Business Problem

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**Increased Competition in the On-Demand Internet Streaming Media Industry**

**Introduction**

Internet streaming media is an industry that is continuously and rapidly changing. Companies offering on-demand internet streaming media have to do their best to gain and maintain competitive advantages and to remain at the top of the competition. There are several different kinds of technologies that are being used to deliver videos or audios to clients. These include Streaming, webcasting, progressive downloading, podcasting, video blogging, and IP conferencing (Rayburn, 2012). Competition is the one most important issue facing firms in this industry.

**The Problem**

Several companies are finding it simple to enter the on-demand internet streaming business due to the continuously increasing advanced digital technology. A majority of these companies offer unlimited streaming services in the form of television shows, movies, original programming, and unique comedy, to name a few. Firms in this industry provide on-demand internet streaming services at varying rates.

Some of these companies require a certain amount of starting charges for a subscriber to begin enjoying their services. Also, some other companies have no starting fees. Some of the companies within the industry include Netflix, Hulu, PlayStation, Crackle, Amazon Video, Sling Orange, Twitch, Vevo, and Funny or Die. The presence of a variety of companies and the existence of the numerous, and innovative ways of delivering internet streaming content to clients makes the on-demand internet streaming industry highly competitive.

**Why Increased Competition is a Problem for Businesses**

Businesses operating in an environment that is highly competitive may face some challenges. Companies operating in such an environment often find it hard to make high profits (Porter, 2017). In an industry where there is increased competition, the existing customers are being subdivided among the many other companies. This may also contribute to the reason for reduced profitability. Entry into this kind of an industry is very easy. Thus long-term profitability is not easy to achieve. Even the companies with strong financial muscles face the risk of decreased returns in the event of introduction of alternative low-cost but superior quality internet streaming services (Wallsten, 2015).

Increased competition within a market forces firms to devise strategies to survive in that market. Most of these designed strategies and implementations are costly, reducing the profitability of the business. For instance, a company may decide to invest more in research and development to increase its competitive edge within the industry. Other strategies often executed by organizations are: reduction of prices, improving marketing and promotion, and designing new products.

**Why the Problem of Increased Competition Exists**

Due to the ability to quickly enter the internet streaming business, may cause increased competition. The readily available channels and reasonably low starting prices make it easy for new companies to venture into this industry. Distribution channels are simple to access due to technology improvements and the availability of internet. With the increased number of people accessing the internet across the globe, this circuit forms an accessible medium for on-demand internet streaming companies to make their content available for customers.

Some of the Consequences if the Issue of Increased Competition is Unresolved

If unable to resolve the issue with increased competition within the on-demand streaming market. Some firms may be forced to come up with exit strategies. Prolonged competition makes it hard for many companies to make profits in the long run. Some businesses may find themselves spending too much on promotions, research, and development, developing new and original programs (Aghion, Bechtold, Cassar, &Herz, 2014). Once the associated costs become too much, a company will run into losses, thus forced to exit the market.

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