

China Loves A Deal

Where have you all been? While you were sleeping, China launched more than 100 GroupOn clones this year in one of the most competitive webplays in history. And here you were thinking it was only ripe for “shanzhai” facebook and twitter? No, we are capable of so much more.

“Groupon?” I hear 83% of you say? Yes, [GroupOn](#) – the fastest growing trend on the web, allowing online shoppers to combine their sales power to the greater good. [Twitter](#) hit the magic \$1b valuation in three years. [Facebook](#) managed this within two years. And recently, a Russian consortium invested \$135m for 10% of GroupOn, valuing it at \$1,35b just one and a half years after its startup. Have you added \$1.35b to your own company in the last eighteen months? No? Why not?

This slow-one-plus-year-idea is so “US-centric” – let’s look instead at what is happening in the Middle Kingdom – where there already more errr....let’s call them ‘emulators’ than the rest of the world combined. The best impersonator off the rank has to be “[China’s GroupOn](#)” (no relation) which re-confirms the mantra of imitation as the sincerest form of flattery. Despite the outstanding name and similarities, these guys may likely get crushed by more serious and better invested players. Gang Lu, a Shanghai-based blogger, has been the guide for this article. Perhaps the leader in this sector would be [RenRen](#), and their new group purchasing site called [Nuomi](#). Imagine in two hours this month, more than 152,095 visitors grabbed a [discount offer](#) for two movie tickets, two cokes, a box of popcorn and one Haagen-Dazs ice cream. Show me the money. RenRen have volume on their side, since their social networking sites just continue to grow, so it’s making access easier and easier.

Unlike Dot-Com 1.0 or 2.0 which was based on “Burn Rates”, these clones are making cash flow from the get go. A deal in China is as close as a smart mark up, so Group Sellers are able to structure the right model to make sense of it. That all said, the ‘Big Daddy’ of online transactions, Taobao, is naturally one of the leading players with [their own group site](#). They haven’t made a huge investment in it yet, but since they are already a leader in India and Japan, we’re sure they will extend this capability to other markets.

But to think the big guys have things to their own would be to neglect [Ftuan](#), [CoolTuan](#), [RunTuan](#), [Laoshou](#) and more than 100 others, all looking for their own VC money, their own marketing plans, their own local city focus.

Confused? Don't worry – the “googles” of China Shanzhai GroupOns are already out there – [TG123](#), [Nietuan](#) and [122.net](#) are all aggregators to allow you to search across multiple platforms for the best deal possible. For goodness sakes, we hope you don't miss out.

The final question of course, is what does this mean for the marketing community? Well, there are a number of factors at play here, but truthfully, it's all about the perceived value of crowdsourcing. [Unilever have already tried this](#) on some of their brands – and according to them (the best possible source) there will be 3-4 brands in 2010 treated the same way. Marketers need to respect the value and power of groups – in creating brands, shaping brands and buying brands. The real leaders of the future will embrace this and grow.

Greg Paull is Principal of R3 (www.rthree.com), a global marketing consultancy focused on improving marketing effectiveness and efficiency. R3 works with eight of the world's top twenty brands