

Name:
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UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

Online End Semester Examination, May/June 2021

Course: Marketing of Services
Program: BBA (AM)
Course Code: MKTG2004

Semester: IV
Time 03 hrs.
Marks: 100

SECTION A
(30 marks)

- 1. There are SIX MCQs in this section. All are compulsory.**
2. Instruction: Choose the correct answer.

Q.No	Question	Marks	CO
1	_____ is a tool for simultaneously depicting the service process, the points of customer contact, and the evidence of service from the customers' point of view. a. Front of Planning b. Service standardization c. Service Blueprinting d. None of these	5	1
2	Compared with low-contact services, customers of high-contact services are more likely to judge service quality based on: a. Price of the service b. Intangible outcomes eg. The performance of an investment portfolio c. Tangible outcomes d. Processes used in carrying out the service	5	2
3	_____ is the culture where an appreciation for good service exists and where giving good service to internal as well as ultimate, external customers, is considered a natural way of life and one of the most important norms by everyone. a. Corporate culture b. Service Triangle c. Service culture d. Service Quality Dimensions	5	3

4	<p>If an advertisement shows the interior of a train with comfortable seats and plenty of space, yet a customer boards a train only to find a lack of space and hard seating. This is an example of:</p> <ul style="list-style-type: none"> a. GAP 2-the gap between management perception and service-quality specification b. GAP 4-the gap between service delivery and external communications. c. GAP 1-the gap between the customer's expectations and management perception d. GAP 3-the gap between service-quality specifications and service delivery 	5	1
5	<p>The fact that a business traveler may have one very positive check-in experience at a hotel and then a very negative check-in experience with a different employee on a subsequent visit is evidence of service:</p> <ul style="list-style-type: none"> a. Intangibility b. Inseparability c. perishability d. Variability 	5	2
6	<p>If a firm is practicing _____, the firm is training and effectively motivating its customer-contact employees and all of the supporting service people to work as a team to provide customer satisfaction.</p> <ul style="list-style-type: none"> a. Internal marketing b. Double-up marketing c. Interactive marketing d. Service marketing 	5	3

SECTION B
(70 Marks)

1. There is **ONE** Case Study in this section.
2. It is compulsory.

Q.No	Discuss the given Case Study as per following steps	CO
7.	a. Introduction: give a brief introduction of the case.	10 marks
	b. Statement of the problem: State the business problems being faced by the key officials in the case. Also, differentiate the short-term and long-term problems.	15 marks
	c. Causes of the problem: provide a detailed analysis of the problems identified in the statement of the problem. Also apply relevant theories and models, if applicable, from the text and/or readings.	15 marks
	d. Decision criteria and alternative solutions: Identify criteria against which you evaluate alternative solutions. Include two or more possible alternative solutions along with the appropriate pros and cons of each alternative.	15 marks
	e. Recommended solution, implementation, and justification: Identify who, what, when, and how in your recommended plan of action. Provide the solution and implementation of the problems and causes identified in the previous section. Also, explain why your recommended plan of action is the best and why it would work.	15 marks
		4

CASE STUDY

NETFLIX IN INDIA: THE WAY AHEAD¹

Tripti Ghosh Sharma, Suraj S., Mitali Srivastava, Tarun Chandoke, and Prachi Prakash wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Today, you are witnessing the birth of a new global Internet [television] network. With this launch, consumers around the world—from Singapore to St. Petersburg, from San Francisco to Sao Paolo—will be able to enjoy . . . shows and movies simultaneously: no more waiting. With the help of the Internet, we are putting power in consumers' hands to watch whenever, wherever, and on whatever device.

Reed Hastings, chief executive officer (CEO) and co-founder, Netflix, Inc.²

On January 6, 2016, Netflix, Inc. (Netflix) announced the addition of 130 countries to its list of countries—a list that already comprised 60 countries—and entered India. In April 2016, India represented a mobile subscriber base of over 1 billion.³ By the end of 2016, India was expected to contain an Internet subscriber base of 500 million, with 60 per cent of these users accessing online content through smartphones. Due to low broadband penetration and a lack of robust Internet infrastructure, the younger generation in India was more comfortable watching video content on smartphones than on computers or televisions (TVs) (as was more common among Western consumers).⁴

However, six months after Netflix's launch in India, as the initial buzz surrounding the entry subsided, important questions loomed: Would the company be able to rise up to the challenge and meet the needs of Indian consumers? Was the Indian market or consumer seasoned enough to adopt a more sophisticated model of subscription video on demand (SVoD)? How could Netflix get a stronghold in a market that was still grappling with basic infrastructure problems and low Internet penetration?

Netflix faced numerous problems in India, but the opportunities that this lucrative market presented were undeniable. The company's management would have to think carefully about the way forward.

SVoD MARKET IN INDIA

SVoD was a relatively new concept in India. SVoD services had gained popularity in India with the launch of websites like Hotstar and Eros Now. By December 2016, these players were offering their services for free

because the industry was in the nascent stage. Another popular SVoD provider in India was HOOQ, a Singapore-based start-up that provided access to over 15,000 movies and TV shows across genres and languages.

By fiscal year 2016, the revenue generated from the SVoD segment in India amounted to US\$86 million,⁵ expecting to show a compound annual growth rate (CAGR) of 10.8 per cent between 2016 and 2020.⁶ Although high-speed connectivity was expected to reach 622 million mobile broadband subscriptions by 2021, SVoD revenues in India were expected to amount to only \$125 million in 2021—less than 2 per cent of the country's projected subscription revenue for pay TV.⁷ User penetration was expected to grow from 0.57 per cent in 2016 to 0.86 per cent in 2020, and the number of users was expected to grow to 8.5 million by 2020.

MARKET TRENDS AND CONSUMER PREFERENCES IN INDIA

By 2015, close to half of total mobile data traffic was expected to be consumed via video content. Experts estimated a CAGR of 83 per cent for over-the-top (OTT) video content demand in the country in the following five years.⁸ This estimation was propelled by the changing pattern of media consumption in India.

As in the rest of the world, the increase in digital video consumption had no immediate effect on TV viewership in India. However, there was a shift in trends regarding the different formats of media consumed online, like episodes, films, short-form content, news, social interaction, and education.⁹ In March 2011, there were 31.9 million unique online video viewers in India, who watched 1.86 billion videos in total. By March 2013, the number of online video viewers increased by 69 per cent to 54 million, and the number of videos viewed amounted to 3.7 billion. Analysts estimated that the number of online video viewers in India exceeded 200 million by the end of 2014.¹⁰ By 2020, the digital video subscription market was expected to comprise 35–40 billion users, with a monthly average revenue per user of 60 per cent and approximately 10 per cent paid penetration among online video users (see Exhibit 1).¹¹

Studies had found that, globally, there was a linear relationship between Internet speed and video consumption.¹² The absence of a robust broadband system in India left much to be desired. Most video content was accessed through smartphones (see Exhibit 2), and Indian smartphone users spent comparatively more time on their smartphones than watching TV.¹³ The addition of larger phone screens for viewing had increased users' viewing time and had also driven companies in the entertainment industry to develop content that worked across platforms and channels. The consumption of high-definition (HD) and ultra-high-definition (UHD) video content was expected to increase with a combined share of 21 per cent of online videos in 2018—up from 4.5 per cent in 2013.¹⁴

With a population of 1.2 billion people, in terms of both demographics and languages, India could be defined as a cluster of markets—each market having its own unique demand and behaviour trends. Indian consumers were unique in their consumption of online video content, preferring both long- and short-form video. Across age groups, genders, and regions, there was a high inclination towards movies. Customers preferred to watch recent movies over other available content. YouTube was the most popular on-demand video content provider and received around 60 million unique visitors from India per month.¹⁵

NETFLIX

Netflix was the world's leading provider of on-demand video, streaming movies and TV series to over 83 million subscribers in more than 190 countries.¹⁶ The company was founded by Reed Hastings and Marc Randolph on August 29, 1997, in Scotts Valley, California.

The idea behind establishing a subscription-based, video-on-demand service was conceived by Hastings when he had to pay a fine of \$40 for returning a rented movie six weeks past the return date. The incident gave Hastings an idea to devise a business plan that capitalized on Americans' love of entertainment and their growing demand for convenience. Initially, the model of Netflix was an online version of the typical pay-per-rent model that was used across the United States by video rental outlets. Netflix started by charging \$4 per rental; postage and delay fees (if incurred) were additional. The company soon evolved into a monthly subscription model, which negated the need for due dates and delay fees.

Business Model

By 2016, Netflix's offerings could be divided into two parts: its original DVD rental business and its video-on-demand streaming business. According to company records, Netflix viewers around the world enjoyed close to 125 million hours of video content per day in 2016, including original series, documentaries, and feature films.¹⁷

In 2013, Netflix began developing original content with series like *House of Cards*, *Orange Is the New Black*, *Daredevil*, and *Hemlock Grove*. By summer 2016, each of these series was still running and Netflix boasted 14 original TV shows.¹⁸

NETFLIX: ARRIVAL IN INDIA

After months of speculation, Netflix launched its platform in India in early January 2016. It was part of the company's vision to be present in approximately 200 countries by the end of 2016. At the launch event, Hastings stated, "Netflix was the first to allow 'binge watching' and give consumers control over entertainment. We have helped consumers discover [the] value of entertainment on demand."¹⁹ In India, Netflix offered only video-streaming services on demand.

Video-Streaming Services

In response to the consumer migration towards file-sharing services like The Pirate Bay and Megaupload Ltd., Netflix launched its video-streaming service in 2007. Under the service, members received unlimited movie rentals for a nominal monthly fee. The underlying motive behind launching this service (in addition to the DVD rental service) was to make the members switch to the streaming service in the hope of reducing the cost of shipping DVDs. Furthermore, Netflix understood the changing trends of the entertainment industry and how the consumers increasingly wanted to access and consume videos online. The streaming service enabled Netflix customers to access video content from any place, at any time. The introduction of this service also coincided with the period of rapid Internet expansion in the Western world, with broadband speeds evolving to third- and fourth-generation and Long-Term Evolution wireless networks. In 2007, Netflix began with an offering of 2,000 titles for instant streaming. By 2010, that offering had multiplied 10 times, to over 20,000 titles, and the streaming service was available in the United States, Canada, and 43 other countries.

In 2011, Netflix realized that it was paying huge sums in content licensing costs for TV shows, documentaries, and movies. Therefore, the company started investing in creating original content for its subscribers. Series like *House of Cards* and *Orange Is the New Black* were massive hits among viewers that paved the way for similar future production. In February 2014, Netflix took a loan of \$400 million in new debt to begin expanding in Europe and investing more in original series. Both of these factors were crucial for the firm's continued evolution.²⁰

Content

The Indian version of Netflix was different from the one offered in the United States. Much of the company's original content was available to Netflix's Indian users, but the number of Bollywood offerings was limited to only 100 titles. According to a survey conducted by Cowen Group Inc., around 57 per cent of U.S. subscribers cited Netflix's original content as their reason for signing up.²¹ It remained to be seen whether the company would be able to cultivate such a following for its original content among Indian consumers.

After operating in the country for six months, Netflix announced the production of its first original series in India, based on the famous novel *Sacred Games* by Vikram Chandra. The firm partnered with Phantom Films, a reputed Bollywood film studio, for the production of the series.²² Netflix also planned to expand its portfolio by including content in regional languages like Bengali, Gujarati, Tamil, Punjabi, and Marathi. Unlike traditional media channels in India, Netflix did not censor its content; however, all content that it exhibited had an associated rating, which was displayed to viewers. Standard statutory disclaimers against violent scenes, strong language, and sexual content were displayed before the content began. The rating system was in-house and had been developed as a global standard by Netflix.

Subscription Plans

Netflix offered a free trial period of one month for first-time users in India, which started when a user registered on the Netflix India website. After the expiry of the trial period, consumers were required to purchase a subscription package. Subscription prices ranged from \$7.50 (standard definition content for a single screen) to \$12 per month (premium service, with access to UHD content) (see Exhibit 3). Initially, payment for the subscriptions was possible only through credit cards and PayPal, but due to the penetration of debit cards in the Indian market, certain debit cards (Visa, MasterCard, and Maestro) were also eventually accepted.

Initial Response

Although Netflix had not divulged the number of subscribers it had after six months in India, OTT experts agreed that the company had failed to create a tremendous impact on Indian consumers. Yet, Netflix remained positive about its future in India. From its experience in its early markets (e.g., the United States, the United Kingdom, and Latin America), the company knew that the trend of SVoD was a relatively new concept in India, and it would take a while for Indian consumers to get accustomed to it. Moreover, the technology was there to stay. In the Indian context, there was a great deal for Netflix to learn in terms of consumer preferences, consumer habits, infrastructural issues, and payment systems. Jessica Lee, head of communications for Netflix Asia, commented:

It's early days in India and there's still much to learn and discover so that we can keep making the Netflix experience better. We are pleased with how consumers in India are discovering Netflix.

They like the fact that we are a flat-fee, unlimited viewing, commercial-free experience, [and that they] can cancel any time without commitments.²³

FINANCIAL COST

The financial cost of Netflix's international expansion to nearly 190 countries was significant, and this new focus on rapid expansion threatened its existing strategy. However, this confined the impact on profit margins to a comparatively shorter duration and created foundations for bigger opportunities in the long run.

Netflix's operations in international markets continued to be much less profitable and offered much lower margins than its increasingly profitable U.S. streaming business (see Exhibit 4). Netflix offered a one-month free trial to acquire new customers in the new markets. The impact of these free trials was evident by the huge difference between its overall membership count and paid members count (see Exhibit 5).²⁴ With 25 million members in the existing markets before expansion, there was a good chance that Netflix would initially garner comparable numbers of free trials in India, adding to the cost but not to the revenue.

Netflix also incurred substantial costs in promoting itself in India to increase brand visibility. Such huge spending on promotions had a strong effect on the bottom line of the company. Further, the cost of doing business in a new country like India included that of creating content that would cater to the needs of the local audience, keeping in mind the varied tastes among different age groups and populations. The investment also involved the direct cost of partnerships with domestic content providers (e.g., Sony, Star Plus, and Channel V (for youth-oriented shows)), paying for exclusive access to original programming, distribution, hosting the content locally, and various other technology costs associated with rolling out the services.

COMPETITORS

By 2016, TV and movie fans in India were watching Hotstar, Eros Now, HOOQ, Spuul, Google Movies, TV Everywhere apps, and others. Netflix would have to make a solid dent in this network in order to penetrate the Indian market (see Exhibit 6).

Hotstar was an online video-streaming platform owned by Novi Digital Entertainment Private Limited, a wholly-owned subsidiary of Star India Private Limited (Star India). It included all of Star India's TV and sports offerings, along with Bollywood and regional movies from other studios. Hotstar offered over 50,000 hours of TV content and movies across eight languages and live coverage of every major sporting event. Highly evolved video-streaming technology and attention to quality of experience across devices and platforms made Hotstar one of the most complete video destinations for OTT video consumers.²⁵

Eros Now, a division of Eros International Media Ltd., offered customers the world's largest collection of premium Indian entertainment, with hundreds of titles in several languages. Launched in 2012, the platform had rights to over 5,000 movies and over 250,000 audio tracks from 13 Indian music labels, providing music content as well as video content. Customers could watch Bollywood and regional Indian movies, TV shows, Eros Now video shorts, and music videos anytime, anywhere, on nearly any Internet-connected computer or mobile device.²⁶ The company also had a collection of original productions, "ErosNow originals." By 2016, Eros Now expected to monetize users through transactional one-off sales, with films costing from \$0.078 to \$0.31, and supplement this service with ad revenues. However, the firm's eventual goal was to convert these transactional users and free viewers into monthly subscribers.²⁷

HOOQ was a joint venture between SingTel, Warner Bros. Entertainment, and Sony Pictures Television. HOOQ had joined with Indian players—such as Yash Raj Films, Disney UTV, Shemaroo Entertainment, and others—to provide India-specific content for streaming. Because of those partnerships, HOOQ had access to over 15,000 movies and TV shows across various genres and languages. Owing to numerous infrastructural issues and constraints that existed in India and in other developing countries, HOOQ offered custom settings for quality preference, a bandwidth indicator to assess Internet connectivity, and adaptive streaming to maximize available bandwidth.²⁸

Spuul, founded in 2012, offered an OTT service across technologies (e.g., mobile or tablet (iOS, Android), smart TV, and Chromecast) to stream and download feature-length movies, short films, and TV shows in different regional languages. The company's original aim was to provide Bollywood content to non-resident Indians in overseas markets. Similar to Netflix and Hulu Television Network, Spuul's content was available across three pricing tiers: (1) free or ad-supported, (2) unlimited monthly subscription, and (3) pay-per-view. Spuul had joined with the online payment firm Paytm to enable its users to make micro-payments in a bid to boost subscription revenue. The company was not looking at increasing TV content acquired from broadcasters; consequently, in 2016, TV content comprised only 10–15 per cent of its offerings.²⁹

NETFLIX INDIA: THE CHALLENGES AHEAD

After Netflix announced its entry into the Indian market, the CEO of Spuul stated, “We don't think Netflix will disrupt the space; it is still a U.S. product, which doesn't take into account the complexities of India.”³⁰ For all the opportunities that India provided to Netflix, it also presented a multitude of challenges.

Internet Penetration and Speed

Internet penetration had been consistently increasing in India but speed remained an issue for users. According to the latest State of the Internet Report,³¹ India had the slowest broadband connection in Asia-Pacific and was far behind the infrastructure that Netflix was able to use in the United States and other Western markets. Netflix's popularity in the United States was mainly built on viewers' ability to view the content available to them, using both wired connections at home and wireless Internet via their mobile connections.³² U.S. data providers offered unlimited data plans that allowed their users to have a smooth viewing experience. Contrastingly, there were no viable unlimited Internet offers from any of the data providers in India. These unlimited data plans suffered from fair-usage policy speeds of less than 100 kilobits, which was meagre when compared to the data speeds provided in the United States (between 50 and 500 megabits per second).³³

However, Netflix had always been an innovator in video streaming. In order to adapt to India's lack of Internet infrastructure, the company introduced a data-saving mode in its mobile app (available for both Android and iOS phones). This new feature enabled users to alter the quality of the video streaming depending on the strength and quality of the Internet connection; with cellular connections, it also saved data. For example, it allowed users to watch three hours of video—which originally used about three gigabytes of data—using just one gigabyte of data.³⁴

Content

Content was one of the biggest hurdles Netflix had to overcome. Just after the company's Indian launch, it disappointed many subscribers when it offered only 7 per cent of its overall library in India.³⁵ Adding new content to Netflix's Indian library was a slow, gradual process. After six months, Netflix offered 916 movies and 368 TV shows from across the world on its Indian platform, while in the United States, it offered 4,042 movies and 1,138 TV shows.³⁶

Furthermore, the amount of Indian content was still low. India had a thriving film and TV industry that enjoyed an overwhelming patronage from its viewers. If Netflix wanted to occupy a bigger share of the market and maintain its initially acquired subscribers, it had to be swift in embracing the varied local content in India—both by producing original content and by acquiring the rights for existing content. In this respect, Netflix was lagging behind its major competitors, many of which had rich and diverse libraries of Indian content. To begin with, in its bid to provide local content to the Indian subscribers and in collaboration with the Indian production house Phantom Films, Netflix had announced the production of a bilingual series based on *Sacred Games*.

Censorship

Censorship was a sensitive issue in India and one that presented a significant challenge for Netflix. The company resisted any temptation to censor the content that it deemed sensitive and instead gave the users the independence to view the content they saw fit. As Netflix's vice president of User Interface Innovation explained, "Our belief is that Internet TV is here to stay. Consumer control, informing the consumer, and giving the consumer tools to manage what's right for them and their families is the most important thing. We want to abide by any local regulations, and we want to respond and see what happens on a case-by-case basis."³⁷

Netflix provided viewers with all relevant information regarding content, including title, rating by age, and a description of the show. Each show was accompanied by a rating guide and an episode synopsis, which helped subscribers make viewing decisions. Netflix also offered an optional code system that allowed parents to block certain content from being viewed through their accounts.

Piracy Issues

Apart from competing with fellow SVOD companies, Netflix also had to deal with the threat of illegally obtained (i.e., pirated) video. Despite the international crackdown on piracy,³⁸ there was still a general acceptance of this activity among Indian viewers, many of whom did not wish to pay for something they could get for free. This same philosophy also drove the problem of password sharing, which involved numerous viewers sharing a single Netflix account in order to bring down the individual cost of subscription. When confronted with this problem in the United States, Netflix had reacted by getting a court ruling (made in July 2016) that made sharing passwords for money illegal. However, even if such a law were passed in India, the company would face difficulties regarding its implementation.³⁹

Local Players

Netflix did not have the first-mover advantage in the Indian market and faced stiff competition from local competitors that had a deeper understanding of Indian culture, as well as access to a massive catalogue of Bollywood movies, Indian soap operas, and live sports (especially cricket, which had a huge following in

India).⁴⁰ There was an enormous amount of popularized content being consistently churned out by Bollywood and Indian TV; against this, Netflix found it hard to maintain its value for its subscribers.

THE WAY FORWARD

Netflix had made its presence felt across the world by adopting strategies that matched its consumers' preferences and tapping into various opportunities that kept it a step ahead of its competitors. In terms of Indian content, Netflix had less to offer than its competitors with extensive Indian movie catalogues, including Bollywood and regional films and series in various vernacular languages. Yet in comparison to SVoD service players in India, Netflix offered greater quality and a larger catalogue of international or Western content. Therefore, the gradual shift in Indian viewers' preferences towards international content and Western culture could work in Netflix's favour.

In order to capture further market share in India, Netflix planned to localize itself and produce more original movies and TV series. Netflix knew this localization process was not going to be an easy task in a country where there were more than 15 major languages spoken. In such a situation, creating content took on a whole new dimension, and licensing content from TV networks would cease to be profitable in the long run. Thus, the kind of catalogue Netflix hoped to offer in the future would be a parameter, vital to its success in this market. By 2016, the firm was catering to a niche segment of premium users, but to gain more market share, it would have to accommodate the price sensitivity of most Indian consumers.

Going forward, Netflix looked at India as a place where it needed huge investments and consistent growth in its market size to ensure long-term profits. Since premium cable subscription channels were available for between \$7 and \$8 a month, and Netflix's paid offerings were priced between \$7 and \$12, Netflix knew it would be hard to convince a large number of users to subscribe.

Hotstar, one of Netflix's major competitors, employed a freemium model, wherein customers could access part of the catalogue for free, but the latest and most sought-after (premium) content could only be accessed for a cost. Could this model also work for Netflix? Alternatively, could the company use advertisements to attract more revenue? The company now had a decision to make about the way forward in India.

EXHIBIT 1: AVERAGE NUMBER OF ONLINE VIDEOS VIEWED PER VIEWER IN INDIA, BY AGE GROUP (JULY 2014)

Age group (years)	Average monthly viewership per viewer
15–24	66.8
25–34	62.8
35–44	57.3
45+	53.2

Source: Kedar Gavane, "Television and Online Video—The India Picture," comScore, October 13, 2014, accessed September 19, 2016, www.comscore.com/Insights/Presentations-and-Whitepapers/2014/Television-and-Online-Video-The-India-Picture.

EXHIBIT 2: RELATIONSHIP BETWEEN INTERNET SPEED AND VIDEO CONSUMPTION

Fixed broadband speed (kilobits)	Average video minutes per view	Countries following the pattern
0–5,000	3,000	Indonesia, India
5,000–10,000	4,000	Italy, Mexico, Brazil
10,000–15,000	5,000	Chile, China, Australia
15,000–20,000	7,000	New Zealand, France Spain, United States, Canada, Russia
20,000–25,000	9,000	Germany
25,000–30,000	11,000	Japan, Sweden

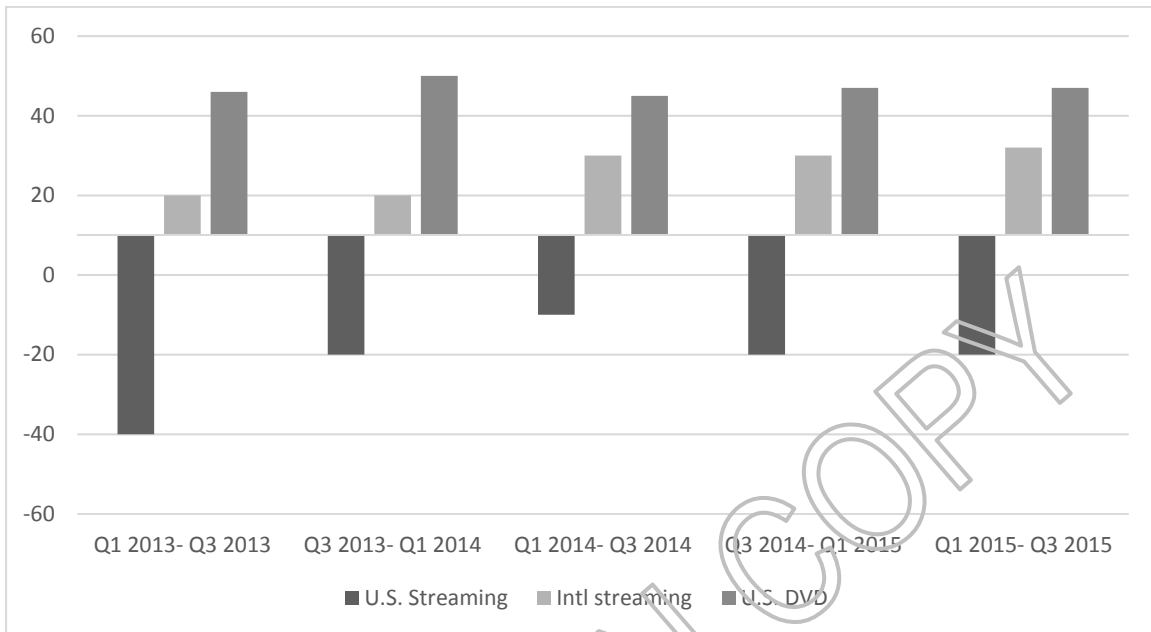
Source: Cisco, "The Zettabyte Era—Trends and Analysis," CISCO VNI, June 2, 2016, accessed November 26, 2016, www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/vni-hyperconnectivity-wp.html.

EXHIBIT 3: NETFLIX SUBSCRIPTION PLANS AND FEATURES IN INDIA

Features	Basic	Standard	Premium
Monthly price after free one-month trial ends	US\$7.35	US\$9.55	US\$11.76
HD available	x	✓	✓
UHD available	x	x	✓
No. of screens that can be signed on at the same time	1	2	4
Watch on your laptop, TV, phone, and tablet	✓	✓	✓
Unlimited movies and TV shows	✓	✓	✓
Cancel anytime	✓	✓	✓
First month free	✓	✓	✓

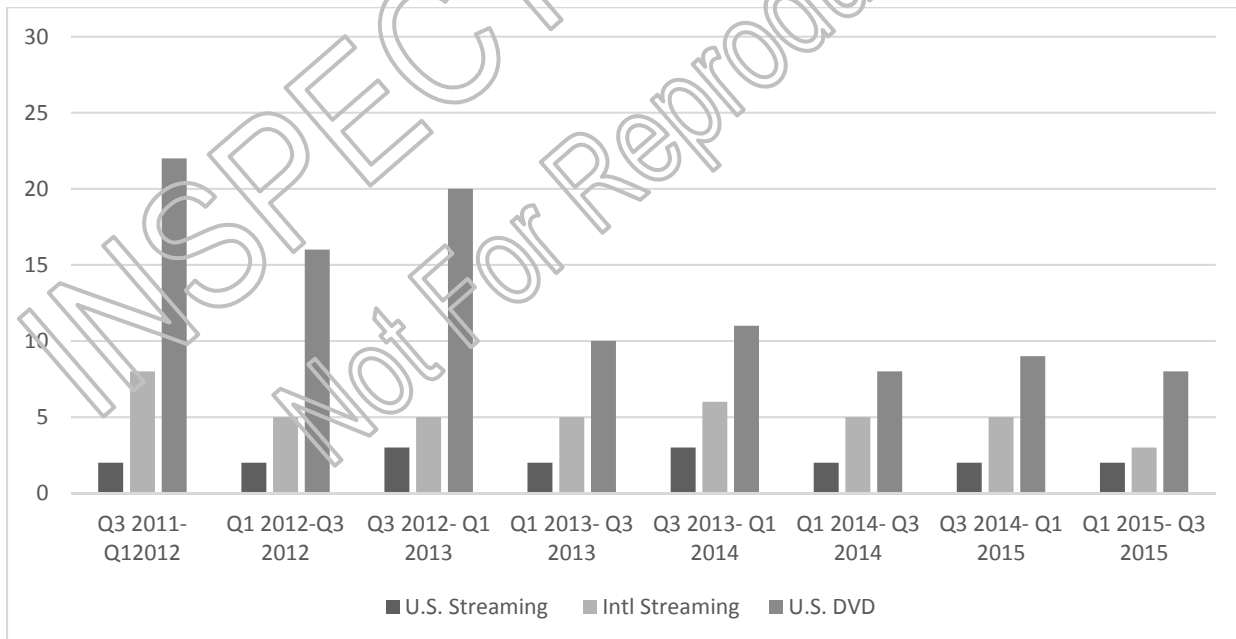
Source: "Choose a Plan That's Right for You," Netflix, December 2016, accessed December 7, 2016, <https://www.netflix.com/simple/planform?locale=en-IN&action=startAction>.

EXHIBIT 4: NETFLIX PERCENTAGE CONTRIBUTION MARGIN BY SEGMENT



Source: Jan Dawson and Jackdaw Research, "The Financial Impact of Netflix Everywhere," Beyond Devices: Finance Contributor, Blog, January 6, 2016, accessed November 15, 2016, <http://tumblr.jackdawresearch.com/post/136766868173/the-financial-impact-of-netflix-everywhere>.

EXHIBIT 5: PERCENTAGE OF NETFLIX MEMBERS ON FREE TRIALS



Source: Jan Dawson and Jackdaw Research, "The Financial Impact of Netflix Everywhere," Beyond Devices: Finance Contributor, Blog, January 6, 2016, accessed on September 15, 2016, <http://tumblr.jackdawresearch.com/post/136766868173/the-financial-impact-of-netflix-everywhere>.

EXHIBIT 6: SERVICE: ONLINE VIDEO PLATFORMS

Online Video Platform	Group/Company	Content Library	Pricing Models
Hotstar	Star India	<ul style="list-style-type: none"> TV shows from Star India Television Over 300 movies Sports, including live content 	<p>Non-Sports: Free unlimited streaming, supported by advertising</p> <p>Sports: Live content is priced over tournament; content delayed by few minutes is free</p>
Eros Now	Eros International	<ul style="list-style-type: none"> Over 3,500 movies, including all of Eros International's movies and from most major studios across Hindi and regional languages Music from Eros' internal library and other major music labels 	<ul style="list-style-type: none"> Free ad-supported content Subscription pack at US\$1.47 per month
HOOQ	Singtel, Sony Pictures, and Warner Bros. Entertainment	<ul style="list-style-type: none"> Over 15,000 movies and TV shows across various genres and languages 	<ul style="list-style-type: none"> Ad-free video-on-demand service Subscription packs start at US\$2.92 per month
Spuul	Spuul, Singapore	<ul style="list-style-type: none"> Over 1,000 movies from most major production houses in Hindi and regional languages Hindi and regional TV content, primarily from Viacom18 	<ul style="list-style-type: none"> Free ad-supported content US\$4.99 per month for premium content

Service: TV Everywhere Apps

TV Everywhere Apps	Group/Company	Content Library	Pricing Models
Dish Online	Dish TV	<ul style="list-style-type: none"> 50+live TV channels Catch up TV content Movies 	US\$1.04 per month
Everywhere TV	Tata Sky	<ul style="list-style-type: none"> 75 live TV channels Catch up TV content from 24 channels 	US\$0.88 per month
Pocket TV	Airtel Digital TV	<ul style="list-style-type: none"> 150 live TV channels Catch up TV content from 13 channels Movies 	US\$0.88 per month
Direct2Mobile	Videocon D2H	<ul style="list-style-type: none"> 78 live TV channels Catch up TV content Movies 	US\$0.88 per month

Service: Electronic Sell-Through (i.e., Download to Own)

Electronic Sell-Through	Group/Company	Content library	Pricing Models
iTunes Store	Apple	<ul style="list-style-type: none"> Movies, TV shows, music, games, books, podcasts 40,000+ movie titles and 190,000+ TV shows 	<ul style="list-style-type: none"> Standalone prices for each download
Google Play	Google	<ul style="list-style-type: none"> Movies, TV shows, games, books in English, French, Spanish, and Hindi 	<ul style="list-style-type: none"> Standalone prices for each download Indian movies for US\$ 0.36 to 1.47 Hollywood movies for US\$ 0.36 to 8.67

Source: Created by the case authors based on FICCI-KPMG Indian Media and Entertainment—Industry Report 2015

ENDNOTES

- ¹ This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Netflix, Inc., or any of its employees.
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