Netflix Pitch

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Problem

Rising content costs

$100 million paid to renew its licensing of 'Friends', comparing to $30 million previously

Increasing business competition

Potential competitors on the horizon:
Prime videos, Hulu, Youtube, Showtime, and HBO, especially Disney since it prepares to ban Netflix ads on all of the properties it owns

Poorer subscriber feedback

Users complain that they can't customize their personal home screens they are actually interested in, and fail to randomly select the content, blaming to the recommender system

Level of Change

Level 5	Organizational Competency	Change management competency is evident in all levels of the organization and is part of the organization's intellectual property and competitive edge	Continuous process improvement in place	Highest **profitability** and responsiveness
Level 4	Organizational Standards	Organization-wide standards and methods are broadlly deployed for managing and leading change	Selection of common approach	
Level 3	Multiple Projects	Comprehensive approach for managing change is being applied in multiple projects	Examples of best practices evident	
Level 2	Isolated Projects	Some elements of change management are being applied in isoloated projects	Many **different tactics** used inconsistently	
Level 1	Ad Hoc or Absent	LIttle or no change management applied	People-dependent without any formal practices or plans	Highest rate of project failure, turnover and productivity loss

The level of change management maturity: **3**
- Change management is initiated at the start of multiple projects
- The profitability is high but still have some rooms to improve

Customer Journey Map

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- Describe subscriber actions in details
- Estimate the pain points
- Seize the opportunities

	Open TV/apps	Log in account	Pick a show	Clicks the one he likes	When not use
Actions	Open Netflix on TV, phones, or tablets	Log in account with names and password	Browser all movies and shows on the page	Make the decisions and click "play"	When users are not using the app
Pain points	Too many shows	Sometimes it rewinds the shows I never watch	Don't know what I am interested	It doesn't have Got, Billions, and many other movies	Too many commercial emails I has all my data and preferences
Opportunities	Customize the recommendation by analyzing users' behaviors such as search history, clicks, time spent on each page, etc.	Apply more advanced analytics techniques to improve the performance of recommendation	Provide detailed introductions of each show, which can be edited or commented by other users	Make business connections with HBO and other providers to enrich the content lake Trying other business modes that avoid directly competing with them.	Reduce frequency of emailing Try another commercial modes such as google ad..

Change Motivation

A subscription-based business model with three plans: basic, standard, and premium

$ 7.99

↓

$ 8.99

58 Million

$ 463 Million

↓

$ 521 Million

Basic plan per month

* $ 12.99 standard
  $ 15.99 premium

US domestic subscribers ending in January 2019
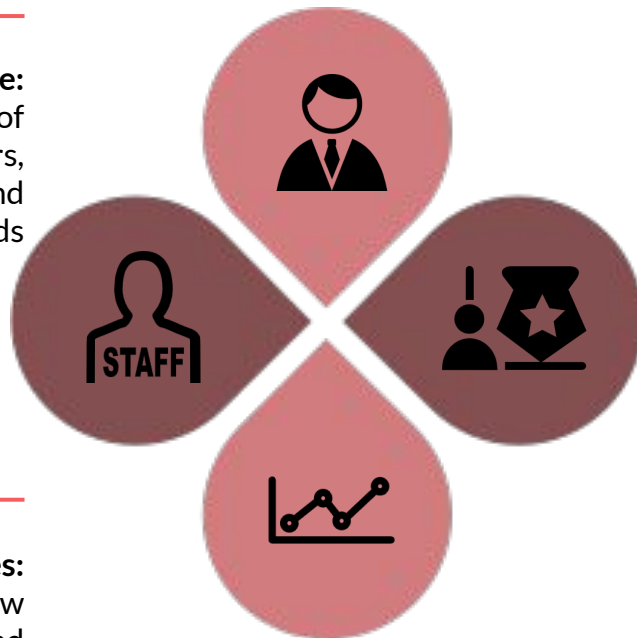
Monthly revenue estimate

Benefit of Change

C-suite:
Expect to enjoy the change in forms of improved ROI, number of subscribers, goal-match with investors, and bonuses and dividends

Leadership:
Enhance the leadership by rooting Netflix business culture, building a coalition, gaining supporters and creating lasting impact to the firm and the market

Employees:
Improve the abilities to learn new skills, adapt new responsibilities, and develop an efficient mindset

Analytics:
Creates a data-driven culture through establishment of culture for analytics, sufficient tools, resources for support, collaboration of employees and continuous assessment of analytics initiative

Change implementation

| Plan for detailed steps, timeline, and resources needed to implement specific changes	Acquire the resources needed	Communicate the plan for overall changes to every employee in each team	Allocate and communicate new responsibilities to current employees	Forster organizational receptivity toward the changes and encourage actions

Implement changes to accomplish the goals:
- **Grow its streaming subscription business**
- **Advance recommender system**
- **Improve customer experience to serve better**

Solution
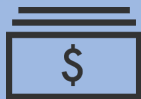
Raise monthly subscription prices to pay escalating content bills
- Still remains one of the cheapest streaming options in the market
  - $ 8.99 basic plan vs. HBO $14.99, Amazon Prime $12.99, Showtime $11
- Find the balance between low prices and high content investment

Offer a slew of new content to enhance competitive advantages
- Keep up the original content quality as it generates major awards attention from its hit shows like "Stranger Things" and "The Crown" to films "Roma"
- Differentiate themselves to other services by original content and business strategies

Improve customer experience for the benefit of members
- Make changes in the recommender system that subscribers can customize their home screens they are actually interested in
- Add a random select button to light up the mood
- Mark the movies as such if they have seen it

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Thank you

Q&A