

Demand Media 1Q results ease worries about Google

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(AP) -- Demand Media Inc. fared better than analysts anticipated in the first quarter, easing investor worries that Google Inc.'s recent changes to how it culls search results may have damaged the online content generator's ability to win Internet traffic.

The results released Thursday showed people are still flocking to Demand Media's eHow.com and Livestrong.com websites, and their ad-clicking helped boost the company's first-quarter revenue by 48 percent to \$79.5 million from the same time last year. The performance lifted Demand Media shares \$1.22, or 7.5 percent, to \$17.53 in extended trading. The shares had plunged nearly 30 percent since Google announced in late February that it had rewritten its search formula to demote "low-quality" content in its influential [search rankings](#).

Search engines generate more than 40 percent of the traffic to Demand Media's websites. Most of those referrals come from [Google](#), which processes about two out of every three [search requests](#) in the U.S. Google's changes were widely interpreted as a threat to services such as Demand Media, which hires freelance writers specifically to produce articles based on frequently searched topics. The practice has caused some critics deride Demand Media as an online content "farm," to the company's dismay.

As part of its effort to shed the derisive label and cater to Google's emphasis on highlighting more in-depth information, Demand Media said Thursday that it intends to hire more experienced writers to deliver

feature articles of up to 850 words. Demand Media plans to pay up to \$350 per feature article, underscoring the company's resolve to be seen as something more than an outlet for skimpy snippets.

Demand Media said its losses shrank to \$8.1 million, or 13 cents per share, in the three months ended in March from a loss of \$12.1 million, or 94 cents per share, at that time last year. Excluding accounting charges related to its [initial public offering](#) in January and other one-time items, Demand Media said it would have earned 6 cents per share in the latest quarter. On that basis, the company beat the average estimate of 4 cents per share forecast by analysts surveyed by FactSet.

After subtracting advertising commissions, Demand Media's first [quarter revenue](#) stood at \$76.3 million - nearly \$7 million above analyst projections.

The pages on the company's own stable of websites attracted nearly 2.6 billion views in the first quarter, a 32 percent increase from the same time last year.

Demand Media, which is based in Santa Monica, Calif., also feeds material to hundreds of other websites owned by its partners, which include Gannett Co.'s USA Today and the National Football League. The content on Demand Media's partner sites registered 3.8 billion page views, a 42 percent increase from last year.

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