Competitive Intelligence

Netflix
vs.
Amazon Prime Video

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Netflix Overview

$ 18.9 Billion
Revenue (TTM)

158.33 Million
Total Worldwide Subscribers
(As of Q3 2019)

2018: 139.26 Million

Free Trial	30 Days
Basic	$8.99/Month
Standard	$12.99/Month
Premium	$15.99/Month

Market Location

190+ Countries

Movie/TV Show Content Spending

$15 Billion

Total Est. 2019

$12 Billion

Total 2018

Video Quality

Basic	HD (480p max)
Standard	Full HD (1080p max)
Premium	Ultra HD (4K max)

Amazon Prime Video Overview

$ 2.8 Billion

2018 Annual Revenue

Market Location

200+ Countries

96.5 Million

Total Worldwide Subscribers
(As of Q3 2019)

2018: 50.23 Million

Movie/TV Show Content Spending

$7 Billion

Total Est. 2019

$1.7 Billion

Q1 2019

Free Trial	30 Days
Rent/Buy	Price Varies
Prime Student[1]	$6.49 ($59/Year)
Prime[1]	$12.99 ($119/Year)

Video Quality

Highest Quality Possible (4K Max)

[1] Amazon Prime Video is included with Prime Membership
Non-Prime members can still watch Amazon Prime Video
Either by Renting or Paying from a selection of titles
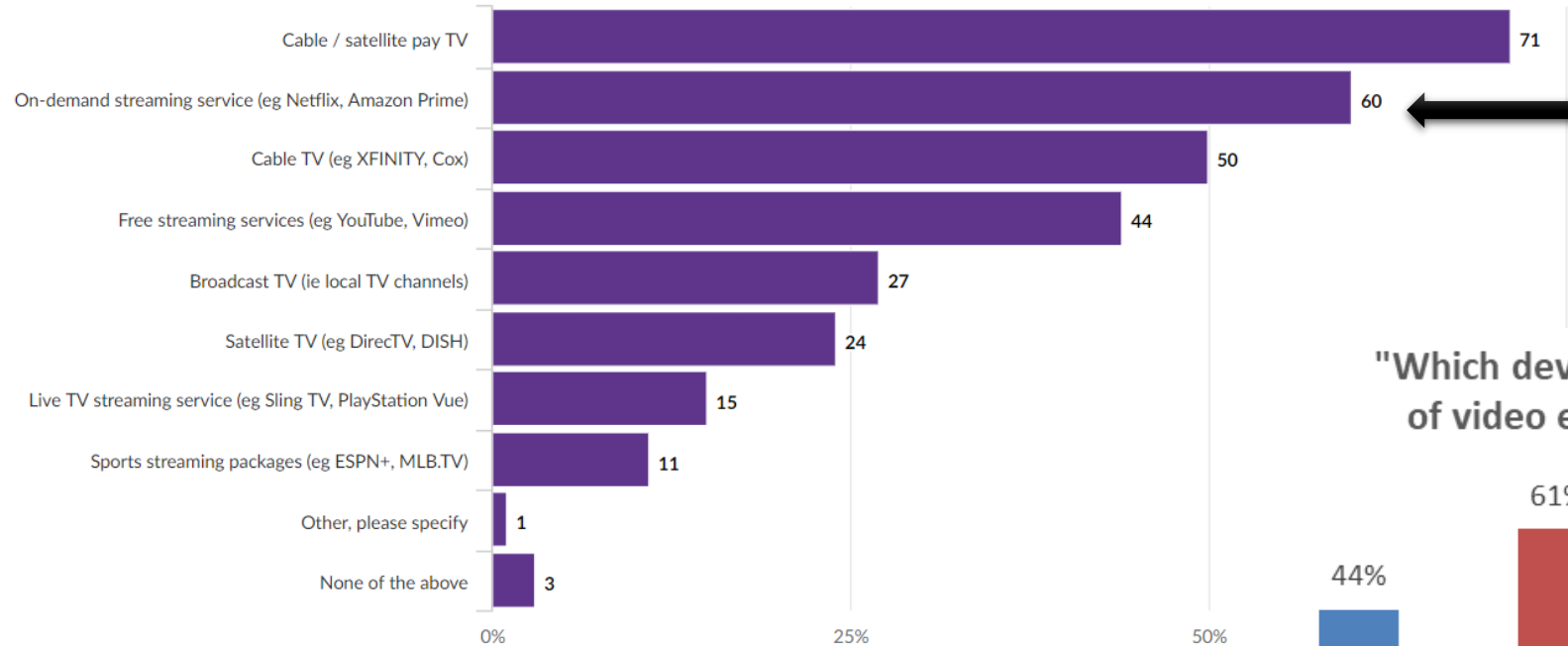
SENTIMENT (Q3 2019) -28   SENTIMENT CHANGE -26

Comparison Metrics

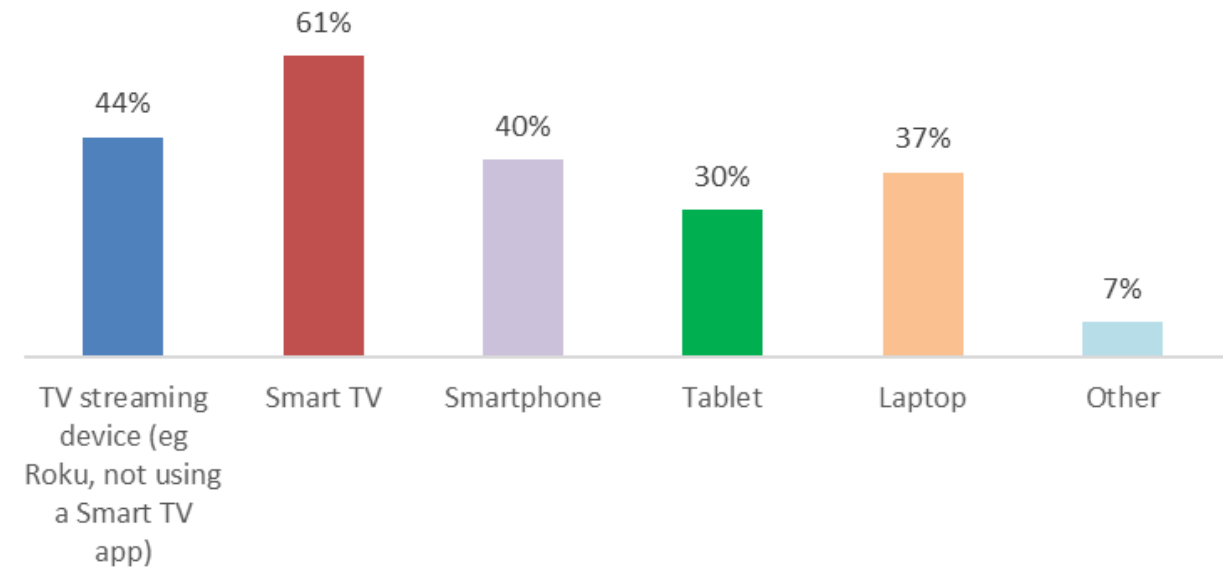| Metrics	Netflix	Amazon Prime Video
Price	• Free Trial (30 days) • $8.99 ($107.88/Year) • $12.99 ($155.88/Year) • $15.99 ($191.88/Year) • No annual price offered • Full access to movies/shows	• Free Trial (30 days) • Rent/Buy (Price Varies) • $6.49 ($59/Year) • $12.99 ($119/Year) • Prime Video included with Prime Membership (as well as other Prime Benefits e.g. Prime Music) • Without Prime Membership, movies/shows can be rented/purchased at varying prices
# of Streaming Devices	• Basic — 1 stream only • Standard — 2 simultaneous streams • Premium — 4 simultaneous streams • Once can stream the same program on 4 devices at once	• Each Prime member can stream up to 3 devices at once • But, one can only stream the same program on 2 devices at once
# Originals and Exclusives	• 970	• 412
# Overall Content (Estimate- USA)	• 4091 Movies • 1761 TV Shows • <u>Total 5852</u>	• 6400 Movies (Prime Eligible) • 6400 TV Shows (Prime Eligible) • <u>Total 12,800</u>
Extras	• No ads	• No ads • Free streaming of Thursday Night Football

Digital Video Trends in US - June 2019

Which of the following video entertainment sources do you use? Please select all that apply. (NET)

Base: 2,000 internet users aged 18+

Source	%
Cable / satellite pay TV	71
On-demand streaming service (eg Netflix, Amazon Prime)	60
Cable TV (eg XFINITY, Cox)	50
Free streaming services (eg YouTube, Vimeo)	44
Broadcast TV (ie local TV channels)	27
Satellite TV (eg DirecTV, DISH)	24
Live TV streaming service (eg Sling TV, PlayStation Vue)	15
Sports streaming packages (eg ESPN+, MLB.TV)	11
Other, please specify	1
None of the above	3

- 71% of consumers still use cable/ satellite pay TV for video entertainment
- However, 60% of consumers also choose to use "On-demand streaming services" such as Netflix and Amazon Prime Video

"Which devices do you use to watch the following types of video entertainment?" *Please select all that apply*

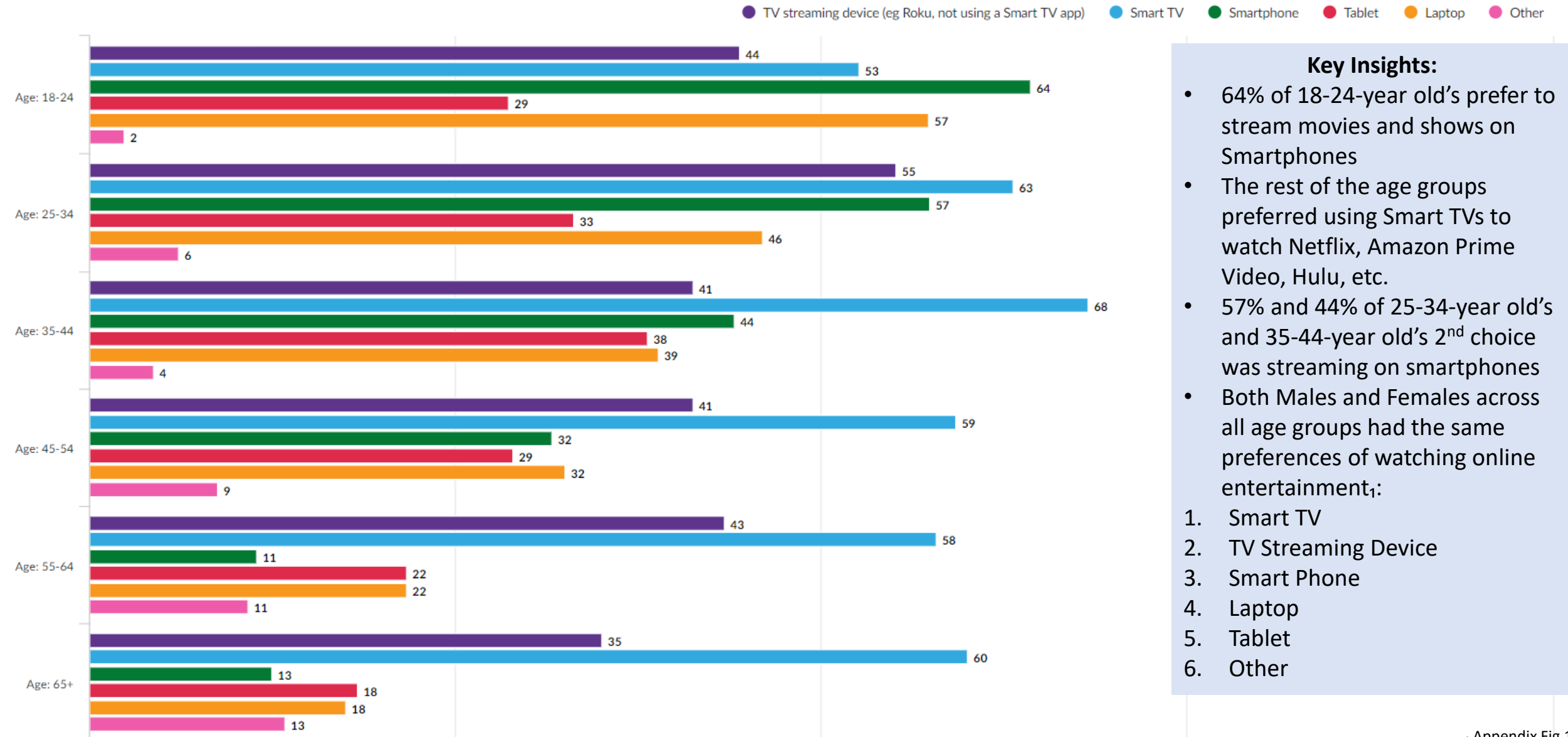| Device	%
TV streaming device (eg Roku, not using a Smart TV app)	44%
Smart TV	61%
Smartphone	40%
Tablet	30%
Laptop	37%
Other	7%

From the 60% of users who watch 'On-demand streaming services,' the top 3 preferred sources were:
- Smart TV (61%)
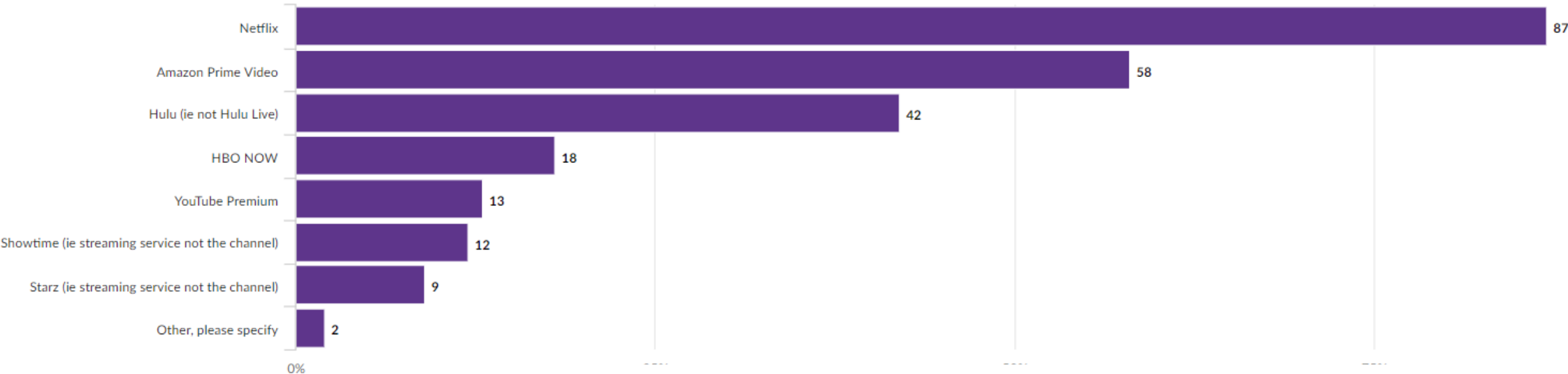- TV streaming device (44%)
- Smartphones (40%)

Demographic Trends in US - April 2019

Which devices do you use to watch the following types of video entertainment? Please select all that apply.   On-demand streaming service (e.g. Netflix, Amazon Prime)

Base: 1,200 internet users aged 18+ who use on-demand streaming services

● TV streaming device (eg Roku, not using a Smart TV app)   ● Smart TV   ● Smartphone   ● Tablet   ● Laptop   ● Other

Key Insights:
- 64% of 18-24-year old's prefer to stream movies and shows on Smartphones
- The rest of the age groups preferred using Smart TVs to watch Netflix, Amazon Prime Video, Hulu, etc.
- 57% and 44% of 25-34-year old's and 35-44-year old's 2nd choice was streaming on smartphones
- Both Males and Females across all age groups had the same preferences of watching online entertainment[1]:
1. Smart TV
2. TV Streaming Device
3. Smart Phone
4. Laptop
5. Tablet
6. Other

[1] Appendix Fig 1

Digital Entertainment Preferences in US – April 2019

Netflix	87
Amazon Prime Video	58
Hulu (ie not Hulu Live)	42
HBO NOW	18
YouTube Premium	13
Showtime (ie streaming service not the channel)	12
Starz (ie streaming service not the channel)	9
Other, please specify	2

0%

"Which of the following statements about video streaming services do you agree with?"
Please select all that apply.

Key Insights:

- 87% of respondents preferred Netflix over Amazon Prime Video and other digital entertainment sources
- Many people use free trials and are later convinced to subscribe after
- 30% find it overwhelming to choose a movie/show due to abundant options
- 29% of digital entertainment users like re-watching shows

None of the above	20%
I would cancel my service if a specific program/show ended	10%
I use the account of someone outside of my household for video streaming	15%
I share an account of mine with someone outside of my household	19%
I watch the same shows over and over again	29%
It is hard to pick something to watch because there are so many options	30%
A free trial has helped convince me to subscribe	32%

0%   5%   10%   15%   20%   25%   30%   35%

Netflix Sentiment Analysis
IBM Watson (Natural Language Understanding)

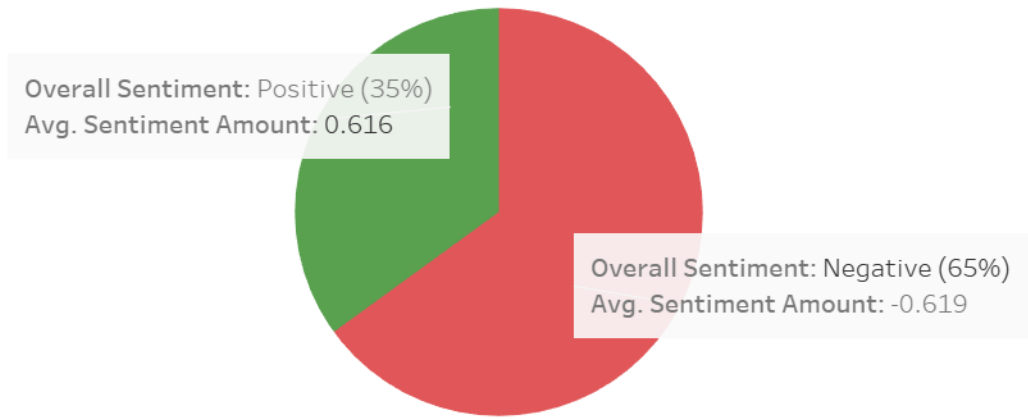| Stars	Comment	Overall Sentiment	Sentiment Amount	Joy	Anger	Disgust	Sadness	Fear	Most Important Keyword	Relevance
			Netflix Top Rated Customer Complaints							
5	Unless you have cable to access movie	Positive	0.55	0.61	0.16	0.11	0.57	0.1	list of outstanding movies	0.63
4	The experience I've had with Netflix is r	Positive	0.67	0.67	0.43	0.04	0.11	0.08	exclusive movies	0.88
5	Hi, I am writing this review because I w	Positive	0.54	0.7	0.5	0.06	0.2	0.04	netflix's customer service	0.72
5	NetFlix has a wide variety of movies an	Positive	0.3	0.21	0.11	0.03	0.65	0.1	picture quality	0.75
5	Netflix is the first streaming service I've	Positive	0.73	0.69	0.11	0.06	0.25	0.09	extensive library of entertainment	0.75
2	A monthly service that is soooo depend	Negative	-0.48	0.16	0.29	0.01	0.64	0.07	customer service	0.77
1	The advertisement of free trial is mislea	Negative	-0.75	0.5	0.11	0.13	0.54	0.1	advertisement of free trial	0.9
1	I got billed for premium instead of stan	Negative	-0.82	0.04	0.13	0.08	0.41	0.06	support	0.56
2	I have been a Netflix subscriber for ove	Negative	-0.67	0.46	0.55	0.04	0.62	0.04	netflix queue	0.85
2	Sometimes when I enter Netflix from C	Negative	-0.73	0.16	0.08	0.01	0.77	0.05	new movies	0.73
1	I canceled my account 11/2018	Negative	-0.73	0.07	0.17	0.05	0.6	0.07	chat method	0.66
1	I originally used to love Netflix, but nov	Negative	-0.45	0.02	0.24	0.04	0.8	0.11	system crashes	0.88
5	Netflix is a great service	Positive	0.68	0.67	0.06	0.03	0.51	0.49	great service	0.76
4	I like to watch various series and then a	Negative	-0.37	0.09	0.1	0.01	0.76	0.17	wide variety	0.83
5	Only sometimes, I'll watch a movie and	Negative	-0.78	0.08	0.17	0.02	0.8	0.06	movie	0.66
1	I called in Sept 2019 to ask about a cha	Negative	-0.46	0.05	0.25	0.07	0.67	0.04	first level tech support	0.8
1	When I called they said, "You started a	Negative	-0.84	0.15	0.24	0.04	0.58	0.12	thieves	0.53
5	I like Netflix because of the movies they	Negative	-0.43	0.6	0.11	0.05	0.55	0.07	dvds	0.57
5	You can't always find the movies, etc. t	Negative	-0.54	0.65	0.03	0.01	0.09	0.02	variety	0.71
5	I have enjoyed Netflix for more than a	Positive	0.84	0.58	0.02	0.01	0.24	0.02	lot of their original offerings	0.79

Prime Video Sentiment Analysis
IBM Watson (Natural Language Understanding)

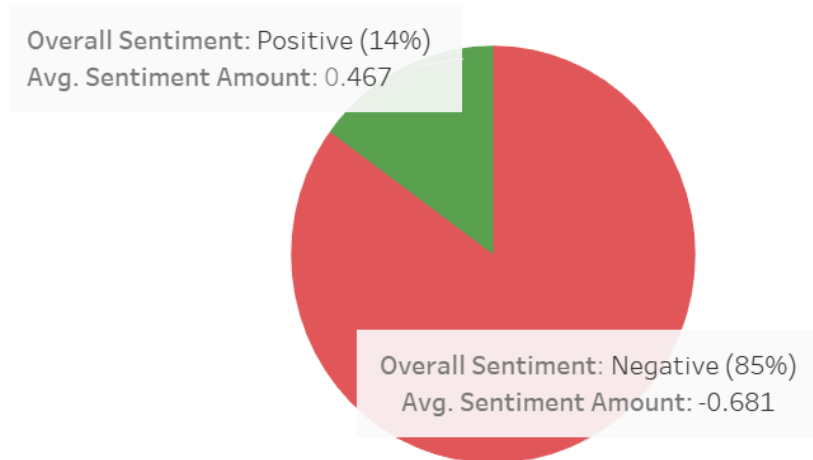| Prime Video Top Rated Customer Complaints (Verified Purchases Only) |
|---|

Stars	Comment	Overall Sentiment	Sentiment Amount	Joy	Anger	Disgust	Sadness	Fear	Most Important Keyword	Relevance
1	Pay for the pleasure of being upsold	Negative	-0.58	0.5	0.15	0.15	0.6	0.1	massive number of terrible movies	0.81
2	It needs to be fixed	Negative	-0.8	0.1	0.23	0.09	0.68	0.1	prime video	0.82
2	Not enough free movies and rental price	Negative	-0.59	0.6	0.12	0.09	0.51	0.1	absolute last resource	0.87
2	Decent content but can't cast it, so wha	Negative	-0.86	0.5	0.57	0.43	0.67	0.1	unimportant xray content	0.72
1	Tie into imdb! Should be much better. V	Negative	-0.78	0.1	0.59	0.11	0.66	0.1	poor filtering	0.74
3	Could be better	Negative	-0.77	0.5	0.11	0.09	0.61	0.1	prime video	0.9
3	Not as good as other video services.	Negative	-0.69	0.6	0.07	0.05	0.24	0.1	good new shows	0.89
3	Amazon, grow up and let me use my ow	Negative	-0.74	0.6	0.57	0.11	0.6	0.1	fire stick	0.9
1	Worse than litterally all of their competi	Negative	-0.72	0.6	0.16	0.09	0.54	0.1	streaming services	0.62
1	I Used to Love You :/ But you now stres	Negative	-0.77	0.5	0.15	0.07	0.62	0.1	unhappy experience	0.63
5	Good but Netflix & Hulu are better	Negative	-0.6	0.1	0.46	0.12	0.26	0.1	cheaper period	0.84
4	Prime Video has Room for Improvemen	Negative	-0.33	0.5	0.14	0.12	0.21	0.1	x-ray feature	0.73
3	Finish the story line before cancelling th	Negative	-0.8	0.2	0.49	0.04	0.7	0.1	Amazon original series	0.88
4	NOT ALL THINGS INCLUDED..	Positive	0.34	0.6	0.1	0.09	0.48	0.1	prime video	0.64
3	Needs more variety and better app desi	Negative	-0.33	0.6	0.1	0.05	0.62	0.1	good movies	0.72
5	Despite the continued existence of Wish	Positive	0.52	0.5	0.03	0.02	0.44	0	orginal content	0.58
4	Current TV shows' current and previous	Positive	0.54	0.7	0.08	0.68	0.19	0.1	prime video	0.92
3	Amazon Prime Video - Constant Band W	Negative	-0.81	0.1	0.16	0.04	0.63	0.1	amazon channel	0.78
2	Do not buy smart TVS with the amazon	Negative	-0.71	0.6	0.14	0.07	0.61	0.1	smart app of amazon	0.7
3	Amazon Prime Video Best Up Its Game,	Negative	-0.7	0.6	0.08	0.06	0.55	0	amazon prime members	0.8

Sentiment Analysis of Netflix and Prime Video

Overall Sentiment of Netflix Reviews

Overall Sentiment: Positive (35%)
Avg. Sentiment Amount: 0.616

Overall Sentiment: Negative (65%)
Avg. Sentiment Amount: -0.619

Overall Sentiment of Prime Video Reviews

Overall Sentiment: Positive (14%)
Avg. Sentiment Amount: 0.467

Overall Sentiment: Negative (85%)
Avg. Sentiment Amount: -0.681

Key Insights:

- Prime had slightly fewer positive reviews compared to Netflix
  - Average sentiment amount was almost balanced for Netflix.
  - Prime had a higher average negative sentiment (-0.68) and lower average positive sentiment (0.47)
- Most Prominent Keywords linked to a Negative Sentiment
  - Prime Video:
    1. X-ray Feature
    2. Bad Content (movies, shows)
    3. Poor Filtering
  - Netflix:
    1. Tech Support
    2. Customer Service
- Most Prominent Keywords linked to a Positive Sentiment
  - Prime Video:
    1. Original Content
  - Netflix:
    1. Extensive Library
    2. Exclusive Movies (Originals)

Overall Emotion Analysis of Netflix and Prime Video

Netflix
Avg Level of Emotion for Positive and Negative Sentiment
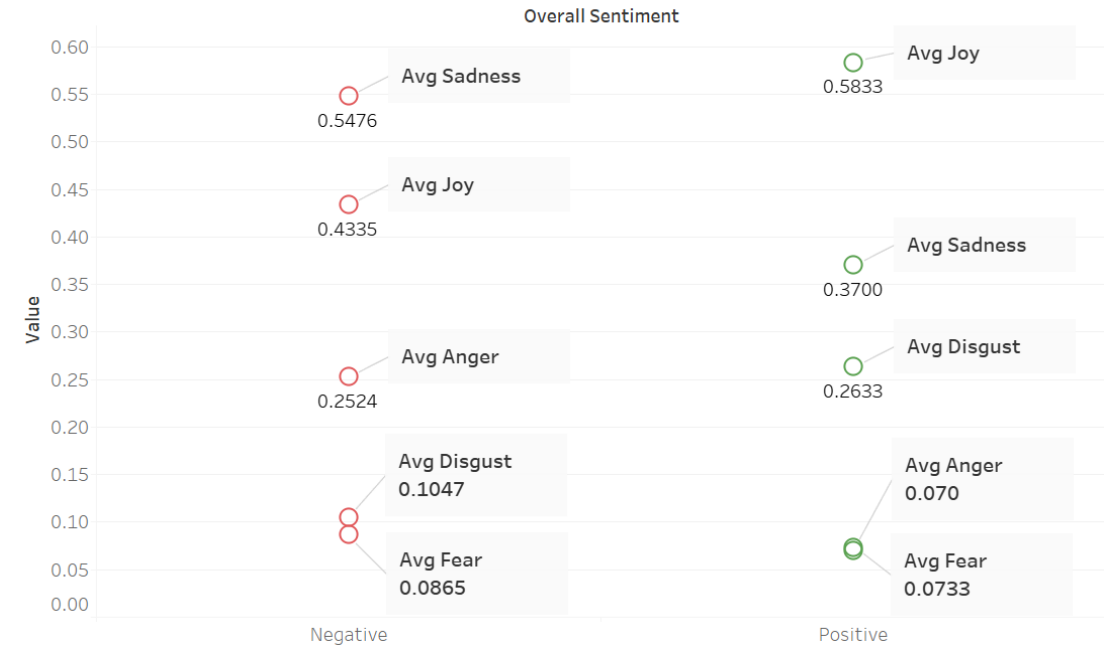
Overall Sentiment

- Avg Sadness 0.6023 (Negative)
- Avg Joy 0.5900 (Positive)
- Avg Sadness 0.3614 (Positive)
- Avg Joy 0.2331 (Negative)
- Avg Anger 0.1900 (Negative)
- Avg Anger 0.1986 (Positive)
- Avg Fear 0.0754 (Negative)
- Avg Fear 0.1314 (Positive)
- Avg Disgust 0.0431 (Negative)
- Avg Disgust 0.0486 (Positive)

Prime Video
Avg Level of Emotion for Positive and Negative Sentiment

Overall Sentiment

- Avg Joy 0.5833 (Positive)
- Avg Sadness 0.5476 (Negative)
- Avg Joy 0.4335 (Negative)
- Avg Sadness 0.3700 (Positive)
- Avg Anger 0.2524 (Negative)
- Avg Disgust 0.2633 (Positive)
- Avg Disgust 0.1047 (Negative)
- Avg Anger 0.070 (Positive)
- Avg Fear 0.0865 (Negative)
- Avg Fear 0.0733 (Positive)

-Avg anger was similar for Positive and Negative Sentiment
-Users seemed to be **more upset than angry** when writing comments (seen with Prime Video as well)
-Both positive and negative sentiments showed low levels of avg disgust
-Netflix and Prime Video's top negative sentiment emotion was sadness and top positive sentiment was joy
-Avg Joy was the 2nd highest emotion seen in negative sentiment comments
  - Users complained about support, but still valued its library content

- Higher avg disgust (0.26) for Positive Sentiment compared to Negative (0.1047)
  - Due to 1 Positive Review which had disgust value of 0.68 which skewed the results
  - After examining the comment it showed no levels of disgust except for joy
- Avg Joy (0.43) for Negative Sentiment was higher than Avg Anger (0.25), Avg Disgust (0.10)
  - Customers despite being upset about certain things, included some positive comments which caused level of 'joy' to be high

Key Takeaways

- Both Prime Video and Netflix are spending vast amounts of money for tv show and movie content.
  - Netflix is spending almost twice as much as Prime Video
  - This extreme content investment is due to the rising streaming competition that is no longer Prime Video, but includes Hulu, Disney, Warner Media, NBC Universal, HBO now
- Be wary when using IBM Watson – Natural Language Understanding (NLU) for emotion analysis
  - Results sometimes did not reflect correct emotion from content (e.g. customer reviews)
- Quantity vs Quality Consideration
  - Prime Video offers significantly more TV Shows and Movies than Netflix, however many are considered 'old', 'B-rated' and unheard of
  - Netflix has had a drastic decline in # of movies offered, but has made up by offering vast 'Netflix Originals' that appeal to various audiences across different countries
  - Prime Video is competing by offering more original shows and movies (e.g. Jack Ryan, The Marvelous Mrs. Maisel, Fleabag, Red Oaks)
  - Recommendation system for Netflix helps with movie/show selection better than Prime, however, people still find it difficult to choose something due to extensive content
- From demographics data (age and gender) both platforms must ensure UI/UX is meeting user's standards across all age groups
- Netflix is not doing as well as Prime Video to satisfy customer complains (they removed Customer Complaint page in 2018 since many were not using it)
  - No place for users to voice concerns/feedback
  - Inadequate customer service support

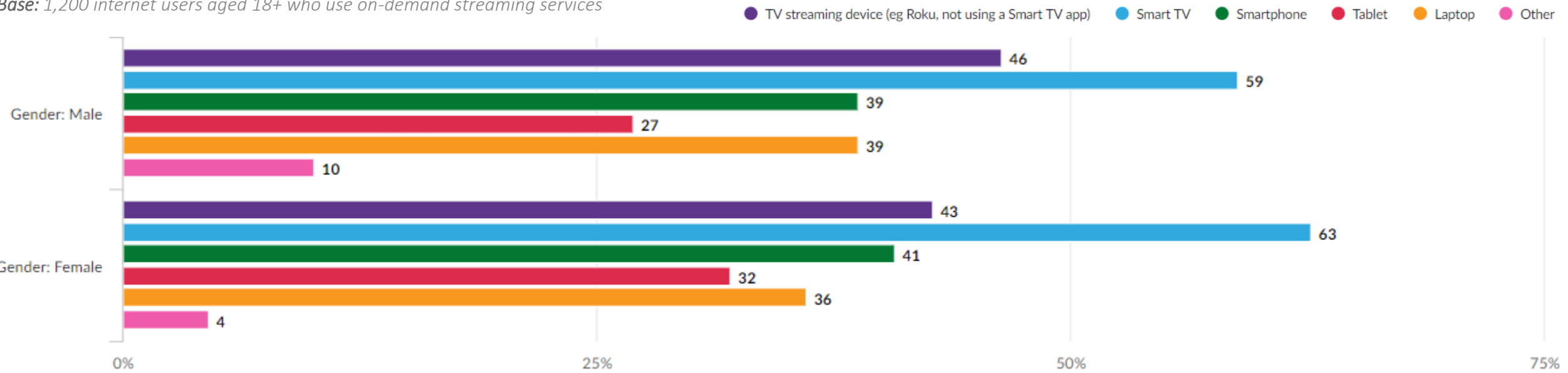**Moving Forward for Final Project- Hulu vs Netflix to consider additionally:**
- Conduct extensive social media analysis + Sentiment Analysis
  - Crawl Twitter [Tweet Deck], Acquire >1000 Customer Reviews to get a more representative sample
- Comparison of Ad Spend for both platforms
- Amazon Prime Video didn't have any data, but Netflix does (so does Hulu) therefore, comparative analysis couldn't be conducted
  - Calculate ROI, Costs (Ad Spender), Reach
- Financial Analysis (might be difficult for Hulu since it is not public)

Appendix

Figure 1

Which devices do you use to watch the following types of video entertainment? Please select all that apply.   On-demand streaming service (e.g. Netflix, Amazon Prime)

Base: 1,200 internet users aged 18+ who use on-demand streaming services

● TV streaming device (eg Roku, not using a Smart TV app)   ● Smart TV   ● Smartphone   ● Tablet   ● Laptop   ● Other

Gender: Male
- TV streaming device: 46
- Smart TV: 59
- Smartphone: 39
- Tablet: 27
- Laptop: 39
- Other: 10

Gender: Female
- TV streaming device: 43
- Smart TV: 63
- Smartphone: 41
- Tablet: 32
- Laptop: 36
- Other: 4

0%   25%   50%   75%

Appendix

Data Sources Used

1. Alpha Sense
2. Netflix Website
3. Amazon Prime Video Website
4. Articles
5. Tech Websites (Variety, Tech Crunch)
6. IBM Watson – Natural Language Understanding
7. UCI Libraries
   - Ad Spender
   - Mintel
   - IBIS World

- https://www.statista.com/statistics/250934/quarterly-number-of-netflix-streaming-subscribers-worldwide/
- https://research.alpha-sense.com/
- https://techcrunch.com/2019/08/22/hulu-and-amazon-prime-video-chip-away-at-netflixs-dominance/
- https://www.adweek.com/tv-video/hulu-and-amazon-prime-video-are-gaining-on-netflix-in-the-streaming-wars/
- https://www.finder.com/global-netflix-library-totals
- https://www.amazon.com/Movies-Prime-Eligible-Video/s
- http://adspender.kantarmediana.com/AdSpender/Pages/ReportViewer.aspx?.pl=HiddenReportViewer&action=ReportSummary&showback=1
- https://www.consumeraffairs.com/entertainment/netflix.html?page=3#sort=top_reviews&filter=none
- https://natural-language-understanding-demo.ng.bluemix.net/
- https://www.emarketer.com/content/us-media-and-entertainment-digital-ad-spending-2019
- https://www.androidauthority.com/amazon-prime-vs-netflix-1005748/
- https://www.businessinsider.com/netflix-movie-catalog-size-has-gone-down-since-2010-2018-2

THANK YOU