

The Wild, Wild World of Groupon

By Tracy L. Drumm

It seems implausible that a mere decade ago Google was only a sound infants made, Foursquare was simply a child's recess game and tweeting was still for the birds. Just as methods of communication have undergone a virtual makeover, so have consumer spending options.

Youswoop, LivingSocial, and Groupon are among the many sites now dedicated to indulging consumers in impulse bargain purchasing. Offering post-recession shoppers the ability to "save and splurge," these new Web sites are devoted to group discounts based on volume. The businesses being featured offer a "deal of the day" and in turn enjoy increased brand awareness and a surge in new clientele. Groupon alone has sold nearly 45 million "deals," totaling \$2 billion in savings to its 50+ million subscribers.

Detailed below are lessons from the trenches on how to successfully partner with a group purchasing site. However, before staking your claim in this virtual shopping plaza be sure to evaluate whether or not participation is right for you.

DECIDE

Imagine a Monday morning with phones ringing off the hook, new patients filling your waiting room, and the schedule booked out for months. Sounds like a dream for most practices, right? Well, not if your phone goes straight to a busy signal, your waiting room is full of one-hit wonder appointments and your schedule can't accommodate loyal patients.

This very scenario has crippled hundreds of businesses across the country and even resulted in their demise. Nonetheless, there are ways to take advantage of the monumental response these sites are experiencing. The key is to turn your partnership with them into a systematic revenue generator as opposed to a dangerous business blunder.

Before planning for the surge in appointments, however, you must first determine if partnering with a discount site is congruent with your image. If you have a high-end brand, participating may be inconsistent with the message you are trying to send your target market. There are a few sites, such as Bloomspot and Giltgroup, that are designed for luxury brands and reach an upscale audience. A site like this might be a better fit for a brand-conscious physician concerned with devaluing his or her reputation.

Another option is to feature the "deal" through a sub-brand of your practice, such as through your esthetic division. Featuring treatments such as waxing or facials under a skin care brand can help protect your surgical image. If, for example, your business is the John Doe Center for Plastic Surgery, you could create a page on your Web site for skin care services under the sub-brand of JD Skin or Esthetics by JDPS.

No matter what brand you decide to use, it is important to evaluate whether or not some treatments should ever be featured on a Web-based sales service—such as surgery. Just because you can feature something doesn't necessarily mean you should. In short, adhere to your personal ethical standards when it comes to blending medical and retail services.

PLAN AND PREPARE

After deciding to participate in what many are describing as the next big "movement" in the Webosphere, it's time to plan for the boom.

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Groupon will be the first to say not to expect to profit from their deal and instead to focus on converting these clients into long-term customers. Essentially, their business model is based on you featuring a service as a loss-leader. There are, however, ways to price your deal so you won't have to enter these dangerous discounting waters.

The first Groupon I have experience promoting was a TCA Peel featured in early 2010. There were 291 of these deals purchased. To date, the promotion has generated \$15,031 in revenue for the skin care center. Encouraged by the Groupon representative to offer the best possible price for this offer, we were asked to provide a service that could be featured at 55% to 60% off of its list value. On top of this price, Groupon takes 50% of the profits generated through your deal. When determining the promotion, be sure to factor in wages you will have to pay the provider who performs the treatment featured. To offset the steep discount and profit sharing, we added "upgrades" to the TCA peel that would enhance results for the patients as well as allow a higher list price.

Once you have solidified your deal, ensure your staff is armed with information on the special. Consider creating phone scripts with common questions about the treatment you are featuring. Also, plan on having someone take the calls after hours or provide a staff member's contact information to your answering service. If your deal is buzz-worthy, you will need as much phone support as possible.

In the case of a hair removal Groupon for a skin care center in Chicago with six roll-over phone lines, the practice had a week where the call influx led to a busy signal. On the "Merchant Preparation Webinar" Groupon offers, businesses are encouraged to set up an additional phone line to help manage volume.

One option to alleviate the barrage of phone calls is to mandate appointments from deals are booked through an online scheduling system that can be added to your Web site. Skin Matters in Atlanta, for example, sold over 8,000 laser hair removal packages, each including six treatments. Hypothetically, these appointments could have resulted in up to 48,000 nonrevenue generating phone calls. By proactively instituting the online scheduling system via Genbook.com, phone lines remained open for existing patients.

The next step is critical to ensuring the hundreds or even thousands of deals you sell overnight won't hurt your practice.

Have your office manager pre-block times in the schedule to accommodate regular patients. Failure to proactively do this has caused tremendous grief for a number of practices who report losing loyal patients over their promotion.

Consider blocking two mornings a week or even full days for non-deal patrons. Most "Groupon groupies" understand your influx in business and don't necessarily expect to get in right away.

Before the feature runs, update your Web site with content that is as rich as possible, in order to maximize conversions from the exposure. You can highlight an FAQ section on your site to proactively answer common questions. For the day(s) the feature is running, designate one staff member to monitor and answer questions posted on the deal site's chat board.

Next on the list: have your office manager or esthetician stock up on necessary supplies you will need for the influx in appointments. Don't forget about ancillary items, such as ink cartridges, charts, and intake forms.

EXECUTE AND CONVERT

Getting new traffic in the door is only half the battle; the next step is converting these leads into loyal patrons.

In general, the customers attracted to deal sites are faithful to coupons as opposed to businesses. However, there is a huge opportunity to create additional revenue if you plan accordingly. The key is to have incentives and specials in place to encourage new patrons to purchase packages or additional services on their first visit.

Groupon has estimated that approximately 10% of the deals sold will be redeemed within the first 10 days. Have a "welcome kit" ready to introduce new patients to all the services you offer, as well as any upcoming events or specials. Taking the welcome kit to the next level, a practice in Illinois required each new patient from a deal site to receive a complete consultation, including screening with Canfield's VISIA to create a total treatment plan.

Retention has to start on a new patient's first visit. Encourage your staff to build relationships by making each person feel welcome, no matter how much they are paying. Consider giving new patients a "practice loyalty" card that encourages repeat visits for other treatments.

A laser hair removal package at True Skin Care Center sold 910 deals that included three treatments to the lip, underarm, or bikini. By having an incentive in place to purchase the additional three treatments typically needed to see optimal results, the skin care center has generated \$110,233 in revenue to date (this number accounts for staff wages). The key to their profits was having enticing offers and supporting materials ready for each new patient.

Have your staff create a standard operating procedure for how to redeem the deal to avoid confusion at check out. Keep in mind that you are paid based on how many are purchased, not redeemed. The customers that use the deal represent your greatest opportunity.

GROUPON CHECKLIST

- Ask, is it for you?
- Price it right
- Prep the phones
- Designate a staff member to monitor online chat board
- Update your Web site
- Order extra product
- Create blocks in your schedule for current patients

PREPARE TO CONVERT

In what many are calling "Life 2.0," we live in a world where instant is no longer fast enough. Modern consumers have traded time spent bargain hunting for free subscriptions that bring personalized deals straight to their inbox. Businesses everywhere are trying to balance how to appeal to the modern consumer while adhering to respected business traditions of the past.

When in doubt, test new marketing efforts with small promotions or ways that mitigate your risk. Consider calling practices that have participated in the service or site you are considering, as a way to test the water before diving in. Most important, remember to track what is working and that multiple impressions—or touches—with your existing patients will be the most effective way to keep a healthy heartbeat for your practice.

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