

Netflix Case Analysis: Advising an Edge on Competition

Netflix as we know it today is a worldwide corporate entertainment powerhouse. Founded in 1997 by CEO Reed Hastings after being smacked with a \$40 late fee for a movie. The on-demand video streaming service wasn't always a streaming service to begin with. Starting as a DVD rental subscription service Netflix is a seasoned corporation with several competitive advantages. I will identify key motivations & keystones in the push for globalization in the company, then further analyzing how it affected the company. I also want to discuss possible ventures to increase Netflix's edge on the competition.

In 2010 Netflix found a need for change in the company. As they experienced slow market growth, & competition in companies like Hulu, Amazon, & Disney. Netflix identified two major issues: The regulations on content and licensing, & lack of market growth, Hastings wanted to surpass the competition.

In addressing strict regulations on content and licensing Reed Hastings took the appropriate approach. Creating their own exclusive content is the obvious option regarding difficulty in licensing. Netflix had the financial power to back licensing agreements with the likes of Disney and other content providers. But this would prove to be costly and medial in the grandest scheme of the process. Developing an exclusive agreement to create original content opens doors for Netflix that were previously closed. This reinforces an already strong brand while simultaneously decreasing reliance on content providers. This was extremely beneficial to the company and paid off like their previous unique business decisions. They have built a track record of originality; in their emergence they garnered attention via cheap low costs for previously costly entertainment. They utilized the internet from the beginning, leveraging technology in a way competitors hadn't yet. Then finally doubling down and splitting services to

On-Demand video services and the previously popular DVD rental services (Qwikster). This step toward original content, whenever, wherever you want, is one of two key motions implemented that put Netflix ahead.

Expanding globally did not come with zero challenges. But these moves certainly bolstered Netflix's market growth and engagement in general. Netflix quickly took root and gained markets in 190 countries. This meant that Netflix was available in nearly every country in the world except for ones prohibited by the US. The Harvard School of Business article states that before Netflix adopted its aggressive global takeover strategy, it amounted to 2.4 million people per year subscribed. After the start of the expansion in countries like Canada, Europe, & Latin America the amount increased to 7 million people per year. Although Netflix faced competitors in VOD Services, & television operators globally. The more threatening agent was the stricter regulations in various other countries in Asia. Including China many countries on this east side of the globe had stricter content policies and regulations that Netflix did not adhere to, if the countries didn't outright deny Netflix, they were severely cautious of the regulation violations. I would argue that Netflix's tenacity and determination is the factor that puts them ahead. they stayed persistent with adapting their business models globally.

Two motions that Netflix could take in order to increase its competitive edge, and bolster brand. Those two motions being the: motion to diversify the catalog a bit, & the motion to engage the community in several ways. Allow me to elaborate and provide insight into my approaches.

The implementation of a more diverse catalog of content could benefit the corporation on a global scale. More specifically I believe that stepping into the sports entertainment industry would prove beneficial. Many other competitors such as AppleTV, HBO, and Amazon all have

adopted several forms of live sports streaming. Netflix has a global market with established connections in different countries. The opportunity to stream live sports could be a huge opportunity cost as the market is established and the corporation has those connections and the financial viability. Understandably one could say that this could prove more expensive than beneficial. I would argue that it could be more detrimental to allow the competitor to gain comfort, or worse build a brand in this market. These things matter in decision-making and could play a crucial role in shareholder relations. Other examples of diversification of the existing catalog could be an implementation of “Netflix: Study” a placeholder name created by me to represent a Netflix exclusive catalog offering educational videos, & course content. This would potentially open a new market and could be replicated with other types of content.

The other motion to improve the businesses edge is capitalize on the relationships created in these foreign markets. We have established several foreign markets, relations with local communities, & reputation. I believe the corporation would see significant increase to engagement and profit if they focused allocation on community engagement. I believe that if you engage the community in different ways we can increase subscriber total. In example if Netflix were to engage the communities in which they do local exclusives they have the potential to build virality which is important in media today. An immediate example is one of Netflix’s many reality shows, implementing a level of engagement can add to viewership as they have big followings already. People want to discuss & discourse about their favorite things, an example could be live chat on episodes that premier for the first time. Another example could be voting systems like American Idol or America’s Got Talent. That would lead to so many different opportunities for content exclusions as well, imagine a “Netflix’s Got Talent: Indonesia”, or “UK.” A criticism of this venture could be its uncertainty, I would argue that we are aware of

these forms of media to be efficient. We've seen these types of engagement and we've seen these types of content before. The only real stressor would be a business plan or model to ensure deployment of these features runs smoothly. Netflix can do extensive market research to do so efficiently they have ample resources to do so. One could even argue that this is where Netflix is lacking. If there was more community engagement, there could potentially be more call to subscribe, essentially playing at the human nature. Create that rapport, that brand just as strong in other countries regardless of the introduction to the market. Using the social engineering agent of something commonly known as fear of missing out for lack of better terms. The possibility of that being an outcome is enough to go down that path for me.

In conclusion Netflix has built a legacy of tenacity and vast expansion. We see that the moments and motivations highlighted above prove that the decisions made were beneficial to the corporation in a plethora of ways. I was able to detail two ways Netflix conquered low market growth and competition, and two ways I believe the corporation can increase competitiveness.

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