

View from the Top: 'Category Killers'

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If you were looking for the GDP of Bhutan, where would you find it? Odds are you would turn to a search engine such as Google or Yahoo! (Google says the answer is \$2.9 billion, in case you were curious). At work and at home, for big issues and for small ones, we have become dependent on Internet search engines as our primary tool to find much of the information we need in life.

To feed our growing addiction, the major search players continue to add all manner of content and capabilities.

Yahoo! moved beyond pure search years ago and now offers everything from classifieds to DSL service, horoscopes and mobile games. Google's expansionist tendencies have surfaced more recently. Now you can use Google to edit and share photos, search scholarly papers, or even find the location of a specific San Jose taxi in real time.

Just how thinly can the general search engines spread themselves? Can they be all things to all people?

In my view, the search-engine world is at a crossroads. The big search companies employ plenty of sharp thinkers, but these firms cannot be stellar in all areas. A growing number of specialty search engines are taking root, tackling distinct subject areas with the passion -- indeed, obsession -- that characterizes startups. Their deep topical expertise and fervent dedication to their categories are enabling them to deliver services that outclass those offered by their bigger brethren. None of these companies is going to take down Yahoo! or dethrone Google, but

in their chosen vertical markets, the search specialists appear poised to give the big boys a run for their money.

It is not like we have not seen such a pattern before; the evolution of the traditional retail industry makes a great comparison. It was not long ago that Americans turned to generalists such as Sears and Macy's for just about anything they needed, from shoes to shotguns. Enter the "category killers." Office Depot (office supplies), Home Depot (home improvement), Best Buy (consumer electronics) -- these companies and like-minded others picked well-defined target sectors and immersed themselves, offering consumers a breadth and depth of products they never could at the department stores. In doing so, the specialty retailers drove a massive shift in U.S. shopping patterns.

The rise of e-commerce has simply magnified this trend. Go to cabelas.com and you will find all the gear you might ever require for an outdoor adventure, from LED headlamps to waterfowl blinds. Visit hothothot.com and you can revel in hot-sauce choices with names like "Blair's Death Rain" and "Da Bomb."

So, how will the specialization trend play itself out in search-engine land? How will Google, Yahoo!, MSN and others respond to the competitive threat posed by vertical search?

Startups are picking off a variety of specialty areas and "deep diving" to deliver services they think can outclass those offered by the behemoths. Companies such as Simply Hired and Oodle.com are tackling the job-search space, aggregating listings from numerous sources to help job seekers find their next gigs. SideStep and Mobissimo have picked online travel -- the largest e-commerce sector -- and track down myriad choices from across the Web for travelers hunting for better bargains. NexTag and Become.com are focused on shopping search, while Feedster and Technorati zero in on blog search. The pace of innovation is intense.

How well does this new crop of search engines deliver? Take them for a test drive and see for yourself. I recently ran a search for a Treo 650 from PalmOne on both NexTag and Froogle, Google's shopping search offering. At the very top of the first results page, NexTag showed me choices from multiple vendors for this Blackberry-like cell phone/e-mail device. Froogle, in contrast, presented me with headsets, phone chargers and data cables. I did not find the phone itself until the very bottom of Froogle's second page of listings, and that phone sold for \$50 more than the Treo I found through NexTag. Score one for the upstarts.

As you might imagine, the search incumbents are not taking the rise of such newcomers lightly and are countering with both acquisitions and home-grown specialty search offerings. Yahoo! for example snapped up Farechase to gain a quick entry into the travel-search space. Google purchased Keyhole Corporation to gain a leg up on mapping search. Yahoo! added a "Web-wide" search engine to its Hotjobs.com site to counter the new job-search sites. Google, meanwhile, introduced video search in an attempt to foil advances from companies such as Blinkx.

For the established search engines, the heat is on, and as they do battle with search-sector mavericks, the biggest winners of all will be consumers. Whether you are looking for the GDP of Bhutan or flights that will take you there, the competition brought on by new specialty search players is rapidly making an indispensable technology even better.

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