FPM401: Product Management Fundamentals

Secondary research on a popular Netflix platform through the lens of the value management process

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**ASSIGNMENT-1.1: FPM401**

Conduct secondary research on a popular Netflix platform. Gather information about how they sell, service, and communicate their offerings and analyse their business through the lens of the value management process. Find what their compelling value is and see if you can find some "unusual" hidden features in their solutions that reinforce their compelling value!

**UNDERSTANDING VALUE**

**Industry:**

By 2028, the global market for motion pictures and entertainment is anticipated to reach USD 191146.43 million, growing at a CAGR of 7.31%. Between 2023 and 2028, the projection period, it is expected to increase significantly. The market is expanding steadily and is anticipated to increase over the expected duration.

**Growth drivers:**

Advances in technology: The development of new technologies, such as digital effects, animation, and 3D movies.

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Emerging markets: The growing middle class in countries like China and India has created a large audience for movies and entertainment content.

Smart devices: The increasing popularity of smartphones, smart TVs, tablets, and iPads has created new opportunities to consume entertainment content.

Streaming platforms: A rapid increase in the popularity of streaming movies and television series in the streaming platforms.

Diversification of content: The industry has become more diverse in terms of the types of content being produced, with more films and TV shows being made that reflect different cultures and languages.

**Reasons behind watching movies & series:**

Entertainment: One of the primary reasons people watch series and movies is entertainment.

Escapism: Many people watch movies and TV shows to escape from their daily lives and immerse themselves in a different world.

Education: Some people watch documentaries, biopics, and historical dramas to gain insights into different cultures.

Socialising: Watching movies and TV shows can be a great way to bond with friends and family. Whether it's going to the theatre together or hosting a movie night at home.

Fandom: Many people are passionate about certain movies or TV shows and watch them because they are fans of the franchise or characters.

**Customers:** Personas choose to watch what they want at their convenience and when they want, which is more affordable than traditional TV services.

* User choose based upon the mood from a vast library of content, including movies, TV shows, or documentaries.
* User decides from a wide range of devices, including TVs, laptops, tablets, and smartphones.

Following are the key customer segments.

* Film and TV enthusiasts
* Younger audiences
* Family households
* International audiences
* Binge-watchers
* Documentary audiences
* Fans of specific genres

Netflix also understood that there are certain people who chooses entertainment in their comfort zones to kill their time, reduce stress.

**Challenges:**

Competition: There is stiff competition from other streaming services, including Amazon Prime Video, Hulu, and Disney+.

* Generally, movie or series lovers would like to choose less expensive subscription streaming platforms like Amazon Prime Video and Disney+.

Traditional theatre: Some audiences like to visit theatres to enjoy the theatrical experience.

Content piracy: Some audience members watch the content on the piracy websites to save money, which can lead to lost revenue and damage to the company's reputation.

**Expectations:**

Quality: Personas expect high video quality at a low price to improve their experience and meet their expectations.

Personalization: Personas expect accurate, personalised recommendations to help them choose exciting content from their personalised libraries to watch during their leisure time.

Value: Personas expect good value for the price, meaning that it should be affordable and provide tangible benefits that justify the cost.

* Personas expect to watch movies or series without viewing advertisements, which is annoying.

* Personas expect to watch a full series or full season at once; they don’t want to wait and watch one episode at a time on TV.

* Personas expect to watch their favourite TV shows or movies offline while travelling; they expect to download them before and watch them whenever they want.

* Personas expect movies or series to be made with a great story and digital effects, and they expect a theatrical experience while watching at their home theatres.

**CREATING VALUE**

For its variety of key customer segments, 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.

Here are the following categories:

1. Adults: This is one of Netflix's primary customer segments and includes a wide range of ages and demographics. Netflix offers great content with more digital effects and music targeted at adults, including movies and TV series with multiple genres.
2. Families: Netflix also targets families with children, offering a range of family-friendly content that can be enjoyed by viewers of all ages. This includes animated shows, documentaries, and movies that are suitable for family viewing.
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. This includes local language content that reflects local cultures and customs.
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. Entire season releases: Netflix releases entire seasons of its original TV shows all at once, as part of what it calls "binge-watching" culture. This means that viewers can watch an entire season of a show in one sitting if they choose to, rather than having to wait for weekly episodes to be released.
8. 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.
9. 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.

**CAPTURING VALUE**

To satisfy different personas and market segments, they created their own content and licenced content from others, which has helped the company build a strong and diverse content library that appeals to a wide range of users.

1. Adults: Netflix has created a wide range of content for adults. They created original series and movies with great stories and digital effects. For instance:

* Narcos
* Money heist
* Extraction

In addition to its original content, Netflix also licences a variety of classic super superhit content from other studios and networks. For instance:

* Friends
* Inception
* Breaking Bad

1. Families: Netflix has created a wide range of content for families. They create original series and movies with great stories and digital effects. For instance:

* Stranger Things
* Enola Holmes

In addition to its original content, Netflix also licences a variety of content from other studios and networks. For instance:

* Spider-Man: Into the Spider-Verse
* Kung Fu Panda

1. Teens and young audiences: Netflix have created a wide range of content for teens and young audiences with great stories and digital effects. They create original series and movies. For instance:

* 13 Reasons Why
* The Kissing Booth
* Tall girl

In addition to its original content, Netflix also licences a variety of superhit content from other studios and networks. For instance:

* Riverdale
* Twilight
* The Vampire Diaries

1. International audiences: Netflix has created a wide range of content for teens and young audiences. They create original series and movies with great stories and digital effects. For instance:

* Dark
* Gunjan Saxena
* Lust stories

In addition to its original content, Netflix also licences a variety of pan-world movies or series from other studios and networks. For instance:

* RRR
* KGF chapter 1
* Sacred games

1. Personalization: Netflix's personalization algorithms are based on machine learning and artificial intelligence.

Examples of content that Netflix recommends to its users:

* If a user has watched and enjoyed the show "Stranger Things," Netflix may recommend other sci-fi or horror titles, such as "The OA" or "The Haunting of Hill House."
* If a user has given a thumbs up to the movie "The Dark Knight," Netflix may recommend other action or superhero movies, such as "Black Panther" or "Wonder Woman."
* If a user frequently watches romantic comedies, Netflix may recommend other rom coms, such as "To All the Boys I've Loved Before" or "The Kissing Booth."

**COMMUNICATING VALUE**

To market the content that Netflix has created or licenced, they are following multiple strategies.

1. 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.
2. 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.
3. 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.
4. Partnerships and collaborations: Netflix have also formed partnerships and collaborations with various brands and influencers to promote their content. For example, they teamed up with Ben & Jerry's to create a line of ice cream flavours inspired by their popular series "Stranger Things" and collaborated with YouTuber Lilly Singh to create a promotional video for their series "The Umbrella Academy.
5. 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.
6. The company markets its value with four simple words –**Watch Anywhere. Cancel Anytime.**

**DELIVERING VALUE**

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 three 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.

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