Individual part

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

NETFLIX: THE DISRUPTOR FACES HEADWINDS

The challenges of penetrating the Indian market

PHILIPP STOCKREISSER

Work project carried out under the supervision of:

Afonso Almeida Costa

14/05/2022

Abstract Case Study (Group part) | *Netflix: The disruptor faces headwinds*

This paper covers the history of Netflix written as a case study: first, it tackles its transition from in-mail DVDs to turning into a streaming giant; second, it covers international endeavours and market pre-emption; third, acknowledging the increased competition in the SVoD (subscription video-on-demand) industry, multiple possibilities are suggested as a way of Netflix to rethink its strategy and business model. Hence, three different options arise – *Peer-to-peer multisided platform*, *Content Expansion & Vertical integration*, and *Focusing on core strengths*. All are presented with its advantages and shortfalls, promoting an in-class discussion on which could sustain competitive advantage for Netflix.

Keywords

Value Creation, Corporate Advantage, Sustainability of Competitive Advantage, Disruption, Business Model Innovation.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Abstract (Philipp Stockreisser) | *The challenges of penetrating the Indian market*

The following individual part addresses the difficulties faced by Netflix in India. Firstly, Netflix's internationalization strategy around the world will be tracked and described. Secondly, the Indian market and the company's issues therein are analysed more deeply, all with the help of relevant frameworks, CAGE and AAA. Results indicate that the main struggles were on the Economic and Adaptation side of the frameworks. Netflix miscalculated the fact that India needed a specific pricing strategy. The consumers also have other preferences than countries the company expanded to, until now.

Keywords: Internationalization, Adaptability, Go-to market strategy.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

Introduction

Netflix, Inc. is an American subscription streaming service and production company, founded in 1997 by Reed Hastings and Marc Randolph. Initially selling and renting DVDs by mail, the business model rapidly evolved and, in 2007, video streaming on-demand was introduced. Back in 2010, Randolph claimed to already know what the future would hold for Netflix: *"We knew from before day one that, eventually, this was going to be either a streaming service or a download service. The interesting thing is we didn't know which of the two it would be (...) or that it would happen as soon as it happened".*

After licensing content for years, in 2013, Netflix vertically integrated and entered the content production industry – Netflix Originals – debuting its first series *House of Cards* (Kelly and Swann 2020).

According to 2021 data, Netflix Inc. is the most in-demand streaming service for original content, with a market share of 53.4% [Figure 1], having an increasing number of subscribers worldwide [Figure 2] and it is listed as one of the largest internet companies, with USD 239 billion market capitalization [Figure 3].

Nevertheless, the disruptor is facing competition from other video streaming companies, with them fighting over a larger piece of the pie. As the co-CEO Reed Hastings likes to remind, his company is competing "*with these amazing companies – Amazon and Apple, Disney and HBO, so it's a big battle (...)*" (Business Today 2021). Although currently the industry leader, forecasts point towards market share changes by 2026, which could jeopardize Netflix's future [Figure 4]. Indeed, the first quarterly results of 2022 revealed a loss of 200.000 subscribers for the first time in over a decade (Sperling 2022) – should Reed Hastings consider an updated business model for his company? It may be needed to keep up with its peers (Kemerer and Dunn 2017).

History and context

When Netflix was launched in 1997, the industry of DVD rentals – at the time, a new revolutionary video playback technology – was mainly controlled by one big player: Blockbuster.

Blockbuster was founded in 1985, when most of the businesses involved in video rental were small, independent companies spread across America. Blockbuster quickly expanded throughout the whole country by offering video rental services in brick-and-mortar shops. By 1999, Blockbuster was the largest video rental company, having revenues of approximately USD 4 billion (Olito 2020) [Figure 5]. It owned more than 6.000 stores, each of them having approximately 4.000 to 5.000 movies – in other words, Blockbuster was the *non-plus-ultra* in this industry and made it difficult for other players to gain substantial market share, creating high entry barriers with its membership-based model in the video rental, this being something new compared to classic shops that were competing with Blockbuster. Indeed, the membership cards could be used all over the country without opening another account or signing up because the person is renting in a different store than usual. A crucial part of Blockbuster's business model was the introduction of "late fees". This consisted of having the customer pay a certain amount as a fee for every day in which the DVD was returned later than initially decided between the customer and the company. Eventually, Blockbuster could not withstand the pressure of its customers and announced in the early 2000's the suppression of late fees, which eventually cost the company approximately $200 million (Teather 2004). Nevertheless, the company kept losing market share to Netflix and its innovative streaming platform [Figure 6] (Olito 2020).

During its initial stage, Netflix took advantage of the invention and fast adoption of DVD players in the US. Hence, the company realized that shipping DVDs to customers as opposed to having brick-and-mortar stores was a win-win strategy: on the one hand, it allowed them to

have a leaner business model and cut down costs; on the other hand, customers did not have time-consuming store visits – instead, in exchange of $20 per month, customers could select three movies from a catalogue and get it sent to their home. Additionally, late fees were not part of the strategy in comparison to Blockbuster, and the DVDs ordered online could be kept for as long as the individual wanted to. Returning the DVD in good condition was the only requirement not to be penalized by the company (Rachleff and Coates 2007; Shih et al, 2007). Later, an increasing paying subscriber base provided Netflix with funds to gather licenses and scale its operations, thus building entry barriers against other players. Taking its business model one step further, Netflix introduced the possibility to flag or queue the next films on the customer's profile. Once the previous DVD was sent back, it automatically sent the next DVD from the waiting list to the customer. In addition, setting themselves apart from the competition, Netflix integrated a personalized subscription, using an algorithm capable of classifying and suggesting content to the customers based on their ratings and preferences (Shih et al, 2007).
With increasing popularity, Netflix went public in 2002 with an IPO at 15$ a share. Nonetheless, two years prior, Hastings and Randolph were in a completely different position. They had a meeting with Blockbuster CEO Antioco. The idea of the two founders was to propose Blockbuster buying Netflix and the two being then in charge of the online video rental arm, Blockbuster.com. The meeting did not happen as they would have liked, as Hastings recalls:
"*Antioco listened carefully, nodded his head frequently, and then asked, "How much would Blockbuster need to pay for Netflix?" When he heard our response – $50 million – he flatly declined. Marc and I left, crestfallen"*. (Harris 2020)
In 2002, the situation changed, as Blockbuster realized the difficulties holding up to its market share. The cancellation of late fees did not have the success the company hoped for, causing

them to file for bankruptcy years later, missing the opportunity to move into the streaming industry.

In the meantime, Netflix started to have a closer look at the streaming industry and considered the possibility of having both DVD renting per mail and a streaming platform, in which customers could choose what to watch on their PCs and download it. In 2007, streaming was introduced for Netflix clients, as CEO Reed Hastings had previously predicted that the DVD rental industry was near its peak performance, consequently causing the industry to slow down and decline (Dau and Wesley 2012). Nonetheless, the co-CEO Reed Hastings had some doubts regarding the introduction of streaming, as he told during an interview:

"For the past five years, my greatest fear at Netflix has been that we wouldn't make the leap from success in DVDs to success in streaming. Most companies that are great at something – like AOL dial-up or Borders bookstores – do not become great at new things people want (streaming for us) because they are afraid to hurt their initial business. Eventually, these companies realize their error of not focusing enough on the new thing, and then the company fights desperately and hopelessly to recover. Companies rarely die from moving too fast, and they frequently die from moving too slowly." (Richardson 2011)

The first streaming offer by Netflix was "Watch now". It consisted of free limited streaming, in which customers paying 18$ per month for their rental service could enjoy 18h a month of free streaming. Customers having the cheapest monthly rental contract could enjoy up to 6h a month of free streaming. Through their previous investment in algorithms regarding customer choices in DVD rentals, Netflix had more knowledge regarding the preferences, habits, and demographics of customers over competitors with no algorithm, such as Amazon or iTunes (Chatterjee et al, 2016). In other words, Netflix had a strong differentiation point compared to the competition, leveraging its algorithms. With this move, "Netflix showed how transformational big data can be in a company", (D. Smith and Telang 2018). Netflix's platform was a pioneer in shaping *what* customers watched, using data from ratings on what customers liked and disliked or even for how long they watched a show. In 2005, Reed Hastings even claimed that "The real problem we're trying to solve is, *How do you transform selection so that consumers can find a steady stream of entertainment they love*?" (D. Smith and Telang 2018). Soon after, the company approached consumer electronics companies such as Sony, aiming to offer their streaming services on their game consoles or Smart TV. By establishing key partnerships, Netflix was able to increase its presence in the market and stay one step ahead of competition. It also enabled customers to download film content to their devices (Feinberg and Johnson 2017). After seeing the potential of streaming, Netflix offered unlimited streaming access to all its customers. By the end of 2008, Netflix offered their first ever streaming-only service for $7.99 per month [Figure 7]. In doing so, after having reshaped DVD rentals, Netflix was spearheading the video streaming industry.

Market shift & Renewed business model

The shift towards online streaming allowed Netflix to increase its reach and target new customers. However, it brought along new competition: with Blockbuster becoming less threatening, technology and media companies were now part of the serious contenders for market share. Companies such as cable providers were eager to sustain their market share, as they worried about their customers moving from television, towards (on-demand) streamed content. In 2007, when Netflix offered this service for the first time, only iTunes was another platform which had movies for download. However, the offer was smaller, did not have personalized recommendations and ended up being more expensive since prices were charged per movie and not as a subscription, making it less attractive for the consumer (Gans 2017).

Yet, by 2011, new and established players in media learned from Netflix and launched their streaming platforms. Amazon offered its Amazon Prime customers free streaming; Apple offered an update of iTunes movies downloads on live streaming; HBO created a video-on-demand platform for its viewers. Additionally, Hulu, a joint venture between NBC Universal and News Corporation, offered streaming and video on demand (Gans 2017).

That year, Netflix made an audacious move, deciding to split their two business, DVD rental and streaming, into separate companies. The DVD rental was then named Qwickster and the name Netflix was solely used for the streaming and video-on-demand businesses (Dau and Wesley 2012; D. Smith and Telang, 2019). However, Qwickster quickly declined due to weak demand and was eventually shut down in 2011.

The leap into producing original content

In addition to splitting the business into rental and streaming, the company committed to allocating resources to the production of originals, starting with *House of Cards* in 2012. Revenues from the decreasing, but still attractive DVD business – USD 3.46 billion between 2012 and 2015 – were used by Netflix to invest in both original content and licensing of third-party content for the streaming business (Gilchrist and Luca 2017).

Before venturing into originals, Netflix had negotiated streaming rights with content owners, having little power over the price charged by the suppliers. As these were keen on monetizing their properties, detailed agreements were established, mentioning parameters such as the licensing period, territorial rights, and others – “I looked at that and realized we were faced with a supply source that wasn’t reliable,” said Ted Sarandos, chief content officer of Netflix (Gilchrist and Luca 2017).

Both the purchase of exclusive rights for third-party content and the funding of the production of original content constituted large fixed items in Netflix’s cost structure. Having an increasing number of subscribers, Netflix was able to create a virtuous circle in which a low average cost per subscriber was created through its original content. With 100M production costs and 20M subscribers, the cost per customer would then decrease to 5USD, making it very profitable. This was a major change in industry economics, as it put an end to supplier bargaining power and allowed Netflix to greatly benefit from scale economies when creating content (Helmer 2016). Further reinforcing the advantages of producing original content, research from 2018 indicated that offering content from TV channels alone was not sufficient for a streaming service to attract and retain subscribers, and that offering original and differentiated content as a complement was crucial to achieving these goals (Prince and Greenstein 2018). [1]

The leap into original content allowed Netflix to escape the rat-race that seemed to be part of the streaming industry. As Ted Sarandos had correctly identified, solely relying on external content did not give Netflix any power – they had no *cornered resource*, no content they owned and that would keep customers in on a medium-to-long-term basis. Given this, Netflix has spent increasing amounts on original content over the years [Figure 8], greatly surpassing the competitors [Figure 9] (Helmer 2016).

International Expansion

Beyond shifting towards producing its original content, Netflix also pursued an aggressive international expansion strategy from 2010 onwards (Oh and Myer 2016).

Netflix faced many challenges while pursuing its international expansion strategy. It had to secure content deals region by region, and sometimes country by country. It faced a varied set

[1] Nevertheless, original content by itself was still not enough: the same research paper indicated that a balance was needed for a firm to capture the most value. On the one hand, original content provided content diversification and set the company apart from competitors; On the other hand, external productions held most viewing hours (Prince and Greenstein 2018). Indeed, 2/3 of the viewing hours are related to licensed content, such as *Friends* or *The Office*. Once these licensed contents are lost, Netflix enters a dilemma, as they do not meet the preferences of a certain number of their customers.

of national regulatory restrictions, such as those that limited the type of content available in local markets. International subscribers, some of whom are not fluent in English, would frequently prefer local-language programming. In face of these challenges, Netflix prioritized entering proximate markets to its US home base – both in terms of geographical distance, and institutional and cultural differences. With that in mind, Canada was the first country to expand as it is culturally close to the United States. This was part of the first out of a three-phase plan to expand the business (Brennan 2018). There, despite the presence of local competition, Netflix's market penetration rate became much higher than in the US.

Having succeeded with the first expansion process, Netflix turned towards more countries for its second phase. Indeed, there was a faster and more-extensive international expansion in which the company extended its footprint to approximately 50 countries, applying the lessons it learned in the first phase to operate in a wider range of markets. The choice of those markets was influenced by their degree of desirability, taking into consideration factors such as shared similarities, the accessibility to broadband internet, and the quantity of affluent consumers (Brennan 2018). Most Latin American countries were targeted in this expansion, having a special focus on the most populated countries Argentina, Brazil and Mexico. This second stage allowed Netflix to partner with local stakeholders, as in the first phase this was not necessary as it only concerned one country – Canada. This enabled Netflix to invest in content geared toward the preferences of those geographies. Thus, Netflix took an approach to "niche programming" well-defined in their so-called "taste clusters" – doing licenses for specific countries or regions, tailoring their content offering to the wants of the population (Oh and Myer 2016). In order to penetrate local markets, the company had to develop country-specific knowledge, covering matters such as politics and culture and appropriately tailoring the content. Even so, countries like Japan and India were more difficult to penetrate and gain a substantial market share, as competitors already covered most of the market, having a significant subscriber base and a diversified offer, aligned with local tastes and cultural habits (Brennan 2018).

Last, after knowing content preferences and the best way to attract new customers from a marketing standpoint, Netflix focused on adding more languages for subtitles and user interface, introducing new features, such as download possibilities which enable customers to watch series without being connected to internet or WiFi. Also, a more customer-friendly user experience, enhancing its personalization algorithms and expanding its support for a range of devices. Diagnosing that in some parts of the world, particularly emerging and developing economies, mobile was the main way to access internet, Netflix began to stress the improvement of its mobile experience, developing relationships with device makers, mobile and TV operators – for instance, when Vodafone launched a TV service for its customers in Ireland, it included a Netflix button on its remote controls (Brennan 2018).

Competition & Current state of affairs

In 2021, after embracing the production of original content and being present in over 190 countries, the company aligned both conquests. Aiming to further expand, Netflix persisted in reinvesting its gains to license and create original content [Figure 10], operating with an increased cost of revenue [Figure 11], with forecasts pointing to a continuous rise in original content in the upcoming years [Figure 12]. With productions based in approximately 20 countries, Netflix saw that some locally produced content has been successful worldwide, thus going well beyond the requirements of adaptation to local tastes (Brennan 2018). For instance, the recent series *Squid Game*, originally produced for the Korean market, had an enormous success, becoming the most-watched series on Netflix, ever. Another series that became very popular in all of Europe is the series *The Chestnut Man*, previously produced for the Danish and Scandinavian market. On the other hand, to address the long process of signing content deals with studios on a regional level, it has progressively pursued global licensing deals to provide content to all markets at once (Oh and Myer 2016).

Nevertheless, despite Netflix's efforts, competition is coming close. For instance, Disney has successfully expanded into video streaming with its platform Disney+. Disney's vast pre-existing library allowed it to offer a vast portfolio in terms of content diversity, quantity of original content and inherent cost structure. For instance, the show *Grey's Anatomy* featured in the top 4 most watched shows on Netflix until 2020 (Trainer 2019). However, the show being owned by Disney, is now exclusively aired for Disney customers, which damages Netflix's reach and potential customer acquisition.

In addition, among Disney, other players like Amazon Prime can take advantage of brand recognition and scale economies, benefiting from the Amazon Prime bundle, being access to their streaming library and benefiting from free delivery. As Prime had saturated the market and was hunting for smaller customers to fuel growth, potential members who could not justify Prime on the grounds of shipping savings concluded "*Netflix costs $108 annually, so I'm already winning by purchasing Prime for streaming video before even considering the additional benefits*." (D. Smith and Telang 2019). The intensified competition had an impact on Netflix's costs of customer acquisition. Within 7 years, the expenses almost doubled. Back in 2012, Netflix paid 308$ on Marketing and other expenses for each new customer. For the year 2019, the acquiring cost for a new subscriber stood at 581$ (Trainer 2019).

The future of Netflix

In face of additional competition and increasing maturity of video streaming, Hastings is considering multiple avenues for Netflix to continue its success. On the one hand, focusing on the short-term, Netflix could aim to further penetrate some markets that were more challenging due to cultural differences, such as India. However, that may not be enough to guarantee continuous growth, as most markets will eventually achieve a plateau in terms of subscriber growth rate. Therefore, the company must consider alternatives besides market pre-emption for long-term profitable growth:

a. Peer-to-peer multisided platform

First, research indicates the company could grow substantially by becoming a peer-to-peer multisided platform. Netflix's big subscriber base (over 200 million worldwide) and content-delivery infrastructure are attractive to many third parties. In addition to video content providers, these third parties could include marketers and developers of gaming or other services, taking into consideration the main interests of Netflix's users [Figure 13]. Becoming a peer-to-peer multisided platform by allowing third parties to sell their products with Netflix's service but outside the subscription would allow the company to tap a different dimension of growth, selling additional items to the same subscribers (Hagiu 2018).

b. Doubling down on content & vertical integration

Second, as opposed to relying on third parties to develop and offer new services to the same subscriber base, Netflix could do with that type of content what it has previously done with streaming: vertically integrate and acquire within the content industry. The company would have its own resources with a fixed cost structure and a multiplicity of offerings. Moreover, the process would also include acquiring more companies creating content, with whom Netflix already works, such as the producers of the British series The Crown. Hastings realizes that the option would be tempting, allowing the extension of the company into gaming, podcasts, and other services, in addition to further developing content companies' acquisitions. The most important acquisition to date was Robert Dahl Story and Co. for $700 million. This company owns big hits, such as Charlie and the Chocolate Factory or Matilda which now belong to Netflix (Shaw 2021). However, he also knows that extending into new segments, such as gaming, would lead the company into broad digital entertainment and not just digital streaming as it currently is, bringing along multiple issues, such as increased competition. (Hagiu 2018). In fact, Netflix IR already previously stated "(…) *we compete with all the activities that consumers have at their disposal in their leisure time. This includes watching content on other streaming services, linear TV, DVD or TVOD but also reading a book, surfing YouTube, playing video games, socializing on Facebook, going out to dinner with friends or enjoying a glass of wine with their partner, just to name a few*."

c. Focusing on core strengths

To further expand, Netflix could also focus on what they do best, video-streaming, and approach additional content offering in a different way. As opposed to creating more movies or series, the company could go deeper into the content customers already like. Hence, Netflix could make available extra content about hit shows, such as interviews with the cast, the making-of, and so on, easily pleasing Superconsumers, the top tier of consumers that know the most about each category (Hagiu 2018; Yoon et al, 2021). Furthermore, the "content about the content" strategy could go one step further: touching option b), there could be content about the extended offer, such as gaming, as gamers spend hours watching other people playing video games. "Content about the content" would allow Netflix to further fuel the passion of superconsumers and increase time spent on their platform (Yoon et al, 2021).

Yet, Hastings needs to decide on which option to choose, even though they all seem attractive ideas for growth, there are shortfalls and the possibility of brand spill over effects.

With those three options on the table, Reed Hastings lays back in his chair and looks out of his window at the Los Angeles skyline. He knows the decision he will take will significantly influence the future of his company and dictate the strategic path for the coming years.

TEACHING NOTE

Synopsis

The case explores Netflix and the evolution of the streaming industry – from the birth of Netflix in 1997, when the business model involved mailing DVDs, to the offering of content on a streaming basis years later. Then, industry analysis is laid out by analysing competitors over time and Netflix's growth strategy – content-wise and on an international basis. Last, several paths of how Netflix could further expand are mapped out, showcasing both the advantages and possible downfalls of pursuing such ways.

Teaching Objectives

The case can be used in a strategy class to discuss building and sustaining competitive advantage within the context of start-ups and innovation. Netflix is a company that led by example, showing that in order to disrupt an industry it was a must to disrupt itself first – it consistently aimed higher than competitors: not only with Blockbuster first, but subsequently with other streaming companies. Now that it has been number one for over a decade, forecasts point to a decrease in market share in the next five years. Hence, the real question is how Netflix can sustain its competitive advantage in the long run. Thus, at the end of class discussion, students must be able to understand the drivers of innovation, Netflix's repositioning strategy, vertical integration, content diversification, (indirect) network effects and isolating mechanism.

Assignment Questions

- What caused Netflix to shift its business model?
- What made Netflix's expansion strategy so successful?
- In the future, what type of strategies can assure Netflix continues to grow?
- Can Netflix create potential synergies from diversification?

Teaching Plan

The teaching plan provides guidelines for a 90-minute Strategy or Advanced Strategy class at Master's level. Thus, to fully understand the case and the discussion, students must be familiar with concepts such as internationalization strategies, competitive advantage, scale economies, vertical integration and network effects.

The instructor should aim to create an engaging discussion around the video-streaming industry and its evolution, focusing especially on Netflix. Hence, during the three main phases of the discussion, the time should be allocated as per the below instruction:

Introduction	5 minutes
Part I: Disrupting the industry	20 minutes
Part II: Building competitive advantage	30 minutes
Part III: Long-term strategies for enhanced growth	30 minutes
Conclusion / Wrap-up	5 minutes

PART I: Disrupting the industry

Why was Blockbuster so successful for so long?

The first part explores the drivers of success within the video-(streaming) industry.

The question should lead to a brief overview of the positive aspects that Blockbuster brought to the market before the industry witnessed the transformation towards streaming. After an initial discussion, the question can be raised as to why Blockbuster's competition had difficulties. Answers should focus on two core points:

1) Market pre-emption – here, students should be aware that Blockbuster, at its peak, was almost a monopoly within the industry. They expanded extremely fast throughout the country and were represented with approximately 6000 stores, not leaving much space for other competitors that would try to enter the market/industry.

2) Business model – in addition to its heavy presence in the market, Blockbuster also developed a new business model which consisted of memberships. Thus, keywords such as high entry barriers, first-mover advantage or industry disruption can be adequately used in this context concerning Blockbuster, and should be written down on the board by the instructor.
    a. After this, it should be acknowledged by the students that point 2) Business Model Innovation, with its benefits of having a membership, also allows the company to "lock in" customers, reinforcing Blockbuster's market power.

Streaming takes the market

After those points, the instructor should guide the discussion towards a more recent industry development, the period in which video streaming emerged. In this part of the discussion, several drivers of success can be stated, such as:

1) Innovation – which regards both the technological and business model innovation; Here, students must mention the change from DVD to streaming, emphasizing the fact that such a shift allowed customers to have immediate access to a broader range of content offering.
2) Customer-centricity – the technology allowed a greater emphasis on the customer. Concerning this topic, students must address two key points:
    a. Customer-oriented – continuing with its data-based approach, Netflix used customer preferences concerning content genres to further develop the algorithm and better serve the customer. As everything became based online, the data sources were more complete and detailed, thus further improving the offer.
        i. The instructor must emphasize that the technology advances and the way Netflix heavily relied on data were a method for the company to leverage

its customer relationship, making points 1) and 2) a. key in Netflix's success.

b. User-friendly – in this point, students must cover the user interface and the customer-friendly app, referring it is easy to use with a good UI/UX design.

The above-mentioned factors proved to be key to attracting the most customers possible whilst at the same time being innovative and disruptive within the market.

Through the exploration of both Blockbuster's and Netflix's history and their drivers of success, the first part can be wrapped up by comparing both and pointing out the differences. This serves as a good transition to the second part of the discussion in which the competitive advantage in video streaming is mentioned.

PART II: Building competitive advantage

What made Netflix's expansion strategy so successful?

In the second part of the discussion, the topic should solely remain on the video streaming industry and the section should be opened by mentioning competitive advantage. Thus, the focus should be on Netflix and its different competitors. The aim is to understand how Netflix maintain a competitive advantage over other firms that are trying to gain market share.

Here, students should make the liaison with the VARC Framework, with whom they can reiterate the fact that being a first mover and a pioneer in the video-streaming industry, as Netflix was, can be a big advantage and is still helping the company to keep its competitiveness. Thus, there are key points the instructor should mention here:

1) Strong brand image – by being an early-mover and an established player, individuals see the company as a serious option when subscribing to a video streaming platform.

2) Customer-centricity – as previously mentioned in point 2) of Part I, Netflix uses technology to improve customer experience. Thus, there are multiple consequences of Netflix's strong customer focus that the students should mention:
    a. Positive word-of-mouth (WOM);
    b. Low customer churn;
    c. High customer lifetime value (LTV).

The instructor should write the previous points on the board, as well as other relevant ones the students may mention. Additionally, he/she must reiterate that points 1) and 2) are greatly intertwined in Netflix's business model, and that a), b), and c) lead to a stronger brand image.
To focus on other domains, students can again link it with the theoretical framework that they addressed previously – VARC. They then should be mentioning the value-creating offerings that Netflix must give compared to its closest competitors Disney+ or Amazon Prime.
First, students must refer to original content as one of the big advantages of Netflix. Thanks to series like *Narcos* or *Casa del Papel*, Netflix gained many new customers due to two factors:

1) Cultural similarities – adopting other languages besides English was a strategic way for Netflix to enter new markets and break down entry barriers, using cultural differences as an opportunity rather than a threat to get to new customers;
2) Network effects – it is important to mention that both direct and indirect network effects are at work. As people wanted to be part of the hype and watch the available content, there was a direct network effect around Netflix's shows. The number of users went up, and this, on the other side, made Netflix more valuable. Also, indirect network effects are present – the more customers subscribed, the more data and preferences via Netlix's algorithm were being analysed. Hence, the customer journey is improved thanks to that additional data. That, in turn, reinforced the previous points of positive WOM, high

LTV and low customer churn. Relations can also be mentioned regarding the cost-benefit stick and its influence.

After that, the instructor should point out that another factor which built and kept a competitive advantage for Netflix is not only the fact that Netflix expanded through original content, but the *pace* at which it did. Indeed, students should be able to recognise that through the fast expansion, Netflix was able to often be the first in a specific market, which again lead to the first-mover advantage. In addition, such strategy can make it more difficult for other competitors to grow as the available market share decreases. Consequently, if another company wanted to enter the same sector, through the knowledge that Netflix acquired in the past years while expanding and the already important amount of customers that they gained, the competitor would likely be pushed out of the market, unless their upfront investment were considerable and available in short term. Therefore, students should be able to make the connection between:

1) Netflix's fast pace of expansion, and
2) The creation of high entry barriers for new competitors, this being especially related to potentially high investment costs that are needed to enter the market and be competitive with the incumbent company. In addition, Netflix already filled most market niches and developed switching costs for its customer base, mainly on the original content offer.

Second, the professor must reinforce the importance of original content: besides gaining new customers, entering new markets, and creating high entry-barriers, original content means Netflix (backward) vertically integrated. Thus, it became less dependent on content providers and there are some benefits to it – the instructor must write the below topics on the board:

1) Cornered resource – original content belongs to Netflix, and it is not available on any other video-streaming platform;

   a. On the other hand, licensing agreements were costly and had an expiration date; Netflix only had a given time until the resource was gone.

2) Operational efficiency – by owning the resource, Netflix's investment into original content will become relatively small throughout time and profits will increase, as there is a greater ability to enjoy economies of scale by internalizing production, as opposed to paying royalties for external content in a proportional way to the number of users.
   a. Here, the instructor can make a parallelism with Spotify, another streaming company: Vertical integration prevented Netflix from ending up like Spotify who, despite increasing revenues [Figure 14] and an increasing subscriber base, keeps operating with a very high cost of revenue [Figure 15], resulting on losses year after year [Figure 16]. Realizing that, Spotify has tried to disintermediate the record business and let artists upload their music without using record labels, as the right holders receive most of the profit. However, Spotify abandoned the experiment after about a year, after a heavy backlash from music labels, on which it was very dependent. Thus, maintaining the platform unprofitable.

Keeping an edge over the competition

At this point, the discussion with the students explored how Netflix built its competitive advantage for it to be sustainable. Hence, students should be asked, "How does Netflix manage to keep ahead and have this specific edge over the competition?".

The answer to this should include the two classes of isolating mechanisms: *Size* and *Uniqueness*.

1) Size – with the fast and worldwide expansion of Netflix, it is hard to ignore the streaming giant. Thus, bargaining power is in favour of Netflix, as it will have a big influence on the seller's revenue. In this case, smaller production studios produce local films and series. Also, economies of scope are created in the company, as they produce

series and films that can be viewed in several different countries and become global. Expenses are saved by offering the product globally, such as the series Squid Game. Experience curve can also help the company to sustain a competitive advantage. Being in the business for many years compared to competition can serve as an advantage and bring cost savings versus competition. Additionally, indirect network effects are also a powerful tool that helps Netflix to grow their subscriber base. The more movies and TV shows on the platform, the more subscribers value the service – hence, customer churn diminishes and the acquisition growth rate increases.

2) Uniqueness – students should think about how Netflix, as a video-streaming platform, can become more complex and have high barriers to imitation. Through Uniqueness, potential (high) trade-offs would be created for customers because. Similarities can be mentioned with Apple and their product features being unique and having the aim of locking in customers. For example, Netflix's algorithms – more specifically, the technology regarding customer tracking and analysing customer preferences – are powerful and unique tools that keep the company a step ahead of the competition, as Netflix already has two decades of experience in this matter, which the competition do not. This database is very valuable for Netflix and should be emphasized in that way during the class discussion. With it, Netflix can adjust the recommendations and plan what kind of content, be it original or licensed, customers prefer to watch in their geography. Once the students point out this factor of sustainable competitive advantage, the class can be asked whether this resource is sustainable.

After asking the question and listening to students' opinions, the instructor can give some hints, eventually concluding that a five-step test is a good evaluation to know if the resource is indeed sustainable. The five tests, which are Competitive Superiority, Durability, Inimitability, Substitutability and Appropriability can then be briefly discussed. The Resource can then be tested regarding the 5 steps to see if it is sustainable for the company or not:

1) Competitive Superiority – YES. The algorithm is more elaborated, efficient, and precise than the ones by the competition. Also, Netflix has more experience.
2) Durability – YES; The algorithm will always be available and useful. There are very few chances that it would erode.
3) Inimitability – YES; Netflix is years ahead with their algorithm and customer tracking/analysis compared to their competition. With R&D, the lead can be maintained. In addition, market pre-emption can work as another protection from imitation, for example; Netflix is present in strategic niche markets, so that competition has few opportunities to enter the market.
4) Substitutability – YES; These algorithms are the cutting edge of technology, as they are non-substitutable by other innovations. Hence, it is difficult for competitors to replace and outperform it with different resources.
5) Appropriability – YES; The algorithm is imperfectly mobile as it cannot be traded, being embedded in Netflix's organization and content offering. It helps Netflix to capture significant value and insights on customer experience, customer tracking, and customer preferences, which can then be analysed. Thus, it improves the service and customer satisfaction.

PART III: Long term strategies for enhanced growth

In the future, what type of strategies can assure Netflix continues to grow?

Can Netflix create potential synergies from diversification?

In the third and last part of the class, the instructor should focus on the future of the video-streaming industry. Hence, he/she can start this section by asking the class “In the future, what type of strategies can assure Netflix continues to grow?”.

After briefly listening to ideas the class might suggest, the instructor should lead the discussion towards two main points:

1) Expansion process – expanding and improving offers in other countries is a viable option, especially in the short to medium term. Whilst Netflix has great reach, there are still regions in which its presence is low due to cultural differences, such as India for instance. Thus, develop original content acknowledging local preferences is a viable strategy for growth.
2) Diversification – in a medium to long term perspective, however, Netflix must do more than to expand to different geographies. For instance, Netflix could adopt another strategy, such as:
    a. Peer-to-peer multisided platform – allowing third parties to sell their products with Netflix’s service but outside the subscription, thus selling more items to the same subscribers, shifting from being an aggregator of content to a hybrid aggregator platform in which various content providers sell directly to users;
    b. Extend the offer & vertical integration – by extending to gaming, podcasts and other services, Netflix could set itself apart and become known for operating within digital entertainment, not merely within the digital streaming industry. Taking this option one step further, Netflix could do with podcasts and gaming what it previously did with shows and movies, a (backward) vertical integration, consequently having its resources with a fixed cost structure and a multiplicity of offering unlike any other platform;

i. To deepen this discussion, the instructor could suggest that, for instance, Netflix could first rely on external providers for the gaming and podcast services that are already familiar and well-known to the customers, to diminish entry barriers and create a positive WOM from the beginning. Then, after being an established player in this field, Netflix could create its original content. Another solution would be to enter a partnership with third party companies, like Spotify.

c. Focusing on core strengths – Netflix could provide additional video-streaming content to its users, giving them “content about the content” with interviews, behind-the-scenes, etc. Having the algorithm, and knowing the main preferences, could be a *quick-win* to engage users with content that is already familiar to them.

Each of the three options listed above has both benefits and limitations; The instructor must have a debate with the class, asking students which option seems better, as well as asking students for pitfalls in each strategy. During the discussion, several points should be highlighted:

1) **Peer-to-peer multisided platform** – Turning Netflix into a multisided platform would allow other external producers and content providers to add their material and allow users to have access to it, using their algorithms and playing an intermediation role. The company would decrease its costs from content creation, whilst at the same time extending the offering to customers. (Hagiu 2018). However, it could cause damage just as easily with the brand-spillover effect, as Netflix would no longer be in control and that could lead to a decrease in content quality, consequently leading to higher customer churn and less time spent on the platform. Additionally, as the streaming industry is highly competitive with elevated indirect networks effects (the more viewers it has, the

greater the chance to have better content and vice versa), allowing for a step back in terms of content quality could make them lose market share, leading to a sliding snowball effect in terms of quality of the offering.

2) **Extended entertainment offer / Vertical integration** – The instructor could suggest Netflix to first rely on external providers for the gaming and podcast services and,

   a) After gathering insights on the customer use of the platform and the extended offer, Netflix could replicate its take on video-streaming originals and extend its pursuit of vertically integrated content rather than relying on external suppliers. Again, that would give Netflix full control of the supply chain, taking advantage of scale economies and a fixed-cost structure.

   b) As well as adding plans with access to the full offer content-wise, it could consider adding a segment below the current ones [Figure 17], which would include ads, in a similar way to the free Spotify version.

   c) The instructor must also refer the downside of offering diversification: While on the one hand we can say that offering a broader range of content and vertically integrating its production is a way of possibly extending the customer base and increasing revenues, there are downsides to that approach. Even though vertically integrating content worked wonders in terms of video-streaming and originals, it is not a one-size-fits-all and may not work for gaming or podcasts. Video-streaming was new at the time and there were few competitors; however, when it comes to gaming and podcasts, the industry is mature, and some companies have been perfecting their business models and offering for decades now. Furthermore, these competitors may retaliate and cut-off the Netflix app from their platforms – like Xbox or PlayStation.

a. As a subtopic, the instructor may ask the students if gaming is a good strategy for Netflix and listen to their opinions – after, he/she can claim that Netflix is passive entertainment, focused on relaxing people with the well-known “Netflix & Chill” idea. Thus, what makes Netflix great is its ability to offer a variety of stories that customers can “lean back” and watch and often multi-task. Therefore, gaming is an odd fit for Netflix, as gaming is an active versus passive activity (Yoon et al, 2021).

3) **Focusing on core strengths** – developing content about the content can be a “quick-win” for Netflix in terms of increasing time spent on the platform and decreasing customer churn. Being aware of customers’ preferences with the algorithm, it could make available further content related to some series, captivating the customer to keep watching.

In the end, the pros and cons can be summarized in a table, as per the below:

Future growth strategy	Benefits (Pros)	Downfalls (Cons)
Peer-to-peer multisided platform	Netflix can grow without having to buy or produce new content – attract third parties to develop the content and take a share of the revenue or a transaction fee.	Brand spillover effect can be dangerous: by relying on external supply for content, Netflix may decrease content quality, increasing customer churn.
Doubling down on content & vertical integration	By extending the offer, Netflix could operate within a broader spectrum of digital entertainment. Moreover, if	Netflix would become a direct competitor to companies that are currently complementors within the

	it wore to vertically integrate, the company would have full control of the supply chain, taking advantage of scale economies and a fixed-cost structure.	entertainment sector. In addition, if Netflix were to vertically integrate, it could not work. Streaming was recent, but the industry is mature on extended offers.
Focusing on core strengths	Simple to implement, as Netflix already has access to customer data on the favourite shows, using the algorithm.	Easy to copy from other platforms with their own shows; May not be differentiated enough to hold customers long-term.

Conclusion

The instructor should end the class by stating that Netflix operates in a rapidly-transfoming industry. Consequently, it cannot rely on its previous success and first-mover advantage – instead, it is imperative to disregard traditional approaches, business models and strategies. Thus, Netflix should consider its resources and look for uncontested market space, evaluating the best opportunities to bring new offers to the market.

Individual part

Introduction

Since the introduction of streaming in 2007, Netflix's aim and vision has been to expand their service in the entire world. As they started with their home country the United States, co-founder Reed Hastings quickly realised the opportunities outside of this market. He once mentioned in an interview with CNN that "all great companies become global companies over time" (Boyle, 2007). However, some countries were less successful than others in their aim of being global and accessible worldwide. Especially the case of India still is an unaccomplished target, that needs special strategies and features as depicted in the text below.

The path to internationalization

The international expansion took place once the home market was mature enough, and new subscribers were increasing at a steady pace. This gave the company the sufficient financial basis for development.

Evolving internationally was handled in a way that countries closer to the home country (US) were targeted first. Thus, Canada was the first country, in which Netflix implemented themselves outside of the United States (Brennan, 2018). As the entry into Canada was successful, their growth was on the upswing. Thus, Netflix aimed at more foreign countries and eyed the Latin American and Caribbean countries as the second step of expansion. The countries were selected based on the attractiveness of the market. Indeed, the South American continent is home of 600 million inhabitants and represents an enormous market that can be entered. Moreover, back in 2011, there were around 40 million broadband internet subscribers (Fritz, 2011). Also, a growing demand for American TV programs and series was developing, which Netflix could satisfy. Forty-three countries were targeted, among them the biggest markets Brazil, Argentina but also Mexico, Chile or Colombia (Carr, 2011; O'Brien, 2011, Pepitone, 2011). Deliberately, the content was offered and available in English, Spanish and Portuguese. In fact, those three languages mostly covered the demand in this second phase of expansion (Fritz, 2011). Moreover, the countries in Latin America have similar habits and way of living, which made it easier for Netflix to expand, as countries are similar. Despite some initial struggles to reach the Latin American consumers, mostly because of the domestic internet infrastructure, it became a great success. This led Netflix to continue their expansion throughout the world.

In 2012, European countries were targeted, mainly the United Kingdom and the Scandinavian countries. Over the period of two years, the company expanded worldwide and added numerous countries to their list, such as France, Germany, Southern Europe, India, Eastern European countries just to name a few. This final step in the internationalization process intended to scale the expansion, in order to be available in as many countries as possible (Brennan, 2018). As it can be seen on Appendix 1, Netflix nowadays is available in every country, apart from some exceptions such as China, North Korea, Syria due to US restrictions on American companies and most recently Russia because of the invasion of Ukraine (Netflix, 2016; Bursztynsky, 2022).

Interpretation of Netflix's expansion

In order to better understand Netflix's expansion plans, the following part will focus on internationalization frameworks, such as CAGE and AAA.

Indeed, the CAGE distance framework elaborated by Ghemawat helps a company understand the different needs and priorities in order to adequately expand its business internationally. It also states that doing business in a country which is distant from a company's home country, will have more difficulties to adapt. CAGE stands for *Cultural*, *Administrative*, *Geographic* and *Economic* distance (Appendix 2). *Cultural* determines how people behave and interact with each other and companies. The language spoken, or social norms can play an important role. The attitudes within society towards globalisation can greatly influence on how enterprises operate. (Ghemawat, 2004).

Administrative is linked to the historical and political implications shared by nations, for example the colonialism, such as France and West African countries. Other factors, such as corruption indexes and common currency are also taken into consideration (Ghemawat, 2004).

Geographic is self-explanatory and relates to the physical distance between the home country and the country in which the expansion is planned. The further away, the more difficult it gets to successfully expand, according to studies (Stober, 2014).

Lastly, *Economics* relates to the wealth of the consumers in the market the company wants to expand, in relation to the home market. But also, the cost of labour and the accessibility of resources or infrastructure (Ghemawat, 2004).

In Netflix's first international expansion, Canada, CAGE distance was very low. *Cultural* differences between USA and Canada are small. They share the same language, English, and have similar religions (mainly Christianity). Additionally, they have one of the longest common borders on the planet, which evidently makes them geographically very close. Moreover, both countries are wealthy, western countries with a colonial past. Nowadays labour freedom, as well as financial freedom are two main pillars in their society (Estrin *et al.*, 2018). Also, for the United States and Canada, corruption index and currency are similar as they share the same currency and are close in the corruption index. Same goes for the countries that were targeted in the third expansion, mainly European countries, as they, for the most part rank even better than USA in terms of corruption (Transparency International, 2021).

In Netflix's second expansion phase, which brought them to Latin America as mentioned earlier, the company encountered different cultures and issues. An example being, their offer having to be accessible in Spanish and Portuguese, as an important number of South Americans still prefer local language movies/series than English ones (Shaw, 2020). On an economic level, purchasing power in those countries is lower than in the US or Canada. Therefore, subscribers saw monthly prices being lower than the two first countries Netflix was doing business in. The same strategy is now used for emerging countries in further expansions, such as India and Asian countries (Ghemawat, 2001). They are targeted with mobile only plans, in which Netflix can only be viewed from a cell phone, but costs significantly less than a Western subscription (Parking, 2020; Hayes, 2021).

In the third expansion phase, where mainly European countries were aimed, *Cultural* similarities were not a priority anymore, as the company learned and adapted from their previous expansions into culturally different countries, such as Latin America. However, as the

European market is different from country to country, on an economical point of view, different pricing strategies were set up region by region. On the one hand, industrialised countries such as France and Germany have an equal price tag for subscribers. On the other hand, differences emerge between those countries and Easter European countries, as well as with the Iberian Peninsula, which require lower subscription prices.

Regarding the *Geographic* distance in all expansion phases, it is less relevant. Netflix, who is an internet platform and does not use any physical attributes, is not hindered by geographical distance. Users can be acquired, as barriers to entry for such businesses are not related to geography (Shaheer & Li, 2020). However, the company encountered legal sanctions in several countries, such as Indonesia, Vietnam or India, as it did not follow the regulations. Indonesia, for example, blocked access to Netflix as the company displayed too much violent and adult content (Kelion, 2016).

In a nutshell, throughout the expansion phases, Netflix learned and adapted to the CAGE environment. This enabled them to expand into additional countries as it made it more accessible and mitigating the CAGE distance. This system was reiterated several times during the company's worldwide expansion, such as in Latin America, Europe or Asian countries (Brennan, 2018). Also, to avoid high investment costs, Netflix commonly entered foreign markets with high cultural differences with limited offers and on a regional level. This helped the company prevent an important financial loss in untested markets. With the data from several regions of a country, the enterprise could address customer's preferences in more detail and mostly analyse the type of programs that were streamed (Oh & Myer, 2016).

Another useful internationalization framework is the AAA framework from Ghemawat (Appendix 3). As companies must choose from various approaches on how to globalize their business, Ghemawat introduced the AAA Framework – *Adaptation*, *Aggregation* and *Arbitrage*. Companies should analyse which path they are going to follow based on the three keywords. *Adaptation* is self-explanatory and indicates that a company would adapt to the local habits and preferences, in order to boost revenue and market share. *Aggregation* is based on creating global efficiency by achieving economies of scale. *Arbitrage* is the fact of taking advantage of differences between regional and national markets, such as producing in China or call centres in India, while selling the products in Europe (Ghemawat, 2007). Based on what the companies want to achieve, they focus on one or simultaneously on two of the three A's. Important to mention that having an eye on all three A's in the strategy is extremely difficult and not recommended by Ghemawat (2007).

As a matter of fact, in Netflix's expansion, the company adapts to the foreign countries, which can be linked to *Adaptation*. Indeed, as already mentioned, Netflix's strategy is to adapt to cultures and offer content appealing to local customers. The second A from the framework, *Aggregation*, is also part of Netflix's strategy, as they aim to achieve economies of scale by producing a movie or series locally with regional business units and offices, that can be watched in more than one country. This enables them to have local-to-global production, which already showed success with Indian movies being exported to several other countries (Ghemawat 2007).

The Indian market and the streaming platform's difficulties in it

Despite all the experience gathered, there were still some market entries that were not as smooth for Netflix. Indeed, the Indian market is an important one for streaming companies like Netflix or Prime Video, as the country represents the second most populated nation and third largest online video market in the world. The market is situated between the intro and growth phase of the industry's life cycle (appendix 4). Thus, ideal for companies to penetrate. Only in 2021, subscriber numbers went up by 25% compared to previous year (Venkataramakrishnan, 2021). Furthermore, the SVOD (Subscription-video-on-demand) industry is expected to grow by approximately 22-25% CAGR by 2030 and be worth around $15Bn (Appendix 5). One of the main reasons is the development of affordable high-speed internet, which saw the price per Gigabyte divided by forty from 2014 to 2020 (BCG, 2021). Thus, internet users doubled in the same period, bringing the amount to 42% of the total population being connected. Data consumption increased 40 to 50 times in 6 years (Chatterjee, 2021; BCG, 2021).

However, the market has been challenging for streaming giants. They haven't been able to obtain the dominant shares as in most other countries they entered. Prime Video with the mother company Amazon stands at 9%, whereas Netflix only registers 7% market share in 2021, four years after entering the market (Farooqui, 2022). Market leader are Disney+ Hotstar with 41% and Eros Now with 24% market share (Appendix 3). Disney having greatly benefited from the acquisition of Hotstar, which is the largest domestic streaming platform, now combining famous Western and Indian shows, in addition to major sport events such as Cricket, which is extremely popular in India. According to Farooqui (2022), in 2020, new subscriptions tripled in a year, as the platform announced the exclusive right of the Indian Premier League Cricket. The second biggest player is Eros Now, also a homegrown streaming platform that is successful because of the vast amount of Indian Bollywood films and shows they offer. As it can be seen on Appendix 5, the Indian market is also home of many other, smaller players, all of which aim at increasing their market share. In total, approximately forty players share the Indian market of SVOD. This is one of the reasons, for which big players struggle to attract more customers in the market. Consumers are spread across many different streaming platforms. Through this abundant offer, Indian consumers have a certain bargaining power towards the streaming platforms, as switching to another platform is easy and not expensive.

Moreover, the Indian market is also very regionally focused (BCG, 2021). According to the BCG report, regional languages are of utmost importance for Indian customers in the SVOD industry. Hindi accounts for 44% of the population's mother tongue. The other 56% are divided within the several other languages, such as Marathi (7%), Bengali (8%), Tamil (6%) etc. Foreign streaming platforms such as Netflix, have focused less on minority languages and second or third tier cities. Pre-pandemic, 70% of total Indian audience came from the eight most populated cities of the country. Since 2020, 60% of the audience is from second or third tier cities (BusinessInsider, 2022) (appendix 7). In those cities, smaller and local streaming platforms have the advantage as incumbent companies. They mainly produce in local language and know the market well. Additionally, back in 2016, only 5-7% of Indian subscribers were watching television in English language (Oh & Myer, 2016). This had an impact on the offer from the different platforms. Without sufficient local languages or adequate subtitles, Indian consumers are simply uninterested in the service.

Another aspect that hinders Netflix to make an impact in India, is the fact that they only have one series belonging to them in the top 15 most watched series in the country (Vanamali, 2022). Undeniably, content strategy needs to be paired with an Indian strategy. Even more so, as every year, new entrants are making their move to increase their market share. For example, OHO Gujarat, a new entrant, solely focused on producing content aimed at the preferences the population of Tier two cities in India have (Thakur, 2022). Similar difficulties were seen in pricing, which will be elaborated below.

Netflix's difficulties based on CAGE & AAA framework

"Every single other major market, we've got the flywheel spinning (…) The thing that frustrates us is why haven't we been as successful in India" (Cornish & Nicolaou, 2022). These were the words of Co-Founder Reed Hastings in an interview. As mentioned above, competition with local companies and other industry heavyweights have been a challenge to Netflix in India. However, fierce competition is not the only reason underpinning Netflix's difficulties.

Looking at the situation through the lens of the CAGE and AAA frameworks (appendix 2 & 3), Netflix seems to have neglected the *Cultural* distance, as well as *Adaptation* in the Indian market. Indeed, the fact that Netflix "only" offers a streaming service in India, just as in any other country they are present, can be seen as a problem in this sophisticated market. Looking at the company's main competitors Disney Hotstar, Prime Video and Eros Now, all three can offer more than simply a streaming service. Prime Video includes a fast and free delivery of products and goods ordered via Amazon, its mother company. Disney Hotstar, as previously stated, acquired the rights for the Cricket League, hugely followed in India (Farooqui, 2022).

This enables the company to have a large number of subscribers. Finally, Eros Now has an immense success, mainly because of the vast portfolio of Bollywood films they offer and the strategic partnerships with mobile telecom operators, which enables them to scale operations and reach a greater number of viewers (ErosSTX, 2021). Additionally, Netflix missed the requirement of elaborating a proper content selection for India. They did not offer films and series in several languages, such as Tamil, Kannada or Bengali. English and Hindi were the two only languages available on the platform when launching in the country (Annamaneni, 2018). As previously mentioned, Indian customers and especially populations outside the main cities value the fact of having the options in choosing different regional languages. Prime Video, for example, understood this from the beginning and entered the market with regional languages in movies. Disney Hotstar attracted the population with sports rights, especially the Cricket League, and different options in local languages (Cornish & Nicolaou, 2022; BBC, 2019). Furthermore, embracing the cultural aspect and including it in original content was neglected by the company.

In fact, Netflix quickly tried to follow up on their competition and started offering several movies and series with subtitles in Tamil or Telugu. As noted by BCG (2021) in their report, creating series and movies in one of the regional languages but including sufficient subtitle options, can attract customers from outside the country. For example, the Tamil film Jagame Thandhiram saw 50% of its viewers being from outside India.

However, as competition had the first mover advantage in adapting to the domestic culture, Netflix struggled to make an instant impact in this market and lost the battle of being the main choice in consumer’s minds when comparing the offers.

Nonetheless, Netflix learned from their initial mistakes and launched a Hindi interface in 2020, which aims at improving the customer journey and attract more Indian customers. As the VP-content for Netflix India stated, “delivering a great Netflix experience is as important to us as creating great content. We believe the new user interface will make Netflix even more accessible and better suit members who prefer Hindi” (Maheshwari, 2020).

Another CAGE factor that was not analysed enough by the company, was the *Administrative* part, which is also related to the legal and political side of a country. Netflix experienced difficulties with a couple of contents launched in India, as the rules of what can be aired on streaming platform greatly varies compared to the Western countries. For instance, in the first huge success for Netflix, its series “Sacred Game”, which was produced for the Indian market, the company faced legal charges from the former Indian Prime Minister, as he felt the series was harming his reputation and disrespected him. (Bhushan, 2019). To counter this unfortunate experience, India put in place new procedures that require companies, such as Netflix, to categorize their content into age group. Moreover, the government has more power of censorship, in case a series or movie is not following the national rules (Phartiyal, 2021).

Also, it is important to mention, that *Geographic* distance is not an aspect that hinders streaming platforms to do business in India. As mentioned previously, the business model is based online and does not have physical goods being transported from one country to another. Thus, this aspect of the CAGE framework is not an issue for Netflix and its expansion within India. The company’s business being solely online is, in fact, one of the reasons why Netflix was able to expand at such a rapid pace. Issues that other companies face with large distances in between the countries they expand to, such as cost of transport, are insignificant for a company like Netflix.

One of the most important aspects, which Netflix overlooked when entering the Indian market, is related to the *Economic* from the CAGE distance. When launching their service in this country, the company's strategy was aligned with the launches they had made in other countries. A global pricing strategy was applied to India. Thus, a monthly subscription at launch was approximately 10x higher (500 Rupees) than competition (Appendix 9). However, they did not take into consideration the extreme price sensitivity of the Indian customers, who in fact enjoy the global excellence but not the global pricing (Parkin, 2020; Cornish & Nicolaou, 2022). Such high prices had a significant repercussion on the subscriber growth of the firm, who struggled to increase subscriptions (Kumar *et al.*, 2020). Meanwhile, Prime Video and Disney+ Hotstar had adjusted their prices to the market and saw an increase in subscribers since their launch (Appendix 8). Furthermore, Netflix's rivals enjoy network externalities in India, as more local users and more local content mutually reinforce each other.

To counter the competition's market share growth, Netflix adjusted their pricing strategy and significantly lowered their prices to below 200 Rupees a month (Appendix 9). However, competition was still cheaper and had the extra benefits included, such as free delivery for Prime Video. Additionally, Netflix management quickly realised the high and increasing percentage of population (77%) that are browsing on their mobile phones (Aguayo, 2019). This being, since much more habitants have now a cell phone and access to high-speed internet, especially the second and third tier cities in India (Biswas, 2022). Therefore, Netflix launched a new mobile-only subscription at a significantly cheaper price than the initial one.

It is believed that this strategy boosted Netflix's revenues in India. Moreover, management started to implement it in similar emerging markets, such as African countries (Oluwole, 2021).

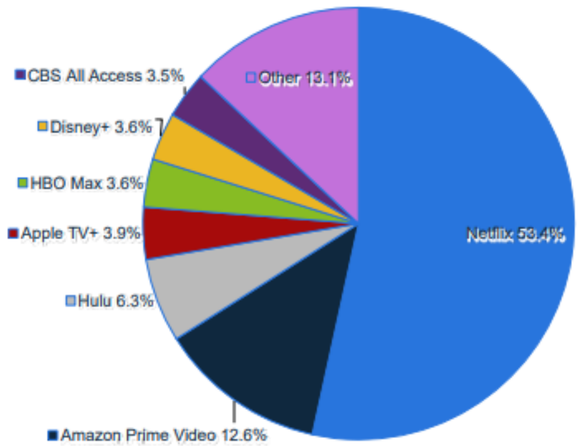
Conclusion and future research

All things considered, India is a complicated country for Netflix to understand. They neglected several CAGE and AAA requirements. Especially Economics, where a specific pricing line for India should have been applied. Also, Adaptation to local preferences, regarding the languages, were underestimated in this market. This caused the company to have a poor start with low subscriber number growth and competition getting more market share. However, after a better understanding of the market, Netflix realized where they were lagging and adjusted step by step their offers in India, as it offered additional languages and subtitles possibilities, for instance. Also, mobile only strategy is an example of how the company managed to adapt to the price sensitivity of the consumers in India.

Future research could focus on the effect Netflix's new pricing strategy has, regarding subscriber growth. However, potential limitations could arise on this research, as Netflix does not announce subscriber increases country by country. Other future research could be, how the competition reacts to the change in pricing and analyze the effects it has on market shares. Furthermore, papers could evaluate the success or failure of "exporting" this pricing strategy to similar countries, such as African states.

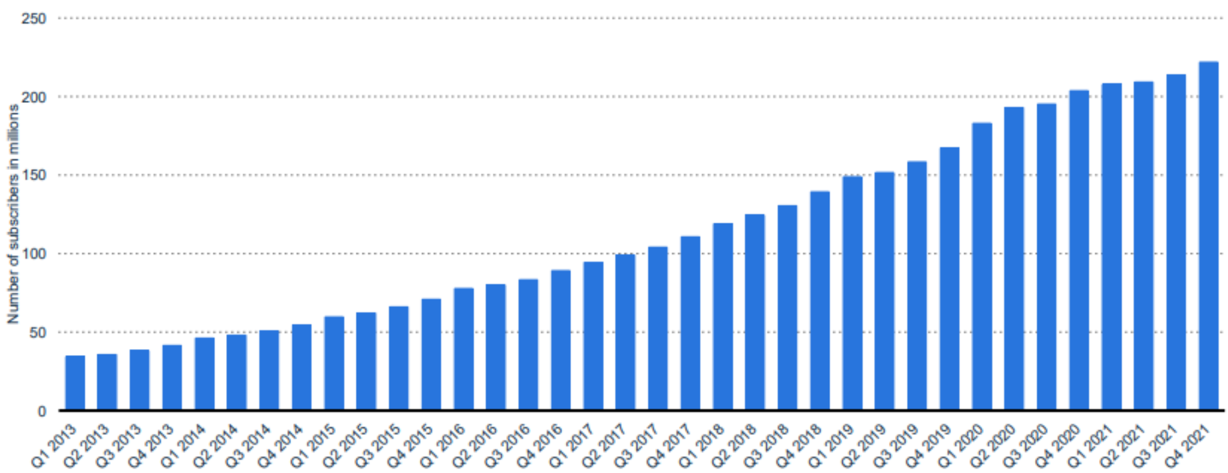
Appendix | *Netflix: The disruptor faces headwinds*

Figure 1: Most popular video streaming service based on share of audience demand for digital originals worldwide in 2020



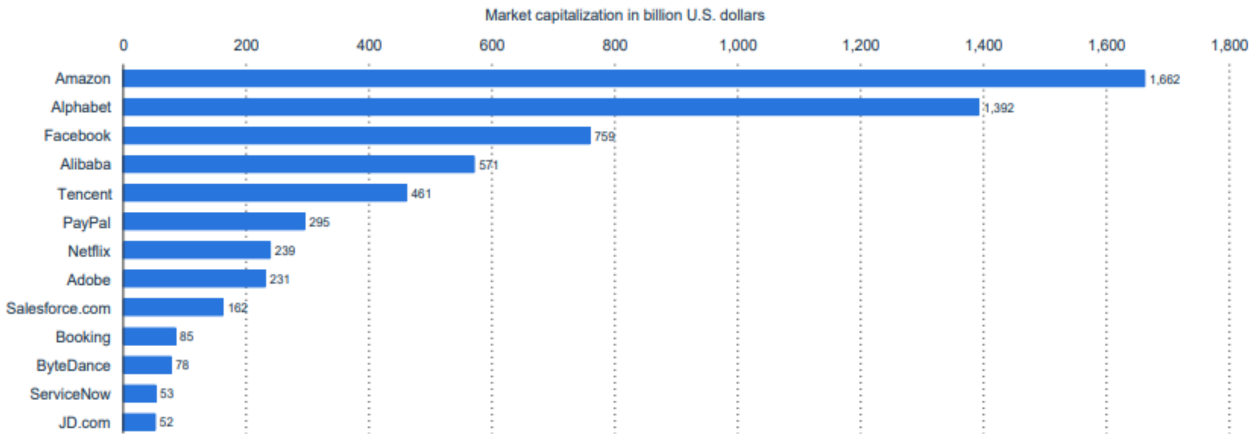
Source: *Netflix*, Statista Dossier, pg. 8

Figure 2: Number of Netflix paid subscribers worldwide from 1st quarter 2013 to 4th quarter 2021 (in millions)



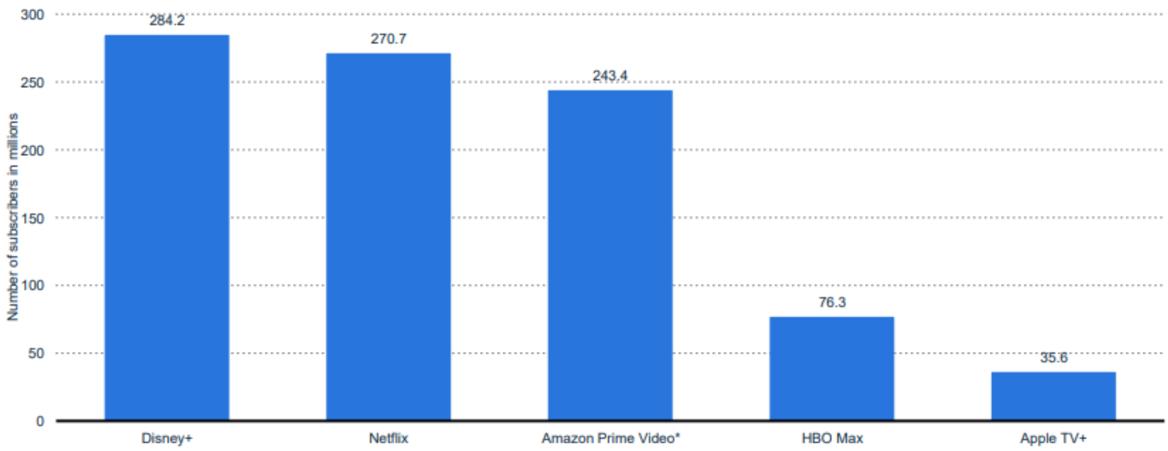
Source: *Netflix,* Statista Dossier, pg. 28

Figure 3: Market capitalization of the largest internet companies worldwide as of February 2021 (in billion U.S. dollars)



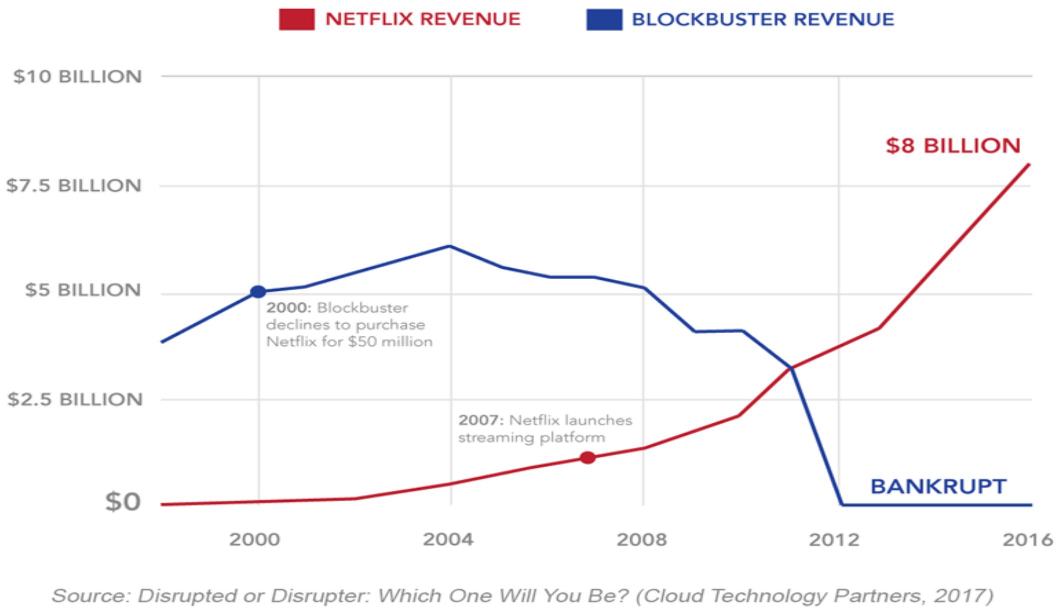
Source: *Netflix,* Statista Dossier, pg. 2

Figure 4: Estimated number of SVOD subscribers worldwide in 2026, by service (in millions)



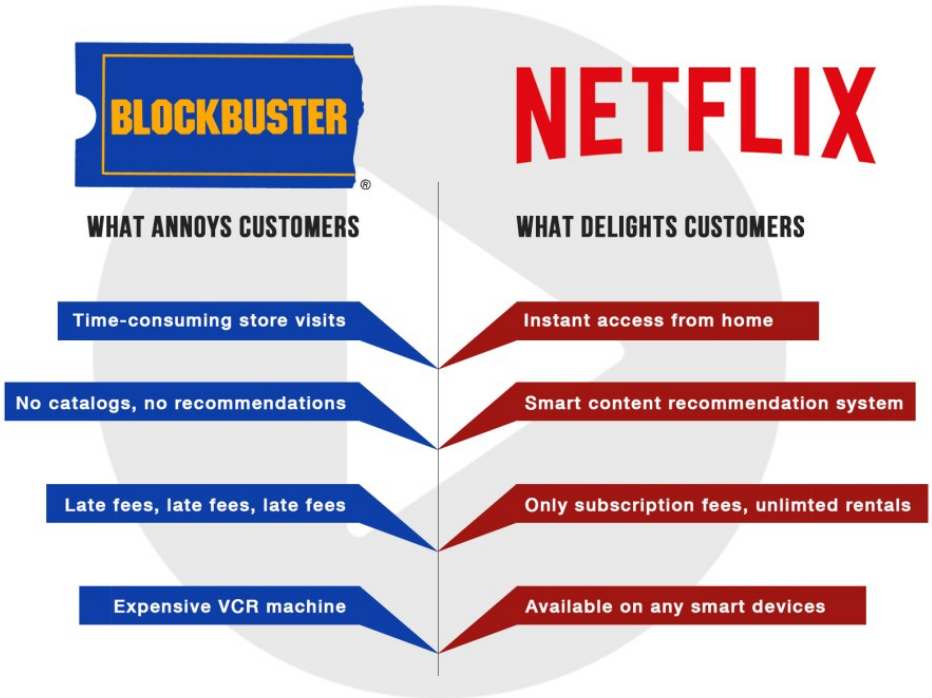
Source: *Netflix,* Statista Dossier, pg. 6

Figure 5: Netflix VS BlockBuster (1998-2016)



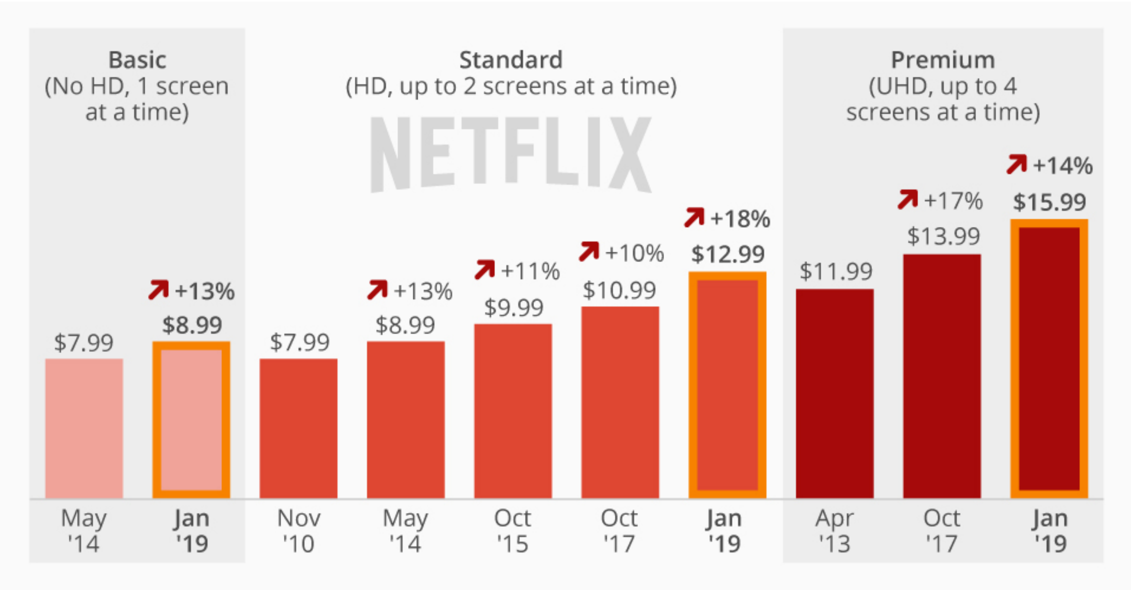
Source: *Disrupted or Disruptor, Which one will you be?* (Cloud Technology Partners, 2007)

Figure 6: Main differences between Blockbuster and Netflix



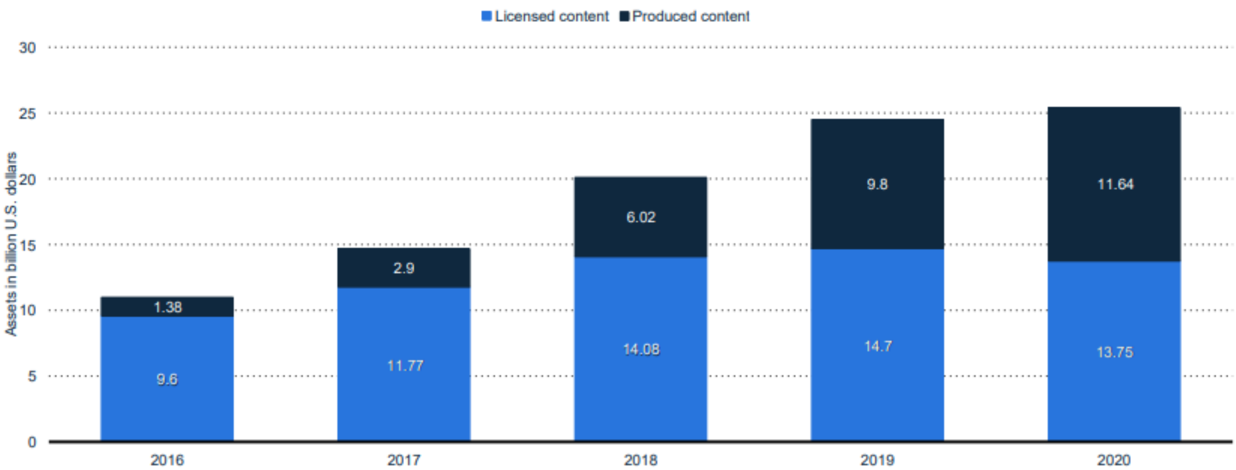
Source: *Winning the Customer Journey Battle: Netflix vs Blockbuster Case Study* (The Strategy Journey, 2020)

Figure 7: A brief history of Netflix price hikes (subscription prices in the US)



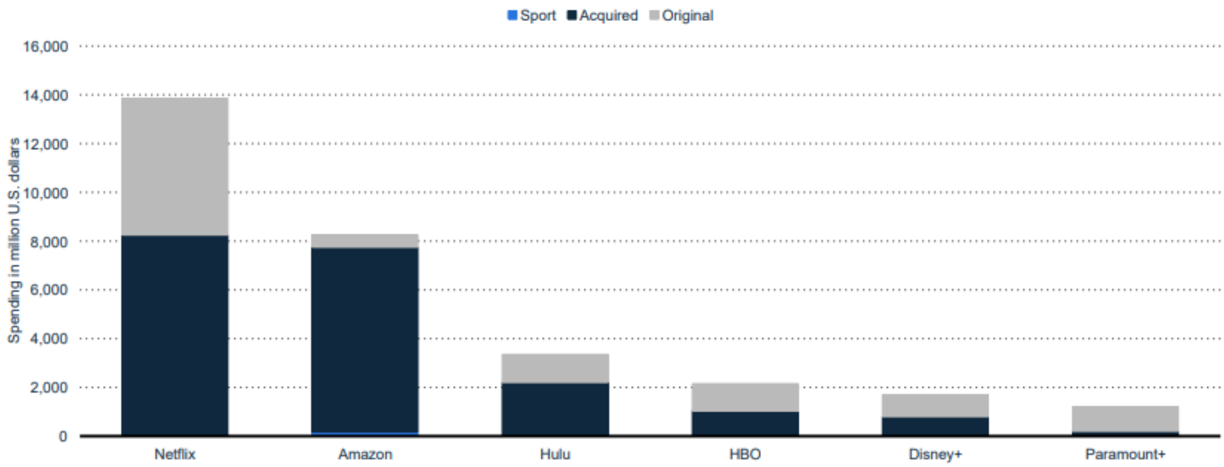
Source: *Company announcements - Price reports*, Statista

Figure 8: Netflix's content assets worldwide from 2016 to 2020, by type (in billion U.S. dollars)



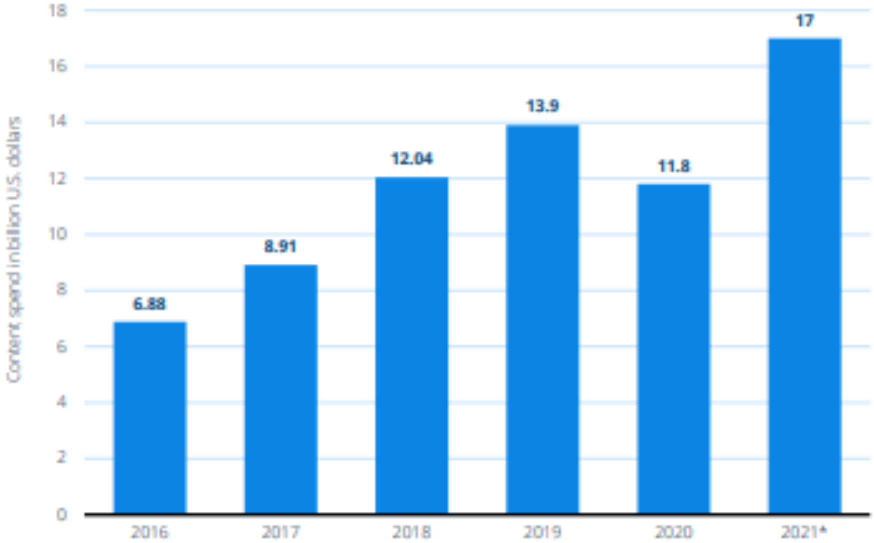
Source: *Netflix,* Statista Dossier, pg.33

Figure 9: Programming expenditure of subscription video-on-demand (SVOD) services worldwide in 2021, by category (in million U.S. dollars)



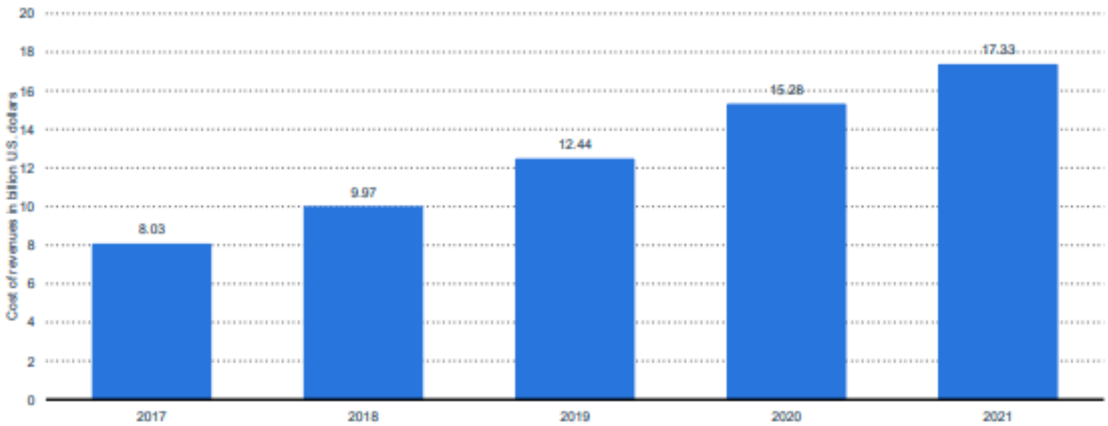
Source: *Netflix*, Statista Dossier, pg.7

Figure 10: Content spend of Netflix 2016-2021



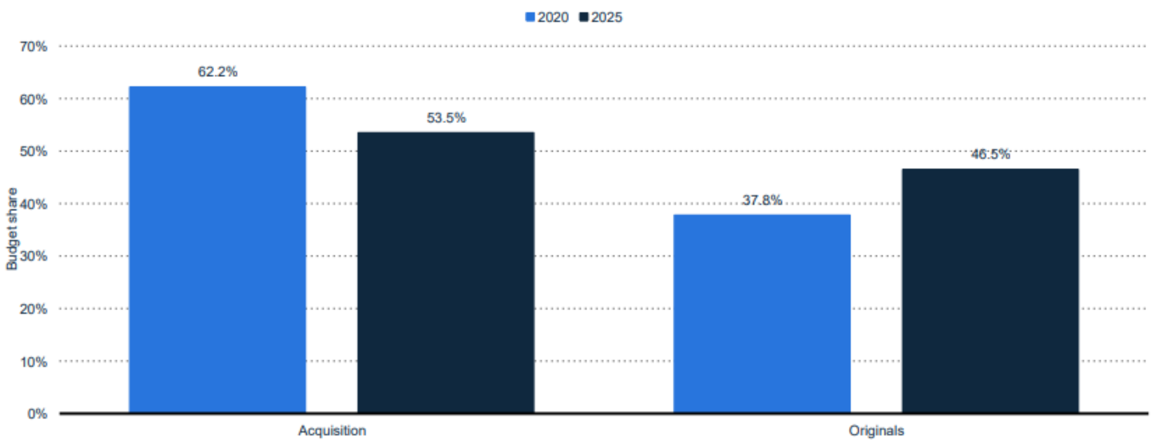
Source: *Streaming Wars*: *The Value Of Original Content To Streaming Services*, a Statista dossier plus, pg.18

Figure 11: Netflix cost of revenue 2017-2021 (in billion U.S. dollars)



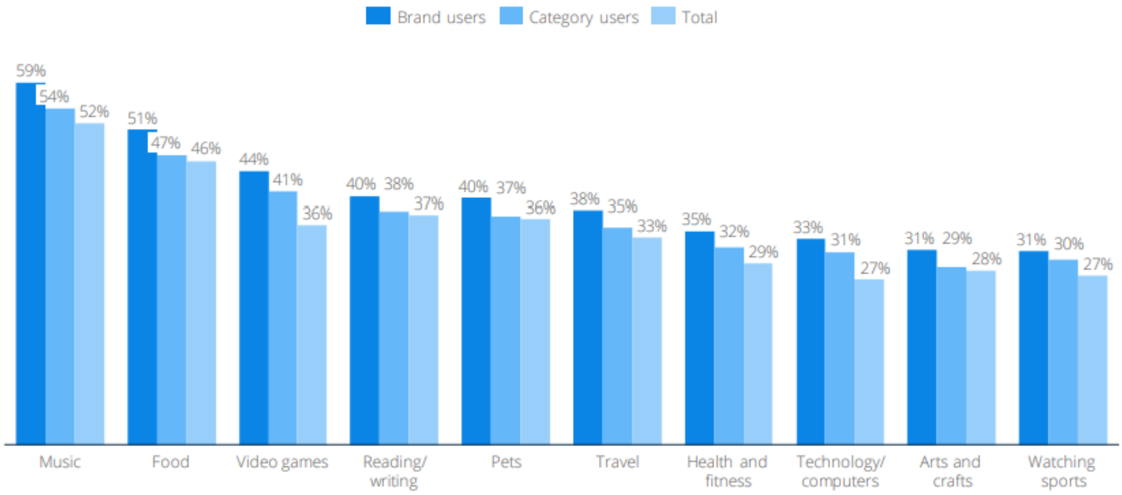
Source: *Netflix*, Statista dossier, pg. 13

Figure 12: Distribution of Netflix's budget worldwide in 2020 and 2025, by programming type



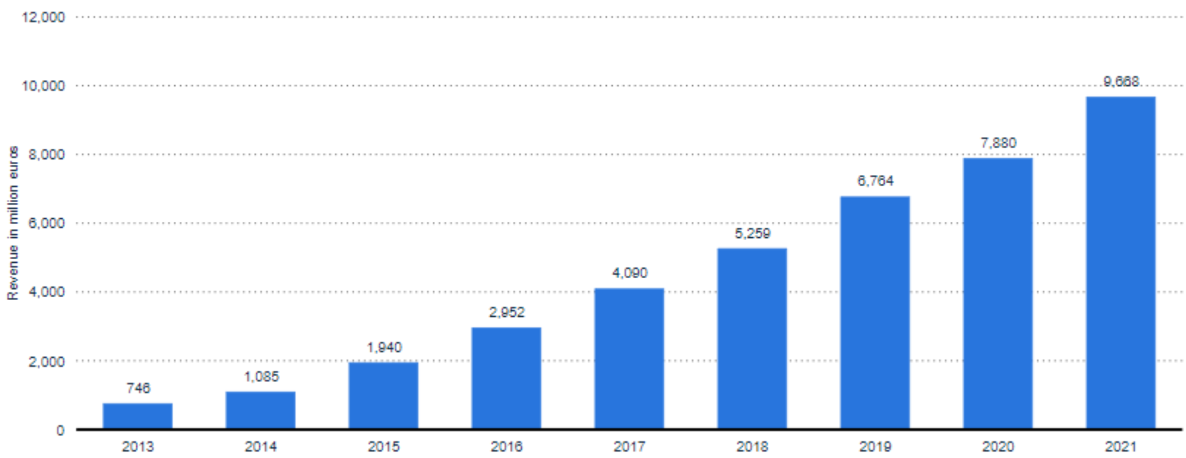
Source: *Netflix - Statista Dossier*, pg. 30

Figure 13: Top 10 interests/hobbies of Netflix users in the U.S.



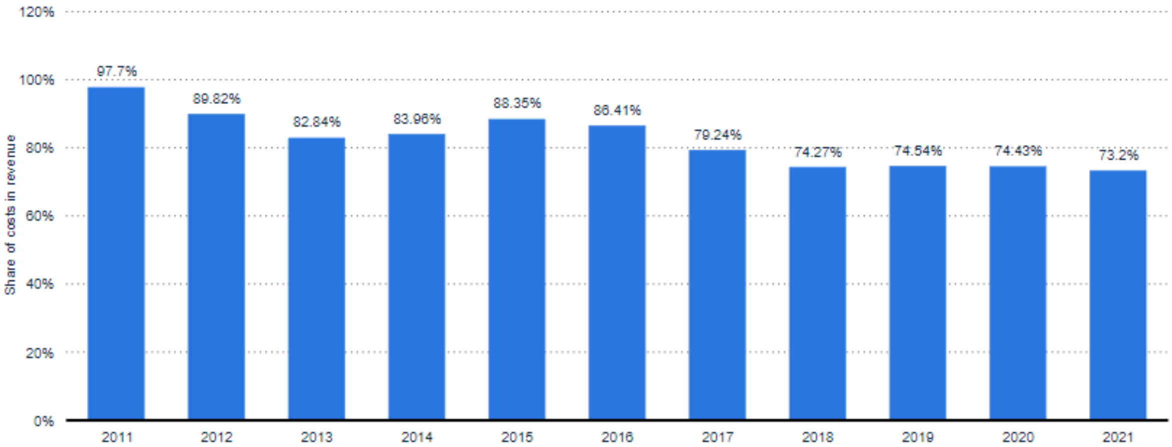
Source: *Video-on-demand: Netflix in the United States 2022,* Statista Global Consumer Survey, pg.13

Figure 14: Spotify's revenue worldwide from 2013 to 2021 (in million euros)



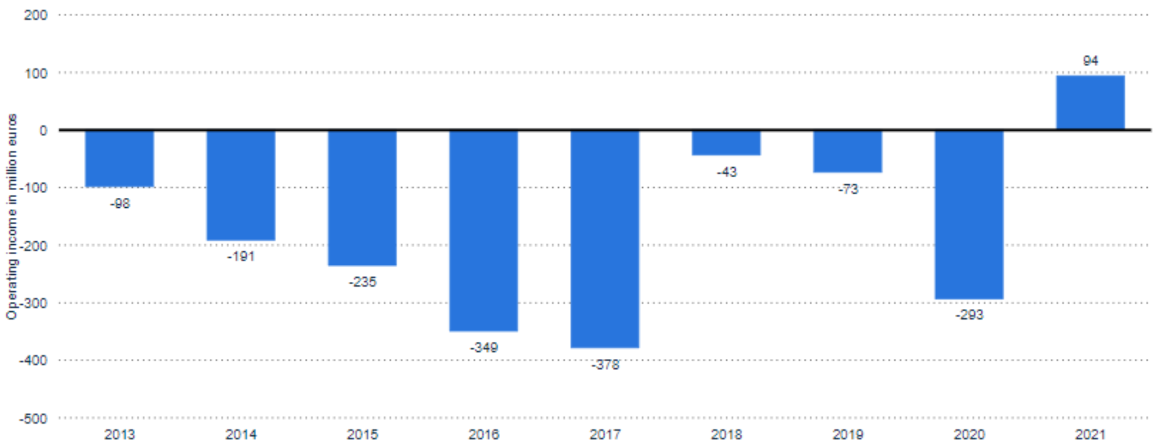
Source: *Spotify,* Statista Dossier, pg. 2

Figure 15: Share of Spotify's cost of revenue from 2011 to 2021



Source: *Spotify*, Statista Dossier, pg. 8

Figure 16: Operating income of Spotify worldwide - 2013 to 2021 (in million euros)



Source: *Spotify*, Statista Dossier, pg. 4

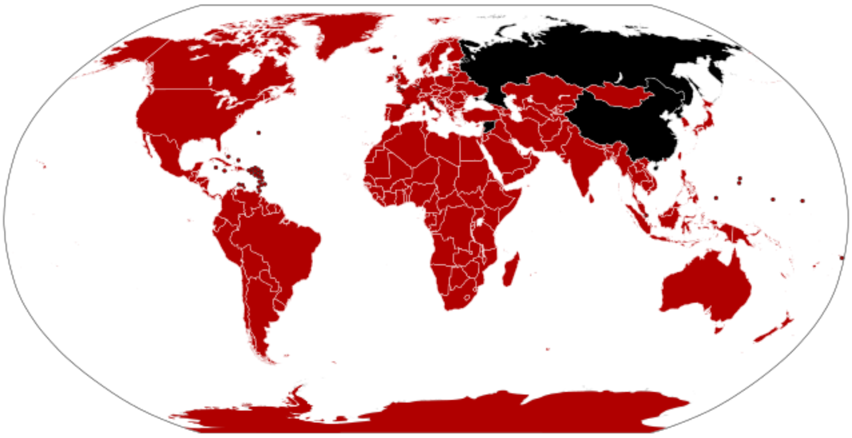
Figure 17: Current Netflix pricing plan (US dollars)

	Basic	Standard	Premium
Monthly cost* (United States Dollar)	**$9.99**	**$15.49**	**$19.99**
Number of screens you can watch on at the same time	1	2	4
Number of phones or tablets you can have downloads on	1	2	4
Unlimited movies, TV shows and mobile games	✓	✓	✓
Watch on your laptop, TV, phone and tablet	✓	✓	✓
HD available		✓	✓
Ultra HD available			✓

Source: Netflix website, https://help.netflix.com/pt-pt/node/24926/us, accessed on 27/02/2022

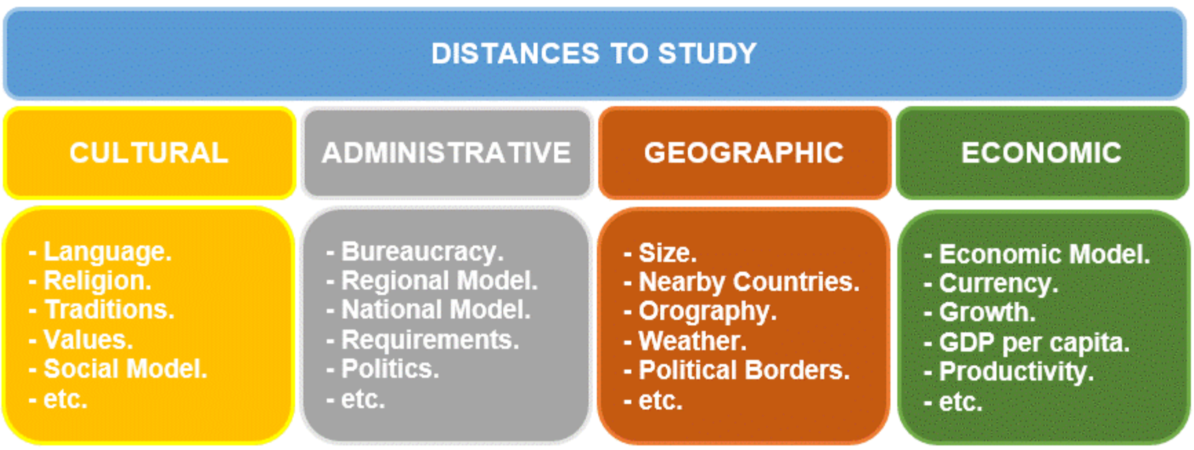
Appendix | ***The challenges of penetrating the Indian market***

Appendix 1: Countries (in red) Netflix is available



Source: Wikipedia. 2022, available at: https://en.wikipedia.org/wiki/International_expansion_of_Netflix

Appendix 2: CAGE Distance Framework

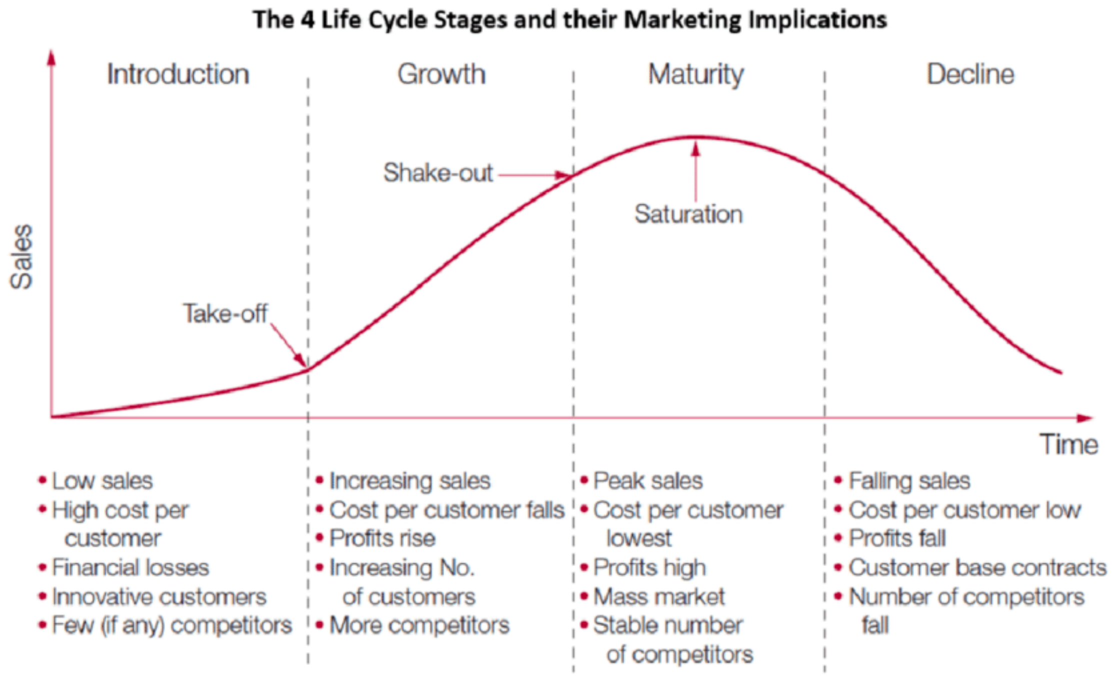


Source: Consuunt. 2022, available at: https://www.consuunt.com/cage-distance-framework/

Appendix 3: AAA Framework

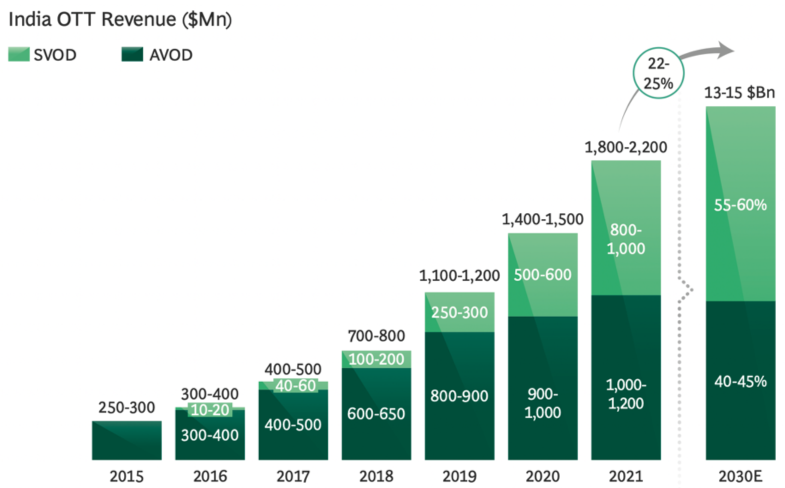
Source: Linkedin (2015), available at: https://www.linkedin.com/pulse/aaa-framework-what-your-globalization-options-parshvi-gupta

Appendix 4: Industry Life Cycle



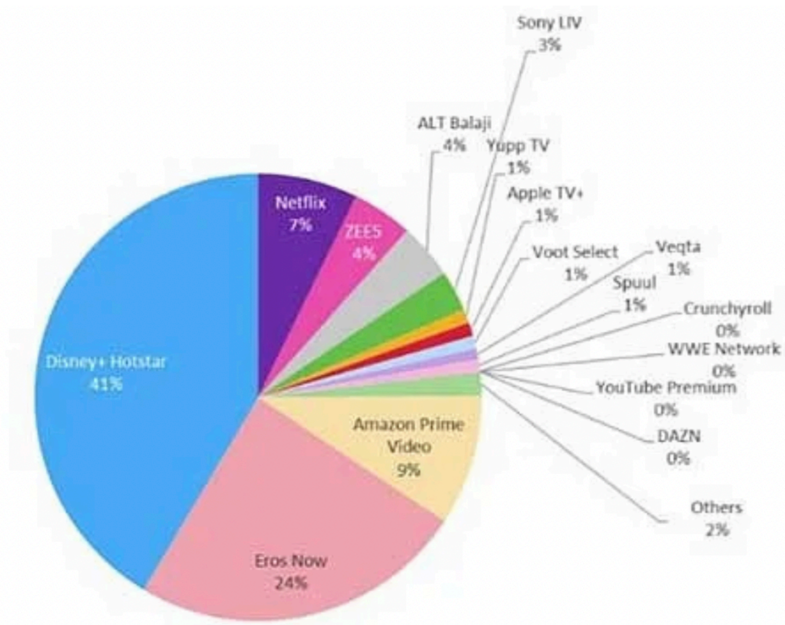
Source: ResearchGate. 2019. Available at: https://www.researchgate.net/figure/Industry-life-cycle-and-characteristics_fig2_337872851

Appendix 5: Increase in SVOD demand by 2030 (estimate)



Source: BCG p. 35, 2021, available at : https://web-assets.bcg.com/7b/a8/1eff85904e408c18fb8284a299f9/blockbuster-script-for-the-new-decade.pdf

Appendix 6: Market shares in India for major video on demand companies



Source: Omdia, 2022, available at: https://www.exchange4media.com/digital-news/disney-hotstar-has-41-share-of-indian-online-video-subscription-market-omdia-112817.html

Appendix 7: Key tier II and III cities in India

Key Tier II and III Cities in India

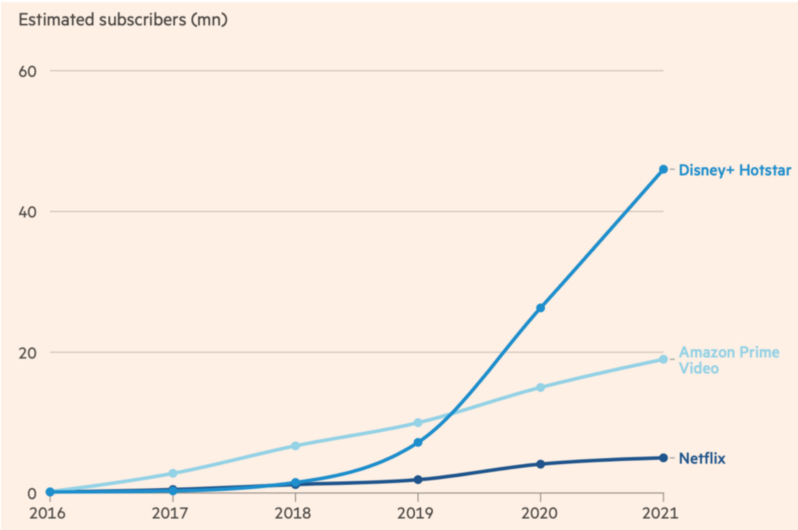
City	State
Lucknow	Uttar Pradesh
Kanpur	Uttar Pradesh
Amritsar	Punjab
Chandigarh	Punjab, Haryana
Jaipur	Rajasthan
Indore	Madhya Pradesh
Nashik	Maharashtra
Nagpur	Maharashtra
Vadodara	Gujarat
Surat	Gujarat
Ahmedabad	Gujarat
Mangalore	Karnataka
Coimbatore	Tamil Nadu
Vishakhapatnam	Andhra Pradesh
Kochi	Kerala

Note: All these cities are selected for development as future 'Smart Cities' in India.

Graphic©.

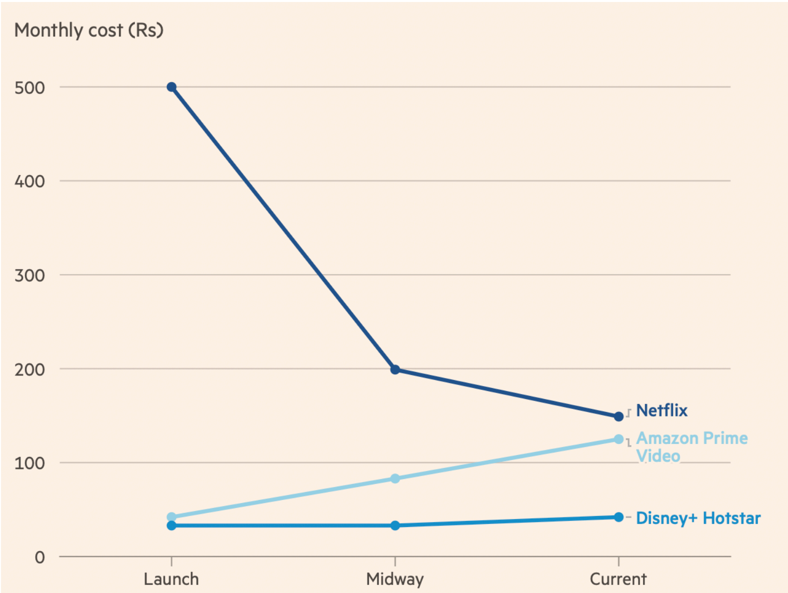
Source: InstaPDF, 2021, available at: https://instapdf.in/list-of-tier-3-cities-in-india/

Appendix 8: Estimated subscribers in India



Source: Financial Times, 2022, available at: https://www.ft.com/content/47ade68f-c7b4-4db6-961a-720456ece68a

Appendix 9: Monthly subscription prices



Source: Financial Times, 2022, available at: https://www.ft.com/content/47ade68f-c7b4-4db6-961a-720456ece68a

References | *Netflix: The disruptor faces headwinds*

Brennan, Louis. 2018. “How Netflix Expanded to 190 Countries in 7 Years”. Harvard Business Review. https://hbr.org/2018/10/how-netflix-expanded-to-190-countries-in-7-years. [Accessed 23 March 2022].

Business Today. 2021. “More innovative, more entertainment-oriented than competition: Netflix boss Reed Hastings”. https://www.businesstoday.in/ latest/corporate/story/more-innovative-more-entertainment-oriented-than-competition-netflix-boss-reed-hastings-306911-2021-09-17 [Accessed 23 March 2022].

Chatterjee Sayan, Barry Wayne and Hopkins Alexander. 2016. “Netflix Inc.: The Second Act - Moving Into Streaming”. Harvard Business Review. https://store.hbr.org/product/netflix-inc-the-second-act-moving-into-streaming/w16761?sku=W16761-PDF-ENG. [Accessed 23 March 2022].

D. Smith, Michael and Telang, Rahul. 2018. “Data Can Enhance Creative Projects — Just Look at Netflix”. Harvard Business Review. https://hbr.org/2018/01/data-can-enhance-creative-projects-just-look-at-netflix. [Accessed 23 March 2022].

D. Smith, Michael. and Telang, Rahul., 2019. “Netflix and the Economics of Bundling”. Harvard Business Review. https://hbr.org/2019/02/netflix-and-the-economics-of-bundling. [Accessed 23 March 2022].

Dau, Luis and Wesley, David., 2012. “Netflix Inc.: Streaming Away from DVDs”. Harvard Business Review. https://store.hbr.org/product/netflix-inc-streaming-away-from-dvds/w12850?sku=W12850-PDF-ENG. [Accessed 23 March 2022].

Feinberg Yossi, and Johnson Christy. 2017. “The Competitive Advantage of Netflix”. Harvard Business Review. https://store.hbr.org/product/the-competitive-advantage-of-netflix/sm268?sku=SM268-PDF-ENG. [Accessed 23 March 2022].

Gans, Joshua., 2017. “Netflix and Why the Future of Streaming Looks Like Old-School TV”. Harvard Business Review. https://hbr.org/2017/10/netflix-and-why-the-future-of-streaming-looks-like-old-school-tv. [Accessed 23 March 2022].

Gilchrist, Duncan. and Luca, Michael. 2017. “How Netflix’s Content Strategy Is Reshaping Movie Culture”. Harvard Business Review. https://hbr.org/2017/08/how-netflixs-content-strategy-is-reshaping-movie-culture. [Accessed 23 March 2022].

Hagiu, Anthony. 2018. “The Best Way for Netflix to Keep Growing”. Harvard Business Review. https://hbr.org/2018/08/the-best-way-for-netflix-to-keep-growing. [Accessed 23 March 2022].

Harris, Asher. 2020, “Think like Netflix: No Rules Rules”. Virgin. https://www.virgin.com/about-virgin/latest/think-like-netflix-no-rules-rules [Accessed 23 March 2022]

Helmer, Hamilton., 2016. “Chapter 1: Scale Economies” and “Chapter 6: Cornered Resource” in *7 Powers: The foundations of business strategy*. Los Angeles: Deep Strategy LLC

Kelly, Mary. and Swann, Christopher. 2020. “Netflix: Will Content be Enough?”. Harvard Business Review. https://store.hbr.org/product/netflix-will-content-be-enough/w20875?sku=W20875-PDF-ENG. [Accessed 23 March 2022].

Kemerer, Chris. and Dunn, Brian. 2017. “Netflix Inc.: The Disruptor Faces Disruption”. Harvard Business Review. https://store.hbr.org/product/netflix-inc-the-disruptor-faces-disruption/w17722?sku=W17722-PDF-ENG. [Accessed 23 March 2022].

Oh, Won-Yong. and Myer, Duane. 2016. “Netflix: International Expansion”. Harvard Business Review. https://store.hbr.org/product/netflix-international-expansion/w16236?sku=W16236-PDF-ENG. [Accessed 23 March 2022].

Olito, Frank. 2020. “The rise and fall of Blockbuster”. Business Insider. https://www.businessinsider.com/rise-and-fall-of-blockbuster?r=US&IR=T. [Accessed 23 March 2022].

Prince, Jeff. and Greenstein, Shane. 2018. “Does Original Content Help Streaming Services Attract More Subscribers?”. Harvard Business Review. https://hbr.org/2018/04/does-original-content-help-streaming-services-attract-more-subscribers. [Accessed 23 March 2022].

Rachleff, Andrew. and Coates, Bethany. 2007. “Netflix”. Harvard Business Review. https://store.hbr.org/product/netflix/e238?sku=E238-PDF-ENG. [Accessed 23 March 2022].

Richardson, Adam. 2011. “Netflix’s Bold Disruptive Innovation”. Harvard Business Review. https://hbr.org/2011/09/netflix-bold-disruptive-innovation. [Accessed 23 March 2022].

Shaw, Lucas. 2021. “Netflix’s biggest deal ever: A new spin on the same strategy”. https://www.bloomberg.com/news/newsletters/2021-09-26/netflix-s-biggest-deal-ever-a-new-spin-on-the-same-strategy. [Accessed 23 March 2022].

Shih, Willy., Kaufman, Stephen. and Spinola, David. 2007. “Netflix”. Harvard Business Review. https://store.hbr.org/product/netflix/607138?sku=607138-PDF-ENG. [Accessed 23 March 2022].

Sperling, Nicole. 2022. “Netflix loses subscribers for first time in 10 years” New York Times. https://www.nytimes.com/2022/04/19/business/netflix-earnings-q1.html. [Accessed 20 April 2022]

Teather, David. 2004. “Blockbuster to scrap late fees”. The Guardian. https://www.theguardian.com/business/2004/dec/15/12. [Accessed 23 March 2022].

Trainer, David. 2019. “Netflix’s Original Content Strategy Is Failing”. Forbes. https://www.forbes.com/sites/greatspeculations/2019/07/19/netflixs-original-content-strategy-is-failing/?sh=67bc93f36075. [Accessed 23 March 2022].

Yoon, Eddie., Lochhead, Christopher. and Cole, Nicolas. 2021. “Gaming Isn’t Netflix’s Best Opportunity for Growth”. Harvard Business Review. https://hbr.org/2021/11/gaming-isnt-netflixs-best-opportunity-for-growth. [Accessed 23 March 2022].

References | *The challenges of penetrating the Indian market*

Aguayo, Josefina. 2019. “How Netflix Is globalizing entertainment”. Accessed 23.04.2022. https://medium.com/@josefinaaguayo/how-netflix-is-globalizing-entertainment-e3de3f558074

Annamaneni, Keerthana. 2018. “For Netflix and Amazon, India’s many languages present a unique challenge”. *Forbes*. Accessed 23.04.2022. https://www.forbes.com/sites/kannamaneni/2018/12/04/for-netflix-and-amazon-indias-many-languages-present-a-unique-challenge/

BCG. 2021. *Blockbuster Script for the new decade – way forward for Indian media and entertainment industry*. Big Picture Summit 2021. Accessed 31.03.2022. https://web-assets.bcg.com/7b/a8/1eff85904e408c18fb8284a299f9/blockbuster-script-for-the-new-decade.pdf

Biswas, Soutik. 2022. “Netflix: Why the world’s biggest streaming service is frustrated with India”. *BBC*. Accessed 23.04.2022. https://www.bbc.com/news/world-asia-india-60108294

Bhushan, Nyay. 2019. “Netflix to invest $400M in Indian content over two years, CEO Reed Hastings says”. *The Hollywood Reporter.* Accessed 01.04.2022. https://www.hollywoodreporter.com/tv/tv-news/netflix-invest-400m-indian-content-says-ceo-reed-hastings-1260159/

Boyle, Matthew. 2007. “Questions for… Reed Hastings”, *CNN Money*. Accessed 30.03.2022. https://money.cnn.com/magazines/fortune/fortune_archive/2007/05/28/100034248/

Brennan, Louis. 2018. “How Netflix expanded to 190 countries in 7 years”. *Harvard Business Review*. Accessed 30.03.2022. https://hbr.org/2018/10/how-netflix-expanded-to-190-countries-in-7-years

Bursztynsky, Jessica. 2022. “Netflix suspends service in Russia”. *CNBC*. Accessed 15.04.2022. https://www.cnbc.com/2022/03/06/netflix-suspends-service-in-russia.html

BusinessInsider. 2022. "How India is cutting the cord to drive an OTT revolution". *Advertising and Media Insider*. Accessed 18.04.2022. https://www.businessinsider.in/advertising/media/article/how-india-is-cutting-the-cord-to-drive-an-ott-revolution/articleshow/90347924.cms. Accessed 18.04.2022

Carr, Austin. 2011. "Netflix conquers the Americas: Is Europe next?". *Fast Company.* Accessed 13.04.2022. https://www.fastcompany.com/1765093/netflix-conquers-americas-europe-next

Chatterjee, Abhishek. 2021. "Internet speeds in India increase despite bandwidth pressure". *The Hindu.* Accessed 01.04.2022. https://www.thehindu.com/sci-tech/technology/internet-speeds-in-india-increase-despite-bandwidth-pressure/article35403275.ece

Cornish, Chloe and Nicolaou, Anna. 2022. "Netflix struggles with ambitions in India". *Financial Times.* Accessed 01.04.2022. https://www.ft.com/content/47ade68f-c7b4-4db6-961a-720456ece68a

Estrin Saul, Borovinskaya Angelina, Cote Christine and Shapiro Daniel. 2018. "Cultural, administrative, and economic proximity between the UK and Canada should be good for trade". *London School of Economics.* Accessed 01.04.2022. https://blogs.lse.ac.uk/management/2018/12/03/cultural-administrative-and-economic-proximity-between-the-uk-and-canada-should-be-good-for-trade/

ErosSTX. 2021. *Press Release.* Accessed 23.04.2022. https://erosstx.gcs-web.com/news releases/news-release-details/eros-now-outlines-detailed-operating-metrics-fiscal-year-2021

Farooqui Javed. 2022. "Disney + Hotstar has 41% share of Indian online video subscription market: Omdia". *Exchange4media.* Accessed 31.03.2022. https://www.exchange4media.com/digital-news/disney-hotstar-has-41-share-of-indian-online-video-subscription-market-omdia-112817.html

Fritz, Ben. 2011. "Netflix expanding into Latin America". *Los Angeles Times.* Accessed 13.04.2022. https://www.latimes.com/business/la-xpm-2011-jul-06-la-fi-ct-netflix-expands-20110706-story.html

Ghemawat, Pankaj. 2001. "Distance still matters: The hard reality of global expansion". *Harvard Business Review*. Accessed 30.03.2022. https://hbr.org/2001/09/distance-still-matters-the-hard-reality-of-global-expansion

Ghemawat, Pankaj. 2004. “Difference and the CAGE Distance Framework”. *Pankaj Ghemawat.* Accessed 16.04.2022*.* https://ghemawat.com/globe-course/readings/195/Differences+and+the+CAGE+Distance+Framework

Ghemawat, Pankaj. 2007. “Managing Differences: the central challenge of global strategy”. *Harvard Business Review.* Accessed 18.04.2022*.*

Hayes, Dade. 2021. “Netflix COO Greg Peters on pricing strategy, the “Endless Scroll” and shrinking theatrical Movie Windows”. Accessed 18.04.2022. https://deadline.com/2021/03/netflix-coo-greg-peters-pricing-movie-windows-endless-scroll-streaming-1234704949/

Kelion, Leo. 2016. “Netflix blocked by Indonesia in censorship row”. *BBC*. Accessed 18.04.2022. https://www.bbc.com/news/technology-35429036

Kumar, Jitender, Gupta Ashish and Dixit Sweta, 2020, “Netflix: SVoD entertainment of next gen”, *Emerald emerging markets case studies.* Accessed 01.04.2022. https://www.researchgate.net/profile/Dr-Ashish-Gupta/publication/345410674_Netflix_SVoD_entertainment_of_next_gen/links/601a3ab745851589397a5603/Netflix-SVoD-entertainment-of-next-gen.pdf

Maheshwari, Arushi. 2020. “Netflix is now available in Hindi”, *Netflix Press release*. Accessed 23.04.2022. https://about.netflix.com/en/news/netflix-is-now-available-in-hindi

Netflix. 2016. “Netflix is now available around the world”. *Netflix News*. Accessed 15.04.2022. https://about.netflix.com/en/news/netflix-is-now-available-around-the-world

O’Brien, Terrence. 2011. “Netflix lands in Brazil, 43 other Latin American countries within the week”. Accessed 13.04.2022. https://www.engadget.com/2011-09-05-netflix-lands-in-brazil-43-other-latin-american-countries-withi.html

Oh, Won-Yong and Myer, Duane. 2016. “Netflix: International Expansion”, *Harvard Business Publishing*. Accessed 31.03.2022. https://hbsp.harvard.edu/product/W16236-PDF-ENG

Oluwole, Victor. 2021. “Netflix announced new mobile-only subscription plan for Africans at $3.99 per month”, *Business Insider Africa*. Accessed 04.05.2022. https://africa.businessinsider.com/local/lifestyle/netflix-announced-new-mobile-only-subscription-plan-for-africans-at-dollar399-per/55negz8

Parkin, Benjamin. 2020. “Netflix goes on India Promotion blitz to catch up with streaming rivals”, *Financial Times*. Accessed 01.04.2022. https://www.ft.com/content/a4eeeb63-354e-404b-a5f8-12f3be0e9532

Pepitone, Julianne. 2011. “Netflix expands to 43 new countries”, *CNN Business*. Accessed 13.04.2022. https://money.cnn.com/2011/07/05/technology/netflix_international/index.htm

Phartiyal, Sankalp. 2021. “India says video streaming platforms should be held responsible for content”, *Reuters.* Accessed 24.04.2022. https://www.reuters.com/article/us-india-content-regulation-idINKBN2BH2X2

Shaheer, Noman Ahmed and Li, Sali. 2020. “The CAGE around cyberspace? How digital innovations internationalize in a virtual world”, *Journal of Business Venturing*. Accessed 16.04.2022. http://text2fa.ir/wp-content/uploads/Text2fa.ir-The-CAGE-around-cyberspace-How-digital-innovations-1.pdf

Shaw, Lucas. 2020. “Netflix moving Latin American base to Mexico as ambitions grow”, *BNN Bloomberg.* Accessed 16.04.2022. https://www.bnnbloomberg.ca/netflix-moving-latin-american-base-to-mexico-as-ambitions-grow-1.1382935

Stober, Olusegun Emmanuel. 2014. “CAGE analysis of China’s Trade Globalization”, *European Journal of Interdisciplinary Studies*. Accessed 30.04.2022. https://ejist.ro/files/pdf/382.pdf

Thakur, Neeraj. 2022. “Is woke content harming Netflix’s India Business?”, *Outlook India*. Accessed 24.04.2022. https://www.outlookindia.com/business/is-woke-content-harming-netflix-s-india-business--news-46653

Transparency International. 2021. “Corruption perceptions index”. Accessed 16.04.2022. https://www.transparency.org/en/cpi/2021

Vanamali, Veera Krishna. 2022. “Why has Netflix not been able to crack the Indian market?”, *Business Standard.* Accessed 18.04.2022. https://www.business-standard.com/podcast/companies/why-has-netflix-not-been-able-to-crack-the-indian-market-122012500081_1.html

Venkataramakrishnan, Siddarth. 2021. “Online streaming looks to Asia for steady flow of subscribers”, *Financial Times*. Accessed 31.03.2022. https://www.ft.com/content/d972786e-8503-418c-bfa5-525ab4eba236