

NETFLIX

Netflix has experienced successful expansionist and technological advancements in recent years and it is worth discussing its strengths and challenges as the leading video streaming and DVD Rental Company. As any company, Netflix is witnessing technical, cultural, and legal challenges in its operations. Netflix takes luxury of having increased subscriptions, rise in stock value. However, its plan to expand into China and South Asia will be a climbing task (Harwell, 2016).

Technological challenges are many. Data encryption problems offer hackers an opportunity to interfere with Netflix operations. Secondly, the U.S. is ahead in technology and most of its subscribers can enjoy the services, but in other nations where technology and internet availability, video streaming is challenging. Since Netflix depends mostly on content streaming, DVD sales are low in Asian countries. A great percentage of families in China and South East Asia own DVD players, blocking the way for video streaming (Sanati, 2010).

Cultural challenges are also pulling Reed Hastings – Netflix CEO – back. The U.S. market is open to adult and violent content, but in China immorality in entertainment is highly condemned and every movie or content is cross-checked and inappropriate content removed before being shown in cinemas or distributed to homes. The Middle East also discourages obscene content in movies and videos, so this is another huge issue as censoring interrupts the flow of story and other elements of the movie (Sicoli, 2014).

Legal challenges are not many in the U.S. but China, which is the second biggest movie market after the United States. While Netflix wants to open branches in China, there is competition From the Alibaba Group, which also deals with video content distribution. In

addition, the Chinese government might require Netflix to partner with local companies and this will see revenues shared and this is not what Netflix is up to. Registration and license issues will make life hard for Netflix in China (Harwell, 2016).

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