Yelp's shares take a beating after revenue miss

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Shares of Yelp Inc. took a beating Thursday after the online-reviews site reported soft third-quarter sales and indicated the current period would also be weak.

Yelp's stock was down $12.50, or 29 percent, to $31 in after-hours trading.

CEO Jeremy Stoppleman blamed the revenue miss on the company's new non-term advertising, intended to encourage advertisers to try the site without being tied to longer-term contracts.

"While the shift to non-term advertising has opened our sales funnel, it has also made our results more sensitive to short-term operational issues," Stoppleman said in a new release. He said the company said expected revenue would also take a hit in the fourth quarter.

The San Francisco-based company reported revenue of $241.1 million in third quarter, up from $223 million during the same period a year ago. That was below Wall Street expectations of $245.4 million, according to Zacks Investment Research.

Yelp posted profits of $15 million, or 17 cents a share. Earnings, adjusted for stock option expense, came to 43 cents per share. That was above the 35 cents per share expected by analysts.