

medianews4u.com

103 brands advertised on both Regional and Hindi+English Sports channels during first 22 matches of IPL 15
APRIL 19, 2022

ED attaches assets worth Rs. 757.77 Crore of Amway India under a multi-level marketing scam
APRIL 19, 2022

ABBY's 2022 appoints India's Advertising Stalwarts as Jury Chairs
APRIL 18, 2022

Akshay Kumar endorsing the Pan masala brand fairly irresponsible, while fetching him all the moolah: Experts
APRIL 18, 2022

At Allana, we service a wide range of customer segments in both B2B and B2C space: Milind Pingle
APRIL 18, 2022

Brands join the bandwagon with quirky wishes as 'Alia becomes Ranbir ki Dulhania'
APRIL 15, 2022

Home > Exclusive

AVOD strategy: the way forward for Netflix in the Indian market?

by **Noethu** — April 21, 2022 | In Exclusive, Featured, OTT | 5 min read



Share on Facebook | Share on LinkedIn | Share on Twitter | Share on WhatsApp

The American subscription streaming platform, Netflix, has witnessed a sharp drop in subscribers. The platform has announced the loss of 200,000 customers during the January-March quarter. The platform has also projected a loss of another 2 million customers in the current April-June quarter. Netflix's share price dropped by more than 35 percent on Wednesday in early trading following the announcement. The war in Ukraine and fierce competition contributed to a loss of subscribers for the first time in more than a decade and predicted deeper losses ahead. The platform attributed the slow growth to a few factors, including multiple users sharing a single account. In addition to the 222 million paying households, Netflix is shared with over 100 million additional households. In 2020, Netflix added 56 million subscribers, which is considered to be the largest annual growth since the platform's streaming service debuted in 2007.

colors | **GAME CHANGERS 2021** | **POWERED BY vikatafi** | **GOLD PARTNER** | **SILVER PARTNER** | **ASSOCIATE SPONSOR**

WHO WILL BE CROWNED? 22 April, 2022 | Chennai | More at www.gamechangers.medianews4u.com

Reasons for the loss in subscriber numbers

Around the globe, Netflix has 222 million subscribers. According to Guardian, in markets like US and Canada, 75 million out of the total 142 million households have Netflix subscriptions and password sharing accounts for 30 million additional households using the service in North America. At the bottom line, the platform is fighting for new signups from a rapidly shrinking pool of non-subscribers.



Karan Taurani

"The decline is primarily due to trend reversal and unlock, which would have led to a reduction in consumption/time spent on OTT." Account sharing (50% of the subscribers) and competitive intensity are the other two factors for the decline in subscribers. We believe a larger portion of the decline is due to low subs growth in emerging nations, as they are more price-sensitive and would have adopted offline and other modes of entertainment; developed nations like the US may not have seen a sharp decline as such, as the customer base is stickier with cable ARPU prices being very high," observes **Karan Taurani, AVP, Elara Capital.**

Competitive intensity and a high level of penetration may be the only reasons for slower or no growth in the US market subscriber base.

The whole ecosystem of media or content consumption was sure to change post-COVID. This is expected, and media and entertainment content developers shouldn't have restricted their research and perception from just exposure. There is always an ecological environment wherein the audience consumes the content.

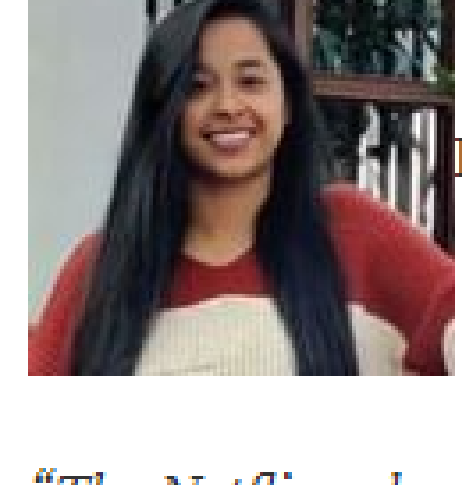
"Several studies have mentioned the macro factors, especially in this case, like the pandemic, disposable income, more time for entertainment, and no other alternatives, which added to the upsurge/trend during the COVID. This was a trend. The process and viewer consumption patterns will change when the macro factors come back to their original state. The best thing that has happened for OTT is customer acquisition at a faster pace and at a lower cost compared to pre-COVID times. Variables like "Viewers' motive for consuming content was different during pre-COVID, during COVID, and post-COVID," said **Dr Sumesh Ramankutty, Chief Marketing Officer, Augmont Gold For All.**



Dr Sumesh Ramankutty

"The cognitive and emotional involvement of viewers with the content, especially in web series, has increased during the lockdown, which will drastically change when the environment changes." The new environment restricts their viewing timing, which means priorities shift. When the big screen was losing money, OTT took advantage of the pandemic opportunity. So, it is not a shock if the marketers have understood the sudden windfall," he added.

A setback for the SVOD categories on the whole?



Meghna Nupur

"The Netflix subscriber and share drop might be a blessing in disguise for their competitors, but only if they plan appropriately." There has been a significant drop in subscribers in the last few months, mostly since the pandemic relaxation. People during the pandemic have binge-watched a lot of series, movies, documentaries, etc. Therefore, post-relaxation, they are finding other things to do. So, to keep their subscribers and hold onto their market, the SVODs need to keep their plans strong. For instance, Apple seized the streaming rights to CODA, which eclipsed Netflix's Power of The Dog, among other films, to win Best Picture (2022) at the Academy Awards. Keeping an award-winning programme on their platform made them gain more subscribers. Therefore, it is essential to understand what is right and when to move forward with which plan to lure new viewers. If we talk about a reason why SVOD providers as a whole are facing a setback in the coming quarters, it'll be due to the raised price of the channel subscription. So, they need to work on the same as well," said **Meghna Nupur, Founder, Meur Fitch.**

"Like any business cycle, this should be considered as a trend and OTT is going to be there in households due to the genre, no censorship, freshness and type of content provided. Viewers can now decide what type of content to consume on OTT and big screens post-covid," added **Dr Sumesh.**

Way forward

Following a slowdown in subscriber growth, Netflix has decided to launch an ad-supported, cheaper subscription plan. The platform is also finding ways to monetize the vast number of households that aren't currently paying for the service.

"Another focus is how best to monetize sharing — the 100 million households using another household's account. This is a big opportunity as these households are already watching Netflix and enjoying our service. Sharing likely helped fuel our growth by getting more people to use and enjoy Netflix. And we've always tried to make sharing within a member's household easy, with features like profiles and multiple streams. While these have been very popular, they've created confusion about when and how Netflix can be shared with other households," the **company statement read.**

Early last year Netflix started testing different approaches to monetize sharing and, in March, introduced two new paid sharing features, where current members have the choice to pay for additional households, in three markets in Latin America.

"There's a broad range of engagement when it comes to sharing households, from high to occasional viewing. So, while we won't be able to monetize all of it right now, we believe it's a large short-to mid-term opportunity," said **the company.**

Dr Sumesh believes that to curb the subscriber loss, it is high time that Netflix became Desi in geographies like India.

"The task is how to retain them. Tier 3 and Tier 4 cities look for regional content, and more such content will help in acquiring more viewers. These cities contributed more to the DD during a time when television ratings were non-existent. It is high time for Netflix to become "Desi," he said.

Is AVOD a growing route for Netflix in India?

In terms of Indian geography, the AVOD market size is around USD 1.2 billion, with aggregators (YouTube, MX) and sports-based OTTs accounting for nearly 60% of the contribution; Netflix's entry into AVOD will have a greater negative impact on broadcaster-led OTT's rather than aggregators and sports-based platforms. Time spent and audience traffic metrics on sports/aggregator-based OTT platforms are nearly 1.5-3x that of broadcasters and other niche OTT platforms, demonstrating the former's commanding position in AVOD; the shift toward cricket and sports content will help Netflix compete better in the Indian AVOD market, observes **Karan.**

Echoing **Karan's** observations, **Dr Sumesh** said, *"The AVOD strategy that is followed in FTA channels will have a detrimental effect on Netflix. Any advertisement is an interference in the content consumption process, and the main USP of OTT platforms is "No interference" during viewing. The mood and congruence of content versus advertising is poles apart, and it makes the attrition of viewers on Netflix faster. Hence, content planners and advertisers have to sit down together to monetize the opportunity and adopt an innovative method to run commercials. The emergence of HD in the television industry is a classic example of how households wanted to avoid television advertisements. The avoidance of advertisements during OTT viewing will further lead to the avoidance of OTT subscriptions."*

"Netflix did not get its content strategy and pricing right. Netflix had difficult in Brazil too initially, but it is cracked the market similarly. They will catchup with the Indian market. Pandemic helped Netflix gain a foothold in India. The streaming giant now stares at a tough road ahead, where quality content and reasonable prices will decide its fate," **Chanda Bagwe, Founder & Director, C Com Digital.**



Chanda Bagwe

Tags: AVOD | C Com Digital | Chandan Bagwe | Karan Taurani | Meghna Nupur | Netflix

Related Posts

cultinno | **World Creativity & Innovation C** April 21

Cultinno partners with World Creativity & Innovation Week to celebrate the grass root level innovators in India
BY EDITORIAL | APRIL 21, 2022

Cultinno.in is an innovation platform which aims to make India an innovation ecosystem by making innovation a habit. Cultinno showcases...

READ MORE



Suresh Triveni launches creative studio, 'Opening Image'; Abundantia Entertainment to back the venture
BY EDITORIAL | APRIL 21, 2022

Critically acclaimed director of successful films like "Tumhari Sulu" and the recent hit "Jalsa", Suresh Triveni has now announced the...

READ MORE

Subscribe to Newsletters

Email Address

SUBSCRIBE

Trending

LV Vaidyanathan appointed as P&G India's new CEO, effective July 1, 2022
BY EDITORIAL | APRIL 19, 2022

Mumbai: Procter & Gamble announced today that LV Vaidyanathan will take over as the Chief Executive Officer for its operations...

Khusi Advertising rolls out marketing and media campaign for KGF: Chapter 2
APRIL 19, 2022

The legends of the Ramayana with Amish traces the journey of Lord Ram from Ayodhya to Srilanka: Megha Tata, Discovery Inc.
APRIL 4, 2022

TAM Media Research and MediaNews4U launches 4th edition of 'The South Side Story'
APRIL 20, 2022

Akshay Kumar endorsing the Pan masala brand fairly irresponsible, while fetching him all the moolah: Experts
APRIL 18, 2022

