

# Microsoft going after Google's home turf

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Pedestrians walk by a Yahoo! sign in Times Square in New York City. Microsoft, by entering into a partnership with Yahoo!, is seeking to do battle with Google on its home turf and in one of the few arenas it has failed to fully conquer -- the Web.

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Analyst Sid Parakh, in a research note for investment adviser McAdams Wright Ragen, said the move is an attempt by Microsoft to put Google's heart squarely in its sights.

"From a strategic perspective, this is an offensive move on Microsoft's part to challenge Google's cash cow -- its search business," Parakh said. "So far, Google has been on the offensive attacking Microsoft's core businesses using cash generated by the search business."

Microsoft has invested heavily in [Internet search](#) and advertising technology in recent years, in a bid to become a major player in a field that contributes billions of dollars annually to Google's bottom line.

But Microsoft -- a household name because of the success of its Windows computer [operating system](#), its Web browser, Internet Explorer, and its Works and Office software -- has found the search market a tougher nut to crack.

According to a recent report by research firm Forrester, search marketing spending is expected to grow at around 15 percent a year over the next few years, to over 30 billion dollars in 2014 in the United States alone.

Most of that money currently ends up in the pockets of the Mountain View, California-based Google.

Google controls around 65 percent of the US [search market](#) according to the latest figures from tracking firm Comscore followed by Yahoo! with around 20 percent and Microsoft with just over eight percent.

In June, Microsoft launched its latest challenge to online king Google, a new search engine called [Bing](#), which, under the terms of the agreement with Yahoo! announced on Wednesday, will power search on Yahoo!'s websites.

The successor to MSN Live has been generally well-received but search and technology experts said it remains to be seen whether Bing and the partnership with Yahoo! will help Microsoft make inroads against Google.

Rob Enderle of Silicon Valley's Enderle Group said he believes the Microsoft-Yahoo! tie-up, dubbed "MicroHoo" in some quarters, would

have an impact, particularly with advertisers who are wary of Google's dominance.

"There are a lot of people who would just as soon not do business with Google," he said. "They're going to war with pretty much everyone on the planet."

One of Google's chief targets, in fact, has been Microsoft.

They've been nipping at the software giant's heels on a number of fronts, expanding into areas where the Redmond, Washington-based company founded by Bill Gates has long been dominant.

Google recently unveiled Chrome OS, its own computer operating system, and has enjoyed success already with a mobile phone operating system, Android, that competes with Windows Mobile.

Google has also rolled out a Web browser, Chrome, as a rival to [Internet Explorer](#) and is heavily pushing Web-based software applications to try to lure customers away from Microsoft's Works and Office.

"For the most part though they haven't yet emerged as a threat," Enderle said. "Google has been a major annoyance to [Microsoft](#) -- the heir apparent to Microsoft's fading crown -- but in terms of execution they just haven't stepped up."

Danny Sullivan, editor-in-chief of SearchEngineLand.com, a website which follows the search industry, was skeptical the Microsoft-Yahoo! deal would significantly change the search landscape.

"I don't know that this changes anything," he said. "The two of them being combined doesn't cause either one of them to be stronger on a consumer front."

"If you really want to chip away at [Google](#), including getting the advertisers, you need to get more people searching with you," he said.

"Both companies are still going to have to do exactly what they would have had to do without the deal, which is to try to come up with a great search experience that pulls people back," Sullivan said.

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