1) (**Apply the Pestel factors from PESTEL** order to identify the support for the industry (**Porter's diamond model**) by the **nation** and the relevant market boundaries (or what factor causes a customer to prefer one competitor over the other) <http://www.westga.edu/~bquest/1997/ecnmkt.html>

*In other words: based on the Pestel analysis -* ***create the Porter's diamond model*** *(about NATION) analysis for the industry.  When analyzing the demand conditions include the relevant market boundaries based on your Pestel analysis.)*

**YOUTUBE PESTEL Analysis**

|  |  |  |
| --- | --- | --- |
| **Political**   * 1. Political instability in many countries * 2. Changes in current legislation   3. Policies for foreign investors  4. Proper security of local and foreign firms  5. Relationship between nations  6. Wars and conflicts | **Economical**  1. Home economy  2. Economy trends in overseas economies  3.GDP and purchasing power of customers  4. Interest/ exchange and inflation rates  5. International trade and monetary issues  6. Investment opportunities and trade balance | Social 1. Demographic changes including sex ratio, population density, and majority people age, etc.  2. Cultural and traditional changes  3. Educational and language differences  4. Social safety and benefits  5. Consumer attitudes and opinions on online sites  6. Ethnic/religious factors |
| **Technological**  1. Technological development and innovation growth  2. Skilled resources  3. Licensing, patents  intellectual property issues  4. Adaptation of new technology  5.Research & Development | **Environmental**  1. Environmental industrial growth  2. Consumer attitudes, opinions and support  3. Climate and natural support  4. Business environment and media support | Legal1. Improper law and legal framework related online sites.  * 2. Customer protection * 3. Banned of several online sides due to porn, sexy, religious and nation security related videos posted on these sites * 4. Changes in taxes |

(Source: Bowhill, 2008)

As shown in the above table the main issues with the YouTube are:

1. **Political:** YouTube is into the business which involves video hosting related to any topic. The company is a huge video repository portal which hosts videos uploaded by any community across the globe. The main political risk with the company is the cultures and copyright issues. Any content which is of damage to one culture will lead to ban in another region. So company needs to analyze the issues before uploading the same. Also the political impact avoids company to host many controversial videos from region to region.
2. **Economical:** YouTube being an video hosting site is controlled by the economical aspect of the economy and GDP of the country. The main source of income for the company is the viewing hits on the videos and other advertisements hosted on the portal. If the economic conditions of the country are good then the company has huge revenues from that country leading to increase in revenues.
3. **Social:** The social aspect refers to the culture differences and the change of attitudes across the globe. This is the main threat for the company and YouTube needs to analyze this aspect before venturing into any new region.
4. **Technological:** The Company is technologically advanced and needs to innovate to be in competition and to be able to overcome any changes in the technological aspect of the industry.
5. **Environmental:** The main aspect of the environmental aspect in the upcoming changes in the industry growth and the media in the industry.
6. **Legal:** It refers to the law and order prevalent from country to country. It refers to the differences in the cultures and the legal system. Examples to support the same include the ban of porn in Muslim countries and the same is legalized in the Western countries. Also videos pertaining to use of Muslim veils in banned in few western countries.

2. Read the annual report for You-Tube create an **SBU analysis** based on their SBUs from their annual report: <http://phx.corporate-ir.net/phoenix.zhtml?c=140690&p=irol-reportsother2>. Where would you increase invests, maintain current investments, divest of current investments (or get rid of lines). **What is the business level strategy for each SBU?**