

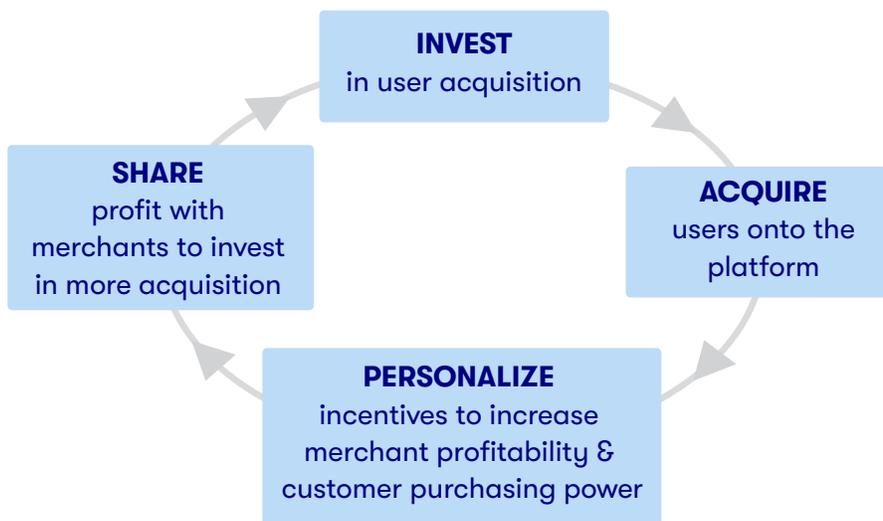
GetUpside's "Circle of Life" Business Model

How GetUpside makes money and sustains its business

By Alex Kinnier, Co-Founder & CEO

Introduction

We created GetUpside to empower consumers and to make brick-and-mortar commerce more efficient. Our founders saw an opportunity to help businesses earn more by dramatically changing the profitability of every customer profile, making it so the consumer wins, the merchant wins, and GetUpside wins. The company believes so strongly in the importance of making a measurable impact that we chose to adopt a performance-based pricing model, also called the profit sharing business model. GetUpside does not make money unless our users and merchants do first.



INVEST

Existing loyalty programs provide merchants with software that requires personnel training, new signage, and user recruitment. Staff retraining is never easy, new signs are costly, and merchants end up recruiting their own customers and cannibalizing their own profits by giving away money to customers who are willing to pay full price. That is exactly what our founders did not want to do with GetUpside. Instead, GetUpside provides merchants with a ready-made platform that has a built-in user base and is diligent about crafting incentives that are always net margin positive for merchants. Our users are new, incremental customers for our merchants, and because of the profit sharing model, GetUpside is incentivized to bring merchants as many new customers as possible.

ACQUIRE

To do that, GetUpside needs to be deliberate about acquiring its own users. We do that through marketing. Radio advertising, digital advertising, referral programs, and recruiting partners like GasBuddy (among others) are effective methods for user acquisition. Each of those methods have real costs associated with them, meaning that GetUpside invests real dollars to grow our user base, through our own users and our partners.

PERSONALIZE

Once users are in our system, we then measure and understand each user's purchase behavior, and personalize promotions and experiences to increase their purchasing power while also increasing their profitability. In other words, we incentivize users to buy more, more often in a way that is profitable for merchants and gets users more for their given dollar.

We do this by providing customer incentives through the GetUpside app that are aligned with our merchant partners. We analyze what each consumer was buying in the past, then compare them to a control group made up of users with identical purchasing behavior over the previous 12 months. This comparison against a baseline allows us to measure our impact, while accounting for variables like seasonality and any physical or marketing improvements a merchant makes at their location. That ensures GetUpside does not take credit for anything merchants are doing to improve their own operations.

SHARE

GetUpside only shares profit on the amount that is above and beyond what the merchant would have been earning on each customer without GetUpside, also called incremental. If GetUpside does not deliver incremental profit, GetUpside does not get paid. This serves as a constant "check" on company initiatives to ensure we are aligned with our mission to help communities thrive.

In considering the appropriate percentage of incremental profit upon which to take fee, we point to our user base. Since we invest money on user acquisition just to stay in business, we need to earn back that investment plus profit, so we can keep growing. GetUpside needs to make just enough to reach that threshold, but not any more than that so merchants can earn as much as possible. To do that, GetUpside has calculated a fee percentage for every customer to earn back our investment on our user acquisition in a reasonable amount of time so we can continue to attract outside capital.

CIRCLE OF LIFE

We call this the Circle of Life. As GetUpside keeps growing and gaining more users, we are able to drive them to merchants' stores and incentivize them to buy more, more often, more profitably. Users win, merchants win, and GetUpside wins.