

# Netflix: The Television of the Coming Age?

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## Abstract

Over the last few years, as both technological advancements and new consumer trends have rapidly evolved, the television industry has gone through a large number of changes owing to the emergence of online industry as a tough competitor to the offline Television Industry. From limited choices, consumers now have a wide range of available services, even the ability to control their programming, industry officials face new challenges. The innovation of Online Video Streaming services is therefore considered to be disruptive in nature to the established offline television industry. The purpose of this paper is to determine the reasons for the rapid partial takeover in India and complete takeover in US of online mode over the offline mode of television. It also seeks to determine the reasons for faster takeover in US than India. In order to understand the evolution and dynamics of disruptive innovations, the paper will use Netflix, the unchallenged leader of Online Video Streaming services. As the research reveals that both the consumer adaptation and the social-cultural trends are increasingly in favour of the online services majorly leading to a major downfall for cable service companies and increasing profits of the Internet Service Providers.

**Key words:** Netflix, online video streaming, cable service, internet service providers.

## I. INTRODUCTION AND BACKGROUND

### A. Television

TV is a relationship. It requests our time, responsibility, and trust and, consequently, gives certain delights and settlements through its narrating. From various perspectives, this relationship is uneven. The control to a great extent stays in the hands of the watcher, and the show alone worries about the concern of fulfillment. The undertaking starts, the same number of do, with a romance. Maybe, we meet on the web or through a companion's suggestion. As the show presents its defense for why it justifies our consideration, we play with settling down. A high-support arrangement may require more consideration with respect to the watcher, asking that we tune in every week to stay included. Others may adopt a progressively laid-back strategy, enabling us to every so often drop in at our recreation. We anticipate that a show should recognize what it looks for from this relationship and to finish on those expectations. In the wake of setting up specific desires, the show dangers baffling us on the off

chance that they are left neglected. A few stumbles might be excused in light of the more noteworthy advantages, yet others could be major issues.

### B. Netflix

The spilling administration discharges whole periods of its demonstrates at the same time, a methodology that ostensibly urges makers to rethink or reallocate accentuation inside this survey relationship. On the off chance that a show neglects to charm us on scene one, the following scene is an insignificant 15 seconds from beginning. Why not assume the best about it? Without seven days in the middle of every portion, the Netflix display possibly broadens the romance time frame. With every scene comfortable fingertips, an association with an arrangement that requires reliable review never again appears to be so high-upkeep. In the meantime, the dimension of access that accompanies the spilling index proposes that if this arrangement disillusion us, proceeding onward could end up being less difficult than it used to be. These connections scarcely exist in a TV. Mechanical and modern movements have ceaselessly altered the manners by which arrangement are created and conveyed since the introduction of TV. As of late, the ascent of gushing has been an unmistakable improvement in the TV scene. Gushing innovation has been around for quite a while, however the impelling power that upset business as usual emerged through industry as opposed to innovation. A key player went to the fore and realigned the manner in which that individuals consider TV.

On February 1, 2013, Netflix debuted the political dramatization House of Cards (Willimon, 2013-present) as its first restrictive unique arrangement, flagging a watershed minute in the development of spilling TV. Netflix became the main support of stream unique substance. Rather, with House of Cards, it cracked the hindrance between web TV and conventional TV. Inside the setting of this undertaking, the expression "customary TV" alludes to direct stages and especially their scripted programming. Communicate systems, digital TV stations, and premium link systems are on the whole straight stages, implying that their shows are appropriated, frequently week by week, through 3 vacancies on a live timetable. Place of Cards, through its high creation esteems and a story arrange that takes after a customary show arrangement, made ready for Netflix to acquire a seat at the TV table. At

the 2013 Primetime Emmy Awards, Netflix turned into the principal web TV administration to be selected in a noteworthy class, gathering 14 assignments and three successes. After the assignments were declared, Netflix's main substance officer Ted Sarandos recognized this characteristic of authenticity from the business, lauding Emmy voters for "wiping out the line among Internet and TV and saying that TV is about what's on the screen, not what estimate the screen is or how the substance got there. This insistent advance into unique programming by Netflix set up its job as the overwhelming spilling stage.

Makers of TV programs have dependably experienced certain confinements or rules for what they can display on screen. As the quantity of roads for programming has developed, makers have turned out to be looked with a few conveyance alternatives offering different degrees of inventive opportunity and self-sufficiency. These varieties can be ascribed to modern, hierarchical, and business factors. By concentrating on the verifiable movement of innovative opportunity in TV, we can get a feeling of the impacts and inspirations driving the inventive condition that Netflix gives the makers .

**C. Netflix subscriber graph**

This measurement presents information on the quantity of Netflix subscribers worldwide from the second last quarter of 2011 to the fourth quarter of 2018.

In the final quarter of 2018, Netflix had more than 148 million spilling endorsers around the world. Of these endorsers, 60.55 million were from the United States alone. As the prevalence of Netflix's gushing administration has expanded, the organization has seen its DVD area decay. In 2018, there were 2.73 million endorsers of Netflix's DVD rental administration in the United States, a decay from 11.17 million of every user in 2011.

Year	2011	2012	2013	2014	2015	2016	2017	2018
No. of subscribers	23.53	33.27	44.35	57.39	74.76	93.8	117.58	148.46

**II. NETFLIX IN INDIA**

**A. Netflix in India and its inability to take over Cable TV Industry**

The estimating of Netflix has continued as before throughout the years, however what has changed is the entry of Amazon Prime Video and nearby spilling administration Hotstar. The two stages have figured out how to make critical advances in the nation through a blend of forceful estimating and solid substance libraries.

Hotstar, for example, has the computerized rights to HBO appears in the nation, and streams Game of Thrones scenes that day they air in the U.S. That is clearly an immense draw, just like the way that Hotstar has elite rights to stream cricket and football games in the nation.

At that point there's the issue of estimating: the base level of Hotstar is free, and there's a solitary premium level that costs ₹ 199 every month (\$3). At that cost, you gain admittance to more than 40 HBO appears, which in itself is a truly extraordinary arrangement. The administration serves more than 200 U.S.- based shows altogether, also a bewildering cluster of local programming.

With respect to Amazon, the retailer has put over \$2 billion in India in the course of the most recent two years as it tries to oust homegrown Flipkart. One approach to draw in clients is with profound limits, and nobody shows improvement over the Seattle-based organization. Amazon consistently holds deals on occasions where it altogether discounts a huge number of items, and its Prime participation in India is the best deal you'll discover on an internet business webpage.

While a yearly membership to Prime is \$99 in the U.S., it costs just ₹ 999 (\$15.60) in India. That is the new cost, after Amazon multiplied it toward the finish of a year ago. For the initial two years, Prime cost just ₹ 499 (\$7.50) in the nation, a mind blowing offer thinking about what the retailer gave away with the membership.

A Prime membership in India doesn't have every one of the advantages as its U.S. identical — Prime Reading isn't accessible here — however you do get free one-day conveyance on a huge number of things, access to bargains in front of every other person, and boundless spilling with Prime Video. To place things into setting, a yearly Prime membership costs about equivalent to two months of Netflix, and you get significantly more incentive for your cash.

The most recent information from statistical surveying firm Counterpoint Research demonstrates exactly how far away from the pace Netflix is. The firm discovered that Hotstar is the biggest video gushing administration in India, with around 75 million supporters. Viacom 18's Voot is second with 22 million clients, trailed by Prime Video with 11 million supporters.

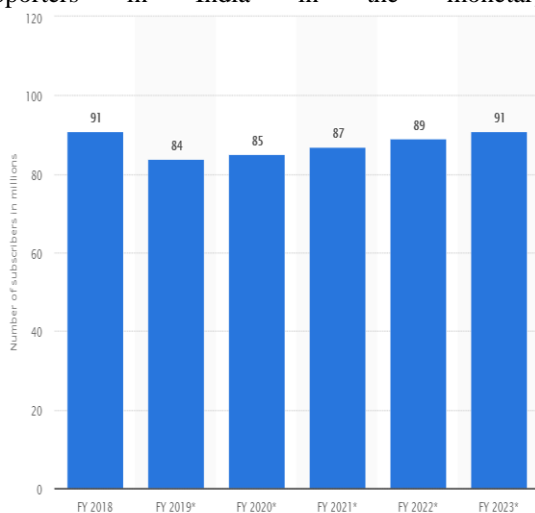
Netflix is in fifth with a month to month dynamic user base of 5 million. Even all the more disturbing that only 6 to 8% of those endorsers are paying clients, recommending a greater part of clients aren't expanding their membership past the 30-day preliminary free membership.

Indeed, even first-class demonstrates like *How I Met Your Mother* and *The Big Bang Theory* — which draw gigantic groups of onlookers on link — are inaccessible for gushing on the stage. With Hotstar offering cricket and football coordinates alongside a more extensive determination of provincial substance just as more U.S.- based TV appears for 33% of the expense, Netflix is confronting an enormous test in India.

It's clearly early days for spilling administrations in India, and with activities like Android Go set to cut down the expense of cell phone possession, there's colossal potential in this section in the coming years. For Netflix to try and get an opportunity against Prime Video and Hostar, it needs to reevaluate its India procedure, and do it quick.

**Cable TV Subscribers in India Prediction for the next 5 years:**

This measurement delineates the quantity of link supporters in India in the monetary



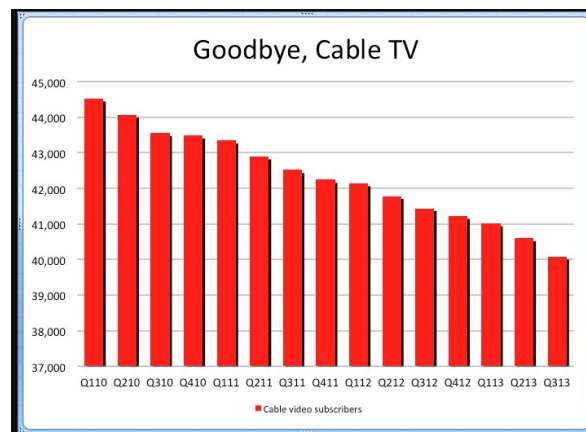
year of 2018, with figures until 2023. There were an anticipated 91 million individuals that bought in to link benefits in the financial year of 2023 in India. This graph shows a decline in the number of cable TV subscribers from the year 2018 to 2019, but according to Statista.com this is not the case for the upcoming years as they are predicting that the number of cable TV subscribers is going to stabilize by 2023. This clearly shows that in India the number of cable TV subscribers is not much affected by the online video streaming services majorly Netflix.

**III. NETFLIX IN USA**

**A. The beginning of the end of cable television**

Beginning from 2010, by the end of 2013 the cable and the broadband companies lost about 5

million subscribers. For instance, Time warner cable lost 306,000 TV subscribers in Q3, and 24,000 broadband web subscribers, too. Tom Rutledge, CEO of Charter Communications, told Wall Street analysts he was "surprised" that 1.3 million of his 5.5 million customers don't want TV - just broadband internet. "



The number of cable TV subscribers at major providers is dipped below 40 million. The reasons being:

**1. Binge Watching**

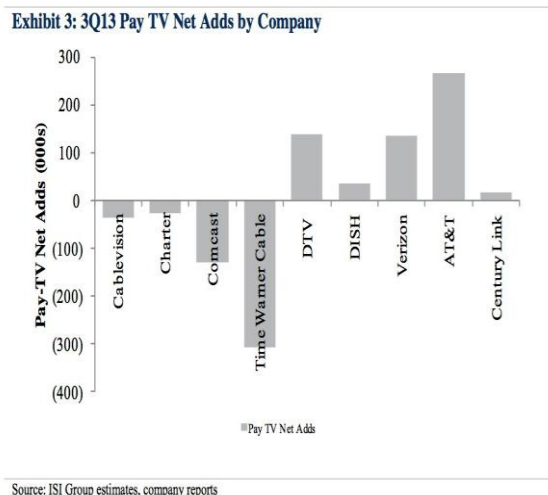
We've been adapted for the last 50 years of TV in a basic philosophy: multi week = one scene. The thought is to assemble strain, while extending the potential for advertisement income more than a half year. Netflix, thinking about advertisements, went the direct inverse way. For the majority of its unique writing computer programs, we're skilled with a whole season of scenes in a solitary day.

**2. No Primetime Competition**

As an expanding administration, it doesn't need to stress over viewing for the best appraisals spot in primetime. Its adaptable discharge plan makes it conceivable to discharge full periods of its different demonstrates whenever it bodes well for its own schedule.

**3. Netflix isn't subject to ratings**

Netflix's streaming data is scandalously watched information, discharged just when the administration feels it's essential. Inside, they realize precisely what number of individuals are streaming what shows and motion pictures, and can use that information to improve unique programming. The major networks are still slave to the antiquated Nielsen rating system.



One large scale monetary factor behind the decay is that less houses really have TV.

These graphs, from Citi Research, demonstrate that the complete "Nielsen TV Universe" - the quantity of individuals who stare at the TV - is declining. Note that the quantity of U.S. families is as yet developing, however development in the quantity of families with digital TV is declining.

As these video streaming websites like Netflix are also available in the form of applications, millennials i.e. people in the age range of 16-24, prefer Netflix over cable TV. It is also more affordable as mobile phones are much more widely used than a television. Even when asked, if in future they would have a TV at home, people of this age range responded negatively saying that it is better to spend money on a subscription of Netflix and watch what you want rather than spending on TV per month when no one actually watches it. Comparatively, cable TV subscription is also much costlier than Netflix and other such video streaming websites.

#### IV. INFERENCE

##### A. Netflix in India

Currently Netflix has 5 million subscribers standing in the fifth position behind other online video streaming services like Amazon prime, Hotstar, Voot etc. Even though the cable TV saw a drop of 6 million subscribers it cannot be totally attributed to Netflix because of the traditional setting of television in India, inability of people to adjust to new technological services because of them being used to the culture of sitting down with the whole family and watching television. Television has an upper hand when it comes to streaming sports live, which is one of the serious limitations in the case of Netflix. There also comes the question of pricing when it comes to comparison between Netflix and cable TV. Though one-month subscription of Netflix costs a little higher

than the highest package of a known cable TV brand called Tata Sky the services are not any better for a normal household to prefer Netflix over cable TV. Due to Netflix having realized its position in India in terms of services and subscriptions, it has partnered up with the leading cable TV operator, Tata Sky to produce much better services. Through this organization, Tata Sky supporters in India will have the capacity to peruse and get to the whole Netflix benefit, including TV appears, films, documentaries, in the coming a long time through future Tata Sky stages, as per a joint proclamation discharged by the organizations.

##### B. Netflix in USA

In December 2015, Pew Research Center included line cutting measurements without precedent for its yearly broadband review, announcing that 24% of Americans don't buy in to link or satellite television. 144 Of those, 15% have cut the line as of late, and 9% are considered "string nerves," individuals—frequently youthful grown-ups—who have never bought in to pay TV. 66% of those without link or satellite administration refer to internet gushing as a purpose behind going without. Plainly, string cutting isn't a legend, however customary TV organizations had regarded it all things considered up to this point.

As direct stages are both copying spilling and contending the value of live TV, Netflix has stepped toward programming that from numerous points of view looks like conventional TV. In March 2016, Chelsea Handler reported the configuration for her forthcoming Netflix television show, Chelsea, saying that the show would be pre-taped yet would air three days seven days as opposed to at the same time. This minor departure from the Netflix discharge demonstrate mirrors a craving by the spilling system to fuse whatever number sorts of programming as could reasonably be expected inside its worldwide mass-showcase administration. All things considered, Netflix has held back before offering sports programming since now is the ideal time delicate nature does not apparently fit in accordance with the organization's on-request ethos, the way things are.

The relationship that TV imparts to the watcher stays especially flawless in a post-Netflix world. The principle contrast is that the sorts of connections that exist are more different than any time in recent memory. The gorge watcher agrees to accept a fleeting yet extraordinary relationship. In the wake of gorging season one, we may return for the following portion just to find that the show has changed, influencing us to overlook why we fell so hard for it in any case. Another type of watcher may take part in an on-once more/off-again relationship, deserting the show out of the blue before returning to it weeks after the fact, but with an expectation to learn and adapt to

get back in the swing of things. In the interim, the exceptionally controlled watcher may force a week after week plan on demonstrates that don't request it. With the appearance of Netflix, what has changed is that the watcher's identity and inclinations presently have more noteworthy clout in managing the terms of the relationship. By blessing makers with this information, the stage urges them to try different things with TV's ability for recounting stories. At the convincing center of this medium is the chance to associate with characters and pursue their accounts after some time. Netflix gives an unmistakable crystal through which to see these accounts, however its disparities from customary TV are enlightened by the staggering shared traits. Netflix flipped the content on TV, however they definitely investigated it first.

## V. CONCLUSION

The Netflix effect does not represent a replacement of television as we know it, but it does signal a disruption as is evident from the above provided data. There have been a lot of users who switched from the traditional TV base and moved onto the much more comfortable and convenient source of video streaming entertainment. The youth especially prefer Netflix to TV as they can stream the content of their choice whenever and however they want to. Even the modern day producers and directors prefer releasing their content as web series as they can express themselves freely without having to worry about the censor board.

Though the cable industry is seeing a decline in the number of their subscribers, the television companies are actually adapting to the new world of online video streaming as all the TVs now are 'smart TVs' which enable a connection to the Wi-Fi and also enable the access to websites such as Netflix.

Despite all of these benefits to Netflix it still hasn't been able to crack television industry due to its limitations such as a higher pricing, lack of content relating to sports, non-availability of popular TV shows and lastly the inability of people to change their traditional mindsets and adapt to the modern video streaming services.

Hence, by combining all of the above data and by comparing them to facts and assumptions we can finally come to the conclusion that Netflix will not be able to take over the television or the cable industry any time soon.

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