

Religious groups latch on to the Groupon craze

by [Piet Levy](#)

September 21, 2011

CHICAGO (RNS) Social deals are going spiritual.

Inspired by their religious callings -- and the \$713 million in revenue that social deal pioneer Groupon took in last year -- a growing number of entrepreneurs are making a go of the fast-growing social coupon space with sites specifically targeting religious groups.

Jewish sites Jewpon, Jdeal and OyWhataDeal paved the way late last year, taking their cue from sites like Groupon or Living Social, which offer deep discounts to members on everything from meals to movies to skydiving.

While Groupon can get members 40 percent off the cost of hang-gliding lessons in Chicago, for example, Jewpon recently offered half off the "Fundamentals of Talmud" learning system. Jdeal touted a 46 percent break on etrogs, a citrus fruit used for the upcoming harvest festival of Sukkot, while OyWhataDeal members could get half-priced challah bread from Challywood.net.

"I read an article about Groupon and realized there was an opportunity to bring the Groupon model to our Jewish community," said Jdeal co-founder Jodi Samuels. "We're really focusing on deals that are relevant to the Jewish community, so people have this incentive to be on our list."

Christian variations followed suit. Last January, Only144.com began staging 144-hour sales for deeply discounted church materials, like \$1,000 worth of ministry resources for just \$97 in August.

In May came Grouptune, which sells discounted Christian albums and offers free song downloads. ChristianDeals.org, launched a month later, recently offered a 16 percent discount on flip-flops from Christian retailer God Feet.

Next up? Muslim-Deals.com, a domain name that's already been purchased with the promise of an impending daily deal site.

U.S. consumer spending on social deals is expected to hit \$2 billion this year, ahead of the \$873 million spent in 2010, according to a September forecast by local media industry consultants BIA/Kelsey in Chantilly, Va. By 2015, spending is projected to top \$4 billion.

A recent study by researchers at Rice University and Cornell University found no evidence of daily deal fatigue among consumers, according to co-author Utpal M. Dholakia, professor of management at Rice in Houston.

That's good news for religious deal sites that have reported some initial success:

-- New York-based Jdeal has amassed 30,000 subscribers in a year and expanded to Los Angeles, Washington, Boston and Chicago, Samuels said.

-- New York-based Jewpon has subscribers in Jerusalem and is starting a London site within a month, said Chief Operating Officer Chaim Chernoff.

-- Brian Giles, the owner of OyWhataDeal, based in the Chicago suburbs, and Nevan Hooker, creator of Only144 in Louisville, Ky., say business has been strong enough for them to leave their day jobs.

But the long-term sustainability for these upstart deal providers -- including industry leader Groupon -- remains unclear.

Nearly one-third of daily deal sites closed or were acquired by a competitor so far this year, according to daily-deal-site aggregator Yipit.com. Dholakia's own research found that a third of businesses that participated in a Groupon promotion said it was unprofitable.

Even Facebook, the giant of social media, decided to end its own version of Groupon in August after a four-month trial run. And despite the exceptional revenue, Groupon has yet to turn a profit, reporting a loss of \$450 million in 2010.

Religious deal providers are banking on the idea that deep discounts for targeted niche markets will be more relevant to consumers, and generate higher redemption rates by consumers and interest by merchants. By offering discounts from vendors too specialized to market through Groupon, Jdeal reports that 58 percent of its subscriber base have purchased a deal, well ahead of Groupon's 19 percent, Samuels said.

OyWhataDeal's approach is even narrower: not only targeting Jewish consumers, but primarily Jews in the northern suburbs of Detroit. Only144 and Grouptune in San Francisco cast their nets nationwide, but narrowed their offerings to ministry materials and Christian music, respectively.

"I'm not interested in the quantity of subscribers; I'm interested in the quality of subscribers," said Grouptune CEO Matt Shamus.

To get a wider reach, Jdeal has partnered with Jewish media outlets to promote their deals in local markets. Christian Deals is currently giving 100 percent of revenue generated from its deals to merchants to generate interest, said Wes Lemos, the founder of the San Jose, Calif.-based site.

Still, Rice's Dholakia questioned whether niche religious deal sites have growth potential. Jewish and Muslim sites oriented around geography may have trouble growing outside of major cities, for instance.

Samuels agreed that consolidation is inevitable, but said the big players in niche deal markets will survive.

"We offer a service that is very relevant to both the consumer and to the merchant," she said. "We do higher conversion rates, and from the merchant's point of view maintain good margins because they're getting a further targeted audience, not just a random person that is walking in with a 50 percent off deal."