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Case Study :



NETFLIX

**Fights to Stay Ahead of
a Rapidly Changing Market**



Dr. Jalalzadeh

Presented by : Mohammad Poloie



What is Netflix?



Netflix is a streaming service that offers a wide variety of award-winning TV shows, movies, anime, documentaries, and more on thousands of **internet-connected devices**.

You can watch as much as you want, whenever you want **without a single commercial – all for one low monthly price**. There's always something new to discover and new TV shows and movies are added every week!



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Founders : **Reed Hastings _ Marc Randolph**

Founded in : **1997**

Industry : **over-the-top content platform & media production**

Headquarters: **Los Gatos, California, US**



NETFLIX



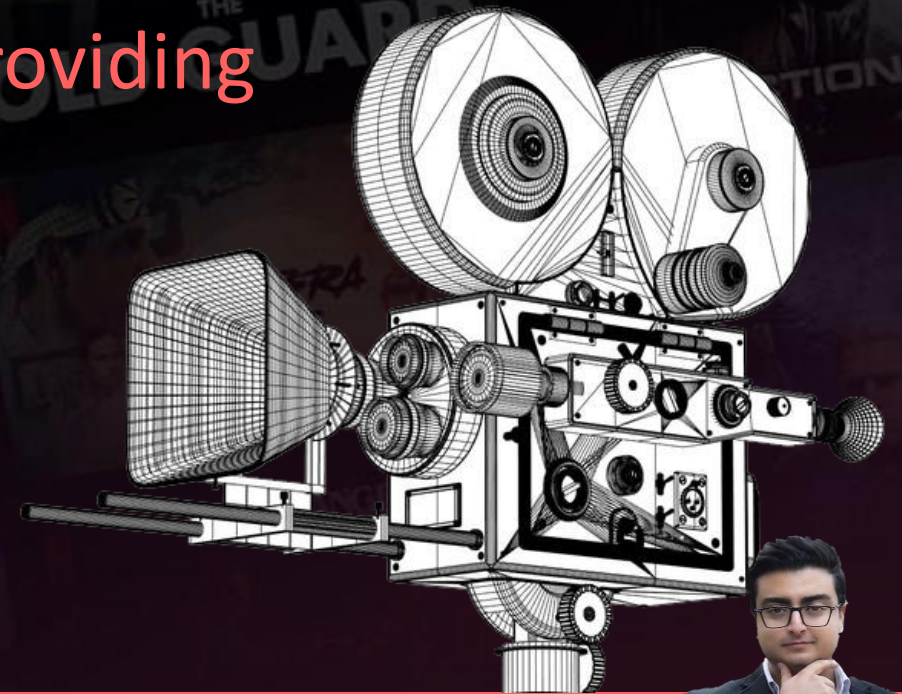
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vision : Becoming the best global entertainment distribution service. Licensing entertainment content around the world. Creating markets that are accessible to filmmakers.

mission : “To entertain the world.” This mission statement is based on the nature of the company in providing on-demand movie streaming services.



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products : Streaming media - video on demand (VOD)
Film production-film distribution-television production



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NETFLIX SWOT ANALYSIS

HELPFUL

PROBLEMS

INTERNAL

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STRENGTHS

1. **Brand** - Netflix is a global brand that is associated with video streaming and unique content.
2. **Range and Quality of Content** – Netflix has a strong portfolio of content and has invested heavily in producing its own award-winning content. Plus ad free!
3. **Customer Base** – a strong record of growth and a substantial global customer base – 167M in 2019.
4. **Technology** – a global infrastructure that supports its on-demand streaming service.
5. **Marketing** – In 2019, Netflix's marketing amounted to 2.65 billion U.S. dollars . It cleverly uses partners such as Coca-Cola as well as more traditional methods.

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WEAKNESSES

1. **Business Model Easily Replicated** – Netflix has a business model that can be replicated by other companies. Asia/China –
2. **Content and Rising Debt** – In 2019, Netflix had \$19billion in long-term debt associated with content and a net income of \$1.87 billion.
3. **Content Portfolio**– many of its big hits in recent years have finished leaving it vulnerable in the US market.
4. **User Experience** – the recommendation engine needs a refresh and link with AI to improve user experience.
5. **Green Credentials** – Netflix has started to offset its energy use but is behind in developing a fully fledged policy.

EXTERNAL

O

OPPORTUNITIES

1. **International growth** – growth opportunities in China, India and South America through partnerships.
2. **Localized Content** – to compete in new and emerging markets Netflix needs stronger content.
3. **Content Ownership** – To increase its unique offering and draw for audiences it needs to have more owned content.
4. **AI/VR** – offer new customer experiences through visors – this could provide a new offer and customer experience for differentiation.
5. **Acquisitions** – to improve its technology or to expand its market penetration.

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THREATS

1. **Competition** – substantial level of new competition plus heavy investments in expansion from existing competitors.
2. **China** – China is a significant market that will influence ther future. Netflix has little to no presence.
3. **Pricing** – Netflix has pricing that is prohibitive for many emerging markets leaving it exposed to local players who offer lower rates to grab market share.
4. **Piracy** - Piracy of the licensed content is still an issue worldwide and is particularly prevalent in emerging economies.

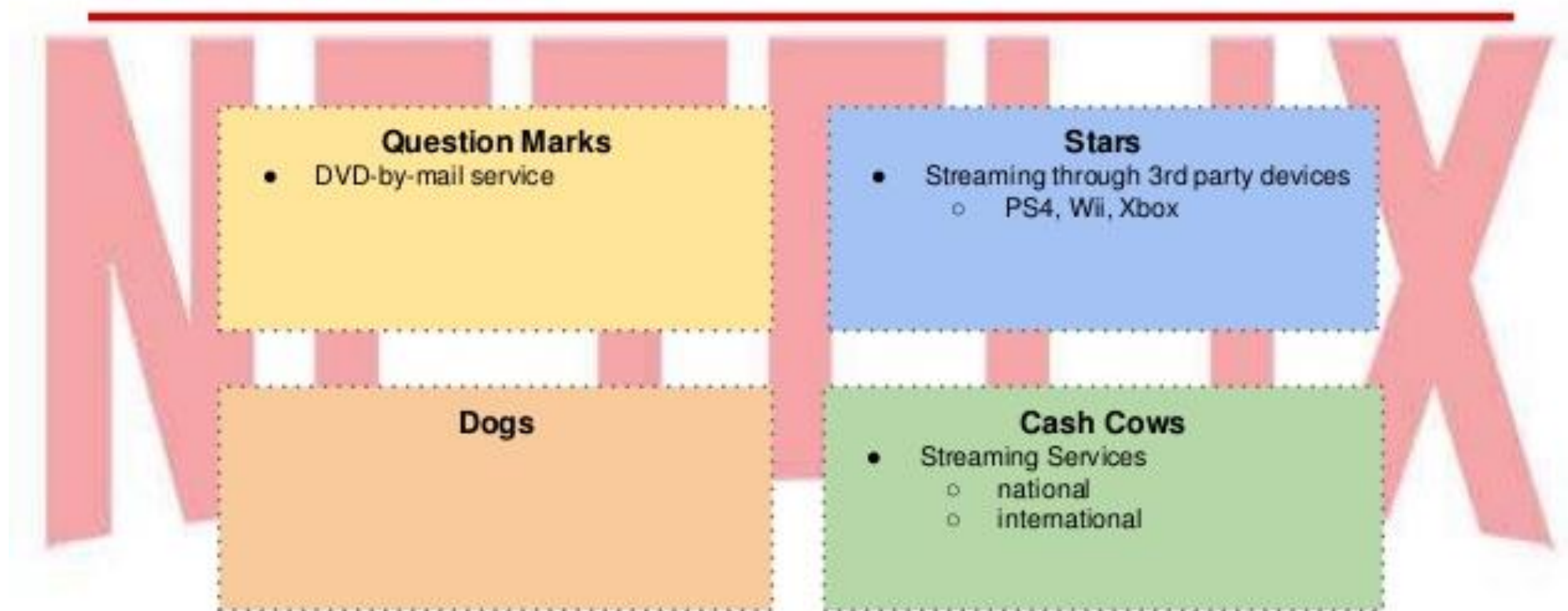


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BCG Matrix



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#26 Netflix (NFLX)

\$ **534.45**

+1.55 (+0.29%)

As of December 18 4:00:00 PM EST

1D 5D 1M 6M YTD **1Y** 5Y Max

Open: 533.20 High: 536.37 Low: 526.02 Close: 534.45



NETFLIX Forbes Ranking

**BIGGEST VALUE % GAIN
FROM 2019 TO 2020 LIST**

NETFLIX: 72%

CHANEL: 42%

AMAZON: 40%

MICROSOFT: 30%

PAYPAL: 24%

25	Marlboro	\$26.8 B	-6%	\$25.1 B
26	Netflix	\$26.7 B	72%	\$20.2 B
27	BMW	\$25.9 B	-13%	\$93.4 B



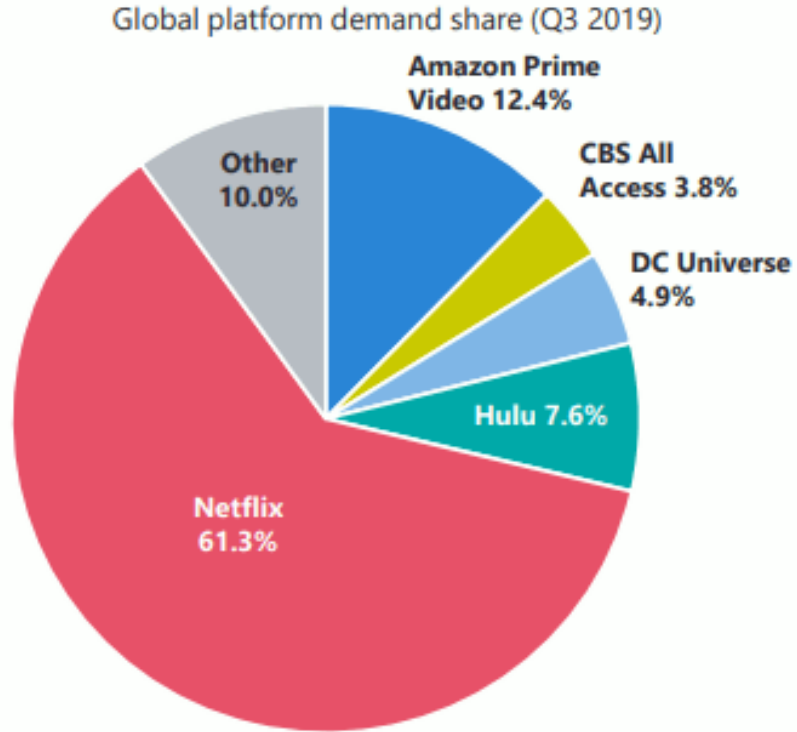
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NETFLIX Market Share & Sphere of service

Global demand share by original platform for all digital originals



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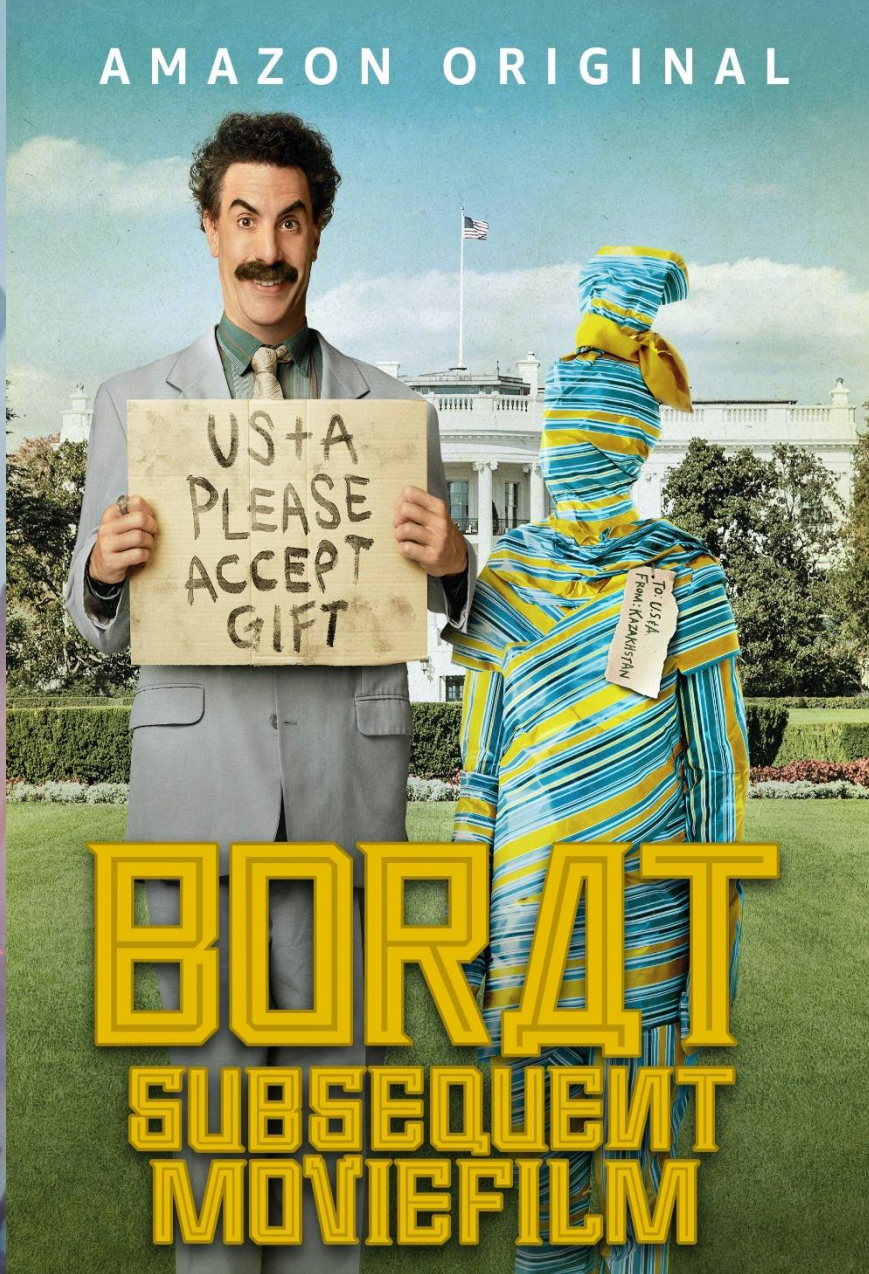


the company is poised to dominate the video streaming sector for the foreseeable future. The problem is, the future changes rapidly in this industry.



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Evolution

Several of the major movie production companies have now opted to bypass the theatre experience and instead promote a selection of their movies directly to the home viewing audience via on-demand services, broadband downloads, or online streaming



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Analyzing Netflix's Marketing Strategy to stay ahead

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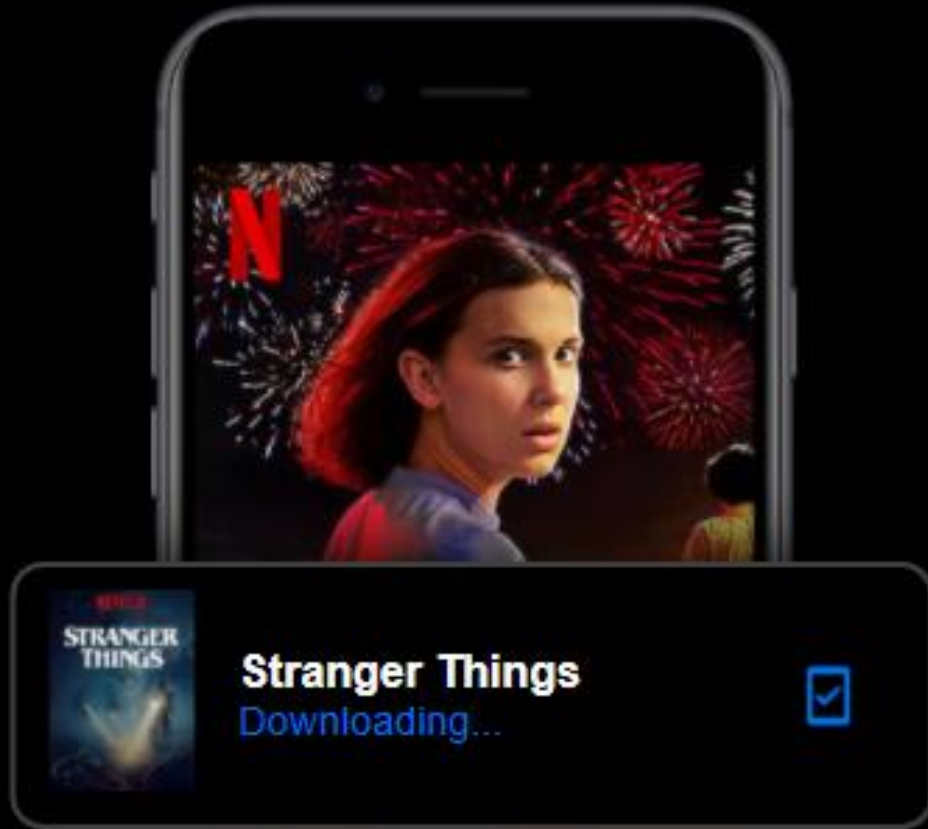


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1) Original Contents



One of the core pillars of Netflix's business growth **strategy** is its focus on **original content**. The company has continued to **expand its collection of original movies and shows**. It also plans to add more of them in **2020 and 2021**.



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2) Social Media Marketing

Thanks to Netflix's social media strategy within a creative and strategic approach, people are encouraged to talk about Netflix and the content below posts. Their social media team asks questions and creates polls stimulating users or fans to continue the casual conversation that places Netflix in trending topics.

Netflix @netflix · Dec 1, 2017
Should we make another season of Stranger Things?

YES!	87.3%
Nope.	12.7%

491,332 votes · Final results

2.9K 11.4K 29.2K

Netflix @netflix · Dec 1, 2017
FOR THE LOVE OF STEVE, DUH! So hold tight baby darts — season 3 is officially happening.

2.4K 58.2K 127.3K

Replies

Netflix @netflix · Dec 1, 2017
Replying to @Malkarii_
This feels worthy of some celebration. Shoot me a DM and prep those pearlsssss

3 19 1K



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3) Cooperation and Campaigns

Netflix **collaborates** with a great number of companies and applications such as **banks**, **Snapchat**, and **Instagram** with **multi-channel campaigns**. For example, if you have an **account on a bank** that is a business partner of Netflix, you can get a **50% discount** for Netflix. They create **photo effects on Snapchat and Instagram** for the users on those applications. They also use **e-mail marketing** to promote their content.



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3) Cooperation and Campaigns



You can also **try Netflix free for 30 days!** After signing up, if you do not enjoy **you can cancel your membership in 30 days without payment.** If you would like to continue watching, do nothing, and your membership will automatically continue until you do not want to remain as a user. **There is no cancellation fee, commitment, or contract.**



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4) Personalization at its best

Their team knows how to **keep you engaged on Netflix** with a **personalized interface**. After you spend some time on Netflix and watch something, they suggest you some more related ones according to what you have been watching with the help of their **data-driven system**. They even do it on their social media accounts.



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4) Personalization at its best



Besides, Netflix provides several **suggested lists** based on the information about **what is the trend in your country** or around the world.



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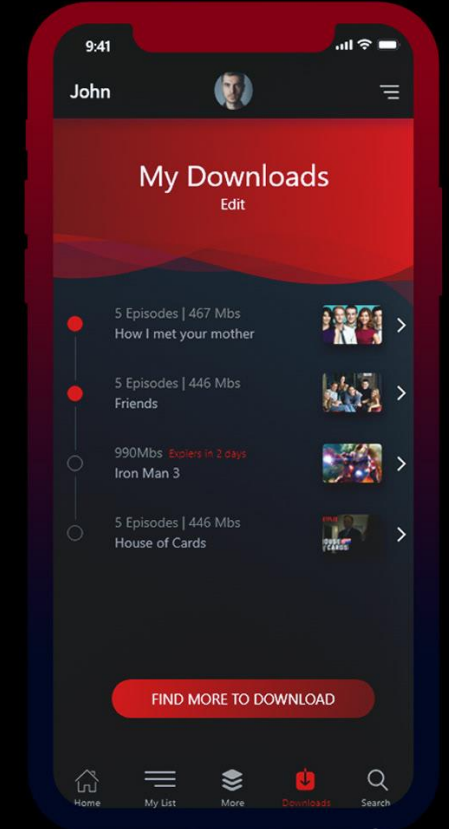
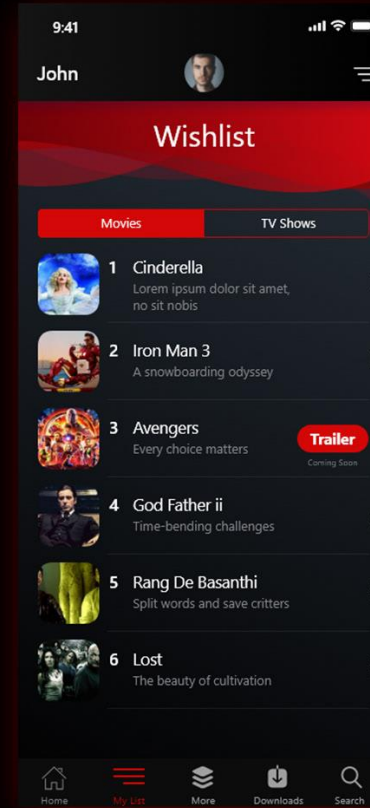


5) Humor in advertising

Netflix team knows that the members share their password with others to avoid monthly payment and makes fun of this truth on a commercial film.

Authenticity and interaction with the audience are essential part of Netflix's digital marketing strategy!

My list & downloads



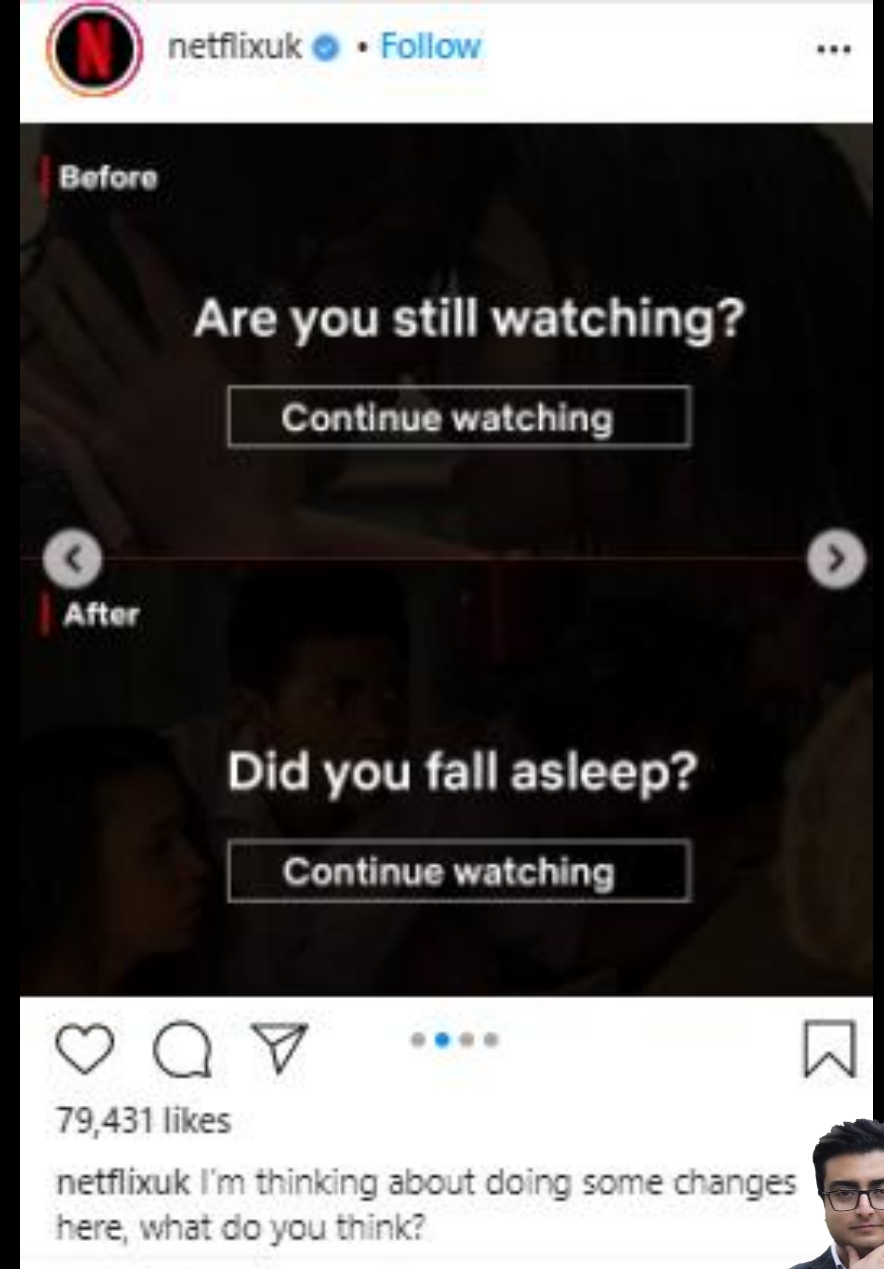
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5) Humor in advertising

They also share **funny posts** with funny captions on their **social media** accounts, creating an overwhelming impression, and **those posts are liked and shared by a large number of people.**



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Thanks for watching!



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