

N Case Study

Chapter Four

Case Study : Netflix and the Battle of Streaming Services

Team F

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Presentation Contents



Part I

: Lecture Summary



Part II

: Competition of Platform
Service

: Crisis of Netflix



Part III

: 5 Discussions



Contents IV

: Additional
Discussion
Topic

N 시리즈

Part I

- Summary of Chapter Four

 Resume

INFO



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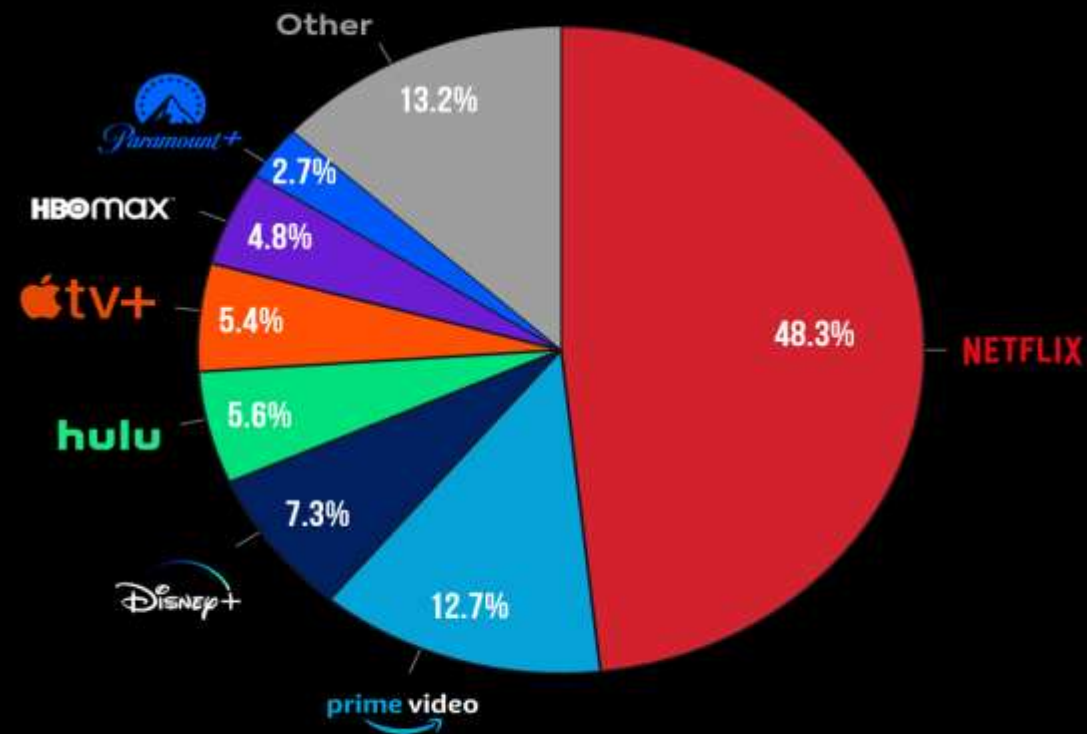
Dominant Designs are to be

SELECTED

//



Global platform demand share for all digital originals
(Global, Q2 2021)



Establishment

- : Start DVD, Video Rental
- : Bricks-and-Mortar

Original Contents for Exculsive Distribution

Opened Netflix Studio

- : Start making original content in house



- : rent Simultaneously
- : could keep movies without late fee

: rapidly grew to the preferred mode of movie rental consumption

MARVEL TELEVISION



- : with production houses such as Marvel TV and Dreamworks

The graph displays the performance of two major stock indices over a 36-year period. The DJIA, represented by a blue line, starts at 1,000 in 1971 and shows a consistent upward trend, reaching approximately 14,000 by 2007. The Nikkei 225, represented by a red line, starts at 1,000 in 1971, peaks at approximately 39,000 in 1989, and then declines sharply to around 15,000 by 1992. It then recovers to approximately 18,000 by 2007. The graph also includes a legend for the DJIA and Nikkei 225, and a note about the data source (Yahoo Finance).

For the first time since its founding, It broke the \$200 billion Market Capital barrier.

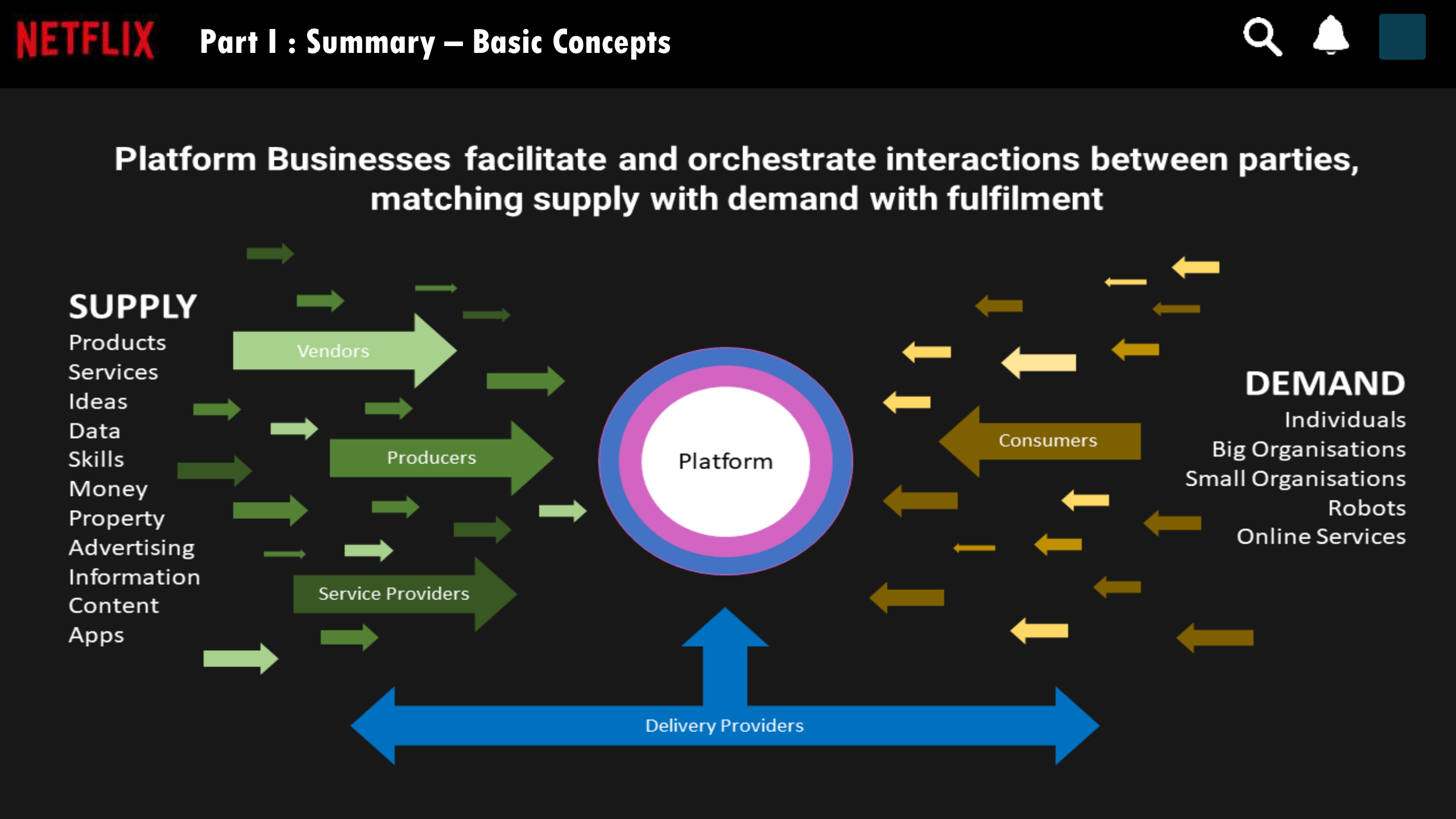


What is *Platform* Business?

“

*A business model in which
Suppliers build a NW and
Consumers participate without time & space*

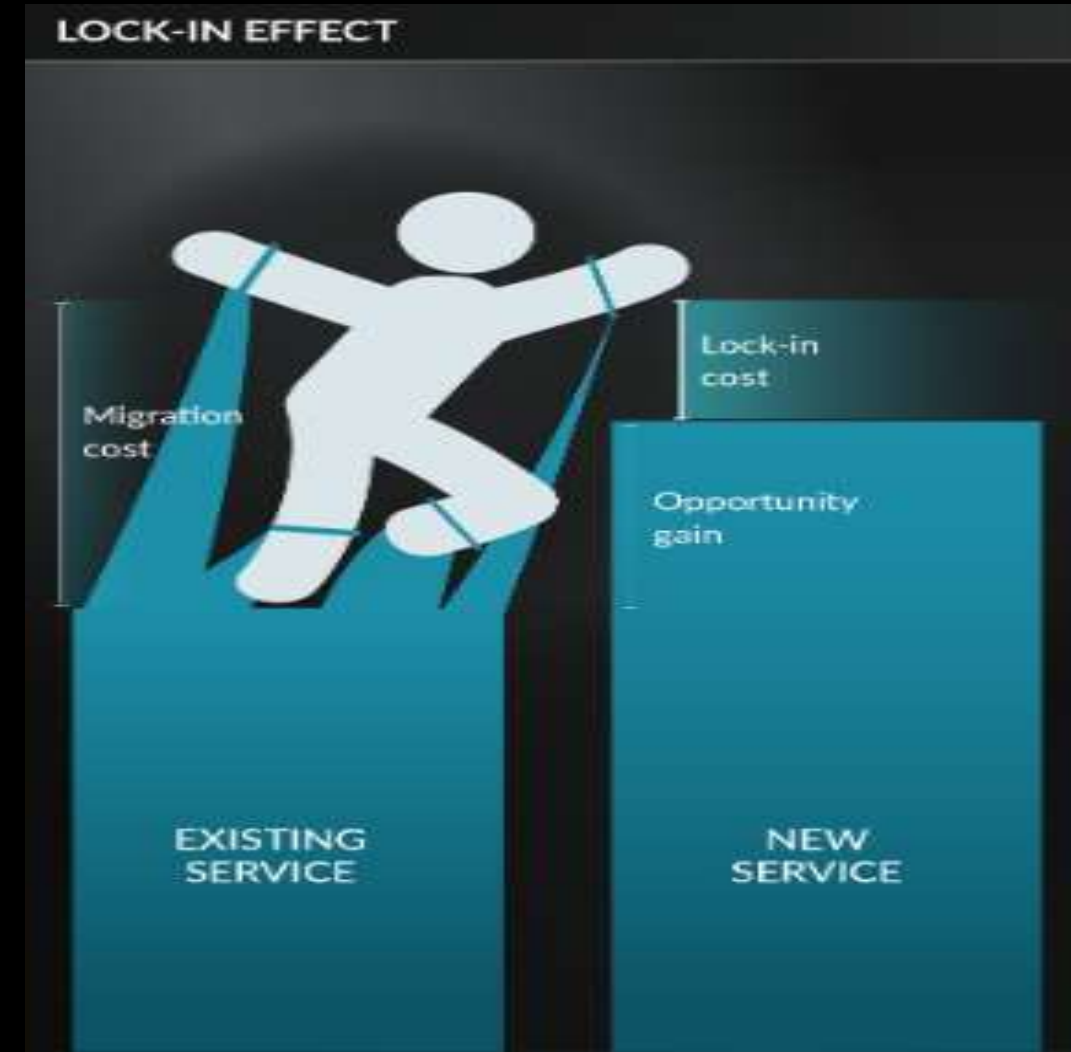
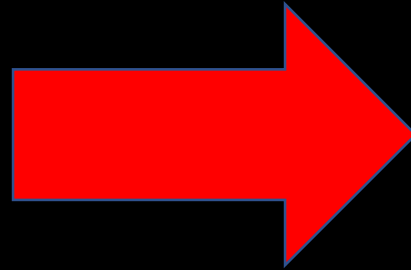
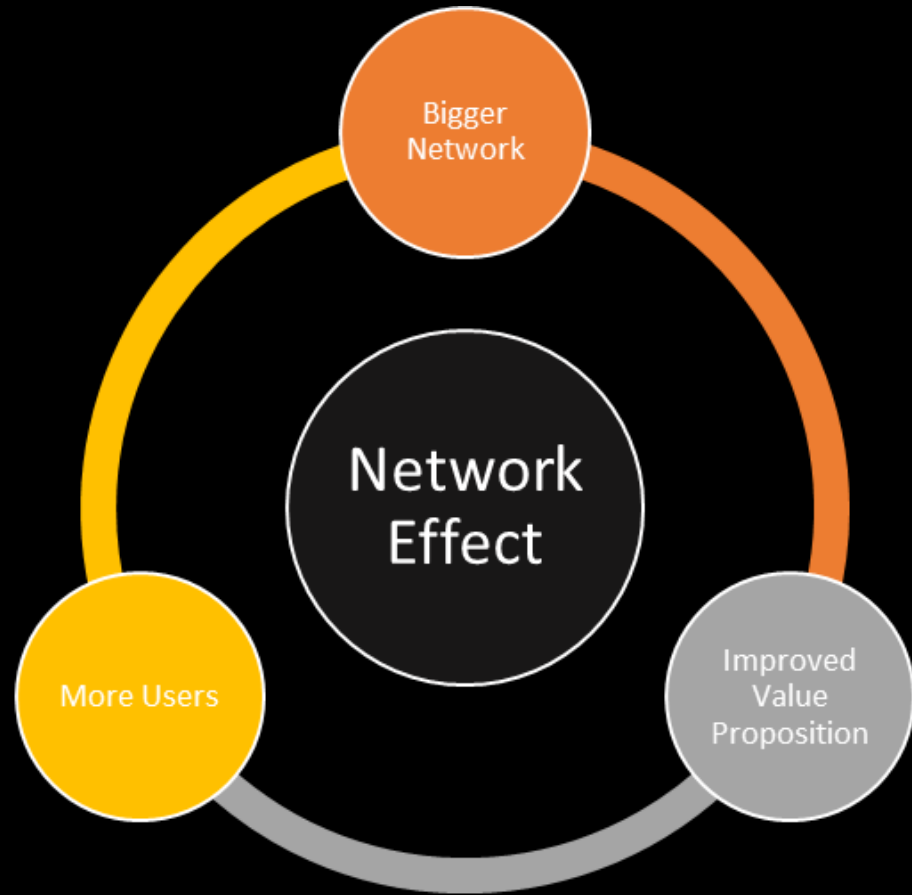
”





What is *Network and
LOCK-IN Effect?*







How to *Lock* the Customers?

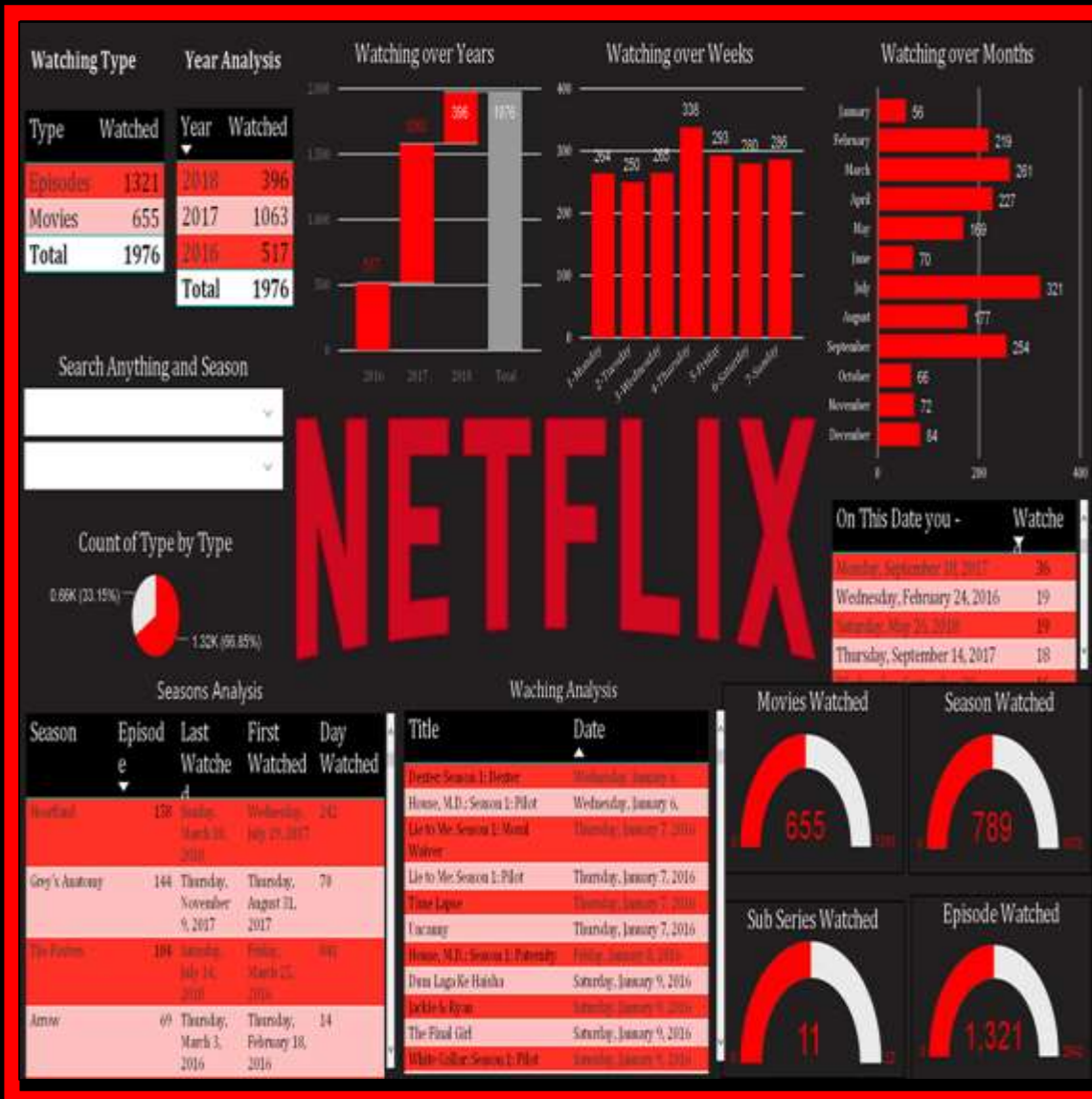


“ Increase the *Switching Cost* ”
And Get the *Details* of Customers

**Money****Time****Effort**

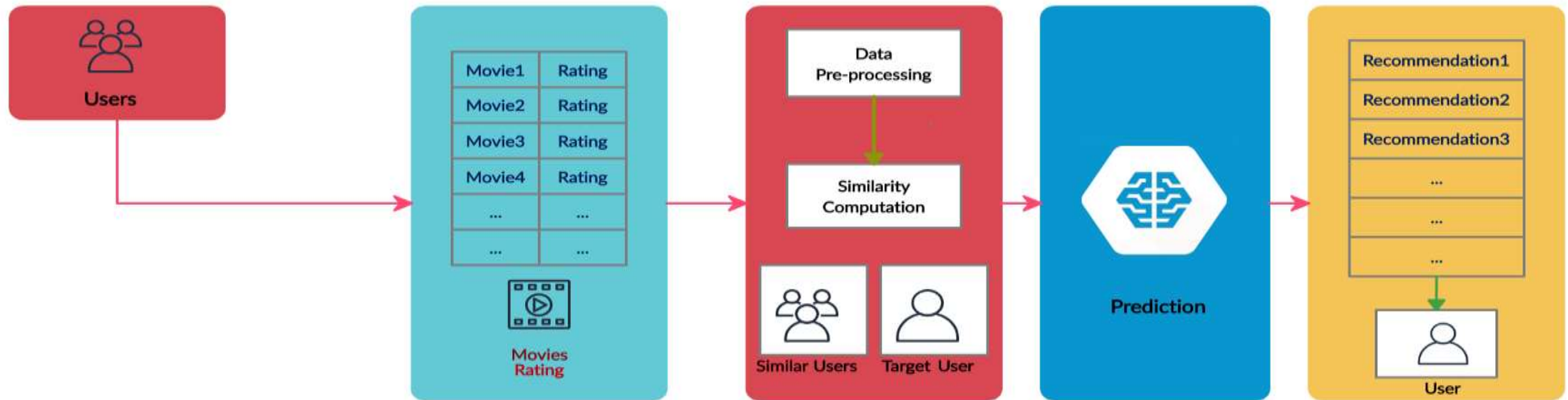


「-How to get the Details?」



Massive Dataset

- Which Customer liked which films
- Which genres were growing
- Which New stars were gaining followings
- Which new production houses were gaining traction



Everything is a Recommendation



Over 80% of what people watch comes from our recommendations

Recommendations are driven by **Machine Learning**

Part II

- Competition of Platform Services

▶ Resume

INFO

OTT Platforms

There are a lot of OTT platforms in the world and also in Korea

They compete with each other and try to provide the best services to their subscribers.

In this chapter, we will examine the prospect and risks of Netflix and other services through the domestic and international market share and current status of OTT services due to such competition.



hulu

WATCHA



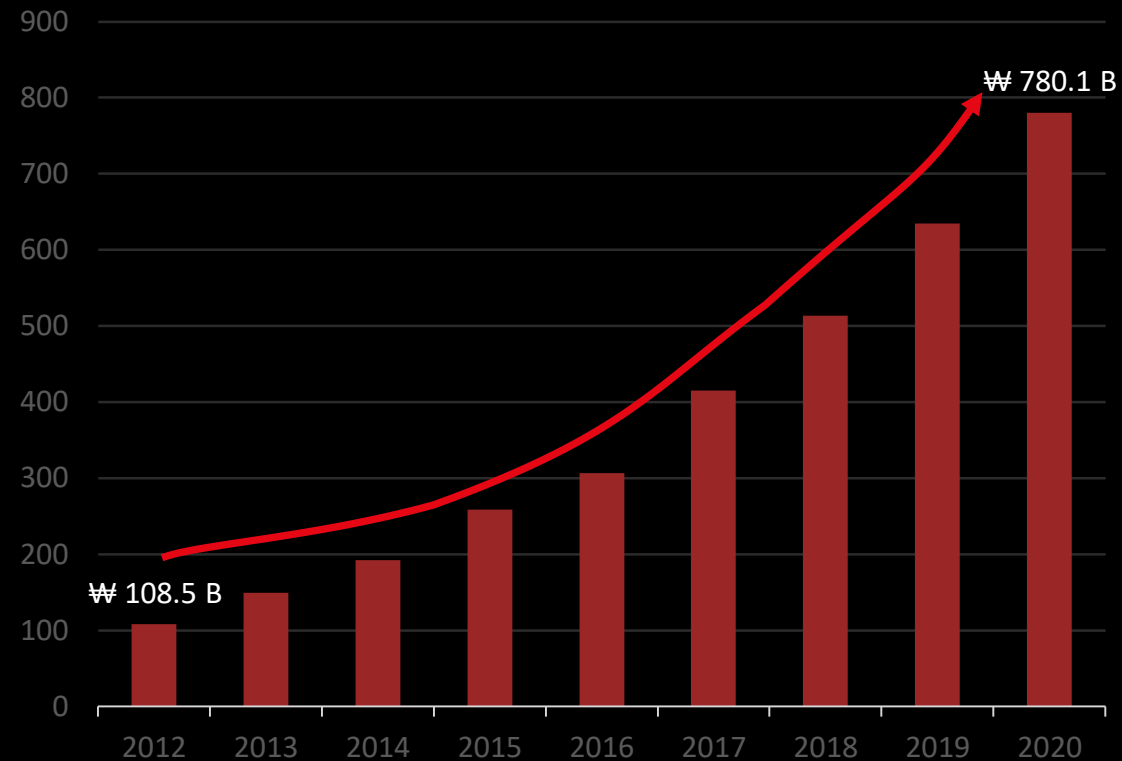
apple tv+

TVING



seezn

Size of OTT Market in Korea



🕒 Until 2020

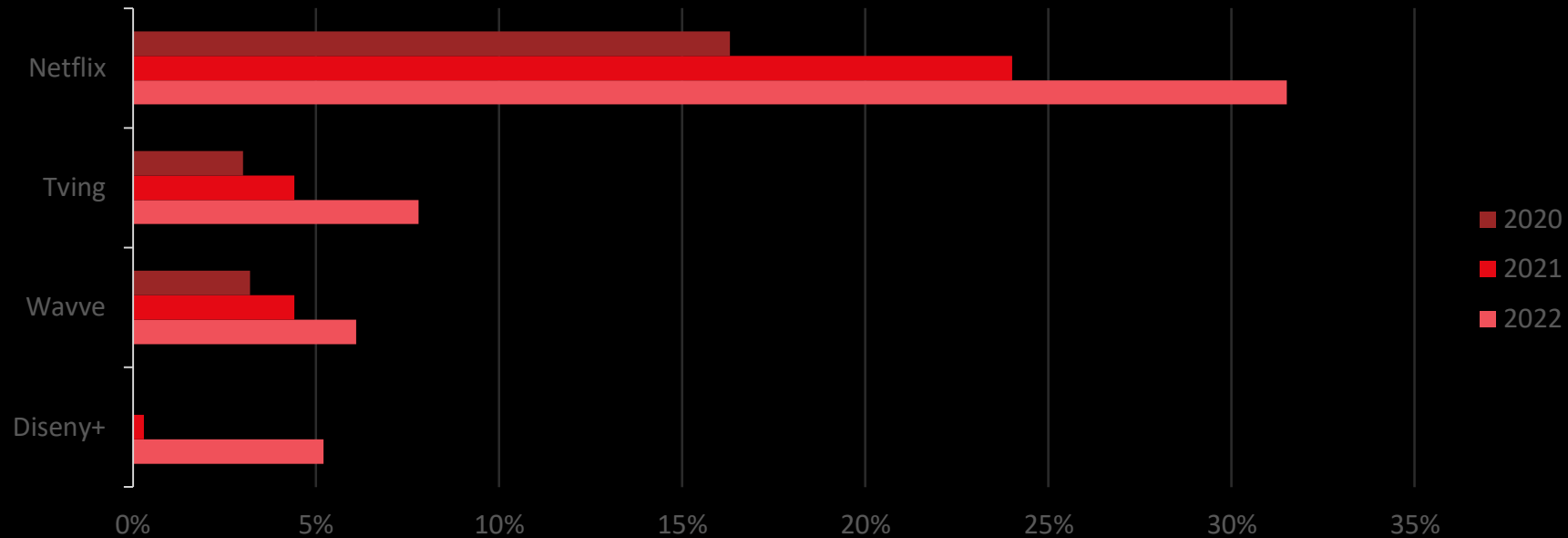
₩105.5B -> ₩780.1B

During 8 years

📊 Reference

Tving(2010), Netflix(2016), Wavve(2019)

Utilization rate of OTT Platform in Korea



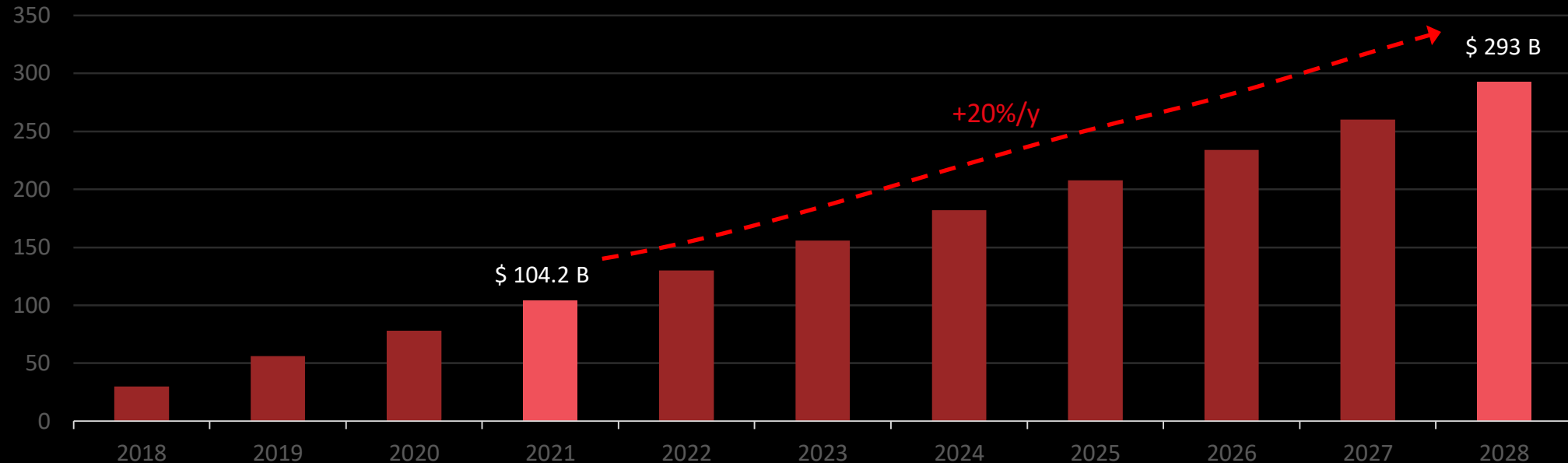
🕒 **Growing Netflix Share**

Market grows as of 2016

🍷 **Basis of Netflix share**

Dominant Design

Size of OTT Market in Global and Predict

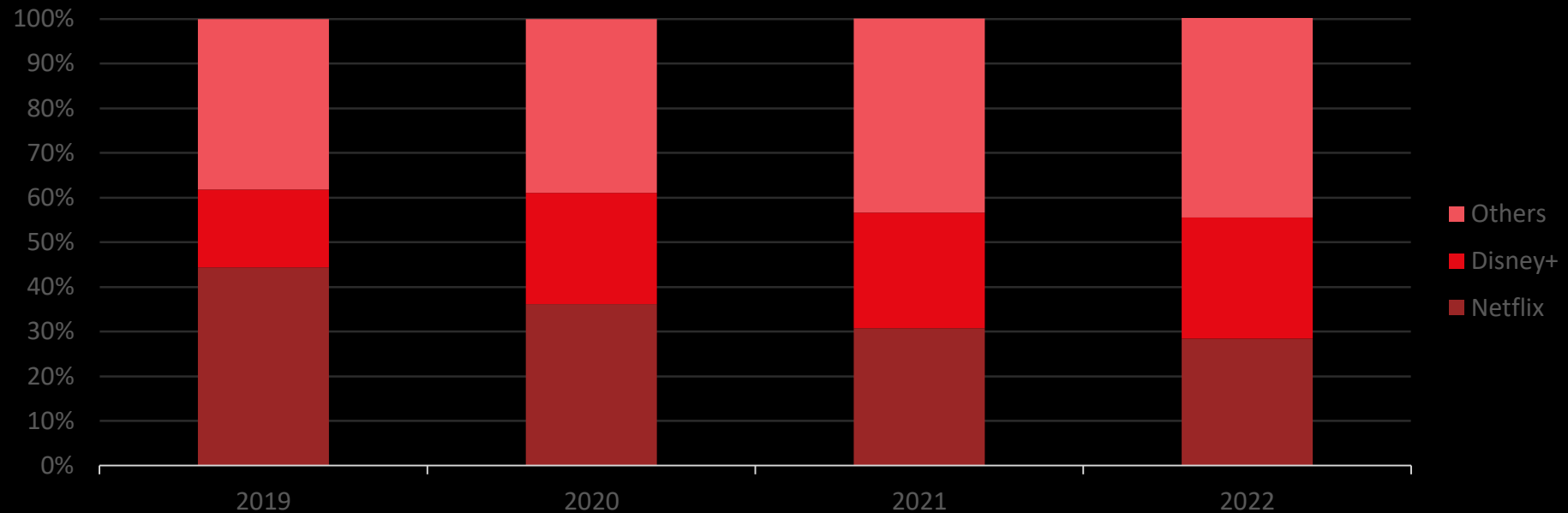


🕒 **Prospect**

+20% / year

\$104.2 B -> \$293 B
During '21 -> '28

Utilization rate of OTT Platform in Global



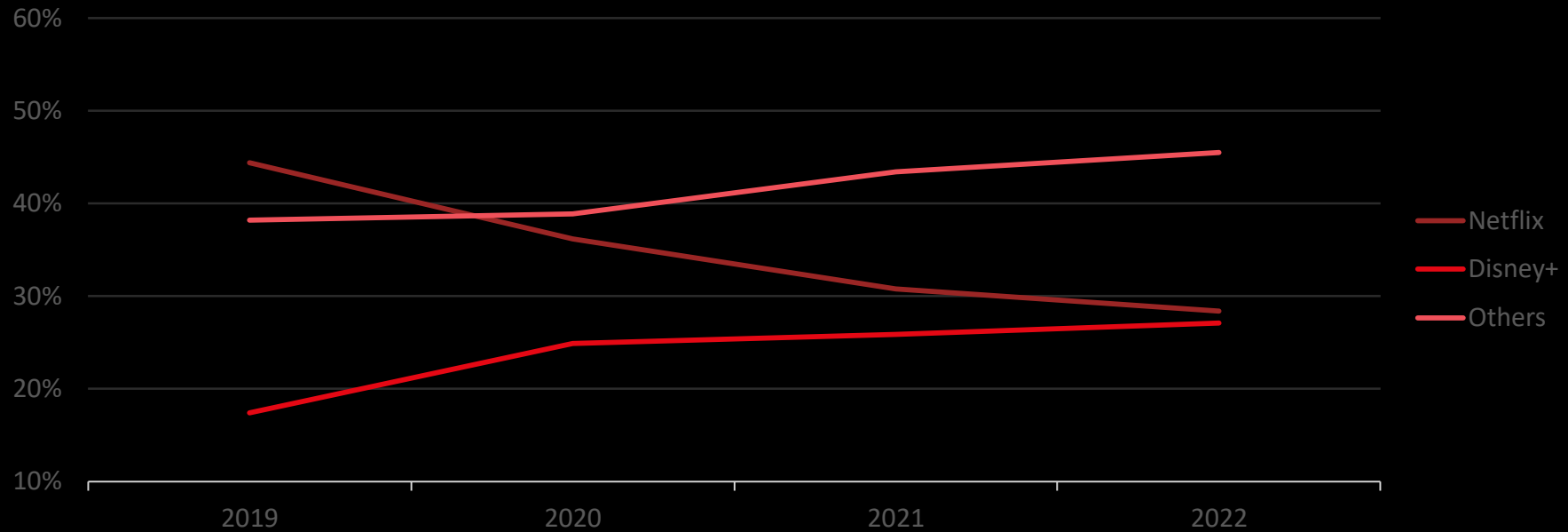
🕒 **Netflix share's decrease**

44.8% -> 28.4%

📊 **Decrease in share -> Decrease in revenue?**

It doesn't mean that the number of user has decreased

Utilization rate of OTT Platform in Global



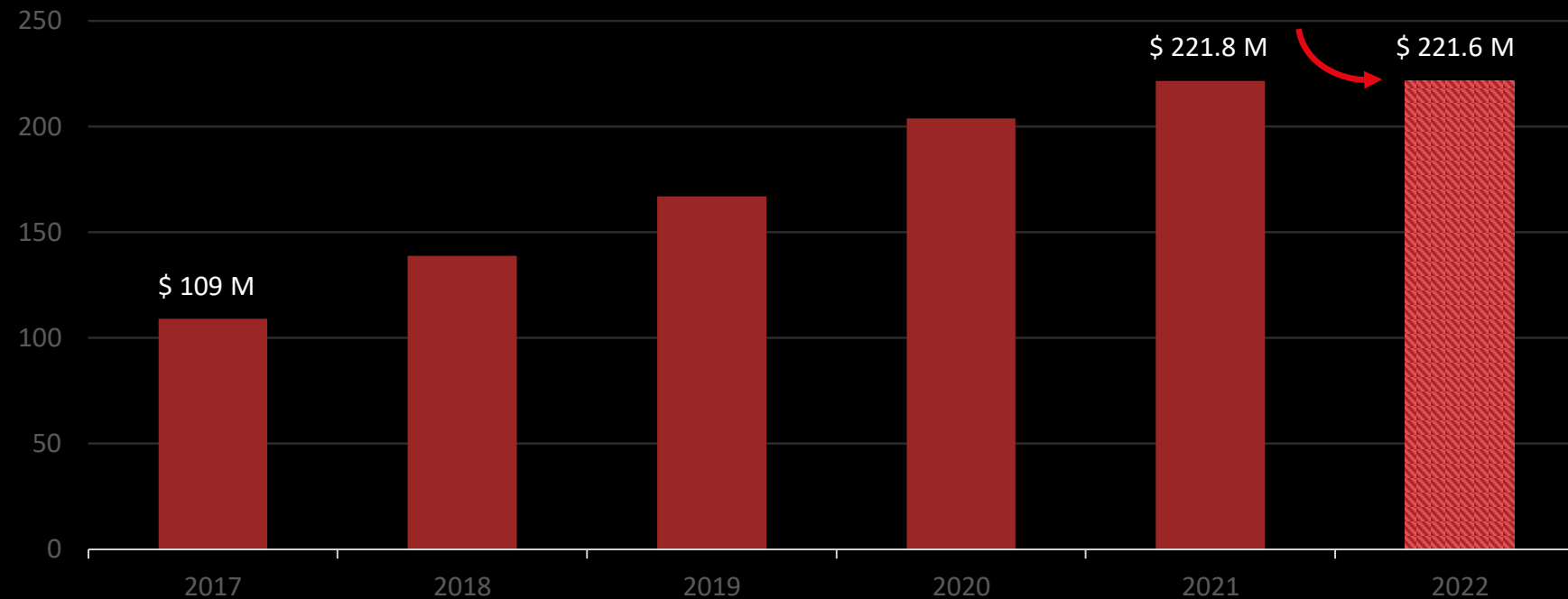
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Netflix's Revenue from Subscribers by year



🕒 Decrease of Netflix User

Netflix's user decreased for the first time in 11 years

📉 Meaning of it

Netflix is in danger

Falling Netflix Subscribers and Modifying Existing Strategies

A large, bold, red "NETFLIX" logo centered on the slide.

Netflix Plans

Basic with ads	Basic	Standard	Premium
✓ Watch on 1 supported device at a time	✓ Watch on 1 supported device at a time	✓ Watch on 2 supported devices at a time	✓ Watch on 4 supported devices at a time
Some movies and TV shows unavailable (learn more), unlimited mobile games	✓ Unlimited movies, TV shows, and mobile games	✓ Unlimited movies, TV shows, and mobile games	✓ Unlimited movies, TV shows, and mobile games
✓ Watch in HD	✓ Watch in HD	✓ Watch in Full HD	✓ Watch in Ultra HD
	✓ Ad-free TV shows and movies	✓ Ad-free TV shows and movies	✓ Ad-free TV shows and movies
	✓ Download on 1 supported device at a time	✓ Download on 2 supported devices at a time	✓ Download on 6 supported devices at a time
			✓ Netflix spatial audio

Pricing (Korean Won)

- **Basic with ads***: 5,500 KRW/month
- **Basic**: 9,500 KRW/month
- **Standard**: 13,500 KRW/month
- **Premium**: 17,000 KRW/month

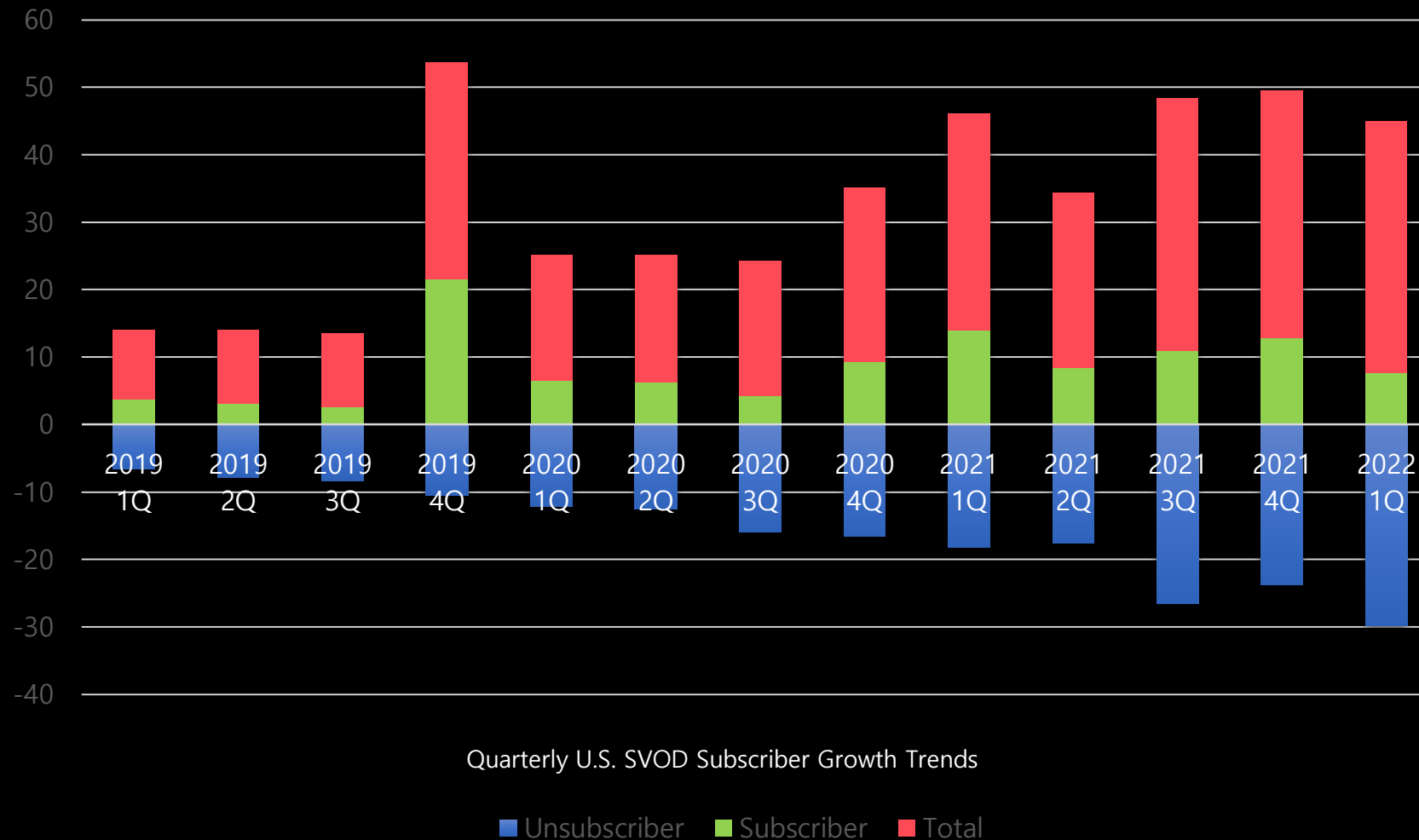


NETFLIX

Who's watching?



Is Netflix's crisis a crisis for the entire OTT industry?



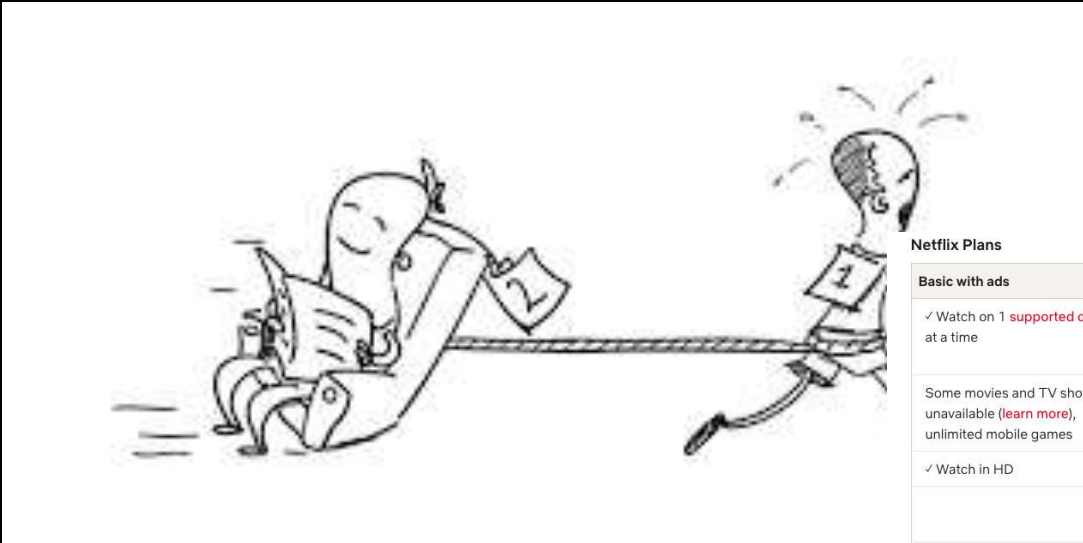


Is Netflix's crisis a crisis for the entire OTT industry?



The chase of the competitors





Netflix Plans

Basic with ads	Basic	Standard	Premium
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✓ Watch in HD	✓ Watch in HD	✓ Watch in Full HD	✓ Watch in Ultra HD
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The chase of the competitors





NETFLIX



N

Part III

- Discussions

▶ Resume

INFO



Discussion Question I

: Based on your use of streaming services, do you feel the streaming platforms differ in terms stand-alone value?



Stand-alone value



Quality & Quantity



User Interface



Recommendation



Ease of Use



Pricing



Discussion Question II

: Again based on your use, how do you feel the streaming services differ based on the types and quality of content?



NETFLIX



DISNEY



SUPER IP






Discussion III

What factors do you think influence a consumer's choice of whether to subscribe to a streaming services?

How important are the standalone features?

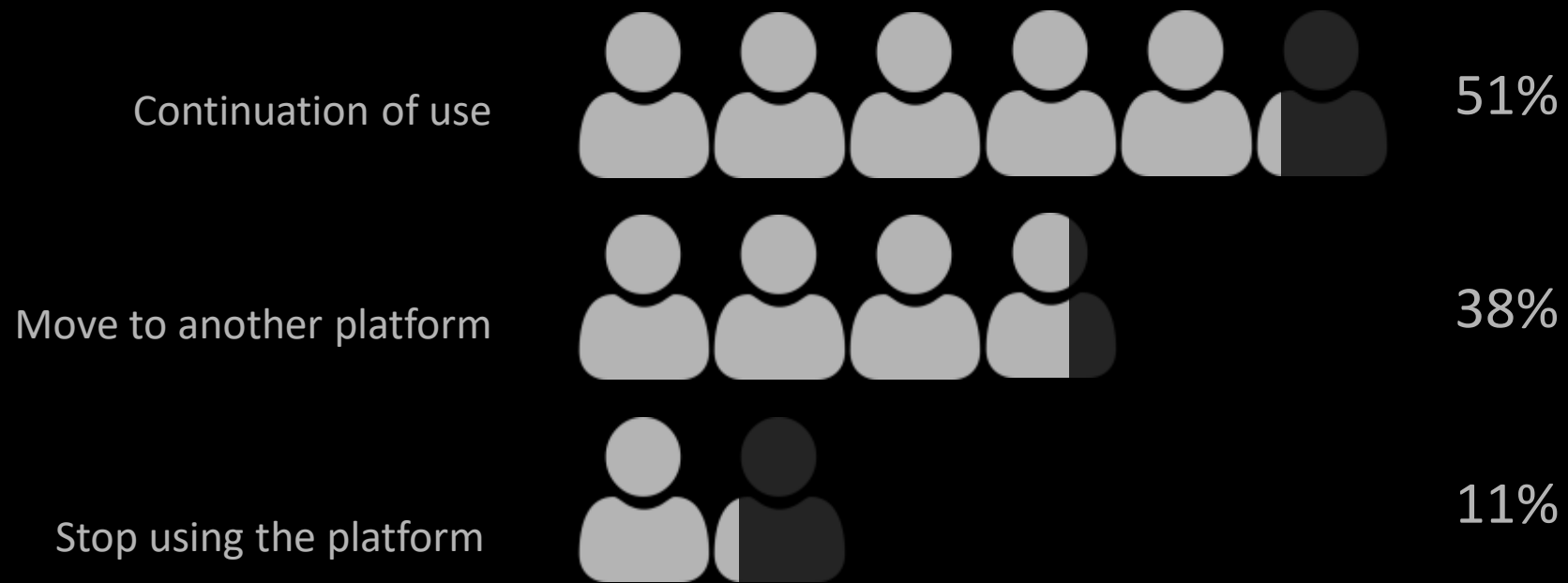
How important is the content?



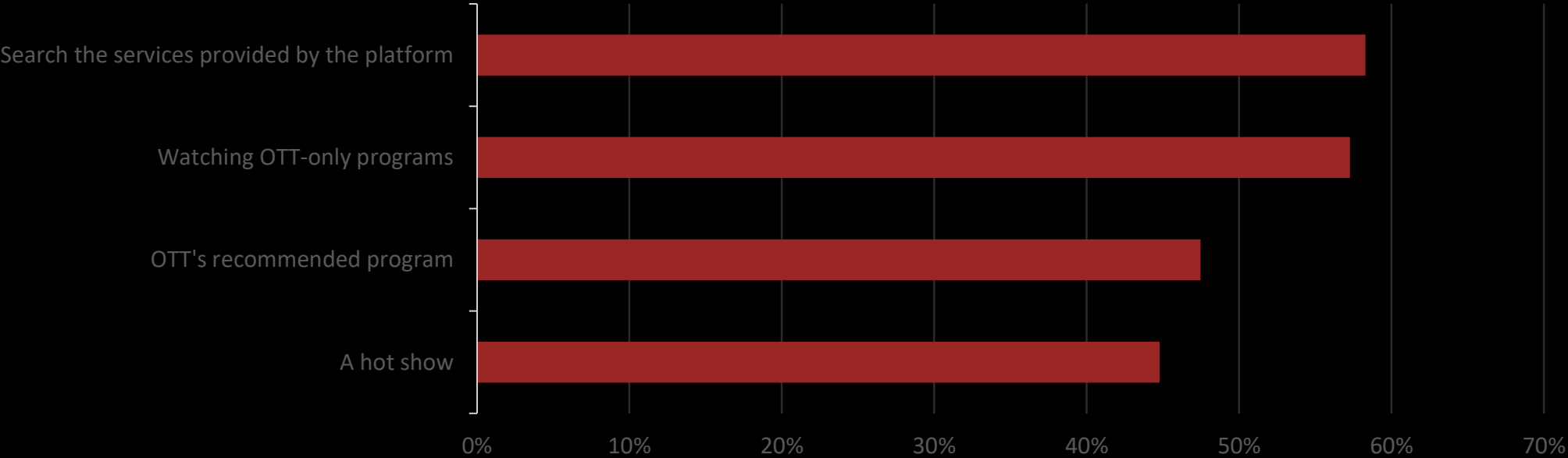


Price?

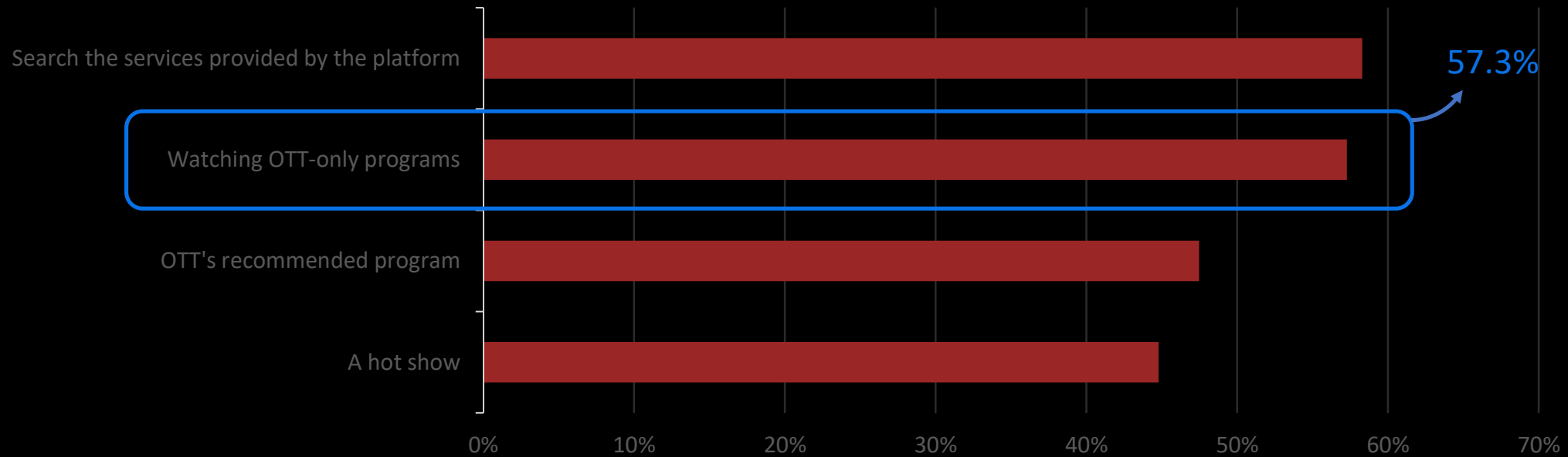
10% Increase in the price of the subscribing OTT



OTT Usage Type



OTT Usage Type

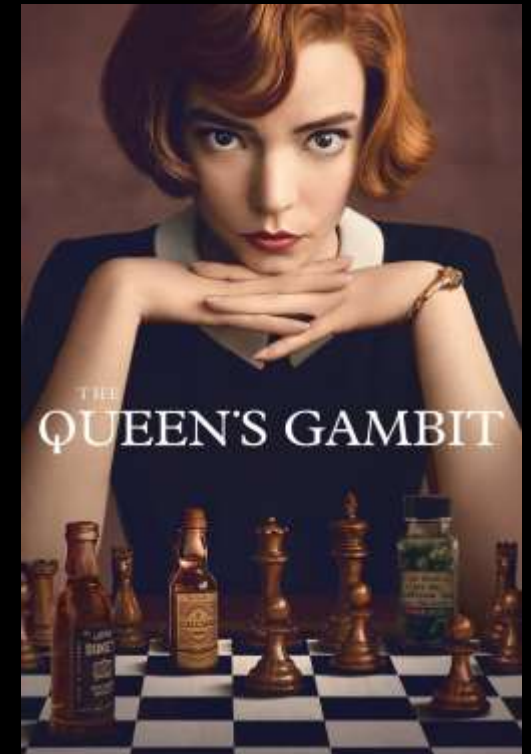


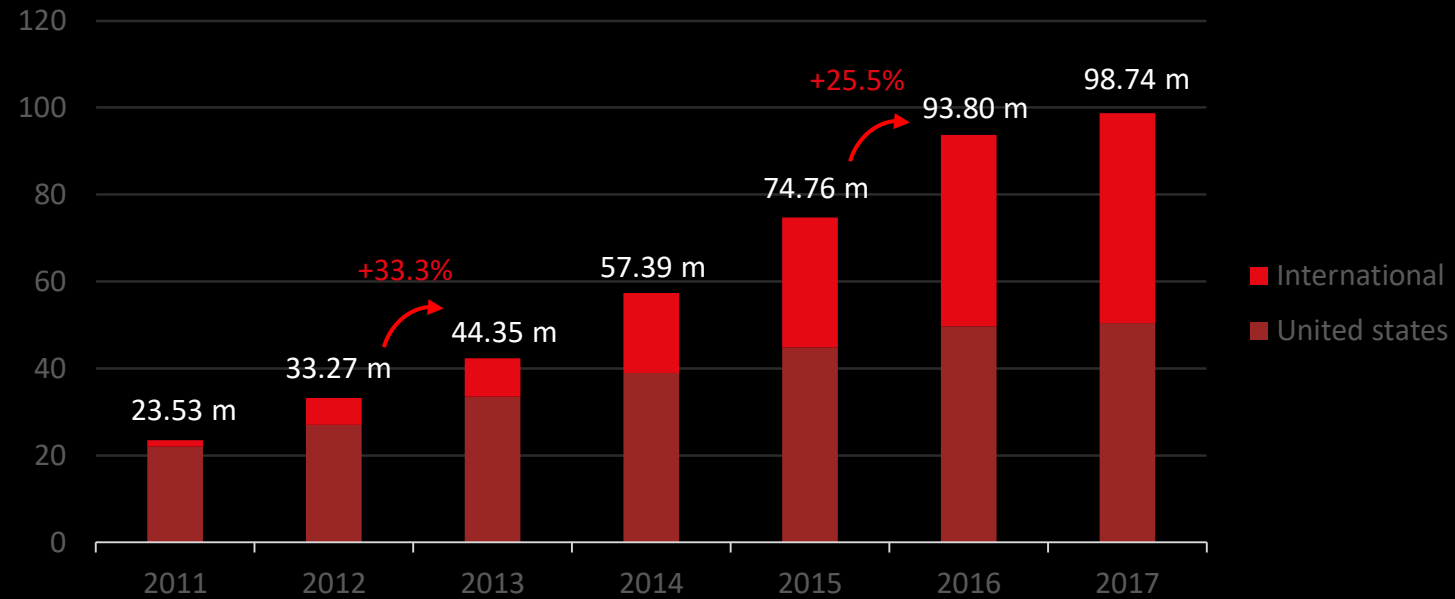
NETFLIX

Part III : Discussion Questions

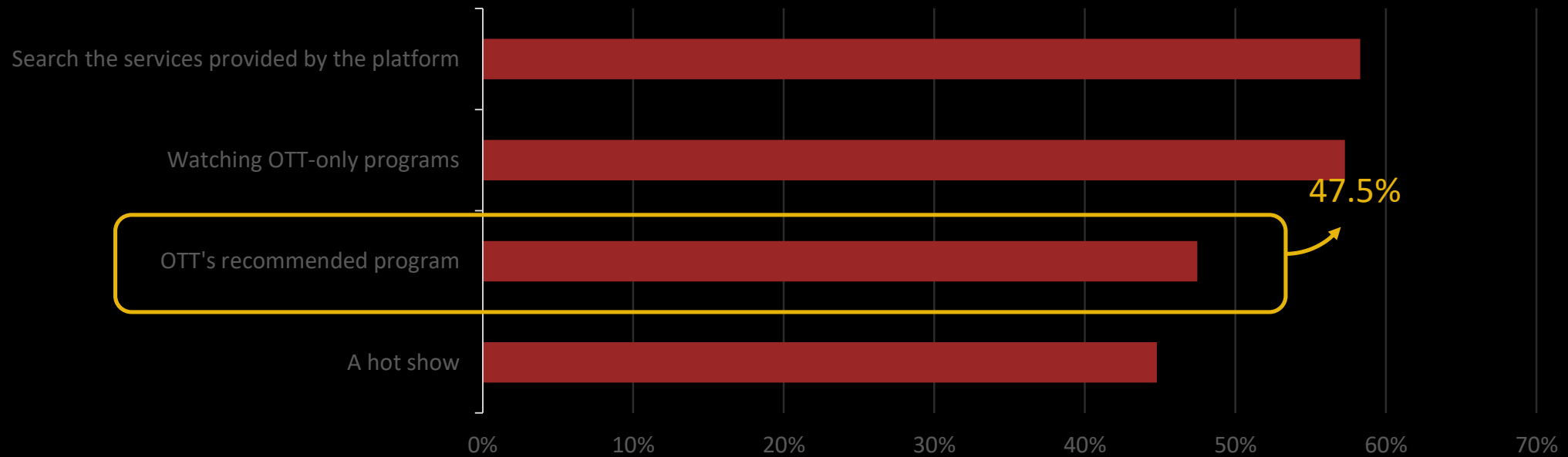


NETFLIX
originals

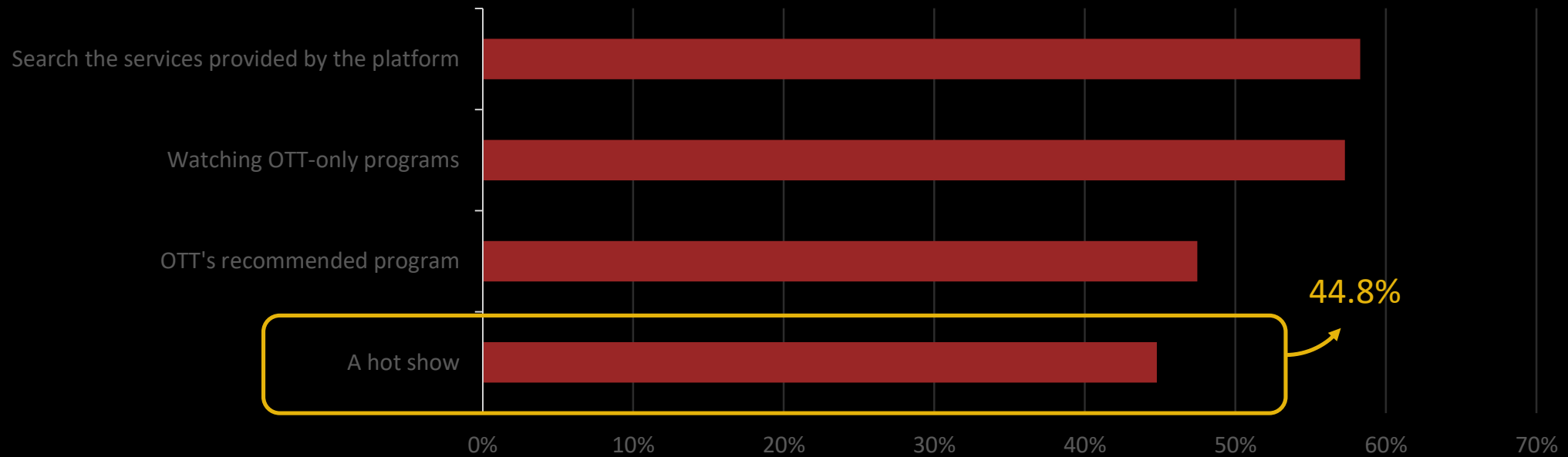




OTT Usage Type

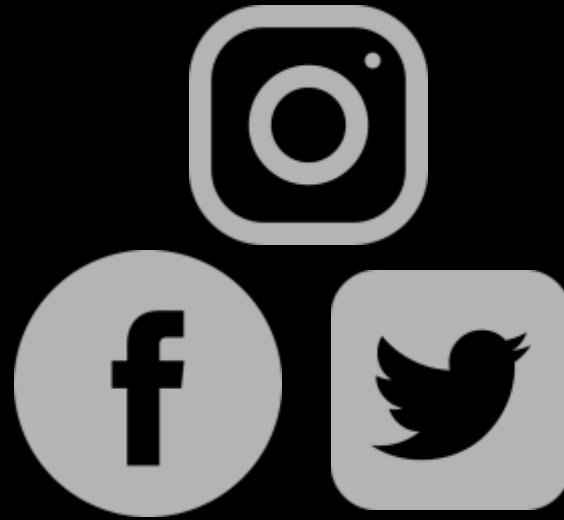


OTT Usage Type





Contents



Promotion



Discussion IV

What are the pros and cons of having content be exclusive to a particular service?



Pros



Increased revenue



Increased brand loyalty



Control over distribution



Unique selling proposition

Cons



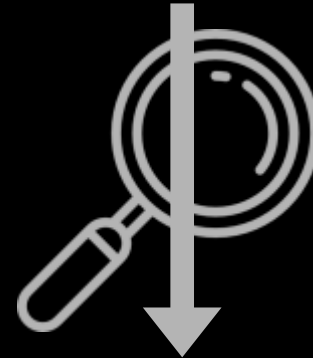
Limited reach



Loss of revenue



Potential backlash



Reduced discoverability

Discussion V

Do you think the market will eventually
Choose a few services as “Winners” and
the other services will exit(or combine with the winners),
Or will the market continue to
support many different services?



The final outcome of any platform business is eventually

"content"

Media can be changed

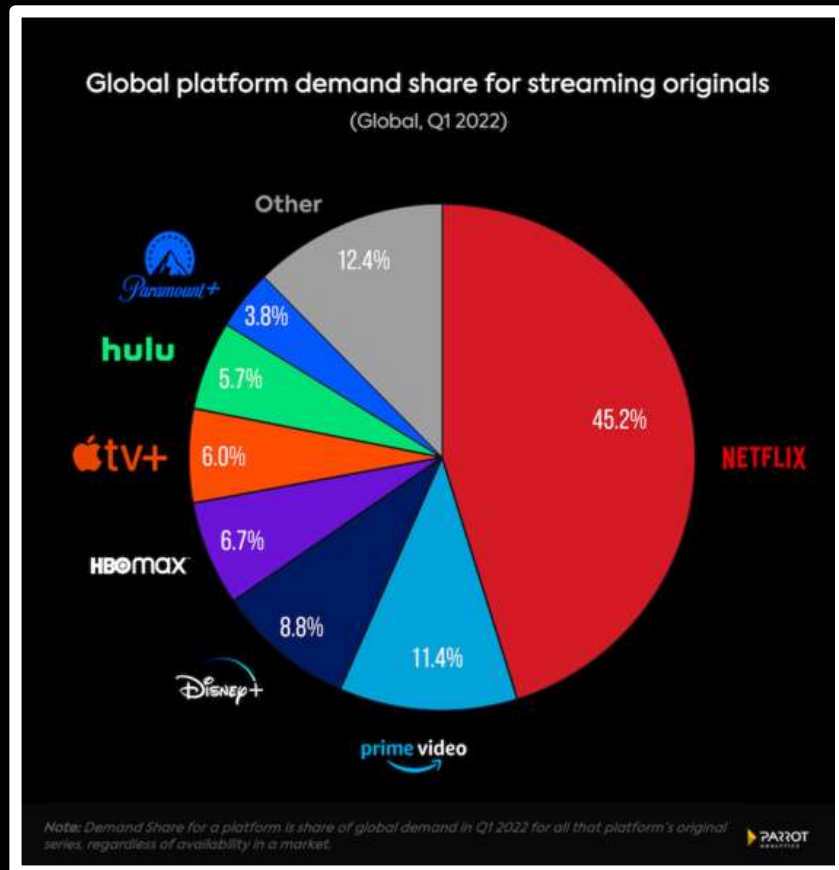
But...

The Core : **Original Contents** does not change.

Entry of large companies with financial power.



Amazon, Apple with Investment... Can you Imagine?



close relationship with other industries

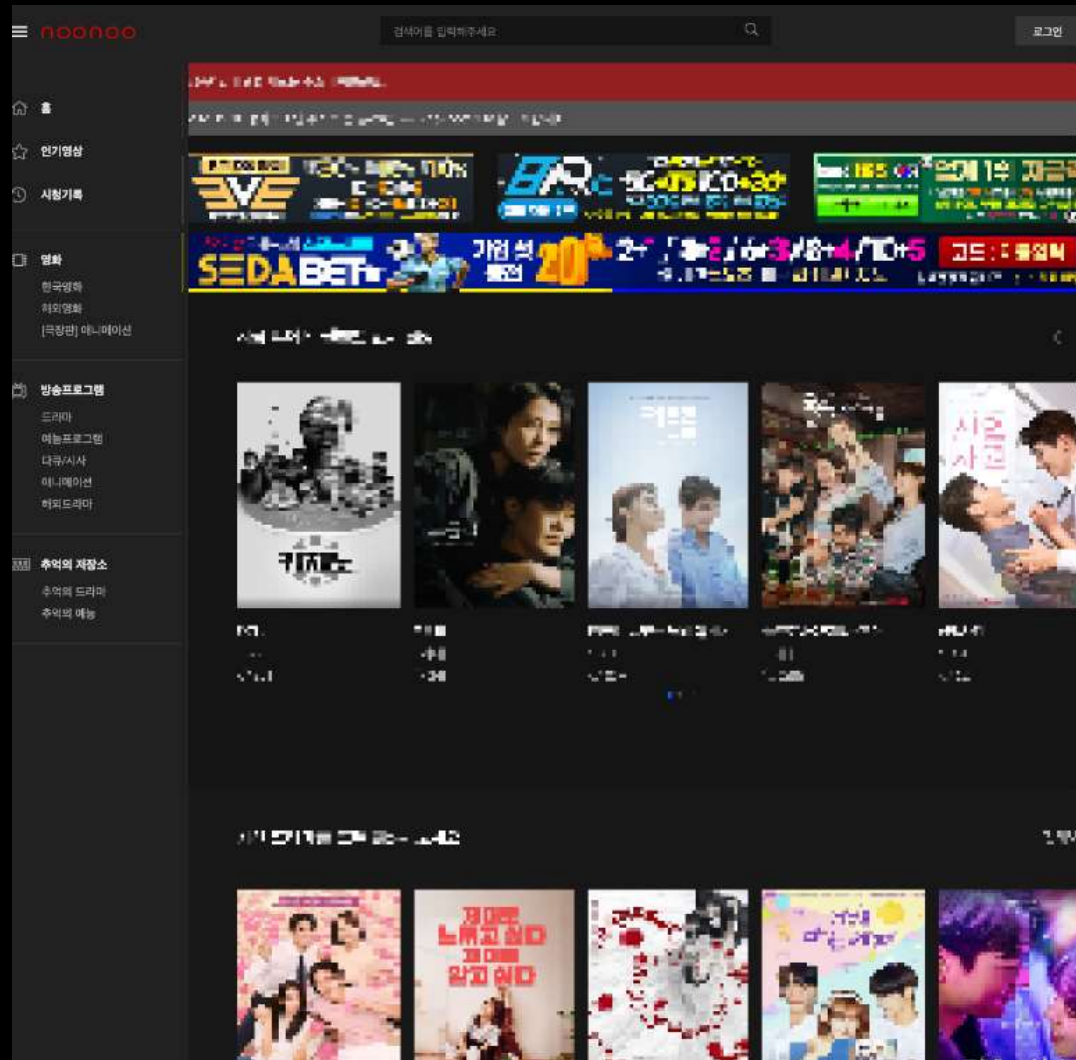
Producer Company	Contents
Studio Dragon	NETFLIX <SWEETHOME>(2020) NETFLIX <Love Alarm 1,2> (2021) NETFLIX <My Holo Love> (2021)
A-Story	NETFLIX <KINGDOM 1> NETFLIX <KINGDOM 2> NETFLIX <First love is the first 1> NETFLIX <First love is the first 2>
Keyeast	NETFLIX <The school Nurses File> SERIES <Illumination>(2021) DRAMA <Ask to the Stars> (2021)
WIZWIK STUDIO	NETFLIX <Space Sweeper> (2020)





+ Discussion Question

: How do illegal video sites affect the existing OTT market?



NOONOO TV

Q1. Is NOONOO TV illegal itself?

YES

: Numerous copyrighted works are being distributed in an unusual way. It is against the copyright law.

Q2. Is it illegal to watch NOONOO TV?

No

: It is not illegal under current law. However, since it is an illegal site, it is often linked to gambling and adult sites, so caution is required.

<Should Illegal video site be banned?>

Positive

It should be banned

- The rights of works must be respected.
- Domestic OTT Service can grow up.



Negative

It needn't be banned.

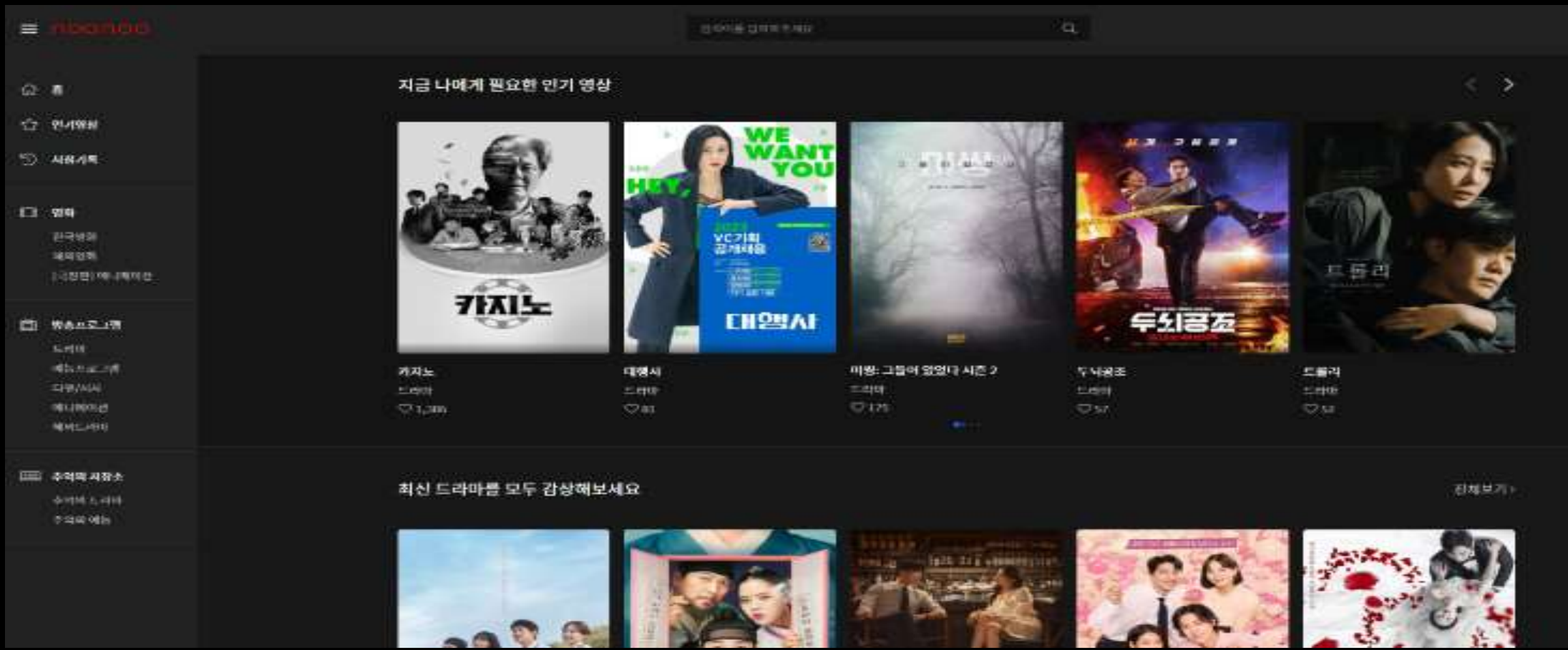
- In a situation where the price of various streaming services is rising, it is a good option.
- Can enjoy Original Contents or Exclusive dramas, movies.



Price-Competitiveness of Domestic Streaming Site

NETFLIX		coupang play	wavve	WATCHA
<p><Standard Fee></p> <ul style="list-style-type: none"> - 13,500 Won - FHD - 1080P - TV, Tablet, Computer are also available 	> > >	<p><Standard Fee></p> <ul style="list-style-type: none"> - 4,990 Won - HD - 720P - Connected to Coupang membership 	<p><Standard Fee></p> <ul style="list-style-type: none"> - 7,990 Won - HD - 720P - MBC, KBS, SBS with SKT 	<p><Standard Fee></p> <ul style="list-style-type: none"> - 7,900 Won - HD+R - 720P

For Free? Can't Stand it!





Part I

- <https://www.youtube.com/watch?v=tJfptNJy6Yw>
- Book, <Business Netflixing>, Hakyeon Lee (our Professor)



Part II

- <https://www.pdjournal.com/news/articleView.html?idxno=74072>
- <https://www.grandviewresearch.com/industry-analysis/online-video-platforms-market>
- <https://www.technavio.com/report/over-the-top-market-industry-analysis>
- https://spri.kr/posts/view/22907?code=industry_trend
- https://www.mediastat.or.kr/kor/tblInfo/TblInfoList.html?rootId=2010002&vw_cd=MT_ATITLE&menuId=2010118&statKind=R&up_list_id=005_005
- <http://kpenews.com/View.aspx?No=2537464>
- <https://www.kocca.kr/kocca/bbs/list/B0158948.do?menuNo=204156>
- <https://blog.uplus.co.kr/3232>



Part III

- <https://www.firstpost.com/opinion/netflix-crisis-why-the-reports-of-its-death-are-grossly-exaggerated-10630291.html>
- <https://www.bloomberg.com/news/articles/2022-06-27/netflix-s-plan-to-fix-its-subscription-crisis-starts-in-asia?leadSource=uverify%20wall>
- <https://www.bbc.com/news/business-64753499>
- <https://www.youtube.com/watch?v=q3uODhXlvMw>
- <https://www.fool.com/investing/2021/08/27/the-most-important-aspect-of-netflix-dominance/>
- <https://only30sec.com/top-12-ott-platforms-subscription-cost-and-comparison-of-features/>

Part IV

- <https://www.mk.co.kr/news/it/10684537>
- <https://www.yna.co.kr/view/AKR20230317045700009>
- <https://www.youtube.com/watch?v=i2RuRsYlviU&t=1s>
- https://www.youtube.com/watch?v=X6Z_N75_1rl

An aerial night view of Paris, France, with the Eiffel Tower prominently illuminated in the center. The city lights create a warm, golden glow across the urban landscape, with the tower's structure clearly visible against the dark sky. The text "Thank you for Listening" is overlaid in the center in a large, white, sans-serif font.

Thank you for Listening

▶ 다음 화