Service Quality Dimensions: An analysis of Netflix and theirsustainability in India's online video streaming platform

[1]Akhil Tom Rose, [2]Charan S, [3]Milan Jose, [4]Rinu Anna Rajan

Abstract: **Netflix, an online video streaming platform, broke the traditions for the last 20 years and has been changing the way world watches anything today. India is a land where humanity presents itself in the most creative burst of culture and religions, races and tongues. It is indeed a challenging platform for Netflix to sustain in the Indian markets. The study provides an integrative and analytical review of, what will be the tactics Netflix will follow in order to please Indian consumers, can subtitles play a role? Can they get the pricing, right? Can they fix on the bandwidth across the country? and so on. This conceptual paper will help in validating the strategies Netflix would follow in future and will they be phenomenal where India says "Lets Netflix this weekend?"**

Keywords: **Netflix, video streaming platform, India, marketing strategies, sustainability.**

1. INTRODUCTION

Netflix was established in the year 1997 in California, initially it started as mail order video rental and sales service. Over the time they have adapted themselves to the changing technological development to a lead in the online streaming market. They began a subscription model where the subscribers pay a monthly fee and they had the access to rent the movies , tv shows from the Netflix library and return it whenever they want to without paying any late fee. Today Netflix has more than 120 million subscribers around the world , as it produces their own series and movies. As we analyse their growth we can see that they have a clear picture of the customers trends and develops strategies according to it. As the company was started during the dot-com bubble where in the internet was just being accessible to the consumers , Netflix recognised the upcoming trend and looked for a way to capitalize it. When they decided to launch their new website they found that it will be expensive to work with the DVD technology. However in the previous year the DVD's were first introduced in the test markets and mainly concentrated to re-develop their strategies with this new medium. When we look at the above strategy we can learn that they had a major revenue from people buying DVD's . Initially when Netflix started off they did not have many competitions as such who offered them to legally watch the movies, the ones who were in the business had a requirement that the customers has to first download the movies and pay for them. Netflix understood that customers really didn't want to download and pay for the same every time they wanted to watch movies,they created a platform where they could watch their favourite shows online without downloading it with their subscriptions availed. This bought about a new experience to the customers and Netflix made their service appealing to the subscribers. In order to sustain their position Netflix has to invest their time in learning the new insights in markets which is not developed by any other online streaming platforms. As generations grow old the purchasing power also increases, this will most likely continue in the future and as we see Netflix has and advantage of positioning them in the markets.

Objectives:

1) To understand the marketing strategies that can help Netflix to influence Over-The-Top online video streaming services in India.

2) To determine the challenges faced by Netflix is the growing Indian video streaming platform.

3) To determine the major competitors of Netflix and their strategies in getting customer attraction.

Total Netflix subscribers:
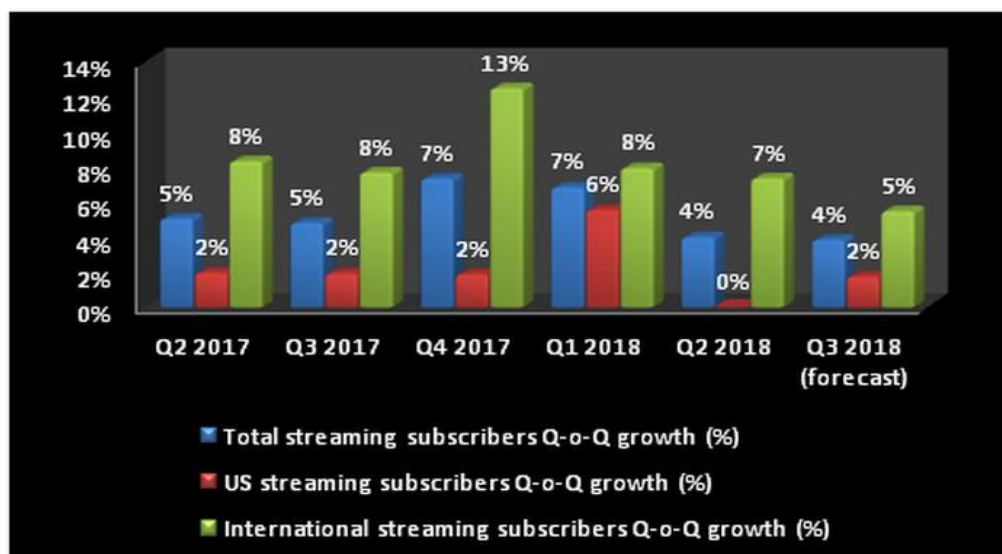
DATA SOURCE: NETFLIX. CHART BY Harsh Chauhan.

2. LITERATURE REVIEW

Osur, L. (2016) emphasises about the launch of Netflix in the markets, where platform of internet videos was a breakthrough and how they established as a leading company and made the reputation their of own. Netflix also evolved themselves to a production & distribution network and they had turned the traditional way of watching television into videos of their preference at finger tips. **Dawi, Jusoh, Nor, Qureshi(2016)** enhances the service quality that determines the effectiveness of the business that is striving to catch customer attention that will build loyalty towards the brand. **Elgohary, W. R. (2011)** does a speculative analysis of Netflix's business strategies and its impact on the subscribers, was the policies laid down was in the favour of company's profitability, did it meant to satisfy the subscribers of Netflix , the study also emphasis a relationship between the rate of subscription and satisfaction of customers. **Nover, S. (2018)** discusses on the emergence of visual media was from the 20th century. The evolution of technology paved Netflix to offer certain facilities to the public, the decision to launch video streaming platform was one of them from the conventional DVD rental program which they had previously followed. Adaptions of new policies had helped Netflix to gain a role in the competitive market.**Hampton-Sosa, W. (2017)** say that digital piracy is one of the challenges that is faced in the digital world . As corrective measures it is very important for the customers to look into the quality, information and authorization rather than looking at the free charge from unauthorized websites. **Wayne, M. L. (2018)** says that branding is the strategy followed by the television industries to gain an advantage over time . Amazon and Netflix are rivals in the market which are trying to fabricate strategies' to attract customers subscribe their premium accounts and also they are laying out plans to throw out traditional television networks and to sustain from the competition of parallel entities. **Given, j. (2016)** investigates two late explanations of the idea of TV that have propelled 'end of TV' stories in the two nations.The invasion of digital platforms in the countries had an impact on the traditional television viewing.The best online membership video benefit in Australia and New Zealand up until this point, Netflix, talks up the finish of TV.The article suggests a marginally extraordinary conversation starter to regardless of whether TV is finishing.**Mike, V. E. (2016)** says that TV as a medium is experiencing significant change from DVRs, to Netflix. The subscribers have no idea how they can devour the televisual content. New service released had availed the customers to live and recorded over the air. In this era the modern television platforms are adapting new strategies by evolving in accordance to the digital transformation.**Baumgartner, J. (2015)** emphasizes about how Netflix had triumphed the video on demand market from the other rivals prevailed in the time and how they had become successful in creating a brand perception in the mind of people at the first moment itself. **Thomas (2018)** in his interview with Netflix CEO Reed Hastings, for Business line, mentioned about their great start in India. He appreciated the fantastic membership growth in India and said that Netflix wants to create movies and TV shows that Indians are waiting for. Supporting different languages, making better mode of payments, developing amazing content are the different challenges to be dealt within India, he said. **Chawla (2018)** in his article briefs about the challenges faced by Netflix in the growing Indian video streaming platform. The article discusses on the recent survey in which Netflix is positioned last among the top five Over-the-top online video streaming services in

India and finds Hotstar, Amazon prime, Voot and Youtube to be the major competitors. Poor internet connectivity and bandwidth are considered to be the major challenges in India. The article also suggests Netflix to work more on its content. **Knowledge.Warton (2017)** studies on the chances of Netflix to be a blockbuster in India. China and India are considered to be the two major potential markets of Netflix but the video streaming service failed in offering enough local contents for the people out there. The article tells that Indian markets are to be built slowly without any big bang fashion. High subscription price, high data costs, poor speed of delivery and the lack of Indian content have resulted in the low number of premium memberships.**Business standard (2017)** discusses on the increasing demand for online video streaming in India and on the strategies used by Hotstar in building a strong customer base. One reason for global over the top (OTT) content to lag behind India's hotstar is the lack of Indian content.**Agarwal (2016)**says that 'Regardless of the challenges of making profit in India's online video streaming platform, several American companies cons (hfkjd, 2019)iders India as a potential market. The article states that 'Unlike the US citizens, Indians prefer free video. These reasons have made it difficult for the content creators and the video streaming platform to earn profit from streaming and its downloads. In January, 2016 Netflix started streaming in 130 countries including India. India, with its good demographics is considered to emerge as a prominent market for online video streaming and downloads.But the emerging Indian streaming market offers a number of challenges which Netflix will find difficult to overcome.**Bhattacharya (2018)** discusses on how Amazon prime is keeping up its top position in the Indian market. India's growth is found to be the fastest among the 16 countries where Amazon Prime is available. Indians stick on to their regional languages and this has helped Amazon in increasing the number of their subscribers.**Businessnetwire.us (2007)** tells that Netflix will use MicroStrategy for detailing and investigation of monetary information and serves its subscriber base to 6.8 million members. Ease of use, robust-reporting, and analytical capabilities are some of the features of MicroStrategy. Netflix is the world's largest online movie rental service which offers a variety of subscription plans with no due dates, no late fees and no subscription fees. Friends(SM) feature is used by people to share and recommend movies among one another.**Madison, A. L. (2018)** says that it's the time of Netflix governing the industry of qualified originality contents with its series named 'Orange is the new black' and 'Stranger things. The video streaming platform is making brilliant move with their production house. The article tells that this control triggered the creativity of producers to come up with new scripts. The fantasy movie 'Bright' was an example which showed a huge increase in the number of subscriptions.**Newswire (2000)** takes us through the initial stages of the company, when it provided DVD rental services. Then they stepped on to TV commercials to make people watch through Netflix. It says that watching movies make humans make more aware and matured enough to handle situation. **Gottfried, M. (2013)** suggests Netflix to work more on their content, understanding the strategies followed by Amazon and HBO in their productions. The latter mentioned have got viewers from around the world.**Sabharwal** (2018) does a comparative analysis of Amazon and Netflix and the strategies they use to capture the Indian market. The paper also discusses on the introduction of their exclusive contents that strengthen their competition in the market.**Panda, Pandey (2018)** investigate on the reasons that have changed the viewing habits of the viewers. The college students are engaged in binge watching and the paper discusses on the consequences of the same. They also discuss on its implications on the video streaming platforms.**TechSci (2018)** says that Indian OTT video streaming platform will show a tremendous growth in the recent years. Reducing prices of data packs and smart phones, good internet connectivity, growing youth population, increasing number of online users etc are found to be the major reasons behind this growth.**Choi,** Chow, **Kwok,** Liu& **Shen(2013)** study the customer perceptions in terms of quality of the products and service they receive and finds the 'fulfilment and responsiveness' that relates to customer loyalty. As a result of the study it was found that the company must develop strategies in order to satisfy the customer's needs and maintain loyalty.**Parasuraman, Berry & Zeithaml(2016)** shows a comparison between amazon and Netflix ,it is seen that Netflix has consistent , and corelates with its brand's good , convenient and smart service to its costumers , whereas amazon had few downtimes. However amazon has an upper hand when it comes to the pricing which has a long term advantage on customer's involvement.

Netflix saga in India:

Netflix an online streaming platform gained incredible popularity in the US in 2013 for its production of TV series and movies. However, like any other entertainment industries they decided to expand in the other countries. In the year 2016 they had setup a strategy of launching Netflix in about 130 countries where India was one among them, during this course of time they faced various challenges relating to their cultural, economic and legislative aspects. One of the major challenges was the language barrier. In India we have about 44% of them speaking in Hindi. For a giant entertainment industry like Netflix where they have all the content in English this was one of the threats because the viewers necessarily need not understand the content and there would have been high probability to reject it. The suggestion to overcome this challenge would be viewing the series with subtitles, but how far are the clients satisfied is another concern.

The other challenge faced by the company was the payment options. The subscribers could pay the subscription amount only through the debit and credit cards. The complications with the payment was faced even in the other countries. In order to overcome this issue they have to adapt the local payment forms like the paytm, googlepay etc .The other problem that was encountered was the content , they were perplexed if the content could be viewed by children and was there any inappropriate content in it. Followed by this the next concern was the technological aspect. Since india has low speed internet and there is no wifi in most of the public places this could be one of dispute. Another aspect is the widespread tendency of piracy that could affect the demand of Netflix.

Competition is another challenge that they could face. When the other competitors are providing better content to their clients , for Netflix it is very crucial for them to invest more on their innovations and find unique strategies that their competitors wouldn't have thought of in order to gain customer loyalty and sustainability.

Even though Netflix had incurred certain losses by entering into the the Indian market they have taken a stand to hold on to this market because they believe, to develop a profit margin it takes time and they are also developing certain modern technologies to increase the convenience, internet traffic and user interface . To all the questions regarding competition they are emphasising the tagline that they are focussing on the customers rather than the competitors. Be that as it may, if Netflix figures out how to take care of these principle clear issues and actualize its arranged business methodologies, it stands a decent opportunity to end up a main organization in the markets of India

3. OUR DISCUSSIONS

Service quality is a predominant factor that determines the effectiveness of a business. Here we discussed on the impact of Netflix on Indian customers. Netflix turned the traditional way of watching television into video of their preference at finger tips. As per the discussions of the reviews, the potential market, India offers a number of challenges to this online video streaming service giant. Netflix CEO Reed Hastings in his interview said that they had a great start in India. He also mentioned that supporting different languages, making better mode of payments, developing amazing content are the different challenges to be dealt within India. We could observe that Netflix was successful in laying out its strategies but it focussed more on its profitability rather than the customer satisfaction. And this resulted in the dominance of Youtube, Hotstar, Voot etc in the Indian market. These services and their strategies are major challenges to Netflix. Moreover the traditional culture of India with a number of regional languages has made it difficult for Netflix to meet its target. The poor internet connection and mode of payments are the other challenges to be dealt with. The discussion can be concluded stating that the growing video streaming market, India, offers a wide number of opportunities and challenges in its path to conquer the Indian market. Hence Netflix may take time in setting up the trend of "Let's Neflix this weekend" in India.

Netflix net income, Q1 2014-Q3 2018, millions of USD

Data Source: Craft - https://craft.co/netflix/metrics
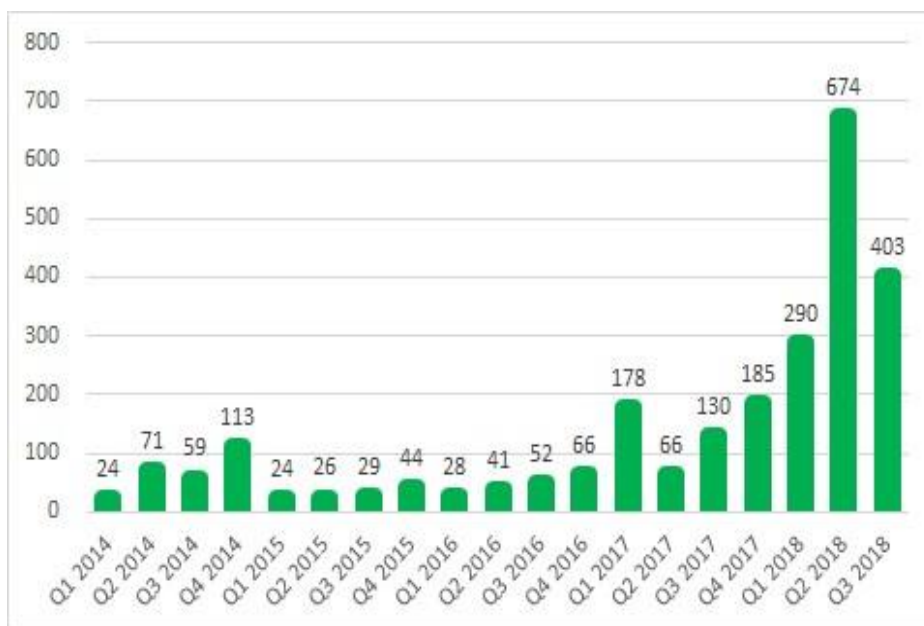
4. CONCLUSION

In our opinion, Netflix has to concentrate and invest in their Research and development in order to understand the perspectives of the Indian customers. As India is a land of cultures, they have to look into their cultural aspects in order to attract a wide range of customers. When we look at the subscription rates, they should be more considerate about the prices and the modes of payment as we have different payment systems which gives the customers various advantage and discounts on their online payments. The other aspect would be the bandwidth, as we know that India has a relatively poor network connection, which is one of the main challenges, the company can join hands with any one of the telecom industries and get it resolved. However, if Netflix do not involve themselves in innovations and cannot offer a superior ordeal than their competitors or if they do not meet the expectations of their clients, then they tend to risk their market positioning.

REFERENCES

[1] Amit Kumar Agarwal (2016). Netflix in India: Will it be a Smooth Run?

[2] Ananya Bhattacharya (2018). How Amazon has Flicked Netflix in India?

[3] Ankit Chawla , Jagmeet Singh (2018). As Netflix India Completes Two Years in India, a Look at the Challenges It Faces in the Growing Video Streaming Space.

[4] Baumgartner, J. (2015). Study: Netflix brand trumps OTT rivals. *Multichannel News, 36*(24).

[5] Boardroom Insiders, Inc.

[6] Bruell, A. (2018, Jan 23). Netflix plans 54% boost in ad spending to promote shows; streaming-video juggernaut said it will increase marketing spending from $1.3 billion to $2 billion. Wall Street

[7] Burt, David. (2018, Nov)*Service Titan.* PRNewswire

[8] Business Standard (2017). Hotstar's user base grows at 100%; Netflix, Amazon not far behind in India.

[9] Businessnetwire.us: Companies making news! (2007, May 24).

[10] Choi, Chow, Kwok, Liu&Shen(2013).Service Quality of Online Shopping Platforms: A Case-Based Empirical and Analytical Study

[11] Dawi, Jusoh, Nor&Qureshi(2016).Service quality dimensions in pay TV industry: A preliminary study.

[12] Doerr, J., Benlian, A., Vetter, J. and Hess, T., (2010). *Sustainable e-Business Management*. Lecture Notes in Business Information Processing, Volume 58, pp.13-24

[13] Elgohary, W. R. (2011). Online technology and organization challenges: An examination of netflix and customer satisfaction. *ProQuest Central; ProQuest Dissertations & Theses Global*.

[14] Gottfried, M. (2013). Netflix should read amazon's script. *Wall Street Journal*

[15] Gottfried, M. (2013, Jul 15). Wall Street. Netflix should read amazon

[16] Hampton-Sosa, W. (2017). An Exploration of Essential Factors that influence Music streaming adoption and the Intention to engage in Digital piracy. *International Journal of Electronic Commerce Studies, 8*(1), 97-134.

[17] JOSHI, SONAM. (2016, July 1). "Netflix's India Launch Greeted with Excitement, But Sceptics Remain."

[18] Khanna, V. (2017). A Study on Factors affecting Subscription rates of Netflix in India: an Empirical approach. *Delhi Business Review, 18*(1), 83-100.

[19] Knowledge.wharton (2017). Netflix in India: Will It Be a Blockbuster?

[20] Madhavan, Abhishek. (2017, December 1). "HOW NETFLIX LOST BIG TO AMAZON IN INDIA."

[21] Madison, A. L. (2018). Netflix finds a golden ticket and a new marketing strategy in david Ayer's "Bright". *University Wire*

[22] Madison, A. L. (2018, Feb 21). Netflix finds a golden ticket and a new marketing strategy in david Ayer's "Bright". University Wire

[23] Manssor Iqbal. (2018, November 7).Netflix Revenue and Usage Statistics (2018)

[24] Matthew, Y. S.(2014, Feb 21). *Netflix's youth an advantage in battle with HBO*. Oakland Tribune

[25] McAlone, Nathan. (2016, July). "4 Things That Could Hurt Netflix In Its Quest To Take Over The World."

[26] Netflix launches TV campaign to capitalize on holiday DVD player sales. (2000). *PR Newswire*

[27] Netflix launches TV campaign to capitalize on holiday DVD player sales. (2000, Dec 20). PR Newswire

[28] Nflx.(2017). *Weekly research analysts' ratings changes for Netflix*. America: Newstex. Liedtke, M. (2011, Jul 14*). Netflix irks subscribers by splitting DVD, streaming plans.* The Ledger

[29] NithinNarang.(2016,February 17).What can Netflix do differently to succeed in India ?.

[30] Nover, S. (2018). Netflix vs. the world: A study of competitive trends in the modern american TV industry. *ProQuest Dissertations & Theses Global*.

[31] Osur, L. (2016). Netflix and the development of the internet television network. *ProQuest Dissertations & Theses Global*.

[32] Panda Swati & Pandey Satyendra (2017). Binge watching and college students: motivations and outcomes. *Young Consumers.*

[33] Sabharwal, Karan. (2018). Amazon Vs Netflix: Who will win Indian battleground?. *Early Years An International Journal of Research and Development.*

[34] Stenovec,Timothy. HuffPost US,'*The Secret Magic Behind Netflix Customer Service*'. America: HuffPost US

[35] Thomas K Thomas (2018). 'Netflix's membership growth in India has been fantastic'. *The hindu businessline.*

[36] Vanessa mills fiske - senior marketing manager, netflix, inc (2016).San Francisco:

[37] Wenzel, Peter & Kramer, Irene &Pätzmann, Jens. (2016). Streaming Services & Service Design - an Analysis of Netflix and Amazon Video Based on the Gap Model by Parasuraman, Berry &Zeithaml..Markenbran