

FROM THE TRENCHES | BY MYRNA SISLEN

Why Groupon?

The Groupon people first called me a year ago to ask if I wanted to participate in their program. When they described how it worked, I couldn't think of a way to do it and not lose a lot of money.

For those of you who aren't familiar with Groupon, it partners with companies and sends their coupons to its large e-mail list. Groupon gives the store 25 percent of the value of the item or service. For example, if the value of the item or service is \$100, the Groupon sells for \$50. Groupon takes \$25, and the store gets \$25.



Still on the fence about offering a Groupon promotion? Consider my example

This was a little tricky for us. Granted, the advertising is pretty spectacular. In Washington, D.C., Groupons go to approximately 900,000 people and bring new people into a store. But it took me a long time to come up with an idea that would work. Finally, I decided that offering lessons in the summer would be a great way to use Groupon and fill lesson slots during a very slow time. Whatever I had to spend out of pocket would go directly to my teachers, who could really use the enrollment boost.

You want to make the offer's dollar value as high as possible, so the split won't kill you, and you want to offer something that will keep the new customers coming back. That's why lessons are such a good idea. Also, it's always good to partner with a vendor or publisher. They will usually be glad to help, as long as you mention their name in the advertising. In my case, I offered two guitar or piano lessons, registration, and a method book. We limited ours to 200 Groupons and made sure the expiration date was Sept. 1, before the fall enrollment rush.

The Groupon people design the ad and the wording and take care of the accounting. The fee is paid to them, and they send the store's portion in two installments. I must say they

were very prompt with payments.

THE RESPONSE

Our ad came out Memorial Day weekend, and we sold 155 Groupons. We also saw a substantial bump in our website, Yelp and Facebook page views. Many people who bought Grou-

pons or called to ask questions had never heard of our store, and most were from outside our typical customer base — families in our immediate neighborhood.

The first person who came in for her lesson bought a \$99 guitar case, and at that moment, I knew the promotion would turn out well for us. Customers took the lessons and bought instruments, accessories and other books. Nearly 40 percent stayed to take additional lessons. That number has shrunk since September, but a good 20 percent are still with us, paying for lessons and buying more supplies.

FUTURE PLANS

Would I do it again? I'm already planning next summer's Groupon. What will I do differently? First, I'll put "new students only" in the next Groupon. That's very important. Also, I will include all instruments — not just guitar and piano. (I think we would have sold all 200 if we'd included all the instruments we teach at Middle C Music.) And on the accounting end, we will do a better job tracking exactly what our Groupon customers purchased by creating a separate category in our system to track them.

To Groupon or not to Groupon? It's not even a question. **MI**

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