**What is Redbox's strategy and is it effective in order to compete with competitor for future profits?**

**Diane Moran**

Redbox specializes in the self-services of renting DVD movies

**What are the chief elements of Redbox's strategy? Which of the five generic competitive strategies discussed in Chapter 5 most closely fits the competitive approach Redbox trying to achieve?**

Redbox's chief elements are: Low cost provider advantage & strategic partnerships drives high rental volume. Redbox is an exclusive renter of $1 per day new and old DVD movies. Redbox's operating profits allowed for the low costs of the $1 per day rental fee per DVD. For customers who violate the Redbox's rules and keep the video after 25 days incurs a $25 late charge and the account holder could keep the video. Redbox offers simply touch screens to select and rent movies within convenience locations in high traffic areas such as McDonald, 7-11, Walgreen's and various "brick and mortar" kiosk locations. By 2010, there were Redbox vending kiosks in all states in the continental US, Puerto Rico and the UK. Some of Redbox's competitive advantages were partnering with Coinstar and other low-cost strategy large chain businesses along with negotiating license agreements with Sony, Lionsgate, Paramount, Warner Bros, Universal Studios and 20$^{th}$ Century Fox which helped to build stronger brand recognition to grow customer awareness for Redbox.

**What does a SWOT analysis of Redbox reveal about the overall attractiveness of its situation and future prospects?**

Redbox reveals overall attractiveness and future prospects based on SWOT analysis are as follows:

Strengths – Low cost, No monthly fee or contract, convenience locations and user friendly Kiosk/online reservations, new and old DVDs and the ability to return videos at any Redbox kiosk

Weakness – Limited video selection, expensive contracts/partnership with studios. By the company's strategy & business model not readily adaptable to internet delivery of rental movies makes Redbox competitively vulnerable to growing consumer preferences for internet delivery and competitive VOD provider's leads to a huge resource weakness and competitive liability for the future.

Opportunities – video streaming or online downloads, expanding to video game industry expansion into additional foreign country markets

Threats – DVD duration and Netflix has a large share of the streaming industry

For future prospects based on Redbox's SWOT information it is attractive for now but there is future room for growth in revenues and operating profits as the business needs shift to internet delivery of rental movies and competitive efforts of VOD can attract more customer to their pay-per-view delivery model.

**What strategic issues or problems does Redbox management need to address? Draw upon the discussion on p. 125 in Chapter 4 to develop your "worry list" and to state the issues/problems in the recommended form.**

With internal delivery of rental movies and VOD increasing how many more profitable retail locations/kiosks are there for Redbox.  Management needs to be concern with over expanding and deploying kiosks and take a look at performing vs. underperforming locations. Missed opportunity could potential increase or decrease revenue and market share.

Redbox's needs to determine if and how to enter the internet delivery and VOD segment In order to effectively compete vs. being vulnerable to competition.

What markets are appealing for Redbox and should Redbox expand internationally or not?

**What recommendations would you make to Redbox management? At a minimum, your recommendations should cover what to do about each of the strategic issues/problems identify each recommendation should be supported with convincing arguments based on your analysis of Redbox's situation.**

In conclusion, after management thoroughly reviews which kiosks are generating positive revenue profits then Redbox can continue to deploy more Redbox kiosks but with growth caution and high attractive returns only.  Management must adhere to not over expanding due to the possible threat of a down shift, consumers switching to another provider, internet delivery and VOD growth.

Market positioning is important in order to transition into entering the internet delivery and VOD segment against competitor such as Netflix.  With Redbox current strategy and business model not being prepare to take on streaming of renal movies and the capital requirements, compared to investing in additional expansion of kiosks in order to compete with competitors from a profitable and successful standpoint might cause a lack of competitive advantage. Staying focus on building the Redbox brand in order to continue to attract and maintain customer base is very important in stealing additional sales and market share from Blockbuster.

Management should focus on expanding outside of US, UK and Puerto Rico that has promising expansion potential where Netflix does not have competitive presence, having special benefits for low income households that would attract and transition household with TV's, DVD players internet users and mobile phone users into taking advantage of utilizing Redbox could boost revenue profits for the future.