

MySpace to cut 300 intl positions, close offices

June 23 2009



(AP) -- Social-networking site MySpace said Tuesday it plans to cut 300 jobs, or two-thirds of its overseas work force, in an effort to rein in costs and focus on countries where it has many users and better business opportunities.

The move comes a week after the News Corp. unit said it would cut 420 jobs in the U.S., or nearly 30 percent of its domestic work force. Combined, the cuts will reduce MySpace's employee base by nearly 40 percent to about 1,150.

"Our goal to tap into as many international markets as possible drove us to create too many offices around the globe, and with them came inefficiencies," Chief Executive Owen Van Natta, a former executive at rival Facebook, said in a memo sent to employees Tuesday.

Van Natta, 39, started in his new job in April with a mandate to revitalize the site, which has seen its advertising revenues fall and its user growth stagnate. Critics have said its features have become outdated even as it ramped up a music service with the major recording labels last fall.

MySpace said it would close at least four of its 15 overseas offices, while focusing on London, Berlin and Sydney as the main regional hubs. MySpace has 34 localized versions in 28 countries.

MySpace China and MySpace Japan, a joint venture with Japanese Internet company Softbank Corp., would not be affected by the plan, but the company is reviewing its offices in Argentina, Brazil, Canada, France, India, Italy, Mexico, Russia, Sweden, and Spain.

The company has been trying to trim its payroll, bringing its staffing level more in line with its more popular rival, Facebook.

As of May, Facebook said it had about 850 employees worldwide, the vast majority in the United States. While it is available in nearly 100 languages - largely translated for free by its users - Facebook has only five overseas offices, in Paris, London, Dublin, Toronto and Sydney.

Before the latest cuts, MySpace employed nearly 1,900 worldwide.

Recent data from tracking firm comScore shows Facebook has caught up with MySpace in monthly U.S. visitors for the first time, with about 70 million each.

MySpace has had difficulty growing its user base, which stands at about 125 million worldwide. Meanwhile Facebook has said that its usage has doubled to more than 200 million in less than a year.

While Facebook grew quickly overseas because of its one-size-fits-all design and user-generated translations, MySpace's focus on music and culture and the creation of individual country sites may have slowed it down, said Charlene Li, the founder of consulting firm Altimeter Group.

"It's hard to expand internationally," Li said. "It's a very cultural approach. What plays in the U.S. won't necessarily play in other countries."

As an example of the difficulty of adapting to local cultures, the company launched MySpace Music in the U.S. in September, but still hasn't come through on plans to spread it abroad. Elsewhere, MySpace has developed features and identified content partners tailored to specific markets, an endeavor that requires time and money.

The vast majority of both companies' advertising revenues come from the U.S., according to research firm eMarketer. Neither company discloses such figures.

Last year, MySpace made an estimated \$585 million in ad revenue domestically and \$20 million overseas, while Facebook took in \$210 million at home and \$40 million abroad, eMarketer said. In 2009, MySpace's ad revenue is expected to shrink while Facebook's grows.

Van Natta told employees in his memo that MySpace was focused on London, Berlin and Sydney because of their countries' large user bases and the company's ability to compete.

"These are major international commerce centers where a robust MySpace presence can help our company develop new and innovative business partnerships," he said.

News Corp. shares fell a penny to \$10.10 in afternoon trading Tuesday.

©2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: MySpace to cut 300 intl positions, close offices (2009, June 23) retrieved 24 April 2024 from <https://phys.org/news/2009-06-myspace-intl-positions-offices.html>

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.