Example of globalization and global strategic planning essay

Business, Company

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Google Inc. is a multinational company that was founded in 1998 and today operates in 70 offices and in approximately 40 countries. It offers internet related products that help to enhance web experience of users, to simplify search and to open new internet opportunities for businesses. Strong customer focus, rapid response to market dynamics and commitment to creativity in the workplace are strongly embedded into the corporate culture.

In 2006 the company decided to enter the Chinese market with the new google. cn version of the search engine. However, it was only possible since the company agreed to comply with censorship requirements from the Chinese government. However, in 2010 Google responded to the hacker attacks from China, the company started to redirect search queries to Google Hong Kong and announced that they were no longer willing to censor results of the information search. The decision of the company into the Chinese market remains controversial until now and the apparent failure to win business from the number one Chinese search provider Baidu suggest that this expansion attempt was not worthwhile.

Strengths and weaknesses of the Chinese market

The main factor that supports Google's expansion into the Chinese market is the high level of growth of the market and its overall size. As the country continues to grow and gain importance on the international economic arena, it offers higher potential for advertising business that is in the main source of Google's revenues. The number of people in the country and the rapid spread of technologies shows the high potential of this market, which continues to grow unlike more mature European and American markets. However, China also presented a number of challenges. Firstly, low level of liberalization and high governmental control of operations created a high level of uncertainty about the future of Chinese operations and significantly increase the political risk of doing business in the country. The high level of censorship also limited the number of services that Google could offer to the Chinese users. Lastly, the competition in the market was already quite strong in the Chinese market at the moment when Google decided to enter there. Thus, Baidu, the main Chinese search engine was already holding the majority of the market with other players such as Yahoo and MSN occupying small niches.

Opportunities and threats to enter China

The main opportunity was definitely the high growth of the market and the possibility to leverage the high need for advertizing in the growing Chinese economy. The omain threat of such market entry was a damage to the company image. Thus, the commitment of Google to information transparency was jeopardized by the agreement to the conditions of the

Chinese government and users all over the world started to question company's " don't be evil" motto (Weiss, 2009).

Another threat is the high competition in the market. The local search engine Baidu possesses a significant market knowledge and already holds the majority of the market. Other search engines also have already established their presence in the market, therefore it is extremely difficult to penetrate the market for new entrants.

Evaluation of the decision to enter China

Although the decision to enter China was quite controversial for Google, the outcomes indicate rather clearly that it was not the most appropriate move for the company. Low information transparency and high barriers to introducing services to the Chinese users in the form of censorship forced Google to redirect queries to Hong Kong. The strong competition in the market never allowed the company to overcome the Baidu dominance. Moreover, the decision to move to China significantly harmed the image of the company, which was often praised by its desire to provide the most imformation and to achieve full transpareny. Therefore, entering Chinese market was, perhaps, the most appropriate solution, as the risks and payoffs increased. However, in the long-run the loss of customer trust and " bad" reputation

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