

China's Baidu doubles profits in second quarter

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Chinese Internet search giant Baidu on Wednesday reported its profits more than doubled in the second quarter, topping 837 million yuan, or 126 million dollars.

Chinese Internet search giant Baidu said Thursday its profits more than doubled in the second quarter, as its customer base widened at the expense of rival Google.

The results came after a Chinese research report showed Baidu increased its dominance of the world's biggest online market in the second quarter as Google lost market share during its public spat with Beijing over censorship.

Baidu said net profit soared nearly 120 percent year-on-year to 837.4 million yuan (123.6 million dollars), helped by better-than-expected search engine traffic during the World Cup in South Africa last month.

Profits were kicked higher by an increase in online marketing revenues, which rose almost 75 percent on year to 1.9 billion yuan after the company boosted its sales force and embarked on a campaign to attract more customers.

Revenue is expected to total between 2.2 and 2.6 billion yuan in the third quarter, up 72-77 percent from the same period in 2009, the company forecast.

Chief executive Robin Li said the results underscored "the vast Internet market opportunities for us and the growing appreciation for search engine marketing in China".

"In the years ahead, I am confident Baidu will become even more central to China's Internet ecosystem," Li told reporters in a conference call.

Baidu said it had some 254,000 active online marketing customers in the second quarter, up 25 percent year-on-year and 15 percent more than in the first quarter.

The Chinese company is locked in a fierce battle with Google in the country's lucrative and still-emerging Internet market.

The number of web users in China now stands at around 420 million, according to official figures released last week.

The figure, almost a third of the population, marks an increase of 36 million since the number of users was last given at the end of 2009.

Li noted the massive growth opportunities in China, with "70 percent of the country still offline".

"While we are proud of the exceptional shareholder value created by

Baidu, we are just getting started," Li said.

Baidu currently dominates the Chinese market, holding a 70 percent share against Google's 24 percent, according to Beijing-based research firm Analysys International.

The US Internet titan had boasted a 31 percent share in the first three months of the year, before its protracted tussle with the Chinese authorities.

In March, Google said it would no longer bow to government censors and effectively shut down its Chinese search engine, automatically re-routing mainland users to its uncensored site in Hong Kong.

The web giant has since tweaked the way it re-routes users in order to gain the renewal of its business license in China, creating a new landing page with a link to the Hong Kong site, which users must click on themselves.

Analysys said Google's decision to shift its server to Hong Kong and uncertainty over the renewal of its licence had cost the company valuable market share.

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