

NETFLIX

Unlimited Movies, TV Shows and More.
Watch anywhere. Cancel Anytime.

Overview

- About Netflix
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- Internal Analysis
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- Changes to the Strategic Move
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About Netflix

1997: Netflix mailed DVD rentals to consumers.

2002: Netflix's IPO, sold at \$1 per share under NASDAQ ticker NFLX.

2007: Streaming TV series and films are introduced.

2010: Netflix arrives in Canada & streaming launches on mobile devices.

2013: House of Cards, Hemlock Grove, Arrested Development and Orange is the New Black introduce original series programming.

2015: Netflix acquired first original featured film "Beasts of no Nation" & extends subscription membership to Australia, Italy and Japan.

2020: Introduces TV/Movie recommendations for the first time.

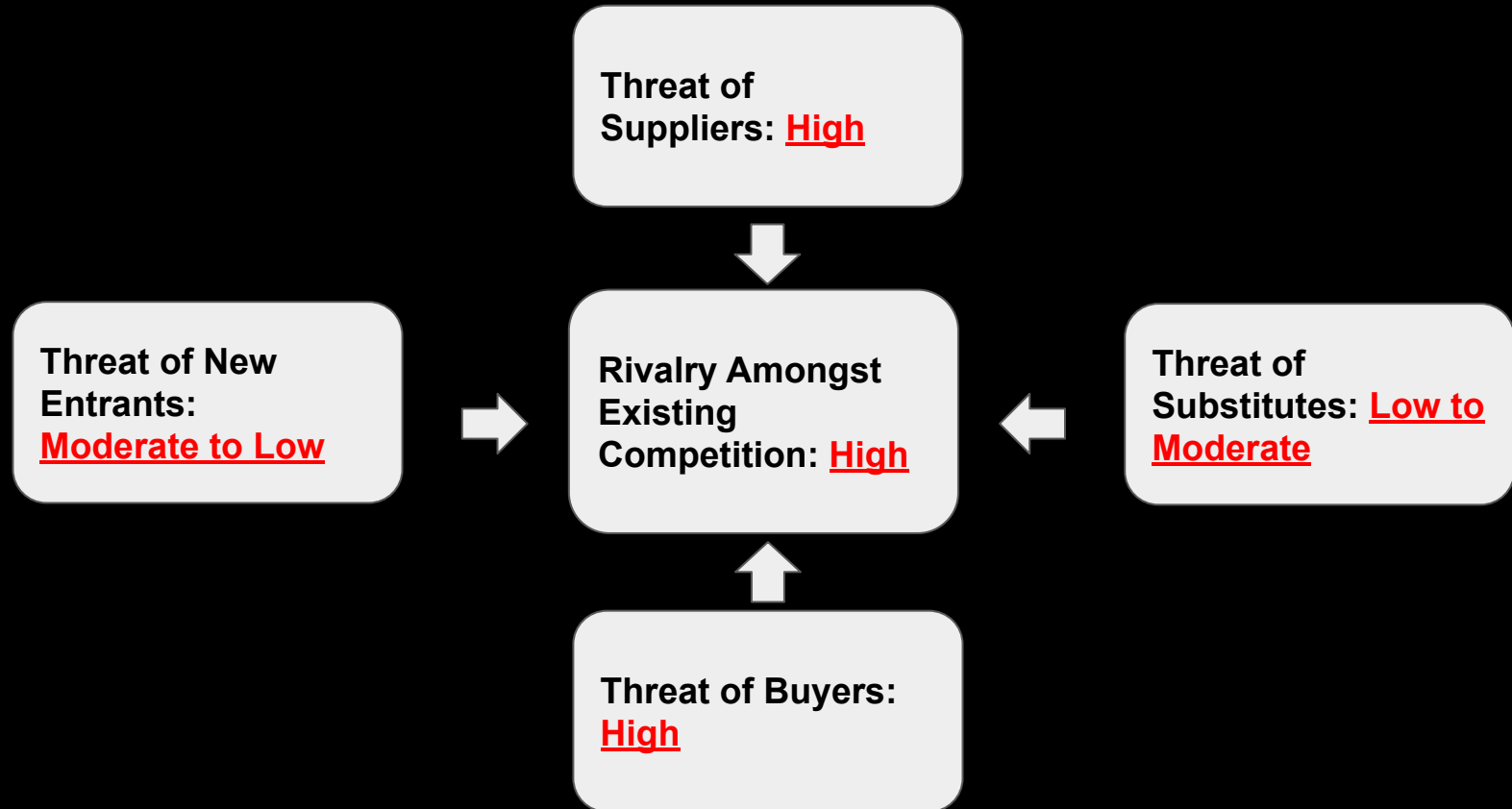
External Analysis

Tech & Entertainment Industry

- Comprised of businesses that produce and distribute motion pictures, television programs and commercials, streaming content, music and audio recordings, broadcast, radio, book publishing, and video games.
- Pressured to keep innovating through constant emerging technologies



External Analysis - Five Force Analysis



External Analysis - PESTEL Analysis

<u>Political/Legal</u>	<u>Economic</u>	<u>Social/Demographic</u>
<ul style="list-style-type: none">• Restrictions on certain content depending on licensing or country's government, Ex: China• U.S. content streaming in other countries due to VPNs• Netflix prohibited from doing business in sanctioned countries: North Korea, Syria, Grimea	<ul style="list-style-type: none">• Increasing subscriptions prices• Exchange Rates	<ul style="list-style-type: none">• "Cord-Cutting" has increased with the rise of streaming services• Increase is seen amongst younger generation

External Analysis - PESTEL Analysis (Cont.)

Technological

- Quality Improvement
- AI techniques used to compress content without affecting quality
- Aimed at growing segment of consumers using smartphones or tablets
- 4K Resolution

Environmental

- Does not use raw materials
- Netflix's global energy consumption: 451,000 megawatt hours (2019)
- Focused on sustainability
- Using renewable energy from own facilities or from facilities in other countries

Competitor Analysis

Main Competitors:

<u>Amazon Prime Video</u>	<u>Hulu</u>	<u>Youtube TV</u>	<u>Disney +</u>
<ul style="list-style-type: none">• 150 million subscribers (2019)• 17 countries• Prime: \$119 per year or \$12,99 a month• Prime Video: \$8.99 per month	<ul style="list-style-type: none">• 30 million subscribers• Available only in U.S.• Bought by Disney (2019)• Basic Plan w/ Ads:\$5.99• Basic Plan w/o Ads:\$11.99• Hulu + Live TV: \$54.99 - \$60.99	<ul style="list-style-type: none">• 3 million subscribers (2020)• Available only in U.S.• \$64.99 per month	<ul style="list-style-type: none">• 73 millions subscribers (2020)• 30 countries• Includes a long catalog of Disney & 21st Century content• \$6.99 per month or \$69.99 per year• Disney +, Hulu, ESPN bundle: \$12.99 per month

Internal Analysis

Core Mission, Strategy and Vision

Netflix has a core strategy to grow its streaming membership business globally within the features of its operating margin target

Corporate Level Strategy

- Spending
- Content
- User experience
- Global Strategy



Partnerships and Alliances

- Acquired Millarworld - Comic Publishing company
- Acquired Story Bits - Children's media brand
- Alliances with rivals, cable companies - Netflix Everywhere



#netflixeverywhere



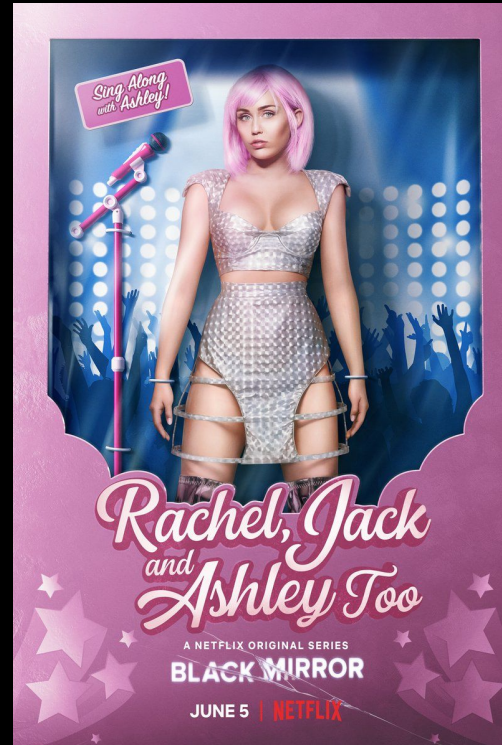
Business Level Strategy

- Competitive advantage
 - Cost leadership
 - Differentiation
- Intensive Growth Strategy
 - Market penetration - Main Focus
 - Market Development - Secondary Intensive

Strategic Move - Differentiation

Stranger Things + Black Mirror

- Statistics of Stranger Things
 - 13% of Ex - Netflix Users Returned
 - 64 million Netflix Accounts Streamed within 4 weeks
- Releasing all episodes at once
 - Enables binge watching
 - Social media sharing
 - Desire for more content



Changes to NetFlix based on Differentiation

- + More original content produced and acquired worldwide.
- + All on one platform, one subscription.
- + Movie/TV catalogs are replaced by movie/TV show recommendations.
- + Using AI tools to find out consumers watching preferences and price points.
- Higher cost of licensing fees may cause Netflix's subscription plans to increase.
- There may be a loss of existing customers. But new Customers keep coming.
- Some regions restrict original content.
- + Netflix's foreign subscribers use VPN's to stream more content.

Strategic Move - Resources

“Since 2013, we’ve been at a scale where we can economically create original content for Netflix and our offering has improved as we grow further and gain greater confidence.”

Oscar & Golden Globe Nominations

Strategic Move - Effectiveness



In the year 2019:

- Profit of \$665.2 million
 - \$1.47 per share

In the year 2018:

- Profit of \$402.8 million
 - \$0.89 per share

Revenue rose 31%

Recommendations - Short Term

Expanding streaming services to Foreign communities

Benefits

- Bigger subscriber additions
- Advantage over competitors such as Disney+

Disadvantages

- Various business models
- Heavy investment in research, data, and analytics
- Different infrastructures of technology

Recommendations - Long Term

Content Creators and Netflix Original Submissions

Benefits

- Increase connection to pop culture
- Focus more on strategy, ideation, marketing, and experimentation
- Diversity in customer satisfaction

Disadvantages

- Requires strong strategic agility
- Long term marketing strategy

Executive Summary

- Netflix has established itself as a successful entertainment industry by offering customers hours of entertainment; that content is consistently updated and easy to access.
- Affordable subscription plans for \$8.99, \$12.99 for HD-quality, and \$15.99 for premium with high quality streaming of your favorite shows/movies.
- Uses highly effective strategy as the subscribers growth increases every year and increases revenue

Questions



NETFLIX