



## DealDash Oyj

# Online auctions that are fair and honest

*DealDash is something of an oddball. That is if you think it's odd, if not downright crazy, for a Finnish start-up to begin life in the penny auction business by taking on the toughest market of them all: the US. Not so crazy, though, when you see how successful DealDash has been, becoming the biggest player in the field at the end of last year after just a few years of operation.*



After securing around 100,000 registered users in its first year of operations, DealDash has attracted over a million American shoppers to its site to date.

The DealDash story is a short one and goes back to the shortcomings people were experiencing with price comparison sites and coupons on the one hand and conventional penny auctions on the other.

Price comparison sites can be useful, as can coupons, but the savings they offer are often limited, depending on how many sites are trawled for prices and how the results are prioritised, or small in the case of coupons. Both also lack the excitement of winning an auction.

The trouble with the conventional penny

auction model, however, is that savings can be small here too, and the quality of products and their shipping times can vary as well. No one likes bidding on an auction and losing the entire value of their bids when they don't win, either, even when they know that possibly hundreds of others are faced with the same experience.

That then was the inspiration for DealDash and its business model based on offering the excitement of the auction, eliminating the risk, and creating a new type of community for the online shopper. DealDash has grown into one

of the most trusted online pay-to-play auction sites on the Internet since its launch in February 2009, and is now the longest-running alternative to penny auction sites in the US and the biggest in the field.

### IT'S RISK-FREE

The fact that the majority of bidders win auctions on DealDash is obviously a big contributor here. Average winners typically win more than six auctions and any user who fails to win an auction with their first bid pack will receive



Finland's Minister for Foreign Affairs and Trade, Alexander Stubb, flanked by DealDash's founder, William Wolfram (on the left), and Lari Häkkinen, DealDash's VP of Product.

their bids back free of charge to try their luck again. Any customer still not satisfied with their shopping experience can receive a 'no questions asked' refund of their first bid pack purchase and can even keep any bids left on their account or items that they have won.

Another factor is that DealDash guarantees fast, free shipping on all its products, from gift cards to a massive flat-screen TV.

The biggest attraction, though, is the risk-free nature of the DealDash model. Anyone who fails to win an auction can buy the item for a fixed price using the 'Buy it Now' option, and have their account credited with all the bids they placed in the auction. 'Buy it Now' prices are designed to be competitive and will typically save customers money compared to buying the equivalent items from a major retailer, while still giving people the chance to win the auction if they strike it lucky. 'Buy it Now' generates around half of DealDash's revenue, with the other half provided by its bid credits.

To participate in an auction, users are required to first purchase a bid pack. Individual bids are priced at 60¢, although this can drop to as low as 15¢ thanks to various promotions throughout the year. All auctions start at zero and there are no reserve prices; each bid increases the price of a product by 1¢.

The revenue generated from the purchase of these packs of bids is what DealDash uses to finance the hundreds of brand-new, quality products available on its site and which are offered at up to 95% off regular retail prices. Products include consumer electronics, kitchen appliances, CDs and DVDs, video games, toys, clothing, fashion accessories, and beauty products; over 32,000 items are shipped monthly directly from the supplier to the buyer via the DealDash site.

These low prices, together with the ability to enable bidders to win auctions in a risk-free environment, are what draws users to the site and keeps them coming back. The great majority of DealDash customers win at least one or more auctions on the site, and some bidders win dozens once they learn the most effective tactics for beating out their fellow bidders in the fast-paced bidding process.

#### TRANSPARENT TRANSACTIONS

Since its launch, DealDash has sold hundreds of thousands of products and succeeded in attracting over a million American shoppers to the site. Customer retention rates are also very high, with over 90% of sales coming from repeat customers, equivalent to more than three times the market average.

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To ensure the transparency of the site's transactions, which typically run at over half a million a day today, DealDash regularly brings in independent third-party, certified auditors to examine bidding records and the auction platform and confirm that all bids have been placed by legitimate customers; a copy of the latest audit report can be found on the DealDash Web site.

DealDash is also now integrated with Facebook, which has boosted the community aspects of the site and provided it with access to a steady stream of data that can be used to better understand users' expectations and tailor marketing more effectively. In fact, DealDash is the third most-talked-about Finnish brand on Facebook, after Nokia and Angry Birds.

By combining a game-like experience with a sophisticated bidding platform designed to benefit the customer rather than penalise those who lose out on auctions, DealDash believes that it offers bidders all the fun of an auction and the potential to win a great deal – whichever way their luck goes.

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