a sales force of over 5000 inside and outside representatives. The sales force was responsible for building partner relationships as well as providing local expertise.

The company focused the majority of its marketing efforts on demographics most likely to use a Groupon: relatively young consumers more prone to search for discounts when shopping and most likely to use the Internet or mobile applications to do so. According to Morpace Inc., the majority of Groupon's customers (40.2%) were between the ages of 18 and 34,[64] and although women were historically more likely to purchase online coupons, men and women had been found almost equally likely to use Groupon deals. As with all coupon users, Groupon users had higher income.[65]

Groupon's attempt to participate in national television ads during the 2011 Super Bowl was widely criticized. A series of ads meant to "spoof" typical celebrity-endorsed public service announcements fell flat and many found the ads offensive.[66] Groupon dropped the ads and ultimately stopped working with the advertising agency that created the spots.[67]

Groupon's investments in marketing were substantial. Marketing expenses were largely variable, increasing significantly as revenues grew. For the years ended 2008 through 2011, marketing expenses were reported at US$163 thousand, US$5.05 million, US$290.57 million, and US$768.47 million, respectively (see **Exhibit 4**).

Distribution. The distribution of Groupon's deals relied heavily on technology. Deals were distributed to customers directly through daily e-mails, websites, and mobile applications, as well as through social networks. In an effort to reach more potential customers, Groupon also utilized various online affiliates to display and promote deals on their websites. The company's "online affiliates" included eBay, Microsoft, Yahoo, and Zynga.[68] Partnerships allowed for the distribution of daily deals to not only Groupon's customer base, but also to the affiliate's user base. Groupon also partnered with thousands of smaller online affiliates that could embed a Groupon widget on their websites and earn a commission whenever their site's visitors purchased Groupons through the link.[69] Management believed that leveraging affiliate relationships online in this manner would extend the distribution of Groupon deals to a larger customer base.

In an effort to attract more customers and to ease communication with existing customers, Groupon launched a mobile application in March 2010. Deals were offered at no additional cost on the iPhone, Android, BlackBerry, and Windows mobile operating systems. The applications allowed consumers to "browse, purchase, manage and redeem deals on their mobile devices as well as access Groupon Now! Deals that were offered based on the location of the mobile user."[70] In this way, the mobile applications promoted immediate deals based on the customer's desire and location. As of December 31, 2011, the Groupon App had been downloaded over 26 million times.[71]

Groupon began targeting online social networks as another possible distribution channel. Daily deals were published through various social networks, while website and mobile application interfaces also allowed consumers to push notifications of deals to their personal social network. Groupon acknowledged that social networks were not yet a "material portion of customer acquisition."[72]

Products. Founded strictly as a daily deals service, Groupon historically did not offer much variety in terms of deal categories. As its operations grew, however, Groupon made an effort to transition "from offering deals only through email to having a local commerce marketplace where customers can purchase Groupons for a variety of services and products from local, national and online merchants."[73] In 2012, Groupon offered the following types of deals:[74]

- *Featured Daily Deals* were distributed by targeting technology to current and potential customers based on location and personal preferences. Daily deals were sent to