

# [Netflix marketing plan and swot analysis](https://assignbuster.com/netflix-marketing-plan-and-swot-analysis/)

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Brand orCompany Description

Netflix is subscription service on the internet that offers a variety ofTV shows and movies. Netflix is a forerunner in the internet delivery of TVshows and movies, launching its streaming service in 2007. Since this time, thecompany has developed a wide variety of internet-connected devices and haslicensed increasing amounts of content that enable consumers to enjoy theirfavorite TV shows and movies no matter where they are at because they canaccess this content on their TVs, computers or mobile devices. As a result ofthese efforts, Netflix has experienced growing consumer acceptance of andinterest in the delivery of TV shows and movies directly over the Internet(Netflix, 2018).

Core Products or Services

Subscribers can watch unlimited TV shows and movies instantly. Contentcan be streamed over the Internet to their TVs, computers and mobile devicesand, in the United States, subscribers can also receive standard definitionDVDs, as well as Blu-ray discs, delivered directly to their homes. Netflixmarkets its service through various channels, including online advertising, broad-based media, such as television and radio, as well as various strategicpartnerships. In addition to various marketing strategies, the company offersfree-trial memberships to new and rejoining members. According to Netflix, rejoining members are an important source of subscriber additions (Netflix, 2018).

A BriefHistory

Netflix isan American entertainment company founded by Reed Hastings and MarcRandolph on August 29, 1997, in Scotts Valley, California. The companyexpanded into film in 2016 as well as television production and onlinedistribution. The company is headquartered in Los Gatos, California. As ofJanuary 2016, Netflix is operating in over 190 countries and has greatlyexpanded the production of both film and television series. Netflix released anestimated 126 original series or films in 2016, more than any other network orcable channel. As of January 2018, Netflix had 117. 58 million payingsubscribers worldwide, including 54. 75 million in the United States (Netflix, 2018).

Key currentcompetitors

The market for entertainment video is competitive and changes rapidly. Competitors have the ability to launch new businesses at relatively lowcosts. Many consumers maintain subscriptions to multiple entertainment videoproviders at once and can easily shift from one provider to another. Netflixcompetitors include multichannel video programming distributors with free TV everywhereand video-on-demand content including cable providers, such as Time Warner andComcast. Direct broadcast satellite providers, such as DIRECTV and EchoStar, aswell as telecommunication providers such as AT&T and Verizon, are also keycompetitors for Netflix. Internet movie and TV content providers, such asApple’s iTunes, Amazon. com, Hulu. com and Google’s YouTube are also sources ofcompetition. DVD rental outlets such as Blockbuster and Red-box also arealso included in the list of key competitors that Netflix faces (Netflix, 2018).

## SWOTAnalysis

SWOTAnalysis: Strengths

1. Brand Name

After ten years, Netflix has become the sole brand name for onlinestreaming content with a share price increase of over 6000% since 2007(Bradshaw & Bond, 2017). Often consumers are much more likely to gowith a brand name they know and trust than an off-brand that may or may not bea better value for their money. This is one way Netflix can capitalize and growtheir business. Being the known familiar service provider puts them at agreater advantage of not only keeping their customers but attaining new ones.

2. Large customer base

Through serving 190 countries, Netflix has access to over 100 millionsubscribers. This strength gives the company bargaining power when in talkswith studios to secure exclusive content (Bradshaw & Bond, 2017). Thepopularity and convenience of Netflix is one of its greatest strengths. Thismakes them able to accommodate and appeal to a very large customer base and hasthe ability to further expand and develop in more areas, including partnershipsand expansions in various areas and with various companies in a variety ofcountries. Growth will likely continue as the company goes forward andcontinues to expand. Customers are opting for the convenience of consumingentertainment online and Netflix continues to expand internationally.

3. Original content

Through careful acquisitions, Netflix have secured numerous originalshows that have appealed to audiences. In 2017, two Netflix shows are sopopular they have pushed subscribers from 83m to over 100m in one quarter(Bradshaw & Bond, 2017). The House of Cards was a game changer for Netflix. All episodes of the first season of the show were released at the same time, and the response of the critics was overwhelmingly positive. The House of Cardsnot only attracted many new users but also proved that the key to their customers’loyalty is a unique and abundant content library. The company continues toworking on adding new shows such as 30 kids’ shows, ten new feature films, 12documentaries, and ten stand-up comedy specials (Netflix, 2018).

SWOTAnalysis: Weaknesses

1. Cost of original content

While its original content creates a competitive advantage for thecompany, the cost continues to grow in order to support this content. In 2017, it is expected for Netflix to invest $2. 5 billion solely onsecuring original content rights. To keep prices competitively low, Netflix will need to find a balance between maintaining goodrelationships with the distributors and aggressively negotiating contentlicensing costs with them. This type of dependence can result in avulnerability that could prove to be very costly (Bradshaw, 2017).

2. Lack of rights to original content

Unlike many traditional television studios, Netflix does not own most oftheir original programming. Due to this, rights usually expire after a year andthe original content can be shown on rival services (Bradshaw, 2017). This isan area that serves as a potential weakness especially related to retainingcustomers and keeping costs low.

3. Environmental cost

Netflix has been ranked poorly in terms of environmental awareness. Thishas given them bad publicity for the company as rival competitors such as Amazonand Facebook use over 40% renewable energy with their services (Lewis, 2016).

SWOTAnalysis: Threats

1. Increased competition

Facebook is the latest to try and take on traditional media by launchingits own original content. Amazon, Hulu, HBO, and YouTube are all competing foraudiences to subscribe to their platforms. For Netflix, this will continue todevelop as more companies seek to buy the latest original content exclusivelyfor their platform (Bradshaw, 2017).

2. Digital Piracy

For more than 30 contentproviders, including Netflix, piracy has led to 5. 4 billion downloads ofmedia content in 2016 alone. This threatens Netflix’s business model andability to fund content in the future (Opam, 2017). The ability for viewers toget the same content basically for free is a huge potential threat forNetflix’s bottom line and ability to continue to dominate the market.

SWOTAnalysis: Opportunities

1. Expansion into China

Difficulties with licensing has left Netflix unable to enter Chinathrough traditional means. The company must find a joint-venture to capitalizeon the 500 million Chinese users who currently stream media content(Russell, 2017).

2. Partnerships in Europe

To meet new European laws, Netflix can partner with the BBC and CanalPlus to gain access to a wealth of native-language European content and growcustomers in local markets (Murgia & Bond, 2017).

3. Growth of technology

With the growth of streaming content, Netflix must continue to come upwith new ways to allow customers to access their content and provide furthercompetitive advantages. A growing market for content is foreign-languageprogramming. Partnerships with local-language content will help Netflix to beable to be a rival for local streaming services and help them to be a leaderamong this (Mintel, 2016).

MarketingPlan Focus

Based on my SWOT analysis, I believe there is an opportunity to expandinternationally by partnering with telecommunications companies such as Samsungto make the application readily available for customers on their devices inoverseas markets. For this marketing plan, I’ve come up with an idea toincorporate the Netflix application into Android devices. This would target aparticular demographic, and could help to begin to solve the issues Netflixfaces internationally. The app would have early childhood development moviesand songs that would help little children and as well the already existing listof unending movie for all ages.

SegmentationApproach

For this marketing plan, I’ve opted for a straightforward demographicapproach to segmenting the market given my desire to target a specific agegroup. I considered a behavioral approach based on past purchase history ascaptured via use of the McDonald’s app. However, the app was only introduced inlate 2015 and age is not captured in the registration process (unless a socialmedia log­in is used). Furthermore, I don’t want to limit my audience to justexisting customers. Given the broad appeal of the McDonald’s concept and itsnational footprint, I did not feel geographic targeting or formal psychographictargeting was needed.

Target Definition

My target for the Netflix K is families with young children andadolescents ranging from the age of 2 to 12 years old. An interest in learningand technology would allow for further media targeting.

PositioningStatement

Netflix K

A time for parents tohave quality moments with their children while watching them learn, grow andexcel academically in the privacy and comfort of home.

## MarketingMix Discussion

MarketingMix: Product

This marketing plan is centered around education and the benefit offamilies coming together and sharing quality moments with the thrill of oldfavorites and new exciting learning opportunities. The core idea is to useadvertisement to create awareness in between episodes and popups advertisementwhen the application is not in use or in between episodes when in use.  With the already exiting approach of havingit available to Android devices it would help market itself by being readilyavailable

MarketingMix: Price

Netflix strategy would be to retain its already existing customer baseby offering 10% discounts on yearly subscriptions and 15% discount to customersthat have been a Netflix member for more than 3 years. Included in the pricenew series would be offered at a 50% off rate compared to its competitors suchas Hulu. com and Amazon Prime in order to be able to win and secure futurecustomers. This is characterized as skimming as they are trying to takebusiness from their competitors by offering the same service at a reduced rate.

MarketingMix: Promotion

In addition to thepromotional pricing deal discussed above, there would be an opportunity toredeem a promotion code to save money on a family night out package based onlocal available retailers. This would be a way for Netflix to partner withlocal companies in order to help them gain acceptance internationally.

MarketingMix: Place

I would make use of adedicated Netflix K microsite where customers could go to learn more about thepromotion and app and to have the possibility to win promotion codes and saveadditional money on family nights out as well as the possibility of earningmonths free towards their Netflix subscription. This would also encourageadditional downloads of the Netflix K app and promotion of a larger and growingcustomer base.

PotentialSuccess Metrics

1. Customer Satisfaction

Knowing if people are actually satisfied with the service or product isvery important.  Customer satisfaction can be a helpful metric in guidinga marketing campaign. Getting feedback directly from customer is an easy way tomeasure satisfaction. One way to do this would be to add a standard Googleconsumer survey to the app or site for free. With a few simple questions, youcan find if your customers are satisfied with the app or site, what theydon’t like about the app or site, and whether or not they will continue usingthe app.

* User Engagement

Tracking visits and signups isimportant, but focusing on how much time a user spends on your website or appis important as well. This has the ability to provide a realistic view and canbase future success around this consideration.

* Progress

It is always important to keep moving forwardand having a forward momentum. If a company is making strong progress on a dayto day basis, then it will likely be creating new opportunities and growing thebusiness overall. This will allow the company to accomplish its overall goaland keep them on track.

InternationalConsiderations

Netflix faces the challenge of being able to make their internationalsegment profitable. Netflix will need to invest in local content and betterstreaming quality over low bandwidth connections in order to attractsubscribers. Netflix will have to expand this base quickly in order to be ableto recover the associated costs. Netflix will also have to consider thecompetition of other providers such as Amazon and YouTube who are also lookingto capture this segment of the market. Another challenge Netflix faces relatedto international markets such as India, is lower internet penetration andexisting connections with low bandwidth. These factors limit its targetconsumers in these countries to the small section of the population that haveaccess to high speed internet. Viewing preferences is another considerationthat will have to be addressed as these differ from country to country and evenbetween different regions of the same country. In order to attract subscribers, Netflix needs to have a broad content library catering to the preferences ofthe diverse audience (Bradshaw & Bond, 2017).

Conclusion

The Netflix K marketing plan should be approved for funding because ithas the opportunity to generate a great deal of business and success inentering many foreign markets not previously entered in. Associating Netflixwith current technology such as Samsung and then appealing to a customer baseof families with children has the possibility of building a strong businessbase in this target population and areas abroad. This will also help buildaffinity and rapport with local businesses in foreign destinations helpingNetflix to become a top international company not just a top American company.

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