NETFLIX: LIVING OFF OF A NEW GENERATION

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The case study on Netflix discusses the evolution of the online video streaming market. It reflects the company's shifting conditions from offering DVD home delivery to online platform by evolving and adapting while providing its client with their services. This paper sheds insight on issues causing blockbuster's loss in the market, will analyze Netflix's strategy later in competiting the market and making a successful company.

Failure of Blockbuster:

Blockbuster- A company that David Cook started in the middle of the 1980s with a focus on the market for video rentals with an automated system for monitoring such rentals. The strategy he adopted gave blockbuster an exponential growth launching a new shop each day soon making blockbuster a business with large revenues. Meanwhile, Netflix- rival of Blockbuster was working on DVD rental mail-based business. While Blockbuster was developing a solution that may eliminate the need for renting VHS and DVDs, they neglected to consider Netflix as a potential threat to their industry.

Blockbuster didn't recognize that Netflix posed a threat to their industry until 2004. They aimed to change into a rival with capabilities by altering their structure to pursue aggressive objectives making big way into the online business. In order to gain the customers' attention and loyalty, they eliminated the late fee which was one of the innovative ideas which got them staggering 750,000 customer base, a figure Netflix took years to attain. With Total Access allowing customer to exchange DVDs at store and also via mail, the hybrid business strategy restored the company's prominence making them competitively strong.

Blockbuster stayed oriented towards traditional ways and also couldn’t target different age groups. Also, Blockbuster experienced turmoil as a result of a disagreement between the CEO and a stakeholder which led immediate need for a new CEO with success history in the retail sector. While the company was in the maturity phase, they couldn’t identify Netflix’s strength and refused to buy it. Few years after this they lost almost 75% market value due to Redbox and Netflix. Due to their limited resources and diminished invulnerability, Blockbuster was unable to differentiate itself. Meanwhile McDonald's Redbox's self-service kiosks was driving away subscribers. The failure to take on digital Blockbuster's business started to incur losses due to ineptitude on its side, which failed to examine the threat of substitute products and new rivals, prompting the firm to liquidate its stores and file for bankruptcy in 2010.

THE ESSENTIALS TO NETFLIX'S SUCCESS:

To begin with, the market that Netflix competes in happens to be mainly lucrative when it comes to the danger of new competitors. Netflix needs to be relevant if they want to keep holding down the top spot in the market for online video streaming. Though Blockbuster lost within the competitive market, Netflix wasn’t immune to take badly judged steps. Correcting problems and learning from the mistakes Blockbuster made was still on the agenda. Later on, Netflix took over blockbuster.

Early on, when Netflix first entered the market, they realized that it was necessary to form partnerships with the film makers, electronic and retail industries. Also, the marketing of Netflix was promoted through ads for related goods like DVD players and movie websites. Later Netflix introduced offline viewing which proved one of the best plays for them.

Based on Porter's five force analysis, Netflix doesn't just focus on recent releases; it also provides obscure films from the past in order to provide its customers with a diverse database which the competitors such as Amazon, HULU, REDBOX, HBO couldn't provide. This was the differential feature that set them apart from the competition. The management outcome of Netflix's subscription income, which has turned into an annuity, has been a major contributor to its steady revenue growth to date. It indicates how powerful a buyer is. Netflix made an effort to stay up to date by attempting to stream in high resolution without advertisements from PC tablets to Apple to Google, and the newest wide-screen smart phones to avoid threat of substitution.

Conclusion:

Netflix is the perfect example of the company that uses the internet to reinvent the market. In conclusion, I truly believe that Netflix exerted itself and worked tirelessly to the best of its capacity, which allowed him to survive in the competitive industry by maintaining standards and upgrading technology while meeting consumer expectations.

References:

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