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# **Group 6: NETFLIX GOES TO BOLLYWOOD**

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# **Netflix Goes To Bollywood**

Netflix is one of the leading OTT platforms available in the world with 222 million subscribers present across 190 countries and produces its own shows, series and movies. Alongside streaming outsourced content as well. Netflix is one of the $100B companies operating across multiple nations though it's based in the USA, Netflix began in the year 1997 by selling movie DVDs and they were the first one to pioneer the subscription system and slowly they grew across the US and Canada and they in the year 2007 started their ott platform in competition to HBO and Netflix began to slowly expand into multiple countries and now Netflix is one of the leading OTT platforms in the world

Netflix in the year 2016 decided to enter India in the hopes of capturing the 100million subscriber base as India’s population is one of the largest.

## **SWOT analysis of Netflix in India**

### **Strengths:**

Netflix being one of the early members of the ott world has multiple advantages over its peers.

**Brand reputation/Image:**

Netflix from being a status symbol has converted itself to become a household name and now almost every other educated/working person knows the name of Netflix or even has a Netflix subscription and this has been one of the biggest strengths for Netflix

**Choosing power with customers:**

The choosing power is a lot towards the consumers the user can decide which pack he wants to opt for what is the number of devices he is going to use, what is the quality he wants to watch and many more so since the user has the power to choose the packs for the subscription according to their calibre consumers like to go with their own choice and not only in terms of the package also in terms of content consumption the consumer can watch whatever series of movies at any time they wish and the concept of Netflix-binge watching became a very popular concept because of these reasons Netflix has an upper hand over other streaming platforms

**Original content:**

Netflix started producing their own content a few years and since its introduction of it its own series and movies they are huge hits their first in-house production house of cards or the 1st Indian series of Netflix sacred games etc were huge hits and were also nominated for big awards and won a few so this attracted many customers towards watching these movies and series of Netflix original and thus giving a huge advantage in the OTT platform

### **Weakness:**

Though Netflix is one of the biggest companies in the world even they have weaknesses and these are a few of them.

**Regional content:**

Since the day Netflix started going international one of Netflix’s biggest target markets was India due to its large population size and the large youth population the country but Netflix has failed to understand that their no single common language that it spoke across the entire country though most of the people watch content in either Hindi or English in order to attain the 100million subscriber goal they have to target the regional content Netflix has usually a not partner policy when it comes to streaming content but regional languages as per the state are always the priority and if Netflix wants Indian consumers to use Netflix just like their USA customers they should start producing regional content as per the states in India

**High price:**

The price of a Netflix subscription is high compared to other OTT platforms that are present in India for example let's take the lowest pack of Netflix ie; the mobile pack which is 199 (per month) which is 2388(per year) compared to the lowest pack of Hotstar one of the biggest competitors for Netflix in India offers its mobile pack that is 499 (per year) which puts Netflix in a way expensive position and this makes Netflix lose many potential customers.

**Limited copyrights:**

The content that Netflix doesn't own is streamed by them by the use of Copyrights and these copyrights are mostly only for a certain period of time after that time the same content starts to appear on different platforms that make the customers shift to the other OTT to watch their favourite show so this is a very big minus point for Netflix

### **Opportunities:**

**Low-price mobile packs:**

This is one of the strategies that one of its competitors uses that is Hotstar and this pack makes even the people who are first-time users go for the pack as it encourages the tokenisation that allows the users to go for experimentation by buying the smaller packs and this might encourage them to buy the bigger packs in future since they like the service

**Ad-based model:**

The ad-based model that Hotstar uses has shown great success as the number of premium users almost quadrupled and this ad model also allows Hotstar to do the cost-cutting process due to which they are able to give users cheaper packs that encourage them to buy them so Netflix can adapt to this method to cut their pack prices

**Alliance/Local partners**

Netflix in order to solve their regional content problem can actually collaborate with small local mediums in order to produce good quality regional content that will attract more consumers and they can achieve their 100Million customer base in India

### **Threats:**

**Regulations:**

In certain countries like India, many apps were banned since they did not meet their conditions of privacy security etc like for example Tiktok Pubg etc were banned after the India china conflict and if Netflix doesn't bend its policies according to the respective countries they also might end up getting banned.

**Piracy:**

Especially in countries like India pirated content is very common and the reason most people don't buy OTT subscriptions is because of this pirated content, especially in apps like telegram the pirated contents are available immediately after the release of any content and this reduces the desire for people to buy OTT subscriptions.

**Multiuser:**

There are a lot of users who stay away from using pirated content for fear of data breach and even these customers they tend to share one single account with their friends and users allowing one account to be used by multiple users and this doesn't help Netflix at all and this could be a threat to its expansion.

## **Pestle analysis of Netflix:**

Pestle's analysis of Netflix, these are the factors that could affect Netflix ( Political, Economic, Social, Technological, Environmental and Legal factors)

### **Political:**

Censorship has proven to be a problem for Netflix because its content has been banned in some of the largest economies such as China. Due to government regulations and guidelines, not all Netflix content is available in all countries and audiences. Netflix is ​​facing big losses because of this. Due to restricted access, Netflix cannot operate in many countries. State codes do not allow this, even if the brand agrees

### **Economic:**

Fluctuating exchange rates affect the economics of purchasing content from others. However, Netflix can profit from original content such as movies and TV shows. Loyal Netflix customers are complaining about steadily rising subscription prices. Quality content is the solution to keep your audience happy, and they will realize that your content is worth spending money on. Increasing competition in streaming services is threatening Netflix with the rise of strong competitors offering quality content. Content piracy is a major threat to corporate security. It affects profitability.

### **Social:**

The company benefits from an excellent working environment. Netflix and its CEO are known for their generosity, and their kind gestures touch hearts. Not only does he donate 2% of his annual income to the black community, but he also helps students whose families have lower incomes. Flexibility benefits companies. With the latest trend of watching live streams on mobile, Netflix has made this possible.

### **Technological**

Technology innovation makes a healthy company. Technological advances, automation and technical awareness play an integral role in the operation of the industry and its popularity. Below are the technical factors that affect Netflix's business. Netflix allows you to enjoy high-quality videos with minimal data consumption, which is one of the company's many advantages. Constantly changing algorithms often confuse users. The best example of this is the content rating system. Hermes, an automatic translation software, is very popular among Netflix users.

### **Environmental:**

Environmental considerations such as low carbon emissions, green services, renewable resources and concern for sustainability are the foundation of ecological consciousness. Businesses should take ecological aspects into account when planning their operations. The following environmental factors have a significant impact on Netflix's business. The company's recent investment in working with the EPA indicates its readiness for the transition to renewable energy. Well, this increased environmental awareness can lead to growth. A further step towards a sustainable future is reducing paper consumption in offices. The media company operates mostly online and has no direct environmental impact. However, the power consumption is quite large.

### **Legal Factors:**

Legal factors refer to the laws of a country or indicate what a company must comply with when doing business there. Some aspects are consumer law, health and safety, labour law, discrimination law, copyright, etc. Legal factors affecting Netflix's business include:

A sudden increase in subscription prices put the company at odds with its customers. Some customers have filed class action lawsuits against the company. Netflix is ​​wrestling with some customers due to ongoing copyright claims. Instead of blocking users from other countries, the company should have an appropriate strategy in place.

## **Porter's five Force analysis of Netflix:**

Porter's Five forces are the Threat of new entrants, the threat of substitute products, the power of suppliers, and the power of buyers, Competitive Rivalry.

### **The Threat of New Entrants:**

Large organizations such as Apple, Disney, HBO, and Britbox (BBC and ITV) are launching or have recently launched new streaming services.

The barriers to entry for new entrants who do not create their own video content are high, and creating new content or acquiring content from major players requires very large investments. For established organizations in the entertainment industry, the barriers to entry are relatively low as they can quickly launch their services with their own content, and they may already have fans of the entire organization or a particular series.

The threat of new entrants is a very real and serious problem for Netflix, with more companies deciding to launch similar services with their own content. The size of these organizations also means that initial technology and marketing costs are not an issue. Many customers have multiple subscriptions, but there will undoubtedly be a time when subscribing to so many services is no longer practical and they may decide to close their accounts.

### **The Threat of Substitute products:**

In the UK, the average TV viewing time per day increased from 242 minutes in 2010 to 192 minutes in 2019. Offering both live streaming and recorded content, YouTube accounts for the majority of total video viewing as he spends 12% of his total video viewing time. Given the decline in traditional TV programming, especially among young people who are switching to subscription video services, the threat of Netflix alternatives is small.

### **The Power of Suppliers:**

Traditionally, movie theatres wanted an exclusivity period of up to 90 days before moving to on-demand streaming services. But Netflix hit back at the major cinema chains by demanding his 45-day window. Notably, Netflix and Martin Scorsese's latest project, The Irishman, ran in a limited number of theatres or independent cinema chains before making the move to Netflix. As the power of Netflix grows, the power of traditional movie theatres will continue to wane. This isn't the only time Netflix has done this. In 2018, they released Alfonso Cuaron's Roma. This was just his 21-day release on independent and smaller cinema chains before it started streaming. As more production companies launch their own VOD services, some of the most watched content on Netflix will soon disappear. For example, his popular '90s sitcom Friends will be pulled from Netflix in 2020 and will instead move to HBO's own streaming service. This is unlikely to be the only big name Netflix loses, increasing the risk of supplier power.

### **The Power of Buyers:**

Audience power continues to grow as the number of streaming services launched increases.

The industry is not very price sensitive. Audiences primarily focus on the quality of content, as all services are offered at roughly the same price. As of January 2020, a single subscription costs $12.99 with Netflix, $8.99 with Amazon Prime, $5.99 with Hulu, and $6.99 per month with Disney+. Because viewers aren't tied to a contract, many pay a monthly fee and can cancel their subscription at any time, putting even more power in the hands of the consumer. The power of the buyer here should not be underestimated. Because now, if viewers can't find what they want on Netflix, they can simply look elsewhere on competing sites to see what they want. Also, as mentioned earlier, when content is pushed to other providers, it's no surprise that viewers will follow that content to other platforms.

### **Competitive Rivalry:**

To extend its offer, Amazon Prime not only provides access to video streaming services, but also many other perks such as faster delivery (same day, one day), music, books, and more. In 2018, Netflix won his 8th of the 10 most streamed shows on the subscription streaming service. Topping the list was Friends (BBC News, 2018). Netflix is ​​highly competitive. Competitors such as Amazon can offer additional services for customers' subscription fees, while other competitors have removed the most popular video content from Netflix to display on their own platforms.

### **Conclusion:**

These analysis show the detailed picture of Netflix as a company and how it can solve some of its existing problems and how some of its policies an strategies have worked out in the past that can also be continued in the future

## **Ministry of Information & Broadcasting:**

Report based on the Govt of india website of Ministry of Information and broadcasting

The Media and Entertainment (M&E) industry in India is the future sector of the economy and is making great strides. Her M&E industry in India has shown the world its resilience and is poised to enter a period of strong growth, fueled by growing consumer demand and rising advertising revenues. According to a FICCI-EY report, the ratio of advertising to GDP is expected to reach 0.4% by 2025 from 0.38% in 2019.

According to a BCG report, India's M&E industry is expected to grow between $55 billion and $70 billion by 2030.

Digital advertising industry in India is expected to grow up to Rs. Rs 1,893.8 billion ($2.47 billion) in 2021 to Rs. 2,367.3 billion ($3.09 billion) in 2022.

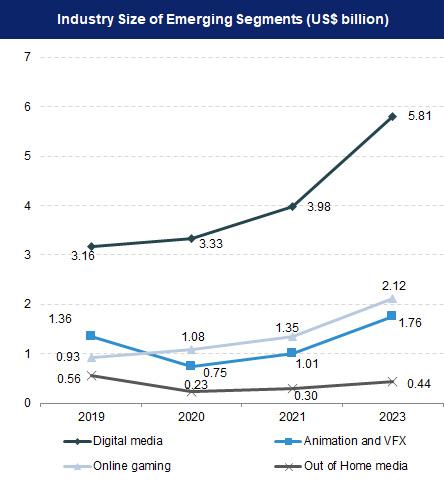
TV is expected to account for 40% of the Indian media market by 2024, followed by print media (13%), digital advertising (12%), film (9%), OTT and gaming industry (8%) It has been.

The market is expected to grow at a CAGR of 17% from 2020 to 2023.

Within the M&E sector, the animation, visual effects, games and comics (AVGC) sector is growing at a rate of ~29%, while audiovisual and services are growing at a rate of ~25%. Recognized as one of the champion sectors by the Government of India. The AVGC sector is estimated to grow ~9% to reach ~Rs. By 2024 he will reach 30 lakh ($43.93 billion), said Piyush Goyal, Minister of Trade and Industry, Consumer Affairs and Food, Public Distribution and Textiles.

According to BCG, SVOD subscriptions in India have increased by 51% compared to 2019 and are estimated to reach 90 million to 100 million by 2022.

Advertising revenue in India is expected to reach Rs. In 2020, he will rise from INR 596 million (USD 8.46 million) to INR 915 million (USD 12.98 million) in 2023.



Indian subscription revenue is expected to reach Rs. Rs 631 million (USD 89.5 billion) in 2020 to Rs 940 million (USD 13.34 million) in 2023.

Key growth drivers include increasing user demand for content and affordable subscription packages. The Indian mobile games market is growing with global trends and is expected to reach $7 billion by 2025. Indian online gaming market is expected to reach Rs. Rapid growth in consumption will bring him from 76 billion rupees (US$1.08 billion) in 2020 to 155 billion (US$2.12 billion) by 2023.

The music industry is expected to reach Rs. It will grow from Rs.15 billion (US$210 million) in 2020 to Rs. , Times Internet Ltd.'s streaming service has a 30% market share, followed by JioSaavn (24%), Wynk Music (15%), Spotify (15%), Google Play Music (10%) and others (6%). ) is followed. ) 2020.

The sector's growth is attributed to the trend of platforms like YouTube continuing to offer new, linked music and video content for free, and will grow the paid OTT music sector to up to 5 million users by 2023. It is expected to boost end-users and generate revenue of ~. Rs 2 billion ($27 million).

By 2025, the number of connected smart TVs is expected to reach 40-50 million. His 30% of the content you see on these screens is content created exclusively for this audience by brands in games, social media, short videos, television, print and radio. In Q2 2021, smart TV shipments from India grew 65% year-on-year due to increased smart TV portfolio expansion activity by original equipment manufacturers (OEMs). By 2025, approximately 600-650 million Indians will watch short videos and active his users will spend up to 55-60 minutes per day on him.

According to FICCI-EY research on the media and entertainment industry, people watching online video via bundled packages (online video services bundled with mobile and broadband connections) will be half of all online video viewers by 2023 (399 million people). In 2020 he is from 284 million. In 2020, India recorded nearly 803 million online video viewers, including videos from streaming services and free platforms such as YouTube. Mobile video viewers reached 356 million in 2020, thanks to the recent rise in users' preference for video content.

India's OTT video services (video on demand and live) market will register a CAGR of 29.52% to reach 5.12 billion by FY2026, owing to rapid development of online platforms and increasing user demand for quality content It is expected to reach the US dollar.

### **Recent developments in the media and entertainment industry**

In June 2022, DisneyStar acquired the exclusive rights to broadcast the Indian Premier League (IPL) from 2023 to 2027. In March 2022, Pocket FM raised his $65 million in India and plans to expand into new regional languages. In March 2022, Krafton invested his $19.5 million in Indian audio content his platform, Kuku FM. In November 2021, media consultancy Ormax Media launched his OTT-branded health tracking tool called Ormax Brand Monitor (OBM).

The tool is based on a monthly syndicated survey of SVOD and AVOD audiences across India to track the performance of 16 of his OTT platforms on key brand metrics. In November 2021, social gaming platform WinZO, along with Kalaari Capital, announced 'Gaming Lab', a new investment initiative to promote and support the gaming ecosystem in India.

In November 2021, digital entertainment and technology company JetSynthesys partnered with artist Sonu Nigam to launch his NFT (Non-fungible Token) series, the first in the Indian music industry. In November 2021, media consultancy Ormax Media launched his OTT-branded health tracking tool called Ormax Brand Monitor (OBM). The tool is based on a monthly syndicated survey of SVOD and AVOD audiences across India to track the performance of 16 of his OTT platforms on key brand metrics.

In November 2021, video-on-demand over-the-top streaming service The Viral Fever (TVF) raised his $2 million debt from Mumbai-based venture his debt firm BlackSoil. In October 2021, Star & Disney India signed an endorsement agreement worth ~Rs. His 1,200 kroner ($160.16 million) at the ICC T20 World Cup is triple his last tournament in India in 2016.

In October 2021, Toch.ai, his SaaS platform for the video content industry, raised his $11.75 million in Series A funding. Moneta Ventures, Baring Private Equity India, Mr. Binny Bansal, Ventureast, 9 Unicorns, Anthill Ventures, Cathexis Ventures, SOSV, Artesian and Innoven Capital participated in the funding round.

In October 2021, Indian telecommunications group Bharti Airtel launched a Video Platform as a Service (CPaaS) – 'Airtel IQ Video'. Developed by Airtel's in-house engineering team, the solution will enable entertainment companies and broadcasters to offer their OTT video services with minimal investment by leveraging Airtel's video cloud platform.

In October 2021, Times Network will partner with Yupp TV to bring Hindi news channel Times Now Navbharat and Hindi business news channel ET NOW Swadesh to the United States, Canada and major international markets. announced to start with In Q2 2021, smart TV shipments from India grew 65% year-on-year due to increased smart TV portfolio expansion activity by original equipment manufacturers (OEMs).

In September 2021, Zee Entertainment Enterprises (ZEEL) announced plans to merge with Sony Pictures Networks India. As part of the deal, Sony will invest his $1.57 billion in the combined company. In September 2021, Netflix India signed a multi-year deal with Excel Entertainment to strengthen its share of original series in India.

### **The Government of india initiatives**

The Telecommunications Regulatory Authority of India (TRAI) will submit a broadcasting recommendation to Fastrack to reach out to the Government of India's Ministry of Information and Broadcasting to promote reforms in the broadcasting sector. The Government of India has agreed to establish a National Center of Excellence for Animation, Games, Visual Effects and Comics in Mumbai. The governments of India and Canada have signed an audiovisual co-production agreement to enable producers from both countries to share and explore culture and creativity.

In October 2021, Prasar Bharati decided to put the archives up for auction in hopes of monetizing the content by selling it to television and her OTT platform.

In June 2021, the Federal Information Broadcasting Agency announced the Cable Television Networks (Amendment) Regulations, 2021. The rule aims to establish his three-tier legal mechanism for citizens to raise complaints related to broadcast content.

Reference:

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