

CHAPTER V

CONCLUSION

This paper is already discussed a detailed analysis of where is the position of Netflix in the industry and how they compete and lead the market through getting competitive advantages in the process then analysing what is the main challenges when Netflix doing trading across borders. Then consideration that can be taken for Netflix for enhancement for their future prospect and its trading across borders. The research revealed how Netflix gain their competitive advantage through internal resources. Using resource-based view and VRIO framework to analyse the internal resource that can gain competitive advantages for Netflix. The original contents of Netflix are the first and main competitive advantage that makes Netflix success now, the increasing of the contents is increasing year by year and until now there are 65 original series (Lynch, 2018). Those Netflix original series is worth hundreds of hours and receiving nomination for 45 Emmys, 10 Golden Globe and three Academy Awards (Tsuchiya, 2015). The creating of the original contents is almost always success because of the help of data mining that Netflix has (Satell, 2013) and this also to make unique marketing that can attract new customer (Maheshwari, 2017). The data mining is also to help make a unique layout so customer more engaging to content that Netflix offer and lastly to invent something new like “skip intro” button which very helpful to the customer (Heritage, 2017).

The main challenge that Netflix face when conducting trading across border is government regulation that makes Netflix content is not the same from one country to another, for example, Netflix UK has fewer titles than Netflix in the US

(Warner, 2017). It explains and analyses with the institutional theory that stated for a company to gain legitimacy, moving and using their social, economic and political in order to adapt and enhance the company performance they need to follow established rules which in this case is the government regulation about licensing movie distribution (Yang et al. 2012). There is also geoblocking that prevent customer in European Union to enjoy the same content but recently the European Parliament agree to remove “geoblocking” which more favourable to Netflix (Welle, 2018). There is also an issue when Netflix make their availability globally especially to third world country that has different infrastructure on internet broadband which the result performance is poor in comparison to a local company that knows the local market (Simmons, 2018).

The prospect of Netflix is very good in the future because the data mining that backed up the creation of original content will make Netflix has their competitive advantage. The strategy clock that provides hybrid strategies which the service benefits remain high and keep the price low (Johnson et al, 2014) that allow Netflix aggressively to increase their service benefits to increasing the original contents as the main competitive advantage and keep the flat fee subscription fee. Since this industry is dynamic and still long to saturated, there are a lot of big competitor rising like Disney with their famous franchise (BBC News, 2017), Netflix can adjust the strategies into differentiation strategy, so the strategy clock is suitable for Netflix that want sustain in this industry. For the trading across border that ultimately makes Netflix blocked in Indonesia, Netflix can adopt strategic alliance which allows Netflix gain the local knowledge (Stenzel, 2018) so they can

adapt to the rules and can conquer the market. This strategy also good for Netflix to enter China market which until now Netflix is still fully available in this market.



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