

Internal and External Environmental Analysis

Brand: Netflix

Mission Statement: “To entertain the world”

Source: Netflix Official Website. Netflix. (2025). About Netflix. <https://about.netflix.com/en>

Briefly describe what you think the organization’s objectives and strategies are. (*no more than 300 words*)

Netflix aims to be the world’s leading entertainment service by offering a broad variety of TV shows, movies and original content that appeals to diverse audiences globally. It’s primary objectives are:

- Expanding global subscriber base while maintaining low churn rates
- Increasing original content production to reduce on the third party studios
- Strengthening brand loyalty through exclusive, high quality content and user experience improvements
- Leveraging technology to improve personalized recommendations and viewing experience.

Netflix’s strategies center around differentiation and innovation

- Content Strategy: Invest heavily in original productions like Stranger Things, The Crown and regional hits like Squid Game to attract diverse audiences.

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- Technology strategy: Netflix's use of AI driven algorithms for personalized recommendations and advanced streaming technology for uninterrupted viewing
- Market expansion: Enter emerging markets through localized content, language customization and mobile only pricing plans
- Competitive strategy: Adopt a best cost approach by offering a high value content at a competitive subscription price, leveraging scale to keep per unit costs low
- Sustainability: Focus on eco friendly production practices and inclusivity in casting and story telling

Perform a PESTEL Analysis (political, economic, social, technological, environmental, and legal) and discuss how these environmental factors might affect the company's success. (250-500 words)

Political: Global operations expose Netflix to varied political climates, including content censorship regulations for example China and Middle East and taxation laws for digital services. Compliance with intellectual property laws is crucial to avoid legal disputes.

Economic: Subscription affordability is impacted by inflation and economic slowdowns, especially in emerging markets. Currency fluctuations affect revenues in international segments, while competition from ad supported platforms pressures pricing.

Social: Changing consumer habits favor on demand, binge worthy streaming over traditional

cable. Global audiences demand diverse, culturally relevant content. Social media buzz significantly influences show popularity and subscriber decisions.

Technological: Advances in broadband and 5G networks improve streaming quality. AI algorithms enhance personalization, but Netlis faces cybersecurity threats like account hacking and piracy. Competing technologies like VR entertainment could shift viewing patterns.

Environmental: Pressure to reduce carbon footprint in production and data center operations is increasing. Sustainable filming practices and renewable energy sourcing for servers help enhance corporate image.

Legal: Netflix must navigate content licensing agreements, copyright laws, and data privacy regulations (GDPR in Europe, CCPA in California). Emerging AI laws could affect recommendation algorithms and content creation methods.

Conduct a SWOT analysis that includes an external environment analysis (opportunities and threats) as well as an internal environment analysis (strengths and weaknesses). (250-500 words)

Strengths

- Strong global brand recognition and large subscriber base (~260 million worldwide).
- Advanced content recommendation algorithms.
- Extensive library with award-winning original productions.

- Strong financial capability to invest in content.

Weaknesses

Heavy reliance on subscription revenue; limited diversification.

Rising content production costs strain margins.

Dependence on internet infrastructure quality in developing markets.

Some high-profile content failures impact ROI.

Opportunities

- Expansion in untapped markets (Africa, parts of Asia) with mobile-first plans.
- Development of ad-supported tiers to attract cost-sensitive customers.
- Partnerships with telecom operators for bundled services.
- Potential in gaming and interactive storytelling.

Threats

- Intense competition from Disney+, Amazon Prime Video, HBO Max, and local streaming services.
- Content regulation and censorship in certain countries.
- Piracy reducing potential revenues.
- Subscriber fatigue due to subscription saturation.

Research/References:

1. Netflix. (2025). *About Netflix*. <https://about.netflix.com/en>

2. Statista. (2025). *Number of Netflix paying streaming subscribers worldwide from 3rd quarter 2011 to 2nd quarter 2025*. Retrieved from <https://www.statista.com/statistics/250934/quarterly-number-of-netflix-streaming-subscribers-worldwide/>
3. Porter, M. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press. <https://www.hbs.edu/faculty/Pages/item.aspx?num=195>
4. Reuters. (2024, November 2). *Netflix launches ad-supported tier to boost growth*. <https://www.reuters.com/technology/netflix-launches-ad-supported-tier-2024-11-02/>

AI Usage Statement

I used AI (ChatGPT, GPT-5 by OpenAI) as an assistive tool to help organize research findings, structure my analysis, and refine the clarity of my writing. All ideas, interpretations, and final wording were reviewed, edited, and supplemented with my own understanding and additional research to ensure originality and alignment with course concepts