

Apr 17 2012 5:09pm EDT

Just Don't Call Them Daily Deals



Should the "daily deal" industry keep its name, or should it be lumped in with e-commerce?

Image: iStockphoto

If you call it e-commerce, the deal's on. But if it's daily deals, step away. That seems to be increasingly true for investors and it seems, it is also true of startups in the once fast-growing business that Groupon pioneered, which is not quite as expansive [as it was just one year ago](#).

Out of the 845 deal sites that deal industry tracker Yipit counted when it first began tracking the space, 400 are still putting out deals, said Yipit cofounder Jim Moran during the opening "State of the Industry" Daily Deal Summit.

Still, as many fall out, the core that remains is better able to scale, and there's definitely a top 50 and a top 80 within the industry, he says. And it seems those that remain are not just looking at so-called "daily deals" but new verticals such as selling products and travel packages.

Benjamin Sun, a cofounder and partner with [incubator LaunchTime, LLC](#), whose investment portfolio includes daily deal businesses such as Yipit, Coupang in South Korea and Plum District, says that while the real-time-deals app Groupon Now hasn't worked for Groupon, its efforts in selling products will...

"They're creeping into the flash-sales space, and I think [Groupon's] numbers are going to be big when they show up, for e-commerce and travel too," he says. While the cost of new customer acquisition is high, moving an existing customer base into new verticals is relatively cheap for an established daily deal company...

"Can you take a local deal and expand it to selling watches and shoes?" he asks.

Dean DeBiase, chairman and chief executive officer of [Entertainment.com](#), a coupon site, says that its daily deal business has continued to grow, and it now has 70,000 merchants and the potential for more.

"There are still 70 to 80 percent (of businesses) out there that still have not tried it," he said. "The trajectory is still up and to the right."

Still, he and others on the panel said that the growth for companies that offer daily deals lies in diversification. "If you're doing the one-trick-pony deal, you're going to be out of business in a year," he said.