

# Netflix shares surge on analyst call, research

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Netflix envelopes sit in a bin of mail at the U.S. Post Office sort center in San Francisco, California. Netflix shares soared on Wall Street on Tuesday as a financial analyst rated the US video company a buy and market research showed it trouncing its rivals in the home digital movie market.

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Netflix was up 6.57 percent at \$214.41 in early afternoon trading in a market that was down around two percent at mid-day.

The surge in Netflix shares came after Goldman Sachs analyst Ingrid Chung upgraded shares in the pioneering video company to buy from neutral and raised the price target to \$300 from \$210.

Meanwhile, market research firm NPD said that Netflix enjoys a

commanding 61 percent share of the US market for digital movies streamed into the home or downloaded over the Internet.

Entertainment and cable giant Comcast was next with an eight percent share of the market followed by DirecTV, [Time Warner Cable](#), and Apple with four percent each, NPD said

"Sales of DVDs and Blu-ray discs still drive most home-video revenue, but (video-on-demand) and other digital options are now beginning to make inroads with consumers," NPD entertainment industry analyst Russ Crupnick said.

"Overwhelmingly digital movie buyers do not believe physical discs are out of fashion, but their digital transactions were motivated by the immediate access and ease of acquisition provided by streaming and downloading digital video files," Crupnick said.

Goldman Sach's Chung predicted "explosive growth" for online video and cited figures showing that 27 percent of US consumers now stream television shows or movies over the Internet, up from 16 percent a year ago.

"The streaming of movies and TV shows is increasing very quickly in popularity as is Netflix's streaming service due to the proliferation of connected devices, including the [iPad](#) and iPad2," she said.

Chung noted that online retail giant Amazon had launched a movie [streaming service](#) last month and that Netflix faces other competitors but "we view the potential impact on Netflix as more muted than we first feared."

"We believe that the demand for [video](#) streaming could be big enough to sustain multiple business models and competitors and that these models

can co-exist," she said.

"We believe that as each quarter passes, it becomes more difficult for a new entrant to compete, as Netflix has 20 million subscriptions and could add at least two to four million subscriptions per quarter."

The Los Gatos, California-based [Netflix](#) is available in the United States and Canada, with members paying a flat monthly fee for the service.

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