What is Wrong with Netflix

by James A Barry

It started off so well. When Reed Hastings and Marc Randolph

came up with the idea for Netflix in 1997, no one and probably including the founders could dream that it would become the 10th largest internet company in the world.

I did have shares with them which I sold recently, especially after the departure of the CFO David Wells to pursue his 'philanthropy' work and to find more 'challenges'. This lead to a drop of 1.8% on the stock price.

The market was unkind to Netflix, when its share price dropped by 4.89% because it did not meet its Second quarter projections. I understand that but you have to take a closer look at their Q2 results and draw on the information which they offer.

Netflix strongest competition is with HBO, very much a ***flagship*** content maker of quality product. Netflix model was very much based on a ***subscription*** income model. In 2016 to 2017, Netflix stock rose by 70% and managed to produce a lot of content, some of it quality, like 'House of Cards' and 'Lucifer'.

According to their results, they spent $1bn on producing series but only $70m on development. This is very much a 'scatter gun' approach; make as much content as possible and one of them will bound to be a hit. In the eyes of the public, worldwide, this does not work in the medium term, because your public, your subscribers, will get bored of it.

If the Netflix share price is to return and market confidence restore ***and*** the public is to return, one must invest more into developing content and more relevant productions, stories that can fit into today's narrative.