

# Netflix – essay

[Business](#), [Company](#)



Identify key issues, problems and opportunities facing Nettles. It may be helpful to consider the fact that the Nettles business model evolved through many strategy revisions. What caused them to make each shift? Were the shifts driven from the top or bottom? Is this easier for a small or large company? The key issue that was facing Nettles early on was the selective market of people that were into the DVD market. Most were still with VS. market at this time and it gave them a small problem during start-up.

But, with that changing market they new that consumers will soon turn to DVD's and leave behind their oldtechnologyof VS.. They also faced the problem of most Blockbuster being a 10 minute drive from at least 70% of U. S. Populated homes. This makes their whole sales pitch of people not having to leave their homes to rent movies even harder due to the number of available Blockbusters. With Nettles no late fee policy this made it easier for them to get more sales because Blockbuster charged late fees.

Also, they came across the problem of half the movies they shipped were the new releases. This made under stocking when customers wanted them and overstocking when the movie was not new anymore. They fixed this problem by making the recommended movies for consumers because this expanded their horizons on other movies other then the new ones. They also had a distribution problem because they only had one distribution center. All these shifts were driven from the top. With the growing customers and profits they have learned what consumers wanted.

They held surveys to find out what movie a customer wants and the movie recommendation system helped expand the nonuser's movie choices. They

even got special packages and were tied into the USPS for their delivery services that got perfected over time. This is easier for them as they became a large company and made deals and expanded with the profit and knowledge they had about customers from their surveys. (B) How did disruptive versus incremental innovations play out in the Netflix versus Blockbuster story? Is VOID disruptive or incremental? What role does diffusion of innovation and adopter categories play?

Timing of entry? Disruptive Innovation played a role in the beginning and start-up for Netflix. When they first opened and moved to the DVD population this was disruptive. From then on they made incremental innovations along the way from the video recommendations to the shipping services. These were smaller steps done from learning from customers and growing in popularity. Also, their growing profits made innovation easier and affordable for the company. VOID is disruptive innovation because it is a totally new marketing approach by the company.

VOID was not a spin off of their DVD rental service it was a totally new approach for the company to take. This would require for the company to have different marketing for VOID and a new concept of nothing through the mail, instead it's all online. Diffusion of innovation came along when Netflix went into the VOID services. They were one of the innovators of this but shortly after they had many companies patting them on the back. It was very competitive. Amazon, Netflix, and Blockbuster were the only ones that did VOID and Netflix was not known for that service.

Also, the time of entry for the other business was good because Nettles was not that successful introducing it to the market that when the competitors advertised they got more business than Nettles. (C) Using only the information provided in the case, evaluate alternative approaches to the current problem (VOID), and ??? VOID had the problem of not being able to provide high quality video to the customer as do the cable companies. This problem is hard to fix because it will have to mean changing around Nettles servers to higher quality servers to stream movies in high-definition.

Another problem they had was people can not play the movies on their TV but, instead only on their laptops or desktops. The only way customers can play the movies on their TV's is if they buy either a RGB, S-Video, or HDMI cable so they can project the movie from the laptop to the TV. But, with this means that customers will have to go out and make a purchase to just watch online movies on the TV. The solution to this problem would be if Nettles provided the cable needed to watch the movies from the computer to the TV for a low rental fee.

As long as they have a Nettles VOID account they can pay a one time rental fee for a cable as long as they stay with the company. (D) Select the best alternative. Your choice should be supported by sound arguments and be realistic given the firm's resources. I feel that the best alternative for Nettles is to keep their rental services and also have the VOID services. I feel that both are very profitable services they can provide to customers. They have such a large customer base that they can pick up on shifts in the market.

Netflix has been proven to make both incremental and disruptive innovation to help their company grow. Even my Android phone has Netflix on it that allows me to stream videos directly to my phone anywhere there is Wi-Fi. If the market turns to more VOID then Netflix will make that shift and turn their company into a VOID company. But, if it doesn't they still have their rental services for profit. Their rental services cost the most to up-keep because of all the workers and distributed facilities they need to keep up with the demand. VOID has a lot less running fees. They can greatly cut down on employees and facilities.