# Introduction

The name Netflix needs no introduction. Even with fierce competitors like Prime Video, Hulu, etc. it is still considered as the largest streaming service in the world. As of 2022, Netflix has more than 220 million paid subscribers across 190 countries [1]. However, like most other successful companies, Netflix did not attain its 'industry giant' status overnight. Innovative thinking, keeping up with the latest trends and continuous evolution have helped Netflix reach the stage it is at today.
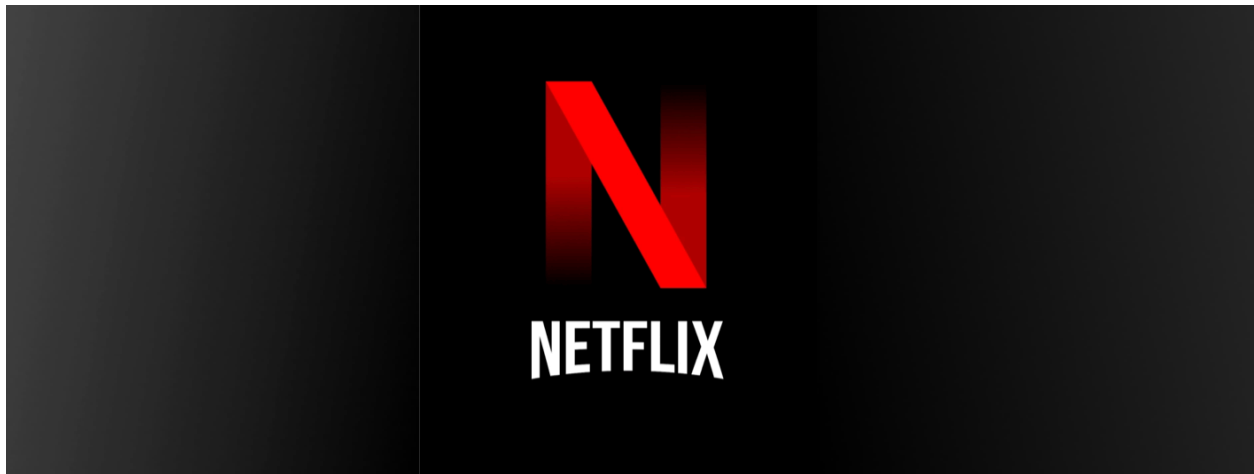
The Journey:

Netflix was the brainchild of a scientist (Reed Hastings) and a salesman (Mark Rudolph). The idea came to them on a random carpool trip as they were discussing the impact of amazon.com and how they wanted to find their category of portable items to be sold on the internet. It was in 1998 Netflix was launched as a DVD rental and sales site with close to 925 available titles [2].

Going into the 20th century, Netflix's strategy was ahead of its time. They decided to implement a recommendation system based on user ratings of past titles. The company experienced a slow increase in revenue through 2001 and by 2002, they were officially a publicly -traded company. After steadily building their subscriber base and posting millions of dollars in profits in the next few years, Netflix decided to step up its game and launch a streaming service, offering video-on-demand via the internet in 2007. It was also the year where the 'Netflix Price' was announced. A massive sum of $1M would be awarded to the first developer who could beat Netflix's native video recommendation algorithm.
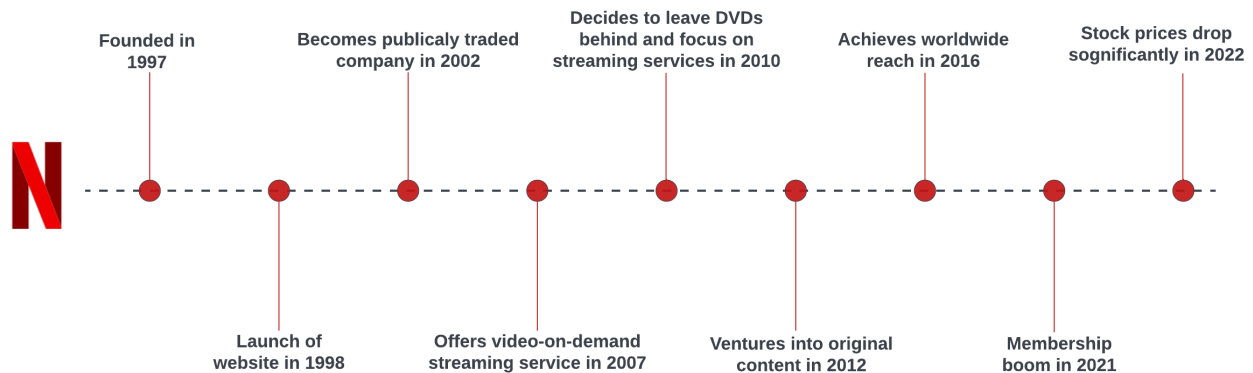
By 2009, the number of DVD rentals were overtaken by the number of video streams in that year. By 2010, Netflix decided to focus on growing in the direction of a streaming service and leaving the DVDs behind. In 2012, Netflix ventured into producing original content such as 'House of Cards' and 'Orange is the new Black'. By the end of 2016, they crossed the 100 million subscribers mark and was available in over 190 countries. With the same innovative mindset and leveraging the latest technologies, Netflix had over 200 million subscribers by 2021.

Data Strategy:

Following the above mentioned points, it is clear that Netflix has been vastly successful. The numbers speak for themselves. Judging from the past decisions taken and the turnout, it is not hard to see that over the years Netflix has picked an extremely offensive data strategy. Netflix has implemented all elements of an offensive data strategy **mentioned during class discussion**, namely:
1. Improve competitive position and profitability
2. Optimise data analytics, modelling, visualisation, transformation and enrichment
3. Flexibility
4. Multiple versions of truth (MVOTs)

As mentioned above, Netflix has been using analytics to generate recommendations since the very beginning (2002) to provide better customer experience.

"Netflix has been a data-driven company since its inception. Our analytic work arms decision-makers around the company with useful metrics, insights, predictions, and analytic tools so that everyone can be stellar in their function. Partnering closely with business teams in product, content, studio, marketing, and business operations, we perform context-rich analysis to provide insight into every aspect of our business, our partners, and of course our members' experience with Netflix."
— Analytics, Netflix Research

Some of the key factors of their data-driven offensive strategy that have helped them achieve the success they have today are:

1. Staying up to date with the latest technologies
   - Netflix has continually evolved with the times, starting from a DVD rental venturing into video-on-demand streaming services and further stepping into producing original content
2. Flexibility
   - Netflix offers a number of different subscription options ranging from mobile only to a HD family plan, allowing it to gain traction in multiple segments of the market
3. Variety of Options
   - The variety of never-ending options ranging from various sitcoms to horror movies have prevented customers of getting bored of watching the same content over and over again and greatly helped in gaining new subscribers
4. Strategy of Original Content
   - Netflix's venture into producing original movies and TV shoes was and moving away from only streaming third party movies have also helped them gain popularity
5. Enhanced User Experience
   - It is quite clear that Netflix puts a lot of though into user experience with their scrollable title cards, seamless UI and the 'cinema-like' aesthetic
6. Personalised Experience through Netflix Recommendation Engine
   - Netflix fully leverages the viewer data by providing recommendations based on the videos the users have already watched

While keeping the offensive strategy in mind, Netflix also implements certain elements of the defensive data strategy to handle sensitive data like customer location, payment details, prevent leakage of content, etc.
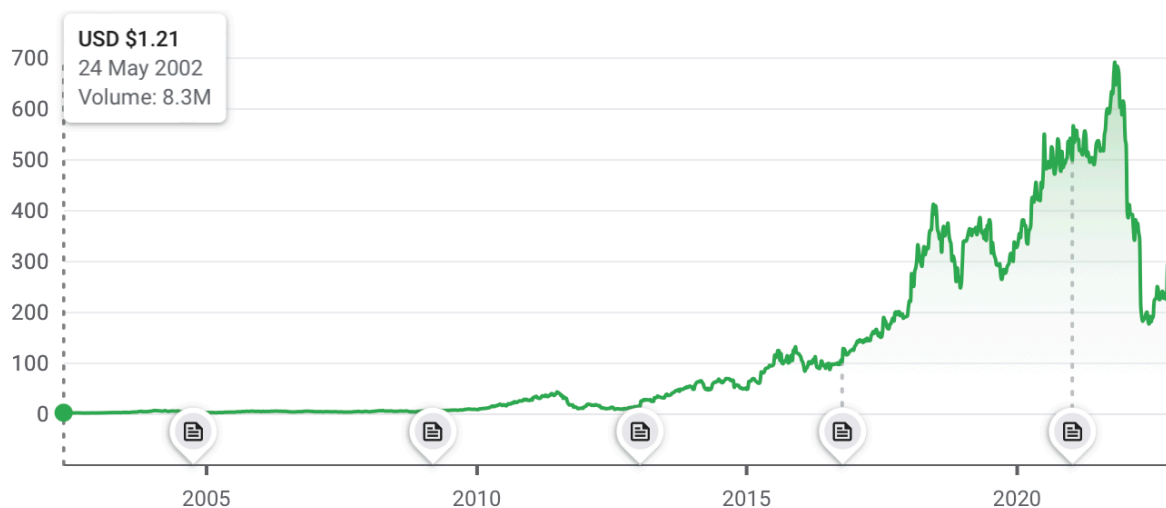
Although the above mentioned factors have been the driving factors towards the success of Netflix, Netflix's stock prices have taken the hardest hit in 2022 dropping from $682 in 2021 to $175 in 2022.

Causes:

1. Influx of newer platforms:
   - An influx of competitors such as Disney+, HBO Max, Prime Video have severely threatened its position in the market. While the COVID 19 pandemic boosted Netflix customer growth, it also accelerated the growth of these competitor sites.
2. Hiked up prices
   - At beginning of 2022, Netflix decided to increase its subscription prices
3. Loss of content from media companies
   - Due to the a variety of options in the market such as Hulu, HBO etc, media companies are able to have an upper hand, allowing them to have the upper hand and bargain better deals from Netflix's competitors.
4. Account Sharing:
   - It is no secret that most people share their Netflix credentials instead of buying their individual subscription. This is a major factor that slows down growth

Future Data Strategy:

In order to tackle the decline of subscribers, Netflix needs to take its offensive data strategy a notch higher. Netflix needs to work on 3 main fronts:

1. Leveraging analytics to understand what kind of content the people want and generating more of such original content
   - At the end of the day, users want good, new content and they do not care which platform it comes from. Considering that Netflix has a much larger budget than other platforms, they can leverage different technologies to understand the kind of content the users need and keep evolving as time progresses
2. Offering better, more profitable deals to the media companies as compared to its competitors
   - One of the main pain points of customers using streaming platforms is that content is divided across all the different platforms. If Netflix has friends, Prime video has How I met your mother. If Netflix is able to attract media companies to choose them as the platform, it will greatly help Netflix regain its lost subscribers
3. Innovative and revolutionising ad campaigns that leave users wanting to know more
   - Ads and trailers play a huge role in deciding if a series or movie is going to attract customers or not. They should employee creative individuals who are able to evoke a sense of curiosity or nostalgia, etc just by watching the ad or trailer. Cliff hangers and unanswered questions attract YouTubers and influences to make different 'theory' videos and content. This can also play a huge role in attracting new subscribers.

References

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[3] https://research.netflix.com/research-area/analytics