

Blockbuster, marketing strategy

Business



Minnesota School of Business 10 Blockbuster Marketing Strategy Shawn Rudkin What role has Netflix played in the development of Blockbuster's strategic planning? How important is Netflix to Blockbuster's future strategic plans? The success of Netflix forced Blockbuster to see the growing popularity of rent-by-mail formats. In 2003 Blockbuster launched a rental subscription program, which would allow subscribers to rent an unlimited number of movies during the subscription period like Netflix, but with Blockbuster there was no waiting for movies to arrive.

Blockbuster also fine-tuned its rental program and introduced a no-late-fee policy to compete against the growing number of subscribers to online rental companies. In 2004 Blockbuster moved into the online rental market in the United States so it could directly compete with rent-by-mail companies like Netflix. Blockbuster also allowed online subscribers to rent two free movies from their brick-and-mortar stores every month.

This was done to keep customers coming to their stores and to overcome customer complaints about waiting for movies to arrive.

In another attempt to gain ground on rent-by-mail companies Blockbuster started fulfilling online rental orders through 1000 of its local stores to create a more efficient service. Blockbuster saw how popular rent-by-mail companies were becoming and had to change their strategic plan to compete with this new threat to their company. Netflix's continued growth will play a big part in Blockbuster's strategic plans in the future. Netflix is one of the fastest-growing U.

S. companies and the largest online entertainment subscription service.

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Blockbuster knows they are a threat and needs to move towards new technological innovations to compete with their growing popularity. Netflix has a different approach than Blockbuster, focusing on older movies and classics, but that is not enough to ensure Blockbuster's future success. To compete against Netflix in the future Blockbuster needs to find a more convenient way for customers to get entertainment. Companies like Netflix have forced Blockbuster to find new ways to add value to their image.

Blockbuster has been making deals with movie studios to have some movies released to them months before they can be found anywhere else.

By doing this they provide added value to their costumers and an advantage over companies like Netflix. As an advisor to Antioco, what strategic options would you recommend for Blockbuster as the company moves forward? In particular, how would you approach the technology issues facing the company? I would advise Antioco to expand Blockbuster into new fields like electronic distribution via the Internet because of how quickly download speeds are progressing and the ease of downloading movies from a home computer or gaming device.

Costumers would also be able to get movies and entertainment on-the-go. This would mean that costumers would be able to download movies from their home account without paying any extra charges while traveling.

Also Blockbuster could start to offer television programs that are available at any time and put themselves in a position to compete directly against networks, satellite companies, and cable providers. People would have

access to any movies and television programming that they wanted to see by quickly downloading them to their computer.

Another recommendation would be to start renting games over the internet. If costumers could rent games whenever and wherever they wanted to it would be an excellent alternative to paying for expensive games. Many of the games a person buys are only played thru to the end once and are then put on a shelf and never played again.

With a monthly game subscription people could play whatever games they wanted and only have to pay a monthly subscription. This would help consumers because they would not have to worry about making a costly mistake when buying a new game.

What value-added components could Blockbuster offer to the movie studios that might entice them to more closely align with Blockbuster as a distribution channel? Blockbuster could make advertising deals with the movie studios where they would advertise upcoming movies in all of their stores. Advertising is very expensive and it is getting harder than ever to find advertising that can find their target market. Because of all the different means available of getting information potential audiences are spread out over a vast area.

Advertising within Blockbuster stores would provide the movie studios with an advertising option that they know is going to find people that like to watch movies. This would also help create a buzz about their upcoming movies because of all the people that have a chance to see previews or ads promoting these movies well before their release dates. Many people that

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rent movies would go to the theatre instead if there was for upcoming movies by movie type. This means that they would be able to put ads for each type of movie in the related section of the video store to further focus on their targeted markets.

The movie studios want customers to be able to get their movies and entertainment as easily as possible. The easier it is for people to acquire their products the more likely it is that they will.

By offering many different options for customers to obtain movies and entertainment, Blockbuster has a strategic advantage over its competitors. The convenience that Blockbuster can offer in their ability to distribute the movie studios products is a definite advantage. Another advantage that Blockbuster has to offer is the ability to guarantee that certain movies will be in stock and available for rent.

Getting new movies thru some of their competitors can take weeks or months if it is a highly popular movie. This could make some customers frustrated because of the long wait and the negative image that people perceive could fall back on to the movie studios. In the long term, how can Blockbuster increase the value-added components of its product offering in order to offset the inconveniences associated with its traditional brick-and-mortar movie rental business? Will Blockbuster survive as we know it today?

Explain Blockbuster can increase the value of their product offerings by changing the way people perceive their company.

By giving customers the ability to get their movies thru the mail, over the Internet, or by coming in to one of their stores, Blockbuster is providing added convenience and value to their customers. By providing many different ways to obtain movies and entertainment Blockbuster can become more convenient than any other provider of home viewing entertainment.

People can get their movies or games thru the mail within a day or two but if they do not want to wait they can still go to any Blockbuster and trade one of their previously viewed movies or played games for entirely new ones. These added benefits will make consumers happy because of the added convenience and customer service and be preferable to what their competitors have to offer. Every company must change as technology and the business environment change. Blockbuster will have to change the way they do business if they want to stay competitive in today's environment.

They will have to move away from their brick-and-mortar stores and towards a greater online presence. Until people will be able to download movies in a matter of minutes instead of hours there will still be people who will prefer to get their movies and games from the store. Blockbuster will need to closely watch how their brick-and-mortar stores are doing and be quick to cut back their numbers if needed. This will most likely happen in areas where high speed downloads are readily available. In these areas they need to promote their online presence to successfully move towards the future.