

NETFLIX ORIGINALS

An Analysis of the Streaming Giant's Content Strategy

By Niki Agrawal

Background

27 % all US TV time is streamed of which Netflix dominates all other streaming services at 7%. Hulu is at 3%, Prime Video and Disney at 2%

55 % Subscribers cite “**broad selection of content**” as a top reason for choosing Netflix**

51 % Subscribers cite “**good original programming**” as a top reason for choosing Netflix



39 % U.S consumers rank Netflix as #1 in **original content** of all streaming services

12 % chose Amazon Prime Video
<7 % chose Disney Plus, Hulu, HBO Max

\$19 billion projected amount
Netflix will spend on content in 2021
(10% increase from last year)

*https://s22.q4cdn.com/959853165/files/doc_financials/2021/q2/FINAL-Q2-21-Shareholder-Letter.pdf

**<https://variety.com/2021/digital/news/netflix-best-original-content-streaming-services-survey-1234951110/>
<https://netflixstudies.com/netflix-original-series/>

Decoding Netflix's Content Strategy



New Genres

How have Netflix categories changed over time?

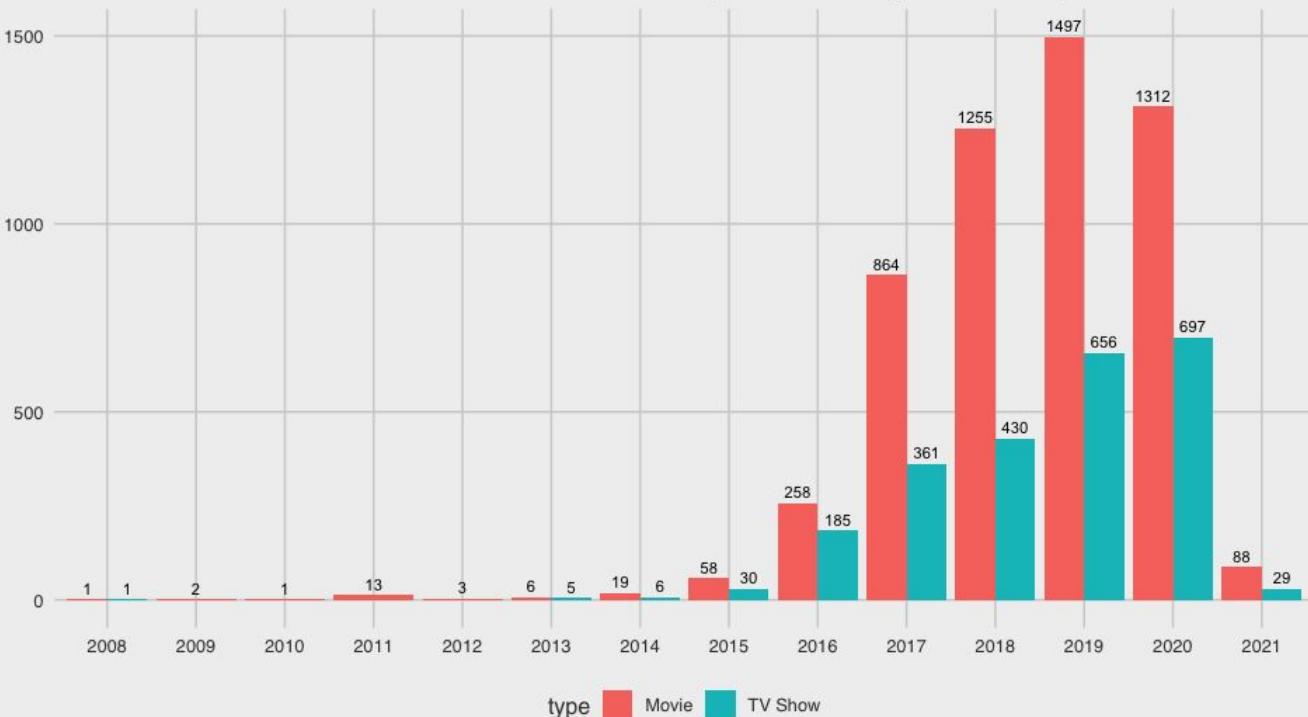
New Countries

How has Netflix expanded its international reach?

Original Content: Movies & TV Shows

How has Netflix's original content production changed over the years with respect to Genre and Country?

Number of Titles Added* To Netflix Library Per Year (2008-2021)



Takeaways

- Massive growth - 2014 to 2020, the library increased 80-fold.
- By 2020, the rate of adding titles is ~2 movies to 1 tv show

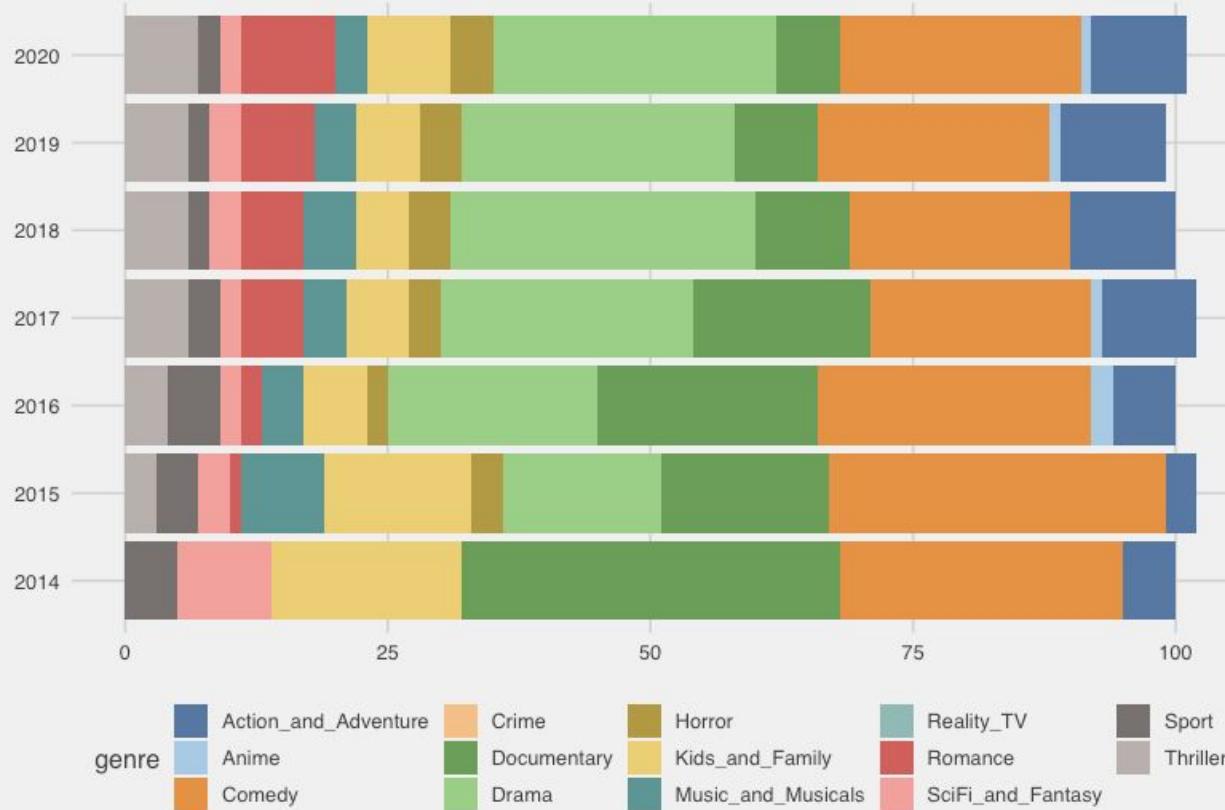
Data Limitations & Caveats:

1. *Date Added for TV Series reflects the date the latest season/last episode was added to Netflix, not the date that the series was first added / premiered.
2. Some years have only a handful of titles (<25 before 2014) and data for 2021 is still incomplete.

For this reason, the analysis emphasized movies and looked at titles from 2014-2020.

All Movies, Licensed & Original

Percentage of Movies by Genre Per Year (2014-2020)



Takeaways

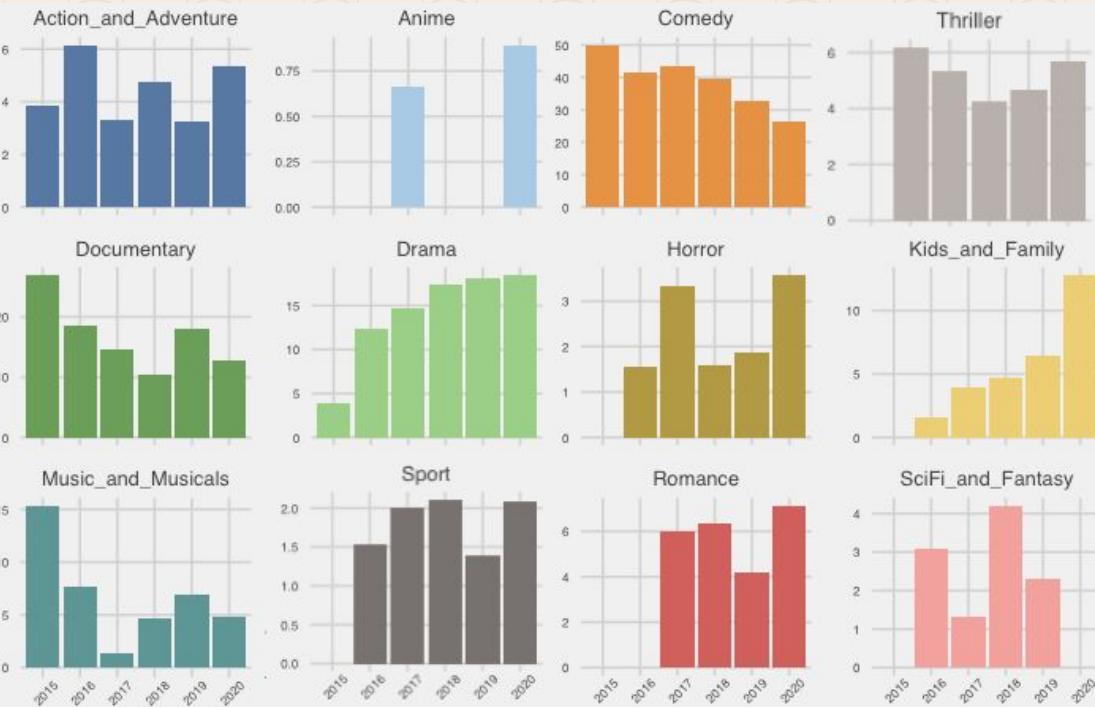
The number of Genres doubled from 6 in 2014 to 12 in 2020

On the rise: Action & Adventure, Thriller, Drama, Horror, Romance

Consistent: Comedy

Declining: Anime, Documentary, Kids and Family, Music & Musicals, Sport, Sci-Fi & Fantasy

Netflix Original Movies By Genre: Percent of Titles Added Over Time



Takeaways

On the rise:

Drama Movies - 3% to 18%.

Drama TV Shows - 33% in 2014 and consistently at 20% ever since

Romance Movies: 0% to 7%.

Romance TV Shows - 0% to 5%.

Kids/Family Movies - 0% to 12%.

Kids/Family TV Shows fell from 50% in 2015, 22% in 2017, to 10% in 2018-2020

Consistently less than 7%:

Action & Adventure, Thriller, Sports, SciFi-Fantasy, Anime

Note: Anime went from 1 film in 2017 to 3 films & 11 TV Shows in 2020.

Declining:

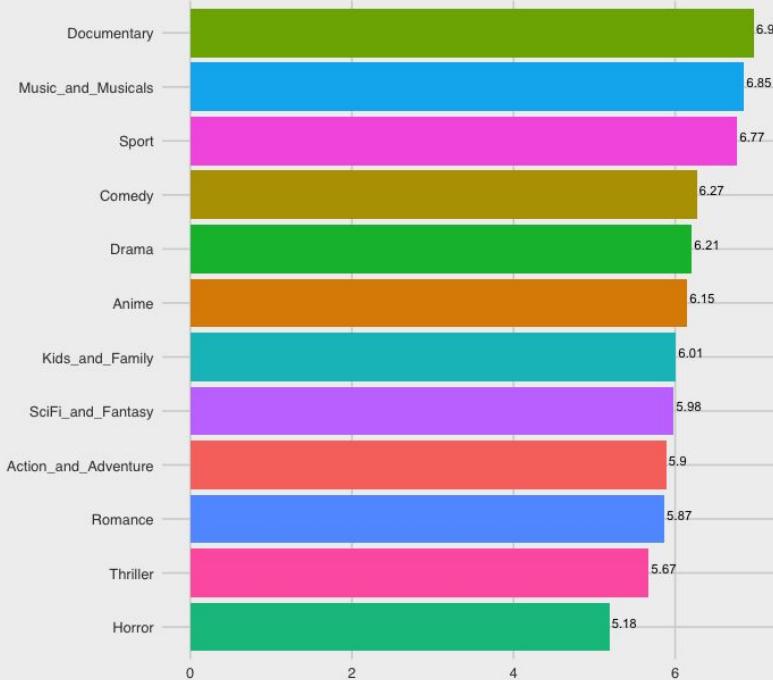
Documentary: 27% to 13%

Music & Musical: 15% to 5%

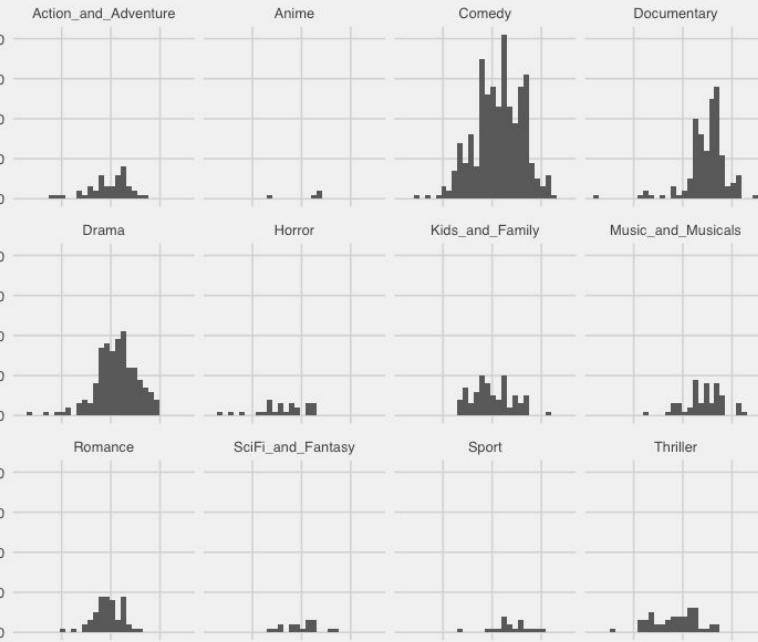
Comedy: 50 to 27%

Netflix Original Movies - IMDB Scores

Original Movies: Average IMDB Rating Per Genre

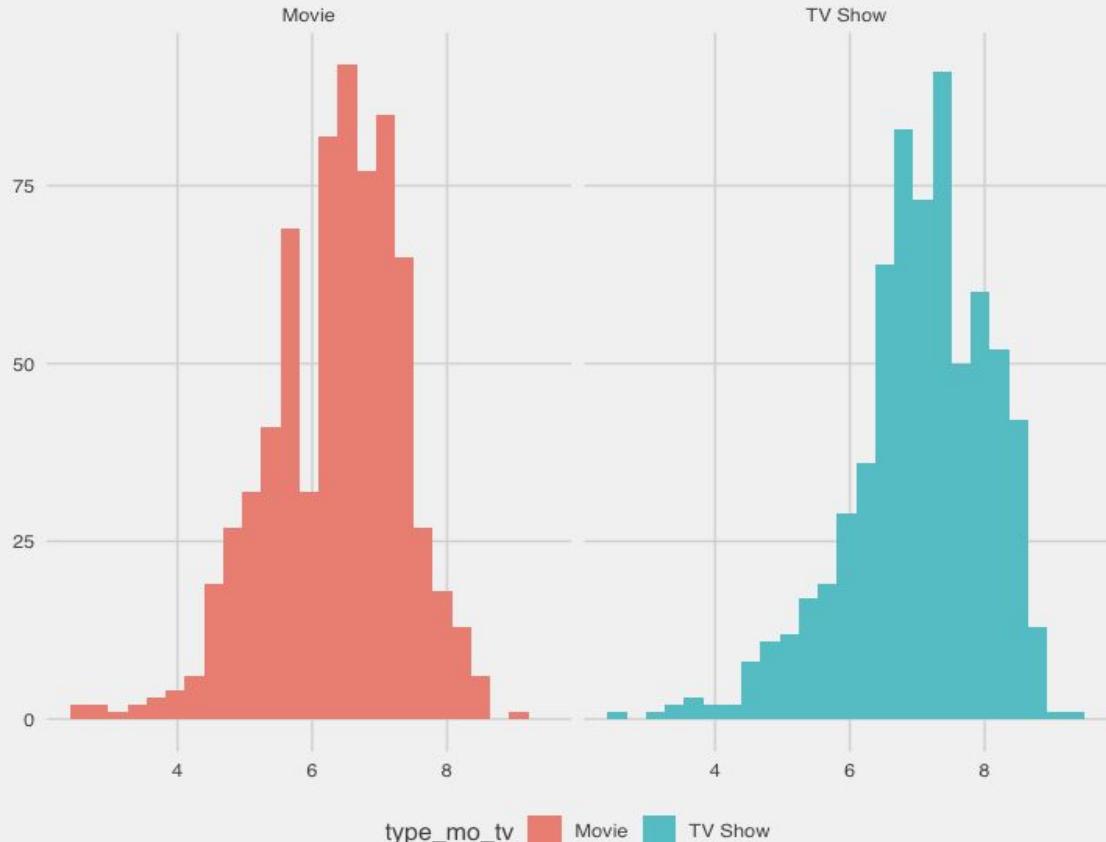


Frequency Distribution of IMDB Ratings (0-10) for each Genre



The 2 movie genres on the decline for Netflix Originals, Documentary and Music & Musicals, are actually the highest rated on IMDB

Original Movies vs. TV Shows: Distribution of IMDB Ratings



Takeaways:

Overall, Netflix Original TV Shows are rated more favorably than Movies

Mean IMDB scores

Movie: 6.36

TV Show: 7.04

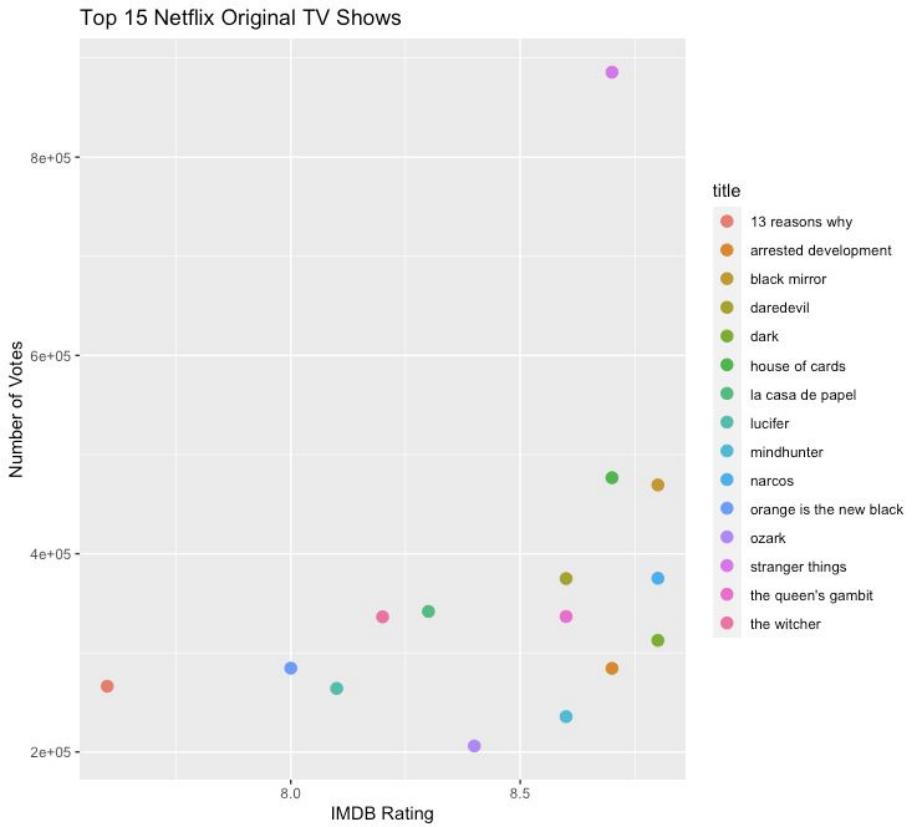
Median IMDB scores

Movie: 6.4

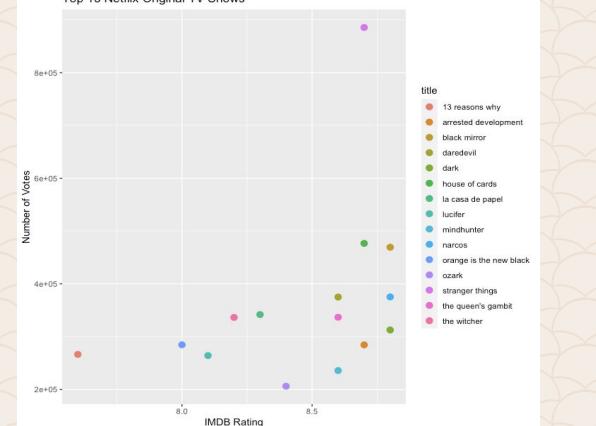
TV Show: 7.2

Netflix Original TV Shows

Top 15 Netflix Original TV Shows

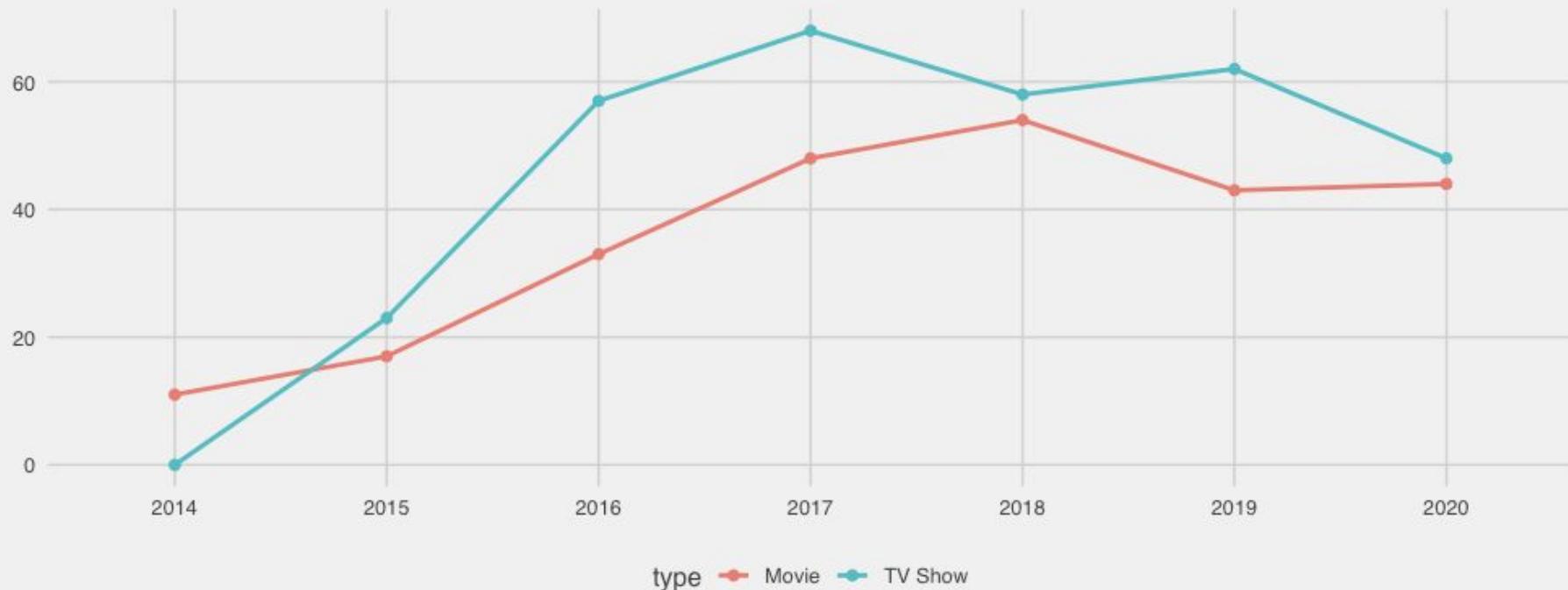


Top 15 Netflix Original TV Shows



	title	country	all_duration	imdb_rating	num_votes
1	stranger things	United States	3 Seasons	8.7	885698
2	house of cards	United States	6 Seasons	8.7	476636
3	black mirror	United Kingdom	5 Seasons	8.8	469359
4	narcos	United States, Colombia, Mexico	3 Seasons	8.8	375228
5	daredevil	United States	3 Seasons	8.6	374931
6	la casa de papel	Spain	4 Seasons	8.3	341769
7	the queen's gambit	United States	1 Season	8.6	336696
8	the witcher	United States, Poland	1 Season	8.2	336338
9	dark	Germany, United States	3 Seasons	8.8	312585
10	orange is the new black	United States	7 Seasons	8.0	284544
11	arrested development	United States	5 Seasons	8.7	284354
12	13 reasons why	United States	4 Seasons	7.6	266357
13	lucifer	United States	5 Seasons	8.1	264156
14	mindhunter	United States	2 Seasons	8.6	235641
15	ozark	United States	3 Seasons	8.4	206048

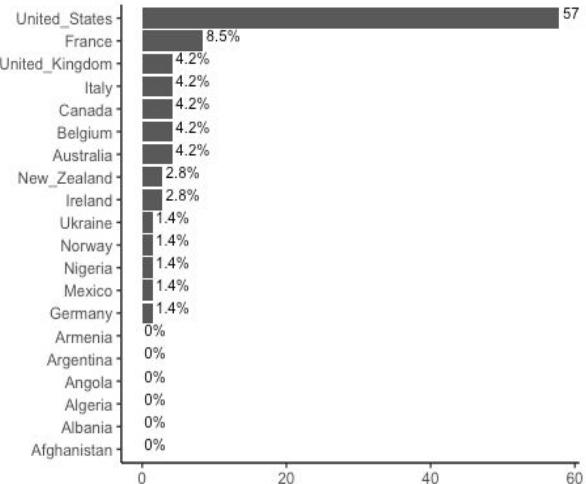
Percent of International Titles Added Over Time



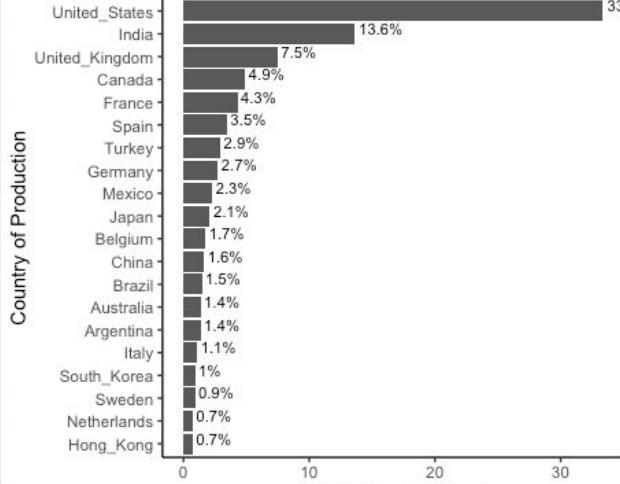
By 2015, ~20% of all movies and TV shows added were International. Between 2017-2018, more than half of all titles were International. By 2019, 62% movies and 44% TV shows added were international.

Top 20 Countries Where Movies Were Produced

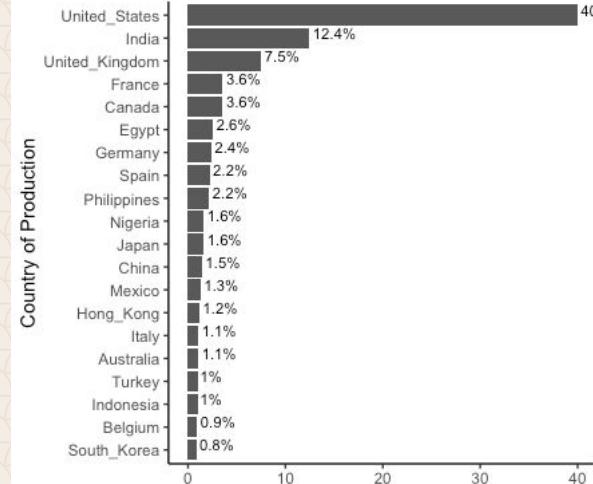
2015



2017



2019

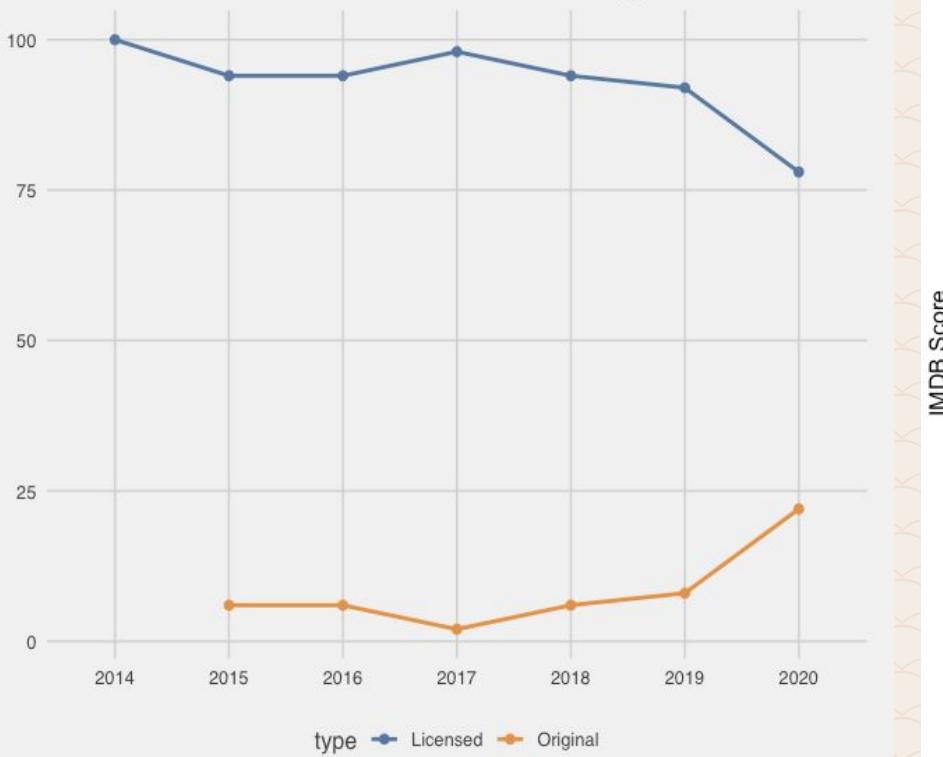


- 2 key players with over half movies produced in US (57.7%) and only 8.5% in France.
- Less than 5% in UK, Italy, Canada, Belgium and Australia.
- Production is dominated by western countries

- US movie production is reduced to 33.4%, now a third of the overall
- India emerges as a leading country where movies are produced, at 13.6% it is the second most popular country
- Followed by 7.5% of movies in the UK
- All other 17 countries less than 5%

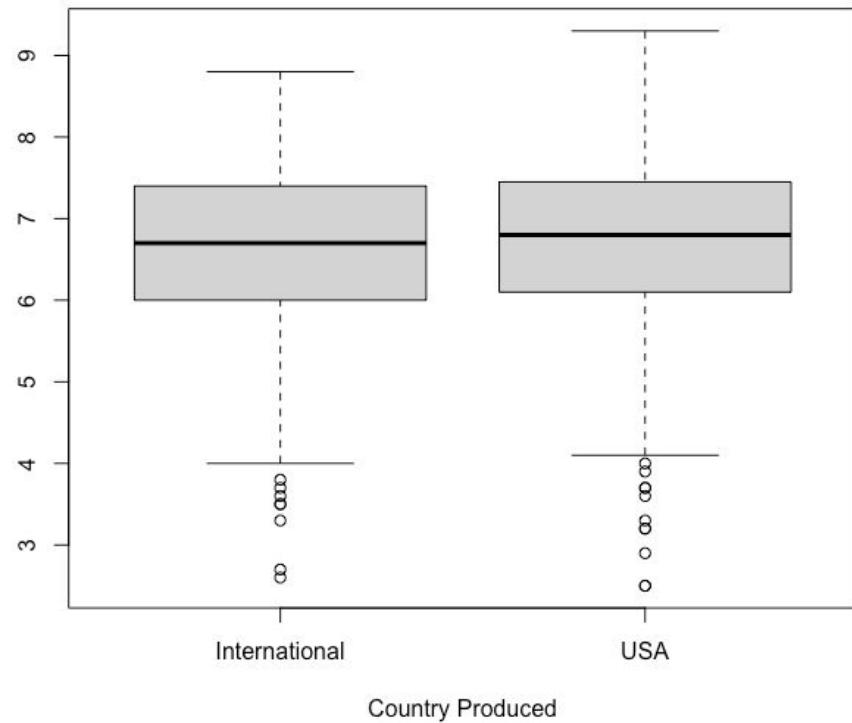
- US, India, UK, France and Canada remain at the top
- Egypt, Philippines and Indonesia broke through to the top 20 for the first time

International Titles: Licensed vs. Original



In 2014 100% of all International content were Licensed
By 2020, 1 in 4 International titles are Netflix Originals

Netflix Original IMDB Ratings



Even though USA dominates movie production, USA films do not necessarily score higher than International films (6.8 vs 6.7 out of 10)

Concluding Thoughts & Key Insights

01.

A Variety in Genres

- Overall, over the past 6 years, Netflix has doubled its offering of movie genres, with recent increase in Action & Adventure, Thriller, Drama, Horror, Romance.
- The most popular original movie genres in 2020 are Romance, Drama and Kids/Family.
- Interestingly enough, Documentary & Musicals are on the decline but are the highest rated of all Netflix originals.
- **Recommendation for Netflix: Documentaries & Musicals are potentially key genres for production to increase viewer ratings.**

02.

International Reach

- As of 2020, 50% all titles are International, and of those, 1 in 4 are Netflix originals.
- Netflix originals produced internationally are rated just as favorably as those produced in the USA.
- **Recommendation for Competitors:** While the USA has dominated production, viewers enjoy local stories and local languages enough to rate them on IMDB.

Final Words

“We've been preparing for this new wave of competition for a long time. **It's why we started investing in originals in 2012 and expanded aggressively ever since** - across programming categories and countries with an ambition to share stories from the world to the world...**we're ready to compete to earn consumers' attention and viewing.**”

- Netflix Shareholders Letter Q3-19

Next Steps

- My next step would be to improve the dataset to allow for deeper analysis:
 - I'd improve the dataset for TV Shows to include the date the series first premiered on Netflix. This would allow for a more accurate analysis of TV Show trends over time. Since Netflix original TV Shows are on rated higher than original movies, on average, it is worth further investigation.
 - The current dataset did not include IMDB ratings and number of votes for the entire Netflix library (only Originals). These metrics on the entire dataset would allow for even deeper analysis on the differences between Licensed and Original content.