Free case study on google strategic management

Business, Company

The following strategic management paper is about one of the largest organizations in the world, Google Corporation. Google Corporation was founded by Larry Page and Sergy Brin in the year 1998, and it is centred in 1600 Amphitheatre Parkway, Mountain California (Manjoo, 2011). Being an international organization involved in technology, Google has been providing internet-related services over the years. The most commendable developments have been seen in its enhanced internet search, advertising technologies and cloud computing services. With the rapid technologies in the current world, Google has managed to improve on its products and services, while introducing new technological applications to suit different people.

Vision/Mission

" Google's vision/mission is to organize the world's information and make it universally accessible and useful" (Mahmood & Desmedt, 2011, p. 3). The vision statement clearly defines Google's customers, by stating that its mission is to organize the world's information. This means that its customers are all those people who would like to access a wide range of information in an organized manner. The company also identifies the importance of technology by stating that its mission is to make the information universally available, meaning that it values the aspect of the world becoming a global village through technological advancements. The vision testimonial exhibits a strive for growth, profitability, and survival through articulating that the company wants to offer useful information to all, meaning that it will do its best to ensure growth through customer satisfaction (Maney, 2009). The mission statement also defines the company's aspirations, as one that would want to remain the best in internet-information-organization because it aspires to continue doing what it does even in the future. It also identifies the company’s competitive strengths by stating that the information will be available across the globe, unlike other localized search engines. The company identifies the markets that the business operates in as information-oriented. However, the company mission does not cover corporate or public responsibilities, stakeholder value analysis, and company ethical principles.

Strategic elements of history

The company does its advertising by determining people’s interests so as to target strategically the right people with the right product. Its popular Google Search engine has become immensely popular due to its fast and convenient search algorithms, and also it incorporates the search engine with other vital services such as Google maps and Google books (Maney, 2009). The company also offers efficiency tools like online-productivity tools where it offers free webmail service through the beta-program. Google can, therefore, be said to offer technological and internet products in a unique and convenient manner; thus making it extremely popular. Over the years, Google has also made several acquisitions such as the acquisition of Deja Usenet, You Tube, Doubleclick and Peakstream Technologies.

External environment

There are several socio-cultural issues that may affect Google. For example, global events such as elections and other vital functions will affect Google positively because many people will be willing to access Google for information (Manjoo, 2011). Also, changes in beliefs, values and attitudes such as religious views will impact on Google either negatively or positively. Religious people will want to post any new developments or views in the search engine while some people will despise some of the religious views. Absence of knowledge and education may negatively impact the company, meaning that they cannot implement their services nor products to the society effectively.

Being a web-based application, Google may be affected by technological shifts. For example, it can be affected by absence of identity and privacy as individuals misuse the website. Google has a webmail application (Gmail), and malicious people may hack such accounts thus creating a bad image for the company. Also, increased mobile-technology innovations will push Google to come up with phone applications. It has already done that by coming up with Android operating software for Google phones.

Economic changes may also affect the company especially the fluctuation of means of exchange such as the dollar. Fluctuations of the dollar have in the past affected global companies, and every time the dollar fluctuates, the impact will be the same. Demand for online commerce and tourism will affect the company positively because more people will be accessing more Google links and advertising will be even more intense (Manjoo, 2011).

The environmental aspect that may affect Google is infrastructure. For people to access Google links and adverts there need to be an excellent internet-infrastructure. In areas where there are oceans and large water bodies, underground fibre optics has been increasingly used to increase the access of Google products and services. Extreme weather conditions such as

Tsunami may impact negatively on the company because the undersea cable could get damaged.

The legal / political aspect that may affect Google is the internet censorship bills. Some states have in the past passed internet censorship bills such that the citizens of those countries cannot access some web links. Any such censorship will impact negatively on Google.

External factor evaluation

The external factors that face Google Corporation refer to the opportunities and threats that the company faces externally. The main opportunities for Google have been the ‘ Adwords’ and ‘ Adsense ’ (Maney, 2009). ‘ Adwords’ refers to a program that was created by Google such that when a user clicks on it, he gets paid. ‘ Adsense’ is also offered by Google to publishers in the web, such that all publishers who place Google sponsored links in their sites are paid a portion of the ads revenue. Also, Google’s interest in company acquisition is usually a great opportunity for the company. Google plus, the customers usually get a chance to know what other people are purchasing, thus, encouraging Google shopping. Also, Google TV (fiber optic networks) creates an opportunity for Google to offer video streaming content.

However, the company also faces some threats such as intense competition from other companies in the market. One of the main competitors is Yahoo Incorporation. In other regions such as China, Google faces competition from Baidu Corporation that has already established itself in the local market. The other threat is lawsuit, considering that it spent about 2B dollars in a lawsuit, in the year 2010 (Copeland & Weintraub, 2010). Economic down turn may also affect Google negatively because if consumers reduce their spending, the revenues would go down. Mobile search is also a threat due to the small screen resolutions that hinder advert viewing when using mobile phones.

Google Competitive Position

The company can create a competitive advantage over other large corporations such as Microsoft. This can be implemented by embracing Google’s Chrome operating system, and also Google open up other avenues for all users such that it can encourage people to improve their usage of Google’s online applications and other services. The company has an upper hand in doing this because it can also enhance the sale of lucrative internet ads (Maney, 2009). The company can take advantage of the current market because most people use Windows which can be quite expensive. Such a move can break the Microsoft craze that has hit the world for the past 20 years. The company needs to carry out its competitive tactics bearing in mind that its competitors are also coming up with various products. For example, Microsoft has tried to improve on its Microsoft Vista operating system by coming up with Windows 7.

Internal capabilities

Google has many internal capabilities that have made it extremely profitable together with ensuring that it maintains its competitive edge against other similar corporations (Copeland & Weintraub, 2010). For example, the company has continued to offer useful and unique content by the use of a proprietary algorithm that organizes the information in the web in regards to relevance and importance. Also, its brand equity is quite useful as an internal capability for the company. With the value of the company at 86B dollars, Google's strong brand has made it the most powerful brand in the world (Copeland & Weintraub, 2010). The speed at which the search engine works is a strong point for the company and research shows that about 97 % of all people who access the internet always prefer using Google as the search engine. People have trusted Google for a long time and, therefore, it becomes the most preferred search engine due to is relevant and quality searches. Another capability of Google is the fact that it does not only deal with Search engine technology, but it also deals with other products such as operating systems and webmail applications.

Porter's five forces model

Google has a low supplier bargaining power. The bargaining power is law due to the dominance that the company has had for many years, and probably the power will continue being low. However, Google's buying power is strong just like other technological companies (Manjoo, 2011). For example, there are certain companies that deal with mobile phone technologies thus bringing in some form of competition for Google-based mobile products. In the market, Google can be said to be having an average competitive rivalry. Although it faces competition from other search engines, Google has managed to create a niche for its market. The company also spices up its applications by adding more products such as Google earth and Google Maps. The company also has a considerably low threat of substitution because it has become an indispensible part of the technological growth across the globe (Manjoo, 2011). However, the threat of a new entry can be termed as moderate because there exists a risk of other companies upgrading their services.

Financial analysis

Financially, Google can be said to be way ahead of its close competitors such as Yahoo incorporation. Google enjoys higher incomes from operations and sale ratios, showing that it is more profitable than its competitors. In the year 2006, the sales, income and asset growth rates went down considerably. Also, Fixed Asset turnover were significantly down (Mahmood & Desmedt, 2011).

Google Financial Ratios in 2006 and 2007 respectively (Mahmood & Desmedt, 2011)

Growth Ratios

Sales Growth 56. 5% 72. 8%

Income Growth 43. 2% 76. 0%

Asset Growth 37. 1% 79. 8%

Activity Ratios

Receivable Turnover 9. 1 10. 6

Fixed Asset Turnover 4. 1 4. 4

Profit Ratios

Profit Margin 30. 6% 33. 5%

Return on Assets 23. 2% 24. 7%

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