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## A STUDY ON I.T. INDUSTRY (GOOGLE)

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### ABSTRACT :

This study investigates Google's pivotal role in shaping the information technology (IT) landscape, tracing its growth from a search engine to a multifaceted technology conglomerate under Alphabet Inc. between 2014 and 2018. Employing analytical frameworks such as Porter's Five Forces, SWOT analysis, and financial metrics evaluation, this research assesses Google's competitive positioning, operational strategies, and economic performance. The findings highlight Google's 2018 revenue of \$136 billion, predominantly from digital advertising, and its commanding 90%+ share of the global search market. Despite challenges like over-reliance on advertising revenue and competitive pressures in mobile platforms, Google's innovative culture and strategic acquisitions drive its success. Recommendations include enhancing algorithmic transparency, bolstering cybersecurity measures, and expanding non-advertising revenue streams like cloud computing to ensure sustained growth. This analysis underscores Google's transformative impact on the digital ecosystem.

**Keywords:** Google, IT industry, search engine, digital advertising, Alphabet Inc.

### Introduction

Founded in 1998 by Larry Page and Sergey Brin, Google revolutionized information access through its PageRank-based search engine, which prioritized results based on link relevance. By 2015, its restructuring under Alphabet Inc. facilitated expansion into diverse areas such as cloud services, mobile operating systems (Android), and hardware (e.g., Pixel devices). This paper explores Google's evolution into a global IT leader, analyzing its organizational framework, competitive environment, financial health, and marketing approaches. The study aims to elucidate Google's market dominance, identify operational challenges, and propose strategies for maintaining its leadership in the dynamic IT sector. The analysis covers 2014–2018, capturing key developments post-Alphabet restructuring.

The IT industry is characterized by rapid innovation and intense competition. Google's ability to process billions of daily searches and leverage its vast user base for advertising revenue sets it apart. However, regulatory scrutiny and competition from players like Microsoft, Amazon, and Apple pose challenges. This paper employs a mixed-methods approach to evaluate Google's strategies, drawing parallels with emerging trends in technology adoption and innovation.

### Methodology

This research adopts a mixed-methods framework, integrating qualitative insights with quantitative data analysis. Data were sourced from Alphabet's 2018 Annual Report, industry publications from Statista and eMarketer, and scholarly works. The following analytical tools were used:

- **Porter's Five Forces:** To evaluate competitive dynamics in the IT sector.
- **SWOT Analysis:** To assess Google's internal strengths and weaknesses alongside external opportunities and threats.
- **Financial Metrics Evaluation:** To analyze liquidity (current and quick ratios), leverage (debt-to-equity ratio), and profitability (return on investment and equity).
- **Marketing Analysis:** Applying the 7Ps framework and STP (Segmentation, Targeting, Positioning) model to examine Google's marketing strategies.

The study focuses on the 2014–2018 period to capture Google's strategic and financial evolution following its restructuring under Alphabet Inc.

### Results

The analysis reveals Google's multifaceted dominance in the IT industry, supported by its operational, financial, and strategic initiatives.

#### *Google's Operational Framework*

Google's search engine, handling over 3 billion daily queries across 189 domains, remains its cornerstone. Its web crawler indexes billions of pages, delivering precise results. Beyond search, Google has diversified into:

- **Digital Advertising:** Google Ads and AdSense contributed \$96.3 billion of the \$136 billion total revenue in 2018, with a 21% year-over-year growth.
- **Cloud Services:** Google Cloud, including G Suite, saw a 42% revenue increase to \$3.1 billion in 2018.
- **Mobile and Hardware:** Android powers millions of devices globally, while products like Pixel and Chromecast expand Google's hardware presence.
- **Strategic Acquisitions:** Acquisitions such as YouTube (\$1.65 billion, 2006) and Android (\$20 million, 2005) have strengthened Google's ecosystem.

Google's flat organizational structure encourages innovation, with initiatives like the "20% time" policy fostering employee-driven projects. The 2015 Alphabet restructuring enabled Google to focus on core internet services while Alphabet pursues ventures like Waymo and Verily.

### Competitive Landscape

Porter's Five Forces analysis indicates:

- **High Competitive Rivalry:** Google competes with Microsoft (Bing, Azure), Amazon (AWS), Apple (iOS), and Meta (advertising). Low switching costs intensify competition.
- **Low Buyer Power:** Individual users and advertisers have limited influence due to Google's scale.
- **Low Supplier Power:** A diverse supplier network reduces dependency risks.
- **Moderate Threat of Substitutes:** Traditional media (e.g., TV, radio) compete with digital ads but are less effective.
- **Moderate Threat of New Entrants:** High entry barriers (cost, brand loyalty) limit new competitors, though niche startups pose some risk.

### Financial Performance

Google's financial metrics reflect stability:

- **Revenue Growth:** Total revenue reached \$136 billion in 2018, with non-advertising segments (e.g., cloud) growing 42%.
- **Liquidity:** Current ratio ranged from 4.67 to 7.13 (2014–2017), indicating strong ability to cover liabilities.
- **Leverage:** Debt-to-equity ratio remained low at 0.02–0.04, showing minimal debt reliance.
- **Profitability:** Return on investment averaged 16–17.82% (2014–2018), despite a \$2.7 billion EU antitrust fine in 2018.

### Marketing Strategies

Google's marketing leverages the 7Ps framework:

- **Product:** Diverse offerings, including Google Search, Google Scholar, Pixel, and Chromecast.
- **Price:** Dynamic bidding in Google Ads maximizes revenue despite click fraud risks.
- **Place:** Predominantly online, with physical headquarters at the Googleplex.
- **Promotion:** Free services, community engagement, and high-quality products build brand authority.
- **Process, Physical Evidence, People:** Data-driven operations, iconic branding, and an innovative workforce enhance user trust.

The STP model shows Google targeting diverse segments (casual users, businesses) with a user-centric, innovative brand image.

### SWOT Analysis

| Category             | Details  |
|----------------------|--|
| <b>Strengths</b>     | Over 90% search market share, vast user base, Android's mobile dominance.                |
| <b>Weaknesses</b>    | Heavy dependence on advertising (85%+ of revenue), algorithm opacity.                    |
| <b>Opportunities</b> | Expansion in cloud services, e-commerce (Google Shopping), and AI (Google Assistant).    |
| <b>Threats</b>       | Intense competition from social media and mobile-focused startups, regulatory pressures. |

**Fig 1: SWOT Analysis Framework for Google's IT Strategy**

### Conclusion

Google's transformation from a search engine to a diversified IT conglomerate highlights its adaptability and innovation. Its 2018 financial performance, with \$136 billion in revenue and low debt, underscores a robust business model. However, reliance on advertising revenue and regulatory challenges, such as the 2018 EU fine, necessitate strategic shifts. Recommendations include:

1. Improving search algorithm transparency to enhance user trust.
2. Strengthening cybersecurity to address privacy concerns.
3. Advancing AI technologies, particularly for Google Assistant, to maintain competitiveness.
4. Diversifying revenue through cloud computing and e-commerce to reduce ad dependency.

Google's innovative culture and strategic vision position it to sustain its leadership in the IT industry.

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