

Posted by Brad Tuttle Friday, December 17, 2010 at 3:43 pm

Regrets ♦ have you had a few? If yes, you've probably been suckered into plenty of can't-pass-up daily deals sold online. Groupon, the site that prominently turned down a \$6 billion buyout by Google, is at the head of a huge trend of group-buying and flash sales websites, which include the likes of LivingSocial, 8coupons, and more. Plenty of older, more-established businesses have also gotten in on daily-deal coupons, including Valpak and Yelp.

Collectively, we're talking about forces that have made a large impact on how retailers and small businesses connect to consumers, and how and why consumers buy stuff they may or may not really need, or even use. While most coverage of these sites pumps up the bargain-snagging potential inherent in deals that are often represent 50% discounts, the Boston Globe nails it by focusing on how many daily-deal enthusiasts regret their purchases, no matter how big the discount may seem. Daily deal sites work largely for the same reasons in-store "limited time only" offers make shoppers spend like crazy, as one expert cited by the Globe explains:

♦♦♦ Madison Riley, a retail analyst with Kurt Salmon Associates, said flash sales tap into consumers' psyches in several key ways: the joy of treasure hunting, the desire for impulse shopping, the love of the deal, and the fear of missing out. What's more, even when the consumer has a bad experience and totally regrets the purchase, there's a good chance he'll go back for more when the next tempting daily deal pops up in his in-box: ♦♦♦

♦The immediacy of the sale can also be an elixir," Riley said. ♦There can be a hangover after the joy of the purchase, but the hangover will not stop the buyer from going down this path again once they ♦sober up.' When the flash sale occurs, these behaviors repeat themselves."

Source:
<http://money.blogs.time.com/2010/12/17/when-what-a-deal-is-followed-by-why-did-i-buy-that/#ixzz18jFw9K1g>