



# TRENDS IN INTERNET SEARCH INDUSTRY

The past two decades have seen the greatest marketing phenomenon of all time: the Web. It has altered the way people communicate and deliver information, products and services. During this time web has grown from isolated static pages to multi-billion dollar revenue dynamic driven by professional marketers and web developers vying for presence made visible in the search engines.

*Google is the king of search. At least, that's the way it's been for the past 15 years. Around 2/3rds of all searches are performed on Google. . This market leadership has been developed on the basis of introducing better features for other search engines to follow. Google dictates the major changes in the industry with its algorithm updates, and commands the attention of search marketers due to its presence and high search volume.*

*Over 69% people only click on the first three search results, and only 8% people click to the 2nd page. So, it's important to be ranked high on search results to be visible. Therefore, it is sensible for search marketers to focus efforts on getting ranking boosts on Google.*

## REVENUES, GROWTH AND SEGMENTATION

Up to 97% of the revenue in the search engine industry comes from paid ad placement. These ads are marked as advertisement and are usually paid for under the pay-per-click model. The remaining 3% of the revenue comes from paid website inclusion.

Search ad spending will account for \$81.59 billion (47.76%) of Digital ad spending worldwide (\$170.85 billion) in 2015. Search Ad Spending is estimated to reach \$130.58 billion by 2019 growing at a CAGR of 13.22%.

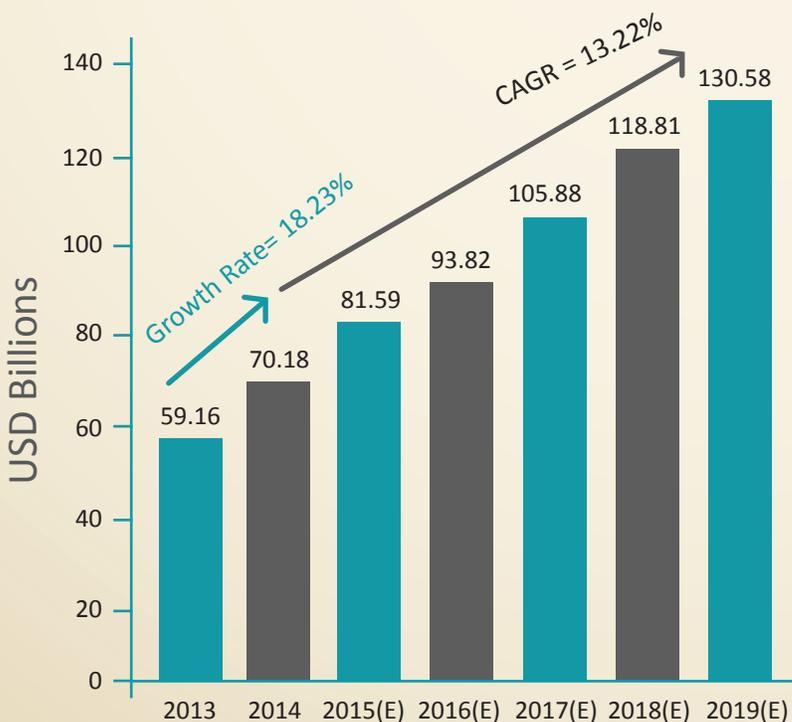


### AUTHORS

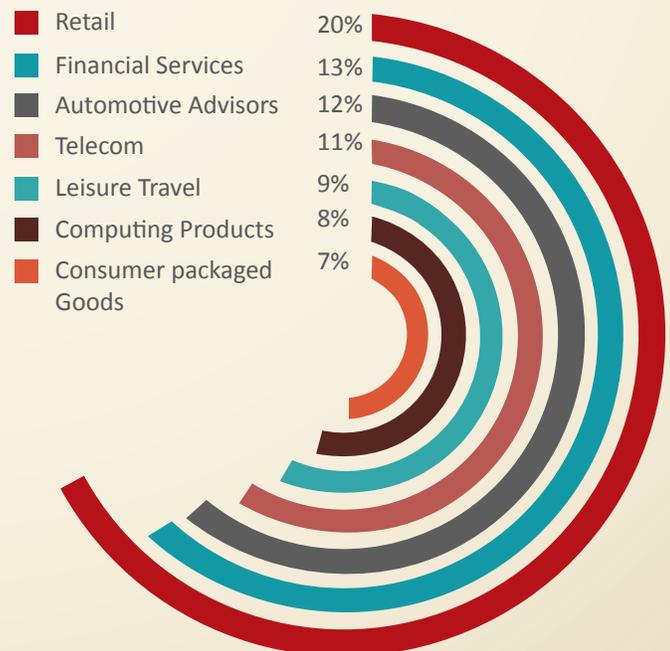
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## SEARCH AD REVENUE



## REVENUE SEGMENTATION



*Retail segment accounts for 20% of the revenue from search ads, as competition is fierce among the e-tailers with each trying to direct traffic to their sites.*

# MARKET SHARE

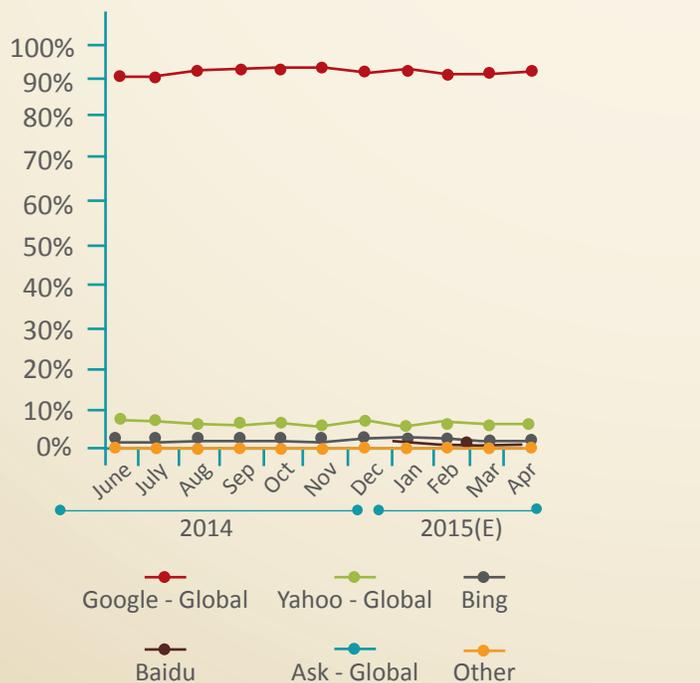
## OVERALL MARKET SHARE BY SEARCH AD REVENUES (USD BILLIONS)

Search Engine / Year	2013	2014	2015(E)
Google	32.63	38.42	44.46
% change	16.80%	17.74%	15.72%
% of Total	55.16%	54.74%	54.49%
Baidu	3.79	5.35	7.18
% change	33.50%	41.16%	34.21%
% of Total	6.41%	7.62%	8.80%
Microsoft Bing	2.19	2.91	3.45
% change	48.70%	32.88%	18.56%
% of Total	3.70%	4.15%	4.23%
Yahoo!	1.7	1.78	1.9
% change	5.50%	4.71%	6.74%
% of Total	2.87%	2.54%	2.33%
Sohu (Sogou.com)	0.18	0.32	0.52
% change	58.70%	77.78%	62.50%
% of Total	0.30%	0.46%	0.64%
Other	18.66	21.4	24.08
% change	13.80%	14.68%	12.52%
% of Total	31.54%	30.49%	29.51%
<b>Total Search Ad Revenue</b>	<b>59.16</b>	<b>70.18</b>	<b>81.59</b>

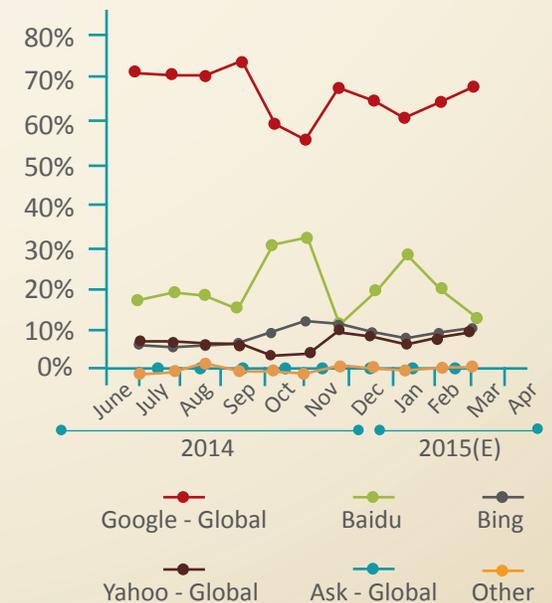
*Google continues to be the leader of search engines taking major chunk of industry revenues but Baidu and Sogou are growing at a faster rate because of Google ban in China.*

## MARKET SHARE BY DEVICE

Mobile + Tablet Market Share



Desktop Market Share



# FOCUS AREAS, INNOVATIONS AND FUNDING

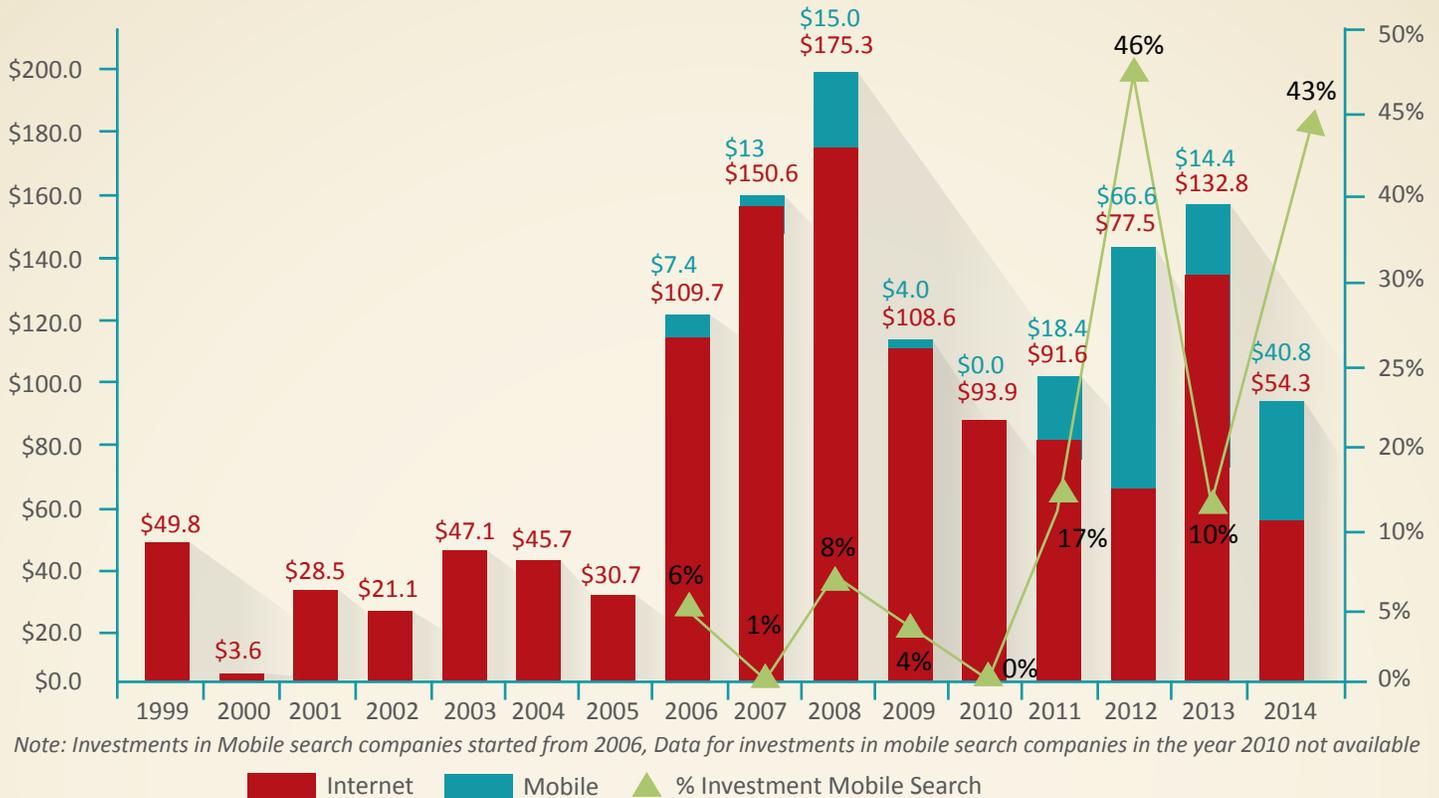
## SEARCH COMPANIES

Company	Focus Areas and Innovations	Funding (USD Millions)	Founded
Google	<b>Google has a lot of algorithms for their search engine.</b> While, they constantly upgrade these algorithms for ranking search results by relevance, quality of page etc. Most recent update (at the time of writing) is for mobile searches, where mobile friendly pages will be ranked higher than those customized for desktop. Indexed only android apps for mobile search to maintain leadership position across the internet eco-system.	1998 - 25.0 1999 - 0.1 <b>Total 25.1</b>	1998
Bing	Developed by Microsoft, Bing is the major competitor of Google. <b>Bing has expanded by using its search algorithm to fuel Yahoo!'s search engine.</b> Bing also favours mobile friendly pages for mobile users. Planning to start indexing of apps on all platforms. It offers inbound link data with its LinkFromDomain feature. LinkfromDomain searches a domain to generate results for a search query. <i>Example Search Query: linkfromdomain:www.thehindu.com business</i>	NA	2009
Duck - DuckGo	<b>NSA monitoring, hackers stealing credit card information, leaks of private photos and videos, privacy and security have become very important to internet users.</b> Google keeps user information practically forever, and will willingly disclose it to outside parties. DuckDuckGo doesn't keep any private user search data. It's unlikely that Google will change its stance on privacy.	2011 - 3.0 <b>Total 3.0</b>	2008
Board - reader	A simplistic search engine based on a simple idea: <b>providing an easy way to search through forums and online communities.</b> Users looking for a conversation about a specific topic, rather than raw information or direct access to a specific topic, Board-reader can be extremely helpful.	NA	NA
Topsy	What Boardreader is for online forums and message boards, Topsy is for social media sites (especially Twitter). Generating results based on specific times or places rather than newest relevant posts, and <b>offering regular alerts or analytics information for the inquisitive minds using it.</b> Acquired by Apple in 2013 for USD200 Million.	2008 - 11.0 2009 - 3.0 2009 - Undisclosed 2011 - 15.0 2012 - 5.3 <b>Total 35.2</b>	2007
Wolfram Alpha	<b>Highly specialized, and geared toward mathematicians.</b> Wolfram Alpha's vision is to create a system which can do for formal knowledge (heuristics, algorithms, rules, methods, theorems, etc.) what search engines like Google have done for informal knowledge, such as text and documents. It could mark the beginning of a trend in catering to specific professionals, providing only the information they need rather than trying to give the most relevant results to a generalized audience.	NA	2007
Crunch Base	Brand of AOL. <b>Its specialist type of search engine for finding specific information about a company or an individual.</b> It gives most concise results, weeding out any unnecessary review sites, social posts, or news results.	NA	2007
Quixey	<b>Quixey is an app search engine enabling individuals to find apps that best suit their need.</b> Quixey powers app search for major manufacturers, carriers, search engines and web apps around the world. Acquired Kite.io in 2014.	2011 - 3.8 2012 - 20.0 2012 - 0.7 2013 - 50.0 2015 - 60.0 <b>Total 134.9</b>	2009
Swifttype	<b>Fast, customizable, configurable website search engines for websites and mobile applications.</b> Build customizable search engines for websites that can be created and deployed in minutes. Swifttype search can be used for many purposes, including powering support sites and knowledge bases, product search for ecommerce sites, search for some of the large web publishers, developer documentation search for both software companies and open source libraries, mobile search for mobile applications.	2013 - 1.7 2013 - 7.5 2015 - 13.0 <b>Total 22.2</b>	2012
Vurb	Vurb enables to find, plan, and do by connecting to the most relevant information and tools from apps and services in a single mobile experience.	2014 - 8.0 <b>Total 10.0</b>	2011
Relcy	The <b>"mobile-only search engine"</b> indexes the content inside apps, link that content together, and then rank results adding contextual relevance	2014. 9.0 <b>Total 9.0</b>	2013

## TRENDS

### SEARCH CONTINUES TO BE AN AREA OF INTEREST

VC Investment in US Internet and Mobile Search Companies



Since 2011, focus on mobile search has increased because of the advent of smartphones. Investments in mobile search companies as a percentage of total investment in search engines, has been 42.90% in 2014.

## CONCLUSION

Google will continue to be the market leader by revenue and by number of searches in the near future. While Baidu and Sogou may have gained market share in China, they are still far from competing with Google on a global scale. It may not be worth adjusting search marketing strategy to fit in with new search alternatives, not just yet.

*With improvement in quality of devices, mobile services and innovations with a focus on niche areas, the spotlight has definitely shifted to mobile search. Google too has responded by refining the algorithms to give higher rankings to mobile friendly sites.*

*The search industry is poised to grow two folds in the next 5 years. Investors will be keen to invest into ideas which are disruptive (shift towards specified searches vis-a-vis generalized searches) or hyper local (such as language based search engines).*

The Search industry is now around 20 years old. The speed of adoption has become rapid ever since the development of internet. Internet search in particular has reached a level of maturity where handful players now compete in the market. However, the development of mobile search has led to some new players enter the market on the basis of innovation and features. This trend is likely to be seen in all verticals of the internet industry where niche areas within every vertical will develop even more in the coming years.

## REFERENCES

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