
GOOGLE'S PROFITS MAINLY DRAWN FROM SEARCH ADVERTISING BUSINESS



Google's search advertising business seems to be the bread and butter of the company since it now accounts for about 90% of its overall revenues. Google attributed the success of its search advertising business to the increase in advertising spending among advertisers during the fourth quarter of 2010.

Based on the latest developments at Google, industry analysts predict that Google's revenue will certainly outperform its record during the fourth quarter of last year. Analysts said that they are expecting the adjusted profit to rise from \$6.79 per share in 2010 to about \$8.07 per share. A revenue jump by 22% over last year to \$6.05 billion is also foreseen.

Efficient Frontier, search engine marketing firm, added that the increase in the search advertising business of Google was also brought about by the increase in online shopping during the holiday season, total ad spending jumped 23% year-over-year. However, Barclays Capital analyst Douglas Anmuth, warned that that strong top-line results recorded last year could mitigate the revenue growth this quarter due to the company's aggressive spending and investments in the past several months. The report said: "Google gave a \$1,000 bonus to every employee during the quarter, which cost an estimated \$24 million. The company has also acquired pricey real estate, including a \$1.9 billion building to serve as its New York City headquarters."

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