

Netflix essay sample



**ASSIGN
BUSTER**

The news article illustrates how Netflix Inc. gain competitive advantage by adding value to its services and adapt its strategy to users' expectation. In order to cope with competition, Netflix needs to come up with innovative and revamp its products or services, thus the introduction of the “ skip intro button” and the thumbs up or down rating system which will increase the number of viewers (Zacks Equity Research, 2017). This is the reasons behind the competitive advantage of Netflix.

Looking from a Resource Based View (RBV), Netflix is utilising its resources in order to outperform its major competitors; Amazon AMZN Prime, YouTube and Hulu plus (Zacks Equity Research, 2017). The efficient use of its tangible and intangible resources, gives more power to the organisation to better perform in any activities. Netflix is worth \$40 million, thus having no issues concerning financial resources. Netflix uses customer's reviews and demand as a resource to conduct the A/B tests.

The organisation has over 80 million of subscribers and they have a huge customer database as intangible resources (Wattles, 2017). Similarly the brand image of the company also contributes as a reputational asset. The fact that Netflix has more users, it has a higher reputation than its competitors thus gaining support from its users which is very important to the company as most of the decisions taken are influenced by customers' expectation (Zacks Equity Research, 2017). Netflix offers unlimited vacation to its workers which will motivate them and increase performance as they work in a stress free environment.

Conducting A/B tests each year implies that Netflix invest a lot in research and development thus exploiting opportunities or preventing some threats and improving its services. Therefore the resources are valuable and rare. However it can be easily imitated as even though the competitors do not have valuable resources they can take advantage of Netflix's resources to gain competitive edge. The way Netflix responded to the market demands and competition, it can be seen that the company has a strong dynamic capabilities.

Netflix has the capability to build and reconfigure ideas that will adapt and respond to changes in the market trends. As Customers already love the new button and there is no confirmation on whether the button will stay or not, as it will based on the success of the testing (D'Angelo, 2017). Conducting tests all the time allows Netflix to bring in improvements in the organisation. The company targets the users that binge watch as they watch an average of 2 hours and 10 minutes per day (Wattles, 2017).