

**NETFLIX**

**Marketing Plan**

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# Executive Summary

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## Introduction

Concerning the major loss of Netflix sales and bad managerial decisions, our team is implementing a marketing strategy to help increase sales, retain subscribers, and target different consumer bases for Netflix, Inc. In response to the recent changes Netflix is undergoing, our team has come up with a way to attract more consumers by offering a tier level of subscriptions and implementing a plan to target the online gaming community through the Xbox Ultimate Game Pass. Our team plans to implement a Tier system ranging from a free subscription service with ads to help generate revenues from advertisements, discounts for students, and promoting a premium tier that offers the Xbox Ultimate Game Pass to help attract and promote gaming through Netflix’s streaming service.

**Background**

Netflix is an American subscription video-on-demand over-the-top streaming service owned and operated by Netflix, Inc. Netflix is one of the leading entertainment services worldwide, offering a wide variety of award-winning TV shows, movies, anime, documentaries, and more on thousands of internet-connected devices. With over 232 million subscribers, Netflix has been prosperous in its transition from mailing DVDs to online streaming and has built a strong brand and loyalty from its consumers. (MUO)

**Managerial Problem**

In recent years, Netflix has been making some questionable choices, such as removing its family share services, making a majority of Netflix subscribers unhappy. According to 99 Firms, “41% of Netflix users are not paying for their service" due to the removal of family-sharing services. Simultaneously, Netflix has been experiencing a huge subscriber loss “due to increased competition from other streaming services, adverse global economic circumstances (Covid-19), and the fact that the company already has a very high level of subscribers” (USAToday). In 2022, the world’s largest streaming service lost 970,000 subscribers in three months ending June 30th of 2022 and losing a predicted value of 2 million dollars following a stock price plunge of 71%. Netflix has decreased sales from $5,116,228 in 2021 to $4,491,924 in 2022. With respect to the loss, companies such as HBO Max, Disney+, Hulu, Crunchyroll, and Amazon Prime have only made gains. Marketing managers of Netflix must find a way to implement new strategies to help retain and attract streaming consumers as well as target new markets to bring under their arsenal and increase revenues.

# Situation Analysis

**Market Description:**

Netflix is a leading online subscription-based streaming service and production company. With over 232 million subscribers, Netflix has been prosperous in its transition from mailing DVDs to online streaming and has built a strong brand and loyalty from its consumers. Founded in 1997, this company always seemed to prioritize ensuring its subscribers enjoyed the provided content. Netflix transitioned into a streaming service to satisfy customer demand amidst a time when online video entertainment became more frequent because of sites like YouTube. The streaming service now caters to a broad and diverse audience, appealing to people of various demographics like different age groups, interests, and cultural backgrounds. Netflix's content library covers a wide range of genres, movies, TV shows, documentaries, and original material to provide appealing content for everyone.

**Product Review:**

As Netflix noticed that this area of online streaming was gaining them more subscribers, they began creating original series’ with their production team. *House of Cards* and *Orange is the New Black* were two of Netflix’s most popular series that communicated to customers the value and excitement of having a Netflix subscription. Along with original content, Netflix provides classics and the latest releases that people can easily navigate with its user-friendly interface and find personalized recommendations on their homepage.

**Managerial Decisions:**

Netflix has recently decided to enforce restrictions on password sharing. They seemed to be doing well in 2021 due to Covid-19 restrictions when people around the world were in their houses. However, because of a lack of consistent, entertaining series and a rise in prices for their plans, customers began flocking away from Netflix. Figure 1 below shows a decrease in the company's net income compared to 2021 when they were doing well. With other streaming platforms like Hulu and YouTube TV, customers no longer see the need to have Netflix anymore. Restrictions for customers sharing accounts with family and friends were the cherry on top for people to leave Netflix.

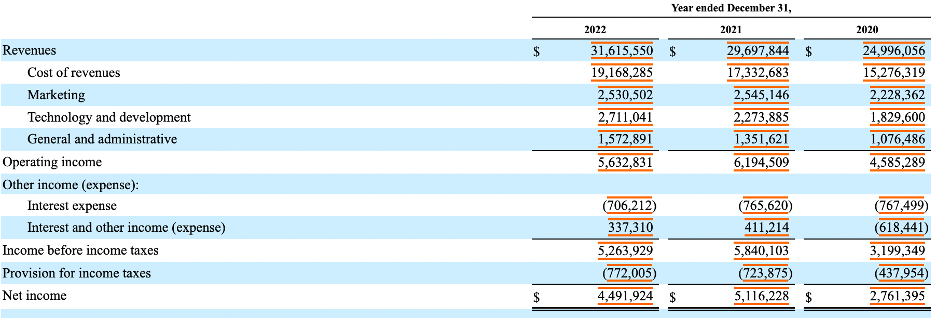


Figure 1

**Competitive Review:**

Although Netflix is one of the top streaming platforms worldwide, Netflix is still shrinking and losing sales/revenue due to competitors such as Amazon Prime, HBO Max, Hulu, YoutubeTV, and Disney+. Even though each of the mentioned streaming services is operating individually, some are creating partnerships, such as Hulu & Disney+, to increase subscribers and revenues to climb the ranks in the streaming services. But in comparison to the weaknesses of top competitors, Netflix's strengths are its extensive content library, global reach, and popular original content, which are aspects we should capitalize on while moving forward with this marketing plan.

**Channels and Logistics Review:**

Netflix's primary means of operation is its internet streaming service, which one can access from various devices like computers, smart TVs, smartphones, and tablets. Customers that pay for the company's subscription-based service can access the vast collection of films, TV series, documentaries, and original series. As for digital marketing, Netflix utilizes multi-channel marketing where social media, websites, print media, Youtube, and billboards are all used for promotion.

Netflix's logistics operations involve content acquisition, processing, encoding, storage, and delivery. The company procures content from various sources, like licensing agreements with production companies, distribution partnerships, and original content production. This diverse content acquisition strategy provides a broad range of entertainment options for Netflix's subscribers. After the acquisition, Netflix processes and encodes content into various formats to ensure compatibility across many devices and network connections. To store and deliver its vast library of content, Netflix utilizes a distributed network of data centers.

# Strategy (STP)

**Segmentation**

Our segmentation was done in four different categories: age, country, education, and profession field. Being an online provider, Netflix streaming is available worldwide and thus needs to focus on each region. Education is one important factor, as Netflix has shown that most of its viewers either have no or little college experience. Age focuses on what kind of shows are likely to be viewed and how many of each generation watch shows compared to other activities. Professions can help determine wages and focus on recommendations to be more connected with individual lifestyles.

**Targeting**

When it comes to our target audience, we have our sights set on working adults and millennials, recognizing their importance as key consumers. We also direct our efforts towards students and Generation Z, understanding the significance of capturing the attention of the younger demographic. Additionally, we aim to cater to families and friend groups, providing content that can be enjoyed by multiple viewers together. Geographically, our primary focus is on North America and Europe, as these regions offer a substantial market share and a large customer base.

**Positioning**

Our positioning strategy involves targeted advertising campaigns that focus on gaming and tiered subscription options. By leveraging targeted advertisements, we aim to reach and engage multiple customer bases, including gaming enthusiasts and families seeking diverse entertainment options who can benefit from our combined offering. Additionally, we will direct our attention to hubs of students and young adults because of their influence in shaping entertainment trends and their potential as key customers. By communicating the value and flexibility of our pricing plans, we will position Netflix as the go-to streaming service that allows a wide variety of customers to choose subscriptions that align with their budgets and preferences.

# Action Plan

Our action plan entails altering Netflix's current price plans and adding a bundle option that includes an Xbox game pass.

**Product**

Our new product is to create a tier that bundles with an Xbox game pass and game streaming services. This will give users both Netflix movies and shows they can watch alongside the Xbox library of games they can play.

Currently, Netflix offers four tiers of price planning. We will adjust these down to three different tiers plus the bundle tier for a total of four new subscription plans. These tiers will still offer the same streaming services but adjusted for the number of users depending on the plan. For the cheapest plan, we will allow a maximum of two devices per account. For the standard plan, we will allow six devices. The premium tier with the game pass will allow unlimited devices. Additionally, only the higher tiers will be able to download content.

**Price**

The bundle's price will be $19.99/month, using the leading number psychology. A standard Netflix plan and an Xbox game pass are $15/month, totaling $30 if a customer purchased the two separately. Therefore, the discount will incentivize customers to get the bundle and save 33%.

Netflix's current tiers will have their prices adjusted. The cheapest plan will be free of cost with advertisements in order to deal with server costs. The next tier will cost $9.99 as a standard plan with a student/veteran discount. The regular standard plan is $14.99, which is the price Netflix has set currently. The new free tier will replace the lower two tiers in Netflix's current plan. This allows a large group of new viewers to join and try out our services comfortably. Once realizing they enjoy Netflix, they may upgrade to higher tiers to enjoy Netflix advertisement-free.

**Promotion**

We plan to offer a promotion where if first-time customers purchase the game pass premium bundle, it will be $7.99 for the first three months. In addition to offering this deal, we will promote our new pricing tiers and our special bundle with Xbox using Google advertisements, YouTube, and social media applications like TikTok and Instagram.

**Place**

We aim to maximize reach and engagement among our desired audience by strategically targeting online platforms and channels catering to our targeted segments. So, these plans will be available through Xbox, the Microsoft store, and Netflix sites. Advertising for the bundle tier, such as the one in the appendix, will also primarily take place online, including Google advertisements, YouTube, and social media applications. It will replace any current Netflix ads, including those found on Television.

# SWOT Analysis

**Strengths**

Our strategy for Netflix is to expand our target market so that people of all incomes can enjoy the provided services. This is a strength for the company in that Netflix will become an even bigger household name by moving forward with these plans. Every household member will benefit from the bundle since it caters to both movie watchers and video game players. Customer loyalty will also allow Netflix to build on the anticipation for the sought-after original series.

**Weaknesses**

Some potential weaknesses are Netflix not being recognized for this marketing strategy and customers maintaining loyalty to other streaming platforms. Additionally, lower prices for plans allow consumers to take advantage of our products. There is also a possible loss in revenue since the costs of providing and producing original series and films remain the same.

**Opportunities**

This strategy opens the opportunity for a partnership with other streaming companies. If all goes well, it may also attract production companies to seek collaboration with Netflix, leading to higher budgets and quality productions for films that Netflix can produce for consumers. Because of our partnership with Xbox, Netflix can potentially branch out into VR in the future too. Xbox and Meta, a VR company, announced last year that they plan to integrate their services, allowing users to stream Xbox games to their VR headsets. So with many people interested in VR, this provides Netflix an opportunity to advertise and collaborate with VR companies like Meta.

**Threats**

Our competitors can respond with similar strategies that offer better services in collaboration with other well-known companies. Customers leaning toward live streaming makes Netflix face a threat of platforms like Youtube TV rising over them as well.

# Appendix

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## Advertisement

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