



NETFLIX

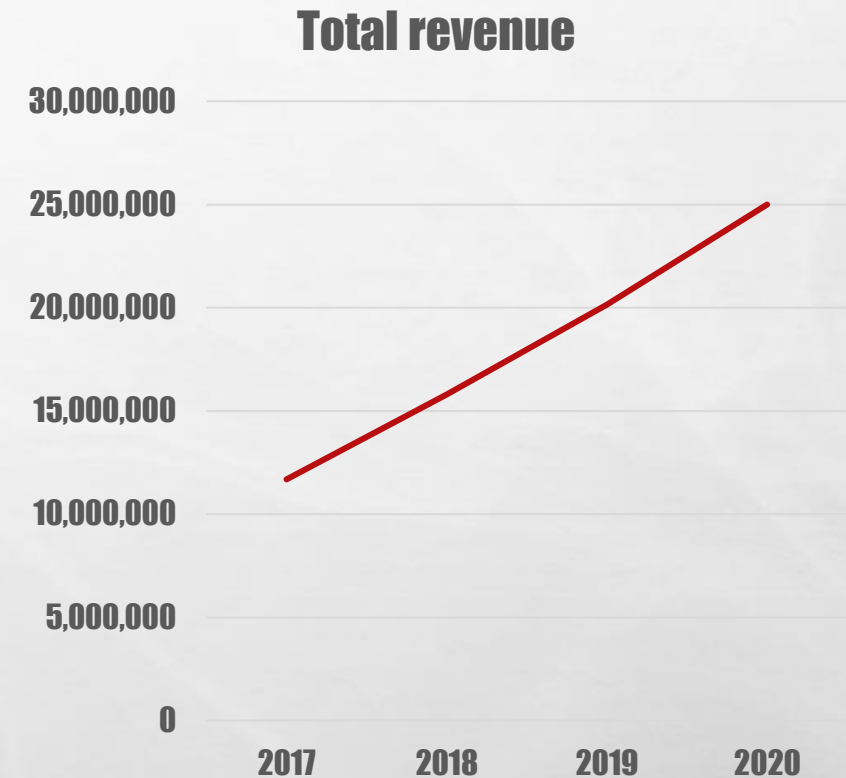
WHAT HAS HAPPENED OVER THE LAST 4 YEARS?

WHAT IS ITS MAIN PRODUCT?

- NETFLIX IS AN AMERICAN SUBSCRIPTION STREAMING SERVICE AND PRODUCTION COMPANY. IT OFFERS A LIBRARY OF FILMS AND TELEVISION SERIES THROUGH DISTRIBUTION DEALS AS WELL AS ITS OWN PRODUCTIONS, KNOWN AS NETFLIX ORIGINALS.

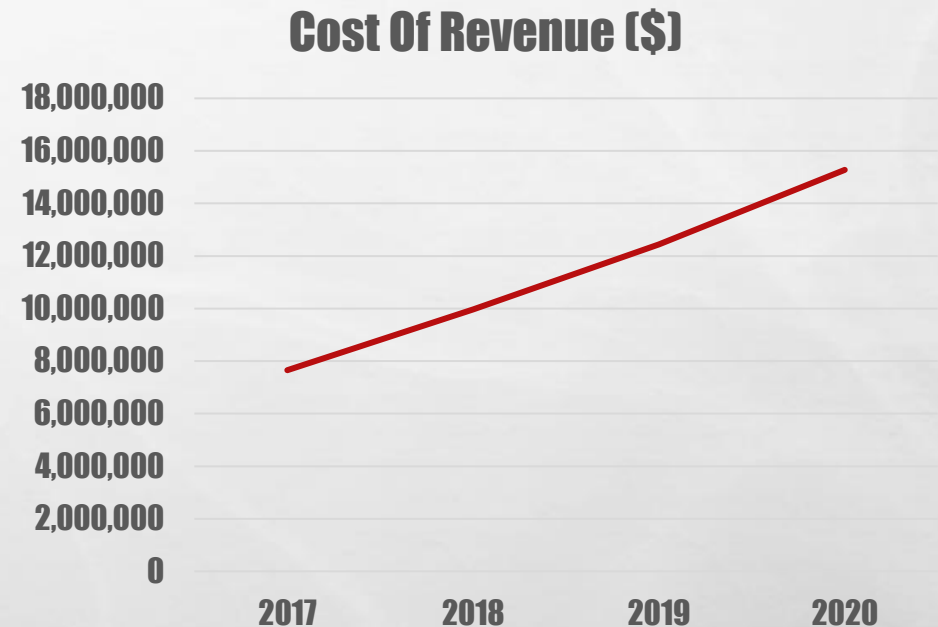
TOTAL REVENUE

Year	Total Revenue (\$Thousands)
2017	11,692,713
2018	15,794,341
2019	20,156,447
2020	24,996,056



COST OF REVENUE

Year	Cost Of Revenue (\$Thousands)
2017	7,659,666
2018	9,967,538
2019	12,440,213
2020	15,276,319



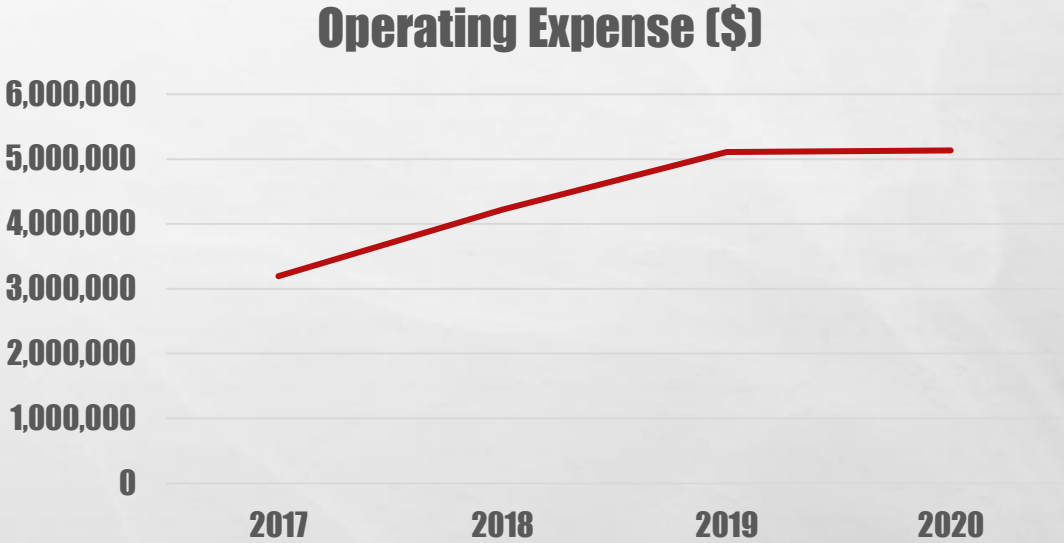
GROSS PROFIT

Year	Gross Profit (\$Thousands)
2017	4,033,047
2018	5,826,803
2019	7,716,234
2020	9,719,737



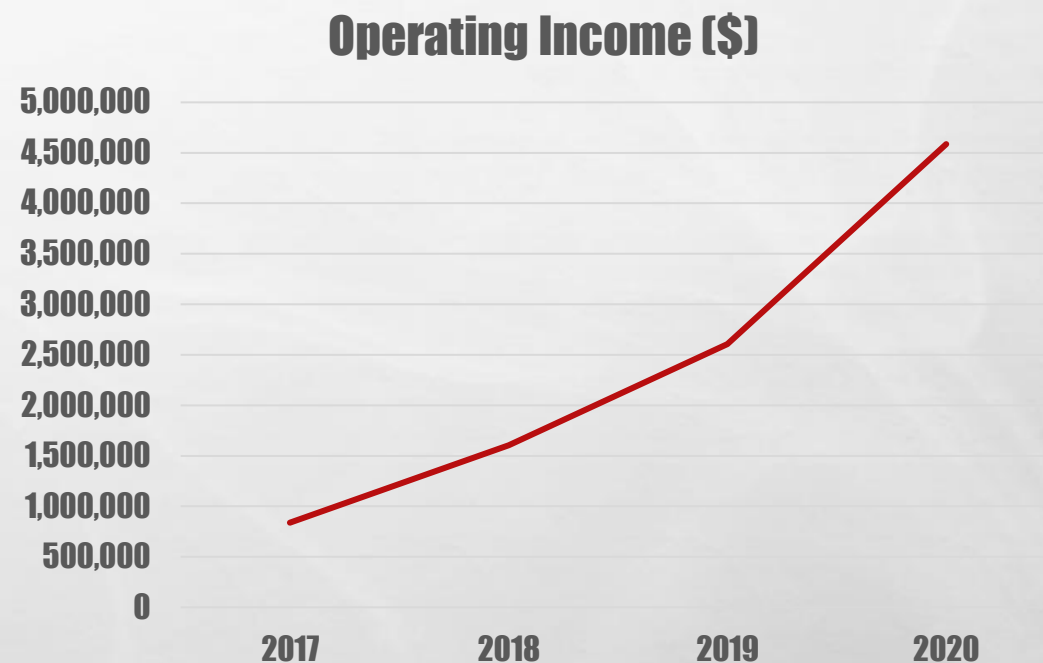
OPERATING EXPENSE

Year	Operating Expense (\$Thousands)
2017	3,194,368
2018	4,221,577
2019	5,111,980
2020	5,134,448



OPERATING INCOME

Year	Operating Income (\$Thousands)
2017	838,679
2018	1,605,226
2019	2,604,254
2020	4,585,289



WHAT HAS HAPPENED?

- TOTAL REVENUE: INCREASED UNIFORMLY
- COST OF REVENUE: INCREASED UNIFORMLY
- GROSS PROFIT : INCREASED (DOUBLED IN 2019)
- OPERATING EXPENSE: HAS BEEN STEADY SINCE 2019
- OPERATING INCOME: INCREASED (ALMOST DOUBLED SINCE 2019)

FACTORS AFFECTING DEMAND

- MONTHLY SUBSCRIPTION PRICE: \$8.99 (BASIC), \$13.99 (STANDARD), \$17.99 (PREMIUM)
- PRICE OF OTHER STREAMING SERVICES: E.G, HULU, HBO MAX, DISNEY PLUS, ETC.
- TASTE AND PREFERENCE: SOME PEOPLE MIGHT NOT LIKE WATCHING SERIES OR MOVIES THAT MUCH
- INCOME OF CONSUMER: DOES THE CONSUMER EARN ENOUGH INCOME TO AFFORD THE MONTHLY SUBSCRIPTION PRICE?

PRICE ELASTICITY OF DEMAND FOR NETFLIX

- THE PRICE ELASTICITY FOR NETFLIX STREAMING SERVICES IS LESS RESPONSIVE TO CHANGES IN PRICE IN THE INDUSTRY. IT CAN BE CONSIDERED **INELASTIC** SEEING AS THERE HAS BEEN A CONTINUING INCREASE IN PRICES OF NETFLIX SERVICES OVER THE PAST YEAR.

IS IT CAPITAL OR LABOR INTENSIVE?

- IT IS CAPITAL INTENSIVE BECAUSE A LOT OF MONEY IS INVESTED IN BOTH THE PRODUCTION AND PURCHASING OF FILMS/SERIES

FACTORS AFFECTING SUPPLY

- NUMBER OF PRODUCERS : THE MORE PEOPLE PRODUCING MOVIES, THE MORE MOVIES AVAILABLE
- PRICE OF PRODUCTION: E.G SALARY OF ACTORS, COST OF EQUIPMENT
- STATE OF TECHNOLOGY: WITH MORE ADVANCED TECH MOVIES CAN BE PRODUCED MORE EASILY, THEREFORE INCREASING SUPPLY

MAIN COMPETITORS

- HBO MAX
- HULU
- DISNEY PLUS

MONOPOLY/OLIGOPOLY/MONOPOLISTIC?

- NETFLIX IS AN OLIGOPOLY BECAUSE IN THE STREAMING MARKET ONLY A FEW COMPANIES CONTROL THE MARKET.
- LONG TERM PROFITS ARE SECURED DUE TO BARRIERS OF ENTRY

REFERENCES

- "MICROECONOMIC ANALYSIS OF NETFLIX." UKESSAYS.COM. 11 2018. UKESSAYS. 11 2021 <[HTTPS://WWW.UKESSAYS.COM/ESSAYS/ECONOMICS/NETFLIX-MICROECONOMIC-ANALYSIS-9322.PHP?VREF=1](https://www.ukessays.com/essays/economics/netflix-microeconomic-analysis-9322.php?vref=1)>.
- [HTTPS://FINANCE.YAHOO.COM/QUOTE/NFLX/FINANCIALS?P=NFLX](https://finance.yahoo.com/quote/NFLX/financials?p=NFLX)