Netflix inc case study

Business

In February 2000, It launched a new plan, where, with a monthly fee of SSL 9.

95 Instead of Its previous SSL 5. 95, subscribers were able to have up to 4 DVD's in their possession at one time. The website allowed subscribers to make their own lists or " queues" of movies that they browsed and selected to watch. Then, it shipped movies that were at the top of the queues of subscribers via mail. It also provided subscribers with Individualized ratings on all movies that customers had previously rated after viewing.

As the company enjoyed tremendous success, It decided to submit its S-l filing for an Initial public offering.

However, soon after It was submitted, the NASDAQ stock market fell 25% to 3, 794, making it more difficult for a company's PIP to succeed with uncertainty in the financial markets. In July 2000, Reed Hastings, CEO of Entitle, needed to decide whether the company should proceed with the PIP or withdraw it. Investment banks predicted that the PIP of Entitle would succeed if it showed positive cash flows within a twelve-month horizon, but the executives at Entitle were unsure whether they could achieve that goal. Identification of Problems: Entitle is losing market share and profitability to competitors and technological advances.

Monthly fee discourages membership from less frequent movie watchers. Lack of control over DVD return time. Comparatively small movie library available to stream. DVD's can arrive scratched or broken due to mailing process. DVD competition from red box and blockbuster.

Critical Issues: Entitle losing market share and profitability as compare to its competitors. The lemma on Reed Hastings, chairman and CEO of Entitle. Com, Inc, On how to go about for NASDAQ listing of Its PIP and what should be the appropriate time?

Alternative solution: 1) Bundle services with pay TV packages. 2) Partner with gaming companies to offer on demand video game services. 3) Develop quality original content that can Lure and retain customers with content that's untouchable by competitors.

4) Expand downloaded movie offerings. 5) Affordable pricing. I nee pricing structure snouts also allow Tort tense Monolinguals Interested In renting movies occasionally vs.. Monthly 7) Faster service in distribution channels so that products can reach all of its customers within one business day.

Choosing the best Solution: As per our group members the timing of Nineteen's PIP is unfavorable for the company.

We believe Entitle should delay its PIP until the financial markets begin to recover. We believe that before taking any consideration of its PIP listing it should be put forth with a proper mindset and with a planned PIP strategy. IF it is not planned well it will back fire and it will be unfavorable for Entitle, especially due to the fact that the many has not yet earned a profit on its operations and the fact that it is an Internet company.

Thus, in order to reach profitability, expand its customer base, and ensure a dominant market share already being realized by its early-mover advantage, Entitle should proceed with its PIP once the technology sector begins to show signs of a turn around. Convincing investors that an Internet company will be able to succeed after so many have failed, even with strong cash flow, a solid business model, and real assets will be no easy task during the near future.