

GROUPON+

OPPORTUNITIES & CHALLENGES OF OPEN CONSUMER
PROGRAMS IN A GROWING O2O ECOSYSTEM

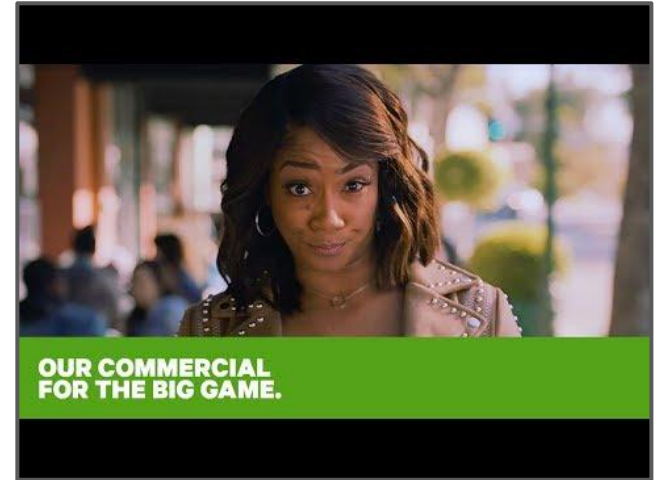
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Cardlix Forum West
April 2018

GROUPON IS A GLOBAL LEADER OF LOCAL COMMERCE

Fast Facts:

- Public company since 2011 (NASDAQ: GRPN)
- Headquartered in Chicago, with major offices in Palo Alto, Seattle, London, Berlin, & Sydney
- Presence in 15 countries comprising over 500 local markets
- 49.5M active customers globally (4Q '17)
- Top 5 E-commerce brand¹
- Top 10 US app²
- >1M merchants featured and 1B units sold³
- Recently announced a new spokesperson and ran a Super Bowl commercial



(1) Verto Analytics, "Verto Content Watch," in company blog November 17, 2016

(2) Ages 25-54; comScore 2017 U.S. Mobile App Report, "Mobile Metrix, U.S., 18+, June 2017"

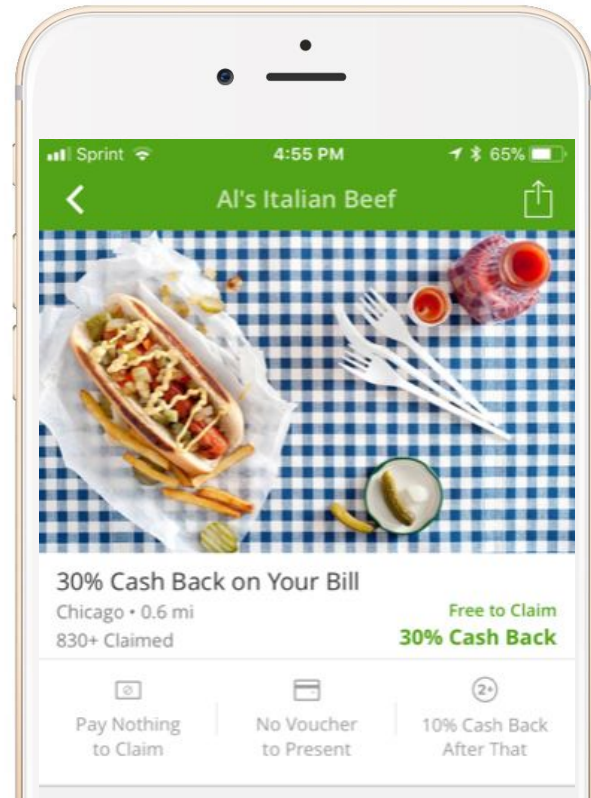
(3) Since inception

GROUPON+ PAVES THE WAY FOR A VOUCHERLESS GROUPON

5,000+ restaurant locations with cash back offers

Live offers in more than 25 major US markets

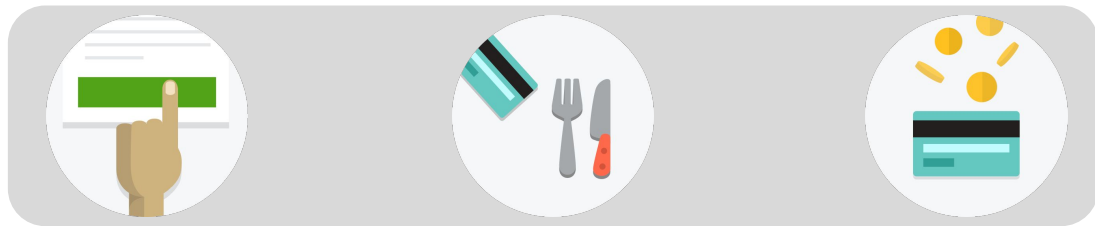
Up to 30% cash back per offer



GROUPON+
The Easiest Way to Save at Restaurants



HOW “CLAIMABLE” OFFERS WORK



CLICK

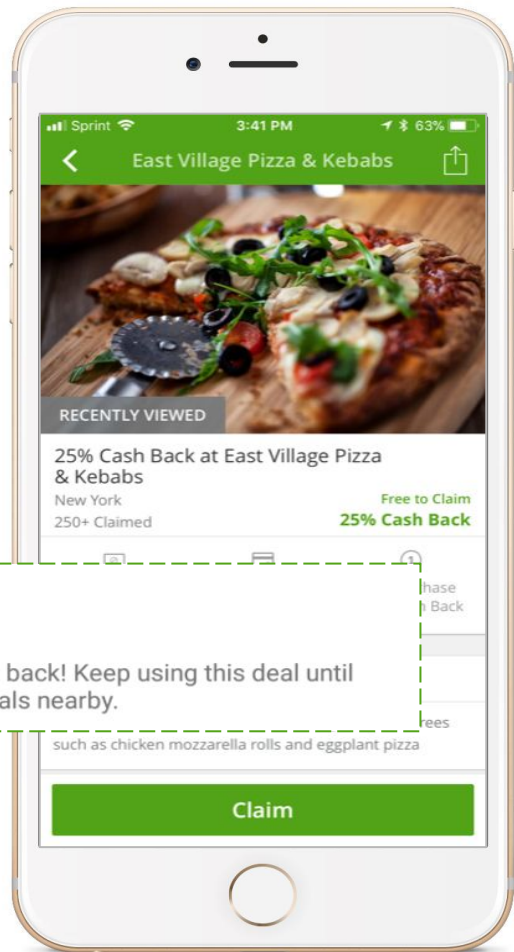
SPEND

SAVE

Strong attribution

Rich rewards

Requires learning curve



INDUSTRY EXPERIENCING GROWTH

Issuers

Content Sites

More...

Commerce Platforms

Ridesharing

Card network data platforms have enabled a proliferation of new programs

GROWTH CHALLENGES

#1: Access to Content

- Many entrants have large user bases but lack proprietary offer content
- Content is hard to source at scale
- Requires specialists

#2: Offer Stacking

4 WAYS TO STACK YOUR REWARDS AT RESTAURANTS



By Jeff Herman

October 6, 2017

Stacking these Programs

A big question always is: **which of these programs stack?** Can I add my card to all of these and earn multiple rewards per shopping trip?

↑ [-] **Jamaican16** 2 points 10 months ago

↓ Additional Data Point.

I was able to quad dip at a restaurant twice with following programs.

DISTRIBUTION CAN HELP SOLVE BOTH

Challenge #1: Access to Offer Content

Without Offer Content Distribution

All CLO programs must source their own offers

→ ***Many potential value-adding companies will avoid participation in the ecosystem***

Merchants must contract with each program individually to gain reach

→ ***Contracting burden and stacking risk will push many potential advertisers to alternative O2O marketing solutions***

With Offer Content Distribution

Market participants with a relative strength in demand (consumers) or supply (offers), but not both, can confidently participate in the ecosystem

→ ***More consumer programs***

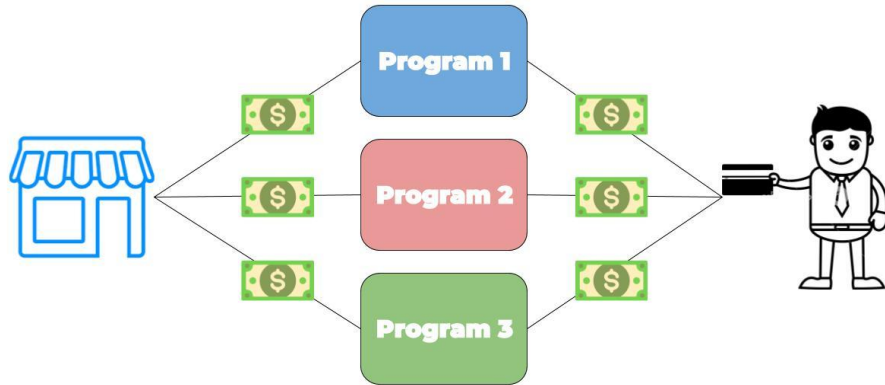
→ ***Merchants can optimize participation and be better protected***

→ ***Increased consumer and merchant awareness of and participation in card-linking schemes***

DISTRIBUTION CAN HELP SOLVE BOTH

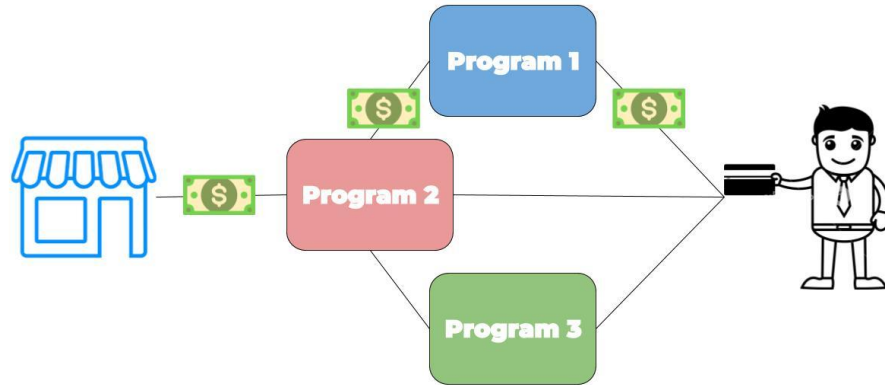
Challenge #2: Offer Stacking

No Clearing Function



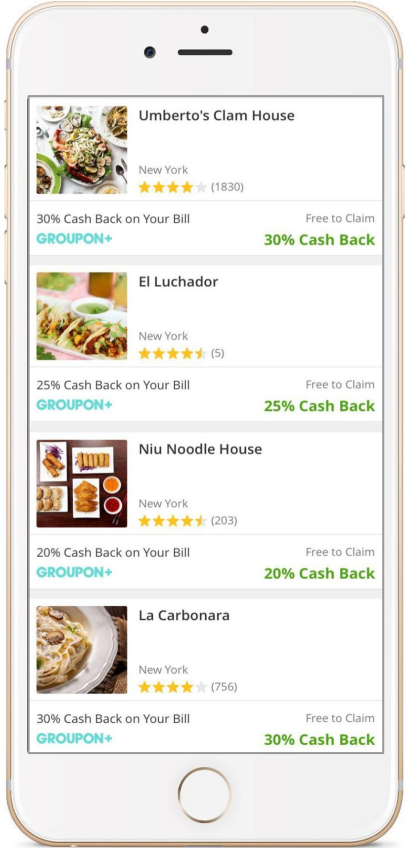
- Merchant contracts with three unrelated programs to distribute their offer
- Consumer enrolls in three unrelated programs
- Same transaction qualifies for multiple rewards, merchant funds

With Clearing Function



- Merchant contracts with one program, who in turn contracts with other programs to distribute their offer
- Consumer enrolls in three related programs
- Program 2 performs “clearing” function, attributes transaction to one program, consumer earns once

CLAIMABLE OFFERS ELEGANT UX



One card can be enrolled in multiple related programs

Claimed offers are attributed to the program in which they were claimed

Duplicate claims handled via "last claim" attribution

