Groupon buys rival LivingSocial after reporting loss

October 27 2016

The daily deals ecommerce operator Groupon will buy its rival LivingSocial for an undisclosed amount, the companies announced Wednesday.

Both are pioneers of their once-hot sector—offering daily deals via email—but have been struggling for several years.

The deal value was not disclosed but in its latest earnings report Groupon called it "not material."

The companies said they expect to close the deal by early November.

Once estimated to be worth some $6 billion, the Washington-based LivingSocial has in the past few years depreciated sharply in value. It has also undergone several rounds of layoffs, most recently in March.

"There will be no change at this point with respect to how consumers and merchants engage with the LivingSocial brand," LivingSocial said in a statement on its website.

"The company will remain focused on providing even better experiences to its users as part of the Groupon family."

Groupon said Wednesday that acquiring LivingSocial would widen its customer base, but investors seemed unconvinced: its shares dropped more than 10 percent in extended trading after the New York Stock

Exchange closed.

The Chicago-based Groupon has also struggled in recent years, announcing Wednesday a third quarter net loss of $38 million on revenue of $720.5 million.

The company went public in 2011 amid enthusiasm over its model of offering deals on a variety of products and services.

Since then Groupon has replaced its CEO, cut more than 1,000 jobs and ended operations in several markets around the world including Morocco, Panama, the Philippines, Puerto Rico, Taiwan, Thailand and Uruguay.

Citation: Groupon buys rival LivingSocial after reporting loss (2016, October 27) retrieved 4 August 2024 from https://phys.org/news/2016-10-groupon-rival-livingsocial-loss.html