

Bbc worldwide case

Business



BBC Worldwide: Global Strategy Case Company Overview The British Broadcasting Corporation (BBC) was formed in 1922 by a group of radio manufacturers in order to popularize the new medium and create content for customers to listen to on their new devices. The organization grew as it developed a radio transmitter network and started looking at other media types.

However, due to an issue of license fee collection, the BBC experienced heavy financial losses which caused the original radio manufacturers to pull out of the entity.

To enable the entity to continue operating, a Royal Charter was created to fund the entity moving forward. BBC still operates under that charter which is reviewed every 10 years and the funding comes from a License Fee levied on all households that owned color TV's. In 1936 it started broadcasting television content and by the 1950's it started licensing its programs to foreign broadcasters. What started as a “marketing” plan to encourage people to buy radios, grew into what we know today.

The BBC operates eight digital TV networks in the U. K. and runs its bbc.co.uk website with 80 million unique users each month.

They produce 30, 000 hours of TV per year and manage a huge media library of over 750, 000 hours of TV content and 3 million items in total.

The Corporation also owns 50 radio stations, both local and national, and it employs 25, 000 people. In order to license and distribute all this media around the globe, the BBC opened up a subsidiary named BBC Worldwide (BBC WW) in 1995. BBC WW exploited and exported BBC-branded content

<https://assignbuster.com/bbc-worldwide-case/>

around the globe through all formats, including magazines, television, books, DVDs, audiobooks, merchandise, mobile phones, downloads, and other emerging digital media.

BBC WW delivered its profits back to the BBC. Since 2004, BBC WW profits had more than doubled from ? 37 million in FY2003–2004 to ? 89 million for FY2005–2006 on revenues of ? 657 million and ? 784 million, respectively. Situation Analysis Using the SWOT analysis we can identify a number of factors which will affect the overall recommendation on how BBC WW should proceed with its next stage of growth, specifically in the United States.

Strengths Based on the questionnaire administered to BBC users, we can see that BBC is seen very favorably by its users.

BBC as a brand is very strong, which is something the CEO of BBC WW will need to use effectively. BBC WW is also in a very strong financial position. Based on the financial data provided, the profits generated by BBC WW nearly tripled over the previous three years, and were on track to meet the ? 100M target for the FY2006-2007. Lastly, BBC WW has a very well diversified portfolio of media to meet any demand.

Weaknesses Due to the fact that BBC operates under a Royal Charter, it tends to be more conservative and it's very focused in its programming on British culture.

This can make it more difficult for BBC WW to see programming in cultures that are not fans of the British culture. BBC WW is also significantly understaffed in its international offices, which could make it difficult to implement major strategy changes. Finally, there seems to be a communication gap <https://assignbuster.com/bbc-worldwide-case/>

between BBC WW and BBC when it comes to suggestions for innovations, and that could hinder progress in new markets. Opportunities BBC WW is well positioned to grow due to its significant web presence. The company has done a great job of embracing new media and distribution mediums.

BBC WW is also poised to take advantage of growth in some global markets. These markets were identified as Group 2 and consisted of territories demonstrating high growth, in countries such as China, South Africa, the eastern European region and Latin America. Also, BBC WW's flexibility and willingness to partner with the right companies, provides a slew of growth opportunities. Threats BBC's reliance on the U. K. market could spell trouble and will not provide significant growth for the future.

Also, the fact that BBC WW licenses most of its programming to other broadcasters can potentially negatively impact the BBC brand.

Recommendation

Based on the above SWOT analysis, it is clear that if BBC WW expects to continue on its path of profit growth, it will need to do a better job serving global markets, and specifically the U. S. market. They will need to do this by increasing brand awareness in the U. S.

and that means that they will need to increase the size of their U. S. staff. They will need to hire new leaders with experience in the U. S.

market to help make the right decisions as they relate to the U. S. audience and culture. They will also need to pick the right partner and make sure they are very clear on their intent in order to avoid future complications.

This partner should help BBC re-vamp its image of a news provider to a complete media company.

----- [1]. John A. Quelch and Carin-Isabel Knoop. “
BBC Worldwide: Global Strategy. ” HarvardBusiness School Case (2008):
Page 1 [2].

John A. Quelch and Carin-Isabel Knoop. “ BBC Worldwide: Global Strategy. ”
Harvard Business School Case (2008): Page 24, Exhibit 10 [3]. John A.
Quelch and Carin-Isabel Knoop.

“ BBC Worldwide: Global Strategy. ” Harvard Business School Case (2008):
Page 6