

The Netflix cash machine needs the kind of hits that money can't buy

The Observer

Netflix

It is worth \$166bn and has 150m users. But as it loses the rights to other networks' best shows, it must create its own classics

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Stranger Things is Netflix's most successful original production.

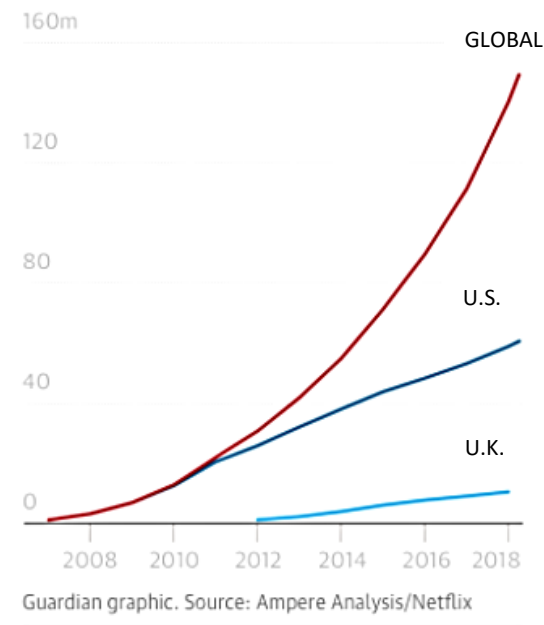
Netflix is a multibillion-dollar programming machine in dire need of homemade hits – and it can no longer rely on *Friends* for help. Last week, the streaming giant announced it would be bidding farewell to the popular comedy from its US service at the end of the year. It was confirmed that WarnerMedia would now offer *Friends* exclusively on its rival service, HBO Max, when it launches in 2020.

Friends is the most watched show on Netflix, but traditional media companies are no longer willing to supply popular TV series to Netflix.

By the end of next year, Netflix will also have lost the US version of *The Office*, the second most popular show on its service, to Comcast-owned NBCUniversal's own global

streaming service, launching in 2020. Disney, which has already pulled Marvel content from Netflix in the US ahead of the launch of streaming service Disney+ later this year, now also owns 20th Century Fox, which has moved popular shows including *Family Guy*, *How I Met Your Mother* and *It's Always Sunny in Philadelphia* to US domestic rival Hulu. Netflix will hold on to *Friends* in some international markets, including the UK, and that is important. *Subscribers outside of the US account for 80% of new sign-ups and 60% of Netflix's total user base of 148.8 million subscribers.*

In the first quarter of 2019, the number of Netflix subscribers worldwide rose to more than 148 million



Its £12bn annual programming budget should be ample enough to fill the gaps left by *Friends* and *The Office*. But some analysts warn that, outside of *Stranger Things*, the popularity statistics for Netflix Originals – its **homegrown content** – is poor.

“There was always going to be an existential moment for Netflix **when it simply couldn’t rely on** licensed hits any more,” says Tom Harrington of Enders Analysis. “That is sort of now. But other than with *Stranger Things* and one or two others they’ve not really been able to create their own true hit shows.”

Deep-pocketed Netflix has focused on a model of **churning out** a huge amount of content. But it also cancels shows almost as fast as it makes them.

Ampere Analytics estimates that Netflix currently has 285 original TV shows in production around the world, and almost 700 of its own series on the service. *But its research has also shown that Netflix is much more likely to cancel TV shows after just two or three seasons compared with traditional broadcasters. Original streaming shows have an **average lifespan** of just two seasons.*

“They have 150 million accounts globally, they can make any show look like a hit,” says Harrington. “What you don’t see is data that shows how quickly viewing of original content drops within days after they launch it. Shows disappear fast, and a lot of Netflix is populated by largely forgettable shows. Subscribers are maybe coming in to watch an original, which is probably dropped after its second series, and then they

turn to stuff they have an affinity with, like *Friends* and *The Office*, which is what has made them so important to Netflix.”

Best of the bunch

Stranger Things

The third series of the 1980s-set sci-fi horror has smashed Netflix records, with 40.7 million account holders watching the show in its first four days after release, making it the most-watched film or series in the streaming service’s history.

House of Cards

The series about a malevolent US president may have lost its attraction following sexual assault allegations against star Kevin Spacey. The first two seasons cost \$100m.

Roma

The film that gave Netflix the Hollywood credibility the company craved. Alfonso Cuarón’s black-and-white, 70s-set foreign language drama won the Oscar for best director, finally making Netflix a force at the Academy Awards.

The Crown

The lavish drama costs £8m-£10m an episode and has been a hit with subscribers and critics alike.

Orange is the New Black

Set in a women’s prison, with mostly unknown actors, the comedy-drama has won bags of awards. The seventh and final season of the series is released this month.

BoJack Horseman

The bizarre animated comedy led by an alcoholic, washed-up actor who is an anthropomorphic horse launched in 2014 to mixed reviews. Subsequent seasons cemented the show as a bona fide hit with both viewers and critics.

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Worksheet

Find the data in the text.

1. Netflix currently has users worldwide.
2. HBO Max streaming service launches in
3. Disney+ streaming service launches in
4. Netflix's yearly budget for making original content is
5. Netflix currently has original TV shows in production.

Write down the names of the series which Netflix will lose to its' rivals - HBO Max, Disney+ and NBC Universal.

HBO Max (Warner Media)	Disney+	NBC Universal (Comcast)	Hulu

Translate these terms into your native language, or better, explain in English.

1. average lifespan
2. homegrown content
3. franchise movie
4. churn out
5. to bid farewell

Decide if the following statements are true or false.

1. The majority of the Netflix's total user base are the US subscribers.

T / F

2. 80% of the subscribers are from outside of the US.

T / F

3. Netflix is currently creating 700 new original TV series.

T / F

Describe the trends in the graph.

The difference in the number of global subscribers in 2012 and 2018.

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The difference in the number of the US subscribers in 2014 and 2018.

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