Week 3 Assignment 1

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The paper offers an insightful analysis of one of the top companies in America. This analysis focusses on Netflix, which is a listed company. According to Forbes, Netflix's position among America's Largest Public Companies is 169, with profits of up to $ 671 million annually and a market value of $145.8 billion. The impacts of globalization and technology on Netflix are also discussed. After that, the paper analyzes Netflix's mission and vision statement's impact on its success. It concludes by assessing the effects of stakeholder groups on the company's success.

**Globalization**

Netflix grew and has since developed to have its presence felt in the global market, where it offers streaming services to more than 190 countries. Furthermore, the company indicated that 80 shows from a total of 700 would focus on the international market. In the media industry, this is no small feat. No media company has ever created great content that is internationally-focused. Globalization influenced Netflix to adapt and suit their abroad customer's needs. Competitors are also faced with pressure to think globally. Globalization changed Netflix in several areas. First, the company is economically efficient to the global consumer since the customer pays a small subscription fee compared to most media services.

To suit the global market, Netflix introduced subtitles to solve the language barrier. Netflix avails subtitles to viewers who intend on streaming a show that isn't in their first language. Language is a barrier that prevents global consumers from using a different product. It caters to consumer needs through the production of varied content that has a language they can understand (Smits, 2019). Netflix, therefore, stands out and appeals to the global audience with this feature. The other element that indicates the impact of globalization is the development of comprehensive content. Ideally, as the company expands globally, they engage in hiring a global director and others involved in the production of content to create original content. The utilization of foreign talent makes the brand connect with global consumers through the creation of material that relates to several countries. On the other side, the company faces economic challenges while operating in other countries. For instance, New Zealand's GST tax could impact the company's profitability in the global market. Netflix will have to pay taxes, and subscribers may be forced to pay more. Such a situation may impact the subscription rates of the company.

**Technology**

Netflix disrupted the industry with its introduction of streaming video in 2007. It took advantage of the expanding broadband internet that allowed millions of American citizens to opt for the service instead of waiting on the mail. The company is now a household name as millions of subscribers join monthly to use the services of online streaming on their TVs and internet-connected devices. The streaming service commands over 35% of the US peak internet traffic, which made the company a force. Netflix reduced its subscription fees and extremely focused on the distribution of its original shows. Netflix boasted more than 57 million subscribers in more than 50 countries. Together with other streaming services, the company grew as pay-tv loses subscribers. The internet revolution had increased Netflix's fortunes at a time when it was experiencing losses and reduced subscribers (Wayne, 2018). Also, the company faces competition in both the streaming space and other technologies, such as mobile applications and websites. Other competitors are even attempting to grab the market share. Local television companies are also in the streaming service as they come with a large loyal base of viewers. Hulu, an online streaming service, started the production and distribution of its original programs through its website and mobile apps. Another area that could offer potential competition is self-distribution through digital media. Movie studios may provide a challenge to Netflix. The studios may decide to self-release a movie digitally like Sony once did with the video, The Interview. The success of self-distribution through digital media can be a potential threat and may dominate the market.

**Industrial Organization Model**

Netflix is a large company that must apply to the industrial organization model. It would help the company earn an above-average return and maintain a significant market share. Netflix should follow the ideals of this external analysis to keep competition at bay, deal with political, economic, and technological challenges. Netflix's primary competitors are Amazon, Disney, Hulu, among others. The competitors offer similar services to Netflix. Netflix competes with these firms in capturing the market share. Through the industrial organization model, Netflix can focus on competitive strategies. The advantages should include high operational efficiencies as well as cost-effectiveness that deals with information technologies. Netflix must embark on intense growth strategies that also need aggressive marketing in expanding its global streaming operations. Such policies support the company's business model that deals with market penetration and minimization of costs. Through this model, Netflix would have a competitive edge and efficiently deal with entry barriers such as technological and economic barriers. Dealing with sociological and political obstacles are also vital in entering new markets in the global arena. Netflix can approach those nations that have strict entry barriers through striking a deal with them and opening facilities there. Their presence could promise jobs and also contribute to the local economy.

Moreover, such a strategy could deter other competitors from considering the market. Therefore, Netflix would guarantee less competition and at the same time, have a foothold in the country's economic and political landscape. Additionally, the market could promise new subscribers, and ultimately, new revenue sources. It is a move that would result in increased earnings. The increasing technological advancements are also a potential threat to the company. Streaming services like Hulu are involved in embracing more technological opportunities like the use of mobile apps and websites. Netflix must invest in research and development that will help them use the next technology to improve its services and have more market share that will enhance its earnings.

**Resource-Based Model**

According to this model's ideals, Netflix should use its resource collection as well as capabilities in exploiting opportunities that would improve its earnings. Resources and skills are vital in determining the appropriateness of Netflix's strategies compared to the external environment characteristics. Identification of internal resources is crucial, as well as the assessment of the company's strengths and weaknesses (Barney, 2018). Netflix has high brand equity that represents its value and benefit associated with its brand. The brand enables it to maintain popularity and increase its chances of penetrating markets.

Additionally, another core competency is its large platform comprising of content makers and customers, allowing the company to maximize business growth and operational effectiveness. An instance is when the content creators increase, a large population of consumers get attracted to the service, who then attract producers. The other strength that the company has is the capacity of original content creation. Therefore, Netflix gets to earn from its shows and movies part from the earnings from its streaming operations. Netflix's corporate culture impacts the way internal resources get to influence business performance when it comes to content creation as well as technological innovation. All this occurs through human resource capabilities. Big data is a resource that Netflix uses analytics in selecting movies, creating content, and making critical decisions. Netflix is a data-driven company. It uses the data to choose a movie or show. The broad base of subscribers allows Netflix to collect vast amounts of data. The information from the data then helps Netflix make appropriate decisions that impact their service and users. Traditional TVs do not have this privilege (Wayne, 2018). Moreover, ratings are only approximations. Netflix has the upper hand since, being an internet firm makes it know their consumers well, and not only have an inkling of who their average customer appears.

**Vision**

The Netflix CEO expressed the company's clear view in 2011 at the Dublin conference. The shown image includes "creation of markets that filmmakers can access, licensure of entertainment content globally, assisting the content creators globally to find a global audience and be the best global entertainment distribution service" (Netflix,n.d). Netflix intends to be a leading entertainment company in the internet era. Netflix's vision statement highlights its strategic objective to be at the top of the competition. The vision statements have influenced Netflix to undertake strategic objectives that steer it towards becoming the leading distributor of entertainment. It already made inroads in 190 countries, and still seeks to expand its market share. Netflix's philosophy of movie is included in the vision. Netflix also seeks to maintain leadership as well as operational effectiveness as it increases membership in meeting the vision's objectives.

**Mission**

According to Netflix, it stated that "Our core strategy is to grow our streaming subscription business domestically and globally. We are continuously improving the customer experience, with a focus on expanding our streaming content, enhancing our user interface and extending our streaming service to even more internet-connected devices, while staying within the parameters of our consolidated net income and operating segment contribution profit targets" (Netflix, n.d). Netflix's mission statement aligns with its nature of the provision of on-demand streaming services. Just like the vision statement, the mission focusses on operations in the entertainment sector. Entertainment and worldwide scale are the notable points from the company's mission statement. The first issue points to Netflix's entertainment business and its nature. Netflix has an array of series, stage plays, and movies, among others. The global expansion supports its mission as it seeks to increase membership across the globe. The worldwide scale denotes the company's provision of online services to diverse consumers.

**Stakeholders**

Stakeholders are crucial in each business. It also explains why companies should consider them. A firm that manages its stakeholder relationships gives their business a good reputation, which may attract others and increase earnings. Netflix acknowledges the importance of stakeholders in the industry. The company is now a household name and has several stakeholders. It must first consider its customers' needs. The US subscriber base is responsible for approximately half of its worldwide streaming customer base. Netflix has about 60 million subscribers in the US. Netflix offered several types of content to meet its customer demands. It caters to each segment, including children. Customers make up the product market stakeholder group. Suppliers are also in this category. Suppliers produce the majority of Netflix content. However, some of its suppliers are also competitors, such as Amazon. Maintenance of these relationships is crucial for its operations. The next stakeholder group is an organizational stakeholder. It includes employees. Netflix treats its employees as adults. It maintains a culture of "freedom and responsibility." Culture drives its employees to deliver — the next group of stakeholders in the capital market stakeholders, which comprises shareholders. The company has NFLX shares that are owned substantially by mutual funds and institutional investors.

Sources

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