

Netflix's Case Study

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“1. Describe Netflix's strategy process over time. What approach to the strategy process does Netflix follow? What works well with this approach? What are some challenges with this process, especially as Netflix continues to grow fast?”

The Strategy Process Netflix Follows

Original Content: Quality content production is among the key pillars of Netflix's business growth strategy. Its original collection of shows and films has steadily grown thanks to the inventive use of technology (MarketLine, 2021). The production of quality content is among the key pillars of Netflix's business growth strategy. The company has invested in creating original content and acquiring the rights to popular movies and TV shows. This has helped Netflix attract new subscribers and retain its existing customer base. It makes sense, considering it is one of the most extensive streaming services on the planet. The sheer volume of content that Netflix produces is scary for the rest of the entertainment industry, and we know that our viewers want something new to watch that challenges them.

Technological innovation is a driver to Netflix's tremendous growth driver. Netflix has changed how its platform works by utilizing cutting-edge technology that improves the user experience. However, overall, customer experience is influenced by the forum's general quality and content (Rothaermel & Guenther, 2017). Other elements, including streaming quality, searching, and suggestions, all impact. Netflix continues to make annual R&D investments even though analysts think that most of its technological innovation has already become obsolete. Netflix keeps a strong focus on R&D to increase its appeal, from its potent search engines and recommendation engine to the clouds technology that enables the firm to stream its services worldwide.

Netflix focuses on **user satisfaction**. Customer satisfaction plays a significant role in Netflix's business. It is basically about the joy of members, and if Netflix services satisfy its clients, customers are likely to return the next day for more (Rothaermel & Guenther, 2017).

Phased expansion: Netflix has slowly acquired growth through phases, not all at once. The business strategically undertook a three-phase growth further into new markets. When launching into the market, Netflix evaluated it. It began by addressing demands close to its native market regarding geography. To build its reputation, Netflix has invested significant money in marketing. By producing high-quality content, the business has captured significant **markets**.

Netflix Challenges

Increasing competition: Although Netflix popularized streaming; there has been fierce competition from businesses like Disney, Comcast, Apple TV, and other upstarts, rendering it the competition's elephants in the room for its rivals. **International Growth:** Despite numerous domestic subscribers, Netflix acquired 500,000 at a certain point. However, about three months later, the company experienced a loss in subscribers (Kim & Porter, 2011). Now, the next stage for Netflix is international growth. Another issue Netflix has is operating without a license in some foreign nations.

“2. How was Netflix able to disrupt the U.S. home entertainment industry? Describe Netflix's innovation strategy over time. Also, how did Netflix's business change over time? How did its business model innovation support its technology strategy?”

In order to change how individuals are entertained at home on screens, Netflix was founded in 1997. It was initially produced on DVD-by-mail services, which caused upheaval in the home video rental market and ultimately drove Blockbuster out of business (Rothaermel & Guenther, 2017). The outcomes were attained by capitalizing upon this DVD technology wave

and utilizing the DVD's mobility features that were smooth, slick, and made it simple to bring products to consumers' houses.

Netflix's Innovation Strategy over Time

Netflix has been expanding its core strength by utilizing technological advancement. It broadened the scope of its core competency by recognizing several issues that the traditional industry could not resolve. The demands typically follow the release of the newest title. It led to a backlog where more recent titles were preferred, and older titles were left out or forgotten and are usually underutilized. Netflix has to develop algorithms for movie recommendations to address this issue by promoting older content based on consumer tastes and increasing customer stickiness. Netflix altered people's views on DVD rentals by developing an environmentally friendly business model for even more secure finances.

They can adjust strategies to manage the new shifting patterns. Netflix's continuous achievement depends so much on its capability to adapt its processes depending on the changes in further technology advancement that affect the behaviour of consumers (Gilchrist & Luca, 2017). With much market research, Netflix has recognized that in order to maintain the devotion of its audience, it must change its economic model to be far more concentrated on content production.

“3. What are Netflix's core competencies? How can they help Netflix to sustain its competitive advantage? How must its core competencies be honed and modified?”

Netflix's core competency is providing services online; customers can order a subscription by mail at their residence. The company's core strategy is to develop its business of streaming subscriptions domestically and internationally. It has also enabled licensing of several contents. Moreover, Netflix is looking forward to growing further the content amount and

improving users' experience in various ways. One of Netflix's strengths is its competitive pricing and hybrid selection.

How Netflix's Core Competencies is Honed and Modified

Netflix needs to put much emphasis on producing original content for its viewers. At the same time, it introduces new entertainment levels that are attractive to clients. Therefore, emphasizing technological innovation is a critical competency that encourages fast platform development. More so, content that is of good quality is essential since it attracts a big audience.

Brand equity also contributes to higher ranking growth by enhancing user loyalty and brand realization (Berman, 2016). The perception of such a brand's customers impacts worldwide revenue and demand long-term. The business benefits from more effective word-of-mouth marketing and public relations because of the more substantial brand equity. Netflix has proven to do well in marketing an image that is customer-oriented and innovative.

A key source of competitive edge for Netflix is its enormous customer base. The firm's user base has suddenly improved over the past few years. Its membership's net number has shot to 193 million and may grow to over 200 by 2022 (Rothaermel, 2019). When compared to its rival, it is a lot larger. It is a well-known brand that is prime, but Netflix has a more significant competitive edge.

Netflix transmits its movies and TV episodes to 190 different nations. The international market for streaming movies and exhibitions has few rivals. The brand's worldwide influence provides a further edge over other companies attempting to expand domestically in the United States. The company now has 193 million paying members from all over the world (Rothaermel, 2019). Meanwhile, the business has increased its penetration into most top markets.

The Netflix product mix is vital to the streaming service's competitive edge. It is among the significant sources of competitive edge for Netflix and a key characteristic that sets it apart from other video streaming companies. To appeal to individuals worldwide, Netflix provides a diverse range of films and television programs in 30 languages. Ultimately, it holds more than 13,900 titles.

“4. Netflix growth in the United States seems to be maturing. How could Netflix increase demand for its services in the United States? What other services could Netflix offer to drive future growth?”

By producing original material, Netflix may increase its service demand. The company has been content creation for four years, and Netflix originals have boosted user growth. The availability of downloadable content has also worked well for Netflix. Moreover, the company expressed that it is considering allowing downloading content and allowing clients to watch movies and shows offline (Steffen, Gaskin et al., 2019). Netflix has also established partnerships and licensing's with other companies. An example is its partnership with the Walt Disney Company by empowering Quantico in Canada and the U.S.

Services that Netflix Could Offer to Drive the Future Growth

Think about using additional screens. According to research, Twitter users enjoy tweeting while watching television, something Netflix may take advantage of. Netflix, which is already popular, can develop a video app for social networks where clients can talk or discuss the current movies or shows they are watching concurrently. In addition, they can record a portion of the time consumers spend using Snapchat and other similar apps.

Netflix ought to think about getting a VR headset: Although it may seem like a dangerous move for Netflix, The Company is still young and growing. Sony, Facebook, Microsoft, HTC,

Google, Samsung, and Razer are the initial adopters testing the market with their devices, trying to find out if there is potential e (Steffen et al., 2019). Companies usually take risks, so Netflix should also try out in a competitive position, and it may stand better chances since its original content offers a unique experience.

Consider adding more entry points to Netflix. Most of Netflix's rivals who offer VOD have a secondary point of interaction with their customers. For example, YouTube Company has Google together with YouTube itself. Unfortunately, YouTube and Google are both used by people when looking for movie trailers for information. To make matters worse, with Netflix, one can watch an entire movie directly through the YouTube channel. In addition, Netflix should also consider dongles, set-top boxes, or smart homes.

Netflix ought to take a broader approach. However, viewers can see that numerous of Netflix's rivals provide more than just films and television shows. User-generated content can be found on YouTube, whereas Amazon provides a video channel and gaming community called Twitch, and Hulu contains the first most recent episodes. Usually, they appear the following day. Netflix might embrace a few of its current products and make them accessible, including streaming games, educational content, news, and podcasts. Consider the fact that YouTube supports 50 languages while Netflix supports only 22 (Quoted Data, 2020).

“5. International expansion appears to be a major growth opportunity for Netflix. What challenges does Netflix face by going beyond the U.S. market? What can Netflix do to address some of the challenges encountered when going internationally? And which international markets should Netflix focus on, and why?”

Regulations: Currently, Netflix cannot expand to China because of the heavy restrictions. Instead, it should work on licensing its existing services (Scott & Peltier, 2015). Licensing is a significant issue since it diminishes Netflix's already competitiveness in creating original content.

Content-scalability: As much as some movies and shows globally experience success, there are specific country's difficulties. The difficulties are primarily associated with getting local filmmakers with the required expertise and in-depth understanding of local preferences and culture. Concerning "globally accepted" content, the main problem usually lies in the range of translation and subtitling. In such cases, using the community approach can be helpful. Another option is to get the public to subtitle the films and television programs.

The industry's life cycle: Some nations cannot embrace VOD since they use linear TV, while some of their internet speed could be better and supported. Google and Facebook manage this issue by improving the Internet infrastructure (Scott & Peltier, 2015). As much as Netflix may not have enough muscles financially to push for such a project, it still has the mandate to secure the market before another competitor captures the market.

International Markets that Netflix Should Focus

Netflix is noticeably absent from China. The company adds Arabic, Korean, and Chinese services to 17 supported languages (Hackett, 2018). The production business will need to consider several languages while creating the first format of its new episodes. In order to manage

co-productions within the regional language of the country where they are located, Netflix should constantly collaborate with international broadcasters. By displaying it on its platform, Netflix could make the regional hosts' programming available to viewers worldwide.

The six localized versions of their first competition show program, *Ultimate Beast Master*, that were initially released were Brazilian, Japanese, German, Mexican, South Korean, and American. Netflix should regularly collaborate with foreign broadcasters to direct co-productions in the local tongue of their place. By making the content available on their platforms, Netflix may also purchase local hosts' programming and make it available to a global audience.

“6. Citing Scripture, which biblical principles can Netflix apply to address its challenges? How will these biblical principles affect the ethics standards of Netflix?”

“Do not be anxious about anything, but in everything by prayer and supplication with thanksgiving let your request be made known to God. Moreover, the peace of God, which surpasses all understanding, will guard your hearts and your minds in Christ Jesus” (English Standard Version, 2001, Philippians 4:6-7). Worshippers of God can exert their worries by praying to Him. The Lord promises to give anyone with faith an inner peace, which helps them cope with anxiety and emotions. Regardless of the challenges Netflix may face, they should acknowledge that the Lord will always protect them if they keep their faith strong. In contrast, this biblical verse states that the peace of God can guard our hearts. In all essence, the peace of God always protects a person emotionally and mentally by avoiding stressful situations.

Moreover, if expanding internally does not work out for Netflix, they must keep their faith and perseverance. “Count it all joy, my brothers, when you meet trials of various kinds, for you know that the testing of your faith produces steadfastness. Moreover, let steadfastness have

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its full effect, that you may be perfect and complete, lacking in nothing” (English Standard Version, 2001, James 1:2-4). The challenges may cause trials to test Netflix’s faith; however, this is the Lord’s way of producing spiritual perseverance to put trust in him. Such trials tend to be compared to trials for training athletes; however, they can build physical endurance and stamina with those trials. Therefore, this reference can be used for Netflix as well. Netflix must first endure some challenges to come out of it even more vital. In all, Netflix may encounter challenges, but it is essential to keep their faith strong.

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