Netflix Public Relations Proposal:

Responding to New Streaming Services

Group J:

Malik Black, Sabrina Hesri, Mia Martinez-Escobar, Jennifer Orozco

COM 3313.01

Introduction:

Netflix founded in August of 1997 by two entrepreneurs Marc Randolph and Reed Hastings. The company started in Scotts Valley, California, and has grown to become the world's leading Internet entertainment platform. Due to the popularity of Netflix, people have dropped their cable and gained an outlet where they can binge-watch their favorite shows and movies. The reason why Netflix was founded varies on the source, but a few outlets like CNN say CEO Reed Hastings got the idea for Netflix after Blockbuster charged him a late fee of $40 to watch the movie "Apollo 13" (Palmer, 2017). Before Netflix became the giant online streaming source, it began with a subscription service, offering unlimited DVD rentals for one low monthly price. Since it did very well through the mail, they decided to take on the Internet monster in 2007 and became the leader of online streaming. As of April 2019, Netflix has over 158 million paid subscriptions worldwide and 60 million in the US alone, not counting 154 million free trials and subscriptions in Syria, North Korea, Iran, and Crimea (due to US sanctions). While Netflix paid the way for the audience to consume media today, they also sparked that same entrepreneurial idea on to other companies who saw the significance of Netflix.

The boom of streaming giant inspired competition from entertainment distributors and is now potentially heading towards Netflix’s downfall. While Netflix transcended and revolutionized television, it definitely will not reign supreme forever. To be the best, companies need to adapt constantly to the changing environment. If Netflix cannot act fast and make the right renovations, they can potentially become like their old counterpart, Blockbuster, the greatest of the past.

Situational Analysis:

At the moment, Netflix is one of the world's largest leading entertainment services, with 158 million paid memberships in over 190 countries enjoying TV series, documentaries, and feature films across a wide variety of genres and languages (“Netflix Media Center,” 2019). While also being a pioneer in streaming and DVD rentals, Netflix also has a strength of having original content such as the famous show, *Stranger Things*. Netflix has a history of being able to adapt to certain marketing agendas, such as being able to stream on different internet-connected devices. These types of strengths give the company power because of the originality of the program over other streaming services.

Netflix, as great as a company it is, has extreme debt, and just recently, they announced that $2 billion would be funded to help sustain Netflix originals according to CNBC (Palmer, 2019). The company also does not own most of its programming, such as many Disney movies, *The Office* and *Friends,* which they are in fear of losing soon.

One of the most popular shows on the streaming service is *Friends,* which costs Netflix around $100 million to keep on the site through 2019 (Kafka, 2019). There is a lot of content on Netflix that will be removed as production companies begin offering their streaming sites. While losing valuable content to the site, Netflix has the opportunity to redirect the budget that was once used to keep shows on the site to diversify their content with smaller shows or use it within Netflix productions. Another opportunity is Netflix’s draw to global productions. Many shows are produced and distributed in other countries that lack international reach alone, so they turn to Netflix for international distribution. These shows are promoted as Netflix Original content, are exclusive to the site, and many of them receive critical acclaim once they hit American audiences.

A significant threat that approaches Netflix is the other streaming services coming into the game but to be specific Disney. Disney is launching its very own service providing all of their own original and new content strictly on their platform. Their monthly cost comes down to only $6.99, along with their bundle offer, which is Disney+, ESPN+, and ad-supported Hulu for only $12.99 per month, the same price as Netflix's standard plan. Needham analyst Laura Martin predicts that new subscribers to Disney+ will mostly come from Netflix (Fitzgerald, 2019). Another threat that Netflix and other services are going to face is piracy. This act is a cybercrime but unfortunately, as long as services continue to become more private and more expensive, piracy will never stop. According to an article called *Piracy is Bac*k, "You cannot scare people into not pirating things, you can only offer them better alternatives" (Feldman, 2019 para. 13).

Statement of Problem:

The streaming video market is headed towards chaos, recently being considered "the streaming wars." It is no surprise that services like Netflix, Hulu, HBO, etc.., are the most commonly purchased services, decreasing the amount of use for cable and digital antenna. When Netflix debuted its streaming service in 2007, it was one of the first like it on the market. The early arrival of Netflix gave it a head start, allowing it to be in the space for the longest amount of time, ultimately one of the reasons why it is considered top tier and it has the most subscribers. Netflix not only is the biggest streaming service out there with the largest amount of subscribers, but it has far more subscribers than Hulu, which is considered their "runner up." In 2018 it was reported to have six times more subscribers than Hulu. So if Netflix is so big, why are they headed towards a massive decline in subscriptions?

Although Netflix is one of the largest streaming services, it is at the brink of losing 8.7 million subscribers globally due to the rise of competing streaming services. Yes, Netflix already has its competitors, but a new one is right around the corner, and it is said to knock Netflix down by a lot quicker. In April of 2019, Disney announced its Disney+ Platform touting all of its franchise and acquisitions, such as Marvel, Star Wars, Pixar, National Geographic, 20th Century Fox, and more.

As the new streaming sites roll out, **Netflix needs to retain, if not gain, subscribers and remain the most successful streaming service**. Popular content that is no longer or has never been on Netflix will entice consumers to join other services, regardless of any effort Netflix makes. The program goal, then, is to keep those subscribers or possibly gain new ones.

For the purposes of the program, there are three target publics. The first is millennial parents, as they would be easily persuaded to subscribe to Netflix for the quality and diversity of content. Millennials are more in tune with technology than older generations, and many millennials are having children leading them to look for solutions to entertain them. Current subscribers are the second target public because the goal of the program requires there to be communication with subscribers, so they do not migrate to another service. Lastly, recently unsubscribed customers are an essential part of the program because understanding why they left can prevent more losses, and regaining their subscriptions is reminding them that the services provided were valued enough to pay for before and is still worth the fees.

Target Public: Millennial parents

<u>Objective:</u> To increase viewership by 10% of the millennial parents who value kids' programming shows on Netflix by the end of February 2020.

Strategy:

To create a campaign where Netflix can partner with parenting-based bloggers who have kids from ages 7-12, specifically millennial mothers who influence other mothers. Influencer marketing is a relationship between brand and influencer who can promote the brand's services through various media channels. Influencers have an active community of people who tend to follow them for specific reasons, for example, bloggers. Influencers have a niche audience who usually follow because they are relatable and feel a sense of familiarity. Having the mommy bloggers explain the content and comment on how much entertainment and education there is for their children will encourage other parents to do the same. Kids are more likely to watch Netflix when they are older if they are raised to watch when they are younger. In the Washington Post, the article states half of Netflix's 75 million members regularly watch kids' movies or tv shows, if the site can win the viewers when they are young, executives say they can secure a lifetime of loyalty (Harwell, 2016).

Tactic:

Netflix will reach out to famous parenting bloggers who currently stream Netflix and allow their kids to watch kids shows. Netflix offers a list of favorite shows and movies that are educational cartoons and heartwarming comedies that most people viewed as a kid. We will ask the mommy bloggers to talk about their kid's experiences with the children's content and any special recommendations they have. This will be a more organic way for parents to find content for their kids and will allow readers to resonate closely with the content creator. Depending on reader engagement and average post hits, sponsorship may be available for the bloggers. All bloggers will be provided with a free subscription for three months so that they can explore Netflix’s vast catalog.

<u>Strategy:</u>

Using the same blogs as before, millennial age bloggers with young children, it will show potential subscribers that Netflix has content that is aimed towards parents. Parent's values and needs are crucial to Netflix. Children's shows provide helpful knowledge and a fun way for parents who seek multifunctional platforms for their entire family. Using the blogs offers many of the same benefits of the previous tactic, as influencers have a stake in readers' purchasing habits.

<u>Tactic:</u>

The target public is parents, and while a large draw to Netflix would be the children's programming, it would be beneficial to appeal to the parents themselves. Using bloggers that have similar interests to their readership can be an enticing and organic way for parents to watch a show that is not only for their kids and it could prove influential when deciding to make a subscription to Netflix. The vast catalog has appeal for any single person's preferences. Still, shows such as *Workin' Moms*, *The Letdown*, and *Parenthood* explore parenthood in a modern way that can appeal to younger or more recent parents. In a Vox article about *Workin' Moms*, Amber Dowling wrote that " ... any comedy that’s willing to showcase the navel-gazing survival strategies of parents struggling to keep it all together while raising caring and decent human beings is a welcome addition to the pop culture landscape" (2019, para. 12). With the quality of content that Netflix has for parents, potential subscribers will feel as though they can enjoy the content as much as their children will.

Strategy:

Increasing the number of children that are exposed to Netflix's children content so they can influence their parents to subscribe to the service. Allowing children to understand the quality content Netflix has to offer can help a parent decide to purchase a subscription. It shows that the value of the content to their kids while they also realize that they can effectively entertain with the large catalog of licensed or original content. Utilizing spaces where kids are away from their parents can help kids learn about the shows with peers or friends as well.

Tactic:

Children can have a lot of influence over a parent in choosing what to buy or where to go, but they need to be exposed to Netflix's original content so they can ask their parents to subscribe to Netflix. Issuing free screeners or a subscription to Netflix to childcare centers or school childcare programs could provide children to see Netflix's original content and they may feel compelled to want Netflix in their homes so they can watch anytime. Providing the content for free would allow childcare providers a way to entertain and educate without creating any budget restraints. They can also provide free advertisement because of Netflix's charitable nature. Overall, it is expected that the perceived value of Netflix’s services will be increased.

Evaluation:

The evaluation will be based on surveys that are collected throughout the process and engagement on social media. Bloggers receive feedback online which is available to everyone, including the company. This provides Netflix with an indirect method of collecting information about sponsored content and feelings about Netflix. In the childcare centers, a representative can provide surveys that allow parents to share about how their kids enjoy the content and whether they have made a subscription after learning about what Netflix has to offer.

Target Public 2: Current subscribers

Objective: To retain current subscribers and to gain a 10% increase in new ones by the end of the first quarter of 2020.

Strategy:

It is no doubt that social media influencers have made a huge impact in today's society by spreading awareness, generating conversation, and driving engagement. In terms of keeping Netflix's subscribes to stay, Netflix needs to give social media influencers the spotlight. According to CinemaBlend, millennials spend the most time watching Netflix and make up the grand portion of its subscribers. The first strategy for keeping current subscribers or ultimately obtaining new ones starts with social media influencers. According to a recent study, "94% said influencers marketing was an effective campaign strategy" (Alexander, 2019). Many influencers have YouTube channels or Instagram accounts that targets every millennial's interest, such as beauty, gaming, sports, and more.

Tactic:

Our first tactic within this strategy is implementing a campaign for influencers. Running an influencer-based campaign will allow for influencers to speak out about their current or all-time favorite shows or movies on Netflix, generating views from the specific millennial audiences. The influencers will be chosen selectively, based on their reach, number of views, category, and age range. Recently in the millennial internet, a catchphrase has been circling the social media web, known as “Netflix and Chill.” This internet slang phrase quickly became every teenager’s favorite “code phrase” to hashtag and was given rise to endless memes.

Tactic:

Along with our strategy implementing influencer's campaign, our second tactic is giving our sponsored influencers a hashtag to apply along with their post or video. The hashtag will be “#OGflix.” This will represent a reminder to our subscribers and viewers that Netflix is the original streaming service. Implementing this phrase will subconsciously emphasis on the importance of Netflix’s original shows/movies, and all the good time’s people have had with the streaming service while they “Netflix and Chilled.” If enough influencers circle this hashtag, by prediction, it will eventually circle the social media internet, gaining more attraction to the Netflix name.

Strategy:

When it comes to all the original content Netflix has distributed, no one can forget the big names and recognizable faces they have offered their subscribers. Not only does Netflix cast already established celebrities, but they also give many actors their big breaks, such as the cast of *Stranger Things* and *Orange Is the New Black*. Netflix has given its viewers original movies and shows with stars such as Will Smith, Sandra Bullock, Jennifer Aniston, and Emma Stone, among many others. According to FastCompany, “Netflix executives themselves are touting such metrics as the rising follower counts of the talent who stars in its originals as evidence of the streaming service’s deep connection with its subscribers” (Beer, 2019). It is important to highlight the idea that Netflix’s big actors are always the viewer’s favorites. Our second strategy for keeping current subscribers or ultimately obtaining new ones is to remind people of all the great actors the site has attracted.

Tactic:

Within this strategy, the focus is on what and who the people love. This falls into the first tactic of this strategy, which is getting subscribers to speak out about their favorite actors in the original shows/movies Netflix has presented. The goal is to get more involved with Netflix's subscribers on social media such as Instagram, Facebook, and Twitter. Netflix asks of their followers and subscribers to share their favorite actors in the Netflix originals, posing the question on all the social media accounts. With this technique, people will be reminded and more aware that Netflix's originals have had multiple legendary actors, which makes Netflix's streaming service one of the best. It will also ultimately tell subscribers that the chances that viewers' favorite actors appear in Netflix Original movies are high and those chances are only going to continue to increase.

Tactic:

Not only does Netflix want their subscribers to mention their favorite actor highlights on Netflix Originals movies and shows, but also wants to encourage the actors themselves to entertain the idea of their favorite movies and shows they have starred in or on Netflix originals. With this tactic, it will allow for the specific actors' audience and fans to be enticed by or reminisce about the content. Sponsoring actors to post throwbacks of films or shows they star in can remind viewers about the content or inspire new fans to look back at the actor's past work on Netflix productions.

Strategy:

It is no secret that new and upcoming streaming services like Disney, Apple, Prime Video and more are beginning to gain a footing in the streaming market. This may seem like a negative to Netflix, but instead, it can help keep current subscribers from leaving, and hopefully obtaining new ones. The last strategy to this objective is diffusing the idea of “streaming wars.” Netflix should reinforce a positive outlook on the concept of surviving in this market. The goal is to pose a strategy to join forces with the other streaming services and establish an understanding of the people. Netflix can promote its service with the idea that although Disney+, Apple, NBC, etc. have great content and nostalgic movies and shows, Netflix should always be the most recognized for its innovation and content. Rather than turn the streaming services against each other, Netflix can establish and promote the concept of no competition but support.

Tactic:

Netflix should speak out about the streaming services that are upcoming in a positive light. A tactic to this strategy is using media coverage by having executives of Netflix come out with a press release. In this press release, they can address the obvious about the streaming service “war.” Netflix wants its audience to understand that although there are more services to choose from, Netflix not only has many great originals to offer, but has one of the largest varieties of movies and shows to choose from. The press release should mention that although they will be losing a lot of Disney content due to Disney+, they are supportive of their services. The release should express the idea that customers should not have to choose only one function. Enforcing the idea to the media that this is not a competition but a developing industry that has several unique services. The executives can talk about how the other streaming services provide exclusive content and niche interests but using the services together will give the best experience for viewers.

Evaluation:

The purpose of this objective is to evaluate the number of subscribers who will unsubscribe based on future prediction. The evaluation will be based on statistics, such as number of influencer reaches, number of comments and engagement with actors' involvement, and amount of buzz in media coming from the press release. If the number of subscribers remains significantly stagnant or improves drastically, then this objective will have worked.

Target Public 3: Recently unsubscribed customers

Objective: By the end of the first quarter of 2020, Netflix wants returning subscribers to increase permanently from 10% to 25%.

Strategy:

The company Netflix has recently been experiencing an increased number of subscribers deciding to leave the company due to a couple of reasons, but the one specific to this strategy is because of the removal of popular content and substituting it with poor content. According to a survey conducted by *Kill the Cable Bill*, which surveyed 1000 people who had canceled their subscription within the recent months, claims that 42% of the subscribers because of the lack of entertaining content decided to leave Netflix (Ridgley, 2019). One of the ways that Netflix can prevent users of the streaming service from leaving is by conducting polls and surveys to see what the audience wants to keep. It is an unusual occasion that a popular streaming service will allow its audience to voice their opinions and make a real difference in content. This is something the company can do to win back subscribers that have decided to leave and maybe subscribe to a new service.

Tactic:

Regardless if you are a current subscriber or have recently unsubscribed from Netflix, the company will always have a contact email or number from the account that you hold or previously held before leaving. As stated in the strategy, Netflix can communicate with its audience by releasing polls and surveys so they can communicate better with Netflix Customer Care. YouTube has an extensive system that collects polls and surveys either before, or after their videos to see how they can improve your experience on your account. Since Netflix is slightly different, a tactic that Netflix can do is emailing unsubscribers to receive feedback. This tool can better help their audience express how they feel about the catalog of content or Netflix's original content. If Netflix notices that someone leaves the company without voicing their opinion, it should reach out to that customer so the services can adapt to their needs. There can be many reasons why someone decided to unsubscribe from the company but in the case, the company should send out a survey to see if maybe the company took away one of the customer's favorite shows. Or perhaps the content Netflix had been producing was not impressing the customer, so Netflix can provide them an outlet to make changes so the company can entice them to resubscribe.

Strategy:

Based on a conducted survey, another reason why subscribers have been unsubscribing from Netflix is because of the price increases. According to the same *Kill the Cable Bill* survey, 49% of the surveyors left Netflix because of the prices (Ridgley, 2019). The first and most affordable plan Netflix has is its basic plan, which is $8.99 a month. The company's most basic plan is its standard one which is $12.99 a month. Lastly, their most expensive plan will be the premium selection which is $15.99 a month. Due to competition and its increased pricing, Netflix is willing to work with viewers that unsubscribed for its prices. The company can promote deals outside of Netflix such as cell phone plans to help convince users to want to subscribe back.

<u>Tactic:</u>

T-Mobile's Netflix on Us campaign is the perfect solution to this problem unsubscribers are facing because of prices. The phone company offers deals and plans with customers because of a partnership with Netflix that provides incentives for T-Mobile phone services. The phone plans that are eligible for these plans are Magenta®, Magenta® Military, Magenta® Plus, Magenta® Plus Military, and Magenta® Plus Unlimited 55. Customers can subscribe to Netflix at no extra charge, according to the T-Mobile website. Within these different phone plans, T-Mobile will cover the subscription fees for either the basic account or the standard account, which allows you to have at least 1-2 screens while screening. More customers utilizing plans like this can be mutually beneficial for the viewers and Netflix because it provides an incentive for customers to join without worrying about the cost. While the subscribers are getting free Netflix, they are also receiving a necessary service, which makes customers happy.

<u>Strategy:</u>

The last strategy for this objective of getting users to subscribe back to Netflix who have left will be posting on social media to engage their activity. Social media is another excellent tool to interact with the audience Netflix is trying to reach whether that is asking for feedback or responding back to criticism or complaining subscribers.

<u>Tactic:</u>

With the various social media platforms, there are many to choose from to promote/communicate, but for this tactic, Netflix should use twitter as the main component. Netflix can reach out to subscribers easily with the twitter platform by their twitter account @NetflixHelps. This account can allow Netflix to reach out to people who have recently unsubscribed through social media and had some negative things to say about the company. The first social media platform that consumers usually go to for a place to vent off steam is twitter and this is where Netflix can do a better job of communicating back. The @NetflixHelps account helps with technical issues and other problems that subscribers face with the streaming service. The account can respond to negative criticism that can hopefully get unsubscribers to want to subscribe back to Netflix.

Evaluation:

The purpose of this objective is to evaluate the objective of which the goal was to retrieve back customers that have already unsubscribed from Netflix. The preparation phase to this evaluation was information-based on the percentage of subscribers leaving the company. During the implementation phase, the company reached out to the intended audience, which was subscribers who have recently unsubscribed. Lastly, during the impact stage, Netflix found that numbers were met from the attended amount desired of customers coming back. In the end, the program was successful for Netflix because the objective was achieved.

Conclusion:

To conclude, Netflix will remain on top because it will work within the same methods that helped them get to the top spot, they are currently in. They will improve and market their original shows, movies, and add more kids shows. Netflix will retain its current subscribers but will also add more subscribers by connecting more with its audience to determine what they want. Adapting to the impending wave of new streaming services is imperative to maintaining the superior position that Netflix currently has and helps the company stand against more problems in the future.

Reference Page

About Netflix. (n.d.). Retrieved from https://media.netflix.com/en/about-netflix.

Alexander, Julia. (2019, July 18). Netflix Is Losing Beloved Shows, Subscribers, and Confidence. Retrieved from https://www.theverge.com/2019/7/18/20699037/netflix-earnings-report-q2-streaming-wars-disney-apple-warnermedia-international.

Beer, Jeff. (2019, February 28). Inside the Secretly Effective–and Underrated–Way Netflix Keeps Its Shows and Movies at the Forefront of Pop Culture. Retrieved from https://www.fastcompany.com/90309308/by-any-memes-necessary-inside-netflixs-winning-social-media-strategy.

Company Profile. (n.d.). Retrieved from https://www.netflixinvestor.com/ir-overview/profile/default.aspx.

Dowling, Amber. (2019, October 4). Workin' Moms is the truth-telling comedy working parents need. Retrieved from https://www.vox.com/2019/10/4/20898610/workin-moms-netflix-review-catherine-reitman

Feldman, B. (2019, June 26). Piracy Is Back. Retrieved from http://nymag.com/intelligencer/2019/06/piracy-is-back.html.

Fitzgerald, M. (2019, November 1). Netflix could lose 10 million subscribers next year if it doesn't cut prices, Needham analyst says. Retrieved from https://www.cnbc.com/2019/11/01/netlfix-could-lose-10-million-subscribers-next-year-if-it-doesnt-cut-prices-needham-analyst-says.html.

Harwell, Drew. (2016, March 28). Netflix is coming for your kids. Retrieved from https://www.washingtonpost.com/news/the-switch/wp/2016/03/28/netflix-is-coming-for-your-kids/.

Kafka, Peter. (2018, December 4). The story behind Netflix's $100 million 'Friends' deal. Retrieved from https://www.vox.com/2018/12/4/18126596/friends-netflix-warnermedia-att-hulu-apple-deal.

Lee, W. (2019, October 9). Why Netflix isn't worried about the streaming wars. Retrieved from https://www.latimes.com/entertainment-arts/business/story/2019-10-09/can-netflix-maintain-dominance-over-new-streaming-services.

Netflix On Us – Netflix Offer from T-Mobile: T-Mobile. (n.d.). Retrieved from https://www.t-mobile.com/offers/netflix-on-us.

Palmer, A. (2019, October 21). Netflix offers $2 billion in debt to fund more original content. Retrieved from https://www.cnbc.com/2019/10/21/netflix-offers-2-billion-in-debt-to-fund-more-original-content.html.

Ridgley, C. (2019, November 21). Longtime Netflix Users Are Unsubscribing Because of Prices and Content. Retrieved December 6, 2019, from https://comicbook.com/tv-shows/2019/11/21/netflix-subscribers-leaving-content-price/.