

**Universidad de Puerto Rico  
Recinto de Río Piedras  
Facultad de Administración de Empresas**

**Answer the following questions. Be as brief as possible. The questions are from the Galbraith's textbook.**

**Due date: Tuesday, September 29.**

1. Describe the two separate Netflix offerings.
2. What were Netflix's sources of competitive advantage in the DVD-by-mail business?
3. What is the long tail? How "long" is the Netflix tail compared to traditional video stores?
4. What "class" of software does Netflix use to make movie recommendations?
5. Could a new competitor match Netflix's recommendation software? If it did, would this create a threat to Netflix? Why or why not?
6. Contrast Netflix's two businesses: DVD-by-mail and streaming. How do costs differ? How are these costs likely to change over time? How is subscriber interest in these services likely to change over time? What factors influence the reliability of each service? What threats are each of these businesses likely to face?
7. Is Netflix a friend or foe to the studios? Make a list of reasons why they would like Netflix, and why studios might be fearful of the firm. What is disintermediation and what incentives do studios have to try to disintermediate Netflix?
8. Why can't Netflix secure a long tail of streaming content that is the same size as its content catalog in the DVD-by-mail business?
9. How does Netflix build its data asset? In what ways does it leverage this data asset?
10. Why is streaming potentially better for consumers and for content producers? Why is Netflix a potentially attractive partner for content creators (producers, writers, directors)?
11. Investigate the current status of bandwidth caps. Do you think bandwidth caps are fair? Why or why not?
12. What are the risks and benefits to Netflix in using Amazon's cloud computing platform?
13. How has Netflix leveraged crowdsourcing and code contests?