Google sells underperforming radio ad business

August 5 2009

(AP) -- Google Inc. has found a buyer for a radio advertising business it has abandoned as part of efforts to cut costs and jettison underperforming operations.

WideOrbit Inc., a privately held company that makes software for the broadcast TV and radio industries, said Wednesday it has agreed to buy Google's technology for automating radio ad placement. The San Francisco-based company did not disclose financial details. It will inherit 3,600 customers and an undisclosed number of employees.

Google's departure from the radio business, announced in February, was the latest retreat for the online search company from its 3-year-old foray into traditional media. The Mountain View, Calif., company discontinued a similar ad selling business for newspapers this year after disappointing returns on the investment.

It is still trying to sell television ads that are targeted to viewers' individual interests. NBC Universal, Bloomberg TV and Hallmark Channel have been among the networks participating in the television ad service, which Google started in 2007.

Emboldened by its dominance of the Internet ad market, Google expanded into broadcast radio three years ago with the purchase of dMarc Broadcasting Inc. for more than $100 million. The company could have had to pay an additional $1.1 billion if certain financial targets had been hit, but the push into radio evidently didn't pay off.

Instead of trying to place ads on broadcast radio, Google said it will try to deploy some of the technology for audio streamed on the Internet, while shedding the operation that automated the placing of ads on broadcast radio.

The dMarc technology creates an automated platform that lets advertisers more easily schedule and deliver ads over radio and keep track of when they air. On the broadcaster side, the dMarc technology automatically schedules and places such advertising, helping stations minimize costs.

Google's inability to diversify has left the company dependent on Internet advertising, which accounted for virtually all of its $21.8 billion in revenue last year. Even so, the company remains well positioned to grow for years to come because advertisers are expected to steadily increase their online spending to connect with customers migrating to the Internet from print publications, radio and TV.

Google Inc., which owns the file-sharing site YouTube, said separately Wednesday that it will acquire On2 Technologies Inc., a provider of digital video compression technology, in an all-stock deal valued at $106.5 million. On2's technology shrinks video files to move them more easily across the Web, an increasingly important technology as the volume of online video grows.