

Deals site LivingSocial cuts 400 jobs worldwide

November 29 2012, by Barbara Ortutay



In this April 29, 2011 photo, Ross Arbes, 24, left, plays ping pong while on break at LivingSocial's offices in Washington. Online deals company LivingSocial announced Thursday, Nov. 29, 2012, it is cutting 400 jobs worldwide, or about 9 percent of its work force, as the deals market continues to face challenges. (AP Photo/Jacquelyn Martin, File)

(AP)—Online deals company LivingSocial is cutting 400 jobs worldwide, or about 9 percent of its work force, as the deals market

continues to face challenges.

LivingSocial spokesman Andrew Weinstein said Thursday that all but a few dozen of the cuts are in the United States. The company's sales force faced the highest number of cuts, while others are in customer service and editorial, the people paid to write up the deals. LivingSocial said it is moving its customer service operations to Tucson, Arizona, from Washington, where it has its headquarters.

Weinstein said the job cuts came as part of a review of LivingSocial's global operations. He said the review was designed to make sure that the company has the resources it needs to invest in areas that are "critical to the future," such as marketing and mobile.

Over the past year or so, online deals have gone from fad to a much-copied business model that's easy to set up but difficult to sustain. LivingSocial is one of the largest of the online deals companies, behind No. 1 Groupon Inc.

The job cuts came a day after Groupon CEO Andrew Mason said "it would be weird" if his board wasn't discussing whether he was the right person for the job amid the company's poor [stock performance](#). His possible ouster was reported by AllThingsD and elsewhere.

Groupon's stock fell 2 cents to \$4.40 in afternoon trading Thursday. The Chicago-based company went public in November 2011 at \$20 per share. Earlier this month, Groupon reported a small loss for its third quarter. While its revenue grew by a third, it wasn't as high as Wall Street had hoped due largely to the weak economy in Europe.

Groupon's growth rate has steadily declined: In the [fourth quarter](#) of 2011, in its first [earnings report](#) as a public company, Groupon said its revenue nearly tripled. That fell to 89 percent in the [first quarter](#) of this

year, 45 percent in the [second quarter](#) and 32 percent in the third.

Amazon.com Inc. has a small stake in LivingSocial, which is a privately held company.

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