

How GDP and Social Inequality Affect Netflix's Growth? (Executive Report)

Caio di Felice Cunha

Analyzing Netflix and GDP

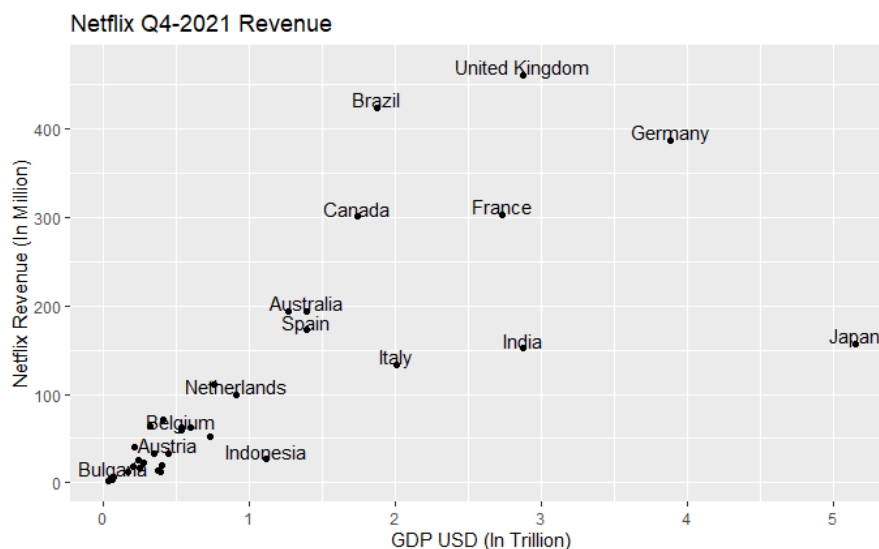
Dear Executive Board,

I hope this email finds you well.

Below you will find the Netflix and GDP report that we have discussed about: I compared the number of subscriptions in Netflix with the country's wage, to prove that as the salary condition increases, the number of subscribers also increases.

Quick note: After careful consideration, I have decided to exclude the United States from the current analysis. This is because the values for the United States are significantly different from those of the other countries, and I believe it would be more appropriate to present the data in a separate analysis specifically focused on the United States.

Netflix Last Quarter of 2021 Revenue

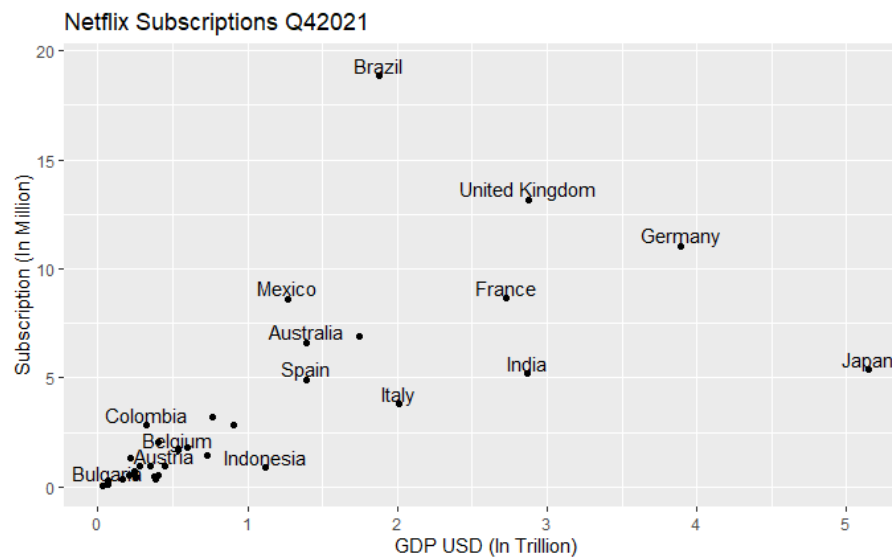


Analysis: In the chart above, which shows Netflix's revenue in relation to the country's GDP, we see that until Canada there is a clear positive relationship between Revenue and GDP, that is, the higher the GDP, the higher the Revenue.

However, after that, we have two countries that have a big difference between them. The first is Brazil, which seems to follow the standardization of the previous countries, but the second country, Italy, deviates from this pattern, because, despite having a high GDP, Netflix Revenue is lower than countries like Spain, which It has a much smaller GDP. From Italy, countries begin to dissipate, implying that GDP influences Netflix's revenue, but to a certain extent.

Perhaps, the number of shows characteristic of that region will help in a bigger Revenue. For example, Italian Shows to increase Revenue in Italy, Indian Shows to increase Revenue in India.

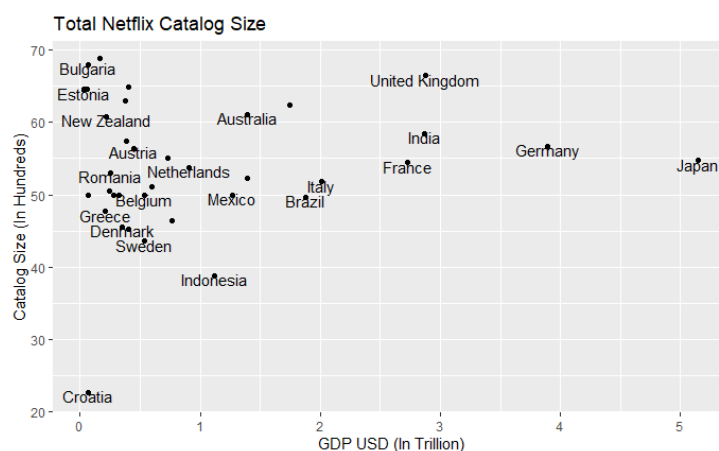
Netflix Last Quarter of 2021 Subscriptions



Analysis: Seeing the graph of subscribers, we noticed that it follows the same reasoning as the previous graph, with a few changes. When combining the two views, the number of registrations does not necessarily mean a higher Revenue. This is evident when we look at the UK, which provides almost 500 million Revenue, while having 13 million subscribers, while Brazil needs 19 million subscribers to give a return of 420 million.

One suggestion would be to invest in new shows according to the country's growth potential in relation to new subscriptions. For example, would it be better to invest in Italy or Japan? One answer could be: It depends on which country has fewer subscribers as the reach of new subscribers is greater.

Netflix Catalog Size



Analysis: Here we see something that helps us when interpreted with the other graphs. Despite the very low return that some countries give, such as Hungary, Bulgaria, Lithuania, among others, these are the countries that have a larger catalog.

Perhaps, it would be better to invest in countries that already give a greater financial return, but that do not have so many subscribers or such a vast catalog, as is the case of Spain, Mexico, Brazil, Italy and Japan.

Basic Netflix Subscription Price

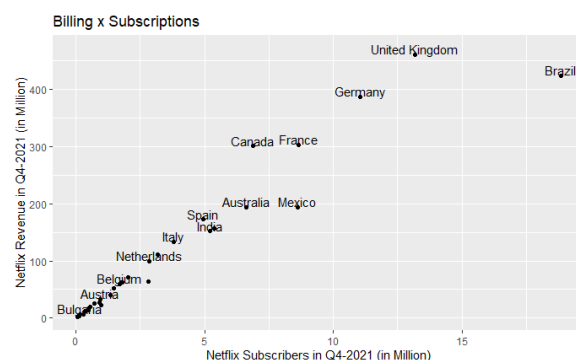


Analysis: For basic level subscribers, it is also noticeable that the higher the value, the less subscribers, even more so in developing countries. We see that in cases like Lithuania and Hungary, the catalog is very large, but has few subscribers and little revenue.

Therefore, it is better, for the basic level, to reduce the catalog in order to reduce the subscription price and thus have more subscribers. To fill the difference between this new 'basic' subscription and the 'standard', could be created a new subscription, such as basic +.

Billing x Subscriptions

Analysis: With this view, we understand that, to some extent, the number of subscribers directly influences revenue. However, around 6.7M of subscribers, the scenario may undergo some changes, often involving developing countries such as Brazil and Mexico.



Conclusion

We concluded that Netflix could, through a relocation, obtain more subscribers and, consequently, increase its influence and profitability by taking into account the country in which it operates and the number of series and films it supplies to that region, as well as the value for signature and catalog size.

Thank you for taking the time to read my message, and I look forward to hearing back from you soon.

Best regards,

Caio di Felice Cunha