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### **Amazon, Apple, Facebook, and Google 2018 (Big 4 Case)**

John Deighton and Leora Kornfeld (2018) state, “The Internet was not supposed to be a marketing platform” (p. 1). The Internet, which the Department of Defense first utilized in the 1950s, eventually expanded and was privatized in 1995 by Congress. As the internet has become more distributed and mainstream, so have the consumers' purchasing options. The top four companies in the online marketing industry are Amazon, Apple, Facebook, and Google (Deighton & Kornfeld, 2018, p.1). For simplistic purposes, we will refer to these companies as the “Big Four.” Who, among the four, will continue to rise and dominate in the Internet marketing industry, and who will fall?

After a thorough analysis of all four companies, it was determined that Apple will continue to dominate financially and is chosen as our winner, and Facebook will eventually fade away. Google and Amazon will continue to be the leaders in their respective markets. The analysis of each company’s strengths and weaknesses is detailed below (including a SWOT table in Exhibit 1).

When Google was first introduced in 1998, it offered free content and nothing but a search engine. Google began to sell advertising in 2000 as the utilization and the algorithm increased and improved. Google earns the most on digital paid search and is second on paid advertising. Google has expanded its social network with Gmail and Google+ but hasn’t received as much acceptance and utilization as Facebook. YouTube and DoubleClick, both owned by Google, receive revenue from advertising. Analysis of the contested boundaries between the Big Four reveals that Google dominates search capability, digital paid search, and smartphone capability (see Exhibit 2). Google has a presence in two areas but is not dominant in our social capability, such as digital display ads, which are Facebook's dominant features.

Facebook started as a social media platform but then gravitated toward business advertising as its utilization increased. In 2017, all of Facebook’s revenue was from paid advertising. Facebook’s digital

advertising tracks internet users' search history to target users with tailored ads. Facebook kept up with significant shifts in the social media market by purchasing other top performers such as Snapchat, WhatsApp, and Instagram. Facebook is dominant in social capability. Facebook lacks presence in television capability, digital paid search, smartphone capability, and voice-activated audio. A company that threatens Facebook's primary income source, digital paid advertising, is Apple. Apple recently released iPhone software that will allow owners of iPhones to see pop-up windows that will ask for permission to enable tracking (Nicas, 2021). Companies that rely on digital paid advertising will gather less data as people decline the monitoring.

Apple was founded in 1976 and did not gain a competitive edge until 2009, after the iPhone was launched in 2007, and in 2010, when the iPad was introduced. Apple's greatest strengths are its smartphone capability and voice-activated audio software, and its competitor in the smartphone industry is Google. Smartphones play an essential role in online marketing. The iPad covers a broader range of digital content than Amazon's Kindle platform, which is solely for purchasing digital books.

Amazon, the biggest retailer of products and consumer goods, covers 90% of the US. Amazon offers a collaborative filtering tool and increases shoppers' queries for products. Shoppers who view a product but do not purchase it are later retargeted by ads for the products they failed to buy.

Perceptual mapping (see Exhibit 3) is performed based on our analysis of the Big Fours' products and services. While Facebook is free to use, as shown at the bottom of 'Price', we've placed it in the mid-range on quality due to the poor management of "fake news" and inappropriate content. Amazon is mid-range in price and quality as an endless supply of products can be delivered within the same day or two business days via Amazon Prime or Prime Now. Amazon's products are primarily from third-party companies; sometimes, consumers have questionable goods. Google and Apple received high scores on both quality and price. However, Apple products are more expensive, which leads consumers to expect a higher quality product.

The chart (see Exhibit 4) notes the commerce and advertising features of the different companies and provides a clear picture of the leaders in each category, along with opportunities for improvement.

Google offers products and services in all categories, providing well-rounded market coverage, while Facebook still needs products in several categories. Apple could have full coverage in all categories if they included a social capability in their lineup of products and services. Amazon is present in all categories except in the smartphone industry, which, considering the market dominance of Apple and Google, we wonder if they would put effort into expanding by offering their smartphone products.

Facebook focuses on advertising and user content distribution, with a small market of devices such as the Oculus and Facebook Portal. Apple is a leader in the hardware and media industry due to services such as Apple Music, Apple Maps, Apple Pay, and iCloud. Apple is in a different category for competition than Facebook because Facebook focuses on social media and advertising, while Apple focuses mainly on hardware. Additionally, most Facebook users access its social media offerings, including Instagram and WhatsApp, via an Apple or Google device. The onion analysis (shown in Exhibit 5) illuminates the current market captured and the potential market to focus on if additional users are desired.

Netflix is an example of a firm related to the Big Four in the online economy. Netflix's relationship with the Big Four is interdependent as consumers can use a variety of media devices such as televisions, laptops, tablets, streaming devices, and smartphones to stream Netflix. Apple provides the MacBook, iPad, iPhone, and AppleTV, while Google offers Chromebooks, AndroidOS devices, and Chromecast, all of which can stream Netflix services. Similarly, Amazon provides customers with different types of televisions, computers, tablets, phones, and streaming devices (including their own Firestick), all for purchase. Facebook plays the social media connection by noting who is watching what and advertising to the user's network to provide show options. As browsers and devices evolve, Netflix must maintain compatibility to continue streaming on various devices. More and more competitive streaming platforms such as HBO Max, Hulu, Peacock, and Amazon Prime Video provide additional competition to Netflix. Netflix is challenging this with increased Netflix-only content to keep users engaged. The Big Four will continue to provide a platform for Netflix to grow, but if one were to fall, Netflix would still survive.

A SWOT analysis was performed to analyze further each Big Four's competitive position (see Exhibit 1). As demonstrated in the SWOT table, Facebook is experiencing financial success but primarily relying on a single service due to revenue driven by digital advertising. Focusing solely on digital advertising exposes Facebook to multiple threats, so we predict it will eventually fade away and lose its competitive edge. Google and Amazon are in a similar position; both are market leaders in digital advertising and the e-retail industry, and both have lowered their risks by diversifying their products and services. It is yet to be determined if Google and Amazon will become market leaders in other segments. Apple is leading the way financially, grossing over \$88B in 2018, over \$20B more than Google, and over \$60B more than Amazon and Facebook (Deighton & Kornfeld, 2018, p. 11). Apple has proven its focus on consumer electronic products as a recipe for success. While competitors have a significant risk of gaining traction in consumer electronics, Apple has built a loyal customer base that will likely consume the new and updated products and services they bring to market, including digital content and financial services.

The digital world has transformed how companies do business; every company has a digital footprint. As stated by Orad (2020), "Soon, data itself will become a primary product for nearly every business, and data analytics will form the core of every company's business model" (para 4). Amazon, Apple, Facebook, and Google are all great examples of companies that have found a way to profit from the data they collect through their more conventional business models. The Big Four and all organizations must continue to evolve, or they will become obsolete like their predecessors, including big box retailers, MySpace, and Altavista. While our Ansoff Product-Market Growth Matrix (see Exhibit 6), displays our team's recommended areas of growth for each company, it is clear these companies are going to be fighting for the same resources primarily focused on technical skills, including artificial intelligence, machine learning, data science & analytics, data engineering, data visualization, information security and cloud computing.

The chart (seen in Exhibit 7) outlines critical data points for the Big Four companies. As of 2018, Google (Alphabet) is leading the advertising sector, while Apple dominates the hardware market. Based

solely on who is obtaining the most profit and market capitalization, Apple is shown to be the leader of the Big Four.

While all four companies have their strengths and weaknesses, Apple will be the one to thrive and survive. The company's history drives this, as does its ability to maintain customer loyalty and diversify its offerings to obtain the most significant market capitalization. From personal experience, the amount of Apple products purchased over our lifetimes demonstrates their advertising pull on their customers and the reliance on their versions of devices/software, making using something like an Android phone a foreign experience. Google will continue to dominate the search experience, advertising, and Amazon for quick shopping; however, we see Facebook falling out. This is mainly due to user disengagement from unhealthy mental health images on social media, fake news distribution, invasive advertising, and users moving on to other platforms. Facebook offers less diversification than the different companies to survive via alternate paths; as such, we see its downfall as only a matter of time.

## Appendix

**Exhibit 1: SWOT Analysis**

Strengths (+)	Weaknesses (-)
<ul style="list-style-type: none"> <li>-Dominance in e-retailing (44% of market)</li> <li>-Strong mix of services (Online Stores, Third-party seller services, Amazon Web Services, Advertising, Subscription Services, Physical Stores)</li> <li>-Strong financials (revenue &amp; profits)</li> <li>-Higher avg transaction on Apple store than competitors</li> <li>-Simple model</li> <li>-Strong financials (revenue &amp; profits)</li> <li>-Market leader in digital display ads</li> <li>-Extremely strong user base</li> <li>-Market leader in paid search</li> <li>-Strong mix of services (digital ads, cloud platform, Google Store, Youtube, Maps)</li> </ul>	<ul style="list-style-type: none"> <li>-No social networking</li> <li>-Low profit margin</li> <li>-Revenue highly concentrated in hardware</li> <li>-Mostly consumer based, small enterprise footprint</li> <li>-Government regulations (data privacy, censorship)</li> <li>-Corporate social responsibility concerns with user base (harmful content)</li> <li>-Revenue highly concentrated in ad revenue</li> <li>-Low social networking</li> <li>-High concentration of revenue from digital ads</li> </ul>
Opportunities (+)	Threats (-)
<ul style="list-style-type: none"> <li>- Increase in social networking</li> <li>- Increase in ad revenue</li> <li>-Increase business/enterprise service offering (cloud, digital content, applications)</li> <li>-Apple pay / banking segment</li> <li>-Expanded products (digital content creator)</li> <li>-Enter enterprise segment (Facebook for work)</li> <li>-Subscription model</li> <li>-Increase in social market presence</li> <li>-Growth in cloud platform services (Workspace, GCP)</li> </ul>	<ul style="list-style-type: none"> <li>- New domestic and international marketplace players (Walmart, Alibaba)</li> <li>- Emerging cloud providers (Microsoft, Google, IBM)</li> <li>-Other hardware manufacturers breaking into consumer segment</li> <li>-Government policies</li> <li>-Social media trends</li> <li>-Emerging competitors</li> <li>-Strong competition from market leaders in cloud services (AWS, Microsoft)</li> <li>-Shifting digital advertising strategy (move towards social media platforms)</li> </ul>

Color Key	
Orange =	Amazon
Black =	Apple
Blue =	Facebook
Red =	Google

Exhibit 2: Contested Boundaries

	Amazon	Apple	Facebook	Google
Search Capability	Presence	Presence	Presence	Dominant
Social Capability	Presence	No Presence	Dominant	Presence
Retail Capability	Dominant	Presence	Presence	Presence
Television Capability	Presence	Presence	No Presence	Presence
Digital Paid Search	No Presence	No Presence	No Presence	Dominant
Digital Display Ads	Presence	No Presence	Dominant	Presence
Smartphone Capability	No Presence	Dominant	No Presence	Dominant
Voice Activated Audio	Presence	Dominant	No Presence	Presence

■ No Presence   
 ■ Presence   
 ■ Dominant

Exhibit 3: Perceptual Mapping



## Exhibit 4: Commerce and Advertising Features as of 2018

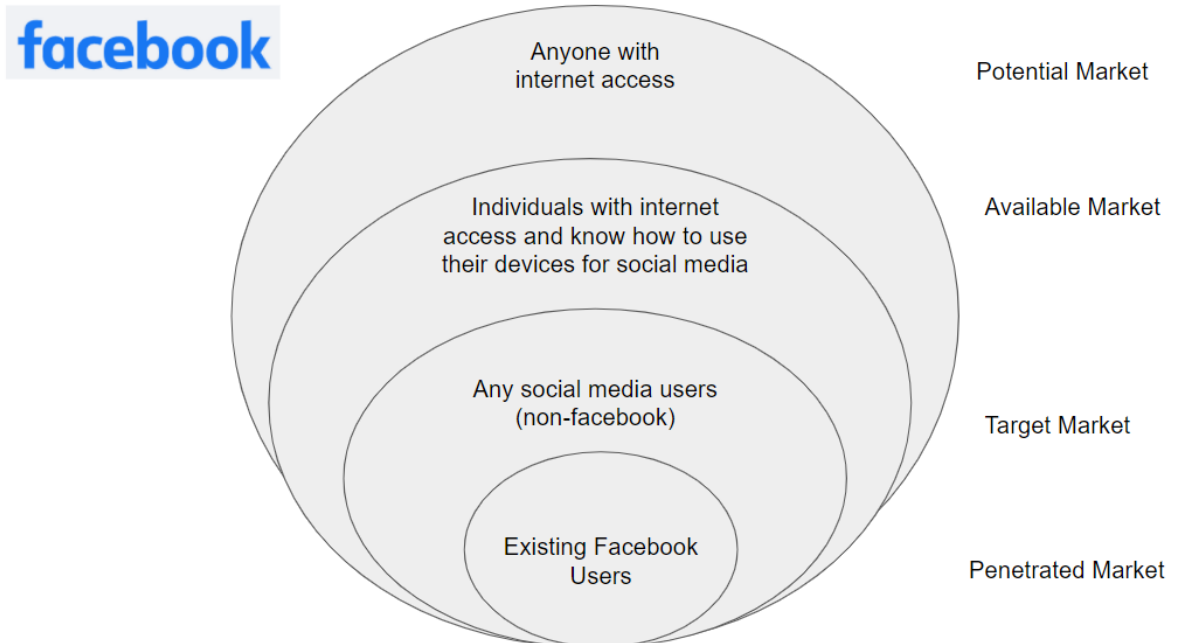
**Exhibit 2** Amazon, Apple, Facebook, and Google Commerce and Advertising Features as of 2018

	Amazon	Apple	Facebook	Google
Search capability	Via Alexa	Via Siri	Rumored	Dominant
Social capability	Reviews	None	Dominant	Google+
Retail capability	Dominant	iTunes Store	Gifts	Google Play
Television capability	Amazon Prime	Apple TV	None	Google TV
Smartphone capability	None	iOS	None	Android
Payment-system capability	Credit card	Apple Pay	None	Google Wallet
Advertising network	Ad Exchange	iAd	Facebook Exchange	Dominant
Voice-activated audio	Alexa	HomePod	None	Google Home

Source: Compiled from casewriter analysis.

Chart obtained from the HBR article- Amazon, Apple, Facebook and Google 2018

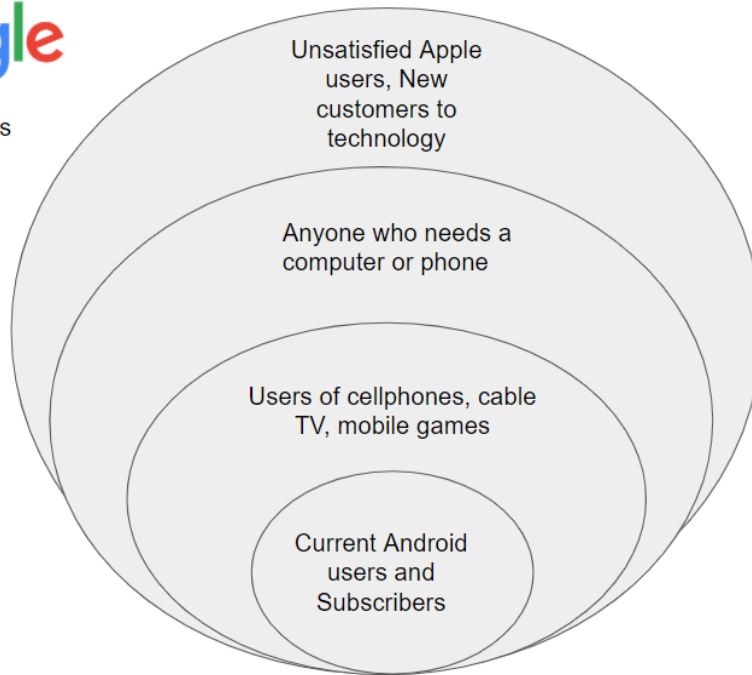
## Exhibit 5: Onion Analysis



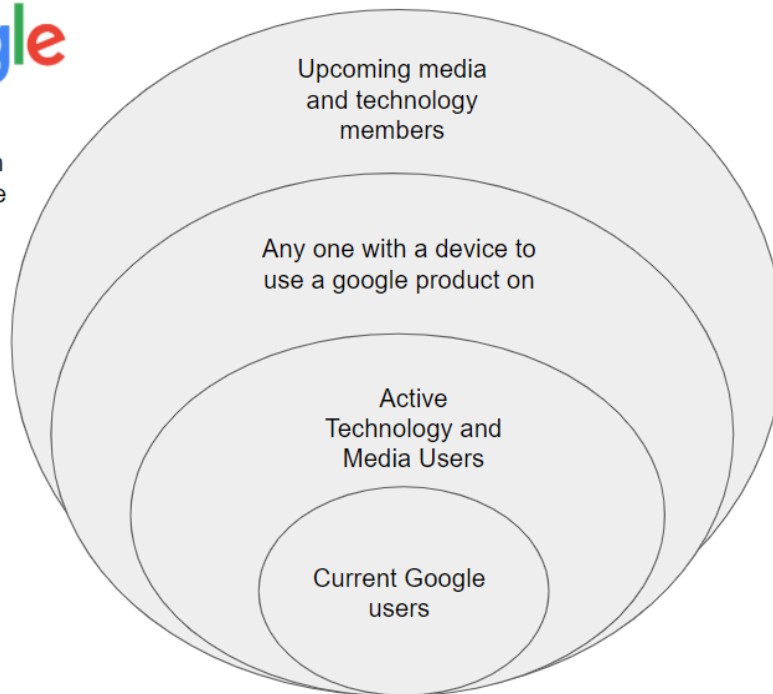




(Paid)  
Android Devices  
Google Home  
Google Play  
Chromebook  
Youtube TV



(Free)  
Google Maps  
Google Search  
Google G-Suite  
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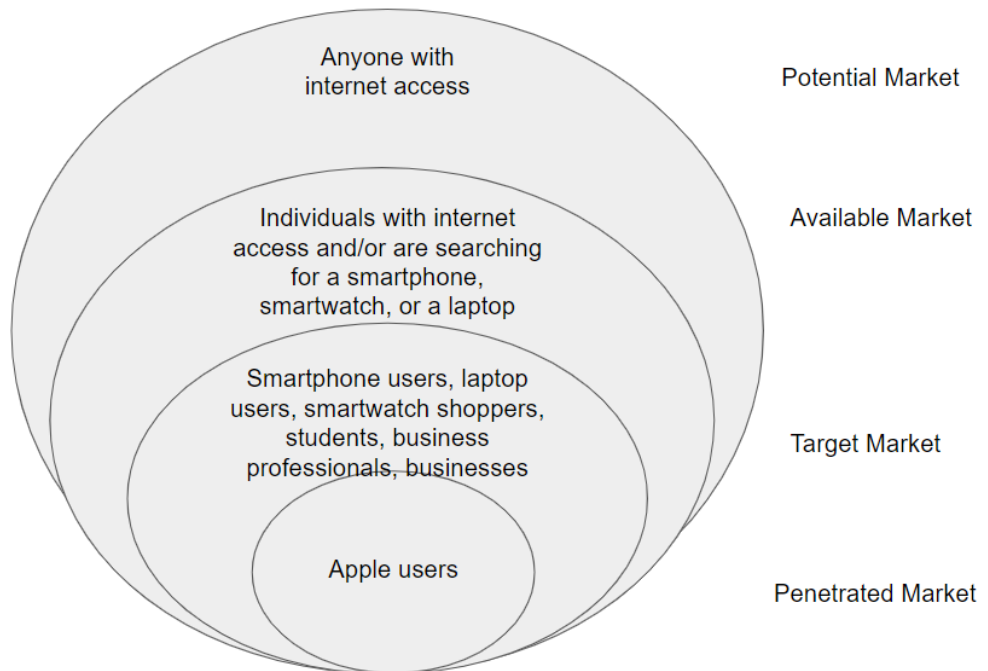
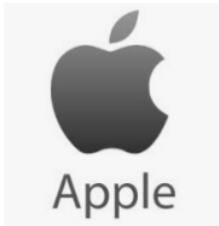
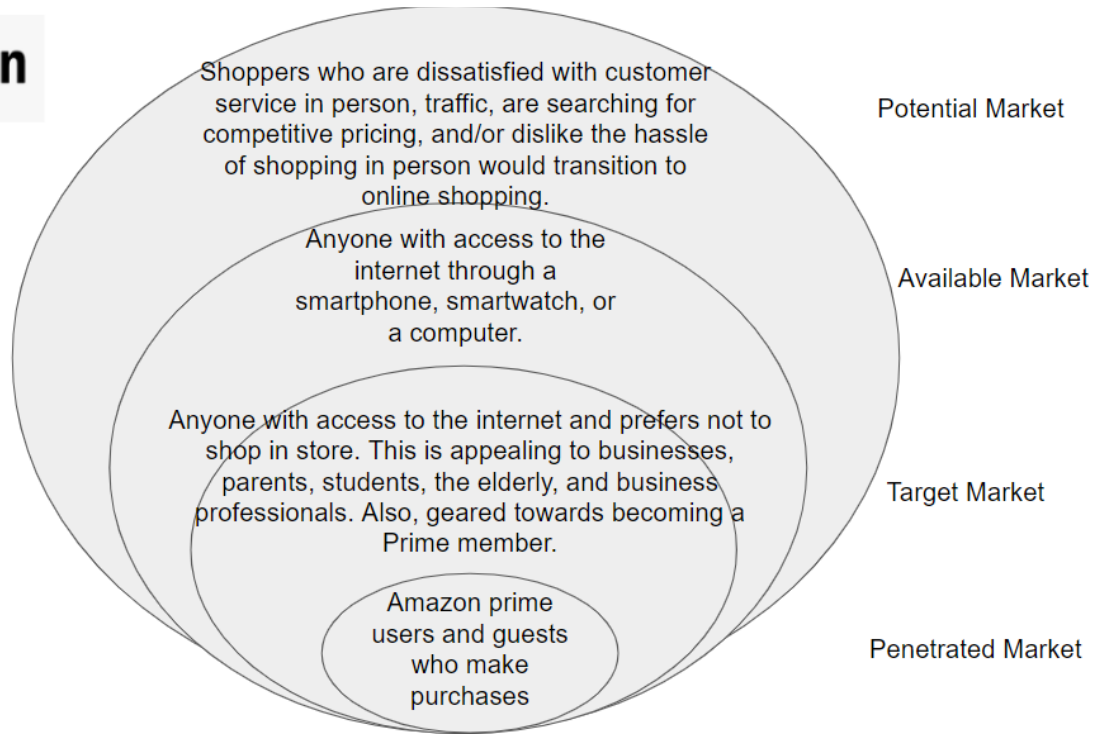


Exhibit 6 - Ansoff's Product-Market Growth Matrix - Recommendations

Ansoff's Product-Market Growth Matrix		
	Present Product	New Product
	Market Penetration	Product Development
Present Market	<p><b>-Deprioritize - Already a market leader in e-retail and cloud computing.</b></p> <p>-Prioritize - Needs to maintain dominance with the consumer hardware market. Capitalize on Apple Pay</p> <p><b>-Deprioritize - Already market leader in digital ads</b></p> <p><b>-Prioritize - cloud computing products Invest in Google +</b></p>	<p><b>-Prioritize - Market entry into social media. Higher margin products to sell. Develop more content for Amazon Prime</b></p> <p>-Prioritize - Develop the next consumer must-have gadget. Develop more content for iTunes, Apple TV.</p> <p><b>-Prioritize - Enter the subscription based model. Expand beyond just Facebook, Instagram, and Meta</b></p> <p><b>-Prioritize - Develop more original digital content for YouTube, and expand cloud computing offering (AI, ML)</b></p>
	Market Development	Diversification
New Market	<p><b>-Deprioritize - Already has wide consumer base</b></p> <p>-Increase business/enterprise service offering (cloud, digital content, applications)</p> <p>-Apple pay / banking segment</p> <p><b>-Deprioritize - Already has wide consumer base</b></p> <p><b>- Deprioritize - Already in numerous markets (hardware, digital ads, cloud computing, digital content, social media)</b></p>	<p><b>-Deprioritize - Already has wide consumer base</b></p> <p>-Prioritize - Enter enterprise cloud computing market</p> <p><b>-Prioritize - Develop original content</b></p> <p><b>- Deprioritize - Already has a diverse market base and product offering</b></p>
Color Key		
	Orange =	Amazon
	Black =	Apple

Blue =	Facebook
Red =	Google

*Note:* Content to formulate the information shown in this chart was taken from “Who is Winning: Google, Amazon, Facebook, or Apple? (Salvaterra, 2020)

## Exhibit 7: Statistics

### Exhibit 1 Apple, Amazon, Facebook, and Google Essential Statistics

Company	Year Founded	Market Capitalization (\$bn)	Revenue (\$bn)	Gross Profit (\$bn)	Employment
Amazon	1994	\$783	\$178	\$12.5	566,000
Apple	1976	\$933	\$229	\$88.2	123,000
Facebook	2004	\$538	\$41	\$20.2	25,100
Alphabet	1998	\$771	\$111	\$65.4	80,100

Source: Compiled from Bloomberg, company 10-K and 10-Q Reports, *The Economist*.

Chart obtained from the HBR article- Amazon, Apple, Facebook, and Google 2018

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