



Short Case 3 – Groupon

- Resources & Capabilities Analysis
 - Based on Whittington et al. (2021), Chapter 4

Agenda



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1. Characterise Groupon
2. VRIO analysis (V – Valuable, R – Rare, I – Inimitable, O – Organised (to capture value))
3. Value chain – primary activities
4. Why investors disagreed
5. Strategic recommendations
6. Tough questions



1. Characterising Groupon

- Founded 2008 (Andrew Mason)
 - Daily deals platform connecting merchants & customers
 - Multi-sided platform business model
 - Rapid international expansion

Strategic Position

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- Large subscriber base
 - Merchant relationships
 - Technology platform
 - Brand visibility

2. VRIO – Valuable?



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- Customer database generates network effects
 - Salesforce builds local merchant base
 - Platform creates value through matching

VRIO – Rare?



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- Early mover advantage
 - Strong brand recognition (initially)
 - However, low barriers to entry for imitators

VRIO – Inimitable?



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- Operational complexity across countries
 - Local sales relationships
 - BUT business model easy to copy

VRIO – Organized?



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- Rapid scaling structure
 - International expansion capability
 - Challenges in maintaining profitability

3. Primary Activities (Value Chain)

- Merchant acquisition (sales force)
 - Platform management & IT development
 - Marketing to subscribers
 - Deal fulfilment coordination

Support Activities



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- HR – managing global sales teams
 - Technology development
 - Procurement & partnerships
 - Corporate infrastructure

4. Why Investors Disagreed

- Low switching costs for customers & merchants
 - Imitation risk high
 - Revenue model vulnerable
 - Profitability concerns



5. If You Were CEO...

- Build stronger data analytics capabilities
 - Increase merchant loyalty mechanisms
 - Develop differentiated services
 - Focus on sustainable profitability

Dynamic Capabilities



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- Ability to reconfigure platform
 - Adapt business model
 - Innovate beyond daily deals

Conclusion



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- Initial competitive advantage not sustainable
 - VRIO weaknesses in rarity & inimitability
 - Need capability development for long-term survival

3 Questions

1. Was Groupon ever truly VRIO-strong?
2. Are network effects enough for sustainability?
3. Could Groupon have prevented imitation?