

Digital Empowerment Pakistan

Summary Of A Case Study

Netflix

Scope Of Research:

Objective: *Prepare a summary of 2-3 pages of a case study about a business.*

Company Background:

I learned that Netflix was founded in 1997 by Reed Hastings and Marc Randolph in Scotts Valley, a small city in Santa Cruz County, California. The inspiration behind Netflix came from a \$40 late fee that Reed Hastings incurred after renting the movie Apollo 13 from the now-defunct Blockbuster and returning it six weeks late. This fine led Hastings, while at the gym, to conceive the idea of a service where people could order movies online and receive them by mail. However, Marc Randolph later revealed that this story was a marketing strategy, rather than the true origin of Netflix.

Problem or Challenge:

One of Netflix's biggest challenges was facing its major competitor, Blockbuster, which was an American company known for providing home movie and video game rental services. Blockbuster primarily operated through video rental stores, but later expanded to include DVD-by-mail, streaming, video-on-demand, and cinema theaters. Given Blockbuster's strong brand name and established reputation as a distributor, Netflix realized that it might be more strategic to merge with Blockbuster rather than compete directly.

Solution or strategy

Reed Hastings, the CEO of Netflix proposed a merger with the CEO of Blockbuster, Antonio, to which Hastings asked for 50 Million dollars to run an online brand for Blockbuster, to which Antonio laughed at him.

In 1997, Netflix launched beta testing and in 1998 they launched Netflix and made 137 orders.

Outcome or results

They had to launch Netflix with only hope and future expectations. But people like the idea of streaming content on their homes and paying a definite amount for all their watches. 239,000 subscribers sign up for Netflix.

Key takeaways or lessons

- When the ideas are unique and possess potential, there is a huge chance people will admire them.
- Netflix expanded in such an amazing way that it has its own shows and award-winning stories.
- The competitors will laugh at the ideas because they don't see the way you do.
- Reed Hastings didn't stop at providing streaming service but he changed the algorithm to judge viewers watch and suggest movies, keeping up with the innovation and trend.
- Netflix did everything better than any of the distributors in ease, costs, and user preference.
- Netflix upgraded from time to time, providing their users with multiple facilities like screens and account sharing.