

Nbc universal swot analysis essay sample

[Countries](#), [China](#)



Introduction

A crucial step towards the development of a global expansion strategy is the selection of potential entry modes. Through analyzing both the internal and external environment NBC Universal can evaluate the best market entry strategy. Additionally, in order to determine the most effective entry strategy and marketing plan it is essential to analyze NBC Universal's company goals, resources, strengths, competition, and market conditions. The following will explain the best mode of entry for NBC Universal and will also include tactical marketing strategies and plans to help to successfully penetrate the target market country. In addition, through the use of NBC Universal's current income, sales, and revenue statements potential financial statements and forecasts will be calculated keeping NBC Universals financial goals in perspective. Finally, recommendations will be made based on the assessed material. Market Entry Strategy

After the analysis of the three previous modules we have reached the determination that the best mode of entry for NBC Universal to pursue within the Chinese television and films markets are via strategic alliances through joint distribution licensing agreements. Additionally, it is essential that we take localization as an important factor when developing our strategies in the Chinese market, since it is an instrumental determinant of success within the Chinese television and film market. When it comes to the company's market entry, NBC Universal would gain a huge competitive advantage if key stakeholders within the company began establishing business relationships with the government while maintaining open lines of communication with transparent business objectives to ease the adaptation process within the

market. Additionally, it would benefit NBC Universal to implement an aggressive incremental approach with both the television and film industry to acquire market shares quickly within a market that is quickly expanding.

Entering the Chinese film market has long been Hollywood's primary desire and the main industry advocacy group, the American Association of Film Producers, said the agreement "historic" significantly boost U. S. exports to China generally. It is also an unusual asset in a business relationship that has been a battlefield. The U. S. government has consistently pressed Beijing to be more open to U. S. export rise, allowing the value of China's currency-and to do more to stop piracy of movies and other intellectual property. Under the agreement, the U. S. film producers receive new opportunities to distribute their films outside of the state monopoly of cinema in China, will have better terms of trade for three-dimensional movies and other large-format films, and reap a greater share of profits for tapes that are distributed by Chinese companies.

The relevant market has been growing rapidly. Last year the box office revenue was over 2, 000 million, U. S. officials said. It is important to note the following when evaluating China's media industry: Public service television is an essential service to the community and cohesion of democratic societies aimed at the production, publication and distribution of a set of radio and television channels airing the diverse and balanced for all audiences, covering all genres and designed to meet information needs, culture, education and entertainment of Chinese society, spread their identify and cultural diversity, promote the information society, promoting

pluralism, participation and other constitutional values, ensuring access for significant social and political groups. Based on the previous module assessments, NBC Universal's preliminary focus should be geared toward the film industry. The recent trade deal, between both the U. S. and Chinese Governments, lowered a 20-year-old quota on U. S. films and distribution fees in the Chinese film industry.

This signifies productive progression within the film industry, even though small in nature, but nonetheless this could equate to significant profit gains for all the FMO's within the market. The following are some of the characteristics that were taken into consideration when evaluating the best mode of entry. * In-depth audit and diagnose strengths and weaknesses of the NBC channels currently available, to establish improvement plans and the opportunities and threats of new channels at their disposal. * Observe the target markets from the perspective of the elements likely commercial success for the company, in order to establish appropriate strategies for the channels. * To know and investigate channel strategies used by competitors and market related (national or international), to learn best practices and determine policies. Alternative Modes of Entry

When deciding upon the best mode of entry it was crucial that alternative entry strategies were also evaluated. One of these alternative modes of entry that was examined was a strategic joint venture. Through this mode NBC Universal would have been able to penetrate China by partnering with another local company in China to form an independent and/or jointly owned separate company to achieve specific business goals. This type of mode will

include forwards and backward integration strategies as well as buyback and multi-stage processes (Gross, 1996). Somewhat similar to a joint venture is a strategic alliance, another mode of entry that was assessed to determine the best mode of entry into China for NBC Universal. Through a strategic alliance NBC Universal would cooperate with a local and already developed Chinese Media Company that will help to achieve strategic goals. These goals will be deemed upon NBC Universal. In addition, strategic alliances can exist between a company and its suppliers, buyers or even competitors (Gross, 1996).

Another mode of entry that was examined was acquisitions. Acquisitions of companies that are already within the Chinese market might help to have more control of operations, because today many TV channels are struggling to get their programming complete. At the moment new rules were announced in October 2011, which are forcing executives and television producers in 34 satellite stations throughout China to eliminate many of the entertainment programming to limit what regulators described as “vulgar tendencies.” In addition, under the new rules, each television station can transmit only two “entertainment” programs during prime time each week. Only 9 per cent can be disseminated nationally in relation to an official estimate this fall from 126 per cent per week. Also expected to increase their satellite stations and disseminate news programs at least one program that promotes traditional Chinese virtues and “socialist core value system.” An additional mode of entry that was considered was franchising as a means for capturing opportunities in the global marketplace.

The benefits of franchising are clear; first and foremost, companies can capitalize on a winning business formula by expanding overseas with a minimum of investment. But in China there are two types of franchise models that are common: direct franchising and master franchising. Direct franchising refers to a franchiser signing a contract directly with an individual franchisee. It is easier for the franchiser to manage the franchisees; however, the expansion pace of the franchise business is usually slower. Master franchising, on the other hand, allows people or corporations to have the rights to sub-franchise within a certain territory. For example, franchiser can sell master franchising rights to regional franchisees, and the regional franchisee can sub-franchise to other parties. This can facilitate expansion across region and the franchiser does not need to pay too much attention to managing the large number of individual franchisees. This is easier for a business like NBC Universal to get more localized. However, under this mode the management of individual franchisees may be weaker.

Furthermore, the identity of NBC Universal seeks to alter the viewer's attention to encourage contemplation of space issued by the operator through the dissemination of a set of values that distinguish it from its competitors and provide a prominent position in front of them. To this end, the chains have specific mechanisms and procedures to report the response provided by receptors on products (about programs) that television offered. Each support is different and presents differences not only in materials and technical aspects, but above all in the manner contemplated therein receptors identity signs. Market Segmentation

Market segmentation can be done in several ways. Since the evaluation consists of only one country, China will be considered a stand-alone country. To properly segment the evaluation must be based on certain criteria, including identifiable segments, accessible segments, substantial segments, unique needs, and durable segments (Market Segmentation, 2010). China's consumer market can also be broken down by the following characteristics: geographic, demographic, psychographic, and behavioristic (Market Segmentation, 2010). Although any of these characteristics would work to properly evaluate China, the best choice for NBC Universal would be to segment the Chinese population psychographically. Of course, NBC Universal would need to take into consideration the geographic, demographic, and behavioristic segments as well, but due to the nature and products of the company, psychographic segmentation would be the best choice to further expand. Doing so would allow NBC Universal to properly evaluate the lifestyle of the Chinese population to determine how and which product options would be suitable.

Psychographic segmentation variables include activities, interests, opinions, attitudes, and values (Market Segmentation, 2010). To measure these variables, the VALS test can be used. VALS stands for Values, Attitudes, and Lifestyles Segmentation (Schmitt, 1996). There are eight types of VALS segments: innovators, thinkers, believers, achievers, strivers, experiencers, makers, and survivors (US Framework and the VALS Types, 2012). Surveys are the primary source of categorizing individuals. Each type can be elaborated on further. Innovators are successful and have abundant resources; thinkers are those who value ideals such as responsibility and

order; believers are similar to thinkers but are more conservative and are based on traditional ideals such as family and religion; achievers are goal-oriented and committed to their family and careers; strivers are also motivated by achievement but need the approval of others; experiencers are impulsive and motivated by self-expression; makers express themselves by carrying out projects successfully; survivors have few resources and are mostly concerned with safety and security (US Framework and the VALS Types, 2012).

This framework can be further explained in the chart. From the chart, it is apparent that these VALS types are further categorized by primary motivation and resources. The three primary motivations are ideals, achievement, and self-expression (US Framework and the VALS Types, 2012). Resources are also an important factor when categorizing individuals. The VALS framework does not use resources solely in terms of income, age, and education, but also takes into consideration energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership and vanity (US Framework and the VALS Types, 2012).

Although the VALS framework is used primarily in the United States, it can be modified to fit the Chinese consumer market. Based on “China Statistics” presented by DM-Asia, consumer behavior is split into four segments: rich, yuppies, salary class, and working poor (China Statistics). The psychographic characteristics are based on orientation and innovativeness. The rich are optimistic and are innovators and trend-setters; yuppies are hopeful and are early adopters and opinion leaders; salary class is status oriented and early

majority emulators; the working poor have an uncertain orientation and are the late majority and laggards (China Statistics). From this framework, the market make-up is as follows: yuppies at 5%, rich at 15%, salary class at 25%, and working poor at 55% (China Statistics). It is apparent from these statistics that much like the VALS framework in the United States, China also has psychographic segmentation. To receive more accurate results, NBC Universal should perform their own set of VALS tests within China through their own market research. From the data above, the working poor makes up the majority of the consumer market and will be considered the target market. Market Penetration

Adaptation

NBC Universal already has an established global brand. At this stage in their globalization efforts, it would be in their best interest to adapt to the Chinese culture. This is because of the strict governmental position in the media, and thus NBC Universal would have a hard time extending or creating a new product without initially learning about the governmental policies. Adapting allows the company to cater to the Chinese citizen while adopting the rules and regulations of the government.

There are two options for adaptation. The first option is product extension-communications adaptation. This option allows the company to keep their current product and only adapt its advertising campaign (Kotabe & Helsen, 2010). The second option is product adaptation-communication extension. With this option, the company uses standard advertising, but adapts its product to the new market (Kotabe & Helsen, 2010). The second option is

the best for NBC Universal. Upon entering the market, NBC Universal may decide to acquire local networks to effectively enter the market and reach out to viewers of that particular network.

It is obvious that NBC Universal is facing a completely different market than that of the United States. However, NBC Universal already operates in other Asian countries. The company may be able to alter their product in these markets slightly to adapt to the Chinese culture. Because of the high competition in the news networks, particularly CCTV with 1.2 billion viewers, NBC Universal can effectively adapt its entertainment division to reach much of the same audience. By adapting and establishing brand recognition, NBC Universal can move forward and expand its products portfolio throughout China. Pricing Strategy

Because China is still considered an emerging market, NBC Universal's best pricing strategy would be to target the working poor. According to the World Bank, China's per capita gross national income in 2010 was a mere \$4,260 (China Overview, 2012). Although the per capita income is low, the working poor make up 55% of the population, which accounts for 715,000,000 people. As Kotabe and Helsen state, "To capture sustainable sales volume, multinational corporations should try to saturate all price points instead of simply focusing on the upper-end of the market (Kotabe & Helsen, 2010)." This statement reiterates the idea that NBC Universal should target all markets to make the biggest profit margin. Of course, NBC Universal is at an advantage when entering the market due to the lowered quota on US films and distribution fees.

The current release structure for movies in the United States begin with theatres, paid cable television, DVD, and finally commercial television (Mohammed, 2010). The studio makes a profit on all releases. This strategy seems to be the norm among the film industry in most countries. Unlike the United States, China is facing plans to cap movie-ticket prices, which in turn could lead to decreased profits for companies like NBC Universal (Burkitt, 2012). The current prices of movie tickets in China range from 20 to 100 yuan (\$3. 17 to \$16) depending on location with the average being 40. 40 yuan (\$6. 40) in 2010 (Burkitt, 2012). In comparison, the United States average movie ticket cost \$5. 30 (Burkitt, 2012).

Although this move to decrease movie ticket prices may seem to adversely affect studios like NBC Universal, it actually may end up being a positive overall move. Since the majority of the population is working poor, lowering movie ticket prices will allow more of the population to have access to movies. This could actually increase the revenue stream by relying on “ thin margins and big volumes,” which thrive in emerging markets (Kotabe & Helsen, 2010). With the largest population in the world, this type of pricing strategy may be with NBC Universal needs in China. If NBC Universal wanted to expand this strategy, they could move to lowering prices on airing movies on televisions and DVD prices. Doing so would change the target market to hone in on the working poor and the majority of the population. Promotion Strategy

Because of China’s media censorship, promoting NBC Universal films may be harder than anticipated. NBC Universal is going to have to take a creative

approach in China to be able to effectively influence their market without interfering with governmental restrictions. The first form of promotion that NBC Universal should focus on is advertising. Since the restrictions in each country are different, NBC Universal may need to come up with creative solutions to advertise due to media limitations and availability. The cost of promotion is also something to take into consideration. For example, in 2007 the cost of placing a 30 second prime-time ad in China was \$23, 233 (Kotabe & Helsen, 2010). Given the lack of brand awareness and media availability, it would make sense to find alternative advertising options that would be more cost effective. Another form of advertising that NBC Universal should stay away from is print advertising. Kotabe and Helsen state that “ For many print media [in China], no reliable statistics are available on circulation figures or readership profiles (Kotabe & Helsen, 2010).”

One form of advertising that may prove to be a good innovative solution for NBC Universal would be the use of interactive media. With China having the largest Internet users in the world at 36. 3% of the population, NBC Universal would have an extreme advantage to advertise using the Internet (Group, 2011). Of course, the company would still have to abide by strict regulation, but it is a less expensive option than prime-time advertising and will reach a large percent of the population. NBC Universal can also use direct marketing as part of their interactive media promotional approach. Other direct marketing that may be more effective than print ads would be direct mail and telemarketing. Connecting to the target market directly through these means would also help in adapting to the culture.

The direct mail and telemarketing would be in the local native language and would employ local employees that are likely to be interesting in NBC Universals products. Of course, direct marketing might have to take on a different form in China due to the direct selling ban imposed by the government in 1998 (Kotabe & Helsen, 2010). Although the ban was lifted, NBC Universal would have to apply for a licensing permit and be submissive to the governmental regulations. A direct selling approach the company could take would be to partner up with local networks or even electronic stores to promote their films. This promotional strategy would align with the joint licensing ventures previously mentioned to effectively enter the market.

Two other promotional strategies that NBC Universal could consider are mobile marketing and sponsorships. Sponsorships are becoming extremely popular. Of course, NBC Universal would want to choose their sponsorships wisely to properly promote their brand image. Sponsorships, however, have several challenges and come with a hefty price tag (Kotabe & Helsen, 2010). The alternative option is mobile marketing. With cell phone usage increasing on a daily basis, mobile marketing has become a new trend. As a result of mobile marketing, NBC Universal could come up with interactive media such as consumer specific applications to increase viral marketing around the country. Due to the variations in technology, mobile marketing would best be introduced in phases to properly evaluate its effectiveness and to work out any technological kinks. Distribution Strategy

Distribution for NBC Universal would not be as hard as a typical multinational corporation. Because most studios use the same release strategy for films,

NBC Universal would fall into the same structure. As previously mentioned, the typical release structure for films is theatres, paid cable television, DVDs, and finally commercial television (Mohammed, 2010). In most cases, NBC Universal would create a distribution system that properly targets its segmented markets. Beginning with theatres, NBC Universal would need to perform market research to determine how many theatres are in China. Of these theatres, the company would then need to determine which theatres offer foreign film viewing. For these specific theatres, NBC Universal could offer the films in the English language. For all other theatres, the films would need to be reformatted in the native language depending on the region. Also, some of these theatres can also offer these films in multiple languages.

After distributing the films to theatres across the country, NBC Universal could then start reaching out to cable distributors to offer these films as a paid product on their networks. Again, these cable companies can offer the films in various languages to offer the most versatile product to its consumers. DVDs would then follow, and NBC would need to conduct research to choose a manufacturing company to produce the DVDs in various languages. NBC Universal would then need to decide how exclusive or non-exclusive they want the DVDs to be throughout China. NBC Universal can limit their DVD sales to large superstores. Doing so would allow for a higher demand, and therefore the prices of the DVDs can be increased to make the most profits.

Financial Objectives

Sales Forecast

Projected Income Statement

Break-Even Analysis

Recommendations

When it comes to China's country it is important to note that the country's vastness is considerably similar to the tastes and preferences of the Chinese media consumer. In addition, many of China's media consumers aren't attracted to westernized media and entertainment, which is a significant factor to know for companies like NBC Universal that are strategizing to enter the diverse country. In order for the company to succeed in their growth strategy into China, the market entry mode will need to be well developed and implemented, so as to enter the market successfully. As NBC Universal moves closer to enter China the company should first focus their efforts on dominating the film industry, before moving into the television industry. As the company gains more knowledge on the media and entertainment industry it can eventually venture into further production and distribution of film and television.

Additionally, as China's government continues to de-regulate the country's laws pertaining to foreign investment companies, NBC Universal should also invest heavily into Research and Development teams that will develop strategic plans to eventually establish the company in China through a wholly owned foreign enterprise. In essence, there is a high potential market for developing China's media and entertainment industry since it is the most populous country in the world. With the use of entering China's media and entertainment industry, NBC Universal will substantially increase their

market share. To further increase NBC Universal's market share within China, the company should also look into acquiring local networks. In doing this not only will the company increase their market share, but also help to develop China's networks thus adding value-added features to the company's brand image within the country. Before acquiring any network it is important that NBC Universal apply the same strategies they have used to penetrate China. In order to make the greatest and positive impact in China, NBC Universal should look to promote their brand image through local community and country enhancements.

The company already has its foot within a number of not-for-profit organizations around the world, but adding additional companies and communities within China will help significantly in building a positive brand image. This is important since a company's brand image can either bring about further successes or failures, depending on the type of association consumers have to the brand. Building NBC Universals brand image and association should be on the top of the company's list, if they want to attain success and continue it. Besides making a profit NBC Universal should also look to ways to actually develop China's market, especially since it is an upcoming country of interest for many foreign investors across numerous industries. If the company could properly evolve and develop China's media and entertainment industry, the company's brand image would benefit, as will the company's market share, global brand image, and overall financials. In essence, whenever a company is the first, or even the most significant to develop a company, market, or industry this "first" in the market image will continue to help in a company's success. Conclusion

The evolution and growth of the media and entertainment industry has significantly increased competition for NBC Universal. In order for NBC Universal to remain competitive and move ahead of their major competitors, the company will need to implement the global expansion strategy. Since the company has little significance in China it is evident that the company should capitalize on this developing country through the use of a calculated marketing and growth strategy. Even though the company has already incurred international success China's appealing market, developing media and entertainment industry, slowly de-regulating government, and consumer media culture has made the country an indispensable addition to NBC Universal's already diverse international portfolio.

The mode of entry for NBC Universal will prove to be a significant asset when entering China's film and television industry's. Furthermore, through the use of NBC Universal's entry strategy; strategic alliances through joint distribution licensing agreements, the company will be able to infiltrate China's media and entertainment industry with strategic market penetration and segmentation strategies that have been developed in accordance with the company's mission and objectives. As NBC Universal continues to evolve their company and customer base, it is necessary that the company always remain focused on product and service diversification and international expansion in order to remain a profitable and successful company with a large market share and resilient competitive advantage.

References

Burkitt, L. (2012, January 9). China May Cap Prices of Movie Tickets.

Retrieved March 5, 2012, from The Wall Street Journal: <http://online.wsj.com/article/SB10001424052970203436904577150670046923492.html>

China Overview. (2012). Retrieved March 1, 2012, from The World Bank: <http://www.worldbank.org/en/country/china/overview>

China Statistics. (n.d.). Retrieved March 1, 2012, from DM-Asia: http://www.dm-asia.com/en/misc/china_stat/index.php#con

Group, M. M. (2011, August 7). Top 20 Countries with the Highest Number of Internet Users. Retrieved March 5, 2012, from Internet World Stats: <http://www.internetworldstats.com/top20.htm>

Kotabe, M., & Helsen, K. (2010). Global Marketing Management. Hoboken: John Wiley & Sons. Market