

Yahoo teams with Groupon, others to dangle deals

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Yahoo CEO Carol Bartz speaks at the Web 2.0 Summit in San Francisco, Tuesday, Nov. 16, 2010. Yahoo Inc. is hopping on the bargain-hunting bandwagon with Groupon, the Internet's hottest discount broker, and more than a dozen other similar services. (AP Photo/Paul Sakuma)

(AP) -- Yahoo Inc. is hopping on the bargain-hunting bandwagon with Groupon, the Internet's hottest discount broker, and more than a dozen other similar services.

The partnerships announced Tuesday are the latest in a series of alliances that [Yahoo](#) has forged in the past 18 months with other Internet

companies. It's part of an effort to keep people on Yahoo's website for longer periods and bring in more ad revenue after years of listlessness.

The turnaround efforts haven't paid off yet, leaving Yahoo vulnerable to a possible takeover attempt. Repeated published reports have asserted buyout firms that prey on out-of-favor companies have been exploring a possible Yahoo bid that might include the participation of another struggling Internet icon, AOL Inc. Yahoo CEO [Carol Bartz](#) declined to address those reports during an on-stage appearance Tuesday at the Web 2.0 summit in San Francisco.

Yahoo shares fell 36 cents, or more than 2 percent, Tuesday to close at \$16.24, well below the \$33 per share that the company could have gotten from Microsoft Corp. had it accepted its rival's offer in May 2008.

Bartz and her underlings so far have brushed aside the renewed takeover talk as they focus on trying to boost the company's earnings and introduce more features that "engage and delight" the more than 500 million worldwide users of Yahoo's website.

"You will see more rolling thunder and a drumbeat of constant innovation from us," Blake Irving, Yahoo's chief product officer, told reporters before Bartz's appearance.

So far, Yahoo mostly has been leaning on the ingenuity of its rivals and other Internet services. Among other things, it is relying on [Microsoft Corp.](#) for most of its search results and related advertising and has been plugging features from Facebook, [Twitter](#) and online game maker Zynga into its own website. Zynga games such as "Mafia Wars" and "Fishville," are just starting to roll out on Yahoo, nearly six months after the two companies struck their partnership.

Irving promised Yahoo would be unveiling more internally produced

services next year. "Our cadence will be different and our swagger will be different," he said in an interview with The Associated Press.

Yahoo is currently testing offers of local business deals from Groupon and other services in assorted U.S. cities. Irving and other Yahoo officials declined to say when the discount offers would be more widely available.

Groupon, a 2-year-old startup based in Chicago, has become a hot commodity by dangling special one-day deals from merchants throughout the U.S. The discounts kick in after a specified number of customers sign up for an offer. Groupon makes money by taking a large cut of the sale from the participating businesses.

The concept has become so successful that there has been widespread speculation that Groupon might be snapped up by a major Internet company. It has been speculated that Yahoo has been pursuing Groupon and might be willing to pay as much as \$3 billion to buy the service.

Although he declined to discuss that speculation directly, Irving said Yahoo still could decide to buy Groupon or another discount service. "Just because you partner with someone doesn't mean you won't buy them," he said. "A partnership doesn't preclude you from doing anything."

Besides Groupon, other deal brokers peddling discounts through Yahoo's website include: LivingSocial, Gilt City, BloomSpot, BuyWithMe, DealOn, Zozi, CrowdSavings, Lifebooker, FreshGuide, Scoop St., Goldstar, HomeRun, Tippr, Coupons.com, and Valpak.

Bartz said Yahoo is interesting in making acquisitions that bring in promising technology, more users or unique content.

Yahoo's biggest acquisition this year has been of freelance story service Associated Content in a deal struck six months ago. The company rebranded Associated Content as the Yahoo Contributor Network on Monday when it began feeding the freelance stories into its website.

By relying on contributions from more than 400,000 freelancers, Yahoo hopes to offer its audience more choices at a minimal cost.

Yahoo's emphasis on expense control could result in layoffs affecting 10 percent to 20 percent of its 14,100 employees, according to reports published last week on the technology websites All Things D and TechCrunch.

In Tuesday's interview, Irving acknowledged Yahoo is assessing its staffing needs as it budgets for 2011 but said layoffs remain a "big if." Bartz said Yahoo is still hiring, but didn't say whether the company also might do mass layoffs for the second time during her 22-month tenure as CEO.

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