



ELSEVIER

Contents lists available at ScienceDirect

## Industrial Marketing Management

journal homepage: [www.elsevier.com/locate/indmarman](http://www.elsevier.com/locate/indmarman)

## Online group buying: Some insights from the business-to-business perspective

Weng Marc Lim

Monash University Sunway Campus, School of Business, Jalan Lagoon Selatan, 46150 Bandar Sunway, Selangor Darul Ehsan, Malaysia

Swinburne University of Technology Sarawak Campus, Faculty of Business and Design, Jalan Simpang Tiga, 93350 Kuching, Sarawak, Malaysia

### ARTICLE INFO

#### Keywords:

Contingency theory  
Online group buying  
Business-to-business perspective  
Opportunities  
Challenges  
Operating environment  
Nature of business  
Profit margin

### ABSTRACT

Extant marketing research has examined online group buying (OGB) from the consumer behavior perspective. The goal of this article is to broaden understanding of OGB by offering insights into the topic from the business-to-business (B2B) perspective. In doing so, it offers insights to help stimulate greater interest in and scholarly work on better understanding and improving B2B relationships and outcomes in OGB. Three discovery-oriented qualitative studies were conducted and analyzed using content analysis with an interpretive approach and contingency theory as a theoretical lens. The findings reveal that marketing exchanges through OGB offers businesses the opportunity to raise corporate and product brand awareness, gain an immediate pool of large groups of customers, expand the customer base, sell other products, contribute to better cash flow, encourage positive word of mouth, and increase sales during non-peak sales periods. However, marketing exchanges through OGB may also be challenging for businesses in terms of maintaining business profitability, managing costs, withstanding competition, obtaining support from OGB website operators, and managing customer expectations of continued discounts. These findings should help businesses that promote and sell their products through OGB to become better informed of the potential benefits and pitfalls of engaging in OGB, and thus improve their navigation in the OGB marketplace to achieve desired marketing outcomes.

### 1. Introduction

The global economic downturn that world markets experienced at the end of the first decade of the 21st century has had significant repercussions on the way contemporary businesses perceive the market and devise their marketing strategies. For many businesses, the target markets they serve have displayed eroding confidence and buying power and thus have set stricter priorities and reduced their spending (Quelch & Jocz, 2009). However, no two economic downturns are exactly alike (Almunia, Benetrix, Eichengreen, O'Rourke, & Rua, 2010), which puts business marketers in poorly chartered waters and creates greater pressure to find innovative solutions that will not only ensure business survival during such challenging times but also generate desired profits and returns on investment.

One business model that has emerged from the recent world economic crisis is online group buying (OGB). Originated in the late 2008s by Groupon in the United States, this new and innovative business model has since taken the world by storm—businesses and consumers alike. The basic tenet of this business model is that an agent (1) facilitates the marketing exchange process between buyers and

sellers over the Internet for either a commission based on a percentage from sales or a nominal service charge from sellers and (2) utilizes the collective buying power of consumers to persuade sellers to offer products at lower prices in return for immediate and greater numbers of products sold (Lim, 2014a, 2014b, 2015, 2017). Thus, OGB websites serve as a channel for businesses to gain an immediate pool of large groups of customers and for consumers to enjoy products at lower prices (Lim & Ting, 2014).

On the surface, the OGB business model appears to create a win-win situation for all parties involved in the transaction (i.e., businesses [as sellers], consumers [as buyers], and OGB website operators [as agents between buyers and sellers]). For example, extant cooperative strategy literature shows that businesses that form cooperative alliances, especially small and medium-sized enterprises, can leverage their collective strength to negotiate for better deals and lower prices from their suppliers, which in turn will benefit from an immediate pool of larger business-to-business (B2B) customers (e.g., Chang, Chiang, & Pai, 2012; Griffith & Pol, 1994; Hult, Ketchen, & Chabowski, 2007; Mudambi & Aggarwal, 2003). However, to better understand how the OGB business model can bring greater benefits and reduce any short-

E-mail addresses: [lim@wengmarc.com](mailto:lim@wengmarc.com), [wlim@swinburne.edu.my](mailto:wlim@swinburne.edu.my).

<http://dx.doi.org/10.1016/j.indmarman.2017.03.011>

Received 2 November 2015; Received in revised form 30 March 2017; Accepted 31 March 2017  
0019-8501/ © 2017 Elsevier Inc. All rights reserved.

comings to the parties involved, there is a need to explore the opportunities and challenges that characterize the business model. More specifically, OGB is a new and innovative business model that, to date, has not been fully investigated. Identifying and evaluating the extant contribution (and feasibility) of OGB as a business solution to attaining desired business goals, such as those related to customer awareness, acquisition, and retention and direct- and cross-selling of products (Geiger & Turley, 2005; Richards & Jones, 2008; Sharma & Mehrotra, 2007; Zhang, Baxter, & Glynn, 2013), is important to gain a multifaceted understanding of the OGB phenomenon from the B2B perspective. Such an investigation should also extend existing and add new conceptual boundaries and perspectives of group buying, especially because the traditional approach to group buying in extant B2B literature is that of a buying center, whose goal is to bring together key decision makers (e.g., approvers, buyers) in the buying process for goods and services (Albert, 2003; Brinkmann & Voeth, 2007; Brown, Zablah, Bellenger, & Donthu, 2012; Swani, Brown, & Milne, 2014; Swani, Milne, Brown, Assaf, & Donthu, 2017; Verville & Halington, 2003). Moreover, despite being a new and innovative business model with bright prospects for fruitful business outcomes, the strategy adopted by one business to promote and sell on OGB websites may not yield the same outcomes for another business. This assumption is based on the premise of contingency theory, which suggests that no one strategy fits all businesses (Heirati, O’Cass, Schoefer, & Siahtiri, 2016; Sok & O’Cass, 2011; Zott & Amit, 2006). Nonetheless, finding the best way to approach business decisions given a certain type of operating environment is possible (Benson-Rea, Brodie, & Sima, 2013; Scott, 2003; Young, Parker, & Charns, 2001), and thus investigation in this direction (i.e., using contingency theory) holds great potential in the pursuit of delivering meaningful recommendations for businesses intending to participate in the OGB business model.

Thus, the goal of this study is to broaden understanding of OGB by offering insights into the topic from a B2B perspective with regard to the opportunities and challenges businesses face when promoting and selling products on these websites. In doing so, this study relies on contingency theory as a theoretical lens to generate and map, on the basis of discovery-oriented data from three interrelated qualitative studies (one primary and two secondary), the multifaceted ways to use a group buying agent in the supply chain of a multichannel (i.e., physical and online) business environment to accomplish desired business goals. This investigation offers two major contributions. First, the study contributes to theory by shedding light on the opportunities and challenges faced by businesses that engage in promotional and sales activities on OGB websites. It also contributes to theory by accentuating the usefulness of contingency theory as a mapping mechanism to outline the extant contribution of a specified business model (i.e., OGB business model) for different types of businesses. Second, this study contributes to practice by assisting businesses in making better-informed strategic marketing decisions to capitalize on potential benefits and avoid possible pitfalls when engaging in marketing exchanges on OGB websites.

## 2. Literature review

### 2.1. OGB

The increase in products offered and purchased through OGB websites indicates the strong potential for e-commerce through OGB. Representing a compound annual growth rate of 35.1% between 2011 and 2015, consumer spending on OGB websites is estimated to reach US \$3.9 billion by 2015 (BIA Kelsey, 2011). Groupon, the pioneering innovator of the OGB business model, currently operates in more than 500 cities and 44 countries by persuading sellers to offer products on their website at discounted prices when consumers come together as a group and make collective purchases for the products offered (Singh, 2012). Dubbed by *Forbes* (2010) as the “fastest growing company ever”

and listed in *Fortune's* (2013) “1000 fastest-growing companies by revenue,” Groupon’s success has sparked an increase of OGB websites throughout the world. For example, China has more than 1215 OGB websites with over 95 million customers per month (*China Tech*, 2014; *Global Times*, 2010). As such, the group buying population has become the focus of much attention from both academics and business practitioners.

However, research on this form of e-commerce remains relatively new, compared with other forms of e-commerce, such as e-auctions (Jap, 2003; Park & Bradlow, 2005), e-banking (Bradley & Stewart, 2003; Poon, 2007), e-shopping (Brown, Pope, & Voges, 2003; Wilson, 2010), and e-retailing (Cowles, Kiecker, & Little, 2002; Srinivasan & Moorman, 2005). Shiao and Luo (2012) examined the factors affecting OGB intentions and satisfaction using social exchange theory. They found that reciprocity, trust, satisfaction, and vendor creativity predicted OGB intentions and reciprocity and trust predicted customer satisfaction. In contrast, Coulter and Roggeveen (2012) investigated the relationship between the information posted on OGB websites and the purchase likelihood of consumers as a group. They found that providing previous buyer-number information and imposing a purchase limit positively influenced consumers’ decisions to purchase but providing information on time to expiration (if relatively long) produced adverse effects. The work of Cheng and Huang (2013a, 2013b) adds to the previous works by exploring the antecedents and consequences of OGB intentions using the theory of planned behavior. Using an online survey, their study concluded that electronic word of mouth (WOM), relational embeddedness, and service quality influenced potential customers’ intentions to engage in OGB and that structural and relational embeddedness and system quality were the primary influencers of current customers’ intentions to continue engaging in OGB. More recently, Lim and Ting (2014) examined consumer acceptance and continuance of OGB using the technology acceptance model. They found that perceived usefulness, perceived ease of use, and perceived risk significantly influenced consumers’ attitudes toward OGB, which in turn had a significant effect on their intentions to use OGB websites.

Despite these cited works and the plethora of other studies in the area (e.g., Erdogmus & Cicek, 2011; Hsu, Chang, Chu, & Lee, 2014; Liao, Chu, Chen, & Chang, 2013; Lim, 2014a, 2014b, 2015, 2017; Luo, Andrews, Song, & Aspara, 2014; Tsai, Cheng, & Chen, 2011; Wang & Chou, 2014), one notable observation suggests that existing research has largely focused on the consumer behavior aspects of OGB, especially in terms of identifying the factors that encourage consumers to engage in OGB. Although this contributes to the understanding of how buyers behave when making group purchases over the Internet, it creates a knowledge gap on the supply side of the OGB business model (see Fig. 1). More specifically, it remains unclear what opportunities and challenges businesses face when promoting and selling products on OGB websites. Understanding these peculiarities and their impact on business outcomes is important for businesses (1) to gain a better understanding of how to use an OGB approach, (2) to effectively spot the avenues for business growth, and (3) to identify potential pitfalls that could lead to bad business decisions. Thus, the current study attempts to address the identified research gap by providing insights into OGB from the B2B perspective.

### 2.2. Contingency theory

The concept of business strategy has emerged as a cornerstone of both marketing theory and practice. Given the complexity and continuous evolution of market conditions (e.g., micro and macro environments), scholars in strategy and related disciplines (e.g., marketing, management) have recognized that no universal set of strategic choices is optimal for all businesses (Böhm, Eggert, & Thiesbrummel, 2017; Chen, Ellinger, & Tian, 2011; Fredericks, 2005; Heiens & Pleshko, 2011; Kaipia & Turkulainen, 2017). This orientation, referred to as contin-

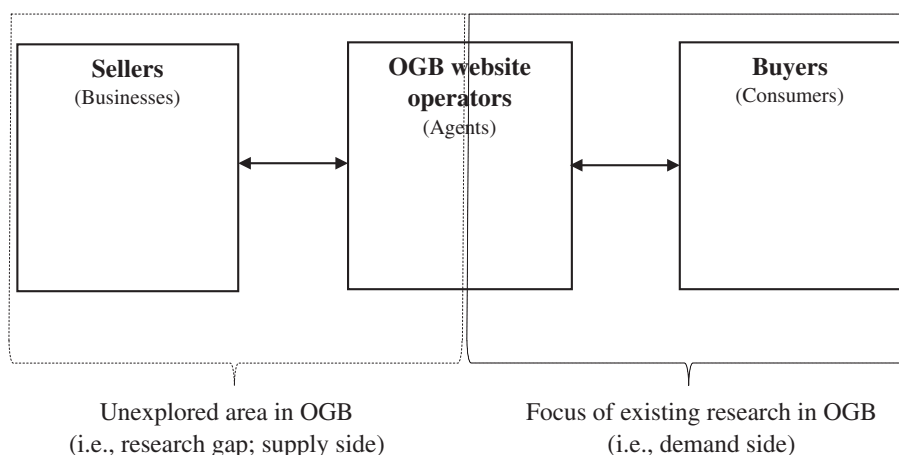


Fig. 1. OGB.

gency theory, highlights the importance of devising business strategies that effectively and efficiently respond to market conditions and questions the existence of a single, best way of doing business (Heirati et al., 2016; Sok & O’Cass, 2011; Zeithaml & Zeithaml, 1988). This stands in direct contrast with other research domains (e.g., ethics, law) that have worked to uncover principles that apply universally to all types of businesses (Mele & Sanchez-Runde, 2013; Schwartz, 2005; Young et al., 2001).

From the perspective of contingency theory, business strategy is contingency based, in that a business’s success is dependent on the amount of alignment with its operational design (e.g., relational and structural characteristics), strategic responses (e.g., marketing mix), and market conditions (Galbraith, 1973; Lawrence & Jay, 1967; Zeithaml & Zeithaml, 1988). The underlying theoretical assumptions are that there is no one best way of doing business and that any way of doing business is not equally effective for all businesses in general (Betts, 2003; Böhm et al., 2017; Scott, 2003; Sok & O’Cass, 2011). Nonetheless, the theory suggests that there may be one best way to approach business decisions given a certain type of operating environment (Benson-Rea et al., 2013; Scott, 2003; Young et al., 2001). Thus, the key focus of contingency theory is to identify best practices that account for contingencies of both internal and external business environments (ALHussan, Al-Husan, & Chavi, 2014; Heiens & Pleshko, 2011; Van der Valk & Wynstra, 2005).

Many studies have used contingency theory to uncover fresh insights into specific areas of industrial marketing management that have remained unexplored. More specifically, contingency theory has been proposed and tested in areas related to cross-functional organizational collaboration, market conditions, and new product performance (Heirati et al., 2016; Tsai & Hsu, 2014; Zhou, 2006); customer orientation and time-to-market of new products (Feng, Sun, Zhu, & Sohal, 2012); channel system and transaction costs (Kabadayi, 2011); intra- and inter-firm flexibility and organizational success (Fredericks, 2005); firm innovativeness, quality management, organizational environment, and organizational performance (Fuentes-Fuentes, Llorens-Montes, Molina-Fernandez, & Albacete-Saez, 2011; Tsai & Yang, 2013); and convergence of inter-organizational practices, partnership governance, and relationship management systems (ALHussan et al., 2014; Storey & Kocabasoglu-Hillmer, 2013), among others. In most instances, prior industrial marketing management studies have used contingency theory in quantitative investigations underpinned by specified conceptual frameworks or models (e.g., Feng et al., 2012; Fuentes-Fuentes et al., 2011; Heirati et al., 2016; Kabadayi, 2011; Tsai & Hsu, 2014; Tsai & Yang, 2013; Zhou, 2006). The current study offers a fresh application of contingency theory as a theoretical lens by employing it in an exploratory qualitative investigation that assumes a discovery-oriented approach to uncover insights into the OGB phenomenon from

the B2B perspective.

Observations of leading OGB websites (e.g., Groupon, LivingSocial) suggest that various types of businesses participate in OGB, from automotive detailing and spa service providers to retailers of home and office furniture. If the way business strategies are devised is dependent on the nature of the business, contingency theory suggests that the success of a business is in some manner a function of its ability to capitalize on the opportunities and to avoid the pitfalls in its operating environment. Thus, it is likely that different types of businesses receive different types of benefits and encounter different types of pitfalls. Given this orientation, this study aims to explore the opportunities and challenges that businesses face when promoting and selling products on OGB websites. This investigation, therefore, not only contributes to an understanding of OGB from the B2B perspective but also accentuates the different types of best practices for businesses to successfully engage in marketing exchanges on OGB websites. In doing so, this study extends contingency theory by using its basic tenets (i.e., aligning strategies on the basis of operating conditions) as inputs to a mapping mechanism. This mechanism, in turn, outlines the extant contribution (i.e., opportunities and challenges) of the OGB business model to businesses interested in using OGB websites as an avenue to meet their business goals (e.g., prospects for direct- and cross-selling, promotional activities to increase customer awareness, acquisition, and retention).

### 3. Methodology

This study follows a discovery-oriented approach to identify, describe, and interpret the opportunities and challenges businesses face on OGB websites, which includes the use of insights from existing sources of information and those collected from the field (Nickell, Rollins, & Hellman, 2013). Unlike most studies that carry out quantitative investigations when employing a discovery-oriented approach (e.g., experiments; Geiger, Dost, Schonhoff, & Kleinaltenkamp, 2015; Helm & Ozergin, 2015; Keeling, Daryanto, de Ruyter, & Wetzels, 2013; Tangpong, Li, & Hung, 2016), this study introduces a new application of the discovery-oriented approach via a qualitative setting and demonstrates how to achieve rigor using such an approach in qualitative investigations (i.e., through the triangulation of findings; see Studies 1 to 3). More specifically, the current investigation consists of three qualitative studies—the first two use secondary data and the third primary data—that aim to provide a more comprehensive understanding of the researched phenomenon and to offer greater confidence in the study’s conclusions through cross-validation (or triangulation) of research findings. Study 1 presents an overview of OGB from the B2B perspective. Study 2 builds on the findings from Study 1 by identifying the opportunities and challenges businesses face on OGB websites.

Study 3 extends the findings of both Studies 1 and 2 by identifying similarities and differences in the potential benefits received and possible pitfalls encountered by these types of businesses.

In the three studies that follow, a qualitative content analysis using an interpretive approach is employed to analyze three sources of data: online articles on OGB written by business analysts (Study 1), blog comments from business owners on engaging in marketing exchange activities (i.e., promotion and sales) on OGB websites (Study 2), and newly collected feedback through an open-ended online survey from businesses that engage in OGB (Study 3). The basic tenet of a qualitative content analysis is not to generalize (or quantify) the findings but to highlight the existence of a particular phenomenon and/or to better understand the rationales behind the phenomenon. The interpretive approach provided a guide to understand the researched phenomena by accessing the meanings assigned by the communicator (Merriam, 2014), which allowed for highly contextualized explanations (as in the case of OGB) that lead to actionable recommendations and prescriptions (Granot, Brashear, & Motta, 2012). Content analysis was conducted and conclusions from the studies were made by cycling between the inductive process of generating themes and categories from the data and the deductive process of checking those themes against new data (including segmenting the themes according to the characteristics of different businesses—as in the case of the third study) (Morrow & Smith, 2000), which represents a form of triangulation (or a procedure to establish rigor [or reliability] and trustworthiness [or validity] “where researchers search for convergence among multiple and different sources of information to form themes or categories in a study”) in qualitative research that is recommended by Creswell and Miller (2000, p.126) and Golafshani (2003). In particular, the themes were identified and labelled by the researcher using the basic tenets of contingency theory and the goal of the study, which is to generate and map the multifaceted opportunities and challenges that business of different operating conditions could face when selling and promoting their products on OGB websites. Two colleagues were asked to serve as expert reviewers to randomly check the thematic identification and labeling as well as the interpretation of data in the content analysis. In particular, both colleagues carried out forward and backward checks of the treatment of qualitative data and themes by (1) choosing excerpts in all three studies at random to check whether the excerpts did indeed reflect the theme they were assigned, and (2) randomly selecting a few themes and checking whether the data assigned to those themes were relevant. In general, both colleagues agreed on the treatment and analysis of qualitative data in this study. Note that though they did not go through all the qualitative data and themes (it would have been too tiring a process for the expert reviewers who did this on a voluntary basis), they each carried out random checks independently. Thus, the phrase “in general” was used to capture their agreement of the findings of their random checks that the thematic identification and labeling were indeed done appropriately.

Moreover, this study adheres to the strategies Guba (1981) and Shenton (2004) recommend for ensuring trustworthiness in qualitative research projects—namely, credibility (e.g., adoption of well-established research methods in the form of content analysis using an interpretive approach; familiarity of the OGB business model based on extant literature and actual visit to OGB websites; random sampling of online articles, blog comments, and business participants; peer scrutiny of research project; qualification and experience of researcher in the area of investigation), transferability (e.g., disclosure of the nature of materials and the number of participants used in the study; procedure of data collection), dependability (e.g., detailed explanation of research design and procedure), and confirmability (e.g., data saturation and triangulation of themes across different sources of data; audit trail by colleagues). Thus, the uniqueness of qualitative investigations using a discovery-oriented approach resides in its stepwise exploration for new and in-depth information in the pursuit and extension of knowledge while maintaining rigor through conventional

qualitative methods of cross-validation in the form of triangulation of findings from multiple sources of information.

#### 4. Discovery-oriented studies

##### 4.1. Study 1

The core objective of Study 1 is to provide an overview of OGB from the B2B perspective. Specifically, the study is interested in uncovering current perceptions of business analysts who write and publish online articles about the feasibility of using OGB websites as an advertising tool and a channel to reach and sell products to target markets. Critically, if there are opposing views on the topic from this preliminary study, further investigation is necessary to better delineate current perceptions and actual experiences of businesses that promote and sell their products on OGB websites. Similarity in views may also warrant further investigation to verify whether these businesses actually experience such situations. In other words, Study 1 provides a preliminary backdrop on the topic and solidifies the rationales for conducting further investigations (i.e., Studies 2 and 3).

##### 4.1.1. Method

An online search engine was used to locate online articles on OGB from the B2B perspective. A purposive sampling method was used to select articles for the study—that is, only online articles that were written by business analysts (i.e., people with professional business experience or business analysis expertise who analyze a business case, model, or phenomenon) who discussed the feasibility of using OGB websites to promote and sell products are included. Online articles that solely articulate the issues faced by consumers who participate in OGB were excluded from the study. Data saturation was reached after performing a qualitative content analysis using an interpretive approach on the eighth online article, and an additional two online articles were analyzed to confirm data saturation. Thus, in total, 10 online articles that met the stated sampling criterion were used in the study—these were mainly online articles published in news portals and experts' blogs from the United States (from 2010 to 2013). The authors of these articles were:

1. Bill Bice (2012)—chief executive officer of CoverBoom and Spaboom and CNBC-YPO chief executive network member;
2. Amy Ballon (2012)—co-author of the book *Mom Inc.: How to raise your family and business without losing your mind and your shirt*;
3. Henry Blodgett (2011)—chief executive officer and editor of Business Insider;
4. Niall Devitt (2011)—co-founder and editor at TweakYourBiz;
5. Georgina Enzer (2011)—managing editor at CPI Financial and editor at ITP.net (Middle East's leading technology website);
6. Jay Goltz (2010)—business author and speaker, serial entrepreneur, and editor at New York Times;
7. Brian Jackson (2012)—editor at IT World Canada and multiple Canadian online publishing awards winner and judge;
8. Jonty Kelt (2011)—chief executive officer of Group Commerce Inc. and guest editor at CMO;
9. Chandralekha Mukerji and Sam Abraham (2013)—editors and journalists at Business Today; and
10. Mahesh Sharma (2011)—editor and journalist at ZDNet.

##### 4.1.2. Results and discussion

A large, successful operation [OGB website], with a huge marketing budget and thousands of your prospective customers at their call comes to you, offering much needed exposure to your venue [business], and the opportunity to drive guaranteed footfall [customers] in your door. A no-brainer right? (Devitt, 2011).

This message was similar across all online articles analyzed in the study—that OGB has made its way into the business arena on a massive

scale. Indeed, business analysts observed that OGB websites have mushroomed exponentially across the world. Similarly, many businesses have jumped on the bandwagon in the hopes of capitalizing on the huge consumer demand that exists in this electronic marketplace to boost sales revenue and market share. [Bice \(2012\)](#) notes that “as traditional media options fade away... merchants are desperate for new, effective marketing avenues that build their business and their brands. Groupon... appears to be the answer by bringing in new clients with no upfront expense. All you have to do is say ‘Yes’ to the sales representative and let them do the marketing for you.” This quote highlights the value of OGB websites as a marketing tool to help raise corporate and product brand awareness and gain an immediate pool of customers for businesses.

Conversely, business analysts, such as [Blodget \(2011\)](#), [Goltz \(2010\)](#), and [Mukerji and Abraham \(2013\)](#), have put forth several estimates of the financial costs involved when businesses promote and sell their products in the form of discounted deal vouchers on OGB websites. Their calculations highlight the importance of correlating businesses' pricing decisions with the volume of products they sell through OGB websites to understand the implications on business profitability. For example, [Goltz \(2010\)](#) estimates that “if 3000 deals were sold and 2550 deals were redeemed with customers spending \$95 instead of \$85 at a restaurant, the restaurateur would have actually made money on the promotion... [After deducting product and promotional costs], running the deal would only cost \$8700, which is something that is more difficult to do in traditional advertising. In contrast, if customers pay only \$75 for the deal, the promotional cost to the restaurateur will be \$24,000, which is an expense most businesses may never even consider.” This statement highlights the economic complexity between costs and business profitability that businesses face when promoting a deal on an OGB website. Furthermore, [Sharma \(2011\)](#) questions “whether business owners under the daily pressures of running a business have the time or resources to change their operations to accommodate such economic complexities.” If such circumstances are true, unless OGB website operators offer this kind of advice and service, it may be difficult to anticipate the long-term success of businesses that participate in OGB.

Nonetheless, several business analysts have argued that the idea of turning a quick profit through OGB websites is a big misconception. Instead, [Jackson \(2012\)](#) advocates that such websites should be viewed as “a tool for customer acquisition with an ear towards retention... Let's say that an OGB website operator is able to bring 1000 new customers and if a business is able to retain some of those as returning customers, then that's a success.” [Ballon \(2012\)](#) adds that OGB websites provide high visibility as “all website subscribers are exposed to information about the [advertised] company, even if they don't take advantage of the deal”. However, [Enzer \(2011\)](#) argues that many OGB websites “advertise competing products at the same time,” which suggests that businesses may face competition on the same or competing OGB websites and that customers may easily switch to competing brands (i.e., no switching costs). Enzer further elaborates that businesses and OGB website operators should understand the importance of forging strategic partnerships, so that “businesses [can effectively] utilise and maintain the customers they gain through their OGB deals in a way that help them make profits... [and so that website operators can] encourage businesses to come back and run more deals on their sites,” which is also echoed by [Kelt \(2011\)](#). Finally, [Devitt \(2011\)](#) notes that customer conversion (or repeat purchases and/or patronage) requires a strong commitment from businesses, especially in terms of “providing as good an exposure to their offering as possible... in a bid to ensure the redeemer returns.”

These findings indicate that promoting and selling products through OGB websites may not be straightforward for businesses. Despite being a useful marketing tool to raise corporate and product brand awareness and to gain an immediate pool of large customer groups, potential concerns with business profitability, costs, competition, and support

received from website operators may deter businesses from using these buying platforms as means for promoting and selling their products. Nonetheless, whether such peculiarities are actually faced by businesses, the extent to which businesses capitalize on the mentioned benefits, and the extent to which the identified concerns affect business outcomes remain unclear. Furthermore, much ambiguity persists on the actual level of customer conversion these businesses achieve. These uncertainties are explored more thoroughly in Studies 2 and 3.

## 4.2. Study 2

The core objectives of Study 2 were to (1) verify whether the peculiarities suggested by business analysts are actually experienced by businesses that promote and sell products on OGB websites, (2) determine the extent to which businesses benefit from the marketing opportunities stemming from their participation (e.g., raising corporate and product brand awareness, customer acquisition), and (3) explicate whether concerns with such participation (e.g., business profitability, costs, competition, support) affect business decisions and outcomes. Specifically, the study posits that businesses do experience these peculiarities but that the extent to which they are receptive to such peculiarities differs.

### 4.2.1. Method

Existing blog comments from businesses owners were used in the study. Two blogs (as part of a larger website) that discussed the feasibility of doing business through OGB websites and that had a high concentration of comments from businesses owners were identified from an online search engine—that is, The New York Times (initiated by [Mueller \[2010\]](#)) and The Retail Doctor (started by [Phibbs \[2010\]](#)). The comments were scrutinized according to their content, and only those posted by business owners about their thoughts about and experiences with promoting and selling products through OGB websites were included in the study. Comments that expressed customer purchase experiences with a deal from an OGB website or that discussed issues unrelated to business participation and experiences with OGB were excluded from the study. In total, 296 comments (consisting of roughly 33,500 words, 900 paragraphs, and 3650 lines) were extracted, but only 118 blog comments (consisting of roughly 10,000 words, 350 paragraphs, and 1250 lines) met the stated criterion and were included in the study—the comments were collected over a five-year period, from February 2010 to November 2015. More important, it should be noted that the approach used is generally discovery oriented and not a netnography, because the focus of the study is on the interpretation of content rather than the social interactions between business owners and because the researcher was not considered a key element in content creation, as in the case of a typical netnography study ([Kozinets, 2015](#)).

### 4.2.2. Results and discussion

From the analysis of blog comments, most of the peculiarities identified in Study 1 were prevalent in Study 2. Many business owners agreed that “the world has changed” [#BC4] and that it was necessary to engage in new ways to attract consumers. Running deals on OGB websites was considered “a great vehicle for creating trial” [#BC3] and an alternative for guaranteed mass corporate and product brand exposure for many businesses that require no upfront payment (unlike traditional advertising):

[The] thought of buying a small ad in a local weekly newspaper to drive traffic [is tempting], but [we] can't afford the frequency required to make the ad campaign work... [OGB is different because] even if they [consumers] don't buy my deals, others [website subscribers and visitors] still get exposure [to my products]. [#BC10]

[With OGB] you get all the benefits of advertising and only pay for [acquiring] your customers... Full page ads, radio ads, television

ad... all requires an upfront investment with no guarantee of customers... With any advertising model, you will [likely] lose money initially on the customer's first visit. [#BC31]

Most business owners who had a positive experience with marketing exchanges through OGB clearly understood consumer behavior and had a broader outlook of the chain or multiplier effects. As one business owner noted,

[Customers] become regulars... [The deals] allow them to reduce the time and monetary risks of something that they are not familiar with... or simply [to make them aware of what they] did not know exist[s]... [The deals become] a way for them to try. [#BC14]

However, many business owners acknowledged that not all trials lead to repeated purchase and/or patronage:

[The deal] allows [consumers] to try something in a financially low-risk way... [but] many have no intention of visiting again... [Nonetheless] when [customers] have a good experience, even if they can't afford to pay the original price, they tell their friends and family that can... and that's good old-fashioned marketing. [#BC9]

This quote shows that deals on OGB websites act as magnets to motivate consumers to try products. Regardless of whether customers purchase the same (or other) products at the retail price, businesses that provide excellent service quality and a delightful purchase experience are likely to receive positive WOM (e.g., recommendations, reviews) from them.

Furthermore, products promoted and sold on OGB websites can provide immediate cash flow to businesses because customers are required to pay up front before redeeming the products at a later period. For example, one business owner described how the business benefitted from a large sum of upfront payments that greatly contributed to its expansion and how obtaining a ready pool of customers helped secure sales for a period:

[We] needed money to move into a bigger place and upgrade equipment... These specials [deals] sold thousands of dollars' worth of our services in advance and raised large sums of money... [which confirmed] booking for three months... [The] best part is that [we] don't have to take all redemptions at once... [we] take two to three appointments daily and keeping the rest of the time open for walk-in and other full price paying clients. [#BC7]

In terms of business profitability and costs, some businesses with high profit margins made immediate profits despite selling products at largely discounted prices, whereas other businesses with lower profit margins experienced an initial loss but subsequently realised profits from repeat customers.

[We are] still making a profit at 50% off and bringing in customers who may not have bought [from us] otherwise. [#BC29]

[The promotion] brought a lot of new customers... I had repeated customers even in the first two days [during redemption period]... Owners just have to figure out their variable costs as fixed costs doesn't change... As long as I can get 30% of my variable costs back and get a new customer to try, we are good. [#BC22]

Further analysis revealed several other factors that contributed to the overall profitability of these businesses, including reducing cost through economies of scale, strategically running deals to fill non-peak sales periods, accounting for non-redemption of products sold, and accurately budgeting for the cost of customer acquisition. These informed calculations highlight the necessity of conducting proper research to profitably run deals on OGB websites.

Order [products] in bulk, you save money. [#BC37]

[Helps] to fill in [empty slots] during slow [sales] period. [#BC37]

Many people who purchase [the deals in the form of coupons or vouchers] never use them... That's free money. [#BC10]

New customers would not increase the fixed costs of the business. [#BC12]

We do our research... if it doesn't work well, we won't be doing it more than once. [#BC28]

Nonetheless, the online group experience is not rosy for all businesses that ran deals on OGB websites. For many business owners who participated in OGB, the deals did bring in new customers, but in a non-profitable way. Such businesses reported that they encountered huge losses, while others that did not participate noted that they had foreseen the potential for such losses and cited non-profitability and high promotional costs well above their thin profit margins as barriers to participating in OGB websites. Furthermore, in many instances, customers expected a continued discount, which turned many regular customers into “cheapskates” who were not willing to continue purchasing without a discount. Such concerns also explain why some business owners chose not to participate in OGB.

Brought in new customers... We kept most of them... but the [loss] margins are a killer. [#BC11]

We operate on such thin profit margin and have such a large overhead... [running the deals may become] the road to hell [for us]. [#BC56]

Customers become conditioned to expect discounts. [#BC2]

People who buy such deals are cheap... They have money, they just don't like to spend. [#BC6]

To make matters worse, many businesses that ran deals encountered miscommunication with OGB website operators, leading to negative OGB experiences for these business owners.

To my horror, most purchases were my regulars who bought multiple [deals] even though it says limit to one per customer... We now have to police who is using them, which is not the vibe one wants [to spread]. [#BC16]

[I'm] the latest victim... Even though I did my homework and tried to structure a deal that would not break my bank account, they [the OGB website] did not comply with our agreement... The conditions were not to my approval [and I] could not change or fix it. [#BC20]

Most challenging aspect of the promotion was handling and execution of the deadline that is left up to the business to enforce... With less than three weeks left in the promotion, almost half of the deals sold had not yet been redeemed. [#BC13]

Although explanations of the opportunities and challenges these businesses faced are insightful, Study 2 has an apparent shortcoming. That is, it was difficult to identify the nature of the business from the blog responses, which raises an important question: Are these opportunities and challenges experienced similarly or differently across business types? Study 3 attempts to verify the peculiarities found in Studies 1 and 2 to determine whether they are similar or different from one type of business to another.

#### 4.3. Study 3

The core objective of Study 3 was not only to corroborate the observed peculiarities in Studies 1 and 2 but also to further identify similarities and differences in the opportunities and challenges faced by businesses that use OGB websites. Premised on contingency theory, the study posits that the potential benefits and pitfalls encountered on OGB websites are likely to differ across business types, thus affecting current and future business decisions.

#### 4.3.1. Method

The approach to the third and final study, which collects primary data, follows the five steps for discovery-oriented primary research as recommended by [Mahrer \(1988\)](#), which is consistent with the approach of studies in B2B marketing (e.g., [Ramirez, Gonzalez, & Moreira, 2014](#); [Terho, Haas, Eggert, & Ulaga, 2012](#)):

1. Select the target of the investigation—i.e., businesses that ran deals on OGB websites;
2. Obtain instances of the target of the investigation—i.e., qualitative survey (with minor quantitative elements to describe the background of business participants);
3. Obtain an instrument for taking a closer look—i.e., questionnaire with closed- and open-ended questions;
4. Gather the data—i.e., by means of e-mail; and
5. Make discovery-oriented sense of the data—i.e., qualitative content analysis of open-ended responses (e.g., opportunities and challenges faced to promote and sell products on OGB websites).

More specifically, the study conducted a qualitative survey using questionnaires that were administered by e-mail to businesses that ran deals on OGB websites—the questionnaire was self-developed and pretested with 11 business participants (not included in the main sample of this study) and assessed by two expert reviewers. Two websites were randomly selected on the basis of an updated list of OGB websites compiled by [Save Money \(2014\)](#). Businesses that ran the deals on these websites were randomly selected by means of systematic sampling—a type of random sampling method in which every  $k$ th (e.g., 10th) case is selected. In total, 69 businesses were approached (through e-mail), but only 40 agreed to participate and returned a completed questionnaire. On average, approximately 30 to 50 different sellers sell and promote their products on an OGB website, and thus the estimated sampling frame for the two OGB websites in which the business participants were sampled is between 60 and 100 different sellers. Despite a small sample size (as compared with traditionally large sample sizes in purely quantitative studies), the saturation of qualitative data provides a strong indication of reliable results.

The questionnaire consisted of two parts. The first part required business participants to indicate (1) the type of business they were operating and the products sold through OGB websites (e.g., nail spa, restaurant), (2) the profit margin they receive from products sold at retail prices (in percentage), (3) the number of times they ran deals on these websites, and (4) whether they would run deals on these types of websites in the future. The second part asked participants to elaborate on their experiences of promoting and selling products on OGB websites. A brief tip was included to help participants recall their experiences based on a finding from a pretest of the questionnaire with 11 business participants (not included in the main sample of this study) using the same sampling procedure as the main sample, that is, to reduce what the author and two expert reviewers of the research instrument considered as “writer’s block”: “Tip: You may elaborate on the opportunities or benefits received (e.g., corporate and product brand awareness, customer acquisition, cash flow) and/or challenges or pitfalls encountered (e.g., business profitability, costs, competition, customer expectations, support from OGB websites) when you ran a deal(s) on OGB website(s)”. Although no word limitations were imposed, respondents wrote on average 500 words—as compared to an average of 300 words in the pretest.

#### 4.3.2. Results and discussion

The study used a random sample that consisted of different types of businesses (see [Table 1](#)). The majority of businesses were service providers (i.e., 60%), while the rest were physical goods retailers (i.e., 40%). Most businesses had run deals only once (i.e.,  $N_{\text{First}} = 23$  [57.5%]), whereas other businesses had done so multiple times (i.e.,  $N_{\text{Second}} = 11$  [27.5%];  $N_{\text{Third}} = 4$  [10%];  $N_{\text{Fifth}} = 2$  [5%]). Slightly

more than half the businesses reported the likelihood of offering deals in the future ( $N_{\text{Yes}} = 22$  [55%]), while the rest either had no intention of doing so or were uncertain (i.e.,  $N_{\text{No}} = 11$  [27.5%];  $N_{\text{Maybe}} = 7$  [17.5%]). Several businesses, most of which were physical good retailers, had a high profit margin (i.e., more than 50%;  $N_{\text{HPM}} = 14$  [35%];  $N_{\text{GoodsHPM}} = 9$  [22.5%];  $N_{\text{ServicesLPM}} = 5$  [12.5%]), while the remaining businesses, most of which were service providers ( $N_{\text{HPM}} = 23$  [57.5%];  $N_{\text{ServicesLPM}} = 16$  [40%];  $N_{\text{GoodsLPM}} = 7$  [17.5%]), had low profit margins (i.e., 50% or less) or chose not to disclose their profit margin ( $N_{\text{NoDisclosure}} = 3$  [7.5%]).

The qualitative content analysis revealed two noteworthy insights. First, when businesses evaluate the benefits of promoting and selling products on OGB websites, they should consider the nature of the business, as the opportunities identified in Studies 1 and 2 may not be present for all types of businesses. For example, the study found that physical goods retailers are less likely to enjoy repeat patronage than service providers. In contrast, when businesses evaluate the challenges of engaging in marketing exchange through OGB websites, they should view profit margin as an indicator of whether they are likely to be able to withstand the challenges. For example, a business with a higher profit margin is more likely to sell a higher volume of products at a discounted price through OGB and still make a profit than a business with a thin profit margin. Thus, the nature and profit margin of the business were used as proxies to identify any similarities or differences in the opportunities and challenges that businesses may face when engaging in marketing exchanges on OGB websites.

For many businesses, OGB was considered as a “wonderful advertising tool for exposing [the business] to the people who are just a click away from becoming customers” [#B05]. The chain reaction from electronic WOM was also experienced by many businesses who saw their deals being “shared and liked [across various types of social media] ... such as Facebook, Instagram, and Twitter” [#B24], providing evidence that “[corporate] brand and product [brand] awareness was on the rise” [#B09], regardless of the nature of the business.

In addition, the findings indicated consensus that an immediate pool of large groups of customers was acquired, but not all businesses experienced repeat patronage. For example, many physical goods retailers, such as those that sell furniture [#B28], mobile accessories [#B20], and smart phones [#B04], reported that customers did not return after purchasing deals through OGB websites. Furthermore, although some retailers reported that “[running deals presented them with an] opportunity to introduce other products [in which] some customers were enticed and bought the recommended products, many did not [and only came to redeem the deal that they bought]” [#B28]. In contrast, service providers that successfully made first time customers who bought their deals “impressed and satisfied [with their service quality were able to convince such customers to] return and make future appointments” [#B27] and, in many instances, to persuade them to “make additional purchases during deal redemption” [#B05]. In addition, several service providers reported that “many customers brought their family and friends who missed out on the advertised deals and paid the full price” [#B31], which suggests that consumers often consume services with a company of people, and thus, understanding such behavior may be useful for service providers in devising strategies to encourage deal purchasers to persuade non-purchasers to patron the service provider together.

Nonetheless, both physical goods retailers and service providers concurred that engaging in promotional and sales activities through OGB websites can improve cash flow and generate revenue during slow sales periods.

We usually suffer from slow periods after festive sales... [We've benefitted from] running the deals [as they] help us to breath [during such periods] and balance our books positively. [#B06]

Most people come for dinner because we're located in a neighbourhood area...not many come for lunch...Now we've more [people]

**Table 1**  
Background of business participants.

ID	Type of business and products sold	Nature of business	Profit margin (%)	Number of past deals	Intention to run future deals
B01	Nail spa—manicure and pedicure	Service provider	10–20	2	Yes
B02	Restaurant—food	Service provider	15	1	No
B03	Restaurant—food and beverage	Service provider	10–25	1	Maybe
B04	Smartphones—handset	Physical goods retailer	5	1	No
B05	Hair saloon—haircut and treatment	Service provider	10–20	2	Yes
B06	Clothing—dresses	Physical goods retailer	100	2	Yes
B07	Furniture—home	Physical goods retailer	25	1	Maybe
B08	Online course—finance	Service provider	30	1	Yes
B09	Restaurant—food	Service provider	20	1	Maybe
B10	Hotel—room	Service provider	20	1	No
B11	Nail spa—manicure and pedicure	Service provider	25	1	No
B12	Books—educational	Physical goods retailer	20–40	1	No
B13	Smartphones—tablet	Physical goods retailer	7	1	No
B14	Auto detailing—car polish and wax	Service provider	30	1	Yes
B15	Gym membership—one month access	Service provider	No disclosure	3	Yes
B16	Nail spa—manicure and pedicure	Service provider	20–40	2	Yes
B17	Clothing—baby	Physical goods retailer	50	1	No
B18	Car tints—large sedans and multi-purpose vehicles	Physical goods retailer	300–500	5	Yes
B19	Restaurant—food and beverage	Service provider	No disclosure	1	No
B20	Mobile accessories—headphones	Physical goods retailer	10–30	2	Yes
B21	Mobile accessories—power bank	Physical goods retailer	100–200	2	Yes
B22	Travel luggage—various sizes	Physical goods retailer	30–100	3	Yes
B23	Body spa—massage and treatment	Service provider	20–30	1	Yes
B24	Hotel—holiday package	Service provider	20	1	No
B25	Hotel—room	Service provider	30	2	Yes
B26	Language learning—Korean and Japanese	Service provider	No disclosure	2	Yes
B27	Hair saloon—haircut and treatment	Service provider	20–30	1	Maybe
B28	Furniture—office	Physical goods retailer	50–100	1	Maybe
B29	Smartphones—handset	Physical goods retailer	5–6	1	No
B30	Body spa—massage and treatment	Service provider	25	2	Yes
B31	Restaurant—desserts	Service provider	15	1	No
B32	Mobile accessories—power bank	Physical goods retailer	100	1	Yes
B33	Theme park—entrance tickets	Service provider	50–100	3	Yes
B34	Mobile accessories—power bank	Physical goods retailer	100–200	1	Yes
B35	Car tints—large sedans and multi-purpose vehicles	Physical goods retailer	200–300	2	Yes
B36	Mobile accessories—power bank	Physical goods retailer	100–200	3	Yes
B37	Extreme park—entrance tickets	Service provider	50–100	1	Yes
B38	Extreme park—entrance tickets	Service provider	80	1	Yes
B39	Tanning center—therapy	Service provider	50–70	5	Yes
B40	Water park—entrance tickets	Service provider	80	2	Yes

Note: B33 to B40 were collected to provide additional support for high profit margin cases as requested by one of the reviewers—no significant additions/changes in the nature of opportunities and challenges were required (i.e., ✓, LL, NM; see Table 2).

coming in for lunch because of the lunch deals that we've put up [on the OGB website]. [#B03]

In many instances, the upfront payment made by a large pool of customers allowed physical goods retailers to make bulk purchases in reduced credit payment periods, which improved their bargaining power with manufacturers.

It's amazing how we get such a huge amount of money in just a few weeks of running the deal... It puts us in a better position when we negotiate from manufacturers as we have both the [product order] quantity and cash up front. [#B22]

In contrast with physical goods retailers, service providers are not heavily reliant on revenue from products sold. Instead, having more cash at hand enables them to expand their business to cater to more customers.

Instead of waiting for several months, I can use the money that is paid up front to purchase more equipment that allows me to expand the range of services that I can offer. I can also expand my shop to accommodate more customers. [#B16]

While many lucrative opportunities avail for businesses on OGB websites, the study suggests that OGB may not be a rosy affair for all businesses. As mentioned, businesses that work with thin profit margins are unlikely to make a quick profit from marketing exchanges through

OGB. As a retailer of smartphones noted,

[The] business [experienced] some losses [when it ran a deal on OGB websites]...and it took [us] some time to finally come up with solutions to reduce losses because the profits from the gadgets sold could not cover the service charged by the website... [We] persuaded customers who came to redeem their gadgets to sign up for [telecommunication] post-paid plans... [and] that helped to chip in [and reduce its losses]. [#B04]

Thus, running deals on OGB website helps attract customers, but the onus is on the physical goods retailer to persuade customers to make additional purchases to cover the promotional costs and make a profit or reduce their losses. This situation was also experienced by many service providers, which in general operate with low profit margins.

Furthermore, such businesses tend to struggle when customers become conditioned to discounts and thus patronize other physical goods retailers or service providers that run similar deals on the websites.

It's really frustrating when we follow up [with customers who bought the deal] only to find out that they are not interested unless we gave them a similar offer to the one they purchased previously or the same deal that our competitors are currently offering on the websites. [#B11]

In contrast, businesses such as retailers of clothing [#B06], car tints



[#B18], and mobile accessories [#B21 and #B32] were generally operating with high profit margins, which made it relatively easy for them to manage costs, withstand competition, and continue to generate revenues that produced healthy profits. In addition, most of these businesses operate in a market in which consumers are prone to discounts, and thus such businesses benefitted from engaging with a marketing agent that could provide them with an immediate pool of consumers.

Consumers want discounts all the time, so products in our market are usually priced much higher so that when the season runs out, it is easy to clear our products... [Then these] bargain hunting consumers can get their discounts. [#B06]

Although many businesses like us are in the market, our profit margin allows us to match or beat our competitors' price anytime... We usually give five years of warranty and if customers want a cheaper price, we can always negotiate by reducing the length of the warranty period. [#B18]

In short, this study indicates that the opportunities and challenges may be similar in some ways but differ in other ways across different business types. Most of the findings in Studies 1 and 2 were found and further investigated in Study 3 to identify the specific benefits and pitfalls that businesses may encounter. The subsequent section puts the findings of the three discovery-oriented studies into perspective and discusses its implications for theoretical and practical advancement.

5. General discussion

Many businesses have tried to use OGB websites to market their corporate and product brands and bring in new customers, but not all have been satisfied with the outcomes received. This was evident across the three discovery-oriented studies carried out to accentuate the opportunities and challenges businesses may face when they engage in marketing exchanges on OGB websites. More specifically, as the sources of information used in the study moved closer to reflect the perceptions and experiences of business participants in OGB (i.e., from online articles written by business analysts [Study 1] to blog comments by business owners [Study 2] to open-ended survey responses by business participants in OGB [Study 3]), the opportunities and challenges naturally developed in a way that was acutely defined according to the different types of businesses in the marketplace. For example, the final study showed that the nature and profit margin of the business serve as useful proxies that contribute toward accentuating the specific peculiarities that businesses may confront in OGB more accurately.

More important, the peculiarities identified were successfully triangulated across the studies (see Table 2), offering greater confidence in the rigor and trustworthiness of the qualitative findings.

5.1. Theoretical implications

A recent influx of marketing research has explored the specific peculiarities of OGB, with a large majority of investigations assuming a consumer behavior perspective (e.g., Cheng & Huang, 2013a, 2013b; Lim, 2014a, 2014b, 2015, 2017; Lim & Ting, 2014; Shiau & Luo, 2012). The current research extends the literature on OGB by contributing insights from a B2B perspective using contingency theory. More specifically, the study finds that engaging in marketing exchanges through an OGB website offers businesses the opportunity to raise corporate and product brand awareness, gain an immediate pool of large groups of customers, expand the customer base, sell other products, contribute to better cash flow, encourage positive WOM, and increase sales during non-peak sales periods. However, doing so may also be challenging in terms of maintaining business profitability, managing costs, withstanding competition, obtaining support from OGB website operators, and managing customer expectations of continued discounts. More important, the study shows that market and operating conditions are likely to differ across business types, and thus the opportunities and challenges faced are less likely to be universal and may only be similar in a given type of operating environment (e.g., nature and profit margin of the business); this notion conforms to the theoretical propositions of contingency theory (Betts, 2003; Scott, 2003; Young et al., 2001). Thus, by demonstrating the usefulness of contingency theory in mapping the opportunities and challenges faced by businesses characterized by different operating environments that intend to participate in OGB, this study theoretically extends contingency theory as a mapping mechanism to outline the extant contribution of specified business models to different types of businesses. In doing so, this study also makes notable contributions to the extant literature on direct- and cross-selling, promotion, and customer awareness, acquisition, and retention strategies (Geiger & Turley, 2005; Richards & Jones, 2008; Sharma & Mehrotra, 2007; Zhang et al., 2013), specifically in terms of the opportunities and challenges of engaging in these marketing-related activities using a group buying agent for retailers of physical goods and service providers with low and high profit margins. The subsequent section translates these theoretical underpinnings into actionable recommendations and prescriptions to, hopefully, enhance business awareness, comprehension, and evaluation on the opportunities and challenges of engaging in promotional and sales activities via OGB websites.

Table 2  
Triangulation of opportunities and challenges faced by businesses engaging in marketing exchanges in OGB.

Opportunities	Study 1	Study 2	Study 3	
			Service provider	Retailer of physical goods
To successfully raise corporate and product brand awareness	✓	✓	✓	✓
To successfully gain an immediate pool of large groups of customers	✓	✓	✓	✓
To successfully expand customer base	NM	✓	✓	LL
To successfully sell other products	NM	NM	✓	LL
To successfully contribute to better cash flow	NM	✓	✓	✓
To successfully encourage positive WOM	NM	✓	✓	✓
To successfully increase sales during non-peak sales periods	NM	✓	✓	✓
Challenges			Low profit margin	High profit margin
To maintain business profitability	✓	✓	✓	LL
To manage costs	✓	✓	✓	LL
To withstand competition	✓	NM	✓	LL
To obtain support from OGB website operators	✓	✓	LL	LL
To manage consumer expectations for continued discounts	NM	✓	✓	LL

Note: The listed opportunities and challenges derive from the inductive process of generating themes and categories from the data and the deductive process of checking whether the themes appear across the three discovery-oriented studies, as recommended by Morrow and Smith (2000). ✓ = Agree that the opportunity or challenge exist; LL = Less likely that the opportunity or challenge exist; NM = Not mentioned. Triangulation is successful when an opportunity or a threat is evident in two or more studies.

## 5.2. Practical implications

This research also offers critical insights for business owners and marketers on the topic. Building on the findings from the three discovery-oriented studies, this research reveals that the opportunities and challenges that characterize the marketing exchanges on OGB websites may differ across business types. The study identified two proxies as useful indicators of whether a specific opportunity or challenge is likely to arise for a given business—that is, the nature and profit margin of the business.

For businesses that are primarily service providers, promoting and selling products on OGB websites is likely to yield benefits from all the identified opportunities. In contrast, businesses that primarily sell physical goods are less likely to expand their customer base and sell other products offered. That is, the findings show that many physical goods customers often redeem their deals without purchasing any additional products. Nonetheless, if the objectives of these retailers are to raise corporate and product brand awareness, gain an immediate pool of large groups of customers (with a lower expectation of customer retention), improve cash flow, encourage positive WOM, and increase sales during slow periods, OGB websites should remain an appropriate platform to achieve these goals.

For businesses that operate with high profit margins, they are likely to overcome all the identified challenges of engaging in marketing exchanges in OGB. Conversely, businesses that operate with low profit margins are likely to struggle to maintain business profitability, manage costs, withstand competition, and manage customer expectations for continued discounts. For such businesses, the study highlights the importance of evaluating the value of the available opportunities (depending on the nature of the business) against the ability of the business to withstand the challenges encountered when promoting and selling products on OGB websites. For example, business owners who run on thin profit margins are likely to consider whether the business will be able to sell other products to customers who come to redeem products bought on OGB websites in order to maintain business profitability, whereby findings from the study suggest that businesses that are service-oriented will be more likely to be successful in persuading customers to make additional purchases as compared to retail-oriented businesses. Nonetheless, it should be noted that businesses that operate with high profit margins should not neglect the nature of their business in their evaluation. For example, a physical goods retailer operating with a high profit margin may find it difficult to persuade customers who come to redeem their products to make additional purchases or even to repurchase in the future. Thus, it is important for all types of businesses to include not only profit margin in their evaluation but also the nature of the business. Neglecting either one may lead to undesired business outcomes (e.g., encounter financial losses, failure to reach marketing goals).

Nonetheless, businesses that are considering participating in OGB can be optimistic about obtaining support from website operators. Although Studies 1 and 2 showed some incidences of unprofessional behavior and a lack of support from website operators, Study 3, which provides an up-to-date reflection on their current support services, did not indicate such occurrences—note that the negative occurrences in the initial two studies were reported two to three years before the third study, and thus such shortcomings are likely to have been addressed, according to the findings of the final study. Indeed, some business owners who took the open-ended survey specified that website operators were responsive to their needs.

## 6. Conclusion

The study revealed the opportunities and challenges faced by the different types of businesses who engage in promotional and sales activities on OGB websites. The three discovery-oriented studies enable the overarching study to triangulate the identified peculiarities and

contribute to an encompassing assessment on the potential benefits and pitfalls that businesses could encounter based on the nature and profit margin of the business. Nonetheless, more work is required in order to advance the theoretical and practical contributions of the current investigation.

### 6.1. Limitations and future research directions

This study has several limitations that open up new avenues for further research. First, the agency perspective is part of the B2B perspective but was not accounted for in this study. Understanding the marketing opportunities and challenges of OGB website operators in managing buyers' and suppliers' expectations is a fruitful research avenue to advance understanding of this contemporary business model. Second, the extent to which the identified opportunities and challenges remain over time for businesses that continue to run deals on OGB websites was not explored. Thus, further research should consider collecting and analyzing longitudinal marketing data to examine the impacts in the long run. Third, although rich insights were obtained from the open-ended survey, other qualitative research approaches, such as individual and focus group interviews, could be considered to provide deeper insights into the topic. Fourth, the discovery-oriented studies are based on a qualitative approach, and thus their findings may lack generalizability. Further research, especially of a quantitative nature, is required to test for statistical significance of the impact of the opportunities and challenges on the business outcomes on the supply side of the OGB business model to support the generalizability of the findings. Last, the study's findings may only pertain to situations in which an aggregate group of buyers is required to unlock price discounts on OGB websites (e.g., Groupon, LivingSocial), and not on deal-of-the-day or discount websites (e.g., Catch of the Day, Crazy Sales, Deals Direct) that simply offer direct (but a lower percentage of) discounts for a limited time without requiring large groups of consumers to aggregate purchases in return for a larger percentage of discounts. Further research could explore the potential similarities and differences between the business operations of the two business models. In short, OGB remains a relatively new area of research and thus requires further investigation. The author hopes that this article will spur more studies in the area to better understand this form of e-commerce and contribute to the advancement and sustainability of this business model.

## References

- Albert, T. C. (2003). Need-based segmentation and customized communication strategies in a complex-commodity industry: A supply chain study. *Industrial Marketing Management*, 32(4), 281–290.
- AlHussan, F. B., Al-Husan, F. B., & Chavi, C.-Y. (2014). Environmental factors influencing the management of key accounts in an Arab Middle Eastern context. *Industrial Marketing Management*, 43(4), 592–602.
- Almunia, M., Benetrix, A., Eichengreen, B., O'Rourke, K. H., & Rua, G. (2010). From great depression to great credit crisis: Similarities, differences and lessons. *Economic Policy*, 25(62), 219–265.
- Ballon, A. (2012, March 5). Are daily deal sites a good deal for your business? The good, the bad and the good-to-know about participating in a group buying. Retrieved from Mom Inc Book <http://mominc.ca/blog/amy/are-daily-deal-sites-good-deal-your-business-good-bad-and-good-know-about-participating-gro>.
- Benson-Rea, M., Brodie, R. J., & Sima, H. (2013). The plurality of co-existing business models: Investigating the complexity of value drivers. *Industrial Marketing Management*, 42(5), 717–729.
- Betts, S. C. (2003). Contingency theory: Science or technology? *Journal of Business and Economics Research*, 1(8), 123–130.
- Bice, B. (2012, September 20). Groupon isn't a good deal for businesses. Retrieved from CNBC <http://www.cnbc.com/id/49092709#>.
- Blodget, H. (2011, August 31). *The truth about Groupon: Yes, it can make money. No, it won't be easy* (Retrieved from). Business Insider <http://www.businessinsider.com/blodget-groupon-analysis-2011-8?IR=T&op=1>.
- Böhm, E., Eggert, A., & Thiesbrummel, C. (2017). Service transition: A viable option for manufacturing companies with deteriorating financial performance? *Industrial Marketing Management*, 60, 101–111.
- Bradley, L., & Stewart, K. (2003). The diffusion of online banking. *Journal of Marketing Management*, 19(9/10), 1087–1109.

- Brinkmann, J., & Voeth, M. (2007). An analysis of buying center decisions through the salesforce. *Industrial Marketing Management*, 36(7), 998–1009.
- Brown, M., Pope, N., & Voges, K. (2003). Buying or browsing? An exploration of shopping orientations and online purchase intention. *European Journal of Marketing*, 37(11/12), 1666–1684.
- Brown, B. P., Zablah, A. R., Bellenger, D. N., & Donthu, N. (2012). What factors influence buying center brand sensitivity? *Industrial Marketing Management*, 41(3), 508–520.
- Chang, C. W., Chiang, D. M., & Pai, F. Y. (2012). Cooperative strategy in supply chain networks. *Industrial Marketing Management*, 41(7), 1114–1124.
- Chen, H., Ellinger, A. E., & Tian, Y. (2011). Manufacturer-supplier guanxi strategy: An examination of contingent environmental factors. *Industrial Marketing Management*, 40(4), 550–560.
- Cheng, H.-H., & Huang, S.-W. (2013a). Exploring antecedents and consequences of online group buying intention: An extended perspective on theory of planned behavior. *International Journal of Information Management*, 33(1), 185–198.
- Cheng, H.-H., & Huang, S.-W. (2013b). Exploring antecedents and consequences of online group-buying intention: An extended perspective on theory of planned behavior. *International Journal of Information Management*, 33(1), 185–198.
- China Tech (2014, July 29). Chinese internet group buying hits new high as older websites die. Retrieved from <http://www.chinatechnews.com/2014/07/29/20759-chinese-internet-group-buying-hits-new-high-as-older-websites-continue-to-die>.
- Coulter, K. S., & Roggeveen, A. (2012). Deal or no deal? How number of buyers, purchase limit, and time to expiration impact purchase decisions on group buying websites. *Journal of Research in Interactive Marketing*, 6(2), 78–95.
- Cowles, D. L., Kiecker, P., & Little, M. W. (2002). Using key informant insights as a foundation for e-retailing theory development. *Journal of Business Research*, 55(8), 629–636.
- Creswell, J. W., & Miller, D. L. (2000). Determining validity in qualitative inquiry. *Theory Into Practice*, 39(3), 124–130.
- Devitt, N. (2011, June). Pros vs cons: Are group buying sites good for your business? (Retrieved from <http://tweakyourbiz.com/marketing/2011/06/01/pros-vs-cons-are-group-buying-sites-good-for-your-business/>).
- Enzer, G. (2011, July). Group buying: Good or bad for business? (Retrieved from ITP). <http://www.itp.net/585502-group-buying-good-or-bad-for-business>.
- Erdogmus, I. E., & Cicek, M. (2011). Online group buying: What is there for the consumers? *Procedia - Social and Behavioral Sciences*, 24, 308–316.
- Feng, T., Sun, L., Zhu, C., & Sohal, A. S. (2012). Customer orientation for decreasing time-to-market of new products: IT implementation as a complementary asset. *Industrial Marketing Management*, 41(6), 929–939.
- Forbes (2010, December 8). Meet the fastest growing company ever. Retrieved from <http://www.forbes.com/forbes/2010/0830/entrepreneurs-groupon-facebook-twitter-next-web-phenom.html>.
- Fortune (2013, May 6). Fastest-growing companies in the Fortune 1000 by revenue. Retrieved from <http://fortune.com/2013/05/06/fastest-growing-companies-in-the-fortune-1000-by-revenue/>.
- Fredericks, E. (2005). Infusing flexibility into business-to-business firms: A contingency theory and resource-based view perspective and practical implications. *Industrial Marketing Management*, 34(6), 555–565.
- Fuentes-Fuentes, M. M., Llorens-Montes, F. J., Molina-Fernandez, L. M., & Albacete-Saez, C. A. (2011). Environment-quality management coalignment across industrial contexts: An empirical investigation of performance implications. *Industrial Marketing Management*, 40(5), 730–742.
- Galbraith, J. R. (1973). *Designing complex organizations*. Reading, MA: Addison-Wesley.
- Geiger, S., & Turley, D. (2005). Socializing behaviors in business-to-business selling: An exploratory study from the Republic of Ireland. *Industrial Marketing Management*, 34(3), 263–273.
- Geiger, I., Dost, F., Schonhoff, A., & Kleinaltenkamp, M. (2015). Which types of multi-stage marketing increase direct customers' willingness-to-pay? Evidence from a scenario-based experiment in a B2B setting. *Industrial Marketing Management*, 47, 175–189.
- Global Times (2010, October, 29). Ministry of commerce certifies 29 group-buying websites in first for fast-growing industry. Retrieved from <http://www.globaltimes.cn/content/587888.shtml>.
- Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The Qualitative Report*, 8(4), 597–607.
- Goltz, J. (2010, November, 23). Doing the math on a Groupon deal. Retrieved from New York Times <http://boss.blogs.nytimes.com/2010/11/23/doing-the-math-on-a-groupon-deal/>.
- Granot, E., Brashear, T. G., & Motta, P. C. (2012). A structural guide to in-depth interviewing in business and industrial marketing research. *The Journal of Business and Industrial Marketing*, 27(7), 547–553.
- Griffith, R. L., & Pol, L. G. (1994). Segmenting industrial markets. *Industrial Marketing Management*, 23(1), 39–46.
- Guba, E. G. (1981). Criteria for assessing the trustworthiness of naturalistic inquiries. *Educational Communication & Technology Journal*, 29, 75–91.
- Heiens, R. A., & Pleshko, L. P. (2011). A contingency approach to market orientation and related marketing strategy concepts: Does fit relate to profit performance? *Management and Marketing*, 6(1), 19–34.
- Heirati, N., O'Cass, A., Schoefer, K., & Siahitri, V. (2016). Do professional service firms benefit from customer and supplier collaborations in competitive, turbulent environments? *Industrial Marketing Management*, 55, 50–58.
- Helm, S. V., & Ozergin, B. (2015). Service inside: The impact of ingredient service branding on quality perceptions and behavioral intentions. *Industrial Marketing Management*, 50, 142–149.
- Hsu, M.-H., Chang, C.-M., Chu, K.-K., & Lee, Y.-J. (2014). Determinants of repurchase intention in online group buying: The perspectives of DeLone and McLean IS success model and trust. *Computers in Human Behavior*, 36, 234–245.
- Hult, G. T. M., Ketchen, D. J., & Chabowski, B. R. (2007). Leadership, the buying center, and supply chain performance: A study of linked users, buyers, and suppliers. *Industrial Marketing Management*, 36(3), 393–403.
- Jackson, B. (2012, January 31). Group buying: How your daily deal could succeed. Retrieved from IT Business <http://www.itbusiness.ca/news/group-buying-how-your-daily-deal-could-succeed-or-fail/17202>.
- Jap, S. D. (2003). An exploratory study of the introduction of online reverse auctions. *Journal of Marketing*, 67(3), 96–107.
- Kabadayi, S. (2011). Choosing the right multiple channel system to minimize transaction costs. *Industrial Marketing Management*, 40(5), 763–773.
- Kaipia, R., & Turkulainen, V. (2017). Managing integration in outsourcing relationships—The influence of cost and quality priorities. *Industrial Marketing Management* (in press).
- Keeling, D. I., Daryanto, A., de Ruyter, K., & Wetzels, M. (2013). Take it or leave it: Using regulatory fit theory to understand reward redemption in channel reward programs. *Industrial Marketing Management*, 42(8), 1345–1356.
- Kelsey, B. I. A. (2011, September 13). BIA/Kelsey revises deals forecast upward slightly, due to more entrants, rapid market expansion and growing consumer adoption. Retrieved from <http://www.biakelsey.com/Company/Press-Releases/110913-BIAKelsey-Revises-Deals-Forecast-Upward-Slightly.asp>.
- Kelt, J. (2011, June 16). The future of group buying and social commerce. Retrieved from CMO <http://www.cmo.com/articles/2011/6/16/the-future-of-group-buying-and-social-commerce.html>.
- Kozinets, R. V. (2015). *Netnography: Redefined*. London: Sage Publications.
- Lawrence, P. R., & Jay, W. L. (1967). *Organization and environment: Managing differentiation and integration*. Boston, MA: Harvard University Press.
- Liao, S.-H., Chu, P.-H., Chen, Y.-J., & Chang, C.-C. (2013). Mining customer knowledge for exploring online group buying behavior. *Expert Systems with Applications*, 39(3), 3708–3716.
- Lim, W. M. (2014a). Understanding the influence of online flow elements on hedonic and utilitarian online shopping experiences: A case of online group buying. *Journal of Information Systems*, 28(2), 287–306.
- Lim, W. M. (2014b). Sense of virtual community and perceived critical mass in online group buying. *Journal of Strategic Marketing*, 22(3), 268–283.
- Lim, W. M. (2015). The influence of internet advertising and electronic word of mouth on consumer perceptions and intention: Some evidence from online group buying. *The Journal of Computer Information Systems*, 55(4), 81–89.
- Lim, W. M. (2017). Untangling the relationships between consumer characteristics, shopping values, and behavioral intention in online group buying. *Journal of Strategic Marketing* (in press).
- Lim, W. M., & Ting, D. H. (2014). Consumer acceptance and continuance of online group buying. *The Journal of Computer Information Systems*, 54(3), 87–96.
- Luo, X., Andrews, M., Song, Y., & Aspara, J. (2014). Group-buying deal popularity. *Journal of Marketing*, 78(2), 20–33.
- Maher, A. R. (1988). Discovery-oriented psychotherapy research: Rational, aims, and methods. *American Psychologist*, 43(9), 694–702.
- Mele, D., & Sanchez-Runde, C. (2013). Cultural diversity and universal ethics in a global world. *Journal of Business Ethics*, 116(4), 681–687.
- Merriam, S. B. (2014). *Qualitative research: A guide to design and implementation*. San Francisco, CA: Jossey-Bass.
- Morrow, S. L., & Smith, M. L. (2000). Qualitative research for counseling psychology. In S. D. Brown, & R. W. Lent (Eds.), *Handbook of counseling psychology* (pp. 199–230). New York, NY: John Wiley and Sons.
- Mudambi, S., & Aggarwal, R. (2003). Industrial distributors: Can they survive in the new economy? *Industrial Marketing Management*, 32(4), 317–325.
- Mueller, M. P. (2010, November 11). Is Groupon good for small businesses? Retrieved from The New York Times <http://boss.blogs.nytimes.com/2010/11/11/is-groupon-good-for-small-businesses/>.
- Mukerji, C., & Abraham, S. (2013, September, 29). Deals gone sour. Retrieved from Business Today <http://businesstoday.intoday.in/story/websites-specialising-in-group-buying-deals-future/1/198416.html>.
- Nickell, D., Rollins, M., & Hellman, K. (2013). How to not only survive but thrive during recession: A multi-wave, discovery-oriented study. *The Journal of Business and Industrial Marketing*, 28(5), 455–461.
- Park, Y.-H., & Bradlow, E. T. (2005). An integrated model for bidding behavior in internet auctions: Whether, who, when, and how much. *Journal of Marketing Research*, 42(4), 470–482.
- Phibbs, B. (2010, August 25). Groupon review: Worst marketing for your local business? A case study. Retrieved from The Retail Doctor <http://www.retaildoc.com/blog/groupon-worst-marketing-business>.
- Poon, W.-C. (2007). Users' adoption of e-banking services: The Malaysian perspective. *The Journal of Business and Industrial Marketing*, 23(1), 59–69.
- Quelch, J. A., & Jocz, K. E. (2009). How to market in a downturn. *Harvard Business Review*, 87(4), 52–62.
- Ramirez, E., Gonzalez, R. J., & Moreira, G. J. (2014). Barriers and bridges to the adoption of environmentally-sustainable offerings. *Industrial Marketing Management*, 43(1), 16–24.
- Richards, K. A., & Jones, E. (2008). Customer relationship management: Finding value drivers. *Industrial Marketing Management*, 37(2), 120–130.
- Save Money (2014, April 14). Full review of top Malaysian daily deal sites. Retrieved from Save Money <http://savemoney.my/deal-sites-the-review>.
- Schwartz, M. S. (2005). Universal moral values for corporate codes of ethics. *Journal of Business Ethics*, 59(1–2), 27–44.
- Scott, W. R. (2003). *Organizations: Rational, natural, and open systems*. Englewood Cliffs, NJ: Prentice-Hall.

- Sharma, M. (2011, April 29). Group-buying a raw deal for businesses. Retrieved from ZD Net <http://www.zdnet.com/group-buying-a-raw-deal-for-businesses-1339314025/>.
- Sharma, A., & Mehrotra, A. (2007). Choosing an optimal channel mix in multichannel environments. *Industrial Marketing Management*, 36(1), 21–28.
- Shenton, A. K. (2004). Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, 22, 63–75.
- Shiau, W.-L., & Luo, M. M. (2012). Factors affecting online group buying intention and satisfaction: A social exchange theory perspective. *Computers in Human Behavior*, 28(6), 2431–2444.
- Singh, S. (2012). *New mega trends: Implications for our future lives*. Hampshire: Palgrave Macmillan.
- Sok, P., & O'Cass, A. (2011). Achieving superior innovation-based performance outcomes in SMEs through innovation resource-capability complementarity. *Industrial Marketing Management*, Vol. 40(8), 1285–1293.
- Srinivasan, R., & Moorman, C. (2005). Strategic firm commitments and rewards for customer relationship management in online retailing. *Journal of Marketing*, 69(4), 193–200.
- Storey, C., & Kocabasoglu-Hillmer, C. (2013). Making partner relationship management systems work: The role of partnership governance mechanisms. *Industrial Marketing Management*, 42(6), 862–871.
- Swani, K., Brown, B. P., & Milne, G. R. (2014). Should tweets differ for B2B and B2C? An analysis of fortune 500 companies' twitter communications. *Industrial Marketing Management*, 43(5), 873–881.
- Swani, K., Milne, G. R., Brown, B. P., Assaf, A. G., & Donthu, N. (2017). What messages to post? Evaluating the popularity of social media communications in business versus consumer markets. *Industrial Marketing Management* (in press).
- Tangpong, C., Li, J., & Hung, K. T. (2016). Dark side of reciprocity norm: Ethical compromise in business exchanges. *Industrial Marketing Management*, 55, 83–96.
- Terho, H., Haas, A., Eggert, A., & Ulaga, W. (2012). 'It's almost like taking the sales out of selling'—Towards a conceptualization of value-based selling in business markets. *Industrial Marketing Management*, 41(1), 174–185.
- Tsai, K.-M., & Hsu, T. T. (2014). Cross-functional collaboration, competitive intensity, knowledge integration mechanisms, and new product performance: A mediation model. *Industrial Marketing Management*, 43(2), 293–303.
- Tsai, K.-H., & Yang, S. Y. (2013). Firm innovativeness and business performance: The joint moderating effects of market turbulence and competition. *Industrial Marketing Management*, 42(8), 1279–1294.
- Tsai, M.-T., Cheng, N.-C., & Chen, K.-S. (2011). Understanding online group buying intention: The roles of sense of virtual community and technology acceptance factors. *Total Quality Management and Business Excellence*, 22(10), 1091–1104.
- Van der Valk, W., & Wynstra, F. (2005). Supplier involvement in new product development in the food industry. *Industrial Marketing Management*, 34(7), 681–694.
- Verville, J., & Haltingen, A. (2003). A six-stage model of the buying process for ERP software. *Industrial Marketing Management*, 32(7), 585–594.
- Wang, E. S.-T., & Chou, N. P.-Y. (2014). Consumer characteristics, social influence, and system factors on online group buying repurchasing intention. *Journal of Electronic Commerce Research*, 15(4), 119–132.
- Wilson, R. D. (2010). Using clickstream data to enhance business-to-business web site performance. *The Journal of Business and Industrial Marketing*, 25(3), 177–187.
- Young, G. J., Parker, V. A., & Charns, M. P. (2001). Provider integration and local market conditions: A contingency theory perspective. *Health Care Management Review*, 26(2), 73–79.
- Zeithaml, V. A., & Zeithaml, C. P. (1988). The contingency approach: Its foundations and relevance to theory building and research in marketing. *European Journal of Marketing*, 22(7), 37–64.
- Zhang, A. L., Baxter, R., & Glynn, M. S. (2013). How salespeople facilitate buyers' resource availability to enhance seller outcomes. *Industrial Marketing Management*, 42(7), 1121–1130.
- Zhou, K. Z. (2006). Innovation, imitation, and new product performance: The case of China. *Industrial Marketing Management*, 35(3), 394–402.
- Zott, C., & Amit, R. (2006). The fit between product market strategy and business model: Implications for firm performance. *Strategic Management Journal*, 29(1), 1–26.