



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

# What's the deal?

- a study of the underlying motives for looking at and buying daily deals online



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Catharina Arnbert and Yvonne Rubinstein

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Tutor: Cecilia Solér

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## Preface

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The thesis is written in the field of marketing and consumer behavior during spring 2012 at the School of Economics, Business and Law in Gothenburg. The aim of the thesis is to discover which underlying motives that are driving people to look at and buy daily deals.

We would like to give our thanks to our tutor, Cecilia Solér who has helped and advised us during the whole writing process.

Additional thanks are given to Alexander Hars, founder of Let's Deal. He has been willing to help us with background information about the field, which has been of great value to us during the writing process.

We also thank our contact person at Groupon who provided us with useful statistics.

Finally, we give many thanks to the women that have participated in our study and given us an insight into how they look at their deal shopping and the personal reasons behind it. Their answers and comments are the base of this study.

Gothenburg, 22 May 2012

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Catharina Arnbert

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Yvonne Rubinstein

## Abstract

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Online stores are now facing competition from daily deal websites, offering new items and services each day, during a limited time and to a highly reduced price. The daily deal websites are growing and more actors are appearing online, offering all kinds of deals as well as more specialised deals within a specific category. Today, consumers embrace the business with open arms and people are buying deals as never before.

The purpose of the thesis is to understand why people are attracted to daily deals. In order to find out why, the following research questions have been established:

- *What are the reasons for looking at and buying daily deals online?*
- *What are the characteristics of daily deal consumers?*

In order to be able to answer the questions, seven women who look at and buy daily deals online are interviewed. The interviews have a qualitative approach in order to receive a deeper understanding of the women's shopping behaviour when it comes to daily deals online.

The results received and the analysis made with help from the theoretical framework, show that when looking at and buying daily deals, all respondents do have a similar view of the daily deal consumer. They all consider a woman, in the age of 20 to 40 with knowledge in Internet. Women within this spectrum are considered to be well educated in how to use the Internet and consequently, also more prone to looking at deals online. Furthermore, the consumer is also rather price oriented with knowledge about reference prices; therefore they know when the deal can be considered a good deal. Regarding the motives, buying daily deals is considered a way of allowing yourself to do something you normally would not do. The items and services available on deal are all regarded as things that the respondents normally would not buy at full price and, consequently, it becomes a way of escaping from daily routines. Whereas price often is considered being the main driving force behind searching for good deals, we found that this factor is not as strong as we initially thought. Searching the websites for potential purchase is more of a way of to find pleasure and having fun.

The main conclusions drawn are that daily deal websites are considered a way of exploring something new and fun that not everyone have access to. In addition to listed motives, paying less for the same thing is also thought of as contributing to a feeling of pride which motivates consumers purchasing the deals.

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## Definitions

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**Cognitive dissonance:** The discomfort when having two conflicting beliefs, attitudes or behaviours. Changing one of the factors often decreases this discomfort (McLeod, 2008).

**Daily deals:** Online deals offered during a limited time period on websites specified on offering products and/or services at reduced prices.

**Deal proneness:** A propensity to be attracted to deals, which does not always develop into a purchase.

**Group buying:** The phenomenon of people getting together as a requirement for purchasing goods and/or services at a lower price.

**Mobile application:** Program downloaded to your mobile phone, which gives you updates and news from the particular company behind the application.

**Referral bonus:** Bonus received when a recommendation to a friend leads to a purchase.

**Social e-commerce:** Online shopping where comments and product related experience can be shared among the consumers.

**Walls on Facebook:** Similar to a personal notice board where people can write you messages and you can upload links, pictures and personal comments on your Facebook account.

## 1. Introduction

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*The introduction will depict the current situation on the daily deal websites and explain why this field is of great interest. The largest daily deal actors on the market are also described in order to give an understanding of the business. Furthermore, the aim and research question is explained which works as a foundation throughout the thesis.*

### 1.1 Background

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E-commerce has during the last couple of years emerged and new actors have entered the web. Virtual stores are now competing with online market places. With that, a new form of advertising, daily deals online has emerged. Companies specialized in daily deals offer time-limited offers online on vouchers for products as well as services. This gives the companies behind the deal a possibility to reach a large number of consumers at a comparably low cost. In turn, consumers are able to buy vouchers for products and services at a discounted price. Initially, each deal offered required a certain amount of buyers in order for the deal to become valid, which explains the old term *group buying*. However, today many of the actors do only require one consumer to make the deal valid and, consequently, the term group buying is less applicable. The term daily deals are hence used. It is interesting to study what actually makes people motivated to use this channel, in terms of searching for as well as purchasing goods or services on deal.

The consumers are actively looking for and discovering the deals available on the deal sites and their actions are similar to looking in an advertisement leaflet before going to the store. New actors have however changed the role of the consumer into a more passive direction. Many daily deal sites send emails and mobile notifications to their customers and some actors have also made it possible for the consumer to choose which deals they want to be informed about. In addition, consumers can see deals available near their current location through mobile applications. All these developments have simplified the usage of the service.

Sales and discounted prices sometimes have a tendency to make people behave in a somewhat uncontrolled way and shopping during sales can be a rather turbulent experience. Some consumers will stay mostly calm and rational but for others, sales and discounts somehow transform the consumers into goal-oriented animals on the Savannah hunting for the best bargain. Although sales and discounts online prevent the physical encountering, which occurs during sales in physical stores, we still believe that consumers get a similar type of stimulation when making a good deal online. However, we believe that there might be other factors than price and time that motivate consumers to visit daily deal sites and make deals online. The question is just what these reasons are?

## 1.2 Groupon and Let's Deal

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Moving from virtual shops to online marketplaces with daily deals, an increased number of actors see the daily deal channel as a lucrative forum for reaching potential consumers (E24 Näringsliv, 2011). When looking at the number of members of daily deal companies, Let's Deal and Groupon are considered the largest actors on the Swedish daily deal market and their deals can on a daily basis be found in newspapers, on online banners and other websites. In order to make a purchase on a daily deal website you need to become a member. The membership is free of charges but enables the daily deal companies to collect information about their customers and their shopping habits.

### 1.2.1 Groupon

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Groupon is an American company, founded in 2008 in Chicago and is today available in 48 countries around the world (Groupon, 2012a). The company has been present on the Swedish market since 2010 (Groupon, 2012b) and is today one of the largest deal sites in Sweden. There are approximately one million members registered on the Swedish website, which has about 50 000 – 100 000 unique visitors each day. Similar as for Let's Deal, women are representing the highest share of users, which sum up to about 66%. Most members are between 31 and 40 years old but the age range 41 to 55 years is also highly represented.

Selling products and services through Groupon can be seen as an effective way to market and expose what the company offers. Through newsletters, Groupon's website and mobile application, the products and services are normally marketed for about 1 – 3 days. The deals have a minimum discount of 50% compared to original price and the range of offers is wide, covering restaurant visits, beauty salons and events among others. Regarding the companies behind the deals, Groupon cannot distinguish any specific pattern and all types of business use their service, such as big, small, newly established as well as more established ones (Groupon, 2012-04-13).

Groupon claims that the typical customer tries to find the best excuse for trying something new, rather than to look for the best deal. News about the deals can be shared among the consumers through social platforms online, which in turn creates knowledge about and interest in the company (Groupon Works, 2012a).



### 1.2.2 Let's Deal

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In March 2010 Let's Deal was launched in Gothenburg by the Swedish company Economy OK AB (Let's Deal, 2012a). The same year, the Norwegian media group Schibsted, owner of several large newspapers in Sweden and Norway, bought shares in the company and since April this year they are the majority owners (Dagensmedia 2012, Schibsted, 2012). The head office is situated in Gothenburg with around 50 employees. Today, the company has 400'000 registered members in Sweden and offers deals in Sweden's four largest cities as well as in six of the largest cities in Norway. In addition, they offer travel deals as well as shopping deals that do not require a specific location of the buyer. In Sweden, women represent about 70 percent of all members and most members are between 25 and 45 years old, with an average age of 37 years.

The companies using Let's Deal as a mean of advertising are operating in many different areas, ranging from restaurants and coffee shops to hairdressers and travel agencies. On the website, Let's Deal say that they are here to help their customers "discover new things in your city" (Let's Deal, 2012b). Even though there is a great variety of companies and businesses, a tendency can be seen that seasonal businesses are more attracted to use this kind of advertisement in order to raise sales during low season. In addition, companies located in areas where there are not many people passing by, are more attracted to advertising with deals since it provides them with customers who might not have found them otherwise. Using a deal site in order to attract new customers can increase the chance of these customers becoming regular customers and thereafter, from a business perspective, increase the word-of-mouth communication.

Let's Deal points out that they only choose and offer deals that they are in particular interested in and would buy themselves. From a customer perspective, this can generate a feeling of making a safe purchase. The company also finds it important to offer a large variety of deals in order to appeal to a wide spectrum of consumers as well as to ensure that the current visitors stay curious (Let's Deal, 2012c).

### 1.3 Problem discussion

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Looking at and buying daily deals online is thought to have several underlying motives, which all appear before, during and after the action. Consumers attracted to daily deals are also thought to have a specific set of requirements when they examine the deals and in turn, the action of deal consumption is thought of being different from buying product in a physical store. Studies on proneness of making deals in general were conducted already in the 1960's, where in particular American households were examined (Webster, 1965). Webster discovered that older housewives were considered typical deal-prone consumers, as they

tended to buy fewer products but from a wide range of brands. This contradicted the general view of heavy users, dedicated to a specific brand. The author also states that especially the low users of a specific brand are more willing to wait for it to be sold on deal, compared to heavy users, which are more or less forced to buy it at the current price. The term deal proneness is widely defined and the definitions are somewhat dispersed. According to Webster (1965) it is seen as a function of a consumer's buying behaviour and the frequency at which a brand is sold on a deal basis. Thaler (1983) describes deal prone consumers as people who are more likely to buy something on deal, only because it is on deal, but then never use the purchased item. Additional studies on deal proneness have been made and the definitions have been supplemented with several consumer profiles. Segmentation according to the individual purchase behaviour of consumers creates different profiles with specific characteristics for each type (Schneider & Currim, 1990). The authors distinguish an active and a passive deal proneness in terms of the search for promotions. The active consumer actively looks for promotions inside as well as outside the store, while the passive consumer only looks for promotions in store. As seen, characteristics of deal prone consumers in general are distinguished from general consumption behaviour.

From a behavioural point of view, we believe that the driving factors behind the deal purchase might be different compared to a purchase of a promotion in a physical or virtual store. The level of proneness within different consumer segments is assumed to vary (Lichtenstein 1997), and this thesis will hence strive to understand why.

In previous research within the field of daily deals a lot of focus has also been placed on the financial benefits for the consumer. When referring to consumers who use daily deals websites, it seems to be common to describe them as consumers primarily concerned about the low prices and the possibility to save time, often referred to as functional factors. These rather rational factors are believed to have an important role in the evaluation of the deals, but only focusing on them might be too simple.

We believe that neither functional nor non-functional factors should be ignored, but the thesis focuses primarily on the non-functional aspects, as we believe that these will depict a more behavioural explanation of the underlying motives for buying daily deals. Studies on the behavioural aspects of daily deals online in particular are also not thoroughly examined and most focus is either put on deals in terms of vouchers and coupons or, as mentioned previously, on profitability for the companies using on the deal websites. For this reason, we believe that there are still much to explore within the field and in particular when it comes to the motives behind the purchase.

The thesis is written in the field of consumer behaviour and the results are thought to be of great interest for further research on the subject. Knowing your customers and the specific motives that drives them to make specific purchases are important both from a performance perspective and from a profitability perspective (Limehouse, 1999). Hopefully, our study will be of help for daily deal companies, who can learn more about their customers. By knowing what the costumers look at, how they act when finding a deal interesting as well as their general feeling about their daily deals online, daily deal companies can customize their services even more. Moreover, the thesis can give companies who are considering using this channel a better understanding of the consumers and the reasons for their behaviour.

#### 1.4 Aim and Research question

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Based on the problem statement, the following aim has been created:

- *The aim of this thesis is to understand why people are attracted to daily deals online.*

The aim is not set on a specific category of products or services, but is thought to give a more general understanding of why people are attracted to the deals. In order to understand this attraction, the motives behind it have to be examined. This leads us to the following research questions:

- *What are the reasons for looking at and buying daily deals online?*
- *What are the characteristics of daily deal consumers?*

## 2. Theoretical framework

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*The theoretical framework explains the theories and models that are considered to be of importance for the research. The framework starts out by describing general terms and continually goes deeper into motive based purchase theories. The applicability and potential usage of the theories is described and the theories cover both functional as well as non-functional aspects of both shopping in general and online shopping. The theories are thereafter applied on daily deal shopping in particular. Further theories on online shopping specifically are excluded, as they are not found important in order to understand our findings.*

### 2.1 Shopping personalities

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Bellenger, Robertson and Greenberg (1977) have conducted a study on why people shop at factory outlets. We believe that there are similar patterns between shopping at factory outlets and shopping on daily deal websites, as they are both marketplaces that consumers visit specifically to find items at bargain prices. Bellenger et al. (1977) divide the general consumers into two categories, *recreational shoppers* and *economic shoppers*. Recreational shoppers value a variety in supply of products and are not as concerned about economical issues as the economic shoppers, who are more cost and convenience oriented. Furthermore, William, Slama and Rogers (1985) describe the *recreational shopper* as a consumer who enjoys shopping and gives purchasing advice to others. A higher proneness to deals, as well as a positive attitude towards advertisement, is observed among this group of shoppers. An additional characteristic of the recreational shoppers is their willingness to spend time on shopping (Karande & Ganesh, 2000). Results from the study lead to two more definitions, *serious economic shoppers* and *time conscious deal prone shoppers*. The first group consists of brand conscious shoppers who want a lot of information before purchasing, while the second group find deal seeking important and spend limited time on shopping in general (Karande & Ganesh, 2000). Although these studies are focused on physical stores and might not be totally applicable on our study, they still give us different ways of segmenting deal-prone consumers and might help us distinguish between different characters among consumers who make daily deals online.

### 2.2 Demographics and shopping

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Harmon and Hill (2003) further investigate how gender affects the usage of coupons in different product categories. The study finds out that there is a shift in the general shopping patterns indicating that men are increasing their share of shopping. Men also represent a higher proportion of online shopping, but women are gradually coming closer. However, women represent the highest usage of coupons and when shopping

online, women are more prone to use coupons than men. The only situations of purchase online when men are more prone to use coupons are when it considers electrical items and computers. Additional findings from the study show that age has a more significant impact on coupon usage for women than for men. Older women are more prone to use coupons for groceries and in-store items than younger women.

Since the daily deals are sold online, we assume that viewing and buying the deals requires at least some basic understanding and knowledge of how the Internet works. Earlier experience with shopping online can also be in favour. Consequently, we do further believe that some people actively choose not to buy online deals due to limited understanding of how to do it in practice. The most dominating age group on both Groupon and Let's Deal are people between 25 and 45 years. Schewe and Meredith (2004) studies the so-called *N-generation* that consists of people born 1977 or later who today are up to 35 years old. The generation is explained by the fact that the introduction of Internet is thought to have played a great role in their life and still does. This theory is relevant since daily deals are provided online and knowledge of the Internet among different ages could explain the correlation between shopping deals online and age.

## 2.3 Non-functional motives

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Mentioned literature so far has primarily focused on physical motives behind promotion and shopping. These factors are in a sense important but a more psychological approach based on *non-functional motives* is valuable when distinguishing alternative factors affecting the consumer behaviour. We have chosen to focus on models and theories supporting non-functional motives, as we believe that these can depict a more specific profile of daily deal consumers compared to other online consumers.

### 2.3.1 Motives by Tauber

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Studies conducted by Tauber (1972) on purchasing motives are often mentioned within the field and are still today used in order to understand shopping motives. The author explores eleven motives behind purchasing and divides them into personal and social motives (see table 1).

Table 1: Tauber (1972)

<b>PERSONAL MOTIVES</b>	<b>EXPLANATION</b>
<b>Role playing</b>	<i>Behaving as learned and in accordance to what is expected for their role</i>
<b>Diversion</b>	<i>Being able to do something outside the daily routines and escaping from the reality</i>
<b>Self-gratification</b>	<i>Buying something to avoid a negative psychological state</i>
<b>Learning about new trends</b>	<i>Shopping or only looking at products make the consumers more up to date</i>
<b>Physical activity</b>	<i>Walking around in stores is a way of being physically active</i>
<b>Sensory stimulation</b>	<i>The consumers are stimulated in terms of their senses</i>
<b>SOCIAL MOTIVES</b>	<b>EXPLANATION</b>
<b>Social experience outside the home</b>	<i>A way of meeting people, both directly and indirectly</i>
<b>Communication with others having similar interest</b>	<i>Meeting people in store who have similar interest</i>
<b>Peer group attraction</b>	<i>A store can be a arena for a specific peer group</i>
<b>Status and authority</b>	<i>Master and servant relationship where the employees compete over the buyer</i>
<b>Pleasure of bargaining</b>	<i>The feeling of paying less for the same product</i>

Further studies explain that diversion, self-gratification and learning about new trends are strong motives for online buying, whereas role-playing, physical attraction and sensory stimulation are not considered being as descriptive (Parson, 2002). Tauber (1972) also argues that social and communicative motives can be found behind the purchase, something that is also considered by Kozinets (1999) who says that “online interactions are becoming an important *supplement* to social and consumption behaviour” (p. 253).

### 2.3.2 Motives by Westbrook and Black

Westbrook and Black (1985) study underlying motives received when purchasing (see table 2). They are all based on the satisfaction consumers receive when shopping, which later can be used when describing different consumer types. The authors distinguish seven different underlying motivations, which are described in the table below. The theory works as a complement to the motives explored by Tauber (1972).

Table 2: Westbrook and Black (1985)

<b>MOTIVES</b>	<b>EXPLANATION</b>
<b>Expected utility</b>	<i>Benefits from purchasing the product</i>
<b>Role enactment</b>	<i>Acting in a way that is considered as normal when purchasing, for example price comparisons.</i>
<b>Negotiation</b>	<i>Bargaining with salesperson about the price</i>
<b>Optimization of the choice</b>	<i>The motivation from looking for and exploring products which can meet the individual demands</i>
<b>Connection to others</b>	<i>Either direct (social interaction and communication) or indirect (identification with reference group).</i>
<b>Power and authority</b>	<i>Considered the social position the customer receives for example through the attention and service received.</i>
<b>Stimulation</b>	<i>Stimuli received from the physical surrounding.</i>

### 2.3.3 Motives by Arnold and Reynolds

In addition to Tauber’s shopping motives (1972), Arnold and Reynolds (2003) have found additional motivations based on the six hedonic aspects (see table 3), which are of interest to consider when studying the daily deal consumers.

Table 3: Arnold and Reynolds (2003)

<b>MOTIVES</b>	<b>EXPLANATION</b>
<b>Adventure shopping</b>	<i>Gives the consumer excitement and gives them a feeling of adventure.</i>
<b>Social shopping</b>	<i>A good excuse to both be social with friends and family and shop at the same time.</i>
<b>Gratification shopping</b>	<i>Some consumers buy for gratification reasons to decrease stress or to give themselves something extra.</i>
<b>Idea shopping</b>	<i>Ability to be up-to-date regarding innovations and latest trends</i>
<b>Role shopping</b>	<i>The feeling of buying things for someone else.</i>
<b>Value shopping</b>	<i>Getting as much as possible to the lowest price.</i>

### 2.3.4 Other non-functional motives

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Schindler (1989) studies the excitement of making a bargain in addition to utilitarian reasons. The author explores the term *smartshopper feelings*, which is regarded as an ego-related affect generated by the price. The consumers having these feelings are considered to be deal prone and the so-called ego-feelings that arise are competence and efficacy. The author further argues that the relationship between price and received quality can create different emotions among consumers depending on the levels of the two factors. When buying something of good quality to a high price, a feeling of pride arises, something that is often shown to the outside. However, when buying something with only average quality to a high price the observed feeling are different. Whereas the buyer becomes rather angry about the uneconomical purchase, the observer gets a feeling of being superior.

Scitovsky (1976) further argues that the consumer does not only have his requirements set, knows what he wants and only fails when he does not have the resources. When it comes to consumer behaviour, he adds that the search to discover something hidden and on beforehand unknown creates a satisfaction which should not be neglected from the more rational behaviours of consumption. For this thesis, this theory is assumed to have high importance as we move away from the functional and rational aspects of the consumer and into more non-functional aspects.

## 2.4 Non-functional profiles

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Apart from the driving reasons behind shopping, different profiles have been created which work as means to label different types of consumers. Studies conducted by Wolfenbarger and Gilly (2000) on reasons behind online shopping places consumers into two categories: *rational consumers seeking goal-fulfilment and utility*, and *experience-seeking consumers*. The authors claim that the experience-seeking consumers find enjoyment in seeking for the best deal. Rational consumers however are more task-oriented, viewing their activity in terms of work and accomplishment. Apart from these two relatively modest characters, further descriptions of deal-prone consumers have been presented by Gabriel and Lang (2006). They describe the so-called *bargain hunter* as a consumer delighted to discover and make bargains. The authors emphasize that making a bargain is not the same thing as getting value for money. It is rather the feeling of discovering something hidden that is not available to everybody. Moreover, our self-esteem tends to increase when we discover and make a bargain. Scarcity was presented by Cialdini and Rhoads in 2001 as one of the psychological principles that affect human behaviour, stating that “Items and opportunities become more attractive as they become less available” (p. 10). Adding the aspect of competing for the limited supply with other consumers, further explains the desire for the products. The



theory is highly applicable on daily deals online where there are a limited number of deals during a limited time period.

### 3. Methodology

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*The methodology chapter is thought to give an insight to how the study was conducted. Lack of transparency is a common criticism towards qualitative methods as the reader rarely gets a completely clear picture of the circumstances of the interview (Boolsen 2007). This chapter is designed to give a clearer picture of our interviews as well as the process of analysing the collected material.*

#### 3.1 Qualitative methodology

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In order to get a deeper understanding of why people visit daily deal websites, we have chosen to use qualitative research as a mean to collect primary data. The usage of a qualitative method enabled us to receive both general and in depth information. The results of our data collection and empirical findings worked as primary data, and was thereafter analysed with the help of secondary data from the theoretical framework.

As we believed that there were other underlying motives for making daily deals than only functional aspects, such as price and time, we took into consideration that personal motives could be somewhat difficult to talk about. In order to get as honest responses as possible and prevent the respondents from adjusting their opinions due to fear of being viewed as different or strange, we chose to conduct individual interviews rather than group interviews. Individual interviews also reduce the risk of some respondents taking more space than others. May (1997) recommends using a semi-structured form when looking for deeper answers explained in the respondents' own way, which we found suiting for our study.

#### 3.2 Selection & Scope

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As we were aware of the impossibility to include every single type of daily deal consumer, we decided on some restrictions. First of all, we have chosen to base our studies only on those who have experience with daily deal companies and visit their web pages regularly. Moreover, the study is solely based on women as they represent the majority of the members on the different deal sites (Alexander Hars 2012-04-17, Groupon, 2012-04-13). Because of practical reasons, all the respondents in our study were residents in Gothenburg, the city of our university. No further limitations were initially made, since we had to take into account the difficulty to recruit people for the interviews. By not having a too narrow scope when recruiting, we increased our odds to find a sufficient amount of interviewees. In case of a large amount of willing respondents, further limitations would have been made.

The recruitment of the respondents took place online, with Facebook as the main platform. We posted a

link to our recruitment form on the pages or “walls” of most daily deal companies, as well as larger companies and associations located in or nearby Gothenburg. In order to attract enough consumers to voluntarily take part in our study we mentioned receiving a small gift as an incentive for taking part in the study. The original idea was to divide the respondents into two groups, regular visitors (every day) and rare visitors (once a week). This division was thought to be necessary, as we believed that there might be different underlying motives for visiting daily deal websites within these two groups, which we wanted to study further. However, we early discovered that recruiting respondents was not as easy as we thought it would be. Consequently, we had to change our original plan with two groups and decided on the requirement being looking at daily deals at least once a week. We have not made any restrictions on the type of products and services that the respondents are interested in as most consumers on daily deal websites look at a wide variety of deals.

When conducting individual interviews you usually receive large amounts of data (Jacobsen 2002) so the time period for this research had to be considered when deciding how many interviews we should carry out. In addition, the “law of diminishing information” also had to be considered, as after a certain amount of interviews the amount of new information received at the next interview declines (Trost 2005). We believed that eight interviews was a good amount to provide us with sufficient information for our study but felt that we had the information we needed after seven interviews. In all, nine respondents were recruited in order to both be on the safe side regarding the information received as well as in case of any dropout. In order for the interviewees not to feel outnumbered and thereby shy and reserved, we divided the interviews between us so that only one of us was attending each interview. The interviews were held in study rooms at the university library and lasted for about one hour each. We considered the study rooms a good place to interview, as the amount of disturbance was limited. In order to get a more familiar atmosphere, mineral water and candy was supplied.

Before conducting the interviews we made a test interview in order to see if there was a need for adjustments in our interview guide regarding questions or the way we conducted the interviews. The test interview made us realize the importance of asking follow-up questions during the interview in order to get an even deeper understanding to why the respondents have a particular opinion. We did also realize the need to ask follow-up questions in order to really get beneath the rational surface. As we knew that the time for the interviews was limited and that we more or less only had one chance to conduct them, the test interview was an excellent way for us to be prepared for, and efficient, during the actual interviews.

### 3.3 The respondents

The respondents in our study were between 22 and 62 years old, within the age range of the members of the largest daily deals websites in Sweden, Let's Deal and Groupon. Moreover, the occupation varied among the respondents, which hopefully contributed to more diverse opinions. The table below presents our respondents.

*Table 4: The respondents*

Name	Age	Occupation	Marital status	Look at daily deals	Buy daily deals
<b>Karin</b>	22	Student	Cohabiting	Every day	A couple of times per year
<b>Hanna</b>	24	Dentist	Cohabiting	Once a week	A couple of times per year
<b>Louise</b>	24	Student	Cohabiting	Every day	Once a month
<b>Amanda</b>	27	Student	Cohabiting	Every day	Once a month
<b>Åsa</b>	42	On sick leave	Single	Once a week	Once a month
<b>Ewa</b>	57	Scientist	Single	Every second week	A couple of times per year
<b>Marie</b>	62	Teacher	Cohabiting	A couple of times per week	A couple of times per year

### 3.4 The interviews

The interviews were conducted during a time period of two weeks. In order to stay focused, be able to evaluate the process and have time to transcribe the interviews we put a limit to one interview per person and day. This also enabled us to meet up and talk about the interviews and give feedback and suggestions. The interviews were held at the university and we always made sure that the person who did not conduct the interview met the respondent outside the building and led her up to the interview room. By this mean, the respondent met both of us and there was time for some talking before the interview, in order to create a more familiar setting.

During the interviews, we made sure to cover as many questions from the interview guide (Appendix 1) without interfering the interviewee too much. The estimated durance of the interview was one hour, which turned out to be a suitable amount of time to cover all the questions without making the interviewees too tired. The respondent were fully allowed to talk freely about the subject but when we noticed that the

respondent started to talk about things not related to the subject, questions were asked which indirectly lead the respondents back to the topic. All the interviews were recorded with permission from the interviewees.

After every interview, the recorded material was transcribed in order to simplify the compilation of the empirical framework. The material was also evaluated in terms of relevance and only the material interesting for our thesis was included in the empirical framework.

### 3.5 Transcribing and translating

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When transcribing interviews it can be difficult to transform the spoken words into written sentences with the correct paragraphs and punctuations (Marshall & Rossman, 2011). In order to ensure that the transcripts were as close to the truth as possible, we carried out the empirical compiling as soon as possible after the interviews. This enabled us to observe and interpret the material while having the interviews fresh in mind.

The interviews were conducted in Swedish, the mother tongue of both interviewers and interviewees. Therefore, the collected data was translated when compiling to empirical results. Esposito (2001) discusses the translator's role not only as a translator, but also as an interpreter. With this in mind, we were careful when translating in order to deliver a good interpretation of the data to the reader. Marshall & Rossman (2011) say that the translating process is especially complicated when an external party is conducting it. The fact that we were responsible for the whole process of this study should reduce the risks of misinterpretation.

### 3.6 Compiling the interview data

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Initially, we believed that our interviews would make us able to find empirical material that would help us identifying different consumer types. This method is based on the idea of distinguishing specific characteristics, and thereafter putting them in contrast to each other (Esiasson, Gilljam, Oscarsson & Wängnerud, 2012). We could however not find distinguished consumer profiles when analysing the empirical data but a larger number of respondents, and thereby a larger amount of data, might have enabled this kind of categorisation. Starrin & Svensson (1994) describe qualitative research from a phenomenographic perspective. The theory states that the aim of the research is to identify perceptions and thereafter to describe the variation of the perceptions. Moreover, although the respondents have

different characteristics, similar perceptions were found among the respondents. The interviews were consequently examined by finding central aspects common to many respondents.

After conducting the interviews, the transcribed material was read through several times. We primarily wanted to get an overview of the material as well as find similarities and reoccurring statements and opinions. Secondly, similarities and differences among the answers were examined in order to organize the material as well as to present it in an easily comprehensible way. Starrin & Svensson (1994) further explore the action of assembling the responses from the respondents into different categories when handling empirical data. As mentioned before, we were not able to distinguish any clear patterns of categories; therefore, our empirical material is based on the central aspects among the respondents.

### 3.7 Analysis of the empirical data

When the compiling of the data from the interviews was completed, we compared one finding a time with previously found theory. In order to support and explain our research, complementary theory was sometimes needed, which thereafter was added to the theoretical framework. When comparing the empirical data with the theoretical framework, we looked for similarities as well as differences. This enabled us to explain what we had found and also test if the theories were applicable on daily deals online in particular.

As mentioned before, the theoretical framework is primarily focused on physical coupons and on bargaining in general. Hence, we had to explore to what extend these theories were valid also for daily deals online. In addition, by the end of the analysing process we noticed that some theory we had found earlier was not relevant enough and was hence removed from our theoretical framework.

### 3.8 Analysis of the method

We believe that using qualitative methods gave us a good understanding of the motives behind visiting daily deal websites. This enabled us to receive the respondents' less rational opinions and thereby allowed us to go deeper into their reasoning and actions. Complementing with a quantitative method could have validated our findings. When answering a survey anonymously and in private, it might be easier to give more honest opinions.

Recruiting interviewees was harder than we believed. We did contact the largest daily deal websites early on in the process but working even closer to the daily deal companies when recruiting could have made

the process easier. Recruiting from their existing members could have given us room for a more critical choice of respondents and offering the interviewees credits to shop for at the daily deal websites would probably lead to a larger amount of willing participants.

It could have been interesting to also interview some consumers who have little experience of daily deal websites but are not exposed to the deals every day. This could have given us an even better understanding of the motives, when comparing and analysing the differences between these two groups.

The respondents did all have a positive record of their purchases and were all happy about the service. Consequently, this might have lead to a rather distorted view of the deals, as all their purchase references were positive. The analyses and conclusions drawn about the motives might therefore be too positive and optimistic. With more negative experience, the answers received might have been more diverse.

### 3.9 Evaluation and reliability of the results

The results received and the conclusions drawn are based on seven respondents, all considered as regular daily deal visitors. Since the thesis is based on a qualitative method, where personal thoughts and motives were investigated, every single consumer has their own reasons for buying daily deals and the results can therefore vary. More interviews, with a larger spectrum of ages and occupations, might need to be conducted in order to make a more general statement of daily deal consumers. Also, an additional quantitative research could further strengthen the reliability of our results.

## 4. Empirical framework

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*In the following section the interviews are described, followed by a presentation of the data retrieved from the interviews. The results are divided into five subgroups, for example finding deals, looking at deals and recommending deals. All five groups represent different perspectives applicable on daily deals online. The answers are based on questions from the interview guide, which is found in Appendix I. the answers received will in turn help us answer our research questions.*

### 4.2 How to find the deals

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The most common way of discovering deals is through emails sent from the deal companies. Most respondents receive newsletters and mobile notifications from both Let's Deal and Groupon or at least from one of them. Others go straight to the websites, through links saved on their web browser. One respondent looks at up to seven different daily deal websites, ranging from those offering all kinds of deals, like Let's Deal and Groupon, to more niche websites specialised on travels and spa. Those who do receive newsletters with the latest deals look at the email first and if they find something interesting they click on the link in order to get to the webpage and read more about the deal. Some, especially among the younger respondents, use the mobile application and buy the deal straight from their cellular phone. Their payment details are saved on their personal account which makes the purchase just a click away. One respondent mentions checking the daily deal

*"I look at the deals because I have them on my phone. Sometimes I check their website, or go through Facebook, if there's something interesting. It's so practical that you can buy the deals on your phone. I've linked my VISA to the account so I can just click 'Buy'."*

Karin, 22

websites as a part of her daily routine, and can even stay up for a bit longer in the evening in order to see the new deals presented at midnight. Seeing the deals on Facebook and from there reaching the websites is another way of discovering the deals, mentioned by one of the more sporadic daily deal website visitors.

*"I check the deal sites every day, either in the morning or just after midnight when the new deals appear. I have them saved in my browser so I check them one after one to see if there's anything that I want to buy."*

Amanda, 27

### 4.3 How to explore the deals

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Factors that most respondents are looking at when considering a deal are the size of the discount, the location of the company, the validity period and other conditions. The number of buyers is also considered as an indicator of how safe or good a deal is. Some say that they have learned

*"If there are only 10 buyers for a cafe in the city centre, then I get suspicious, especially if I don't know the cafe."*

Åsa, 42



to be suspicious when something sounds too good and therefore look closely for a reason for the big discount. A few respondents are satisfied with the information provided by the deal website but when the respondents are not very familiar with the company behind the deal, most choose to look at the website of the company to get a better feeling of the company. Some respondents search for further information on price comparison websites and look for comments in online chat rooms and on social platforms before purchase. The respondents state that the more expensive the product or service is, the more information is needed before making a decision to buy.

*"It depends on the product. When I bought a deal on grocery delivery I looked at different companies to compare prices. I didn't look for further information about the facial treatment though; I knew it was a good price."*

Hanna, 24

*"I read through the conditions and checked the company's website. Once I bought a hotel stay but I checked what people had said about the hotel first."*

Louise, 24

When the sales period of the deal is short or there is a limited amount of deals, most respondents feel that they cannot use too much time to deliberate whether they should buy the deal or not, but make their choice rather fast. However, they still search for the information they need but do it right away instead.

Many of the respondents do more often buy services than tangible products. Services such as manicure, massage, and restaurant visits are often recurring. Some deals are ignored due to lack of interest from the respondent or due to the high price. Many of the respondents do look at deals that they not primarily are interested in, especially trips. Some do it just for fun and out of interest and others do it out of curiosity in case they might need it at a later point. A few respondents study the travel deals a bit more thorough and mean that they are a bit suspicious to how the deal can be so favourable.

*"Some deals are on things that I would like to do but I can't afford it, like spa or riding on Icelandic horses. Sometimes I click on them and think 'what if.'"*

Åsa, 42

Most respondents do not feel that there is a limit on how much a deal can cost. As long as the price is good enough and the information is clear and thorough, deals in all price ranges can be sold. Some respondents do feel a bigger need to search for further information and conditions when the price increases because the stake is higher when more money is involved. Furthermore, when the price is high at

*"It depends on the company behind the deal. If it's for example MacForum, then I could buy something more expensive because they're certified. But if a smaller retailer is selling something expensive, then I get suspicious. I would need to check for more information to make sure they're a serious company."*

Karin, 22

the same time as the company is unknown, the respondents mean that the need for information increases even more.

#### 4.4 Sharing with friends

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Many respondents tell their friends and family about available deals or the deals they have bought. Deals on activities that are usually performed with others, for example vouchers for restaurants or cafes, are also shared among friends and family. The reason for this is to make sure that there is someone to use the deal with, as many deals are designed to be used by two people. Most recommend deals only to be helpful but a few are also attracted by the bonus that they receive when a friend becomes a member and buys a deal for the first time. Most respondents say that recruiting a friend by sending a referral link in order to get a voucher is considered being too much work. They also find making money on their friends a bit uncomfortable and some compare it with pyramid selling schemes and spamming. Those who are attracted to the referral bonus do not agree with the previous opinion, since their friends do not lose anything by becoming members through referral.

*"I've read about the bonus but haven't thought much about it. I've been bombarded with 'invite your friends' on the Internet and find it annoying so I do not want to send requests to others. I'm not convinced that you make much money on it anyway."*  
Louise, 24

The respondents who also study deals that they, themselves, are not interested in do it with consideration to their friends and family. They mean that although the deal is not of particular interest to them, it might be something their friends might inquire. In that case, they send information about the deal to their friends or buy the deal as a gift.

The deal recommendations are usually either sent by email or uploaded on Facebook where it is visible to all friends. A few respondents are scarce with their recommendations and carefully select with whom they talk about the deals. Talking to friends who also buy daily deals is not considered as strange but when it comes to friends who are not daily dealers, they rather keep their deal activities for themselves. They say that they do not feel the need of sharing their purchases with others, partly because they do not want to show what they do and partly because they do not want to be perceived as too price conscious or greedy. Moreover, many feel that the deal has to be special and somewhat out of the ordinary to be

*"I told some friends about the pedicure and to some I also said it was bought on deal. I don't think that it's necessary information that I bought it as a deal, it's not something to brag about. Those that I did tell that it was a deal are friends that might also buy deals."*  
Ewa, 57

interesting to share with others. They mean that talking about deals on normal consumer goods and services, such as basic haircuts, are not as interesting for others and therefore they do not talk about it to the same extent.

Regarding giving a deal as a present most of the respondents has a positive attitude towards it. They mean that it is easier to be generous and that they consequently are able to give a bit extra when they get a discount, especially when being on a tight budget. Services and activities such as massage and wine tasting, which normally are perceived as rather expensive, are easier to give away when they are discounted. The respondents do often give away deals that they can use together with the recipient, as a social activity. In addition, most of the respondents in favour for deals as presents mean that they see nothing wrong with telling that the gift is bought on deal. A few respondents though, have a more diverse attitude towards giving away a deal. Giving away a deal to someone who could buy deals themselves is not considered as strange. In that case, the respondent can freely tell that the present is bought deal. On the contrary, if the receiver is not used to buying daily deals, the giver will not tell that it is bought on deal and they tend to buy deals on products that they can pick up themselves before giving them away. In this situation, the respondents explain that they neither tell that the present is bought on deal nor what it costs, with the explanation that this is not something that you normally share, no matter if the present is bought on a deal or not.

*"If I can invite a friend and get twice as much for the same price as if I had gone by myself, then sharing gives more. It's easier on the wallet. I could not have invited friends at the same extent, without deals."*

Åsa, 42

*"I've bought a deal on a tailor-made shirt and the person I gave it to got very happy. I don't think there's anything wrong with giving away a deal because that means that the person can get more, but it does feel a bit strange to just give a piece of paper and then the actual gift comes later."*

Marie, 62

#### 4.5 Loyalty towards the companies

When using a deal in a particular store, many respondents do this due to the deal and they normally do not return to the same store or company without a deal. Many of the deals they buy are frequently recurring deals and they know that if they miss the deal, it will come back shortly but from another company. The respondents who are students also believe that when they will get a fixed income they might

*"I only buy deals from places that seem good and serious so the regular prices are often rather high. If there was a special occasion, something to celebrate, and I had good experience from a place where I've been to with a deal, then I might go back and pay full price."*

Amanda, 27

return to the store even without a deal. They explain this with the deals they buy being too expensive to buy at full price and therefore they are only able to buy it on a deal. A few respondents say that they might go back, for example to a restaurant, without a deal as long as they were satisfied with their experience.

#### 4.6 The typical daily deal consumer

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Most of the respondents think of a typical deal consumer as a woman, in the age 20-40. The respondents mean that most deals offered are suited for women and consequently, more women are looking at the daily deals. They also claim that women are more prone to look at prices than men, and consequently, deals in general are of greater interest for them. On the other hand, a few respondents do not find that the deals are more appropriate for a certain sex. The deal consumer is believed to have a low to middle income which is explained by the perception that these people are keener on searching for discounted prices as their spending budget might be more limited. Some respondents mean that consumers with higher salaries are possible deal consumers as well but point out that, more expensive deals such as trips and hotel stays might be of greater interest for them. Some respondents look at the consumers as young people who are technically oriented. The respondents think that you have to be pretty familiar with shopping online when buying deals and unlike older people; young people tend to be more open-minded about the Internet. In addition, younger people are found to be more likely to have the deal sites applications on their smart phones, which should enable them to see the deals easier and more frequently. A few respondents do also perceive the deal consumer as a person attracted to sales and someone who likes making good deals.

*“Even if I would get 50’000 SEK a month for the rest of my life, I would still be buying deals. Maybe I would buy less coffe shop deals and only buy deals that are a bit extra, like for a place that I know that I like.”*  
Åsa, 42

#### 4.7 Feelings of a good deal

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When buying a deal, most respondent get a feeling of delight and accomplishment as well as satisfaction from having done something good for themselves. Although, when buying items that they also buy at full price, the feeling is not as strong. Furthermore, when missing a deal, either due to finding it too late or forgetting to buy it, a feeling of irritation arises among many respondents. However, the reaction tends to stop at that level and no further feelings appear. Many respondents explain this by saying that if they do not keep track of their purchased deals

*“If I look at a deal, think about it, and then forget about it, then it probably wasn’t meant for me to buy it. But if I discover it for the first time when it’s too late, then I would probably get irritated. I would probably get a bit grumpy and check the regular price. But after a while I would probably just think that it will most likely be on deal soon again.”*  
Louise, 24

or remember when the deals expire, it is their loss. In addition, most respondents claim that in all, it is just a deal and not the whole world. However, finding a deal when it is too late cause more disappointment than forgetting to buy a deal they have already seen. If a deal is missed, many of the respondents think that it will soon appear again and do not fret over it. The situations in which the respondent have been disappointed at the deal website is when the information given is not enough or when the actual deal cannot be found.

When asked what makes a good deal, favourable price, accessibility and novelty are the variables mentioned the most. It should be stated though, that all variables do not need to be met in order for it to be considered a good deal. Also, the deal does not necessary have to satisfy a specific demand, it can often be just a spontaneous purchase. Many respondents highlight the feeling you get when buying something they otherwise would not have bought.

*"Fish pedicure - that's a typical 'good deal'! It's something new, that you haven't tried before."*  
Ewa, 57

#### 4.8 Pros and cons

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Many respondents state that the daily deal websites are very user friendly as a purchase can be made with just a click. A few respondents have also connected their credit card to their personal account, which saves them both time and effort; as they only have to click on "buy". Some point out that it is favourable that the gift card is saved on the sites and in case of loss; they can always print it out again. Most respondents also appreciate receiving the gift card as a short message to their cell phone.

*"You save money and treat yourself with something that you wouldn't have without the deal."*  
Amanda, 27

Moreover, the chance to try something they normally would not have bought is another advantage experienced by many respondents. A couple of respondents believe there is a money-back guarantee in case the deal is not used, although they have never tried it to see if that really is the case.

Many respondents state that there is a risk that they buy things they do not really have any use for. They mean that the risk of buying a deal, only because it is a deal, might be bigger when you buy them online, compared with a deal in store. They feel that they cannot evaluate the product to the same extent. Some do also talk about the risk of becoming a shopaholic but the respondents do personally not see themselves in a risk position. Many

*"There's always the risk of being tempted to buy things that you don't really need."*  
Sara, 24

respondents do mention having bought deals that they later did not use, either because they simply forgot to, or because they did not find a good time to use it before the validity date expired. Some respondents do also question how safe it is when it comes to personal details but state that there probably should not be any problem if you keep track of them.

Many respondents do also consider it easier to buy something for themselves when it is on deal. These purchases are often something they probably would not have bought if it was not for the discount. One exception is deals to get a haircut, which most respondents often buy and say that they would have bought even if it were no deal. Since deals on hair cuts are very common, many respondents say that when in need for a haircut they can wait for the deal because they know that such a deal will return shortly. They also say that they can buy a deal for a haircut even though they do not need it at the moment, as long as the validity period is long enough.

#### 4.9 Online shopping

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When it comes to online shopping in general, the respondents are mostly positive. They all agree that it is a very simple and comfortable way of shopping and some also mention lower prices among the advantages of online shopping. When shopping in physical stores it rather more fun and social than convenient and simple as there are other people in the store and you have to search for the items more actively. Books, electronics and tickets are popular purchases made online. The majority also buy clothes online occasionally but point out that not being able to try them on before purchasing is a great disadvantage. Some respondents only buy clothes online when there is a big sale since they feel that when the clothes are sold at such a low price, they can take the risk of some clothes not fitting. There are split opinions on whether online shopping is more or less spontaneous than shopping in a physical store. Some say that when sitting at home you have more time to deliberate and research the products while others mean that shopping from home, not actually feeling the products, is persuasive and leads to more spontaneous and not thought-through purchases.

*"The accessibility, that I don't need to leave home and I don't have to deal with pushy sales people. It's convenient and simple. I think you make less hasty decisions online since you can sit down and think through before making the purchase."*  
Louise, 24

## 5. Analysis

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*In order to understand which motives can be found behind looking at and buying daily deals online, the following analysis is based on the empirical findings and the theoretical framework, presented earlier in the thesis. The results clearly show that there are several reasons for making daily deals online and they all different depending on the specific buyer.*

### 5.1 Daily deals are convenient

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To start with, it is clear that all respondents appreciate the convenience of receiving the deals through either their email or their mobile phone. They do not actively have to search for discounts and deals on each website that offers the service or item they require. It is shown that the most frequent shoppers on daily deals even have saved their payment details in the mobile application, which enables her to purchase by just clicking the “buy” button. The theory by Schneider and Currim (1990) on *active* versus *passive* deal proneness can very well be applied on the respondents. Although the theory is based on physical stores and consequently not totally applicable, we have still chosen to use it as we perceive the actual deal site as the physical store and all the other channels to get information about the daily deals as outside the store. The respondents who look at the deals through their email and their Facebook account or find them on the particular deal site can be translated into an active deal prone consumer as they look for promotions inside as well as outside the store, in this case the website. Moreover, the respondents who primarily look at the deals at the particular deal site can be viewed as a more passive deal prone consumer, only looking at deals at the website. Interestingly enough, the only respondent who exclusively looked at deals on the particular websites, thus considered to have a passive deal proneness, was the one who looked at up to seven different sites each day. Looking at such a large amount of websites each day takes a lot of time and, therefore, looking directly at the websites can be thought of being more time saving than always having to go through the email. The respondents typical for active deal proneness do on the other hand only look at about two to three deal websites a day and the time saved from looking directly at the deal site might not be as crucial.

### 5.2 Daily deals simplify shopping

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Daily deals are not only considered as convenient, but also time saving and easy. All respondents highlight the easiness in carrying out a purchase with just a click on the purchase button. Moreover, instead of keeping track of gift cards and other vouchers, everything can be saved on the mobile phone and by the time of purchase, they just have to show the code saved in their phone to the cashier and the deal is valid. These factors do all add up to the customization, which contributes to the positive feeling about the service. The only risk perceived, which can be a bit ironic when considering a risk, is the risk of



buying too much. Many respondents mean that there is a risk that you buy things that you do not want or have any use for. The disadvantage of buying deals online is that the respondents cannot evaluate the products to the same extent they would have in a physical store. This can be valid for all products bought online and consequently is not only applicable for daily deals. The inability to feel or see the products might however be more obvious when the validity time or the supply of the deal is limited. In this situation there might be more at stake as the buyer has to make a quick decision and the information needed might not be thoroughly found.

### 5.3 The need for information varies

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Regarding the purchase, different routines can be seen among the respondents and it is obvious that the company behind the deal influences the personal need of further information. A similar pattern is seen in terms of the willingness for further information and details regarding the item or service when the company is rather unknown. The location of the company or store in addition to comparison to original prices, agreement and responsibility is somewhat equal among the respondent. However, the search for additional comments and experience from previous buyers is not considered as that important for some. Karande and Garnesh (2000) refer to a *serious economic shopper* as a shopper who wants a lot of information before the purchase and who are considered as rather brand conscious. Similar pattern is found among the respondents and when there is a shortage of information and experience of the particular brand willingness for further information develops. Consequently, the consumer uses their brand knowledge as a way of evaluating the deal and can therefore be seen as rather brand conscious. Moreover, when the brand or company is unknown in addition to a high price the search for information increases even more and the consumers do feel that they put more money on stake. However, as long as the company is well known and trustworthy, as well as the information given is sufficient, there are no limits on how much a deal can cost.

### 5.4 Limited time - act fast!

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The deals offered are all valid for a limited time period. When looking at the deals, the respondents know that they cannot wait forever to determine whether they shall buy the deal or not. This creates a need to make a rather quick decision, based on the information given and the additional information found. The propensity to spontaneously buy the product increases when the deal is of great interest but the time period is limited. Cialdini and Rhoads (2001) describe it as a psychological principle that affects the human behaviour. The authors state that as items are becoming less available, they become more interesting, which we mean can be applied on buying daily deals online. The amount of time searching for additional



information does decrease as the time available decreases and the consumer has to make a rather quick decision. In addition, when the number of purchases is high and the sales period is short; many consumers rely on the high number of purchases and consequently have a higher tendency to make the deal without searching for further information. The high number of purchases in addition to a limited supply creates a feeling of security and the deal is consequently considered more attractive and safe to buy.

### 5.5 Daily deals bring joy to daily life

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The items or services bought on daily deals are in general things that the respondents would not have bought at full price. It is clear that they primarily do it for the pleasure of making a deal but also due to their sometimes rather tight budget. Once again, it is shown that the deal itself motivates the consumers to make the deal and the action is often more spontaneous than thoroughly planned. Wolfenbarger and Gilly (2000) depict two types of consumers, the *experience-seeking consumer* who finds enjoyment in searching for the best deal and the *rational consumer*, who seeks goal fulfilment and sees the deal seeking as a job. We have only found evidence that our respondents belong to the experience-seeking consumers as they all find delight in making a deal and none refer to it as a job or something with a rational goal. Pleasure of bargaining and diversion are two motives developed by Tauber (1972), which clearly describe this action. Pleasure of bargaining is described as the feeling you get when paying less for a product that is normally sold at a higher price. This has also been explained by Arnold and Reynolds (2003), who call it value shopping. This is applicable on the respondents as they expressed feeling good when buying items at a discounted price. Gabriel Lang (2006) similarly states that discovering and making bargains brings delight to, as well as increases the self-esteem for, the customers who he calls bargain hunters. Diversion focuses on the chance for the consumer to escape from the daily routines and do something they normally would not do. The consumers get access to things they normally would not afford at the original price, such as massage and expensive restaurant visits. The theory is further confirmed, as all respondents do believe that they would buy the item or service at full price if they had more money. Many of the deals are frequently recurring deals on the website, for example haircuts and massages. This ensures the respondents that they can buy the deal again at a later point in time at a similar reduced price. Similar tendency is speculated by Webster (1965) who states that when a consumer is a low user of a specific product, he or she is more willing to wait for the product to be on deal before purchase. However, all respondents state that if they have waited long enough for a deal on a hair cut that never comes, they are all willing to pay for it at full price. As a haircut is often considered as a commodity service, which people regularly buy, we believe that the personal need for it is bigger than the need of getting it as cheap as possible.

### 5.6 Daily dealers are less brand loyal

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Further studies conducted by Webster (1965) on American deal-prone housewives concluded that there was a tendency that these consumers bought products from a wide range of brands, rather than larger quantities from a smaller amount of brands. A similar pattern is found among the respondents as they, when buying deals online are in general not loyal to a specific brand and consequently, a product category-need is observed. As they buy what is on deal, the brand often changes, as it is the deal itself that matters. Consequently, the actual brand is of less importance and trying something new to a favourable price can be considered more important. However, similarities among the respondents show that the need for information is larger when the brand is completely unfamiliar to them. The brand is thought to be a guide for the consumer in evaluating the product and assures the consumer that the product is safe. In this situation when the need for further information increases, the consumer often thinks for a bit longer before buying.

### 5.7 Sharing with friends is not shameful

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One of the most noticeable reasons for looking at daily deals that are not of interest for you is to look for deals that might be of interest to your friends and family. In addition, if they have bought the deal and know that someone close also might be interested, they often recommend and tip about the deals they have done. Tauber (1972) has developed *social experience* as a motive behind buying and refers to a place or time outside the home for social interaction. Although the theory is based on shopping as a way of meeting people in real life, it can still be applicable on online deal shoppers. Recommendations and tipping through email or Facebook are today seen as a way of meeting people and consequently, it turns out to be a way of being social with your friends and family which Kozinets (1999) states as, “online interactions are becoming an important supplement to social and consumption behaviour”. Many of the respondents mean that it feels good to give advice and help their friends. Westbrook and Black (1985) highlight the motive of *connection to others*, in this case in a direct way through social interaction and communication. Clearly, giving advice to your friends is regarded as a social interaction and a way of “meeting”. When interviewing the respondents, it was difficult to distinguish if friends were recommended only in order to be helpful or due to more egoistic reasons. With egoistic reasons, we refer to the appreciation and sometimes increased popularity that the respondents might seek when tipping friends about deals.

Regarding with whom the respondent talk about daily deals, it is obvious that some do not want to share their deal making with all their friends. Many, especially those with a higher income, are very thoughtful

as to with whom they share their deal experience as they believe that they might be perceived in a negative way by those not prone to making deals. The subject on deal hunting and bargaining is a somewhat sensitive subject among some, as they want to avoid being perceived as greedy. There is also a fear of having paid too much money for a product with poor quality. Schindler (1989) argues that negative emotions can be caused by the unbalance in the relationship between price and quality. Having paid a high price for a product with average quality is observed to cause anger, instead of pride, which is observed when price corresponds to the quality. Not being ashamed or not trying to hide that you are shopping daily deals could be explained by the fact that the products and services sold on deals are not normally sold at the lower price. Therefore the consumers do not feel that they compromise on quality. Buying so called low cost items is probably more connected with shame or embarrassment as the price on these items are presumed to be a sign of lower quality.

#### 5.8 Referral bonus is less important

All respondents knew that they could receive a bonus when recommending a deal to a friend who thereafter becomes a member and makes a purchase. Before conducting the interviews, we believed that as the deal consumers were pretty price conscious, the bonus for recommending the deal played an important role. Once again, the social factor is more prominent than getting a bonus or a discount. Most respondents simply want to advice their friends and family on deals suitable for them, which suggest that the bonus is unimportant. However, many believe that the idea of making a deal is to get an item as cheap as possible and therefore they see the tipping as a way of getting an additional discount, which can be applied on the *economic shoppers* developed by Bellenger et al. (1977). Characteristics for the economical shopper is that it is highly cost oriented, something that is observed among the respondents who sees the voucher as a way saving even more money. William, Slama and Rogers (1985) have developed a fictive shopper called the *recreational shopper* who enjoys shopping, gives purchasing advice to others and is not as concerned about the economic issue, a definition that easily can be applied on the consumer recommending deals to be helpful. The opinions about tipping friends clearly show that the discount is important for some, but for others, it is rather perceived as gaining money on their friends.

#### 5.9 Daily deals enable generosity

Buying a deal in order to give yourself a treat is highly frequent among the respondents. As many of the purchases are spontaneous, the buyer often tries to find a reason for buying. Giving themselves something as a treat is one reason that is often used and the theory by Arnold and Reynolds (2003) where *gratification shopping* is a strong motive behind a purchase is highly applicable. Buying daily deals online

is not only a way to treat yourself with something you normally would not have bought. It is also a way of buying gifts for others, both as birthday presents and everyday treats. Arnold and Reynolds (2003) do further explain the motivation *role shopping*, which explains the positive feeling of giving something to someone else. Getting items and services with a discount enables the respondents to be more generous to their friends and family and the fact that the gift is bought as a deal is normally not considered as a hinder. Buying a gift where the giver can participate is also simplified through the daily deals. Many of the deals are activities and services, for example massage, manicure and restaurant visits, which enables a social meeting between the giver and the receiver. Once again, Tauber's theory on *diversion* as a motive (1972) behind purchasing is confirmed. Furthermore, as the deals are in general things the respondents normally would not buy, it is seen as the perfect way of doing something fun together with their friends. However, similar patterns with recommending and telling friends about the deals can be seen in terms of giving away a deal. The respondents who only tell particular friends about the deals do also carefully deliberate to whom they tell that the present is bought on a deal. They see the gift as any other gift, bought on deal or not, and think that you normally do not tell where it is bought or how much it costs.

#### 5.10 Dealers are considered Internet oriented women

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Our respondents believe that the typical deal consumer is a woman in the age of 20-40. The explanation of the age range is that consumers are considered being more Internet experienced. This view is however not completely in accordance to statistics from daily deal companies. Moreover, Schewe and Meredith (2004) state that people who today are 35 years and older, are considered belonging to *the N-generation*. Characterising for this generation is that the introduction of Internet has played an important role in their life and still and consequently, the correlation between age and Internet experience is supported. However, the actual age range is slightly skewed.

Shopping online presumes that the consumer is rather technically oriented and open minded about buying things online. Harmon and Hill (2003) imply that older women are more prone to use coupons in physical stores than younger women. The perception of the deal consumer as relative young do contradict this theory but can be supported by the fact that the deals are made through the Internet, which most young women have access to. The accessibility is therefore higher and the deal exposure to young women is consequently assumed to be higher compared to traditional vouchers in magazines and leaflets. Moreover, women as the typical buyer are explained by the offers often being more suitable for women. Many respondents state that deals such as vouchers for manicure and hair cuts are frequently recurring and women, consequently, look at these deals. It is not certain though, if it is because of the supply that

women are more attracted to daily deals or if it in fact is because of the high demand from women that the daily deal companies offer more deals suitable for women. This is a “hen and the egg” situation that the daily deal companies are not sure of either (Alexander Hars, 2012-04-17). There is also an idea that women are more prone to look at deals and offers in general. Harmon and Hill (2003) show that although men are increasing their role in purchasing, women are still the heaviest coupon-users, in store as well as online. The perceived view by the respondents of the most frequent deal consumers being a woman can consequently be supported by this theory.

The income of the buyer is also considered a characteristic of the deal consumer, as low and middle class are thought to represent the highest proportion of the total number of deal consumers. With a tight budget and a limited allowance for extravagances, buying deals is a way for the respondents to purchase something that they normally would not be able to buy. Regardless of sex and income, the typical deal buyer is regarded as a consumer who is interested in making a good deal and who feels delight when making it.

### 5.11 Good deals offer novelty

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A good price, accessibility and something new to buy contribute to a good deal. What is more distinct is that it does not necessarily have to be an individual demand for the product offered on deal in order for the deal to be considered a good deal. Many of the purchases are spontaneous and an underlying demand is not a crucial factor for considering a deal good. The deal is also considered as good when it offers something new that the respondents never have tried before. Arnold and Reynolds (2003) describe *idea shopping* as a motive based on the willingness to keep updated and trying new products and innovations. Buying things they normally buy do not create the same feeling. In all, there are many factors to what makes a deal good but one of the main factors is that it has to give something to the buyer, which the buyer normally would not get. The business idea of Groupon states that the idea behind the daily deals is not to find the best deal but rather to find an excuse to find something new (Groupon Works, 2012b). Without knowledge whether the respondents are familiar with this business idea or not, there is an evident tendency that the respondents do agree with this business idea. As mentioned before, the feeling of buying something new that the respondents otherwise would not have bought does also refer to the business idea.

When looking at shopping online in general, similar opinions can be seen as for buying daily deals online. Simplicity, convenience and low prices are all considered benefits from shopping online. Interesting to highlight is that the items bought online are in general not the same items that are bought on deal. Books,

clothes and electronics are frequently bought online but not on deals, which can either be explained by the fact that these items are not offered on deal sites or that they are rather, more planned purchases. The daily deals are not known before they are uploaded and there is not a steady supply of items, compared with online stores, which mostly have a catalogue displaying what can be bought. When looking at deals, there is consequently a bigger amount of curiosity and spontaneity among the viewers compared with normal online shopping. The actual feeling of buying online can therefore be perceived as different depending on in which way you buy it, either through an online store offering the same amount each day or a deal site with a more variable supply. According to Scitovsky (1976), this sought for satisfaction is considered a normal part of the consumer behaviour and consequently, motives of finding something hidden and new on the daily deal websites are once again confirmed among the respondents.

### 5.12 Daily deals are not the world

When a deal is missed a feeling of disappointment and irritation arises which can be described by the missed opportunity in trying something new. Most respondents enter the website or the mobile application with a thought that they might find something interesting. Consequently, when the deal is no longer available it creates a negative feeling as the opportunity for delight disappears. It is clear that many of the respondents turn this negative feeling towards themselves, meaning that if they can not keep track on how long the deal is available, they have to take the blame for missing it. In addition, many do also mean that if they miss the deal, they were probably not supposed to have bought it in the first place. From a behavioural perspective, the way of reducing the negative feeling by finding an excuse or a reason for missing the deal can be seen as a try to decrease the cognitive dissonance that arises. When, on the contrary, buying daily deals that later on end up unused, this can also lead to some frustration. Thaler (1983) mentions buying things only because they are sold on deal but never used as a characteristic for deal prone consumers.

## 6. Conclusion and discussion

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*The chapter sets out by recapitulating the aim of the thesis as well as the research questions. Based on the empirical framework and the analysis, the research questions are answered. In addition, the chapter ends with a discussion where the use of methodology and the results are further evaluated.*

*Recommendations for further studies are finally made.*

### 6.1 Conclusion

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The purpose of this thesis was to understand why people are attracted to daily deals online and distinguish the underlying motives behind this attraction. In addition, the characteristics of a daily deal consumer were also to be investigated. The study looked at the question from two perspectives. One was when only visiting the websites and looking at the deals and the second perspective was when actually completing a purchase.

Since personal motives were to be studied, we early understood that we needed to turn to the real consumers on the websites and conduct thorough and well-prepared interviews in order to really break through the sometimes rational behaviour consumers often want to present. The interviews consequently worked as the foundation for our study.

Below we answer our research questions in short.

- ***What are the reasons for looking at and buying daily deals?***

Daily deals let people escape to another world and try things that normally are not a part of their daily life. This appears to be the strongest motive for both visiting and buying daily deals online. Other highly prominent motives behind looking at as well as buying daily deals are diversion and pleasure. Deals that can be used together with friends make these motives even stronger. Diversion and pleasure are more frequently emphasized than the fact that the daily deals are sold at a low price, making us believe that the price itself is actually a less important aspect than previously thought. The consumer is however not indifferent when it comes to price but personal motives are more prominent than economical motives. Paying less than others for the same products is a driving motive behind the purchase, which relates to individual feelings of both pride and victory. A limited amount strengthens these feelings and makes the deal hunting more exciting.

- ***What are the characteristics of daily deal consumers?***

Most members on the daily deal website are women, whether this is due to the deals offered or because of other reasons is not clear. The age range is 20-60 years, slightly higher than what many believe. The criterion that all members comply with is that they all do have basic knowledge using computers and the Internet. Further characteristics are that the consumers have knowledge of reference prices on the market as well as of what is considered a good price. The consumers freely share their experience from the daily deal websites and recommend deals to friends. Showing their latest purchase is not something that is considered to be shameful or difficult to talk about.

In all, these conclusions are based on the answers and results drawn from our respondents, which might not be applicable on every single consumer. However, Parson (2002) has evaluated the seven different purchasing motives found by Tauber (1972) and finds that diversion, self-gratification and learning about new trends are strong motives for online buying. These are more or less the same motives that we found, which further support our conclusion.

## 6.2 Discussion

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### 6.2.1 Managerial implications

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The thesis is thought to be of great relevance when developing daily deal websites as well as considering using the websites in order to attract new customers. Firstly, we have seen that services, especially those that can be used with friends, are more appealing than products. Secondly, offering only a limited amount of every deal could strengthen the feeling of hunting for something that not everybody can get their hands on, and thereby make the daily deal experience more fun.

### 6.2.2 Interesting topics to study further

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Our study was based on women and their behaviour and motives when it comes to visiting daily deal websites. It might be interesting to further study men's attitude towards these websites. Is it the deals offered today that do not apply to their needs or interests, or do men simply not experience the same delight as the women in our study, when making a deal? We believe that a comparison of this kind could be interesting, both for the daily deal companies as well as for companies that offer men's products and are interested in using the daily deal channel as a marketing tool.

Deeper studies on the relationship between the respondents' income and their interest in daily deals could also be a subject for further studies. Although our study shows that the reason for making a deal is not



primarily to save money, deeper understanding of how the income level of the consumer affects the proneness to look at deal sites, read further about the deals and finally buy the deal could be of great interest.

The deal websites are today focused on deals in big cities and suburbs nearby. We believe that the high competition from other companies offering the same product or service might affect the evaluation of the deal and the determination of buying or not. A study where a comparison of daily deal consumers living both in large cities and outside could give complementary results on the proneness to buy daily deals.

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## 9. Appendix

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### 9.1 Interview guide

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The aim of the interviews is to get a better understanding of what it is that motivates consumers to look at websites offering daily deals, as well as buying the deals.

#### **Introduction**

Presentation of the moderator, recording, no right/wrong answers, anonymous

Explain the purpose of the interview

#### **Short Presentation**

*Purpose: starting conversation*

Family - Occupation - Hobbies - Where did you find our survey?

#### **Daily deals - how?**

*Purpose: Understand the habits of the respondents during a visit at a deal site*

How often do you look at a deal site and how many different deal sites do you look at?

How do you find the daily deals? Through webpage or mobile application?

Do you subscribe to any daily deal newsletters?

How does it work when you buy a deal? Comparing offers from different actors?

Do you think and look around or do you make the decision to buy right away?

Do you look if there is a limited amount of the item and does that affect you?

What do you prefer to buy? What do you not buy?

Is there a limit on how much a deal can cost?

Your latest purchase...how did it work? Satisfied? Need?

Do you go back to the company and buy again without a deal? Why/why not?

Do you talk about your deals with your friends?

Are you familiar with receiving a bonus for tipping?

Do you recommend deals to your friends? How? Link on Facebook?

Do you buy deals to yourself as well as to others? Have you ever given away a deal as a gift?

#### **Daily deals - why?**

*Purpose: Understand the reasons for the respondents to visit a deal site*

How would you describe a typical visitor on a deal site? (Fantasize)

What advantageous do you see with buying at deal sites? (Good price, giving yourself a treat, time saving, convenient, social)

What disadvantages and dangers do you see with buying at deal websites?

Do you look at deals that you actually are not interested in?

What is a good deal? How does it feel when you have done a good deal?

Have you ever missed a deal you actually wanted to buy? How did it feel? Why?

### **Shopping habits**

*Purpose: Understand the general shopping routines of the respondents*

Do you shop online and how often?

Do you buy the same type of products on deals as general online?

What are the advantages of shopping online?

What are the disadvantages of shopping online?

## 9.2 Recruitment

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We used the following online forums when recruiting respondents:

### **Walls on Facebook:**

Blocket

FamiljeLiv

Freeport

Gratisguiden

Groupon

Göteborg

Göteborg - Gothenburg

Göteborgsaktiviteter

GöteborgsVarvet

Let's Deal

Smartson

Västrafik

### **Blogs:**

FamiljeLiv

Gekås