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8920884581, 9910719395

1. Is the industry Google Alphabet in, an attractive industry? What does it take to remain competitive in this industry?

With the advent of technology and increase in internet users, the industry in which Google Alphabet operates is not only attractive but also have potential to revolutionize the technology and internet world.

Porter's five force model and TOWS matrix analysis will help to understand factors that will help Google to remain competitive in the industry.

Five Force Analysis of Google LLC	Low	Moderate	High
1. Rivalry among existing firms			High
Intense competition in the industry			High
Diverse range of products with diverse applications			High
Cost of switching of customers is low			High
2. Bargaining power of suppliers	Low		
Huge number of suppliers	Low		
Switching cost is very low.	Low		
Diverse set of suppliers for diverse products make supplier weak.	Low		
Size of Google is larger than its suppliers and in many cases only buyer from its suppliers.	Low		
3. Bargaining power of buyers	Low		
Huge and increasing demand of technological products	Low		
Over dependence of Google services	Low		
Dominance of Google through its search engine platform on internet.	Low		
4. Threat of substitutes	Low		
Cost of switching from advertisement on Google to substitute products such as TV, radio is moderate		Moderate	
Excessive use of Google as search engine due to its customer friendly features	Low		

Substitutes of Google do not offer same level of convenience, information and speed.	Low		
5. Threat of New entrants	Low		
Very difficult to build brand by new entrants.	Low		
Huge fund required to develop infrastructure to render services to customers.	Low		
Very difficult to enter into search engine service as Google has more than 85 % of online advertisement revenue.	Low		
Strict licensing and regulatory requirements to enter in the industry.	Low		

TOWS Matrix Analysis

	Strength	Weakness
	<ul style="list-style-type: none"> Strong brand image with presence in the whole world. Intellectual property rights on its products. Leader in web search, video sharing, online advertisement, browsing and many other products. Strong financial position with efficient acquisition ability. User friendly products. 	<ul style="list-style-type: none"> Excessive advertisement on its products such as you tube, browser, Gmail. Huge reliance on advertisement revenue. Failure in retaining talented personnels.
Opportunity	<ul style="list-style-type: none"> Investment in cloud computing, Google fiber expansion and Android OS to increase its non advertisement revenue. Continuous technological upgradation in Android OS to capture mobile industry and compete 	<ul style="list-style-type: none"> Avoidance of unrelated ads on its platform and display user need based ads. Offering better job positions, opportunities and pay to its talented employees to make them loyal. Development of innovative non ad

<p>Market penetration in consumer electronics.</p> <ul style="list-style-type: none"> R & D in Google Glasses and Google Play and other innovative technologies. 	<p>with rivals such as APPLE IOS.</p> <ul style="list-style-type: none"> Developing and designing user friendly products in consumer electronics segment. 	<p>based revenue generating products and penetrating new markets through diversification.</p>
<p>Threat</p> <ul style="list-style-type: none"> Intense competition Antitrust controversies with European Union and US law makers. Investment in moon shot projects and other bets whose success is uncertain. Downgrading of market share in online advertisement. 	<ul style="list-style-type: none"> Use of its strong brand reputation and patent rights to dominate over competition in market. Acquisition and Investment in promising business opportunities where success is viable in short interval of time and reduction in businesses which is non value generating to the organisation. 	<ul style="list-style-type: none"> Reduction in advertisement and banning of bad content ads to keep customers satisfied while using Google services. Focus on other products more intensively to increase revenue rather than to focus on advertisement revenue.

2. Identify and critically evaluate Google Alphabet's resources and capabilities using relevant BB835 frameworks and concepts. In your answer you should use your evaluation of resources and capabilities to assess how Google Alphabet achieves competitive advantage in its industry.

Value chain activity	Strategy	Value created	V	R	I	O	Result
Inbound Logistics							Sustained Competitive advantage
	Content that Google shows to its users on search results come from private and organisational internet users free of cost.	No inbound logistics cost for its search engine business.	Yes	yes	yes	yes	Sustained Competitive advantage
	Extensive range of hardware, equipments and tools to	Capacity to meet unlimited search on	Yes	yes	yes	yes	Sustained Competitive

	conduct its operations.	its search engine.					advantage
	Use of dedicated supplier site to maintain strong relationship with its suppliers.	Protection of new products and services' ideas to its competitors.	Yes	yes	yes	yes	Sustained Competitive advantage
	Employees of Google are major inputs who develop profitable ideas and convert them into Google services. In the software application android, inbound logistic begins with cell phone apps created by developers.	More free apps than competitors.	Yes	yes	yes	yes	Sustained Competitive advantage
Operations							Temporary competitive advantage
	Its offices are designed creatively with various features such as sharing cubes, video games, pool tables, pianos, cafes and others.	Promotion of innovation and innovative thinking within the organisation.	Yes	Yes	No	yes	Temporary competitive advantage
	Operations are based on thinking out of the box and doing things in unconventional way.	Innovative products to remain competitive in market.	yes	yes	No	Yes	Temporary competitive advantage
	Design and development of technological capabilities and advanced search algorithm.	Display more appropriate and relevant search.	yes	yes	yes	yes	Sustained Competitive advantage
	Development of innovative application for internet users to suit customer needs.	Unique algorithm tools to dominate in search industry.	yes	yes	yes	yes	Sustained Competitive advantage
	Multiple projects are performed at same time in teams to complete it in stipulated time to meet the	Enhance ability to access to online information.	yes	no	no	yes	Temporary competitive advantage

	urgency of the project.						
	Continuous development and maintenance of mobile apps.	Provide user friendly interface on mobile app.	yes	no	no	yes	Temporary competitive advantage
Outbound Logistics							Temporary competitive advantage
	Core business of Google is search through its browser and display of advertisement into search results. There is no outbound logistics associated to it.	Directing high quantity of web users to specific sites and sorting pre-qualified visitors for these sites using search history and keywords.	yes	yes	yes	yes	Sustained Competitive advantage
	Online sale channels and business partners to generate sales throughout the globe.	Delivering information and application based products at lower cost to its users.	yes	no	no	yes	Temporary competitive advantage
	Very few physical stores for Google merchandise showcasing Chromebooks, Chromecasts, Android phones etc.	Cost reduction due to less physical outbound logistics.	yes	no	no	yes	Temporary competitive advantage
	Revenue generation through advertising products such as Google Pay per click, Ad Sense etc.	Increase in profitability	yes	no	no	yes	Temporary competitive advantage
	Updating of Android OS on regular basis.	Adapt changes in Mobile operating system to its competitors and remain competitive.	yes	no	no	yes	Temporary competitive advantage
Marketing & Sales							Temporary competitive advantage
	Integration of online and offline marketing channels to promote its online ads business.	Strong brand positioning and reach to mass consumers with low cost of promotion.	yes	no	no	yes	Temporary competitive advantage
	Most of the sales are done through online sales channel.	Worldwide presence on	yes	no	no	yes	Temporary competitive

		internet due to its search engine.					advantage
	Use of its own platform to promote its products and services.	Reduction in promotion cost	yes	yes	yes	yes	Sustained competitive advantage
Services			yes	No	no	yes	Temporary competitive advantage
	Google forum, Customer helpdesk and customer helpline number to assist and resolve queries of customers.	Brand association and loyalty.	yes	No	no	yes	Temporary competitive advantage
	Customer focused and need based products and services.	High satisfaction and Less lost customers.	yes	No	no	yes	Temporary competitive advantage
Procurement	.		yes	yes	yes	yes	Sustained competitive advantage
	Procurement of hardware, servers, fiber optic cable and other equipments are done using verified suppliers.	Best technological and innovative products delivered to customers.	yes	yes	yes	yes	Sustained competitive advantage
	Google deals in rendering information services to its clients. Major procurement for Google is to hire talented people to render best information services to its users.	Easy to use and customer focused applications being designed and developed for its clients.	yes	yes	yes	yes	Sustained competitive advantage
Technology Development							Sustained competitive advantage
	Development of new search applications such as Google Map, Google earth, Google incognito, development of new and innovative apps for android OS.	Multiple apps to keep users engaged & Recognition as innovative brand.	yes	yes	yes	yes	Sustained competitive advantage
	Google's advanced analytics in measuring the efficiency of its users on search platform.	Creates efficiency, speed and innovativeness in search.	yes	yes	yes	yes	Sustained competitive advantage
HRM							

	Centered on “Googleyness,” an intangible trait in terms of ability to work in teams, handle ambiguity and think out of the box.	Promotes Innovation and improves employee performance.	yes	yes	yes	yes	Sustained competitive advantage
	Multiple training programs	Increases employee morale and job satisfaction.	yes	no	yes	yes	Temporary competitive advantage
	Culture of hiring best in the industry and offering best salary in the industry along with huge incentives.	Team of best employees in the industry.	yes	yes	yes	yes	Sustained competitive advantage
Firm Infrastructure							Sustained competitive advantage
	Huge financial resources with market capitalization of 798.45 Billion with more than 118000 employees.	Acquisition and strong borrowing capacity	yes	yes	yes	yes	Sustained competitive advantage
	Huge investment in data centers, switches, storage centers/ devices and fiber networks.	Increase profitability and brand image.	yes	yes	yes	yes	Sustained competitive advantage
	More than 6,00,000 servers racked in thousands of data centers in different countries mostly in USA and Europe.	Strong global supply chain management.	yes	yes	yes	yes	Sustained competitive advantage
	Huge investment in R & D on regular basis to develop new products and services.	Large range of product offerings to its users.	yes	yes	yes	yes	Sustained competitive advantage

3. What type of diversification strategy is Alphabet pursuing? Explain the organizational structure of Alphabet using its strategic business units? What is the rationale behind this structure and diversification strategy?

Alphabet INC is a giant conglomerate and holding company for Google LLC and more than 200 companies which are subsidiaries to it. It has online, digital and moon shoot companies under

its verticals which are independent from one another. From 2001 to 2020, the company has done more than 200 acquisitions. If we consider companies acquired, it appears to be unrelated diversification, however, when these companies are evaluated on the basis of their activities, most of them are generally to support Google search advertising which is the main activity of Alphabet Inc. Acquisition of Alphabet Inc proves to facilitate diversification strategy. These acquisitions are very specialized in social networking, intelligent home systems, robotics, communication, e-commerce, navigation, office software, and their core capabilities such as search engine, mobile OS, advertising or information technology (voice and image recognition). Diversification strategy of Alphabet Inc is twofold:

Related diversification through product and service innovation and acquisition

Related diversification in terms of acquiring and developing internet and technology based products and services to capture the global internet market such as cloud computing, Android OS, R & D in Artificial intelligence and so on.

The main service of Alphabet Inc is Google online search and major revenue is generated through online advertisement. It has diversified into various internet related products and services such as Gmail, Google drive, Google my business, Google map, Google photos, YouTube; enterprise products such as Ad sense, Ad Word, Pay per click and other utility services such as Google translate, Google news, Google drive, Google map, Google language. It enabled the company to reach to a large number of internet users and make them dependent on its products and services. It helps the company to create consumer base of Google dependent internet users. It also enables the company to position itself as one stop solution venue for all internet related services. Chrome had 60 % market share in web browsing in 2017. Google map allows retailers to advertise their address and products through promoted place application.

Unrelated diversification through company and product acquisitions for expansion

From search engine business in 1998, Alphabet Inc. offers the widest ranges of products and services termed as other bets. Other Bets includes businesses like Access (Google Fiber), Calico, CapitalG, GV, Nest, Verily, Waymo, and X.

Continuous investment in development and acquisition of products such as artificial intelligence, machine learning and robotic technology, health care, venture capital funding, energy, self driving car, drone delivery and R& D in many moon shot projects, consumer hardware, airborne wind turbine, learning thermostats, smoke alarms and many other business segments have led to diversification of Alphabet's business into other technological segments and industries. First mover advantage is the main Alphabet competitive advantage in relation to the majority of these products and services.

Acquisition of HTC Google will allow engineers to more tightly integrate hardware and software and differentiate its high end pixel phone from Apple I phone X. Acquisition of Android for smartphone OS held 85 % market share in 2017.

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Alphabet INC organisation structure

Alphabet INC	
Google LLC	Other Bets

<ul style="list-style-type: none"> ➤ YouTube ➤ Google Map ➤ Ad sense, Ad Word, Pay per Click ➤ Android ➤ Nest Labs Hardware from Google such as Pixel, ➤ Chrome ➤ Google Cloud ➤ Chronicle ➤ Gmail ➤ Google Play ➤ ATAP Advance technology and projects <ul style="list-style-type: none"> • Jacquard • SOLI • Spotlight series ➤ Google Business ➤ Google Play ➤ Google Translation ➤ Google Analytics ➤ Ad Mob 	<ul style="list-style-type: none"> ➤ Access Google Fiber ➤ Verily Healthcare ➤ Sidewalk Labs ➤ Calico ➤ GV venture arm for early age startups ➤ Google Capital equity investment in later stage start ups ➤ Jigsaw technology Incubator ➤ Deep Mind AI research ➤ X Secretive R&D Labsfor moon shot technologies ➤ Titan Aerospace solar power drone to spread internet access ➤ Makani Airborne wind Turbine ➤ Loon internet access through hot air balloons ➤ WayMo Autonomous driving ➤ Wing Drone delivery of Freight
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Rationale behind Alphabet INC structure and diversification strategy

- It will help company to become process driven and focus on core capabilities and business operations of Alphabet Inc from where it generates most of its revenue.
- It aims to increase competitive features and innovation potential and competitive power of the company.
- Related diversification enables Alphabet to extend its resources and capabilities to create value. It will also help to develop and exploit economies of scope between its businesses.
- Unrelated diversification enables Alphabet in attaining financial economies in terms of cost saving through improved allocations of financial resources based on investments and restructuring of assets.
- It will help in maximizing profit through creation of closed eco system. With inter connected products and services in its product portfolio, users are prompted to use additional services thus allowing company to generate profit from different products and services.
- It will help the company to run lesser risk of anti-trust violations and is also better able to account for income streams from various subsidiaries easily.
- It enables company to enter new markets and improve existing market shares.
- It allows internet giant to empower its current products and services through exploration of other valuable tech ventures to flourish its technological capacities and penetrate new market and users for its services.
- It enables interdependency across different industries and sectors by promoting importance of internet, digital communication and other technologies in the diverse business organisations.
- It will help to focus first on developing the user experience before monetizing a product.
- With the diversification created through acquisitions and division of organisational structure into core revenue generating business and other bets, Alphabet will be able to manage strict financing on the ongoing projects and create profitability for it.

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