

# [The it caused, in fact, an increase in](https://assignbuster.com/the-it-caused-in-fact-an-increase-in/)

[Business](https://assignbuster.com/essay-subjects/business/), [Strategy](https://assignbuster.com/essay-subjects/business/strategy/)

The Californians Marc Randolph and Reed Hastingsstarted a business together in 1997 called Netflix. Originally, Marc Randolph’splan was to offer a product or service over the internet. One day, his businesspartner, Reed Hastings, had to pay a charge fine of $40 because he returned a copyof a film too late. He then suggested to his partner to start renting out movieson the internet and, in this way, Randolph and Hastings started their enterprisetogether.             TheNetflix website was officially launched in 1998.

Initially, the organizationhad about 30 employees and 925 products available on their site. Netflix’s corecompetency was that customers were sent DVDs via mail on a pay-per-rental basiswhere postal fees were applied (Keating, 2012).             In1999 the platform introduced the monthly subscription format (O’Brien, 2002); it consists in paying a flat-fee each month in exchange for unlimited rentals. Theinnovating feature of this business is that costumers don’t have due dates toreturn rentals, no late fees, no shipping costs, and handling fees (Redwine, 2017).            Thecompany had considered the idea of providing movies online.

In the mid-2000sthe data speeds and capacity were able to offer the service of downloadingmovies from the internet. The idea consisted in a ” Netflix box” that allowedcostumers to download movies overnight and watch them the day after. However, with the increasing popularity of YouTube, Netflix decided to adapt thestreaming concept as well.

The plan was completed in 2007 (Kyncl, 2017).            In2006, Netflix introduced a new service which dealt with recommending movies. Byusing subscribers’ ratings, the platform can accurately predict which movies asubscriber would enjoy watching next by using a filtering algorithm. This serviceled to huge success, it caused, in fact, an increase in rentals and subscribersacross the world. In 2005 Netflix gained 4. 2 million members, and two yearslater, in 2007, it delivered its billionth DVD by mail (Liedtke, 2007). In the same year, the digital platform offered videoon demand, thus streaming, to its subscribers.             The big revolution ofNetflix’s strategy consisted in providing the opportunity to costumers ofwatching television shows and movies instantly on their PC’s and laptops aswell as on the traditional television.

This service marked the beginning ofstreaming media as known these days. In the following years, the company partnered with electronics companies toallow streaming on electronic platforms, such as the Xbox 360, Blu-ray disc andsmart TVs (Keating, 2012). In 2010 Netflix became available on Apple’s iPad and iPhones, Nintendo Wii aswell, and other Internet connected devices (Keating, 2012).

Hereafter, the digital platform expanded itself and made services available around theworld. In April 2014, Netflix had 50 million global subscribers with 32. 3%video streaming market share in the United States. The company offered itsservices in 41 countries worldwide. Just acouple of months later, the digital platform improved the number ofsubscribers, of which 36 million in the United States (Lawler, 2014). Thanks to the new service that allowed costumers towatch movies and shows offline, on April 2017, Netflix reached the 100 millionsubscribers (Bond, 2017).

In the month of October 2017, Netflix was estimatedhaving 109. 25 million subscribers worldwide, counting 50. 85 million in theUnited States (Huddleston, 2017).