

Environmental analysis of google



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Google Analysis

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Introduction

The industry in which Google operates is Internet Industry. Google Inc. is a publicly operating company, which is headed by Dr. Eric Schimidt (CEO), specialized in internet searching and online marketing. In the year 1998, the company was primary incorporated as a privately held company (About Google, 2008). The main office of the company is situated in the Silicon Valley of California. The business produces most of its profits from keyword based advertising. The mission statement of the Google is to systematize the information of world and make the information universally accessible and useful. The company believes that the most effective and ultimate way to accomplish their mission is to put the needs of their users first.

Industry Analysis

The internet industry's buyers have a lot of power. Internet users can use any search engine they want without any high costs. The users of Internet industry only search with Google and Yahoo because they are the best but if one more search engine comes around, the users will switch to that. Once a corporation builds a solid reputation they have some staying power. The supplier power of the internet industry is also high (Wheelen & Hunger, 2007).

The suppliers of the industry are the people who can come up with new web site concepts, online services, and technologies. Internet companies have gained their competitive advantage through the superior technology in terms of services, communication technology or website design. For example

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Google was started because of a new and unique algorithm that was applied to internet searching (Wheelen & Hunger, 2007). The amount of competition is very high in the internet industry; there is no company that does not have to compete with some other companies. The internet industry is in its growing stage and every company wants a large amount of profits and customer base. In this industry, the switching costs are so low that customers can shop at the best prices without worrying about costs. The threat of substitution is also very high in the internet industry as the switching costs are low and there are many companies competing for customers. The threats of new entry in the internet industry are also very high (Wheelen & Hunger, 2007).

Macroeconomic Environment

An Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environment to key people within the corporation. A corporation uses this tool to avoid strategic surprise and to ensure its long term health. The purpose behind the environmental scanning is to learn about events and trends in the environment and project the future position to identify the favorable and unfavorable factors in the environment from the standpoint of the firm. The macro environmental survey helps to formulate strategy in line with opportunities (Ramaswamy & Namakumari, 2007).

The macro environment variables that affect the Google industry are economic factors, political factors, technology environment, Social-cultural factors and legal factors. Find out how our expert essay writers can help you with your work...

Economic Environment: Economic Environment is a vital component of the mega environment from the standpoint of strategic planning. Any industry and Business depends heavily on economic environment (Ramaswamy & Namakumari, 2007). Fortune of industry and business heavily rests on the purchasing power of the people and purchasing power is largely a product of economic environment. The economic factors that affect the Google industry are:

- Economic Conditions of different segments of population, their disposable income and purchasing power.
- Trends in income distribution and consumer-spending pattern, income, savings and credit availability.
- Rate of inflation, Tax rates & Interest rates and exchange rates.
- Behavior of capital markets: The corporate sector and capital market are important indicators of sophistication and growth of an economy.

Political Environment: the political environment exercises great impact on industry and business. With development on the political front affecting the economy, the economic factor often becomes by-product of the political environment (Ramaswamy & Namakumari, 2007). The political factors that affect the Google industry are:

- Form of Government
- Political stability
- Tax Laws
- Laws related to the hiring and promotion of employees

Technological factors: Technology is a major force for industry and business to reckon with. Technology leads practically all forces that shape people's lives. For a business firm, technology affects not only its final products but also its raw materials and operations. The internet industry is one area where the technology keeps on changing constantly. Mobiles and radio pagers are other examples (Ramaswamy & Namakumari, 2007). The technological factors that should be kept in mind are:

- Total government spending for research and development
- Focus of technological efforts
- Productivity improvements through automation
- Selection of appropriate technology
- Telecommunication infrastructures

Legal Environment: Businesses have to operate within the framework of the prevailing legal environment. They have to understand the nature and complexity of the whole range of legislations, enactments and legal provisions relating to the conduct of business. In general, legislations regulating businesses have been steadily increasing (Ramaswamy & Namakumari, 2007). Internet industries are targeting on some unique features of legislations and restricting the freedom of operations. The legal factors that affect the Google industry are:

- Regulations on products and services
- Control on trade practices
- Antitrust regulations
- Patent protection
- Rules and regulations formed by government.

Economic factors and political factors

The two macroeconomic variables are economic factors and political factors.

The US economy has an edge over other rich countries. The growth of the Google Company is very prospective according to the chart. The GDP rate of the economy is increasing, which in return will help the company to grow. The US has the largest and most technologically powerful economy in the world, which has a per capita Gross National income of \$37, 610 (US Economy, 2008). Source: US Economy, 2008

The U. S. labor markets have shown a mixed performance in 2007. An amount of employment has been expanded by 1. 1% for the year, but monthly job gains have slowed and the unemployment rate gradually increased. The unemployment rate increased from 4. 4% in December 2006 to 5. 0% by December 2007 (Global Economic Environment, 2008).

Challenges and opportunities

Google has opportunities that they are looking to exploit to further their market share of the world search industry. China is the area where Google does not have a significant influence (About Google, 2008). If Google wants to continue his growth at the same rate that they have been achieving for the last many years, they have to expand their market share in china by much larger percentage of 13. The purchase of the web content host Youtube. com poses massive opportunities for advertising to million of people (About Google, 2008).

Through advertising, a lot of people can be attracted by Google. The Google Company can make use of new technologies and techniques for the

achievement of objectives (About Google, 2008). The amount of advertising revenue would be sure to increase the income of the company. The subsequent opportunity that may come for Google is in the form of mobile devices. Google has already developed software for the mobile users (About Google, 2008). To use the Google Mobile, the users must physically install the software required. By preinstalling the services in mobile phones, the company would allow Chinese mobile users to use Google's search service to retrieve more relevant and accurate information directly from their cell phones. It will increase their market share within China (About Google, 2008).

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