

ANALYSING NETFLIX MARKET POSITION AND STRATEGY IN INDIA

Executive Summary

This report analyzes Netflix's strategic positioning and market challenges in the Indian streaming industry, utilizing both primary and secondary research. Our objective was to deeply understand Netflix's current market reach, assess consumer preferences across different segments, and identify strategic opportunities to enhance market penetration and consumer satisfaction. The research process involved analyzing existing Netflix data and conducting a comprehensive customer survey that collected data on viewing habits, subscription preferences, and content demands among Indian consumers. Our findings indicate significant challenges for Netflix in India, including competitive pricing pressures, the need for local content, and technological adaptation for mobile users. Based on our analysis, strategic recommendations are proposed to tailor Netflix's content offerings and subscription models to better align with the unique characteristics and preferences of Indian viewers. These recommendations aim to position Netflix more favorably in a highly competitive market, focusing on local content production, mobile optimization, and pricing strategies to attract and retain a diverse consumer base.

Motivation and Context

The focus of this study is the video streaming industry in India, a rapidly growing market segment driven by increasing internet penetration, a burgeoning young population, and a shift towards digital entertainment consumption. As an emerging market with distinct consumer preferences and challenges, India presents unique opportunities for streaming services to expand their footprint.

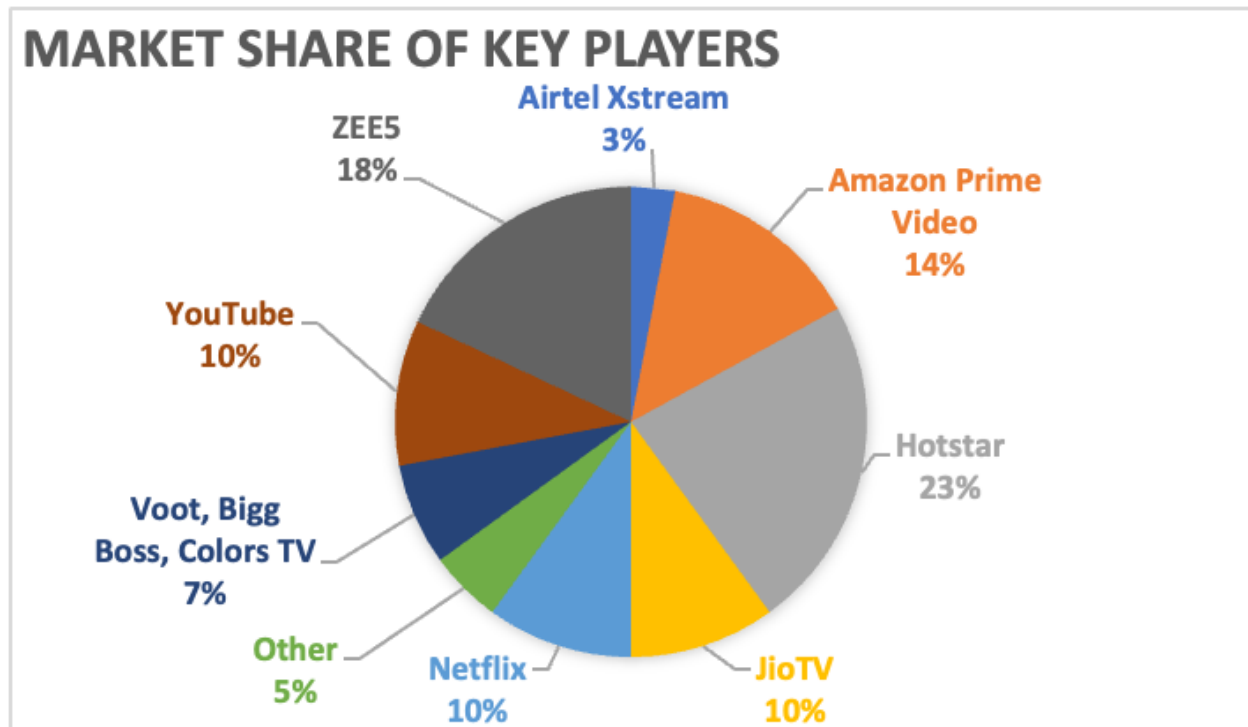
Industry Challenges and Opportunities

One of the major challenges facing streaming services in India includes the competitive landscape with both local players like Hotstar, Zee5, and JioTV, and international giants like Amazon Prime Video. These competitors have established a strong local content library that resonates with the diverse cultural tastes of Indian consumers. Additionally, issues such as varying levels of broadband accessibility and a pronounced sensitivity to pricing further complicate the entry and expansion strategies of new entrants like Netflix.



These three horizontal bar graphs show side-by-side comparisons of the monthly prices of Netflix's standard, basic, and premium subscription levels in best performing countries vs the subscription prices in India. India has some of the lowest subscription fees, which may help it draw in more customers in a market where consumers are picky about price. Prices in the US, UK, and

Switzerland are higher; this could be due to a greater willingness to pay for the availability of a larger content collection.



Source: Statista Market Insights, Statista Consumer Insights Global

Subscribers in million users

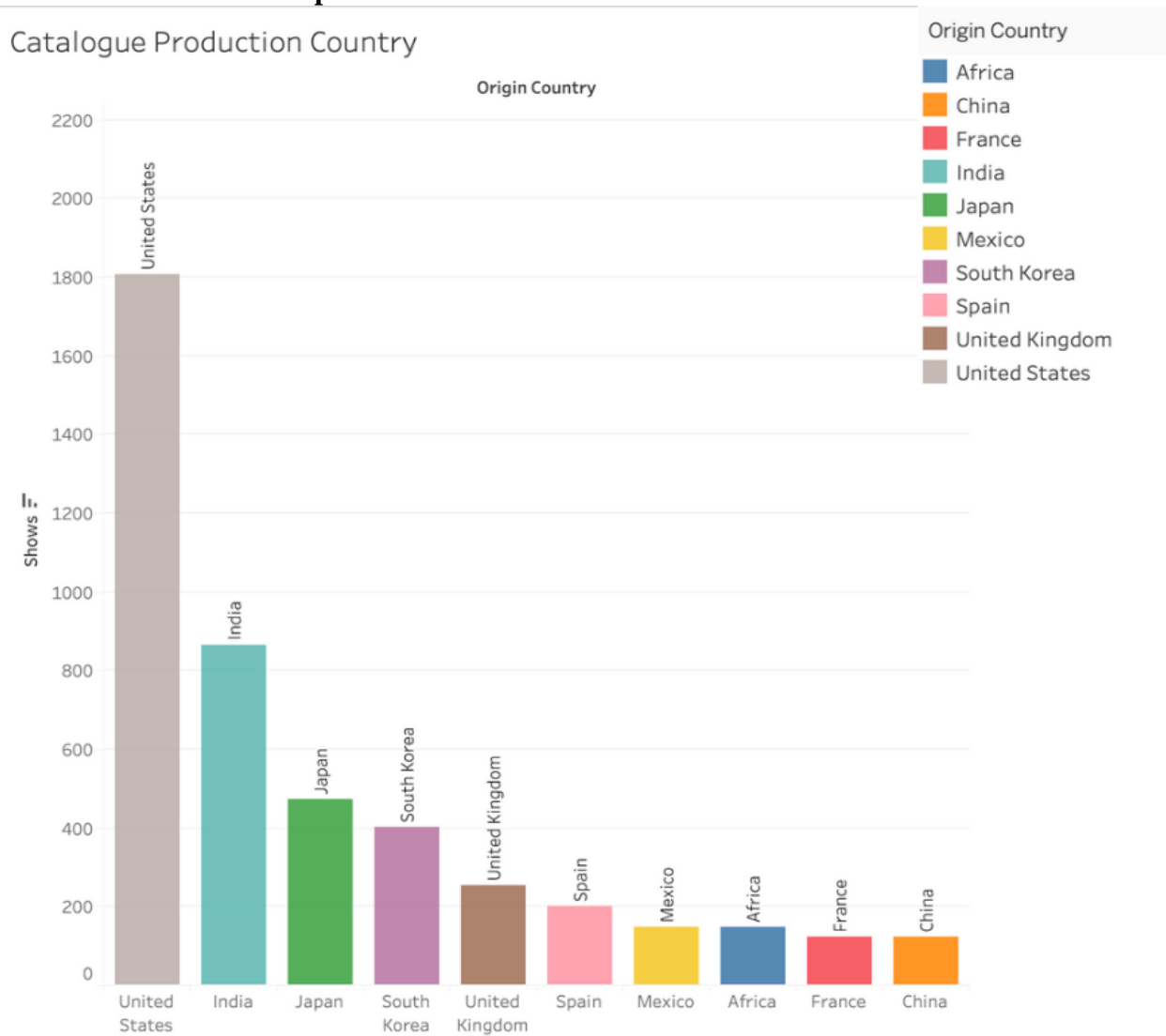
	2017	2018	2019	2020	2021	2022
Amazon Prime Video subscribers	14.7	17.9	22.5	29.0	35.4	40.8
Apple TV+ subscribers	1.9	2.3	2.9	3.8	4.7	5.5
Disney+ subscribers		6.0	10.1	17.5	29.0	46.0
HBO Max subscribers	1.8	2.2	2.8	3.6	4.5	5.2
Netflix subscribers	10.7	13.2	16.6	21.5	26.5	30.7
YouTube Premium subscribers	1.7	2.8	4.6	7.8	12.6	19.5

Source: Statista Market Insights, Statista Consumer Insights Global

Market Size and Profitability

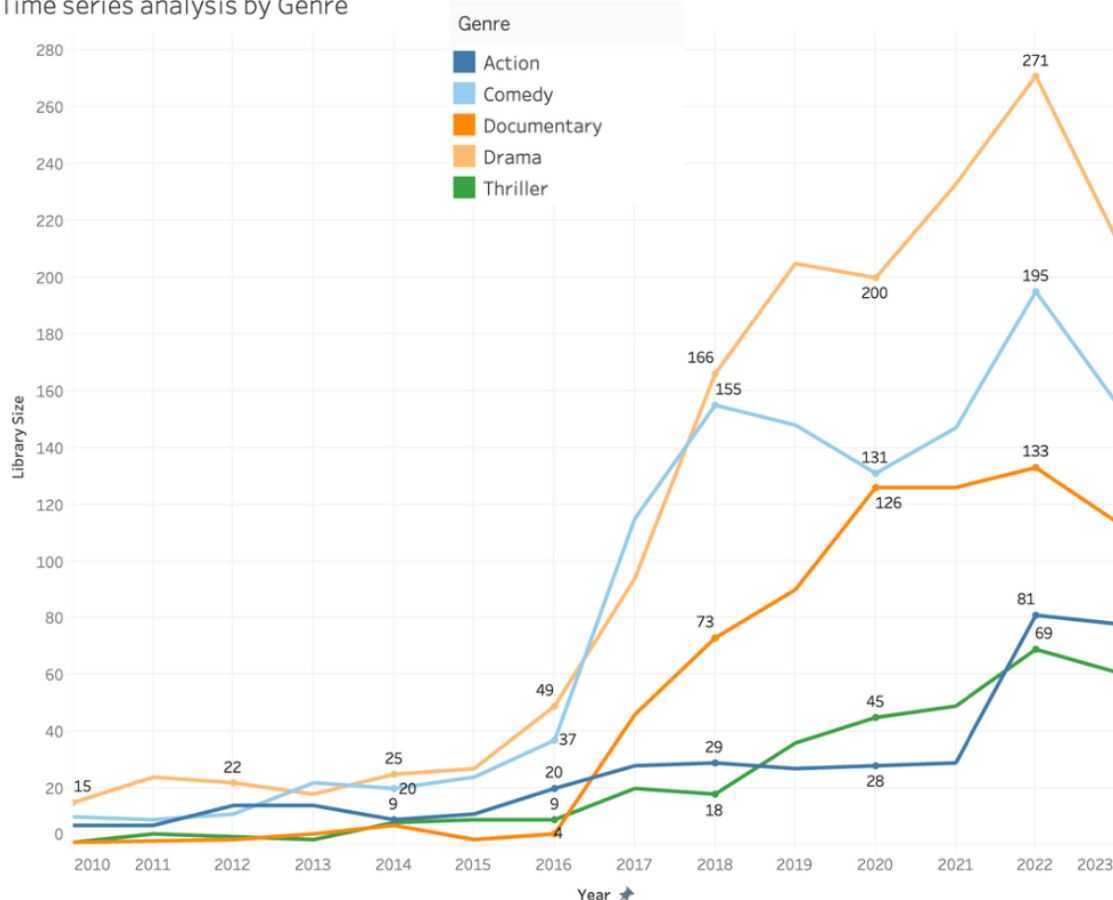
The Indian streaming market is characterized by a large, tech-savvy demographic that is increasingly consuming digital content. With over 500 million internet users, and projections to grow further, the potential customer base for streaming services is expansive. However, monetizing this user base is challenging due to low average revenue per user compared to more mature markets like the United States or Europe.

Current Netflix Landscape



The number of Netflix series accessible by production country is shown in this graph. The US leads by a wide margin, indicating that American content predominates in Netflix's library. India and Japan contribute a significant number of series after the US, which illustrates Netflix's commitment to producing a variety of content for various geographic audiences. The lower production statistics from nations like China and France may indicate a strategic Netflix focus on certain areas over others, or they may indicate a smaller content creation business for streaming.

Time series analysis by Genre



Segmented by genre, the "Time series analysis by Genre" graph shows the dynamic evolution of Netflix's library between 2010 and 2023. Action genres see a dramatic peak in 2022 and then plummet sharply, while Comedy shows stability with a gradual rise until 2017 before levelling off. Consistent expansion in documentary content highlights a dedication to non-fiction and educational programs. The most prolific genre, drama, peaks in 2019, indicating a potential overabundance or a subsequent strategic turn. In the past two years, there has been a noticeable increase in thrillers, which may indicate a change in audience preferences. The overall decline observed across all genres in 2023 may indicate a strategic consolidation or redirection by Netflix, maybe in reaction to shifting viewer trends or market conditions, or because of changes in content strategy.

Competitors Landscape

The key competitors in this space include:

- Disney+ Hotstar: Dominant in sports and regional content, leveraging local programming.
- Amazon Prime Video: Offers a mix of international and local content with added benefits tied to the broader Prime subscription.
- Zee5 and JioTV: Strong in local language content catering to specific regional audiences.

Our study aims to identify strategic adjustments Netflix can make to enhance its service adoption and overall market share in India. Our goal is to provide actionable insights that address the

challenges of content curation, pricing strategies, and technological enhancements tailored to Indian consumers. By understanding consumer behavior and preferences, Netflix can better position itself against competitors and achieve long-term sustainability and growth in the Indian market.

STUDY DESIGN

Intended Analysis

Segmentation Analysis: Based on watching habits, preferences, and demographics, this analysis will divide the Indian market into several segments. Finding specialized markets or market niches where Netflix is either well-established or has room to expand will be made easier with the aid of segmentation. Age, gender, income brackets, and preferred content genres are among the variables taken into account for segmentation.

Positioning Analysis: After the segments are created, a positioning study will be carried out to find out how each segment views Netflix in comparison to its rivals. This will entail evaluating elements including perceived value, brand loyalty, content quality, and service accessibility. The objective is to map Netflix's advantages and disadvantages across several market categories and pinpoint areas where the company may strengthen its position in the industry.

Data

The project makes use of both primary data collecting and publicly accessible datasets

Publicly Accessible data: A variety of datasets have been obtained from websites such as Statista and Kaggle. These figures offer in-depth analyses of Netflix's content selection, market size, member counts, revenue patterns, and average subscription costs across geographies. Statista's data on market size, growth patterns, and competitive environment. Statista provides information on subscriber numbers and revenue trends in India.

https://www.kaggle.com/datasets/lovishbansal123/netflix-dataset?select=netflix_titles.csv - This dataset provides insights into the broad content library ranging from blockbuster films to TV series worth binge-watching.

<https://www.statista.com/outlook/amo/media/tv-video/ott-video/india?currency=USD> - This dataset provides insights into the overall OTT market in India, including market size, growth trends, and competitive landscape.

<https://www.statista.com/statistics/324558/number-of-netflix-subscribers-country/> - This dataset provides information the number of Netflix subscribers in various countries, allowing for a comparison of market penetration and growth in different regions.

<https://www.statista.com/statistics/612276/netflix-streaming-revenues-india/> - This dataset depicts Netflix's revenue trends in India from FY 2018 to FY 2021, giving a clear picture of the company's financial performance in the Indian market.

<https://www.kaggle.com/datasets/prasertk/netflix-subscription-price-in-different-countries> - This dataset provides a comparative analysis of Netflix's subscription prices in different countries, which is useful in understanding Netflix's pricing strategy in the global market.

Primary Data Collection: To learn more about the preferences, actions, and perceptions of the Indian population, surveys aimed at this group are being used to gather primary data. Sections on cost sensitivity, content preferences, demographic data, subscription details, and a comparison with other streaming platforms are all included in the survey.

Survey link: <https://forms.gle/945CYS9YV6T5asfZ9>

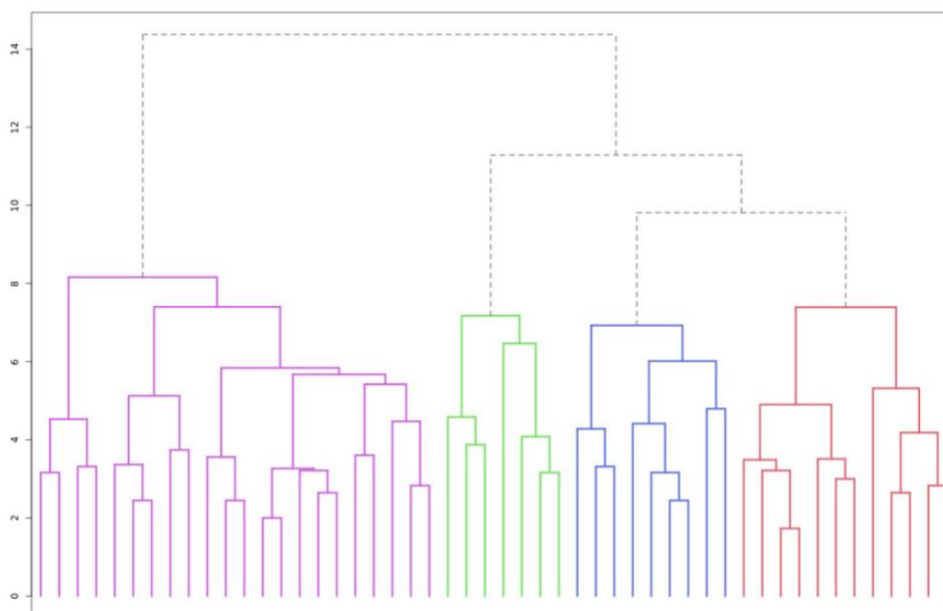
Details of the Survey: Several portions of the draft survey designed to gather primary data are intended to provide a thorough picture of how customers engage and are satisfied with streaming services in general, and Netflix in particular. The survey link is provided in the Appendix.

Important survey sections included:

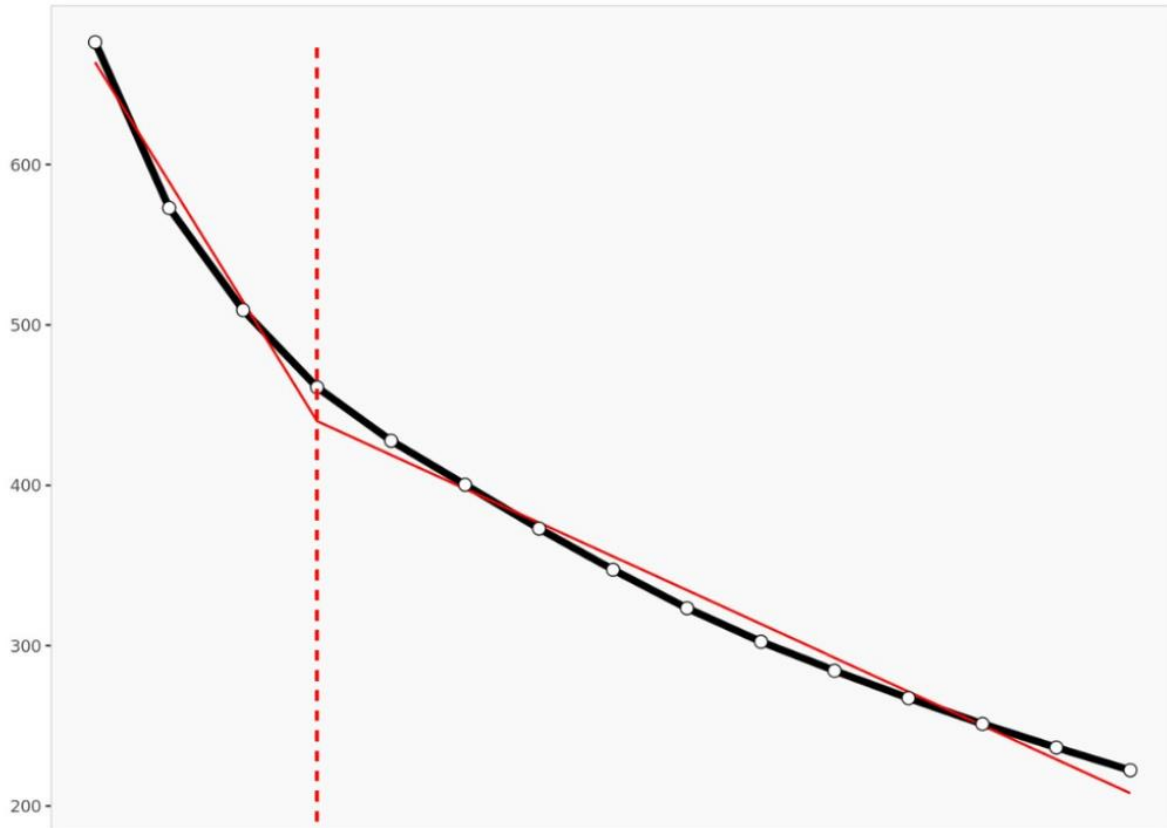
- Age, gender, and location are examples of demographic data.
- Details about the subscription like length of time, status of prior and present subscriptions.
- material Preferences like favorite genres and types of material, contentment with Netflix's diversity of content.
- Costing Sensitivity regarding how valuable a subscription is seen, how pricing affects subscription choices.
- Features of the Service like offline viewing and multi-screen compatibility are crucial.
- Comparative Analysis like utilizing alternative streaming services and comparing Netflix's features, content, and cost to those of other providers.

ANALYTICAL RESULTS

Segmentation



The process of clustering may be seen visually in the dendrogram, which shows how individual data points are arranged in a hierarchical framework. Typically, the y-axis shows the degree of similarity or separation across clusters, with the final cluster(s) at the top and individual data points at the bottom.



The scree plot shows the variance that each cluster captures versus the total number of clusters. The 'elbow' in this plot is where more clusters don't really provide much explanatory value. The ideal number of segments is generally determined by measuring the point immediately before the decrease in explanatory ability to become less noticeable.

The selection of four segments most likely results from an analysis of these graphs that suggested four clusters offered the most significant and distinctive grouping without getting either too specific or too general. The hit rate for four segments is 70%, indicating significance. Reducing the number of clusters below four results in a lower hit rate. Although selecting five clusters also yields a 70% hit rate, the characteristics of the four-cluster solution explain a good amount of variance effectively.

Among Indian users of streaming services, the survey found four unique segments.

Segment description

	Population	Segment 1	Segment 2	Segment 3	Segment 4
What type of content do you prefer to watch on Netflix?	1.42	1.56	1.32	1.58	1.29
How many hours per week do you typically spend watching content on streaming platforms? = 0-5	0.540	0.667	0.364	0.583	0.857
How many hours per week do you typically spend watching content on streaming platforms? = 6-10	0.240	0.111	0.455	0.083	0.000
How many hours per week do you typically spend watching content on streaming platforms? = 11-15	0.180	0.222	0.182	0.167	0.143
How important is the availability of local (Indian) content in your decision to subscribe to a streaming service?	3.80	4.33	3.91	4.50	1.57
Action	3.60	3.00	4.09	3.17	3.57
Comedy	4.30	5.00	4.45	3.58	4.14
Documentary	3.56	3.22	4.09	2.58	4.00
Drama	4.06	4.00	4.41	3.25	4.43
Thriller	3.96	3.78	4.73	3.00	3.43
Rate value for Price for each on scale of 1-5 [Netflix]	3.36	2.22	3.64	3.42	3.86
Rate Service Quality for each on scale of 1-5 [Netflix]	4.08	3.78	4.45	4.00	3.43
Rate content availability for each on scale of 1-5 [Netflix]	3.82	2.78	4.45	3.75	3.29
Rate device compatibility (usage on any/multiple device) for each on scale of 1-5 [Netflix]	3.48	2.22	4.05	3.75	2.86
Rate Content freshness (usage on any/multiple device) for each on scale of 1-5 [Netflix]	3.84	3.00	4.32	3.83	3.43
Bengali	0.020	0.000	0.045	0.000	0.000
English	0.960	1.000	0.955	0.917	1.000
Hindi	0.860	0.667	0.909	0.917	0.857
Kannada	0.080	0.000	0.136	0.083	0.000
Korean	0.160	0.222	0.136	0.000	0.429
Malayalam	0.220	0.111	0.455	0.000	0.000
Marathi	0.180	0.000	0.227	0.083	0.429
Others	0.060	0.000	0.136	0.000	0.000
Tamil	0.260	0.222	0.409	0.167	0.000
Telugu	0.520	0.667	0.636	0.333	0.286
spanish	0.080	0.000	0.091	0.083	0.143

1. Busy Bees

Mostly female, between the ages of 0 and 15k, with an average salary. Because of their hectic schedules, they view less content each week, with a predilection for comedy and drama. Multi-device interoperability and fresh content are highly valued in this market.

Viewing Habits: This segment watches less content per week compared to others, likely due to a busy lifestyle. Their content preference leans towards Comedy and Drama.

Key Descriptors: High valuation of content freshness and device compatibility suggests a preference for new content and multi-device access.

2. Binge Buffs

24-year-olds with a balanced gender distribution and incomes between 0 and 15k. This sector demonstrates high streaming content consumption, especially for Drama and Thriller material. It also demonstrates a strong desire for long viewing sessions and a wide range of content, with a notable interest in local content.

Viewing Habits: High consumption of streaming content, particularly in genres like Thriller and Drama. This group values content availability and service quality, indicating high expectations for their viewing experience.

Key Descriptors: Shows a strong preference for extensive viewing hours and a variety of content, including significant interest in local (Indian) content.

3. Documentary Devotees

The majority of documentary devotees are guys, and they strongly favor premium memberships. They occasionally watch a variety of genres, including drama and documentaries. They give local content availability and service quality high ratings, demonstrating their preference for quality over quantity.

Viewing Habits: Interested in genres like Documentary and Drama but watch them sporadically.

Key Descriptors: This segment rates the availability of local content and service quality highly, showing a preference for quality over quantity.

4. Selective Streamers

Mostly female, a little over 25, and earning between zero and fifteen thousand dollars. They specifically like the Drama and Action genres, and they give the content a high rating for freshness, which suggests that there is a need for interesting content. Additionally, they display the best ratings in terms of content availability and price value.

Viewing Habits: Interested in genres like Documentary and Drama but watch them sporadically.

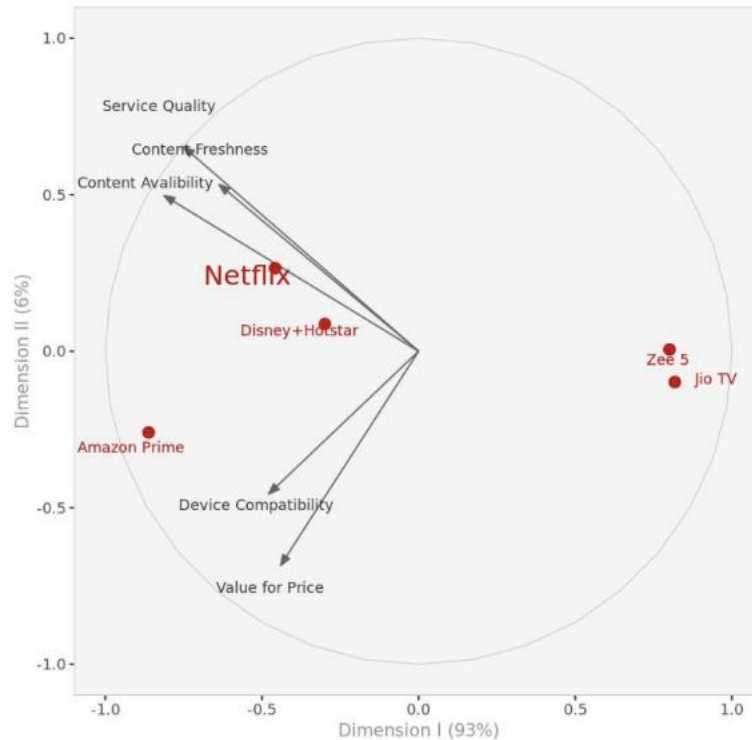
Key Descriptors: This segment rates the availability of local content and service quality highly, showing a preference for quality over quantity.

The considerable differences in preferences, habits, and demographic characteristics that surfaced from the survey results led to the decision to divide the market into four segments as opposed to three or more, enabling focused marketing and content initiatives.

Positioning

The positioning survey findings indicate each streaming service's perception in relation to its competitors in the market. We choose the number of dimensions to be 2 as it explains a variance more than 80% so using a principal components analysis (PCA) with 2 factors appears to be a reasonable approach for analyzing the Netflix India data.

Dimensions I-II



From the "Dimensions I-II" graph the first two principal components (Dimension I and Dimension II) account for 93% of the total variance in the data, as indicated in the title. Netflix's location with relation to the center indicates that it does fairly well overall and does not excel in any particular area. Disney+ Hotstar is likewise in the center, suggesting a Netflix-like equilibrium. Amazon Prime is positioned negatively, indicating lesser positive opinions on value for the money and device compatibility. Zee5 and Jio TV are more positively positioned, perhaps because they are thought to offer more value or greater device compatibility.

	Dimension I	Dimension II
4	Service Quality	
5	Content Availability	

Dimension interpretation. Displays the names of the attributes most aligned with each dimension.

	Dimension I	Dimension II	Dimension III
Value for Price	-0.1521	-0.2362	-0.2003
Service Quality	-0.1602	0.1396	0.0224
Content Availability	-0.1620	0.0992	0.0604
Device Compatibility	-0.1587	-0.1512	0.2490
Content Freshness	-0.1602	0.1340	-0.1402

Factor loadings (excerpt). Displays the factor loadings of attributes.

	Mean	Stddev
Value for Price	3.348	0.4485
Service Quality	3.568	0.5345
Content Availability	3.436	0.5027
Device Compatibility	3.352	0.4261
Content Freshness	3.344	0.5636

Mean and standard deviation (excerpt). Displays the means and standard deviations of the attributes.

From the "Summary" table in the Enginius report the factor loadings for each attribute on the three dimensions are provided. Dimension I is most strongly correlated with Value for Price (-0.1521), Service Quality (-0.1602), and Content Freshness (-0.1602). Dimension II is most strongly correlated with Service Quality (0.1396), Content Availability (0.0992), and Content Freshness (0.1340). Dimension III has the highest loading for Device Compatibility (0.2490). This suggests that to increase its market share in India, Netflix should focus on improving its performance on the attributes that are most strongly correlated with Dimensions I and II, such as: Enhancing the value proposition and pricing competitiveness, improving service quality and content freshness, ensuring a high level of content availability. By optimizing these key factors, Netflix can differentiate itself from competitors and better appeal to the target Indian audience. The detailed factor loadings provide guidance on the specific areas to prioritize.

MANAGERIAL IMPLICATIONS

Market Position: Local and foreign streaming services provide a serious threat to Netflix in India. Because its regional rivals have a robust content library that appeals to Indian consumers' wide range of cultural inclinations, Netflix has to modify its content approach.

Customer interests: Four separate segments—Busy Bees, Binge Buffs, Documentary Devotees, and Selective Streamers—with unique interests and watching habits were found within the Indian market via segmentation study. Marketing plans and tailored content can be informed by this segmentation.

Content Strategy: The time series analysis shows that while comedy stayed consistent, genres like action witnessed a dramatic peak followed by a decrease. A rise in content in the thriller genre suggests that viewer preferences are changing, something Netflix needs to take into account.

Price Sensitivity: Subscription fees in India are far lower than in other nations, indicating that the Indian market is very price sensitive. In order to sustain profitability and guarantee affordability, Netflix must strike a balance in its pricing plan.

Suggestions

Tailored Content and Marketing: Create content and marketing strategies that are specifically tailored to the needs and preferences of the specified segments. For Busy Bees, for instance, match device compatibility with freshness of material; for Documentary Devotees, concentrate on local content availability and service quality.

Competitive Pricing: To keep Netflix a desirable choice in a market where prices are crucial, review and modify the pricing models to match the value viewed by the various consumer segments.

Technological Adaptation: To accommodate customers with different broadband connectivity levels and to align with India's mobile-centric consumption trends, improve the mobile user experience and offline watching capabilities.

Local Content Investment: Invest more in local content creation to address the need for culturally appropriate content and to get a competitive edge over regional streaming services.

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