

# Assignment 3



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The industry chosen for this essay is the search engine industry which is one of the most crucial tools for use of the internet today. The internet is populated with innumerable websites ranging from personal websites, to corporate portals, online communities and virtual marketplaces. To browse all of these without a search engine would be like driving on a network of highways without any signboards. The first search engine on the internet came to be in 1996 when Yahoo!, a brainchild of Stanford University Graduates Jerry Yang and David Filo went public. Their initial dabble at organizing their favorite websites into categories had transformed into a million-hits-directory website which offered a search feature to visitors, allowing them to search for web content by browsing categories. Considering that there had been no search engine before Yahoo!, it is safe to say that before the entry of the first mover, the industry had no other player in the category. The industry of the internet was a slow cycle industry since the product still exists in today's world. However, the technology running and defining this network had a very fast cycle. Technology became obsolete very soon and firms were forced to keep innovating and improving their product offering in order to stay afloat. Many of the innovations brought about in this relatively new field were from garages and university dorms as was in the case of Yahoo!. When Yahoo! was initially launched, it was a little more than an organized directory of a handful of websites which the friends, families and peers of the two PHD students at Stanford University used to navigate the web. However, only a year later in 1995, the immense growing popularity of the website prompted the founders to actively pursue the concept as a business and set up their own company with the help of start up funds from venture capitalists. The product that the first mover had in

this category was a roadmap to the largest roadway network in the world. It helped browsers use the internet for more than niche purposes and allowed them to explore a new world based on their interests through their portal. This innovation, coupled with the diligence and organization that went into the directory made the website as popular as it is today. However, its failure as a search engine alone was simply owing to the fact that Yahoo! concentrated more on its flagship directory service and outsourced the pure search engine function to players like its rival Google (Wong 24-44) When Google, the second mover entered the market, the founders had noticed a popular niche in the market and developed the best product available to fill that niche. By diverting all their attention and efforts to this one product (Google search), they not only managed to take over the market captured by the first mover, but have also continued to dominate it till date. Therefore, one can conclude that being a first mover is not always the most ideal of situations. A second mover has the advantage of watching the first mover make mistakes and avoid the losses from these mistakes as well as a chance to capture what's left of the market after the first mover has captured a portion of it. Timing and luck are both equally important factors contributing to the success of a first or second mover. However, a first mover who inspires loyalty in their customers and has a product so good that it is hard for competitors to improve upon it and also knows how to market these attributes is definitely in a strong position in any market. Works Cited Wong, Tiffany Ya-De. A Theoretical and Empirical Analysis of First-Mover Advantage in the Internet Economy. Stanford University. June 4 2003. Web. May 5 2011.