

Sensis Search

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BACKGROUND OF THE BUSINESS

In 2002, Sensis Pty. Ltd. was launched as a new corporate brand and company name to replace the Pacific Access Pty. Ltd., a wholly owned subsidiary of Telstra Corporation, Australia's largest telecommunication company. According to the CEO of Sensis, the name of the company, Sensis, reflects the essence of today's business—keeping people in touch through appealing to the key human senses of sight, sound, and touch, using different media—print, voice, online, and wireless (Sensis, 2002). To strengthen the strategic position of Sensis in online advertising business, the company acquired CitySearch Online and BMC Media Ad Sales, adding new lines of advertising business to Sensis. After 2 years' operation driven by an aggressive-growth strategy, Sensis has developed into one of Australia's leading advertising and search companies, offering a suite of print, online, voice and wireless products designed to bring buyers and sellers together any time, anywhere. Sensis Pty. Ltd. has a team of over 3,100 employees, among which 2,300 people are directly employed by Sensis and 800 by its wholly owned subsidiary, the Trading Post Group of companies.

Sensis' products and solutions include:

- **Sensis Search (www.sensis.com.au):** An Internet search engine that utilises some of the most comprehensive and up-to-date product and service listings in Australia, with a much greater emphasis on local and national businesses. The Web site was launched in July 2004 and used by 59% of Australians with over 5 million visitors every month according to a recent Nielsen/NetRatings (Sensis, 2004a).
- **Yellow Pages®:** With over 14 million copies in circulation, the Yellow Pages® print directories are found in virtually every home and business in Australia.
- **White Pages®:** Print and online business directories.
- **City Search®:** Australia's leading online culture and lifestyle guide, offers tailored Internet solutions.
- **Whereis®:** Whereis® products and services are the location (digital mapping) and navigation brand of Sensis Search.

- **Sensis1234:** With sensis®1234, callers can find a business (and residential listings) through a single number, whether they know the business name or not.
- **MediaSmart®:** Providing consulting services on the best sites and advertising formats to reach your target market.
- **Trading Post®:** A print and online private and classified advertisements directory for goods and services.
- **JustListed.com.au:** A new commercial and residential online real estate portal currently based in Sydney, where its inventory includes over 42,000 rental and sale properties and 1,670 real estate agents. Due to the very successful performance of the portal, Sensis plans to develop it into a national, online real estate portal.

As shown above, Sensis Search (sensis.com.au) is a key component of Sensis multiple dimensions of business and plays a central hub role in the interfaces between online and print searches of information. This article focuses on exploring the experiences of sensis.com.au and identifying key issues of its operation. Data for this qualitative case study was collected mainly from two primary sources: (a) a documentary research into Sensis's business reports, online newsletters, memos, agenda, and other official publications; and (b) an in-depth interviews with a senior manager of Sensis.com.au. The case study focuses on how Sensis has been managed, how it has succeeded, and what lessons can be learned from its experience.

Description of the Business

Sensis Pty. Ltd. launched its search engine Sensis Search (sensis.com.au) in July 2004, which constitutes all the online/electronic portfolio of Sensis Pty. Ltd. including www.whitepages.com.au, www.yellowpages.com.au, www.whereis.com, and www.CitySearch.com.au (Sensis, 2004c). By doing so, Sensis Search is able to provide Australians with fully blended search results across local proprietary and global Internet content. For example, Australians can use sensis.com.au to find a local florist anywhere in Australia and can also locate and purchase

a pair of shoes in New York. The search engine provides local, commercial and global searches from which customers can get blended results from local Yellow Pages®, White Pages®, CitySearch® and Whereis® data combined with global Web content. Sensis Search is the first mover in redefining Australian search market and creates a new paradigm for Internet search that delivers relevant, quality local and global results. Sensis Search represents a “world first” amongst search engines as it integrates Internet Web page content and structured content (e.g., the Yellow Pages directory) into a “one-stop shop” for searches, unlike other search engines such as Google, where these services are available, but under different URLs. As such, searches can be performed locally, nationally, globally, and throughout the Sensis sites. The strategy to develop synergies among Sensis’s businesses contributes to the success of Sensis and Sensis Search. The focus on, and pursuit of Sensis Search for, relevant, local, and quality return results herald the maturity of online search services. The success of online search is no longer measured by the volume or the size of the Internet index but by the extent of meeting specific user’s search needs. Moreover, Sensis Search provides Australian users with very easy access to commercial content through Internet access. Commercial content is classified under nine categories; products, services, people, places, events, jobs, cars, houses and consumer classifieds, which might include searches of Sensis directories such as the Trading Post.

Due to the initial success of Sensis Search in managing to provide the most innovative and comprehensive online search engine in Australia, Sensis management decided to expand the business further. In December 2004, Sensis acquired one of Australia’s most successful mapping and street directory businesses, Universal Publishers Pty. Ltd. The acquisition has significantly strengthened the market share and position of Sensis Search which now boasts the largest and most up-to-date database of navigable mapping content in Australia. Unlike its competitors, as one line of its business, Sensis Search provides nearly 100% geographic coverage of Australia and “its contents covers everything from urban streets, to points of interest, four-wheel drive tracks in the remote outback and smaller roads you’d never see on a normal map” (Sensis, 2004a, p. 1) said, the CEO of Sensis Pty. Ltd.. This aggressive growth strategy of Sensis through acquisition aims to accommodate the increasing demand of Australia’s local consumers for localised advertising and map-based search to find local businesses, products and services. Sensis Search’s digital mapping business now serves more than 18 million digital maps online every month through its Whereis® brand on the www.sensis.com.au site (Sensis, 2004a).

To survive and succeed in today’s fierce competition in the search engine industry, Sensis Search pursues two complementary lines of businesses—online advertising and online search. The market share of Sensis Search online advertising has now exceeded 23% of online advertising in Australia, and meanwhile, it has seized approximately 70% of the combined search and directories market in Australia (Sensis, 2004b). In the light of the Online Advertising Expenditure Report issued by the Audit Bureau of Verification Services, the revenues from online advertising grew by 58% to AU\$300 million in the 2003/2004 financial year in Australia. The stellar growth in online advertising is both an opportunity and a challenge to Sensis Search. The company develops its corporate strategy and direction focusing on local online search within Australia, thus becoming the major player in local Australia’s search through providing relevant and complete, localised business information. The success in providing relevant and quality search results to meet specific user searches helps boost the online advertising business of Sensis Search as well as the entire business of Sensis Pty. Ltd.

Sensis Search, the online/electronic portfolio of Sensis Pty. Ltd., recorded a 40.7 growth for the year 2004 and 34% online usage growth for the same year (Sensis, 2004b), although Sensis’s print business grew by 5.6% only compared with the previous financial year (Sensis, 2004d).

Lessons Learned

Sensis Search’s experience presents several fundamental management lessons for the business operations and development of today’s dot-coms and e-businesses. This section examines and explores these lessons.

First, the success of Sensis Search is one of combined innovation and entrepreneurship in the e-business world (thus called *e-innovation* and *e-entrepreneurship*). Today’s e-business operates in a highly competitive marketplace where sustainable competitive advantage is almost impossible as there are minimal barriers to new entrants and competitors in the marketplace. Innovation faces constant challenges of imitation and erosion. There have been different views in the literature about the benefits of first movers in e-business marketplace. Mellahi and Johnson (2000, p. 445) asked the question “does it pay to be first to market or should e-commerce firms wait for first movers to make an investment and then cannibalize the idea with lower entry cost?” The cause of the concerns are raised by a general belief that it is safer and less expensive to imitate the first mover in the e-business environment, where there is a higher level of technical uncertainties and rapid rate of technological innovation. For instance, many new dotcoms rushed to build an e-

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