

# Hey Google, Come on Home: A Market Penetration Strategy

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### ABSTRACT

Google, the word and the brand, which is synonymous with a search engine, almost intuitively felt that it ought to be the largest player on the Home Assistant Gadget front- a logical extension of its services. Google's strategy to dominate the smart home products' market is an attempt to bridge the chasm to wean customers away from Amazon's Alexa, to its fold. By addressing its niche market of loyal customers, Google went to direct customer wooing by providing a product reinforced with Google's services. A well-planned campaign which had a young, breezy and contemporary feel to it intrigued the prospective buyers to explore the product, indulged them to have fun and answer quizzes at the pop-ups, and get rewarded with a take home gift - the Home Mini itself. This promotional campaign would help Google to market a remodeled product with greater momentum and be a brand leader in this segment.

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## BACKGROUND

Google LLC is a multinational company based out of California that develops internet-based products and services. Their primary focus is their unanimously popular search engine and the revenue it brings in through advertising, cloud computing and mobile software. And now with the smart home market set to be worth \$55 billion by 2022 (Sinha, 2018), it's no surprise that Google is pushing harder to enter this space with their advanced virtual assistant packaged in capable hardware.

One of the major reasons, Google is a fast follower in this market segment is because it was beaten to market by strong competition in the form of Amazon's Echo devices powered by their virtual assistant Alexa. For Google, it isn't as much about selling the most devices as it is about attempting to involve more people in its ecosystem and collecting data to personalize everyone's experience within that ecosystem.

In that pursuit, to bolster their presence in the smart home market, Google made amends to their first offering in 2016 by offering three differently sized products that targeted different segments of the market. The most desirable and consequently successful device was the donut-sized Home Mini.

Segmentation: But offering options to the customers is not enough for an industry that is still relatively in its infancy and majorly inhabited by early adopters. Constant volatility in consumer behavior and a rapid rate of technological improvements makes the market rather dynamic. The segments can be created based on how technology savvy a customer is, income level and age.

Targeting: As smart home products are looked upon as more of a convenience than a necessity, Google attempts to grab the attention of its niche segment by swaying the opinion of young customers who are early adopters and enthusiasts in favor of the products they didn't think they needed until they experienced them. To do so, Google used an uncanny promotion and penetrative pricing strategy to lure their customers in.

Positioning: The customers will pick up the product with the best value offered in terms of convenience, affordability and compatibility with their current technological ecosystem. Google has put its home devices at the center of its customers' home and enabled them with online services like voice search, shopping and streaming media with just the use of their voice command.

## CAMPAIGN STRATEGY

Although Google as a brand has stakeholders who are fiercely loyal to its products, it is not very often that they are found to be industry followers. Given the fact that they are new to the hardware game

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as well, the pragmatic customer would not be wrong to look at Google's foray into the smart home industry with a grain of salt and hence Google's campaign.

To generate buzz about their offering and involve more people to bridge the chasm between early adopters and early majority, Google went around the United States and set up pop-up stores that caught the ordinary Joe's attention. Backed by heavy social media coverage, the tiny pop-up stores visited iconic and populous cities where people queued up in thousands to get a glimpse of this unique promotional event.

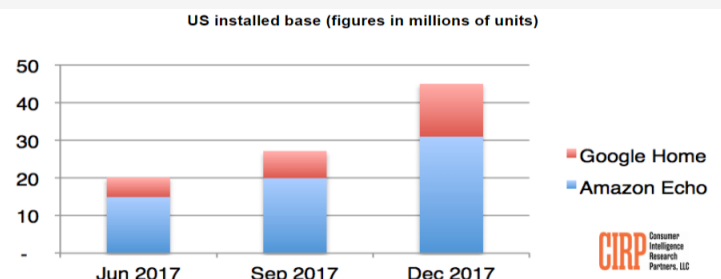
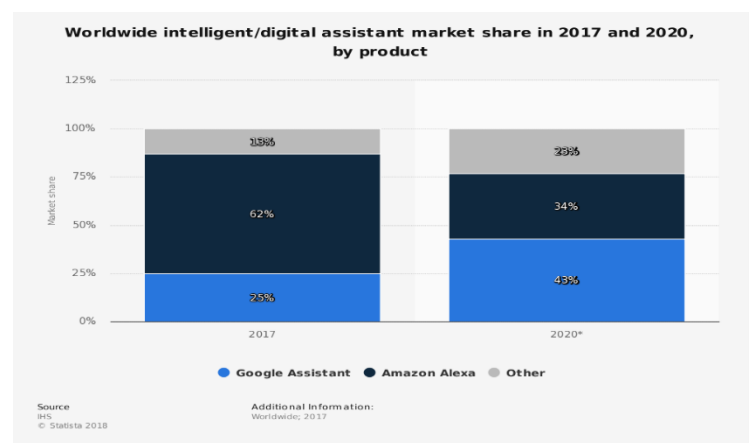
With the prospect of winning their very own device or walking away with a tasty treat for their efforts, Google embedded, probably at least, the memory of their product in the participants' minds. It not only provided a form of direct interaction between the existing or new customers with the device itself but also allowed them the chance of a unique and unforgettable brand encounter. And the Home Mini is a product which has substantial retention & recall since it fashioned on the popular & much loved American snack - the donut.

Following the success of the donut campaign, Google went on to reduce the beloved Home Mini's price from \$49 to \$29, thus using a penetration pricing strategy that was too good to be ignored by the customers during the holiday season.

### THE EVIDENCE

By marrying their virtual assistant to their in-house manufactured hardware, Google has gained complete control over the value chain and user experience, much unlike its Android operating system. With the unparalleled capabilities of the virtual assistant, the company seems poised to gain on and even surpass its closest competition. An unprecedented adoption rate of the assistant (18% increase by 2020) will result in more search queries and traffic coming towards Google. With 50% of all searches predicted to be voice searches in less than 2 years (Pourjalali, 2018), Google admits they are keen to observe how the colossal amount of user data will translate into customized user services based on their ever-improving artificial intelligence programs.

A survey by CIRP LLC indicates that although the installed base of home automation devices grew by 18 million at the end of December



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2017, Google's Home Mini gained ground on Amazon's market offering. Since its introduction, the Home Mini accounted for 40% of all smart home devices bought during the holiday season (CIRP, 2018). By emphasizing on lower priced devices, Google has opened the doors to a larger customer base. 13% of the owners also admitted to owning more than one device (CIRP, 2018).

### RECOMMENDATIONS

Any kind of service that involves a device listening in on your conversations will result in privacy concerns and Google is no stranger to this. Mired with accusations that its device listens to users even when on standby and collecting data, Google must take a stand to allow its privacy conscious users to protect their online identity and data by being more flexible in offering cyber protection and transparent about the creation of user data profiles.

The next logical option for Google would be to enter into alliances with constructors and builders to integrate their devices into the plethora of IoT devices and applications within a user's living space. Connected home technology providers are looking to add more functionality to their ecosystem. Pairing it with Google's sophisticated virtual assistant would allow them to grab the lion's share of the market.

### CONCLUSION

An innovative marketing strategy backed by the fundamentals of the marketing communication mix has allowed Google to move up the ladder and compete with the major players of the connected smart home market. It now processes 5.5 billion search queries a day, almost 35% of which are voice queries powered by their virtual assistant (Duhigg, 2018). Integrating their cutting edge artificial intelligence to home devices gives Google access to market that is still only moderately penetrated. With the clever use of social media advertising and using brand power, Google managed to target its niche audience which was the early adopter but in doing so also involved a sizable portion of its early majority. In short, Google succeeded where Alexander the Great, Genghis Khan and Napoleon failed - it got one step closer to dominating the globe.

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