Article | **Group Power:**
Discourses of Consumer Power and
Surveillance in Group Buying Websites

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Abstract

This paper explores the tension between consumer power and surveillance through an analysis of group buying websites. These websites celebrate the power of the consumer generated through bulk purchases. Underlying the rhetoric about the autonomous consumer, however, is the systematic practice of buying, selling and reflecting consumer information. Through an examination of available promotional materials, websites and privacy policies, as well as interviews with representatives from group coupon companies, this article outlines a number of concerns surrounding the ways that digital surveillance techniques are being used, and have the potential to be used, to define consumer interests. The article argues that such practices are particularly problematic when they are couched in the rhetoric of consumer freedom and power. The article concludes by suggesting emerging industry trends, including industry consolidation and geolocation technology, which raise additional questions about how companies shape consumer behavior.

Keywords: Group buying, surveillance, consumer power, digital media, consumer data, privacy
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Online Group Buying: A New Twist on an Old Practice

In 2007, David Ambrose graduated from Georgetown University with his roommate Justin Tsang and an idea about how to revolutionize online shopping. Tsang grew up in Beijing, China where he witnessed the power of collective consumption. In a practice known as *Tuangou*, consumers would gather in front of a bricks-and-mortar store and negotiate with storeowners for a large discount. *Tuangou*, a Chinese term that translates roughly to "group buying" or "group purchase," draws on the logic that consumers can negotiate a reduced price by buying in bulk. Consumers found businesses are willing to concede price reductions to move large quantities of stock in a single sale. Ambrose, a car enthusiast, had a similar experience with the power of collective buying. Through time spent in online automobile forums, he learned that he could get massive discounts on large, expensive car parts by teaming up with forum members and buying *en masse*. Based on these experiences, the roommates decided to create a website that brings together groups of consumers and individual retailers, providing market incentives for both parties (David Ambrose, pers. comm.). In October 2009, the pair launched Scoop St., an online group buying website focused on New York City retailers. By the end of 2010, they had grown to a team of twelve employees with about 35,000 site members.

Despite this rapid growth, Scoop St. is a minor player in the burgeoning field of group buying websites. The phenomenon of websites offering deeply discounted products and services began in late 2008 and

spread quickly. By the end of 2010, there were approximately 160 such companies in the United States alone (Woyke 2010). eMarketer (2011) projected that 88.2 million adults in the United States would redeem an online coupon or discount code in 2011. Just over a year before Scoop St. was founded, a website called Groupon was launched. Like Scoop St., the idea behind Groupon was to leverage the networking power of the Internet to generate a large customer base for retailers and deals for consumers. The public rhetoric around Groupon reflects a broader discourse around the democratizing power of the Internet. Embracing traditional neo-liberal rhetoric around the sovereign and powerful consumer, group buying sites promise consumers local goods and services at a low price, thanks to the collective bargaining power facilitated by the Internet.

In the midst of the optimism around the autonomous consumer, however, a counter narrative emerges that suggests a more complicated power dynamic. As consumers engage with group buying sites in the hopes of uncovering generous savings, they create a data trail that includes personal information alongside information about their lifestyles, buying habits and interests. This information is often used to create consumer profiles that allow marketers to carefully target deals and advertisements in the hopes of generating sales. Perhaps more importantly, this practice supports a growing industry where individual profiles are created, bought, sold and reflected back to individuals without their knowledge (Turow 2011).

Drawing on interviews with group coupon companies, analysis of popular and trade press coverage and careful readings of company privacy policies, this article explores these competing narratives. I begin by exploring how group-buying companies use the narrative of consumer power to promote their services. I then outline the extent to which online group buying models provide genuine opportunities for consumer power. Finally, I investigate how practices of monitoring and the use of consumer labor problematizes the neo-liberal idealism reflected in much of the current discourse around these sites.

Two Models: Savvy Shopper versus Digital Dupe

The question of whether consumers hold a position of power within the market or are cultural dupes, easily manipulated by corporations, is not new to the digital age. Many of the seminal texts about cultural consumption support the "duped model." In their post-war polemic on the dangers of the culture industries, Max Horkheimer and Theodor Adorno (1969) argue that consumer culture strips individuals of their political will by making them believe they have agency through the opportunity to select between slightly differentiated consumer products. Similarly, Dwight MacDonald (1953) argues that nineteenth century capitalism encourages homogenization that leads to the inception of mass culture – a culture that fails to differentiate between the elite and the ordinary. In his essay *The Triumph of Mass Idols*, Leo Löwenthal (1961) argues that a focus on consumption renders people complacent.

More recently, however, there has been a move to view the consumer as an active and powerful agent (Gans 1999). Increasingly, consumers are understood as savvy and skeptical. Some scholars suggest consumers use brands to help construct and manage their own identities (see Arvidsson 2006). John Fiske (1989) argues that consumers are so sophisticated that they "poach" meaning from consumer goods and use them, often critically or subversively, to construct their own discourses and identities. In the digital age, this historic binary between the cultural dupe and the empowered consumer takes on new dimensions. The changes brought by digital commerce raise questions about the shifting power dynamics between producers and consumers.

Early ruminations on the Internet often saw the emerging medium as providing an idyllic commons where notions of geographic boundaries, wealth, prejudice and censorship did not exist (Barlow 1996). While much of this initial optimism surrounding the democratizing capacity of the Internet has faded, excitement remains regarding the opportunities for consumer power facilitated by digital media. By blurring the traditional divisions between the producers and consumers of information, the Internet alters traditional

market structures in ways that may have positive implications for consumers. There are three categories of market equalization that are particularly useful for examining the perceived empowerment of consumers in the context of online group buying: information, geographic and economic.

Information equalization refers to the role the Internet has played in reducing information asymmetries that characterized earlier production economies (Rezabakhsh *et al*. 2006). The growing equality in access to information about production, quality and price is often thought to generate a more transparent market. Through the increasing ability of consumers to share their own opinions and experiences regarding products, companies no longer have hermetic control over their brand or image (Kucuk 2009). Geographic equalization refers to the Internet's power to lessen the restrictions of physical boundaries. Instead of being limited to products that are sold in physically accessible areas, the Internet provides the opportunity for an individual to order products from around the world (Rezabakhsh *et al*. 2006). For products that are available locally, the Internet provides an easy vehicle for comparison-shopping that allows a consumer with adequate time to find the lowest available price without needing to enter multiple stores. Finally, economic equalization refers to the increasing ability for the consumer to take an active role in the value chain by influencing product and pricing decisions (ibid).

These theoretical changes in the balance of market power have reignited excitement around the consumer citizen – that is, the individuals who make purchase decisions in support of their civic duty (Banaji and Buckingham 2009; Couldry 2004; Glickman 2009; Scammell 2000). Although the notion of the consumer citizen is not specific to the digital age, blogs, message boards and websites that allow for product reviews create new opportunities for consumer activism by providing a digital soapbox from which to speak.

While consumers in the Internet age may have some advantages over companies, the same technologies that allow ordinary individuals to share their opinions widely and search for the best deals simultaneously facilitate a loss of control over personal data. With the growth of digital technologies, companies are able to marshal increasing quantities of data regarding consumers' online activities (Andrejevic 2011; Gandy 2006; Manzerolle and Smeltzer 2011; Turow 2011) to assist in the formation of market segments. This online dataveillance (Clarke 1988) creates enhanced opportunities for algorithmic analysis, which companies use to create detailed pictures of potential consumers based on demographic and behavioral traits. By aggregating the information in these databases, marketers believe they are able to create accurate and focused consumer profiles that can be used to send targeted or customized advertisements (Rapp *et al*. 2009). Companies then use these profiles to target individuals with content they believe will be most relevant, engaging in a form of "mass customization" (Turow 2006). Not only does this mean that people experience different commercial realities, but it also allows companies to treat consumers differently depending on how valuable they are perceived to be. As Joseph Turow (2011) notes, companies use the information collected about a consumer to label him or her as either a target (someone who may be profitable to the company) or as waste (someone the company would rather avoid speaking to). This type of content discrimination may not seem at first particularly troublesome in the areas of commerce or group buying. The same practice of sorting individuals based on data collected about them, however, is used in other fields where the consequences are more immediately apparent, for example in counter-terrorism (Gandy 2006). These practices are significant even within the commercial realm. As people are bombarded with content deemed relevant to them based on the data collected by marketers, they may begin to interpolate those preferences as their own (ibid).

The Internet affords opportunities for individuals to customize or personalize their online experiences – deciding the specific content or types of content they are interested in seeing. Scholars have noted that these opportunities have helped blur the distinction between consumers and producers (Pridmore and Zwick 2011). While these opportunities are often cited in discussions around the power of Internet users, websites track and collect this information, combine it with data from other sources and personalize advertising sequences for individual consumers (Turow 2006). Rather than promoting individual power,

this practice potentially decreases consumer freedom by limiting the content a user is exposed to based on the profile marketers have developed about them. The group coupon phenomenon exemplifies the existing tension between consumer and corporate power in the digital age.

Groupon and the Reinvention of Digital Coupons

With the rise of the Internet, the coupon saw a resurgence in the early twenty-first century. In 2009, the rate of redemption for online coupons was at 13 percent, well above the one percent redemption rate for offline coupons[1] (Martin 2009). In the midst of an economic downturn, retailers are increasingly willing to offer shoppers discounts to encourage spending. Taking advantage of the online opportunity, websites popped up across the Internet where bargain-hungry shoppers could share discount codes with others.[2] Industry commentators noted that the arrival of online coupons followed by the sharing of discount codes was a mixed blessing for marketers who felt they had lost some control over their discounts (Miller 2008). The ability to share online discount codes shifted power away from retailers to consumers. However, by 2010, businesses had found a way to gain back the retail power of the coupon. A *New York Times* article by Stephanie Clifford (2010) notes, "For decades, shoppers have taken advantage of coupons. Now, the coupons are taking advantage of the shoppers." Clifford suggests coupons generated online can include information about the search and click patterns that brought the individual to the coupon. Currently, coupons can help connect purchases to a specific user's Google search and Facebook account; they even hold the potential to allow retailers to contact the consumer after they have made their purchase (ibid).

The arrival of Groupon and other group buying websites introduced a new dimension to the world of online coupons. The format of these sites is to offer subscribers a daily discount from a local retailer. Popular offers include deals at local restaurants, fitness centers, clothing stores and spas, but the retail collaborators vary widely.[3] While a new deal is introduced each day, the deal does not "go live" until a minimum number of coupons, set by the retailer, has been purchased. Here is how it works: if a consumer is interested in the deal, they commit to buying a coupon. The consumer's credit card is not charged, however, until the minimum commitment level is met. When this threshold is reached, the credit cards of those committed to buying are charged. People can continue to purchase the deal until it closes. If the minimum threshold is not met, the deal is cancelled.

Although they are often referred to as coupons, the vouchers sold by group buying websites actually operate more as discounted gift cards than as traditional coupons. Arjun Appadurai (1986) uses the notion of enclaved commodities to refer to objects that have limited and highly inscribed value. The "exchange destinies" – or range of potential uses – of these commodities are limited to varying degrees and for various purposes, often in the service of existing political or social systems (ibid). The application of this notion of enclavement is useful to distinguish between traditional coupons (online or offline) and the vouchers sold by group buying sites. Using Appadurai's approach, it can be said that traditional coupons are enclaved as they are designed to be used in exchange for a discount on a specific good or service. Group coupons, however, should be viewed as further enclaved since the consumer has to pay for the discount in advance, has a limited time to redeem and will only receive the product based on the actions of others. The idea of enclavement is also important when one considers that not all coupons issued by group buying sites are redeemed. Generally, the coupons are not valid online so shoppers have to go into the stores to redeem them. Unredeemed coupons give the merchant significant power over the consumer who has limited opportunity to exchange or return the coupon once it has been purchased.

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[1] Traditional coupons include those generally found in newspapers, on sales receipts and on product packaging.

[2] Examples of these sites include RetailMeNot.com, CouponMom.com and Coupons.com.

[3] For example, Groupon has featured deals for teeth whitening and sky diving.

A couple of online companies with modified group buying models emerged in the late 1990s but failed to catch on, including Mercata and LetsBuyIt.com.[4] Beginning with Groupon's launch in late 2008, websites using this now familiar model have emerged across the Web. While Groupon remains the industry leader, other sites have varied their approach to attract customers. For example, a number of sites do not require a minimum number of purchases before the deal is "on." Other companies follow the Groupon model but focus on specific lifestyles (for example, Gilt City sells luxury goods) or niche markets (for example, Woot.com focuses on quirky electronics and gadgets). For the purposes of this article, I will look specifically at three group buying websites that represent three different models: Groupon, Tippr, and Scoop St.[5]

Practices and Possibilities: The Landscape of Online Group Buying

This article employs multiple methodological approaches. Open-ended interviews were conducted with three group coupon company representatives in the fall of 2010. Interviews were conducted with David Ambrose, co-founded of Scoop St., Julie Mossler, spokesperson for Groupon and Martin Tobias, CEO of Tippr. This time period represented a golden moment for group buying companies when there had been tremendous growth in the industry (Woyke 2010) and before questions began to be raised about the industry's viability (The Economist 2011). Before outlining the rhetoric around group buying, I describe each of the companies and the model of group buying they represent. The questions asked in the interviews were designed to understand how group coupon companies articulate the benefits of collective buying for consumers and retailers. In addition, I conducted an analysis of available promotional materials, company websites and privacy policies, as well as popular and trade press coverage of group coupon websites.[6] Through a deep reading and critical examination of these materials (Gill 2000), I examined the frames used to define, explain and promote collective buying. This included particular attention to the ways in which companies talk about their consumers and clients. The analysis of privacy policies helped determine the ways in which companies *may* use consumer information. Although this method did not allow me to determine how the information is *actually* being used, it provided a good sense of the limitations to consumer power as site policies tend to reserve the broadest possible rights for usage of consumer information. Interviews were conducted in November 2010, and lasted between ten and 30 minutes. The participants were contacted by email or telephone and the interviews were conducted over the phone.

Groupon: The Industry Leader

Groupon was launched in November 2008 and currently is the online group buying industry leader with close to 80 percent of the market share (Shonfeld 2010). The company promotes deals in 31 countries and 300 cities and has 35 million worldwide members (Julie Mossler, pers. comm.). The original Groupon model is to offer one deal per day in each of its markets. Consumers have 24 hours to buy the deal and, when enough people commit, the deal goes live with Groupon taking 50% of the sale price of each coupon sold. Julie Mossler, Groupon's Public Relations and Consumer Marketing Manager, notes the advantage

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[4] These companies operated under a similar model – a product started off at one price and, as more people committed to buying it, the price dropped (knowledge@Wharton, 2010). This model has a first-mover barrier, where a number of people had to commit to buying the product at a higher price in the hopes that more people would join and the price would drop.

[5] There have been a number of changes in the group coupon industry landscape since these interviews were initially conducted. Namely BuyWithMe purchased Scoop St. in the Summer of 2011 (Duryee 2011). BuyWithMe was then purchased by Gilt City in fall 2011 (Owen 2011). In November 2011, Groupon began trading publicly after a successful and long awaited IPO (Pimentel 2011).

[6] Analysis of trade press coverage included online articles from dominant trade press aggregators and publications Media Post, paidContent, the American Advertising Federation and the Interactive Advertising Bureau. These publications include their own content as well as gathering pieces from industry publications (e.g. *Advertising Age*) and the mainstream press (e.g. *The Wall Street Journal*).

of membership is simply that users receive discounts of 50 to 90 percent at niche businesses that have not offered discounts in the past (ibid).

From the perspective of retailers, Mossler argues that Groupon represents an entirely new way of advertising. While companies traditionally pay for advertising up front with no way to predict how effective their promotion will be, Groupon gives businesses exposure even if the deal "doesn't tip" (ibid). Despite these advantages, Groupon has received some negative press from industry experts and retailers. Reports have emerged that some businesses have been swarmed with Groupon buyers and have had to sell vast quantities of their product for marginal benefits or even losses (see for example, Sherr 2010). Groupon has also faced complaints that customers are hard to hold onto after they redeem coupons. Groupon claims 22 percent of customers return to the retailers (ibid); however, a different measure suggests this figure might be less than 15 percent (knowledge@Wharton 2010).

Groupon has attempted to correct for these problems by using information about consumers to help predict the deal each consumer would prefer and sending different deals to consumers within the same city. One industry expert notes, in a bid to improve their pitches, Groupon "is rolling out a computer program that filters deals a subscriber sees based on their gender, buying history and interests, among other things" (Sherr 2010). As of August 2010, this model was being used in six markets. Groupon suggests this model will reduce the pressure on individual retailers and, through efficient targeting, send consumers deals from retailers they are more likely to pursue a relationship with. While consumers can access any of the Groupon deals by going to the company's website, only one deal is actually sent to their email inbox each day. Groupon is one of a number of companies that operates nationally and internationally offering deals on a diverse array of products. Other companies that follow a similar model are LivingSocial and Dealster.

Tippr: The Hybrid Model
Depending on the measure used, Tippr is the third or fourth largest group coupon company in the United States (Martin Tobias, pers. comm.). Tippr is a technology company that markets software to publishers, which allows them to run their own daily deal programs. It combines the "deal-a-day" program on their own owned-and-operated website (Tippr.com) with white label software that allows publishers – from bloggers to newspapers and TV companies to web publishers like Google and Yahoo – to "hook up to Tippr's platform, and quickly start making money on daily deals and collecting money from local businesses" (Huang 2010). Company CEO Martin Tobias argues his company's value is based on allowing publishing companies to maintain a relationship with their existing clients instead of "disintermediating the traditional media companies" (Martin Tobias, pers. comm.). GroupCommerce uses a similar white-label model.

This model does more than provide a financial benefit to publishers. Tobias suggests it also allows them to protect their brand and maintain a relationship with their established customers, rather than bringing in a third party company, who will build their own relationships and data pools (ibid). The Tippr model gives merchants themselves access to a wealth of consumer data. Through the merchant portal, they are able to see who consumers are, check redemptions, send emails and issue new deals. According to Tobias, unlike other companies "we provide merchants all of the tools and all of the information to make [a relationship] happen" (ibid).

The benefits of Tippr for consumers are similar to those articulated by Groupon. Tobias argues that, despite the power of the Internet to connect consumers to goods around the world, the vast majority of a consumer's money is spent close to home. As of two years ago, Tobais argues, the Internet was not doing much to help people find the best local places to spend their time and money. Tippr's focus is on the facilitation of great deals with local businesses that will help attract consumer attention.

Scoop St.: The Niche Site

Scoop St., the company introduced at the start of this article, launched in October 2009 and focuses on deals specifically in New York City. Scoop St. members receive a new deal each day but that deal is open for 72 hours. At any given point, the Scoop St. website has three deals available: the current deal and two available "side scoops" that have carried over from previous days. Company co-founder David Ambrose suggests that the value of Scoop St. to consumers is a focus on community partnerships and building retailer-consumer relationships. Ambrose states, "We really focus on quality merchants rather than sort of getting quantity… we've actually created experiences from the ground up" (David Ambrose, pers. comm.).

An example of one of these organic experiences is the "food crawl" called "Taste of Seventh Street" that Scoop St. held in the East Village neighborhood of Manhattan. They helped five or six restaurants along one street come together and got a signature dish off of each their menus. Coupons were then sold for the event through the Scoop St. website. A two-day event was held where members could come to redeem their vouchers (ibid). According to Ambrose, the greatest benefit from the event was the connection between consumers and merchants within a community.

Not only does the Scoop St. model focus on quality retailers, which are likely to appeal to members specifically in New York City, but some retailers have also stated a preference for working with Scoop St. over other group coupon companies. A *Wall Street Journal* article quotes a smoothie storeowner in NYC who ran into difficulties when she partnered with Groupon (Sherr 2010). After her Groupon promotion, she found that too many coupons were sold without the benefit of repeat business. The next time she ran a promotion, she worked with Scoop St. on one of their local community events, which she says helped to connect her with local customers who have since returned (ibid).

Group Buying as Consumer Power

Arguments that the Internet has led to marketing equalization often point to increased access to information that creates market transparencies and puts a company's reputation in the hands of consumers. The availability of prices and consumer reviews regarding product quality online give consumers data that can help them to make informed purchase decisions. Groupon, Tippr and Scoop St. each provide the consumer with easy access to information about the retailer providing the deal and the deal itself. Each website provides the retailer's URL directly under the deal. All three sites provide a discussion board for people to comment on or ask questions about the deal. Groupon employees occasionally use this board to clarify details and answer questions. Similarly, Tippr uses a Twitter feed to respond to questions about featured deals. Scoop St. provides additional comments on featured products from consumer review sites like Yelp. Considering that each of these companies is Internet-based, perhaps it is not surprising that they would provide space for online discussions regarding the offers to take place. By providing the forum, companies can manage their brands by monitoring content and responding to user concerns and complaints quickly.

The Internet provides an arena for people to gather and exchange information. Importantly, Scoop St. tries to extend this community beyond online confines through events like the food crawl. Ambrose argues Scoop St. provides "something larger than just getting a person inside the business. It's something larger - about getting a community in your neighborhood within New York City" (David Ambrose, pers. comm.).

Despite the availability of information to help consumers decide on the value of the deal, the limited timeframe provided to make a decision about whether or not to purchase might restrict the research an individual is able to do. The technique of applying time pressure is widely used in traditional advertising where sales are described as "limited time offers" and infomercials urge consumers to "order now" to receive some added value on their purchase. In fact, Scoop St.'s Ambrose likens the online group buying

model to QVC – a company that specializes in televised home shopping – where impulse buying is encouraged by a clock that counts down in the corner of the television screen (ibid). While information may be available, the time restrictions on deals may cause consumers to make impulsive decisions rather than sifting through data.

Some scholars have suggested that consumers benefit from being able to use the Internet to search beyond their neighborhoods to find the best deal or highest quality product (Rezabakhsh *et al*. 2006). A number of Internet companies rely on a model that allows them to store huge quantities of goods cheaply and ship them to users when they are requested. Amazon, the online retail giant, is an example of a company that has profited from such a model at the expense of bricks-and-mortar stores, which have to charge a higher price for a more limited selection.[7] However, this increasingly popular business model is not generally the one celebrated by daily deal companies.

Groupon, Tippr and Scoop St. each articulate a desire to help people find new and exciting opportunities in their own community.[8] Groupon founder, Andrew Mason, spoke about the value of "the local" on Fox Business television: "part of our mission is to get people out of the house, you know, turn off the TV and stop ordering take out and take advantage of all the cool stuff in the city that they live in" (Fox Business 2009). Martin Tobias describes the origins of Tippr as rooted in a desire to create a technology that helps people spend their money locally (Martin Tobias, pers. comm.). Through its limited focus on New York City and community events, Scoop St.'s interest in the local is evident.

The group buying websites do not reflect the notion of consumer power stemming from a geographically unlimited market. Instead, they echo the "buy local" rhetoric of current consumer movements, which are interested in facilitating economic growth at home, protesting working conditions in other countries and reducing carbon footprints. Rather than supporting consumer power by facilitating purchases from disparate locations, group coupon sites encourage consumers to stay close to home.

Consumer power in the digital age is often attributed to the ability of consumers to take an active role in the production chain by demanding products and determining their own price for goods. While none of the group coupon companies analyzed in this paper allows users to set their own price, each of the sites provides some mechanism for users to suggest retailers they would like to see deals from, giving consumers limited input into the process.[9] The only other power that consumers possess in this case is not to buy the product, thereby preventing the deal from going live. This act, however, does not truly disrupt the retail process. In fact, the ability to set a minimum threshold for the deal to go live is promoted to retailers as a benefit of the model. If the deal does not tip, the retailer does not lose money and may still benefit from the impression of their company in email inboxes across the city (Julie Mossler, pers. comm).

Group Buying as Consumer Surveillance

An analysis of the privacy policies for the three group coupon sites suggests these sites have the opportunity to collect huge quantities of information about users. The privacy policies acknowledge the use of cookies and other digital markers to collect information about user activities online. Cookies are small text files stored in a browser that contain information about an individual user, including ads that are

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[7] For a detailed analysis on the value of the Internet to industries with a "long tail," see Chris Anderson's discussion in *Wired* (Anderson 2004).

[8] A couple of Groupon campaigns have deviated from this practice by selling deals at national retailers like the Gap, as well as deals redeemable online.

[9] Loopt, a daily deal website, has developed a DIY model of group buying that taps into this desire to control the source of the deal. The site allows users to propose a deal that is then vetted by Loopt employees. If it is deemed to be a good deal, Loopt approaches the retailer and tries to negotiate the deal. Users have to "make it happen" by recruiting their friends to purchase the deal (Media Post 2011).

viewed and clicked-on, pages visited and searches entered. They provide companies with detailed information about a user's online behaviors. Each of the company privacy policies notes that users can restrict cookie access, but that doing so may limit engagement with the site. The Groupon and Tippr privacy policies also state that third party advertisers who display ads on the website may drop separate cookies on users' browsers. Importantly, all three companies note that their privacy policy does not govern the collection or use of information by third party sites.

The Groupon and Tippr privacy policies distinguish between two types of information collected. "Personally identifiable information" refers to "information that identifies a specific End User." The information is collected through "identification activities" which include, but are not limited to, account creation, posting a comment and buying a voucher. The sites note personally identifiable information is used to provide information about products and contests, improve marketing efforts and create an enjoyable, tailored experience. The sites further acknowledge they may share personally identifiable information with third parties. "Non-personally identifiable information" is described in the Groupon and Tippr privacy policies as "information that does not identify a specific End User." This may include URLs of sites visited before entering the group coupon site and after leaving, browser type and IP address.[10] Groupon and Tippr note that this information is used to help assess the effectiveness of advertising and to troubleshoot website problems.

Perhaps more important than the information collected is how it is shared. Turow (2011) notes that the media-buying ecosystem is increasingly focused on the buying and selling of digital reputations. The goal of this practice is to create profiles of individuals that are as specific as possible so that marketers can target users with "relevant content." The privacy policies on these sites suggest that these companies are prepared to engage in this exchange, if they are not doing so already. All of the privacy policies note that they may share information with third parties. Groupon and Tippr specifically state that they may share information with merchants from whom one purchases a deal as well as with authorized third party service providers. Importantly, Groupon and Tippr also state that they may "remarket your information," which includes allowing third party marketing vendors to serve advertisements to a specific user based on previous ad exposure or online behavior.

Scoop St.'s privacy policy states that non-personally identifiable information can be used in aggregate to improve the site and can be shared with third parties. The notion of aggregate data is central to marketers' claim that the collection of data is benign. A common refrain among marketers is, as long as the information is anonymous, it cannot be connected back to the individual user and, therefore, cannot cause harm (ibid). When the creation of a targeted online experience is based on data profiles that contain information about online and increasingly offline behaviors, simply stripping names and emails does little to redeem the practice (ibid). Similarly, while Groupon specifically states that they do not share email addresses, this should be of little consolation if, based on information about a person's movements around the web and previous purchasing behavior, they are being sorted, traded and ranked based on their value to marketers.

While it is unclear from the privacy policies exactly how this information is being used, they do suggest information about individual users of these sites has the potential to be traded, rented, bought and sold around the Internet, helping marketing agencies and advertisers to develop profiles that allow for the creation of a unique online experience.

"Mass customization" refers to the variety of approaches that marketers take to consumers depending on their personal profile and desirability to the company (Turow 2006). The tracking and data collection outlined above is a key component of mass customization as it allows marketers to decide which

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[10] In some jurisdictions, the IP address is treated as personal information.

advertisements to send to which consumers (and which consumers to ignore). The goal of mass customization is reaching the right person at the right time with the right product. This notion implies that there is a wrong person. The profiles created by marketers based on consumer data help make decisions about an individual's value. Those deemed not valuable may be given less preferential deals or ignored altogether. In effect, this is an extension of social sorting techniques present in more traditional forms of surveillance (Lyon 2002).

Reflected in the privacy policies of all three retailers is the "utility" argument often employed by companies to explain their massive collection of consumer data. For example, the Scoop St. privacy policy assures users that they use the collected data to "give you a more enjoyable, convenient shopping experience and to help us identify and/or provide information, products or services that may be of interest to you." The suggestion that personal data is used to help create a more relevant user experience may refer to the deals offered, the website content or the advertisements served. The utility rhetoric is also reflected in the promotional material for the sites. Speaking on TechCrunchTV (2010), Groupon founder Andrew Mason discusses the move to personalize deals: "now, in a city, two people might receive different deals based on location gender, buying history and a number of other buying preferences." Although Julie Mossler (pers. comm.) suggests that current decisions about which deals are offered are based on the information provided by the consumer, Mason's comments suggest the number of deals offered in a given city may increase as the targeting algorithm becomes more sophisticated (TechCrunchTV 2010). Importantly, this approach operates in contrast to Groupon's original goal as stated by Mason: "we also try to feature those things that you've always kind of wanted to try but you need that push to get over the edge and that's what the discount is" (ibid). If people are targeted based on existing interests and past behaviors, it is unlikely that the discounts will help them uncover unexpected opportunities.

Ambrose says that he is considering the value of targeting for Scoop St. but does want to lose the "entertainment" part of shopping that comes from seeing a new deal each day (David Ambrose, pers. comm). With a lower number of retailer partners than Groupon, targeting may force Scoop St. to reduce the number of deals offered to each user – a change Ambrose is not convinced would be beneficial. Much like the argument of aggregated, anonymized data, the utility argument is a smokescreen for a worrisome practice. While customization is often defended through the argument that users prefer information that is relevant to them, it is rare that the user is responsible for determining what this "relevant content" looks like. Mass customization is based on the profiles created through the tracking and collecting, buying and selling, of user data and relevance is determined by the companies that create marketing profiles and not by the users themselves. As Mark Andrejevic (2011) notes, the presumptions about relevant content are both pre-emptive and productive. Rather than reflecting consumer desire, methods of retargeting through the collection and analysis of consumer data are "increasingly effective in manipulating and channeling consumer desire" (ibid, 281).

There are two notions of unpaid labor that relate to the group coupon industry. The first focuses on the work users do in the service of the company or brand. Maurizio Lazzarato uses the notion of immaterial labor to refer to the activities that produce the "cultural content" of the commodity and specifically to the work "involved in defining and fixing cultural and artistic standards, fashions, tastes, consumer norms, and, more strategically, public opinion" (1996, 132). Each group coupon website allows users to display the deal of the day on their Twitter and Facebook accounts. Having users display the brand on their social networking sites helps the company by generating word-of-mouth advertising. Scoop St., for example, had not spent any money on advertising four months after their launch (Rueb 2010). Drawing on anecdotal data, Martin Tobais suggests that between ten and 30 percent of Tippr deals are purchased by someone who accessed the site through a share link posted on Twitter or Facebook (Martin Tobias, pers. comm.). These online displays also help build the brand image. The inclusion of company icons in a personal online profile helps to fix the company's cultural relevance. Moreover, it is important to note that this is uncompensated or free labor (Terranova 2000). While some group coupon sites credit a user's account

when they refer a deal to a friend resulting in a sale, consumers are not compensated for the extensive work they do to help create buzz around the company or, in the case of Groupon, promote the brand name to the cultural lexicon.

In addition to working in the service of the brand for negligible compensation, each of these behaviors generates a trail of information that feeds consumer databases and allows for increased user tracking. This additional step further alienates the user from their productive work (Andrejevic 2011) as it is reflected back to them in a commoditized form. Dallas Smythe (1977) argues that, through the segmentation of audiences, marketers effectively turn the activity of television viewing into productive and uncompensated work. If as Smythe suggests, audiences are working for marketers when they watch televised content, it is possible that the work being done by Internet users, who generate their own content, may provide even greater market value – a shift Andrejevic (2002) refers to as the work of being watched.

Looking Ahead

Group coupon companies provide some important avenues for consumer empowerment. By encouraging users to buy in their own neighborhoods, these sites generate revenue for local businesses and may even help to build offline communities. Further, by providing the opportunity for users to come together around a single product, these sites generate significant discounts for the consumer, which is particularly important in times of economic strain. However, consumer input is limited as users have little say in which discounts are offered or how much they will pay. Further, as companies are able to segment their members, users may increasingly be exposed to deals determined by an algorithm's prediction of their interests.

The group coupon market is far from stable and there are at least two emerging issues that deserve attention. The first is the movement of Internet heavyweights into the arena. At the end of November 2010, rumors emerged that Internet search giant Google had made an offer to buy Groupon. The value of the deal reportedly crept up to $6 billion in early December (Mermigas 2010); however, when the deal was declared dead, industry experts went about deconstructing the (lack of) exchange: Why would Google have offered so much money to buy Groupon? Were they interested in the technology, talent or name-recognition? What was missing from the analysis, however, was a discussion of the massive implications that such a merger would have for issues of consumer power and surveillance. Google already generates and collects a wealth of data through their search engine and the ads posted on their site. Groupon has access to information from at least 35 million consumers worldwide. According to Groupon's privacy policy, this data would become the property of the successor-company in any sale or merger – in this case, Google.

Internet giants Google, Yahoo, Amazon and Facebook[11] have all made recent moves into the daily deal landscape. Each company targets deals based on information about client's current location and/or past interests. However, these companies have enough information at their disposal to target deals using a wide variety of information about individual users. With the information these companies have about users, the ability to offer deals that are targeted based on an individual's online reputation or profile (accurate or not) is immense. Users may face narrowing opportunities – retail-oriented or otherwise – as these companies use increasingly sophisticated data to create "clearer pictures" of individual wants and needs.

The second area for concern is the potential effects of the use of geolocation technology by group coupon companies. A number of companies – Groupon, LivingSocial and Facebook to name only a few – are able to push information about deals to consumers who opt-in to mobile applications as they pass through urban landscapes. This practice has a number of implications. First, it may alter the urban experience for

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[11] Facebook ended their daily deal program in August 2011 (Fowler 2011).

technology rich individuals who have access to information about local deals unavailable to those without the latest gadgets, supporting a preferential attachment model of commercial information (de Souza e Silva and Frith 2010b; Murakami Wood and Graham 2005). Further, the use of geolocation technology to customize public spaces (de Souza e Silva and Frith 2010a) has potentially important implications for these arenas. These spaces have traditionally been viewed as important sites for civic engagement but are increasingly interrupted by corporate messages as consumer maps are overlaid within these environments. Finally the use of geolocation technology to shape movements within urban environments may disadvantage those retailers on the periphery. Adriana de Souza e Silva and Jordan Frith (2010a) note that, when doing a Google search for a restaurant, it is almost as if the restaurants that are not listed high in the results do not exist. Similarly, if mobile applications repeatedly direct individuals to certain stores or commercial centers, retailers outside of that immediate location may find it difficult to generate foot-traffic. Marketing attempts that use geolocation technologies have the potential to support and entrench urban retail centers, which have their own surveillance issues, particularly related to the treatment of those populations considered to be undesirable consumers (Kelly 2003).

The group-buying model is demonstrative of a broader shift towards tailored content. While the increasing targeting of consumers – from demographics, to online behavior, to a combination of online and offline behaviors, to location – tend to be defended based on claims of user utility and anonymity, these practices are edging consumers into increasingly narrow market segments that reflect the information that advertisers have about them. Consumers have limited ability to access and correct this information if they disagree with the image of themselves that is being reflected through the advertisements they are shown and the deals they receive. Despite the rhetoric and important consumer advantages they provide, it is difficult to view group coupon companies as allowing for true consumer power. The daily deal companies discussed here, and the many others like them, are deeply implicated in a system that allows consumers' attention and data to be bought and sold for the purposes of commercial gain. There is reason to be concerned about a business model that promotes the power of the consumer while simultaneously using information about that individual to create a unique consumer experience, the basis for which is beyond their control

Acknowledgements

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