Netflix India Case Analysis

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Netflix, Inc. is among the most significant subscription service firms which cater for millions of subscribers. The company offers DVD and Blu-ray rented by mail and a video streaming platform (McDonald & Smith-Rowsey, 2016). The company was established in 1997 by Reed Hastings and has its headquarters in Los Gatos, California (McDonald & Smith-Rowsey, 2016). In India, Netflix launched its operation in early January 2016. Entry into the Indian market was part of the firms’ vision to have its presence in approximately 200 countries. According to Sharma, Suraj, Srivastava, Chandoke, and Prakash (2017), India presented a customer base of over 1 billion subscribers, and by the end of 2016, Netflix hoped to have a customer base of nearly 500 million subscribers. However, due to the low broadband penetration in the country, the Indian youths prefer to watch their content via smartphones instead of computers or television, and Netflix has not been able to determine whether it was in a position to meet the needs of Indian consumers. In India, the company offers only video-streaming service on demand (Sharma et al., 2017). Despite being a market leader in the DVD rental and video streaming business, the company faces much pressure in the Indian market. Moreover, Netflix faces marketing expenses as well as issues in getting a strong position in a market that was still struggling with the development of necessary infrastructure and low internet penetration. The paper provides case study analysis of the Netflix Company in India.

**Netflix History and Growth**

As was mentioned above, Netflix entered the Indian market by early January 2016. The growth of this company has been impeded by several factors, including lack of necessary infrastructure and low penetration of the internet in the country (Gower, 2014). This means that Netflix has not been able to get the subscriber base that it had hoped to get before its entry into the Indian market (Gower, 2014). The company expected to use a subscription video on demand (SVoD) service, which was relatively new in the Indian market. The service had been introduced earlier by the launch of websites such as Hotstar and Eros. According to Sharma et al. (2017), by the end of 2016, these market players were offering the SVoD for free.

The Indian version of Netflix differed from the American one: the number of Bollywood offerings was limited to only 100 titles (Sharma et al., 2017). After operating in the country for approximately six months, the company partnered with Phantom, a popular Bollywood studio, and produced its first Indian original series based on the novel Sacred Games (Sharma et al., 2017). In addition, Netflix planned to expand its operation in India by creating content in languages like Gujarati, Tamil, Punjabi, Bengali, and Marathi.

**Strengths and Weaknesses**

**Strengths**

Netflix features the world’s leading video streaming platform, which has a presence in about 200 countries in the world. The name of the brand gives it a competitive advantage in the Indian market. Additionally, the company offers a paid membership subscription to its customers. This platform enables the company to generate more revenue in comparison with other video sharing platform in the country which provides free services (Sharma et al., 2017). The popularity of Netflix is based on the ability of the company to offer original content, which makes many people subscribe to their content. This has made the company start creating original series in the Indian market, which stands out against other video sharing companies that sell movies and series. Moreover, as was mentioned previously, Netflix strives to create content in different languages that are found in India such as Bengali, Tamil, Gujarati, and Marathi (Sharma et al., 2017). This means that the company is in the position to hire people who speak these languages and generate content that reflects their communities and lifestyle, which provides another reason to become a loyal customer to Netflix. Moreover, the company emphasizes the content it produces and the availability of the screen size. Netflix India offers two different pricing rates to its customers, which depends on the quality of the content (standard definition and premium service, which provides access to UHD content). Arguably, the company has been able to focus on innovation and technology in India so that it can deal with the low internet penetration problem in the country. Netflix India was able to introduce a data-saving mode in its mobile app. This feature allows customers to change the quality of the video they are streaming depending on the quality of the internet.

**Weaknesses**

The most serious weakness Netflix had when it entered the Indian market was the provision of a small percentage of Indian films. Moreover, an addition of Indian content to the library of Netflix has been a slow process, yet India had a thriving film and television industry that provided millions of viewers with shows that were created in their languages (Marple, 2017). Another challenge to Netflix was censorship. The company produced videos that had sexual content and rough language and resisted any intention to censor them (Sharma et al., 2017). However, Netflix offers subscribers with options to choose what to watch and what not to watch by rating their programmes and giving a synopsis of each episode.

The suppliers of Netflix content are becoming its competitors. This means that these individuals try to sell their content via other platforms so that they can generate more income for their films. Additionally, the investment in the original Netflix content can lead to the shrinking of the content library because the ideas developed in these films are already in the market (Marple, 2017). Netflix highly depends on users subscribing to their content instead of pursuing other platforms in the country, such as renting DVDs as they do in America. Additionally, the costs that the company pays for their licenses is higher in comparison with the prices that the company charges for streaming its content. This means that Netflix has to charge high subscription fees in order to be able to make profits in a new market that has a fewer number of people who stream their content. Netflix faces stiff competition from the local players who understand the Indian market as it did not have the first-mover advantage (Sharma et al., 2017). Therefore, the company needs to create high-quality content with various storytelling styles that differ from what the Indian people are used to.

**Threats and Opportunities**

**Threats**

Netflix faces many risks in the new market. The most notable threat is the issue of piracy. Apart from the competition that the company faces from other content suppliers in the Indian market, it deals with people who generate their videos illegally (Sharma et al., 2017). Despite the crackdown on piracy in the market, it is an accepted practice in India because many Indian viewers prefer not to pay for the content that they watch (Ani, Günther, Wang, & Bondarenko, 2016). The same principle has made many people share a single password in the country, enabling one account to have multiple users, which resulted in losses to Netflix.

Additionally, the prices that are charged by Netflix for its content could make the users switch to competitors. Many people in India, especially the youth, who are targeted by the company, cannot spend approximately seven dollars on television shows (Sharma et al., 2017). Moreover, there is an increase in the technological, development, and administrative expenses in India (Ani et al., 2016). As a result, Netflix had to conduct market research in the country to determine what the Indian people like and generate video content that meets their personal and societal requirements.

**Opportunities**

The world film generators are shifting their content to the internet, which provides companies like Netflix with a massive customer base. Online movie streaming platform enables people to access their accounts at any place and at any time, which makes it popular among the youth because they do not need television or a laptop to watch their favourite shows and can access their accounts via smartphones instead (Sharma et al., 2017). Additionally, Netflix has niche segments such as documentaries and cinematic movies, which enables it to cater to the needs of different customers in the country (Ani et al., 2016). This is because some people like watching documentaries, while others love television serials and cinematic movies (Sharma et al., 2017). Moreover, the number of broadband internet users is increasing in India, which means that Netflix is likely to get more subscribers with stable internet access in their homes and offices.

**Analysis of Findings**

From the analysis of strengths, weaknesses, opportunities, and threats, it can be noted that Netflix has a strong competitive advantage in the Indian market. According to Sharma et al. (2017), India is a country with many people and growing internet broadband infrastructure. Netflix currently creates original content which many viewers prefer over movies and TV series that are in supply. Additionally, it can be noted that the company produces content in different languages in India (Sharma et al., 2017). Moreover, the cost of subscribing to Netflix India is cheaper in comparison with the amount of money required to purchase movies and TV series, because a person subscribes once each month and does not need to purchase new content each time they log into their accounts. Lastly, the idea of saving data bundles enables many people with slow internet connection to stream videos affordably. This makes Netflix India have a competitive advantage over companies such as Eros and Hotstar.

**Netflix India Corporate Strategy**

The corporate strategy of Netflix helps to grow its streaming subscription business. The company aims at becoming the best global entertainment and distribution service. From the analysis of Netflix mission, goals, and corporate strategy, it can be noted that the firm has a long way to go considering the thriving film industry in India (Bhalgat & Lodha, 2017). Nonetheless, its plan will enable the company to have a competitive advantage over film production houses in India (Bushnell, Drucker, Abell, & Hammond, 2015). The company strategy to continuously improve the streaming to different devices makes it attractive to many people. However, this platform makes the company vulnerable to piracy. Lastly, Netflix aims at helping content creators to get the vast audience through its streaming platforms.

**Business Level Strategy**

Netflix India offers a video on demand streaming business to its clients and develops original content in different Indian languages. This business strategy has increased the number of unique television shows that are streamed on Netflix (Matrix, 2014). The general focus of the company enables their clients to get broad access to international content (Bereznoi, 2015). The creation of original content allows Netflix India to attract many people who like new television shows and series besides the usual TV shows produced by Bollywood.

**Individual Level Strategy**

Motivated individuals will help to grow Netflix. According to Stenovec (2015), employee engagement is one of the ways that can help the company to achieve its corporate strategy. Understanding of the business culture is one way that employees can use to add value to the business. They can do this by understanding the vision, mission, and value statements of Netflix (Stenovec, 2015). The employees need to know their strengths, which in turn would make them recognize their talents, weaknesses, and areas in which they perform well (Stenovec, 2015). The employees can take responsibility and solve some of the problems, such as competition and piracy. Additionally, individuals in Netflix can propose new ideas that can help in the growth of the business.

**Implementations Analysis**

Netflix has a functional organizational structure which enhances the company’s efficiency in the implementation of its business strategy. The structure is centralized since the CEO has direct control over other departments within the company. Depending on the type of management style that is used within the company, Netflix has controls regarding employee monitoring and appraisal. These controls are the anti-controls which are based on the motto “Context, not Control”. According to Krengel, Dudek, Momboisse, Paik, and Martin (2010), the motto has an implication that employees are expected to meet the company’s expectations by working efficiently, independently, and responsibly. Therefore, little control is given to employees. Providing context in Netflix means that there is no sort of bureaucracy or hierarchy that is used to govern the employees. This form of control used by Netflix is unique and has been proved to be successful when implementing business strategies. However, Netflix has tests and policies that governs employees to ensure that they remain productive and that they do not abuse their freedom. Consequently, employees enjoy unlimited vacation, no traditional yearly performance reviews and they are also paid really well. The firm also has basic values that each employee is expected to uphold. These values include workplace efficiency, retention practices, and management best practices among others. Freedom and responsibility that is upheld in the company is aimed at encouraging employees to innovate and take risks as long as they do so in Netflix’s best interest (Krengel et al., 2010). Therefore, the company embraces organizational change. Lastly, the firm has adopted a code of ethical conduct, which is used as a base to deter wrong doing and handling of conflicts of interest between personal and professional relationships.

**Recommendations**

1. The company should help in the provision of the internet to access more customers.
2. Netflix India should provide cheaper packages to capture many youths in India who cannot raise the current subscription fees that Netflix charges.
3. Netflix should speed the production of its content so that it can be able to reach a broad customer base.
4. To cut the piracy threats, Netflix should work with the local authorities to illegalize possession of pirated content.
5. The company should advertise itself in India because many people do not know whether the company exists in the country.
6. There is a problem with people sharing multiple accounts. The closing of an account that is reported to be used by many people can make Indian consumers stop sharing their login credentials with friends.
7. Netflix should adapt to the Indian laws about censorship of their content. Since many people are conservative, it is necessary for the company to produce content that is friendly to all individuals in a family.

**Conclusion**

Netflix is among the most significant online entertainment distributors in the world. The company provides video streaming platform that allows consumers to select the videos they want to watch depending on their subscription. Netflix brand gives it a competitive advantage in the market. Its idea of a monthly subscription enables the company to generate revenue. However, the poor broadband internet connection in India makes it difficult for the company to reach out to many of the targeted customers. Additionally, the company faces piracy problems and competition from Bollywood films and enterprises lie Eros and Hostar. Netflix is enabling Indians to have access to international content. Moreover, valuing employees allows the company to grow because the employees are more committed to their work and find ways to help the company to penetrate a new market and make profits. Netflix is the future of video streaming in India.

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