Microsoft eclipses Yahoo in US search for 1st time

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Microsoft Corp. has finally reached a long-sought and expensive goal - its Bing search engine now ranks second behind Google in the Internet's most lucrative market.

Bing and Microsoft's other websites fielded 2.75 billion search requests in the U.S. during December, catapulting in front of Yahoo Inc. for the first time in the jockeying for runner up to Google Inc., according to statistics released Wednesday by comScore Inc.

Bing's December volume translated into a 15.1 percent share of the U.S. search traffic, comScore said. Yahoo processed 2.65 billion search requests, representing 14.5 percent of the U.S. market.

Google remained Internet's go-to place for information, with 12 billion U.S. requests in December. That works out to a 65.9 percent market share.

Other research firms track the Internet search market. But comScore's numbers matter the most to industry analysts and the companies trying to attract queries so they can make more money from the ads that appear alongside the results. Google's dominance of online search is the main reason it has established itself as the Internet's most profitable company.

Analysts have expected Microsoft and Yahoo to flip-flop their positions in Internet search since they announced a partnership in July 2009. The 10-year agreement has enabled Yahoo to save money by relying on Microsoft to provide the bulk of its search technology.

Microsoft wanted the deal so it would have billions more search requests to analyze each year, giving it a better chance to learn about people's tendencies and preferences.

Pursuing Google has come at a huge cost for Microsoft, which still makes most of its money from the Windows operating software and other software it sells for personal computers. Microsoft's online division, which is anchored by Bing, has suffered operating losses of about $7 billion since June 2008.

Even though it leans heavily on Microsoft's technology, Yahoo hasn't totally abandoned search. It still offers some unique features within its results in hopes of persuading more people to search on its website instead of going directly to Bing. The main reason: Yahoo still gets 88 percent of the ad revenue from searches conducted on its website and receives nothing from queries entered on Bing.

The efforts haven't been enough to prevent a steady slide in searches at Yahoo. The company's share of the U.S. search market stood at about 19 percent when it joined forces with Microsoft, according to comScore. Meanwhile, Microsoft's market share has climbed from roughly 9 percent.

Yahoo's eroding search share is one of the reasons that its revenue has been falling during the past three years, causing a downturn in its stock price, too. The company just hired Scott Thompson to become the fourth CEO in the past five years to attempt a turnaround at Yahoo.

"Scott Thompson has his work cut out for him," Citigroup analyst Mark Mahaney wrote in a research note breaking down comScore's latest search statistics.

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