

Red box



**ASSIGN
BUSTER**

A. Case Overview Redbox is a wholly-owned subsidiary by Coinstar, Inc. For only \$1 per night it offers movie rentals. The first kiosks were located at McDonald's. On 31 March, 2010, the total number of installed Redbox and DVDCpress Kiosks was 24, 800. Redbox's main strategy is to have kiosks that contain mostly new releases of movies on DVDs in shopping areas that are visited a lot. The rental fee is cheap, only \$1 per night and the whole order and return process is fast, simple and easy for the customer.

With its many kiosks, Redbox built a strong brand reputation. B. Analysis The SWOT analysis shows that Redbox's strengths are its brand recognition and financial power, with being successful it can add more kiosks at good locations. It has built relationships with the chain retailers of its parent company Coinstar, Inc. and it offers value by offering very affordable movie rentals to customers. Redbox's weakness is that it offers no online delivery yet. Its opportunities are expansion to other underserved and very good areas in the US, Puerto Rico, and UK.

It can also further its expansion internationally. There is lots of existing and potential revenue growth at existing kiosks. Redbox has the strength to attract customers away from other competitors like Blockbuster. Redbox's threats are services like Netflix that offer movie streaming online, companies that offer internet delivery of movies, Blockbuster building new kiosks and movie theaters when people are tired of watching movies at home. Redbox has lots of potential for further growth in revenue and popularity.

It has to pay attention to shifts in customer's preferences on how to watch a movie and adapt to changes. Porter's Five Forces show that competition from rivals is strong, especially Blockbuster and Netflix. There is no product

differentiation in movies. The threat of new entrants is weak because in order to compete with Redbox, it requires a lot of capital and building same good relationships to suppliers (movie production companies) as Redbox already has. The movie as a product can be easily substituted and people can buy instead of rent or watch something online.

The buyers' bargaining power is modest because buyers can either rent or buy or watch online and the switching costs are low. C. Recommendations Redbox should not miss the chance on expanding internationally. With its cheap movie rentals, it can attract customers from all classes in all countries and not be affected by economic crisis so strongly. It should also continue to do research on where to locate more kiosks and it should think about offering internet movie rentals. Also, it should continue to build and nurture good relationships with its suppliers.