

BRIGHT IDEAS

PROTOTYPE
AMY WALLACE

Take Them To the Cleaners, Again And Again

LOS ANGELES
MAN or woman, every one of us has experienced the frustration that drove Rick Siegel to become an inventor. He would be in his clothes closet, running late, wrestling with the plastic bags that encased — and the twist ties that entangled — his dry cleaning. Surely, he thought, those twist ties would drive him mad.

“He’d freak out,” said his wife, Jennie Nigrosh, recalling the typical harried morning. “Scream is a good word.”

Familiar, too, is the guilt that Ms. Nigrosh felt when she tried to intervene. Her husband is 6-foot-4, meaning that if the artist Christo did an installation using the plastic film around just six of Mr. Siegel’s suits, he could easily wrap your garage. Ms. Nigrosh’s father ran a cardboard recycling factory when she was growing up, so a trip to the closet made her stomach clench: Where did all this plastic go?

Suddenly Mr. Siegel, who was once a Hollywood talent manager, and his wife, a marketing copywriter in the music industry, had an idea: a reusable bag to transport your clothes to and from the dry cleaner. After an initial investment of about \$200,000, the Green Garmento was born.

“June 2008, we got our first prototype,” Ms. Nigrosh recalls of the Christmas-morning-like feeling she had when they opened it. Then came disaster.

“It ripped,” Mr. Siegel said, grimacing.

“Gi-normous rippage,” agreed Ms. Nigrosh.

“We went from heaven to ‘Oh, no!’ in five seconds,” said Mr. Siegel.

Two years and several design improvements later, they say they’ve sold about 40,000 Green Garmentos — priced at about \$5 wholesale, \$9.99 retail — and expect to sell an additional 300,000 more by July 2011. And in March, they got their first outside financing, other than \$100,000 that’s come from friends: \$350,000 from a small cap investment fund put together by the Progressive Asset Management Group, a brokerage firm that specializes in what it sees as socially responsible investing.

The fund, which Mr. Siegel hopes will eventually raise \$900,000 for the company, promises investors a 30 percent annual return on their money until it is repaid — via the first 9 percent of gross revenue.

Just as important, Mr. Siegel and Ms. Nigrosh say, they’ve begun to alter how

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Jennie Nigrosh and Rick Siegel with the reusable Green Garmento, a dry-cleaning bag that can double as a duffel.

a very set-in-its-ways industry thinks about doing business. For the Green Garmento to succeed requires not just a customer base, after all, but also a cul-

tural shift within the dry-cleaning world. After all, a reusable bag, unlike disposable plastic, must be kept track of and returned to its owner.

The Green Garmento is not the first reusable cleaner bag. There’s a nylon rival out there, for example, called the Converta Bag that Mr. Siegel says he

didn’t know about until they were already committed to their bag. (The Green Garmento is made of polypropylene, a recycled product derived from oil sludge.)

Mr. Siegel, 53, and Ms. Nigrosh, 44, say they’re glad for the competition. They’re trying to do more than make money. They’re trying to change the world.

“Single-use plastic at dry cleaners has gotten a pass,” Mr. Siegel said. “We’re not so much selling our bag as publicizing the concept of the bag.”

According to an analysis of 2005 census figures by the Drycleaning and Laundry Institute, 1.4 billion pieces of clothing and other items are professionally cleaned in the United States each year. If you figure that most cleaners wrap no more than two pieces in a bag, that’s at least 700 million bags a year, or 131 million pounds of plastic gathering dust in the back of our closets. At 5 to 8 cents a bag — plus twist ties and the like — that adds up, which is why even non-environmentally minded dry cleaners may be open to making the switch.

That means opportunity, said Mr. Siegel, who says hotels and cruise lines are Green Garmento’s other target customers. “If we can make it the Q-Tip, Kleenex or Xerox of

the industry,” he said, “ours will be a \$10 million-a-year company.”

Reusable bags seek a following in the dry cleaning industry.

Here’s how Jason Lafer introduced the Green Garmento to customers of his Linders French Cleaners in Bernardsville, N.J.: Last November, he informed his

730 pick-up-and-delivery clients that they’d be receiving no more plastic on their clothes. Instead, in a move he called “Greenvenient,” customers received two Green Garmento bags emblazoned with the Linders logo (for which he charged them \$7 a bag).

Of those 730 customers, only 29 objected. Mr. Lafer, meanwhile, said he got double that number of phone calls of praise, which he found refreshing. “You usually only hear from people when they have a complaint,” he said.

In the months since, he’s decreased his plastic consumption by 69,020 bags, or more than 35 percent.

“Imagine if you multiply that by all the cleaners in the nation,” he said.

Mr. Siegel and Ms. Nigrosh are aware that as newcomers to the industry, they have much to learn. “We know we could be seen as Mr. and Mrs. Hollywood,” Ms. Nigrosh said, explaining why she spends so much time talking to established dry cleaners. “They’ve taught us a lot.”

But in this eco-image-conscious town, where the Prius is the car of choice for many an A-lister, they’d also be crazy not to reach out to entertainment industry players they know. Mr. Siegel spent 19 years as a manager, helping to develop the careers of talk show host Craig Ferguson, among others; Ms. Nigrosh has worked for Warner Brothers Records.

Recently, the couple got word that the Green Garmento may have landed its first product placement. Unless the scene is cut, it will be seen on a bus bench in a future episode of the Showtime series “Weeds.”

Talk about green. □

DIGITAL DOMAIN
RANDALL STROSS

Daily Web Deals, but With Daily Laughs

SPACKLE should never be used as toothpaste. And Spanky was the only member of the Little Rascals brave enough to donate his brain to science during World War II.

These handy bits of knowledge come at the end of a Web page describing an offer for spa services on Groupon, a Web site that offers a daily deal for local businesses in cities in the United States, Canada, and Europe. The company uses humor and whimsy to enliven the offer, like that for the deal at hand: a coupon for \$270 worth of services at a San Francisco spa offered for a one-day-only price of \$89.

How did Spackle and Spanky enter this picture? They, like “spa,” start with the letters s-p-a. After describing how one could “pamper your body like a pro wrestler,” Groupon’s copywriter mischievously decided that it was time to see what other bits of trivia related by the spelling of “spa” could be rounded up. If good advertising is supposed to be memorable, this is very good.

Sites devoted to daily deals are proliferating. And so many have popped up that there are now sites like Yipit, devoted to aggregating the deals offered by others. But no other deal site has revealed financial backing on the scale of Groupon’s. In May, the company announced a \$135 million round, led by Digital Sky Technologies, the Russian Internet investment group that bought a \$300 million stake in Facebook last year.

Groupon, whose name is a blend of

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“group” and “coupon,” offers one deal each day for each city. The site shows the minimum number of purchase commitments required by the merchant, and a running tally of how many have been made. Once the minimum is reached, the deal “tips” and the transactions are processed.

Despite the name “Groupon,” the presence of a group of fellow purchases is easily forgotten: the minimum threshold is reached 98 percent of the time, the company says. “Most people who use Groupon don’t realize it’s a group purchasing site,” says Andrew Mason, C.E.O. of Groupon, which is based in Chicago.

The participating merchant collects 50 to 70 percent of the face value of the deal coupon from Groupon, Mr. Mason says. Even if the customer never returns again, the retailer may still break even or do better: the typical Groupon customer spends 50 to 60 percent more than the face value of the discounted deal that Groupon sells, Mr. Mason says. About six million coupons have been sold since the company was started in November 2008.

“The average consumer spends 80 percent of their disposable income within 10 miles of their home,” says Roger Lee, a general partner at Battery Ventures, which also invested in Groupon last month. “Groupon has cracked the code for delivering performance marketing for small businesses.”

Merchants pay no money to be featured on the site. Their only expense is the difference between their share of revenue from the coupon sale and their out-of-pocket cost of providing the services or goods. “Small businesses only spend money when a Groupon custom-

\$24 for "Sunday's a Drag" Brunch Show at Harry Denton's Starlight Room (\$45 Value)

\$24

No Longer Available

Value	Discount	You Save
\$45	47%	\$21

This deal ended at:
11:59PM
05/10/2010

1,700 bought

The deal is on!

Tipped at 7:28AM with 50 bought

The Fine Print

Expires May 11, 2011
Valid for 2:30 PM show only, brunch reservations for 1:30, 1:45, 2 and 2:15PM times only. Tax & gratuity not included. Reservation required, subject to availability. Not valid 5/23, 6/27, 7/4, 9/12, 9/19 2010 & 5/9/11.
[See the rules](#) that apply to all deals.

Highlights

- Live drag show
- All-you-can-eat brunch buff
- Stunning 21st-floor views
- Glitzy, vintage décor

Groupon, a mix of the words “group” and “coupon,” offers online discounts like one in San Francisco, above. A certain number of people must buy in.

er walks in the door,” coupon in hand, Mr. Lee says.

Groupon does not disclose its own margins, but they appear to be considerable; Mr. Mason says it has been profitable since June 2009, when it was all of seven months old.

LivingSocial, which offers daily deals in 22 cities in the United States, takes a different tack, offering an incentive to persuade friends to follow you: Persuade three to buy the daily deal that

you bought and yours is free.

Groupon was a spinoff from a project intended to serve people who are active in politics or philanthropy. “We were a group of guys who went from working on a tool for solving all of the world’s unsolvable problems to a coupon site,” Mr. Mason explains. “So we had to find a way to make it fun for us. We focused on building a site that we wanted to use.”

Whether Groupon is describing staple fare — like a spa or restaurant — or

whether it’s featuring a dance class offering hoops of fire, it will spend hundreds of words on each one with an idiosyncratic mix of practical description and loopy humor. One can sign up for e-mail delivery of the daily offer, reliable entertainment even for those who don’t buy its discounted offers.

A photo studio in Austin, Tex., used Groupon last March to offer a photo session for \$65 that it valued at \$525. The Groupon offer began this way: “One way to get professional-quality self-portraits is to commit aggravated jaywalking and convince the mug-shot photographer to take a few extra. Today’s Groupon saves you the trouble and expensive court fees.” It required 45 purchases for the deal to tip and offered 500; it sold 495 by the end of the day.

Groupon now offers daily deals for local businesses in 65 cities in the United States and Canada. It also has a presence in 14 countries in Europe after acquiring a site called Citydeal in May.

CERTAIN kinds of services tend to appear across daily deal sites. Yoga and dance classes, massages, tanning, waxing and facials are “Six Things You Should Never Pay Full Price For,” advises Yipit, the site that aggregates deals.

Groupon, however, has shown a willingness to forsake the familiar and help its patrons venture out. Beyond the spa offer, how about a combination of brunch and a drag show? That offer reads: “Brunch — like twilight, sporks, skorts, friends with benefits, and so many other things that make life worth living — is not quite one thing and not quite another. Celebrate the obliteration of binaries with today’s Groupon: for \$24, you get to eat brunch and see a drag show (a \$45 value).”

Part group purchasing site and part den of neo-Dadaists, Groupon itself obliterates binaries. □