

Netflix Case Analysis

Valentina Del Rio Jimenez, T00081360

María Isabel Grau Solipa, T00064593

Yesid Alejandro Muñoz Saavedra, T00069159

1 What are the strengths and weaknesses that Netflix had when implementing its strategy?

One of Netflix's greatest strengths during its international expansion was its gradual approach, often called a phased expansion model. The company began in culturally and geographically similar markets, such as Canada in 2010, where the challenges of "foreignness" were relatively low (Brennan, 2018). This step-by-step strategy allowed Netflix to build its internationalization capabilities and learn how to adapt its services before entering more

diverse and distant markets. In addition, Netflix's technological foundation (especially its data-driven algorithms and personalization system) enabled it to offer content tailored to different audiences, increasing customer engagement. Another significant advantage was its partnerships with local companies, such as Vodafone in Ireland and Telefónica in Latin America, which facilitated trust-building and easier market entry.

Nonetheless, Netflix also encountered weaknesses within its strategy. The company was constrained by its dependence on negotiating content licenses region by region, which delayed its ability to launch globally. Furthermore, linguistic and cultural barriers presented difficulties, since many audiences demanded local-language programming. Its subscription model also faced resistance in markets where free or pirated media was common. These weaknesses highlight that Netflix's strategy, though innovative, required constant adaptation to local realities and consumer behaviors.

2 What challenges did Netflix face at the time of its international expansion?

Netflix's global growth was accompanied by numerous challenges. Regulatory restrictions were one of the main barriers, as rules about media distribution varied from country to country (Brennan, 2018). Cultural and linguistic differences added another layer of complexity, with many viewers showing a preference for localized content rather than English-dominated

programming. Strong local competition also posed difficulties, as companies such as Hotstar in India and Canal Play in France had already secured market share through local-language offerings. In addition, global competitors like Amazon Prime Video were often already established in strategic markets, further limiting Netflix's first-mover advantage. Finally, in regions where free content was prevalent, consumers were hesitant to pay for subscriptions, forcing Netflix to innovate in pricing and accessibility. Collectively, these challenges required Netflix to remain highly flexible and customer centric.

3 Conduct an industry analysis that includes an analysis of the company, the customer/consumer, and the competition.

- **Company:** Netflix's international expansion can be analyzed through three dimensions. At the company level, Netflix positioned itself as a global leader in online streaming through innovative technology, data-driven personalization, and strong partnerships. Its ability to rapidly expand to 190 countries within seven years reflects its organizational adaptability. Moreover, its strategic investment in global hits like *Money Heist* and *Narcos*, combined with local productions in various regions, allowed it to appeal to both international and local audiences.
- **Customer/Consumer:** Viewers from different countries showed very diverse prefer-

ences. While some enjoyed big international hits, many others looked for shows in their own language and content that matched their culture. In regions where most people used mobile devices, Netflix had to improve its mobile streaming quality and pricing options to meet these needs.

- **Competition:** When it comes to competition, Netflix has faced tough challenges from giants like Amazon Prime Video and Disney+, along with many local favorites across different regions. These competitors often had the upper hand thanks to their personalized local content and well-established distribution networks. Still, Netflix managed to stand out by mixing international stories with original local productions, helping it connects with a wide audience and niche viewers alike (Brennan, 2018).

In conclusion, Netflix's global expansion demonstrates how a balance between global standardization and local adaptation is essential in international strategy. Its strengths in technology, partnerships, and phased learning allowed it to overcome weaknesses such as licensing barriers and cultural gaps. At the same time, it faced formidable challenges from regulations, competitors, and diverse consumer behaviors. Netflix's ability to remain customer-centric, flexible, and innovative ultimately positioned it as a leading force in the streaming industry.

Bibliography

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