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2004 - A Year of Search in Review

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This is the last edition of the StepForth Weekly News for 2004, making this the perfect time to write a retrospective before moving into the new year. The past year will be remembered as the most interesting year in the history of search, that is until this time next year. 2004 witnessed the end of the search engine cold-war and the beginning of what is likely to be an intense rivalry between Google and MSN. It also showed a clear demarcation between who's hot and who's not in the business of search.

There were more subtle shifts in the business of search last year than most of the previous years combined. 2003 was the watershed year of mergers and acquisitions, a trend that continued well into 2004, but it wasn't until mid-summer that the growth of the industry started to make a lot of sense. The obvious winners of 2004 were the Big3: Google, Yahoo and MSN but underpinning the success of the Big3 were the real winners of 2004; the writers of add-ons, features and innovative technologies related to search.

2004 was the year Blog became a household word and the year that Bloggers fundamentally changed the face of the Web. Blogs were the most powerful tool popularized in the past year and are now supported by every major player in the search field. Bloggers heavily influenced Google rankings, causing Google to change the way it weighs and values incoming links. Bloggers have also changed the tone of journalism and opened a new information publishing frontier to the general public. The first major Blog-based search tool I know of was developed by [Loren Barker](#) for Mark Cuban's search engine [IceRocket](#).

The past year was one of announcements, one-ups and positioning as the major search engines struggled to roll out as many improvements and innovations as possible. Items such as search-engine specific toolbars, desktop search applications, local-search features and super-sized Email accounts were introduced to win and retain the loyalty of users. The various battlefronts of the search engine war shifted enormously over the past year, ultimately offering search users 3 unique major search engines, the widest array of independent choices seen in almost four years. At this time last year, Google dominated the organic listings by providing the database for most of its rivals. That changed in first quarter of 2004 when Yahoo introduced its own algorithmic search database. MSN followed with the release of its own [search engine](#) late in the third quarter. Even with the growth of its rivals, Google continued to dominate the news this year and was the ultimate winner in 2004.

Many if not all decisions and initiatives in the search industry, regardless of where or by whom they were made, had one common factor. Google's successful IPO had the biggest influence on the business of search last year. Development and innovation throughout the search industry was promoted by the IPO much like the search sector was dominated by Google's database in 2003. For rivals, there was and continues to be an overwhelming fear of Google's seemingly limitless growth plans. Those watching the industry should not make the same mistake the pros did in 2004 by assuming Google's sometimes juvenile hubris demonstrated a lack of long-term planning. Over the last quarter of this year, Google showed that it has as many plans as it has patents, making it almost impossible to predict what the landscape will look like twelve months from now. Given Google's growth, assume the landscape is going to be much larger, covering more of what the Internet can deliver to home and business consumers.

While expansion and introduction of new services was the way of the search world, many of the new products rolled out by search services seem to be copycat productions. Every search tool has a toolbar and each is interested in desktop search. Google was the first of the Big3 to introduce a functioning desktop search feature with MSN introducing their version earlier this week and Yahoo expected to release its version in January 2005. While [Google Desktop](#) gathered the most print-space this year, it wasn't the first of the well-known names to introduce a desktop

appliance. That bragging right goes to Lycos/HotBot which released a very good desktop search feature in [March](#). Since then, everyone else has fallen over their own feet trying to release their version of desktop search.

The other major trend-setting innovation seen in 2004 was the advent of Local search features. Google and Yahoo dominate the local search market but MSN and several smaller rivals have also shown great interest in local search. At this time, it is difficult to state who is really ahead in this field as both Google and Yahoo offer highly credible local search features. Google likely has the dominant positioning though as it has brokered deals with most of the major telephone directory services to integrate their databases into Google's Local search tool. It is still very easy to get your site into Yahoo local as well.

Assigning the role of losers, while fitting with the "winners" theme is more difficult. The "big losers" of 2004 (if one can call them that) didn't really lose much at all, and continued to introduce technically strong products such as Lycos/Hotbot's desktop search feature. When considered against the Big3 however, the smaller players didn't gain enough ground to be considered major players anymore. Google, Yahoo and MSN fundamentally dominate the search landscape of early 2005. Given the growth of all three over the past twelve months it will be difficult if not impossible to beat them in the next twelve. Smaller players shouldn't lose heart though. 2005 is going to be a time of immense change on the Internet and in the world of search and that change will likely leave some room for maneuvering on the part of AskJeeves, AOL, Lycos and Vivisimo.

Next edition, we will be making our predictions for 2005! Where do you think the world of search is going? Anyone interested in sharing their predictions is welcome to write me over the holidays at jimhedger@stepforth.com. We will be interested in adding ideas from all over the world to the next edition.