

Group Nine Media Acquires PopSugar to Access Market of Millennial Women

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New York based digital media company Group Nine Media announced its decision to acquire women's lifestyle publisher PopSugar earlier this month. The deal is an all-stock transaction and follows Group Nine's successful round of funding, a \$50 million financing led by Discovery Inc. While details of the deal are yet to be disclosed, reports have valued PopSugar at \$300 million and Group Nine at \$600 million.

PopSugar is now part of the larger portfolio of brands owned by Group Nine which includes, mobile news brand NowThis, animal-story focused The Dodo, tech content publisher Seeker, and digital brand Thrillist, which focuses on travel and entertainment. The women's lifestyle publisher previously raised \$41 million from Sequoia Capital and Institutional Venture Partners (IVP) and claims that it reaches "one in two millennial women in the United States" through its brands.

According to Group Nine CEO Benjamin Lerer, the decision to acquire PopSugar is a strategic decision to expand Group Nine's outreach to a community that loves the PopSugar brand and will generate an additional 200 million social media followers for the company. PopSugar's founder, Brian and Lisa Sugar have said that the transaction will allow PopSugar to create a scalable business model that sets the standard for the next-generation media company. Bringing the entities together is largely aimed at combining the ambition, momentum and leadership of Group Nine with PopSugar's vast innovative experience in commerce.

According to its spokesperson, a large group of PopSugar's 500 employees are to be integrated into Group Nine. Additionally, Lisa and Brian Sugar will be taking on executive roles in Group Nine. They will be joined by Sequoia's Michael Mortiz on Group Nine's board of directors. Overall, PopSugar's shareholders look to own a stake of more than 30% in the surviving entity, which will continue to be called Group Nine Media.

This is yet another transaction in digital publishing sector, which recently saw the high-profile acquisition of New York Media by Vox Media. The deal follows Vice Media's \$400 million acquisition of women's lifestyle publisher Refinery 29, which was also in talks to be acquired by Group Nine, as a way to enhance its advertising business. The growth of tech behemoths like Google and Facebook has made it difficult for digital media businesses dependent on advertising revenue. This acquisition looks to find a solution to the problem. It falls in line with Lerer's statement last November where he said that the consolidation of the digital media industry is inevitable as it can diversify revenue generation and can largely benefit advertisers, who will gain exposure to larger audiences. Further, the lack of overlap in the entities' core businesses adds value to the surviving entity, which is a product of a strategic alliance and could undoubtedly prove to be successful in the long run.

