NETFLIX

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MODULE: LCMB7003

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COURSE: Strategic management

SUBMISSION DATE: 05/01/2023

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EXECUTIVE SUMMARY

Netflix is a publicly traded American company that specializes in producing and distributing video content as well as offering Internet-based and subscription-based streaming media.
I have used the Strategic management framework to elaborate my assignment on Netflix Inc and is divided in an introduction of what is the mission, vision and objectives of the company. Additionally, is focused on Strategic analysis with PESTLE and SWOT as tools. The models are used in this context to deal with the internal and external environments, including changes to the organization's resources, capabilities, leadership, culture, and other internal aspects as well as the company's strategic positioning.
Using these tools, we are able to focus on a conclusion and recommendation. We will see that I have suggested different approach such as: to use more advertising, to use a differentiation and to be affordable with the price.
Another point will be the strategic development with the growth strategy and the BCG matrix. They will be used on this document with a conclusion that on 2022 the company has reached an additional 7.5 million of new subscribers.
This leads one to the conclusion that Netflix has adopted a business strategy based on unlimited subscriptions, which is regarded as a revenue model for limitless access to online services.
For brands, diversification and product development is the best course of action.
As final part of the framework the elaborate is focused on the organizational structure, corporate governance and a financial review.
The financial analysis will be taken into account with a balance sheet and income statement at the conclusion, along with a final assessment.

1. THE STRATEGIC MANAGEMENT PROCESS - IDENTIFY AND ANALISYS

The last 20 years, Netflix has established itself as one of the Top brands with incontestable quality, thanks to its mission and vision statement that emphasize its undivided attention to give the best wherever it operates.

1.1. MISSION

"We promise our customers stellar service, our suppliers a valuable partner, our investors the prospects of sustained profitable growth, and our employees the allure of huge impact," reads the mission statement of Netflix.

In order to achieve higher performance levels, the online company's strategic management refers to its corporate mission statement.

Its operations management is responsible for Netflix's international business growth, including that of its affiliates and franchises like StoryBots.

The mission statements of Netflix also permit market diversification beyond just online media.

This possibility suggests that the movie streaming sector may develop and grow more quickly in line with the objectives of the corporate mission statement for entertainment goods.

Netflix satisfies the strategic demands of its corporate mission despite obstacles posed by competitors' similar strategic initiatives.

1.2. OBJECTIVES

I will divide the objectives and goals for the company in Short and Long term.

1.2.1. Short term

The company has clarified that during the short term they will be focus on:

- Revenue and subscriptions.

  During the last four years, Netflix's paid subscription base has grown at an average rate of 26%, exceeding the company's projection that it will grow its subscriber base by 30% annually. Only 21% of a year-over-year growth was seen in the first nine months of 2021.

  The company's revenues increased on average by 30% over the previous four years, but only by an average of 26% in the first three quarters of 2021.

In fact, Netflix has already started to gain traction in the markets of Latin America, Europe, the Middle East, Africa, and Asia-Pacific. Netflix has also undergone impressive expansion in other nations.

As a result, in order to further support this growth, Netflix is releasing 130 seasons of localized original content in various international markets.

- More content

  The majority of Netflix's content spending in 2021—$15 billion—went toward original programming. Furthermore, Netflix's intention to produce high-quality content is evidenced by the number of Oscar and Golden Globe nominations it has received.

- Cost limits

  Netflix has to admit that the cost of producing its own shows has been high. Over the last few years, it has been spending a lot more money than it has been bringing in.

  As situation for the future, Netflix anticipates continuing to have negative cash flow. However, it anticipates that free cash flow will begin to increase in 2023 as a result of a steady increase in operating margin, which will go from 10% in 2020 to 13% in 2021 and 16% in 2022.

1.2.2. Long Term

For Long term goals, the company is focused on:

- To be the best streaming service in the world
- To have own entertainment content around the world
- To help movie maker and creators to find a global audience

1.3. STRATEGIES

Since the company has started the business, the strategies were something different form the others. We will see some of those in this paragraph.

a) Content personalized

Netflix is a great example of how personalized content can increase user satisfaction. The films and TV shows that Netflix's customers like to watch are known to the service. It actually uses this information to provide recommendations that are customized just for them.



They can use this to save themselves from having to search through numerous lists of content in search of what they want. Furthermore, it guarantees that users always receive the most up-to-date content. Users demand this level of personalization because it enhances their experience and raises the likelihood that they will visit a website again in the future.

b) A Multimode experience.

The multi-device strategy that Netflix has adopted has contributed to its success in its journey, which started with a DVD service. To paraphrase from the opening of the Netflix, the company has no restrictions on where it can serve customers, and it uses both offline and online marketing strategies to boost user engagement.

c) About of technology

In order to keep things feeling fresh, they frequently change the artwork and modern technology is effectively used by Netflix. Additionally, to increase engagement, the platform is constantly adding new features.

d) Advertising

For the company, the email marketing is still a valuable tool.
By combining machine learning platforms with email campaigns, they are ahead of the game. Additionally, the data is segmented into different user groups for accurate and effective customer targeting, assisting in the collection of more user preferences and information. To put it another way, email marketing can promote Netflix to potential new customers while also making useful suggestions to current ones.

- More interactions or buzz?



The most successful content marketing strategy over the last ten years has been used by Netflix. To capture customers' attention, they provide independent products and unique experiences. Additionally, the platform has an effective communication channel to increase passing awareness and recognition. With the help of the platform, the audience can take part and make choices, and this unexpected development may one day completely alter how we watch television.
The user is forced to continue binge-watching due to the platform's unparalleled buzz and with the hope of finding a happy conclusion, they are highly engaged.

2. STRATEGIC ANALYSIS

My analysis for the external and internal environments will be discussed using different tools. The position of Netflix in the market, its difficulties, and potential strategies for maintaining a competitive edge will all be covered in this study.

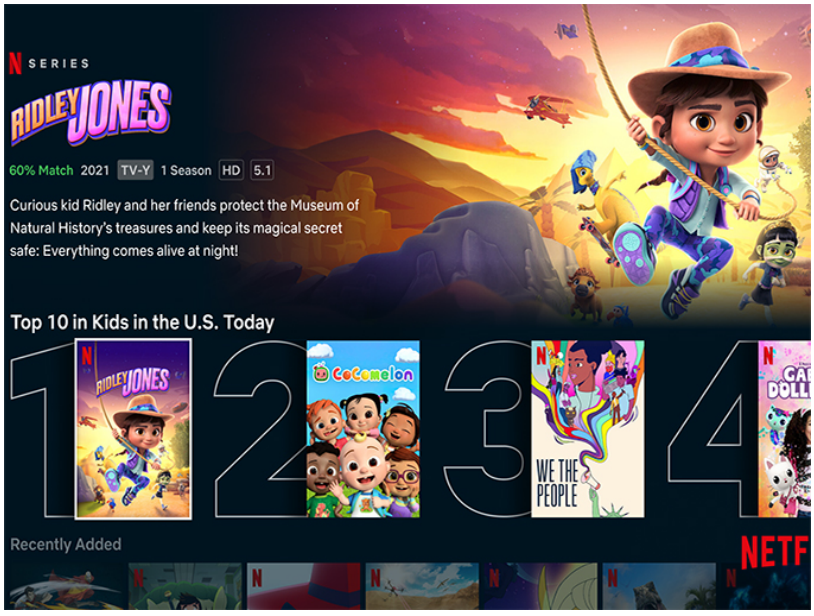
2.1. SWOT ANALYSIS

The Swot analysis of Netflix is explained below:

- Strength:

One advantage for the company is the fact that Netflix is the most popular streaming service in the US, which has a large market for media and entertainment. Since its launch in 1997, Netflix has steadily grown both its market share and revenue.

The company has reached more than 222 million subscribers and this was one of the goals for the 2022. During these years, the company has implemented the possibility to create own content, with the use of algorithms to suggest movies to watch. This allow the costumer to download movies and watch them later when they're offline, having content for kids and families so that young users to avoid adult contents as if they watch movies of their age are set up in their profiles, and finally allowing users to stream movies uninterrupted by advertisements are the most crucial features.



All of these Netflix features, in my opinion, contribute to the company's internal strength.

- Weaknesses:

With the new competitors as Disney and Amazon Prime video, the company is still losing many famous movies.

Shows like "Jessie" and "Bunk'd" have expired and cannot have their family-friendly streaming rights renewed because they are property of Disney.

Another potential internal weakness is the high production costs of its original movies and series. For example, the $8 million average cost per episode of a Netflix series has a negative impact on the company's declining revenue and rising subscription prices.

- Opportunities:

  One of the abilities of Netflix is to create regionally specific content for each part of the world.

  For instance, Netflix Italia offers different programming than Netflix America. (ex. Skam Germany and Skam Italia).

  Viewers will be able to use it for a long time without worrying about contracts expiring or missing their favorite shows if it has the ability to produce its own content.

  One biggest opportunity is that if the movies are well-produced there will be awards as Emmy nominations.

- Threats:

  Netflix has faced competition in the streaming service sector of the M&E industry from a number of new entrants.

  Due to this, Netflix's largest markets, the US and Canada, have seen a loss of up to 1.3 million subscribers.

  In fact, many costumers prefer to share accounts with friends and extended family in order to save money in light of the current increase in subscription fees and general inflation.

  For example, I decided to split my Netflix membership with my co-worker, however, I have cancelled it as the company has begun charging an additional fee for password sharing due to password sharing and business loss. There is no question that this poses a threat to its ability to function.

2.2. PESTLE ANALYSIS

These factors below have affected Netflix's expansion and prosperity:

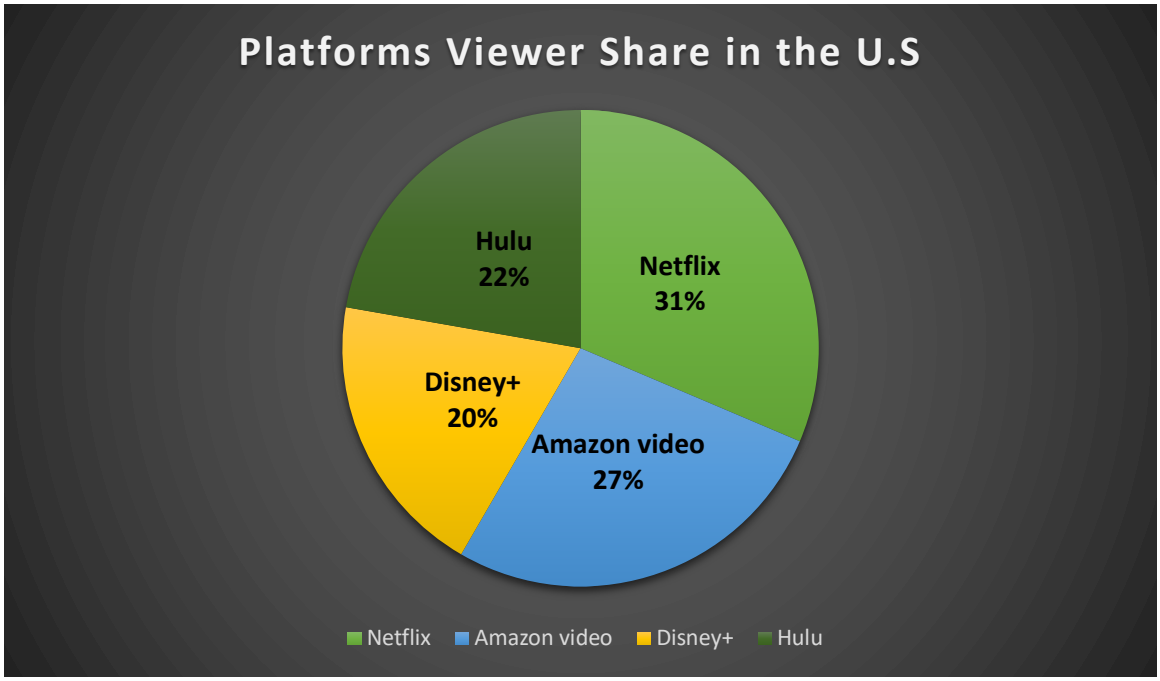
- Political factor: By region and country, there are differences in political governance, laws, and regulations governing business operations. Netflix is required to research these laws and make arrangements to abide by them before entering a new area or country. Netflix must abide by the law or risk legal repercussions because some countries have strict restrictions on what can be streamed. This is good for business because Netflix has not yet been impacted by significant political issues.

- Economic factor: As an illustration, the Covid-19 outbreak in the world is currently the cause of high inflation and rising prices for goods and services. At a time when people are trying to save money for gas and groceries, Netflix made the unexpected decision to increase the cost of a subscription.
  Actually, it must have been this economic factor that contributed most to their decline in subscriber numbers.
- Social factor: Socioeconomic status, gender, age, culture, religion, values, and language are just a few examples of social factors that may have an impact on consumers' decision to watch a movie or a television show.
  However, at the moment, Netflix offers a variety of languages, which has helped the business increase customer satisfaction.
  In addition, Netflix provides young adults and children with family-friendly programming.
- Technology: is a significant factor that could have an effect on how Netflix conducts business because its main activity, streaming, depends on the internet and IT tools to deliver services to customers' homes. Customers of Netflix have the option of creating a unique profile with their preferred cool avatar, rating movies they've seen, and downloading a movie to watch later when they aren't connected to the internet.
  A new addition to the platform will be The Game space on Netflix, which uses software to recommend or offer movies based on the movie a user just watched.
- Environmental: events play a significant role in how business operations are impacted. For the sake of preserving a clean environment, Netflix has made a commitment to obtaining its electric power from sources that use renewable energy (Netflix, 2015).
- Legal aspect: Depending on the area and nation where businesses are located, different legal considerations apply. Given that Netflix has operations in numerous countries, it is obligated to follow local laws. One example could be that if the user opposes to share the email addresses, passwords, payment details, and phone numbers, Netflix may be held legally liable.

2.3. FIVE PORTER FORCES

The Five porter Forces will be examined to determine how Netflix competes in the market.

- Competition: as mentioned before, major competitors are Amazon and Disney. The last mentioned, has a sizable fan base with a demographic ranging in the youngest to the older age, and its monthly subscription services offer exclusive content for the family. In addition, Amazon Prime is a strong competitor that offers essentials like free audiobooks, limitless music, games, and food delivery service Grubhub, as well as occasionally a percentage of cash back when using the Prime membership. Netflix needs to give its customers more in order to remain competitive.



Source: Emarketer, 2022 – (Chart self-created)

- While it was still possible, the company made use of the supplier power. One of the biggest and good idea of the company was to draw talented content from filmmakers.
  However, as fresh competitors like Disney have used the same strategy to introduce exclusive streaming, Netflix began to lose its supplier advantage.
- With so many streaming services available on the market right now, power has shifted to the consumers (viewers).

Viewers have a significant amount of purchasing power due to the suppliers' ongoing efforts to produce appropriate content, and with a few clicks, customers can subscribe or cancel.

- Threat of Substitution: Streaming services have largely replaced traditional media outlets in the entertainment sector, so there is little risk of this happening.

  However, Live streaming is increasingly common on social media sites like Facebook Meta, Instagram, Tik-Tok, and others. Even though they are not considered to be on the same sector as they have begun offering services by giving users a platform to amuse both themselves and other users.
- Threat of New Entry: After Netflix for years dominated the streaming service market, new players like Disney, Amazon Prime, and Paramount, etc. entered the market. In an effort to undermine Netflix's competitive advantage, these new ones entered a fierce competition with it. Social media use for entertainment has taken a turn recently, which has created significant problems.

3. STRATEGIC DEVELOPMENT

Netflix is currently using growth strategy and it will continue to do so in the next few years. (Netflix 2022)

3.1. GROWTH STRATEGIES

- **Market penetration**:

  The online retailer must increase streaming service sales in its current markets as part of this growth strategy.

  The success of this growth strategy, which aims to increase revenues and market share, will be determined by Netflix's general strategy's ability to maintain competitive advantages in order to draw in and keep more customers in the current markets.

  The generic strategy and intensive growth strategies, which are aspects of the online business model, are also influenced by other strategic areas.

The company strengthens its operations while pursuing this aggressive growth strategy, allowing it to successfully enter the digital content streaming market in spite of competition from other companies.

- **Market expansion:** supports the organizational development of Netflix, even if only as a secondary, intensive growth strategy.
  In order to reach new markets, the company sells its current online streaming service as well as its original content.
  To increase the company's presence in new markets, for instance, Netflix aims to expand into more nations.
  The company's general cost leadership strategy makes the online service appealing on the basis of price affordability, which helps this intensive growth strategy succeed.
  The competitive advantage is crucial for the company to be successful in this new market.

- **Product development:** is yet another additional, high-intensity growth tactic that aids Netflix's development and growth.
  The goal of this growth strategy is to create and market new products in the online retailer's current markets. For instance, Netflix effectively carries out its general strategy for competitive advantage to create new content for its current subscribers, and as a result of the increased amount of time those subscribers spend viewing that content, the company's profits increase.
  How well this growth strategy is put into practice will determine its effectiveness. Its organizational culture fosters effective processes for product innovation.

- **Diversification**: this is one of the strategic decisions that Netflix frequently uses to expand its operations.
  The company's operations will be expanded beyond its current online streaming and original content production initiatives as part of this aggressive growth strategy. The overall business strategy of Netflix and the flexibility of its business model make this expansion possible.

Due to its competitive advantages, the company will probably focus on companies or industries related to online media streaming when implementing this intensive growth strategy.

Netflix, Inc. has new components added: support for the functional modifications that this growth strategy entails might be necessary.

3.2. NETFLIX'S GENERIC COMPETITIVE STRATEGY

- Cost Leadership:

  Thanks to this all-encompassing strategy, the business model of the online entertainment company, which depends on low costs and the associated capacity to sell at low prices, can be competitive without necessarily being the lowest-cost provider.

  As an illustration, the media streaming sector uses its comparative advantages to entice more customers from around the world.

  The general approach of this generic strategy is consistent with Netflix's intensive growth strategies, which highly value market penetration. The strategy is based on the company's business model and value chain, which partially satisfies customers through individualized customizations, such as in mobile app settings. The generic competitive advantage strategy of cost leadership gains the most market share with the assistance of aggressive growth strategies. gaining and maintaining leadership in the world's online entertainment industry.

- Differentiation: In addition to cost leadership, which is the company's primary general strategy for competitive advantage, Netflix uses differentiation in its business operations. This general marketing strategy seeks to differentiate the online business and its goods from the competition. In addition to streaming content from other sources, Netflix also creates original content to distinguish itself from competitors.

3.3. BCG MATRIX OF NETFLIX

In this part of the assignment, the BCG Matrix will be examinate to determinate the possible strategies for the strategic business units.

- Cash cows

Due to the widespread preference for streaming online, the industry's growth rate has been slowing over time. However, Netflix continues to have the highest rate of DVD subscriptions. In order to increase their market share and find new markets where Blue Ray is still in demand, the company should do so. However, Netflix's DVD section continues to dominate the domestic market.

- Stars

Fast-growing companies with sizable market shares are the ones that are the stars of their respective industries. Netflix should continue to invest in these businesses in order to not only keep its current market share but also increase it and its profitability.

- Question marks

Companies with modest market shares in rapidly growing industries are referred to as question marks. They frequently indicate a lack of skills necessary for businesses to succeed in competitive markets.

Netflix will have to decide whether a question mark means a potential star or dog. If Netflix has the funds to restructure the business through the purchase of cutting-edge equipment, the hiring of qualified personnel, or the development of improved operational procedures, it should invest in the question mark. An organization should exit the market and focus its resources on star companies when analysis shows that investing in a question mark is impractical given the resources at hand.

- Dogs

The market share of the dog industry is small, and industry growth is uneven. If the industry's profitability is low as well, Netflix should just give up on those endeavours. An organization might decide to keep operating in a given sector if the margins are high. Second, if a company is required for Netflix's other operations, even if it only makes a small profit, it must be kept operating.

4. STRATEGY IMPLEMENTATION

4.1. ORGANIZATIONAL STRUCTURE

Inc. Netflix. has an organizational structure that is U-shaped or unified and uses hierarchies to keep operational control and direction consistent across the entire organization. In contrast to many businesses with hierarchical organizational structures, this corporation has a relatively flat structure. All key executives, for instance, directly answer to the CEO according to the Netflix organizational chart. The amount of control necessary to escalate problems from organizational headquarters to online business revenue is reduced by this organizational structure design.

Key features of Netflix's corporate structure include:

- online and non-online business functional groups
- geographic divisions for managing regional markets
- divisions for various types of products and operations

4.1.1. **Functional groups** are based on business functions such as human resources management, referred to as "talents" in Netflix's corporate structure. For instance, strategic initiatives by the CEO of Netflix are propagated vertically in authority and communication. Despite this hierarchical structure, the company's organizational structure is relatively flat, with a minimum level of middle management to allow it to respond quickly to changes in the entertainment industry. This flatness is related to Netflix Inc.'s corporate culture, which encourages open communication and collaboration, despite the homogeneous and hierarchical nature of the corporate structure.

4.1.2. **Geographical Divisions:** The company addresses strategic marketing challenges by supporting its corporate structure. For instance, Netflix uses this organizational and structural aspect to guide its advertising campaigns. The company's strategic plans to match its marketing initiatives with consumers' entertainment preferences and increase its membership base are most pertinent to these geographic segments, which reflect global market trends.

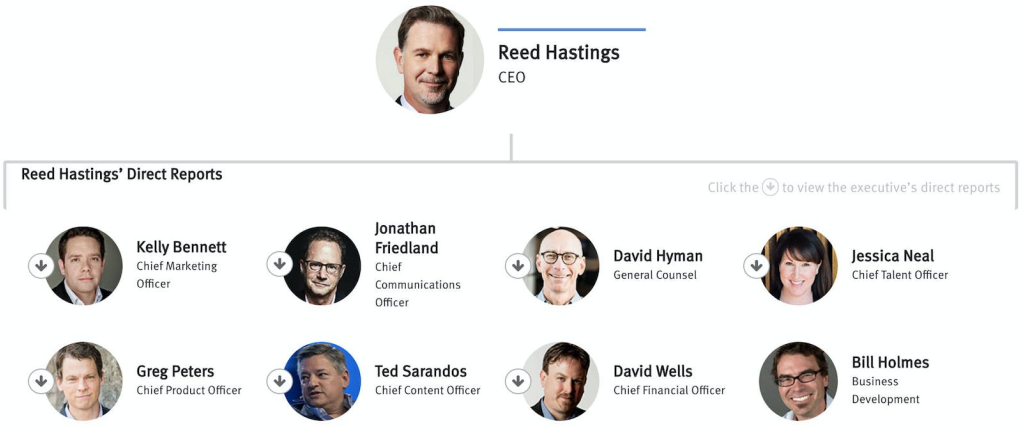
The on-demand digital content streaming business is divided into the following categories according to its corporate structure.

- Domestic Streaming
- International streaming

4.1.3. **Division for products and operations:** Given that online platforms distribute or stream such content, the organization of the company is more closely related to "other content.". However, Netflix's corporate structure places a premium on original programming because it uses these programs to draw viewers and make money. The management of content distribution and content production separately is the strategic objective of these organizational structure departments in order to achieve operational efficiencies.

4.2. CORPORATE GOVERNACE

An independent board of directors that supervises management and represents shareholders' interests is a sign of good corporate governance. The main duties include choosing a new CEO when one is needed, keeping an eye on performance, reviewing and approving the company's strategy, and assessing risk management and financial reporting. In order to significantly and effectively increase transparency between the CEO, executive team, and board of directors, Netflix is approaching information sharing from a completely new perspective.



The strategy employs two wholly distinctive practices:

- board members frequently attend senior management meetings on a monthly and quarterly basis (but only as observers);
- board communications take the form of roughly 30-page online narrative memos that only link to supporting analyses.

Additionally, they allow for full public access to all data and information on the organization's internal shared systems as well as the capability of contacting subject authors for additional details. The recipients of this written quarterly communication are the board of directors and 90 senior executives.

4.2.1. Strategic leadership

Netflix's approach to board governance is based on and a reflection of the direction of the business. The culture at Netflix places a strong emphasis on individual initiative, information sharing, and an emphasis on results over processes.

The CEO of Netflix, Reed Hastings, believes that his team members are capable of managing an autonomous work environment and ultimately acting in Netflix's best interests. As a result, he empowers them.

Hastings' ability to think creatively and lead can be seen as evidenced by his radical revision of the company's HR policy.

He believes that creating a company culture at Netflix focused on traditional corporate practices would not work and would negatively affect motivation, attitudes, behaviour and performance.

5. FINANCE ANALYSIS

In this final part of my assignment, I will focus on the finance evaluation of Netflix.

To begin the process of financial analysis, we will compare Netflix, INC. profit or loss statement and balance sheet for the last 5 years (2016-2020).

First, I will analyze the income statement and balance sheet using lateral analysis and then I will calculate some ratios from this information.

5.1. BALANCE SHEET STATEMENT

The company's balance sheet provides a basic overview of its assets, liabilities, and investments. In the course of conducting a financial analysis, balance sheets are crucial.

As we can see from the below, cash and equivalents significantly increase in 2020. This increase indicates that the opening value was higher than the year end value. Due to the pandemic, the cost is most likely going to be delayed until the 2021. However, retained

earnings rise, liabilities (both current and not current liabilities) roughly decrease. The reason Netflix can increase asset return and utilization of assets is likely because it is adjusting and optimizing its asset structure. This has lots of advantages for expanding your income potential. In addition, short-term debt is rising while long-term is falling.

Figure (1)

Year	2020	2019	2018	2017	2016
ASSETS					
Current Assets:					
Cash & Equivalents	8,205.55	5,018.44	3,794.48	2,822.80	1,467.58
Short-Term Investments	0	0	0	0	266.21
Cash & Cash Equivalents	8,205.55	5,018.44	3,794.48	2,822.80	1,733.78
Cash Growth	63.51%	32.26%	34.42%	62.81%	-24.97%
Other Current Assets	1,556.03	1,160.07	5,899.65	4,847.18	3,986.51
Total Current Assets	**9,761.58**	**6,178.50**	**9,694.14**	**7,669.97**	**5,720.29**
Property, Plant & Equipment	960.18	565.22	418.28	319.4	250.4
Goodwill and Intangibles	25,383.95	24,504.57	20,102.33	14,681.99	11,000.81
Other Long-Term Assets	3,174.65	2,727.42	-4,240.34	-3,658.63	-3,384.88
Total Long-Term Assets	29,518.78	27,797.21	16,280.27	11,342.77	7,866.32
Total Assets	**39,280.36**	**33,975.71**	**25,974.40**	**19,012.74**	**13,586.61**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts Payable	5,085.72	5,087.91	5,244.55	4,532.60	3,945.55
Deferred Revenue	1,117.99	924.75	760.9	618.62	443.47
Current Debt	499.88	0	0	0	0
Other Current Liabilities	1,102.20	843.04	481.87	315.09	197.63
Total Current Liabilities	**7,805.79**	**6,855.70**	**6,487.32**	**5,466.31**	**4,586.66**
Long-Term Debt	15,809.10	14,759.26	10,360.06	6,499.43	3,364.31
Other Long-Term Liabilities	4,600.24	4,778.60	3,888.26	3,465.04	2,955.84
Total Long-Term Liabilities	20,409.33	19,537.86	14,248.32	9,964.47	6,320.15
Total Liabilities	**28,215.12**	**26,393.56**	**20,735.64**	**15,430.79**	**10,906.81**
Total Debt	**16,308.97**	**14,759.26**	**10,360.06**	**6,499.43**	**3,364.31**
Debt Growth	10.50%	42.46%	59.40%	93.19%	41.87%
Common Stock	3,447.70	2,793.93	2,315.99	1,871.40	1,599.76
Retained Earnings	7,573.14	4,811.75	2,942.36	1,731.12	1,128.60
Comprehensive Income	44.4	-23.52	-19.58	-20.56	-48.57
Shareholders' Equity	11,065.24	7,582.16	5,238.77	3,581.96	2,679.80
Total Liabilities and Equity	**39,280.36**	**33,975.71**	**25,974.40**	**19,012.74**	**13,586.61**

Figure (1) – Balance Sheet – (source – Self created)

5.2. INCOME STATEMENT

In addition to the balance sheet, is crucial to the financial analysis process.

An income statement can offer helpful details that can clearly illustrate how a business has performed in prior years and whether changes made to the business to increase profitability were successful or not.

Through a profitability analysis, it is possible to ascertain the rate at which Netflix's revenues and expenses are increasing.

For the below we are able to see that the growing part of revenue has increased from 2016 to 2020 with a huge amount. This merit should be attributed to the pandemic as the housing economy brings more subscribers for Netflix. Figure (2)

Year	2020	2019	2018	2017	2016
revenue	**24,996.06**	**20,156.45**	**15,794.34**	**11,692.71**	**8,830.67**
Cost of revenue	15,276.32	12,440.21	9,967.54	8,033	6,257.46
Gross Profit	**9,719.74**	**7,716.23**	**5,826.80**	**3,659.71**	**2,573.21**
Selling, General & Admin	3,304.85	3,566.83	2,999.76	1,867.32	1,413.18
Research & Development	1,829.60	1,545.15	1,221.81	953.71	780.23
Operating Expenses	5,134.45	5,111.98	4,221.58	2,821.03	2,193.41
operations income	**4,585.29**	**2,604.25**	**1,605.23**	**838.68**	**379.79**
Interest Expense / Income	767.5	626.02	420.49	238.2	150.11
Other Expense / Income	618.44	-84	-41.73	115.15	-30.83
Pretax Income	**3,199.35**	**2,062.23**	**1,226.46**	**485.32**	**260.51**
Income Tax	437.95	195.32	15.22	-73.61	73.83
income net	**2,761.40**	**1,866.92**	**1,211.24**	**558.93**	**186.68**

Figure (2) – Income statement – (Source – self created)

5.3. LIQUIDITY AND SOLVENCY RATIOS

The liquidity ratios that are used to assess a company's capacity to pay back short-term debt. The current ratio (current assets/current availability) and the quick ratio (current assets - inventory)/current liabilities for 2020 will be calculated by me.

- Current ratio: A company must have a current ratio above 1 because it includes all current assets. With a current ratio of 1,251 at the end of 2020, Netflix, INC. Being below average isn't ideal, however, since Netflix has a consistent current average, it does not entirely deter their creditors or investors.

- Quick ratio: A ratio above 1 point 0 is regarded as stable by investors and creditors. The financial stability of Netflix, INC can be inferred from its reliable fast ratio of 1.051. It's important to note that there isn't much of a difference between the current report and Netflix's quick report. This is as a result of Netflix's dearth of available content as a streaming service. The majority of their "inventory" consists of self-produced or multi-year rentals of digital content. This indicates that Netflix has a manageable and consistent inventory, which contributes to its financial strength.

- The Solvency Ratios are used to the financial position for a company. However, the main difference from Liquidity ratios, they are considered by lenders, investors and suppliers. I will analyse the Debt to Equity ratio (Total debt/Shareholder equity) and Debt to Total assets ratio (total debt/total assets).

    - Debt to equity: I have calculated this ratio as it useful to determine the relative importance of debt and other financial liabilities to equity. Usually, should be from 1 to 0 and in this case, Netflix reaches a debt-to-equity ratio of 1.429. This demonstrates Netflix's ability to meet its financial obligations while also using leverage to boost return on equity.

    - Debt to Total Assets Ratio: Netflix's debt to total assets ratio demonstrates that the business is financially sound and able to fulfill its financial commitments. When compared favorably to the average ratio (40%), 2020's ratio of 28.2 points out 2 is favorable. This demonstrates that Netflix is not in debt and only uses its debt for tax benefits.

6. CONCLUSION

Netflix must monopolize the untapped market in order to eliminate competition. It is necessary to adopt the strategy perspective, acquire the market-creation methodology, and have a working procedure to implement the strategy for the target audience. I urge the company to:

- Need to be affordable: The price of a Netflix subscription has gone up. According to Netflix, its basic plan will increase from £4.99 to £6.99 per month in January 2022, the standard plan will rise from £8.99 to £10.99 per month, and the premium plan will rise from £12.99 to £15.99 per month (Forbes, 2022). In comparison to competing products, it is expensive given that this cost is only for entertainment. Clearly, a lot of subscribers had a change of heart and stopped. If paid in three equal instalments, Netflix should waive the monthly fee or give a discount.

- Need to use a differentiation: Netflix has made an effort to set itself apart from its rivals by producing original films and TV shows as well as content tailored to its various operating regions and nations. Although this is a good strategy, more work needs to be done.

- For children, teenagers, and young adults, Netflix should start making quick animated stories with less than five-minute episodes. This generation helped TikTok expand, so as Netflix subscribers, they can still have a significant impact. Parents won't be able to easily cancel their Netflix subscriptions if the kids in the house enjoy it.

I suggest Netflix to provide their customers with services other than movies and TV shows. A solution might be to work together with both small and large businesses to offer its subscribers a monthly discount on consumables and household goods.

- Another option is for Netflix to partner with a taxi company so that users can accrue points that can be redeemed for taxi rides. They need to offer more in order to justify the monthly subscription. Fast deliveries, 5% cash back when I use an Amazon credit card as a prime subscriber, unlimited music, etc. are all benefits of Amazon Prime that I pay for. not merely to view movies.

Netflix reduced the entry-level plan to £4.99 as original.

- Optional Advertising. Nowadays, though, there are commercials during movie viewing. They should give those who don't mind seeing advertisements an additional discount while still allowing non-ad streamers to pay the full subscription fee.

> The goal is to increase revenue and membership growth as CEO Hastings explained to Netflix investors, and this presents both a challenge and an opportunity (CNN, 2022).

Netflix, which creates its own original content, has evolved from a DVD rental service into a streaming juggernaut.

I also want to emphasize in this elaborate the importance of attracting new customers. To demonstrate the service and quality to new viewers, the company could, for instance, offer a brief trial period similar to Amazon Prime.

The "Are you still watching?" prompt will also appear if you leave Netflix running unattended for a while. In its current state, this feature might not be very useful.

Instead of abandoning the platform entirely with the intention of finishing the show or movie later, they should encourage you to switch to something you might find more interesting by suggesting similar content.

You will spend more time in front of the screen as a result, and you will see material you might not have otherwise known about or considered watching.

Since it has been the most popular streaming service for years, Netflix has successfully grown both its subscriber base and clientele. However, it can no longer rely on having a well-known brand to keep expanding in a market that is constantly shifting because of outside forces like global events and common business difficulties.

It will be possible for Netflix to increase its subscriber base and widen the market gap by making a few changes. Despite the enormous number of over 200 million subscribers, there are still millions of additional customers to draw in and convert.

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