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# NETFLIX

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SUMMER



PLAY





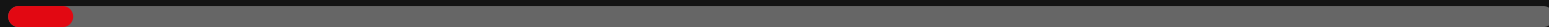
# | About Netflix

The total number of paid subscribers 214 million

Netflix launched their streaming service in 2007

57% of people cite original content as their reason for subscribing

Netflix takes up 26% of Global Streaming Traffic



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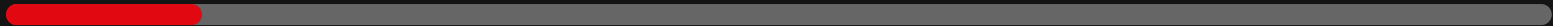
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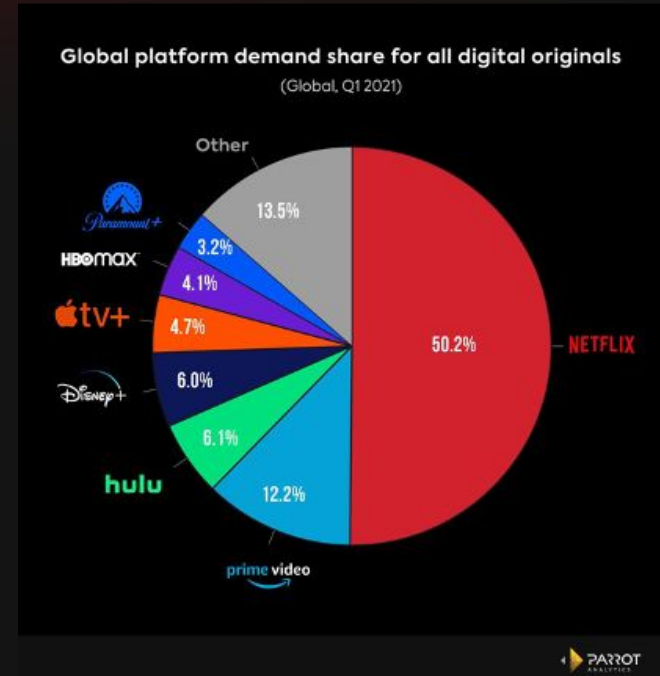
# Identify The Major Problem





# | Major Issues

There has been a major increase in the competition between subscription streaming services. Netflix has struggled in the past year in keeping its subscribers, with a **31% decrease** in the last year alone.





## | Why Does this Threaten Netflix's Livelihood?

- In less than a decade, Netflix has borrowed over \$16 billion USD for the creation of new content in order to support their subscribers appetite.
- The co-founder was betting that the company could attract subscribers (and raise its prices) faster than the debt clock was ticking.
- Netflix has seemingly overestimated their ability to attract new subscribers to the platform as they are currently facing a major budget deficit.
- Current revenues are not enough to cover business costs, such as payroll, rent, and marketing.



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**Subsequent Issues**

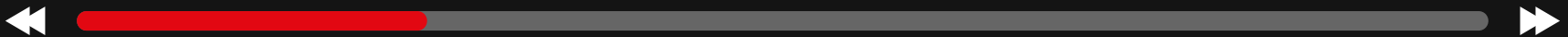
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02

# 3 Subsequent Issues



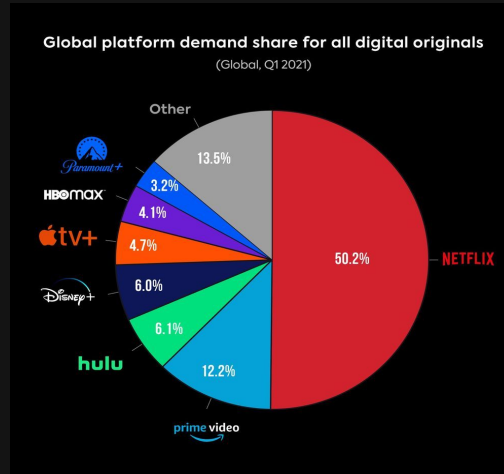


# 3 Possible Subsequent Issues

## Loss of Content



## Reduce in Market Share



## Price Competitiveness







# | Subsequent Issue 1 : Loss of content

Top 10 shows streamed in the U.S. in 2020

Title	Platform	Minutes Streamed (millions)
<i>The Office</i>	Netflix	57,127
<i>Grey's Anatomy</i>	Netflix	39,405
<i>Criminal Minds</i>	Netflix	35,414
<b>Ozark</b>	Netflix	30,462
<i>NCIS</i>	Netflix	27,144
<i>Schitt's Creek</i>	Netflix	23,785
<i>Supernatural</i>	Netflix	20,336
<b>Lucifer</b>	Netflix	18,975
<i>Shameless</i>	Netflix	18,218
<b>The Crown</b>	Netflix	16,275

Licensed > Original

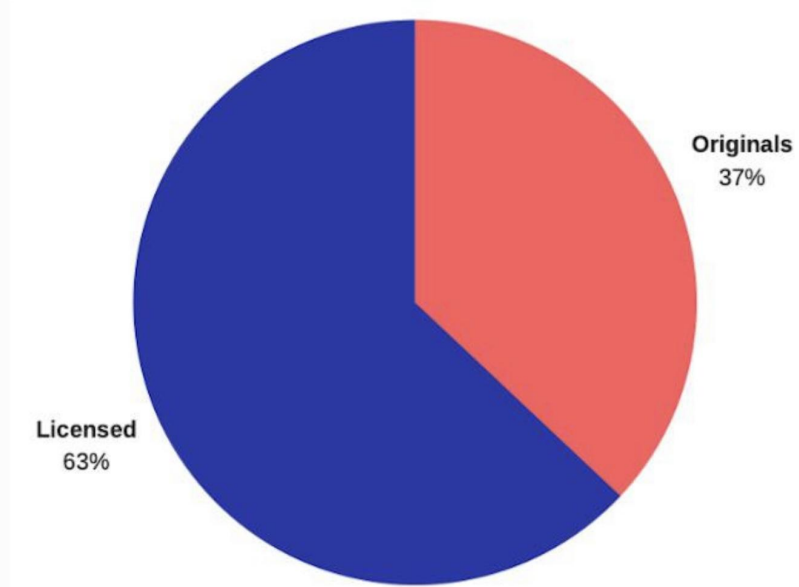
30%





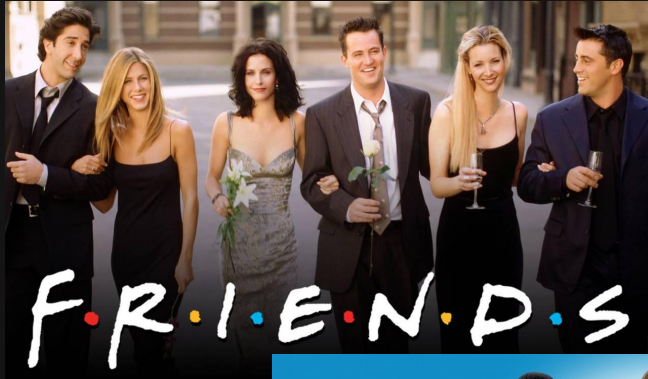
# | Subsequent Issue 1 : Loss of content

Figure 1: Licensed Content Use Dominates Netflix Originals





# | Subsequent Issue 1 : Loss of content





# | Subsequent Issue 1 : Loss of content

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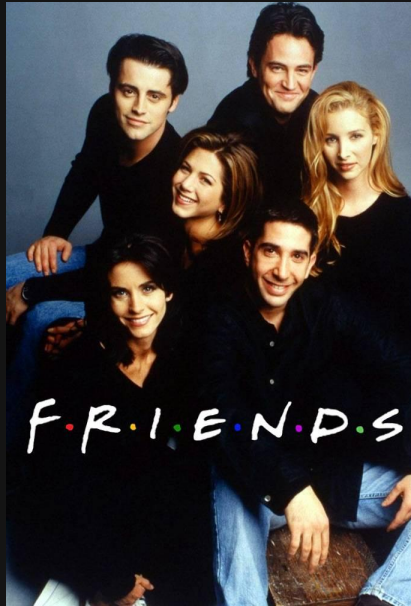
# | Subsequent Issue 1 : Loss of content

- Streaming right in 2015 in \$30 million deal every year
- Additional \$100 million by the end of 2018
- HBO got the licensed outbidding Netflix with almost \$500 million deal for the following 5 years



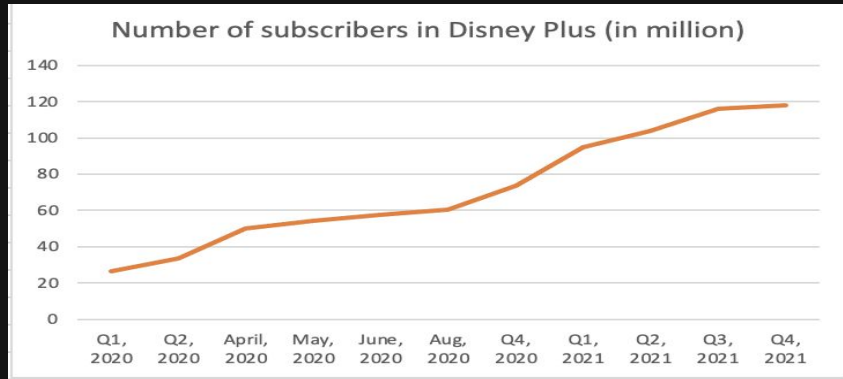
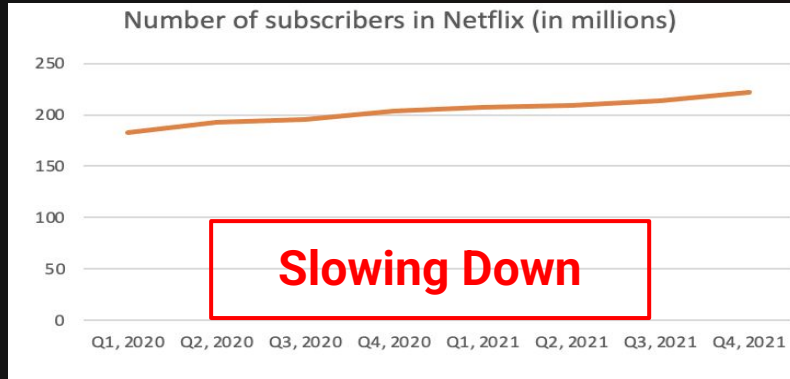


# | Subsequent Issue 1 : Loss of content





# | Subsequent Issue 1 : Loss of content

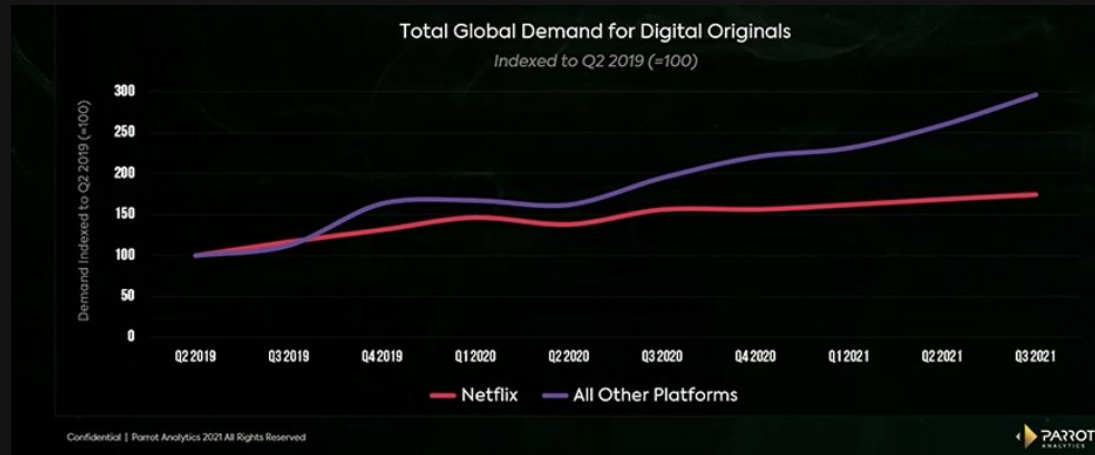




# I Subsequent Issue 2 : Reduce in market shares

Percentage change in the global demand share for Netflix among all digital originals

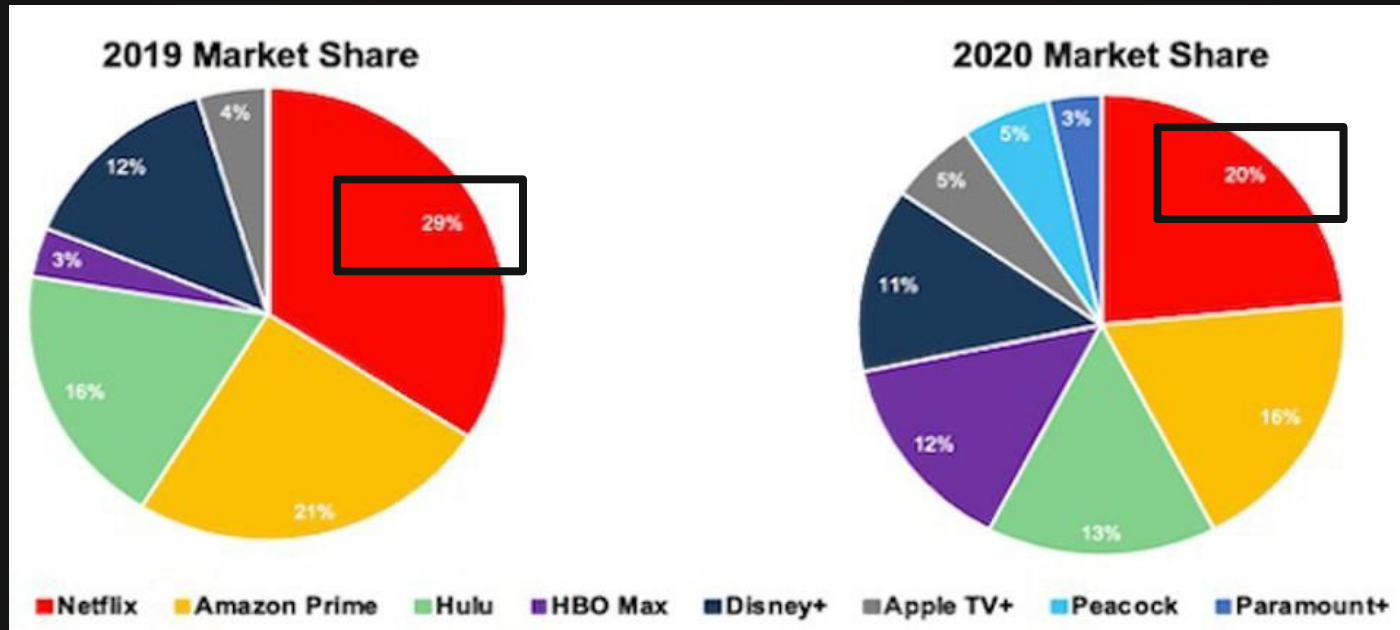
	2021 Q1	2021 Q2	2021 Q3
Netflix	50.2 %	48.3 %	45.8%







# | Subsequent Issue 2 : Reduce in market shares





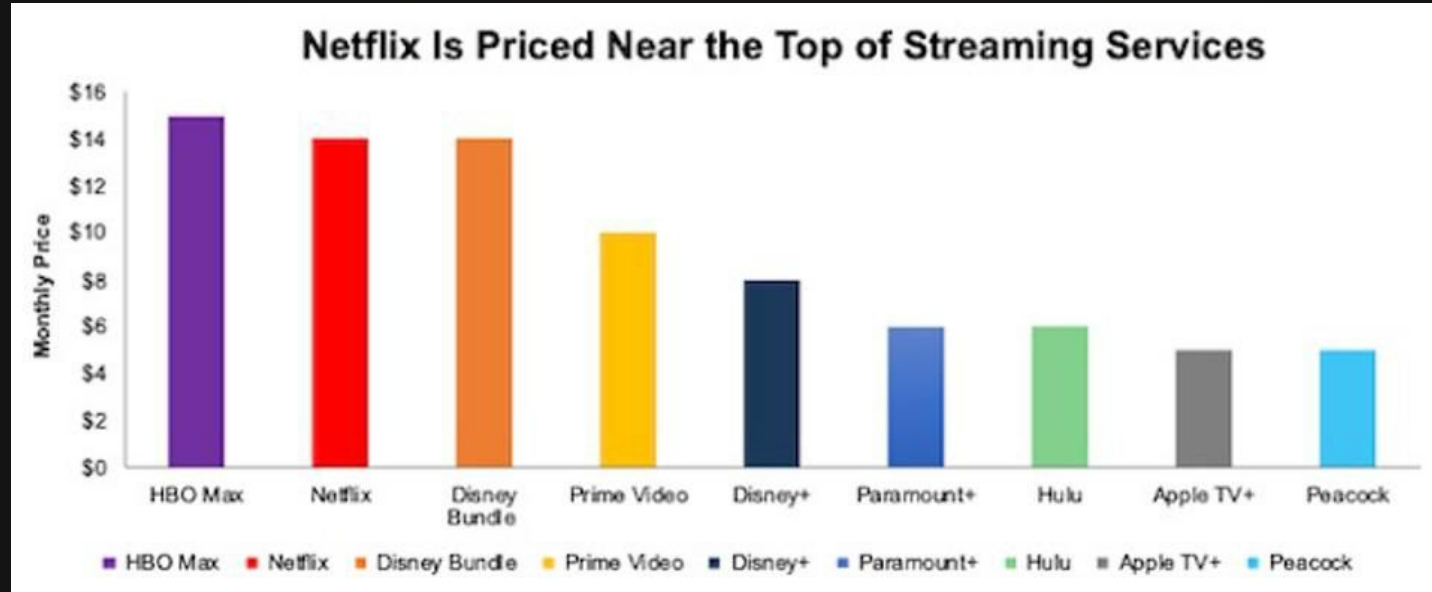
# | Subsequent Issue 3 : Price Competitiveness

- **\$150** million Grey's Anatomy in 2017
- Additional **\$100** million for Friends by the end of 2018
- **\$300** million for Game of Thrones in 2019





# | Subsequent Issue 3 : Price Competitiveness



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# Marketing Strategy Plan





# | Solutions From Different Aspects



## Marketing

- Merchandising
- The Celebrity Effect



## Market Expansion

- Establish the market segmentation on potential markets.



## Loyalty

- Offer more variety in subscription plans.

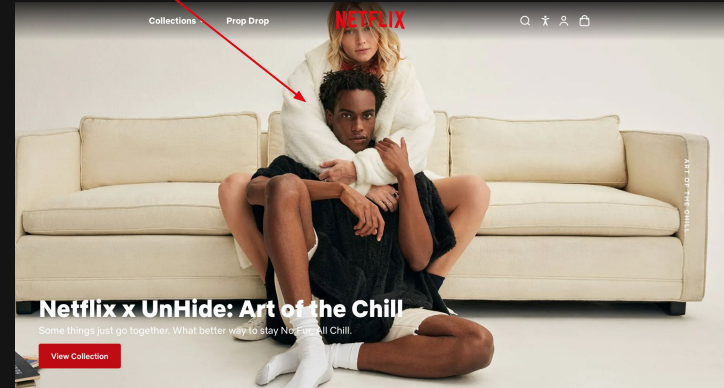




# | Marketing Solutions: ↑ Merchandise Advertising

*In terms of merchandising...*

- Netflix recently started **producing official merchandise** based on their original series, but lacks awareness as it is **on a separate website**.
- Establish an **eShop** directly on their site; existing subscribers can enjoy the privilege in purchasing the items in advanced and with discounts with ease.
- **Word-of-Mouth Marketing!**





# | Marketing Solutions: ↑ Merchandise Advertising

*In terms of advertisements...*

- Netflix can advertise in densely populated areas such as: **MTR Trackside digital screen and Concourse sheet panel**
  - ▪ Captivate - located on the track where facing the commuters → guaranteed exposure
- Recommended to put more advertises on those stations with **longer waiting and travelling time** i.e. Admiralty, North Point and Kowloon Kong
  - ▪ Interest builds over time (**amplification effect!**)





# | Marketing Solutions: Celebrity Effects

**Influencer marketing** involves brands collaborating with online influencers to market products or services.

- Netflix can build up better recognition as an outcome
- Collaboration with online influencer can be effective (↑motivation with less resources)
  - ↳ Netflix can use the Klout Score to measure the person's social influences in targeting the appropriate collaborators.
- High approval ratings for Celebrities = High Approval ratings for Netflix.







# | Marketing Solutions: Celebrity Effects

## *Take Netflix in Hong Kong...*

- Based on the popular TV series and Movies ranking in 2020, they are mostly Netflix original production.
- For example, we can invite **Mirror** (Current famous Cantopop boy band) to perform in the sitcom or reality show produced by Netflix Original.





# | Marketing Solutions: Market Expansion

- When deciding to expand the local programming in a potential market, Netflix can follow a set of criteria in targeting the market segmentation:

## Geographic

- Region
- Country size

## Demographic

- Income
- Occupation
- Education

## Psychographic

- Social Class
- Lifestyle

## Behavioral

- Loyalty Status
- Attitude towards products





# | Marketing Solutions: Market Expansion

*Take India as an example...*

- Internet users in India are expected to increase by **300 million** from 2020 to 2025
- OTT viewers increased by **47%** from last year
- Government of India increased FDI limit of the information and broadcasting sector from **74%** to **100%**, amounting to **\$9.6 billion USD** invested from April 2000 and June 2021
- Yes, competing with local producers are hard, but by adding **Hindu audio and subtitles....**





# I Marketing Solutions: Loyalty in Subscriptions

	Basic	Standard	Premium
Monthly Price	\$8.99	\$12.99	\$15.99
People	1	2	4

- Subscription plans do not offer much **variety**
- Most people tend to go for basic plan
- Does not contribute well to long term **loyalty**





# I Marketing Solutions: ↑ Subscription Plan

	Basic	Standard	Premium	Student	Annual	..
Monthly Price	\$8.99	\$12.99	\$15.99	\$6.99	\$..	..
People	1	2	4	1	..	..

- More flexibility.
- The most loyal customers are also the most **profitable!**
- Annual plans are both efficient and promote **loyalty**
- Add more dimensions, such as broadband deals e.g 1 year of internet = 1 year of Netflix complementary goods.



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# ASK QUESTIONS

Raise Your Hand...



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**THANK YOU  
FOR YOUR TIME**

