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NETFLIX SWOT & PESTLE ANALYSIS

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Company Name : Netflix

Company Sector : Media and Entertainment

Operating Geography : North America, United States, Global

About the Company :

Netflix is an American entertainment company that has now become a leading internet television provider. It has a vast member base of over 93.8 million members spread out across over 190 countries, with more than 50 million being in the United States alone. The Company was founded by Reed Hastings and Marc Randolph in 1997. Its headquarters are located in Los Gatos, California. While it originally confined itself to streaming media and providing DVDs for sale and rent, it has now expanded into television and film production. From 2012 onwards, the company added a new section to its online library called "Netflix Originals". In 2016 alone, it has released an estimated 126 original films which is more than that achieved by any cable provider globally. In 2021, the company ranked #115 on the Fortune 500 list. Netflix has approximately 11,300 full-time employees located globally in 60 countries, as of early 2022. In January 2022, Netflix partnered with Design Museum in London for a new exhibit to celebrate its design journey.

Netflix's USP lies in providing quality entertainment to its users. Netflix mission statement reads, "To entertain the world". The vision statement reads, "To continue being one of the leading firms of the internet entertainment era".

Revenue :

USD 29.69 billion – FY ending Dec 31st 2021

USD 24.99 billion – FY ending Dec 31st 2020

SWOT Analysis :

The SWOT Analysis for Netflix is given below:

| Strengths | Weaknesses |
|--|--|
| <ul style="list-style-type: none"> 1. World's leading video streaming network 2. Strong focus on innovation in technology and development 3. Increasing paid membership aiding business growth 4. Big brand name with strong brand associations 5. Producing local content and distributing globally over its own global content delivery network | <ul style="list-style-type: none"> 1. Netflix's suppliers of content are becoming its competitors 2. Cost paid for licensing new content far outruns streaming content costs |
| Opportunities | Threats |
| <ul style="list-style-type: none"> 1. The world is shifting most of the content to the world wide web which spells huge opportunity for Netflix 2. Niche segments like documentaries and cinematic movies can be well tapped 3. Huge potential for earning revenue from advertisements 4. Tapping untapped territories where English has the benefit of being widely used as the second language 5. Acquiring top-notch companies to strengthen its portfolio | <ul style="list-style-type: none"> 1. High churn and increasing competition in streaming services 2. Dependency of revenue from international business on fluctuating exchange rates 3. Price rise in subscription packs could lead to switching of customers to the competitors 4. Loss of subscribers for the first time in 10 years |

PESTLE Analysis :

The PESTLE Analysis for Netflix is given below:

| | |
|--|--|
| <p style="text-align: center;">Political</p> <ol style="list-style-type: none"> 1. Need to work on content restrictions so that same films and TV shows are available in every country 2. US has restrictions on countries like Crimea, North Korea and Syria thus leaving a potential market untapped | <p style="text-align: center;">Economical</p> <ol style="list-style-type: none"> 1. Fluctuating exchange rate can negatively impact revenues |
| <p style="text-align: center;">Social</p> <ol style="list-style-type: none"> 1. Increasing popularity of steaming content 2. Netflix has big brand reputation and prides itself in complying to ethical business standards and morality 3. Supporting the creators in Israel by collaborating with Sam Spiegel Film | <p style="text-align: center;">Technological</p> <ol style="list-style-type: none"> 1. Improvement in compression techniques will improve overall quality of streaming with relatively less data 2. The New Thumbs Up/Down Rating System will help in improving personalization, making the front screen more relevant to the users |
| <p style="text-align: center;">Legal</p> <ol style="list-style-type: none"> 1. Need to fight battles against Geoblocks and copyright infringements 2. Video piracy is the reason of huge loss to the streaming and cinema industry 3. Streaming on multiple devices should be checked as users are sharing their credentials to reduce cable bills | <p style="text-align: center;">Environmental</p> <ol style="list-style-type: none"> 1. Initiative to reduce carbon footprints |

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Client Support:
support@swotandpestle.com