

# Online Group Buying

**SUBMITTED BY:** WGYP Summer 2011 Instructor

**SUBJECT(S):** Personal Finance

**GRADE LEVEL(S):** 9, 10, 11, 12

## ≡ OVERVIEW:

In this lesson, students think about how online group buying sites are becoming major players in E-commerce. They go on to analyze the five stages of consumer behavior for online shopping and modify the stages as they see fit. They will then plan the process of making an online purchase in a group, applying the modified stages.

## ≡ NBEA STANDARD(S):

- Personal Finance, V. Buying Goods and Services

## Common Core Standard(s):

- Reading Informational Text — RI.9 -10.1.; RI.9 -10.2.
- Speaking and Listening — SL.9 -10.1.

## Purpose:

- In this lesson, students will learn about the business models of online group buying sites.
- They will think about the ways that such models are adapting to an ever-changing market.
- They will modify the five stages of consumer behavior for this new model of buying in groups.

**Knowledge@Wharton Article:** “How Sustainable Is Groupon’s Business Model?”**Other Resources/Materials:**

Wharton Global Youth Program term: [E-commerce](#)

**Activity:***Introduction (5 mins)*

Ask students how many of them use Groupon or other online group buying sites to buy goods. What kinds of goods? Go through their last few purchases online. Ask them to think about how this is different from what they buy in stores or elsewhere online? Is the process to buying different in any way? Do they keep a closer tab on what their friends buy in this way? Show students the Wharton Global Youth Program video on E-commerce.

*Popcorn Reading (15 mins)*

Ask students to read aloud the article about online group shopping. Have one student read out the questions asked by Knowledge@Wharton and another the answers given by Professor David Reibstein.

*Class discussion (10 mins)*

Ask students if they have any questions about the article.

- What does it say about how e-commerce is growing and developing?
- Why does Reibstein think the Groupon model is not sustainable?
- Do they agree or not? Why or why not?

*Guided Discussion (10 mins)*

Go over the five stages of consumer behavior as a class. Let them think about how this process would have to be modified according to how the online group buying consumer process works. What are the different considerations for this kind of buying? For example: in the first stage, the consumer may not actually “need” any particular item like a massage or cupcake decorations. So how does the site determine what the customer needs? One probable answer is: through the power of peer pressure, i.e. since my friends are buying this, so should I.

There are five stages of consumer behavior:

1. Problem recognition — A perceived difference between a person's ideal and an actual situation that is big enough to trigger a decision.
2. Information search — Includes internal and external search. The internal search involves delving into one's memory and/or knowledge. The external search includes things like consumer reports.
3. Alternative evaluation — The consumer's evaluative criteria includes the objective attributes of a brand and the subjective attributes.
4. Purchase decision — Three things must be decided: from whom to buy, when to buy, and whether to buy or not.
5. Post-purchase decision — The consumer compares his or her expectations with the product and is either satisfied or dissatisfied. This can impact a consumer's perceptions or even his or her relationship to the product/service and its producer.

*Group work (10 mins)*

Ask students to work in pairs, and imagine they just got an email saying that they could buy two movie tickets for \$8. Have them write down the process they would follow to buy the product online based on the five stages of consumer behavior. When they finish, ask some of them to share their notes with the rest of the class.

### **Tying It All Together:**

In this lesson, students learn about online group buying sites. They get to understand how this kind of buying is different, and how to modify the consumer behavior stages with respect to group buying.

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