

Google parent Alphabet profit dives as virus hits ad market

31 July 2020



Google's parent company said its results were hurt by weakness in digital advertising during the global pandemic

Google parent Alphabet reported a rare drop in revenue and profit on Thursday in a quarterly update that nonetheless topped market expectations.

Profit slumped some 30 percent to \$6.96 billion from a year for the online giant that relies on [digital advertising](#) for most of its income.

Revenues dipped two percent to \$38 billion, as chief financial officer Ruth Porat said; "We continue to navigate through a difficult global economic environment."

Google shares were little changed in after-market trading following the release.

Revenue regained ground in the [second quarter](#) in search and at video-sharing platform YouTube, showing signs of stabilization by the end, according to Google executives.

"Although we are pleased that [ad revenue](#)

gradually improved throughout the quarter, we do believe it's premature to say that we are out of the woods," Porat said during an earnings call.

She stressed that online ad revenue is related to the overall economic environment, which she saw as "fragile."

As people hunkered down at home due to the pandemic, Alphabet saw growth in demand for entertainment content at YouTube and its online Play shop as well for [cloud services](#) being relied on increasingly for learning, work and online commerce.

While Google ad revenues were down in the second quarter, the business beat expectations, according to eMarketer principal analyst Nicole Perrin.

"We expected April to be the bottom of the digital ad market, with a return to growth in May and June, and these results suggest that acceleration was stronger than expected."

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