

News Corp. puts Myspace on notice

November 3 2010



The internet homepage of the Myspace website, pictured in January 2010. News Corp. put Myspace on notice on Wednesday, saying the losses at the ailing social network were not sustainable.

Rupert Murdoch's News Corp. put Myspace on notice on Wednesday, saying the losses at the ailing social network were unsustainable and there needs to be improvement in the next few quarters.

"We've been clear that Myspace is a problem," News Corp. president and chief operating officer Chase Carey said during a conference call with analysts after the media and entertainment giant released its quarterly earnings.

"The current losses are not acceptable or sustainable," Carey said. "Our current management did not create these losses but they know we have to address them."

The News Corp. executive said last week's redesign of Myspace "has been generally well received by the opinionmakers in the business but we recognize the critical issue is building interest with consumers.

"We also recognize the challenges we face in doing so," he said.

News Corp. bought Myspace for 580 million dollars in 2005 but it has been eclipsed by Facebook in recent years, which has grown to more than 500 million members while Myspace's numbers have dwindled.

With tens of millions of users, Carey said Myspace still "has the potential to be an exciting business for us" but "we need to make real headway in the coming quarters to get this business to a sustainable level."

"Our traffic numbers are still not going in the right direction and we have to stabilize that and have a predictable path forward, the right cost structure and a clear path to be a profitable business," he said.

Asked how much time News Corp. would give Myspace to show improvement, Carey declined to give a deadline.

"These are fluid businesses... I think it is something we look to judge in quarters not in years," he said.

Aside from Myspace, rebounding advertising helped News Corp. report a solid quarter with net profit growing 36 percent to 775 million dollars, beating the expectations of Wall Street analysts.

Revenue rose to 7.4 billion dollars in the first quarter of its 2011 fiscal year from 7.2 billion dollars a year ago.

"Our global cable network programming business continues to lead News

Corporation's financial and operational momentum," Murdoch, News Corp.'s chairman and chief executive, said in a statement.

"With continued subscriber growth in new and established channels throughout the world, and a global advertising recovery, our domestic and international channels now account for 25 percent of our revenues," he added.

"Our publishing segment also showed expanded operating income, benefiting from greater advertising revenue and operational efficiencies at our newspapers."

News Corp.'s publishing empire includes The Wall Street Journal, New York Post, Britain's The Times and The Sunday Times and newspapers in Australia.

Other News Corp. properties include the Fox Broadcasting Co., 20th Century Fox movie studio, Dow Jones and Sky Italia.

Earlier Wednesday, News Corp. notified European Commission competition regulators of its takeover plans for British pay-TV giant BSkyB.

News Corp. shares were up 3.10 percent to 15.30 dollars in after-hours trading.

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Citation: News Corp. puts Myspace on notice (2010, November 3) retrieved 6 May 2024 from <https://phys.org/news/2010-11-news-corp-myspace.html>

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