

Netflix & American Latinos: An Integrated Marketing Communications Plan

Anthony Morelle
Jose Velez Borbon
Melissa Greco Lopes

Netflix Background

- Co-founded in 1997, launched subscription service in 1999
- By 2009 reached 12.3 million subscribers
- Rated #1 e-commerce company for customer satisfaction by the American Customer Satisfaction Index

How Netflix Works

- Internet-based movie/T.V. subscription Service
 - Flat, monthly fees, no late charges
 - Customers create a ‘queue’
 - Select a movie from database
 - Sent through mail
 - Sent within 1 business day
 - Returned through a self-addressed, stamped envelope
 - Streamed over computer, games consoles, tablets, mobile devices

SWOT Analysis

- Strengths
 - Easy to use
 - Massive library of movies
 - Inexpensive
- Opportunities
 - Several ways to reach new markets
 - Quick adaption of technology
- Weaknesses
 - Titles come after Pay-Per-View, On-Demand
 - Legal issues pertaining to copy right
- Threats
 - Competition from Pay-Per-View, On-Demand, and Hulu

What Does Netflix Provide?

- Digital entertainment
 - Provides movies or television programs
 - DVDs by mail
 - Downloading or streaming on-line or through game consoles
 - Charges monthly fees

Who Buys It?

– Demographics

- 18-24: Segment that uses Internet-based services and online streaming the most
- 25-34: Young parents are watching films as an inexpensive form of entertainment.
- 35-44: Followed by 18-24s, second most likely to watch television online
- 45-54: Highest segment for movie rentals.
- 55-64: Respondents aged 55-64 are watching more television
- 65+: Ranks the second highest for movie rentals.

Past Promotional Efforts

- Defines target audience as ‘ubiquitous’
 - Anyone who watches T.V. or movies
- Advertising efforts
 - Internet Pop-Up Ads
 - Free Standing Inserts
 - Television Commercials
- Most effective channel: word-of-mouth
 - More than 85 percent of new Netflix members say they joined because of a friend’s recommendation
- Public relations efforts
 - Articles placed in *New York Times*, *Wired Magazine*

Integrated Marketing Plan

- Target audience:
 - U.S Hispanic population
- Demographics
 - Geographic regions
 - California, Texas, Arizona, Florida, New York
 - Age
 - Primary target 25-34
 - Secondary target 5-15

Budget

- Percentage-of-sales method
 - A percent of the previous year's revenues will be used for IMC plan
 - This is a base budget, can be altered to meet the objectives and tasks as needed
 - Net revenue for 2009 - \$1.7 billion
 - \$51 million (3 percent) will be used for advertising and marketing efforts

Integrated Marketing Plan

- 3-tiered plan
 - Advertising
 - Magazine, television, radio, outdoor, and web advertising
 - Public relations
 - Press releases sent to national publications
 - Promotions
 - Scratch-off contest, Refer-A-Friend campaign, free monthly trials

Message

- Netflix provides an opportunity to bring the family together
 - Capitalizes on the strong sense of familial ties characteristic of Hispanic culture
- Slogan: Netflix: Family Entertainment
- Tagline: Making memories one movie at a time

Television Advertising

- Spots on Spanish speaking networks
 - Univision & Telemundo
- Network stations
 - ABC, NBC, CBS, FOX
- Cable stations
 - TNT, USA, TBS, Nickelodeon, Disney

Television Advertising

- Spots during major sporting events
 - World Cup on ESPN
- Age specific advertising
 - 24-35 demographic
 - George Lopez Tonight, Ugly Betty, and Desperate Housewives
 - 4-14 demographic
 - Dora the Explorer, Go Diego Go, Handy Manny, and Maya and Miguel

Television Advertising

- Depicts a family watching movies on different consoles
- All calling, texting each other, making plans for an evening together
- They come together to watch a movie

Radio Advertising

- Child asks mother to rent movie
- She says no because the Red Box does not have it
- Child suggests signing up for Netflix because they have a wide variety of movies
- Mother agrees.

Billboard

- Place in major cities (LA, NYC, Miami, Dallas, Phoenix, etc.)



Magazine Advertisement

- Targeted magazines include:
 - *Latina*
 - *Cosmopolitan en Espanol*
 - *Fama*
 - *Hispanic Magazine*
 - *Urban Latino Magazine*
 - *Vanidades*
 - *People en Espanol*
 - *TV y Novelas*
 - *Telerievista*



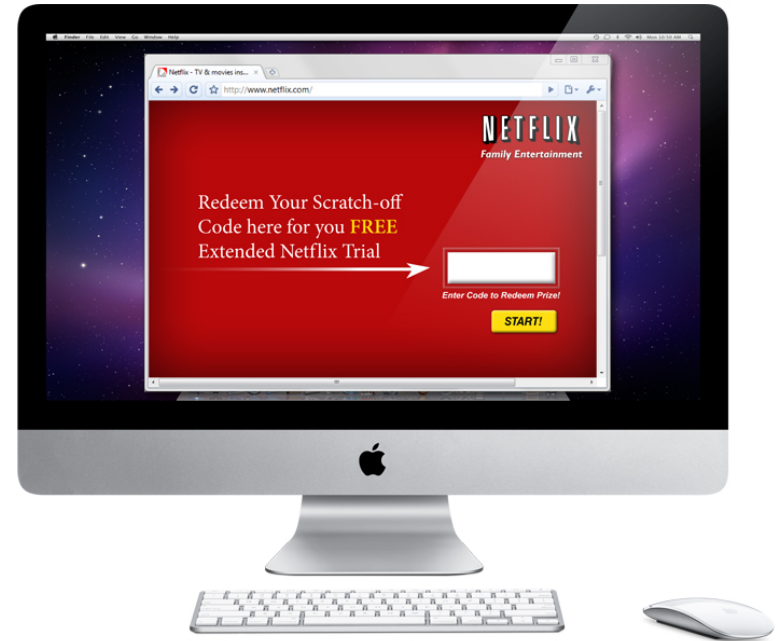
Direct Mail Piece

- Scratch-off promotion
 - Sent to households identified as Latino
 - Scratch-off has free trial offers of varying lengths
 - One month
 - Six months
 - One year
 - Collect information as contests claim their prize



Website

- Web site designed for contestants to claim their prize
- Demonstrates site's ease of use
- Vehicle for collecting data on consumers



Measurement & Evaluation

- Message testing = ensures messages are distinct & persuasive
 - Qualitative & quantitative methods
 - Pre-test with focus groups
 - Gages reaction and interpretation
 - Surveys
 - Measures recognition and recall, identifies signs of physiological arousal
 - Starch Readership Service = magazines
 - Bruzzone Research Company = television commercials
- Media vehicle effectiveness = ensures messages reach audience
 - Evaluate reach, frequency, gross rating points
 - Use outside companies like Nielsen's