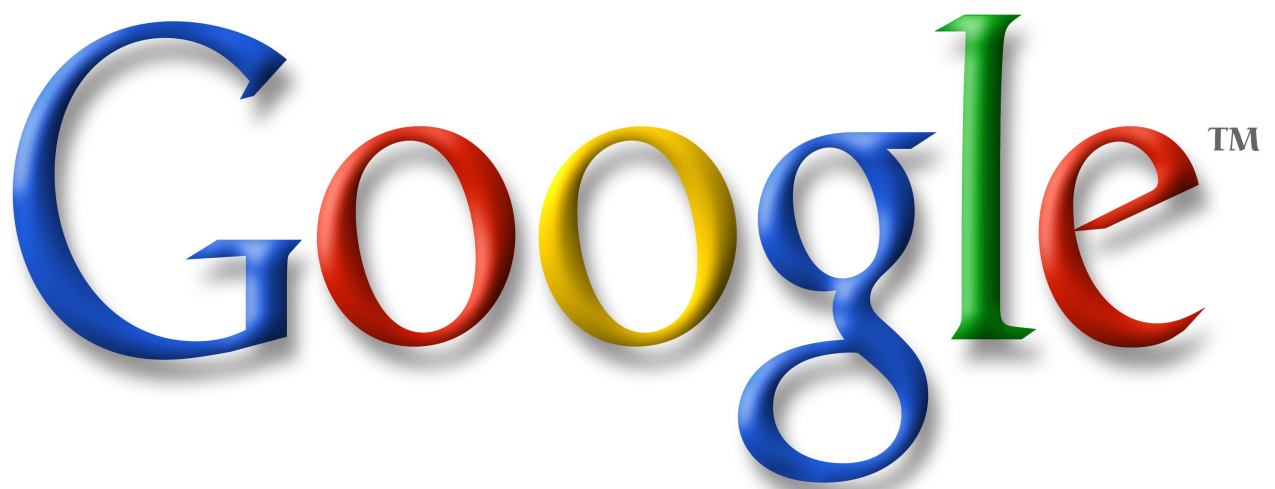


Course: International Marketing
Professor: Professor. Dr. R. Hünerberg
University: University of Kassel(Germany)
Program: European Master in Business Studies(EMBS)
Year: Winter 2008/2009



Google™

By Ronan CHARDONNEAU

Notes

The following report has been realized in order to fit the examination requirements of the International Marketing course included within the European Master in Business Studies during the Winter semester 2008/2009 at the University of Kassel in Germany.

This report added with a 30 minutes oral presentation on the same topic counts for 50% of the final examination regarding the course of "International Marketing".

*The work requested to the student for these 50% is the following:
« Select a company/ an industrial area and describe/ evaluate their international marketing context and concepts ».*

A homework report of 8 to 12 pages is expected to be handed in until Friday, 24th October 2008, 16.00.

Individual presentation on 27th and 29th October(30 minutes).

Because I chose to study the world of search engines for my final master thesis I think that studying Google international activity is the best example of a great international success story case.

*The work I am going to introduce here is **unique, resulting from research and analysis I made on the topic since now three months.** Some similar but pay analysis are available on the Internet.*

*I for this reason **do not allow the free publication or parts of this report without explicitly saying my whole name.***

This work is composed of one part of my research made to determine the topic of my final master thesis. Most of the information included in this report does not exist yet on the Internet I for most of them creating them and interpret them by making analysis which is in fact make all the added value of this report. Most of the information about Google on the Internet are only based on a national level(The United States) making this report on the internationalization of Google make it then quite unique.

I hope you will enjoy reading it as much as I took pleasure to study it.

Ronan CHARDONNEAU

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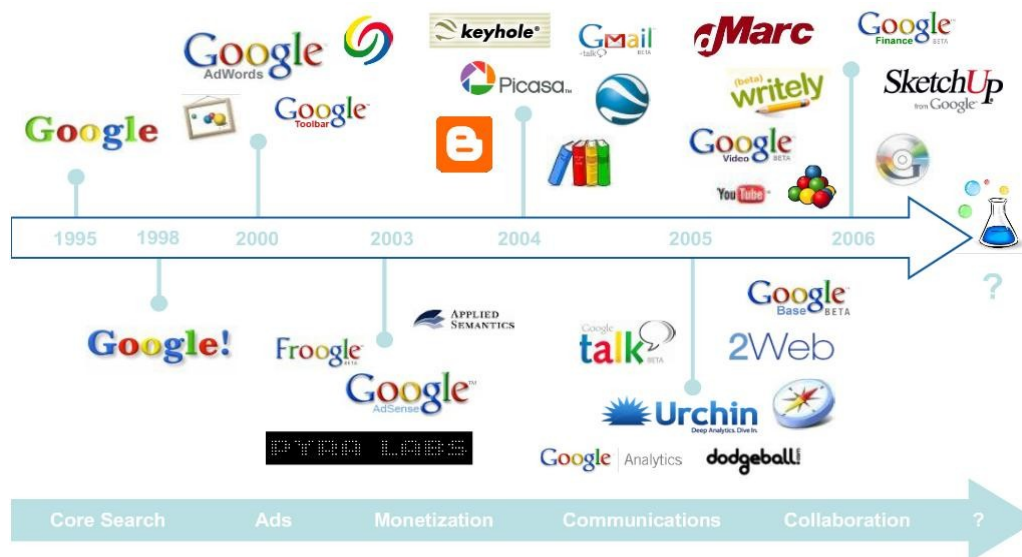
I - Company Introduction

Google Inc has recently celebrated his ten-year birthday(September the 7th 2008). What a great opportunity to study how a simple research project became one of the world biggest growing company in all time!

I – 1 Google nowadays

Google is the most used search engine engine in the world with more than 60% of the world requests made on search engines.

Google is also a company providing a large range of services(exactly 149), his more recent ones(the web browser: Chrome) make it now compete with firms such as Microsoft.

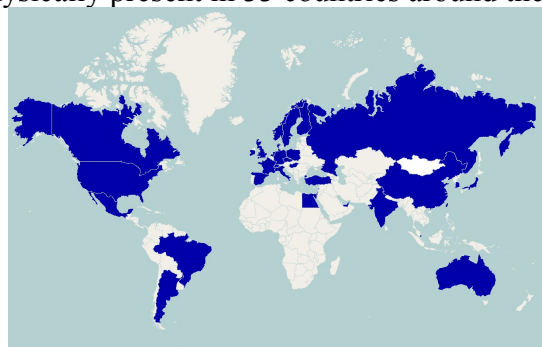


Some example of Google services: mails, blogs, videos hosting, companies ads, maps, pictures hosting, websites analytics

During the last 4 semesters Google generated nearly 20 billions dollars of revenue with a net profit of 4,85 billions. As a comparison for the same period Microsoft(created 33 years ago) got 60 billions dollars and a net profit of 17,6 billions.

The **value of Google is nowadays estimated to 142 billions of dollars.** In the High-Tech sector **only three companies have a better quotation:** Microsoft, IBM (created 97 years ago) and Apple (32 years ago).

Google is physically present in 33 countries around the world with 68 offices:



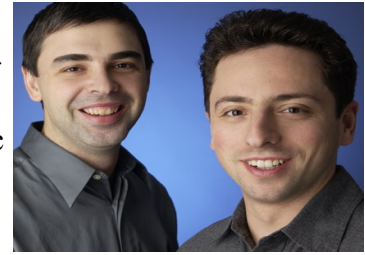
To understand how this company could have been so successful internationally let's study his internationalization steps during the last decade.

I – 2 Google international expansion

In January 1996 a 24 year-old PhD student called Larry Page studying at the University of Stanford was looking for a theme for his thesis.

Encouraged by his supervisor he studied the following topic “exploring the mathematical properties of the World Wide Web“ working in collaboration with another student called Sergey Brin.

To make it simple, it is from this work and collaboration which will came up “Google Inc”(officially created in September the 7th 1998).



Larry Page and Sergey Brin

Two months later Google is already included in the Top 100 of world websites of PC magazine(a reference in the United States for computers).

Even if Google is formerly a web based application in English it is a worldwide service available on the Internet for all. As his creator(Larry Page) said "*Google's search engine has always had strong global appeal,*".

Here is a non exhaustive list of Google abroad activities.

Year 1999: first non engineer employee hired.

Year 2000: Google provides an interface in several languages: French, German, Italian, Swedish, Finnish, Spanish, Portuguese, Dutch, Norwegian, Danish, Chinese, Japanese and Korean.

Year 2001: Google is now available in 26 languages and open his first international office, in Tokyo. A partnership with Universo Online (UOL)(the largest online service and Internet provider in Latin America) makes Google the major search service for millions of Latin Americans Google first international office is sat up in Tokyo in 2001.

Year 2002: Google is available in 72 languages, partnership with AOL and first office in Australia in Sidney.

Year 2003: several national acquisitions to extend Google services which at the end extend as well the world services abroad of Google, for example the blog services “Blogger”. Dublin became the first location for Google's regional operations outside the U.S.

Year 2004: more than 100 Google domain names are available. Google opens new engineering offices in Bangalore and Hyderabad in India. R&D center opened in Tokyo.

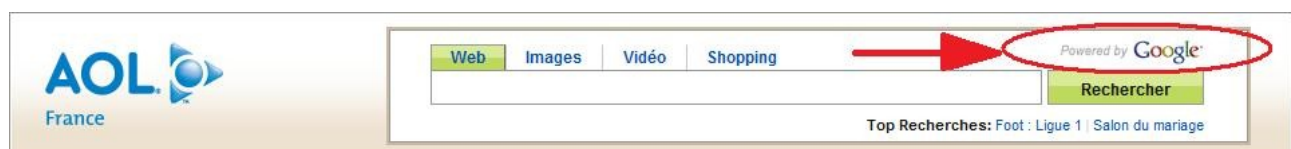
Year 2005: the famous Google Maps application is release for Europe. New R&D center opens this time in China. First offices in Mexico and Argentina.

Year 2006: several other acquisitions to extend their services with for each of them translation in several languages.

Year 2007: Partnership with China Mobile, the world's largest mobile Telecommunication carrier, to provide mobile and Internet search services in China. Sign partnerships to give free access to Google Apps for Education to 70,000 university students in Kenya and Rwanda.

Year 2008: Series of acquisitions and translations of other Google services.

As we just saw in ten years Google developed a lot of International marketing structures from simple representation offices to R&D centers to complex partnerships. I did not mentioned it but Google acquired several companies(more than 50). The purpose of these acquisitions was to extend their range of services which are then translated in order to be internationally exportable. I however did not find until now an acquisition of another search engine. Google seems to prefer the partnership(the company keep her brand but use Google, the best example is AOL).



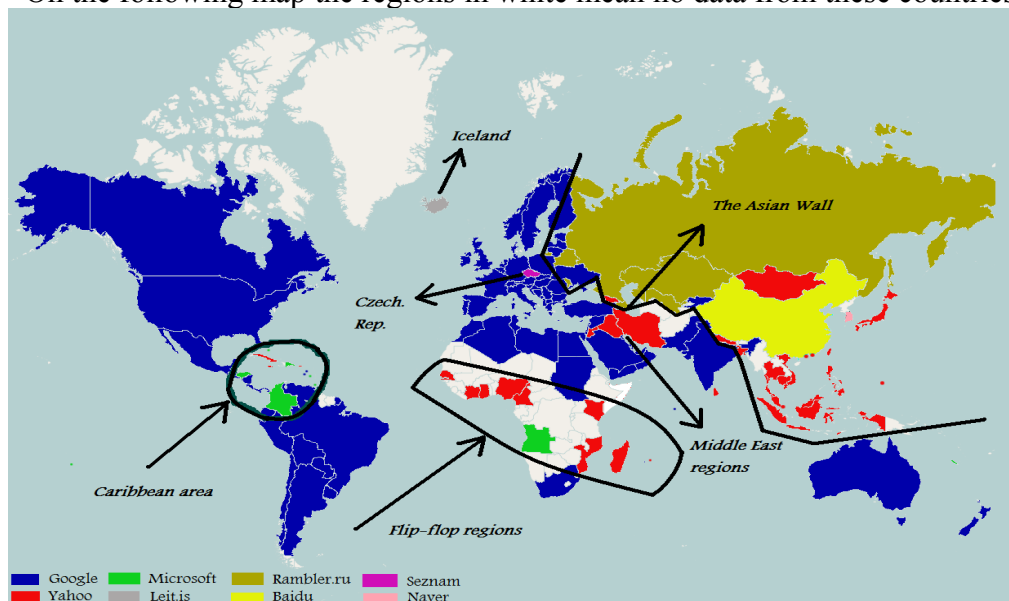
I – 3 Google's position in the world nowadays as a search engine

In order to introduce better Google's strategy abroad we should have a close look at Google's situation today.

I made a map by analyzing results coming from Alexa Web http://www.alexa.com/site/ds/top_500 (data center of the most visited websites in the world country by country).

The concept of this map is the following **I put in evidence by one different color the leading search engine in each country**. As I wrote previously Google is the most used search engine in the world with around 60% of the world requests. We could think then quickly that Google is used in majority by all countries around the world. I however have strong beliefs that the use of Search engines is not link to rationality(better technology is winning) but in fact is driven by cultures.

On the following map the regions in white mean no data from these countries:



As we can see there are not many search engines in the world. Moreover three of them are in a very fragile situation: Microsoft, Seznam and Leit.is(these two last ones will probably not passed the next year, an auction is currently made on Seznam and some web marketing research companies already showed that Leit.is has been doubled by Google).

As you can see Google has almost an entire control on the Americas(we saw previously that Google made a very intelligent partnership with the Latin America leader) except on the Caribbean area(too many small countries, too isolated. According to World Stats this area does not represent a lot of users).

Africa is what I will qualified of the continent of flip-flop regions. Internet is not very developed in each of these countries it is then hard to attribute a search engine leader. <http://www.internetworldstats.com/stats1.htm>. In fact only Nigeria seems to be a problem for Google in Africa.

In Middle East I would say that the same problem which occurs with Iran.

And then what I think is the most interesting part is the Asian Wall which is composed of several different competitors and reasons why they are better implemented: better competitor's strategy(Yahoo), national security(Baidu in China), boycott of American services? (Mail.ru in Russia and ex-sovietik regions), foreigner search engine do not fit with Korean way of searching the information(Naver in South Korea).

Even if Internet and technology made easier the exportation of products and services abroad it does not mean that it can be automatically made.

In order to be world used Google will have far more to do than being the best service for search engines.

II - International Marketing

Now that we know Google's 2008 situation let's study how Google get to these results. In order to make this report as clear as possible I took from Professor. Dr. R. Hünérberg his plan suggested during his course to analyze the international marketing concept which is the following:

- Classification of an International company by qualitative features(EPRG);
- Local modifications;
- Types of internationalization;
- Areas of internationalization;
- Company internationalization;
- Motivation of internationalization;
- Crucial drivers of internationalization;

II – 1 Classification of an International company by qualitative features(EPRG)

I would qualify Google as a **Geocentric company**(the same service for all the world). There are however some slight modifications made to their service which could make think that Google is acting as well as a Regiocentric company, **at least** on some marketing aspects.

The reason which drove me to this conclusion is that Google managers are recruited from all over the world and the power is centralized in the United States. As said in Google's presentation they opened in 2003 in Dublin a location for regional operations outside the U.S. It has been designed to serve Google customers across multiple time zones and languages spanning Europe, the Middle East and Africa. Taking in account that Europe has a very strong addiction to Google I may think that Google has in fact two center of decisions(one for America and one for the rest of the world)

However Google has a so huge amount of offices in the United States which make me think that the final decision are taking in the United States which include a hierarchy among those centers of decisions.

II – 2 From Geocentrism to Regionalism: How Google gets rank first?

Google.com and it will be for sure a surprise for you **is not** the most visited search engine on the web, it is in fact Yahoo.com according to [Alexa web](#).

Here is the ranking of the 50 most visited websites in the world for 2008 filtered with the keywords Yahoo and Google:

Rank	Site
1	Www.yahoo.com
2	Www.google.com
10	Www.yahoo.co.jp
14	Www.google.co.in
15	Www.google.de
19	Www.google.fr
21	Www.google.co.uk
26	Www.google.co.br
29	Www.google.it
34	Www.google.es
35	Www.google.co.jp
42	Www.google.com.mx

As we can see Google.com is not the first one it is in fact Yahoo.com and Yahoo.co.jp is taking the next position ranked in the list.

What makes in fact Google being the first search engine in the world is the accumulation of his domain names and the translation of his home pages in almost all the languages of the world.

This is in fact a **very young and simple strategy that Google adapted here**. One year and a half after his creation Google was already available in 13 languages.



Why at that time his competitors did not do the same?(Actually only Yahoo survived to the Google's wave during the last decade). Mainly because his main world competitor: Yahoo has an interface which is too heavy to translate and need dedicated people(such as local people) to make the updates. Restricted it Yahoo to a mere webpage as Google do Yahoo would have changed all his policy.

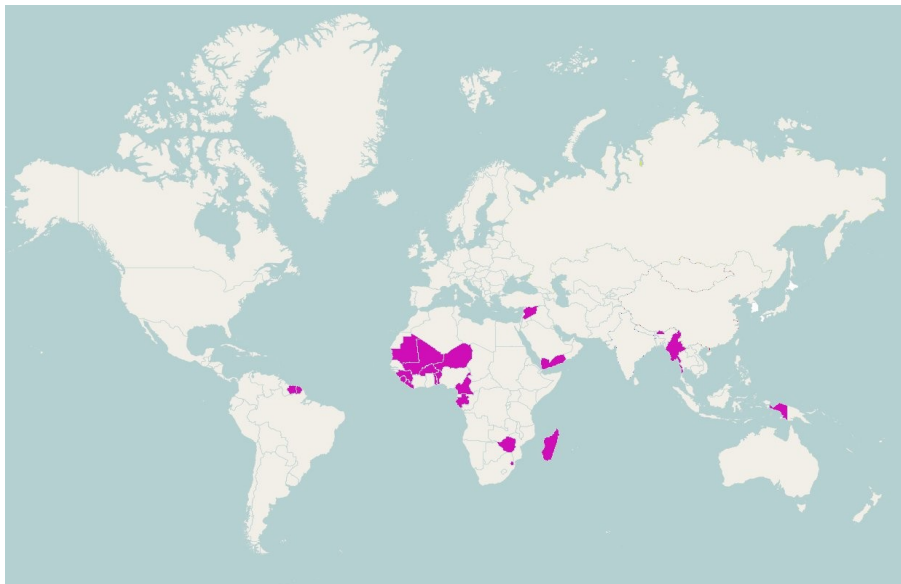
Google did in fact what no other search engines did: **gathering minorities**.

Nowadays Google **customized his interface for more than 138 countries**. The only countries which are not included yet and which are for the biggest one: Bhoutan, Birmania, Surinam, Burkina Faso, Yemen, Togo, Cameroon, Chyprus, Sierra Leone, Syria, Liberia, Madagascar, Mali, Niger, Gabon.



<http://fr.yahoo.com/>

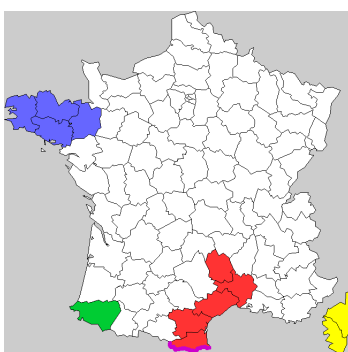
On a map it gives this:



Where Google does not provide a specific interface for the country

As you can see Google's service is customized for almost all the world(including islands and countries such as Groenland which has around 50,000 inhabitants).

Google is going far further than touching each country individually it goes as well within regions, as an example it is providing a customized interface to several regions in France:



Here France has been divided especially for five regions:

- Bretagne: <http://www.google.com/intl/br/>
- Corse: <http://www.google.com/intl/co/>
- Langue d'oc: <http://www.google.com/intl/oc/>
- Catalogne: <http://www.google.com/intl/ca/>
- Pays Basques: <http://www.google.com/intl/eu/>

We can ask us the question: is it really important to divide so deeply a specific country?

Taking in account that such minorities(Bretagne and Corse) are very proud to be what they are, good chances that they will move from .com to .com/intl/br/ or .com/intl/co/ in order to have a recognition(for example France government is not recognizing those five regions for political reasons). Now we should ask us what they will chose between Google which care of them and provide them a dedicated interface and Yahoo which provide them only the national one(when it has it)?

I unfortunately do not have the Internet traffic for those regions but I evaluate this strategy(recognizing minorities) as a very interesting one. Very hard to do for other sectors but for this one I have high presumptions that it works very well.

As we all know it is very hard to be *a pure Geocentric company* and local modifications are often needed in order to enter in a specific market: **Google is not an exception to this rule.**

III - Local modifications

III – 1 Local resources

Google's teams are always composed of several nationalities as shown for their office in Ireland [Official Google Blog: Dublin go bragh](#) it however request local personnel in order to fit the best to the culture. When doing partnerships Google has as well no choice than using the local people used in the other company. Google hires only high skills people (speaking at least 3 languages is needed).

III – 2 Local restrictions

The best example I can take is the one of Google in China. The Chinese government can have a total control on Google.cn results (Chinese Government did it, is doing it right now and will for sure continue for the next years). They are then able to retrieve and filter some information on specific requests. The service at the end is therefore not the same. Whereas it is not the case on Google.com.

So www.google.cn has to fit with the Chinese government rules whatever the Google's culture is. It is then Google which have to adapt and not the opposite.

III – 3 Specific cultures and localized market requirements

Google's home page is available in an incredible number of languages. **All of these pages have the same pattern except for only three of them: Japan, South Korea and China.** Google has always been thought for a clean and light interface (no images, no flash animations, HTML simplified version available for low connection bandwidth).

However **it does not fit at all** with the Asian culture which is (for example) recognizing a quality website to the number of animations on it. A good website for them has firstly to be attractive whereas the Western culture tend to think that a website has to be useful before all and then easy to read.

People think too much and this is a bad habit they took, that **Internet made the world flat among cultures and countries, this is not true even on the Internet Culture, countries habits have serious consequences.**

Google is available until now available in 104 languages and dialects with a customized home page for 138 countries. In those 138 countries only three of them differ.



<http://www.google.de>

Google Germany has exactly the same interface as hundreds of others countries Google home pages



<http://www.google.co.jp/>

As you can see a second block as been added. This block looking very similar to his competitor in this country: "Yahoo Japan"



<http://www.google.co.kr/>

Here for Google Korea two blocks have been added. The most relevant one is the one below. By passing the mouse on one of the color point an animation came out.



<http://www.google.cn/>

Google China looks like his Korean fellow but without the block above. Animations are however still here.

It is quite incredible to see and to discover that a service such as Google(only one page)which has to modify his interface in order to fit at best some specific markets.

III – 4 Anti-globalisation trends

This is a very interesting point. Is Google victim of anti-globalization activities? Does it have to use another name in order to extend his power? Even if Google is worldwide known it is also hided under different names. For example when you use the search engine of AOL it is in fact the one of Google, and this in a very huge number of other websites.

Regarding the trademark Google it has for the moment a very good image. I mean for Europe Google does not seem as the “bad American” that we have to boycott in order to protect our market. So the answer to the question should be no, even if there are some elements which could let us think the opposite when we are analyzing other markets.

III – 4.1 Latin America:

I would have thought that Latin America would have create his own methodology but actually it seems that Google is making the unanimity there since it made a partnership with Universo Online(UOL) in 2001.

III – 4.2 Middle East:

I thought I would have discovered that Muslims countries will make a common block against Google the American search service but it is not the case. Middle East countries have opted either for Google or Yahoo as main search engine(both Americans).

III – 4.3 China:

Services which manage information and data through Internet in China as considered as national security. I would not then consider Google as a pure victim of anti-globalization trend in China. **There is not a formal boycott of using Google but more an informal one...** the Chinese mentality being “if you are a good Chinese you should use Chinese products and services by helping in that way your country”.

III – 4.4 Russia and ex-soviet countries :

Here it is just a personal feeling I have. Regarding the map I made on page 6 I would say that ex-soviet countries are still supporting a Russian search engine because accepting an

American one as a standard will be accepting the supremacy of Americans in this sector.

In order to conclude that part I would say that there is in some countries an informal boycott but actually it is link to the nationality of the product and not its conception. For example Mac Donald's was boycotted in France and in other countries because as qualified as an unhealthy food.

III – 5 Types of internationalization

The type of internationalization which stroke me the most in Google behavior is the partnerships, acquiring is also recurrent but more on a national level in order to extend their range of services that they will then translate in different languages in order to export it abroad.

As an example they made a partnership with China Mobile to provide mobile and Internet search services in China in 2007.

In October 2001 they made a partnership with Universo Online in order to become the largest search engine in Latin America.

They open as well several R&D centers. The first one sat up in Japan in December 2004.

III – 6 Google's degree of internationalization:

Google has the following figures for the repartition of his offices around the world:

Northern America: 23

Europe: 22

Asia/Pacific: 15

Latin America: 3

Middle East: 5

Total=68

From those figures we could calculate the “International workforce ratio”: ((offices in the world-offices in the USA)/Total number of offices)*100= (48/68)*100= 70%.

However I think **a more interesting ratio can be calculated**. In fact a company can have a very high degree of internationalization but dividing his efforts in an unequal way.

For me we should take in account the degree of internationalization with the market itself. You can be very internationalized but being bad internationalized because you are in some places where the market is not.

Continent	Number of offices	% of offices	Perfect offices number	Perfect % of offices	World Internet users
Africa	1	1,50%	2	3,00%	3,50%
South America	2	3,00%	5	7,30%	7,10%
Central America	1	1,50%	1	1,50%	2,40%
North America	23	33,80%	12	17,64%	17,00%
Middle East	3	4,40%	2	3,00%	2,90%
Europe	23	33,80%	18	26,50%	26,30%
Asia	13	19,11%	27	39,70%	39,50%

Oceania	2	3,00%	1	1,50%	1,40%
	68	100,11%	68	100,14%	100,10%

As we can see here we have the repartition of Google's offices around the world and the % of Internet users around the world. The perfect offices number show how these offices should have been allocated.

In total: $1+3+11+1+5+14+1=36$ offices could have been allocated better.

$1+3+24=27$ offices are lacking.

Google has then 41 offices which are well internationalized it equals to $68-27=41$;
 $41/68=60\%$.

A such rate signifies that Google is covering more than half of the planet and it is doing it in the more or less the right way...60% is strangely correlated to Google market shares around the world, is that a coincidence?

As a comparison his main competitor Yahoo has the following situation:

Continent	Number of offices	% of offices	Perfect offices number	Perfect % of offices	World Internet users
Africa	0	0,00%	1	3,50%	3,50%
South America	2	6,90%	2	6,90%	7,10%
Central America	1	3,50%	1	3,50%	2,40%
North America	4	13,80%	5	17,24%	17,00%
Middle East	0	0,00%	1	3,50%	2,90%
Europe	9	31,03%	8	27,60%	26,30%
Asia	12	41,40%	12	41,40%	39,50%
Oceania	1	3,50%	1	3,50%	1,40%
	29	100,13%	31	107,14%	100,10%

As we can see **Yahoo allocated his workforce quite differently from Google. Yahoo focused on Asia whereas Google put most of his effort in North America.**

This example has been chosen to show that it is a good thing to be internationalized but it is better if you are intelligently internationalized. If you put your effort in some countries where the market does not exist (this is the case for Australia) you will get nothing.

III – 7 The overall motivation of internationalization

It is definitely a **pro-active motivation** which pushes Google to go international. Google was a service already made from his conception to go international. If it did not went abroad its competitors will have came up on his market.

III – 8 Drivers of internationalization

- Demand drivers: when Google just started to come out the demand was high and this all over the world. Such a service was needed. The ones which were on the market were too complicated. A mere product was needed.

- Cost drivers: Google is by chance a cheap product. Easy to acquire a domain name and few translations to handle in order to make the product available abroad.
- Government drivers: none, even if installed firstly in the Silicon Valley I wonder if Google has not been well helped by the American Government
- Technical drivers: Google operating on Internet when it was a real boom it has been for sure well driven.
- Competition drivers: There was a competition at that time but other services were young as well so it was possible to make the difference. Or the main other search engines have been trapped by their starting strategies as Yahoo for the translation of its home page.

In order to conclude I would say that the launch of Google abroad has been helped by the situation at that time. It was really favorable for it.

IV - Conclusion

Even and it is true that we could have some things to say regarding how Google targeted Asia which remain until now the place where Google have the most difficulties to enter, we cannot deny that Google did an incredible work in terms of international marketing.

In ten years it has covered almost all the planet with more than 60% of the market (and it is growing year after year). We could even think at least for Europe that most of the users are Google dependant.

His secret is coming from a mere idea of his creators Larry Page and Sergey Brin (both engineers): a very simple tool and easy to use.

It was that simple and that easy that making it available to the all world seemed to have been a kid game (easy to translate and to export through the net).

We however still have some questions tags regarding his implementation in Asia and moreover on four countries:

- Why is it facing a so fierce competition in China, South Korea and Japan whereas it is the only three countries to which it accepts to make a specific customization?
- Why his main competitor is far better than him in this area?

Rank	Japan	South Korea	China	Russia
1 st	Yahoo: 64%	Naver: 77%	Baidu: 60,9%	Yandex or Mail.ru: 47,61%
2 nd	Google: 29,6%	Daum: 10,8%	Google: 27%	Google 25,67%
3 rd	Microsoft: 2,8%	Yahoo: 4,4%	Sogou: 3,1%	Rambler 12,17%
4 th	Others: 3,6%	Google: 1,7%	Yahoo: 2,4%	Mail.ru 5,53%
5 th		Others: 6,1%	Others: 6,6%	Others: 9,02%

Those are two questions I will be glad to introduce you during the oral presentation.

V - Sources

<http://www.maip.com/media/images/Google%20Logo.jpg>

<http://www.google.com/corporate/history.html#1>

<http://www.luna-park.de/home/internet-fakten/suchmaschinen-marktanteile.html#c167>

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