

**STRATEGIC ANALYSIS OF OVERSEAS  
CHINESE LANGUAGE MEDIA: THE CASE OF  
JORNAL PUXIN**

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Project submitted as partial requirement for the conferral of  
Master in Business Administration

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March 2017

## **Acknowledgments**

During the study of master courses in the ISCTE-IUL, I am so happy that I have met so many great teachers and classmates and friends. And I am grateful for their help and care during this period full of impressive memories.

I would like to thank my tutor, Prof. Ma Shaozhuang, who has spent much time on my thesis and always encouraged me. All of his suggestions have been helpful to support me to finish this work. I have benefited a lot from his profound academic knowledge. Thanks for his guidance and patience.

To my friends who have accompanied by my side and who have encourage me, I would like to thank for their support.

And I would like to thank my colleagues and boss. Thanks for their tolerance and concern, especially for my boss who has given me opportunity to enter the media industry.

Finally I want to thank my families. Even though they are far away from me, they always believe me and support me.

## **Abstract**

Overseas Chinese language media played an important role in the new era since the “One belt, one road” and “Chinese Dreams” have been proposed. They can not be ignored in the globalization development. They are the bridges connected China with other countries, especially under the direction of a set of Chinese strategies. However, they also have been being trapped in the new era with increasing competition.

This thesis, taking the Jornal Puxin, an overseas Chinese language medium in Portugal, as the case study, emphasizes on the analysis of the current operating situation of overseas Chinese language media base on the related theories of strategic management such as PEST analysis, Five Forces analysis, VRIO analysis. It is necessary for overseas Chinese language media to transform and develop due to their existing hardships under the increasing competitive environment. In the end of this thesis, according to the case study, strategies are recommended for the case study as solutions to overseas Chinese language media in trouble.

The purpose of this thesis is to provide a basis of the study of overseas Chinese language media by developing a case study with strategic management knowledge.

**Keywords:** overseas Chinese language media, Jornal Puxin, Portugal, strategic management

### **JEL classification system:**

- **M10** Business Administration
- **L10** General

## **Resumo**

Os media chineses no estrangeiro têm apresentado um importante papel na nova era desde que o “One belt, one road” e o “Chinese Dreams” foram propostos, sendo esses impossíveis de se ignorar no desenvolvimento da globalização. Eles são as conexões da China com outros países, especialmente sob as diretrizes de um conjunto de estratégias chinesas para tal. No entanto, os media chineses no estrangeiro vêm sendo limitados na nova era com a crescente competição.

O presente trabalho escolheu o Jornal Puxin como representante dos media chineses em Portugal para desenvolvimento de um caso de estudo, o qual analisou a sua situação através de teorias de gestão estratégica como a análise PEST, o modelo das Cinco Forças de Porter e o de VRIO. O resultado evidenciou a necessidade dos media chineses em Portugal em evoluir e desenvolver novas estratégias para enfrentar as existentes dificuldades inerentes ao ambiente competitivo na qual se inserem. Essas referidas estratégias foram recomendadas no final do estudo de caso.

Palavras-chave: media chinesa no estrangeiro, Jornal Puxin, Portugal, gestão estratégica

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## **List of abbreviations**

**PRC** - People Republic of China

**PESTEL** - Political; Economic; Social; Technological; Environmental;  
Legal

**VRIO** - Value; Rarity; Imitability; Organization

**APP**- Application

**IT**- Internal Technology

**NCT**- New Communication Technology

**RMB** - Ren Min Bi, the official currency of China

**KSHG** - the name of a real estate company in Portugal

**HK**- Hong Kong, a special administration region of China

**SWOT** - Strengths; Weaknesses; Opportunities; Threats

**R&D** - Research and Development

**RBV** - Resource Based View

**CCG** - Center For China & Globalization

**INE** - Instituto Nacional de Estatística

**SEF** - Serviços de Estrangeiros e Fronteiras

**TV**- Television



# 1. Introduction

Overseas Chinese language (news) media has important position in news media industry. Overseas Chinese language (news) media are seen as the extension or branch of Chinese media, using the transmission mode of Chinese characters, including the traditional media like newspaper and new media like online media, outside of Chinese mainland, Hong Kong, Macau, and Taiwan.

The emergence of overseas Chinese language media has attracted public attention. At present, the industry of overseas Chinese language media has a long history with more than 200 years. Its importance has increasingly stood out through its support for the motherland and its assistance of outputting Chinese culture as well as the effective of connecting China with the outside world. As entering into 21 century, overseas Chinese language media have been giving new mission. In particular, since the strategy of “ One belt one road” and the notion of “ Chinese Dream” have been proposed by President Xi of PRC, the desired missions of overseas Chinese language media are not maintaining the historical ones. The professors from News and broadcasting institute of Zhengzhou University has summed up five missions for overseas Chinese language media in current period (Wang Shaohui and Zou Yaru, 2015). Besides the two historical missions of the inheritance and dissemination of cultures and satisfaction of readers’ requirement of information and expression, these three missions: propaganda of China regions, construction and maintenance of China national image and achievement the joint and interaction of information belt for “One belt one road”, are the new ones which are demonstrating the increasingly significant position of overseas Chinese language media in the recent years and the future years. Overseas Chinese language media are greatly attached importance by China government and other organizations. It is needed to study this special industry in the new era.

To study the industry of overseas Chinese language media is attractive subject that has led some scholars to explore or research it. For instance, American Chinese journalist, Dajiu Li, have written a book named Overseas Chinese Network Media — — Cross-cultural Context (2009), analyzing the situation of Chinese language media in America. In 2011, the Office of Overseas Chinese Affairs under the PRC State Council and Huaqiao University and China Social Sciences Academic Press jointly published the Blue Book of Overseas Chinese——Annual Report on Overseas Chinese Study, the part of overseas Chinese language media included. In Europe, some Chinese scholars also study the development of overseas Chinese language media in Britain, Italy and Spain,etc. Besides, there still is a research center in Jinan University specialized in overseas Chinese literature and overseas Chinese language media. This leads scholars to know the importance of overseas Chinese language media around the world and give advice to overseas Chinese language media. However, most of these study and research focus on the analysis of situation of overseas Chinese language media. The other aspects or elements like strategies and development models are in some extent ignored. But the strategies have huge impacts on the development of overseas Chinese language media. If overseas Chinese language media's strategies can not catch up with the pace of time and keep up with the step of development for existing path dependence, overseas Chinese language media would be in trouble. To reverse developing patterns yet maintain sustainable, overseas Chinese language media need to break their old development models and build up new strategies based on realizing their special situations and analyzing their resources and capabilities. It is really necessary to do this work to fill this gap in understanding of the business side of overseas Chinese language media.

Throughout the development process given out in the following part, overseas Chinese language media has experienced ups and downs. The competition between the news media in Chinese language has never been fierce for mass of newcomers emerging that makes the traditional ones more concerned. The innovation and development of overseas Chinese language media have been facing new challenges

and opportunities (Zheng Wenbiao,2012) in the more competitive circumstance, which causes public more extensive attention and concern. It triggers the research questions to do this work. It is interesting to study how overseas Chinese language media out of the dilemma and achieves sustainable development.

The research purposes of this work is to use strategic analysis and application tools to study overseas Chinese language media in the new era, to know the developing situation of this industry, to realize how much impact of the changes in internal and external environment makes on overseas Chinese language media, to come out with strategic advice for the development of overseas Chinese language media in trouble. Besides, it is important for me to study this subject as I am working in an overseas Chinese language media. I have a great interest in this. It is also a way to in-depth study this industry.

Therefore, this thesis will focus on strategic analysis and application tools of such analysis (including the PEST, VRIO, and Five Forces analyses) that will be applied to the typical case study, the Journal Puxin, one of the overseas Chinese language media in Portugal, to elaborate overseas Chinese language media. This case study will reflect the existing problems that overseas Chinese language media in Portugal and even in the global have.

The thesis is structured in the following chapters:

- Chapter 1 — this chapter consists of an introduction to the work being presented and its structure.
- Chapter 2 — it will introduce the historical development of overseas Chinese language media and the current dilemma situations of media industry around the world, of overseas Chinese language media in the global, and of overseas Chinese language media in Portugal, as well as to give the basic information of the case study.
- Chapter 3 — literature review about the theories of strategic management will be used in the case study, including PEST analysis, Five Forces analysis and VRIO

analysis

- Chapter 4 — this chapter will come up with strategic analysis on the case study by using the PESTEL analysis, Five Forces analysis and VRIO analysis.
- Chapter 5 — strategies are highlighted as the recommended solutions for the case study.
- Chapter 6 — the chapter will conclude the work that is presented.

## **2. Case study**

### **2.1 Introduction**

The present case study will focus on the overseas Chinese language (news) media. The information about the creation and development of overseas Chinese language media will be presented as well as some issues the industry faces. It is necessary to analyze the industry's internal and external environments, to understand the evolution that overseas Chinese language media have gone and to speculate about what the future holds.

In addition, a particular circumstance of the overseas Chinese language media in Portugal will be studied. Even though Overseas Chinese language media has long history, but as many countries, the development of the overseas Chinese language media in Portugal is immature with its history of less than 20 years. The Jornal Puxin is the typical one of the overseas Chinese language media in Portugal that is facing new challenges and difficulties.

### **2.2 The history of overseas Chinese language media**

The history of overseas Chinese language media is related to the process of China revolution. They have taken advantage for China revolution to create a favorable public opinion environment and to financially support China to fight for victory in the wars.

The emerging of overseas Chinese language media can date back to 19 century. In the year of 1815, the first version of overseas Chinese language publication, *Chinese Monthly Magazine*, came out. Overseas Chinese language media have exerted tremendous influence on domestic and abroad Chinese community as in the process of

its ups and downs within 200 years history. Several pitch points in the developing process of overseas Chinese language should be noticed. At the beginning, overseas Chinese language media had been founded by English missionary, generally used as platform to broadcast religion or promote its religious knowledge. But later overseas Chinese had also created Chinese language publication. During the Xinhai Revolution (1911-1912) and the War of Anti-Japan (1937-1945), foreigners with Chinese origin and overseas Chinese language media had provided great support to mainland China. Overseas Chinese language media has issued a lot of articles to wake up overseas Chinese national consciousness and patriotism. And even it has appealed overseas Chinese to donate money for motherland.

Since *Chinese Monthly Magazine* came out, a lot of Chinese-language media abroad followed. According to the statement from the Office of Overseas Chinese Affairs under the PRC State Council, until 2012, there are 5000 kinds of Chinese language publication, 1019 of Chinese language media located in more than 61 countries and regions. Southeast Asia and Northern America are the main distribution areas. Southeast Asia is the cradle of Chinese-language media, as well as having the majority of Chinese emigrants. Actually, there are totally more than 60 million of Chinese descendant residing abroad, 45 million of among them living in Southeast Asia where has the biggest market with the most readers. However, Northern America has the majority of Chinese language media which reflects the need of five million Chinese emigrants. Due to the trends of Chinese emigrant population Chinese-language media, Southeast Asia and Southern America have been the concentration regions of Chinese-language media before 1970s, but the Northern America has been the rapidly growing market with new Chinese-language media from 1970s to 1990s. After 1980s, Chinese-language media quickly have emerged in Europe and Eastern Asia. In Europe in the early 2000s there were more than 30 Chinese newspapers published; to name just a few: *European Times (Ouzhou shibao)* (France), *Europe Daily (Ouzhou ribao)* (France), *Worldwide Chinese (Tianxia huaren)* (United Kingdom), *Chinese Communicator (Huaqiao tongxun)* (the Netherlands), *United*

*business Paper (Lianghe shangbao) (Hungary), Romanian Chinese (Liluo huaren) (Romania), Chinese News Paper (Hua xin bao) (Spain) and Austrian Chinese (Ao hua) (Austria)* (Elena Barabantseva,2010). Entering into new century, there are increasing agencies of overseas Chinese language media in Europe. Even in the smaller countries like Portugal, three overseas Chinese language media compete here.

Overseas Chinese language media have come into being after the spiritual needs and information needs of overseas Chinese, and following the requirement of the local government. They have been serving as tools for overseas Chinese to acquire information about political, social, economic, cultural and life; as well as to protect their own legitimate rights and interests; to express themselves; to interact with society. Overseas Chinese language media have also been serving as channels for the local government to communicate with Chinese ethnic groups. According to the theme report, “The position and Role of Overseas Chinese Language Media in the Global Development Tide”, by the chief editor of Chinese News Agency, Guo Zhaojin (2001), at the beginning ceremony of the first Forum of Chinese Language Media around the World in 2001, overseas Chinese language media have functions in four aspects, respectively, information dissemination, public opinion guidance, bridge-communication, cultural inheritance.

Technology has been changing our life and our world. In the path of the development of media, information technology has accelerating its pace onward. From the age of printed newspaper to the appearance of radio news and then to the emergence of video news and later to prevalence of network news and now to the popularity of smart-phone news, we can see that the continuing update of news carriers contributes to the diversity of media in formal as well as makes it more convenient for people to get news and information. In the past, normal people only are the recipient of news and information, but due to developing network technology and wide application of smart phone, now people also are the news creators and information communicators. So there are lots of new media coming out, which threatens the position and profit of

traditional media. Traditional media must find a way out to survive in this challenging and competitive industry.

Throughout the history of overseas Chinese language media, besides the support of science and technology, the development of overseas Chinese language media still relies on other things. The first one is related to China. The fate of China produce impacts on overseas Chinese language media, such as 120 newspapers have brought out by revolutionary pioneers in the era of Xinhai revolution (1911-1912).<sup>1</sup> The second one is about the group of Chinese emigrants. Since 1980s, the number of Chinese emigrants has increased rapidly and largely. For example, one third of overseas Chinese language media have been founded by Chinese new immigrants in the United States.<sup>2</sup> The third one is the local multicultural policy, allowing the existence of different media with various languages. Those above aspects to some extent indicate the distinction of the developing process of overseas Chinese language media. Even in this day, they still play a great role. Because of these different factors and this distinction, some different chances and unique opportunities come to overseas Chinese language media as they are facing the same challenge and predicament with other media around the world. Particularly in years after president Xi Jinping being in power, some policies and guiding ideology have been changed, which is conducive to transformation for overseas Chinese language media and to help them ride out the technological storm.

## **2.3 Two trends arising**

New Communication Technology (NCT) and digitization are becoming mature and being used widely. New media contending against conventional media takes more and

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<sup>1</sup> Qiu Yuanping, 2015, The theme report for the 8<sup>th</sup> Global Forum of Chinese Media.

<http://www.chinanews.com/hr/2015/08-22/7483190.shtml>

<sup>2</sup> <http://dangjian.people.com.cn/n/2015/1014/c117092-27696961.html>



more attention. Conventional media are losing its superiority, minimizing advantage and overshadowed by new media. Due to sole dissemination channels, limited transmission platforms, single teams for producing and disseminating news, simple service forms, conventional media are under continuous and strong impacts of new media that are continually devouring their stable market shares. Conventional media are facing huge loss of users, dramatic drop of circulation and distribution, shrinking revenue of advertisement.

To some extent, new media is helping extend the vitality of conventional media. There is a revolution trend taking place in conventional media with the help of Publishing, Internet, Broadcasting media platforms, and Merchandising product lines. These distribute their focus on new dissemination channel, setting up some new media platforms, and strengthening the ties with new media. Some Chinese dominant conventional media attach great importance to new platform. For instance, China official newspaper, People's Daily's official account opened on July 22, 2009 (Ningning Liu, 2013). It is expansion for Chinese conventional media that makes them have comprehensive and all-round platforms based on their traditional platforms. They possess multi-channel including newspaper, television, radio, website, blog, micro-blog, APP, and we-chat to achieve high coverage on the terminal channels. Activating on new dissemination platforms is a prevailing trend that almost all Chinese media including overseas Chinese language media follow.

Another current development trend of Chinese media is media convergence or media integration. According to a report by Qibao Liu, the Minister of Chinese Central Publicity Department, the relation between conventional media and new media go through three stages: one is conventional media setting up new media platforms, second for conventional media developing interaction with new media, third conventional media and new media to integrate. Nowadays Chinese media are speeding up integrating development. Conventional media and new media cooperate closely. They share resource, building new larger and more extensive platform in

order to reduce expenditure, bring about cost-savings and make mutual benefit together. Chinese domestic media are also going outside to cooperate with overseas Chinese language media which provide timely latest foreign news all around the world. As well as overseas Chinese language media from different countries are collaborate with each other and within groups.

In the new century, new missions are given to overseas Chinese language media, to elevate the ethnic-culture ties, to bring Chinese all walks of life together, to strengthen the solidity among Chinese all over the world, to achieve national reunification, to tell Chinese stories to the world in a positive way, to develop economy cooperatively peacefully and to make Chinese Dream come true.

## **2.4 Challenges and risks for news media industry**

### **2.4.1 The downside trend of media industry in the world**

To continue the this part, it is needed to distinguish previously two concepts which are easily mixed with other terms, and used in the following pages.

Compared to traditional media or old media, new media most commonly refers to content available on-demand through the Internet, accessible on any digital device, usually containing interactive user feedback and creative participation. Common examples of new media include websites such as online newspapers, blogs, or wikis, video games, and social media. A defining characteristic of new media is dialogue. New Media transmit content through connection and conversation. It enables people around the world to share, comment on, and discuss a wide variety of topics. Unlike any of past technologies, New Media is grounded on an interactive community (Brandon, 2011).

Another one is we-media. It can be defined as interactive technology, allowing users to create and generate content, to be linked in real time communication, and to participate' in social, political and cultural actions. We-media bases on the internet and hardware such as mobile phones and other mobile devices. We-media includes software that enables users to engage in the online and outline activities through platforms like Facebook, Twitter, blog. This term was created by a famous IT author, Dan Gillnor, who worked in Silicon Valley of America.

Since entering into new century, New Communication Technology has had some breakthrough. Network technology develops rapidly. It has changed the world and people's life. They have also changed the developing process of news media and people's reading mode. A number of new media have generated, as well as readership habits have changed as consumers turn to the Internet for free news and information.

The advent of New Communication Technology has brought forth a set of opportunities and challenges for conventional media (Domingo, 2008). The New Communication Technology gives a chance to conventional (news) media to try new development models and to make reformation. But the presence of new media and the Internet in particular, has posed a challenge to conventional media, especially the printed newspaper. This leads to the competition in this whole industry around the world much more fierce. It illustrates this by analyzing the situation of American news industry and China news industry. For instance, the circulation volume are being cut largely. The data from the Newspaper Association of America about the number of newspaper decreased can explain it as data from the following table.

Table1 - Newspaper circulation volume

				Newspaper Circulation				
Number of Daily Newspapers				Daily Circulation			Sunday	
Year	Morning	Evening	Total Daily Newspapers	Morning (000)	Evening (000)	Total (000)	Sunday Newspapers	Sunday Circulation (000)
2014	953	402	1,331	36,765	3,655	40,420	923	42,751
2013	980	444	1,395	36,975	3,737	40,712	934	43,292
2012	985	442	1,427	38,723	4,710	43,433	981	44,821
2011*	931	451	1,382	40,321	4,100	44,421	900	48,510

(Source: The data from the Newspaper Association of America )

Beside of the decreasing of circulation volume impacted by the competition in the whole industry, advertising revenues are also plummeting due to the emergency of numerous new media. According to the latest data (as seen in the following table) from the Newspaper Association of America, overall, total revenue for the multiple-platform U.S. newspaper media business amounted to \$37.59 billion in 2013, a slight decline from \$38.60 billion in 2012. Advertising in the traditional printed daily and Sunday newspaper decreased 8.6% in 2013 from the previous year. Retail advertising dropped 8%, with national advertising also declining by 8%. Classified advertising was off 10.5%. However, digital advertising rose to \$3.42 billion and accounted for 19% of advertising revenue; pure-play (digital only) advertising rose 14%. Mobile advertising revenue, though a small portion of overall total revenue (less than 1%), jumped 77%.

Table 2 - Total revenue for the multiple-platform U.S. newspaper media business

<b>Table: 2013 Newspaper Media Revenue</b>		
	<b>\$ Billions</b>	<b>Pct. Change</b>
<b>Total Revenue</b>	<b>\$37.59</b>	<b>-2.6%</b>
<b>Advertising Revenue</b>	<b>\$23.57</b>	<b>-6.5%</b>
<i>Newspaper Print</i>	<i>\$17.30</i>	<i>-8.6%</i>
<i>Digital Advertising</i>	<i>\$3.42</i>	<i>1.5%</i>
<i>Direct Marketing</i>	<i>\$1.40</i>	<i>2.4%</i>
<i>Niche/Non-Daily</i>	<i>\$1.45</i>	<i>-5.8%</i>
<b>Circulation Revenue</b>	<b>\$10.87</b>	<b>3.7%</b>
<b>New/Other Revenue</b>	<b>\$3.15</b>	<b>5.0%</b>

(Source: The data from the Newspaper Association of America )

In the past decade, revenue of news media have been slumping as their advertisement decreasing sharply. The main earning media gains from is advertising revenue. But it is hard for conventional media to keep stable incomes after the extensively usage of New Communication Technology in this whole industry. Causes leading to the loss of American media advertising revenue are varied. Besides of societal changes that are disruptive to established business models and means of news dissemination, and the financial difficulty also impacts on it. The decreasing of newspaper's circulation volume and the dropping of American newspaper media revenue illustrate that conventional media are under stressful condition in the rapid developing process of technology.

Beside of the news industry in America, in recent years, news media in China also has been under stress and difficulty. The main contributor is related to new changes rising from New Communication Technology. New technologies are continuously creating new platforms that bring new challenges and risks forward Chinese media, especially the traditional one.

According to the data from China's New Media Development Report-2016 Blue Book, by February of 2016, as the domain technological platforms and windows Chinese

new media generally use, Wechat public accounts (a kind of social media platform looks like Facebook and Twitter) and mobile client-side applications(APP) for press release and news acceptance have been pumped up. More than 10 million of public accounts active in the platform of Wechat, exceeding one forth of them belonging to journalism. Since 2013, Wechat public accounts application has been rising quickly, with the amount of increase in last three years by 923.1%, 104.4%, 19.6%, respectively. There have been totally 520 million of mobile client-side applications. These emerging Web publishing tools have brought up some citizen participatory journalism. The venerable profession of journalism finds itself at a rare moment in history where, for the first time, its hegemony as gatekeeper of the news is threatened by not just new technology and competitors but, potentially, by the audience it serves (Shayne and Chris, 2003). They are able to access easily to Web publishing tools, always-on connections and increasingly powerful mobile devices, leading to become an active participant in the creation and dissemination of news and information. This makes the industry more competitive and challenges the position of conventional media, even results in some media into trouble, especially the unbalance between huge expense and less revenue. It is the same stage where overseas Chinese media stands as well as all media in the world.

In China, in the year of 2015, the market scale of Internet advertisement has reached 209.7 billion RMB, increasing 36.1% compared with that of the year of 2014, and accounting for nearly 50% of China's advertising market share.<sup>3</sup> But at the same time, advertising revenue and even total value of conventional media, have been declining largely. Once the advertising revenue of television media climbed up to a peak of 130 billions before 2013, but now down to 100 billions. Television media and print media, the two dominants of conventional media, have less value, only occupying a little part of the total value of the whole industry, 200 billions of 1,200 billions.

From the drops of advertising revenue in conventional media and the soaring of

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<sup>3</sup> [http://www.china.com.cn/zhibo/2016-06/21/content\\_38701066.htm](http://www.china.com.cn/zhibo/2016-06/21/content_38701066.htm)

digital advertising incomes, we are told that media industry in China which is connecting with overseas Chinese language media is also facing difficulty. The the competition between conventional media and new media is making the environment of news media in China more stressful. So the hard situation of America news industry and China news industry to some extent indicates news industry around the world is facing the downside trend.

#### **2.4.2 Challenges and risks of overseas Chinese language media**

Due to having introduced the history of overseas Chinese language media above, now it will focus on the running situation of the branch of Chinese media. Overseas Chinese language media are also facing challenges and risks in resent years. This is the same for overseas Chinese language media which have been relying on traditional dissemination platforms. The impacts from new media, the decline of advertising revenue and the decrease of incomes lead overseas Chinese language media to capital shortage and running difficulty.

According to the report of Zheng Wenbiao (2012), a researcher of Huaqiao University in China, only 28.6% of the 440 overseas Chinese language media gain profit, but others are in loss. That discloses most of overseas Chinese language media have to face operational difficulties. Advertising revenue is the main revenue source of overseas Chinese language media, occupying 77.1% of total revenues. But some overseas Chinese language media do not account on the advertising revenue. They own other sources of funds. Twenty percent of them are supported by sponsor from organizations and enterprises. Seven point one percent of them rely on donation funds. Since 2009 the advertisement prices of overseas Chinese language media has been decreasing continuously, so the total revenues of the most of overseas Chinese language media are also dumping. That reveals most of overseas Chinese language

media are confronting with financial problems as well.

Facing operational difficulties and financial problems is tough for overseas Chinese language media to reverse the adverse situation, especially for the conventional ones who are insisting to distribute their printed newspaper. Because printing cost not low, they have to spend more money on it.

### **2.4.3 Difficulties of overseas Chinese language media in Portugal**

It is true that most of overseas Chinese language media around the world are in trouble, including those in Portugal. It will explicitly analyze the two overseas Chinese language media in Portugal, Jornal Puxin and Jornal Puhua that also called Jornal Sino. Jornal Puxin is the case study of this thesis. To compare with the Jornal Sino, it is helpful to understand the challenge of overseas Chinese language media in Portugal, and better to know the case study.

There were three overseas Chinese language media in Portugal. Jornal Puxin, Jornal Sino, Rua da Palma, also named in Chinese Bao Ma Jie, as well as spread news previously, but in March 10<sup>th</sup> of 2015 its news department was dismissed.<sup>4</sup> In December 15<sup>th</sup> of 2014, another Chinese language news company, Jornal Diário de Todos, was founded. However, this news company was closed in August of 2016. Another new one came up following the step of the Jornal Diário de Todos. Portal Martim Moniz, named Mahua Guangchang in Chinese, established in September 3<sup>th</sup>, 2015.<sup>5</sup> But it can not actually called news media for its priority of business activities rather than news and information. And it is not recognized by Chinese embassy for political reason. So the fact is that, at present, there are only two

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<sup>4</sup> <http://ruadapalma.com/thread-113602-1-1.html>

<sup>5</sup> <http://ptmm.pt/ch/>



Chinese language media in Portugal, Journal Puxin and Journal Sino.

Jornal Puxin is the one of overseas Chinese language media in Portugal. It was set up in 2005 by a female Chinese, Mrs. Ma, who has been living in Portugal since in 2000. It was named Jornal Huaxin in the past almost ten years until the end of 2014 when it reopened and then changed its name as Jornal Puxin.

Jornal Puxin has stop publication for a short time in 2014, but under the financial support of a real estate company, KSHG, Jornal Puxin has restarted again in December of 2014. Jornal Puxin has its own channels and platforms. It publishes newspaper weekly, but the quantity is small. With the popular of electronic reading, as well as in order to reduce cost, the amount of its newspaper has been cut. Only 200 copies of newspaper have been printed and given out to local overseas Chinese for free since 2015 when it started its newspaper revision. Besides newspaper, Jornal Puxin also has its own website and Wechat public accounts. In the end of 2015, Jornal Puxin became the Portugal regional exclusive partner of a new application platform, Chinese Headlines that is an APP founded in the end of 2015 and specially integrates overseas Chinese language media all over the world. The global partners of overseas Chinese language media settled on this APP are more and more, surpassing 40 news agencies from 30 countries. It is a good way to strengthen the connection and cooperation of overseas Chinese language media around the world. Nowadays, the president of Jornal Puxin becomes the deputy editor of Outlook China that is supported by Chinese central government and HK regional government. So Jornal Puxin has more channels and platforms, but these resources and platforms are still not used in an efficient and systematic way.

Even though Jornal Puxin has some certain platforms and channels, its human resource inside the company is a little weak. Although its employees are studying master courses or doctor courses, but they are not studying journalism. They don't have professional knowledge about news before doing this job. They need to rely on

their president who have cultivated some editors including the vice president of Jornal Diário de Todos and the chief editor of Jornal Sino and gained rich working experience from this industry. Besides, the number of employees of Jornal Puxin is limited, far away from fulfilling its needs. Only seven employees work in this media company, two editor, two reporter, one designer, one marketing director, one technical staff. It lacks of journalist and editors and managers. It really needs one professional manager at least to make strategies for its sustainable development.

Jornal Puxin has limited staff mainly because of its insufficient funds and revenue. KSHG is its unique shareholder, but the financial support from KSHG every month is not enough to cover Jornal Puxin’s operating expenses. Furthermore, its revenue become less. Advertising customers nowadays prefer to do advertisement on electronic platforms instead of printed newspaper. With no more than 30,000 of Chinese nationals in Portugal, the advertising market especially for ethnic Chinese in Portugal is small. The advertising revenue of Jornal Puxin is less than 5000 euros per year. It doesn’t have sufficient funds and revenue, so it has to minimize its expenditure, to control its costs. It will not recruit more employees and not purchase expensive and delicate photographic equipment. These are hindering Jornal Puxin’s long-term development to make it catch up with developing step of this industry.

Jornal Puxin is not the oldest one of overseas Chinese media in Portugal. Journal Sino is the oldest one, founded in 1999. Table 3 below compare two Chinese newspaper in Portugal - Jornal Puxin and Jornal Sino.

Table 3 - Information about Jornal Puxin and Jornal Sino

Name	Founded in the year of	The number of staff	Sources of funds	Key partners around the world	Quality of articles issued
Jornal Puxin	2005	7	one	More than 40	diverse

Jornal Sino	1999	10	multiple	less than 40	translating
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Jornal Sino belongs to the company of Universal Iberia which still has a news office in Spain to run the other kind of overseas Chinese language media, United Times. The company is also running a Consulting firm and investing other business like football club, and overseas Chinese language school.

Jornal Sino has been established by Zhan Liang who has family business in Portugal because his father was one of Chinese resident firstly moved to Portugal from mainland China in last century. Within these years it has set up several platforms like website, we-chat public account and newspaper. There are also not many employees, approximately ten, working in its news office. It has other staff in its partner companies to do translating and technical work. It can require these staff to help if it needs. Jornal Sino also has set up partnership with some other media companies from other countries like Spain and China. The number of its partners does not exceed those of Jornal Puxin. But it has more original readers in Portugal.

Jornal Sino is also facing the loss of revenue, because of its advertising revenue decreasing. This does not have huge impact on its operation budget. Its belonging company, Universal Iberia, can provide money to its news office. Beside of this, Jornal Sino still gains financial support from others. For example, it is supported financially by Chinese government through the Chinese embassy located in Portugal. It is also funded by organizations and other enterprises, for instance, Ante Group in Portugal.

Jornal Sino has more funds to support it to recruit personnel to rich its human resource. It is good for quantity of works, but may not be good for quality of works. This can be reflected on its news content. Compared with Jornal Puxin which is skillful to create articles with diverse methods to make its content readable, Jornal

Sino is good at translating Portugal local news and transferring other kind of reports from other Chinese media. That is not enough for a media company that requires to provide with more information and knowledge. So Jornal Sino is confronting its development problems though it has more financial support.

Both of these overseas Chinese language media in Portugal have their own challenges in their future developing. The challenge Jornal Puxin faced is facing is more typical to be seen in the industry of overseas Chinese language media in the world. So it is taken as the case study to analyze overseas Chinese language media with strategic framework.

### **3. Literature review**

The literature review will present the concepts of strategy and the theories related of strategy management analysis and resources-based view which is needed to expound this case study. The analysis such as PEST analysis that helps study external environment; the Five Forces analysis to understand the situation of Jornal Puxin, the case study; the VRIO analysis that clarifies the firm's resources and capabilities and then maintain sustainable competitive development.

#### **3.1 Strategy formulation**

Before coming out with strategy formulation, it is basic to gain something about strategy. Strategy that was studied academically and advanced with a formal definition to a concept was introduced into business by Chandler (1962). The author defined strategy as "... the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Chandler 1962: 13).

However, this concept in some fields was controversial. For Mintzberg (1987), part of the bewildering in this field was rooted in ill-defined uses of this term. He also presented definitions of strategy. He wrote "explicit recognition of multiple definitions can help practitioners and researchers alike to maneuver through the difficult field". (Mintzberg, 1987).

Even though these diversity of perspectives on strategy management concept, it was recognized some areas of agreement like that strategy was complex.

Strategic theory offers an exact and coherent basis for investigating social phenomena. One of the best statements of the utility of strategic theory has been given by Harry Yarger (2006): “Strategic theory opens the mind to all the possibilities and forces at play, prompting us to consider the costs and risks of our decisions and weigh the consequences of those of our adversaries, allies, and others”.

Strategy tools are important to create a sense of organizational direction and to improve strategic thinking (Clark, 1997). Besides, strategy tools are not only important for companies, but also for academics, because they serves as a vehicle to turn theory actionable in practice (Jarzabkowski and Wilson, 2006). Scholars and researchers usually make a great effort to study strategy tools. As well as, companies usually invest vast amount of resources (e.g. time, money and intellectual capital) to acquire and implement these tools (Rigby, Gillies, 2000).

In strategy practices, strategy tools are important in organizational development. There are a lot of strategy tools, such as Five Forces analysis, SWOT analysis, PEST analysis, VRIO analysis, Scenario analysis, resource analysis, risk analysis, strategic group analysis, portfolio analysis, life cycle analysis, value chain analysis and others. In this thesis, it will use the PEST analysis, VRIO analysis and Five Forces analyses to make up strategy formulation for the case study. In order to analyze external environment for the case study, the PEST analysis and Five Forces analysis will be utilized. To analyze internal environment for the case study, VRIO analysis will be applied.

## **3.2 External environment analysis**

Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental analysis is a process to

identify all the external and internal elements, which can affect the organization's performance. The general environment is composed of "dimensions in the broader society that influence and industry and the firms within it" (Hitt et al.,2011: 37). Organizational environment consists of both external and internal factors can make a distinction between macro-environment. That contains forces unpredictable and uncontrollable, and micro-environment composed of Porter's five forces (Kotler P., & Armstrong, G. 2014).

### 3.2.1 PEST analysis

The macro-environment refers to all forces that are part of the larger society and affect the micro-environment. To scan the macro-environment requires monitoring, evaluating and disseminating information (Wheelen et al., 2012). There are a number of common approaches how the external factors can be identified and examined, are generally "beyond the direct influence of an individual organization" (Fleisher and Bensoussan, 2003). One approach could be the PEST analysis. As we know, PEST analysis is a framework used to scan the organization's external macro-environment. The letters stand for Political, Economic, Social, Technological, Environmental and Legal.

The **political environment** consists of " laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society" (Kotler, 2014: 107). Besides, it is needed to concern the risk and instability of current political factors. However often business anticipate issues by performing a political risk analysis, political risks can include an unexpected loss of ownership due to government takeover, or changes in labor laws which might increase the cost of the company's workforce.

The political instability can influence the business and the duration of time that organization is profitable ( Armstrong, Gary, 2012). So organizations need to “ track political trends and attempt to maintain good relation with elected officials” ( Ferrel et al., 2011: 106).

These are various forms of government interventions and political lobbying activities in an economy. That what kind of political factors are more crucial to organizations is different and necessary to be studied. “ Some organizations publicly protest legislative actions, whereas others seek influence more discreetly by routing funds to political parties or lobbying groups” (Ferrel et al., 2011: 106).

The **economic environment** includes all the variables that impact how the consumer spends their money and the power of that purchase. Such as “... Forces affect the general health and well-being of a nation or the regional economy of an organization, which in turn affect companies’ and industries’ abilities to earn an adequate rate of return” ( Hill et al., 2013: 71).

Economic factors represent the wider economy so may include economic growth rates, levels of employment and unemployment, growth in spending power, customer liquidations, balances of sharing, costs of raw materials such as energy, petrol and steel, interest rates and monetary policies, currency exchange rates and inflation rates. Among of them, according to the point of Hill C. W. L. and Jones, G. R.(1998), growth rate of the economy, interest rates, currency exchange rates and inflation rates are the most four important macro-economic factors.

The **social environment** looks at the demographic characteristics of the current business environment. It looks at the values, customs and norms of the environment of which a company or organization is placed (Armstrong & Gary, 2012). But other authors include cultural factors and others ( Hill et al., 2013) separate demographic and social forces. When looking at the social environment, it is important to consider



the social values of the environment. Organizations look at the cultural characteristics of the society and consider all values and customs that are often associated with the culture while they try to market and sell the product or service (Samson, Danny, 2012).

No matter what kind of method they use, social factors like values, beliefs, attitudes, language, religion, education, literacy, time orientation and lifestyle are included. Even the social factors such as age distribution, population growth rates, distribution of wealth and social classes, workforce diversity, living conditions, life expectancy and health care are studied in many circumstances. Social factors have a great influence on people's buying patterns ( Ferrel et al., 2011).

The **technological environment** refers only to high-tech products and technological changes that assume a front-stage presence or a backstage presence in creating new marketing opportunities, but also the way we accomplish specific tasks or the processes we use to create the 'things' we consider as new ( Ferrel et al., 2011: 107).

Therefore, there are some certain technological factors should be taken into account when studying technological environment. The rate of new inventions and development, changes in information and mobile technology, changes in internet and e-commerce or even mobile commerce, and government spending on research are included. There is still often a tendency to focus technological developments on digital and internet-related areas, but it should also include materials development and new methods of manufacture, distribution and logistics.

The technological environment is becoming a lot more important in the modern day business environment. New technology produces new opportunities for companies and organizations to create, sell and promote a product. Technology is rapidly growing and forever changing.

### 3.2.2 Five Force Analysis

In order to gain a thorough understanding of the external environment that the organization is operating with, PEST analysis and Porter's Five Forces analysis are helpful.

In 1979 Michael E. Porter of Harvard Business School identified five key forces that determined the attractiveness of a market or a market sector in the long term. This became known as Porter's Five Forces analysis. The objective of the Five Forces analysis was to study the competing forces present in an industry in order to determine a company's best possible position and formulate a strategy so that this position would not be vulnerable to attack (Porter, 1979). Porter's five forces include three forces from 'horizontal' competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers.

Horizontal competition:

- The threat of substitute products or services
- The threat of established rivals
- The threat of new entrants

Vertical competition:

- The bargaining power of suppliers
- The bargaining power of customers

It will analysis the five forces and their determines one by one starting with the threat of new entrants, then the threat of substitute products or services, then the bargaining power of suppliers and customers, and the threat of established rivals or rivalry among current competitors.

## ● The threat of new entrants

“New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources” (Porter, 1979: 3). Profitable markets that yield high returns will attract new firms. This results in many new entrants, which eventually will decrease profitability for all firms in the industry. The number of potential new entrants into a market varies considerably. The seriousness of the threat of entry depends on current barriers and on the reaction from existing competitors that the entrant can expect (Porter, 1979). A possible reaction from the existing competitors could be to cut prices in order to maintain market share (Porter, 1979). And the existing competitors may sometimes try to discourage potential new entrants in order to maintain their market share and their ability to generate profit intact (Hill et al., 2013). Porter (1979) sorted out six major sources of barriers to the entry of potential new competitors:

1. Economies of scale - These economies deter entry by forcing the aspirant either to come in on a large scale or to accept cost disadvantages.
2. Product differentiation - Brand identification creates a barrier caused by forcing entrants to spend heavily to overcome customer loyalty.
3. Capital requirements - The need to invest large financial resources in order to compete creates a barrier to entry, particularly if the capital is required for unrecoverable expenditures in up-front advertising or R&D.
4. Cost disadvantages independent of size - Entrenched companies may have cost advantages not available to potential rivals, no matter what their size and attainable economies scale.
5. Access to distribution channels - The new entrant must secure their distribution of products and services.
6. Government policy - The government can limit or even foreclose entry to industries with such controls as license requirements and limits on access to raw materials.

- **The threat of substitute products or services**

Substitute products or services are “ goods or services from outside a given industry that perform similar or the same functions as a product that the industry produces” (Hitt et al., 2011: 56). Substitute products or services can limit the potential of an industry by placing a ceiling on prices it can charge. Substitute products or services not only limit profits in normal times, they also reduce the bonanza an industry can reap in boom times ( Porter, 1979). The threat of products outside of the realm of the common product boundaries affects the competitive environment for organizations in that industry and influences their ability to achieve profitability because consumers can choose to purchase the substitutes instead of the industry’s products. Substitute products that deserve the most attention strategically are those that are subject to trends improving their price-performance trade-off with the industry’s products or are produced by industries earning high profits (Porter, 1979).

- **The bargaining power of suppliers**

Porter (1979) said “Suppliers can exert bargaining power on participates on an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own prices.” The power of each important supplier depends on some characteristics that shape what influences the supplier can exert on its industry. A supplier group is powerful if ( Porter, 1979):

- It is dominated by a few companies and is more concentrated the industry it sells to.
- Its product is unique or at least differentiated or if it has build up switching costs.
- It is not obliged to contend with other products for sale to the industry.
- It poses a credible threat of integrating forward into the industry’s business.
- The industry is not an important customer of the supplier group.

- **The bargaining power of customers**

Customers also have significant bargaining power in markets. Customers can “force down prices, demand higher quality or more service, and play competitors off against each other...” (Porter, 1979). The degree to which customers are able to manipulate market forces is swayed by the significance of their purchases in terms of supplier’s revenue. Due to accessing to internet providing an alternative distribution channel and because of the switching costs for buyers being virtually zero ( Hitt et al., 2011), the bargaining power of buyers has been increasing. Like what Porter (1979) said “Consumers tend to be more price sensitive if they are purchasing products that are undifferentiated , expensive relative to their incomes, and of a sort where quality is not particularly important.” A customer group is powerful is (Porter, 1979):

- It is concentrated or purchases in large volumes.
- The products it purchases from the industry are standard or undifferentiated.
- The products it purchases from the industry form a component of its product and represent a significant fraction of its cost.
- It earns low profits, which create great incentive to lower its purchasing costs.
- The industry’s product is unimportant to the quality of buyer’s products or services.
- The industry’s product does not save buyer’s money.
- The buyers pose a credible threat of integrating backward to make the industry’s product.

- **The threat of established rivals**

The final determinant and most important force of an industry is the competitive rivalry. Rivalry among existing competitors takes the familiar form of jockeying for position- using tactics like price competition, product introduction, and intense advertising (Porter, 1979). The degree to which rivalry exists among competitors varies between industry and the market sectors within them. Rivalry will be intense when “ a firm is challenged by a competitor’s actions or when a company recognizes

an opportunity to improve its market position” ( Hitt et al., 2011). An intense rivalry between established companies pose a threat to profitability because it lowers prices and raises costs ( Hill et al., 2013). Regardless of how many competitors a firm faces, it is vital to know the difference between its rivals. Intense rivalry is related to presence of a number of factors:

- Competitors are numerous or are roughly equal in size and power.
- Industry growth is slow, precipitating fights for market share that involve expansion- minded members.
- The product or service lacks differentiation or switching costs, which lock in buyers and protect one combatant from raids on its customers by another.
- Fixed costs are high or the product is perishable, creating strong temptation to cut prices.
- Capacity is normally augmented in large increments.
- Exit barrier are high.
- The rivals are diverse in strategies, origins, and personalities.

### **3.3 VRIO analysis**

The internal analysis a process of identifying and evaluating an organization’s specific characteristics, including its resources, capabilities. There are two basic reasons why conducting an internal analysis is essential: it is the only way to identify an organization’s strengths and weaknesses; It is needed for making good strategic decisions. Internal analysis is comprised of looking at organization’s current vision, strategic objectives, strategies.

Resources, capabilities, and competitive advantage are related with VRIO analysis. It is needed to identify these factors. These factors belong to framework of resource based view. Capability is the result of how the company integrates a particular set of

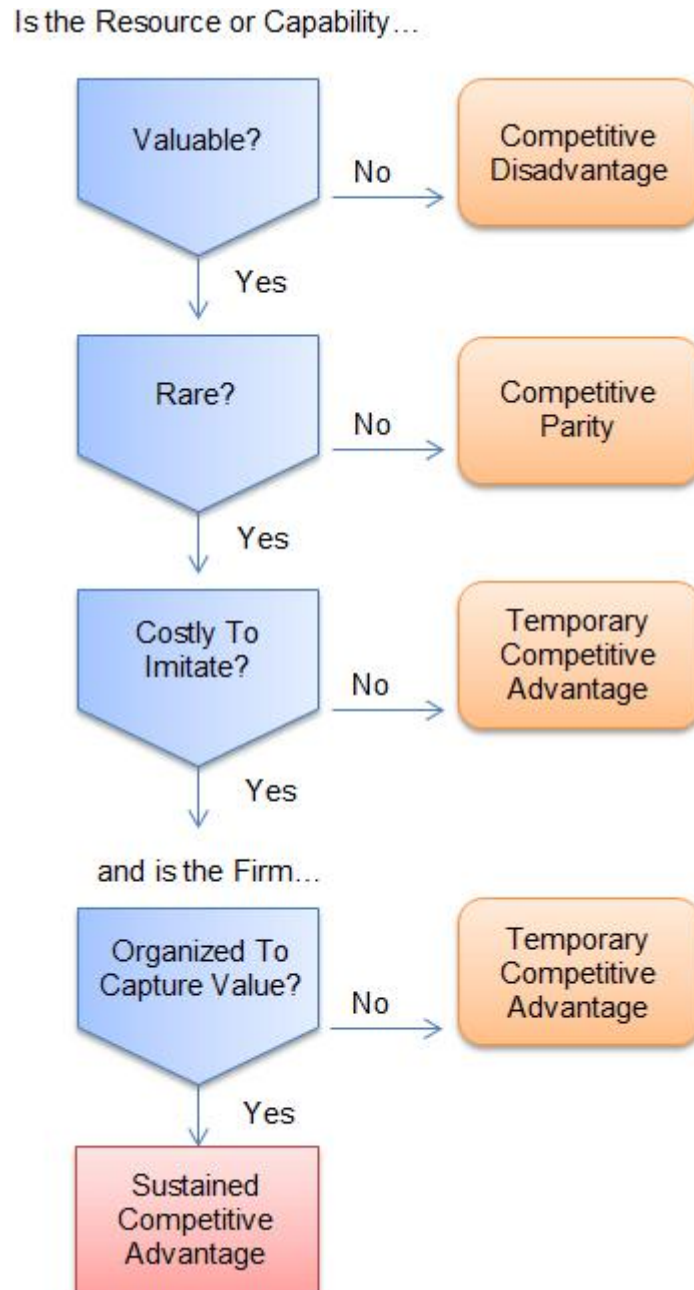
critical resources. In this part, it will introduce the resource based view (RBV) into the literature review, because the RBV focuses on specific resources and highlights that competitive advantage. Barney (1991) is generally acknowledged as the first scholar to develop the theoretical tool explanatory of RBV(Newbert, 2008). Individual resources are the inputs to the capability. The capability is the "output" of how the company integrates these critical resources to the capability corresponding to the organization, that is, the "O" of the model VRIO (Barney, 1997). Resources and capabilities are the source of their competitive advantage (Ambrosini and Bowman, 2009; Easterby-Smith et al., 2009).

VRIO considers that it is through the firm's internal organization that resources are transformed into competitive advantage (Barney, 1995, 1997). The VRIO analysis emphasizes on the resource. Thus although the resource may be valuable, rare,organizational and difficult to imitate, if there are any strategically equivalent resources that are not rare or difficult to imitate, then the focal resource cannot be the source of competitive advantage (Barney, 2001).

The dynamic capabilities concept has evolved as a dynamic version of the resource-based view that suits rapidly evolving environments. Teece et al. (1997) defined dynamic capability as a firm's ability to integrate, build, and reconfigure competence. This falls within Barney's (1991) definition of resources, since this includes the ability to conceive of and choose as well as implement strategies (Paul Knott, 2009)

The internal conditions are crucial to enable the firm's specialist functions to generate Value. Internal analysis is important way to know the internal conditions. It is helpful to make business strategies.

Figure 1 - Chart of Strategic management



Adopted from Rothaermel's (2013) *Strategic Management*, p.91

VRIO framework is also a business analysis framework that forms part of a firm's larger strategic scheme. This framework is built with a resource-based view for analyzing a firm's internal strengths and weaknesses. VRIO considers that it is through the firm's internal organization that resources are transformed into competitive advantage (Barney, 1995, 1997). The framework implements VRIO criteria when examining an organization's activities and identifies the capabilities that



may enhance a firm's competitive position in the market place (Andersén, 2011). VRIO stands for Value, Rarity, Imitability and Organization and those are the four questions one must ask about a resource or capability to determine its competitive potential (Barney et al., 2012).

The basic question asked by the V in the VRIO framework for internal analysis is “ Does a resource enable a firm to exploit an environmental opportunity and / or neutralize an environmental threat?( Barney et al., 2012)” If the answer is yes, then a resource is considered valuable. In this case, the definition of value is whether or not the resource or capability works to exploit an opportunity or mitigate a threat in the marketplace. If it does do one of those two things, it can be considered a strength of the company. However, if it does not work to exploit an opportunity or mitigate a threat, it is a weakness. Occasionally, some resources or capabilities could be considered strengths in one industry and weaknesses in a different one. (Barney, 1991).

The second question asked by the R in the VRIO framework for internal analysis is “ Is a resource currently acquired by one or very few companies?” If the answer is yes, then a resource is considered rare. When it is controlled by only a small number of firms, it is likely to be a source of competitive advantage, because if a resource is valuable but common it is a source of competitive parity (Barney et al., 2012).

Rare and valuable resources grant temporary competitive advantage. On the other hand, the situation when more than few companies have the same resource or uses the capability in the similar way, leads to competitive parity. This is because firms can use identical resources to implement the same strategies and no organization can achieve superior performance. “ In general, as long as the number of firms that possess a particular valuable resource or capabilities is less than the number of firms needed to generate perfect competition dynamics in an industry, that resource or capability can be considered rare and a potential source of competitive advantage” (Barney et al.,

2012: 76).

The third question asked by the I in the VRIO framework for internal analysis is “ Do firms without a resource or capability face a cost disadvantage in obtaining or developing it compared to firms that already possess it?” A resource is costly to imitate if other organizations that doesn't have it can't imitate, buy or substitute it at a reasonable price. Imitation can occur in two ways: by directly imitating (duplicating) the resource or providing the comparable product/service (substituting).

Sometimes it is hard for other firms to get access to the resources and imitate the innovative company' s strategy. Barney has identified four reasons why resources can be hard to imitate (Barney et al., 2012):

- Historical conditions: Resources that were developed due to historical events or over a long period usually are costly to imitate.
- Causal ambiguity: Companies can't identify the particular resources that are the cause of competitive advantage.
- Social Complexity: The resources and capabilities that are based on company ' s culture or interpersonal relationships.
- Patents: only advantageous in some industries (eg: pharmaceuticals)

For instance, an innovative companies that implement its strategies based on costly-to-imitate and valuable resources can gain long-term competitive advantage, which ensures a company's sustained success (Hill & Jones, 1998).

The forth question asked by the O in the VRIO framework for internal analysis is “Do firms' formal reporting structure, management control systems and compensation policies support the exploitation of valuable, rare, and costly-to-imitate resources?” The resources itself do not confer any advantage for a company if it's not organized to capture the value from them. A firm must organize its management systems, processes, policies, organizational structure and culture to be able to fully realize the potential of its valuable, rare and costly to imitate resources and capabilities.

These components of organization are known at complementary capabilities and resources because alone they do not provide much value. However, in combination with a firm's other resources and capabilities, it can result in sustained competitive advantage. Without the correct organization, even firms with valuable, rare and costly to imitate resources and capabilities can suffer competitive disadvantage (Barney and Hesterly, 2012).

Table 4 - The possible outcomes of the VRIO analysis

Valuable?	Rare?	Costly to imitate?	Exploited by the organization?	Competitive implication
No				Competitive disadvantage
Yes	No			Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	No	Unexploited competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

(Source: Barney et al., 2012)

### 3.4 Corporate strategy and business strategy

Strategies is important for a company to make strategic management decisions. There is crucial strategy, corporate strategy, that forms the trunk of the strategic decision tree and the management has to be fully aware of its implications. It demonstrates the

advantages of remaining active in only one industry while evaluating business opportunities in areas with complementary activities.

Based on the view of Andrew “the corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals and defines the range of business the company pursues, the kind of economic and non-economic contribution it intends to make for its shareholders, employees, customers and communities. “(Andrews, 1997). Nowadays, the concept of corporate strategy in a light of two dimensions will be discussed: the corporate level and business-unit level strategies.

According to Goold and Sommers Luchs (1996) corporate-level strategy involves two main questions: 1) what businesses should the company compete in; 2) how headquarter should manage the number of business units. Goold and Sommers Luchs (1996) still argued that best use of corporate strategy may be seen in portfolio management. Bartlett and Ghoshal (1989) stressed the needs of developing the global (corporate-level) strategies.

Brown and Blackmon (2005) have defined business-unit strategy as a process of decision making at the strategic business unit (SBU) level. In addition, business-unit strategy refers to aggregated strategies of single firms or SBU within one diversified corporation (Brown and Blackmon, 2005). According to Michael Porter (1998), business-level strategies has been divided into three strategies: Cost leadership strategy, Differentiation strategy, and Focus strategy.

Compare the corporate level strategy with business unit level strategy, it will be seen different to some extent. While corporate level strategy deals with the question in what businesses the company should compete in, business unit level strategy decides on how to compete in these particular businesses (Beard and Dess, 1981).

## **4. Case analysis**

### **4.1 External analysis of the case study**

The PEST framework will be used to analyze the external environment of the case, Journal Puxin, Portugal. It is important to know how the external environment influence specific one in the industry of overseas Chinese language media, and to know how these changing factors draw on the implication of the case study.

#### **• Political**

##### **(1). China’s “ One belt, one road” strategy brings chances**

When Chinese President Xi Jinping visited Central Asia and Southeast Asia in September and October of 2013, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (hereinafter referred to as the Belt and Road),<sup>6</sup> So the Belt and Road or “ One belt, one road” strategy and framework came out. It attracts a lot of countries to join in and all walks of life around the world to joint together. Overseas Chinese language media are included. They take special roles and functions under the direction and promotion of “One belt, one road”. Overseas Chinese language media look for cooperation with domestic Chinese media. At the same time, the government of China also encourage and support all Chinese media to integrate, and hope them promote China in positive way. This give a great chance to overseas Chinese language media to change current strategies. So overseas Chinese language media including the case study, Jornal Puxin, can seize chance to come up with suitable strategies to expand or make more profit.

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<sup>6</sup> [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html)

## **(2). The Chinese Dream requires unity**

Early in November 2012, Chinese leader Xi Jinping articulated a vision for the nation's future that he called the Chinese Dream.<sup>7</sup> The Chinese dream is to build a moderately prosperous society and realize national rejuvenation (2012). It requires sustained economic growth, expanded equality and an infusion of cultural values to balance materialism. The cultural value is to requires all Chinese people to embrace the motherland, as well as to require all Chinese language media including the overseas ones to unite and struggle for the national rejuvenation. So overseas Chinese language media are able to gain more opportunities to find cooperation and expand business, which is better to their development backward by motherland.

## **(3) Communication between Chinese and Portuguese officials is frequent**

The communication between Chinese and Portuguese officials is being frequent, and the relationship between these two countries are close. For instance, in September of 2016, the premier of the State Council of the People 's Republic of China, Li keqiang, stayed for a short time as the plane technically stopping on the Portuguese island of Terceira, and met with the Portuguese foreign minister. Later in October of the same year, the prime minister of Portugal Republic, António Costa, officially visited to China. The deeper diplomatic relation between China and Portugal promotes broader cooperation. It creates a favorable political environment that is benefit for media industry to continue information exchange and to develop. Overseas Chinese language media in Portugal can utilize thoroughly their roles of bridges between China and Portugal.

**Conclusion:** we can see that the current political environment is good for overseas

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<sup>7</sup> [http://www.chinadaily.com.cn/china/Chinese-dream\\_4.html](http://www.chinadaily.com.cn/china/Chinese-dream_4.html)

Chinese language media including the Jornal Puxin, the case study, in Portugal to rebuild positive strategies and maintain sustainable development.

## ● **Economic**

### **(1). China, the world's second biggest economy, becomes more attractive**

In 2010, according to the World Bank, China became the world's second largest economy surpassing Japan.<sup>8</sup> It attracts overseas Chinese language media back to China to seek opportunities. For the case study, the boss of Jornal Puxin frequently goes back to China to participate different kinds of activities from which she can find more partners and collaboration programs.

### **(2). Chinese capital outflow are accelerating**

In the recent years, Chinese capital outflow are accelerating. More and more Chinese enterprises are keen on investing globally. This gives a chance to overseas Chinese companies including overseas Chinese language media to finance. The Jornal Puxin, the case study, which lacks money, can catch some investors or sponsors to support it financially.

### **(3) China and Portugal strengthen trade cooperation**

According to the ambassador of PRC, Cai Run, in Portugal, the trade volume between China and Portugal has increased by 28% in 2016. China's investment in Portugal exceeds 8 billion in 2016. Some Chinese companies invest in Portuguese companies, like Fosun investing in the Fidelidade, Three Gorges Corporation investing in Energias de Portugal. And Portugal's investment in China is also increasing stably.

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<sup>8</sup> <http://www.worldbank.org/en/country/china/overview>

The business cooperation between China and Portugal makes overseas Chinese language media in Portugal take on obligation of communication media or play the role of bridge.

**Summary:** The economic factors create advantageous economic environment for overseas Chinese language media. Particularly for the case study it not only extend its business back to China, but also take on more obligation or play an important role between China and Portugal for its special cultural background and media spreading functions.

## • **Social**

### **(1). Chinese emigrant in Portugal is increasing**

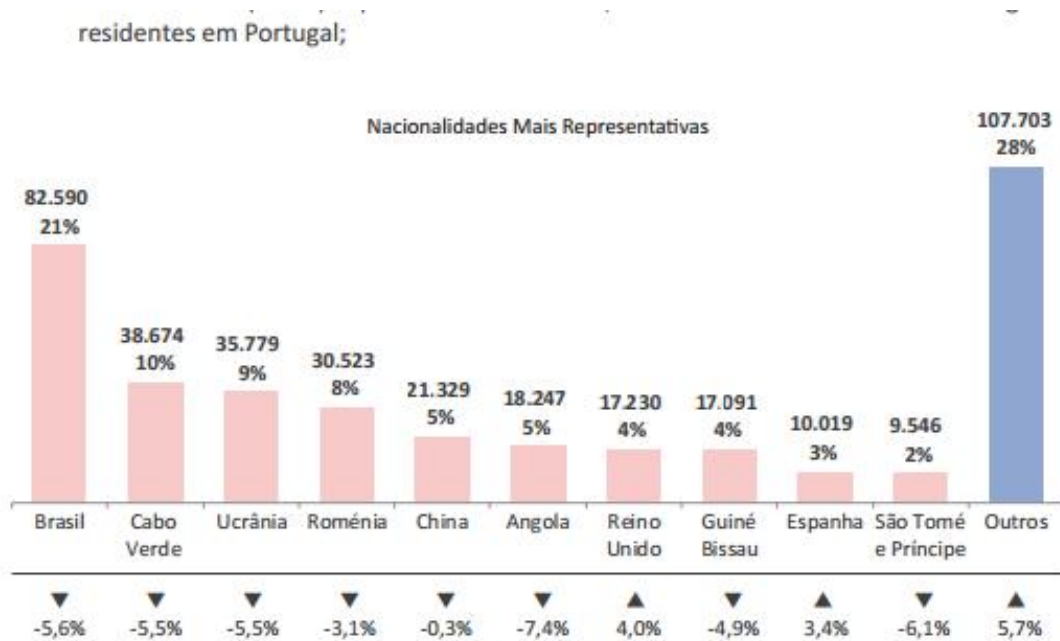
The population of Chinese emigrant is rising in recent years. According to the data from Overseas Chinese Affairs Office Of the State Council, in 2010, there have been 45 million Chinese living in other countries. And according to the Annual Report on Chinese International Migration (2015) issued by Center for China & Globalization (CCG), more than 60 million of Chinese living in overseas countries. At the same time, more and more Chinese tourists travel abroad, with the number of 115 million in 2015 that makes China has become the largest source country of foreign travelers. Besides, according to the CCG edited blue book, “Annual Report on the Development of Chinese Students Studying Abroad (2016) No.5”, in 2015, the number of students studying in China reached nearly 40 million people, China has become the world’s third largest international student importing country. According to the Serviços de Estrangeiros e Fronteiras (SEF), in 2015, the official number of Chinese residents in Portugal has reached 21,329, occupied 5% of the total number of foreign residents in Portugal. Particularly, since October of 2012 Portugal launched the Golden Residence Permit Programme, there have been more than 10,000 foreigners (including the



family members) applied for golden residence permit. Most applicants are Chinese.

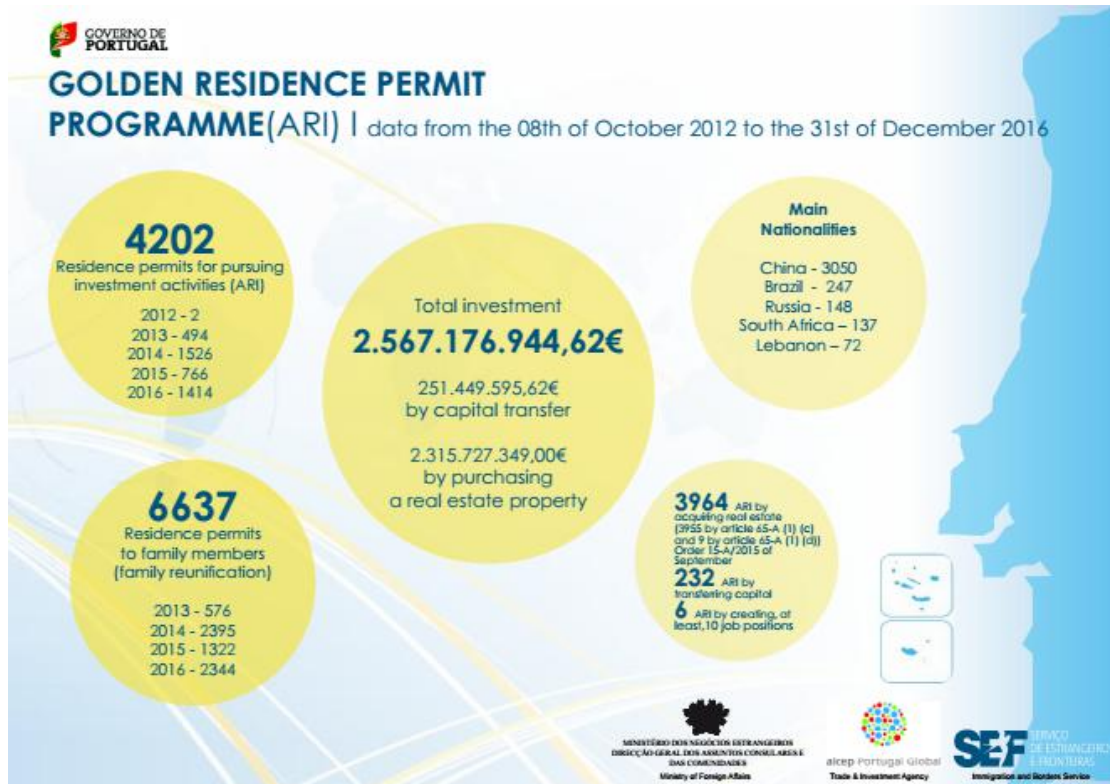
All of these Chinese people going abroad might become the readers of overseas Chinese language media no matter what news or information they need when they are outside of China. This is good for overseas Chinese language media to attract readers or followers and to obtain more resources.

Figure 2 - Foreign residents in Portugal, data from the Serviços de Estrangeiros e Fronteiras (SEF)



( Source : Serviços de Estrangeiros e Fronteiras, 2015 )

Figure 3 - Golden Residence Permit Programme, data from SEF



(Source: Data from SEF)

## (2). Increasing Chinese tourist visit to Portugal

The number of Chinese tourists to Portugal is also increasing. According to Instituto Nacional de Estatística (INE) of Portugal, in 2016, the number of Chinese tourists visited in Portugal has reached 180 thousand. And as we know even from our university, more Chinese students study in Portugal. More Chinese people to Portugal brings more readers and talents for overseas Chinese language media. For example, some Chinese students studying bachelor or master courses in Portuguese universities are willing to take part-time jobs in Chinese companies. So it also give the Jornal Puxin, the case study, a chance to increase its readers or supporters and to recruit more talent workers, which is able to make its advantages.

## (3). The reading mode has changed

In past years, people used to read news from newspaper or TV. Nowadays, people

read news from website or cellphone. This acquire news media to update their technology and platforms. It is good for the Jornal Puxin, the case study, to learn higher technology and to integrate platforms.

#### **(4). Reader's role has changed**

They are not only readers, but also news makers. They can also post news or issues on various platforms like social website to attracted the attention of news editors from news agency. This is convenient for overseas Chinese language media to obtain or collect more information as part of news materials or sources.

(2). Reader's requirement toward contents from news media is higher. They want to read good - quality news to save time and money, and they also ask for more information excepted news in the same platform. This push news media to improve their work. To some extent, it is good for overseas Chinese language media as well.

**Summary:** The current social environment is favorable in general and provides huge space for overseas Chinese language media including the Jornal Puxin to develop.

### **• Technological**

#### **(1). Technology pushes the industry to improve**

Internet technology develops rapidly. On the one hand, it brings high technology for news media. On the other hand, it urges news media to change developing models. With mounts of easy-to-acquire and low-cost software like APP, traditional media prefer to abandon printed publications and adopt this new carriers, so we can see some new media stop to print newspaper but to release on-line news. It is a pity for overseas Chinese language media which have relied on traditional channels in past

whilst bringing new changes for them to activate the industry.

### **(2). Technology threats on overseas Chinese language media**

The development of internet technology contributes to the emerging of many we-media, which attracts more new entrants to this industry. It poses a threat on the established overseas Chinese language media. Companies set up their own publicity platforms based on the updating internet technology. For instance, they open their We-chat public account to release information like most of news media to publish news on the platform. It breaks the traditional advertising models. This substitutes also pose a threat on the established overseas Chinese language media.

### **(3). The emerging of smart phone requires it to cater to readers**

The popularity of smart phone allows people to easily access to news and information. And people are inclined to use smart phone to read news. It impacts on the channels of broadcasting news for overseas Chinese language media that are required to cater to readers.

**Summary:** The high technology developing casts barriers for overseas Chinese language media if they cannot master the modern technologies as soon as possible. New entrants and substitutes are possible to replace them if they cannot overcome these threats. It is disadvantageous for overseas Chinese language media in weak position to develop compared with strong ones. The table below summarizes the PEST analysis.

Table 5 - Summary of PEST analysis

PESTEL	positive	negative	remark
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politic	+		
economic	+		
social	+	-	higher requirement and pressure, but good to improve
technological		-	

**Summary:** From the PEST analysis, we can see that the whole external environment is advantageous for overseas Chinese language media to develop. At the same time, it is known that the environment in this industry is highly competitive. Overall, it brings challenges for overseas Chinese language media to develop. If the Jornal Puxin, the case study, wants to break through its difficulties by rebuilding strategies, it is able to improve its position.

## 4.2 Five Force analysis of the case

### 4.2.1 Threat of new entrants - Medium

There are some barriers for the entry of new competitors in the industry of overseas Chinese language media, for instance, capital, technology, products.

- **Capital requirement is low**

With the changing channels of news release from traditional ways to new tools and platforms and the changing of reading ways from printing newspaper to electronic news, the requirement of capital investment becomes low. Some overseas Chinese language media do not need to spend much money for printing newspaper but just release news on online platforms like We-chat public account or APP or website. The overseas Chinese language medium in Portugal, Mahua Guangchang, has been doing

so since entering in the year of 2015. Now the other one, called Jornal Pujing which actually is a travel agency with selling flight tickets and taking agents travel around the Portugal as well as releasing information about Portugal on its We-chat public account, is waiting to enter the industry of overseas Chinese language media.

- **The scale of economies is large**

Since China proposed the “ One belt, one road” strategy and “Chinese Dreams”, it has brought hope to all kind of industries including overseas Chinese language media. This attracts potential new entrants waiting to enter this industry, which makes the scale of economies be larger. In Portugal, even though the number of overseas Chinese language media is small, the scale of economies is becoming larger.

- **The product differentiation is not so tough**

The barrier of product differentiation in overseas Chinese language media is not so tough. Many of them just translate the local news and transfer others countries’ news and articles. Few new entrants occupy position through flagging differentiated brand. The overseas Chinese language media, Jornal Sino that is old and Mahua Guangchang that is new entrant in Portugal, are among of them as well. They focus on translating the Portuguese news everyday and promoting Chinese news from other China’s news media like Xinhua news agency. It is normal that readers receive and admit this phenomenon. The case study, Jornal Puxin, sometimes also transfers other news from its partners or other news media, but it has original news articles about Portugal, Europe countries, and other countries on each day trying to make differentiation from other overseas Chinese language media.

In total, the barriers for potential new entrants entering into the overseas Chinese language media are not large. The threat of new entrants for the industry in Portugal is medium.

#### **4.2.2 Threat of substitute products and services - Medium**

Overseas Chinese language media provide not only different kinds of news, but also all kinds of information such as travel information, legal information, educational information. But these products can be offered by other companies like travel agencies, law offices, intermediary agencies of migration and education. For instance, in Portugal, there are some travel agencies like the Pujing travel agencies being keen on new policies and travel information that are put on platform of We-chat public accounts.

Overseas Chinese language media still provide advertising service. This is possible to be replaced by other companies which have more resources. In Portugal, the company called Rua da Palma, also named in Chinese Bao Ma Jie that has a lot of readers, is the most popular one to attract advertisers. This leads to the overseas Chinese language media losing revenues.

The substitute products and services pose a strong threat on the overseas Chinese language media, which contributes to reduce popularity and market share.

#### **4.2.3 Bargaining power of suppliers - Low**

Firstly, it is necessary to determine exactly who the suppliers are in the particular industry of overseas Chinese language media. Actually, the definition is hard to make because this industry is very special. If it has to say some, then there are advertising company for providing design solution, printing company for supplying newspaper. The bargaining power of these two suppliers is low because there are a lot of suppliers

in this areas. And normally overseas Chinese language media also bring up designing teams. For the overseas Chinese language media in Portugal, the major supplier is printing company who is responsible for supplying newspaper. The bargaining power of printing supplier is low because Portugal is not the only market for them to print newspaper, Spain also. The Jornal Puxin in order to print more newspaper with lower cost in the past had exploited the Spain market, but now it chooses Portugal printing company. The cost of changing from one supplier to another is also low.

#### **4.2.4 Bargaining power of customers - High**

The customer of the special industry of overseas Chinese language media are readers and advertisers. The bargaining power of readers is high because they can get news from many news media including Chinese language ones and local language ones. And readers sometimes do not care about the quality or differentiation of news. But they sometimes do care about the releasing speed of news. The switching cost of changing one news media to another one for reader is very low almost zero under the era of on-line news defeating off-line news. In Portugal, Chinese readers can freely switch on-line platforms of news within the three overseas Chinese language media. Even that they want to read newspaper it is also easy because the newspapers of Jornal Sino and Jornal Puxin are all free. Besides of readers, advertisers are also its customers. The bargaining power of advertisers is also high. They have many choices, and have capability to easily change their choices.

#### **4.2.5 Rivalry among current competitors - High**

There are at least two overseas Chinese language media in most countries with more



than thousands of Chinese residents. There are no more than 30,000 of Chinese living in Portugal in which there are three overseas Chinese language media at present. The rivalry among the current competitors in the industry in Portugal is a little intensive even though the number of competitors is small.

The major rival for Jornal Puxin, the case study, is the Jornal Sino. The rival between them is also a little intensive.

- The Jornal Puxin and Jornal Sino are diverse in origins, personalities and strategies. Jornal Sino set up in 1999, six years earlier than Jornal Puxin. That helps Jornal Sino occupy market and own more readers. Jornal Puxin has less workers than Jornal Sino which set up branch in Spain and other companies like its Successful Consulting firm for Chinese golden immigrants to Portugal under the Golden Visa Programme launched by the Portuguese Authorities in October of 2012. Jornal Sino has multiple sources of funds that come from inside and outside. It has enough money to support its development. But the Jornal Puxin lacks of funds to support its development for its main investor, KSHG, has withdrew the fund in 2017. The capital chain of Jornal Puxin has broken temporarily in a short term. The Jornal Sino cooperates with one of Portuguese media to open a radio channel and an overseas Chinese language media in Spanish to run another news media, and some Chinese media like People Daily in China to share news. And it is preparing to to open up TV channel and TV programs. Its focus is on the markets of Portugal and Spain and China. Its developing directions are different from those of Jornal Puxin. Jornal Puxin is seeking chances to cooperate with more news media in China and other countries. Now it has about 50 partners from more than 40 countries. Beside of cooperating with more news media, Jornal Puxin is expanding cooperation with Chinese regional governments such as Guang Dong province government.

Figure 4 - The Golden Visa programme launched by the Portuguese Authorities

QUALIFYING INVESTMENTS		
<b><u>CAPITAL</u></b>	<b><u>PROPERTY</u></b>	<b><u>EMPLOYMENT</u></b>
Transfer of funds - € 1 million	Any Property Purchase	Creation of 10 local jobs
Capitalization on SME's - € 500,000	€ 500,000	No minimum investment amount
Funding of research activities - € 350,000	Urban Renewal	Any business area
Funding of Arts & Culture - € 250,000	€ 350,000	All types of business

(Source: Data from SEF)

- Sometimes their products lack of differentiation. A part of news sources comes from activities holding by Chinese community in Portugal. Both two overseas Chinese language media participate in activities and report them. So the contents of their news are similar even though the presenting ways are possible to be different. But reader always are not willing to read the same content of news twice.
- The growth or developing speeds of both these overseas Chinese language media in Portugal is fast. The Jornal Puxin is trying to enlarge differentiation by giving out diverse news and articles and changing its character, strategy. But it is tough. There is a long way to go.

The following table summarizes the Five Forces analysis of the case study.

Table 6 - Summary of the Five Forces analysis

Forces	Strength
Threat of new entrants	Medium
Threat of substitute products and services	Medium
Bargaining power of suppliers	Low
Bargaining power of customers	High

Rivalry among current competitors	High
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**Summary:** The strength of threats of new entrants and substitute products and services are medium. Only the bargaining power of suppliers is low. The bargaining power of customers and rivalry among current competitors are high.

### 4.3 VRIO analysis of the case

#### 4.3.1 Media resources

The overseas Chinese language media in Portugal, Jornal Puxin, has multiple media resources and platforms. Now it has weekly newspaper, website, we-chat public accounts, Facebook account, Twitter account, micro-blog. In addition, Jornal Puxin has become the only partner of Chinese Headline, so it can publish news and information on this APP, and share the Chinese Headline resources with dozens of overseas Chinese language media from others countries all over the world. Besides, the president of Jornal Puxin, Mrs. Ma, has been named of the deputy editor of Outlook China in overseas regions and the head of Outlook China that is setting up branches in Europe. ( Outlook China is the official granted magazine supported by China central government and Hong Kong special administrative regional government.) Furthermore, Jornal Puxin has certain media resource in China and many countries around the world. It is cooperating with some domestic news media like Tencent and Chines News Agency as well as some Chinese language media in America, Canada, Australia, Southern Africa, Thailand, Russia, Spain, etc. Jornal Puxin is still cooperating with China regional government like Guang Dong province to help the regional government to release news and information.

The above resources including platforms, channels are the particular resources of

Jornal Puxin, which can create economic value. Its dozens of international partners are the crucial resources that are rare compared with those of its competitors in Portugal. That cooperating with the official magazine of Outlook China is inimitable. The Jornal Puxin has its value, rare and inimitable resources. These resources are able to become its capabilities to achieve competitive advantage.

As a news media, it needs to expand news resources and to seek more partners as possible. This can be its competitive resource which help improve its influence. Competed with other overseas Chinese language media, rich media resources and multiple platforms belonged to Jornal Puxin assist itself to attract advertisers and to carry out other projects. This valuable resource is a source of competitive parity.

### **4.3.2 Human resource**

Jornal Puxin has highly educated staff. It is necessary for a news culture media. The president of Jornal Puxin has many years' experience in media industry. She is well known about the historical knowledge and latest news of Portugal and China and even the world. She is also good at writing news and articles. Her daughter who is skilled of technology and design works in the office of Jornal Puxin. They can work well together. Other staff of the Jornal Puxin are enthusiastic about news and literature. Some of them are Chinese master graduates and Portuguese Ph.D who are familiar with at least three kind of languages including Chinese. They have abilities to write high quality articles and to edit good content. The collaboration between them can produce great results by bringing creativity while maintaining the quality that make the Jornal Puxin special and influential.

Having a good team is critical for Jornal Puxin. The creativity of the team is its critical capability to help it sustain competitive. Even though the staff of Jornal Puxin

are not enough, for example, lacking of marketing directors and managers, it offers potential growing stage and career paths that are attractive for high educated graduate. For this reason, this resource is a temporary source with competitive advantage.

### **4.3.3 Financial sources**

Since the Jornal Puxin has not cooperated with the real estate company, KSHG, its main financial sources has cut for a short time. Nowadays its investment partly comes from the organization of China. However, it still lacks of financial sources.

The financial resources are limited. This is not a competitive advantage for the Jornal Puxin.

### **4.3.4 Readers and advertiser resources**

Compared with the Jornal Sino and the Bao Majie, the numbers (about 8000) of readers and advertiser of the Jornal Puxin are less temporarily. These are valuable resources, but not rare resources and inimitable resources. They are possible to be competitive advantage if Jornal Puxin has more readers and advertisers in the future.

### **4.3.5 Other relevant assets**

Jornal Puxin is known for its good quality news and information. And its target is not

for money or profit. It just focuses on news and content, instead of utilizing its resources and platforms to exploit other irrelevant business even it has rich media resources and multiple platforms. So it has good reputation and brand recognition. However, these resources and platforms are not in good organization because it doesn't have professional managers and consultants. The management of Jurnal Puxin is relying on its boss, Ms. Ma, who is not good at doing management things.

Table 7 - Summary of VRIO analysis for Jurnal Puxin

Resources	Valuable?	Rare?	Costly to imitate?	Exploited by Organization?
Channels and platforms	Yes	No	No	Yes
Partners	Yes	Yes	No	<b>No</b>
Human resource and team work	Yes	Yes	Yes	Yes
Financial sources	Yes	No	No	No
Readers and advertisers	Yes	No	No	No
Others	Yes	No	No	No

**Summary:** The valuable, rare and inimitable resources of Jurnal Puxin are insufficient, which leads to that its capabilities are limited and that its competitive advantage is not strong. Furthermore, its five main kinds of resources are not in a good organizational process to yield more profit and revenue. Only its resources of channels /platforms and team/ creativity of team may be under well operation.

## **4.4 Summary of analyses of the case study**

From the analyses of external environment and internal environment, we can see that it still has opportunities for the Jornal Puxin to develop.

Overseas Chinese language media similar with the Jornal Puxin which has relatively small scale without adequate funding and enough staff are not in despair. With reviewing the PEST analysis, the global developing environment is beneficial to the Jornal Puxin's development. Even though the surrounding environment analyzed in the Five Forces chapter is competitive, Jornal Puxin still has its capabilities that have been distinguished in the VRIO analysis to compete with other overseas Chinese language media in Portugal. Utilizing its competitive advantages to find roads is better for the Jornal Puxin to develop in a long term. Jornal Puxin is seeking global partners, which coincides with the global developing trend of resources integration.

## **5. Recommended strategic choice**

### **5.1 Corporate strategy**

Based on the strategic analysis above, the main strategy recommended for the Jornal Puxin is to adopt strategic alliance as corporate strategy. There are two ways to plan strategic alliance according to the situation of the Jornal Puxin. Taking strategic alliance as corporate strategy can assist Jornal Puxin to open broader markets and to attract more readers, advertisers and investors. That will help it reduce competition and overcome challenges.

Jornal Puxin already has more channels and platforms and some international partners, it can be seen as its competitive capability. Taking strategic alliance is able to enhance this competitive capability. The current international environment and developing trend within media industry is good for Jornal Puxin to take strategic alliance. China government is implementing “One belt, one road” and trying to achieve “Chinese Dream”. This brings a lot of chances for media. And Chinese media are looking for international partners to cooperate with them. So it is a good way for Jornal Puxin to cooperate with others in the global world. There are two recommended ways for Jornal Puxin to ally with others. One is to ally with other media around the world. Now that it has about 40 international media as partners, it can continue to develop more international partners. They can share resources together and achieve win-win objectives. Jornal Puxin can gain more media resources and market power. The second one is to cooperate with companies from other industries and organizations. Other companies and organizations are able to be its investors or sponsors. They will deliver certain amount of funds to Jornal Puxin through cooperate with them. At the same time, Jornal Puxin can enter into other industry and expand its business. That will reduce its over dependence on its initial business and build up multiple business developing mode. To cooperate with



companies from different industries, the cooperation methods are various. Jornal Puxin can develop some companies to be its advertisers that will pay certain expense for advertisement to Jornal Puxin. This will be able to increase its revenue. Jornal Puxin also can develop other companies to be its partners that help Jornal Puxin access to other industries. Jornal Puxin is available to gain access to more resources and new markets. This will be possible to provide a new source of revenue and to make up for the deficiencies of Jornal Puxin. For example, this can solve its problems of insufficient funds. To have enough money, it will tackle its other existing problems like insufficiency of high- tech equipment. To adopt strategic alliance will give Jornal Puxin a great opportunity to obtain sustainable developing.

## **5.2 Differentiation strategy**

Base on the case study analysis above, Jornal Puxin has a team with talent or excellent staff who can together work out high quality articles. So the differentiation strategy is also recommended for Jornal Puxin to make a long term development plan. Competed with others overseas Chinese language media, Jornal Puxin has the talent or excellent staff who can together work out high quality content that is very important for news media. Jornal Puxin is good at producing creative articles that is a competitive capability. This makes a differentiation identified Jornal Puxin from others. Jornal Puxin can enhance this competitive capability. The team of Jornal Puxin should continue to write original and creative articles. Besides, Jornal Puxin should cultivate more this kind of excellent staff and improve their professional writing skills and other related abilities. This helps set up its impressive image and brand reputation with the differentiation. Taking differentiation strategy can assist Jornal Puxin to enlarge the differentiation from its rivals, and to attract more readers, advertisers and investors.

**Summary:** In order to maintain developing, Jornal Puxin has to bravely and effectively step up its strategies. The main strategy recommended is strategic alliance as corporate strategy. The differentiation strategy is also suggested. No matter which strategies the Jornal Puxin will possibly choose, that is a way for it to go out of the current dilemma situation. To implement correct strategies is very significant for a company. The above recommended strategies may be not enough or existing deficiencies for Jornal Puxin. Hope the Jornal Puxin draw out its correct strategies as soon as possible to face to the changeable environment.

## 6. Conclusion

Overseas Chinese language media is specially valued by China government and other countries' government, Chinese enterprises/organizations and other countries' enterprises/organizations based on their increasing communication and strengthen relationship driving by the globalization. They are seen as the bridges or special communicators between China and the world have particular positions. So their situations are arousing global attention. This thesis gives an example for people to know more about overseas Chinese language media.

The study case, Jornal Puxin that I have been working for two years is a typical representative of overseas Chinese language media all over the world. It reflects the developing situation of most of the overseas Chinese language media rooted in overseas countries. Entering into new century, overseas Chinese language media has been being in troubles. This is possible to relate with their strategies under the quickly changing society. So this thesis discussed the development situation with a case study from strategic perspectives.

Combined with the theories of strategic management that I have learned in the master courses to analyze overseas Chinese language media through the case of Jornal Puxin. This thesis firstly introduces the concept of overseas Chinese language media, its development history, its current situation and the difficulties it faces, and the study case of Jornal Puxin. The emphasis in this part is paid on the current situation and the hardship of overseas Chinese language media and the case study.

Then it works out the literature review. Using the theories related to the strategic management, such as PEST analysis, Five Forces analysis, VRIO analysis, it is helpful and effective to analyze the case, Jornal Puxin.

The analysis of the case is the focus of the thesis. The analysis from the external environment to the internal environment is based on the theories of strategic management. The development environment for Jornal Puxin is beneficial and full of challenges. But the shortcomings of Jornal Puxin discourage itself to obtain sustainable development. If it expects to achieve better long-term development, it needs to overcome its difficulties and carry out its effective and correct strategies. It can be seen from the case of Jornal Puxin that overseas Chinese language media are confronted with difficulties as well as chances. They have to make strategic plans to seize the opportunities and then maintain development.

The goal of thesis is to provide relevant information for the one who are interested in and want to know about overseas Chinese language media. I believe overseas Chinese language media deserves more attention from readers to investors, from China to other countries around the world. It is an opportunity to review and practice the knowledge about the strategic management.

To conclude this thesis, there might be limitation about the thesis, such as without thorough analysis combining with theories. But it is a good experience to finish the work and a good chance to study and gain more knowledge.

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## Appendix

Table 1 - Newspaper circulation volume

				Newspaper Circulation				
Number of Daily Newspapers				Daily Circulation			Sunday	
Year	Morning	Evening	Total Daily Newspapers	Morning (000)	Evening (000)	Total (000)	Sunday Newspapers	Sunday Circulation (000)
2014	953	402	1,331	36,765	3,655	40,420	923	42,751
2013	980	444	1,395	36,975	3,737	40,712	934	43,292
2012	985	442	1,427	38,723	4,710	43,433	981	44,821
2011*	931	451	1,382	40,321	4,100	44,421	900	48,510

(Source: The data from the Newspaper Association of America )

Table 2 - Total revenue for the multiple-platform U.S. newspaper media business

Table: 2013 Newspaper Media Revenue		
	\$ Billions	Pct. Change
<b>Total Revenue</b>	<b>\$37.59</b>	<b>-2.6%</b>
<b>Advertising Revenue</b>	<b>\$23.57</b>	<b>-6.5%</b>
<i>Newspaper Print</i>	<i>\$17.30</i>	<i>-8.6%</i>
<i>Digital Advertising</i>	<i>\$3.42</i>	<i>1.5%</i>
<i>Direct Marketing</i>	<i>\$1.40</i>	<i>2.4%</i>
<i>Niche/Non-Daily</i>	<i>\$1.45</i>	<i>-5.8%</i>
<b>Circulation Revenue</b>	<b>\$10.87</b>	<b>3.7%</b>
<b>New/Other Revenue</b>	<b>\$3.15</b>	<b>5.0%</b>

(Source: The data from the Newspaper Association of America )

Table 3 - Information about Jornal Puxin and Jornal Sino

Name	Founded in the year of	The number of staff	Sources of funds	Key partners around the world	Quality of articles issued
Jornal Puxin	2005	7	one	More than 40	diverse
Jornal Sino	1999	10	multiple	less than 40	translating

Table 4 - The possible outcomes of the VRIO analysis

Valuable?	Rare?	Costly to imitate?	Exploited by the organization?	Competitive implication
No				Competitive disadvantage
Yes	No			Competitive parity
Yes	Yes	No		Temporary competitive advantage
Yes	Yes	Yes	No	Unexploited competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

(Source: Barney et al., 2012)

Table 5 - Summary of PEST analysis

PESTEL	positive	negative	remark
politic	+		
economic	+		

social	+	-	higher requirement and pressure, but good to improve
technological		-	

Table 6 - Summary of the Five Forces analysis

Forces	Strength
Threat of new entrants	Medium
Threat of substitute products and services	Medium
Bargaining power of suppliers	Low
Bargaining power of customers	High
Rivalry among current competitors	High

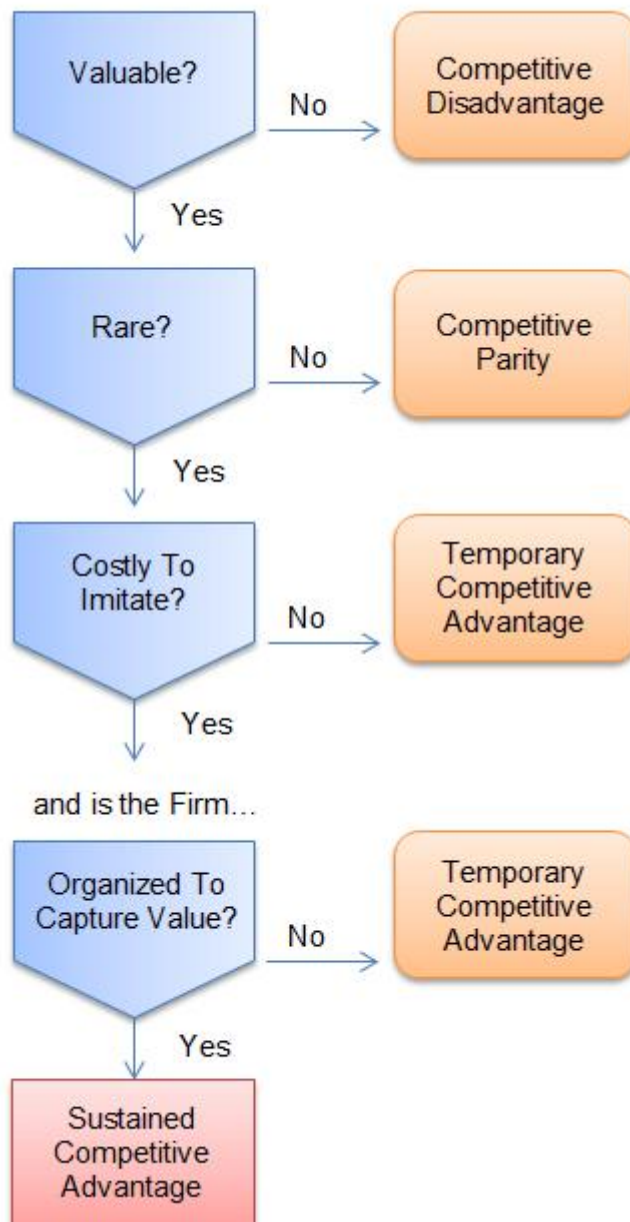
Table 7 - Summary of VRIO analysis for Jornal Puxin

Resources	Valuable?	Rare?	Costly to imitate?	Exploited by Organization?
Channels and platforms	Yes	No	No	Yes
Partners	Yes	Yes	No	<b>No</b>
Human resource and team work	Yes	Yes	Yes	Yes
Financial sources	Yes	No	No	No

Readers and advertisers	Yes	No	No	No
Others	Yes	No	No	No

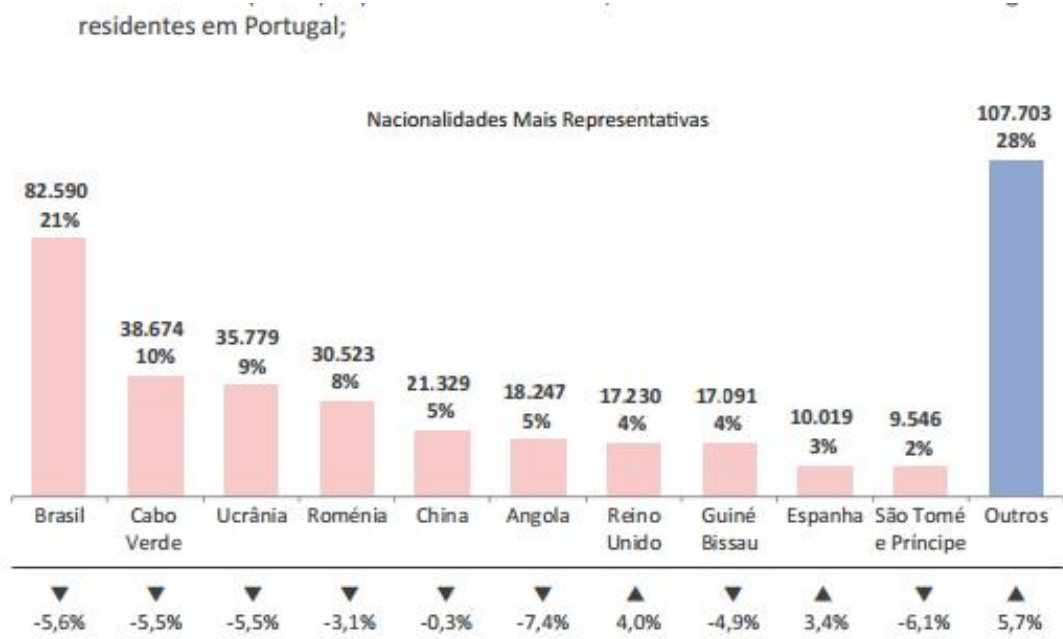
Figure 1 - Chart of Strategic management

Is the Resource or Capability...



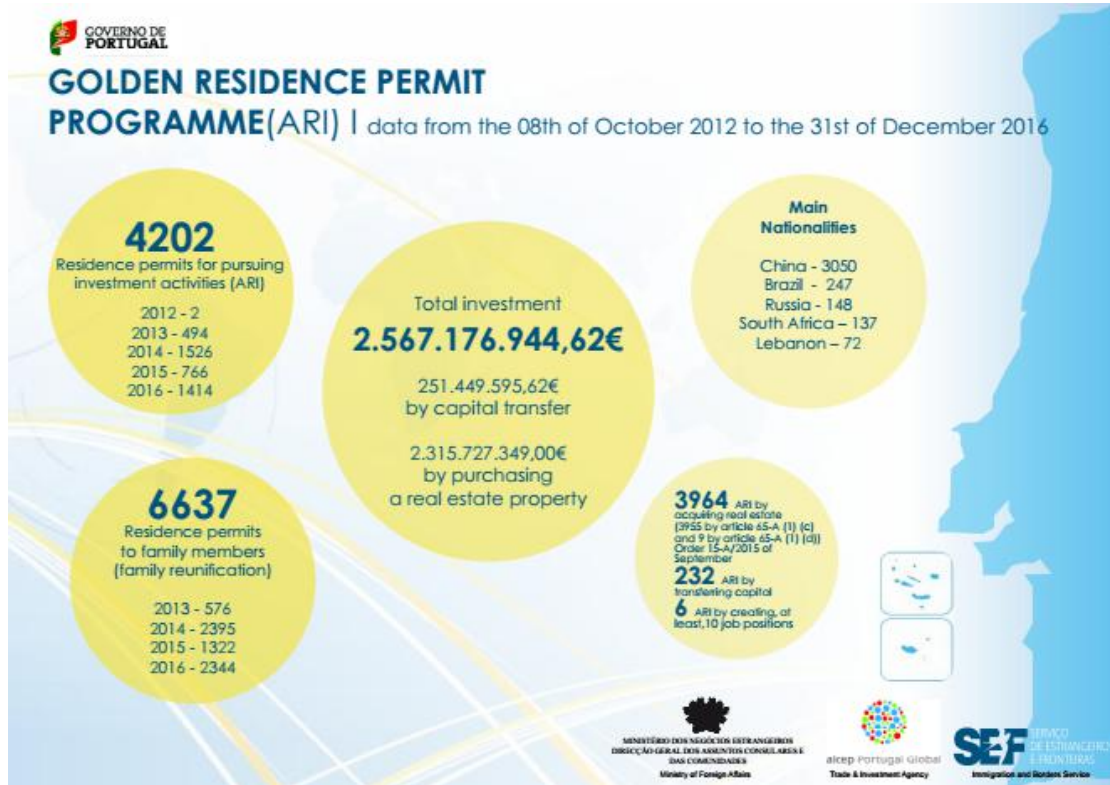
Adopted from Rothaermel's (2013) *Strategic Management*, p.91

Figure 2 - Foreign residents in Portugal, data from the Serviços de Estrangeiros e Fronteiras (SEF)



( Source : Serviços de Estrangeiros e Fronteiras, 2015 )

Figure 3 - Golden Residence Permit Programme, data from SEF



(Source: Data from SEF)

Figure 4 - The Golden Visa programme launched by the Portuguese Authorities

QUALIFYING INVESTMENTS		
<p><b><u>CAPITAL</u></b></p> <ul style="list-style-type: none"> <li>Transfer of funds - € 1 million</li> <li>Capitalization on SME's - € 500,000</li> <li>Funding of research activities - € 350,000</li> <li>Funding of Arts &amp; Culture - € 250,000</li> </ul>	<p><b><u>PROPERTY</u></b></p> <ul style="list-style-type: none"> <li>Any Property Purchase</li> <li>€ 500,000</li> <li>Urban Renewal</li> <li>€ 350,000</li> </ul>	<p><b><u>EMPLOYMENT</u></b></p> <ul style="list-style-type: none"> <li>Creation of 10 local jobs</li> <li>No minimum investment amount</li> <li>Any business area</li> <li>All types of business</li> </ul>

(Source: Data from SEF)



