

FTC clears Google purchase of mobile ad service (Update)

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In this file photo made Dec. 8, 2009, Omar Hamoui, Founder and CEO of AdMob, poses at his company's offices in San Mateo, Calif. Federal regulators are clearing the way for Google to buy a mobile ad service called AdMob Friday's FTC approval paves the way for Google to extend its dominance of Internet marketing into the wireless arena. (AP Photo/Marcio Jose Sanchez, file)

(AP) -- Federal regulators have approved Google Inc.'s \$750 million acquisition of the mobile ad service AdMob despite worries that the deal will enable Google to extend its dominance of Internet marketing into the nascent field of wireless devices.

The Federal Trade Commission said Friday that its antitrust concerns were overshadowed by Apple Inc.'s push into the \$600 million mobile advertising market in the U.S.

Apple bought another online mobile ad leader, Quattro Wireless, for an undisclosed amount in January after trying to buy AdMob only to be outbid by Google in November.

Friday's FTC approval paves the way for Google to extend its dominance of Internet marketing into the wireless arena.

Now that it has regulators' blessing, Google said it will close the AdMob deal within the next few weeks.

Google believes advertising on mobile devices eventually will be as lucrative as marketing on computer screens. The company considers AdMob key piece in its strategy to make more money from people on the go.

AdMob, launched four years ago by Omar Hamoui while he was a graduate student at the University of Pennsylvania's Wharton business school, runs a network that delivers targeted advertising to websites and online applications tailored for smart phones.

The company is based in San Mateo, Calif., and has backing from several top Silicon Valley venture capital firms, including Sequoia Capital and Accel Partners. It also has lined up an impressive roster of clients, including Fortune 500 companies such as Ford Motor Co., Coca-Cola Co., Procter & Gamble Co., Adidas and Paramount Pictures.

Getting the AdMob deal took longer than Google anticipated. The deal was struck at a time when U.S. regulators and lawmakers are taking a harder look at Google's growing control over digital advertising and how it might be able to use that power in other markets.

Those concerns have been escalating since the FTC approved Google's biggest acquisition, a \$3.2 billion purchase of online ad service

DoubleClick Inc. two years ago.

DoubleClick provided Google with a better platform for selling "display advertising," which are the online billboards and graphical messages that appear on many websites. That supplements Google's business of selling ads that appear alongside results on its search engine. About 75 percent of the total revenue in the search-ad market flows to Google.

But the mobile advertising landscape is still up for grabs. Google, Apple, Microsoft Corp., Yahoo Inc. and AOL Inc. are all jostling for position to show ads to people surfing the Web on sleek wireless devices such as Apple Inc.'s iPhone and Motorola Inc.'s Droid, which runs Google's Android system.

Research firm eMarketer projects that U.S. spending on mobile advertising will reach \$1.56 billion in 2013, up from \$593 million this year and \$320 million in 2008. By comparison, the firm projects U.S. spending on online advertising delivered to laptops and desktops will surpass \$33 billion by 2013, up from a projected \$25.1 billion this year.

Shares in Google, which is based in Mountain View, Calif., rose \$4.55, or 1 percent, to \$479.56 in midday trading Friday. Shares in Apple, based in nearby Cupertino, jumped \$4.06, or 1.7 percent, to \$241.82.

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