

Amazon invests \$175M in Groupon competitor

December 3 2010, By RACHEL METZ , AP Technology Writer

(AP) -- Amazon.com Inc. said Thursday that it invested \$175 million in social coupon service LivingSocial - the latest sign that the online retailer is delving into promising new methods of e-commerce.

Similar to popular online coupon site Groupon, LivingSocial lets users sign up for daily discounts that are generally for 50 to 70 percent off at local businesses like pizzerias and hair salons. If you refer three friends who end up buying the same deal, you get the deal for free.

The investment comes as published reports say [Google](#) Inc. may be close to buying Groupon, which launched in late 2008 and kickstarted the market for group discounts online, in a deal worth as much as \$6 billion. Such a deal would be Google's largest-ever acquisition. Neither company has commented on the reports.

Chicago-based Groupon wasn't the first to launch a group buying site, but its decision to sell coupons for products and services and launch at a time when people were more comfortable with e-commerce and [social networking sites](#) led to quick success. That encouraged a host of copycats, such as LivingSocial, CrowdSavings and Tippr.

LivingSocial, which also snagged \$8 million more in funding from Lightspeed Venture Partners, said it will use the investments to grow its business. The company offers deals in 120 locations; over 10 million subscribers receive its daily e-mails.

The deal with LivingSocial is Amazon's latest move to get involved in non-traditional online retail businesses. The Seattle-based company said in October that it would buy members-only online shopping site BuyVIP.com, which operates in several European countries, and in June Amazon snapped up quirky deal-a-day website Woot.com.

LivingSocial, which is based in Washington, D.C., was founded in 2007 and initially offered the social discovery Facebook app "Visual Bookshelf" and later another one called "PickYourFive." The company began rolling out daily deals in July 2009.

So far, that more recent business venture seems to be working. Spokeswoman Korina Buhler said LivingSocial is booking, on average, more than \$1 million in revenue each day from its daily deals, and expects to earn more than \$100 million this year. The company is on track to book more than \$500 million in revenue from deals in 2011, she said.

Amazon shares rose 47 cents to \$177 in after-hours trading. The stock had finished regular trading down 2 cents at \$176.53.

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