

## **Google targets big business in China as a re-entry strategy**

In 1996, Stanford University computer science graduate students Larry Page and Sergey Brin created a search engine which used links to monitor the importance of individual web pages. [[Take a look at Google's history.](#)][1] In 1998, with an initial investment of USD100 000, they launched their website Google.com and by 2000 they had developed the capacity to allow advertising to be linked to keyword results. In order to maintain a rapid search capacity, advertisements were restricted to text-based only. In 2004 the company went public.[2] By that time, the organisation employed over 3000 people and was growing at an incredible rate. Google claimed at that time to be the fastest growing internet company worldwide.[3]

Google's organisational mission is to 'organise the world's information and make it universally accessible and useful'.[2] This aligns well with its marketing strategy. Google's international marketing strategy is directed by a mix of users' and advertisers' interests. Google aims to target, attract and hold both business and individual users of its search and communication services. Business and individual advertisers pay per click on its advertisements. A third part of Google's marketing strategy is to acquire additional websites as Google Network members.[3] These three components are interdependent, which means that as more businesses and individuals use Google as their search engine, more advertisements will be shown, leading to greater advertising success. The greater the number of registered network websites, the more attractive the search results. Globally Google now offers a bundle of products and services—such as Gmail, Google earth and Google maps—each offering different types of advertising mediums and web applications in a variety of languages.[2]

In 2000, Google expanded into China, the world's biggest internet market, making information available for over 22.5 million Chinese users.[4] Some cultural issues prevented Google's initial business success. Google, at the outset, created a website interface in the Chinese language to enable ease of web access to Chinese consumers; however Gmail and image searches remained in English. Chinese users, in general, found Google unattractive because only well-educated Chinese were familiar with the English language.[5] However, for Google to do business in China, the local language should have been considered essential to its cross-cultural

marketing strategy, as 'language plays a large role in marketing communication and much attention must be paid to the differences in language'.[6, p. 159]

From a cross-cultural communication perspective, Google's name was not immediately recognisable, while Yahoo (Yahe), Apple (Pingguo) and Baidu, the major Chinese competitors, were more easily recognised. Even more importantly, it was unclear which Chinese characters should be used to type 'Google' on the keyboard.[5] This caused potential Google customers to be misdirected to other websites, which in some instances could have been misinterpreted as phishing. Local users referred to Google by its colloquial name 'GouGou' (which has been interpreted as 'dog', 'shaving breasts', 'grasshopper' or 'groins') but after some consideration Google China nominated the name 'Gu-Ge', this name meaning 'harvest songs'— a romantic referral to a 'fruitful and productive search experience, in a poetic Chinese way'.[7] Users disliked the name, since it invoked images of 'slow and remote agricultural scenes'[7] and Mao's Cultural Revolution. Google enthusiasts petitioned Google to cancel 'Gu-Ge', but their concerns were not recognised as important by the Google marketing team. Google faced major cultural differences as not only could Chinese users not pronounce the name, but they also had difficulties remembering or identifying with it.[7]

Google's marketing strategy did not focus on meeting the needs of either the business-to-business (B2B) or business-to-consumer (B2C) target markets. Google's email model was designed and established for individualistic Western users, who like to send information by singular email. The collectivist culture of the Chinese encourages group communications via Messenger.[5] In fact, the concept of web searching is fundamentally different between East and West. For example, in Western cultures, learning involves asking questions.[8] Western search engines are designed to allow questions to be asked in isolation and to deliver answers without detailed context: this typical cause-and-effect thinking points back to the Western heritage of logical argument and Aristotle's syllogism.[8] In contrast, Chinese education is based on trusting the authorities, creating a way of managing information that is more personal. Chinese people rely on the context of information and relationships are part of the whole instead of being seen in isolated individual terms.[8] Consequently, the Western-style search engine did not align to Chinese culture.

The differing cultural backgrounds of Google and the Chinese authorities contribute to deeply incompatible visions of how information should be accessed. This is reflected in their conflicting ideals as to what is good and bad in terms of information availability. Google follows the motto 'don't be evil' as a moral edict. When the motto was first formulated, the fundamental message was that Google should never negotiate the reliability of its search results (Hill 2009); more information was seen as good, whereas less information was evil. Google's ideals were that information should be shared and freely accessible at any time and in any place. As Google began operations in China it permitted search results to be censored in order that Google services could be offered to the Chinese market. This self-censorship detracted from its own motto.

In contrast to Google's philosophy, China's governing principles are based on social harmony as part of a collectivistic society. [[Listen to this ABC report about Chinese spying.](#)][9] This Chinese philosophy, which has existed for more than 2400 years as part of the complex Confucian concept, is experiencing a revival in China. One important aspect of the philosophy is obedience: this gives the Chinese people a clear role in society through acceptance of the given hierarchy. This attitude toward hierarchy also underlies the extent of power distance relationships in China, that is, the acceptance of unequal power distribution between individual and the state [[Read more about Geert Hofstede's Power Distance cultural dimension.](#)][10] For the Chinese culture, this means that a restricted flow of information is good and too much information could unbalance the country and bring it into disharmony.[11] Furthermore, Western journalists and human rights groups would like to see Google increase pressure on the Chinese government to allow free and unrestricted access to information. China, on the other hand, sees this as an attack from Western culture aimed at changing old, reliable traditions. [[Listen to the ABC report about Google China censorship debate.](#)][12]

Fundamentally different sociocultural variables contributed to the conflict between Chinese authorities and Google relating to their opinions of what was legal. For Google, the downloading of copyrighted songs was identified as being illegal and unacceptable in the USA, whereas in China pirating MP3s is seen as both acceptable and legal (Thompson 2006). This example highlights the differing cultural interpretations of ethical behaviour and legality between the two.

It has been touted that Google may have backed out of mainland China for economic reasons rather than because of censored searches. [\[Read more about Google Pulling Out of China.\]](#)[13] Google services, from Blogger to YouTube, have been blocked not only in China but in 25% of the countries in which Google operates. However, China denies any involvement in cyber-attacks on Google. [\[Read this article about China's denial.\]](#)[14] It has been stated that Google failed to make its services relevant for the average Chinese internet user who disliked the name 'Gu-Ge'. Google learned the hard way that to achieve success it is imperative that cultural sensitivities must be adhered to (Wang 2010).

While Google completed extensive research into how to conform to Chinese entry requirements, a greater emphasis should have been placed upon an appropriate marketing campaign to support the entry strategy. Google's marketing and educational strategy did not provide the Chinese consumer with an appropriate level of instruction on how to use the Google.cn interface. Additionally, Baidu, Google's only genuine competitor, which maintains a 60 per cent share of the market, launched a symbolic and very successful marketing campaign against Google. The emphasis of its marketing strategy was on nationalism, reinforcing the message that it was 'un-Chinese' to use Google. Google was vulnerable to Baidu's attacks as they were poorly informed about its competitor's strategy (Wang 2010). Moreover, search results for Google.cn were increasingly being filtered by the Chinese authorities, causing its services to be crippled and forcing local users to flock to their local alternatives.[15]

Google's marketing strategy in China had failed, whereas in Western countries the strategy was extremely successful. After 10 years in China, Google, the world's leading internet company, could only achieve a 30 per cent market share and made only two per cent of its worldwide turnover in China.[16]

Hubbard (2008) suggests that 'core values are immutable under almost any circumstances'. This is reinforced in the case of Google and Chinese authorities who did not share a common vision in relation to information access. After Google's withdrawal from mainland China, a result of the return to its motto 'don't be evil', the position still remained unbalanced and in disharmony. Google operated Google.cn uncensored from Hong Kong (part of China since 1997), while China continued to censor searches on Google.com from mainland China. Recently, China intensified

censoring of internet searches in general. Google, in return, did not want to surrender the huge Chinese market totally, so they had to make a fundamental decision whether profit should determine future business results rather than ethical aspects relating to performance. As well as respecting each other's requirements, this made room for future-oriented negotiations, with an opportunity for compromise.

Not to be put off, Google launched a new marketing campaign in 2011 targeting display advertising in the growing Chinese export market.[17] Due to continuing research and development Google's updated search engines deliver rapid results despite the growing size of display advertisements, these remain an attraction to Google's target audience, business customers. The new service which Google offers, meet the requirements of the Chinese business consumers. These B2B consumers promote their products in the most comprehensive way using 'images, text, video and rich-media formats'.[18] Google advertising is the dominant overseas search market being offered to Chinese exporters. These Chinese businesses' predominant focus is upon accessing the global spread through international search sites.[17]

Because general search conditions have not changed, it is anticipated that Google's market share in China will remain at approximately 27 to 30 per cent of individual consumers (B2C). Notwithstanding this however, in the business-to-business (B2B) market area the expected turnover in the field of display advertising is expected to increase significantly.[19] In this respect, Google's new business-to-business (B2B) marketing campaign may be successful.

## Questions

1. *To what extent have cultural characteristics affected Google's marketing strategy and performance in China?*
2. *Compare and contrast Google's text-based and display search systems for business-to-business (B2B) marketers.*
3. *Google's Chinese focus is now on B2B marketing. Did Google gain any competitive advantage in China between 2000 and 2011 in terms of business-to-business marketing?*
4. *Does Google's marketing experience in China demonstrate possible boundaries for internet globalisation?*
5. *What is the importance of cultural empathy to international marketers such as Google? How could Google have more effectively acquired cultural empathy?*

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