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E-Content BCH-601 : Business Policy

Lecture 36

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Introduction

Google is probably the world's best-known company for pioneering the search engine revolution and providing a means for the internet users of the world to search and find information at the click of a mouse. Further, Google is also known for its work in organizing information in a concise and precise manner that has been a game changer for the internet economy and by extension, the global economy because corporations, individuals, and consumers can search and access information about anything anywhere and anytime. Moreover, Google also goes with the motto of "Do not be Evil" which means that its business practices are geared towards enhancing information and actualizing best practices that would help people find and search information. Though its business practices in China and elsewhere where the company was accused of being complicit with the authoritarian regimes in censoring information were questionable, on balance, the company has done more good than harm in bringing together information and organizing it.

Strengths

- **Market Leader in Search Engines**

Perhaps the biggest strength of Google is that it is the undisputed leader in search engines, which means that it has a domineering and lion's share of the internet searches worldwide. Google has more than 65% of the market share for internet searches and the competitors do not even come close to anywhere that Google does.

- **Ability to Generate User Traffic**

Google is a household brand in the world, its ability to drive internet user traffic is legendary, and this has helped it become one of the most powerful brands in the world. Indeed, Google averages more than 1.2 Billion hits a month in terms of the unique searches that users perform on the site. This gives it an unrivaled and unparalleled edge over its competitors in the market.

- **Revenue from Advertising and Display**

Its revenue model wherein it garners humungous profits through partnerships with third party sites has held the company in good stead as far as its ability to mop up resources and increase both its top-line as well as bottom-line is concerned. This is another key strength of the company that has helped it scale greater heights.

- **Introduction of Android and Mobile Technologies**

The last of the strengths discussed here relates to its adoption of Android and Mobile technologies, this has resulted in it becoming a direct competitor of Apple as far as these devices, and operating systems are concerned.

Weaknesses

- **Excessive Reliance on Secrecy**

Google does not reveal its algorithm for searches or even its basic formula as far as internet searches are concerned leading to many experts slamming the company for being opaque and hiding behind the veneer of secrecy. However, in recent years, Google has taken steps to redress this by providing a bare bones version of its unique search engine algorithm.

- **Falling Ad Rates**

In recent years and especially in 2013, the company has been faced with declining revenues from ads and as a result, the profitability of the company has taken a hit. This is partly due to the ongoing global economic slowdown and partly because of competitors snapping at its heels in a more aggressive manner. Indeed, Apple has already taken steps to garner search engine revenues in its devices and hence, Google must be cognizant of the challenges that lie ahead.

- **Overdependence on Advertising**

Google's business model relies heavily on advertising and the numbers reveal that it gets more than 85% of its revenues from ads alone. This means that any potential dip in revenues would cost the company dearly (literally as well as metaphorically). The point here is that Google has to devise a more robust business model that embraces e-commerce and mobile commerce along with its current business model that is based on ad revenues alone.

- **Lack of Compatibility with next generation devices**

Another weakness for Google is that it is not compatible with many next generation computing platforms including mobile and tablet computers and this remains an area of concern for the company.

Opportunities

- **Android Operating System**

Perhaps the biggest opportunity for Google lies in its pioneering effort in providing the Android OS (Operating System) which has resulted in its becoming a direct competitor to Apple and Samsung.

- **Diversification into non-Ad Business Models**

As discussed earlier, the company has to diversify into non-ad revenues if it has to remain profitable and current indications are that it is adapting itself to this as can be seen from the push towards commercial transactions using its numerous sites like Google Books, Google Maps etc.

- **Google Glasses and Google Play**

The introduction of Google Glasses and Google Play promises to be a game changer for Google and this is a significant opportunity that the company can exploit. Indeed, this very aspect can make the company take the next evolutionary leap into the emerging world of nano-computing.

- **Cloud Computing**

Cloud Computing remains a key opportunity for Google as it is already experienced in providing storage and cloud solutions. Indeed, if not anything, it can move into the enterprise market using the cloud-computing paradigm.