

Microsoft condemns Yahoo! Japan-Google alliance

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Attendees try an interactive display at the Microsoft booth at the 2010 International Consumer Electronics Show in Las Vegas, Nevada, in January 2010. Microsoft on Tuesday denounced Yahoo! Japan's Internet search alliance with Google, saying it would give Google near-total control over the third-largest market for search queries in the world.

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"Google's plan would cement its position as essentially the sole provider of search results in [Japan](#) for years to come," [Microsoft](#) vice president and deputy general counsel Dave Heiner said in a blog post.

"The proposed deal will eliminate search competition in Japan -- in paid

advertising and natural search results," Heiner said.

The agreement calls for [Yahoo!](#) Japan to switch to Google's search engine this year from the Yahoo! Inc. technology currently used and deploy Google's online advertising and distribution system.

Despite its namesake, the Japanese portal is 40 percent owned by telecoms operator Softbank, while Yahoo Inc. holds a 35 percent stake.

It is therefore not directly affected by the search partnership reached last year between Microsoft and Yahoo!, an alliance aimed at boosting competition with [Google](#), which has two-thirds of the global market.

The independently-run Japanese company is not obliged to use Microsoft's Bing [search engine](#), which will power Yahoo! in the United States by the end of the year and other regions later.

Microsoft's Heiner said Google currently accounts for about 51 percent of paid search advertising in Japan while Yahoo! Japan accounts for 47 percent.

"If Google is permitted to proceed with its plan, it would gain nearly complete control over search and [search advertising](#) in Japan through contract, not organic growth," Heiner said.

"Google alone would decide what consumers in Japan will find, or not find, on the Web," he said.

"In fact, the competitive effects of the plan may be felt globally because Japan is the third largest generator of search queries in the world (after the United States and China)," Heiner said.

He said rival search engines would be facing a major competitive

disadvantage.

"That is because if Google gains control over the roughly half of Japanese search queries that it doesn't already control, it will deprive competing search engines of the query scale that is essential if they are to improve their own search results in Japan," Heiner said.

Microsoft recalled that a proposed Google-Yahoo! partnership was rejected by the US Justice Department as anti-competitive.

"Less than two years later Google has entered into a deal that would turn its only major competitor in Japan into a collaborator, rather than a competitor, across natural search results and advertising," Heiner said.

Microsoft also raised questions about the legality of the agreement.

"Google reports that it already received approval from the Japanese Federal Trade Commission for the deal, even before it was announced and before the JFTC reached out to advertisers, publishers and competitors to learn about the likely competitive effects of the deal," Heiner said.

"It will be interesting to see over the next few weeks if that is really accurate," Heiner said.

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