

# Analyzing resources and capabilities



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13 February To what extent has Google's strategy been built upon a common set of resources and capabilities rather than specific customer needs? What are Google's principal resources and capabilities?

Due to volatile customer preferences and needs, established businesses worldwide are focusing more on strengthening their internal resources and capabilities. From a small web firm, Google Inc. has emerged as a dominant industry giant over the past 12 years. The firm is continuously adding up various internet services such as email, satellite maps, e-book libraries, word processor, photo management and telephony. Apart from being a search engine, these extensions reveal strong commitment of the firm to formulate its strategy on basis of resources and capabilities.

The estimated Google's Brand equity was 25.6 in 2008, a 96% increase compared to 2007. Google's set of available resources and capabilities enables it to build a strategy focused on company's internal environment rather than following market trends. According to Robert Grant, "When the external environment is in a state of flux, the firm itself, in terms of its bundle of resources and capabilities, may be a much more stable basis on which to define its identity". The company is developing its advertising resources and generates around 99% of the revenue through advertising. The prime resources and capabilities of Google Inc. include search engine differentiation, brand value, qualified workforce, innovative technology, culture, advertising, cost and speed, huge user-base and concentric diversification. Strategic partnerships and agreements with leading businesses allow Google to enhance active use of its resources and capabilities. The firm values its employees with a number of benefits, performance rewards and is also considering wide expansion to its current

human resource.

As Grant notes, “ The resources and capabilities of the firm form the foundation for building competitive edge”, Google is giving tough competition to its market rivals. However, there still exists a lot of room for improvement in Google’s common set of resources and capabilities as its revenue depends almost entirely on advertising and it also lacks a better understanding of the China market.

### References

Grant, Robert. " Chapter 5: Analyzing Resources and Capabilities." Contemporary Strategy Analysis. 5th ed. Wiley-Blackwell, 2005. Print.