Groupon takes fresh hit as new CEO outlines strategy

SAN FRANCISCO - Take another discount on the stock price: Groupon fell hard on Wednesday as the company's new chief executive laid out his strategy in the face of a weakening sales.

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In midday trade, the daily deals group Groupon traded down 27 percent at $2.93 - after already tumbling some 75 percent over the past two years Groupon on Tuesday named Rich Williams as its new CEO, replacing co-founder Eric Lefkofsky as the company reported a loss of $27.6 million in the past quarter and offered a weak outlook for the next three months.

Williams said Groupon "will renew our investment in customer acquisition to introduce more new customers to our marketplace and accelerate growth".

He also said the company would streamline international operations "to ensure we are operating as lean and efficiently as possible".

And he said Groupon would shift to retail categories "with stronger margins".

Groupon went public in 2011 amid enthusiasm over its model of offering deals on a variety of products and services. But it has been struggling amid consumer fatigue in the "daily deals" category.

In its quarterly results, Groupon said its loss widened to $27.6 million from $21.2 million a year earlier, with revenues essentially flat at $714 million.

Significantly, its revenue outlook for the fourth quarter of between $815 million and $865 million was weaker than expected. Groupon said a factor was the strong dollar, which cuts into revenues earned overseas.

In September, Group said it was cutting some 1,100 jobs over the coming months and ending operations in several markets around the world including Morocco, Panama, the Philippines, Puerto Rico, Taiwan, Thailand and Uruguay.

Groupon is now in 36 countries compared with 45 at its peak. It claims 25.2 million active users.

Williams said Groupon may be further reorganizing its international operations.

"There are primary markets like the UK, France, Germany, Italy, Australia, and others that could benefit from additional investment in marketing because their core marketplaces are healthy enough and our market position is strong enough that we believe we can win long term," he said.

"There are other markets like China, South Korea, India, Taiwan, and others where we have concluded that we either can't win long term or that the investment required to win outsizes the potential return. In those markets, we made the decision to either sell part of the business or exit the country altogether."

Source: AFP