

# A Study on Netflix - The New Age TV in India

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## **Abstract**

*Netflix is an online streaming service here, it allows its customers to watch movies, series, and original content and many more on TV, phone and many other internet connected devices. Netflix is also considered as the top most online streaming channel in the world. It is growing in India on a fast pace competing with other streaming services like Amazon Prime, Hotstar, etc. Netflix made a company like Blockbuster to go bankrupt and made its way to be the number1 streaming service in the world. It's providing many original content in India and also producing shows based on their Indian customers likes and dislikes, which is helping Netflix to make its way up to the top level in India. Netflix has also produced some really good original content to its customers with series like “Narcos,” “Mindhunter,” “Stranger things,” “Orange is the New Black,” etc.*

*In writing this report I have referred to many secondary data about Netflix. How does Netflix work, what does it do and things relating to that. This paper shows how Netflix became the first disruptive of television. Will it use the same content marketing strategies and succeed in gaining customers in India? This paper also answers how Netflix uses its content marketing strategies to gain customers, being a disruptive innovation and how it is continuously growing. The knowledge gained in developing and executing the strategies will be useful for Marketing and Sales and creating content that will gain customer attention.*

**Keywords: Disruptive Innovation, Content Marketing, Mobile User Plan.**

## **Introduction**

Netflix is an American media service provider that started its business with DVD sales and rental by mail. Later, when Netflix started losing money, they approached Blockbuster with an idea. They wanted Netflix to transform to be online streaming for Blockbuster. It knew what Blockbuster lacked in and was ready to give it. Blockbuster said no, but Reed Hastings - CEO of Netflix - was not ready to take a no for an answer. He went back three times asking them to reconsider their decision. But all he got was a no from them every time. Undaunted, Hastings returned, and he started with his streaming service. It crushed down the whole Blockbuster market after gaining success with this online streaming service. Blockbuster did start their online streaming service, but they were already late, and Netflix had already made a name and was making a huge profit which made a company like Blockbuster to go bankrupt.

Netflix introduced its streaming service in 2007. In the year 2013, “House of Cards,” the first Netflix show premiered. And, today some

of the world’s most successful shows including “Orange Is the New Black,” “Stranger Things,” and “Master of None” is Netflix productions. Netflix now has more than 150 million subscribers all over the world.

American streaming service Netflix entered India in the month of January 2016. In April 2017, it was registered as a limited liability partnership (LLP) and started producing the content. It earned a net profit of 2.02 million for the fiscal year 2017. In the fiscal year 2018, Netflix earned revenues of 580 million. “India is a country that loves movies and television and we are moving fast as we could have dreamed,” Sarandos quoted in an interview. He also stated that Netflix has been seeing “nice steady increases in engagement with our Indian viewers that we think we can keep building on. Growth in this country is a marathon, so we’re in it for the long haul.”

### **Objectives**

- How Netflix became the Disruptive innovation
- How it used its Content Marketing Strategies
- What are its Future Plans
- Note on Pricing Issues faced by Netflix
- New plans brought by Netflix like Mobile User Plan

### **Literature Review**

#### **Why Netflix is the Ultimate Content Marketer by Carla Young**

As previously mentioned, Netflix offers a truly personalised streaming service. It recommends new content based on your viewing history and it also allows multiple profiles configured to the one account. Even the pricing of Netflix is given in three options, allowing customers to select the package best suited to their needs.

Almost every aspect of the Netflix service is personalised, a clever and strategic move considering Netflix is offered largely as an alternative to mass-media television. And where many believed ‘free’ would always triumph, we now see Netflix taking over television’s viewership.

#### **Netflix India Adds 10 New Films To Its Original Content Roster by Bedatri Choudhury**

The Indian summer just got hotter this year with Netflix announcing 10 original films that will be produced by Indian companies and will cut across a cross-section of genres and themes. This announcement comes in barely a month after the global streaming giant announced that it would be testing out its \$4 Mobile-only subscription in India.

#### **Jab Shah Rukh Khan met David Letterman and effortlessly turned on the charm by Sanjukta Sharma**

When it comes to talk, very few movie stars anywhere in the world can match Shah Rukh Khan. His natural ammunition in interviews, chat shows or any kind of public speech is self-deprecation. So when 53-year-old Khan says that the love he has received in the 31 years of being a movie star is disproportionate to his acting skill and talent, or that he is “an employee of the myth of Shah Rukh Khan”, a fan will not be surprised or amused. We expect Khan to say such things and charm the pants off chat show hosts.

#### **Netflix’ \$4 mobile-only subscriptions could bolster its growth in Indiaby Abhimanyu Ghoshal**

The country has seen the number of smartphone users grow nationwide from 199 million in 2015 to 340 million at the end of 2018, according to eMarketer. It’s expected to double by 2022, says a report from Cisco. India also has the cheapest mobile data plans in the world, making this an ideal location to test subscriptions tailored for personal gadgets.

Many people across the country are coming online for the first time right now, and they’re doing so with personal mobile devices as opposed to desktops and laptops. With phones becoming cheaper and more capable over time, it makes sense to own one in lieu of a computer, and so it could well be the primary screen for millions of folks to stream video.

## **Netflix – The New Age TV in India**

### **Research Methodology**

#### **Secondary Data**

Netflix provides original content which is on-demand all the time for its customers. Customers on Netflix have the choice to watch whatever they want, whenever they want. This makes Netflix one of the pioneers to disrupt television industry in its older form. Innovating something is difficult and disruptive innovation is even more difficult. But with Netflix, we can see that it innovated something new, not just that but it innovated its own business. Netflix started as a rental DVD store and Mail business. When they started facing problems they asked for a share with the Blockbuster. But it got rejected thrice, later it created its streaming channel and disrupted television.

Netflix is extremely good in content personalization which helps in better customer experience and in maintaining a consistent brand image. How does Netflix have a very sticky customer base? The answer to that would be - “Content, Customers don’t just sign up to Netflix because it’s streaming per se, but they sign up because of the stories, for the actors in it, and the directors, etc.” says Barry Enderwick, Brand/Marketing Executive of Netflix. The more information you have about your customers the better you can produce content which they are interested in, that’s what Netflix does. It collects data about its customers’ wants, then creates content based on that. That is one of the reasons as to why they put their content on Ads on YouTube, Google, Instagram, Tweets, Facebook, etc. They get to know your interests and recommend new content based on your viewing history and also create newer content in the forms of TV Shows and Movies based on user interests by collecting from various social media and marketing campaigns.

Content is all you need to sustain in the media market, and Netflix is a pro in content marketing strategies. It just doesn’t rely on content like movies, popular shows from other media houses, but it also creates and produces its own content. Creating your content is very important if you need to stand out in the market. This is a plus point to why Netflix is running successfully and has gotten a huge following. Some of the successful shows like “Orange Is the New Black”, “Stranger Things”, “To All the Boys I’ve Loved Before” are Netflix Originals.

Netflix entered India, which has fierce competition across Cable TV and already existing streaming services from National TV providers and international giants such as Amazon Prime. While entering the Indian market, Netflix brought it’s a rich library of content which not only had shows in English, but they had various regional and international with English subtitles. They also included Hindi movies and shows, they created regional original content for India. It also focused heavily on adapting to the Indian technological ecosystem to support high quality streaming on limited bandwidth available across the nation. This was a catalyst for Netflix’s growth and acceptance amongst the youth. According to this month’s report, on an average, viewers in India spend around eight hours 30 minutes watching online video content.

“There are many challenges, but we are in investment mode in India. And for a long time, we will be spending more on local content productions than we are getting back. But that is part of having the long-term view,” said Netflix founder and chief executive officer Reed Hastings.

In the recent past, for the Indian market it has created some successful content - TV series - such as “Bard of Blood”, “Delhi Crime”, “Selection Day”. Continuing to invest and grow its market share in India, Netflix has now partnered with Red Chillies Entertainment owned by Shah Rukh

Khan and is releasing originals such as “Mai”, “Bombay Begums”, “Betaal”, “MasabaMasaba”, and “Messy”, which caters to various genres such as Drama, Thriller, Young Adult, Comedy, and Horror. “India is home to some of the world’s greatest stories, it’s been thrilling to watch these amazing storytellers embrace the artistic freedom possible at Netflix to create entertaining stories. Audiences everywhere will love these five inventive series set in stories of horror, drama, and comedy” Bela Bajaria, Vice-President, International Originals, Netflix, said in a press release. Casting popular actors like Shah Rukh Khan, Imran Hashmi, RadikaApte, Saif Ali Khan is helping Netflix to gain more customers. One such example for this is the recent interview of Shah Rukh Khan with David Letterman which was a massive hit.

Netflix faced issues with pricing in India, being the highest among all the streaming services in India with a starting plan price of Rs. 500. Whereas, other streaming services were offering less price like Amazon Prime at Rs. 999 per annum, HotstarRs. 129 per month. But with the good original content, Netflix had and also the good quality streaming services people choose Netflix over all the other streaming services in India”. People who subscribe to Netflix are willing to pay the premium. In India there is a market at every price point,” said Aman Kumar, the chief business officer at Delhi-based market intelligence firm Kalagato.

When Netflix was launched in India in January 2016 the mobile users’ rate was around 650 million, but according to the recent survey conducted, the mobile users’ rate has increased almost by 200 million and is around 850 million users across India. To piggyback on the growth of the mobile users, Netflix launched a trial plan which helped the customers to subscribe for a cheaper price. The plan was introduced at a price of Rs. 250, which was at a 50% discount compared to that of the regular plan, priced at Rs. 500.”We are always looking for ways to make Netflix more enjoyable and accessible,” a company spokesperson told quartz. This trial plan turned out to be success as Peter says in their recent earnings call - “We’ve been very, very happy with the mobile plan. It’s performing better than we tested. We’ll look at testing that in other markets because we think other markets have similar conditions that make it likely that’s going to be successful for us there as well.”

## **Conclusion**

Netflix is a brand that has set an example for other online streaming services all over the world. Netflix faced a huge competition when it entered the Indian Entertainment market like Amazon Prime and Hotstar, but these competitors were the ones that propelled Netflix for its success. Netflix knew what the customers were lacking: original, entertaining and ad-free quality content, and that is exactly what Netflix delivered. With the help of various surveys, understanding the needs of future customers and also with building a consistent brand image in India, it was able to deliver smart content and successfully built a huge fan base for their shows. Another hurdle Netflix successfully dodged was the subscription plans. It introduced flexible payment plans that were cheaper and more affordable for the common households in India. Netflix is experimenting on providing a mobile subscription plan for Rs.250 /pm and the results so far have been positive, and if this continues Netflix will be the next big TV in India.

Netflix has come up with creative and successful strategies as I have mentioned in this article. But the key to their success was understanding customer needs, delivering customer satisfaction and continuously producing quality local content. And with this, I would like to conclude by saying that Netflix will be the next to be the top streaming services beating all its competitors and probably crushing the Indian Cable TV services.

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