

Google's stated list of competitors grows from two to 10

March 11 2010, By Mike Swift

Google sees an Internet far more crowded with competitors than just a year ago. At least, that's what the company is telling government regulators.

A year ago, [Google](#) named just two competitors -- Microsoft and Yahoo -- in its annual report to the U.S. [Securities and Exchange Commission](#). This year, Google lists 10 competitors by name in its recently filed 10-K report for 2009, including social sites Facebook, [Twitter](#), and [Yelp](#); and specialty search engines that dive deep into a specific category, such as travel site Kayak and health inquiry site WebMD.

With the explosive growth of social networks acting as the door to people's online world, Google does face increased competition. But with the Mountain View, Calif.-based search giant facing a surge of antitrust and anticompetition lawsuits and allegations in the U.S. and Europe, observers and critics say the change shows Google's pressing need to make the case to regulators that it has viable competitors, and has not become too dominant an Internet force.

"There aren't a flood of new companies that have entered the market that are suddenly Google competitors that weren't there last year, but they are calling them out in a more direct way," said Greg Sterling, principal of Sterling Market Intelligence, adding that if regulators see Google as a company without legitimate competition, "that perception is a big problem for them politically."

Nevertheless, he said the rapid growth of Facebook and Twitter during 2009, and the effectiveness of specialty search engines like job site Monster.com, show that Google's "competition is broader than simply Yahoo and (Microsoft's search engine) Bing."

For its part, Google in its SEC filing calls the increasing power of specialty, or "vertical" search engines like Kayak, which allow people to root through scores of airlines for the cheapest flights, and the emergence of mobile applications on platforms like the [iPhone](#) that allow consumers to directly access a Web product without going through a search engine, "formidable" competition.

"Our filing reflects the reality that we compete against a number of alternatives, including traditional search engines, e-commerce and specialty search sites, social networks, and other forms of online and offline advertising," Google said in a statement it released Monday to the Mercury News.

Critics of Google's dominance in search -- Americans use Google for about two thirds of U.S. searches, and the company has more than 70 percent of U.S. search advertising revenue, and about 90 percent in Europe -- say the expanded list of competitors is an attempt by Google to paper over its dominance.

"I think they are feeling the heat from several serious antitrust investigations, and that's reflected in the language they are using in the 10-K," said John Simpson, of Consumer Watchdog. He argued in a recent blog post that Google's statements that it has many competitors actually proves that "the opposite is actually true" and that "the real risk to Google's business is not from competition," but that regulators in the U.S. and Europe "will act in the interest of consumers and force the Internet giant to engage" in competition.

European Commission regulators announced Feb. 24 that they were opening a preliminary inquiry into complaints by three European vertical search engines that Google was downgrading their prominence in search results. Google quickly pointed out that two of those sites had ties to Microsoft, saying in a company blog that "we have nothing against vertical search sites -- indeed many vertical search engines like Moneysupermarket.com, Opodo and Expedia typically rank high in Google's results."

And speaking last week at a search engine conference in Santa Clara, Calif., Microsoft CEO Steve Ballmer acknowledged "expressing some of the issues and frustrations we see" to antitrust regulators about Google, sometimes "unsolicited, sometimes because we have been asked."

While Google lists specific e-commerce and social network sites, Yahoo, the second leading U.S. search site with a wide array of other services, had a shorter list of competitors listed on its newly filed 10K -- listing Google, Microsoft, AOL, [Facebook](#) and MySpace.

In some cases, Google's expansion into Internet services beyond search is moving Google onto the turf of its competitors like San Francisco-based Yelp, which Google reportedly attempted to buy for \$500 million in December. In recent months, Google executives have repeatedly talked about the company's ongoing efforts to offer local based search results and detailed background information on restaurants or businesses, similar to what Yelp offers now.

Yelp declined to comment about making Google's list of foes.

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