



Yandex, a Local Search Engine in Russia

Globalisation has driven the companies to expand themselves on the global front. Whether big or small, it has become mandatory for the companies to expand into the global arena to compete with each other and to capture the market. The competition has increased tremendously because of this phenomenon. Emerging markets are providing plethora of opportunities for the companies. Tapping them became the motto of the MNCs. However, these companies are facing severe competition from the local companies who are also stretching themselves into the global markets. This is relevant to all the local companies in all the industries, be it automotives or search engines.

When one thinks of search engines, the search wars come into picture which flickered during 1994 and 1995. In the 21st century, the search engine wars heightened among the major players like Google, Yahoo! and Microsoft. The survivors understood that there is huge money in the search engine domain. At the same time, all the major players understood that they ought to compete with the local players in the respective markets to gain a significant market share.

In one such fight for dominance, Google is being challenged by Yandex, a local player in the search engine market in Russia. Yandex banked on the competitive advantage of being a local player in competing with Google. Yandex, with a mighty share of 54% stood as a major competitor for Google in Russia. Yandex with its superior search technology superseded Google in all aspects and emerged as a market leader. Google not only failed to understand the nuances of the Russian language in designing its search engine in Russia but also failed to understand the business environment in Russia. It failed very badly in collecting money for the ads it displayed, as the people in Russia relied more on 'brick and mortar' payment system than on 'online' payment. Yandex was able to dominate Google in all these aspects.

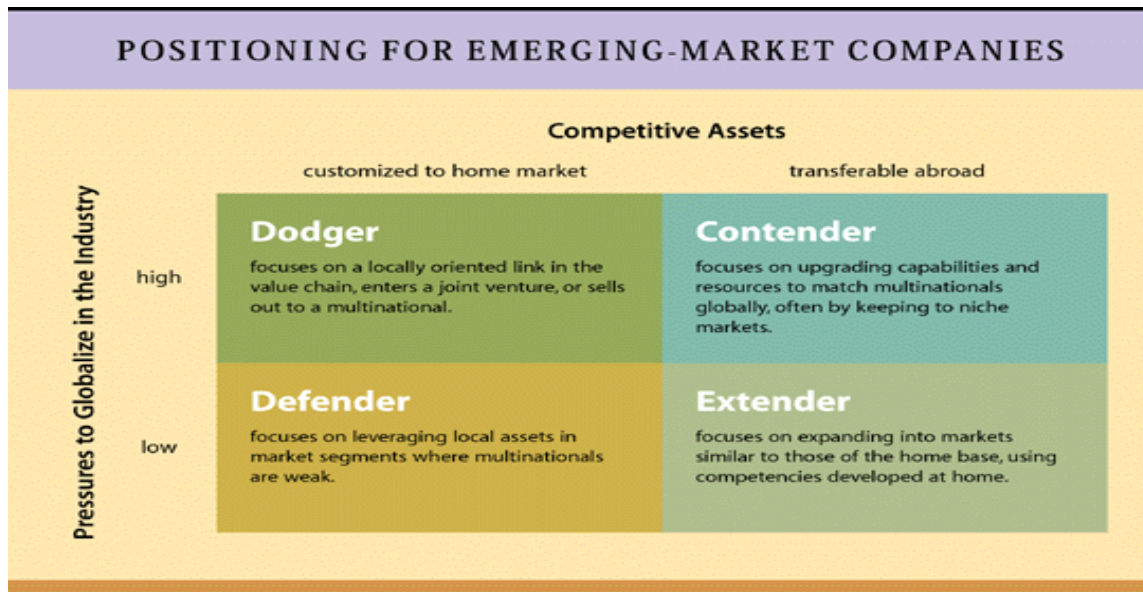
After becoming a strong competitor of Google in Russia, Yandex with its cutting-edge technologies planned to expand into US. It is confident to succeed in the US despite strong competition from other major players with its advanced search technology. However, the big question is to what extent Yandex succeeds in the foreign markets. The other challenges awaiting Google with the entry of Yandex into the US also needs to be considered.

The example of Yandex can be used to discuss a few important aspects such as: Does it make sense for a smaller player to operate in the most demanding and challenging environment to bolster its growth prospects even if it means operating within the vicinity of an established player?

- Why has it taken Yandex so many years to come and operate out of Russia?
- Why now?
- Why in the backyard of Google and not somewhere else? What are the prospects and perils of such an approach?

The case can thus be used to discuss and critically debate the advantages that local companies have in competing with global players not only in the domestic markets but also in the emerging economies. The discussion can be more interesting if it can be further assessed how local players compete with global players in the emerging markets (Exhibit-I).

Exhibit - I



Source: Dawar Niraj and Frost Tony, "[Competing with Giants: Survival Strategies for Local Companies in Emerging Markets](#)", Harvard Business Review, March–April 1999

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