

ChinaBusiness

The downside of a dream job

WEBSITE ENTREPRENEUR KNOWS THAT SUCCESS AND FAILURE ARE BEDFELLOWS



HE DONGPING / FOR CHINA DAILY
A group-buying website promotion in Shaoyang, Hunan province.

By SHEN JINGTING

Wang Yuming admits he is a dream chaser. Every night, when he is about to go to sleep, the words "hey, I am an entrepreneur. Running a group-buying website is cool, isn't it?" go through his mind.

However, after a brief pause, Wang also admits he repeats the words because he needs encouragement. It is widely believed that group purchase start-ups are popular, and generate handsome daily revenue, but how many people really know the other side of the coin, he asked.

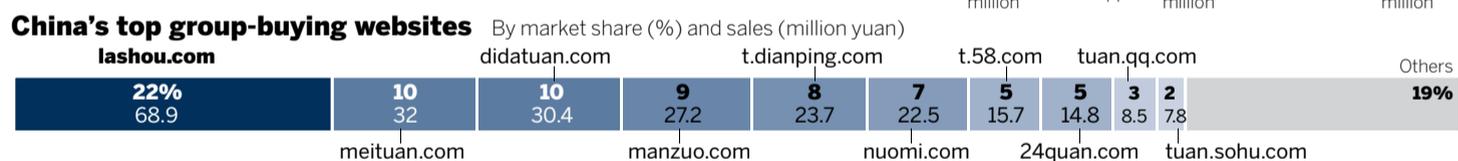
The 31-year-old Internet entrepreneur runs one of China's largest group-buying websites, www.55tuan.com. The website started offering services on March 15, 2010, behind only meituan.com, which is run by China's e-commerce legend Wang Xing.

"When we prepared the website launching last February, I visited 69 Beijing restaurants and beauty salons. But the owners turned their backs on me, because they didn't know what group buying was," Wang said.

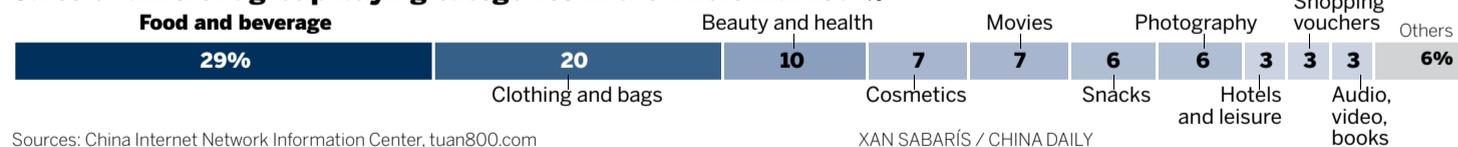
However, Wang persisted. He tried every sales pitch to persuade them to accept the new concept. He concluded that by suggesting that "group buying can bring money and customers to you for free" persuaded retailers better than saying "group buying is a new concept and in fashion".

Wang said his employees work into the small

GROUP-BUYING WEBSITE MARKET IN CHINA



Sales of different group-buying categories in the whole market %



Sources: China Internet Network Information Center, tuan800.com

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hours every day, because group-buying websites usually change products at midnight and emergencies often occur during that time.

For example, one day he received a call at 3 am. The woman on the phone argued she didn't understand the trading detail.

"I checked the information. It was our fault that there was ambiguity." Consequently, he asked employees to clearly write product guidance that would be easy to understand.

55tuan.com now provides services in 10 Chinese cities. Wang Yuming said he flew to every city to examine its business environment.

"We tasted failure in different places, mainly because we didn't know the city or its people," he recalled.

People in Beijing easily embrace the idea of

group buying, as many IT workers live in the city. However, Shanghai has the most female office workers, a group with spending power. "Shanghai has great potential. It will catch up with Beijing," Wang said.

Chengdu residents prefer street snacks, instead of eating in a top-class hotel, Wang said, adding that Tianjin has almost no mid-level service providers, some are extremely high-end, and some at the other end.

But overall, Wang said his company is lucky because every month it makes a profit. "Most Chinese group-buying websites are struggling for survival. I can say 99 percent of these thousands of companies failed to meet the bottom line."

Zhang Yanan, an analyst at Beijing-based

research firm Zero2ipo, said group-buying websites need financial support if they want to survive the fierce competition. However, among nearly 2,000 group-buying companies, few of them get funding from investors.

"Last year, probably a dozen of (group-buying) companies raised money, with lashou.com grabbing the biggest investment of more than \$50 million," Zhang said.

Wu Bo, chief executive officer of lashou.com, said venture capital firms invested in his company because it was already the biggest group-buying website in China. "We need more money to expand, especially when US-based Groupon plans to enter China. They are now offering much higher salaries to attract our employees to work for them," Wu said.