

## Google Inc. MarketBuster

### Abstract:

Google's founders Larry Page and Sergey Brin developed a new approach to searching the web that took root in a Stanford University dorm room in 1995 and quickly spread to information seekers around the globe. Google is now widely recognized as the world's largest search engine -- an easy-to-use free service that usually returns relevant results in a fraction of a second. Google's utility and ease of use have made it one of the world's best known brands almost entirely through word of mouth from satisfied users. As a business, Google generates revenue by providing advertisers with the opportunity to deliver measurable, cost-effective online advertising that is relevant to the information displayed on any given page. This makes the advertising useful to you as well as to the advertiser placing it. Google can be used from a number of wireless platforms including WAP and i-mode phones. It operates in several international domains in different languages and offers a wide variety of services such as satellite maps, desktop searching tools, news, games, email and many more. Google's mission is to make the world's information universally accessible and useful.<sup>1</sup>

### Introduction

The idea of such a search engine emerged in 1995, through a project at Stanford University by two graduate students, Larry Page and Sergey Brin that was initially called BackRub. They bought a terabyte of disks at bargain prices and built their own computer housings in Larry's dorm room, which became Google's first data center. The two students found it difficult to find a buyer or receive funding and were advised by David Filo, the founder of Yahoo! to grow the service themselves. They decided to raise funds to start a company called Google Inc. and received \$100,000 from an angel investor, Andy Bechtolsheim, one of the founders of Sun Microsystems. Through friends, family and other donations, the two students managed to raise \$1 million.<sup>2</sup>

By 1999, the school project had turned into a company as they began hiring employees and shifted to a bigger office in California called the Googleplex. Their growing popularity and presence in the market as an effective search engine was further promoted by the USA Today and Le Monde. PC Magazine named Google one of its Top 100 Web Sites and Search Engines for 1998. By June 2000, Google officially became the world's largest search engine with its introduction of a billion-page index — the first time so much of the web's content had been made available in a searchable format. Some of Google's philosophies that make it attractive include, "You can make money without doing evil", "You can be serious without a suit" and "work should be challenging and the challenge should be fun."<sup>3</sup> They catered to their global users by offering the interface in over ten different languages. In late 2000, the company started introducing new products such as the Google toolbar, AdWords (self-service advertising system), and keyword-targeted advertising revenue stream along with a partnership with Yahoo! that strengthened its reputation.

By 2002, they were recipients for several awards of Best Design, Best Search Feature and many more. They continually updated their products and provided their customers with the most accurate, fast and easy to use search engine. Google News was launched in September 2002, offering access to 4,500 leading news sources from around the world. Froogle, a product search service launched in test mode in December of 2002, helps users find multiple sources for specific products, delivering images and prices for the items sought. Google AdSense had a

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<sup>1</sup> InformationWeek White Papers, Google Inc. < <http://whitepaper.informationweek.com> >

<sup>2</sup> Google Website <<http://www.google.com/intl/en/corporate/history.html>> Accessed on June 3, 2005

<sup>3</sup> Wikipedia Article < <http://www.nationmaster.com/encyclopedia/Google> > Accessed on June 14, 2005

noticeable impact on the advertising marketplace and the realm of publishing by using an algorithm to determine a person's likelihood of viewing advertisements on a webpage. In 2004, Google announced it was offering free email accounts with 1,000 megabytes of memory – Gmail. Their advantages lie in constant innovation and immense customer devotion to provide the most user-friendly, efficient and convenient tools to surf the web.

### **MarketBusting Moves**

Google's presence as the world's largest search engine with millions of users around the globe can be attributed to its use of the following MarketBusting moves:

- #2: Digitize to combine or replace links in an existing chain
- #3: Make some links in the consumption chain smarter
- #10: Add a compelling parallel offering
- #11: Eliminate complexity
- #37: Make a land grab

#### Digitize to combine or replace links in an existing chain:

Google runs its entire operations online from the software programming to the use of the program by its customers. It continually updates links in its existing chain by introducing improved versions and faster access to information sought after. Accurate and fast searches improve the customer experience and the service is absolutely free. With a customer base of millions of users, Google's database contains information about every link that is clicked on through its searches, which can allow it to understand a person's preference, most common searches to provide them with ranked pages or specific information they might find useful.

#### Make some links in the consumption chain smarter:

Google's open-source policy allows people worldwide to play with their programming skills through Google Labs on their website, which continues to bring out constant improvements. The search engine does not allow any pop-ups and puts minimal information on the main search base for faster uploads. Every time a query is made, the Google server searches through about 8 million web pages to find the best matching text and relevant information and provide users with the best information and satisfaction.

#### Add a compelling parallel offering:

Google realized the amount of information it had on its customers through the links clicked by them. This could be used for targeted advertising and providing search results that were more relevant to an individual. Google also offered toolbars to make searching documents on your computer easier. Additions include Google Maps, Google Calculator, Google translator and several more that offer its users an array of programs and tools when needed, all through their main search page. Gmail, the first email service of its kind, offered users 1GB of storage space with features that allowed them to search through their email accounts. Google users can search for movies, restaurants and have them sent to their mobile phone or PDA's. Some small tools include Google glossary and Froogle which makes searching for images in different languages more convenient.

#### Eliminate complexity:

Google's webpage contains only 37 words as they count in bytes and understand that their users have to pay when downloading their webpage through modems. Before 2000, the average search took approximately 3 seconds. Now it's down to about 0.2 seconds. And since 0.2 is more than zero, it's not quite fast enough.<sup>4</sup> This is the thinking at Google. They realize that attention and trust of their users is paramount in maintaining long term success. Searches

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<sup>4</sup> 'How Google Grows...and Grows...and Grows', Fast Company, Issue 69, April 2003, pg. 74

requiring over 0.2 seconds lose the user's attention. Having extra words or having speed compromised by unwanted advertising affects the user's trust. Focusing on what the customers want and working to provide them with this fast, accurate and easy search engine, Google tries to eliminate complexity and has thus become one of the world's most exciting young companies -- a company from which every company can learn.

Make a land grab:

Google continues to introduce new services and improve its existing product lines. While Googlers may relish their shot at impossible wealth, they appear driven more by the quest for impossible perfection. They want to build something that searches every bit of information on the Web. Reducing search times, producing new algorithms to match texts to get the most relevant and accurate information are attributes that make it stand out in the competitive field with giants like Yahoo! and Microsoft. Keeping the search page simple and having links with tools such as satellite maps, calculators, games, news etc. gives users an option, while keeping the basic feature fast and efficient. Google employees strive for perfection and work towards providing their users with a perfect search. This motivation and culture that Google fosters, allows for continual innovation that other company's find difficult to match up to.

Implementation:

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**DRAT Table, Google Inc.**

**SOURCE**

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**External**

|  |  |
|--|--|
| Powerful Incumbents                          | Competition from other search engines and increasing web traffic and functionality.  |
| Opposition from advocacy groups              | Regulations to disclose customer information for targeted advertising.   |
| Risk to key external Stakeholders            | Generating a revenue stream from a free web-based service.   |
| Inertia                                      | Prove to shareholders that continued growth is possible and that there will continue to be customers that prefer using Google and all its complementary products to make tasks online easier and more efficient. |
| Disruption of customer's system or process   | NA   |
| Changes in standards or Regulations required | Search engine and tools link the world online, certain regulations regarding customer information and privacy.   |

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**Internal**

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| Internal political maneuvering                                     | NA |
| Reluctance or resistance by those needed for active implementation | NA |

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| Resource Constraints | Must produce results in each expansion to keep stock price up. Facing problems in managing explosive growth from 10 to 3000 employees. Investors may lose faith with poor growth prospects, declining market share and customer feedback. |
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**Platform changes required**

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| Human resource and skills platforms       | Needs to continue to attract intelligent and innovative employees that seek challenges and develop new products.                               |
| Logistics platforms                       | Encouraging customers to improve on their products through open-source web programming.  |
| Distributor platforms                     | Free search engine and products available through the web.   |
| IT and database platforms                 | Dependent on technology and online infrastructure for fastest data transfer, turning wireless.   |
| Technology platforms                      | Find new ways to add value to its products by introducing complementary software and new algorithms to make browsing faster and more accurate. |
| Assets, operations, and systems platforms | Extended globally, offering services in over 26 languages, web-based operations and system management.   |

## Marketbusting Kite

| <b>Element</b>  | <b>Needed to Support the Marketbusting System</b>   |
|---|---|
| <b>Agenda</b><br>The key things that the critical people spend time on  | <ol style="list-style-type: none"> <li>1. Expansion into different markets by providing services in their native language</li> <li>2. Meeting the needs of the customers</li> <li>3. Developing a positive brand name and reputation</li> </ol>   |
| <b>Norms</b><br>What principles and behaviors are valued?               | <ol style="list-style-type: none"> <li>1. Innovative ideas, striving to be better than present</li> <li>2. Persistent commitment to growth (market share, revenues)</li> <li>3. Commitment to serving the needs of its customers</li> </ol>   |
| <b>News</b><br>What information and measures are paramount?             | <ol style="list-style-type: none"> <li>1. Consistently bringing innovative products to the market</li> <li>2. Financial stability</li> <li>3. Revenue growth</li> <li>4. Results of test product launches and their success in targeted market segments</li> </ol>  |
| <b>Allocations</b><br>What gets resourced and how are people rewarded?  | Resources go to <ol style="list-style-type: none"> <li>1. Sustain large-scale online database and storage</li> <li>2. Customer feedback and implementing changes</li> </ol><br>Rewards and recognition for successes go to <ol style="list-style-type: none"> <li>1. Employees or customers that develop innovative ideas</li> <li>2. New ideas to increase revenue stream</li> </ol> |
| <b>Structure</b><br>Power, authority, responsibility structure          | <ol style="list-style-type: none"> <li>1. Single division with a board of directors</li> <li>2. Relaxed and casual culture, innovative</li> </ol>   |
| <b>History</b><br>Key routines that have developed and drive activities | <ol style="list-style-type: none"> <li>1. Attention to customers as a business driver</li> <li>2. Desire to mold the business according to customer needs</li> <li>3. Willingness to undertake risk and encourage innovation</li> <li>4. Valuing its employees and hiring creativity and brilliance.</li> </ol>   |

**Key Takeaways:**

Google's primary focus is towards providing its users with the best experience. To this end, Google continues to work in providing the fastest, most accurate and user-friendly search service available. Its innovative culture with every employee spending a fraction of their time on R&D encourages new ideas. They eliminate complexity and take risks in trying to be different, while marketing solely through word of mouth by contented customers. It offers users with a wide variety of tools, making it a one-stop website to meet all their needs. The company also serves corporate clients, including advertisers, content publishers and site managers with cost-effective advertising and a wide range of revenue generating search services. Google's breakthrough technology and continued innovation serve the company's mission of organizing the world's information and making it universally accessible and useful.