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## Google+ Not Seen As Big Moneymaker, For Now

By PETE BARLAS, INVESTOR'S BUSINESS DAILY

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Google's (GOOG) new social networking service is winning raves from the early invitees using it, but observers expect the service won't generate meaningful ad revenue for quite awhile.

Analysts say it could be years before the service challenges No. 1 social site Facebook for ad dollars.

"Near future, (revenue) is probably going to be very small," said Jefferies & Co. analyst Youssef Squali, who still likes its potential.



Vic Gundotra, vice president of engineering for Google, oversees the company's social networking efforts. AP [View Enlarged Image](#)

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"In the medium term, two to five years, if they are successful and roll this thing out seamlessly, it can create a No. 2 player in the social platform to Facebook" and the monetization opportunities will be tremendous," Squali said.

Google became the Internet's champ on the strength of its search service, and related ads, but revenue growth is slowing and costs rising. The stock price is down 16% from its 52-week

high as Google strives to develop other strong revenue sources.

Facebook's revenue will hit \$5.74 billion this year, up 678% since 2009, forecasts eMarketer.

Google's Google+ service debuted last month with features such as video chat that aim to attract users. Facebook responded last week by unveiling its own video chat service.

Facebook says it now has 750 million members who use the service at least once a month. That big number is Google's biggest challenge, says Karsten Weide, an analyst for research firm IDC.

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"The question is how much traction can they get," Weide said. "In social networking, once somebody has cornered the market like Facebook has, it's incredibly difficult to dethrone them."

The pressure is on Google to develop a service that convinces Facebook users to switch, says Danielle Leitch, executive vice president of client strategy for MoreVisibility, a marketing services firm that helps companies advertise online. She says most people won't want to regularly use two such social services.

Google's efforts in social media have been more miss than hit. The company closed one service, Google Wave, last year. Another, Google Buzz, has been beset by privacy concerns since its 2009 launch. Google launched a service called Orkut in 2004 that lagged in the U.S., but did become a hit in Brazil.

Google's strong reputation in search might not be a big help elsewhere, says Debra Aho Williamson, an analyst for eMarketer.

"In a lot of people's minds Google is search," she said. "That's what they go to Google to do, not necessarily to socialize."

Given Google's missteps in social networking, the company will likely wait until it has 20 million or 30 million members signed up before introducing ads to Google+, says Greg Sterling, principal for Sterling Market Intelligence.

"They don't want to clutter the experience up and drive people away," he said. "They're going to be very careful here."

Jim Prosser, Google's manager of global communications and public affairs, declined to say when, or even if, the company plans to introduce ads to Google+. He wouldn't say how many members Google+ has signed up, but some observers estimate it's already about 10 million and headed fast for 20 million.

In an email, Prosser says Google expects to benefit from the traffic Google+ could bring to its search and other services.



Google+ pages prominently show the social site's Circles feature. AP [View Enlarged Image](#)

had tons of inquiries," she said.

"By enhancing the Google experience we believe that Google users will search more, share more and spend more time on Google sites, which in turn will improve our existing monetization," he said.

Advertisers, though, want to try out the new service, says MoreVisibility's Leitch.

"They have no idea how it's going to compare to Facebook, but we have

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Advertiser customers of Covario, another online marketing services firm, also have been making inquiries about Google+.

The service could be a boon for advertisers if Google integrates it with its search, Gmail and other services, says Craig Macdonald, Covario's chief marketing officer.

"Google is going to have so much information from profiles (of registered users), the Gmail accounts and the behavior from the search interaction," he said. "That is what excites advertisers."

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