



CASE STUDY ANALYSIS REPORT (CSAR)

WEEK 2 SYLLABUS: CUSTOMER VALUE CREATION

(The Essence of Digital Transformation)

CASE STUDY: NETFLIX STREAMING SERVICES

Netflix is the story of a platform that provides streaming services or video-on-demand available on various platforms such as television sets, personal computers, tablets or smartphones. Netflix cut through the competitive clutter and reached out to its targeted audience by curating interesting brand communication strategies over the years.

As the spread of COVID-19 has affected most of the industries and economies worldwide, people have been forced to stay contained at home to prevent the spread of coronavirus. People have also been bored to death as they have nothing to do. In this locked up scenario, your best partner could be your Netflix account that contains thousands of interesting movies, series, and shows. The famous over-the-top (OTT) platform Netflix has managed to entertain a large population in no time.

The Success Story of Netflix's Journey

Netflix was founded on August 29, 1997, in Scotts Valley, California when their founders Marc Randolph and Reed Hastings came up with the idea of starting the service of offering **online movie rentals**. The company began its operations of rental stores with only 30 employees and 925 titles available, which was almost the entire catalogue of DVDs in print at the time, through the pay-per-rent model with rates and due dates. Rentals were around \$4 plus a \$2 postage charge. After significant growth, Netflix decided to switch to a subscriber-based model.

In 2000, Netflix introduced a **personalized movie recommendation system**. In this system, a user-based rating helps to accurately predict choices for Netflix members. By 2005, the number of Netflix subscribers rose to 4.2 million. On October 1, 2006, Netflix offered a \$1,000,000 prize to the first developer of a video-recommendation algorithm that could beat its existing algorithm **Cinematch**, at predicting customer ratings by more than 10%.



By 2007, the company decided to move away from its original core business model of DVDs by introducing **video on demand via the internet**. They decided to stream their content on Xbox 360, Blu-Ray disc players and TV set-top boxes. The ventures also partnered with these companies to online streaming their content. With the introduction of the services in Canada in 2010, Netflix made their services available on Apple products, Nintendo Wii and other internet-connected devices.

In 2013, Netflix won three **Primetime Emmy Awards** for its series *“House of Cards”*. By 2014, Netflix made itself available into 6 countries in Europe and won 7 creative Emmy Awards for *“House of Cards”* and *“Orange Is the New Black”*. With blooming streaming services, Netflix gathered over **50 million members** globally. By 2016, Netflix was accessible worldwide and continued to create **more original content** while pressing to grow its membership.

Business Model of Netflix

The platform has advanced to streaming technologies that have elevated and improved Netflix’s overall business structure and revenue. The platform gives viewers the ability to stream and watch a variety of TV shows, movies, documentaries through its software applications. Since Netflix converted to a **streaming platform**, it is the world’s **seventh-largest Internet company** by revenue.

Now, let’s have a look at the business model of Netflix.

1. Netflix’s Key Partners

- Netflix has built more than 35+ partners across the world, with different types of genres for subscribers to select from.
- Built alliances with Smart TV companies like LG, Sony, Samsung, Xiaomi and other players in the market.
- Built alliances with Apple, Android and Microsoft platforms to convert business leads from mail-in-system to streaming.
- Built alliances with telecom networks like Airtel, Reliance Jio and Vodafone.



2. Netflix's Value Proposition

Netflix aims to provide the **best customer experience** by deploying valuable propositions. Here is how the online streaming brand strives to do so:

1. With 24*7 streaming service, users can enjoy shows and movies in high-definition quality from anywhere whether they are at home or are traveling.
2. Users get access to thousands of movies and tv shows and Netflix Original movies or shows.
3. New signups can avail a 30-day free trial and have the option of cancelling your subscriptions anytime.
4. Subscribers receive algorithmic recommendation for new items to watch.
5. Users have the flexibility to either turn on notifications and suggestions or keep them switched off.
6. Netflix "user profiles" gives leverage for users to personalize their user account and preferences. The User profiles allow the "admin-user" to modify, allow or ever restrict certain users.
7. Sharing accounts option is the rarest features of a movie platform. Sharing accounts allows spouses, friends or groups to share an account with specific filters and preferences set.

3. Netflix's Key Activities

1. Maintain and continue to expand its platforms on the website, mobile apps
2. Curate, develop and acquire license for Netflix's original content and expand its video library.
3. Ensure high-quality user recommendation to retain customer base
4. Develop and maintain partnerships with studios, content production houses and movie production houses.
5. Operate according to the censorship laws. Netflix always promotes and operates within the boundaries of censorship.

4. Netflix's Customer Relationships

Netflix has designed customer-friendly platform that offers:

1. **Self-Setup:** Netflix platform was originally designed to ensure that it is simple and easy to use. Developers of the website ensured to associate elements and themes that serve, promotes friendliness and provides self-setup.
2. **Unbelievable Customer Experience:** Customers can solve their queries by reaching the Netflix team through website portal, emailing enquiries and directly through a call or live chat.
3. **Social Media Channels:** Netflix also engages its audience through social media platforms such as Facebook, Instagram, LinkedIn. It offers deals to gain the high attraction of customers.
4. **Netflix Gift Cards:** Netflix offers its customers special promotional discounts and other gift cards as a part of their subscription plan.

5. Netflix's Revenue Model

Netflix gained major popularity when the platform launched online streaming services. Let's have a look at how the platform earns.

1. **Subscription-Based Business Model:** Netflix offers monthly subscriptions fees with three different price options like basic, standard and premium plan, with over 125 million paid members from over 190 countries generating \$15 billion annually.
2. **Important Partnerships:** Built alliances with a range of movie producers, filmmakers, writers, and animators to receive content and legally broadcast the contents required aligning licenses.
3. **Internet Service Provider:** One of the most influential tactics implemented was its ability to build alliances with a wide range of movie producers, filmmakers, writers, and animators to receive content and legally broadcast the contents required aligning licenses.



Netflix was able to establish a well-reputed image worldwide and increased its customer base day-by-day. When it comes to giving a competition, the brand has devised various digital marketing strategies that have gained wide popularity on digital media platforms. With the help of best digital marketing services, they have kindled the excitement and craze in the people to travel and host.

Digital Marketing Model of Netflix

In less than 4 years, Netflix has gathered a major share of the Indian market. Today a majority of households in India subscribe to Netflix, and that number is expected to rise this year and further the years to come. The product is designed so well, that you remain engrossed in the content they deliver. They adopted top digital marketing strategies. Consult the best brand activation agencies. Further, let's talk about a few of the digital marketing principles that Netflix has successfully implemented to gather customers.

1. Personalised Content Marketing

People love using Netflix because they get a broad range of things to watch. Netflix's library of TV shows and movies from all over the world is there for consumers to choose from at any time. The reason that Netflix won the personalisation game is that its advanced algorithm continues to rearrange the programmes over time on the basis of your viewing history. Hire some of the best performance marketing agencies for personalised content.

2. Website Development

Netflix has designed its website with a user-friendly interface which allows customers to rate TV shows and movies, which then goes through Netflix's algorithm to recommend more content they might enjoy. With the onsite optimization for the website, they have optimized each and every page for enhanced customer experience. They have optimized their website for content by title, actor's name or a director's name. They also added a host of personalisation features to their website with clean looks no matter which platform you are using.



2. Email Marketing

Netflix tapped on email marketing techniques as a part of their digital marketing strategy and as a key component of customer onboarding and nurturing. New Netflix customers receive a series of emails that make content recommendations and encourage new users to explore the platform. Netflix marketers invest hours in building creative email marketing campaigns designed to engage and delight recipients. With the help of best email marketing services, they continue to enhance the experience of the customers

3. Search Engine Optimization

Netflix makes use of search engine optimization services for the sake of improving organic research and establishing their brand presence. The brand aimed at best search engine optimization services to drive the traffic organically and adopted both on-page and off-page SEO strategies. They optimized their content with potential keywords that show up high in search results. They also tapped the strategy of International SEO to gain organic leads from the worldwide stage.

Social Media Optimization

Today, social media platforms have become an integral part of the digital marketing strategy. If you want to connect with your audience in real-time, then it is the best platform to establish your brand image. As social media plays a vital role in the lives of the people, Netflix decided to leverage best social media optimization services that made them earn billions. They made use of following platforms:

1. Facebook

Through **creative social media optimization strategies**, Netflix has garnered more than 61 million Facebook followers. In just one year, the brand added 11 million followers to its account. Netflix posts nearly 90% videos and rest images.



Videos featured on Netflix's Facebook page are typically clips from interviews with the actors from the upcoming movies, clips from the upcoming movies and TV shows, offering audiences a sneak peek into what's in store for them. Besides videos, the OTT platforms share images, GIFs, funny memes, simple text posts featuring questions about current movies and TV shows.

2. Instagram

Netflix carries 19 million followers. The majority of Netflix's posts on Instagram are images, post scenes from TV shows featuring engaging captions to get a conversation going, and behind the scenes clips and interviews with actors. A recent video featured a behind-the-scenes bloopers video from the set of Stranger Things, which garnered 1.2 million views and almost 3,000 comments. Netflix uses a simple approach to posting, with most posts not featuring any hashtags at all.

3. Twitter

Netflix carries 6.8 million followers on Twitter and has tweeted over 30,000 times. Netflix is renowned for its witty replies and comebacks on Twitter, and the brand tweets an average of 14 times a day. This shows just how important engagement is for the brand and how much it values brand awareness.

These are the digital marketing techniques which the famous OTT platform adopts time to time to the subscribers' engagement and retention. Hence it has yielded high returns for their business.

In Conclusion

Netflix is a rare example of a company **doing everything right**. From their *branding and content* right down to their *business model and product*, the company has always excelled at making smart, strategic decisions. With their *large market share* and focus on the numbers, Netflix has managed to develop a deep *understanding of their audience* that very few others have. This knowledge, paired with a *strong, affordable product*, there's no limit to what this brand can do in the future.
