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## Strategic Management and Business Policy – Term End Assignment

### Question 1 (15 points)

#### a. What is the primary industry in which the selected firm operates?

The principal industry in which Netflix operates is the transmission of entertainment content. Netflix is a streaming entertainment provider that offers subscription services for streaming movies and television series episodes over the internet. Its core business is in the entertainment industry, where it has revolutionised how movies and television shows are viewed. Netflix was founded in 1997 and has since evolved to become the world's largest digital media company, offering a massive library of content to users around the globe.

Netflix is a multisector organisation recognised as a market leader in the streaming video industry. They primarily operate in the streaming media business, providing consumers access to a vast selection of movies, television series, and other media via various hosting and streaming services.

Netflix was a significant early mover to establish itself as a leader and game-changer in the industry, establishing itself as a pioneer. In addition to focusing on the streaming video industry, Netflix has grown into other areas, including production and distribution. Their versatile and agile business strategy has allowed them to quickly capture the value and generate profits enabling them to expand their reach.

#### b. Perform Porter's five forces analysis of the industry in which this firm operates.

Porter's Five Forces is a framework developed by Harvard Business School professor Michael Porter to analyse an industry's competitiveness. It is a method for analysing competitive pressures in an industry and understanding the underlying elements that drive market profitability. It is a framework that assists firms in identifying and analysing the critical competitive drivers in their sector. Applying this approach to the media and entertainment sector, in which Netflix competes, can give insights into the industry's competitive landscape and the difficulties and possibilities that Netflix faces. The five forces in Porter's model are:

1. **New entrant threat:** This force considers the ease with which new enterprises can enter and compete with current firms. The obstacles to entry and the level of market competition determine the threat of new entrants in a sector. Netflix faces moderate competition from new competitors in the entertainment content distribution market due to the challenge of obtaining economies of scale in this industry and the high brand recognition and customer loyalty that Netflix has developed. Netflix has firmly established itself as a market leader with a strong brand and reputation, making it challenging for new entrants to enter and compete.
2. **Threat of substitute products or services:** This force examines the availability of substitute products or services that can be employed in place of those provided by the industry. The availability of alternative products or services that meet the exact needs of the product or

service is referred to as the threat of replacements. In the entertainment content distribution sector, Netflix competes with replacement products, such as cable and satellite TV, and other streaming services, such as Hulu and Amazon. Because of the number of rival streaming platforms and the simplicity with which consumers can switch between them, the threat of substitute products or services is relatively substantial in the case of Netflix.

3. Buyer bargaining power: This force considers the ability of buyers (i.e., customers) to negotiate the price or terms of a product or service. Buyer bargaining power refers to a customer's capacity to negotiate favourable prices and terms. Buyer bargaining power is limited in the entertainment content distribution market since several competitors offer identical products and services. Buyer bargaining power is meagre in the case of Netflix due to the need for more transparency in pricing and the restricted options available to consumers.
4. Supplier bargaining power: This force examines suppliers' (businesses that offer goods or services to the industry) capacity to negotiate the price or terms of their products or services. The ability of suppliers to negotiate favourable prices and terms is referred to as their bargaining power. Because many companies produce material and compete for distribution deals in the entertainment content delivery market, providers' bargaining leverage may be more significant. Netflix's supplier bargaining strength is relatively low due to the many content providers available to work with and the fact that it develops much of its own content.
5. Competitive rivalry intensity: This force considers the level of competition within the sector and the intensity with which enterprises compete. The story of industry competition is determined by competitors' number and strength and the degree of differentiation between products and services. There is fierce competition in the entertainment content delivery market. Netflix's competitive competition is relatively intense due to the many competitors in the streaming media business and the ongoing pressure to provide high-quality content while maintaining a healthy user base.

**c. Conclude if the threat to this industry is high, medium, or low.**

Netflix works in a moderately competitive media and entertainment market due to the significant danger of replacement products or services, the intensity of competitive competition, and the limited bargaining power of customers and providers. According to Porter's Five Forces research, the danger to Netflix's media and entertainment business is relatively great.

Due to the high obstacles to entry in the business, such as the requirement for significant financial investment and the difficulties of developing a reputable brand and reputation, the danger of new entrants might be more critical. Yet, the threat of replacement goods or services is rather significant due to the number of other streaming platforms and the simplicity with which customers may switch between them.

Due to the abundance of rivals in the streaming media industry and the ongoing need to generate high-quality content and retain loyal customers, competitive competition is also quite intense. In addition, purchasers' negotiating power could be more substantial due to the opaque price structure of Netflix's services and the restricted alternatives available to consumers. Ultimately, the media and entertainment sector is a dynamic and competitive market that is continually developing, and successful businesses like Netflix must be able to adapt and stay ahead of the competition.

Overall, the multimedia streaming sector faces a significant danger. Netflix has a great competitive position in the market, but it confronts tremendous competition from other competitors and must strive continually to preserve its competitive edge.

### **Question 2 (15 points)**

#### **a. What are the critical resources and capabilities of the selected firm?**

Netflix's success as a streaming media firm has been aided by several essential resources and capabilities, including:

- **Content:** Netflix's massive collection of films and television programs, including licensed content and original projects, is one of its most important assets. Netflix has spent billions of dollars purchasing and developing a wide range of content, including films, television series, documentaries, and stand-up comedy specials. This has assisted the publication in attracting and retaining a broad and diversified subscriber base. This content is crucial for Netflix and has helped the company attract and keep customers.
- **Technology:** Netflix has made substantial investments in technology and data analytics, which it utilises to monitor user behaviour and preferences. This allows it to provide material suited to the interests and preferences of its subscribers. The corporation has developed sophisticated technologies, including algorithms and machine learning, to personalise the material it suggests to customers based on their watching history. This technology enhances the user experience and maintains user engagement with the platform.
- **Distribution:** Netflix's global distribution network enables streaming of its programming in over 190 countries. This has assisted in expanding its reach and attracting a broader audience. This has helped the business improve its consumer base and income.
- **Marketing and branding:** Netflix's strong and well-known brand has helped it establish itself as an industry leader in media and entertainment. Its brand awareness has also helped it gain collaborations with content makers and recruit top talent. Netflix uses customised advertising and social media to gain new consumers and promote its content.
- **Partnerships:** Netflix has created strong ties with content providers such as film studios, television networks, and independent production businesses. This has enabled them to gain exclusive streaming rights to popular programming, allowing it to differentiate itself from its competitors.

Netflix has tremendous financial resources, including a substantial income stream and access to finance, allowing it to invest in content and technology and grow its operations abroad.

Talented executives, content producers, and technical specialists have contributed to Netflix's development and success.

In conclusion, Netflix's primary resources and skills comprise its enormous user base, excellent brand recognition, extensive content collection, superior recommendation engine, and partnerships with filmmakers and producers. In addition to its own platform and website, as well as relationships with content creators and device manufacturers, it has a robust distribution network. Netflix has also invested in its own production facilities, enabling it to generate original content and differentiate itself from rivals. In addition, Netflix pays a premium on innovation and strives to improve its technology and customer experience continuously.

**b. Perform a VRIN analysis of the selected firm.**

The term VRIN stands for Value, Rarity, Imitability, and Non-substitution. A VRIN analysis evaluates the value, scarcity, imitability, and non-substitution of a company's resources and competencies. A VRIN study of Netflix is as follows:

**Value:** Netflix possesses several significant assets and talents. Its enormous and expanding client base is one of its greatest assets. As of April 2021, Netflix has a substantial competitive edge in terms of its reach and impact, with over 208 million customers. Its extensive content collection is another great asset. The content collection and technology employed by Netflix, such as algorithms and machine learning, are significant assets that contribute to the company's success. These resources allow Netflix to personalise the material it suggests to each user based on their watching history, enhancing the user experience and maintaining user engagement on the site. Moreover, Netflix's distribution network enables it to reach users in over 190 countries, expanding its customer base and boosting its income.

**Rarity:** Some of Netflix's resources and talents are uncommon, making them difficult for competitors to imitate. This technology is unique and difficult to copy, providing Netflix with a competitive advantage. For instance, Netflix has created a reasonably sophisticated algorithm for recommending material to viewers based on their watching preferences. In addition, Netflix's content collection, which comprises both licensed content and original works, is a unique asset that distinguishes the firm from its rivals. Thus, Netflix's technology, such as algorithms and machine learning, provides the corporation with a competitive edge.

Others may be able to imitate Netflix's content catalogue and technologies, but it would take them more time owing to their complexity. Being a market leader with a strong brand and reputation, Netflix has made it challenging for new competitors to enter and compete with it. In addition, Netflix's technology is unique and not readily available to other businesses, making imitation difficult. For instance, their business model of supplying a subscription-based streaming service is easily replicable by other organisations. However, Netflix has retained its competitive edge by continually investing in and extending its content library and innovating in recommendation algorithms and user experience.

Netflix's content library and technologies are irreplaceable resources that other resources cannot replace. These resources are crucial to the company's business strategy and are indispensable to its operations.

**c. Conclude which resources and capabilities are sources of sustained competitive advantage for the selected firm.**

The VRIN research suggests that Netflix's content library and technologies provide the firm with a sustainable competitive edge.

Netflix's content collection, which contains licensed content and unique works, is a valuable and scarce asset that distinguishes the firm from its rivals. This content is Netflix's key differentiator and has helped the firm attract and keep many devoted customers. In addition, it isn't easy to replicate the content collection due to the time and resources necessary to generate and publish high-quality material.

Netflix's technology, such as algorithms and machine learning, is a unique and precious asset that provides the corporation with a competitive edge. This technology lets Netflix personalise the material it suggests to each user based on their watching history, enhancing the user experience and

maintaining user engagement. Due to its private nature and the skill necessary to develop and maintain it, the technology is complicated to replicate.

Netflix's content collection and technology are irreplaceable resources essential to its operations and economic strategy. These assets are sources of ongoing competitive advantage for the firm since they allow Netflix to differentiate itself from its rivals and deliver a valuable and distinctive service to its customers.

Overall, the VRIN analysis indicates that Netflix has a significant competitive advantage due to its resources and skills' value, scarcity, and irreplaceability. Its imitable assets and competencies, such as its business model, are reasonably typical sources of competitive advantage. Yet, Netflix has retained its industry-leading position via ongoing innovation and wise investments. Netflix has a competitive edge in the media and entertainment business because its resources and talents are valued, uncommon, difficult to replicate, and irreplaceable.

### **Question 3 (15 points)**

#### **a. Describe the kind of business-level strategy the selected firm follows in its primary industry – cost leadership or product differentiation.**

In its primary media and entertainment industry, Netflix follows a product differentiation business-level strategy. Product uniqueness is essential to Netflix's media and entertainment business success. By providing exclusive, high-quality original material and a user-friendly interface, Netflix has created a valuable brand identity that sets it apart from its competitors. This enables the business to charge a premium price and attract a varied clientele.

One of the primary benefits of a differentiation strategy is that it enables a business to cultivate a less price-sensitive consumer base. In the instance of Netflix, the firm has established a strong brand identity based on its creative and distinctive offers. This has helped the organisation attract and maintain consumers, despite the entry of competitors offering comparable services.

Netflix has differentiated itself with its user-friendly interface and recommendation technology, in addition to its original content. By facilitating the discovery of new material, Netflix has made it simple for people to search and watch their favourite content. This has contributed to a rise in client happiness and loyalty, fuelling the company's development and profitability.

Focusing on foreign expansion and localisation is crucial to Netflix's differentiating strategy. Netflix has established a worldwide customer base devoted to its brand by adapting its content offerings and user experience to different areas across the globe. This has helped the firm to swiftly expand into new regions and capitalise on the expanding global demand for streaming services.

Netflix's media and entertainment business success is mainly attributable to its product diversification strategy. By providing creative and distinctive goods and services, the firm has established a strong brand identity and a following of devoted customers. This has contributed to the company's development and profitability and established Netflix as a leader in the streaming market.

#### **b. List down the sources of cost advantages (if following cost leadership) or bases of differentiation (if following product differentiation).**

Netflix has a product differentiation business-level strategy, which implies that it seeks to distinguish its product offerings from those of its rivals to attract and keep consumers. Here are several sources of distinction that Netflix has used to accomplish this goal:

- Netflix has a solid reputation for developing and licensing high-quality, one-of-a-kind content that is not accessible on other streaming services. "Stranger Things," "The Witcher," and "The Crown" are three popular Netflix original shows.
- Netflix is available in over 190 countries, and the company has concentrated on localising its content offerings in each location to appeal to a broad global audience. Netflix, for example, has created original shows in different languages, including "Narcos" in Spanish and "Money Heist" in Spanish and English.
- Netflix provides diverse material, including movies, TV series, documentaries, and stand-up comedy specials. This enables it to appeal to a diversified consumer base with a wide range of interests.
- Multiple subscription plans: Netflix provides a variety of subscription plans that allow consumers to select the degree of content access that best meets their needs. Users may also share their accounts with other individuals, which can be a cost-effective alternative for families or groups of friends.
- User interface: Netflix's user interface helps consumers to browse and discover new content conveniently. It also provides customised suggestions based on a user's watching history and interests with its proprietary algorithms known as recommender systems.

**c. Using the VRIN framework, conclude if some sources or bases can confer a sustained competitive advantage to the selected firm.**

The VRIN framework helps evaluate organisations in terms of cost advantages and differentiators. The framework provides a systematic method for assessing a company's resources and skills, which is crucial for businesses looking to acquire and maintain a competitive edge. In the case of Netflix, the company's success is primarily attributable to its ability to generate value for customers through uncommon, difficult-to-imitate, and non-substitutable goods. Netflix is one such firm that has achieved remarkable success by leveraging cost advantages and creating appealing value for customers. The VRIN framework assesses the value, rarity, imitability, and non-substitutability of a company's resources and capabilities to determine whether they can confer a sustained competitive advantage. According to the VRIN framework, resources and capabilities that meet the following criteria are more likely to grant a sustained competitive advantage:

1. Value: The resource or capability must be valuable to the company's customers or itself.
2. Rarity: The resource or capability must be rare or unique, so competitors cannot easily replicate it.
3. Imitability: The resource or capability must be complex for competitors to imitate or reproduce.
4. Non-substitutability: The resource or capability must not have readily available substitutes that competitors could use.

Using the VRIN paradigm, we may examine Netflix's sources or bases of differentiation as follows:

Netflix's extensive collection of original content is a significant asset that has helped the firm differentiate itself from rivals. Netflix has built a distinct and attractive value offer for its subscribers by spending substantially on original programming, contributing to its growth and profitability.

In addition to its content offerings, Netflix's recommendation technology has allowed it to separate itself from its competitors. By offering users individualised recommendations based on their

watching history, Netflix has improved the customer experience and increased customer loyalty, which has been crucial to the company's success.

Netflix's capacity to target specific areas and respond to changing customer tastes is an additional valuable asset. Netflix has been able to remain ahead of the competition and preserve its position as a market leader by identifying and responding to new trends in the media and entertainment business.

The VRIN framework helps analyse a company's resources and skills and decide if it can provide a sustained competitive advantage. In the case of Netflix, the company's distinctive offers, such as its extensive library of original content, recommendation algorithm, and adaptability to changing customer tastes, have allowed it to attain and sustain a competitive edge in the media and entertainment business.

#### **Question 4 (15 points)**

##### **a. What kind(s) of corporate-level strategies has the firm been involved in the last five years?**

Netflix's business initiatives throughout the past five years demonstrate the company's capacity to adapt and evolve in response to changes in the media and entertainment sector. Netflix has remained ahead of the competition and maintained its position as the market leader by pursuing market expansion, diversification, partnerships and acquisitions, product innovation, and experimenting with various pricing and subscription structures.

One of the primary benefits of Netflix's corporate-level initiatives is that they enable the firm to seek growth prospects and decrease its reliance on any one market or product. Netflix has been able to tap into new growth and income streams by expanding into new areas, such as India and other rising nations. Netflix has been able to appeal to a wider variety of users and minimise its dependency on a particular type of content by expanding its content offerings and experimenting with multiple pricing and subscription methods.

In the past five years, partnerships and acquisitions have also played a significant role in Netflix's business initiatives. By purchasing production businesses and studios like Millarworld and ABQ Studios, Netflix has expanded its production capabilities and gained access to fresh material and talent. Netflix has been able to expand its content offerings and get access to new areas through partnerships with content makers and distributors such as Shondaland and Sky.

Product innovation has been integral to Netflix's corporate strategies for the last five years. Netflix has been able to improve the user experience and attract and keep more users by introducing new services such as offline watching and UHD streaming. This has proven crucial in an industry where client loyalty and involvement are critical for success.

Netflix's corporate-level tactics implemented over the past five years have been influential in maintaining the company's market leadership position in the media and entertainment industries. By pursuing market expansion, diversification, partnerships and acquisitions, product innovation, and experimenting with various pricing and subscription models, Netflix has been able to stay ahead of the competition and offer a compelling streaming service that appeals to a wide variety of customers.

##### **b. Explain the rationale behind the corporate strategy decisions of the selected firm.**

The organisation's key competencies and capabilities also affect Netflix's corporate strategy decisions. Netflix's ability to develop high-quality original content has contributed to the company's

ability to separate itself from competitors and attract and keep users. This fundamental skill has been the impetus behind the company's market expansion, diversification, partnership, and acquisition strategies.

Netflix's emphasis on product innovation is similarly driven by its streaming technology and user experience design skills. By continuously refining and upgrading its streaming service, Netflix can separate itself from its rivals and provide its users with a more significant user experience.

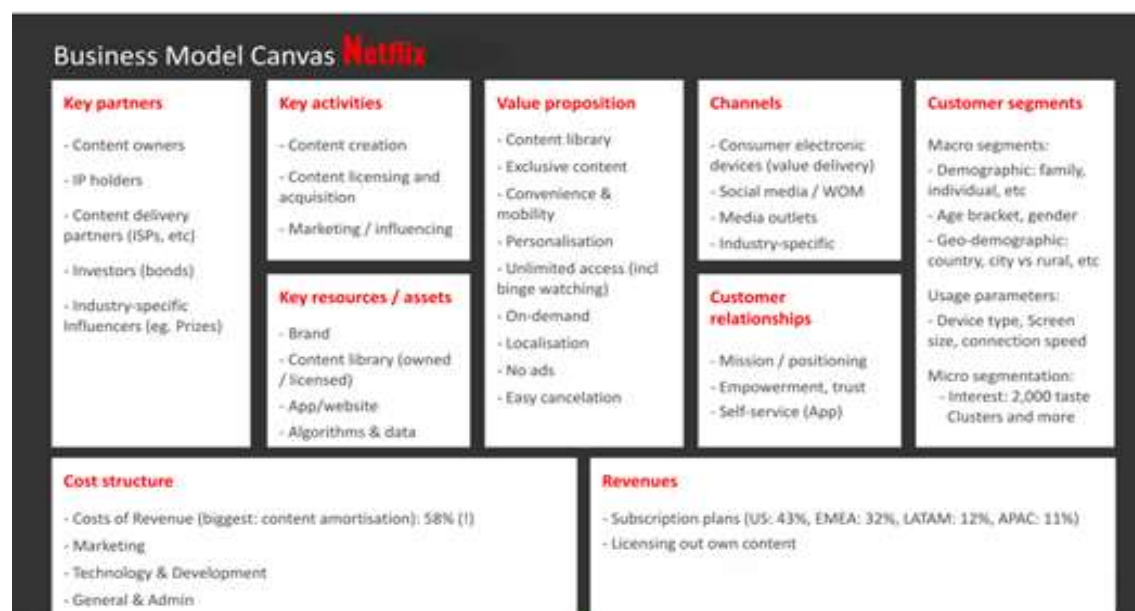
The shifting environment of the media and entertainment business also plays a crucial role in Netflix's corporate strategy decisions. Netflix has spotted an opportunity to develop its company and win market share while conventional forms of media, such as cable television, continue to wane in popularity. The corporation has pursued aggressive development plans to capitalise on the increased demand for streaming media services, such as branching into online distribution and television and film production.

Netflix's business strategy decisions are based on its core talents and capabilities, the shifting media and entertainment industry environment, and the desire to preserve its position as the leading streaming media provider. Netflix has been able to adapt to changing market conditions and maintain its competitive edge in the industry through market development, diversification, partnerships and acquisitions, and product innovation.

### Question 5 (15 points)

Using the business model canvas, draw the business model of your selected firm.

The business model canvas is a tool used to visualise and understand the critical elements of a company's business model. A business model canvas for Netflix might look like this:



Details of the Business Model Canvas follow:

### Value Proposition

Content library: a vast repository of content ("Unlimited Movies, TV shows")

Exclusive material is the most critical category. All content platforms strive to provide highly sought-after, unique content. Also, they will spend the most on advertising in this area. (Another difficulty is



that some consumers may come for a single series, binge-watch it, and then cancel their membership until further seasons are available.)

Accessibility and portability: watching from anywhere and on "any" device Netflix's "installed—base" on a wide variety of devices, such as "Chromecast, Apple TV, Smart TVs, PlayStation, Xbox, Blu-ray players, and more," provides it with an edge over many other (particularly rising streaming) competitors.

There will be no advertisements, even when the content gets fascinating.

In contrast to traditional television, there is no need to wait a week between episodes. Users may access it whenever they like.

They are also capable of binge-watching television shows and movies. All episodes of the first season of a television series are made available simultaneously. This is an exceptional reward for customer advocacy and word of mouth.

Straightforward pricing: a fixed rate (three options) with unlimited access, no tiers, no additional fees for premium content, no pay-per-view, etc.

Netflix's ISP speed index has become the de facto standard for measuring connection speed. Netflix uses non-peak hour material pre-positioning, content delivery networks (CDNs), and other methods to deliver its content to geographically nearby consumers.

Freemium: A free trial month in which all functions are accessible (no premium content, features, etc., that are excluded)

Easy cancellation: You are free to cancel at any time.

Using a recommendation system that considers what each user has already seen and enjoyed (rather than a static "if you liked this, you may like that")

Expanding localisation through translation (subtitles) without considering the necessity to ensure the message is translated (not just the words). Development of global content (not just pumping out US shows)

## Key Operations

Netflix's production of content commenced in 2013. It demands the incorporation of a multitude of different business processes. The majority of a company's budget is allocated to content licensing, acquisition, and creation (equally, content amortisation is the most significant cost element on the income statement)

Content licensing and acquisition: In the early years after Netflix began streaming, licensing and purchase were the critical strategies for adding content.

3. Marketing: advertising through paid media, especially for the promotion of their new shows/films

Influencing: through various channels, including social media, television, film festivals, publications, etc. Getting nominated for or receiving an award is not a matter of chance. There are several ways to acquire influence in this sector.

5. Technology and development: Technology is less significant than in the past. Their Open Connect standard, which specifies interfaces and protocols, and its pre-positioning of material locally outside

of peak traffic, is essential and has helped the Netflix experience and a plethora of other technological advancements.

Most technological innovations are reviewed severely for their impact. Analytics is integral to customer segmentation and permeates the whole organisation. Contrary to typical macro divisions, client preferences are divided into 2,000 distinct flavour clusters based on their watching habits.

#### Important Sources / Assets

Although Netflix predominantly promotes new episodes, this advertising is employed to build its brand. They are one of the top one hundred brands in the world.

Content library - Netflix-owned material (created or acquired) can have a longer life cycle since it can be re-run after being fully amortised (i.e. generate money at no cost, which is the goal of every company). Moreover, they can be licensed to other content producers to generate revenue.

Content library - licensed content, especially well-known evergreen shows, continues to play a significant role. Other streaming video companies have said they would no longer approve of Netflix. Bigger studios have developed procedures for the creation of streaming libraries. Netflix invests substantially in content acquisition and design to lessen its dependence on other parties.

The app/website is essential for providing the experience and information.

Algorithms: Continuous data analysis based on algorithms and improvement of the company, app, and services, etc. 6. Recommendations: This is a subset of algorithms, but it is such an essential factor in Netflix's success that I will address it individually.

Collected data, including behavioural data and preferences, is utilised for micro-segmentation into 2,000 taste groups and future content investment decisions.

Technology helped Netflix to become a streaming service (they began as a DVD-mailing firm), and their stock incentive programs show how much they value their tech personnel.

Performers, writers, and filmmakers: Netflix generally employs independent and inexperienced talent for these endeavours, granting them greater creative latitude. Observing how the industry's supply-and-demand balance shifts as more streaming businesses produce more content will be fascinating.

Awards: Winning prominent cinema awards is one of the most effective ways for corporations to promote their films and platforms, partly because the content is exclusive and can only be viewed by those with access.

Netflix has begun establishing its studios and recruiting personnel to aid content development.

#### Market segments

Based on viewing history, 2,000 flavour clusters are identified.

Advertisements that target macro groups (non-users), such as demographic: family, person, etc.

- Age group, gender, and so on
- Country, metropolitan vs rural status, etc.
- Language is spoken, proficiency, and several more variables

user segmentation based on use parameters:

Utilised technologies:

- Device kind (TV, laptop, tablet) • Display size • Connectivity type and speed
- Watching habits, including at home, on the go, weekend/weekday patterns, binge-watching, etc.
- The first program or film viewed after subscribing; and
- Browsing patterns, such as repeat versus exploratory viewers

Like many other digital technology firms, Netflix uses hundreds of direct and indirect channels with varying degrees of control for customer acquisition, retention, and value delivery.

• Smart TVs, smartphones, laptops, tablets, and other devices with a screen, a connection, and computational capabilities, as well as those with networking and computing capabilities, such as gaming consoles and set-top boxes, are among their channels for delivering value.

Routes of customer acquisition include:

- Social media for consumer relations and marketing of upcoming television series and films
- Publications (magazines) to spread the word
- Advertising film festivals

Client retention is accomplished mainly through the addition of content and involves a variety of ways to supply new and forthcoming information.

Their app, websites, and phone numbers are all accessible for help and direction.

Customer Partnerships

We examine it through the prism of the critical requirements that Netflix fulfils and how they do it.

The ability to view anything on demand and have access to all episodes concurrently encourages self-control.

The requirement for more marketing minimises suffering while improving customer loyalty.

The recommendation mechanism offers customisation.

The overall concept, tone, and style: humorous, uncomplicated, and friendly

Self-service through App: All interactions, including support, are managed through the app and website. User assistance is accessible via live chat, phone, and app.

Use Facebook and other social media platforms for advertisements and discussions.

Revenue

Nowadays, subscription fees make up most of the company's revenue. There is potential for additional future revenue sources (including tiers, premium content, licensing out their owned content, etc.).

- International streaming (Europe/EMEA: 32% in 2022, Latin America: -12% in 2022, and Asia/Pacific: -11%)

You are streaming in America (43% in 2022).

- US DVD (insignificant)
- Three separate strategies

Future revenues from licensing Netflix-owned content

Cost Structure

The striking aspect of Netflix's cost structure is the proportion of its cost of revenue to its other costs. It consumes 58% of its revenues (1) and is almost three times the total of all new expenditures in 2022.

Costs of revenue: • Content amortisation (the company's most significant expense); • Payment processing costs; • Customer service.

- Streaming delivery expenses (e.g., open connect fees, payroll) (including cloud computing)

Marketing

Technology and progress

General & admin

### **Question 6 (15 points)**

**Using the stakeholder mapping tool, map your selected firm's primary and secondary stakeholders.**

A stakeholder mapping tool may be beneficial for mapping an organisation's primary and secondary stakeholders. By understanding stakeholders' interests and motives, organisations can better detect possible conflicts and opportunities, develop strategies to satisfy their requirements, and prioritise their actions. By mapping an organisation's vital and secondary stakeholders with a stakeholder mapping tool, managers may improve the firm's engagement efforts, generate shared value, and ultimately make more intelligent business choices.

The purpose of a stakeholder mapping tool is to identify and evaluate the relative power and interests of a company's many stakeholders. Typically, stakeholders are categorised based on their degree of impact on the project, level of involvement, level of influence, level of power, amount of urgency, and level of legitimacy, among other considerations. A stakeholder mapping for Netflix may seem like follows:

*Primary constituents:*

Consumers are Netflix's most important stakeholders, as they are the company's income generators. Individual subscribers, families, and corporations make up the customer base. Customers are, therefore, the company's principal income source and the most critical stakeholder group. Consumers may affect a business through purchase habits and product or service reviews.

Employees: Netflix's workers are also important stakeholders, as they play a crucial part in the company's growth and operations. Netflix employees are vital to the company's success since they carry out operations and offer customers value. The capacity of employees to advocate for changes or improvements, as well as their roles and responsibilities, may enable them to influence the organisation.

Principal stakeholders are Netflix's stockholders, who have a financial interest in the company's performance. Stockholders of Netflix have a financial stake in the company and may influence its actions. Shareholders may be consulted on significant company decisions or granted the right to vote on corporate matters.

*Secondary constituencies:*

Netflix has agreements with content creators and distributors, secondary stakeholders in the organisation. Netflix engages with various content partners, including studios, production companies, and creators, to license content for its platform. These partners may be affected by the success or failure of Netflix, but they have no direct financial stake in the company.

Netflix has agreements with device makers and service providers, secondary stakeholders in the organisation.

Governments are secondary Netflix stakeholders due to their interest in the company's activities and influence on their economies and society. Because of taxation and regulatory compliance, governments might be interested in Netflix's actions. For instance, Netflix may be required to pay income taxes in the countries where it operates, or it may be necessary to comply with data privacy or content standards regulations.

The communities in which Netflix operates are secondary stakeholders since the company's operations can influence the local economy and environment. Netflix's activities may impact the communities in which it operates, for instance, through hiring local workers or utilising local resources. Even if these communities may not have a direct financial stake in Netflix, their activities may nevertheless have an impact.

The media, such as conventional news agencies and social media platforms, may be interested in Netflix's activities and report on or influence public opinion of the company's actions.

Netflix utilises a variety of vendors to acquire the goods and services required to operate its company. Netflix's success or failure may impact these suppliers, but they do not have a direct financial stake in the company.

Netflix's key stakeholders are customers, employees, and shareholders, while content producers and distributors, device manufacturers and service providers, governments, media, suppliers, and the community are subsidiary stakeholders. Each group will have varying levels of attention and impact inside the organisation.

After stakeholders have been identified and mapped, this information may be used to build communication and engagement strategies, prioritise which stakeholders to focus on, monitor changes, comprehend their perspectives, manage their expectations, and track progress over time. Noting that stakeholder analysis is simply one aspect of stakeholder management is essential. The analysis of stakeholders should be continually examined and revised to account for changes.

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