

URL: <https://stvp.stanford.edu/blog/videos/the-three-phases-of-yahoo>

In the early days of the company, the market was on fire, and global outreach was key. At the turn of the millennium, the company gained strength and began to monetize their web presence. And since 2006, the company has been striving to reorganize and funnel its content around an integrated audience. President of the company Sue Decker unveils Yahoo!'s latest evolution of strategy, organization, and process, and explains how the company's size and scale is both an asset and a detriment to its success.



Transcript

There were basically three phases of Yahoo! Phase I from like '95 to 2000 was get big fast.. That's where we went from zero to about 300 million users.. And it was all about - we were very de-centralized.. We pushed down decision-making all over the globe in order to get our brand out there and attract users.. This is the time when hundreds of companies are going public.. Capital markets were on fire.. Everyone understood that the commercialization of the internet was a really, really important thing.. Didn't know which companies necessarily were going to make it, and so financed a lot of companies.. From 2000 and 2006, I guess we got to 188 million in that first phase.. We went from 188 to close to 500 million users..

We became very, very strong in many of these what I'm calling user-product areas.. We also started to monetize what we do through media sales and search marketing.. So what that means is if you look at any page, I know you're all familiar with this, but just to set the table.. There are pages that might have a text link ad that comes based on a search string that a user puts in.. And then ads will be served back and they're noted as sponsored in certain cases and the rest of the algorithmically ranked results are served.. But then pretty much everything else on the internet is monetized through what we call display ads, or video ads or even text link ads.. But on inventory that's not search inventory.. We had different groups of sales force focusing on display, video, text, anything non-search.. We had a sales force focused on search.. And we had all these products within the O and O - meaning owned and operated Yahoo! network - that could be monetized..

Phase III is where we are now which is really flipping the model on its head and saying, "How do we organize around an audience independent of where they might want to go?" They might care about search, they might care about sports, they might care about weather.. But how do we think about all of our audience products and optimize for the whole, not for any one individual? How do we think about organizing around advertisers and not make artificial distinctions about whether they're buying search or display ads.. Because fundamentally what advertisers are trying to do is buy the marketing funnel.. They're trying to at the top of the funnel create awareness for their brands.. And as you move down the funnel toward creating a transaction, they can use different types of advertising but search can be used for branding and can also be used for direct marketing.. And same with branding, it can be used in both places.. So the last 18 months of Yahoo! is about re-booting the company around these three groups.. And it's everything from strategy to organization to process.. And one of the things we found is our scale.. That's our strength..

But the scale became a weakness because a lot of these things were not connected in ways that leveraged it.. And it makes it really hard to change once you get to that size...