

Coupons.com gets \$200M investment

June 9 2011, By SARAH SKIDMORE , AP Business Writer

(AP) -- Digital coupon provider Coupons.com Inc. has received \$200 million from undisclosed institutional investors, making it the latest Internet company to attract significant attention from the investor community.

Coupons.com announced the deal Thursday but would not disclose the company's total valuation. A person close to the matter who wasn't authorized to speak publicly said the investment brings the company's value to \$1 billion.

That valuation implies the new investors will hold about one-fifth of [Coupons.com](#).

The company, based in Mountain View, Calif., said the investment comes primarily from [mutual funds](#) and did not include contributions from venture capital investors or private equity firms. Coupons.com did not name the funds involved.

Coupons.com distributes coupons to users through a variety of digital formats, including in-store kiosks, [mobile applications](#) and thousands of websites. The company, founded 13 years ago, has grown as consumers, manufacturers and retailers move away from using newspapers for coupons toward digital formats.

Coupon use overall, after years of decline, began to increase when the [recession](#) hit in 2008.

"Frugal is the new black," said Steven Boal, CEO of Coupons.com. "As consumers are looking for savings and deals more than ever before, Coupons.com is expanding the coupons and promotions market, by allowing more brands to connect with more consumers at every touch-point across the digital landscape."

Digital coupons rose from 1.1 percent of all coupons redeemed in 2006 to 10 percent in 2009. Newspaper coupons fell from 63 percent of all coupons redeemed to 50 percent during the same period, according to the company.

"As newspaper readership continues to decline and more consumers are looking online for savings, [digital coupons](#) are gaining significant momentum," Boal said.

The company plans to use up to \$100 million of the new investment to buy shares back from employees and early investors. It will invest the remainder to build the business, including deploying new tools to reach consumers. It also plans to add 100 people to its 300-person staff during the next six months and open offices in Chicago, Los Angeles and New York.

Coupons.com, which already offers coupons in 12 European countries through its stake in the U.K.'s Couponstar Ltd., said it also plans to expand its international business.

It is one of several Internet companies to win the investor spotlight recently.

LinkedIn Corp., a popular Internet service for professional networking, kicked things off in May with an initial public offering in which shares doubled in the first day of trading. Discount provider Groupon Inc. appears headed for its own IPO after filing regulatory papers earlier this

month. And Gilt Groupe Inc., an online retailer of luxury goods, raised \$138 million from investors this month, bringing its total value to \$1 billion despite not yet having turned a profit

This has stirred some debate as to whether an investment bubble is forming around promising but unproven Internet companies. But Boal said companies that are being funded recently are more financially sound than those that ended up failing after the dot.com boom. And he asserts that Coupons.com's deal also is different from many others these days.

"We have raised the money to meet the demand, versus raising money to create demand," Boal said.

Clients are asking them to move ahead faster and this funding will let it do that, Boal said.

Coupons.com has always had the option of an initial public offering and this financing doesn't change that, he said. While there are no immediate plans for an IPO, he said that remains an option.

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