

Google parent Alphabet profit soars as ads surge

July 27 2021



Google parent Alphabet reported a sharp rise in profits amid growth in digital advertising.

Google parent Alphabet on Tuesday reported quarterly profit that had nearly tripled, as money poured in from ads on its search engine and

YouTube video platform.

"There was a rising tide of online activity in many parts of the world, and we're proud that our services helped so many consumers and businesses," Alphabet chief executive Sundar Pichai said of the quarter.

The internet titan reported that profit nearly tripled from last year to \$18.5 billion on revenue that rose sharply to \$61.9 billion.

Google is among the tech companies that saw use soar as the pandemic accelerated a trend toward working, shopping, socializing and more online.

Alphabet shares that ended the formal trading day down slightly rose more than three percent after release of the earnings figures, which beat market expectations.

Pichai credited long-term investments in artificial intelligence and cloud computing as powering the internet giant's performance.

The strong quarter also reflected "elevated consumer online activity and broad-based strength in advertiser spend," as the global economy strives to recover from damage done by the pandemic, according to chief financial officer Ruth Porat.

Pichai opened an earnings call by urging people to get vaccinated against COVID-19.

Google is on track to generate \$130 billion in overall ad revenue this year, an increase of some 25 percent from a year earlier, according to eMarketer.

That would give the California-based tech colossus 28.6 percent of the

worldwide digital ad market, with Facebook in second place with just shy of 24 percent, the market tracker projected.

"YouTube was the fastest-growing segment during the quarter and points to the continued strength of video advertising for both direct response and brand goals," said eMarketer principal analyst Nicole Perrin.

Revenue at the global video sharing platform topped \$7 billion, a leap from the \$3.8 billion brought in during the same period a year earlier, according to Alphabet.

Meanwhile, daily views at the YouTube Shorts service that competes with sensation TikTok surged past 15 billion in the quarter, according to Pichai.

Bright cloud

Google's cloud computing business, which competes with powerhouses Amazon and Microsoft, is positioned to attract more business given its strengths in analyzing data for companies and defending against threats such as ransomware, Pichai said.

"Companies have really started thinking deeply about their vulnerabilities," he told financial analysts on an earnings call.

"It is definitely an area where we are seeing a lot of conversations, a lot of interest."

Demand is also growing for tools that enable employees to get jobs done remotely as companies explore "hybrid" approaches that combine working from home and the office.

"Google Workspace continues to show strong growth, particularly in the

enterprise space, because we have designed the product to meet the challenges of hybrid work," Pichai said.

Google recently reopened its campuses to workers who want to return voluntarily to California offices abandoned early in the pandemic.

"I was excited to see so many people in person," Pichai said.

"We're giving employees more flexibility in how and where they work, and will continue to invest in our site in the US and elsewhere."

© 2021 AFP

Citation: Google parent Alphabet profit soars as ads surge (2021, July 27) retrieved 27 April 2024 from <https://techxplore.com/news/2021-07-google-parent-alphabet-profit-soars.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--