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MEJO 379

Netflix Research Findings

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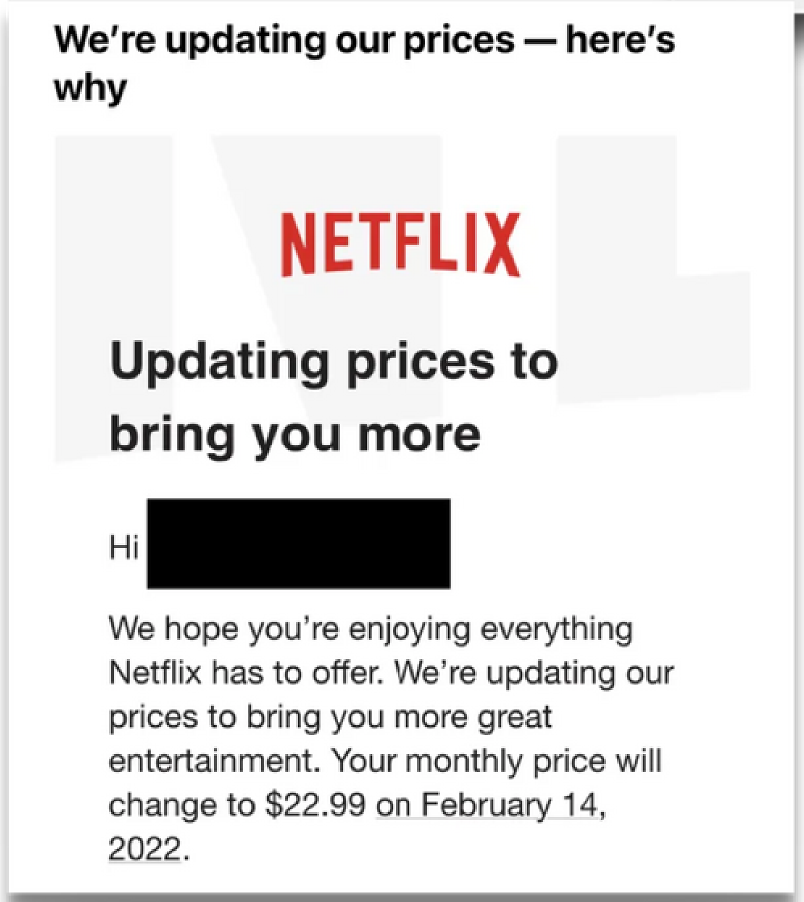
Remember when Netflix was your only option? When 'Netflix and Chill' was the big buzzword?

Now Netflix's relevancy is challenged by **increasing competition** ...

- Was one of the first streaming services back in 2007 but now faces a variety of competitors offering fresher content

...And **increasing costs** for subscribers


We're updating our prices — here's why

NETFLIX

Updating prices to bring you more

Hi [redacted]

We hope you're enjoying everything Netflix has to offer. We're updating our prices to bring you more great entertainment. Your monthly price will change to $22.99 on February 14, 2022.

Defining the Problem through Secondary Research

Price Increases Deterring Subscribers

$11.99 for Premium in 2014 in United States

$19.99 for Premium in 2022 in United States

Historically Adaptable Company

Founded in 1997 as video rental service and shifted to internet video streaming in 2007 and then eventually branched into original content

The Problem: Defined

How can Netflix stay relevant given the rising competition in the streaming industry?

Focus Group Research Questions

RQ1: Should Netflix adopt an ad-based revenue model?

RQ2: How important are loyalty and content for streaming services?

Focus Group Takeaways

Ads are bothersome, ad blocker and premium upgrades used as solutions.

Appreciation for lack of ads on Netflix.

Zero awareness for subscription price per month for Netflix.

Platform preferences varied ("Disney adult" seeks Disney Plus, "niche, weirder stuff" found on Hulu, HBO Max for movie lovers)

Interview Research Questions

RQ1: Should Netflix adopt an ad-based revenue model?

RQ2: How important are loyalty and content for streaming services?

Interview Takeaways

Most interviewees had access to several different services. Sharing streaming accounts is a common way to combat high costs and increase access to content.

General dislikes: ads, subscription price increases

General likes: Netflix originals, documentaries, Netflix nostalgia

Suggested improvements: more anime, bundled services, better movies

Ethnography Research Question

RQ1: How important are loyalty and content for streaming services?

RQ2: How do different streaming platforms represent themselves online/social media?

Different Ethnography Research Settings

Streaming platform Instagram accounts (Netflix, HBO Max, Hulu, Disney+, Peacock)

Streaming platform TikTok accounts

Streaming platform YouTube accounts

Observing users in person while they watch content on streaming platforms

Ethnography Takeaways

Netflix is in the public eye the most, but faces most public scrutiny, with people often saying it has "gone downhill".

HBO Max's original content thrives, with "Euphoria" dominating social media pages. Nostalgic content thrives for Netflix.

Disney+ and Hulu are well-liked on social media.

Platform originals fall on both sides of love/hate spectrum. Netflix watchers frustrated with cancellation of originals after 1 or 2 seasons

Survey Research Questions

RQ1: What factors influence streaming service subscription?

RQ2: How do advertisements impact streaming service perceptions?

Survey Takeaways

No preference between original and "classic" content.

Celebrities in original content, content popular amongst friends, and content in the media influence platform subscription.

Price not normally a factor in streaming subscription.

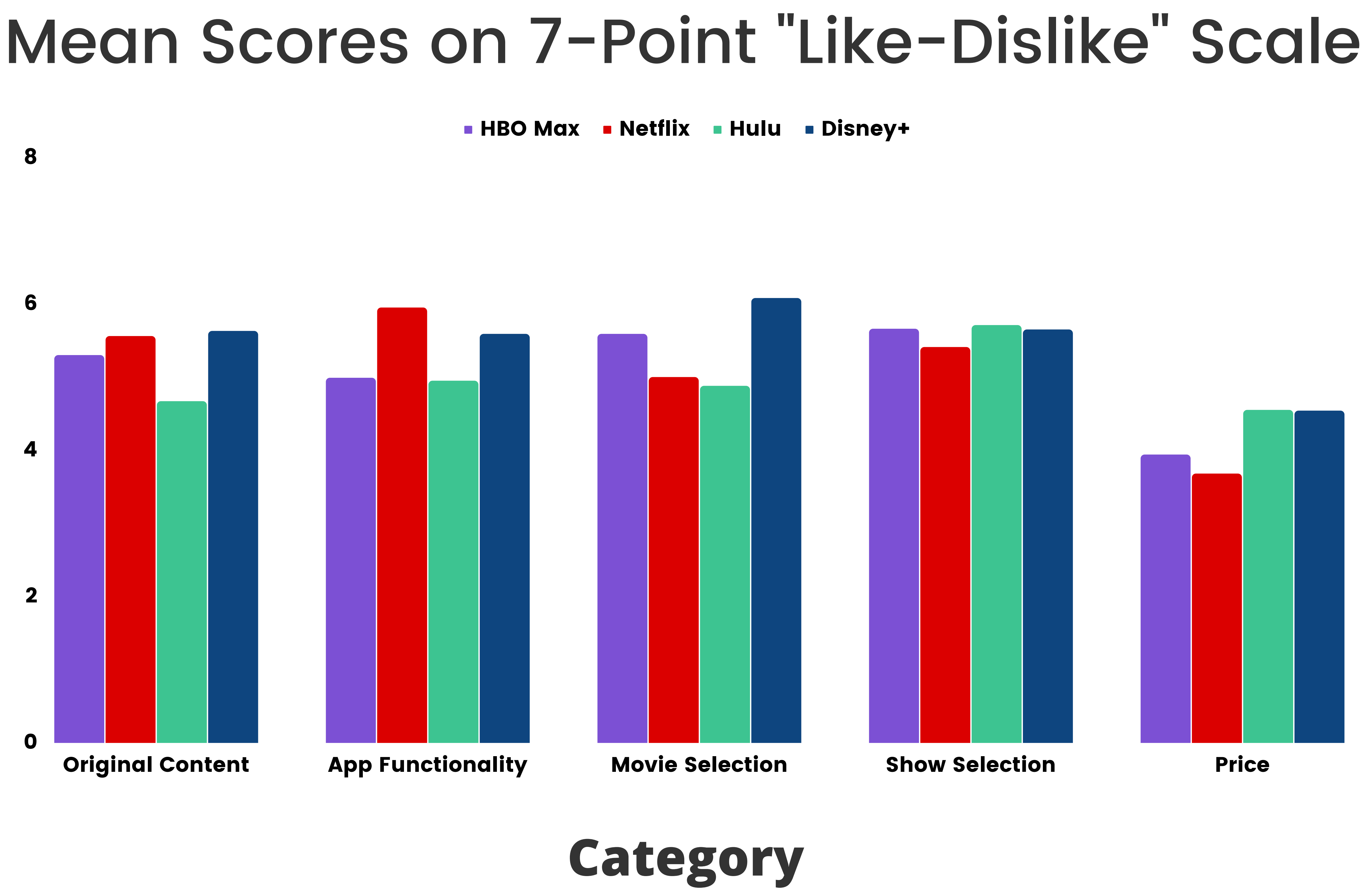
Survey Takeaways

General dislike of ads, and think they should not be on streaming platforms

1/3 of Hulu non-subscribers cited ads as a reason for not subscribing

Many would pay to avoid ads, BUT many also would watch ads to save money.

Survey Like-Dislike Results



Category	HBO Max	Netflix	Hulu	Disney+
Original Content	5.3	5.56	4.67	5.63
App functionality	4.99	5.95	4.95	5.59
Movie Selection	5.59	5	4.88	6.08
Show Selection	5.66	5.41	5.71	5.65
Price	3.94	3.68	4.55	4.54

Survey Takeaways

Netflix DID NOT receive the highest scores in "Like-Dislike" categories.

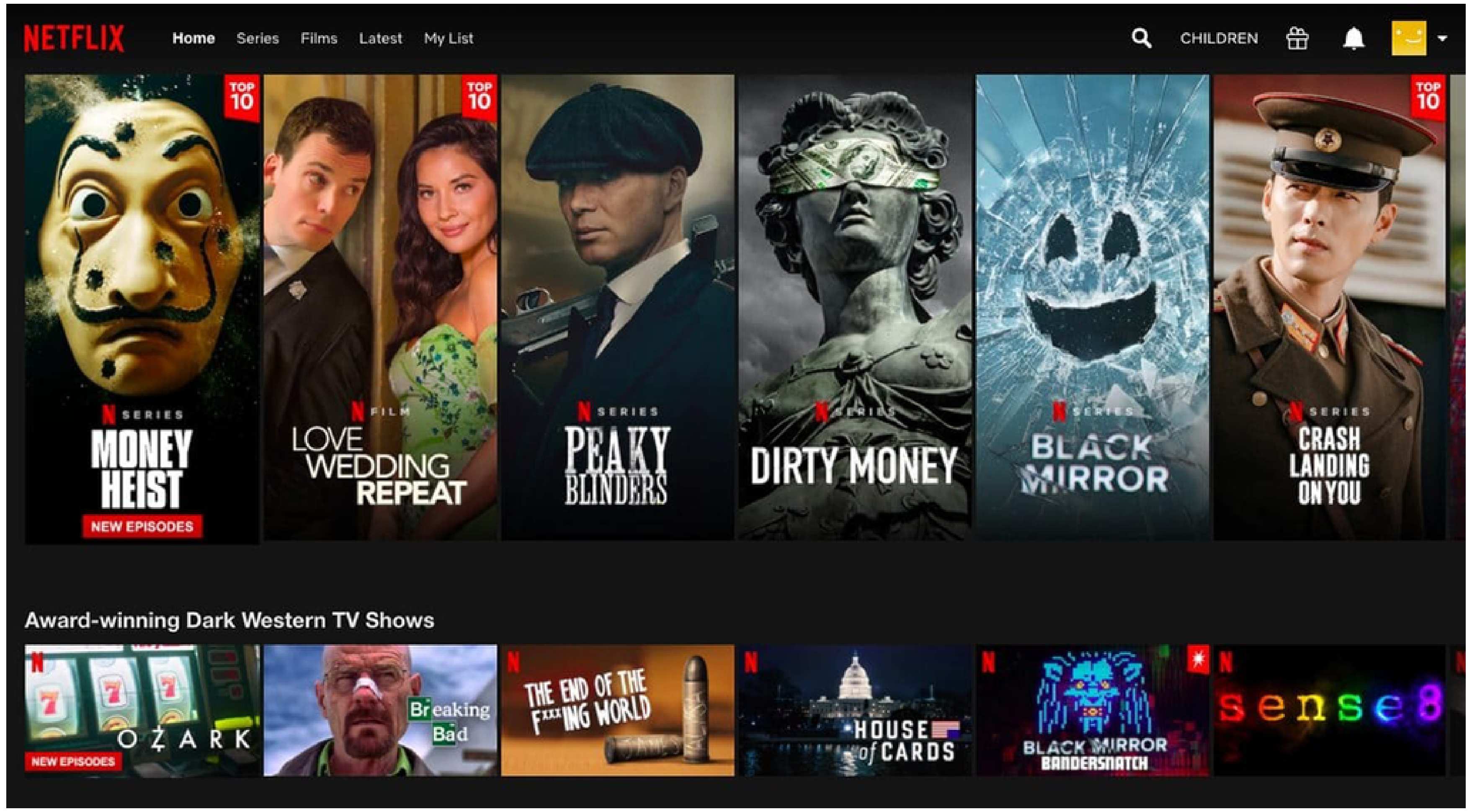
BUT...

Netflix had highest average rank when compared to HBO Max, Hulu, and Disney+ AND was most used with 112/114 participants using. Hulu second with 74/114.

Disney+ had highest "Like-Dislike" ratings from its users

Experiment Research Question

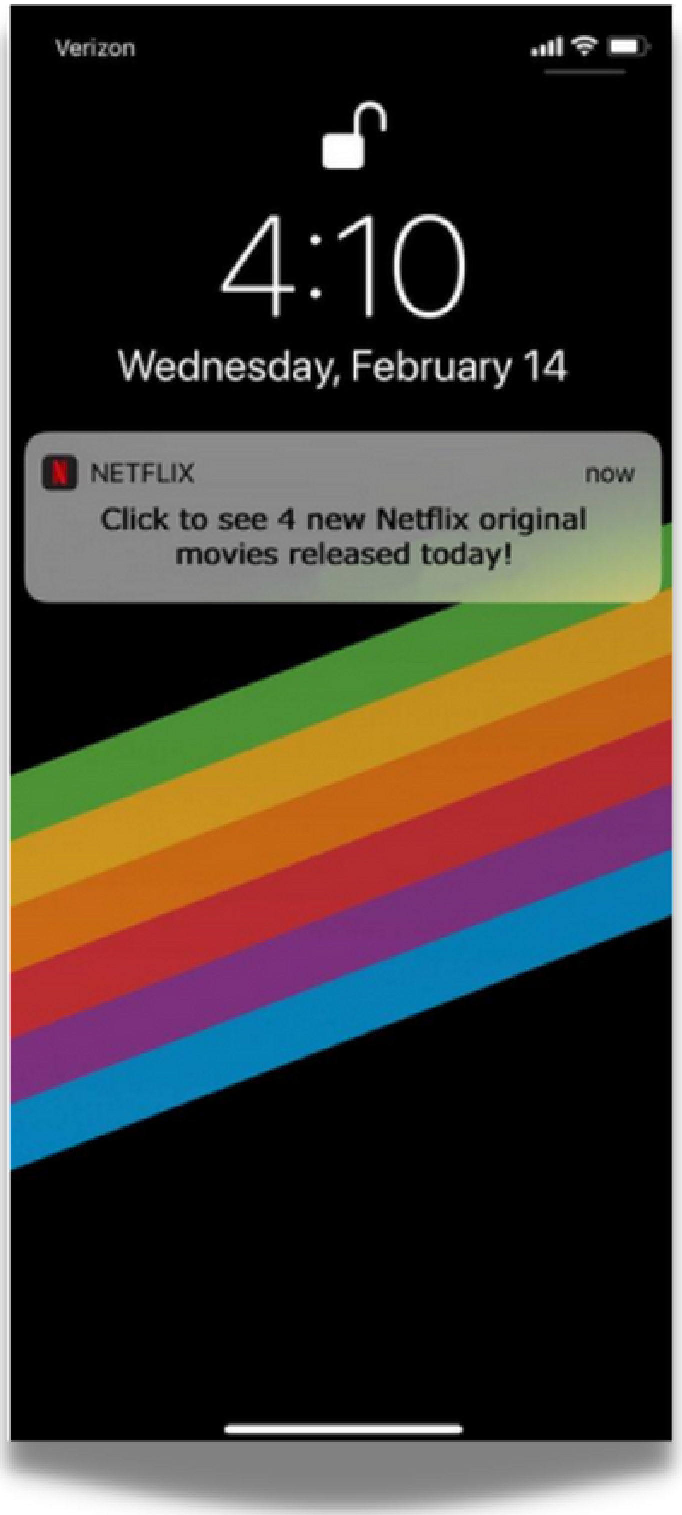
RQ1: Are Netflix original movies or Netflix original shows more important for Netflix original content?



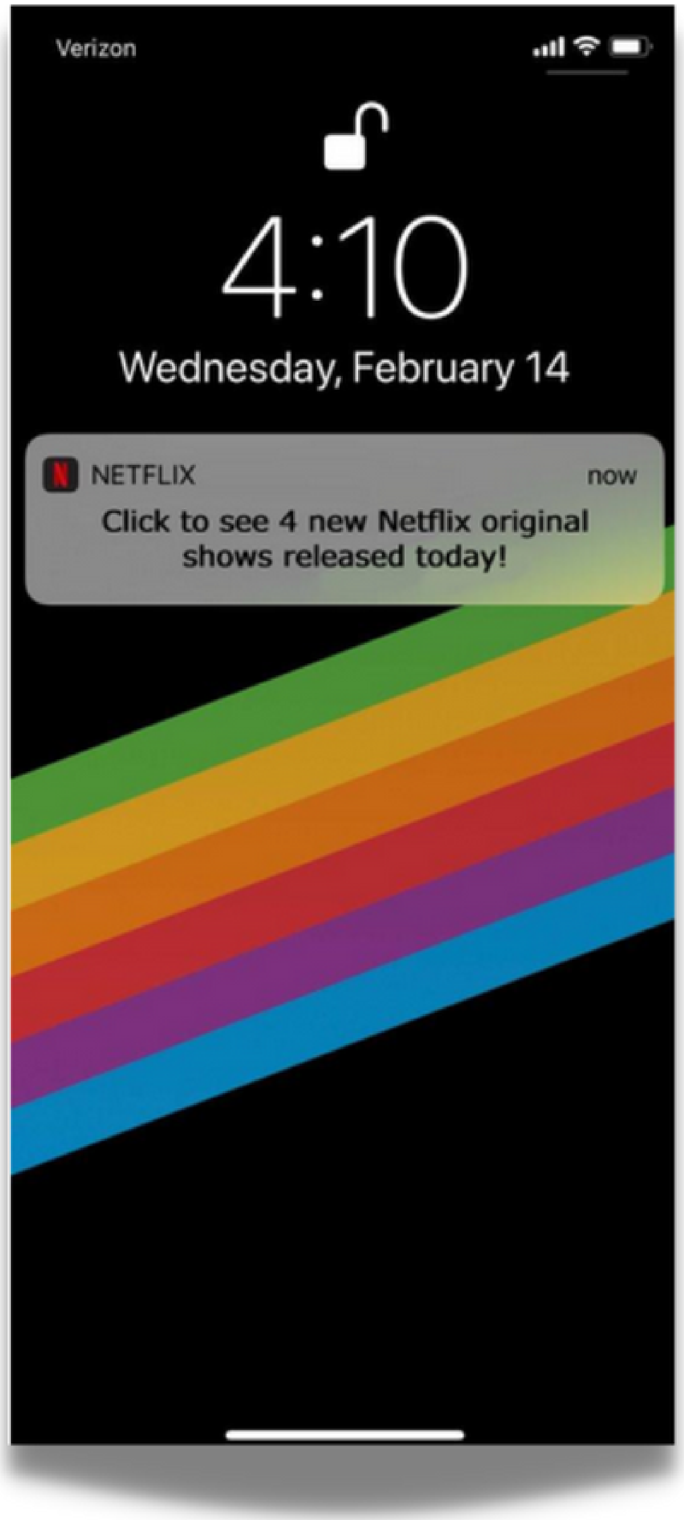
SHOWS

MOVIES

Experiment Stimuli



Treatment A



Treatment B

Experiment Takeaways

""Netflix original shows" notification drew greater interest towards App than "Netflix original movies"

94% CI for click likeliness, 95% CI for mention/share likeliness, 95% CI for future click likeliness, 84% CI for interest in watching content mentioned.

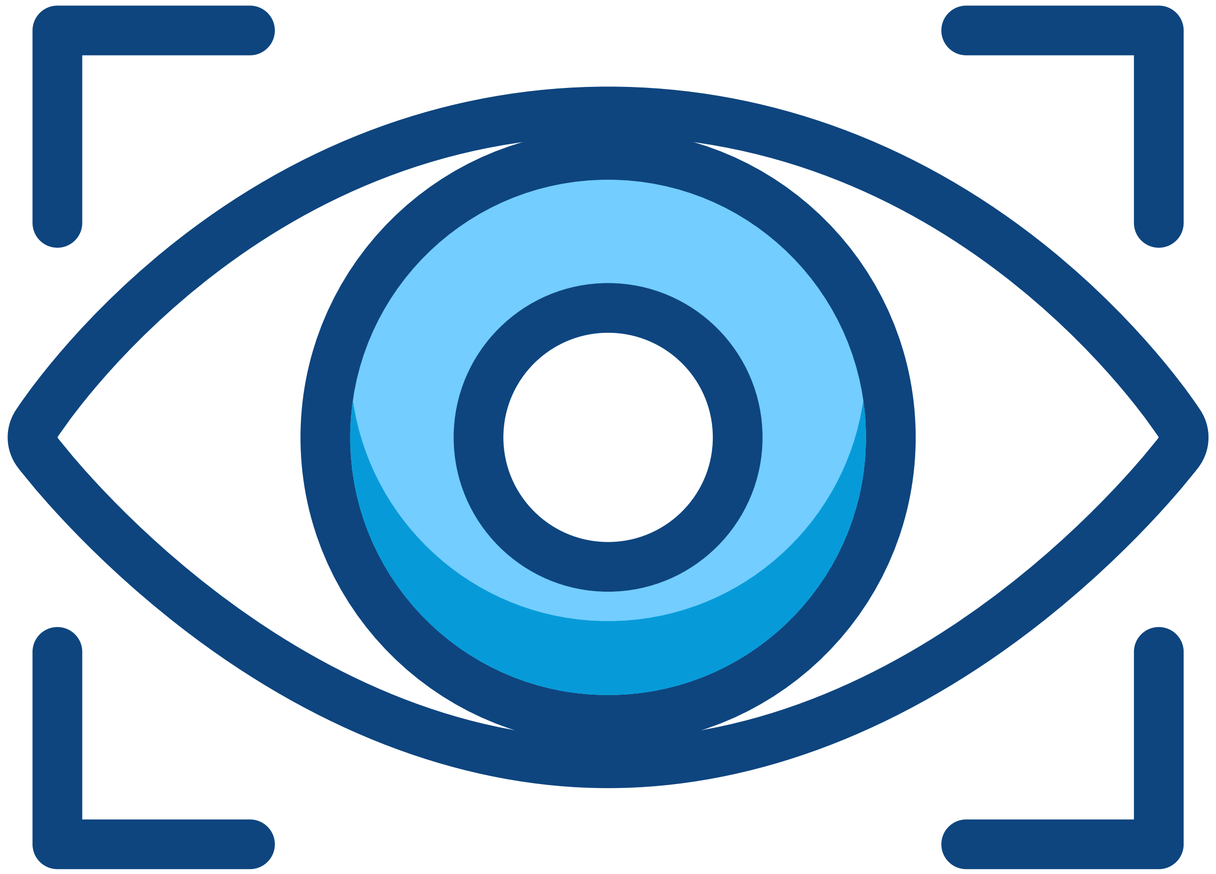
Netflix original shows are likely more well-liked than Netflix original movies.

Insight #1 - What's up with other platforms?

It seems that Netflix is the dominating platform in number of subscriptions.

However, other streaming platforms have found new ways to compete with the original streaming giant.

"Nicheization" of content and brand identity, use of celebrities in original content, and commitment to quality over quantity seem to be areas of success for other platforms.

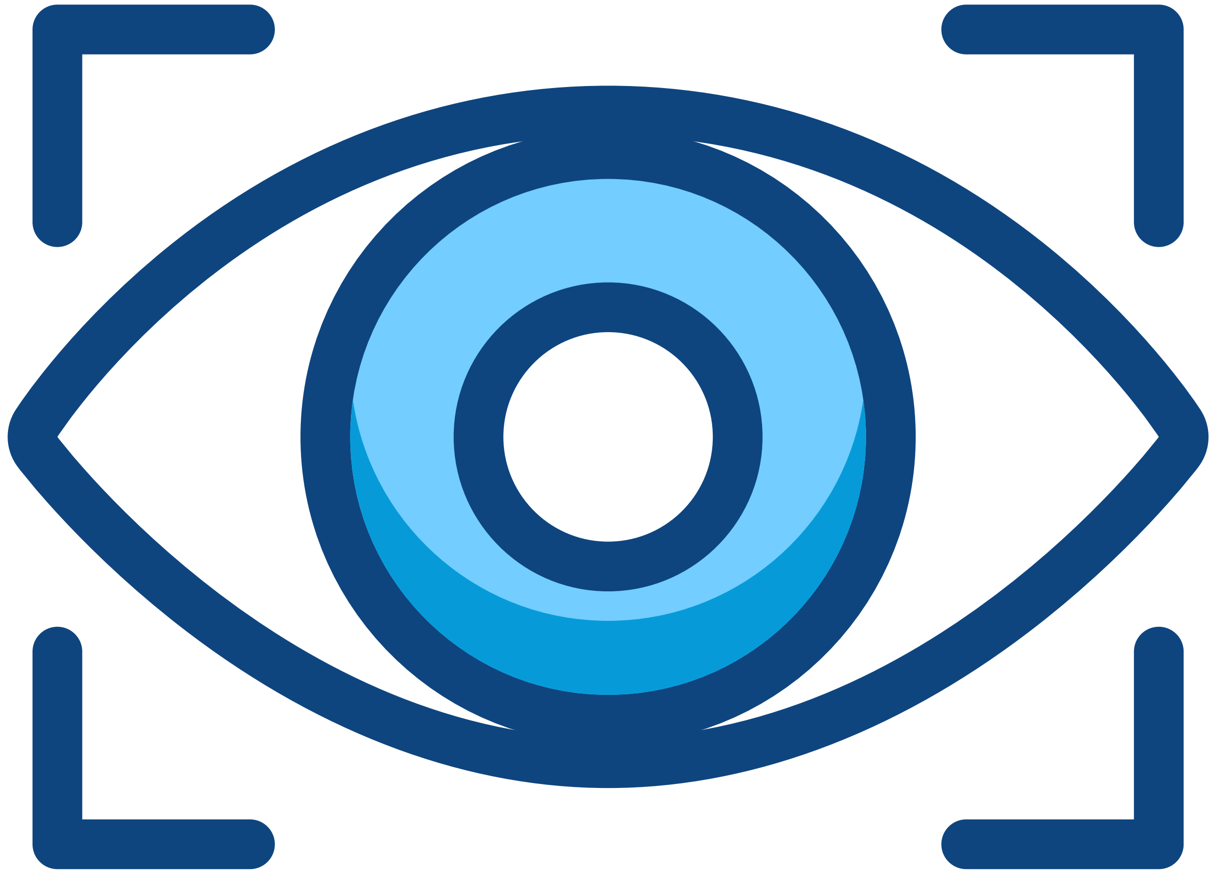


Insight #1 - What's up with other platforms?

Hulu seems to be succeeding in the quality of content it produces, but is the most notorious for ads.

HBO Max has had recent success with its original content, making probably the most talked about platform right now.

Though not having as many users as other platforms, Disney+ seems to have remarkably high customer satisfaction when compared to other platforms.



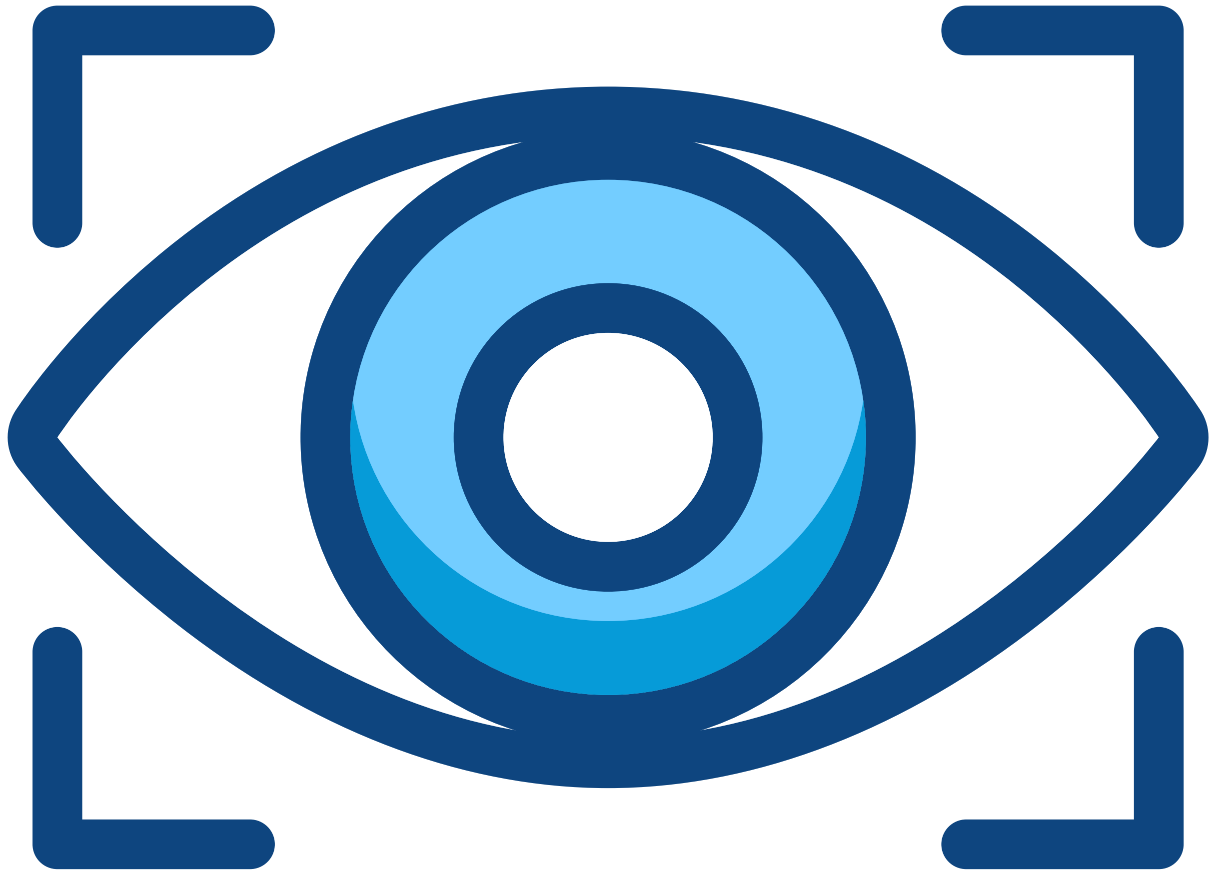
Insight #2 - Ads and subscription prices are controversial

The word "hate" was commonly used to describe ads on streaming platforms across various research methods.

However, ads may not be a deterrent from consuming streaming content.

People dealt with ads in different ways:

- using ad-blockers
- paying for premium subscriptions
- borrowing premium subscriptions
- watching ads to save money
- unsubscribing from services with ads

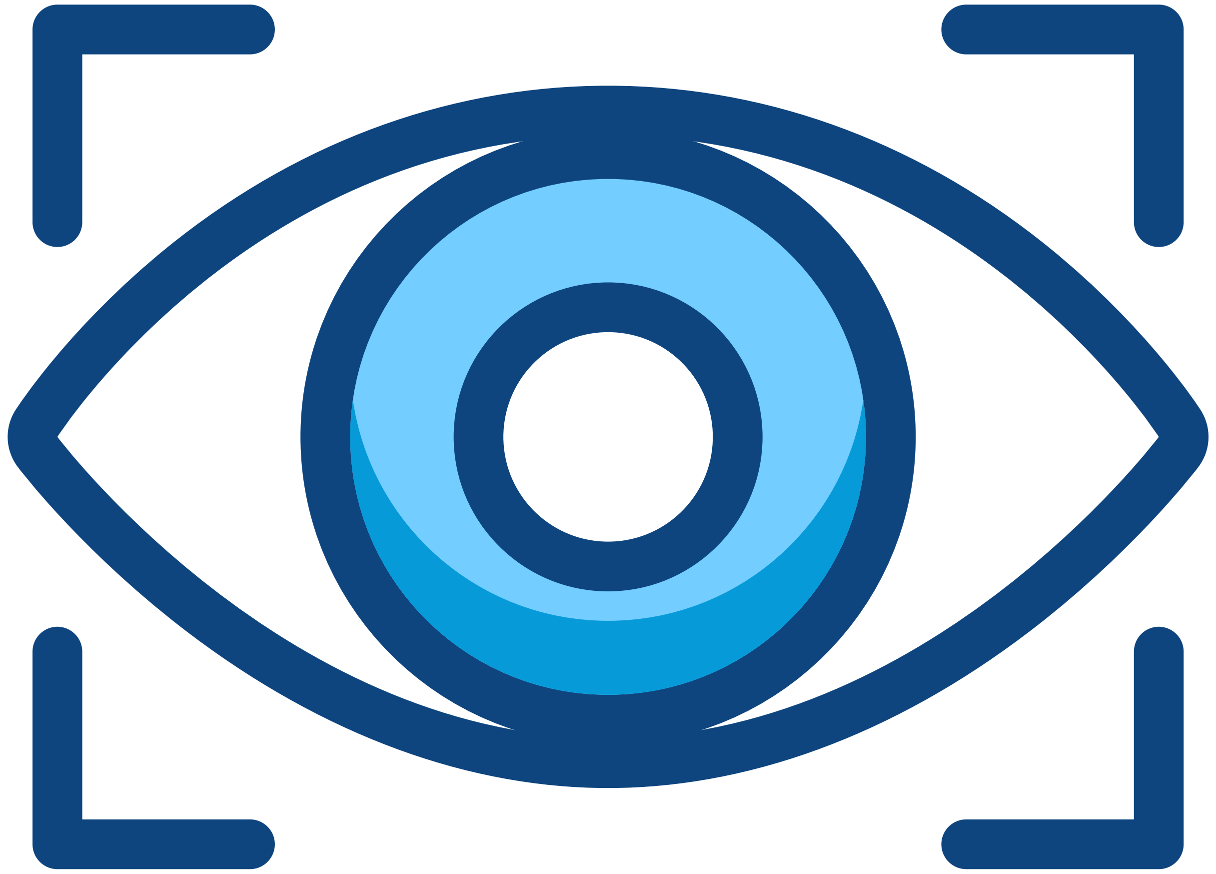


Insight #2 - Ads and subscription prices are controversial

When brought up, subscription prices were generally disliked across research methods.

However, most people seem to be unaware of the actual monthly prices themselves.

As of right now, it seems that streaming subscription prices, especially for Netflix, are often not a major detterent for purchasing subscriptions

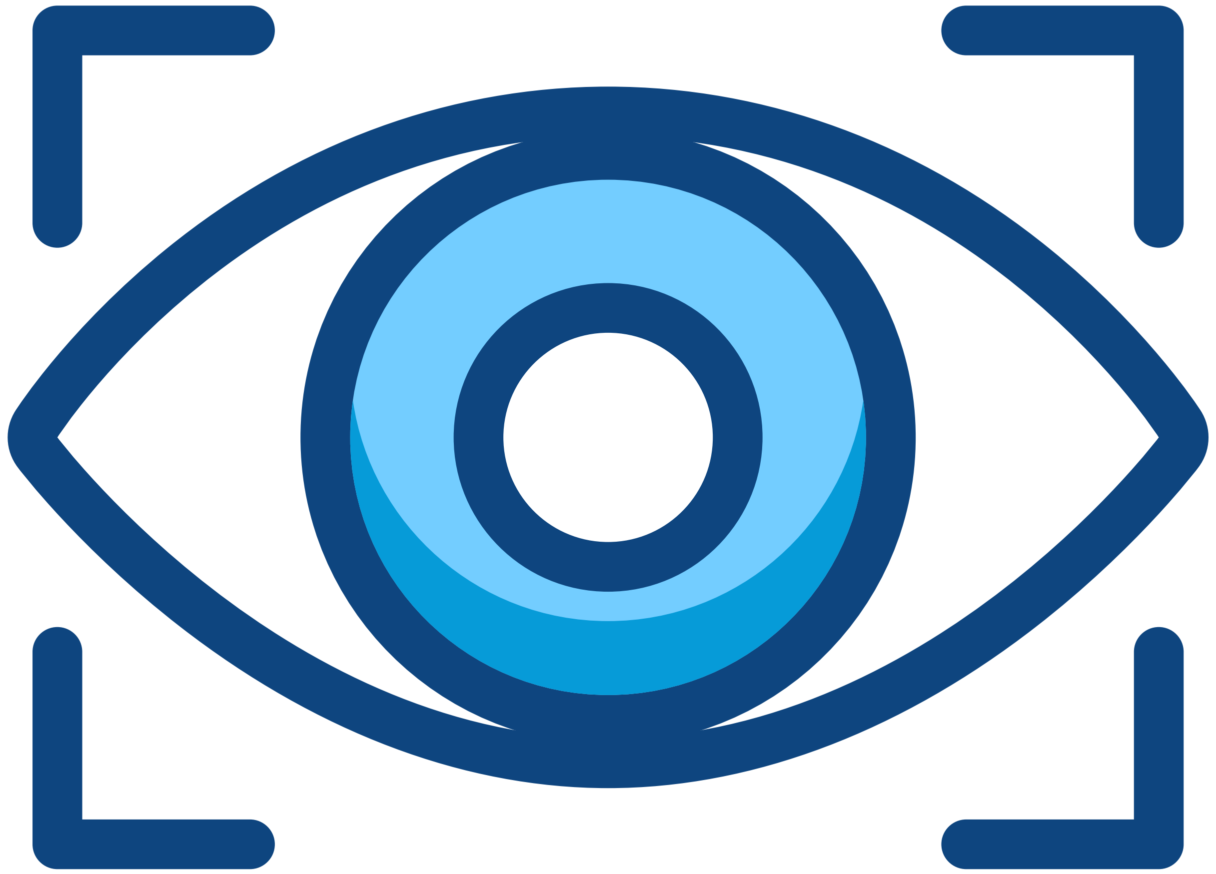


Insight #3 – Platform Draws

One of the biggest draws to platforms right now are original content.

Throughout each research method, original content was one of the hottest and most well-liked topics.

Time and time again, people cited content as their primary base of streaming loyalty.

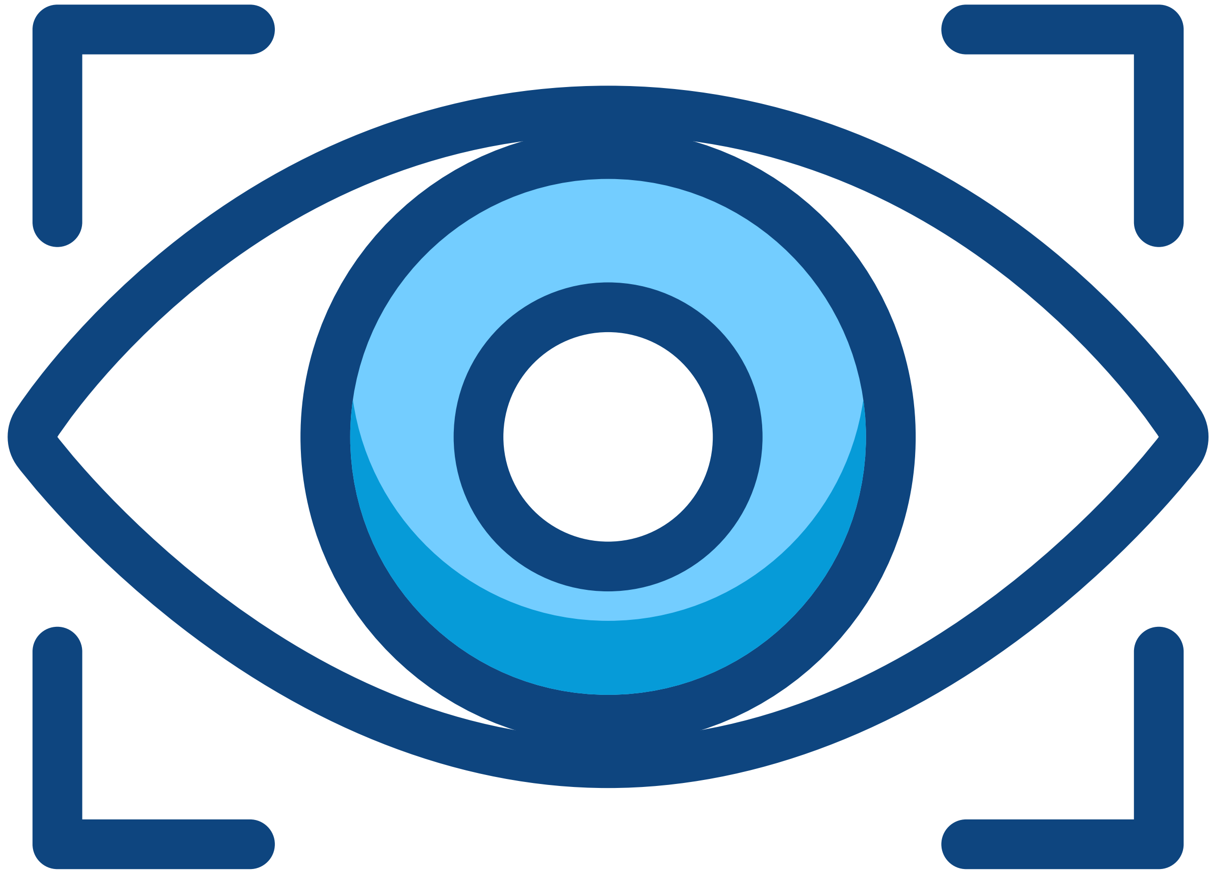


Insight #3 - Platform Draws

Another one of the biggest draws right now is friends/the media.

Our quantitative research showed that friends and the media influence content consumption heavily, while our qualitative research demonstrated how much people like to discuss streaming content in conversation.

Based on our research, a significant draw to platforms is an individuals community and media environment.



Conclusions

The industry and the consumer has changed. The latest trends in streaming are (based on all research methods) :

- Quality original content
- Owning multiple platforms
- Ads and ad-free premium versions of services
- Niches (e.g., anime, crime TV, period pieces, science fiction)

Despite consistent scrutiny, Netflix is currently competing well against its competition(based on survey):

- Most used platform
- Highest ranked platform

BUT, it needs to adapt if it wants to remain the dominant streaming platform.

- Modernize revenue model and implement fresh Ad/PR campaigns

Implications - Suggestions for Strategic Communication

1. Advertise original shows more than original movies.

2. PR/AD campaign for Netflix original content. This type of content seems to be both the most loved and hated.

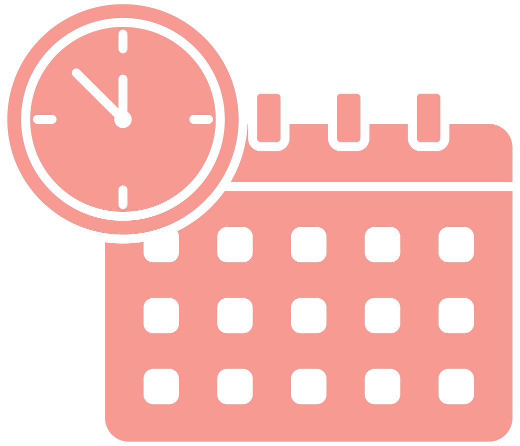
3. "Nicheization" of Netflix. Build a stronger community by developing an identity through a PR/AD campaign.

4. Since subscription prices are rarely discussed drop prices and make PR/AD campaign about it.

Implications – General Suggestions and Further Research

1. Improve quality of Netflix original content, specifically movies.
2. Do not transition to ad-based service. Consumers do not praise Netflix as much as they do other platforms, and this may push them over the edge.
3. Research the deterrents to platform use as opposed to platform draws.
4. Research price awareness of consumers in the streaming industry.

Reflections



- Invaluable learning experience
- Well-rounded exploration
- 3 key variables of possible research: Time, Money, Ambiguity

Challenges: Willingness of participants, different schedules among team, short turn around for each method, separate ethnographies and interviews

High Points - Semester-long, focus group, working as a research team, real world experience

Thank you for listening!

Questions?