

Digital development

[Technology](#)



Digital service was first offered by News Corp in 1990s and this technology created great profit and subscription. Digital technology enables more programme channels to be accessed; also additional new services are offered to meet the changing consumer needs. The multi-platform digital technology made a 68% increase in profit from 2002 to 2003. Encryption technology gives News Corp the ability to prompt its business development to attract more viewers with easily setting a decoder box. News Corp won a competitive edge over others by offering this technology to users who pay for the service with great profits.

SWOT stands for strengths, weaknesses, opportunities, and threats.

Strengths and weaknesses are internal factors while Opportunities and threats are external factors. The strength of News Corp mainly lies in its strong power of acquisition. It has a global presence, with particular representation in the UK and the US (which accounts for around 75% of sales). The company operates through seven business divisions: filmed entertainment, magazines and inserts, television, cable network programming, newspapers, book publishing and other activities. (www.cbrownline.com)

Thus it possesses rich resources and capabilities to acquire other companies as their integral part. Also Murdoch himself is ambitious and risky, his relationship with the local government and the personality to compete with others and finally control them are key determinants of the successful acquisition strategy. In addition, the service and product offered to consumers are much more diversified than any other organization. With the establishment of newspapers in 1920s and later switched to the film and <https://assignbuster.com/digital-development/>

TV industry, even today's internet technology, News Corp's service is always changing with the increasing demand of customers.

The development of product with highly advanced technology enables News Corp to overtake others in the marketplace. Strategies have long been existed since the earliest days of commerce, early strategic thinking was equated with medium and long term planning, and the corporate plan would provide projections of sales, revenues, costs and profits for the company. (Kay, 1995) however, Murdoch claimed that he did not have a specific strategic plan, he never anticipated where the business was going, although the acquisition and expansion of News Corp is fast, financial failures occurred occasionally.

Also the management style of Murdoch is questioned, he made all kinds of decisions himself and did not tell his managers what they should do, therefore News Corp's management is a reflection of his own feelings and ideas, the company might not maintain its performance and structure without him. News Corp's entry into satellite broadcasting in the 1980s represented a significant change in its distribution channels. This technology offers more channels to customers from various countries.

With this technology News Corp controlled SATV who provided programmes by satellite to cable systems in Europe. The adoption of satellite technology indicated that News Corp switched its strategy from traditional products and service to satellite-based communications. And the development of the internet appeals great attractiveness for News Corp to seize opportunities in

this rising field. The acquisition of MySpace with the existing online assets provides a richer experience for today's internet users.

Simultaneously, MySpace generates " healthy" annual profits of " a few million dollars. " It is reported that earnings of \$4. 5 million on revenues of \$78. 9 million in the quarter ended March 31, 2005, compared to a loss of \$12. 4 million on revenues of \$57. 3 million in the year earlier period. (www. nytimes. com) News Corp undoubtedly benefited from the acquisition. News Corp's competitors are primarily in the Entertainment industry and it also competes in the Film&Video, Internet Content providers, and Music sectors.

For News Corp, in the field of animated films, Disney takes a monopoly position. While animated films are attracting a large number of kids and saving production costs, Fox has created new ways to compete with Disney. According to Bear Stearns analyst Spencer Wang (2007), Facebook is emerging as serious competitor to MySpace, Facebook's user base has grown 46% in 5 months and should reach 50 million users by the end of this year, and 100 million by mid-2008, growing traction for Facebook could negatively impact sentiment on MySpace. (blogs. barrons. com)

Based on understanding the strengths and weaknesses of News Corp, the firm's resources and capabilities are important to identify. The capability of any organization is fundamentally determined by how well it links together its various activities-such as designing, marketing and supporting its services and products and these activities are linked together to form the value chain which considers where and how a firm adds value. (Dobson&Starkey,

1993) Although News Corp experienced financial losses and crisis in the late 1990s, its financial system is the most effective of all the media companies.

Murdoch established a strict weekly reporting system and budget system. He will check the financial situation of all the subsidiaries every week, the documents provided include profit and loss account, weekly and monthly financial prediction and financial research results, therefore News Corp has a strong power of financial unit which is indispensable in helping make effective strategic decisions. With the precise budget system, each investment and acquisition in the world will guarantee News Corp's leading position.