

SEARCH ENGINE SUMMARY

Google's 3-year dominance of the Web will increasingly be challenged in 2003. After a lapse, rival search technology has now improved significantly. Teoma is rapidly rising, on the success of its IBM algorithm, which sorts relevance using different logic from Google. Inktomi and Fast (AllTheWeb) are the two other major algorithms in play. AskJeeves bought Teoma in its infancy in September 2001. Yahoo! bought Inktomi in December of last year. Now Overture has announced its purchase of both Fast and AltaVista (which had itself made valuable innovations recently).

Overture plans to integrate the two technologies and create a next generation Web search platform. These acquisitions give it access to Europe, and 50 languages, an index of 2 billion-plus pages, and powerful and diverse search capabilities sufficient to become the biggest competitor to Google. Overture signifies pure commerce: it pioneered the pay-for-performance model by which sponsored search results (bought keywords) appear before unpaid results. It intends to remain in its primary business model, and it will thus commercialize the index it has gained, although it may retain free submissions to the Fast index.

Google by comparison has specialized in presenting search results ranked purely by what it perceives as relevance. Google has developed a revenue stream based on small text-only ads (AdWords) and sponsored links on top of the search results, copying from Overture's model the auction process for keywords. It has now expanded beyond keyword targeting, and in February rolled out a new venture serving content-targeted AdWords into rapidly changing weblog pages. (Overture has announced it will offer similar contextual advertising.)

Google appears committed to non-commercial relevance (as does Teoma), with a revenue stream from ads on top of content delivery. With its recent News feature, and the beta Froogle price comparison shopping feature, Google seems to be edging ever closer to the delivery of portal-like content, with the difference that content is retrieved algorithmically from the mass, and tailored to the individual user.

*continued on the back, see **Search Engine***

Newsletter

March/2003

Who's on The Web?

January 2003: 46% of US seniors have been using the Internet for over five years.

-source: eMarketer

Web Tax

February 2003: More US States are maneuvering towards imposing sales tax on Web transactions that fall within their jurisdictions. Three out of five Americans won't switch online retailers based on sales tax avoidance. Almost 50 billion dollars are at stake.

-source: Jupiter Research

Email

January 2003: 19 of the top permission e-mail providers have formed the E-mail Service Provider Coalition. Most of the biggest names in the industry are represented in the coalition, which will pursue a legislative agenda for the permission-based email marketing industry.

-source: National Advertising Initiative

January 2003: 74% of respondents favor making mass spamming illegal.

-source: Harris Interactive

Travel

January 2003: 64 million travelers used the Internet to make travel plans in 2002, and 41% of them actually made travel reservations online, and of those online travel bookers 57% also booked accommodations. Accommodation bargains online are now abundant.

-source: Travel Industry Association of America

Ecommerce

February 2003: Out of all the sectors of the US economy, it is the online services of retailing, travel, brokerage and auctions that are strongest in terms of customer satisfaction, loyalty, and future economic growth, according to the American Customer Satisfaction Index (ACSI). Ecommerce could play an important role in fueling recovery of the economy as a whole.

-source: *University of Michigan*

Advertising

January 2003: The two-year, 20% annual decline in advertising spending finally reversed last Q3, with 1% positive growth.

-source: *Interactive Advertising Bureau*

January 2003: Marketers are beginning to regain their confidence in online advertising: 51 percent expect a budget increase in 2003, and 57 percent plan to increase spending on email marketing.

-source: *DoubleClick*

[COMMENT: many analysts predict modest but encouraging advertising growth for 2003.]

Wireless

February 2003: Two out of five Americans recognize the term Wi-Fi (Wireless Fidelity). 2003 will be a "telling year" for the technology. Key benefits are ease of home installation and speeds faster than cable. Concerns are security and currently incomplete national coverage with access points. Roughly 3% of the US population is using Wi-Fi, this will at least double this year.

-source: *Ipsos*

CONTENT MANAGEMENT

February 2003: More than 60 percent of companies that have deployed website Content Management (CM) solutions still find themselves manually updating their sites. CM software embodies vastly more functions than users typically learn to employ. Site operators should not try to publish "look and feel" changes through CM systems, but should program this templating into the server or with the scripting language. CM systems should probably become thinner and tooled more to specific tasks.

-source: *Jupiter Research*

[COMMENT: Our experience agrees. It can take a surprisingly large amount of time to rework content in a website, even when you're good at it. Updates by the website owner are best managed in simple and rapid strokes or not at all. We can now provide our clients with the means to update specific portions of their webpages themselves manually from their own computers, using new software from Macromedia. Yet even a procedure comparable in ease to, say, changing paragraphs and pictures in a word processor page requires valuable working time. With anything more complicated, outsourced webmaster service, or modest investment in custom scripting, remains more economical.]

Search Engine (continued from the front)

Yahoo also gains an index, from Inktomi, even as it still carries Overture's ads over Google's search results. But Yahoo is going elsewhere, integrating its search functions into its core assets and across its global properties: adding search to its email function, delivering bountiful search returns to accompany its stock symbol lookups, and also (mirroring Google) developing a search toolbar for use when away from the mother site. Ever strategic, Yahoo is deeply committed to cultivating users-for-life within its own space, looking through the Yahoo window at the Web everywhere.

As to what it all means to the website owner, the mix of tactics gets shuffled a little, but still webmasters have to optimize pages for the free submission indexes, perhaps pay fees to get spidered into the paid inclusion venues, and place keyword ads if there are money and markets on the line. It is now a certainty that it will take more money to promote a commercial site on the Web, and more competing promotion dollars will flow to the Web, but this joins with the increasing certainty that the money will buy results, for now. Currently an advertiser's ROI through Google beats Overture hands down, we'll watch the fight this year and keep you posted.