

# Group discount sites under scrutiny

*Consumers' unpleasant experiences with them cast a shadow on their credibility*

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## Think you have a good discount deal?

Think again, because not all group coupon deals offer lower or better prices.

And worse, some deals may not be quite as legitimate as others, as some dismayed consumers found out, with some group discount sites coming under scrutiny recently.

Earlier this month, it was reported that local coupon deal website Dealon had been offering deals on behalf of merchants they did not have agreements with.

Two restaurants and a travel agency made police reports after customers tried to redeem a voucher they had purchased from the site at the outlets.

A check showed that the website is now defunct, with a notice on its website saying that as of April 4, it was no longer offering deals.

Calls to the company's spokesman's mobile phone were not answered.

Some consumers The New Paper on Sunday spoke to said they have had enough.

Interior designer Chrys Chua says that she is now sceptical about deal sites after receiving poor service at merchants.

"I was attracted mostly to the deal site's beauty services like cheap deals for IPL treatments, but the cheap deals turned out to be cheap treatments."

She says that while her friends have had no complaints, she feels burnt by her experience.

"They should have called it a trial treatment if it

was going to be a quick treatment instead of the full service.

"Just say it's a trial, as it is at a super low price, to manage my expectations."

Nevertheless, some maintain that despite the bad experiences – ranging from merchants providing poor service to restaurants with mediocre food – they still enjoy using deal websites.

**They say they have just become more savvy and many, like Miss Diyana Putri, a TV producer, say they use the deals as trials.**

She explains: "I signed up for a Bikram yoga class and it entitled me to three classes. After the first class, I didn't like it and I was not too bothered about the coupons expiring. It was so cheap."

Despite the numerous complaints and several closures of deal websites in recent years, more than 10 remain in operation in Singapore.

Popular ones include StreetDeal, ShioDeal, Plus! Bigdeal, NiceDeal and Deal.com.sg.

"Group-buying sites would be effective for busi-



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nesses that have yet to set up their own web presence or to test new products or clear their stock," says Mr Praveen Sengar, principal research analyst at Gartner, an information technology research company.

The New Paper on Sunday spoke to 12 merchants – offering beauty treatments, sport products and travel vouchers – and found they treat the heavily slashed prices as marketing dollars.

Ms Shirley Tan, of RN Spa, which provides beauty and wellness treatments, says: "We use it (Groupon) as a form of advertising to reach out to more people."

"But customers are getting wiser. Most of them just use the deals as trials. Our deals, while at a loss, drive more customers through our door."

Still, analysts caution business owners on the need to understand how the concept of group-buying can complement their business models and how it can retain their customer base, before deciding to subscribe to it.

Associate professor of marketing Seshan Ramaswami from Singapore Management University's Lee Kong Chian School of Business says: "What distinguishes Singapore from the North American market, among many other obvious differences of size and scope, is a consumer population which is absolutely driven by deals."

Associate Professor Lee Yih Hwai from the National University of Singapore Business School adds: "The premise for a sustainable business model centering around savings or discounts is sound, especially for our (Singapore) discount-prone consumer culture."

"Of course, the details are in the follow-through – reaching out to the right market segment with attractive, reliable-quality product offerings."

– Additional reporting by Andre Joseph Theng