

NETFLIX

GROUP 5

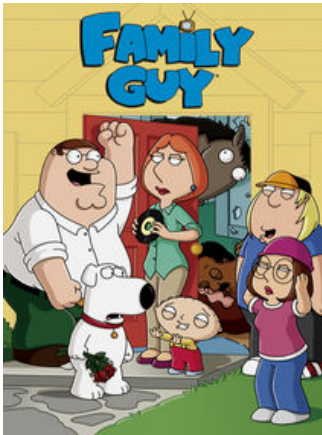
MSOM 301-004

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Meet The Team



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Company History



- Netflix was founded in Scotts Valley, California, in August of 1997 by Reed Hastings and Marc Randolph, both veteran "new technology" entrepreneurs, to rent and sell DVDs over the Internet.
- Industry: Video rental and Streaming
- Headquarters: Los Gatos, California

Background

- Netflix is the world's leading Internet television network with over 44 million members in 41 countries enjoying more than one billion hours of TV shows and movies per month, including original series.
- For one low monthly price, Netflix members can watch as much as they want, anytime, anywhere, on nearly any Internet-connected screen.
- Members can play, pause and resume watching, all without commercials or commitments.
- Netflix launches in the United States, Canada, Latin America, the Caribbean, the United Kingdom, Ireland, and Netherlands
- In 2003 Netflix ends reached 1 million subscribers
- Netflix now has over 40 million members globally

Article 1: How Netflix Reinvented HR

- Netflix 'Company Values' PowerPoint went viral
- Created by CEO and founder Reed Hastings
- Viewed 5 million times
- Engineered HR policies for Netflix
- Originally considered very drastic
- Credited for Netflix's employee loyalty and company success

Pioneering Ideas in Management

1. Hard work – not relevant

- Encourages employee creativity
- The ends justify the means

2. Context, not Control

- Discourages micro-managing
- Gives situations in which control is necessary

3. People should manage their career growth

- Democratic Leader
- Consultative Leadership

Article 2: Netflix vs Traditional Television

- Shows like “House of Cards” and “Orange Is The New Black” are available only on Netflix diminishing the need to pay for cable subscription.
- Fewer people are now willing to pay for cable as they can just stream their favorite shows through Netflix, Amazon or Hulu.
- Subscribers can watch programs when they want and can do so outside of their home on their mobile devices and tablets.
- American cable subscribers: \$80/month (not including broadband)
- Netflix: \$10/month

Short-Term & Long-Term

- *Short-Term*

- ☐ Netflix has not come close to killing cable television because content-owners have restricted Netflix's ability to buy rights to shows until they have aired on television.
- ☐ Live sports still needs a subscription to cable.

- *Long-Term*

- ☐ 900,000 households in America have cut their cable in favor of streaming their shows and movies.
- ☐ Research shows that this will accelerate in time.

SWOT Analysis

- *Strengths:*

- ☐ Low cost product
- ☐ Strong expansion
- ☐ Big customer scale
- ☐ Streaming capabilities

- *Weaknesses:*

- ☐ Loss of DVD subscriber
- ☐ Lack of Streaming Content/New Releases
- ☐ Inability for Subscriber Base to Absorb Price Increases

SWOT Analysis (Continued)

- *Opportunities:*

- ☐ *Branding*

- ☐ *International Expansion*

- ☐ *Distribution*

- *Threats:*

- ☐ *Other Streaming Competitors*

- ☐ *Increasing cost to license content*

What Other Businesses Can Learn

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Big Data and Data Mining

- What you watch
- Pauses, rewinds, fast forwards
- Ratings, Searches, Time of Day, Devices



Analyze – “The More You Know”

- Binge Watching
- User friendly and Recommendations
- Original Content



Endless Possibilities

Conclusion

- Netflix is a king at Big Data and mining it for useful information.
 - ☐ Analyzes what you watch
 - ☐ collect data on pauses/rewinds/fast forwards; ratings; searches; time of day content is watched; devices used to watch.
 - ☐ Other companies may not need this exact information but analyzing and collecting data on your customers is key efficiently.
- *Another lesson learned is improved offerings.*
 - ☐ Original content, user friendly, and providing recommendations.
 - ☐ Netflix didn't take a shot in the dark with it's original content but based it off of massive database of entertainment prefaces.
 - ☐ Netflix does this to not only improve customer retention but to gain more customers at the same time.

References

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