition

11) <u>From these websites:</u>

[Odisseias, Clube Fashion, Descontos.pt, Goodlife, Letsbonus, Levas.me, Top Vendas, MYGON, Planeo, Poupar bem, Cardume.pt, Yupideal, Promofans, Lifecooler, Descontocasiao]

Drag to the respective boxes:

(1) I have just heard of
(2) I have already searched/purchased from((please rank them. If you only search/purchase in one, select just one)
(3) I have never heard of

---**BREAK**---

12) Of these three which ones do you know, in the sense that you have already searched and/or purchased in? (you can select more than one)

(1) MYGON
(2) ODISSEIAS
(3) GROUPON
(4) NONE - skip to (24)

---**BREAK**---

13) Comparing Groupon with Odisseias - If select both (2) e (3)

(1) Groupon is much better; (2) Groupon is better; (3) Both the same; (4) Odisseias is better; (5) Odisseias is much better; (6) I have no opinion

a) Discount offered
b) Quality of services/products offered
c) Known merchants
d) Variety of offers
e) User experience on the website/app
f) Quantity and quality of reviews
g) Loyalty rewards program (eg: point system)
h) Payment system

---**BREAK**---

14) Comparing MYGON to Groupon, MYGON select both (1) e (3)

(1)MYGON is much better; (2) MYGON is better; (3) Both the same; (4) Groupon is better; (5) Groupon is much better; (6) I have no opinion

a) Discount offered
b) Quality of services/products offered
c) Known merchants
d) Variety of offers
e) User experience on the website/app

f) Quantity and quality of reviews
g) Loyalty rewards program (eg: point system)
h) Payment system

---BREAK---

15) Comparing MYGON to Odisseias, MYGON - select both (1) e (2)

(1) MYGON is much better; (2) MYGON is better; (3) Both the same; (4) Odisseias is better; (5) Odisseias is much better; (6) I have no opinion

a) Discount offered
b) Quality of services/products offered
c) Known merchants
d) Variety of offers
e) User experience on the website/app
f) Quantity and quality of reviews
g) Loyalty rewards program (eg: point system)
h) Payment system

---BREAK---

MYGON

16) Do you search for daily deals at MYGON?

(1) Yes, I do
(2) No, I don't but I used to - *skip to (21)*
(3) No - *skip to (25)*

---BREAK---

17) How many times have you actually booked from MYGON?

(1) 1
(2) 2
(3) 3
(4) 4
(5) 5 times or more
(6) 0

18) Which daily deals categories have you already searched/purchased in MYGON? (You can select more than one)

(1) Restaurants
(2) Bars & Cafés
(3) Health and Beauty
(4) Services
(5) Leisure & Sports
(6) Accommodation
(7) Products

---BREAK---

19) To what extent are you satisfied with MYGON in the following points?

(1) Very Unsatisfied (5) Very Satisfied (6) I do not know

a) Discounts offered

b) Quality of Services/products offered
c) Known merchants
d) Variety in offers
e) User Experience with the website/app
f) Please select the "I do not have opinion"
g) Reviews variety and quality
h) Loyalty Rewards Program
i) Payment system

--BREAK---

20) For which reason have you given up using MYGON to search/purchase for deals?

(1) Had a bad experience with a booking/campaign at MYGON
(2) Had a bad experience with the merchant
(3) Lost interest in the available campaigns
(4) The merchant I used to go to is not available anymore
(5) Started using a different app/site for booking (open text)
(6) Just forgot to enter the app/site again
(7) Lack of time due to personal/professional reasons
(8) Living abroad
(9) Living in another city in Portugal with no offers
(10) Other reason (open text)

--BREAK---

MYGON's Point system:

21) Do you know MYGON's point system?

(1) Yes
(2) No - skip to (25)

--BREAK---

22) Have you ever exchanged the points for a prize?

(1) Once
(2) Twice
(3) More than twice
(4) Never, I have never reached the sufficient points
(5) Never, I have no interest in the point system

23) To what extent do you value this point system (which keeps you booking from MYGON)?

(1) (5) (6) I do not know SKIP TO (26)

--BREAK---

Presenting MYGON: MYGON is a daily deal website where you can book the offer/deal for free and you only pay it at the merchant's place, after enjoying the offer; there are no payments online

24) Considering this, to what extent would you start booking from MYGON due to this point of differentiation?

Unlikely (0)	Not likely (3)	Maybe (5)	Likely (7)	Very Likely (10)

---BREAK---

25) **From these 4 options in the red frame, which offer/loyalty system would you prefer?**

(2)

(3)

(3)

(4)

26) **According to your previous answer, how attractive do you think the chosen system is? / To what extent is this Loyalty rewards system something attractive for you and which would keep you booking from MYGON?**

(1) Not attractive at all (10) Very attractive

---BREAK---

Demographics

27) **Gender**

(1) Male

(2) Female

28) Age range (choose only 1 option)

(1) <16 years old; (2) 16-24 years old; (3)25-35 years old; (4)36-45 years old; (5) 16- 65 years old; (6) >65 years old

29) Monthly income:

(1) <500€
(2) 500 – 1000€
(3) 1000-1500€
(4) 1500- 2000€
(5) >2000€

32) Occupation (choose only 1 option)

(1) School Student
(2) University Student
(3) Working student
(4) Employed
(5) Unemployed
(6) Retired

30) Where do you currently live? (select only 1 option)

(1) Lisbon; (2) Porto; (3) Setúbal; (4) Faro; (5) Leiria; (6) Santarém; (7) Portalegre; (8) Castelo Branco; (9) Coimbra; (10)Aveiro; (11) Viseu; (12)Guarda; (13) Bragança; (14)Vila Real; (15)Braga; (16)Viana do Castelo

<u>Exhibit 46 – Demographics</u>

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Male**	98	33,2	33,2	33,2
	Female	197	66,8	66,8	100,0
	Total	295	100,0	100,0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**< 16 years old**	2	,7	,7	,7
	16-24 yeard old	192	65,1	65,1	65,8
	25-35 years old	56	19,0	19,0	84,7
	36-45 years old	17	5,8	5,8	90,5
	46-65 years old	27	9,2	9,2	99,7
	> 65 years old	1	,3	,3	100,0
	Total	295	100,0	100,0	

Income (monthly)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**<500€**	110	37,3	50,5	50,5
	500€ - 1000€	52	17,6	23,9	74,3
	1000 - 1500€	36	12,2	16,5	90,8
	1500 - 2000€	9	3,1	4,1	95,0
	>2000€	11	3,7	5,0	100,0
	Total	218	73,9	100,0	
Missing	System	77	26,1		
Total		295	100,0		

Occupation:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**School student**	18	6,1	6,1	6,1
	University student	139	47,1	47,1	53,2
	Working student	23	7,8	7,8	61,0
	Employed	105	35,6	35,6	96,6
	Unemployed	5	1,7	1,7	98,3
	Retired	5	1,7	1,7	100,0
	Total	295	100,0	100,0	

Where do you currently live?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Lisboa**	262	88,8	88,8	88,8
	Porto	4	1,4	1,4	90,2
	Setúbal	14	4,7	4,7	94,9
	Leiria	1	,3	,3	95,3
	Santarém	2	,7	,7	95,9
	Évora	1	,3	,3	96,3
	Castelo Branco	10	3,4	3,4	99,7
	Coimbra	1	,3	,3	100,0
	Total	295	100,0	100,0	

8. References

8.1. Academic References

Anand, K.S., Aron, R."Group buying on the web: a comparison of price-discovery mechanisms," Management Science, 49 (11), 2003, p.1546-1562.

Anderson, E.W., Fornell, C., and Lehmann, D.R. (1994), Customer Satisfaction, Market Share, and Profitability: Findings from Sweden, *Journal of Marketing*, Vol. 58, No, 2, pp. 53-66

Byers J.W.,Mitzenmacher M., Zervas G., (2011) Daily Deals: Prediction, Social Diffusion, and Reputational Ramifications

Dholakia, U. M., How effective are Groupon promotions for businesses?, Mimeo, Rice University, September 28, 2010.

Dholakia, U.M., and Kimes, S. E (2011), Daily Deal Fatigue or Unabated Enthusiasm? A Study of Consumer Perceptions of Daily Deal Promotions, Cornell Center for Hospitality Research

Edelman, B., Jaffe, S., and Kominers, S.D. To Groupon or not to Groupon: The Profitability of deep discounts, Harvard Business School Working Paper, 2010, 11-063, retrieved, March 20, 2011, from: http://www.hbs.edu/research/pdf/11-063.pdf

Erdogmus, I. E., and ÇiÇek,M. "Online Group Buying: What Is There For The Consumers?", Procedia Social and Behavioral Sciences 24 (2011) 308–316

Fornell C., Johnson, M.D., Anderson, E.W., Cha, J. (1996) The American Customer Satisfaction Index: Nature, Purpose, and Findings, *Journal of Marketing*, Vol.60, No. 4, pp. 7-18

Fornell, C., (1992), A National Customer Satisfaction Barometer: The Swedish Experience, *Journal of Marketing*, Vol.56, No.1, pp. 6-21

Gupta S., Keiningham T., Weaver R., Williams L., Are daily deals good for merchants? (2012) Harvard Business School

Gustafsson, A., Michael D. Johnson, Inger Roos (2005) The Effects of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*: October 2005, Vol. 69, No. 4, pp. 210-218.

Hsu, M.-H. .Chang. C.-M, Chu. K.-K, Lee. Y.-J. (2014): Computers in Human Behavior 36, 234–245

Kannan, P.K., Bramlett, M.D., Bolton, R.N. (2000) Implications of Loyalty Program Membership and Service Experiences for Customer Retention and Value, *Journal of the Academy of Marketing Science* January 2000 vol. 28 no. 1 95-108

Krasnova, H., Veltri, N.F., and Spengler, K. (2013) "Deal of the Day" Platforms:What Drives Consumer Loyalty?, State of Art, Business & Information Systems Engineering, Volume 5, Issue 3, pp. 165-177

Krishnamurthi, L. and Raj, S.P. (1991) An Empirical Analysis of the Relationship Between Brand Loyalty and Consumer Price Elasticity, Marketing Science, pp. 172-183

Kumar, V., Yashoda Bhagwat, and Xi (Alan) Zhang (2015) Regaining "Lost" Customers: The Predictive Power of First-Lifetime Behavior, the Reason for Defection, and the Nature of the Win-Back Offer. *Journal of Marketing*: July 2015, Vol. 79, No. 4, pp. 34-55.

Lemon, Katherine N., Tiffany Barnett White, and Russell S. Winer (2002), "Dynamic Customer Relationship Management: Incorporating Future Considerations into the Service Retention Decision," *Journal of Marketing*, 66 (January), 1-14.

Lewis, Michael (2006), "Customer Acquisition Promotions and Customer Asset Value," *Journal of Marketing Research*, 43 (May), 195–203.

Stauss, B., and Friege, C. (1999), Regaining Service Customers Costs and Benefits of Regain Management, *Journal of Service Research* May 1999 vol. 1 no. 4 347-361

Thomas, J.S. (2001) A Methodology for Linking Customer Acquisition to Customer Retention, *Journal of Marketing Research*, Vol. 38, No. 2, pp. 262-268

Vatariasombut, B., Stylianou, A.C., and Igbaria, M. (2004), Communications of the ACM, Volume 47 Issue 6, June 2004, Pages 64-70

Verhoef, Peter C. (2003), "Understanding the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development," *Journal of Marketing*, 67 (October), 30–45.

Villanueva J., Shijin Yoo, and Dominique M. Hanssens (2008) The Impact of Marketing-Induced Versus Word-of-Mouth Customer Acquisition on Customer Equity Growth. *Journal of Marketing Research*: February 2008, Vol. 45, No. 1, pp. 48-59.

8.2. Other References

[i] IBISWorld (2014). *Daily Deals Sites Market Research Report* [online] Available at: http://www.ibisworld.com/industry/daily-deals-sites.html [Accessed 20 February 2016]

[ii] Wikipedia (2016). *Definition and History of Daily Deals* [online] Available at: https://en.wikipedia.org/wiki/Deal_of_the_day [Accessed 20 February 2016]

[iii] Forbes(2010). *Meet The Fastest Company Ever.* [online] Available at: http://www.forbes.com/forbes/2010/0830/entrepreneurs-groupon-facebook-twitter-next-web-phenom.html [Accessed 20 February 2016]

[iv] Reuters (2011), *Facebook ending Deals product after four-month test* [online] Available at: http://www.reuters.com/article/us-facebook-deals-idUSTRE77P6Q820110826 [Accessed 19 March 2016]

[v] Business Insider (2016) , Groupon and LivingSocial launch new e-commerce ventures [online] Available at: http://www.businessinsider.com/groupon-livingsocial-launch-new-e-commerce-ventures-2016-3 [Accessed 19 March 2016]

[vi] Tech Crunch (2016) Groupon launches new merchant app that puts daily deal front and center [online] Available at: http://techcrunch.com/2016/03/15/groupon-launches-new-merchant-app-that-puts-the-daily-deal-front-and-center/[Accessed 19 March 2016]

[vii] Definition Today (2016) *Why Groupon is Expanding its Merchant platform*, [online] Available at: http://www.definitiontoday.com/content/groupon-is-expanding-its-merchant-platform [Accessed 29 March 2016]

viii Sol (2013) *'Sites' de descontos para grupos atraem cada vez mais portugueses* [online] Available at: http://sol.pt/noticia/83034/-Sites-de-descontos-para-grupos-atraem-cada-vez-mais-portugueses#close [Accessed 29 March 2016]

ix Daily deal Game (2016), Daily Deals/ Group Buying in Portugal [online] Available at: http://www.dailydealgame.com/daily-deal-directory/daily-deals-europe/portugal [Accessed 29 March 2016]

x EU Startups (2012) *Mygon expands on daily deals* [online] Available at: http://www.eu-startups.com/2012/09/mygon-expands-on-daily-deals/ [Accessed 20 February 2016]

xi Leadership (2013), *Mygon vai para Silicon Valley em Abril com a Leadership Business Consulting - SVC2L.* [online] Available at: http://www.leadership-bg.com/index.php?option=com_content&view=article&id=625%3Aa-leadership-business-consulting-esta-no-silicon-valley-comes-to-lisbon-&catid=3&Itemid=427&lang=pt [Accessed 20 February 2016]

xii Sol (2012) *MyGON: promoções georreferenciadas* [online] Available at: http://sol.pt/noticia/54777/MyGON-promocoes-georeferenciadas [Accessed 20 February 2016]

xiii Público (2015) *Mygon investe 2,5 milhões de euros na internacionalização* [online] Available at:ttp://www.publico.pt/tecnologia/noticia/mygon-investe-25-milhoes-de-euros-na-internacionalizacao-1708327 [Accessed 20 February 2016]

xiv Alexa - Actionable Analytics for the Web (2016) [online] Available at: http://www.alexa.com/ [Accessed 29 March 2016]

xv Upstart Business Journal (2013), *Daily deal "is dead"* [online] Available at: http://upstart.bizjournals.com/companies/rebel-brands/2013/10/30/daily-deal-is-dead-says-livingsocial.html [Accessed 14 April 2016] y