

## 15.567 Reading Guide

### Session 9: Google

This session we will take a closer look at Google, and the economics of search and targeted advertising.

#### Readings

Case: Edelman, Google, Inc. 910036-PDF-ENG , Feb 2010

Steven Levy, “Secret of Googlenomics”, *Wired*, May 22, 2009

#### Optional:

Varian “The Economics of Internet Search”

<http://people.ischool.berkeley.edu/~hal/Papers/2007/costa-lecture.pdf>

“Online Search” Stanford Graduate School of Business, December, 2008

#### URLs

- <http://www.google.com>
- <http://www.bing.com>
- <http://www.yahoo.com>
- <http://search.aol.com/aol/webhome>
- <http://www.wolframalpha.com/>

#### Study Questions

Please think about the following questions as you do the readings. Be prepared to defend your answers in class.

1. What were the key factors behind Google’s early success?
2. Considering the economics of the search business, do you expect it to become more concentrated (i.e., dominated by fewer firms)? Is it a winner-take-all business?
3. In renewing its deal with AOL, could Google afford to pay AOL more than 100% of the revenue generated from AOL searches? How did Microsoft’s maximum affordable bid for AOL’s search traffic compare to Google’s?
4. In addition to enhancing its core search businesses, should Google also branch out into new areas? Which of the following would you recommend: 1) building a full-fledged portal like Yahoo’s; 2) targeting Microsoft’s desktop software hegemony; 3) becoming an ecommerce intermediary like eBay, or 4) something very different?
5. What kinds of products and services can advertising support well? How does your answer differ for highly targeted advertising vs. broad based advertising?
6. What questions would you have for Hal Varian, now Chief Economist at Google?

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