

## AOL REVENUE DECLINES



The CEO of the AOL Incorporation, Tim Armstrong, had predicted that business would be booming, and that it would be earning far more revenue than it did from the previous year. However, he is not happy with the First Quarter results, as the numbers show that there has been a decline instead of an increase. The domestic display revenue, which makes up for a little over 35 percent of the advertisement revenue for AOL, had declined by 1 percent, reaching \$118.9 million. And while the decline was not a huge one, it still has Armstrong unsatisfied. The search and contextual advertising had also declined down to \$89.6 million, which was a decline of 6 percent. When asked about the results, Armstrong made it clear that he was not satisfied at all with the numbers reported from the first quarter. And, while he was not pleased, he is expecting for things to get better during the second quarter, stating that there is more data available and that new strategies are being used. At this moment, the AOL Incorporation is even considering mobile advertising as a way of generating even more revenue. Armstrong knows that mobile is where the money is at, especially with the large number of people relying on their mobile devices on a regular basis. He said that the mobile for AOL is currently in its beta stages and that it is important for advertisements to be formatted in a creative way in order for a good amount of money to be made off of it. Armstrong also points out that AOL is working on a new advertisement network product, different from anything else. There were also questions asked to Armstrong about the proxy fight that AOL has been going through with Starboard Ventures. Right now, Armstrong says that a resolution has not been made and that he does not see a resolution taking place in the near future. It is believed that a huge showdown will take place during the shareholders event meeting, which takes place during the month of June. And while there were some negatives about the first quarter report for AOL, along with the proxy fight, there has been some good news for AOL as well. The global advertising business for AOL, which makes up the largest portion of revenue for the company, over half of the revenue, actually did see revenue growth and there has been growth within this section for the past four periods. At this moment, AOL is focusing a lot more on its PC support as well as offering Wi-Fi access and other aspects instead of focusing primarily on providing Internet access. These changes have been a major focus for the company but it has caused revenue from subscriptions to drop by a total of 15 percent during the first quarter.

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