



August 10, 2011

Via Email to emmanuel.guillory@mail.house.gov
mark.bayer@mail.house.gov

Hon. Joe Barton
2109 Rayburn House Office Building
Washington, DC 20515
(202) 225-2002

Hon. Edward Markey
2108 Rayburn House Office Building
Washington, D.C. 20515
(202) 225-2836

Re: July 21, 2011 Letter to Groupon Inc.

Dear Congressmen Barton and Markey:

I am writing in response to your letter addressed to our CEO, Andrew Mason, dated July 21, 2011. Thank you for your interest in Groupon Inc.'s recently updated privacy statement and our data collection and management practices. We made a significant effort to publicize broadly our revised privacy policy – through advance email notice to all of our customers and in a plain-English, clause-by-clause summary of the policy's changes – and appreciate the opportunity to respond to your questions.

Groupon is dedicated to delivering to our community of customers extraordinary discounts from merchants whose products and services they care about, when they want them and in a relevant and convenient format. Our growth - from launch in October 2008 to employing more than 9,000 people globally and more than 2,500 in the United States today - is the result of delivering value both to the local merchants who use our services and to the more than 116 million consumers who receive our daily deal emails. We are committed to being transparent about our privacy practices and believe that ensuring that our customers understand what data we collect, how we use it and how they can make choices about that collection and use is essential to establishing and maintaining their trust.

We are organized around the mission of introducing our customers to local businesses, but at our core, our broader, publicly-stated vision is to inspire our customers to try new things, see new places and generally make life more interesting and less boring. On any given day, our customers can find deals in their neighborhood, or in new cities they are exploring, that offer substantial discounts (often 50% or more) on dining, shopping, exercise, education, theater, movie tickets and more, simply by entering their ZIP code on the Groupon website, electing to receive our daily emails or using one of our mobile applications. At the same time, we work closely with local merchants who want to grow their business,

attract a new audience or expand their offerings. We help merchants structure offers that deliver hundreds and sometimes thousands of new customers, calculate the optimal number of Groupon customers relative to their regular traffic, prepare them for the influx of new customers, draft and publish compelling marketing materials and provide a variety of tools to help redeem and track Groupon vouchers. We sold approximately 32.5 million Groupon vouchers on behalf of more than 78,000 merchants globally in the second quarter of 2011.

To deliver the value our customers expect, we must make offers convenient, affordable and relevant. That requires us to understand what offers our customers want, when they want them and where they want them. Our customers voluntarily entrust us with this information in order to process the purchases they make and to enhance their interactions with the services we make available to them.

At the same time, we know that our customers care about privacy, and we are committed to explaining our data practices and keeping our explanations current in an environment of rapid technology changes. We are also committed to empowering our customers to make choices about the type of information they give us and how we use that information to interact with them. Our new privacy statement, released on July 9, 2011, reflects all of these commitments. First, the new privacy policy is clearer and easier to read. Second, it addresses some new technologies and new relationships we are using to deliver value to our clients. Third, it delivers better tools to users who want to limit when and how they share information with us. To make sure that all of our customers were informed about the new policy and about their choices, we sent an email and a summary of the changes made to every Groupon user.

Below we provide answers to the specific questions that you posed. The answers relate to Groupon's U.S. websites and operations and are based on current and reasonably available information. Recognizing that we were founded fewer than three years ago, our business is growing rapidly and constantly changing in response to consumer demand; please bear in mind that our answers to your specific questions can only be a snapshot of a rapidly evolving enterprise.

1. Groupon collects relationship information about its consumer from social media interactions, but collects that information only when consumers “register, subscribe, create an account, purchase GROPONS, or otherwise interact with the Sites or contact Groupon.” Please identify the “Sites” mentioned. When interacting with these Sites, is a consumer’s information collected without him or her initially interacting with Groupon? At what point are social media interactions tracked?

The “Sites” referenced in the new privacy statement are Groupon’s web properties: our main website (home page) www.groupon.com, the mobile and touch versions of the website (accessed via <http://www.groupon.com/mobile>), and pages or sub-domains associated with those sites (for example, city-specific, service-specific, or channel-specific landing pages such as <http://www.groupon.com/atlanta/> or <http://www.groupon.com/now> or <http://www.groupon.com/getaways>). We apply the same privacy statement and practices to all data collected by Groupon via the Sites.

Groupon does not collect personal information about visitors who browse our Sites who have not actively interacted with Groupon (for example, opened an account with us). As is almost always the case when a

person visits any website, Groupon's servers log basic information about Site visitors such as the type of browser they are using, where they are navigating from, other information forwarded by the referring URL and what Site pages a visitor uses.

Visitors who register to use our service are asked to provide additional information, including full name and email address. If a person registers, he or she has the option to provide other information, such as gender and ZIP code, and over time Groupon collects additional information needed to process purchases, information about how a person uses the service and so forth.

Like most major online companies and the federal government, Groupon maintains a brand presence on major social networking sites. As we communicate with the public through social networks, we naturally receive information from our customers. For example:

- First, users may elect to access Groupon using Facebook's *Facebook Connect* application, in which case they will opt-in to use their Facebook credentials to access Groupon.com. Depending on the settings the user has established in her Facebook account, the Facebook user also may consent to give Facebook permission to transfer some profile data (see [Appendix I](#) for screenshots of a user's choices when using Facebook Connect). Facebook Connect is provided by Facebook, and Groupon receives information from Facebook in the same way as other websites that install this Facebook application.
- Second, we receive information when users interact with Groupon or post public comments about it using social media, such as "liking" Groupon on Facebook, posting a comment to a Groupon Facebook Page, or "following" Groupon on Twitter.

In all of these cases, Groupon receives information only if the consumer affirmatively engages in an activity that specifically relates to Groupon on the social networking platform. If we happen to come across public postings about Groupon, we may use this information to respond to a user inquiry or complaint or to protect our intellectual property rights.

Information gathered through social network services that is associated with a Groupon customer is treated in accordance with the terms of our privacy statement.

- 2. In Groupon's privacy statement, it is mentioned that Groupon collects information, including contact and relationship information, about other people when GROUPONS are purchased as gifts. Does this statement imply that Groupon would capture personal information about a person who did not interact with Groupon without the customer having knowledge of the data collection? If so, please explain Groupon's reasoning for this practice. If not, please provide further details about this practice.**

Groupon enables customers to purchase Groupon vouchers as gifts for friends or relatives. Each time a customer purchases a voucher as a gift, he or she can decide whether to use Groupon's gifting tools, or to deliver gift vouchers without Groupon's involvement.

Customers who use Groupon’s gifting functionality to facilitate the delivery of gifts give Groupon limited information about gift recipients as needed solely to facilitate the delivery and fulfillment of those gift orders. But this is entirely up to the gift purchaser. Purchasers can give Groupon vouchers – the physical or electronic documentation of a deal bought by the purchaser - away in person without using Groupon’s functionality, and most vouchers can be purchased without identifying the recipient or ultimate end user of the voucher.¹ If a customer wants to make a gift through Groupon’s online gifting tools, she may indicate that a deal is being purchased for a friend during checkout. If the customer makes this choice, the customer is asked to provide Groupon with the friend’s name and email address so that Groupon can deliver the Groupon voucher and redemption information to the recipient. If delivery by email is selected, the purchasing friend can also include a personal message in the email (see [Appendix II](#) for screenshots of purchaser’s choices). Groupon does not use gift recipient information for any purpose other than fulfilling the gift.

If a customer does not want to provide any information about his or her friend to us, he or she is free to deliver a Groupon voucher personally - either through the customer’s personal email account or by printing a hard copy of the voucher and providing it to the friend.

3. Groupon collects transaction information about how consumers interact with Groupon merchants, business partners, and service providers. Please provide a list of these affiliates. Are they required to adhere to Groupon's privacy policies? If so, what methods does the company use to hold them accountable? If not, why not and do you know if they have privacy policies of their own?

To provide needed context beyond the specific scope of the question, this response addresses both information we may receive from, and information we may share with, third parties.

Merchants: In most cases, Groupon does not share customer-specific information with merchants. After a typical Groupon offering closes, merchants receive a list of the Groupon voucher numbers that identify the vouchers sold. The merchant uses this list to validate the numbers on the vouchers when customers present them for redemption. Groupon has offered deals for more than 100,000 merchants globally since inception, spanning the full range of consumer goods, automotive products, electronics, entertainment, fashion, travel and spa services. We work primarily with small, local merchants but also occasionally with global brands such as The Gap and 1-800 Flowers.

Sometimes the nature of an offer dictates that additional information be provided to the merchant (for example, if the offer is a discounted magazine subscription, name and address information is required to activate delivery; if the offer is a ticket to a sporting event, a name may be required to enable the

¹ Most Groupon vouchers are transferrable. However, Groupon also offers opportunities to its customers to purchase tickets to live entertainment experiences. Because the venues and entertainment companies that promote these events require the tickets to be issued to a named individual (principally for fraud prevention purposes), if a Groupon customer purchased a ticket for a friend to such an event through our Site, the gift recipient’s name would be required by the venue and thus, collected by Groupon pursuant to the protections outlined elsewhere.

customer to collect her ticket at a will-call window). Under those circumstances, Groupon collects this data at checkout directly from the customers for the merchant, and requires the merchant to contractually agree to use the customers' data solely to fulfill the offer.

Business Partners: Groupon has a contractual relationship with Expedia to offer travel deals on the Groupon Sites through the Groupon Getaways channel. Groupon collects two types of data in this context that it may share with Expedia: (1) email addresses that are collected when visitors sign up to receive *Getaways* emails from Groupon, and (2) transaction details related to *Getaways* travel deals purchased on the Groupon Sites. When email addresses are collected, they are collected subject to Groupon's and Expedia's privacy statements. Expedia publicly posts its privacy policy. When purchases are made on Groupon's Sites, purchasing data is collected subject to Groupon's privacy statement. (See [Appendix III](#) for screenshots of disclosures made to consumers before they sign-up for Getaways emails and at time of purchase).

Groupon recently formed a joint venture with Live Nation Entertainment (Live Nation Worldwide LLC) called GrouponLive, LLC, to deliver deals for local live entertainment, such as concerts and performances. Groupon collects information about customers who purchase live entertainment deals through the Sites pursuant to the Groupon privacy statement and maintains this data on behalf of GrouponLive.

Service Providers: Groupon uses several service providers in the ordinary course of its business, as do nearly all online commerce companies (and nearly all offline companies as well). Service providers include companies that specialize in credit card processing, website hosting and email fulfillment. Groupon may receive transactional information from our service providers.

We select well-known vendors with established reputations to perform services. For example, Groupon uses CyberSource Corporation (a wholly-owned subsidiary of Visa, Inc.) to securely process credit card payments and we use ExactTarget, Inc. to fulfill and deploy our daily-deal emails to customers who have opted-in to receive them. In these cases, we receive information from the vendors about payments processed on behalf of, and emails sent to, our customers.

Service providers are restricted by contract, and sometimes further restricted by law, from using Groupon's information – including Groupon consumer data – for their own purposes. Consumer data remains subject to Groupon's privacy statement while service providers process it.

Our analytics vendors provide data to us regarding website page views, traffic analysis and effectiveness of our online advertising campaigns. Our use of marketing affiliates and vendors is dynamic and changes in response to our evolving business needs. Some of our primary vendors in this space are: Commission Junction, DoubleClick, Facebook Connect, Facebook Social Plugins, Google Adwords, Google Analytics and Yahoo Search Marketing Analytics. These service providers generally engage with customers such as Groupon, and in some cases thousands of other customers, through standard online terms of service and have their own privacy statements posted online.

- 4. Groupon's privacy statement indicates that its mobile application may "be designed to collect information even if you are not logged into the Groupon application or the Sites." Please explain instances when location information would be collected even when consumers are not logged into the application. Would this collection of location data be consistent across mobile devices? If not, why not and why has Groupon not designed its application to create a consistency?**

Groupon currently does not access location data when the Groupon mobile application is not running. However, our customers are asking for services that require this functionality. For example, a customer may wish to have a "push" notification appear in her email around the noon hour to alert her that a lunch special is being offered at a nearby restaurant. In order to choose a relevant deal for the user at the correct time, location information would need to be collected about the user just before noon, even if the Groupon mobile application is not running on the device at that time. We are working to provide this type of functionality in the future. Accordingly, when we revised our privacy statement we wanted to ensure that it reflected these future plans.

Users must explicitly consent to provide their location data to Groupon, or location data will never be collected. Please note that the practice for how this consent is provided varies by mobile device platform, as follows:

- **Apple iOS.** Apple iOS is designed to ask for a user's permission to use location services the first time any given application requests that specific service. Thus, the first time the Groupon application attempts to find location data, the user will be asked whether they will permit access by Groupon to run location services. If the user opts not to permit this access, the Groupon application will run but no location data will ever be collected and the user experience will be diminished (for example, the application will be unable to offer deals that are closest to the user).
- **Google Android.** Android is designed to ask for the user's permission to use all services needed by an application (including location services) at the time an application is installed. At the time of installation, users are presented with a request to consent to the sharing of location data with Groupon as well as to use several other services the Groupon application requires (such as receiving push notifications). Users must consent to all of these permissions as a group in order to install the Groupon application. If the user opts not to permit the requested access, the application will not be installed and no location data will ever be collected.
- **RIM BlackBerry OS.** As with Android devices, BlackBerry devices present the user with a request to grant access to all services needed by an application (including location services) at the time an application is installed. If the user grants this access, the application can then make use of the location services without further consent. However, if the user opts not to permit this "blanket" access, the application will be installed, but the user will be prompted the first time the application tries to access location services with a specific request regarding location data. If the user also opts out of this specific request, the application will run but no location data will be collected and the user experience will be diminished.

Working within the confines of the various operating systems' requirements, Groupon's goal is to enable our customers to use their mobile devices to interact with our mobile applications, if, and only to the extent, they choose to do so.

5. Before a consumer uses Groupon's mobile application, are they given an opportunity to opt-in to the collection of their location information? If so, what prompt is used before access into the application? If not, why not?

As described above, Groupon does not collect location data unless and until a consumer has downloaded a Groupon mobile application and permitted the device to transmit location data. (See responses to Question 4 above, and [Appendix IV](#) for screenshots of the permissions pages).

6. A consumer's personal information is disclosed to service providers that send emails on behalf of Groupon. What service providers does Groupon use and has there been any instances of a breach in consumer's personal information during Groupon's tenure of business with them?

Groupon uses ExactTarget, Inc. as its email service provider. Groupon routinely monitors the performance and reviews the contracts of its critical service providers to ensure quality and consistency and is not aware of any data breach, other breach of confidentiality or compromise in the security of any of its customers' information entrusted to ExactTarget.

7. Omniture is mentioned as being a third party service that allows consumers to opt out of various tracking and reporting functions. Is this the only third party service that allows this option? Do you maintain a list of affiliated third party services that would allow consumers to opt out? If so, are consumers informed of this list?

One example of how quickly technology changes is that our business needs have evolved such that Groupon no longer uses services from Omniture (a wholly-owned subsidiary of Adobe, Inc.). When we first released our updated privacy statement, however, we did disclose Omniture's service and included a link to Omniture's opt-out policy.

Groupon's privacy statement also describes our use of third party advertising and analytics service providers and provides a link to the National Advertising Initiative's "One-Click" opt-out page. We also provide a link to the Internet Explorer 9 plug-in offered by TRUSTe that enables users to obtain and activate a Tracking Protection List to block certain companies deemed by TRUSTe to have unreliable privacy practices.

Groupon does not otherwise maintain, or inform its customers of, a list of affiliated third party services that would allow consumers to opt out of tracking.

8. Groupon has implemented an information security program to protect consumer's personal information. Please explain in more detail Groupon's methods for securing personal information.

Groupon's information security program – like any good program – must continuously evolve to respond to new risks and take advantage of new security-enhancing technologies. Consistent with industry standards, our approach combines: (i) physical security controls to restrict access to our offices that contain personal information; (ii) network controls to protect the access points into our systems; and (iii) access controls to protect applications and data. As discussed above, we require service providers with access to Groupon customer data to employ similar safeguards, and in particular use strong encryption to protect sensitive data such as credit card in transmission. The representation in our privacy statement regarding data security raises our accountability to users for security, but like most security-minded organizations, Groupon does not publicize details of its security program.

9. Groupon indicated that it omitted a section in its previous privacy statement discussing children's information because its website is not geared toward children. What mechanisms does Groupon have in place to identify the age of its consumers?

Groupon's Sites and its underlying services are clearly designed for adult consumers. This is evident from the design of our sites and services, the products we feature and offer – which are not targeted at or interesting to children – and our terms of use. In addition, of course, it is not possible to purchase Groupon vouchers without using a valid credit card.

10. In a time of increased consumer concern of their personal information being misused online, is Groupon willing to allow consumers to "opt-in" to all tracking methods the company may use when conducting business? If not, why not?

Groupon's services are only available to consumers who affirmatively choose to participate in the opportunities we make available. While we must collect certain information to provide our services, complete customer purchases, deliver purchased vouchers and operate our business, we provide simple tools to allow our customers to make choices about what information we collect and how we use it. As described in the "Your Choices" section of our privacy statement, we make our consumers aware of several options to opt-out of tracking and advertising, and we use geolocation data in providing location-based service solely to consumers who have affirmatively downloaded our mobile application and authorized their devices to share it with us. We understand that our customers want relevant and timely offers delivered in a privacy-sensitive manner at an exceptional value. We also understand that our customers can easily vote with their feet if they feel that we are not striking the right balance in all four areas – relevance, timeliness, respect for privacy and value. We also know that when it comes to privacy, one size does not fit all, which is why we strive to facilitate opt-outs for users who do not want to be tracked while minimizing costs on the majority of our customers who value our use of limited personal data to deliver more responsive and relevant offers and experiences on our Sites.



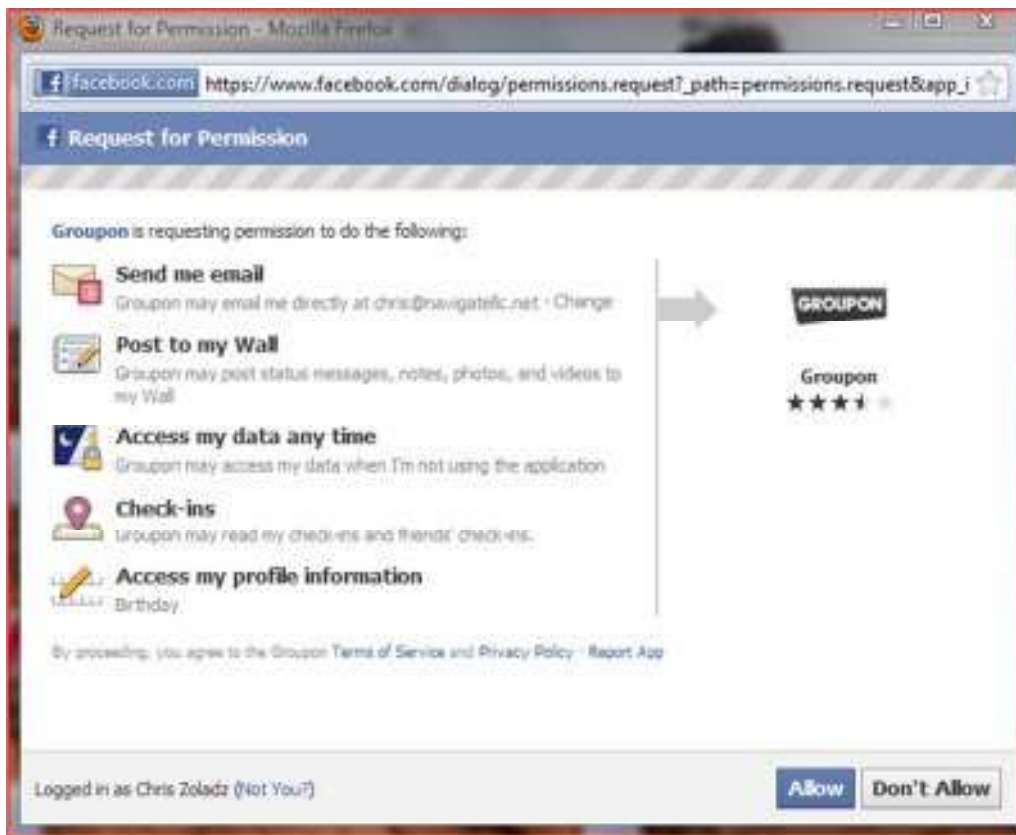
We hope that our responses are helpful. Please contact me at (312) 334-1788 or dschellhase@groupon.com if Groupon may be of any further assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schellhase", is written over a light purple rectangular background.

David Schellhase
General Counsel
Groupon, Inc.

Appendix I - Screenshots of a User's Choices When Using Facebook Connect



Appendix II – Screenshots of a Purchaser's Choices When Giving a Gift

Your Purchase

Description	Quantity	Price	Total
Moments in Time Catering and Gourmet: Gourmet Dining Experience for 2 Give this Groupon as a Gift	<input type="text" value="1"/>	\$20	\$20.00

Check to enter promotion or gift code

My Price: \$20.00

Gift Options

Fill out the form below and give the gift of Groupon!

To:

From (Name you want the recipient to see.):

Delivery Method

Email it to

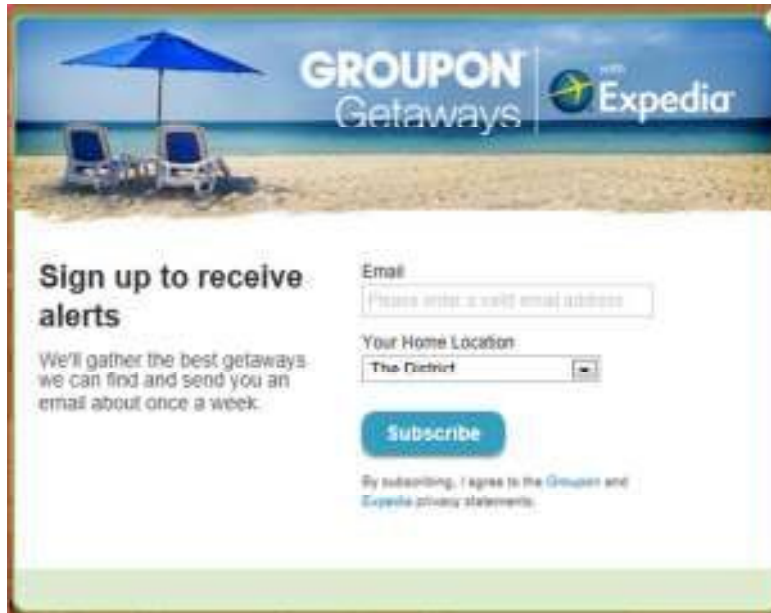
I'll print it myself

Message (Maximum of 330 characters) - Optional

330 characters remaining

Save [cancel](#)

Appendix III - Disclosure Made to Consumers Before Subscribing to Getaways Emails, and at Time of Purchase



Sign up to receive alerts

We'll gather the best getaways we can find and send you an email about once a week.

Email:

Your Home Location:

Subscribe

By subscribing, I agree to the [Groupon](#) and [Expedia](#) privacy statements.

Your Purchase

Description	Quantity	Price	Total
<input type="text" value="Moonree Hotel: 1-Night Weekday Stay (Sun-Thurs)"/>	<input type="text" value="1"/>	\$119	\$119.00

Give this Groupon as a Gift

Check to enter promotion or gift code

My Price: \$119.00

Select Payment Method

Personal Information

Full Name:

Email:

Password:

Password (confirm):

Already Have An Account?

If you have purchased a Groupon before, you can sign in using your email address.

Sign In

Did you know you can sign in using Facebook?

Billing Information

Cardholder Name: Billing Address:

Card Number: City:

Security Code: State/Province:

Expiration Date: Postal Code:

I agree to the [Terms of Use](#) and the [Groupon](#) and [Expedia](#) privacy statements.

Complete Order Revermond

Appendix IV – Screenshots of Permissions Pages

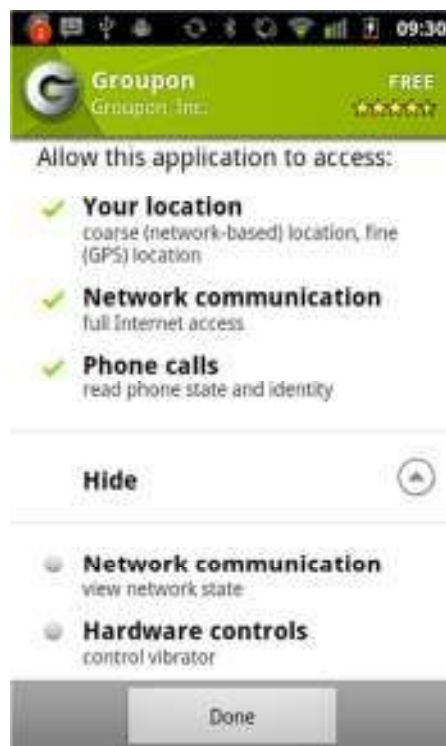
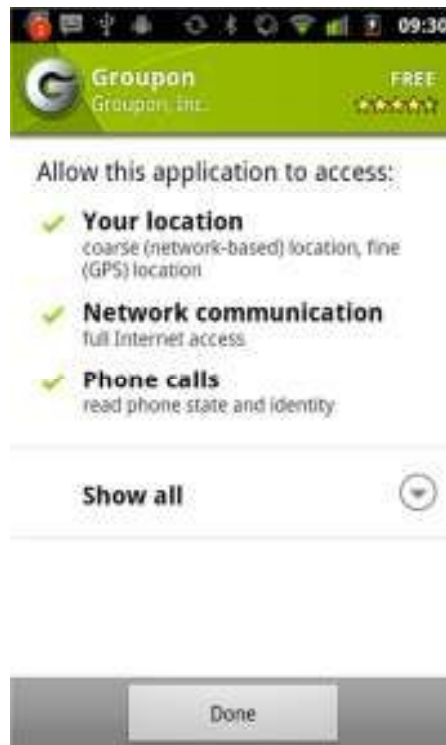
a. *Permissions to Use Current Location and to Send Push Notifications*

iPhone



Appendix IV (continued)

Android




Appendix IV (continued)

BlackBerry



Application Permissions Request
Some applications do not function properly unless they are given the permissions they request; however, allowing applications the following permissions may impact your privacy, security, or cost.

 **Location**
This is your current GPS location. Some applications might share this data with third parties or use it for targeted advertising.



Appendix IV continued

BlackBerry (continued)

