

# Google's soul-searching

The search engine is ubiquitous in the West, but its predicament in China raises brand questions

The unexpected resignation of Kai-Fu Lee, the head of Google China, has re-ignited the debate about Google's role in its most promising and contentious market. On one hand, 350m internet users and an annual growth rate of 30% ensure that China easily represents Google's biggest potential opportunity for growing revenues. On the other, every fibre of Google's brand suggests it should not operate in China at present.

Initially coming under fire from the authorities, in 2006 Google launched a Chinese site that removed or altered specific search requests. A search for Taiwan or Tiananmen Square, for example, returned very different results from those provided by other Google sites. This from a brand that positions itself with statements such as 'Don't be evil', 'The need for information crosses all borders' and 'Democracy on the web works'. Rarely has a brand's targeting strategy so completely contradicted its positioning.

Google is certainly not the first brand to reach the end of the growth path to discover itself at a crossroads. Porsche faced exactly this with the decision to make the hugely profitable, but entirely inappropriate, Cayenne SUV. Pret A Manger stood at the same crossroads when McDonald's offered to buy a 33% stake in the business in 2001. One sign points to increased financial riches, the opposite one to brand consistency.

As a young, naïve marketing professor, I used to teach my MBA

students that you should always be consistent with the brand. But this turns out to be over-simplistic tosh. Brand-building and money-making are usually far too intricately intertwined to separate. Sometimes, as in the case of Porsche, you take the cash so you can invest it in the next generation of entirely brand-consistent sports cars. In Pret's case, you use McDonald's money and international logistics expertise to grow your brand globally.

In Google's case, however, I wonder whether consistency might actually outweigh the cash. Google may be a public company, but it is still very much led by its two founders – one of whom, Sergey Brin, regrets its actions in China and regards them as a 'net negative' for his company. Google chief executive Eric Schmidt, in contrast, still strongly supports a Chinese strategy. However,

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in the battle between founder and chief executive, precedents like Starbucks and Apple tell us that founders trump executives in most cases.

There are some pretty good business numbers to back up Brin's argument. China is not as valuable to Google as it might have hoped and it is currently being soundly thrashed by local brand Baidu.com. Internal sources at Google suggest that its share of Chinese search might be as low as 25% and falling – not the kind of number that justifies a globally discussed brand contradiction.

Now consider Google's polished but increasingly bland brand equity in Western markets. The coolness and integrity that once surrounded it has, it seems to me, disappeared as Google has become a market-dominating behemoth. What better way to restore some brand equity than pull out of China, citing brand beliefs, even though the impact on the business will be relatively minor?

That could set up a triumphant return when censorship restrictions eventually cease. Suddenly Google re-enters China as the honest, trusted US brand that gives the best possible search results; Baidu looks like the domestic patsy of the government that cannot be fully trusted. Google's best chance for victory in China, could be to admit defeat and retreat – for now.

*Mark Ritson, PPA columnist of the year (business media), is an associate professor of marketing and consultant to some of the world's biggest brands*  
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## 30 seconds on... Google in China

- In 2000 Google launched in China. Despite initial success, the site began to lose visitors after the Chinese government briefly blocked access to the site in 2002, then stringent censoring ensured Google searches took up to seven times longer than domestic rival Baidu.
- In 2005 Google hired Kai-Fu Lee to create Google.cn – a



**Schmidt** stands behind Google China strategy despite co-founder Brin's reservations

- site designed, in effect, to censor its own results. When the site launched in 2006, a Google spokesperson acknowledged the contradiction: 'While removing results is inconsistent with Google's mission, providing no information is more inconsistent.'
- Sergey Brin appeared deeply uncomfortable with the strategy, telling journalists:

'It's reasonable to say, "Look, we're going to stand by the principle against censorship and we won't operate there."' ■ His reticence is not shared by Google chief executive Eric Schmidt, who famously said: 'China has 5000 years of history and Google has 5000 years of patience when it comes to China. We are in this for the long term.'