

# Analyze the netflix case study essay

[Education](#)



**ASSIGN  
BUSTER**

I. Viewpoint: CEO We used the CEO Reed Hasting view point, because he is the current CEO and primarily responsible for the main ideas for this company. II. Problem Statement: How should Netflix enter the online video market? Any decision made on this issue would impact not just the Netflix existing business model but its ability to sustain its position as a giant in the media industry. III. Key Objectives Make Netflix more engage in technology generation now a day. To increase revenue incomes for the company and at the same time make the company brand more globally to all.

IV. Areas of Consideration SWOT Strength: ? the first company that venture into the online DVDs rental retailing ? Netflix offers prepaid subscription service whereby customers only need to sign up and pay a fixed subscription fee a month for unlimited rentals. ? Customers will now have no more worry of returning their movies late, as Netflix has cancelled the late-fee system. ? Netflix made the unsubscription process relatively easy ? adopting the strategy of reclaiming churned customers rather than forcing dissatisfied customers to stay. Offers a web portal with powerful features such as a proprietary recommendation system that was very accurate in recommendations ? Customers are recommended to movies based on their preferences as well as the availability of the movies. ? Gained a good reputation as well as a large base of customers over the years. ? Growing library of more than 5, 000 choices that can be watched instantly on their PCs. ? Over 6. 7 million subscribers. ? They have over 55 million discs and ship 1. 6 million a day, on average. Weakness: Prepaid subscription service model do not work with low volume customers. ? High replacement inventory

cost will occur since DVDs might get lost or damage during the mail transit. ? Delivery time is still a weakness for Netflix in comparison to brick-and-mortar store like Blockbuster. ? Customers could not get the DVDs they want immediately. Opportunities ? Netflix can easily source for the technology and infrastructure to provide VOD services to its customers. ? Netflix can review on the current competitors in the VOD market to have a safer measure before entering into the market. With VOD, the problems associated with inventory control such as damaged as lost DVDs might be eliminated. ? More people have higher purchasing power since more are buying high-price durable goods like big-screen HDTV. Threats ? Video streaming technologies had evolved drastically over the years to the recent VOD. ? Brick-and-mortar stores like Blockbuster will continue to enjoy its business with customers who want to get their DVDs on the spot and do not consume high volume of DVDs. V. Alternative Courses of Action: Promote a free movie watch from 1-3 pm mid night Ad: To catch up more customers. Dis: No revenue for that timing. ? More benefits for VIP membership Ad: establish customer loyalty. Dis: Less revenue income. ? Engage in HOT /IN website or Apps for advertising Ad: Promoting the brand name. Dis: It's competitive with other apps for movie. ? Billboard advertising Ad: making the brand more widely Dis: high cost in renting billboard ? Lower cost for Weekend Ad: increase in membership log-in / increase in sales Dis: lower income for that specific days. VII. Recommendation:

As the Internet sources is rapidly growth too fast and the updating of movies is also getting Faster than before, Netflix should try to make a promotion period for memberships. Or even lower price for old movies (10-20 years old

movies). They can also make a promotion for watching free within a period of time (1-3pm midnight). References: <http://www.tech.com/2011/10/netflix-is-a-case-study-in-poor-decisions-tanking-a-company/> <http://blog.kissmetrics.com/how-netflix-measures-you/> <http://www.dmnews.com/customer-relationship-mangling-a-netflix-case-study/article/215246/>

Questions: 1. As completely as possible, sketch the value chain for Netflix from the production of content to viewer. Ans: 2. How do horizontal and vertical conflict impact Netflix? Ans: There are competitor in the market and the innovative update for the technology now a days conflict impact the improvement of Netflix. 3. How does Netflix add value for cutomers through? Ans: Netflix provide low cost for quality movies that u can watch. They provide more than millions of movies choices for movie lover who can even search for old movies(10 years ago). 4.

What threats does Netflix face in the future? Ans: Netflix will face more technology challenges in coming future and there will also be more and more website for free movies coming out. 5. Will Netflix be successful in the long term? Why or Why not? Ans: Netflix will successful for short term but not long term. Because there are more and more websites providing free movie watching or even software. We can just download it thru the net and watch it for free. Therefore there will be less people willing to pay for watching a movie except for movie house.