

Netflix sets sights on European screens

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The on-demand internet streaming media provider, Netflix, on the home video game console PlayStation 3 in Stockholm on September 11, 2014

US online streaming giant Netflix will launch the second phase of its European expansion plan on Monday as it sets about seducing French viewers with a "House of Cards"-style drama set in Marseille.

Netflix's move into the French market will be quickly followed by launches in Austria, Belgium, Germany, Luxembourg and Switzerland, in an offensive that has already put local operators under pressure.

A patchwork of European providers are bracing for an unequal battle with the California-based company, which already has 50 million subscribers worldwide, three-quarters of which (36 million) are in the US.

Netflix chief Reed Hastings said recently his objective was to have a third of target country households subscribing to the service within the next five-to-ten years.

Netflix subscribers enjoy access to Hollywood films, cartoons and television series including [original content](#) such "Orange is the New Black", a comedy-drama set in a prison, and the hugely successful political drama "House of Cards" starring Kevin Spacey and Robin Wright.

Subscribers can watch as much as they like, at any time, on almost any Internet-connected device such as a laptop, tablet or smartphone.

Pascal Lechevallier, founder of new media consultants What's Hot, said European competitors striving to resist the Netflix incursion were at a disadvantage due to the lack of a single, continent-wide provider.

Many, however, had taken the opportunity to "beef up their offer" in anticipation of its arrival, he said.

Existing providers also hoped Netflix's arrival in their country would raise the profile of online streaming and encourage people to look more closely at available services, Lechevallier added.

Netflix incursion



A TV presenter holds a Canal+ channel's microphone on August 8, 2014 in Reims

In Germany, the Snap service of pay-TV channel Sky Deutschland recently dropped its price from 9.90 to 3.99 euros per month, far below the anticipated Netflix offer of around eight euros (\$10).

In France, meanwhile, the main pay-TV group Canal+ strengthened and modernised its online streaming offer, CanalPlay, which has attracted 520,000 subscribers in the past three years.

Founded in 1997, Netflix established itself by distributing DVDs in the post.

Since 2012 it has also been available in Denmark, Ireland, the Netherlands, Norway, Sweden and the United Kingdom.

Netflix does not give subscription figures for individual countries but

research service Enders Analysis says it has now crossed the three million mark in the UK.

The company has had to negotiate an assortment of local rules and regulations to achieve this second wave of European expansion.

It faced particular obstacles in France where the film and television industry is strictly regulated.

TV channels and media companies in the country are required to invest in domestic content and there have been fears that Netflix would take away subscribers from Canal+, the main source of finance for French-made films.



The online streaming website Netflix is due to be launched in Germany, Austria, Switzerland, Belgium and Luxembourg

Massive costs

But if Canal+ promises to offer tough competition, Netflix already has a precedent in the form of British group BSkyB and its Sky Movies offer.

In the UK, Sky Movies has an exclusive contract with the six largest Hollywood studios meaning that the rights to those films are blocked for at least three years.

But Hastings told French listings magazine Telerama in August that strong local competition from Sky Movies had not stopped Netflix from expanding in the UK.

As part of its attempts to woo French subscribers, Netflix is commissioning a French-language political drama—a tale of power, corruption and revenge set in the port city of Marseille, France's second city.

Ted Sarandos, Netflix chief content officer, said on Tuesday the company planned to spend \$3 billion on programmes worldwide.

Television industry figures, however, have questioned the viability of such expenditure.

David Abraham, CEO of Britain's Channel 4, has described the costs involved in producing original content as "colossal" and told journalists earlier this year there was debate within the industry about how sustainable the Netflix model would be.

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