

Japan Rakuten to buy cash-back site Ebates for \$1B

9 September 2014, by Elaine Kurtenbach

Rakuten Inc. announced Tuesday it plans to buy U.S. based cash-back site Ebates for \$1 billion, part of a series of overseas acquisitions aimed at building what the Japanese e-commerce company says will be the "world's largest product line-up."

With goods ranging from toys and cat beds to luxury watches and golf clubs, Rakuten is the top Internet retailer in Japan. It has made numerous overseas acquisitions, including Cyprus-based Internet phone application Viber Media and led a \$100 million investment in online scrapbook Pinterest.

Rakuten and San Francisco, California-based Ebates both have membership-based online shopping platforms. Retailers pay Ebates to advertise their products and Ebates then gives rebates for eligible online purchases.

Rakuten said it plans to buy all of Ebates' 32.852 million shares, financing the deal through cash, bank loans, bonds and commercial paper. Ebates was founded by two lawyers in 1998.

Rakuten founder and president Hiroshi Mikitani has led his company through a rapid expansion in the past several years, creating a "Rakuten ecosystem" of services stretching from banking and credit cards to life insurance and telecommunications.

The Harvard MBA and former banker, listed by Forbes as Japan's 4th richest person with wealth estimated at \$7.7 billion, is something of a renegade in Japan. To encourage a more global way of doing business, the company's official corporate language is English, in a policy dubbed "Englishnization."

As a member of a government advisory panel, Mikitani complained publicly over government restrictions on online sales of some medicines, and then Rakuten subsidiary Kenko.com Inc. sued the

government over the issue.

Rakuten recently announced it had outgrown its offices in Tokyo's high-tech zone of eastern Shinagawa and plans to move into a new office tower in the suburb of Futako-Tamagawa.

Before Rakuten's confirmation of the deal, its share price fell 1.3 percent Tuesday to 1,254 yen in Tokyo. Its shares have lost about 20 percent since the beginning of the year.

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APA citation: Japan Rakuten to buy cash-back site Ebates for \$1B (2014, September 9) retrieved 27 September 2021 from <https://phys.org/news/2014-09-japan-rakuten-cash-back-site-ebates.html>

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