Search engine company in correlation

Business, Company

Case Introduction:

My analysis of theHarvardcase study, Google, indicates that this company is resolute in its fortitude to keep hold of its strong standing as a search engine. The introduction in the case study states that " Google's mission is to organize the world's information and make it universally accessible and useful." This stanch statement reflects Google's foundation for global achievement and its objective to continue as an efficient and effective search engine. In maintaining this mission statement, the company is able to continue being successful while competing with AOL, MSN, and Yahoo.

This evaluation of Google will vigorously examine the various factors associated with Google's early success as well as ongoing aspects which drive Google's viable attitude. Pertinent to all case studies is the ability to identify the strengths, weakness, threats, and opportunities associated with the corporate entity while performing a general analysis using Porter's Five Forces.

This inspection of Google's behavior shall include analyzing the internal, cultural, external, and industrial factors which impacted Google directly. Our internal evaluation will identify if Google's characteristic governance structure, corporateculture, and organizational processes are considered positive facets of the company or not. We will determine if these tailored corporate activities work in Google's favor or tend to obstruct their activities and profitability.

Situational Analysis:

It is crucial to carry out an analysis of any corporate company's situation via its customer segment. The customer segment of Google is all about comprehending what behavior or reason a customer uses Google whether it be for research, chat purposes, various marketing requirements, or even for sales purposes. This wide array of information can be leveraged to continue to sell to that particular customer segment or enable Google to restructure or realign itself to that customer segment in order to be more efficient.

For instance, search engines like Yahoo have incorporated games on their website in order to induce more clicks and hits by a younger demographic (Eisenmann, case study). This marketing tactic allows for Yahoo to straightforwardly targeting the younger demographic because they recognize what that customer segment expects to see on their website.

On the other hand, Google considers that it needs to maintain its search-related advertising revenue. This revenue is key to their more mature customer segment. In addition, they are focused on global usages such as advertising companies which require paid listings and banners. Google's customer segment varies greatly from the average internet user to the merchant. Google has marketed itself via positive mentions on merchant websites. One example of this was Danny Sullivan, a newspaper reporter for the Los Angles Times and The Orange County Register.

In the late ' 90s, Sullivan spent his time designing websites and was approached by Google to mention Google on his created sites. Because Google lacked a direct sales force this allowed Google to market itself without having to advertise. Website designers also became part of the consumer segment for Google. (Vise 82-86)

SWOT Analysis :

Strengths:

For Google strengths we shall scrutinize what advantages Google has over its competition, which activities they tend to execute well, which resources are at their disposal to utilize and what consultants and analysts view as pertinent strengths. Because Google has a direct or indirect association with their competitors it is important to examine the quality of this relationship too .

The case study indicates that Google signed a 5 year deal in December of 2005 with AOL (owned by Time Warner) to continue providing " web search results and search-based advertising". From a financial stance, we should be impressed with Google in 2005 because it added $4. 3 billion to its " coffers" in this time period. The case also indicated that Google's " highly scalable model" delivered in only the first nine months of 2005 " more than $500, 000 per employee" and its " market capitalization was pushed over $131 billion". This 5% stake and deal as a continuation of their 2000 business activities and was where the returns drew from.

As a partnership, this deal permitted Google to persist in its advertising revenue why leading to a decrease in its competition. This partnership was valued at $13. 7 billion dollars and the start-up $1 billion, which has been initially paid, had increased 14 times in value. Google was able to uphold a $300 million credit to the Time Warner products so that the Time Warner corporate could advertising its items on the Google website. All in all, the business model is considered a great success and strength because it has lead to financial rewards via licensing fees and its advertising fees (Eisenmann, case study).

Google also launched products which were not exclusively web search related such as Gmail, Google Desktop, Google maps, Google Book Search, and Google Talk. Google's PageRank algorithm which " reliably developed more relevant searches by favoring pages that were referenced –' linked to'- by other pages." decreased the amount of time researchers spent on the World Wide Web in search of applicable information. Google also introduced its first paid listings, which were priced on a ranking method which allowed users to see the most relevant ads first.

This strength maximized Google's revenue simply because a paid listing provider would receive little to no revenue from ads which high Cost-per-Click but low Click-Through-Rates. This was based on a statistically ratio of actual clicks versus expected ones. Google launched Froogle, a popular product search service which identified merchants for " specific products along with their prices" which allowed online shoppers to make a comparative assessment of various prices of items. Thisstresson continued expansion is a reflection of the companies high regard for speed, clarity of information andcommunication, valued tradition of upholding consumer expectations, and maximizing revenue.

Their internal strengths and founding standards are upheld via the Statement ofPhilosophyand The Ten Golden Rules which will be elaborated upon later on in this analysis. Also its AdWords and AdSense has allowed advertisers and web publishers to run " large, dynamic advertising campaigns" which as lead to over 79% of Google's revenue (Gamble, case study).

Weaknesses:

I will expose what Google could improve upon and which actions they should have considered avoiding. One apparent weaknesses is that maybe they ought to have used Froogle as a way to have merchants pay to have their products appear on the Google search results. Furthermore, they could have measured the derived referral feeds from whenever consumers went from their Google results to the individual merchant or seller's website. This could have also further enhanced Google's profitability early on because they would be using their search results as a way to promote themselves.

An internal factor which could be a peculiarity which was Google's dependence on the management ' trio', Brin, Page, and Schmidt and its governance structure. Investors a lacking in organizational hierarchy which was clear to follow, and easy to strategize around. This also lead to hindrances in decision-making practices and far less dependence on investor judgment calls or strategic gestures than investors approved of. Universally investors felt uneasy about investing and employees found themselves informed about decisions well after they were made by the ' trio'. Lastly, this weakness rendered inoperative any internal discussions that could have brought about differing strategic insight.

Opportunities:

It is vital to grasp what opportunities Google is facing, and what appealing trends they are seeing. From a search engine perspective, Google has seen that they are using algorithms which reduce the amount of time spend searching for information; which marketers prize. After all, time ismoney!. There are 3 upfront and unique opportunities which Google could incorporate into its growth and development.

It could settle on building Google into a full-fledged portal like Yahoo or MSN which could be accomplished by the company deciding to aggregate its content into thematic channels. Secondly it could transform itself more into a e-commerce like firm, or finally, it could determine that it needed to develop products and tools which directly compete with Microsoft's office and Window's Operating Systems. In addition, it is a good opportunity as Google's stock price has continued to go up over 2005 and compared to S&P 500 Index continues to do so (Gamble, case study).

Threats:

Google could see that search businesses become more concentrated. I have my reservations that one search engine will become a ' winner-take-all' but consumers might see a semi-monopoly on search businesses which would prevail over less competitive businesses. Should a monopoly transpire, Google would see additional government policies and interventions occur. Lastly, they are also threatened by their competition which has similar algorithms and are using ever varying software to aid in their competitive attributes. This could seriously threaten Google if the competition offers software which are in high demand by users.

Porter's Five Forces Analysis:

(1) Power of the Supplier: differentiation of inputs or products

Google has diversified the quantity of user-friendly, cost effective, and time capable tools that it can present to its users. For merchants, it enables them to have consumers who are educated in the various products out there, how much they cost, and an overall comparison of value of the item. Their products Gmail, Google maps, and Google Talk were quite tailored unlike its competition (Gamble, case study). For example, Gmail offered the most email room in contrast to competitors.

Google launched a new feature and service called Google Image Search, which its competitors lacked, which had millions of photographs, unique images, and descriptive pictures. This service allowed dating agencies to post images of daters who could post their individual images as well. This tool revolutionized how people could use a search engine to find pictures swiftly (Vise 100-101).

(2) Power of Customers (or buyers): Such as bargaining leverage, buyer volume and information

Because Google was a strong advocate of a tool called Zeitgeist Google recognized what the consumer wanted. This tool summarized search terms or ideas which are popular or not on the internet. These results were posted on Google's website to show what consumers were researching throughout a given year. This dataware house of information reflected that Google was aware of the goods or items that consumers were engrossed in.

Google started the first database of information on cultural interests in its beta project called Google News. This information could be used to market to companies what people were buying, looking to purchase, or not interested in (Battelle 1-5)

(3) Threat of Substitutes: Such as switching, buyer inclination to substitute

For Google, its competition itself is the threat of substitutes. For instance, if consumers are younger they are easily directed to Yahoo’s gaming sites. If consumers are looking to make a purchase via eBay, they would require PayPal which is a direct substitute to Google’s Wallet. Other search engines can also be used to perform research to provide more immediate links to information. As Yahoo clearly lists out the various listings, such as Maps, Jobs, Travel etc.., a user who knows they are concerned with only of those subjects might be unwilling to type into Google as search phrase or waste time scrolling down potential search results (Eisenmann, case study).

(4) Exist 1 entry barrier (Barriers to Entry): Such as Government policy, absolute cost advantages, proprietary learning curve, and economics of scale

Many start up companies are unable to endure due to the larger search engines obtaining the largest patrons and business listings. In fact, search businesses might *become more concentrated and dominated* by fewer firms due the high level of barriers to entry. Government policies can be used to diminish the likelihood that search engines could compete in a non-monopolistic fashion. Government policies could make it difficult to have most listings and verify the criteria for what can or can not be listed.

In addition, smaller start up companies can experience a proprietary learning curve because bigger companies can invest more money in encouraging their engineers to spend more time creating better search algorithms, and more tools that users can experience on those websites. This investing can also be driven by investors who are unwilling to attempt to overhaul existing search engines which have experience thriving in the search business.

(5) Intensity of Rivalry/Competition: Such as industry concentration and diversity of Rivals

A strong level of competition exists between Google, and competitors like Yahoo, and eBay.

Yahoo:

Yahoo, a full-fledged portal, had an initial lead because it supplied an “ easy access to a broad range of third-party content and related transactional services, organized into channels such as Auto, Finance, Games, Kids, Health, Sports, etc..” In addition, yahoo owned Hotjobs, and contained the largest dating site content. On the other hand, Google was driven by providing what the consumer requested and needed via its “ clever algorithms and sheer computational horsepower.” In laymen’s terms, Yahoo directed its visitors to particular sites whereas Google allows the user to interact and research the various items that they are looking for (Eisenmann, case study) and (Gamble, case study).

eBay:

Google’s strong search algorithms was considered a direct threat to eBay. Because most users are searching for a product they are considering purchasing, consumers could swiftly search for a product on Google’s search engine while doing a price comparison of products against various other sellers. This tool also threatened Craigslist, a free listings site, which is ¼ owned by eBay. If Google decided to move towards e-commerce it would need an online payment service, such as an electronic paying wallet which would compete with PayPal, an eBay payment service (Eisenmann and Gamble's case studies).

Company's Position in the Marketplace: Renewing its Deal with Aol

In renewing its deal with AOL, Google simply can not afford to pay AOL more than 100% of the revenue generated from AOL searches. On May 1, 2002 AOL decided to adopt Google as its search engine of choice. AOL users had a small search box on every page which stated " Search Powered by Google." Per Vise, " AOL's size extended Google's reach more than any other partnership the company could have entered into during that period.

It came about in part because Sergey Brin and Larry Page had focused on putting users first and providing them with the fastest and most reliable results…" (Vise 112-113) In fact, Google had just overcome its past financial status of having $9 million in cash and $9 million in debt on its financial books.

Google'sleadershiprecognized that without a cash cushion in case of hardship or unforeseen dilemmas it could lose the company. Its new policy to charged advertisers only when the advertisers ads were clicked. The actual price that advertisers paid Google for their ad to show up whenever a user searched for that merchants item. Every time a user clicked on one of those ads Google got paid by the original advertiser. The cost of running the ad on Google and the cost for the click on that ad was determined via a nonstop online auction so that Google received a competitive price for placing those ads. (Vise 114-116)

Distinctive Corporate Culture and Internal Aspects

Internal Factors and Corporate Culture:

Throughout the case study, Google illustrates how it is steadfastly unshakable in maintaining itsgoals, mission, and marketing sense of direction. It is recognize and identify that Google wants to continue presenting to its an efficient search engine tool. Its competitive frame and consistency in providing user-friendly tools, illustrates that Google knows what the every day consumer is looking for.

Google ensures that its interface is clear and simple, advertising is relevant, and that its pages load swiftly (Gamble, case study). By placing the interests of the user before anything else, Google has built a consistent consumerloyalty. Its internal culture is its strongest asset because it stands behind its products. The philosophy is the foundation upon which Google was built and Google has not lost sight of that (Eisenmann, case study).

Their focal point on ‘ democracy’ on the web, flexibility in providing information via new tools such as PDAs, making “ money without doing evil”, quality, speed of service, need for global information and networking, and above all ideal that “ great just isn’t good enough”. These concepts are embedded in the day-to-day dealings of the Google employees. They have also held fast to their 10 Golden Rules. This attitude has inspired the creativity of engineers who dislike communication mishaps or lapses in teamwork.

Recommendations

Three major opportunities for Google to continue growth and development are 1) grow into a full-fledged portal like Yahoo or MSN to grow into international scales. This could be accomplished by the company deciding to aggregate its content into thematic channels. 2) transform into a e-commerce driven company 3) develop products and tools which openly compete with Microsoft's Office and Windows Operating Systems.

As the company is already producing tools and products which are consumer popular its consumer following and recognition will be great for any of such accomplishments. Google would also need to focus on its governance techniques because the trio management style causes ill-ease among potential investors which seek management which is open to strategic opinions and concerns.

By organizing its management style to better reflect other firms it will its sum of investors who would be m ore willing to take the risk and liability if the company decides to pursue any of those endeavors. In general, financially it might be to big a peril for Google to challenge Microsoft's desktop hegemony or become an e-commerce intermediary like eBay, but because Google is already in the information business with some preliminary experience to portal development, it might be best for Google to continue in its stance to becoming a portal like Yahoo.

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