

GivEngine groupons for nonprofits

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The latest local online group buying company, GivEngine Inc., has officially launched a daily discount website that generates revenue for non-profit organizations.

GivShop.com offers users discounted deals while giving 50 percent of the profit to a local organization selected by the customer. The company has teamed up with about 15 area non-profits, including the Austin Humane Society, Boys and Girls Club of Austin, Ronald McDonald House Charities of Austin and Central Texas, Emancipet and Ballet Austin, company officials said.

Founder and CEO Brad Mellema said the business model combines the power of group buying with something that also gives back to the community so that group buying becomes group giving.

Mellema is a former employee of Austin Ventures Labs and product manager for Newgistics Inc., an Austin-based shipping company.

Group buying companies typically offer the coupons with deals of the day that go into effect as soon as a set number of customers agree to the terms. The company that manages the deal generates revenue by taking a portion, usually 30 percent, of what the business garners.

Participating businesses benefit by attracting new customers who could subsequently be converted to regulars. The approach also provides a means to measure the effectiveness of the promotion — something that is not always easy to do with conventional advertising.

In July, three more local companies — Spreadsy Inc., MorgansDeals, aDealio LLC and Daily Deals for Austin Moms — entered the burgeoning online group buying industry with slightly different approaches. Other local companies in the space are Localiter LLC and Groupbuy.com.

Chicago-based Groupon Inc., the market leader, raised more than \$30 million in venture capital in December 2009 and is reportedly projected to generate \$100 million in sales this year.