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Google Is Worried About Its Public Image when It Wants All Information

By Erik Sherman |

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After writing a number of stories about **Google** (GOOG) and China yesterday, I got a note from **Usha Haley**, co-author of *The Chinese Tao of Business* and a research associate at the Economic Policy Institute. As of last night, when Google already started waffling about refusing to censor Internet searches for its Chinese users, I thought it was simply trying to adjust what was a PR campaign and negotiation strategy. Haley disagreed and suggested something more basic to Google's strategic vision:

Google's global business model which is increasingly dependent on people entrusting Google with their information. This includes cloud computing and VOIP services. If people perceive or fear that their information is or could be compromised, it hurts Google. Google, after all keeps all information — emails, voice mails, contacts and messages — on everyone for ever on its servers. Google, a distant third in China on search, has also found that making profits in China is not as easy as it seems. For the longest time, Google co-operated with the Chinese government on censorship — but this did not help profits. I see Google as cutting its losses and getting good global publicity in the bargain. Google is not only doing no evil — it appears to be doing good. Google, at this time, because of their public spat with the Chinese government, cannot go back to China and expect business as usual. The Chinese will retaliate at some bureaucratic level — and I believe Google knows this.

It's quite the cogent thought. Google has increasingly come under the gaze of regulators, Congress, and both consumer and privacy activists. Many of its actions have effectively been damaging its brand. The less that people and institutions trust Google, the less of their information they will be willing for the company to handle — and as the announcement of the addition of file storage to Google Apps, the company makes it clear that its appetite for holding consumer data of all types is limited only by the size of its server farms. That's a lot of trust to ask from people. What better way to signal its commitment to privacy than willingness to even lose money to protect it. Only Google seems to have found the ability to turn on a dime, showing that even moral resolve can wither in the face of the promise of future profit.

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Tags: Google Inc., Government, Public Relations, Vertical Industries, Cloud Computing, Telecommunications, Strategy, Marketing, Corporate Communications, Management, Erik Sherman

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