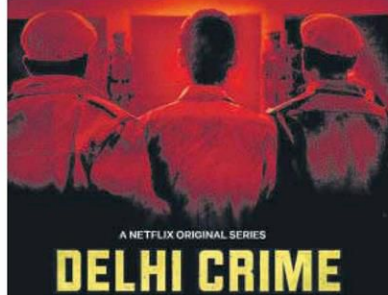


THE NETFLIX GAME PLAN TO LEAD ENTERTAINMENT

Netflix is blurring language barriers, but made a profit of only ₹20 lakh in India last year. What lies ahead?



(Left) Netflix's office in California, US; Netflix's Indian originals such as *Lust Stories* and *Sacred Games* have travelled abroad, and the online streaming platform is optimistic about the latest drama *Delhi Crime*'s global success.

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LOS ANGELES

There isn't much to tell the Netflix headquarters apart from other buildings in Sunset Boulevard in the heart of Hollywood, which is the silicon valley of the entertainment business. Unlike the other entertainment company Viacom Inc., which is less than a five-minute walk away, Netflix doesn't wear the iconic company logo on its sleeve. Most would say chief executive officer (CEO) Reed Hastings likes to keep it modest.

But the gigantic campus that opens up beyond the entry gates makes up for the demure exterior. There are ten stages or shooting locations within the premises, originally owned by Sunset Bronson Studios (the Old Warner Bros Studio), where Hastings company owns two major buildings: ICON and CIE, where some 2,900 staffers work. Currently filming on site is a live action comedy series called *The Ranch* and *Team Kayce*, and the enthusiastic crew will tell you that the white mansion right next to ICON was where the world's first talkie, *The Jazz Singer*, was shot in 1927.

THE WORLD ACROSS SHORES

Like Warner Bros, the original owner of the campus, Netflix would like to believe it is at the vanguard of a revolution in technology to tell stories in a more compelling way," said Greg Peters, chief product officer at Netflix. Out of the 7.7 billion people on the planet, only 1.5 billion speak English to some degree and about 371 million are native speakers, Peters said. And yet, historically, the majority of entertainment content in the world has been produced in Hollywood in the English language.

"It's an disconnect that we see a tremendous opportunity. Because we believe that great stories should be able to

come from anywhere on the planet. The majority of Netflix's 139 million members are from outside the US, a ratio that is going to get bigger in the years to come. And you see that shift in the kind of original programming that we are doing," Peters said. "We believe that people have always wanted authentic storytelling that is rooted in local culture and that locality actually illuminates the universal themes of the story. And it doesn't really matter where you live or what language you speak. If we do that well, it's the stuff great storytelling is made of, and always has been," he added.

The breakthrough in terms of content that could travel globally happened with a Brazilian show called *3%* in 2016. Netflix hasn't looked back since. There have been many more cross-cultural successes recently, including in India—British comedy-drama *Sex Education*; South Korean zombie tale *Kingdom*; and psychological thriller *Black Mirror: Bandersnatch* to name a few. On the other hand, Indian originals such as *Lust Stories* and *Sacred Games* have travelled abroad, CEO Hastings said, adding that he's also optimistic about their latest drama *Delhi Crime*. *Sex Education* is also popular in France, Portugal, and Thailand. *Siempre Bruja*, from Columbia, has found love in Spain, Portugal as well as the US. *Kingdom* has drawn a huge number of viewers around Asia, Russia, and the US. Spanish web series *Elite*, Turkish drama series *The Protector*, and German science fiction thriller *Dark* are some of Netflix's other crossover success stories across markets.

However, content creators in India, at least, don't see this strategy as entirely new. "As storytellers, you always try to come up with something local first for primary audience and then see if it can have global resonance with a larger audience. It's not specific to one platform," said Sameer Nair, CEO of content studio Applause Entertainment. Even traditionally, Indian films have managed to break out, Nair said. *Amrithan*, *Dangal*, for instance, was quite obviously made for an Indian audience. The fact that it made close to ₹2,000 crore in China, more than five times its India earnings, was a happy outcome. Netflix's close American rival,

Amazon Prime Video, has also committed to 10 originals in India over the next year on the back of the success that shows like *Breathe* have achieved globally.

"The aim of the company is to be very customer focused. When we discussed *Mud in Heaven* (a new web series about a duo of Delhi-based wedding planners), we talked about whether customers in India and (also) around the world will like it or not," said James Farrell, head of international originals, Prime Video.

(NOT) LOST IN TRANSLATION

But there is more to Netflix's globalization strategy than just crossover content. First, an intense commitment to dubbing and subtitling. Debra Chinn, director, international dubbing at Netflix, said the idea is to provide entertainment to everybody around the world, regardless of what they speak or where they live. From seven dubbed languages for its Norwegian-American series *Lilyhammer* in 2012, Netflix managed 24 versions for its 2018 fantasy adventure *The Christmas Chronicles*. The goal is to take the figure to 30 for forthcoming productions. "There's nothing wrong with subtitles, but dubbing brings you closer to who the characters are, and it aligns itself with subtitling. So, the combination of subtitling and dubbing is an overall localization process that really tells the story," Chinn said.

Chinn and her team start by watching the content to understand its complexities and nuances from a dubbing, translation, and localization perspective. They then work with dubbing partners designated in the specific language market to provide creative guidance. After that begins post-production.

Beyond that, a product creative and globalization team—who collectively speak 36 languages and have lived in 67 countries—work on launching (or sometimes relaunching) content in foreign shores. "The stories that travel (globally) are effective because they show a deep understanding of human emotions and feelings. They are universal and appeal to a global audience. All we need to do is highlight those emotional moments in a meaningful and authentic way so that our members can find the stories that resonate the most with them, no matter where they are or what language they speak," said Kathy Rolni, director, globalization at Netflix. Rolni's team does so by carefully selecting culturally relevant images, writing meaningful and informative synopses, and authentically translating all of the content so as to preserve the creative intent and evoke the same emotions as

what Short Story

Netflix, which streams content to 139 million paid subscribers in 190 countries around the world, is focusing on content localization and non-English speaking users for the next round of growth.

HOW

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ALSO

The streaming platform hopes to build on user interactivity, which took a new turn with *Black Mirror: Bandersnatch*, where viewers could make decisions for the protagonist.

originally intended. A group of professional linguists first comes up with a title, and then comes artwork.

"We know that people have different tastes and different things appeal to them and draw them to different shows. So, we have to create multiple images to represent the show so that we can reflect the tastes of different people," said Elizabeth Goldstein, director, product creative at Netflix.

But all this personalization can easily go wrong too, which happened in October last year when African American Netflix users raised concerns about being highlighted in the algorithm-driven global television landscape.

TECH AND TELEVISION

Netflix, however, insists the only data it collects about users relates to what they are watching, and not demographic information. But analytics is only the beginning of the cutting-edge in streaming platform technology. User interactivity

took a new turn with *Black Mirror: Bandersnatch*, where viewers could make decisions for the protagonist and decide the course of the narrative. Netflix hopes to build on the interactive offering with its new anthology series *Love, Death & Robots*.

"Over the past year, we've brought about a bunch of product innovations. Like updating our TV user interface with a navigation bar on the left-hand side which allows users to tell us what they want from us. On mobile, we've added vertical previews for shows. We're also upgrading how we use profiles, which is the cornerstone of how we connect the right show with the right individual," Peters said.

Todd Yellin, vice-president, product at Netflix, added that Internet data is increasingly becoming more affordable in India, helping to make the viewing experience seem closer to the big screen. Plus, the company is gradually investing in high dynamic range and high definition resolution for perfect colour and picture that will change depending on Internet bandwidth.

"Netflix comes with a decade-long dataset on what people watch, while most Indian platforms that launched two to three years ago still looking to hire data experts," said Girish Dvibhishyam, head, content, consumer engagement and business development at Indian video-streaming service Spuul.

The streaming industry is extremely new and nascent around the world, but particularly so in India, and the talent and management pool is limited. Most people who are being hired at the moment come with a background in television or cinema.

"I don't think platforms in India have started prioritizing technology at the moment though they should start soon. There are some startups that claim to be able to track user behaviour but when it comes to artificial intelligence and machine learning, nothing can beat Netflix's home-grown system at the moment," Dvibhishyam said.

CHALLENGES

Though Netflix may have 139 million paid subscribers globally, the picture is far from perfect for the company. According to a report by financial content

service Seeking Alpha, as many as one in five people today are mooching off of someone else's account when streaming video from Netflix. In India too, the service allows five profiles to be created on the same account for ₹500. On average, Netflix tends to be pirated for 26 months, and could potentially be losing \$82 million in revenue per month from piracy (users who are not paying for access). The India unit of Netflix notched up a net profit of only ₹20 lakh and revenues of ₹8 crore for fiscal 2017-18, according to its filing with the Registrar of Companies. However, industry experts say Netflix's global presence enables it to bifurcate costs and investment across countries.

"One of the great things about Indian culture is multigenerational households which is a delightful value I wish more of the world could have," Yellin said. "It's exactly what we want, not because our algorithm is deep, but because we are a subscription service. The more value users get out of one subscription, the more likely they are to retain it. We think about profitability globally, not how much we can make in India specifically. India is part of a long-term strategy since it's a country that loves entertainment."

There is also the issue of increasing competition. The 30-odd video streaming platforms in India together created 1,200 hours of original content in 2018. Apple and Walt Disney are also poised to enter the original content business.

Indian television industry veteran Deepak Dhar says there is space for everybody in the entertainment ecosystem, but the audience is loyal to specific shows and characters. People have watched a show like *Bigg Boss* for years, regardless of whether it's screened on Colors or Sony, Dhar said.

On his part, Hastings is unfazed by the crowded field. "We've always had massive competitors. These are amazing, large, well-funded firms. They are going to do some great shows. I'm going to be envious. But you do your best job when you have great competitors," he said. Clearly, India's streaming addition has only just begun.

Lata Iyia was at Netflix's Lalo Day in Los Angeles at the invitation of the company.



India has seen massive growth in network and access driven by Jio. There's nothing more impressive in the world

REED HASTINGS
CEO NETFLIX

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