

## HBO NOW: Watch Out, Netflix!

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### Abstract

The strategic decision of Home Box Office (HBO) to launch HBO NOW placed the company into direct competition with established, online digital streaming enterprises such as Netflix, Hulu, and Amazon Instant Video. Yet, it was seen as an effective strategy to maintain HBO's competitive advantage as its audience migrated from traditional TV to online platforms. Market position as well as price and output strategies played major roles in HBO's decision to spend significant funds on new equipment, marketing, and capabilities to enter the Subscription Video on Demand (SVOD) market. Its strategic alliance with Apple for both the initial delivery platform as well as essential marketing was based as much on cultural fit as on economic analysis. Drawing on HBO's history of strategic efforts and other salient information, students determine if this new business plan is sound as they examine factors likely to impact HBO's future.

### Learning Outcomes

In completing this assignment, students will be able to:

1. Assess the impact of the Internet on the market for television content delivery
2. Evaluate HBO's strategy in launching HBO NOW
3. Suggest a long-term plan to position HBO for success in the digital streaming market

### Application

This descriptive case is appropriate for upper-level undergraduate and graduate students in business strategy, economics, and digital media courses.

### Key Words

strategy, economics, digital media, SVOD

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