

External forces that are key to success

Business



Many mobile users, especially in Kenya and other African countries, use Google's Mobile Payment to send money and in daily business transactions. Regulations in the telecommunication industry have also served as an entry barrier to new entrants. The telecommunications license is very expensive and this has made entry into the industry very difficult. Google Wallet has therefore very few competitors.

Threats are external forces that are harmful to the organization. A threat is a major unfavorable situation in a firm's external environment (Tuckwell, K. J. 2007). Google faces two major threats. These are lower telecommunication licenses and competitors adopting low-cost technologies. If the license fee for telecommunication firms was to drop, the industries would attract more players. As a result, more competitors would come in and the large market share enjoyed by Google would reduce. Google has adopted high-cost technologies for money transfer and network distribution. If competitors would adopt low-cost technology, they would be able to offer services at lower prices.

In the case of a negative impact on Google, the company should adopt a differentiation strategy to help it cope up with the competition. According to Porter (1980), differentiation may generate superior profitability because it provides insulation against competitive rivalry.