Institute of
PRODUCT
LEADERSHIP

Building Product Leaders out of India

DIGITAL PRODUCT MANAGEMENT
(DATA DRIVEN PRODUCTS)

FDPM401 – ASSIGNMENT
SAAS PRODUCT MANAGEMENT
NETFLIX

CONTENTS

Netflix Introduction:

Netflix has created high-definition digital content and licensed content for various age groups and customer segments with great quality and value for money. Personas can stream 24-7 online or download and view offline during their leisure time.

1. Adults: This is one of Netflix's primary customer segments and includes a wide range of ages and demographics.

2. Families: Netflix also targets families with children, offering a range of family-friendly content that can be enjoyed by viewers of all ages.

3. Teens and young audiences: Netflix offer a range of content targeted at teens and young adults, including coming-of-age dramas, romantic comedies, and action movies with great VFX.

4. International audiences: Netflix has a strong focus on international expansion and has created great content targeted at specific international markets.

5. Recommending specific genres: Based on a user's viewing history and preferences, Netflix's recommendation engine generates a list of personalised recommendations.

6. Unlimited streaming without ads: Netflix offers unlimited streaming of movies and focuses on delivering an ad-free viewing experience, which has been a key part of its success and helps to differentiate the company from traditional TV networks.

7. In-house series and movie creation: Netflix creates many of its own iconic original series and movies, which are produced in-house by the company. This has been a key part of Netflix's strategy for distinguishing itself from other streaming services and traditional TV networks.

8. License or acquire content: Netflix licenses or acquire content to satisfy their customer segments. They use their recommendation engine to analyse user behaviour and preferences, and then they license products that they believe will appeal to those specific customer segments. Additionally, they license content from studios and networks to offer a diverse selection of content that can appeal to different customer segments.

9. Advertising: Netflix communicates its value through different types of advertising to reach out to its target audience, including television commercials, billboards, online ads, and social media promotions.

10. Email marketing: Netflix communicates its value through email marketing with its subscribers, promoting new content releases, making recommendations based on the user's viewing history, and making personalised content suggestions.

11. Social media: Netflix has a strong presence on social media, with millions of followers on various platforms like Facebook, Twitter, Instagram, and YouTube. They use these channels to promote new releases, engage with their audience, and share behind-the-scenes content.

12. The company highlights the fact that its subscription model offers unlimited access to a vast library of content without any ads, which is not available on traditional cable or satellite TV.

Netflix Business model:

Netflix's business model is subscription-based. It is a streaming platform, which offers on-demand video.

Netflix delivers its value through its subscription-based model, which allows users to access its streaming service for a monthly fee and cancel at any time.

Channels: Netflix delivers its value primarily through its website and mobile / Tv app, gaming consoles. Users can access the platform on any device with an internet connection, including smartphones, tablets, computers, and smart TVs.

Pricing: Netflix's pricing varies depending on the country and region, but generally, it offers four subscription tiers: mobile, basic, standard, and premium.

The Mobile plan allows for streaming on one phone or tablet at a time and does not offer HD quality

The Basic plan allows for streaming on one screen at a time and does not offer HD quality.

The Standard plan allows for streaming on two screens simultaneously and offers HD quality.

The Premium plan allows for streaming on four screens simultaneously and offers HD and Ultra HD quality.

The pricing for these plans can range from around 149 INR to 649 INR per month.

Revenue: Netflix makes money primarily through its subscription model. It also generates revenue through licencing its content to other platforms and networks, as well as through partnerships with companies such as cable providers and telecom operators.

One of the most influential tactics implemented was its ability to build alliances with a wide range of movie producers, filmmakers, writers, and animators to receive content and legally broadcast the content required aligning licenses.

Netflix has a subscription-based Business Model. That means that its main revenue stream is the monthly fees. It has over 180 million subscribers pay, all over the world.

Netflix's business model is entirely built on subscriptions from people all around the world. They do not have an ad-based business in their service, as this is something they do not intend to run, avoiding the risk of losing clients to a competitor.

Netflix's North star metric:

"Watch time," which gauges how much time users spend watching content on the network, is Netflix's North Star Metric. This indicator is significant since it illustrates Netflix's emphasis on retaining customers and making them happy.

Here are several justifications for why "watch time" is an appropriate and significant selection as a North Star Metric for Netflix:

- Revenue Generation: Longer watch times can boost revenue as users are more likely to find and retain content they enjoy.
- Content Quality: Netflix's focus on watch time encourages the company to invest in high-quality content that keeps viewers engaged and keeps them coming back for more.
- Personalisation: Netflix's recommendation algorithms utilise data on watch time to enhance recommendations and provide a more personalised user experience.
- Competitive Advantage: Netflix maintains its competitiveness in the streaming market by measuring watch time and providing engaging content to keep users engaged and satisfied.
- Content Acquisition: Netflix's decision-making process is based on understanding what content users are currently watching, enabling them to make informed acquisition and licencing decisions.

Hypothesis creation & A/B testing:

Feature: Adding social features to the application, such as the ability to watch content with friends and family members and discuss what were the users watching.

Headings	Feature Change in the Netflix application
What will you build?	1. The smallest change in the product that can be made is to allow users to create a profile and connect with friends. 2. Once users are connected, they will be able to see what their friends are watching and join them in watching something together. 3. Allow users to chat with each other while they are watching content.
Persona	1. The target persona for this feature is early adopters who are interested in social media features. These users are likely to be more open to trying new features.
User benefit	1. The user benefit of this feature is that it would allow users to connect with friends and family over the content they are

	watching and discover new content that they might be interested in. 2. This could make Netflix more fun and engaging for users.
Business outcome	1. The business outcome of this feature is to increase engagement and retention among early adopters. 2. Making Netflix more fun and engaging for early adopters. 3. This change can increase the likelihood that users will continue to use the service in the long term.
How would you experiment?	1. Experiment using A/B testing. 2. Randomly assign users to two groups: one group that has access to the social features and one group that does not. 3. Compare the two groups to see if there is a difference in engagement and retention.
How long do you plan to run?	1. Would plan to run the experiment for 2 weeks. This is enough time to collect a statistically significant sample of data.
What will you measure?	Measure the following metrics: 1. Number of users who use the social features. 2. Time spent using the social features. 3. User satisfaction with the social features.
What will be the Success criteria?	1. The success criteria for this experiment will be an increase in the number of users who use the social features by 30%.

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