

On the Strategic Value of Browser Home Page to Google

PMetrics Team

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Executive Summary

- Users do not always make a deliberate choice of search engine
 - “Choice” seems strongly influenced by browser home page
 - Effect appears to overwhelm product quality and brand
- Setting the browser home page to Google is crucial
 - Users do *15% more searches* after home page set to Google
 - Searches *decrease 27%* if home page changed
 - *Effect much stronger than from toolbar install*
- Pursue setting home page as a strategy to gain market share?
 - On neutral turf, G dominates; with a Y! home page, G is distant second
 - Y!'s 25% home page share (3x G's) significantly constrains G's growth

**All data as of first week of Mar'07*



Browser Home Page

- The first web page to load when a browser starts up
 - Configurable by user but very few know/care to change it
 - Most stay with defaults set by ISP/OEM/browser



- Key strategy question
 - Does browser home page affect the choice of a search engine?
 - If so, by how much?

A \$15B question: but not an easy one to answer



Our Approach

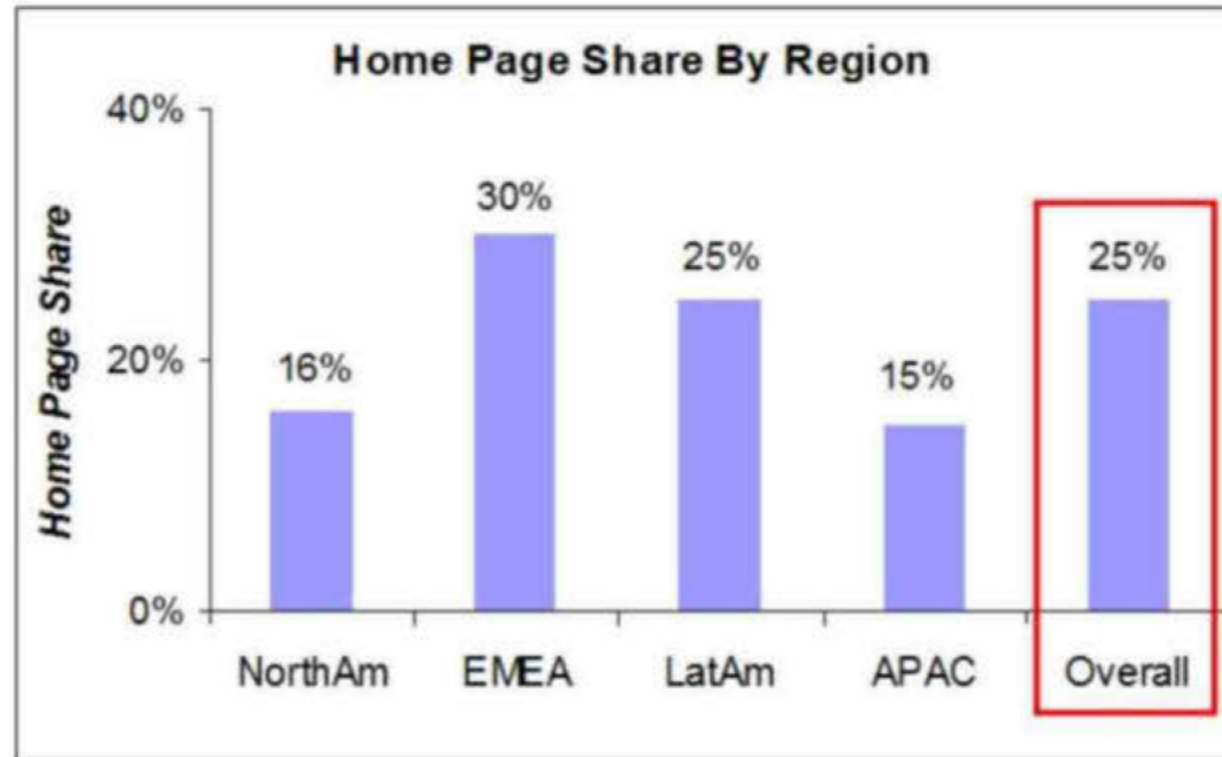
Use two new sources of home page data:

1. Recent logging change allows partial home page tracking
 - “Is current page the home page?”
 - Can tell if home page set to Google, but not “Is Yahoo the home page”
2. CUP panel allows unique peek into user behavior
 - Tracks desktop settings
 - All web behavior (on-Google and off-Google)
 - Big representative panel in 4 countries (~4000 users each)



Browser Home Page Share*

- 25% world-wide, strong in EMEA, weak in APAC, NA

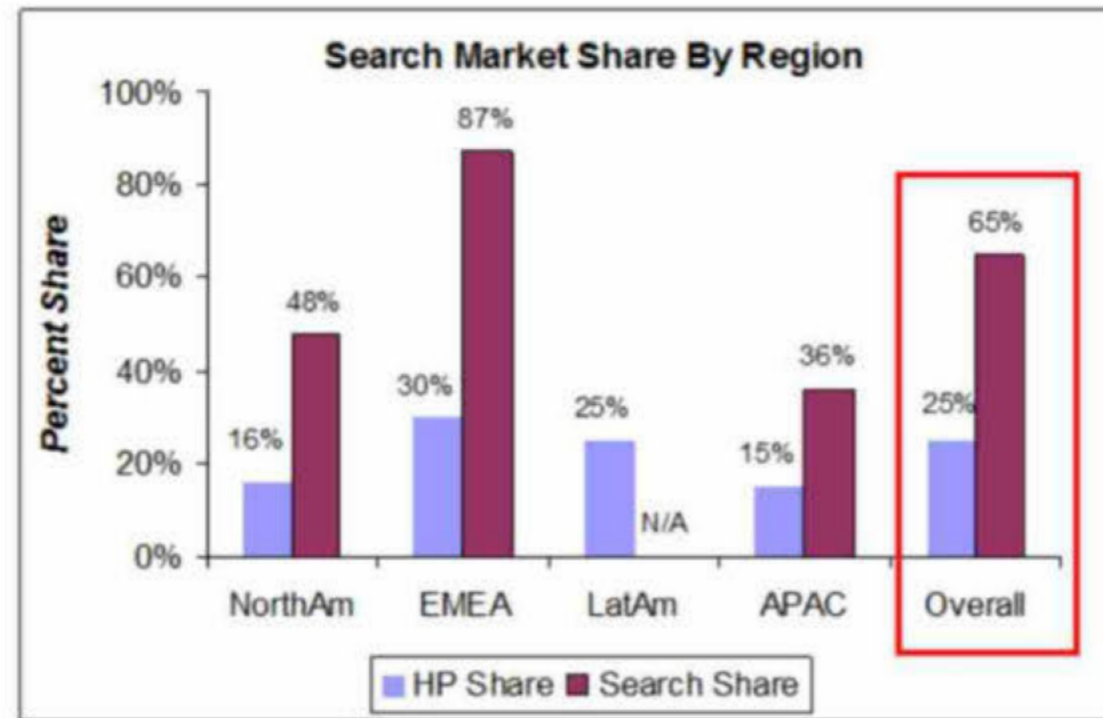


*Source: Google Web Logs



Strong Correlation With Search Share

- Almost linear relationship
 - $Y = 2.98 * X$



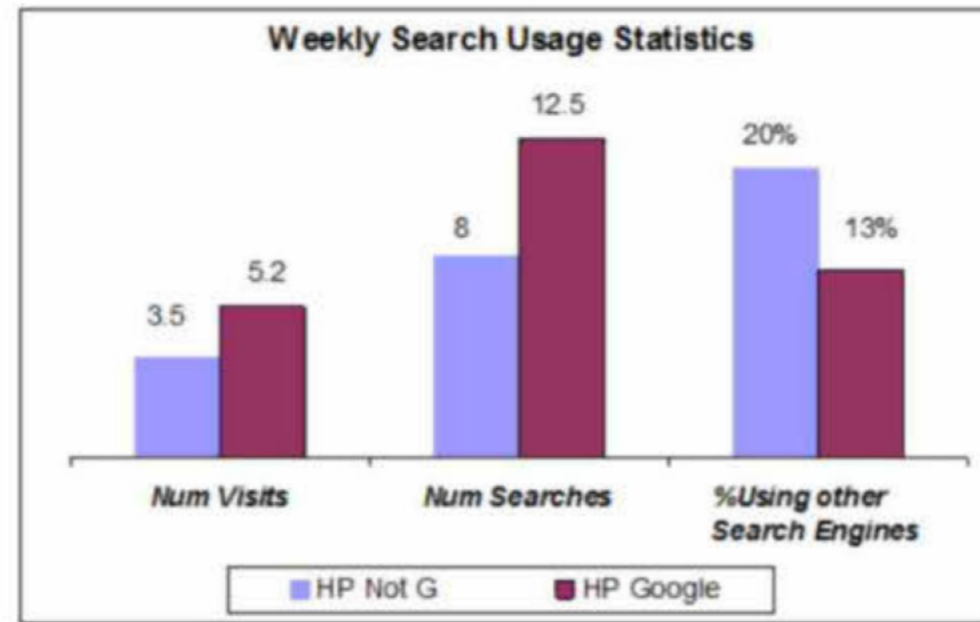
Sources: Home Page share – Google logs
Search Market share – Comscore



Scatter plot?

Home Page and Searches on Google*

- Users with Google as home page have:
 - 50% more search visits, 55% more searches in a week
 - Fewer visits to competitor search engines



Correlation or Causation?

*Source: Google logs, unless mentioned otherwise



Is Home Page the Cause or Effect?

- Which way does causality go?
 - Home page → More searches? Or more searches → Home page
- Identify users who set their home page to Google
 - Home page on day N was not Google...
 - ...but within a week from N, it was set to Google (and stayed set)
- Do a pre vs. post analysis
 - Compare ~~searches~~ ^{Week when HP set} the week ~~before~~ ^{before} and ~~after~~ ^{after} home page was set

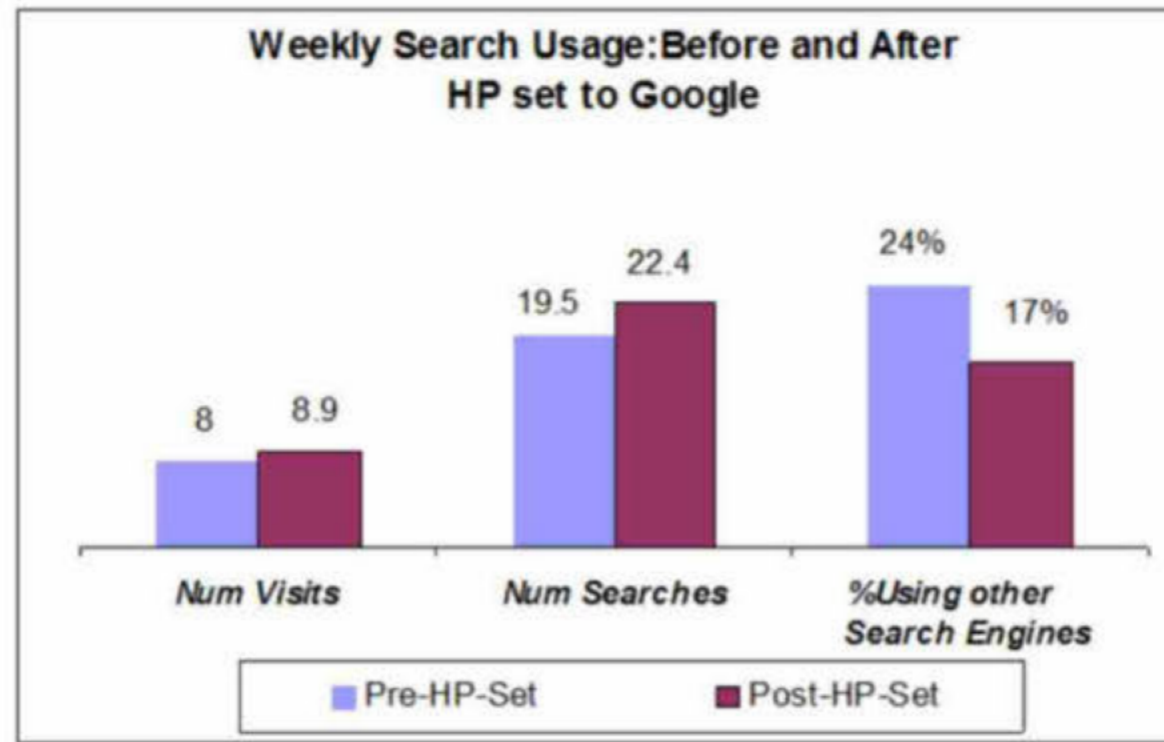


Google

Graphic..

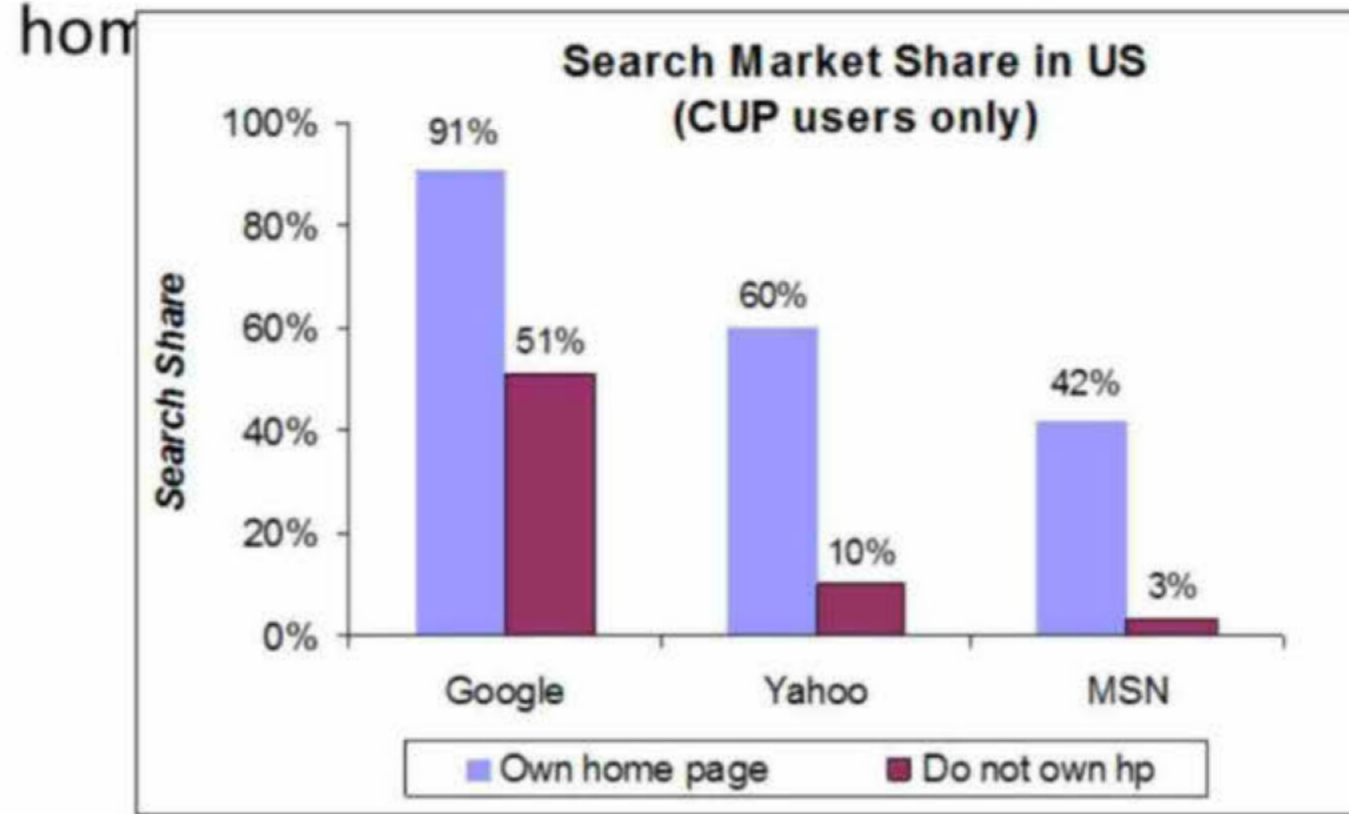
Users Search More After Home Set to G

- 11% more visits, 15% more searches



Home Page Strongly Affects Search Share

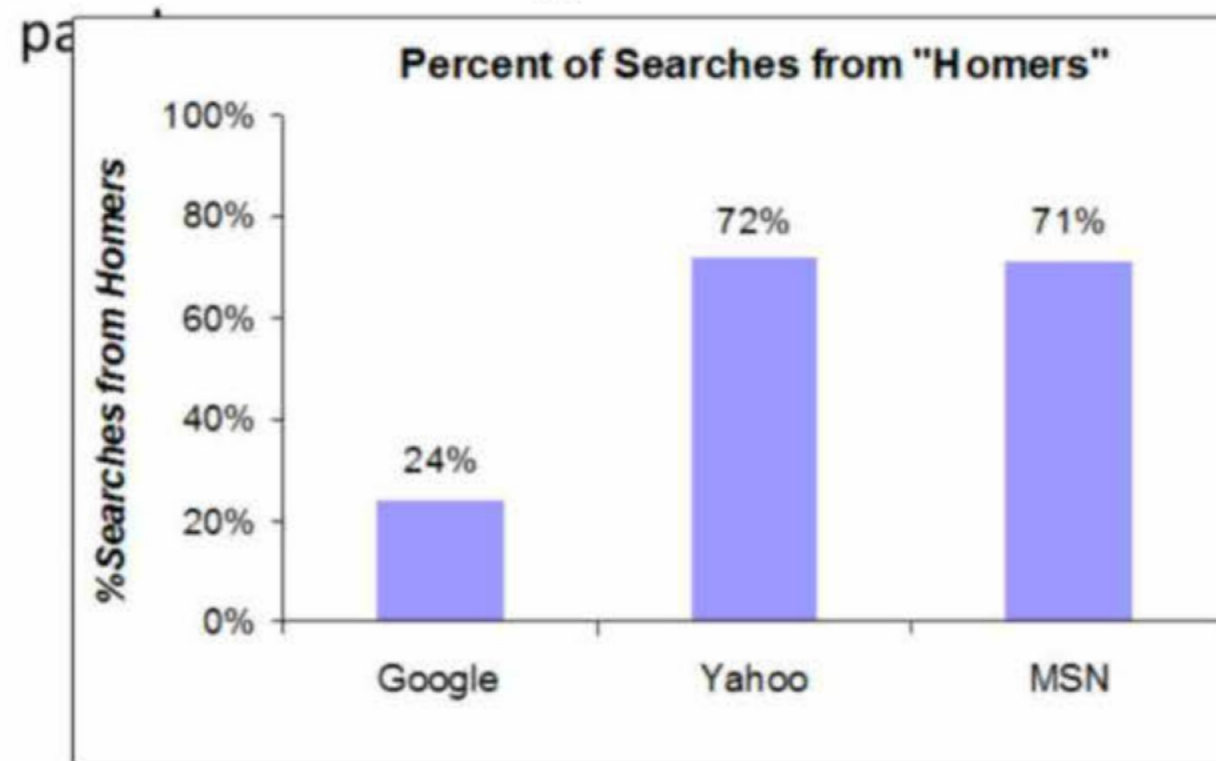
- 2-14x more searches if search engine also owns home page



Show overall share differently?

How Vulnerable are Search Engines to Home Page Settings?

- Google least vulnerable, but it could still lose a big share
- Could be devastating for Yahoo & MSN to lose home



Summary

- Data suggests that:
 - Users do not always make a deliberate choice of search engine
 - Choice seems influenced by handy access to search box
 - 50% users stay with pre-configured browser home page
 - Product quality/brand seems to temper effect of browser home page
 - Google still preferred even if Google not the home page
 - Yahoo, MSN strongly dependent on home page setting for search share
 - Browser home page can be a powerful strategic weapon in the Search battle
 - Could be the Achilles heel for Yahoo and MSN
 - Biggest opportunity for growing share in APAC and North Am



So How Much is a Home Page Worth?

- Estimated *incremental* life time value: ~\$3 per user
 - Value is roughly \$6 in US due to higher RPM's
- Assumptions:
 - Avg #searches/user/week = 9.2
 - Incremental searches/week = 15% of 9.2
 - Avg RPS = 3 cents
 - Avg lifetime of Home page = 71 weeks (1.4% users unset/week)
 - Same RPM on the incremental queries



Potential Tactical Steps

- Home page share should be key business metric?
- More prominent “Make Google my home page” promo?
 - Increased focus on iGoogle? More engaging hp? Themes?
- Partner more aggressively with ISP’s and OEM’s?
 - The upcoming renewal of SBC Y! deal an opportunity?
- Provide an option to set home page with downloads of Google apps?
 - Toolbar, Earth, Gtalk, Picasa and others
- Promote non IE browsers more aggressively?



Open Questions

- What influences choice of a browser home page?
- What's the best way of partnering with ISP's & OEM's?
- How to create incentives for users to set G as home?
- How to counter the IE 7 threat?
- How to best target competitor's vulnerabilities?



Key Takeaways

- Users do not always make a deliberate choice of search engine
 - “Choice” seems strongly influenced by browser home page
 - Effect appears to overwhelm product quality and brand
- Setting the home page to Google is crucial
 - Users *search 15% more* after home page set to G
 - Users *search 27% less* after home page changed from G
- Home page could help us gain significant market share
 - Especially in North America and APAC
 - Gains could be as high as 15% market share (\$2.2 B annually)
 - Could be used to target a vulnerability for Yahoo, MSN



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