

The news corporation

[Business](#), [Company](#)



This report pretends to answer the third question of this case study "The News Corporation". It will outline and evaluate the strategies pursued by Rupert Murdoch during the period of the case study. It will also recommend a future strategy for The News Corporation. The News Corporation focuses on different strategies throughout the period of this case study. To make clearer this analysis, it will be helpful to divide the period in two stages: STAGE 1-1980's. This stage is print based. TNC diversifies in order to get into more attractive business and balance its portfolio.

The portfolio logic assumes a role of the centre. These, the portfolio logic and the role of the centre, make assumptions about the diversity of businesses within a corporate portfolio. This diversity of business has a certain degree of relatedness in some way, and this diversity of business should inform of the role of the centre. Therefore, the strategy that TNC follows is a Related Diversification, which is strategy development beyond current products and markets, but within the value system or industry in which the company operates.

TNC uses a vertical backward integration by the acquisition of the printing warehouses, books publishing transport, which are concerned with the inputs into the company's current business. On the same way, it uses horizontal integration by the acquisition of other newspaper and magazine, in other words, activities that are competitive with, or complementary to, a company's present activities. This stage is time based. Once TNC has diversified into the different businesses, has to find new advantages in order to improve and expand its existing businesses.

By improving its businesses, TNC gains competitive advantages. Gets stronger towards its competitors. The strategy that TNC follows in this second stage is globalisation with a place in all parts of the industry from newspaper to TV, from magazine to film. TNC's markets are homogenised and consumer's needs and preferences are more similar. Therefore, TNC has to diversify in order to gain competitive advantages. The growth market share is important for a business unit seeking to dominate a market because it may be easier to gain dominance when a market is in its growth state.

In a maturity stage, a market tends to be stable and therefore it is more difficult to gain share, so it will be necessary to invest in that business unit in order to gain market dominance. This strategy is quite risky unless this activity is financed by products earning higher profit. This leads to the idea of a balanced mix of business units. In this particular case, it has to be emphasised that there was an economic decline in each of TNC's market, at the end of 80's beginning of 90's. This problem resulted in a gap in working capital financed by highly expensive short-term borrowings.

At the same time, banks worldwide experienced a liquidity crisis, which resulted in TNC facing difficulty in refinancing maturing bank debt and in meeting working capital requirements. Twentieth Century Fox had a poor year. Its profitability is not very promising but within the company is very important because it provides the content for the broadcasting channels. Therefore, according to the Boston Consultancy Matrix, it can be said that Twentieth Century Fox is the question mark, the newspaper and magazine

are the cash cows providing with enough cash flow to finance both the Sky TV (Star), and the Twentieth Century Fox.

Therefore, to provide the balance of this business portfolio, TNC has question mark-Twentieth Century Fox, which provides broadcasting content- and cash cows- Newspapers and magazines, which provide profitability-, and without them TNC will had not been able to have a star-SKY TV. The corporate centre can add value points in terms of allocation of resources, increasing or decreasing investment or changing management in times of poor performance. The corporate centre should also be able to enhance potential between the businesses. For example, if one business is doing well, other business should be able to learn from it.