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New York Times Company's internal financial analysis and appraisal

Established in 1851, The New York is one of the newspapers in the United States that have consistently and continuously provided news and information to the United States citizens for many decades, consequently receiving affirmation from various camps across the world. One of the company's strongest points that have made it successful in its media coverage is the fact that it operates both physically and has an online site as well, and this makes it possible for the company to access the most customers possible (Kotler & Armstrong, 2008).

The supply chain tools that The New York Times Company focuses to mainly use include both physical gazette sales as well as the internet. According to the New York Times Company, one of the most advantageous thing about the internet use is the fact that many people and customers, irrespective of their areas of residence (within or without the boundaries of the United States), can access the services the company has to offer with by a simple click of a button. It is for this reason, therefore, that the company has franchised with other companies across the world such as online servers including Wikipedia. com and About. com, in order to serve their online international customer. Looking at the company's performance, an appraisal of the company in this case considering the sales, net income revenue and profits as well as the expenses based on its 7, 414 employees' payment as well as other liabilities, the company is making an estimated income of US\$19. 9 million.

The profitability of a company represents the profit margin and the percentage of total revenue of the company. The profit margin of the New York Company can be calculated by carrying out accounting analysis for both variable and fixed costs of that company. It can be determined by dividing net income with revenue. For the last three years (2005-2007), the profitability of New York has varied between the years. In the year 2005 the profit margin of the company was -0.04%, in the year 2006 the profit margin increased to 1.78% and in the year 2007 the profit margin skyrocketed to 6.20%. The narrow profit margin in the year 2005 and 2006 was due to increased in volatility.

In order to conduct a good NYT Company's financial analysis, it will be essential to carry out an effective PEST analysis, which is the external condition under which the company is established.

a) Political Factors

Political factors have not had any significant impacts on The New York Times Company's financial conditions and appraisal, basing this on the fact that the company legally operates in all the states across the United States, and has not been restricted from any other country across the world, especially Europe, where a big percentage of its international market is founded.

b) Economic factors

The economic systems adopted by various countries are also an essential factor to consider. In this case, for example, the countries in which The New York Times Company has established its services encourage free trade based on local and foreign taxation. These host countries, therefore, only have an

upper hand in taxation, thus promoting free and fair competition between the local and the international corporations. This is one of the factors that have enabled The New York Times Company to penetrate into the Australian market, even with the firm foundation grounded by the continent's leading multimedia company, The News Corporation.

c) Social factors

Considering the fact that The New York Times Company has customers based on different needs and expectations especially from the company's products, one of the ways through which it has ensured that there is no marginal gap creation between different markets and customers bases is diversifying, not only in products' delivery, but in packaging as well. Different packaging attracts different customer bases, for example the corporate and entrepreneurship market, the young people, ladies, gentlemen, children as well as other clients based on their careers, for example construction industry, lifestyle, and the motor industry among others. This diversification and difference in packaging have gone a long way in ensuring that people from different walks of life have been served, and at the same time, minimizing the financial and economic difference between the two.

d) Technological factors

Technology is one of the most essential factors that every organization, company or corporation offering its services in the twenty first century has banked upon. This is based on the fact that companies' success is based on how technologically advanced they are, based on several factors. For example, bearing in mind that The New York Times Corporation offers its services to many clients across the world, technology is one of the vital

factors that have promoted its service delivery. This is based on its technological media through which information is offered and shared, such as its websites and search engines as well as publishing and printing outside the United States. Adopting the internet in its service delivery, for example, has led to a 67% increase in sales, through the internet alone.

Sub conclusion

Among some of the essential things that can be noted from this analysis is the fact that as much as The New York Times Company remains to be one of the most successful media corporations in the United States and beyond, some of the most essential factors determining and affecting its financial conditions are the fact that the corporation restricts its services to one mode of information broadcasting. It has, unlike other corporations such as The News Corporation, not invested in diverse modes such as audio and visual media. Rather, it has based its delivery on print media and the internet. This means, as a result, limit the maximum number of clients reached, and the potential size of a new market, which can, actually, be created.

New York Times Company's 2008 general publishing and industry publishing environment

In order to understand The New York Times Company's publishing environment in 2008, it will be essential to start by understanding the company's market, by looking at the market analysis. This is solely based on the fact that the paper and its subsequent franchises' (for example journals and magazines) publishing is based on the market, especially the destinations in which they have high demand for their services. To start with, in the 2007 fiscal year, the company obtained 76% of its annual profits from

customers, discretionary purchases. As a result, the company majorly focused on customers' discretionary income purchases in the 2008 fiscal year, and this was the greatest investment of the year, whereby the company focused more on publishing and marketing their published products (in this case the magazines, journals and gazettes) that on their online sales. As a result, the company focused more on discretionary sales which cost the company much more than the previous (2007) fiscal year, whereby the company had concentrated more on marketing their online sales of products. As a result, the gross expenditure that the company used included on added expenses such as increased liabilities, for example rent, mortgages and other physical expenses (New York Times, 2011).

Bearing the above highlighted statistics in mind, The New York Times Company focused on more publishing than online marketing in 2008. Its publishing environment included 18 published newspapers across the world, which in this case includes magazines and journals, alongside the official New York Times. Its publishing articles and journals included (and still includes) various features such as daily news and events, special features, sports, politics, lifestyles, home features, opinions (both collective and individual) as well as business features. Its journals and magazines specialize in specific topics, for example sports, business amongst others.

Concerning the specific publishing environment, there are a couple of things worth noting, including the fact that its entire daily gazettes were published and printed on broadsheets. 22 inches x 559 millimeters is the adopted standard size of The New York Times Company (Kotler & Armstrong, 2008).

On the overall, in 2008, The New York Times Company had a total of 15 daily newspapers and about 50 different websites and franchised websites across the globe. This means that it was offering its services both within the United States of America (who accounted for over 68% of their total customer base) as well as outside the United States, a market base whose over 85% of its entire population is served through online services, with the help of the fifty different websites online.

In some of its prominent markets outside the United States, however, The New York Times Company publishes manual gazettes as well. Some of these markets include Europe, particularly the United Kingdom. In these markets, the company publishes both local and international papers that concentrate and offer local and international news, respectively. Some of these international publishing included The International Herald Tribune and The Boston Globe, whose market base, on average, totals up to over 40% globally, outside the United States boundaries (Hitt, et. al, 2011).

Competition is yet another essential aspect to consider in The New York Company's publishing, both locally and internationally. Considering the fact that most of the companies international markets also have prominent news companies and media, The New York Times Company faced (and continues to face) fierce competition both in the local and international markets. Some of the competing challenges that the company has been facing is from both the American as well as the non-American companies. Some of the American competitors that The New York Times Company includes The Washington Post, who have various online websites through which they offer their

services to the international market. Both within and without the American market, The Washington Post is one of the biggest New York Times Company's competitors.

Lastly, digital competition is yet another thing worth mentioning. In this light, The New York Times Company's publishing has faced a lot of competition from the digital news airing companies across the world. In Europe and underdeveloped as well as the developing countries, for example, The New York Times Company's publishing was highly challenged by digital companies such as the British Broadcasting Corporation. This is because The British Broadcasting Corporation had majorly focused on both television (visual) and online news airing, and has for a long time dominated in world news' coverage. As a result, The New York Times Company focuses less on printed publishing in these external markets where competition is stiffer, and focuses more on online publishing.

Sub conclusion

One of the most striking things to actually note about the year 2008 is the fact that a number of developments and breakthroughs were achieved in the print media industry, not only at The New York Times Company, but also other media companies, particularly in the developed countries. This breakthrough included diversification of service delivery means, whereby the corporations stopped wholly relying on print media per se, but ventured into the internet as well. This is one of the reasons that led to the increased level of competition, as it has been discussed above. Apart from competition, corporations also managed to liaise with other companies from all over the world, whereby they merged, formed coalitions or assimilated these

companies (depending with the companies' sizes), in order to reach out tofor new markets through the already established indigenous companies across the globe. An example of these includes the merging of The New York Times Corporation and online companies such as About. com. This can be concluded to have been of beneficial impact on these corporations, because it expanded the market base across the globe. It was, therefore, a wise move.

The New York Times Company's Competitor Analysis

As it has already been established from the above discussions, The New York Times Company has been facing a lot of competition both locally and in the international markets. However, as much as the above described is a 2008 analysis, it is also evident from consequent follow-ups that the company has faced more competition in its international market that in the local ones. Among the highest competition sources that the company faces from the international markets include the audio, visual and digital competition. This is particularly based on the fact that many market destinations for the company outside the American boundaries are served online, through various websites. The New York Times Company has two traditional competitors, and these are The News Corporation and Google. com. This is especially based on the fact that the company uses almost the same marketing strategies as The News Corporation, and Google has for a long time taken over the international online market, especially in the past ten years. This section of the paper is, therefore, going to carry out a competitor analysis for New York Times Company with The News Corporation and Google. com (Hitt, et. al, 2011, p. 87).

The News Corporation is one of the biggest multimedia companies in the United States, and as a result, a big threat to The New York Times Company. Founded in the United States in 2004 and in Australia 1979, The News Corporation is one of the greatest media in the United States and a threat to The New York Times Company. The company has been a traditional rival specifically because of the association and comparison to The New York Times Company. Secondly, bearing in mind that The News Corporation is a multimedia corporation, there has been a lot of competition with The New York Times Company in various areas (New York Times, 2011).

As it will be seen, The News Corporation has a higher and upper hand when it comes to news coverage and customer reception in comparison to The New York Times Company, particularly based on the fact that The News Corporation covers a larger market share in comparison to its counterpart. From an analysis, both companies are in the media industry, but The New York Times Corporation has a market share of 9.52, while The News Corporation has 25.02. Judging from the market value, The New York Times Corporation has a total of US\$1,409 Million, while The News Corporation has a market value of US\$58,988 million. From the above analysis, it is evident that even after being in business for a short while, The News Corporation has been in a position to fully take control of its American market. In fact, looking at the past 5 years in operation, The New York Times has reported -5.46 growth rates while The News Corporation has reported 0.43% of growth in media and market coverage growth. This has resulted into a 'hold' and 'overweight' recommendation for The New York Times Company and The

News Corporation respectively, following a Wall Street Journal financial analysis (Wall Street Journal, 2012).

Google. com on the other hand, being a non-traditional competitor (based on the fact that it is only an online and not a physical competitor), has been a great competitor especially in the twenty first century, putting into consideration the fact that many regions across the globe have had access to the internet, either on Local Area Networks or mobile phones. For this reason, Google. com has ended up taking many customers from The New York Times Corporation. Over 58% of the people around the globe use Google. com to access information in comparison to other search engines. 45% of The New York Times Corporation's online customers Google up urgent information from Google. com, as opposed from checking up from The New York Times and its affiliate online channels such as About. com. From this analysis, therefore, it is evident that Google. com is consistently gaining an upper hand in customers' service, in comparison to The New York Times (Hitt, et. al, 2011).

Sub Conclusion

In conclusion, it is evident that The New York Times Company is not only facing competition on the international platform, but on the local (United States' market) platform, as well. One essential thing to note concerning the competition, especially by looking at the strategies that some of its fierce competitors such as The News Corporation have been applying is the fact that the customers do not base their loyalty toon the corporation's country of establishment, but by the quality of the services offered. Secondly, one key thing that can be derived from the research study is the fact that

competition is highly based on the number of media that the corporation is using to communicate to its market and consequently, the customers. Bearing in mind that different countries fancy different forms of media for communication, the only way The New York Times Corporation will be in a position to retain its customers and conquer new markets is by establishing different forms of media, such as audio and visual media, in order to counter its serious competitors' attack and remain relevant in its service delivery and efficiency, especially in accessing its clients.

The New York Times Company's strategic position

Having realized the growing stiff competition from other companies especially those offering their services online, The New York Times Company has taken a few measures through which it will be in a position not only to reclaim their slowly diminishing market share both locally and internationally, but also in finding new markets in various parts across the world. To achieve this, The New York Times Corporation has taken one of the most delicate turns of operations that several successful companies (including The News Corporation) have taken. This is an expensive affair that has cost the company a lot of revenue especially in strategic planning, logistics and implementation. However, the results have slowly started to prove worth the investment. This new step is merging, acquisition and building of strategic alliances with other companies that have been established in through various media such as online operations (Henkemans, 2009).

In order to achieve this, The New York Times Corporation has merged and franchised with several online servers such as its recent merge with About.com. Through this merging, the company has consequently been in a position to 'own' an internet search engine, which plays a vital role in not only marketing the company, but also promoting it in its international markets as well. At the same time, The New York Times Company has graduated from bearing merely a news paper or Gazette Company, to joining the mainstream multimedia market. This has had both positive as well as negative impacts on the company. To start with, by ceasing to be a gazette market, it has lost specialization in the communication and media market. However, looking at the positive impacts, the company has been in a position to acquire many more ways through which it can reach out to for more customers and markets across the world. This is based on the fact that it will be in a position to reach out for more markets through their online services. This in turn, reflects positively on the company's financial returns (Hitt, et. al, 2011, p. 89).

Sub conclusion

In conclusion, The New York Times Company has also formed alliances with various publishers across the globe, especially in destinations where the company has many physical customers such as Europe. In order to address competition, the company works in on publishing and printing physical daily gazettes in these market regions. At the same time, through the magazines and journals' printing in these markets, the company has been in a position to have and acquire an upper strategic position to promote its products (mass media) as well as reach out for more customers not only in the United

States and Europe, but also in various regions across the world. This is a very wise move that will assist the company in offering its services on or higher than its competitors' established platforms.

Long-term strategy for The New York Times Company against competition

Having identified the fact that The New York Times has been facing a lot of competition from many companies across all regions across the world, it is ideal for the company to come up with a long term strategy. I would recommend that NYTC ventures full board into multimedia in order to reach its mass media peak. Bearing in mind that they have already been franchising and acquiring other companies across the world, it will be essential for them to use not only print and electronic media in order to reach their markets especially the international markets, but also visual and audio media, which in this case, include radio and television. Although they have been using these services for some time, specializing in the same will be one of the company's greatest advantages, and the pros of doing so include the fact that they will be in a position to access many customers especially if the company uses satellites for example services such as World Space Channels, including DitectTV and Direct*. This is, especially, essential in capturing the developing and underdeveloped countries' markets

However, there are several cons of adopting visual and audio means offor communication. The greatest challenge is especially the fact that the company loses originality especially in service delivery. Secondly, the company will lose its publishing specialization by venturing into camera works. However, the advantages of adopting this mode of communication by

far surpass the disadvantages. It is, therefore, recommendable. It will also, play a major role in ensuring that the company is in a position to catch up with its competitors, such as The News Corporation.

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