

Yahoo! Japan adopts Google search engine

July 27 2010, by Kimiko de Freytas-Tamura



A picture taken in 2009 in Paris shows the screen of a computer featuring the home page of Google's search engine. Japan's top Internet portal Yahoo! Japan on Tuesday announced a search alliance with Google, in a deal that would see both giants dominate the Japanese market in a possible blow to Microsoft.

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Yahoo! Japan will switch to Google's search engine this year from the Yahoo! Inc. technology currently used and deploy Google's online advertising and distribution system, while maintaining its current user interface.

In return, Yahoo! Japan will provide Google with data on online shopping or auction trends, excluding personal information.

"For Japan, we thought about what the best option would be and came to the conclusion that Google would be best for Yahoo! Japan's growth," said Masahiro Inoue, chief executive of the Japanese portal.

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 Internet 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 technology, which will power Yahoo! in the United States by the end of the year and other regions later.

Inoue said the Bing search engine was at a disadvantage in Japan on "quite a lot of points", crucially lacking a Japanese-language service, whereas Google made the necessary linguistic provisions.

Inoue added that Yahoo! Inc chief and founder Jerry Yang gave him the green light to pursue the tie up with Google in Japan. "We don't think there is a problem of a monopoly," he added.

He added that the group would consider offering its services on Google's Android smartphones.

If Yahoo! Japan and Google team up, Microsoft is likely to try to block the deal from gaining regulatory approval in Japan, Dow Jones Newswires said.

Yahoo! Japan currently has about a 57 percent share of the search market and Google has about 37 percent, Inoue said. Microsoft has

almost a three percent share.

"Considering that Yahoo! Japan is the most used portal in Japan, this is not good news for Microsoft. Yahoo! Japan was likely forced to choose Google because Google has an overwhelming share," said Eimei Yokota, an IT analyst at MM Research Institute.

The popularity of Microsoft's free "hotmail" email service -- embodied by its Windows Live Hotmail released globally in 2007 -- has receded and has been overtaken by Google's gmail service, he added. "Microsoft is on the backfoot."

Yahoo! Japan used Google in 2001-2004 before making the switch to Yahoo! Inc, a company spokesman said.

The Japanese portal said its net profit rose 12.6 percent in the first quarter to 21.6 billion yen (248 million dollars) from last year. Operating profit went up 10.2 percent to 37.5 billion yen on revenue up 4.2 percent to 70.5 billion yen.

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