

# Pricing and content – Netflix’s dilemma in India

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## Prologue

On 3rd May 2022, Bela Bajaria (Vice President, Global TV, Netflix, USA) was pondering Netflix’s pricing strategy in India. In 2018, her boss Netflix CEO Reed Hastings announced a bold and ambitious target of attaining 100 million subscribers in the Indian market ([Borgohain, 2018](#), February 24). However, Netflix under her leadership was far behind in terms of its target in India. In reality, it had managed to attain only approximately 5 million paid subscribers in India ([Laghate, 2022](#), January 21). Netflix was the highest priced OTT platform in India with other OTT competitors priced much lower. She felt that achieving this ambitious target set by the CEO was next to impossible, especially with Netflix’s high-price strategy. But reducing the pricing for its subscription plans meant a loss of revenue and profits in the short run. Also, she had to take approval from the CEO regarding any price reduction.

Another key issue that was troubling her was the Indian government’s decision to govern OTT platforms in India. Netflix was already embroiled in several legal tussles in India over controversial content streamed by it. Religious leaders and political parties were up in arms against Netflix and charged it with hurting religious and national sentiments. Several cases were filed against Netflix and its top executives in the Indian courts and there were protests and demands for a boycott of Netflix in India. She recalled the recent police case filed against her colleagues Monika Shergill, VP of Content at Netflix, and Ambika Khurana, Director of Public Policies, over objectionable scenes in the show “A Suitable Boy” that hurt the religious sentiments of Hindus ([The Economic Times, 2020](#), November 24).

## Bela Bajaria’s early life and career

Bela Bajaria was born in London to parents of Indian ancestry. Her early childhood was spent in London and Zambia. In the 1970s, when Bajaria was 4, her parents migrated to the USA to explore business opportunities. She worked part-time as a cashier while in high school. After graduating high school, Bajaria entered beauty pageants and subsequently won the Miss LA India contest, Miss India USA. She was ultimately crowned Miss India Worldwide in 1991. Bajaria obtained her Bachelor of Arts communications degree from the College of Liberal Arts, California State University in 1995. Postgraduation, Bajaria joined Columbia Broadcasting System (CBS) as an assistant in the movies and miniseries department. After a brief stint at CBS, she was offered a management position at Warner Brothers Television Studios but returned to CBS in 1997 as a director. Bajaria was further promoted as Vice President and then Senior Vice President of movies and miniseries in 2002 ([James, 2016](#), May 22).

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She joined Universal Television as Executive Vice President in 2011 and soon was promoted to the position of president of the studio. Bajaria's stint at Netflix began in 2016 as head of unscripted and international content. She was promoted as the Vice President of Global Television, Netflix bypassing 18-year veteran Cindy Holland who was instrumental in the development and growth of Netflix's original content ([Staff, 2020](#), September 10).

## Overview of Netflix

Netflix, Inc. was a United States-based over-the-top (OTT) media service that offered a wide range of award-winning movies, TV shows, documentaries and more. It followed a subscription-based video demand model with around 40% of the programs produced in-house. As per July 2021 data, Netflix subscribers amounted to 209 million; the USA and Canada accounted for 72 million subscribers, whereas India accounted for 5 million subscribers ([Statista, 2021](#), September 16).

Reed Hastings and Marc Randolph founded Netflix in 1997 in Scotts Valley, CA. The initial business model followed by Netflix included rental by mail and DVD sales. However, the founders abandoned DVD sales within one year of operations to solely focus on the DVD rental business ([Pogue, 2007](#), January 25).

January 2016 marked the entry of Netflix into India. However, it started operating and streaming content only in April 2017, after it was registered as a limited liability partnership. Netflix's net profit for the fiscal year 2017 was INR 2.02m. It earned revenue of INR 580m in the fiscal year 2018 ([Laghate, 2018](#), December 28). As per a report by Morgan Stanley Research, Netflix had the highest average watch time of more than 120 min as compared to other OTT service providers in July 2018 ([exchange4media Staff, 2018](#), September 26). Netflix founder and CEO Reed Hastings announced that the company placed great emphasis on creating original Indian content and had invested INR 30bn toward that in 2019–2020.

## Over-the-top landscape in India

Netflix's top management under the leadership of Bela Bajaria had done the adequate market research to access the potential of the Indian OTT market. The Video OTT market in India was expected to grow from US\$1.5bn in 2021 to US\$4bn in 2025 and further to US\$12.5bn by 2030. The next wave of growth in the OTT landscape was expected to come from Tier II, III and IV cities and the Indian regional language-speaking population. The OTT market in India was expected to grow at a compound annual growth rate of 28.6% from 2022 to 2025 ([The Economic Times, 2021](#), July 18).

With access to digital connectivity, better networks and smartphones, OTT platforms in India had successfully attracted subscribers on a parallel basis. The top favorites in the Indian OTT landscape were Disney+ Hotstar, Amazon Prime Video, SonyLIV and Netflix both in terms of subscriptions and customer satisfaction. Indian OTT space had seen the inception and growth of many local and regional OTT players, such as Voot, Eros Now, ALTBalaji, Zee5, Adda Times and Hoichoi ([Business Insider, 2021](#), July 15).

The market intelligence report gathered by Netflix revealed that the majority of Indian subscribers/users viewed OTT content on smartphones. The reports on the mass media and the statement of the competing OTT platform CEO supported this. Nachiket Pantvaidya, CEO, ALTBalaji stated that 80% of subscribers viewed their content on smartphones. He further explained that ALTBalaji's whole programming strategy was around individual viewing. In his viewpoint, individual viewing in India could only happen on smartphones as television was a shared family possession in Indian households. He asserted that the key to success was to offer an app with an easy and simple-to-use user

interface. He also emphasized that ALTBalaji planned to produce more regional content (Bhatia, 2020, June 2).

Netflix had introduced its basic pricing model for streaming on smartphones. Netflix had given full access to all the available content for its mobile plan users. The majority of Netflix Indian subscribers were viewing content on smartphones. But aggressive OTT competitors left no stone unturned to attract individual viewers on smartphones (Table 1).

### Pricing challenges in India

Pricing was another woe troubling Bela Bajaria; Netflix had started its operations in India with a high pricing strategy as compared to other competing OTT platforms. The high pricing decision was done before she took the responsibility for the Indian operations. Netflix's Indian operations revenue had increased significantly in 2021 because of the addition of new subscribers during the Covid-induced lockdown. High pricing was one of the prime reasons for the higher revenue of Netflix as compared to most of the competing OTT platforms. However, high pricing was turning out to be the Achilles heel for Netflix, India because of the aggressive pricing plans of competitors. Till 2019, Netflix had only three-monthly priced plans for the Indian market, namely, Basic (INR 499), Standard (INR 649) and Premium (INR 799). All three plans offered unlimited access to content, the difference being in the number of screens on which the subscribers could access the content simultaneously. The basic plan offered access to one screen at a time, the standard plan offered subscribers access to two screens at the same time and the premium plan offered access to four screens simultaneously.

To counter the aggressive pricing strategy by Amazon Prime, Disney+ Hotstar, Balaji Telefilms, etc., it launched an attractive subscription plan of INR 199 per month in 2019 specifically for streaming on mobile phones offering unlimited access to content (Saha, 2019, July 26). But INR 199 for single mobile streaming was not cheap according to Indian standards. Some experts felt that Netflix made a mistake by introducing its streaming service at a high price point in the price-sensitive Indian market (Parekh, 2016, January 21).

Netflix further reduced its price with effect from 14th December 2021, with the mobile-only plan starting at INR 149 per month, instead of the earlier INR 199 per month. Under the new price scheme, the Netflix Basic plan cost INR 199 per month; the plan used to cost INR 499 per month earlier so this was a significant price drop. The standard Netflix plan was priced at INR 499 per month, instead of INR 649 which was the earlier price. Finally, the most

**Table 1** Prominent OTT competitors in India

OTT platform	Subscription plan	Membership fee	Duration	Subscribers/users
Amazon Prime Video	Amazon Prime monthly plan	INR 179	1 month	18 million
	Amazon Prime quarterly plan	INR 459	3 months	
	Amazon Prime yearly plan	INR 1,499	1 year	
Disney + Hotstar	VIP Plan	INR 399	2 year	45.9 million
	Premium Plan	INR 1,499	3 year	
Voot	Monthly	INR 99	1 month	1 million (paid) and 100 million monthly active users
	Yearly	INR 999	1 year	
ALTBalaji	Monthly	INR 43	1 month	2.4 million
	Yearly	INR 300	1 year	
Sony Liv	LIV Premium monthly	INR 299	1 month	32.7 million (paid) and 118 million monthly active users
	LIV Premium half yearly	INR 600	6 months	
	LIV Premium yearly	INR 999	1 year	
	LIV Special+	INR 399	1 year	
	WWE Network plan	INR 299	1 year	

Sources: Baboori (2021, July 21); Team (2021, December 16)

expensive Netflix plan, which was the premium plan, was priced at INR 649 per month. This plan used to cost INR 799 per month earlier (Desk, 2021, December 16).

Bela Bajaria and Netflix's top management team were confident that the price reduction was a step in the right direction. But only the results would tell them whether the price reduction was sufficient. As per market intelligence reports, Netflix was projected to lose subscribers globally, especially in mature markets such as the USA and Canada. In this background, it was a huge challenge to add new subscribers in a price-sensitive Indian market (Desk, 2022, April 20) (Table 2).

### Charges of hurting political and religious sentiments

Netflix's Sacred Games controversy started in 2018 with Rajiv Kumar Sinha, a Congress party leader in West Bengal, lodging a police complaint against actor Nawazuddin Siddiqui, Netflix, and the producer of the show for insulting and abusing the former prime minister late Rajiv Gandhi. Nikhil Bhalla, a Delhi-based lawyer, filed the petition in the Delhi high court accusing the show of misrepresenting historic events such as the Shah Bano case, Bofors case, communal riots and Babri Masjid case. Netflix on its own removed a derogatory subtitle in English referring to Rajiv Gandhi in the fourth episode of the series (Press Trust of India, 2018, July 21).

In 2019, Sacred Games 2 which was aired on Netflix was accused of hurting the religious sentiments of Sikhs over a scene in which Sartaj Singh, played by actor Saif Ali Khan, throws away his "Kada," considered a religious symbol by the Sikhs. A leader of the ruling BJP party, as well as a leader of a prominent opposition political party in Indian Punjab, filed cases against the show's director Anurag Kashyap (Desk, 2019, August 20).

In 2020, there was an outrage against Netflix in India over an on-screen kiss between a Hindu girl (Lata) and a Muslim boy (Kabir) character in the backdrop of a Hindu temple which was featured in a Netflix production named A Suitable Boy. The members of Hindu organizations undertook massive protests and online campaigns such as #BanNetflixinIndia on Twitter demanding the ban of Netflix India (Chatterjee, 2020, December 8).

### Ongoing dilemma

Netflix under Bela Bajaria's leadership had experienced success and rapid growth in subscriptions in India because of its support of freedom of expression enabling bold Indian producers to create shows on controversial political and social topics in India (Lee, 2021, September 20). However, shows such as Sacred Games and A Suitable Boy, even though successful in attracting the audience, had drawn Netflix into a legal tangle.

Bela Bajaria faced a dilemma over Netflix's pricing strategy in India. Netflix faced tough competition from other OTT platforms in India such as Amazon Prime and Disney+ Hotstar, each of which charged lower subscription rates than Netflix (Jonnalagadda, 2018, February 3). High pricing coupled with controversial content in some shows aired on Netflix had made it next to impossible to achieve the ambitious target given to her by the CEO of attaining 100 million subscribers from India.

**Table 2** Netflix price in India, number of screens

<i>Netflix plans (monthly price)</i>	<i>Price per year</i>	<i>Features</i>
INR 149 Mobile-only plan	INR 1,788	1-screen support, SD content, access on mobile and tablet
INR 199 Basic plan	INR 2,388	1-screen support, SD content, access on mobile, tablet, laptop and TV
INR 499 Standard plan	INR 5,988	2-screen support, full HD content, access on mobile, tablet, laptop and TV
INR 649 Premium plan	INR 7,788	4-screen support, ultra HD (4K) content, access on mobile, tablet, laptop and TV

Source: [www.mysmartprice.com/gear/netflix-subscription-plans-India](http://www.mysmartprice.com/gear/netflix-subscription-plans-India)

Bela Bajaria had to decide about the future of Netflix's Indian operations; she faced the following strategic questions:

- Q1. Whether to continue with the current high pricing strategy or take steps to reduce the prices in India in line with other OTT competitors?
- Q2. Whether to develop appealing content which is bold but which may hurt some religious/political sentiments or safe content which may not be appealing to its young audience?

Netflix's survival and growth in India depended on making the right decisions on content and pricing. With aggressive OTT competitors narrowing the gap, Bela Bajaria had some tough decisions to be made regarding Netflix's Indian operations.

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