

Strategic analysis model

Business



Internet has been the prime source of information, news, libraries, on line banking, e-commerce and web based application. As a result it has been the focus of advertisement industry by any means and several methods have been deployed i. e. search-based or banners. Google strategy was based on search-based advertising.

But in order to gain popularity and attract users, they by deploying the best searching method to provide the more correct and reliable search results, tried to gain this market.

However since this advertisement market is and will be attractive, the number of competitors in this area is enough to put some force on rivals. “Competitive forces are never the same from one industry to another (Thompson, Strickland & Gamble, 2010, P. 60). However in order to identify competition forces in the search industry and distinguish the strongest one, we need to look at each of five forces one by one: Threat of New Entrants

Since the search industry is growing and offer attractive profit opportunities for advertising companies, Microsoft with higher capital although has been in this market before, but it intends to enter to this market aggressively by introducing new initiatives in search industry like Bing. But since Google has high degree of user’s loyalty, it is harder for new entrant’s i. e. Face book, Twitter or Microsoft to enter to this market easily. Also Google’s sophisticated infrastructure makes difficult for other rival to enter to this market easily.

Refer to one of Goggles 10 principles: “ By always placing the interest of the user first, Google has built the most loyal audience on the web. And that growth has come not through TV and companies, but through word of mouth

from satisfied user to another, (Gamble 2008, C262). Threat of Substitutes
Social media i. e. face book, Twitter gives more concern for search engines
like Google, Yahoo. Social networks have employed real time searching
capability which makes competition harder for Google.

Social networking provides users with real time information which seems to
be faster than

Google or Yahoo search engine. Bargaining Power of Buyers “ Google allows
users to pay CPC rate lower than their bid price if their bid was considerably
more than the next higher bid” (Gamble 2008, C262). This creates an
opportunity for users for bargaining and gives Google a competition edge.

Rivalry among competing Sellers (Intensity of Rivalry) Advertising market is
a market where there is no end to manoeuvring for buyer patronage
(Thompson, Strickland & Gamble, 2010, P. 60). Search engines try to use any
innovation and employ any new methods to strengthen their market and
retain their users.

However Google has been able to distance itself from other rivals by a)
differentiate the search concept from rivals and advertising methods b)
maintaining good relationship with internet users, advertisers and web sites
c) gaining users loyalty for this search engine. But due to higher number of
searching engines it is less costly for users to switch from one engine to
another, but I guess as users have loyalty for Google they are reluctant to
makes this change. Due to higher potential for advertising market in
internet, this industry is very attractive. The number of people worldwide
accessing the Internet to read breaking news, conduct library research,

make consumer e-commerce , transaction, use web based business application and ..

. ” (Gamble 2008, C262), indicates that the best place to put ad’s is internet where there is more users.