

Google

Bid for YouTube

YouTube, the video-sharing website, has become one of the biggest recent internet successes. Although still in its second year, the site has already become the 10th most popular destination on the internet. Despite the popularity though, YouTube has yet to prove it can generate a profit – a fact hampered by the vast hosting costs incurred for the ever-increasing number of video-clips.

Now search-engine Google is soon expected to conclude an £850m deal to buy YouTube. It is estimated that over 100 million video clips are viewed from YouTube daily, which results in a breathtaking £800,000 worth of hosting costs every month.

So what exactly does Google hope to get from the deal? With their proven technology and methods for generating revenue from web advertising, Google may be planning to run relevant advertising alongside the video clips – in a similar way to their existing traditional search listings. YouTube already has a huge audience, so it makes sense to add advertising to the site as an additional revenue stream.

Early this year, Google launched its own Google Video – widely regarded by industry experts as a disorganised and unsuccessful attempt to tap into the market cornered by YouTube. Viacom, the group that owns MTV and Paramount Studios, was also seen as a potential bidder for YouTube although it is expected that Google's negotiations will prove successful.



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