

NETFLIX

Introduction

- Netflix, Inc. is an American entertainment services
- Netflix was founded by Marc Randolph and Reed Hastings on August 29, 1997
- Netflix originally started as a DVD sales and rental by mail then switched to focus on the DVD rental business. In 2007, Netflix expended their business with streaming media.



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Key driving changes happened to Netflix



Why this issue is important for Netflix marketing team

- Focus moved from product convenience (“no late fees”) to *content experience* (“watch anytime, anywhere”).
- Marketing evolved to focus on show-specific campaigns, similar to Hollywood movie releases. Teams had to manage global promotions, brand partnerships, and localized content marketing.
- The streaming market became crowded with major players like Disney+, Amazon Prime, etc.



Analysis of Netflix

Technological challenges

- Moving from physical DVD distribution to digital streaming required major technological infrastructure. In the mid-2000s, **internet speeds were slow**, and broadband access was limited. Netflix had to invest heavily in **servers, content delivery networks (CDNs), and partnerships** with internet providers.

Licensing and Content Availability

- When Netflix switched to streaming, it didn't own most of the content
- Studios were hesitant to license content for online streaming because they feared losing control or profit.

Consumer Adoption and Behavior Change

- Customers were used to physical DVDs — switching to streaming required a new mindset.
- Many customers didn't fully understand how streaming worked or doubted internet reliability.

Breakdown of issue using PESTLE analysis



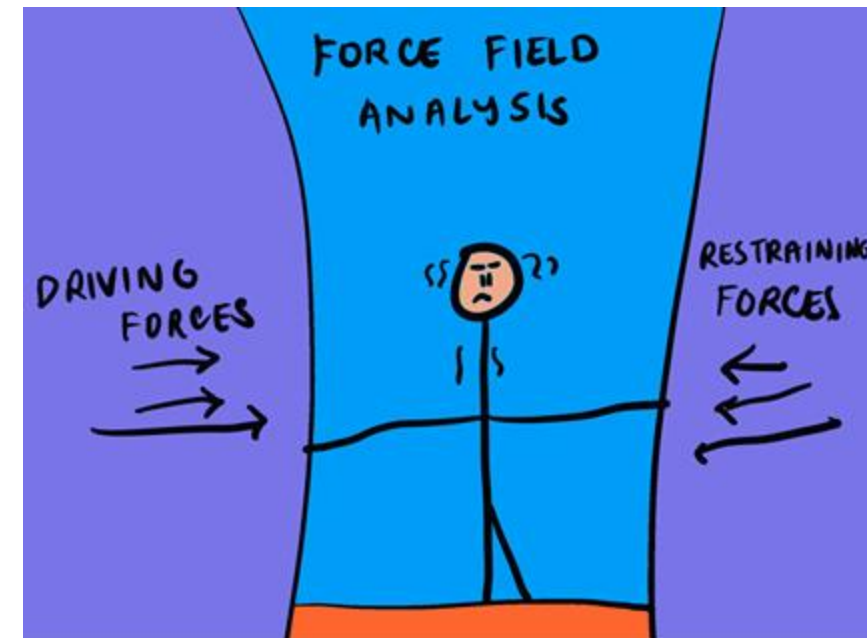
Analysis factor	Issue
Political	As Netflix grows internationally, company has to manage a variety of international regulations,censorship, and content laws.
Economical	Netflix is grappling with the financial burden of developing original content and keeping up with technical advancements.
Social	Consumers were hesitant to move to digital platforms from DVDs
Technological	Internet bandwidth and speed were limited in the 2000s, affecting streaming quality
Legal factors	Netflix's streaming library was initially small because of licensing restrictions. Studios were hesitant to grant online licenses, fearing loss of revenue.
Environmental Factors	Transition to streaming aligned with a more environmentally friendly image, reducing physical waste

Lewin Force Field Analysis

Tecnological changes:- More homes got fast internet, and steaming jobs get better, so watching shows online became easy and reliable.

Customer expectations:- people wanted to watch shows right away instead of waiting for DVDs in the past.

Comepitative pressure and opportunity:- New rivals and changing business economics meant Netflix could gain a big advantage by being one of the first to stream.



Continuation

Restraining forces:

- **Dependence on DVDs and partners** — Netflix was still making money from DVD subscriptions and had warehouses and postal partners, so it was hard to leave that behind.
- **Big technical and money risks** — Building a reliable streaming service needed a lot of upfront spending on technology and delivery systems, which was expensive and risky.
- **Skills and culture mismatch** — The company's teams and processes were set up for sending discs; they needed new skills, tools, and ways of working for streaming.

The three-step Lewin process(: Unfreeze → Change → Refreeze)

Unfreeze — prepare the company and customers to change

- **Explain what change is needed:** Show that internet speeds are improving, customers want instant access, and staying only with DVDs will lose market share.
- **Reduce fear and uncertainty:** Offer clear messages to subscribers that DVDs will still work during the transition and share a roadmap for streaming rollout.



Continuation

Change — roll out streaming and shift how work is done

- **Build and launch the new service:** Invest in streaming technology, content licensing, and delivery networks while launching an easy-to-use streaming app.
- **Train and re-skill people:** Move staff from DVD logistics roles into digital, tech, product, and content teams; run training and hire where needed

Refreeze — make streaming the normal way Netflix works

- **Change rules and measures:** Update KPIs to track streaming engagement, retention, and viewing hours instead of DVD shipments.
- **Embed new routines:** Add streaming tasks to daily workflows, change job descriptions, and stop processes tied only to DVDs over time.

Swot analysis

Strengths:

First-mover advantage: Netflix has an advantage over rivals because it was one of the first to use streaming technology.

High level of brand awareness: Netflix, which was already well-known for its DVD service, used its standing to advertise streaming.

Weaknesses

High initial investment: Transitioning to streaming required significant capital for technology, licensing, and infrastructure.

Dependency on the internet speed. Streaming quality was tied to users' broadband access, which varied widely in the late 2000s



Continuation

❑ Opportunities

Global expansion: Streaming opened doors to international markets without the need for physical distribution

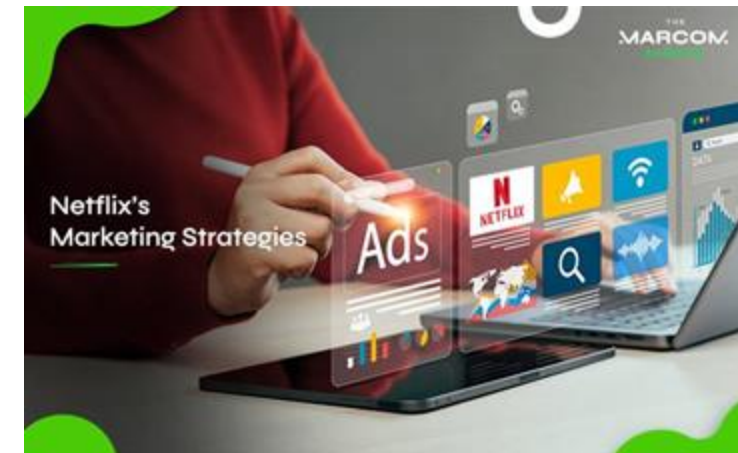
Original content production: Netflix could create exclusive shows and movies, boosting brand loyalty and reducing reliance on third-party studios

❑ Threats:

Licensing battles: Studios began pulling content to launch their own platforms, threatening Netflix's catalog

What did Netflix marketing team did

- Announced streaming as a new option, not a forced replacement, so customers didn't feel pushed; they introduced streaming slowly and tested it with small groups first.
- Offered free trials and low-risk promotions to get people to try streaming without worry.
- Used clear, simple messages that focused on the main benefit: watch instantly on computers, TVs, and devices.
- Showed popular titles and exclusives in ads and emails to give people concrete reasons to try streaming



Strengths and weaknesses of Netflix change management

Strength	weaknesses
Netflix had a competitive advantage because of its early embrace of streaming technology.	High investment in infrastructure and licensing
worldwide scalability free from restrictions on physical distribution.	Customer confusion during service changes
fast access and no late penalties, which improves the user experience.	Increased competition as other platforms entered the streaming space.
transformation of the brand into a pioneer in tech-forward entertainment.	Resistance to change among loyal DVD users.
foundation for unique programming and creative material.	

Ansoff matrix for Netflix

Market Penetration:- Netflix set up international bodies by customising its content and significant investment. User experience with company is the another key focus.



Market Development:- Netflix customizes its content to language and culture of different geographical locations for larger audience this service also pair with nearby media of telecom industry.



Product development:- Netflix being a top in the production of original content, makes vast investment in the creation of new movies, TV shows and Series. Broad range of viewers being targeted, prioritising variety of genre.



Differentiation:- Netflix also has branch in interactive media service that studies

Outcomes

- 1 .According to The times study reveals that recent strong competition from rivals like Disney+and Amazon Prime, rising costs making it costly service, there is decline of users also observing in perceived content quality.
2. However high content cost budget there is rising perception the quality content of netflix original production is decreasing. Channel 4 also claimed that its public model giving hand to nurture which leads to talent drain which weakens Uk's creative industry.
3. Subscriber also pressing issue with subscription cost and dissatisfied premiums.
- 4.Netflix crackdown on password sharing which needed users to pay extra for members outside their household, which is the part of their revenue source but it led to downside.

Audience Centric Focus

Netflix revolutionized the entertainment industry through its innovation idea. It entertains half a billion people in more than 190 countries and 50 languages, Programmed for every taste and culture .

1 Individuals taste and preferences content recommendation that involves sophisticated algorithm that analyze viewing trends and preferences.

2 As a globally presence of netflix teams, their primary research ranges from formative to evaluate, using approaches such as quantitative surveys, Social listening and audience analysis.

3 Netflix uses AI data analytics to personalised users experience. It tracks what you watch, pause and your ratings. For instance if you love horror or sci-fi drama you may see it in your suggestion box.

conclusion

Netflix's transformation from a DVD rental company to a global streaming powerhouse exemplifies the power of strategic foresight, technological innovation, and organizational agility. By continuously adapting to market changes and prioritizing customer experience, Netflix not only disrupted traditional entertainment but also set a benchmark for businesses navigating digital transformation.

Financial Growth

Revenue:

- 2007: \$997 million
- 2020: \$25 billion

Market Value:

- 2007: ~\$1.5 billion
- 2020: Over \$200 billion

Subscriber Growth

2007: 7.48 million

2020: Over 200 million globally



Recommendations

Position streaming as an option, not a replacement

Say “try streaming” but remind customers their DVDs still work. Reduce worries about switching.

Promote exclusive and popular content

Push shows and movies that make streaming clearly worth it compared to DVDs.

Target early adopters first

Start with tech-savvy people who already have smart TVs, consoles, or smartphones to get goodword-of-mouth.

Protect loyal DVD customers

Give longtime customers special prices, bundles, or opt-in choices so they feel valued and stay with you.

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