

NETFLIX: COMPETITION IN BUSINESS

Read the [article](#) “Netflix’s Foreign-Language Shows See Popularity Soar” by Bloomberg

1 WARM UP

Read the statements about Netflix, then decide if they are true or false.

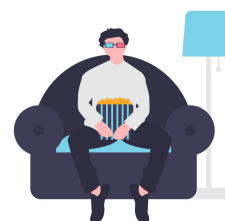
1. Netflix is the 5th largest internet company.
2. Netflix spent \$12 billion on original content in 2018.
3. Netflix tried to sell to Blockbuster in 2000 for \$50 million.

Source: [article](#)

2 NETFLIX DISCUSSION

Read and discuss the questions below with a classmate.

- Who are Netflix’s biggest competitors?
- Why do you think Netflix has become so successful?
- How can they continue to be successful in the future?



3 COMPETITION VOCABULARY

Complete the sentences using the words from the box.

| | | | | |
|---------|--------|------------|-----------|--------|
| Rivalry | Threat | Bargaining | Suppliers | Buyers |
|---------|--------|------------|-----------|--------|

1. Amazon Prime is a _____ to Netflix because they offer the same service but with distinct content so some customers may leave Netflix.
2. The best way to ensure that you are receiving a good deal is to contact various _____ within the same industry.
3. It is important to use all of your strengths as a _____ tool, by doing this you will be able to get a lower price.
4. There is a huge _____ between Pepsi and Coca Cola because they sell similar products, and target the same customers.
5. Three potential _____ looked at the house and at least one seemed interested, so they are hoping to sell the house soon.

4 HOW NETFLIX STAYS AHEAD OF THE COMPETITION

Read the article then complete the activities below.

Netflix's Foreign-Language Shows See Popularity Soar in the U.S.

Netflix's investment in foreign-language shows is paying off at home, with U.S. viewership of the titles growing more than 50% this year. Shows from Spain, Germany and France ranked among the most popular shows on Netflix, while viewership of dramas from Korea almost tripled. The fourth series of "Money Heist," a crime show from Spain, was one of the 10 most popular shows in 92 different countries this year.

Once reluctant to share any data on what its customers watched, Netflix has released more and more information to show what is working and dispel criticism that programs get lost due to the large number of series and films already on offer. While most U.S. media companies have historically focused on producing shows in English, Netflix has spent billions of dollars to produce shows in many countries around the world.

That strategy has been a major reason for the company's success in signing up customers abroad, both over the last decade and this year in particular. The company is on track to add the most customers in its history, and has said it will eclipse 200 million subscribers worldwide in the year's final quarter. More than 60% of its users come from outside the U.S., including 62 million in Europe, the Middle East and Africa.

However, the majority of Netflix's most popular programs are still in English. When Netflix released a list this summer of its 10 most popular original movies, they were all in English. The Netflix statement also revealed some viewership trends during the pandemic. Interest in home baking shows surged almost 50% in March, while searches for sad movies climbed in April. October was the year's biggest month for comedy viewing.

Adapted from bloombergquint.com - [article](#)

Speaking Task:

Use the 'phrase box' below to discuss the article with a classmate. Do you think this strategy will continue to be successful? Does it relate to your company?

Phrase Box

- In summary, Netflix's strategy is...
- According to the article...
- I like / dislike the idea because...
- I am convinced / not convinced that...
- I think Netflix's competition will react to this by...
- This strategy relates to my company because...

Article vocabulary exercise - find a word that means:

1. The action of using money to gain future profit (P1).
2. A feeling or act of hesitation / unwillingness. (P2).
3. To make a doubt, feeling, or belief disappear. (P2).
4. To exceed something by a lot (P3).
5. To increase suddenly and quickly (P4).

5 NETFLIX'S STRATEGIES TO BEAT THE COMPETITION

Read each of Netflix's strategies below. You have only been given the headline, therefore you need to expand on each point, explaining how each one enables Netflix to stay ahead of the competition.

Tip - Use the phrase box as a guide.

- | | |
|---------------------------------------|-----------------------------|
| - Original Content | - Partnerships with studios |
| - Marketing | - Algorithms |
| - Partnerships with actors, directors | - Data Analysis |

6 COLLOCATIONS RELATED TO COMPETITION

Complete the collocations by matching the words from the box to the definitions.

- | | | | | | |
|-------|--------|-------|------|--------|-----------|
| Tough | Retain | Enter | Face | Target | Fight off |
|-------|--------|-------|------|--------|-----------|

1. _____ customers - To keep customers buying from you / using your service
2. _____ competition - When you compete directly against someone else.
3. _____ audience - The clients you are marketing your product to.
4. _____ competition - Competitors who offer good products too.
5. _____ the market - When a new company starts selling / operating.
6. _____ competition - To compete and then win against your competition.

7 COMPETITIVE ADVANTAGE BY MICHAEL PORTER

'Competitive Advantage' is a classic study by Michael Porter, a professor at Harvard university. Read about the study, then complete the exercises.

Michael Porter's model identifies and analyses five competitive forces that every business faces. These five forces help us to identify an industry's weaknesses and strengths. Porter's five forces is a business analysis model that helps to explain why some businesses / industries are able to sustain different levels of profitability. The model was published in his book, "Competitive Strategy: Techniques for Analysing Industries and Competitors" in 1980. The five competitive forces model is widely used to analyse the structure of a company as well as its corporate strategy. Porter identified five undeniable forces that play a part in shaping every market and industry in the world. These five competitive forces are frequently used to measure competition intensity, attractiveness, and profitability of an industry or market.

Porter's five forces are:

1. Rivalry and competition from current businesses.
2. The threat of new competition entering the market.
3. Bargaining power of suppliers
4. Bargaining power of customers / clients.
5. Threat of new, innovative products / services replacing yours.

Adapted from investopedia.com - [article](#)

Discussion Questions:

- Which of the competitive forces does your business feel the most? Explain.
- Do customers bargain with you and your competitors to get a lower price?
- How powerful are your suppliers? Are you able to switch if necessary?
- Could new, innovative products put your company out of business?
- How easy would it be for a new company to enter your market? Explain.



HOMWORK

Watch the [video](#) titled “Why Amazon Is Going After Netflix” by CNBC.

1 IDIOMS RELATED TO COMPETITION

Complete the idioms by choosing the correct word, then match to the correct meaning.

1. Ahead of the
 - a. curve
 - b. others
2. Corner the
 - a. customers
 - b. market
3. Raise the
 - a. bar
 - b. car
4. Against the
 - a. minutes
 - b. clock
5. Head to
 - a. head
 - b. face
6. Make a
 - a. money
 - b. killing



Meanings:

1. To improve standards and expectations.
2. When someone has to do something quickly because there is not much time
3. To have control of the market.
4. To earn a lot of money.
5. To be in front of the competition, to be more innovative and progressive.
6. When two parties confront each other.



2 NETFLIX VS. THE COMPETITION

Watch the [video](#) “Why Amazon Is Going After Netflix” then answer the comprehension questions.

Tip - slow down the speed of the video, and use the subtitles.

1. What was Amazon Prime’s video strategy at first?
2. How much did Amazon pay for the rights to Lord of the Rings?
3. How many ‘prime’ subscribers does Amazon have?
4. What could Amazon’s ‘next big splash’ be?
5. How could Amazon Echo revolutionise how people find TV shows and movies?
6. How does Amazon use advertising differently compared to traditional media companies?

3 WRITING TASK

Read the questions then write detailed answers to each one (100 words minimum).

1. Do you think Netflix can stay ahead of the curve? Explain.

2. Do you think Amazon will corner the market? Explain.



3. Do you believe Amazon Prime has raised the bar above Netflix? Explain.

4. Do you believe Netflix needs to improve quickly to beat the competition? Are they working against the clock?

5. Are Netflix and Amazon Prime competing face to face? Or are there other competitors and factors? Explain.

6. Do streaming services make a killing? Or do they have a lot of expenses? Explain.
