How Does Google Adapt to Expand its Business Footprint into China

Xiaoyu Zhao[1,*]

[1]School of Amberson high school, Toronto, Canada

*Corresponding author: 202100084@xsy.edu.pl

Abstract. In this article, the method of case analysis is adopted. Google is the world's largest search engine. But in recent years, after GDPR came down, Google has unwittingly lost tens of billions of dollars while weighing the pros and cons. Then it studies the dilemma of Google in entering the Chinese market. The biggest problems are found in the country's social system, culture shock and differences in the market. In their exploration, they found that if they could localize their products, it would be a big step towards completely capturing the huge market in China. At the same time, another key point is at the top of the company.

Keywords: social system; culture shock; localize their products; top of the company.

1. Introduction

With the background of the great era of network information, knowledge and information originally passed through books are now understood through the Internet and some social platforms. The amount of information has increased, and the change has accelerated. And because of globalization, people around the world are more closely connected than ever before. International exchanges are commonplace. With the Internet and mobile phones, the world is at our fingertips. We can also know what is happening on the other side of the world at the same time. Economic globalization is an inevitable trend and objective process of world economic development. And in this process, multinational companies occupy a very important position. Therefore, if the enterprise wants to develop well, it needs to customize products, services and marketing information according to the specific needs of the local market, so as to realize brand localization. And you can't rely on one business model all the time. And if you want to enter a new market, the first thing to do is to first understand the characteristics of the same industry in the local market. And have a clear sense of status. In the past few years, Google has expanded into the Chinese market. However, it ended in failure. There are many reasons for failure, such as culture shock, differences in national social systems and markets [1]. One of the most important factors is culture shock. Therefore, if you want to develop the Chinese market successfully, the most important thing is to localize your products, and then find a way to solve the problem of culture shock. Of course, there are some internal problems, which need to be solved. Google has lost tens of billions of dollars weighing the pros and cons of privacy. So, Google is facing a question: Can Google afford to ignore China's market?

2. Google Profile, business model, and business pain points

Google is an American multinational technology company. It has been called "the most powerful company in the world," and along with Amazon, Apple, Meta, and Microsoft, IT is one of the five biggest American information technology companies. Google is the world's largest search engine, covering 250 countries [2]. "Organize the world's knowledge and make it broadly accessible and valuable," according to Google's mission statement. Google’s products cover many different industry areas, such as artificial intelligence, the Internet, cloud computing and advertising. Google is based on a hidden business model, and most of its commercial revenue is advertising. Its main revenue, like that of some telecommunications companies, comes from paid media. Because of its broad reach, Google accounts for more than 90 percent of all searches on the Internet. More than 80 billion

searches are made each year. Take, for example, YouTube, which it acquired. According to statistics, more than 80% of Google's revenue in 2019 came from ads on Google and YouTube [3].

The business pain point is the privacy part. For example, when I wanted to buy a birthday present for my mother, I went to my usual e-commerce store to pick up some bags and a nice watch, but I wasn't ready to pay for it. So, I added it to my shopping cart and decided to wait until the week before my birthday to pay for it. But when I shut down the website and went back to the show I was watching. I see ads for bags and even shoes. Strange? Maybe not. It's not just Google that's facing this problem. Other apps are facing the same problem. For example, I put my phone aside, and my friend and I are talking about Disney. So, when I open TikTok later, it will send me a lot of information about Disney. "Over the past four years, since the introduction of the General Data Protection Regulation (GDPR), there has been some progress in protecting personal data. The use of cookies, the emphasis on consent, and detailed but still inadequate rules for data processing, transmission and tracking are gaining attention." In April 2021, Apple finally implemented its App Tracking Transparency privacy policy, which means that App developers need to get users' consent before they can track their data or give it to third parties. Previously, Apple allowed app developers to track user data through its Advertiser Identifier (IDFA) or by using their own trackers. But with ATT, once the user opts out, application creators will not have access to the IDFA and are urged not to track them themselves. For privacy advocates and enthusiasts, this is a very welcome development. But not everyone agrees. For companies like Meta and Google, where 97% of Meta's 2021 revenue is advertising and YouTube accounts for 80% of Google's revenue, this is definitely a stumbling block for Google and Meta. Meta2021 published full-page protest advertisements in The New York Times, The Washington Post, and the Wall Street Journal in February 2021, but it claimed to be speaking out for "small enterprises globally. “However, it wasn't enough to save businesses and companies in these related areas. As of October 2021, a Financial Times investigation revealed that Meta, Snap, Twitter, and Google's YouTube lost $10 billion in revenue due to Apple's ATT. So, Google has a lot to lose if it doesn't strike a balance between privacy and profits now.

2.1 Current Situation of China's search engine industry and Business prospect of Google in China

Since Google's withdrawal from China, Baidu has dominated the country's search market. According to the latest data from Stat Counter, an American traffic monitoring agency, from June 2020 to June 2021, Baidu occupied a large share of the domestic search engine market with 79.89% share. Sogou ranked second, accounting for 11% of the market; Microsoft's Bing came in third with 3.47 percent of the market. Of course, with the emergence of Douyin, Xiaohongshu, Zhihu and other platforms, the search engine industry, also began to play a new stage of development slowly pace. There is still room for Google to grow in China. Google's previous entry into the Chinese market was not only related to national policies, but also a key point that Chinese users' access to Google services outside China was slow and unreliable [4]. At the time, when Google announced it was shutting down the Chinese market, some business experts speculated that the move would result in huge financial losses. Since Google would lose access to one of the biggest and fastest-growing consumer marketplaces in the world.

2.2 Culture shock

Google is an American brand and company. So, some of their business models and government requirements are relatively liberal and broad. Because in the history of this country, 13 states have adopted the Declaration of Independence. The Declaration of Independence affirms the idea that all people are created equal and that these rights, which include life, liberty, and the pursuit of happiness, are gifts from their creator. So, they seek freedom, both in speech and in body. They often take to the streets to protest. For example, during the epidemic in 2020, black people were killed by kneeling, which caused dissatisfaction among many Americans at that time. That led to the largest demonstrations ever. Even a historical statue of racism. Another key point is that America is a

capitalist country [5]. Cohesiveness is strong, and patriotic feeling is deep. Many large Chinese enterprises have patriotic feelings, such as Huawei's "China core", which is not only the chip, but also the "heart" of the Chinese heart. In the context of the pandemic, we can also feel the difference between capitalist and socialist countries. In the United States, nucleic acid tests and vaccines are available at your own expense. But in China it's all free. So far, China has provided free nucleic acid testing for its citizens. The unity and cohesion of the Chinese people are the strongest. You can often see on the Chinese Internet that "when one party is in trouble, help comes from all directions". And socialism has also changed the class divide [6].

2.3 Difficulties encountered in the process of Google's "Sinicization"

When Google entered the Chinese market, it faced great difficulties. China is a socialist country, so the Chinese authorities have strict censorship rules on the Internet. Any content deemed likely to threaten "national security, damage national glory, disrupt social order or infringe on the legal rights of others" will be banned. At the time, the SIMS computer games were opposed because they were feared to corrupt young people in China. Google consequently stated that it would roll out a new version of its search engine for the Chinese market in order to comply with Chinese censorship restrictions. It has also agreed to remove any sites from search results that the Chinese government objects to. There are the "Tibet crackdown" and the Tiananmen Square massacre. But Google's decision did not go down well in the United States. In February 2006, Google executives said Were summoned to congressional hearings and compared to Nazi collaborators. The company's share price fell, and protesters waved signs outside its headquarters in Mountain View, California. When Google went public in 2004, its founders wrote in the company's official SEC filing that Google was "a trustworthy company with an interest in the public interest." Leading politicians and the public at the time to ask how Google could strike a balance with the Chinese regime and the Communist Party behind it. Google declared in 2010 that it will no longer restrict search results on its Chinese service [7].

2.3.1Corporate culture

First of all, Google is Organic Organization. This culture has cemented its position as one of the leading companies in the online technology and digital advertising industry. Its structure is flexible and adaptable. It is a non-standardized work and fluid team structure. Enable open mind and information sharing among Googlers. It emphasizes the importance of openness among employees to promote innovative thinking appropriate to the technical nature of the business. [3] Corporate culture leads to innovation and applies to Google's approach to competing in various industries. Therefore, Google's operations management strategy supports this cultural identity by promoting knowledge sharing and HR enhanced workplace layouts. Additionally, Google's organizational structure promotes communication and idea sharing among staff members in order to support the organizational culture. A good workplace culture is one that exists at Google. Their employees have the privilege of working in the latest technology fields and are deeply involved in using technology in the best way to solve the world's huge problems. Google ranked 6th on the 2021 Best Places to Work list, with a score of 4.5. Google employs thousands of people every year and creating a work environment that makes so many employees feel comfortable isn't straightforward. But Google managed to pull it off. Google has built a workplace where everyone feels like they are working for the cause and change. Based on employee feedback, comparably awarded Google nine awards in 2021, including "Best Global Culture of 2021." 80% of Googlers reported that their job employment was positive. In addition, Google's culture was given an A+ rating on 18 different metrics. Google also shares all possible information with employees to keep its process transparent. In addition to offering perks like free food, fun games, nap pods, and on-site doctors, Google pays close attention to employee satisfaction and happiness. For example, every year there's an annual survey of employee feedback on company culture, compensation, managers, work-life balance, career opportunities, and more.

2.3.2 Leadership style

Google's leadership style, known as distributed leadership, is a mix of several styles. That's because Page and Eric Schmidt have different styles that blend together to create the company's culture. The founders' academic pedigree and their own tendency to think and research independently may have had an impact on their leadership style, especially in terms of coming up with innovative ideas and implementing them on issues of empowering and encouraging employees. The "free" time that Google employees have is used to create about half of the company's new products. Giving Leadership Strength It's interesting to note that the decision to adopt a new product or strategy is not influenced by the founder or by the position of its sponsor. In a "Darwinian world," where the fittest survive, ideas must compete on the basis of their merits. Many of Google's popular products and strategies have come to market through this process, such as Paul Buchheit's Gmail, or the company's informal motto (" Don't be Evil ") coined by Buchheit and Amit Patel.

2.3.3Employee management

Google's management is very different from what we think of as a business, especially a domestic one. Google's claim to do nothing, of course, is not really no matter, but to maximize the power, to give employees enough freedom. Google believes that the freedom to fully liberate the nature of its employees is the only way to unleash their inner potential and innovate. Because the worst problem for tech companies is stagnation. Therefore, Google is almost to protect the company's interests under the premise of innovation as the goal in trying to "do nothing". Whether it is Google, Apple, or Huawei, they are aware of the importance of self-management. Only by letting employees manage themselves can the real vitality of the enterprise be revitalized. The time spent by Google employees is divided into three categories: core business (search and advertising), off-budget projects connected to the core business, and ideas based on individual hobbies and skills (70-20-10). For putting new ideas into practice, there are also attractive rewards and honors. The company offers a lot of benefits to its employees [8]. I once saw a YouTube video of Google Singapore employees sharing their work environment with a hair salon, a lounge (with beds), and several freezers filled with drinks and fruit. They also have afternoon tea and a big machine for freshly grinding coffee. And employees at Google don't even have to worry too much about grooming. Because as the corporate vision says, "You can be serious without wearing a suit."

3. Application and suggestions based on organizational behavior theory

The biggest comparison with Google is Huawei. Huawei is the so-called "Wolf culture". They are mechanical organizations with tightly controlled structures. They have the spirit of "never stop until they reach their goal". He will be intimidating, reducing the number of potential competitors. At the same time can also better stimulate the spirit of employees. However, this mechanical organization also has some disadvantages, such as rigid departments, narrow control scope and low decision participation. So, they don't have what Google calls open communication. The sense of anxiety is too strong, so it is difficult to create a relaxed environment. As a result, employees will be too stressed and not excreted. One of the few tech behemoths to employ a bottom-up strategy is Google. This implies that tasks and obligations are assigned to employees that go beyond simply receiving orders that are completed by the deadline. I think that's the biggest advantage it has. However, confusion may arise [9]. Therefore, my advice is to assign all the employees' duties clearly and let them complete the basic tasks first. Then you can have a small discussion of new ideas every Friday.

3.1 Google's suggestions on how to expand into China

If Google wants to expand into China, it will have to localize its products. The branch that a lot of foreign companies set up overseas, need to undertake localization. Here, localization refers to the products produced by the company. It also needs to create a good reputation based on local politics. However, if Google abandons China as a huge market, it will be a huge loss. China is a socialist

country, so Google will have to get approval from the Chinese government if it wants to win the market. For example, when a person moves from a second-tier city to a first-tier city, he must slowly adapt to the working pace of a first-tier city. Instead of standing still. In addition, according to the factors of the first exit from the Chinese market, I made a full preparation to deal with the top management of the company and the local government. There is a huge problem that whether it is socialism or not, it will shut down some of the content that is bad propaganda for the country. For example, photos of the killing of Bianca Devins, a 17-year-old American influencer, went viral on Instagram. The photo was so gory that 12 hours later, Instagram banned the account that posted it and removed the gory photo from the background [10]. There is also strong evidence that the deceased Thai actress Tangmo's Facebook account suddenly posted some content some time ago. The content was deleted by authorities and the account was blocked. The account's server even detected the IP address at which the content was posted. So, there is no utopia for teenagers. There is no so-called real freedom, everything is in the law and social constraints will have.

4. Conclusion

In the process of analysis, we can clearly understand that the advantages of Google lie in its corporate culture, employee management and employee welfare. The business pain point is the privacy part, in fact, this point is to do things hesitancy, not to see the market changes and find the right time. If Google had seen the timing right, it would not have let its rival Apple get ahead of it with ATT. Ultimately, Google lost tens of billions of dollars in revenue. The question now is the same: Can Google afford to ignore China's market?Apple, one of his five biggest companies, has not given up on the Chinese market, but has done well. In October 2021, it was estimated that China had surpassed the U.S. as the largest single market for iPhone in each quarter. Even current Apple CEO Tim Cook has said that "China has changed and Apple cannot live without China." So, Google should be thinking not only about competitive pressures, but also about adjusting its thinking internally and about the future of the business market. In short, to win the Chinese market you must localize your products. Adapt to the differences of different cultures and markets.

References

[1] Michel J B, Shen Y K, Aiden A P, et al. Quantitative analysis of culture using millions of digitized books. science, 2011, 331(6014): 176-182.

[2] Lee M. Google ads and the blindspot debate. Media, Culture & Society, 2011, 33(3): 433-447.

[3] Wellmon C. Why Google isn't making us stupid… or smart. The Hedgehog Review, 2012, 14(1): 62-78.

[4] Grimmelmann J. The google dilemma. NYL Sch. L. Rev., 2008, 53: 939.

[5] Hamamura T, Xu Y. Changes in Chinese culture as examined through changes in personal pronoun usage. Journal of Cross-Cultural Psychology, 2015, 46(7): 930-941.

[6] Stevens C E, Xie E, Peng M W. Toward a legitimacy-based view of political risk: The case of Google and Yahoo in China. Strategic management journal, 2016, 37(5): 945-963.

[7] Chen B, Xiao X, Li X, et al. A mangrove forest map of China in 2015: Analysis of time series Landsat 7/8 and Sentinel-1A imagery in Google Earth Engine cloud computing platform. ISPRS Journal of Photogrammetry and Remote Sensing, 2017, 131: 104-120.

[8] Sun W, Xu A, Shang Y. Transformational leadership, team climate, and team performance within the NPD team: Evidence from China. Asia Pacific Journal of Management, 2014, 31(1): 127-147.

[9] Ward D, Hahn J, Feist K. Autocomplete as research tool: A study on providing search suggestions. Information Technology and Libraries, 2012, 31(4): 6-19.

[10] Nasser I M, Elsobeihi M, Abu-Naser S S. Suggestions to Enhance the Scholarly Search Engine: Google Scholar. International Journal of Engineering and Information Systems (IJEAIS), 2019, 3(3): 11-16.