LivingSocial cuts 400 jobs in latest reorganization

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View of the reception desk at Living Social in Washington on June 26, 2012

Online deals firm LivingSocial said Thursday it was slashing 400 jobs, or 20 percent of its staff, in the latest cutback in the sector that includes companies like Groupon.

Washington-based LivingSocial made the announcement two weeks after saying its quarterly loss widened to $32 million, while revenues declined.

"The actions today will create a more streamlined and efficient sales model that will enable the business to fund areas of growth—namely technology, data science and mobile," said chief executive Gautam Thakar, who took over in August and began a comprehensive review of the business.

Last year, LivingSocial said it was moving away from online discounts to a "marketplace" model that directs consumers to everyday deals.

Thakar said the reorganization "begins to address the need for the company to further focus on reshaping its mission and redefining the market in an industry that is stagnant, and overly dependent on email."

The company, which has investments from Amazon and others, expanded to more than 4,500 employes worldwide before cutting back two years ago. The latest cuts would bring the workforce down to around 1,600.

The online deals segment was among the hottest a few years ago, prompting Groupon to launch an initial public offering that raised $700 million in 2011. But Groupon's shares have fallen by more than half, hit by what analysts say is consumer fatigue over online discount offers.

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