

Factors Affecting The Subscription Decision For Netflix Premium Of Thai People

EE489: Seminar in Industrial Economics

Result Report

Research Question

- In Netflix Premium, they bundle the highest resolution quality with number of screens.
- People can't choose separately.
- What exactly are the factors affecting their preferences toward the subscription of Netflix Premium.

Methodology

Online survey

Our population are Thai Netflix subscribers who can reach social media

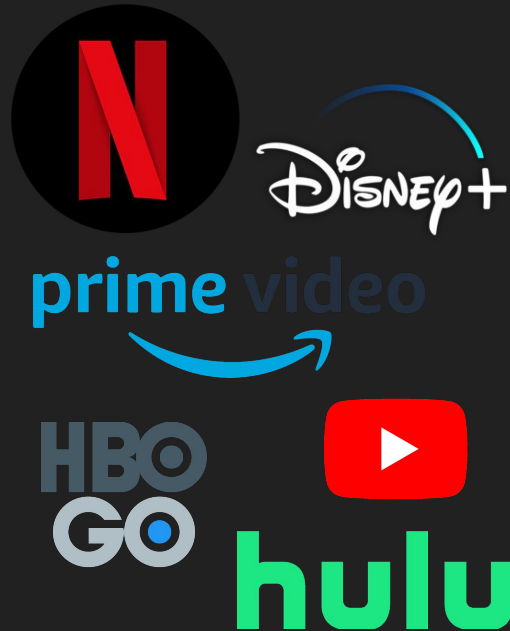
- Sample are 300 respondents
- Question cover information below
 - Important Factors
 - Genres
 - Payment
 - Number of shared users
 - Demographics
- Using **Cross-Tabulation** in analysis

Industry's Background

Size & Growth

- Market size of **42.6** billion USD
- CAGR of **20.4%** from 2020 to 2027

Players



Market Power

- Netflix is **#1** in market share
- 167 million subscribers
- 190 countries

Result

We separated the analysis into 3 aspects;

- Packages
- Sharing behavior
- Genres

Packages : Factor

Price to package

Price	1	Package 2	3	4	Total
0	0 0.00 0.00	0 0.00 0.00	2 11.76 3.85	15 88.24 6.88	17 100.00 5.67
1	0 0.00 0.00	0 0.00 0.00	5 27.78 9.62	13 72.22 5.96	18 100.00 6.00
2	1 0.83 25.00	12 9.92 46.15	18 14.88 34.62	90 74.38 41.28	121 100.00 40.33
3	3 2.08 75.00	14 9.72 53.85	27 18.75 51.92	100 69.44 45.87	144 100.00 48.00
Total	4 1.33 100.00	26 8.67 100.00	52 17.33 100.00	218 72.67 100.00	300 100.00 100.00

Resolution to package

Resolution	1	Package 2	3	4	Total
0	0 0.00 0.00	1 20.00 3.85	0 0.00 0.00	4 80.00 1.83	5 100.00 1.67
1	1 4.76 25.00	6 28.57 23.08	5 23.81 9.62	9 42.86 4.13	21 100.00 7.00
2	3 2.97 75.00	12 11.88 46.15	26 25.74 50.00	60 59.41 27.52	101 100.00 33.67
3	0 0.00 0.00	7 4.05 26.92	21 12.14 40.38	145 83.82 66.51	173 100.00 57.67
Total	4 1.33 100.00	26 8.67 100.00	52 17.33 100.00	218 72.67 100.00	300 100.00 100.00

Number of screens to package

Screen	1	Package 2	3	4	Total
0	2 12.50 50.00	2 12.50 7.69	4 25.00 7.69	8 50.00 3.67	16 100.00 5.33
1	0 0.00 0.00	9 24.32 34.62	10 27.03 19.23	18 48.65 8.26	37 100.00 12.33
2	1 1.23 25.00	9 11.11 34.62	16 19.75 30.77	55 67.90 25.23	81 100.00 27.00
3	1 0.60 25.00	6 3.61 23.08	22 13.25 42.31	137 82.53 62.84	166 100.00 55.33
Total	4 1.33 100.00	26 8.67 100.00	52 17.33 100.00	218 72.67 100.00	300 100.00 100.00

- Price is the most influence factor but the higher package, the less they considered the price.
- There is shifting of resolution impact between package 2 and 3 from low-moderate to moderate-high due to changing in Standard Definition to High Definition
- There is negative correlation between price and resolution & number of screens..

Note: Package ; 1 = Mobile, 2 = Basic, 3 = Standard, 4 = Premium

Sharing Behavior

NumAcc	Package				Total
	1	2	3	4	
1	2 0.67	12 4.00	6 2.00	7 2.33	27 9.00
2	1 0.33	5 1.67	13 4.33	7 2.33	26 8.67
3	1 0.33	2 0.67	6 2.00	18 6.00	27 9.00
4	0 0.00	4 1.33	21 7.00	135 45.00	160 53.33
5	0 0.00	3 1.00	6 2.00	51 17.00	60 20.00
Total	4 1.33	26 8.67	52 17.33	218 72.67	300 100.00

Those who don't Share

- There is **only 4%** of Standard and Premium user did not share the account with anyone.
- Moreover, we observed that this type of users has no preference on number of screen while they are highly prefer to resolution quality.

Note: Number of Sharing in Account; 1 - 4 person, 5 = more than 4 person

Sharing Behavior

NumAcc	Payment			Total
	0	1	4	
1	2 1.87	25 43.86	0 0.00	27 9.00
2	10 9.35	7 12.28	9 6.62	26 8.67
3	12 11.21	7 12.28	8 5.88	27 9.00
4	58 54.21	13 22.81	89 65.44	160 53.33
5	25 23.36	5 8.77	30 22.06	60 20.00
Total	107 100.00	57 100.00	136 100.00	300 100.00

Those who pay alone

- There're 56% of those who are the **only one** pay for the package that share the use of account to others.
- This type of subscribers preferred mostly the resolution following with number of screens while price has the least influence on their preference.

Note: Payment; 0 = not pay at all, 1 = pay alone, 4 = splitting the fee to all shared users

Sharing Behavior

Screen	Payment			Total
	0	1	4	
0	3 1.00	9 3.00	4 1.33	16 5.33
1	15 5.00	7 2.33	15 5.00	37 12.33
2	27 9.00	18 6.00	36 12.00	81 27.00
3	62 20.67	23 7.67	81 27.00	166 55.33
Total	107 35.67	57 19.00	136 45.33	300 100.00

Resolution	Payment			Total
	0	1	4	
0	1 0.33	3 1.00	1 0.33	5 1.67
1	6 2.00	7 2.33	8 2.67	21 7.00
2	43 14.33	13 4.33	45 15.00	101 33.67
3	57 19.00	34 11.33	82 27.33	173 57.67
Total	107 35.67	57 19.00	136 45.33	300 100.00

Price	Payment			Total
	0	1	4	
0	9 3.00	5 1.67	3 1.00	17 5.67
1	7 2.33	6 2.00	5 1.67	18 6.00
2	52 17.33	22 7.33	47 15.67	121 40.33
3	39 13.00	24 8.00	81 27.00	144 48.00
Total	107 35.67	57 19.00	136 45.33	300 100.00

Those who splitted

- For those who shared the account, type “4”, 86% are sharing the Premium package with average of 4 audience per subscription* .
- This group of subscriber highly prefer on all 3 factors comparing to the only one pay for package who were relatively less influenced by the price.

Note: * This part of analysis was conducted in Microsoft Excel

Sharing Behavior

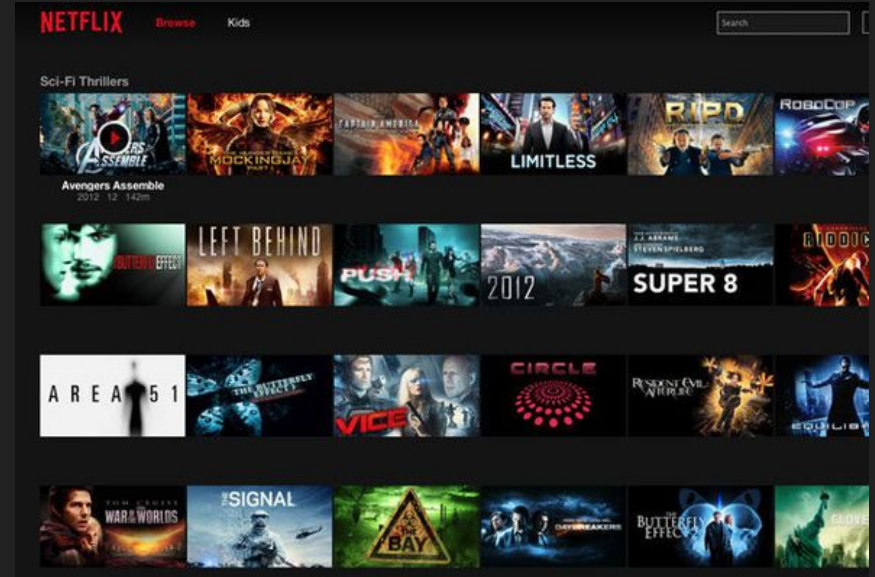


The Free Riders

- For the free riders, 36% of the respondents, majority of them are watching in Premium package.
- Their preferences toward the use of Netflix are influenced by resolution, number of screen, and price, respectively.

Note: This part of analysis was conducted in Microsoft Excel

Do the genres affect the preferences?



- Hypothesis: the preference on resolution is the result of the genre they watch.
- Our analysis: No, it doesn't !!

Note: This part of analysis was conducted in Microsoft Excel

Preliminary Conclusion

- Netflix has bundled the options together in the package aiming to achieve the highest profit by capturing, possibly, all the consumer surplus.
- From our analysis: Resolution Quality has influenced in many aspects.
- consumers have various ways to use this service adjusted to their preferences such as; the choice of package, sharing of account.