

HAIGAZIAN UNIVERSITY

GROUP-BUYING:

THE EXTENT TO WHICH LEBANESE BUSINESSES ARE
SUCCESSFULLY CAPITALIZING ON DAILY-DEAL WEBSITES

BY

VICKEN VARTAN SEFERIAN

A thesis

Submitted in partial fulfillment of the requirements for the degree of Master of Business

Administration and Economics at Haigazian University

Beirut, Lebanon

2013

HAIGAZIAN UNIVERSITY

GROUP-BUYING:

THE EXTENT TO WHICH LEBANESE BUSINESSES ARE
SUCCESSFULLY CAPITALIZING ON DAILY-DEAL WEBSITES

BY

VICKEN VARTAN SEFERIAN

Approved by:

Dr. Sona Jerejian, Assistant Professor

First Reader

School of Business Administration and Economic, HU

Dr. Akram Tannir, Lecturer in Computer Science

Second Reader

School of Arts and Sciences, HU

Date of Project Presentation: February 8, 2013

HAIGAZIAN UNIVERSITY

PROJECT RELEASE FORM

I, VICKEN VARTAN SEFERIAN

☐ Authorize Haigazian University to supply copies of my thesis/dissertation/project to libraries or individuals upon request.

☐ Do not authorize Haigazian University to supply copies of my thesis/ dissertation/project to libraries or individuals for a period of two years starting with the date of the thesis/dissertation/project defense.

Signature

Date

AN ABSTRACT OF THE PROJECT

Title: GROUP-BUYING: THE EXTENT TO WHICH LEBANESE BUSINESSES ARE SUCCESSFULLY CAPITALIZING ON DAILY-DEAL WEBSITES

Recently, group buying websites have been flooding the internet. The notion is simple- everyone wants to pay less and get more value out of their money spent and this is exactly what group buying websites provide: Special offers on goods and services. Typical offers include percentage discounts at participating restaurants, coupons for savings off a minimum purchase at retail stores, two-for-one coupons and other similar deals.

However, it is not only consumers who benefit from such offers. Businesses benefit from being able to access new customers that they may not have reached by any other marketing tactic, and promote their business to a broader audience.

The aim of the present study was to determine whether Lebanese companies engaging in group buying are following the right steps to run successful daily deals and to find out whether different business sectors experience different success rates in group buying.

The analysis of data was made using statistical techniques such as factor analysis, independent samples T-test, one way ANOVA and regression analysis.

The results revealed that Lebanese businesses are aware of some of the steps for running successful deals. Moreover, they revealed that some sectors are more successful than others in the group buying market.

ACKNOWLEDGEMENTS

A major research project like this can never be achieved single-handedly. The contributions of many different people, in their different ways, have made this possible. I would like to extend my appreciation and gratitude especially to the following.

Thank God for the determination, astuteness and perseverance that He has bestowed upon me during this research project. I would have been unable to complete this research had it not been for the strengths that He has granted me.

Furthermore, I would like to thank all the members of the Faculty of Business Administration and Economics and in particular Dr. Sona Jerejian and Dr. Akram Tannir for making this research possible. Their support, supervision, guidance, advice throughout the research project, and efforts in editing the drafts are greatly cherished. Indeed, without their backing, I would not have been able to put the topic together.

I would also like to show gratitude to my fiancée for being a true source of inspiration throughout this period.

Last but not least, I would like to thank my parents and my brother for the unconditional support they have provided me with throughout my degree.

TABLE OF CONTENTS

APPROVAL FORM	i
PROJECT RELEASE FORM	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS.....	v
TABLE OF CONTENTS.....	vi
INTRODUCTION	1
STATEMENT OF THE PROBLEM	2
JUSTIFICATION OF THE RESEARCH.....	2
SIGNIFICANCE OF THE RESEARCH	3
CHAPTER 1: Literature Review.....	4
<i>1.1: Digital Media, E-Marketing and Social Media Optimization</i>	<i>4</i>
<i>1.1.1: Defining Digital Media and E-Marketing</i>	<i>6</i>
<i>1.1.2: Social Media Optimization</i>	<i>6</i>
<i>1.1.3: Viral Marketing and WOM.....</i>	<i>7</i>
<i>1.1.4: Growth and Advantages of E-Marketing.....</i>	<i>10</i>
<i>1.2: Online Consumer Behavior</i>	<i>11</i>
<i>1.2.1: Characteristics of the Lebanese Consumer Market</i>	<i>16</i>
<i>1.3: Group Buying: Definition and History.....</i>	<i>18</i>
<i>1.3.1: Group Buying in Lebanon.....</i>	<i>21</i>
<i>1.3.2: Steps for Running a Successful Group Buying Deal.....</i>	<i>23</i>
<i>1.4: Conclusion.....</i>	<i>26</i>
CHAPTER 2: Research Question, Methodology, and Hypotheses	42
<i>2.1: Research Questions.....</i>	<i>27</i>

2.2: <i>Research Methodology</i>	27
2.3: <i>Variables</i>	28
2.4: <i>Research Hypotheses</i>	29
CHAPTER 3: Data Analyses	31
3.1: <i>Reliability Tests</i>	31
3.2: <i>Descriptive Statistics</i>	32
3.3: <i>Factor Analysis</i>	35
3.4: <i>Comparison of Means</i>	43
3.5: <i>Regression Analysis</i>	47
3.5.1 <i>Stepwise Regression with All Independent Variables</i>	47
3.5.2 <i>Stepwise Regression Using Factor Scores</i>	59
CONTRIBUTIONS OF THE STUDY	69
LIMITATIONS OF THE STUDY	69
CONCLUSION AND RECOMMENDATIONS	70
BIBLIOGRAPHY	72
APPENDIX: Questionnaire	75

I. INTRODUCTION

In today's hypercompetitive environment, ever changing technology and struggling global economy, group buying has become the "It" marketing tool for companies and the "It" marketplace for consumers.

Group buying is the offering of products and services online at significantly reduced prices. Group buying phenomenon has exploded onto the Lebanese market recently, but it is a concept that has been popular in other countries for some time. On any given day, one or two businesses in Lebanon have the spotlight placed exclusively on them and are given the opportunity to promote their business by putting out an outstanding offer to thousands of customers.

The importance of group buying as a marketing tool lies in the fact that in addition to the short –term revenues it generates through coupon sales, it offers long-term benefits such as building brand awareness, increasing visibility, and expanding customer base.

Having experienced the benefits of group buying as a customer, I decided to study this new phenomenon to find out whether businesses in Lebanon have thoroughly understood the concept of group buying and are effectively capitalizing on it.

The study is divided into two parts. The first part is a literature review related to the topic. In this part, I will define digital media and electronic marketing and recognize their increasing importance in today's business world.

The second part of the study will consist of an analysis of data that I will collect on Lebanese businesses that have run deals on group buying websites. The main methodology I will

use to collect data will be to administer a survey questionnaire to one hundred group buying business customers from different regions in Lebanon.

II. STATEMENT OF THE PROBLEM

The problem with navigating the waters of the group buying industry is that most small business owners find it really tough, as they do not know where to start or what to do in order to run a successful daily deals advertising. Most of them view group-buying as a means to generate quick cash, whereas in reality running a deal is a marketing tool to upsell and/or gain return customers.

This research intends to find out whether companies engaging in group buying in Lebanon have fully grasped the concept of group buying and are being able to benefit from the services that it offers. Moreover, the study aims to find out if different sectors experience difference success rates in the group buying market.

III. JUSTIFICATION OF THE RESEARCH

Having purchased several deals from various group-buying websites in Lebanon in the last two years, I have had different experiences with their business customers. Some were pretty good, some were fair and others were extremely poor. That is why I wanted to explore the newly established group-buying market in Lebanon to find out to what extent Lebanese businesses have understood the concept of group buying and consequently, how much they are being able to capitalize on it.

IV. SIGNIFICANCE OF RESEARCH

Group buying is a new phenomenon in the global market. In Lebanon, the first group buying company (GoNabit) was launched in September of 2010 and in a span of seven months, four other companies (Makhsoom, Cobone, GoSawa, ScoopCity) followed.

With group buying becoming the next big thing in local advertising and marketing, this study will offer many benefits to both businesses and group buying companies, as it will offer the former advice on how to run successful deals and help the latter to find out whether Lebanese businesses are considering group buying to be a successful marketing tool and, thus, to find out how promising the future of group buying in Lebanon is.

CHAPTER 1

LITERATURE REVIEW

1.1 DIGITAL MEDIA, E-MARKETING AND SOCIAL MEDIA OPTIMIZATION

What all business students learn is that the purpose of an organization is to make a profit (profit maximization). Bickerton, Bickerton, and Pardesi (1996) explain that until Peter Drucker came along almost everyone believed the basic “fact” that the purpose of a business was to make money. Obviously, firms must make profits in order to survive by reinvestment and by providing return to shareholder capital, but it is important to understand that profit comes from sales turnover. There is only one source of sales turnover, and that is from the firm’s customer.

According to Drucker (as cited by Watson, 2002), there is only one valid purpose for a business, and that is to create a customer. This is because, as Drucker wrote, “The customer is the foundation of a business and keeps it in existence. He alone gives employment. To supply the wants and needs of a consumer, society entrusts wealth-producing resources to the business enterprise”.

Bickerton et al (1996) continue to explain that even in the non-profit making and the public sector, the revenue generated is directly proportionate to the number of customers served.

Levitt (1986) reinforced Drucker's message by emphasizing that 'the purpose of a business is to get and *keep* customers...The trick for a company is to know how to convert opportunity into disproportionately opportune results. This means getting an edge over the other competitors. In short, the trick is to provide the most competitive value.

The ideal organizations, according to Bickerton et al. (1996), are the market-oriented businesses, large and small that create and meet the needs of the customer. The customer is created by means of identifying needs in the marketplace, finding out which needs the organization can profitably serve, and developing and offering to convert potential buyers into customers of the firm. It is only through providing customer satisfaction that organizations can achieve their goals, such as survival, profit maximization and/or the attainment of other social objectives. Thus, a market-orientated approach means that a business reacts to what customers want. The decisions taken are based around information about customers' needs and wants, rather than what the business thinks is right for the customer. And in today's hypercompetitive economy, what better way of obtaining information exists other than the internet?

According to Hide, Pride, and Ferrel (2012), the internet and information technology in the last two decades have dramatically changed the marketing environment and the strategies that are necessary for marketing success. Thanks to digital media, exciting opportunities have been created for companies to target specific markets more effectively, develop new marketing strategies, and gather more information about customers than was possible in the past.

1.1.1 DEFINING DIGITAL MEDIA AND E-MARKETING

It is important to understand how marketing has developed in the digital age. For those who are not familiar with the terms digital media and e-marketing, Flanzraich (2010) defines digital media as the different platforms on which people communicate electronically to express themselves, interact socially, and educate themselves. This is made possible by the technology brought by computers, cellular phones, smart phones, and other digital devices that have been released in recent years.

Flanzraich (2010) continues to explain that as media and content rapidly transform, new interactive media platforms and social networks surface. This is digital media! But how do digital media relate to marketing? This is exactly what the next section of this study will discuss.

But before we move on, we must provide a definition of e-marketing. According to Hult et al. (2012, p.250), "...electronic marketing or e-marketing is the strategic process of distributing, promoting, pricing products, and discovering the desires of customers using digital media". The terms e-marketing, internet marketing and online marketing, are frequently used interchangeably.

1.1.2 SOCIAL MEDIA OPTIMIZATION

One of the most important digital media nowadays is the social media or the social networks. Rouse (2006) defines social networking as the practice of expanding the number of one's business and/or social contacts by making connections through Web-based groups established for this purpose.

As social networks evolve, explain Hult et al. (2012), both marketers and the owners of social networking sites are becoming aware of the formidable opportunities such networks offer – a flow of advertising dollars for social networking owners and a large reach for the advertiser. For these reasons, marketers have begun investigating and experimenting with promotion on social networks.

Roeder (2012) explains that social media optimization is the process of increasing the awareness of a product, brand or event by using a number of social media outlets and communities to generate viral publicity. The goal is to generate traffic and awareness for a website and its content in terms of sharing across social media and networking sites. Social media optimization is in many ways connected to the technique of viral marketing where word of mouth is created not through friends or family but through the use of networking in social bookmarking, video and photo sharing websites.

In brief, social media optimization is the use of social networks in the context of e-marketing transactions often through the use of viral marketing.

1.1.3 VIRAL MARKETING AND WOM

Dr Ralph F. Wilson (as cited by Web Marketing Today, 2012) describes viral marketing as a tactic that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence. He explains that such strategies, like viruses, take advantage of rapid multiplication to explode the message to thousands, to millions.

Viral marketing is also referred to as "word-of-mouth," "creating a buzz," "leveraging the media," and "network marketing."

According to the educational marketing website SCAS Partners (2012), viral marketing, is a highly attractive marketing strategy for a business looking to gain strong results in a short period of time. However, as with other marketing techniques, viral marketing needs to be carefully managed and planned. Crafting a successful viral marketing campaign is more difficult than it looks. It requires planning and research. A carefully designed viral marketing strategy is like tiny waves spreading ever farther from a single pebble dropped into a pond, rippling outward extremely rapidly. Successful viral campaigns focus on stirring up targeted and influential groups instead of focusing on just creating a stir. It has been estimated that a successful viral campaign can have 500-1000 times more impact than a non-viral campaign.

Viral marketing stands in direct contrast to traditional television or radio advertising-the classic 'mass marketing' approach that is based on the premise of broadcasting a message as widely as possible, assuming that this is the best way to reach the largest possible number of interested consumers. Word of mouth marketing, on the other hand, assumes that a person-to-person marketing message is much more powerful because it is so personal and that it could potentially reach more people than a broadcast message ("What's the Buzz About Buzz Marketing?", 2005).

The Word of Mouth Marketing Association [WOMMA] (2012) explains that word of mouth can be encouraged and facilitated. Companies can work hard to make people happier, they can listen to consumers, they can make it easier for them to tell their friends, and they

can make certain that influential individuals know about the good qualities of a product or service.

Word of mouth marketing empowers people to share their experiences. It's harnessing the voice of the customer for the good of the brand. And it's acknowledging that the unsatisfied customer is equally powerful (WOMMA, 2012).

Word-of-mouth communication is personal and informal exchanges of communication that customers share with one another about products, brands, and companies (WOMMA, 2012).

Word-of-mouth communication is especially important when people are choosing restaurants & entertainments along with automotive, medical, legal, banking, and personal services such as hair care (WOMMA, 2012).

Today, customers are increasingly going online to gather information & opinions not only about goods and services, but also about the companies. They can peruse Internet-based new groups, forums, and blogs to find word-of-mouth information and make their purchase decisions accordingly. In fact, research has identified a link between word-of-mouth communication and new-customer acquisition when there is customer involvement & satisfaction. Therefore, marketers must also be aware of the potential hazards of negative word-of-mouth from dissatisfied customers especially when dealing with online platforms that can reach more people and encourage consumers to “gang up” on a company or product (Hult et al., 2012).

Apparently, word-of-mouth has a shelf life. According to David R. Bell, (as cited in “What's the Buzz About Buzz Marketing?”, 2005) before people try something once, they

don't have their own experiences to make judgments, so they will try something based on what their social acquaintances tell them. But for repeat customers, there is no special pattern at all because the decision to purchase again requires no input from others

1.1.4 GROWTH AND ADVANTAGES OF E-MARKETING

With the world moving to the internet and electronic marketing, Lucas Jr. (2002, p.147, p.258) believes that "...it is a truly exciting time to be in business, to participate in the breathtaking changes enabled by information technology".

The internet, he explains, is a major resource for both individuals and firms. Because it is available to anyone, it alone cannot create a sustainable advantage. Rather, it is the creative application of the internet that may allow a firm to use it for competitive advantage.

According to Meyers and Gerstman (2001), the growth of E-trade commerce during the past few years is, without doubt, the most amazing development in the history of commerce – and there seems to be no foreseeable slowing down. This phenomenal growth of the internet has created unprecedented opportunities for marketers to build interactive relationships with consumers.

Hult et al. (2012, p.250) state: "As the internet and digital communication technologies have advanced, they have made it possible to target markets more precisely and reach markets that were previously inaccessible. Because of its ability to enhance the exchange of information between the marketer & the customer, the internet has become an important component of firms' marketing strategies".

Sergio Zyman (as cited by Meyers & Gerstman, 2001, p.2), a former Chief marketing officer of the Coca-Cola Company, explains that "...traditional marketing is dead and mass

marketing has lost the ability to move the masses. Technology has given people many more options than they had in the past and created a consumer democracy. Marketers increasingly need to find ways to speak to customers individually, or in smaller and smaller groups”.

According to Deitel, Deitel, and Nieto (2001, p.104), “the Internet and World Wide Web provide marketers with new tools and added convenience that can increase the success of marketing efforts”. Meyers and Gerstman (2001, p.2) explain that “...one of these benefits is the increased opportunities of interfacing with individuals and smaller, carefully targeted interest groups, the ability to reach them whenever and whatever they may be at any given moment and the ability to share information”.

According to Hult et al. (2012), many companies use social networking, wikis, video sharing, podcasts, E-mail, mobile phones, and blogs to interact with their customers by providing them with feedback mechanisms through which customers can ask questions, indicate preferences, raise complaints, and discuss their needs and desires.

1.2 ONLINE CONSUMER BEHAVIOR

The development of the internet into a new distribution channel and the rapid increase of online transactions have created a need to understand how the consumer perceives online purchases.

The internet has dramatically changed the way people shop. Constraints such as opening times and store locations have been removed; consumers nowadays can make purchases at any time regardless of their geographic location simply with a click of a button. Before making the purchasing decision, people can also use the internet to find detailed

information on companies and products. Moreover, Hult et al. (2012, p.264) state: “The evolution of social networks and digital media like blogs has allowed consumers to connect with each other like never before and share information and experiences without company interference, allowing consumers to get more of the “real story” on a product or company”.

Constantinides (2004) explains that the fact that an online consumer is not simply a shopper, but also an information technology user clearly indicates that the online experience is a more complicated issue than the physical shopping experience.

In such a competitive environment, companies interested in setting products online constantly have to search for an edge to gain competitive advantage over their rivals. With so many potential customers, the importance of analyzing and identifying factors that influence the consumer when he or she decides to purchase on the internet is vital (Hasslinger, Hodzic, & Opazo, 2007).

According to Hult et al. (2012), digital media marketers must constantly adapt to changing consumption patterns and new technologies. In fact, Lee (as cited by Constantinides, 2012) argues that mastering digital media has become a daunting task for marketers and research has indicated that many online firms still do not completely understand the needs & behavior of online consumers and Joines et al. (as cited by Constantinides, 2012) believe that these firms find it difficult to effectively market and sell products online.

Constantinides (2004) states that the Web experience is important not only for websites marketing products or services, but also for websites acting as online intermediaries and generally to all types of Internet ventures competing for the attention of the public.

In a survey conducted by Hasslinger, Hodzic, & Opazo, (2007) price, trust and convenience were identified as factors for online consumers.

A study done by Constantinides (2004) revealed that the following motives are of utmost importance for internet shoppers:

Usability:

Usability is the ability to find one's way around the Web, to locate desired information, to know what to do next, and to do so with minimal effort. The different components of usability in short are:

- *Convenience* or the easy and fast browsing of information, shopping and settling of the online transaction.
- *Ease in site navigation, information architecture and search facilities/search process.*
- *Ease in site findability and accessibility.*
- *Site speed or Fast loading web pages.*
- *Ease in ordering / payment processes.*

Interactivity:

The interactivity facilitated by the Internet allows online businesses to enhance the experiences of their customers by presenting them with more personalized services & making it easier for them to interact with other online users willing to share experiences and suggestions.

The interactivity components are divided into two categories:

- *Interactivity with the online vendor:* Customer service/after sales service online, interaction with company personnel and customization are all components of interactivity between customer and online vendor. Good organized online or offline helpdesks, efficient reverse logistics, quick response to email complaints & inquiries are some of the issues where marketers & Web designers must focus their attention.
- *Interactivity with other Web users:* Networking & the possibility of establishing contacts with others by means of active or passive interfaces (user's forums, chat-rooms or bulletin boards) are all factors enhancing the website interactivity.

Online Trust:

Web users are seriously concerned about the safety of their personal information, transaction security and misuse of private consumer data. In fact, Suki (2002) explains how to most consumers, the issue of security and privacy over the internet is the most overwhelming barrier facing the adoption of E-commerce.

Constantinides (2004) explains how transaction security & customer data safety are principal concerns of online customers purchasing products or services online. Clear ordering, payment and refunding procedures as well as concrete customer policies, good communication & strict security help customers face online transactions with more confidence. Furthermore, guarantees & clear return policies and procedures for compensation in case of dissatisfaction with the product have been found to have a positive effect on online vendors' credibility.

Finally, “Frequently asked questions” (FAQ) & conflict-resolution policies are other uncertainty reducing elements.

Aesthetics:

The customer’s total impression of the website is also vital. It is an important motivator for consumers to stop & interact with the website. Some of the design elements contributing to the Web experience are the domain name, colors & site layout.

Marketing Mix:

According to research, the marketing mix’s 4Ps, in addition to communication and fulfillment are essential contributors to the Web experience:

- *Communication:* Communication refers to the quality of information provided about the company’s product, the clarity of selling conditions and the delivering terms. Information like this can compensate to a certain extent the lack of physical contact with the product, reducing the online consumer’s uncertainties.
- *Fulfillment:* The way online vendors follow up orders & deliver products has an immediate impact on the willingness of customers to order and more importantly, to return to the Website for business in the future. Alternative payment methods, fast delivery, flexible delivery options & order tracking are frequently mentioned element of the fulfillment process.
- *Price:* According to Bernadette Tracy (2000), price is not the primary motivation to shop online, convenience is. People usually “... shop for prices only after they have decided on a particular product or service. Online shoppers place a much

higher value on time than money”. On the other hand, in a recent research conducted by Dhawan (2008) price is the dominant motivating factor for transacting online. Customers, according to Dhawan, expect online prices to be lower than physical stores. Factors associated with the price as part of the Web Experience are the price transparency (Constantinides, 2004).

- *Promotion:* Promotional elements include free extra services, sales promotions and incentive programs (Constantinides, 2004).
- *Place:* Yorsaner (2011) argues that placement is the most important decision that a marketer can make. A marketer should make sure he/she hits the niche market fully forward. Since there’s no physical location in the cyberspace, “... the best solution is the first page on Google search” and/or social networking websites.
- *Product:* Whether a business is selling product or service it is important to showcase the details of what is being offered to customers.

1.2.1 CHARACTERISTICS OF THE LEBANESE CONSUMER MARKET

Aided by its recent economic boom and affluent consumers with occidental appetites, Lebanon is turning into an attractive and vibrant consumer market, with an estimated market size of around USD 20 billion in 2010 (The Hong Kong Trade Development Council [HKTDC], 2011).

Given its high average income, strong spending power, robust tourism sector & lavish consumer culture, Lebanon’s potential as a market for lifestyle and fashion products is good, despite a small population of just over 4 million (HKTDC, 2011).

Some of the characteristics that distinguish the Lebanese consumer market from other markets in the Middle East region as listed by HKTDC (2011) are:

1. **Affluent middle income class:** With strong banking and tourism industries, Lebanon's service-oriented economy has been grouped as an "upper-middle income" economy by the World Bank. The Lebanese generally possess relatively high discretionary spending power compared to many emerging markets, hence offering a good potential for consumer products (Lebanese per-capita income over USD 8,000, Chinese per-capita income USD 3,999). Although no official statistics showing the wealth distribution in the country exist, some market researchers believe that around 5% of the Lebanese population is extremely wealthy, and they can afford luxury products & lavish lifestyles and 30% - 40% of Lebanese people belong to the middle income class, who are affluent enough to pursue a quality lifestyle & spend on branded products.
2. **Strong expatriate remittances:** The number of Lebanese expatriate living all around the globe is estimated to be well over 10 million or more than twice the population of Lebanon. Many of these expatriates remit money back to their home country to support family & relatives. With hefty "Diaspora remittances" exceeding USD 8 billion, Lebanon is the 12th largest remittances recipient in the world. Inward remittances have been and continue to be an important driving force of the Lebanese economy, contributing to the country's consumption and investment.
3. **Lavish consumer culture with occidental appetites:** In line with attitude towards pursuing a quality lifestyle, Lebanese people generally have a high prosperity to spend. It

is not unusual to see many Lebanese spend a large share of their income on fashionable clothing, accessories, outings (restaurants, nightclubs, etc.) and the latest technological gadgets. The middle - income class in Lebanon are well educated and deeply influenced by western culture. They are generally brand-conscious and international brands are their top choices in consumption. Aside from the high and middle – income groups, the rest of the Lebanese population pays more attention to price, as well as style and quality, with no particular loyalty to any existing products. The majority of the products they consume are manufactured in Eastern Europe, Turkey, Egypt and China.

4. **Opportunities of the female market:** With women representing more than half of the country's population, the potential of the Lebanese female market cannot be neglected. It is very likely to see Lebanese women occupying senior positions, earning a good salary. With a high spending power, women in Lebanon spend a considerable portion of their income on clothing, beauty care products, and fashion accessories.
5. **Lebanon seen as lifestyle trendsetter in the region:** Besides being a lifestyle trendsetter, Lebanon is an excellent resort destination, where people can go skiing in the morning & enjoy sunbathing on the beach in the afternoon. Most of Lebanon's tourists are from the Middle East & Europe. In 2010, tourist spending was estimated to have reached USD 8 billion, accounting for more than 20% of GDP and indicating that the impact of the regional unrest and instability on tourist spending in Lebanon is minimal.

1.3 GROUP BUYING: DEFINITION AND HISTORY

The group buy phenomenon is hard to miss. As the global economy continues to challenge consumers everywhere, people are constantly feeling recession fatigue. They still want to spend & still want quality, but not at a high cost. Value – not to be confused with cheap product or low prices – has become exceedingly important. Value driven group buyers have revolutionized the way people buy (“Group Buying Phenomenon”, 2012). The driving force behind this phenomenon could be directly tied to increased ease of comfort by many to purchase online, people’s reduced sense of frugality in an unstable economy or the thrill in getting a last-minute deal (“Best Practices in Email Marketing”, 2011).

Unquestionably, this is the era of people’s power and group buying sites are the ultimate expression of the ‘strength in numbers’ principle (“The Rise of the Group-Buying Phenomenon, 2011).

Nehme (2011) defines Group buying, or collective buying, as the process of offering products and services online at significantly low prices with discounts ranging from 50% to 90% under the condition that a minimum number of buyers make the purchase. On any given day, one or two businesses have the spotlight placed exclusively on them and are given the opportunity to promote their business by offering their products/services at reduced prices to hundreds of thousands of customers (Group Buying Experts [GBE], 2012). The specials are timed in order to create urgency (GBE, 2012). Buyers then print a voucher in order to claim their discount at the retailer (Nehme, 2011). However, Nehme’s definition although prevalent, it does not apply in all the cases necessarily in the sense that sometimes the minimum number of buyers may not be specified.

According to Tian (2010), group buying was originated in China under the name ‘*tuangou*’. The purpose of the team buying process was to get discount prices from the retailer when a large group of people were willing to buy the same item.

Not long ago, in 2000, explains Nobel (2010), Microsoft’s co-founder Paul Ellen started ‘Mercata’, an e-commerce start-up offering high end electronic deals to shoppers online. Consumers would sign up en-masse to buy the same product and the price of the product would fall as more the number of people buying it increases. However the website was shut down in 2001 since it could not compete with Websites like Amazon.com.

Modern day online group buys are a variation of the *tuangou* buying that occurs in China. Group buying emerged as a viable business model around 2004 with the introduction of Woot, but the mass adoption had been slow until the emergence of Groupon in Chicago in 2008. According to Grant (2010), by August 2010, there were more than 500 group buying sites worldwide, including local sites that cater only to a single city or region in a country.

Being an effective and affordable way to market a business, marketers are viewing group-buying websites as a highly competitive way to sell anything from spa treatments to holidays, flight tickets, gym memberships, hair or optical appointments, restaurant meals, kitchenware, jewelry, gadgets and DIY products, says Grange (2012).

La Barbera (2010) explains that group buying websites leverage the collective bargaining power to provide attractive local deals that offer significant savings for consumers and lucrative sales numbers to participating businesses. The business advertising its product pays nothing in advance and if the deal does not attract the minimum required number of customers, the business pays nothing at all. Once the deal tips, the group buying site charges

the buyer (credit card, cash, prepaid card, etc.). The group buying site keeps a percentage of the sales as their commission, cuts a check to the business that advertised their product, and sends a voucher to the consumer. Thus, the group buying site does all the marketing for the business, handles the entire sale, and collects the money for the business (GBE, 2012). Therefore, group buying benefits all the parties involved. It is social marketing at its finest (“The Rise of the Group Buying Phenomenon”, 2011). Group buying harnesses the power of social media and the daily deal sites rely heavily on Twitter and Facebook to drive sales. They push referral sales by offering their members credits for referring friends to the deal and giving them the opportunity to purchase multiple vouchers as gifts (GBE, 2012). With such an incentive to spread the word, a viral marketing is created with a simple ‘refer a friend’ button (“The Rise of the Group Buying Phenomenon”, 2011). This way, consumers get great deals, group buying websites gain commissions and the discount providing business benefits from prepaid customers, huge marketplace exposure and the chance to build repeat business (“Best Practices in Email Marketing”, 2011).

1.3.1 GROUP BUYING IN LEBANON

Anderson (2011) argues that despite Lebanon’s slow and insecure internet, businesses have begun to take part in the online shopping market, fueled by social media networking and an increased confidence in the safety of credit card purchasing by Lebanese consumers.

Florist Exotica and sweet shop Hallab were among the first companies in Lebanon to establish websites alongside their physical stores (Anderson, 2011).

Darine Sabbagh (as cited by Anderson, 2011), marketing manager at software developer Integrated Digital Systems in Beirut, believes E-commerce has a lot of potential in the country. She says, “Beyond the possibility for retailers who sell physical goods to go online and open online outlets, there is a huge need for service retailers online, from delivering services to shopping services, beauty services, online consultancy, video-on-demand and many, many others”.

Some economists have suggested that E-commerce could help curb inflation, with fierce price competition and with the ability of consumers to have at-hand information on various deals online, the most popular example being E-Bay, the C2C auction website, established in 1995. Today, many online startups in Lebanon are following a similar model – giving customers the power to buy at lowest bargains based on the availability of the products, explains Anderson (2011).

One of these new business models that invaded the Lebanese market is group buying. With savvy consumers, growing trust in credit card usage and improving internet access, the timing was right for group buying companies to start their business in this troublesome yet appealing country.

The first group-buying company to launch in Lebanon was GoNabit. It arrived in September 2010 and in a span of five months, four other companies followed – Makhsoom, Cobone, GoSawa, and ScoopCity.

In an interview made by Nehme (2011), Sharbel Abou Tayeh, country manager of Cobone, states that the market’s demand for better deals in terms of price to quality ratio is what’s creating the appeal for the group buying platforms. Moreover, Lebanon is a country

dominated by small and medium enterprises which do not have significant marketing budgets and therefore need to find other means to make themselves known. Group buying offers free publicity to merchants as their deal is promoted across various social networking sites such as Facebook and Twitter; allowing their brand to enjoy a lot of buzz and amplified word-of-mouth via social media. And, even if the deal does not tip, the merchant does not incur any cost; on the contrary he is granted free exposure. One of the challenges, however, is that many local merchants are hesitant to gain the trend, since the idea is very foreign.

Antoun Abou Ziad, business development director at SCAS Inc, the company that owns Makhsoom, explains to Nehme (2011) that the Lebanese, in particular, consider a huge discount on a product as a sign that it is of bad quality, but he believes that the perception is changing and more people are seeing the advantages and embracing the trend.

Another main obstacle standing in the way of group-buying websites in Lebanon is security issues, explains Nehme (2011). Many people in Lebanon do not use credit cards due to security concerns and according to Ziad Al Chami, general manager of Web agency Bye Digits, the Lebanese banking sector is to be blamed. When opening an account, banks ask their clients if they want an Internet Card. “Why would I want an Internet Card if I have a credit card? Are they trying to tell people that it’s risky to use their credit cards online? It’s the banks that are scaring people” says Al Chami, adding that “... Lebanese banks invented the Internet Card. It’s a debit card. Why isn’t it a normal credit card?

Because banks are still afraid there will be fraud. So, if banks are afraid of fraud, how do you expect the consumer to feel secure?”

To tackle this problem, group-buying websites in Lebanon introduced the cash-on-delivery payment system for purchases as well as another pre-paid card system.

Since 2011, group-buying websites have been mushrooming in Lebanon. Living Lebanese, Awfar, Waffeer, Deal, and Deal Booking are some of the group buying websites which launched lately. Whereas, GoNabit/Living Social went out of business and Cobone is currently posting travel deals only.

1.3.2 STEPS FOR RUNNING A SUCCESSFUL GROUP BUYING DEAL

Without the proper planning and thought, a business's experience with group buying could turn sour as the volume of new customers overwhelms its infrastructure, destroying its reputation and damaging its brand.

According to Group Buying Experts (2012), before taking advantage of Group Buying, a business must consider the following steps of planning:

1 – Calculate the value of each customer to your business: A business needs to calculate the worth of each customer based on three outcomes:

- a) **Initial sale:** Or the offering of an awesome deal to customers and paying a sales commission to the group buying website.
- b) **Up Sell Opportunities:** Will the business be able to offer other products/services to customers to enhance their purchase? With the right sales system in place 40-50% of all redeemed vouchers will make additional purchases.
- c) **Repeat Business:** Or how regularly will the customers come back and purchase again.

For example, if the business has a regular purchase cycle like a Hair Salon or a beauty parlor, it might be worth putting a more aggressive deal forward. However, if the

business has a longer repeat cycle like a tourist attraction, it has to take this into consideration.

2 – Set a limit to the minimum and maximum number of coupons: If the business can only handle a certain number of new customers before its standards slip, then it needs to set a limit; once that number is achieved, the deal sells out. On the other side, it is also recommended to have a minimum number of sales before the deal is activated. There is no point in having a great special for only a few customers.

3 – Choose the promotional time carefully: A merchant should consider the nature of the business and the weekly or seasonal cycles it may go through. For example, if you own a restaurant and your busiest service was a Friday night, you could want to limit the number of vouchers that can be redeemed during those services. On the other hand, if lunch services are slow you might want to create an inviting lunch time deal.

4 – What is your signature product: A merchant must consider Group Buying a unique opportunity to showcase the one thing that his/her business is famous for. From this one signature product, he/she then is going to show the customers the business's full experience.

5 – Creating the Deal: There are few ways to focus the deal to represent so much value to customers that there's no choice but to buy one:

a) *Clearly map out their experience:* A merchant should craft an enticing offer for his/her clients clearly describing what is going to happen to the clients from the moment they first redeem their voucher until they leave. Each step in the process is another opportunity to add value.

- b) *Offer a guarantee:* In order to give customer peace of mind and increase sales, a merchant should offer guarantees.
- c) *Add Bonuses:* Instead of offering a big discount, a merchant can consider offering bonuses in order to enhance the clients' experience. For example, if the business is a Hair Salon, the merchant could offer a free blow dry. It adds value to the client, without directly adding any costs to the bottom line.

6 – Train your staff: The staff needs to know about the offer ahead of time and understand what is expected of them, if the business has planned to promote, it is important to spend some time training the appropriate people on the best scripts to use.

7 – Be transparent at all times: The success or failure of the Group Buying Experience begins at the end of the sale. If there are specific conditions that the business wants to place on the coupon, it needs to do it in advance. Dissatisfied customers mean that the Group Buying sites will not promote the business again because group buying sites' biggest asset is their relationship with their members and they will protect it by asking feedback after every deal.

1.4 CONCLUSION

As consumers become more accustomed to the concept of group deals and social commerce, we can expect to see a lot of changes in how this is run, with new considerations both for retailers and consumers. One can not underestimate just how much social sites have changed the very concept of commerce with new business practices constantly emerging to capture and utilize the socialized customer.

Consumer engagement in group buying sites continues to grow quickly with email as a core driver. However, competition for consumer wallet share is growing fiercer by the day as new sites try to capitalize on the daily deals phenomenon. Therefore, it is necessary to leverage email marketing as effectively as possible to drive business and build loyalty with consumers. Deal or no deal – if the experience falls short, it could drastically affect the likelihood of future engagement.

In the end, a successful group buying experience does not end once it is published online. Smart marketers, who leverage the power of group buying and follow the steps to run successful deals, use the promotion as an opportunity to create new customers, gain loyal fans and ultimately bring people back to the store or online in the future to hopefully, spend more money – maybe even at full price.

CHAPTER 2

RESEARCH QUESTION, METHODOLOGY, AND HYPOTHESES

2.1 RESEARCH QUESTIONS

1. Have Lebanese companies fully grasped the concept of group buying and are they being able to benefit from the services that it offers?
2. Do different economic sectors have different group buying success rates?

2.2 RESEARCH METHODOLOGY

The method of data collection for this study will be survey. My sample will be consisted of Lebanese businesses that have run deals on group buying websites. The answers will be collected through a questionnaire sent by email. Due to lower costs and convenience of delivery, and without time and space constraints, the online questionnaire will be a suitable tool for the study.

The questionnaire will be composed of Likert scale questions offering five possibilities: (1) Strongly disagree (2) Somewhat disagree (3) Neutral (4) Somewhat agree (5) Strongly agree.

The data collected will be analyzed using statistical tools.

2.3 VARIABLES

Independent Variables:

1. Ensuring that coupon-holding customers do not receive sub-optimal service.
2. Creating an internal marketing strategy to further promote the business.
3. Choosing the promotional time carefully.
4. Training the staff on what is required from them.
5. Setting a limit to the minimum and maximum number of coupons to be sold.
6. Highlighting the business's signature product/service in the deal.
7. Clearly mapping out the customer's experience in the deal.
8. Offering guarantees.

9. Offering bonuses.
10. Being transparent at all times.
11. The industry to which the business belongs to.

Dependent Variables: Success of the group buying campaign, measured by:

1. Prepaid/New customers.
2. Repeat customers.
3. Enhanced upsell.
4. Enhanced reputation.
5. Enhanced brand exposure.

2.4 HYPOTHESES

***Hypothesis One:** The success of the group buying campaign depends on and is positively correlated with each of the following measures:*

Factors for success:

1. Lebanese businesses that run successful deals on group buying websites make sure that their group buying customers do not receive a sub-optimal service.
2. Lebanese businesses that run successful deals on group buying websites create an internal marketing strategy to further promote their business to their new customers.
3. Lebanese businesses that run successful deals on group buying websites choose the promotional time carefully.

4. Lebanese businesses that run successful deals on group buying websites train/educate their staff on how the deals have been constructed and what is required from them.
5. Lebanese businesses that run successful deals on group buying websites set a limit to the minimum and maximum number of coupons to be sold.
6. Lebanese businesses that run successful deals on group buying websites make sure they highlight their signature product/service in the deal(s).
7. Lebanese businesses that run successful deals on group buying websites clearly map out the customers' experience when crafting the group buying deal(s).
8. Lebanese businesses that run successful deals on group buying websites offer guarantees.
9. Lebanese businesses that run successful deals on group buying websites prefer to offer bonuses on group buying websites instead of offering discounts.
10. Lebanese businesses that run successful deals on group buying websites realize the importance of being transparent at all times.

Hypothesis Two: *The success rate of group buying deals differs among sectors.*

Chapter 3

DATA ANALYSES

3.1 RELIABILITY TESTS

To measure the internal consistency or reliability of the Likert scale questionnaire items I used Cronbach's alpha. A 'high' alpha value is often used as evidence that the items measure an underlying construct. In general, an alpha of 0.5 or above is considered as an indication of good internal consistency. It can be seen from the below tables that both the overall and individual questions have high alpha values, meaning that these questions have been answered in a quite consistent way. The Cronbach's alpha for the reliability of the overall data is 0.834. The data for questions on the independent variables have an alpha of 0.781, whereas the alpha for the questions on the dependent variable is 0.868, thus indicating that the questionnaire results are reliable.

Overall Reliability

Scale: ALL VARIABLES

Case Processing Summary			
		N	%
Cases	Valid	50	100.0
	Excluded ^a	0	.0
	Total	50	100.0

Case Processing Summary

		N	%
Cases	Valid	50	100.0
	Excluded ^a	0	.0
	Total	50	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.834	16

Scale:Independent Variables

Reliability Statistics

Cronbach's Alpha	N of Items
.781	10

Scale:Dependent Variables

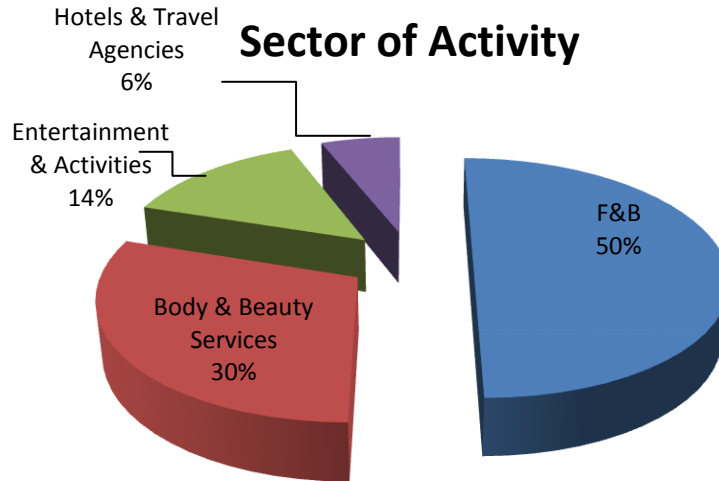
Reliability Statistics

Cronbach's Alpha	N of Items
.868	5

3.2 DESCRIPTIVE STATISTICS

In order to provide simple summaries about the sample in this study and about the observations that have been made, I used descriptive statistics.

The pie chart below shows the composition of the sample. As mentioned earlier, I used the stratified sampling technique. In other words, I divided my population into strata (sectors of activity) and used a sampling fraction in each of the strata that is proportional to that of the total population (Proportionate Allocation).

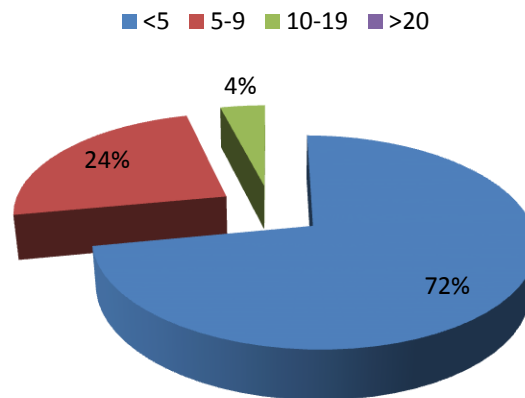


Pie Chart (1)

The 'Food and Beverage' sector constitutes half of the sample. The 'Body and Beauty Services' sector comes next with 30% of the sample, whereas 'Entertainment and Activities' sector and 'Hotels and Travel Agencies' sector compose 14% and 6% of the sample respectively. Literature revealed that the sector of the economy which experiences the highest rates of success in group buying is the service sector and this is exactly what the pie chart reveals.

Pie chart (2) shows that 72% of the surveyed companies have been in the business for less than five years. Companies with five to nine years in business constitute 24% of the sample, whereas only 4% of the surveyed companies have been operating for the last ten to nineteen years.

Number of Years in Business

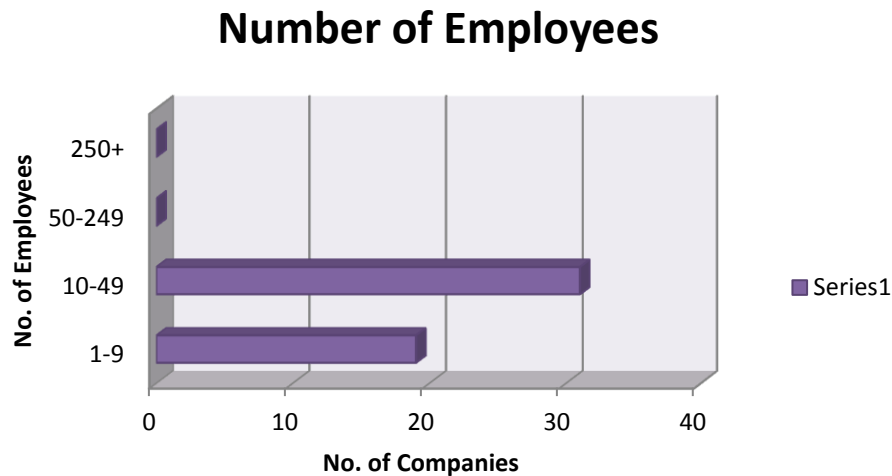


Pie Chart (2)

Being new in the market with low marketing budget is probably what drives businesses to find group buying as the most affordable and effective marketing tool.

Thirty one out of the fifty companies which participated in the survey have ten to forty nine employees and nineteen of them have one to nine employees (see bar chart (1)). This indicates, as revealed by the literature review, that the majority of the businesses taking part in group buying are micro and small sized enterprises¹.

¹ Schmiemann lists micro enterprises as including 1-9 employees, small enterprises as including 10-49 employees, medium-sized enterprises as including 50-249 employees, and large enterprises as including more than 250 employees (http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-031/EN/KS-SF-08-031-EN.PDF)



Bar Chart (1)

3.3 FACTOR ANALYSIS

Since working with a large number of variables is tedious and since the majority of the variables in my study are really just different measures of the dependent and independent variables, I decided to conduct exploratory factor analysis to facilitate and simplify my work by constructing a measure of the general variables and using those measures to analyze the data. Hedderson (1987) defines factor analysis as a way of measuring a general variable, or factor, underlying a large set of variables.

Two statistical measures are generated by SPSS to help assess the factorability of the data: Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity.

The KMO index ranges from 0 to 1, with 0.5 suggested as the minimum value for a good factor analysis. The Bartlett's test of sphericity should be significant ($p < 0.05$) for the factor analysis to be considered appropriate.

The factor analysis that I conducted on the set of dependent variables showed a KMO value of 0.81 (>0.5) and the Bartlett's test of sphericity value of 0.00 (<0.05), therefore, the data is suitable for factor analysis (See Table 1).

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.810
Bartlett's Test of Sphericity	Approx. Chi-Square	182.197
	df	15
	Sig.	.000

Table 1: KMO & Bartlett's: Dependent Variables

Moreover, the KMO value for the independent variable is 0.751 and the value of the Bartlett's test of sphericity is significant (0.00) implying that conducting factor analysis is appropriate (See Table 2).

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.751
Bartlett's Test of Sphericity	Approx. Chi-Square	146.123
	df	10
	Sig.	.000

Table 2: KMO & Bartlett's: Independent Variables

Since factor analysis helps in determining the smallest number of factors that can be used to represent the inter-relations among the set of variables, I used the Kaiser's Criterion and the Scree Test in order to decide the number of factors to retain.

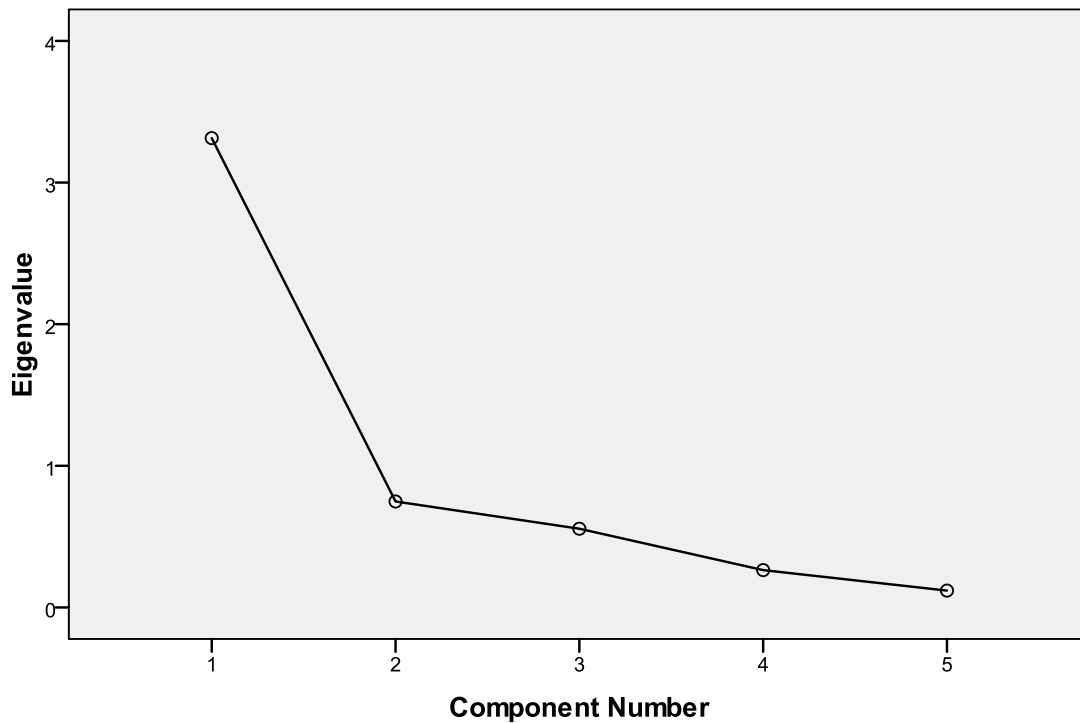
Using Kaiser's criterion or the Eigenvalue Rule for the dependent variable's sub variables, we can see that (Table 3) only one component/factor should be retained (Eigen value > 1). This one factor alone explains 66.27% of the variance. Moreover, looking at the scree plot (Graph 1), we can see that the shape of the curve changes direction and becomes horizontal between points 1 and 2, suggesting that component 1 explains or captures much more of the variance than the remaining components.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.314	66.273	66.273	3.314	66.273	66.273
2	.748	14.962	81.235			
3	.556	11.116	92.351			
4	.264	5.271	97.622			
5	.119	2.378	100.000			

Extraction Method: Principal Component Analysis.

Table 3: Total Variance Explained: Dependent Variables

Scree Plot



Graph 1: Scree Plot: Dependent Variables

On the other hand, by analyzing the total variance explained table (Table 4) extracted from the factor analysis conducted on the independent variables we can see that four factors should be retained. These are the factors that have eigenvalues greater than 1 and together they explain 76.85% of the variance.

Total Variance Explained

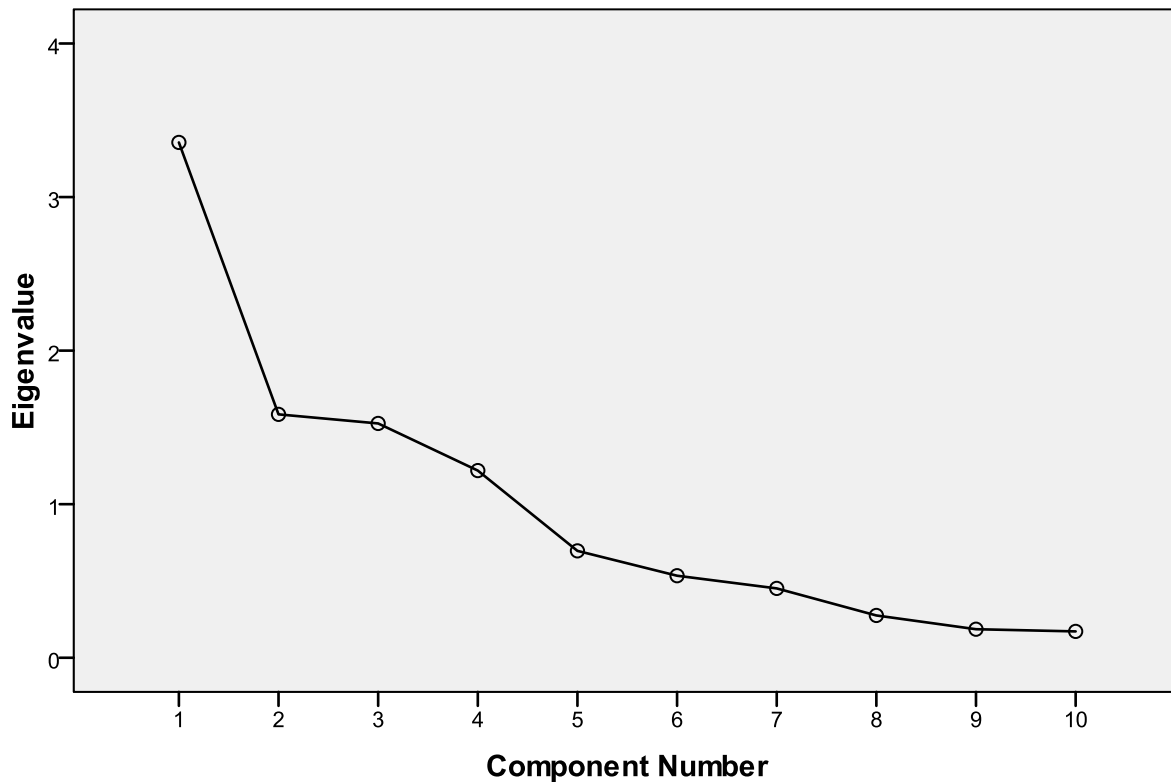
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.356	33.558	33.558	3.356	33.558	33.558
2	1.585	15.850	49.408	1.585	15.850	49.408
3	1.526	15.257	64.665	1.526	15.257	64.665
4	1.219	12.189	76.854	1.219	12.189	76.854
5	.696	6.960	83.814			
6	.534	5.342	89.156			
7	.452	4.516	93.672			
8	.275	2.754	96.426			
9	.186	1.858	98.285			
10	.172	1.715	100.000			

Extraction Method: Principal Component Analysis.

Table 4: Total Variance Explained: Independent Variables

By observing the scree plot (Graph 2), we notice that there is a clear break between the fourth and fifth components. Thus, components 1,2,3, and 4 explain or capture much more of the variance than the remaining components.

Scree Plot



Graph 2: Scree Plot: Independent Variables.

To interpret the factors that have been extracted, I observed the Rotated Component Matrix which was produced using the Varimax approach.

Once the number of factors has been determined, the neXt step is to try to interpret them. To assist in this process the factors are 'rotated.' The Varimax method attempts to minimize the number of variables that have high loadings on each factor.

A rotated component matrix is not applicable in the case of the dependent variables since only one component has been extracted using Kaiser's criterion.

On the other hand, by observing the rotated component matrix of the independent variables (Table 5), we can see that variables having high loadings on component one are: Training the staff, Highlighting signature product, Mapping out the customer's experience, and offering guarantees. Variables having high loadings on component two are: Crafting an internal marketing strategy and offering bonuses. Whereas, limiting the number of coupons and being transparent have load strongly on component 3 and finally, offering suboptimal service load strongly on component 4.

Rotated Component Matrix^a

	Component			
	1	2	3	4
Suboptimal service	.103	.024	.023	.918
Internal Marketing Strategy	.484	.693	.265	.331
Promotional Time	.150	.102	.794	.013
Training the Staff	.747	-.138	-.010	.474
Coupon Limit	.086	.318	-.625	.441
Highlighting Signature Product	.839	.437	.065	-.025
Customer's Experience	.743	-.151	.406	.082
Offering Guarantees	.765	.515	-.093	.000
Offering Bonuses	.012	.961	.019	-.037
Being Transparent	.093	.433	.710	.441

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Table 5: Rotated Component Matrix: Independent Variables

From my knowledge of the topic, I will call component 1 “Attracting and Retaining Customers”. Highlighting the signature product of the company, mapping out the customer’s experience and offering guarantees will attract internet users to buy the deal and training the staff to serve the coupon holders well will help retain the latter as loyal customers.

I will call component 2 “Discount Alternatives”. The company can come up with a marketing strategy to offer bonuses on group buying websites instead of offering discounts. This way, customers will be encouraged to try more than one product or service.

I suggest calling component 3 “Organized Planning & Transparency.” By limiting the number of coupons to be sold and setting the promotional time, companies will not be running the risk of having to serve a number of customers that is more than its capacity and by being transparent about such deal terms neither the customers nor the companies will be facing unpleasant surprises or awkward situations.

And finally, since offering suboptimal service is the only variable having a high loading on component 4, most probably component 4 is “Enhancing Customers’ Experience.”

3.4 COMPARISON OF MEANS: ONE WAY ANOVA

To test the significance of the relationship between the companies’ sectors of activity and the success rate of the group buying deals, I decided to conduct One Way ANOVA test. One way ANOVA will show if there are any significant differences in the mean scores on the dependent variable “Success of the group buying deal” across the four categories of the independent variable “Sector of Activity.”

One of the assumptions of the one-way ANOVA test is that the groups that are being compared have similar variances. The tables of the Test of Homogeneity of Variances on

pages 49 and 50 (Tables 6, 7, 8, 9, 10) show the result of Levene's Test of Homogeneity of Variance, which tests for similar variances. If the significance value is greater than 0.05 (Sig. column), we have homogeneity of variances. All the tables show a Sig. value greater than 0.05. Therefore, the assumption of homogeneity of variance is met.

Test of Homogeneity of Variances
Prepaid/New Customers

Levene Statistic	df1	df2	Sig.
1.350	3	46	.295

Table 6

Test of Homogeneity of Variances
Repeat Customers

Levene Statistic	df1	df2	Sig.
1.094	3	46	.361

Table 7

Test of Homogeneity of Variances
Enhanced Upsell

Levene Statistic	df1	df2	Sig.
2.030	3	46	.310

Table 8

Test of Homogeneity of Variances
Enhanced Reputation

Levene Statistic	df1	df2	Sig.
.323	3	46	.809

Table 9

Test of Homogeneity of Variances

Enhanced Brand Exposure

Levene Statistic	df1	df2	Sig.
.210	3	46	.901

Table 10

By observing the ANOVA tables no. 11, 12, 13, 14, and 15, we can see that the Sig. values for all the tests are 0.000, which is less than 0.05. thus, we reject the null hypotheses and conclude that there is a difference in the success rate of the group buying deals (measured by the decision to run future deals, gain repeat customers, experiencing enhanced upsells, enhanced reputation and brand exposure) due to the sector of activity of the business.

The only table showing a significance value greater than 0.05 is table no.13 (prepaid/new customers). Therefore we do not reject the null hypothesis and come to the conclusion that there is no difference in the ability of businesses belonging to different sectors to gain new customers via group buying websites.

ANOVA

Prepaid/New Customers

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.042	3	.681	1.696	.181
Within Groups	18.458	46	.401		
Total	20.500	49			

Table 11

ANOVA

Repeat Customers

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	28.067	3	9.356	16.281	.000
Within Groups	26.433	46	.575		
Total	54.500	49			

Table 12

ANOVA

Enhanced Upsell

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.087	3	5.696	11.679	.000
Within Groups	22.433	46	.488		
Total	39.520	49			

Table 13

ANOVA

Enhanced Reputation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.980	3	4.327	16.725	.000
Within Groups	11.900	46	.259		
Total	24.880	49			

Table 14

ANOVA

Enhanced Brand Exposure

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.600	3	1.867	9.648	.000
Within Groups	8.900	46	.193		
Total	14.500	49			

Table 15

3.5 REGRESSION

Next, I tested the effect of all ten independent variables on each of the subvariables of success using stepwise regression.

3.5.1 Stepwise Regression with All Independent Variables

1. Steps of running a successful deal – Prepaid/New Customers:

The “Variable entered/removed” table (Table 16) shows that Being Transparent, Not offering suboptimal service and setting the promotional time are the best predictors of gaining prepaid/new customers from the group buying deal.

The proportion of variance (R^2) explained by the model is 0.508 (Table 17) which means that our model which includes the above mentioned three independent variables explain 50.8% of the variance in gaining prepaid/new customers.

The ANOVA table (Table 18) shows that our model reaches statistical significance (Sig = 0.000). Therefore, we can reject the null hypothesis and conclude that Being Transparent, Not offering suboptimal service and setting the promotional time make a significantly unique contribution to the prediction of “Gaining prepaid/new customers”.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Being Transparent		Stepwise (Criteria: Probability-of-F-to-enter \leq .050, Probability-of-F-to-remove \geq .100).
2	Suboptimal service		Stepwise (Criteria: Probability-of-F-to-enter \leq .050, Probability-of-F-to-remove \geq .100).
3	Promotional Time		Stepwise (Criteria: Probability-of-F-to-enter \leq .050, Probability-of-F-to-remove \geq .100).

Dependent Variable: Prepaid/New Customers

Table 16

Model Summary^e

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 ^a	.317	.303	.54000
2	.669 ^b	.448	.424	.49079
3	.713 ^c	.508	.476	.46835

a. Predictors: (Constant), Being Transparent

b. Predictors: (Constant), Being Transparent, Suboptimal service

c. Predictors: (Constant), Being Transparent, Suboptimal service, Promotional Time

e. Dependent Variable: Prepaid/New Customers

Table 17

ANOVA^e

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.503	1	6.503	22.302	.000 ^a
	Residual	13.997	48	.292		
	Total	20.500	49			
2	Regression	9.179	2	4.589	19.053	.000 ^b
	Residual	11.321	47	.241		
	Total	20.500	49			
3	Regression	10.410	3	3.470	15.819	.000 ^c
	Residual	10.090	46	.219		
	Total	20.500	49			

a. Predictors: (Constant), Being Transparent

b. Predictors: (Constant), Being Transparent, Suboptimal service

c. Predictors: (Constant), Being Transparent, Suboptimal service, Promotional Time

e. Dependent Variable: Prepaid/New Customers

Table 18

2. Steps of running a successful deal – Repeat Customers:

The variables that significantly contribute to the prediction of gaining repeat customers are: making sure that customers don't receive suboptimal service, highlighting the signature product and creating an internal marketing strategy (Table 19).

This model explains 42.5 % (R^2) of the variance in gaining repeat customers (Table 20) and reaches statistical significance (Sig = 0.000) (Table 21). Thus, we can conclude that following these specific steps makes a significantly unique contribution to the prediction of gaining repeat customers.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Suboptimal service		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	Highlighting Signature Product		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	Internal Marketing Strategy		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Repeat Customers

Table 19

Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.524 ^a	.274	.259	.90785
2	.600 ^b	.360	.333	.86130
3	.652 ^c	.425	.388	.82519

a. Predictors: (Constant), Suboptimal service

b. Predictors: (Constant), Suboptimal service, Highlighting Signature Product

c. Predictors: (Constant), Suboptimal service, Highlighting Signature Product, Internal Marketing Strategy

d. Dependent Variable: Repeat Customers

Table 20

ANOVA^d

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.939	1	14.939	18.126	.000 ^a
	Residual	39.561	48	.824		
	Total	54.500	49			
2	Regression	19.634	2	9.817	13.233	.000 ^b
	Residual	34.866	47	.742		
	Total	54.500	49			
3	Regression	23.177	3	7.726	11.346	.000 ^c
	Residual	31.323	46	.681		
	Total	54.500	49			

a. Predictors: (Constant), Suboptimal service

b. Predictors: (Constant), Suboptimal service, Highlighting Signature Product

c. Predictors: (Constant), Suboptimal service, Highlighting Signature Product, Internal Marketing Strategy

d. Dependent Variable: Repeat Customers

Table 21

3. Steps of running a successful deal – Enhanced Reputation:

The best predictor of reputation enhancement is making sure that coupon holding customers do not receive a suboptimal service (Table 22).

The Model Summary table (Table 23) shows that the proportion of variance (R^2) explained by the model is 0.282.

Moreover, the ANOVA table (Table 24) shows that the model reaches statistical significance leading us to conclude that making sure that coupon holding customers do not receive a suboptimal service makes a significantly unique contribution to the prediction of gaining an enhanced reputation.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Suboptimal service		Stepwise (Criteria: Probability-of-F-to-enter \leq .050, Probability-of-F-to-remove \geq .100).

a. Dependent Variable: Enhanced Reputation

Table 22

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 ^a	.282	.267	.60991

a. Predictors: (Constant), Suboptimal service

b. Dependent Variable: Enhanced Reputation

Table 23

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.024	1	7.024	18.883	.000 ^a
	Residual	17.856	48	.372		
	Total	24.880	49			

a. Predictors: (Constant), Suboptimal service

b. Dependent Variable: Enhanced Reputation

Table 24

4. Steps of running a successful deal – Enhanced Brand Exposure:

The ‘Variables Entered/Removed’ table (Table 25) shows that the best three predictors of having an enhanced brand exposure are: making sure group buying customers do not receive a suboptimal service, creating an internal marketing strategy, and offering bonuses. These three variables explain almost 44.3% of the variance in enhanced brand exposure (Table 26).

The model reaches statistical significance (Sig=.000) (Table 27). Therefore, we can conclude that the null hypothesis should be rejected and that following these particular steps of running a successful deal makes a significantly unique contribution to the prediction of gaining an enhanced brand exposure.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Suboptimal service		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	Internal Marketing Strategy		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	Offering Bonuses		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Enhanced Brand Exposure

Table 25

Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551 ^a	.304	.289	.45866
2	.606 ^b	.367	.340	.44184
3	.665 ^c	.443	.406	.41920

a. Predictors: (Constant), Suboptimal service

b. Predictors: (Constant), Suboptimal service, Internal Marketing Strategy

c. Predictors: (Constant), Suboptimal service, Internal Marketing Strategy, Offering Bonuses

d. Dependent Variable: Enhanced Brand Exposure

Table 26

ANOVA^d

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.402	1	4.402	20.928	.000 ^a
	Residual	10.098	48	.210		
	Total	14.500	49			
2	Regression	5.325	2	2.662	13.637	.000 ^b
	Residual	9.175	47	.195		
	Total	14.500	49			
3	Regression	6.416	3	2.139	12.171	.000 ^c
	Residual	8.084	46	.176		
	Total	14.500	49			

a. Predictors: (Constant), Suboptimal service

b. Predictors: (Constant), Suboptimal service, Internal Marketing Strategy

c. Predictors: (Constant), Suboptimal service, Internal Marketing Strategy, Offering Bonuses

d. Dependent Variable: Enhanced Brand Exposure

Table 27

5. Steps of running a successful deal – Enhanced Upsell:

In the case of achieving an enhancement in upsells, the best predictors are deciding the promotional time and being transparent (Table 28). These two variables together explain 24.7% of the variation in enhanced upsells (Table 29).

This model also reaches statistical significance (Table 30), which means that we can reject the null hypothesis and conclude that following these two steps makes a significantly unique contribution to the prediction of gaining an enhanced level of upsells.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Promotional Time		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	Being Transparent		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Enhanced Upsell

Table 28

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.325 ^a	.105	.087	.85821
2	.497 ^b	.247	.215	.79587

a. Predictors: (Constant), Promotional Time

b. Predictors: (Constant), Promotional Time, Being Transparent

c. Dependent Variable: Enhanced Upsell

Table 29

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.167	1	4.167	5.658	.021 ^a
	Residual	35.353	48	.737		
	Total	39.520	49			
2	Regression	9.750	2	4.875	7.696	.001 ^b
	Residual	29.770	47	.633		
	Total	39.520	49			

a. Predictors: (Constant), Promotional Time

b. Predictors: (Constant), Promotional Time, Being Transparent

c. Dependent Variable: Enhanced Upsell

Table 30

Tables 31, 32, 33, 34 & 35 present the kernel of the regression analysis, the regression equation.

The values of the regression coefficients and constant are given in column B of each table. For example, table 31 shows the equation of the predicted value for prepaid/new customers is:

$$\text{Prepaid / New customers} = 0.212 + 0.268 (\text{Being transparent}) + 0.491 (\text{Suboptimal service}) + 0.156 (\text{Promotional time})$$

All the three independent variables are positively correlated with the dependent variable, meaning that in order to increase the number of prepaid/new customers, a company's

management should be transparent, make sure it doesn't offer a suboptimal service and sets promotional time carefully when running a group buying deal.

Table 32 reveals that out of the 3 predictors, not offering a suboptimal service and creating an internal marketing strategy are positively correlated with gaining repeat customers, whereas highlighting the signature product is negatively correlated with the dependent variable. Thus, even though literature explains that highlighting the signature product of the business is an essential step in running a successful group buying deal, our study shows that in order to gain repeat customers, a company running a deal on a group buying website should avoid the tendency to highlight its signature product and maybe advertise the whole experience that the business offers. Moreover, the company should make sure it offers optimal services to its customers and create an internal marketing strategy that enhances the customer's overall experience.

Table 33 shows that being transparent when running a group buying deal helps a business in enhancing the probability of upselling. Therefore, a company's management should give utmost importance to this step if it plans to sell additional products/services to coupon-holding customers in order to harvest as much benefits as possible from group buying. On the other hand, setting the promotional time negatively affects upsell, thus a business must be careful about limiting the promotional time for customers (e.g. coupon valid for lunch only) if it plans to upsell.

In table 34 we can see that making sure that the coupon-holding customers do not receive a suboptimal service is key to gaining an enhanced reputation. The better the

experience that your customers have, the better they will talk about your business (passing a positive word of mouth).

As for the last dependent variable, table 35 shows that making sure that customers do not receive a suboptimal service and crafting an internal marketing strategy positively contribute to enhancing the brand's exposure, whereas offering bonuses is negatively correlated with the latter. Therefore, a company should avoid offering bonuses and maybe try to run deals that offer discounts instead of additional free products or services if it wants to enhance its brand's exposure.

3.5.2 Stepwise Regression Using Factor Scores

This test was performed to further investigate how the factors derived in factor analysis may affect the success of the group buying deal. In this test I used the mean score of each of the four components extracted from the independent variables in factor analysis, and tested their effects on the dependent variables. It is intended to help better comprehending the results.

1. Factor Scores – Prepaid / New Customers:

As table 31 shows, the best predictors of gaining prepaid/new customers are components 3 and 4 which together explain 48.6% (Table 32) of the variation in the dependent variable. The ANOVA table (Table 33) shows that our model reaches statistical significance and thus we can reject the null hypothesis and conclude that organized planning and transparency (Component 3) and Enhancing Customers' Experience (Component 4) make a significantly unique contribution to the prediction of "Gaining prepaid/new customers". Furthermore, both components are positively correlated with the dependent variable (Table 34), meaning that in order to gain prepaid/new customers, management should plan well for the group buying deal,

be transparent throughout the campaign and give utmost importance to enhancing the group buying customers' experiences.

Thus, using the new factors Organized Planning and Transparency (Component 3) and Enhancing Customers' Experience (Component 4) in predicting the dependent variable Prepaid/New Customers provide better understanding and more sense since all the coefficients in regression model are positive.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	CMPT4		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).
2	CMPT3		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).

a. Dependent Variable: Prepaid/New Customers

Table 31

Model Summary ^c				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.561 ^a	.315	.300	.54100
2	.697 ^b	.486	.464	.47333

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT3

c. Dependent Variable: Prepaid/New Customers

Table 32

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.451	1	6.451	22.042	.000 ^a
	Residual	14.049	48	.293		
	Total	20.500	49			
2	Regression	9.970	2	4.985	22.251	.000 ^b
	Residual	10.530	47	.224		
	Total	20.500	49			

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT3

c. Dependent Variable: Prepaid/New Customers

Table 33

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.576	.543		2.901	.006	.484	2.668
	CMPT4	.561	.119	.561	4.695	.000	.321	.801
2	(Constant)	.235	.583		.403	.689	-.939	1.408
	CMPT4	.488	.106	.488	4.595	.000	.274	.701
	CMPT3	.530	.134	.421	3.963	.000	.261	.799

a. Dependent Variable: Prepaid/New Customers

Table 34

2. Factor Scores – Repeat Customers:

Table 35 shows that the components that best predict “Gaining repeat customers” and explain 34.1% of the variation in it are: “Attracting and retaining customers” (Component 1) and “Enhancing Customers Experience” (Component 4). Our model is statistically significant (Table 37). Moreover, table 38 shows that Components 1 and 4 do not only predict, but are also positively correlated with the dependent variable.

Thus, using the new factors Attracting and retaining customers (Component 1) and Enhancing Customers’ Experience (Component 4) in predicting the dependent variable Repeat Customers provide better understanding and more sense since all the coefficients in regression model are positive.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	CMPT4		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).
2	CMPT1		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).

a. Dependent Variable: Repeat Customers

Table 35

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.524 ^a	.274	.259	.90785
2	.584 ^b	.341	.313	.87411

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT1

c. Dependent Variable: Repeat Customers

Table 36

ANOVA^c

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.939	1	14.939	18.126	.000 ^a
	Residual	39.561	48	.824		
	Total	54.500	49			
2	Regression	18.589	2	9.294	12.164	.000 ^b
	Residual	35.911	47	.764		
	Total	54.500	49			

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT1

c. Dependent Variable: Repeat Customers

Table 37

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.141	.911		.155	.877	1.974	1.691
	CMPT4	.854	.201	.524	4.257	.000	.451	1.257
2	(Constant)	1.095	1.044		1.049	.300	1.006	3.195
	CMPT4	.964	.200	.591	4.831	.000	.563	1.365
	CMPT1	.452	.207	.267	2.186	.034	.869	.036

a. Dependent Variable: Repeat Customers

Table 38

3. Factor Scores – Enhanced Brand Exposure:

Components 1 and 4 are significantly the best predictors of “Enhanced Brand Exposure” (Tables 39, 40, 41). Moreover, both are positively correlated with the dependent variable (Table 42) meaning that any efforts to attract and retain customers and enhance their experiences will have a positive impact on enhancing the brand’s exposure. This would most probably be in the form of satisfied customers passing a positive word of mouth.

Thus, using the new factors Attracting and retaining customers (Component 1) and Enhancing Customers’ Experience (Component 4) in predicting the dependent variable Enhanced Brand Exposure provide better understanding and more sense since all the coefficients in regression model are positive.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	CMPT4		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).
2	CMPT1		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).

a. Dependent Variable: Enhanced Brand Exposure

Table 39

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551 ^a	.304	.289	.45866
2	.603 ^b	.363	.336	.44316

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT1

c. Dependent Variable: Enhanced Brand Exposure

Table 40

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.402	1	4.402	20.928	.000 ^a
	Residual	10.098	48	.210		
	Total	14.500	49			
2	Regression	5.270	2	2.635	13.416	.000 ^b
	Residual	9.230	47	.196		
	Total	14.500	49			

a. Predictors: (Constant), CMPT4

b. Predictors: (Constant), CMPT4, CMPT1

c. Dependent Variable: Enhanced Brand Exposure

Table 41

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.415	.460		5.244	.000	1.489	3.340
	CMPT4	.463	.101	.551	4.575	.000	.260	.667
2	(Constant)	1.812	.529		3.424	.001	.747	2.877
	CMPT4	.410	.101	.487	4.049	.000	.206	.613
	CMPT1	.221	.105	.253	2.101	.041	.009	.432

a. Dependent Variable: Enhanced Brand Exposure

Table 42

4. Factor Scores – Enhanced Reputation:

The only component significantly predicting and positively correlating with the dependent variable “Enhanced reputation” is Component 4 (Tables 43, 44, 45, 46). Thus, to enhance its reputation, it is very important for a company taking part in group buying to find ways to enhance its customers’ experiences.

Knowing that Component 4 “Enhancing Customers’ Experience” consisted of only one independent variable (Not offering Suboptimal service), this shows that not offering suboptimal service is very crucial in predicting the dependent variable Enhanced Reputation.

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	CMPT4		Stepwise (Criteria: Probability-of-F- to-enter <= .050, Probability-of-F- to-remove >= .100).

a. Dependent Variable: Enhanced Reputation

Table 43

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 ^a	.282	.267	.60991

a. Predictors: (Constant), CMPT4

b. Dependent Variable: Enhanced Reputation

Table 44

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.024	1	7.024	18.883	.000 ^a
	Residual	17.856	48	.372		
	Total	24.880	49			

a. Predictors: (Constant), CMPT4

b. Dependent Variable: Enhanced Reputation

Table 45

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.686	.612		2.753	.008	.455	2.917
	CMPT4	.585	.135	.531	4.345	.000	.315	.856

a. Dependent Variable: Enhanced Reputation

Table 46

5. Factor Scores – Enhanced Upsell:

Similarly, the only component that has a statistically significant positive effect on “Enhanced Upsells” is Component 4 (Tables 47, 48, 49, 50). Therefore, if a company is intending to upsell to a coupon-holding customer, it should work on enhancing this customers’ experience with the company.

Knowing that Component 4 “Enhancing Customers’ Experience” consisted of only one independent variable (Not offering Suboptimal service), this shows that not offering suboptimal service is very crucial in predicting the dependent variable Enhanced Upsell.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	CMPT4		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Enhanced Upsell

Table 47

Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281 ^a	.079	.060	.87080

a. Predictors: (Constant), CMPT4

b. Dependent Variable: Enhanced Upsell

Table 48

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.122	1	3.122	4.117	.048 ^a
	Residual	36.398	48	.758		
	Total	39.520	49			

a. Predictors: (Constant), CMPT4

b. Dependent Variable: Enhanced Upsell

Table 49

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.604	.874		1.835	.073	-.154	3.362
	CMPT4	.390	.192	.281	2.029	.048	.004	.777

a. Dependent Variable: Enhanced Upsell

Table 50

CONTRIBUTIONS OF THE STUDY

This work has made the following basic contributions:

- Improving the public's understanding of the group buying industry.
- Introducing the Lebanese businesses to the group buying industry, highlighting its advantages and the steps of running successful deals on these websites.
- Finding out to what extent Lebanese businesses who already have participated in group buying have done it with full knowledge of what this marketing tool requires.
- Paving the way for future research in the group buying field (other steps that can help companies capitalize on the daily deals phenomenon, finding out which sectors are more successful than others on group buying sites, etc.)

LIMITATIONS OF THE STUDY

Although this research was carefully prepared and has reached its aims, there were some unavoidable limitations.

First of all, because of the time limit, the population of the experimental group is small, only fifty businesses that were selected from the periodic catalogue of one major group buying site. The number of businesses participating in group buying and the number of group buying websites is increasing day after day, so it would be better if the study was done in a longer time and involved more participants.

Moreover, the participants' tendency to impress the researcher or give a positive view of their businesses, to some extent, might have affected the result of the study.

CONCLUSION AND RECOMMENDATIONS

In Lebanon, as in many other countries in the world, group buying is gaining a huge popularity among internet users. With the struggling economy, consumers are benefitting from the huge discounts on group buying websites and businesses are benefitting from advertising their brand with negligible costs.

The study revealed that different business sectors in Lebanon have different success rates on group buying websites. Future research on which sectors are more successful than others might be helpful especially to group buying websites. By knowing which businesses are more lucrative for them, they can target their audience more effectively.

Another important finding was that Lebanese businesses are aware of some of the steps of running successful daily deals, mainly the importance of making sure that customers do not receive a suboptimal service, creating an internal marketing strategy, choosing the promotional time carefully and being transparent at all times. But unlike the literature review, regression analysis revealed that there is no relationship between the success of group buying deals and some of the cited steps (training the staff, setting a limit to the number of coupons, mapping out the customer's experience, and offering guarantees). Furthermore, the regression analysis performed on the mean factor scores revealed that "Attracting and retaining customers", "Enhancing the customers' experience" and "Organized planning and transparency" are positively correlated with the success factors of group buying deals. The reason is that these original variables are likely to work together rather than individually. Thus, I believe that it is necessary for group buying websites to educate Lebanese businesses of the importance of following all the necessary steps because failing to meet customers' expectations does not

only make a business miss out on the benefits of group buying, but also have the marketing campaign backfire and put the company's reputation at risk due to the spread of negative word of mouth.

BIBLIOGRAPHY

1. Anderson, Brooke. "Lebanese Shoppers Log on to E-commerce4." *The Daily Star* [Beirut] 28 Sept. 2011: 4. Print.
2. "Best Practices in Email Marketing." *Boletines*. StrongMail, Sept. 2011. Web. <http://boletines.prisadigital.com/Daily_Deal_Email_Marketing.pdf>.
3. Bickerton, Pauline, Matthew Bickerton, and UpkarPardesi. *Cybermarketing: How to Use the Superhighway to Market Your Products and Services*. Oxford: Butterworth Heinemann, 1996. Print.
4. EfthymiosConstantinides, (2004) "Influencing the online consumer's behavior: the Web experience", *Internet Research*, Vol. 14 Iss: 2, pp.111 – 126
5. "Daily Deal Media - Group Buying Media - Daily Deal News & Resources." *About Daily Deals-Group Buying-For a Business*. N.p., n.d. Web. <<http://www.groupbuyingexperts.com/>>.
6. Deitel, Harvey M., Paul J. Deitel, and T. R. Nieto. *E-business & E-commerce: How to Program*. Upper Saddle River, NJ: Prentice Hall, 2001. Print.
7. Dhawan, Anuj. *Motivation Factors for Online Buying: The Price Driver*. Thesis. AUT University, 2008. N.p.: n.p., n.d. Print.
8. Flanzraich, Derek. "What Is Digital Media? Is It Opposed to Tangible, Paper / Video / Film Media?" *Quora*. N.p., 5 Apr. 2010. Web. <<http://www.quora.com/What-is-digital-media-Is-it-opposed-to-tangible-paper-video-film-media/answer/Derek-Flanzraich>>.
9. Grange, Helen. "Harness the Power of Group Buying." *The Star* (n.d.): n. pag. *The Star*. 07 Mar. 2012. Web. <<http://www.iol.co.za/the-star/>>.
10. Grant, Kelli B. "SmartMoney." *Surge in Group-Buying Sites Weakens Deals*. N.p., 19 Aug. 2010. Web.
11. "Group Buying Phenomenon." *Visual.ly*. N.p., 2012. Web. <<http://visual.ly/node/17106>>.
12. Hasslinger, Anders, Selma Hodzic, and Claudio Opazo. *Consumer Behaviour in Online Shopping*. Diss. Kristianstad University, 2007. N.p.: n.p., n.d. Print.
13. Hult, G. Tomas M., William M. Pride, and O. C. Ferrell. *Marketing*. Andover: South-Western Cengage Learning, 2012. Print.
14. Kinnear, Paul R., and Colin D. Gray. *SPSS for Windows Made Simple: Release 10*. Hove: Psychology, 2000. Print.

15. La Barbera, Vinny. "Online Marketing with Group Buying Websites." Web log post. *Business Marketing Blog*. N.p., n.d. Web. <<http://www.businessmarketingblog.org/>>.
16. "Lebanese Consumers Have Good Appetite for Trendy Goods | HKTDC." *Lebanese Consumers Have Good Appetite for Trendy Goods | HKTDC*. Hong Kong Trade Development Council, 11 Aug. 2011. Web. <<http://www.hktdc.com/info/mi/a/ef/en/1X07KG9F/1/Economic-Forum/Lebanese-Consumers-Have-Good-Appetite-For-Trendy-Goods.htm>>.
17. Levitt, Theodore. "The Marketing Imagination." *The Marketing Imagination*. New York/London: Free, 1983. N. pag. Print.
18. Lucas Jr., Henry C. *Strategies for Electronic Commerce and the Internet*. Cambridge, MA: MIT, 2002. Print.
19. Meyers, Herbert M., and Richard Gerstman. *Branding @ the Digital Age*. New York: Palgrave, 2001. Print.
20. Nehme, Ibrahim. "What's the Big Deal?" *Communicate* 13 (2011): 22-23. Print.
21. Nobel, Carmen. "Group Discount Sites Lure Small Business." - *TheStreet*. N.p., 10 Feb. 2010. Web.
22. Pallant, Julie. *SPSS Survival Manual: A Step by Step Guide to Data Analysis Using SPSS for Windows (Versions 10 and 11)*. Buckingham: Open UP, 2003. Print
23. "'People Shop Online for Convenience, Not for Price'" Interview by Jeremy Schlosberg. *Medialifemagazine*. N.p., May 2000. Web. <<http://www.medialifemagazine.com:8080/news2000/may00/news50512.html>>.
24. Roeder, Laura. "Understanding Social Media Optimization." *LKR Social Media*. N.p., 09 July 2012. Web. <<http://lkrsocialmedia.com/social-media-optimization/>>.
25. Rouse, Margaret. "What Is Social Marketing?" *Whalts.com*. TechTarget, Jan. 2006. Web.
26. <<http://whatis.techtarget.com/definition/social-networking>>.
27. "The Six Simple Principles of Viral Marketing | Web Marketing TodayWeb Marketing Today | Strategies for Growth." *Web Marketing Today*. N.p., 10 May 2010. Web. 05 Feb. 2013. <<http://webmarketingtoday.com/articles/viral-principles/>>.
28. Tian, Gan. "Better than Bargaining." *Better than Bargaining*. N.p., 16 Sept. 2010. Web.
29. "Viral Marketing." *Scas Partners*. N.p., n.d. Web. 05 Feb. 2013. <<http://scaspartners.com/>>.

30. Watson, Gregory H. "Peter F. Drucker: Delivering Value to Customers." N.p., May 2002. Web. <<http://www.gregoryhwatson.eu>>.
31. "What's the Buzz About Buzz Marketing?" *Knowledge at Wharton* (2005): n. pag. *Knowledge at Wharton*. 12 Jan. 2005. Web. <<http://knowledge.wharton.upenn.edu/>>.
32. "WOM101: An Introduction to WOM Marketing with Definitions." *Word of Mouth Marketing Association*. N.p., n.d. Web. <www.womma.org>.
33. Yorsaner, Adam. "The 4 P's of (Internet) Marketing." *DaniWeb*. N.p., 06 July 2011. <<http://www.daniweb.com/internet-marketing/promotion-and-marketing-plans/tutorials/371149/the-4-ps-of-internet-marketing>>.

Questionnaire

Section 1:

Kindly read the following statements and fill in the check box that indicates your level of agreement with each:

	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
1. We make sure that the customers who walk in with discounted coupons do not receive a sub-optimal service to ensure repeat business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. We have created an internal marketing strategy that goes beyond the initial sale to further promote our business to our new customers (a strategy to upsell and/or win repeat customers).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. We choose the promotional time carefully (i.e. we consider the nature of our business & the weekly/seasonal cycles we may go through before creating the deal).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We make sure that our staff is aware of all aspects relating to the group buying industry in general & the group buying deal in particular (i.e. we train our staff).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. We set a limit to the minimum & maximum number of coupons to be sold.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. We make sure to highlight our signature product/service in the deal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. We clearly map out the customers' experience when creating the deal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. We offer a guarantee with the deal.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. We prefer to offer bonuses (free products/services with every product/service bought) instead of offering a big discount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. We make sure we are transparent at all times (when creating the deal & throughout the customers' experience).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Through Group Buying, our business benefitted from:					
a. Prepaid/New customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. The chance to build repeat business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. The chance to upsell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Enhanced reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Enhanced Brand exposure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2:

Kindly give the appropriate information below:

12. Sector of activity _____

13. Number of Employees _____

14. Years in Business _____

15. Your Position _____