



Netflix

America Region Model

Team Bremner

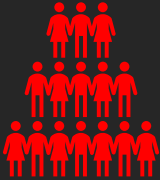
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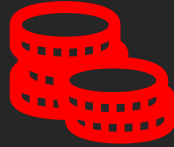


BACKGROUND

Background



**+ 221 M
subscribers**



**5.7 Bn Net
Income +
85% vs
previous
year**



**Close to
4.000
Titles**

Subscription Plans



Basic

1 Screen
Standard Definition



Standard

2 Screens
High Definition



Premium

4 Screens
Ultra High Definition

Situation

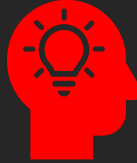
Help marketing team to explore potential profit opportunities
in America region



Value



**Quick view
of
profitable
countries /
plans**



**Results
allow
actionable
insights**



**Good
starting
point for
expansion
discussions**

MODEL DEVELOPMENT

Data



Plan Prices



**Demographic
/ Subscribers
Information**

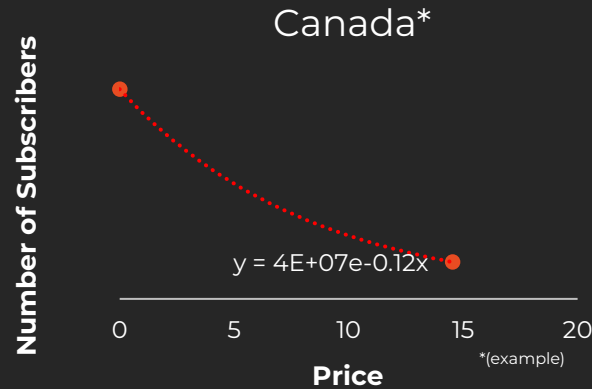


**Financial
Statements**

Model Building

$$\text{Total Profit} = \text{Revenues} - \text{Fixed Costs} - \text{Variable Costs}$$

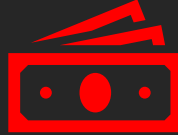
Demand Price relationship



Model Key Assumptions



**Model
demand is
elastic**



**Fixed &
Variable
Costs
Structure**

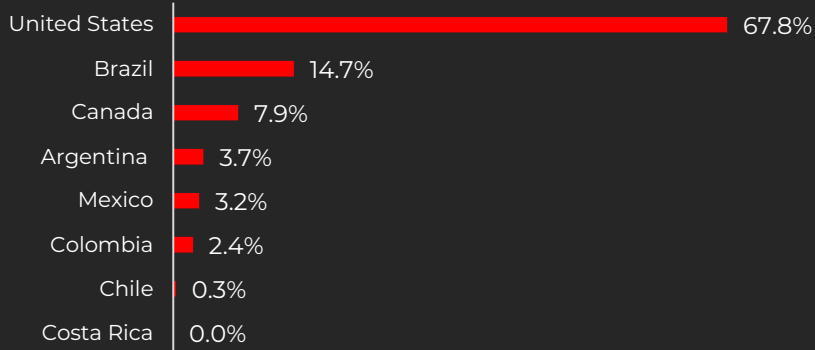


**Potential
Demand :
19+
population**

INSIGHTS

Results

Model Revenue Distribution



1

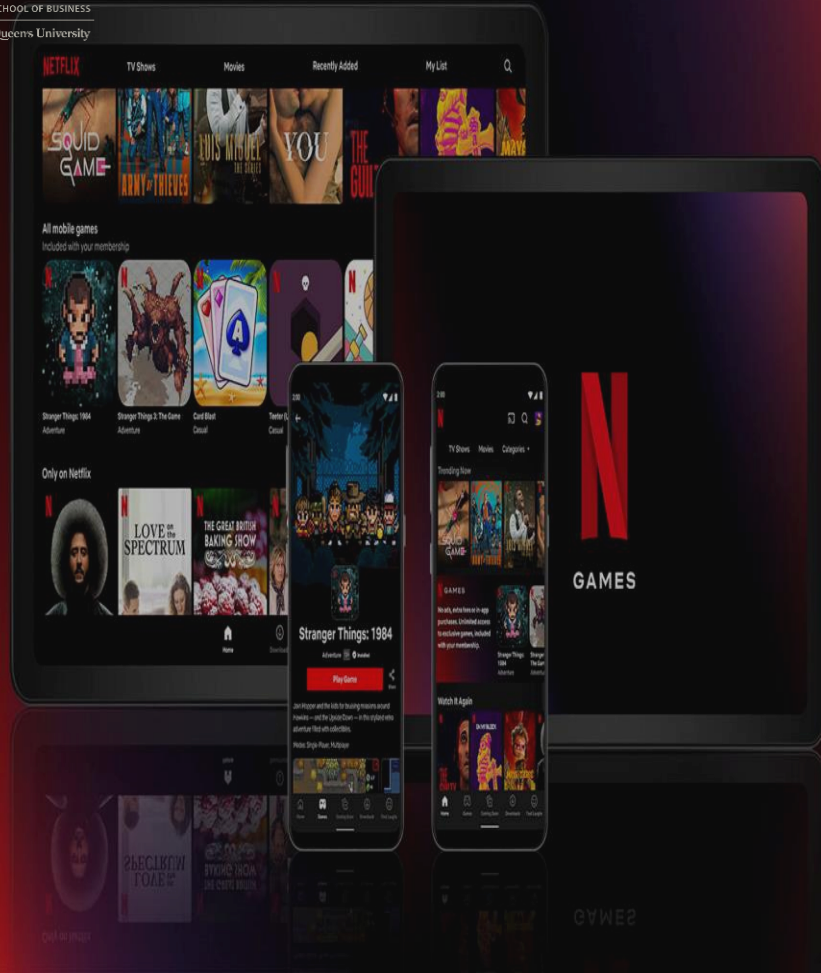
**Revenue:
25 bn**

2

**Potential
Profit: 6.9 bn**

3

**+ 900 bps in
profit
margin**



Recommendations

- Lowering plan prices for lower-income countries to expand into the region
- Not expanding in Costa Rica market
- Limiting Chile market to the two low-tiered plans

Current vs Predicted

Current Plan Price / Country per month

Country	Plan		
	Basic	Standard	Premium
Argentina	\$ 3.74	\$ 6.30	\$ 9.26
Brazil	\$ 4.61	\$ 7.11	\$ 9.96
Canada	\$ 7.91	\$ 11.87	\$ 15.03
Chile	\$ 7.07	\$ 9.91	\$ 12.74
Colombia	\$ 4.31	\$ 6.86	\$ 9.93
Costa Rica	\$ 8.99	\$ 12.99	\$ 15.99
Mexico	\$ 6.62	\$ 10.43	\$ 14.24
United States	\$ 8.99	\$ 13.99	\$ 17.99

Predicted Plan Price / Country per month

Country	Plan		
	Basic	Standard	Premium
Argentina	\$ 3.59	\$ 5.09	\$ 8.12
Brazil	\$ 3.06	\$ 3.48	\$ 5.09
Canada	\$ 8.11	\$ 11.15	\$ 14.01
Chile	\$ 6.72	\$ 9.80	-
Colombia	\$ 3.10	\$ 5.34	\$ 9.36
Costa Rica	-	-	-
Mexico	\$ 3.96	\$ 8.92	\$ 13.81
United States	\$ 9.17	\$ 10.19	\$ 13.90

Next Steps

- Refine market size
- Detailed cost structure per country
- Add entrance costs to new markets





Q&A

THANK YOU