

Rakuten buys shopping site Ebates for \$1bn

TOKYO, JAPAN: Japanese e-commerce company Rakuten will buy US online shopping operator Ebates for \$1.0bn as it taps overseas markets to counter a limited home market.



Rakuten's Hiroshi Mikitani has bought US-based Ebates for \$1bn to gain a foothold in the US market.
Image: [Harvard Business School](#)

Rakuten said the all-cash deal would give it access to 2.5m new customers in the United States, Canada, South Korea and China.

"The company will buy Ebates for \$1bn in cash, and will hold 100 percent of Ebates outstanding voting stock," Rakuten said in a statement.

"The combination of the two companies will give birth to an attractive and innovative membership-based marketplace for consumers featuring a points programme at the core," it said.

Rakuten's billionaire Chief Executive Hiroshi Mikitani said it was a strategically important move that would give his company a foothold in the US market.

The deal could help Rakuten compete abroad with companies such as Amazon and Alibaba, which is preparing an initial public offering that could raise as much as \$24.3bn in what could be the biggest share sale in history.

Rebates through partners

San Francisco-based Ebates runs websites that offer rebates and coupons for shopping from 1,700-plus partner retailers, including Amazon and eBay.

It hosted about \$2.2bn in transactions in its 2013 fiscal year. Rakuten has a credit-card-linked rewards points system in Japan to help retain its customer base.

Lacking a similar setup in the United States, the Ebates purchase is seen as a way to lure shoppers looking for cash-back deals to Rakuten's virtual shopping mall.

Since launching its business in Taiwan in 2008, Rakuten has expanded to more than 10 foreign markets.

But its foreign e-commerce transactions are a small share of its overall business, which is focused on a domestic market that is unlikely to offer much more room for growth.

Last year, Rakuten bought US video-streaming provider Viki for about \$200m while in February it picked up messaging app provider Viber for around \$900m. It has also scooped up Canadian e-reader firm Kobo.

Source: AFP via I-Net Bridge

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