

Shift to mobile Internet hits Baidu profit

February 27 2014, by Joe Mcdonald

(AP)—Baidu Inc., which operates China's leading search engine, said Thursday its quarterly profit edged down 0.4 percent as it spent heavily to promote mobile services amid an industrywide scramble to keep up with users who increasingly surf the Web on smartphones.

Baidu earned 2.8 billion yuan (\$459.9 million) in the three months ending Dec. 31, the Beijing-based company announced. Revenue rose 50.3 percent compared with a year earlier to 9.5 billion yuan (\$1.6 billion).

Marketing and administrative costs surged 135 percent, which the company said was due to higher spending to promote [mobile services](#). Research and development spending jumped 80 percent.

Baidu and rivals are spending heavily to attract users who are migrating rapidly to surfing the Web on smartphones, tablet computers and other wireless devices.

China has the world's biggest Internet market, with 618 million people online at the end of 2013, according to an industry group, the China Internet Network Information Center. That included some 500 million people—or more than 80 percent of the total—who go online wirelessly.

Mobile accounted for more than 20 percent of Baidu's quarterly revenue, according to chairman Robin Li.

"Our efforts to drive mobile adoption among customers gained

significant traction throughout the year," said Li in a statement. "Building out our platform to capture the huge opportunities ahead remains our focus for 2014."

Baidu's market share in traditional personal computer-based search is more than 80 percent. But in mobile it faces intense competition from companies such as Qihoo 360, which launched a rival in mid-2012.

Baidu has expanded into music downloads, online video and other services. In July, it announced the acquisition of a smartphone apps distributor, 91 Wireless, for \$1.9 billion.

Baidu's latest revenue growth "suggests some of the heavy investment is starting to yield some returns," said Barclays analyst Alicia Yap in a report.

For the full year, profit edged up 0.6 percent over 2012 to 10.5 billion yuan (\$1.7 billion). Revenue rose 43.2 percent to 31.9 billion yuan (\$5.3 billion).

© 2014 The Associated Press. All rights reserved.

Citation: Shift to mobile Internet hits Baidu profit (2014, February 27) retrieved 26 April 2024 from <https://phys.org/news/2014-02-shift-mobile-internet-baidu-profit.html>

<p>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.</p>
--