



NETFLIX IS A SUBSCRIPTION BASED PREMIUM STREAMING SERVICE, OFFERING WIDE VARIETY OF TV SHOWS AND MOVIES. THIS OTT PLATFORM ENTERTAINS AUDIENCE OF ALL AGES, GENDER, GEOGRAPHY, GENRE AND LANGUAGE.

**Product Management Fundamentals**

## **Table of Contents**

Assignment – 1.1: Product management Fundamentals	2
Understanding Value	2
Industry	2
Customers	3
Expectations	3
Challenges	3
Creating Value	4
Capturing Value	4
Communicating value	5
Advantages	5
Competition	6
Delivering Value	6
Channels	6
Price	6

## **Assignment – 1.1: Product Management Fundamentals**

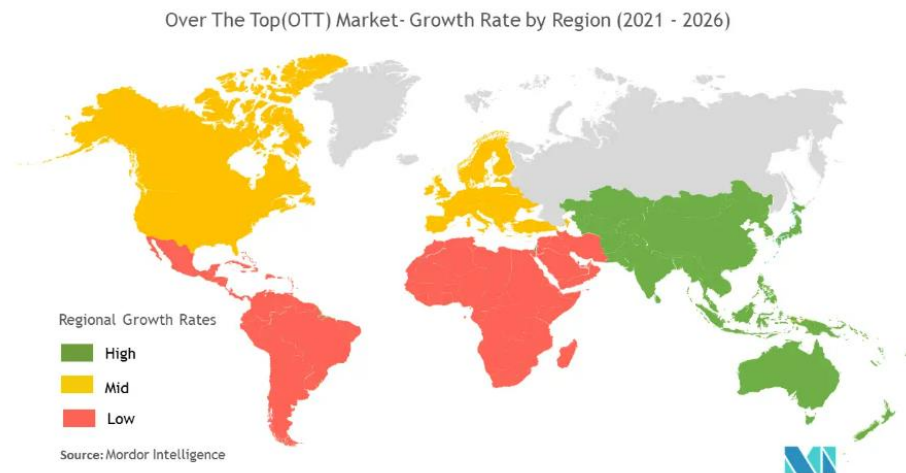
Conduct secondary research on a popular and one of the world's largest OTT platform Netflix. Gather information about how they sell, service, and communicate their offerings. Analyse their business through the lens of Value Management Process. Find what their compelling value is and see if you can find some "unusual" hidden features in their solutions which are reinforcing their compelling value.

## **Understanding Value**

### **Industry**

According to recent report by the confederation of India industry and Boston consulting group India's media and entertainment industry has revived to pre covid levels and expected to grow to USD 55-70 billion by 2030 at 10-12% CAGR.

Today, OTT has a 7-9% market share in India's USD 27 billion Media & Entertainment industry. However, by 2030, its market share is expected to increase to 22%-25%.



**Reference:** <https://www.businessworld.in/article/Indian-OTT-Industry-To-Witness-13-15-Bn-Growth-In-Next-10-Yrs-Report-/03-01-2022-416422/>

### **Growth Drivers:**

- Users prefer to Bing watch exclusive video content from the comfort of their house.
- Users can watch the quality video content at any time and from anywhere with a reliable internet connection.
- Cost-effective, users can watch multiple movies, TV shows, Documentaries and reality shows with single subscription.
- Exclusive Original content are available only on OTT platform and are available only on subscription.
- Covid-19 pandemic and lockdowns have influenced audience to select OTT platform over the traditional media and entertainment channels.

### **Customers**

Diverse customers in India have access to internet at low cost due to competition of business among internet providers. Large user base of youth`s. Their service, shows or content is offered for the customers who are willing to watch latest movies, TV shows, knowledge-based documentaries. catering to the entertainment needs by offering for adults, children`s and promoting family-oriented shows and most important is their Netflix originals with regional content.

Here are the customer segments of Netflix

- Young Adults (age 18-35 years) and Teenagers.
- Working class with Middle to high income group.
- Working class with daily commute.
- Regional content Audience

Netflix do understand that there is large customer base in India who could pay for the exclusive and quality content.

### **Expectations**

Customers expects to view variety of genres, high-definition video and audio, personalized content. Support multiple device eco systems.

### **Challenges**

Indian customers being conscious about pricing, dealing with the piracy and why would the customer pay when the content is available for free?

Through internet and mobile data is available in most of the urban areas rural areas still lack connectivity customers will not be able to download content and view later.

Netflix need to deal with the competitors in its pricing strategy and less regional content.

## **Creating Values**

In order to address its diverse customer segments Netflix offered variety of content.

### **1. Young Adults (age 18-35 years) and Teenagers:**

This is the segment that has ample amount of time and hence Netflix offered large library of content to the subscribers to watch all genres from crime, thriller to romantic movies and TV shows and intern easily influence other people of that age group to subscribe.

### **2. Working class with Middle to high income group:**

People of this segment are typically busy and they would like to spend their time watching a high-quality content from the comfort of their home. Netflix offered high-definition audio and video content to give its customers same experience as cinema/Theatre.

### **3. Working class with daily commute:**

They understood that large working population in India commute for work and spend an average of 45 min to 1 hour and they introduced multiple device ecosystem where in the content is available on mobile device, phone, tablets.

### **4. Regional content Audience:**

Netflix is investing heavily in high quality original content which is not only filmed in India but also produced for Indian audience to attract regional subscribers.

## **Capturing value**

To cater to variety of market segment Netflix introduced various genres of programs

1. They offer three different plans of membership, which may be upgraded or downgraded at any time.
2. They offer variety of programs or different genres of programs targeting the audience based on their demographics (age, gender, race, jobs, location so on and so forth).

## **Communicating Value**

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

1. **Personalised Content Marketing:** 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.
2. **Social Media :** Netflix also engages its audience through social media platforms such as Facebook, Instagram, LinkedIn. It advertises, offers deals to gain the high attraction customers and enhance customer base.

## **Advantages:**

This Subscription based streaming service has simple and easy to use interface with no commercials in between the programs. In addition, it offers Original programs and different membership plans that is ideal for the customers to select from.

## **Competitions:**

To compete with major OTT platform players in India , Netflix promised Its customers to provide best quality content with multiple subscription plans for a competitive pricing. They are in battle with large players like (Amazon Prime videos , Disney hotstar, Sony Liv .. etc) They are bringing in more regional content into the platform to acquire the local customer base from other platforms.

## **Delivering Value**

### **Channels:**

1. They started selling (1 month ) free Netflix subscription so that new customers can browse through the content and have them engaged.
2. Netflix built alliances with Smart TV companies like LG, Sony, Samsung, Xiaomi and other players in the market.
3. They Introduced Standard and Premium subscription plans where in customers opting would have multi user access so that group of users could use and it also becomes affordable.

### **Pricing:**

They designed their pricing based on the customers segments considering their large competitor base in India.

	Mobile	Basic	Standard	Premium
Monthly cost * (Indian Rupee)	₹149 INR	₹199 INR	₹499 INR	₹649 INR
Number of screens you can watch on at the same time	1	1	2	4
Number of phones or tablets you can have <b>downloads</b> on	1	1	2	4
Unlimited movies, TV shows and mobile games	✓	✓	✓	✓
Watch on your mobile phone and tablet	✓	✓	✓	✓
Watch on your laptop and TV		✓	✓	✓
HD available			✓	✓
Ultra HD available				✓