

# DOING THE DEAL: LESSONS FROM A SUCCESSFUL ONLINE BUSINESS



In less than five years, DoneDeal grew from a simple classified ads website to become one of Ireland's hottest internet properties. We look at the key milestones in its development and the factors that have driven its success.



## Background

Wexford-based DoneDeal is Ireland's biggest and most successful classifieds website and today claims a market leadership position four times as big as its nearest competitor. From a standing start in 2005, the website has experienced an average of 10-15pc growth in visitor traffic and ad placements per month. By 2014, company turnover reached over €8 million and active ads totalled more than 230,000. DoneDeal is now the number one place to buy and sell things in Ireland, according to Google Trends.

The company's achievements have been recognised within the internet industry and wider business community. In 2009, the founders, Fred and Geraldine Karlsson received the Net Visionary Internet Marketer award from the Irish Internet Association. In 2010, Fred Karlsson was shortlisted as a finalist for the Ernst & Young Entrepreneur of the Year Awards. In 2012, DoneDeal was voted Best Mobile Service or App at the Net Visionary Awards, run by the Irish Internet Association and also scooped an award at the Irish Web Awards as Ireland's Most Useful Website.

In 2011, DoneDeal was officially announced as Ireland's fastest rising Google search and today is ranked among the top 4 most visited websites in Ireland, according to Google AdPlanner, placing it in the company of such household brands as Facebook, Google and YouTube.

In the same year, DoneDeal also concluded a significant investment deal with Norway's Schibsted Media Group, which operates a specialist Classified Media division that supports a growing network of online classified sites across over 25 countries throughout the world.

Commenting on this latest development, Fred Karlsson, co-founder of DoneDeal said: "The investment by Schibsted is a significant vote of confidence in the achievements of all the team at DoneDeal and the prospects for the company over the coming years. Our new partnership with Schibsted will be very much based on providing collaborative synergies to work and learn from each other in providing an even better service and experience for our customers and will provide DoneDeal with a significant business partner that can support us in taking our business to the next level of growth that we now aspire to."

This case study tells the story of DoneDeal and identifies the key success factors that have enabled it to become the top classifieds website in the country in less than five years.

## DoneDeal in numbers - latest January 2014

Visits per day	Active ads	New ads placed per month	Turnover
550,000	230,000	140,000	Over €8 million

The screenshot shows the DoneDeal website interface. At the top, there's a navigation bar with links for 'My DoneDeal', 'Placed Ads', 'Saved Ads', and 'Signup / Login'. Below this is a banner for 'Our Car Finance Fixed Offer' with a rate of 8.45% APR. The main content area is divided into two columns. The left column, titled 'Main Sections', lists various categories with icons: Clothes & Lifestyle, Baby & Kids Stuff, House & DIY, Sport & Hobbies, Electronics, Music & Education, Farming, Animals, Motor, Holidays & Tickets, Business, and Property. The right column, titled 'Search Ads', features a search bar and a 'Place Ad' button. Below the search bar, there's a 'Sell: Advertise' section with a 'Place Ad' button and a list of benefits: 'Includes 10 photos & one video', 'Listed for 2 months', and 'Pay by phone bill, or credit/debit card'. At the bottom of the right column, there's another banner for 'Our Car Finance Fixed Offer' with a rate of 8.45% APR.





## Company Origins

DoneDeal was founded in June 2005 by Fred and Geraldine Karlsson. The idea came from the Swedish-Irish couple's experience of selling furniture in Sweden, where good second-hand furniture can be easily bought and sold locally online. When they came to Ireland, no such service existed.

"Sweden is a few years ahead of Ireland when it comes to broadband access and people using the internet in the home," says Fred. "When we were leaving, we put our stuff up on this website which was similar to DoneDeal. It was so easy to sell; some pieces had sold within 15 minutes of putting them up. When we came to Ireland we were on the other side: we wanted to buy things but we were stuck with the back-of-the-paper ad which says 'blue three-seater sofa' and there's no picture, so you don't have a clue what it's like. So we realised there was a business opportunity there."

### The Karlsson's Top 5 Tips for Success:

1. Focus on website design – it's key
2. Listen to your customers
3. Use Google AdWords and search engine optimisation to drive up your profile
4. Get whatever support and aid you can from organisations like the County Enterprise Boards and Chambers of Commerce
5. Have fun!



## Early Development & Funding

As both founders were working full-time when they established DoneDeal, the website was a part-time venture initially.

For many internet start-ups, a deficit of technical skills represents an early challenge. This was not an issue for DoneDeal. Fred is a software developer who began designing and selling computer games as a 15-year-old in Sweden while Wexford-born Geraldine holds a computer science degree from Waterford Institute of Technology.

"Because we had the IT background, it was easy enough to put up the website. Obviously it took a lot of work but we knew what we were doing. And it didn't cost us anything because we did it all ourselves, so we were very lucky that way," recalls Fred.

The next task was choosing a name. From the very beginning, DoneDeal jumped out from the pack as it met all the selection criteria required. It was catchy, memorable and did exactly what it said on the tin. Furthermore, the company was able to register the domain name on the internet.

Before the website could be launched, it had to be populated with goods for sale. The Karlssons did this by putting up some of their own household goods for sale and then asking friends and family to do the same, such that on launch day the site was able to carry a couple of dozen ads.

In the initial stages, the Karlssons promoted the website through their network of friends, a number of whom worked in large companies and were happy to forward the launch email to their network of friends and business contacts. The ads started to arrive, first as a trickle but later as a quickening stream. In December 2005, five months after launch, the site carried over 2,000 ads classified into various sections such as Dogs, Horses, Cars, Motorbikes, Boats & Caravans and Furniture.

For the first 13 months it was free to advertise on the site but on 30 July 2006, paid-for advertising was introduced. For a competitive €3 fee, users would be able to place an ad on the site for two months along with photos.

The introduction of paid-for ads resulted in a fall in the level of advertising for a period, which was expected. But, on the plus side, it meant that not only was the site starting to earn ad revenue for the first time but the quality of advertising improved. During the previous months, some non-genuine ads had started to appear. "The arrival of paid advertising got rid of all of those in one go," notes Fred.

For many start-ups, funding is a key consideration but it never became an issue for the Karlssons. Both were still in full-time employment and therefore had separate income streams. They also worked from home for the first three-and-a-half years, only moving into an office in Wexford Town centre in January 2009. Thanks to these low overheads, they never needed to take in external finance from a bank, venture capital firm or individual investor. The only start-up capital secured was a €7,000 employment grant from the Wexford County Enterprise Board (CEB) which Fred received when he started working full time on DoneDeal in early 2007. However, the CEB was also able to provide something even more valuable than funding – high-quality mentoring.

"The County Enterprise Board was great for mentoring. We had mentors for marketing, HR, IT and business planning. The calibre of all the mentors was very good. This helped us a lot because although we were technically literate we didn't have a lot of commercial or marketing experience and the mentors were able to plug gaps in our knowledge," says Geraldine.





*'The County Enterprise Boards were  
great for mentoring. We had mentors for  
marketing, HR and online marketing'*

*Geraldine Karlsson, Co-Founder, DoneDeal*



## Early Challenges

## Building Traffic

Just as a new shop won't survive unless it gets enough foot-fall, a web-based business needs to get customers 'in the door' or else it will fail. The Karlssons used the twin tools of search engine optimisation (SEO) and Google AdWords to drive traffic to the site initially. As the site grew, word-of-mouth (WoM) helped boost visitor numbers further.

## Retaining Customers

As any online business knows, it's one thing to get the traffic but another to get people to return again and again. The Karlssons found no magic formula in this regard but discovered early on that repeat business was much more likely if the visitor, firstly, found the site easy to use and, secondly, had a positive customer experience. This could mean simply getting a swift response to an email query or having a problem efficiently resolved. DoneDeal also stayed on customers' radar by sending them gentle email reminders after a month that their ad would expire on a certain date. As a result, DoneDeal today enjoys a high level of repeat business as well as a healthy flow of new customers.

## Running a Business on a Shoestring

The Karlssons' decision not to take out a bank loan meant the fledgling business had no debt burden – a good thing. The downside, however, was that it had limited cash to invest and a good chunk of this was going on Google AdWords.

## Lack of Business Skills

While the Karlssons had plenty of technical expertise, their business skills were more limited. “We were conscious that we lacked expertise in areas such as marketing, HR and PR and we wondered how we’d acquire these,” recalls Geraldine. The answer, they found, lay in mentoring – booking a series of sessions with successful business people and learning from their experiences. Wexford CEB introduced them to several such mentors who offered high-quality advice at competitive rates. The company still uses these mentors, as well as some others.

"Mentoring was vital to put us on the right track," says Geraldine. "With such limited money to spend it was vital we spent it in the right way and it was great to get expert advice."

## Time Constraints

With so much to be done, lack of time was a big problem in the early days. The founders both worked full-time, which was necessary to fund the business, so everything had to be done at evenings and weekends. One of the ways they made the workload more manageable was to organise and structure it.

"I had a background in project management so we tried to put this structure around it. We sat down and put a plan around what work needed to be done. When you see what needs to be done, and by when, it gets easier to manage," says Geraldine, who notes that the eventual hiring of the first staff members also helped by sharing the workload among several people.

## Marketing

DoneDeal markets and promotes itself through a variety of channels, including search engines, word-of-mouth, PR, sponsorship, limited outdoor advertising, competitions, social media, events and more recently, TV and print advertising.

In the earlier years, the bulk of its ad budget went on paid search in the form of Google AdWords. Right from the off, the company spent €600 a month advertising on Google AdWords in order to create awareness and build site traffic. As a result, more than 8,000 new people visited the website each month.

The other advantage of using AdWords is that it shows which keywords work with consumers. Those that work are built into the search engine optimisation (SEO) plan to achieve high natural rankings on Google and drive more traffic to the site.





If an ad is still up after a month, DoneDeal emails the customer to remind them of this and to give them a click-through which they can use to remove the ad if they wish. It also sends out a monthly newsletter to highlight things such as new features on the site or new competitions that it is running.

The positive light in which the website is viewed has created a high level of advocacy on the part of satisfied users, such that word-of-mouth (WoM) marketing is one of the most effective and powerful channels of communication behind the site's success. In fact, DoneDeal estimates that close to 50 per cent of its new visitors come from WoM.

"We see these tools as a great way to get closer to our customers and build a community of people with some shared interests," says Geraldine.

One successful example of a press announcement that achieved good media coverage centred on an independent online survey conducted on behalf of DoneDeal looking into people's usage and intentions around going online to buy and sell gifts. The survey, released shortly after Christmas, highlighted that over a quarter of Irish adults have sold unwanted gifts online, in order to make some extra cash. Furthermore, over 40% of people said they would be likely to sell unwanted presents online in the future. Extensive media coverage in a broad range of print and broadcast titles was generated for DoneDeal on the back of this research.

While the advert is careful to point out that you cannot sell your husband or buy someone's husband on DoneDeal, you can buy or sell pretty much anything else!

## 'Husband for Sale' advert

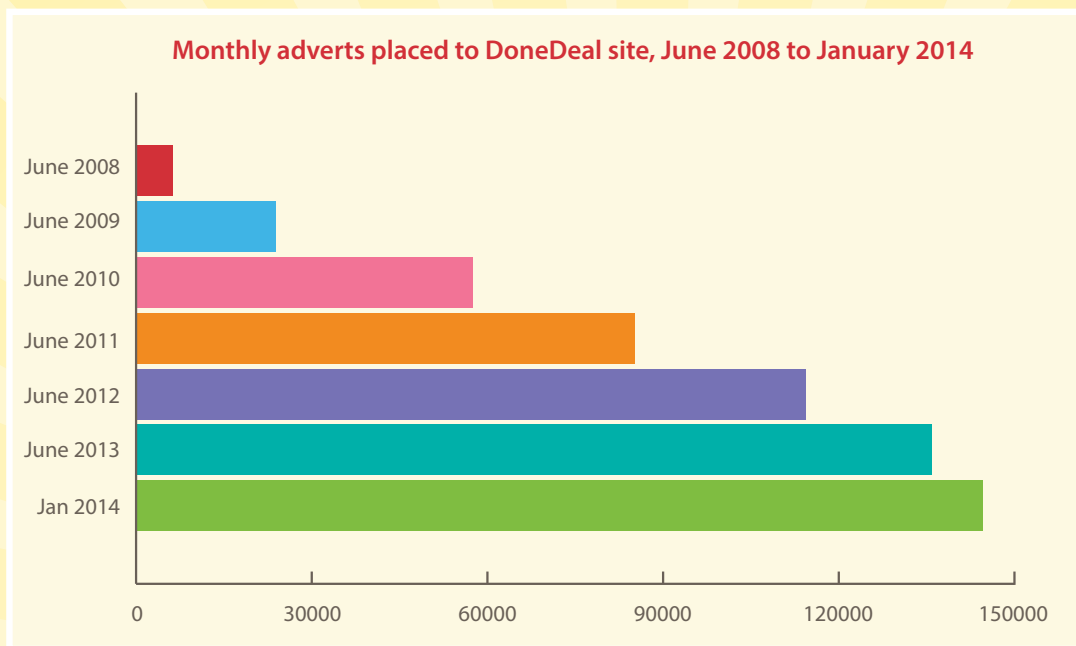
Advertising Festival and latest research back following the campaign has indicated a significant level of recall for the advert and awareness of the brand.



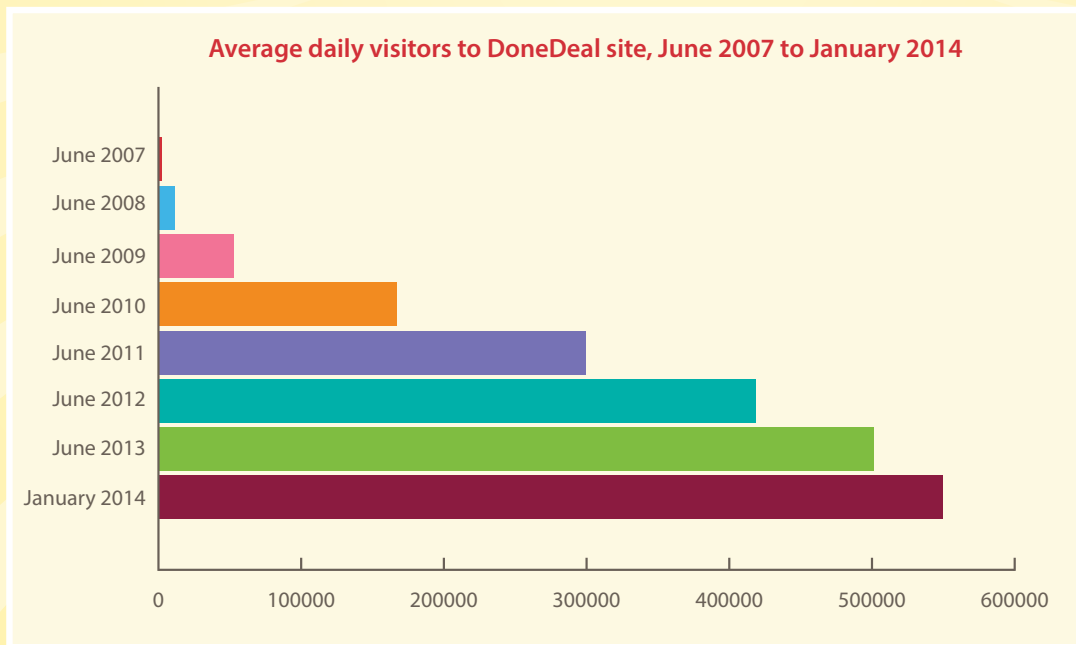


## Performance

Since launch, DoneDeal has grown consistently by 10pc each month. The growth began to accelerate rapidly from mid 2008. While the site carried 6,076 ads in June 2008, this number had risen to 57,453 by June 2010, to over 136,059 by June 2013 and to over 140,000 by January 2014 (see graph below).



There's a close correlation between the number of ads on the site and traffic to the site, so traffic, too, has been growing at more than the 10pc, month-on-month (see graph below). At the end of January 2014, the site was attracting on average more than 500,000 visitors per day.







## Innovation

DoneDeal sees technical innovation as a means of differentiating the website from the competition. An example is the phone-based payment facility where customers can have the cost of an ad billed to their mobile or home phone. Alternatively, they can also pay by credit card through PayPal. To pay on their phone bill, the advertiser rings a low-cost phone number, types in a code and the transaction is completed within 15 seconds on average. This combination of speed, convenience and security had made this payment method a hit with many advertisers. And as a local service provider named Sremium manages the system on DoneDeal's behalf, it requires very little input from the DoneDeal team, which helps to keep administration costs down.

DoneDeal was the first Irish website to offer phone-based payment and it has become very popular with users. "Phone payment is definitely a strong point; people find it really easy to use," says Fred. Statistics from DoneDeal reveal that 53% of users now pay by phones, with 32% using credit cards.



Another key innovation is [m.donedeal.ie](http://m.donedeal.ie). This is a mobile version of the website, which people can use to browse items for sale, purchase them and upload their own ads – all from a compatible mobile handset. In May 2011, DoneDeal launched a free iPhone app and has now followed this with the release of an Android app, supporting DoneDealing everywhere and anywhere across Ireland. The new app allows users to browse through DoneDeal's many sections from cars, to houses, to clothes and to electronic equipment and now makes the site even more accessible than ever. Mobile has proved to be a huge growth area for DoneDeal, particularly with the proliferation of smartphones throughout the country. DoneDeal now estimates that up to 40% of its traffic now comes through the mobile channel.

In recent times, DoneDeal has also reviewed its pricing model and now offers a fairer pricing structure that is based on three pricing levels; €1 for the lower priced items (clothes, baby items, books etc), €3 for mid priced items (farming, trailers, pets etc) and €5 for higher priced goods (cars, motorbikes etc).





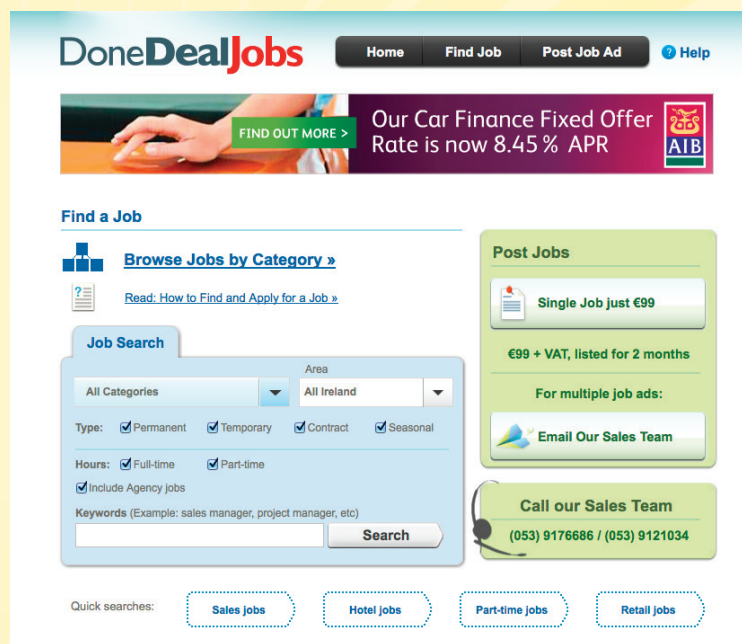
**DoneDealJobs**

In 2013, DoneDeal extended its range of services even further with the launch of a new Jobs site: DoneDealJobs.ie. The aim of this new site is to offer a much more affordable method of recruiting for companies of all sizes, from the small local business right up to the large global company. This new extension of DoneDeal will be supported by an extensive marketing campaign running throughout 2014 to establish DoneDealJobs as a destination recruitment website in Ireland.

The campaign will incorporate a mix of both online and offline media with a strong focus on creating professional, memorable, fun campaigns in keeping with DoneDeal brand values. A lot of thought and planning went into ensuring that the site would provide a facility that is extremely user friendly and represents great value for money for companies as well as providing job seekers with a wide variety of available positions.

Ease of use, value for money, easy account set up and unparalleled customer support and service from the experienced Jobs team are key factors in the further development of this section of the site.

With such a significant number of people using DoneDeal.ie every day, the new jobs section is quickly proving to be a very popular and effective means for employers and jobseekers to reach out to every corner of Ireland.







# Success Factors

**DoneDeal's success is not due to a single factor but a combination of them.**

- **Quality of the user experience**

From the beginning, the user interface design was kept as simple as possible, bearing in mind that a lot of users would not be that computer literate or not have broadband. While the same philosophy still holds today, the site has evolved in line with the growing technical sophistication of the user base and technological advances. The original site consisted mainly of text so that users with dialup access to the internet could still experience relatively fast download speeds. Now with broadband much more common, it has become much more visual and professional looking.

In addition, the scope of the site has increased significantly as its popularity has soared. There are now 241 sections on DoneDeal, an increase of 210 from the original 31 sections on the site. The sections include dedicated categories covering Farming, Clothes & Lifestyle, Weddings and an Electronics section. Within each section, DoneDeal has also introduced further sub-sections to ensure users can find exactly what they are looking for, quicker. This expansion forms part of a continued and sustained effort by the company to make buying and selling online easier and more enjoyable for everyone.

- **'The Google factor'**

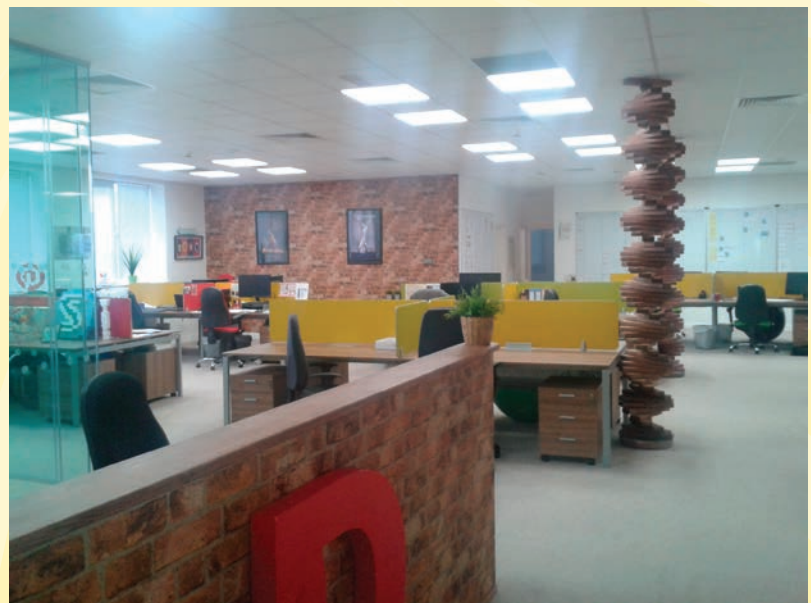
DoneDeal uses a combination of Google AdWords and SEO to drive traffic to the website. Using AdWords reveals the keywords that are most popular with users and most effective in driving visitors to the site.

- **Customer support**

There is a strict policy of replying to emails within 24 hours. "I think it's important that if you offer customer support, you do it properly. It's very frustrating if you try to contact customer support and nobody's replying. Because we reply to every email within a day customers really respond to that," says Geraldine.

- **Low cost base**

Since both founders were working fulltime when the site was launched in June 2005 and for some time afterwards and had no staff or offices until early 2009, operating costs were kept at a very low level. In addition, having the safety net of other jobs plus an alternative source of income to fund the development of the site ensured a high level of financial independence and greatly improved the venture's chance of success.



DoneDeal's head office in Wexford





- **Company culture**

The company culture can be summed up as 'small and friendly' and poles apart from the stiff and formal corporate culture that many large businesses exhibit.

**Our core Company Values & Culture - This is who we are:**

People Matter  
 Animals Matter  
 We Care  
 Integrity  
 Honesty  
 All Ideas are Valued  
 All Opinions are Valued  
 Fairness  
 Encourage Improvement and Development  
 Pride & Passion  
 Fun Factor




Our Culture Poster was put together by DoneDeal staff and is a visual representation of how we like to treat each other and our customers.

- **Timing**

The site's popularity began to take off in earnest during the first quarter of 2008. It's probably no coincidence that this is when the recession officially began and consumer spending took a sharp nosedive. The concept of the 'recessionista' was born: bargain-hunting consumers who were watching the pennies and making a virtue out of seeking out good deals. DoneDeal is the perfect vehicle for helping them do that.



A portrait of Fred Karlsson, a bald man with a light beard and glasses, wearing a dark pinstripe suit jacket over a light blue button-down shirt. He is looking directly at the camera with a neutral expression. The background is a plain, light gray.

*'Our original website wasn't bad but the lesson we've learned is that "not bad" is definitely not good enough. A website has to be great; it has to be brilliant.'*

*Fred Karlsson, Co-Founder, DoneDeal*





## The Future

The online classified market is growing, and with the increasing penetration of broadband on the domestic front, the market is expected to show continued growth.

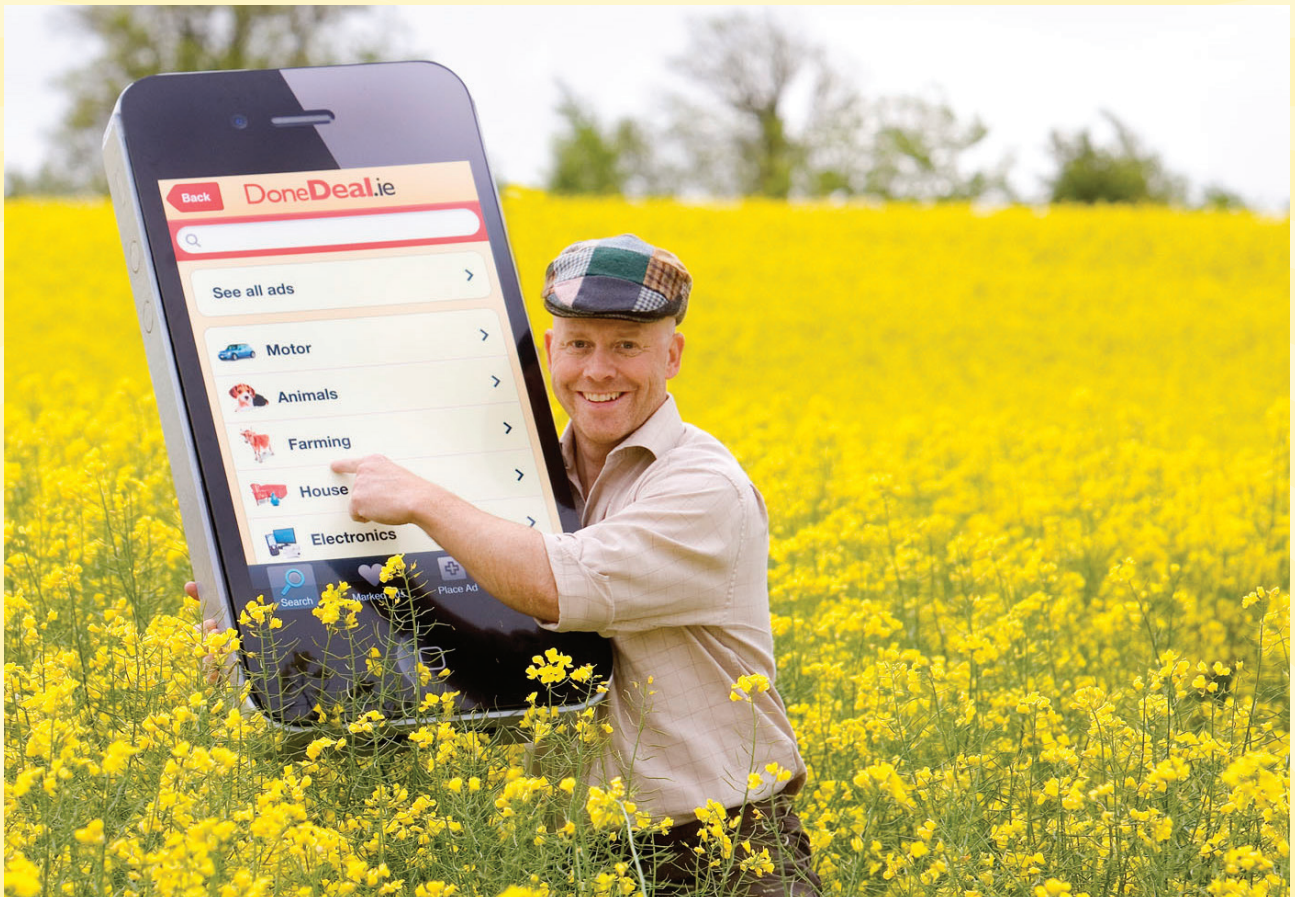
DoneDeal has grown consistently fast since it was established and Fred believes this trend can continue. "If it keeps growing at its present rate, it will be four times as big next year," he says.

Fred adds: "We have lots of innovations and new ideas lined up for 2014 and beyond. We are Ireland's biggest and fastest growing classified ads websites and we hope to continue with the same growth we've achieved so far."

To support this expected growth, DoneDeal has invested in the recruitment of new staff since 2010 and now has an ambitious plan to continue its recruitment drive to attract further specialist talent into the business. A team of thirty five people are now employed full-time in the business covering the areas of customer support, development, marketing, social media and project management/operations. Geraldine has stepped out of the day-to-day operations of the business and the company now has employed a managing director to manage the day-to-day business. This has also freed Fred up to divert more of his time to addressing strategic issues facing the business and developing the vision.

## Conclusion

DoneDeal was only established in 2005 but already it is a rapidly maturing business. Climbing revenues, record traffic volumes, a fast-growing customer base – all indicators of a business that has found its audience and knows what it's about. If the last eight years have been about putting the business on the map, the next eight will be about ensuring it stays there. How will it do this? By continuing to listen to customers. By continuing to innovate. And by continuing to offer people a great, easy and safe place where they can buy and sell second-hand stuff.





# Appendix

## 1. Milestones

- Jun 05:** Site launched
- Jul 06:** Introduction of paid-for ads
- Apr 07:** Fred Karlsson starts working full-time on DoneDeal
- Jul 08:** Geraldine Karlsson goes full-time on DoneDeal
- Jan 09:** First staff member, Donna hired; company moves into own offices
- Feb 10:** John appointed managing director
- Mar 10:** One million unique monthly visitors to DoneDeal achieved
- May 11:** Two million unique monthly visitors to DoneDeal achieved
- May 11:** DoneDeal launches free iPhone App
- July 11:** DoneDeal confirmed as Ireland's largest ABC audited motoring website
- Sept 11:** Schibsted Media Group takes significant investment stake in DoneDeal
- Jan 12:** Over €1 billion worth of goods sold on DoneDeal in 2011
- Jan 12:** DoneDeal launches free Android App
- Sept 12:** DoneDeal voted Best Mobile App at Net Visionary Awards
- Nov 12:** DoneDeal proclaimed Ireland's most useful website at the Web Awards 2012
- Dec 12:** DoneDeal was named as Ireland's most searched and fastest rising searched company in the Google Zeitgeist report
- Jun 13:** Launch of DoneDealJobs.ie website

