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Marketing Environmental Analysis of Netflix and Disney+ in the Global Streaming Industry

Student name: Ankurkumar Jayantibhai Desai

Student ID: 2521739

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Marketing Environmental Analysis of Netflix and Disney+ in the Global Streaming Industry

1. Introduction

The marketing environment is central to strategic marketing management because organisations do not compete in isolation. Their performance is shaped by wider external conditions that influence demand, rivalry, innovation, pricing power and long-term growth. Entry timing also matters. Pioneering organisations can benefit from learning effects, customer habit formation and brand association with the market category, while follower organisations may enter later with lower uncertainty and a more selective strategic response (Lieberman and Montgomery, 1988; Suarez and Lanzolla, 2005).

This report analyses the global subscription video-on-demand industry through a comparison of Netflix as the pioneering organisation and Disney+ as the follower organisation. Netflix is an appropriate pioneer because it launched its streaming service in 2007, whereas Disney+ launched much later on 12 November 2019 after the market had already been shaped by Netflix (Netflix, 2016; Disney+, 2019). The pair is also analytically useful because both firms now compete at global scale. Netflix reports over 300 million paid memberships in more than 190 countries, while Disney reported that Disney+ had approximately 132 million paid subscribers at the end of fiscal 2025 (Netflix, 2025a; The Walt Disney Company, 2025b).

To match the assignment brief, the report focuses on two external macro-environmental factors: the technological environment and the economic environment. These factors are highly significant in streaming because the industry is being reshaped by recommendation systems, social-video competition, ad-supported subscriptions, subscription fatigue and greater price sensitivity. The report then evaluates the strategic responses of Netflix and Disney+ using Porter's Generic Strategies and Ansoff's Growth Matrix in order to assess how each company seeks to sustain or enhance competitive advantage (Porter, 1980; Ansoff, 1957).

2. Industry Context and Company Selection

The streaming industry provides a strong basis for pioneer-versus-follower analysis because it has been transformed by digital delivery, data-led personalisation and changing viewing habits. Netflix helped define streaming as a mainstream subscription entertainment model and now presents itself as a global entertainment service offering series, films, games and live programming (Netflix, 2025a). Disney+, by contrast, entered later with a powerful content portfolio built around Disney, Pixar, Marvel, Star Wars and National Geographic, supported by a broader ecosystem that includes Hulu and ESPN (The Walt Disney Company, 2025b).

This company pair is especially suitable for the brief because both firms operate in the same industry while differing significantly in entry timing and strategic resources. Netflix benefits from first-mover advantages such as deeper platform learning, stronger historical viewing data and a longer period of global service optimisation. Disney+, however, shows how a follower can still become a serious challenger by combining valuable intellectual property with bundling and rapid scale expansion. Disney's fiscal 2025 reporting showed 196 million Disney+ and Hulu subscriptions combined, including 132 million Disney+ subscribers, which demonstrates how quickly the follower has built market presence since launch (The Walt Disney Company, 2025b).

3. Task 1: Analysis of the Macro Marketing Environment

3.1 Technological Environment

The technological environment has created major opportunities for both Netflix and Disney+, but it has benefited Netflix more strongly because the pioneer has had more time to build advanced platform capabilities. Netflix states that it continuously improves the member experience through compelling content, interface enhancement and plan variety, while its research division highlights recommendations, content valuation, streaming optimisation and user insights as core areas of innovation (Netflix, 2025a; Netflix Research, n.d.a; Netflix Research, n.d.b). Technology therefore acts as a strategic asset rather than a background support function. In practical terms, it helps Netflix personalise discovery, reduce search friction and increase retention.

Disney+ also operates with strong digital capability, but its advantage lies more in branded content and ecosystem value than in long-term platform learning. That distinction is important because in digital subscription markets, the ability to recommend the right content efficiently can shape perceived value as much as the content library itself. Consequently, technological change strengthens Netflix's competitive position more directly than Disney+'s, even though both benefit from digital delivery and platform development.

At the same time, the technological environment creates substantial threats for both firms. Deloitte's 2025 Digital Media Trends reported that consumers surveyed spent around six hours per day on media and entertainment and that competition for attention increasingly extends beyond traditional streaming rivals (Deloitte, 2025a). Deloitte's media and entertainment outlook also noted the fast growth of social-video advertising, highlighting the power of platforms that offer free, highly personalised content (Deloitte, 2025c). This means Netflix and Disney+ must compete not only with each other but also with TikTok, YouTube and wider creator-led ecosystems. Overall, the technological environment creates opportunity through personalisation, interface innovation and ad-tech development, but it also intensifies competition by fragmenting audience attention. Netflix appears better placed to convert technology into durable advantage because its business model has been built around platform learning since 2007.

Table 1. Technological Macro-Environmental Factors

Factor	Netflix (Pioneer)	Disney+ (Follower)
Platform learning	Longer streaming experience since 2007 strengthens optimisation, interface refinement and service maturity.	Later entry means less cumulative platform learning, despite strong technical execution.
Personalisation	Recommendation systems and user-data history improve discovery and retention.	Relies more on branded content and ecosystem pull than on long-term recommendation advantage.
Ad-tech capability	Ad-supported growth benefits from deeper streaming-specific data and measurement capability.	Can compete in ad-supported streaming, but has had less time to build comparable ad infrastructure.
Competitive threat	Better positioned to respond to social-video and creator-platform competition through platform innovation.	Faces the same threat, but with less platform-led advantage and greater reliance on franchise content.
Overall effect	Technology creates a stronger opportunity than threat because it reinforces first-mover advantage.	Technology is beneficial, but the strategic gain is more limited and less directly tied to platform leadership.

Source: Author's analysis based on Netflix (2025a), Netflix Research (n.d.a), Netflix Research (n.d.b) and Deloitte (2025a; 2025c).

3.2 Economic Environment

The economic environment is equally important because subscription markets depend heavily on consumers' willingness to pay. Deloitte reported that 54% of surveyed SVOD subscribers now have at least one ad-supported paid service, while 39% of surveyed consumers had cancelled at least one paid streaming subscription in the previous six months; among millennials, this rose to 51% (Deloitte, 2025a; Deloitte, 2025b). These figures suggest that the streaming market has become more price-sensitive and less stable, creating both opportunity and threat.

For Netflix, this environment creates pressure but also room for adaptation. The company's 2025 annual report states that it offers a range of pricing plans, including an ad-supported subscription plan, to meet different consumer needs (Netflix, 2025a). This indicates a deliberate response to affordability concerns rather than reliance on a single premium price point. Netflix's scale also gives it more flexibility to experiment with pricing and advertising while preserving a differentiated service position.

Disney+ has responded differently, reflecting its role as a follower with a wider media ecosystem. Disney states that Disney+ is available in ad-supported and ad-free forms in selected markets, and the company also uses bundles as a core value proposition (The Walt Disney Company, 2025b). Disney's official bundle page lists a Disney+/Hulu package starting at \$12.99 per month and a Disney+/Hulu/ESPN Unlimited bundle starting at \$35.99 per month (Disney+, 2026a). Economically, bundling increases perceived value and may reduce cancellation by linking several entertainment needs into one payment relationship. However, the same environment still presents risks for both firms. Stronger price sensitivity, higher churn and rising competition for advertising revenue mean that cheaper tiers do not automatically guarantee stronger profitability. Overall, Netflix appears better positioned to absorb economic pressure because of its scale and platform focus, while Disney+ appears more agile in value creation because of its bundling capability.

Table 2. Economic Macro-Environmental Factors

Factor	Netflix (Pioneer)	Disney+ (Follower)
Price sensitivity	Tiered and ad-supported plans widen affordability.	Ad-supported plans and bundles improve value for price-sensitive households.
Churn risk	Scale and brand equity cushion churn, though premium positioning is pressured.	Bundles can reduce cancellation by linking several services.
Revenue model	Streaming-first model blends subscription and advertising revenue.	Portfolio model spreads value across Disney+, Hulu and ESPN.
Profitability pressure	Cheaper tiers support growth, but ad competition can still squeeze margins.	Bundles aid value creation, but portfolio economics may hide service-level profitability.
Overall effect	Scale makes economic pressure more manageable.	Economic pressure becomes a bundled growth opportunity.

Source: Author's analysis based on Deloitte (2025a; 2025b; 2025c), Netflix (2025a), The Walt Disney Company (2025b) and Disney+ (2026a).

4. Task 2: Strategic Responses to Sustain Growth

4.1 Porter's Generic Strategies

Porter's Generic Strategies suggest that Netflix is best understood as pursuing broad differentiation rather than cost leadership (Porter, 1980). Netflix is not competing primarily on the lowest price. Instead, it differentiates through content breadth, personalised recommendations, platform usability and global service reach. Its annual report states that the company aims to improve member experience through compelling content, plan variety and continuous interface improvement (Netflix, 2025a). This is consistent with a differentiated strategy targeted at a mass market.

This positioning is effective because it aligns with Netflix's pioneering role. First movers often defend advantage by deepening service quality and customer loyalty rather than simply lowering prices (Lieberman and Montgomery, 1988). Netflix's scale, global brand recognition and long-term platform learning make differentiation more defensible. Yet the strategy is not risk free. Subscription fatigue and higher churn mean that differentiation must be renewed continually if customers are to believe the service remains worth the price (Deloitte, 2025a).

Disney+ is also best explained as a broad differentiator, but its differentiation is content-led and ecosystem-led rather than platform-led. Disney+ leverages valuable intellectual property and reinforces value through cross-service integration with Hulu and ESPN (The Walt Disney Company, 2025b). It also demonstrates a partial value-

pricing logic through bundles, giving it a more flexible competitive posture than Netflix in an economically pressured market. Therefore, Porter's framework suggests that Netflix differentiates through platform experience and scale, while Disney+ differentiates through franchise strength and bundled value. Under technological change, Netflix's position appears stronger; under economic pressure, Disney+'s bundle-led approach may be more adaptable.

The comparison therefore highlights an important evaluative point. Netflix's strategic response appears more internally coherent because its differentiation is rooted in the core service itself. Disney+'s response appears more adaptive because it combines premium intellectual property with value-oriented packaging. In postgraduate terms, this means neither response is universally superior. The stronger strategy depends on which macro-environmental factor is exerting the greatest pressure. Technology favours the pioneer's platform-led differentiation, whereas affordability concerns favour the follower's ecosystem-led value proposition.

Table 3. Porter's Generic Strategies Applied

Dimension	Netflix (Pioneer)	Disney+ (Follower)
Primary strategy	Broad differentiation	Broad differentiation with bundle-led value support
Basis of advantage	Platform experience, personalisation, content breadth and global scale.	Franchise strength, branded content, ecosystem integration and bundle value.
Pricing logic	Tiered plans widen reach without low-price positioning.	Bundles strengthen perceived value for money.
Main strength	The core streaming service itself is differentiated.	Complementary assets are difficult for Netflix to replicate.
Main limitation	Must keep proving premium value in a high-churn market.	More dependent on portfolio leverage than platform leadership.
Overall evaluation	Stronger under technological pressure.	More adaptable under economic pressure.

Source: Author's analysis based on Porter (1980), Netflix (2025a), The Walt Disney Company (2025b), Disney+ (2026a) and Deloitte (2025a).

4.2 Ansoff's Growth Matrix

Ansoff's Growth Matrix provides a second useful framework because it explains how firms pursue growth through products and markets (Ansoff, 1957). For Netflix, the dominant response is market penetration supported by product development. Market penetration is evident because the company continues to grow within markets where it already operates by improving retention, engagement and monetisation through plan variety, ad-supported access and interface improvements (Netflix, 2025a). Product

development is also visible because Netflix now defines itself more broadly as an entertainment service spanning series, films, games and live programming rather than only a conventional streaming library (Netflix, 2025a).

This combination makes strategic sense for a pioneer. A pioneer cannot depend indefinitely on early entry alone; it must keep renewing the offer so that its first-mover advantage does not fade. Netflix therefore protects leadership by refreshing the existing service while broadening the entertainment proposition within the same relationship with the customer.

Disney+ also demonstrates market penetration, but through different mechanisms. As a follower, it seeks growth inside an already established streaming market through brand power, ad-supported access and bundling. Disney's fiscal 2025 reporting showed 196 million Disney+ and Hulu subscriptions combined, implying that growth is increasingly being pursued through a wider direct-to-consumer ecosystem rather than Disney+ as a stand-alone service (The Walt Disney Company, 2025b). Disney+ also shows elements of product development and limited market development through service adaptation, wider bundle formats and international rollout after launch. Overall, Ansoff's matrix shows that both organisations are growth oriented, but their logic differs: Netflix relies more on product-enhanced penetration of existing markets, whereas Disney+ relies more on ecosystem-based value extension and portfolio integration.

This comparison also suggests that Disney+'s growth model is more dependent on corporate-level resource leverage than Netflix's. Netflix primarily develops the streaming proposition itself, while Disney extends the value of existing media assets into streaming and then deepens that value through bundled access. The follower therefore demonstrates that growth can be sustained even without first-mover status, provided the organisation has strong complementary resources and aligns them with market conditions. Even so, Netflix's pattern remains strategically stronger overall because it depends less on cross-subsidised ecosystem advantages and more on the sustained attractiveness of the service in its own right.

Table 4. Ansoff's Growth Matrix Applied

Growth dimension	Netflix (Pioneer)	Disney+ (Follower)
Market penetration	Deepens engagement in existing markets through plan variety, retention and interface improvement.	Expands within the same market through brand power, ad-supported access and bundles.
Product development	Broadens the offer with games, live programming and service enhancements.	Extends value through bundle formats, ad-supported options and a wider direct-to-consumer offer.
Market development	Limited emphasis because it is already globally established in key markets.	More visible through post-launch international rollout and adaptation across markets.
Diversification tendency	Selective diversification beyond standard streaming, but still closely related to core entertainment.	Less diversification at service level; growth depends more on leveraging wider corporate assets.
Overall evaluation	Growth model is internally coherent and service-led.	Growth model is ecosystem-led and effective despite later market entry.

Source: Author's analysis based on Ansoff (1957), Netflix (2025a), Disney+ (2019), The Walt Disney Company (2025a; 2025b) and Disney+ (2026a).

5. Conclusion

In conclusion, Netflix remains the stronger organisation in strategic marketing terms because its pioneering role has produced durable advantages in scale, platform maturity and service learning. Its current positioning as a global entertainment service with over 300 million paid memberships, combined with its data-driven recommendations, interface improvements and plan variety, shows how a pioneer can convert early entry into continuous differentiation (Netflix, 2025a; Netflix Research, n.d.a).

Disney+, however, demonstrates that follower organisations can still become highly competitive when they use distinctive resources effectively. Its growth to approximately 132 million subscribers, together with ad-supported access, bundles and a wider entertainment ecosystem, shows that follower strategies can be powerful when they combine strong intellectual property with flexible market adaptation (The Walt Disney Company, 2025b; Disney+, 2026a).

The analysis shows that the technological and economic environments have created both opportunities and threats for each organisation. Technology enables personalisation and platform innovation but also intensifies competition for attention. Economic pressure supports ad-funded growth and bundles but increases churn risk and margin pressure. Porter's framework indicates that both companies compete through differentiation, although Netflix's advantage is more platform-led and

Disney+'s is more content- and ecosystem-led. Ansoff's framework shows that Netflix relies more on product-enhanced penetration of existing markets, while Disney+ relies more on value extension through bundling and portfolio integration. Therefore, Netflix still holds the stronger overall competitive position, but Disney+ has narrowed the gap substantially by responding selectively and effectively to the same macro-environmental forces.

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