



FIRM ANALYSIS 2

NETFLIX

COMPANY ANALYSIS



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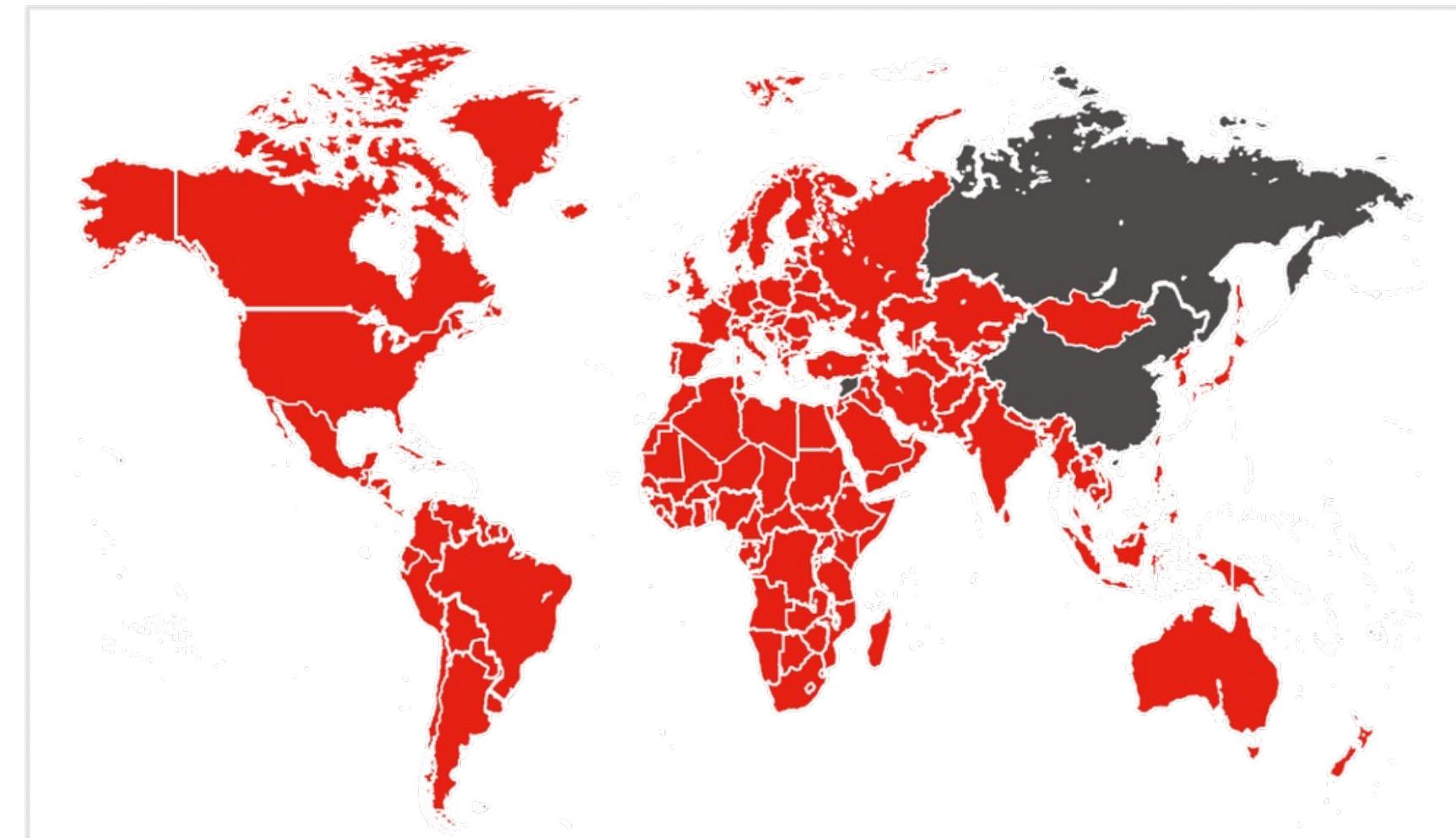
NON-MARKET
ENVIRONMENT

06

TRADE OFFS & TAKE
AWAYS



COMPANY OVERVIEW



Availability of
Netflix, As of March 2022

■ Available

■ Not available

Entertainment services provider with over 232 million paid memberships operating in 190+ countries

- Revenue: \$31.91Bn
- Profit: \$12.22Bn
- Employees: 12,800

"Netflix is a focused passion brand, not a do-everything brand: Starbucks, not 7-Eleven; Southwest, not United; HBO, not Dish."

Organizational Statement



MISSION

Delivering high quality content to viewers via convenient and personalized platform

VALUE

Netflix values innovation, inclusivity and customer centric approach

VISION

Vision to become world's leading streaming entertainment service provider

STRATEGY

Maintain competitive edge via innovation and sustainable growth



POSITIONING STATEMENT

"Netflix is the world's leading streaming entertainment service that offers a wide variety of TV shows, movies, documentaries, and more, with personalized recommendations and a seamless user experience."



VALUE PROPOSITION

Netflix creates value through its subscription-based business model and its investment in original content. Netflix also captures value through its business model by charging a subscription fee to access its content, which generates revenue and profits.

PORTER'S FIVE FORCES



Constant innovation and value delivery is key for success in an oversaturated market

Threat of new entrants	LOW	<ul style="list-style-type: none">• High capital investments - Heavy government regulation - High switching cost (perceived value)
Buyer power	HIGH	<ul style="list-style-type: none">• Subscribers and advertisers - low switching costs - wide availability of options
Supplier power	HIGH	<ul style="list-style-type: none">• Limited amount of production studios with very differentiated products and sales concentrated on
Rivalry	HIGH	<ul style="list-style-type: none">• Competitive rivalry among top firms is intense; elevated rivalry is a threat to the sub-industry, making intensity of rivalry among existing competitors a strong force.
Availability of substitutes	HIGH	<ul style="list-style-type: none">• As video streaming has become more popular, the number of new entrants has also increased. However, instead of taking Netflix head on, new entrants are taking on genres.

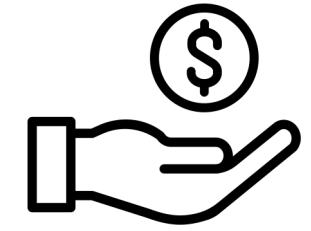
PESTEL ANALYSIS

EXTERNAL MACRO-ENVIRONMENTAL FACTORS THAT CAN IMPACT THE BUSINESS



Political

- Content censorship and regulatory compliance
- Political Instability
- International Relations



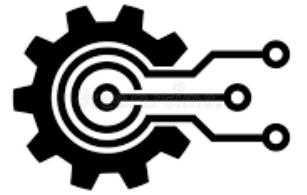
Economic

- Changes in disposable income and consumer spending
- Exchange rates



Social

- Changes in consumer preference and demographics
- Social Norms and Values
- Technological advancements
- Health and wellness trends



Technology

- Changes in streaming technology
- Rise of machine learning and AI
- Cyber security and data privacy
- Mobile Applications
- Content creating and licensing



Environmental

- Shift to renewable energy
- Carbon footprint
- Waste Management



Legal

- Copyright infringement, content censorship, or antitrust issues
- Data Privacy and User Protection



4 I'S IN THE NON-MARKET ENVIRONMENT



Controversial EU rules could make life trickier
for tech groups

Facebook, Netflix, YouTube and others face being treated like media companies

New EU legislation proposes 30% 'European content' minimum for Apple TV+, Netflix



Interests

- Subscribers
- Content Creators
- Advertisers
- Regulators
- Competitors



Institutions

- Audiovisual Media Services Directive (AVMSD)
- National Regulation Authorities
- European Audiovisual Observatory (EAO)
- European Broadcasting Union (EBU)



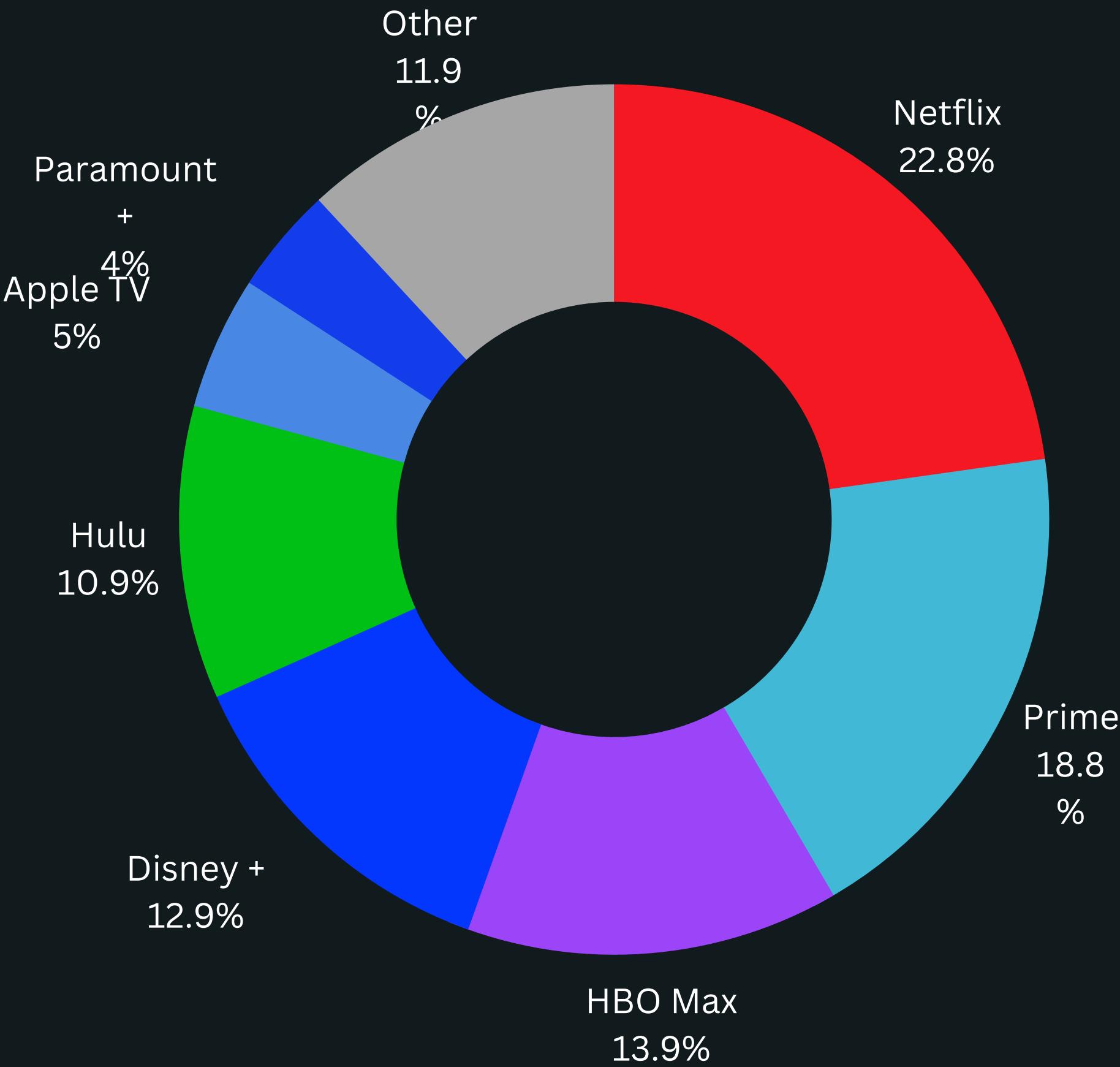
Information

- AVMSD regulations
- Consumer preferences
- Industry trends
- Legal expertise
- Market research

COMPETITOR ANALYSIS

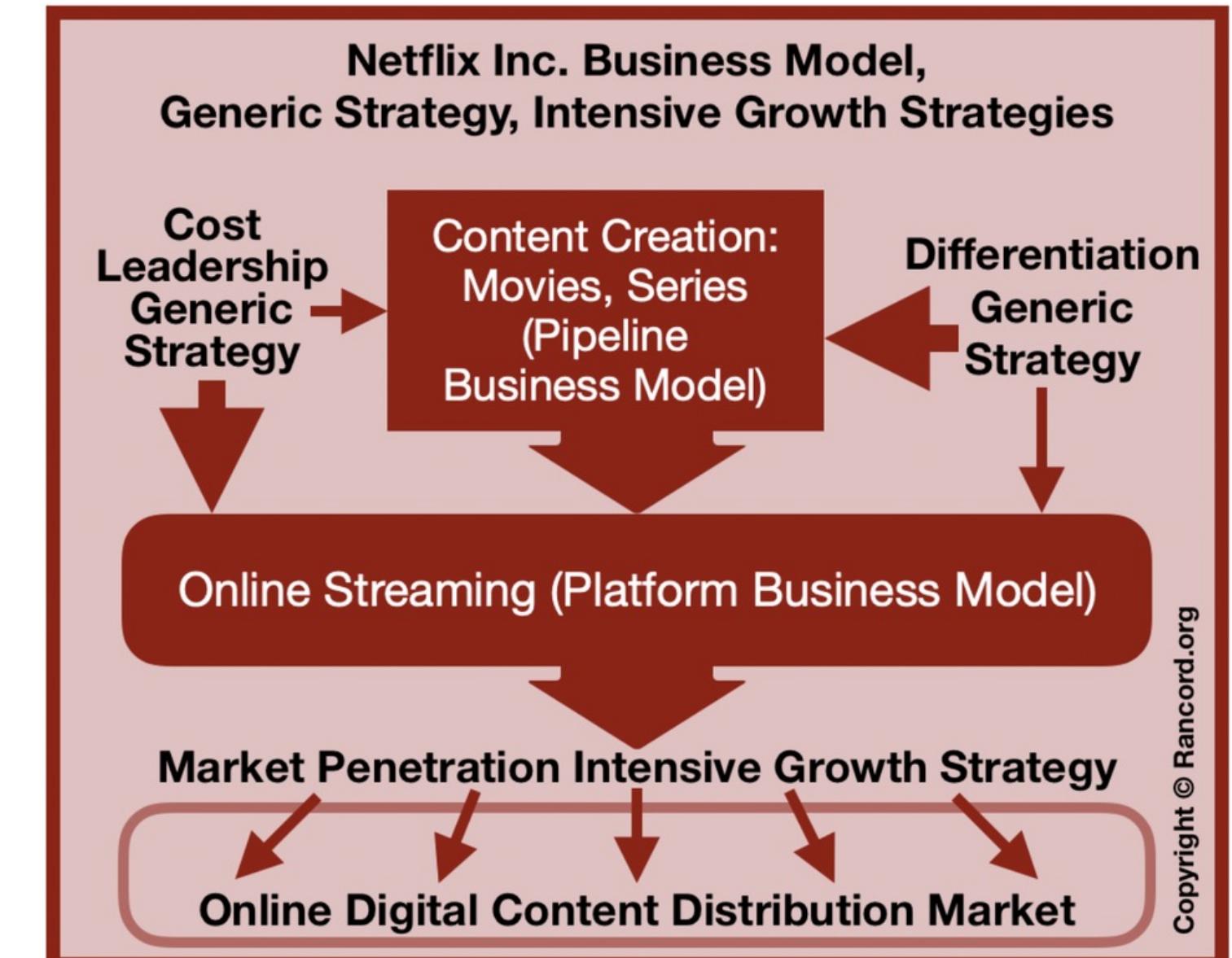
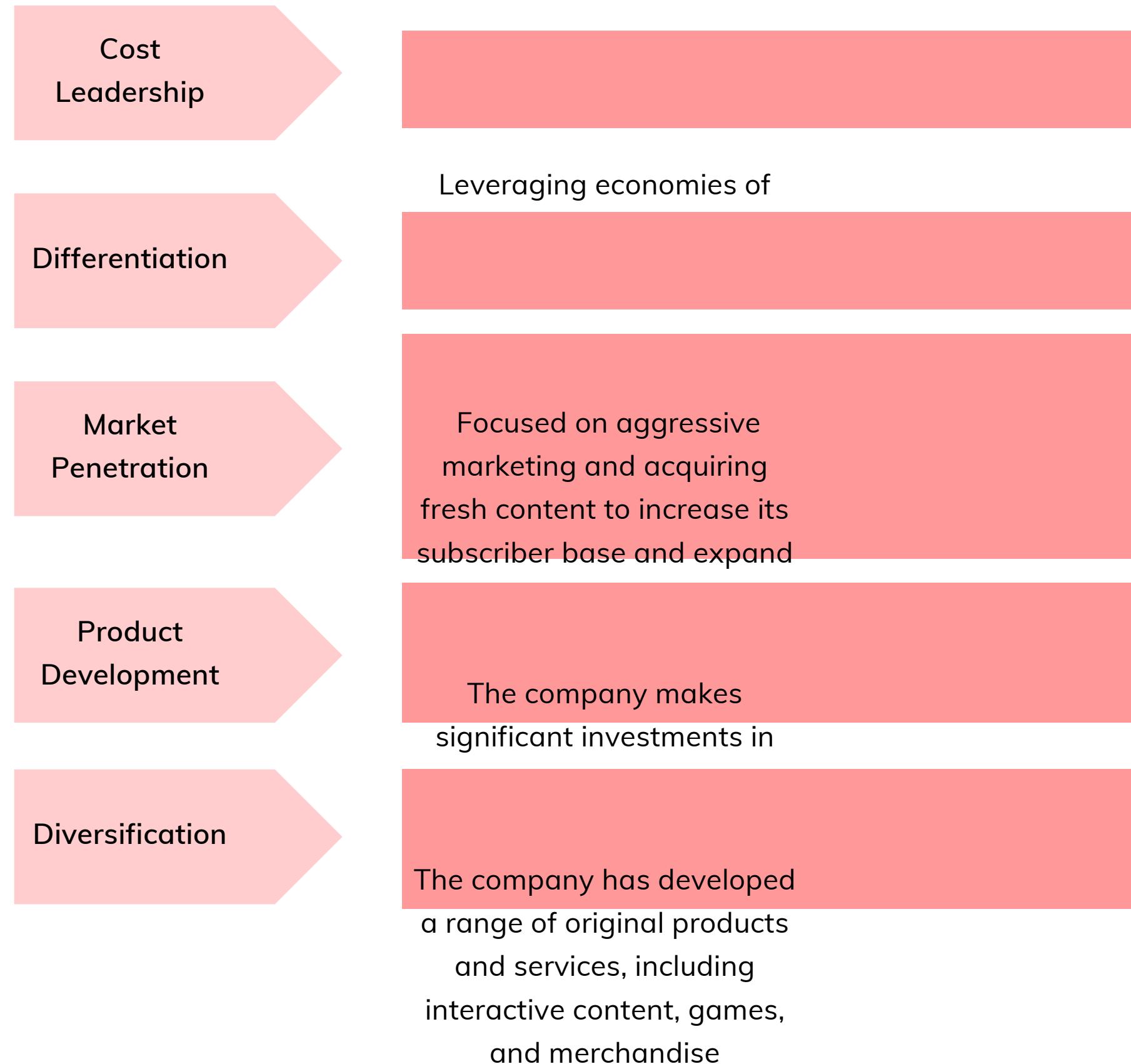


MARKET SHARE



Competitor	Description	Price/ Month	Positioning statement	Key Activities
Netflix	Streaming service with an extensive library of original and licensed content	\$8.99	"Watch TV Shows anytime,anywhere. Only \$8.99 a month. Start your free month"	Streaming video
Amazon Prime Video	Part of Amazon prime membership with a limited library of original and licensed content	\$12.99	"Unlimited fast delivery, exclusive access to movies,TV shows,ad-free music, Kindle books and more"	E-commerce, Streaming video and music, Cloud computing and more (Parent company)
Hulu	Streaming service with a mix of original and licensed content including live TV Options	\$5.99-\$11.99	"Stream TV shows and series your way. From anime to sports, watch shows,get live news and much more on your favourite devices"	Streaming video
Disney+	Streaming service with exclusive content from Disney, Pixar, MARvel and Star Wars	\$7.99	"The best stories in the world, all in one place"	Streaming video
HBO Max	Streaming service with exclusive content from HBO and Warner Bros	\$14.99	"Stream all of HBO with even more from Warner Bros, DC, Studio Ghibli and more, All in one place."	Streaming video

STRATEGY ANALYSIS



(Image: Copyright © Rancord.org)

KEY RESOURCES, CAPABILITIES AND COMPETENCIES



TANGIBLE RESOURCES

- Human and Talent Resources
- Land and Office Spaces
- Studio and Production Equipments
- Cash
- Hardware Partnerships

INTANGIBLE RESOURCES

- Content Library
- Digital Resources
- Customer Base and Reach
- Brand Name and Reputation
- Proprietary Technology and Algorithms

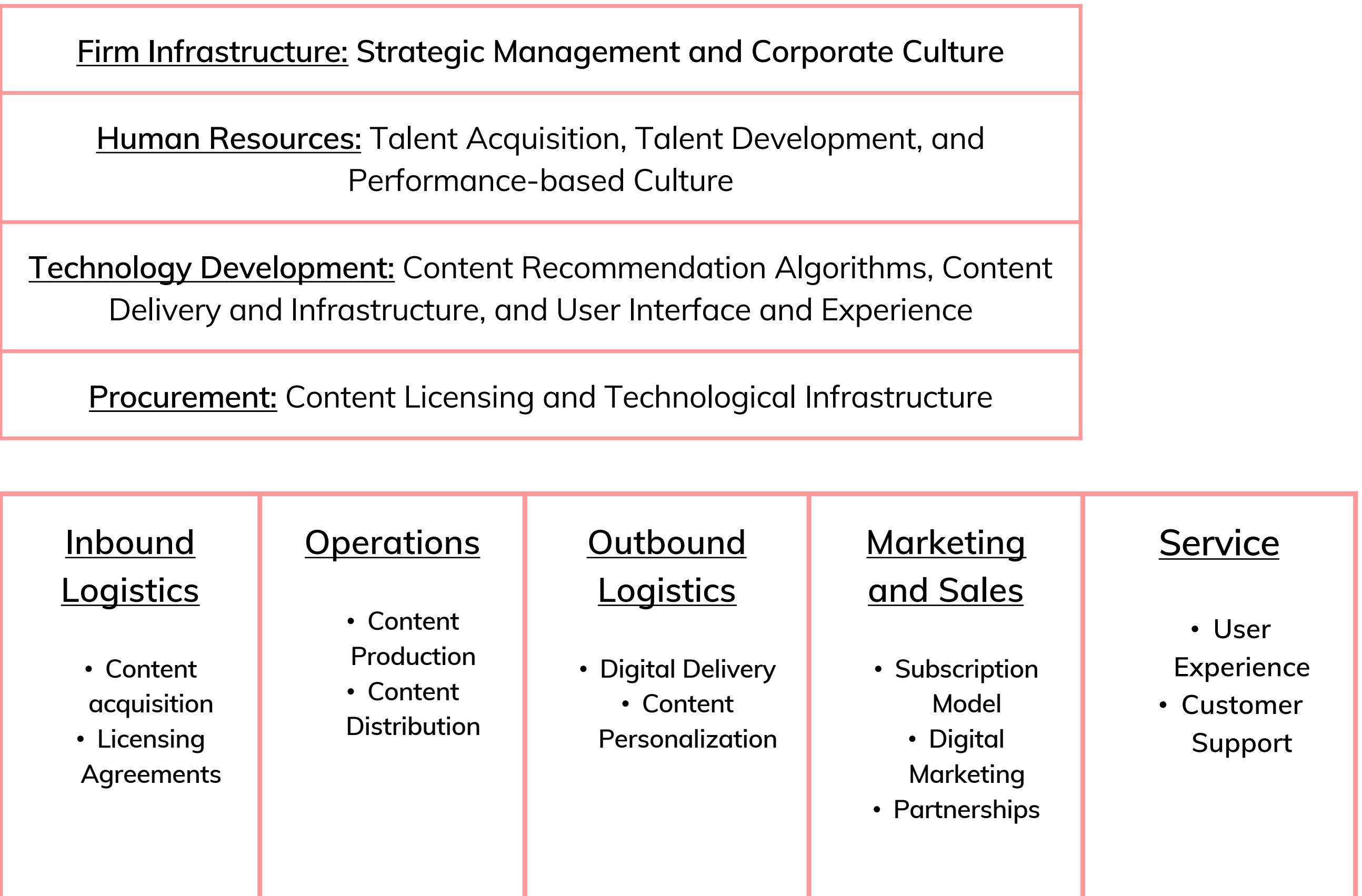
CAPABILITIES

- Data-driven Decision Making
- Consumer Insights
- Branding and Marketing
- Organization Culture
- Streaming Infrastructure

COMPETENCIES

- Content Creation and Curation
- Technological Innovation
- Global Expansion
- Customer Engagement
- Customer Relationship Management

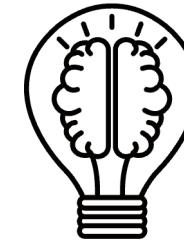
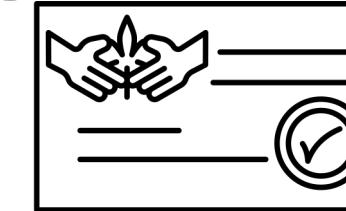
VALUE CHAIN ANALYSIS



Resources/ Capabilities	V	R	I	N	Competitive Implication	Performance Implication
	Is it valuable?	Is it rare?	Is it hard to imitate?	Is it non-substitutable?		
Brand Name					Competitive Parity	Normal
Proprietary Technology and Algorithms					Non-sustainable Advantage	Above Normal
Distribution Channels					Non-sustainable Advantage	Above Normal
Content Library					Sustainable Advantage	Above Normal
Data Analytics and User Insights					Sustainable Advantage	Above Normal



DEVELOPING RESOURCES AND CAPABILITIES



Market Growth

Fix

Increasing Retention Rates and reducing churn rate

Revenue Streams by expanding to new geographical regions and diversifying business

Create more high-quality local and regional content

Forming Alliances

Utilize existing and create new partnerships with content creators and distributors

Improve processes and production by forming alliances with tech. and production companies

Forming alliances with local/regional production houses to create specific content

Acquisitions

Increase the number of acquisitions

Acquire companies in different spheres

Acquire companies with attractive IPs, or film and TV libraries

Internal Development

Provide more customised data by using algorithms more specifically

Use predictive analysis to estimate and predict costs and returns of projects to find alternative sources

Invest in AI and machine learning to better utilize the collected data and buying trends

Transform

Innovate

POTENTIAL PARTNERSHIPS, ACQUISITIONS AND INTERNAL DEVELOPMENTS





"Strategy is about making choices, tradeoffs; it's about deliberately choosing to be different."

-Michael Porter



CREATION>LICENSING

Daredevil, Luke Cage and Other Marvel Series Are Leaving Netflix — for Where?

By Matt Webb Mitovich / February 11 2022, 9:28 AM PST



TV

'Friends' has left Netflix — and 'The Office' is next

By Lauren Steussy

'The Office' Leaving Netflix Is TV's Wildest Controversy

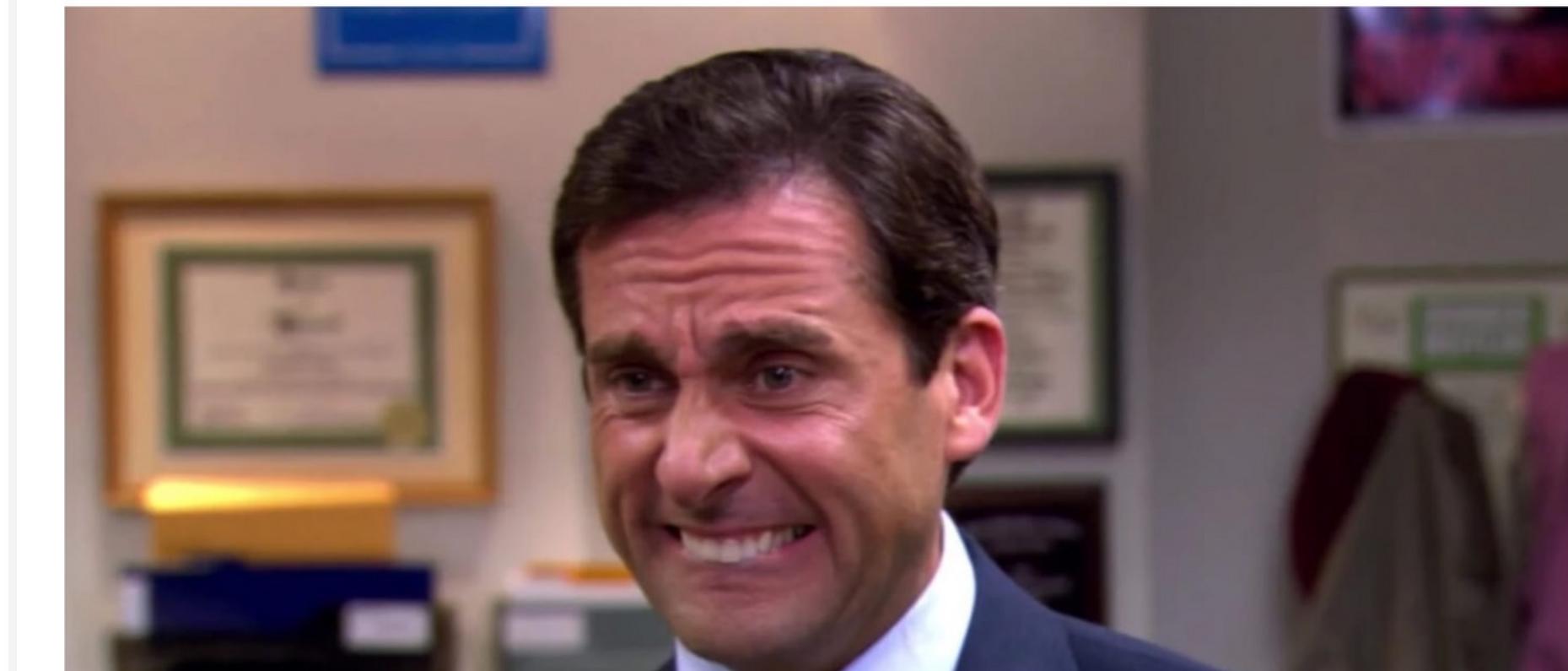
| THE DAILY BEAST'S OBSESSED |

Everything we can't stop loving, hating, and thinking about this week in pop culture.



Kevin Fallon
Senior Editor, Obsessed

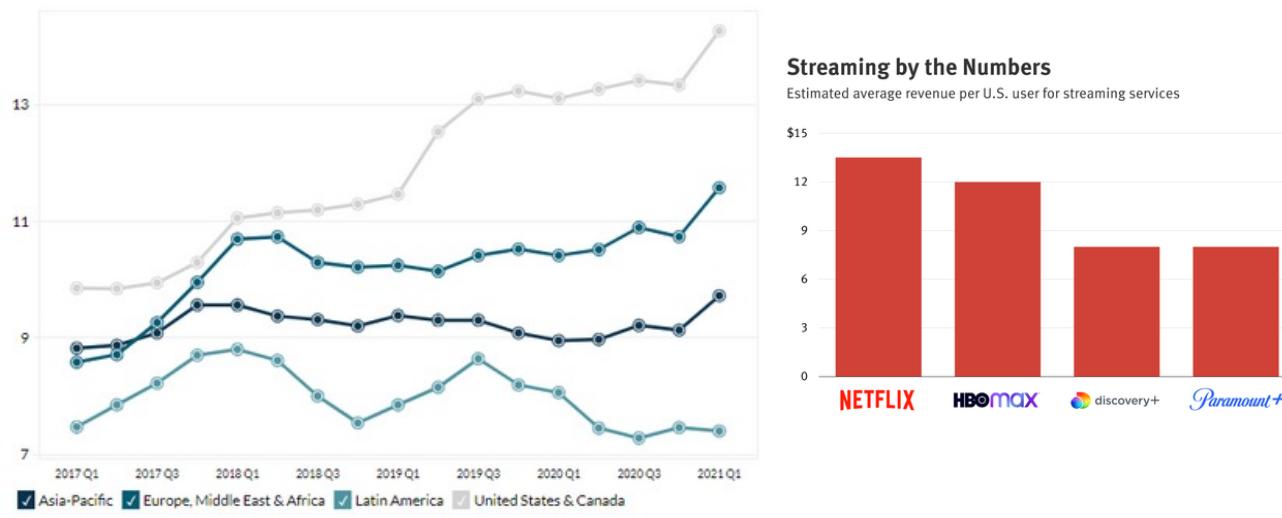
Updated Jun. 28, 2019 5:19PM ET / Published Jun. 28, 2019 10:50AM ET



January 1, 2020 | 1:43pm



↑ VALUE > ↓ PRICE?



2 minute read · February 23, 2023 1:31 PM EST · Last Updated 2 months ago

Netflix cuts prices in some countries to boost subscriptions, shares drop

Reuters



nary > Netflix Inc

3 USD

↑ past 5 years

:59PM EDT · Disclaimer

0 -73 (0.22%)

1M 6M YTD 1Y 5Y Max



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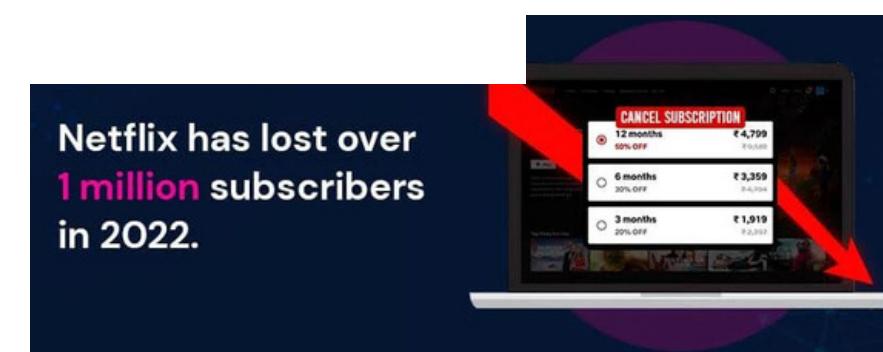
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2021

3 minute read · January 14, 2022 6:42 PM EST · Last Updated a year ago

Netflix raises monthly subscription prices in U.S., Canada

By Lisa Richwine ▾

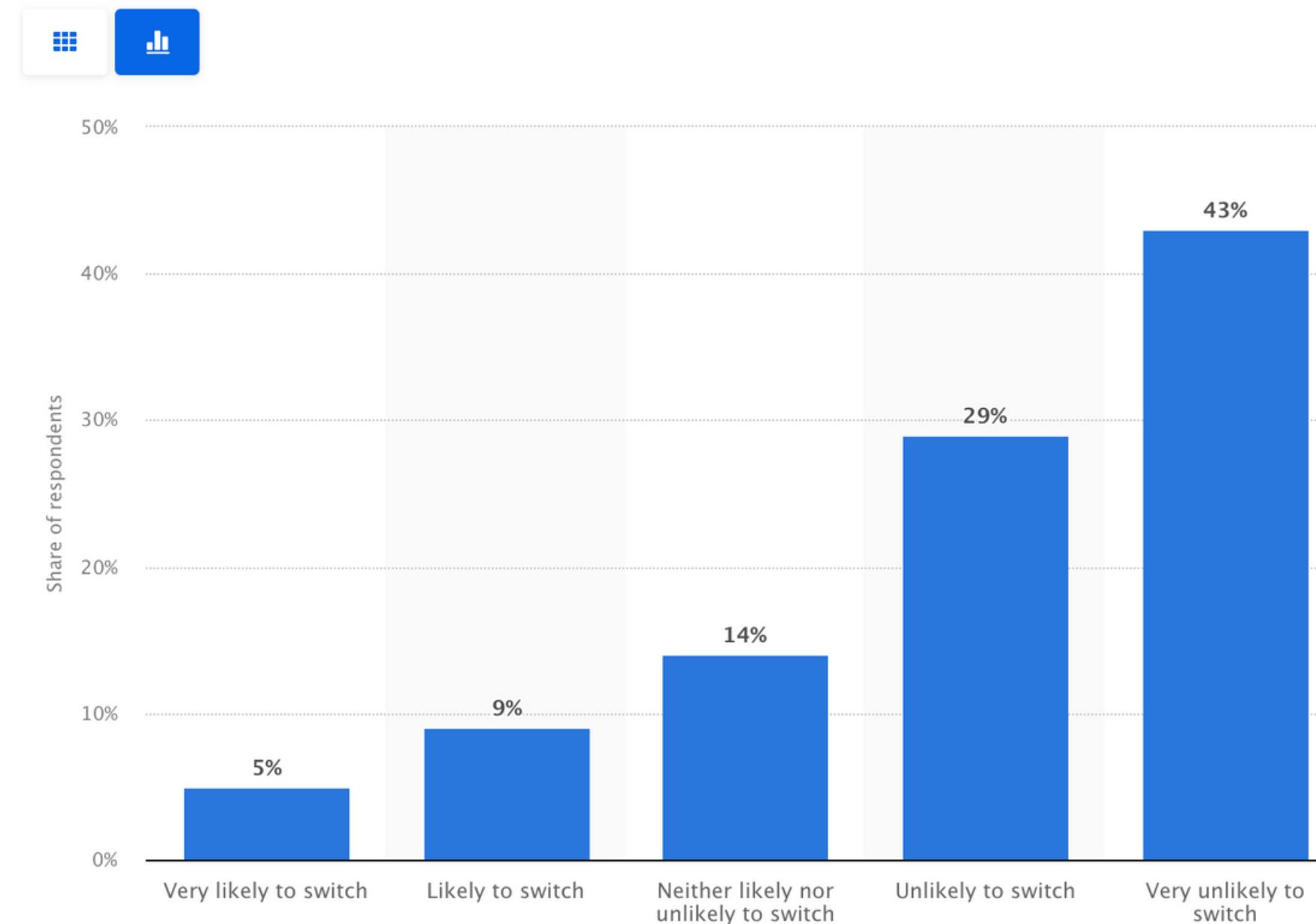


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SUBSCRIPTION REVENUE>AD REVENUE?



Share of Netflix subscribers who would switch to a lower cost ad-supported version in the United States as of May 2022





CONCLUSION

KEY TAKEAWAYS



01

Dynamic Strategy

02

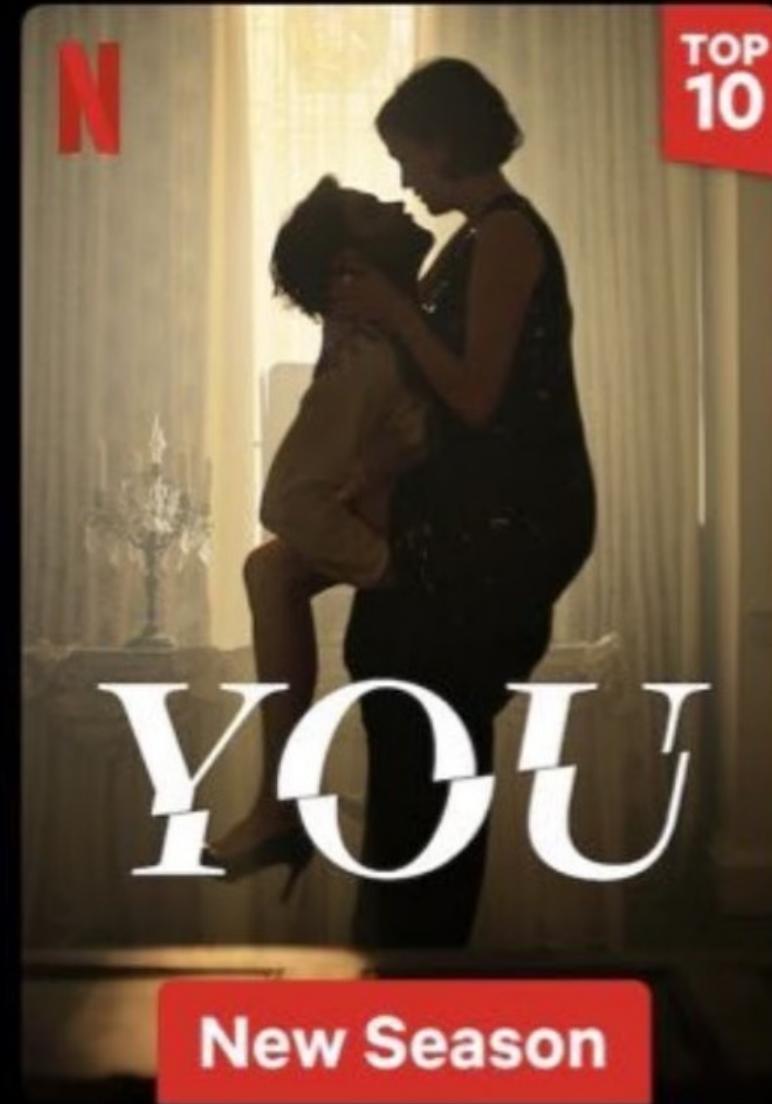
Strategic Alliances for
Growth

03

Building a sustainable
competitive advantage



My List



Any Questions?