



PROGRAMME: MASTER OF BUSINESS ADMINISTRATION

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ASSESSMENT COMPONENT 1: MARKETING ENVIRONMENT

ANALYSIS

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Executive Summary

This report is a detailed discussion of strategic reactions of innovating /pioneering companies (Yahoo) and the newcomers' companies (Google) in the search engine market. It examines how their marketing strategies are affected by the external factors such as technological advancement and consumer preferences. The report evaluates the practises of innovation-led, customer-focused, technology, and brand-loyalty strategies, highlighting the way the follower firms have been able to outpace leaders by quickly adjusting to the market conditions and creating a more intimate relationship with the customers.

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Introduction

The technology search engine business has been transformed drastically through both the strategic move of the front runners in the industry such as Yahoo, as well as its followers such as Google. This report will focus on how the companies reacted to the different outside forces, such as political, legal, and technological pressures, and the way their strategies changed in response to market changes. The report analyses the contribution of factors towards the decline of some companies and the rise of others in the ever changing and competitive market environment by critically examining the challenges and opportunities in the situation that confronted the pioneers and followers.

Task 1: Analysis of Pioneering and Follower Companies

PESTLE Analysis

Factors	Analysis	Opportunity/ challenges
<i>Political</i>	• International tariffs have climbed by an average of 17% between the United States and China, while the Phase One Agreement announced in January 2020 involving the two nations only results in minimal tariff reductions of 16% (WTO, 2025). • The US slapped Section 232 tariffs on steel and aluminium, temporarily exempting Argentina, Australia, Brazil, the EU, Canada, Mexico, and South Korea (PIIE, 2025).	Challenge
<i>Economic</i>	• The market volume is estimated to reach US\$1.83 trillion by 2030, with an annual growth	Opportunity

	rate (CAGR) of 4.05% from 2025-2030 (Statista, 2025). • In 2024, North America's IT services industry accounted for over 35% of worldwide revenue (Grandviewresearch, 2024).	
<i>Social</i>	• The US unemployment rate rose to 4.3% in August 2025, reflecting an increase in the number of unemployed individuals and a slight rise in the labour force participation rate (Tradingeconomics, 2025). • As of November 16, 2025, the United States has a population of 347,968,192, which represents 4.22% of the world's population, with a population density of 38 people per square kilometre and an urban population of 82.76% (Worldometer, 2025).	Opportunity
<i>Technological</i>	• Google announced a \$40 billion investment in Texas by 2027 to develop cloud computing and AI infrastructure, continuing a series of major technology investments in the state (The Hindu, 2025). • By 2025, the Digital Investment market is expected to have a total transaction value of US\$3.03 trillion. Total transaction value is estimated to demonstrate an annual growth rate (CAGR 2025-2030) of 6.95%, with a projected	Opportunity

	total amount of US\$4.24 trillion by 2030 (Statista, 2025).	
<i>Legal</i>	• Strict abidance of International and Foreign Cyberspace Law (Georgetown, 2025). • Technology driven search engine market must focus on avoiding illegal monopolization as well as other anti-competitive practices, such as violating the SSA or “Sherman Antitrust Act” • Technology search engine market must strictly follow the legislations that are passed by Congress, signed by the president, and numbered for reference. They are printed as slip laws and later compiled into the U.S. Statutes at Large (Senate, 2025).	Challenge
<i>Environmental</i>	• The USAID Digital Ecosystem Framework helps understand a country's digital environment and guides the design of effective, sustainable digital projects (Digitaldevelopment, 2022). • Chevron, in partnership with GE Vernova and Engine No. 1, aims to supply reliable natural gas power to U.S. AI data centres (Chevron, 2025).	Opportunity

Table 1: PESTLE Analysis

(Source: Self-Developed)

Critical analysis of the macro marketing environment

The macro marketing environment greatly contributes to the strategies of the pioneer and follower firms, particularly in the search engine market. The external factors like political, legal, and economic conditions have a direct effect on the growth and competitiveness of these firms.

Political Factors

This factor affects companies which have their operations worldwide since they must deal with varying regulations and government policies depending on the region. Indicatively, these tariffs, trade and local market regulations can have a heavy burden to market access and operational plans.

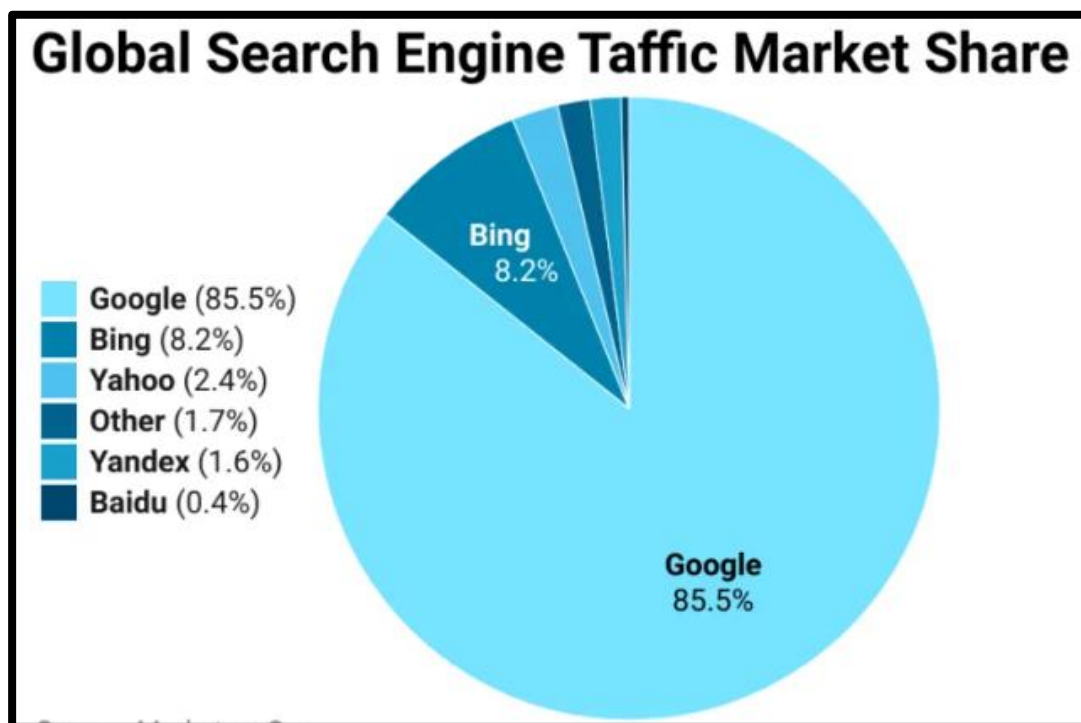


Figure 1: Top Search Engines

(Source: Market, 2025)

Google dominates global search engine traffic with an 85.5% market share, followed by Bing (8.2%), Yahoo (2.4%), and other smaller engines like Yandex and Baidu (Market, 2025).

Legal Factors

Legal Factors have affected the technology and search engine market significantly, especially concerning the intellectual property, privacy laws and the data protection regulations. Yahoo has led in the effort to handle legal issues of data privacy through its robust security protocols that safeguard the data of consumers. The legal requirements make it necessary that companies should be able to adhere to them and be able to adjust themselves in order to maintain their competitive status (Ige *et al.* 2024). Equally, user data management, as well as legal issues and illegal monopolization on antitrust matters of Google, similarly depict how changing legal frameworks can work.

Effect on Pioneer and Follower Companies

Overall, both political and legal changes continually affect both first mover firms such as Yahoo as well as the followers' firms such as Google. In essence, by being able to predict and react to these external conditions, the business will be able to stay competitive, adapt to new opportunities, and address problems the macro environment presents. The first companies Yahoo had to struggle hard to keep pace with the rapid changes in technology and their market leadership was a matter of the past, which has gone under erosion. On the other hand, other follower companies like Google took advantage of the emerging technology, customer-focused approach, and product differentiation to shake the existing markets and develop strong brand loyalty. Flexibility and improving innovation became important predictors of their competitiveness.

Analysis of the challenges and opportunities for pioneer and follower organizations in the tech industry

- **Challenges and opportunities of Pioneer companies**

The first movers within the search engine industry, like Yahoo, have different threats and opportunities in the market that is changing fast. The ability to remain innovative and deal with existing product lines is one of the main difficulties that pioneers face (Akaka *et al.* 2023). A rival to Yahoo and once a leader in the search-engine industry, Yahoo was not able to keep pace with the searching revolution, or the move to search engine systems.

This lack of innovation and speed to shift to software-based devices offered a breath of hope to Google which was a follower and the introduction of the search engine took advantage of Yahoo inertia. Ventures such as Google are forced to keep pumping funds in research and development (R&D) to remain ahead of the pack but there is a risk that ventures will be too deeply rooted in the current technologies and it will be difficult to make a pivot when the disruption comes in.

- **Challenges and opportunities of follower companies**

In the case of follower firms like Google and Yahoo, the issues are that of differentiation and the need to break the dominance of innovators. Google, through its Android platform, had a challenge of fighting with its rivals in the form better search engine that had established a large market share. Nevertheless, the open-source platform offered to give an opportunity to reach many device producers at a very fast pace, making Android take control of the search engine market in the world (Sahani *et al.*, 2025). Yahoo too had to work with the challenge of joining a market that was already dominated by Google, but used the opportunity to innovate on the notion of an exceedingly integrated set of hardware, software and services that found favour among its consumers who were interested in a seamless experience.

In conclusion, innovators need to struggle to get used to new technologies whereas followers could learn what pioneers have done wrong and be more innovative. Both must keep their eyes on the external factors in order to take advantage of the emerging trends.

Task 2: Critical Evaluation of Strategic Responses

The organisations respond to external business threats and take advantage of the opportunities to sustain or strengthen their competitive edge can be seen in the strategic responses of pioneer and follower firms in the search engine industry. Individual can have a better insight of how businesses have transformed their business models in terms of the macro marketing environment and the dynamic changes in the market.

Leveraging Cutting-Edge Technology for Product Differentiation

Early movers like Yahoo had earlier excelled due to their innovation in the line of their oversight. However, their inadequacies were later revealed by the rapid rate at which things changed more technologically, and with that, consumer expectations too were shifting. Another example is Yahoo, who despite remaining the leader in the search engine market with their series of features. As per the above Task 1, there is a challenge to keep pace with the growing demand of search engines interfaces as was being quickly embraced by other vendors including Yahoo and search engine manufacturing companies. The inability of the organisation to move to integrated software solutions and to develop a marketing strategy that is built on ecosystem had a significant negative effect on the organisation to maintain its growth (Ekici *et al.* 2021). On the contrary, Google transformed the search engine industry by developing hardware and software into unison, thus creating a brand new ecosystem that is based on its products. The posture of customer-centric marketing Google adopted a posture that foregrounds easy integration of products in its line, increasing the levels of consumer engagement and loyalty (Somani *et al.*, 2025). In the case of Google, the technology that came after Yahoo, in the search-engine market, it adopted a more disruptive algorithmic style and successfully re-strategised based on data-driven adverts and changed itself into a market leader. Google attained hyper-personalisation of its services by focusing on the improvement of user experience and the use of sophisticated technologies in its search and advertising websites (Sahani *et al.*, 2025). Its capacity to scale faster, build on the data of users to improve allowing them in subsequent attempts, the advertisements and search results, made it surpass Yahoo and transformed the way online advertising was perceived.

Equally, the paradigm of innovativeness followed by Xiaomi, a subsequent competitor in the search engine industry, focused on affordable search engines featuring advanced features. The enjoyment swift market penetration through its digital-marketing portfolio that includes social-media interaction and community-building strategies (Bakashaba, and Bindeeba, 2025). Furthermore, Xiaomi functions with AI-based features to streamline the process of interacting with customers, thus, improving the user experience and increasing the brand loyalty due to delivering personalised services. This innovation plus customer orientation allows Xiaomi to attract and grow a strong global market consumer pool.

Adoption of Innovation-Driven and Customer-Centric Marketing Strategies

Innovative companies are usually at the front in terms of technological development, but failure to innovate leads to market share loss. As an example, Yahoo enjoyed the advantage of introducing searching technology first in its initial stages, with the addition of the early search-internet services. However, being unable to go beyond the Symbian OS and adopt the searching technology made it susceptible to the Yahoo and Google platforms. The introduction of the searching in previous years represented paradigmatic change on the search engine front with the introduction of user-friendly interface, highly developed application environment, and software-led innovation which Yahoo lacked the capabilities to emulate.

Yahoo is an early adopter in the search engine technology industry, and it has faced similar issues, but it has taken the initiative to absorb the latest technology to improve its product base. To give an example as it developed better maps and location tracking ability and it was the pioneer in searching technology that widened the perceived features of search engines (Sahoo and Raghu, 2023). The decision of Google to invest in the next-generation technologies, including better searching capabilities and artificial intelligence, can be viewed as an example of the strategic use of a sophisticated technology to maintain a competitive edge (Kusuma, 2024). However, in spite of initial failures in the field of durability and software optimisation, Google was able to develop its fold-able platform, adding AI-led optimisation, and improved display materials that ensured at a higher user experience level.

On the other hand, the product differentiation has always been a pillar of the strategic design of Google. Google has created an ecosystem that supports its devices in a high premium way by prioritising software and search maps, drive for data storage integration in a seamless and user-oriented manner (Han, 2024). This distinction can also be seen through its privacy-first marketing storey, which emphasises emphasising its commitment to protecting consumer data in the wake of increasing issues regarding the subject of data privacy. Privacy, the current updates to the software, and new innovations to the App

Store make Google a unique search engine brand that cannot be confused with other brands that withhold their privacy policies.

Strengthening Brand Loyalty and Customer Engagement

Consumer engagement and brand loyalty form a very important element of the sustainable competitive advantage in rapidly changing markets. Once leading by a broad range of competitively priced search engines in the market, Yahoo no longer found its product-based strategies satisfactory when search engine functionality and ecosystem integration became the priority. Inability to create a powerful brand ecosystem led Yahoo to lose customer loyalty when they shifted to other systems with strong ecosystems, like the Google to some companies like Yahoo, or search devices that some of its competitors like Google provide.

Yahoo as an entrant player seized the opportunity by creating a complete ecosystem around the products. Constant changes that the product undergoes, high design, and a simple-to-use interface enabled strong emotional relationships between Google and its customers. The loyalty programmes at Google, such as Google customer support and other services such as cloud subscriptions, not only enhance customer interaction, but also facilitate lifetime loyalty to the Google brand. Moreover, the direct-to-consumer marketing of Google in the form of Google Stores and online helps to make the customer experience better and consolidates the company in a competitive environment.

Concurrently, Google has built brand loyalty by its family of related products, such as Google searching, YouTube, and Google Play Store. The utilisation of Google Assistant, cloud computing, and Android operating system as part and parcel of the everyday user experience has made Google an inseparable factor of online experiences (Google, 2025). The ability of Google to personalise ads and services based on the preferences of the individual user has allowed increased contact with the user, where they are assured of constant contact with the ecosystem. Besides, the free services provided by Google, including Gmail, Maps, and search capabilities, have kept its users in the system, enhancing brand loyalty in the long run.

Conclusion

To conclude, strategic actions of innovator and imitator companies in the field of search engine industry accentuate the significance of innovation, flexibility, and prompt action. The former leading companies Yahoo found it difficult to innovate fast enough to cope with technological changes and consumer needs and preferences and they gave way to the new players Google. Their capability to learn about previous errors of pioneers, to respond to market opportunities and to innovate at a swift rate are the success of followers. Finally, it is crucial to be dynamic and predictive to external pressures to retain the competitive edge of the fast-moving search-engine business.

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