

Intelligent Business

The woes of Netflix worksheet

A Before you read

Before you read the article, discuss the questions below.

1. We usually read articles about successful businesses. This article is about a business which is in trouble. What can we learn by studying business failure?
2. Businesses fail every day. Discuss and list the reasons for business failure.

B Comprehension

1) Read the whole article quickly. Choose from the list below the reasons that Netflix is in trouble.

- a) Netflix is undercapitalised and cannot find new investors.
- b) Administrative costs have increased and Netflix can no longer offer competitive prices.
- c) Pay-TV companies pay more than Netflix for the rights to re-screen TV programmes and films.
- d) There are new competitors in the market and Netflix is losing market share.
- e) Netflix cannot adapt to new government regulations.
- f) Netflix uses obsolete technology and has not adapted to technological changes.

2) Match the names of people and companies to the descriptions.

a] GfK Media	1] pays \$8 a month and watches, on average, 5 TV shows and 3 ½ films each week.
b] Netflix	2] earn more from pay-TV companies than Netflix.
c] Broadcast and cable networks	3] is a film and TV director.
d] Epix	4] rents DVDs by post and streams over the internet.
e] David Fincher	5] provide video-on-demand options.
f] Convergence Consulting Group	6] does market research.
g] A Netflix subscriber	7] is getting a larger streaming-content library.
h] Amazon	8] is a TV show with a cult following.
i] Arrested Development	9] is a film channel which has just done a deal with Amazon.
j] HBO Go and Sky NOW TV	10] employs Brahm Elly.



This PHOTOCOPIABLE works

1

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.

Intelligent Business

C Vocabulary

Look carefully at the word in *italics* and complete the sentences with the correct option.

- 1) A *stockmarket darling* is ...
 - a) a firm with very expensive shares.
 - b) a popular investment.
 - c) a popular investor.
- 2) *Third quarter profits* are earned ...
 - a) in January.
 - b) in the spring.
 - c) in the autumn (fall).
- 3) If something *shrivels*, ...
 - a) it gets bigger.
 - b) it gets smaller.
 - c) it becomes inactive.
- 4) If you *threaten* someone, ...
 - a) you put them out of business.
 - b) you suggest bad things will happen.
 - c) you make a proposal.
- 5) A company's *bottom line* is ...
 - a) their final profit and loss account.
 - b) their market share.
 - c) their capital investment.
- 6) If you *curb* something, ...
 - a) you stop it.
 - b) you start it.
 - c) you slow its progress.
- 7) If you have deep pockets,
 - a) you are very rich.
 - b) you are very careful with your money.
 - c) you have little money.
- 8) If you *underwrite* a project, ...
 - a) you claim it is your own.
 - b) you invest in it.
 - c) you cancel it.
- 9) If a TV programme has a *cult following*, it is ...
 - a) unpopular.
 - b) popular with a wide audience.
 - c) very popular with a small number of people.



This PHOTOCOPIABLE works

2

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.

Intelligent Business

- 10) If you *pull a rabbit out of a hat*, you ...
- change you target market.
 - minimise your costs.
 - introduce a new idea.

D Language: Conditionals

Netflix's deals were made on the assumption the company would keep growing.

Choose the correct verbs in the sentences below to give them a similar meaning.

- When we planted the bush, we thought it | will produce | would produce | can produce | yellow flowers.
- On the assumption that you complete the contract, I | will pay | would pay | would have paid | you £200.
- Assuming that you don't mind travelling on a low cost airline, I | will book | would have booked | would book | the tickets for you.
- The surgeon | won't have | wouldn't have | hasn't | done the operation unless she thought it would help you.
- If she | accepts | accepted | will accept | my proposal, I will marry her in June.
- Provided that they | can get | could get | could have got | a grant, they'll go to Edinburgh University.
- She said the drawing would be worth millions, if it | is proved | proves | were proved | to be by Leonardo da Vinci.
- I wouldn't have bought the house if I | knew | will know | had known | about the ghost.
- What will you do if they | don't | wouldn't | hadn't | reduce the price?
- On the condition that she | improves | improved | will improve | her accent, the TV station will employ her as a newsreader.

E Final discussion

Which types of technology and media do you use to access TV and films? What are the advantages of 'on-demand' services?



This PHOTOCOPIABLE works

3

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.

The woes of Netflix

Looks bleak

From game-changer to game over?

Oct 27th 2012 | from the print edition

NOT long ago Netflix was a stockmarket darling. The California-based firm transformed the video-rental market by renting out DVDs through the post, and by streaming films and television shows over the internet. On October 23rd, though, it announced an 88% fall in third-quarter profits and its market capitalisation, \$15 billion in July 2011, shrivelled to \$3.3 billion.

Netflix has been a victim of its own success. For about \$8 a month, the company woos subscribers with programmes and films that normally require a pricey pay-TV subscription. Consumers love it: the average Netflix subscriber watches more than five TV shows and nearly three and a half films per week, according to a report from GfK Media, a market-research firm. But this threatens the producers of the programmes that Netflix rents out. Broadcast and cable networks earn a great deal more from licensing deals with pay-TV companies than they do with outfits such as Netflix—some \$41 billion in 2012 with the former, against \$3.5 billion with the latter. So any sign that Netflix is hurting a broadcast or cable network's bottom line quickly leads to higher licensing fees or curbed content sales.

As if that were not enough, deep-pocketed copycats are chipping away at Netflix's market share. Amazon is increasing its streaming-content library, most recently with a pact with Epix, a film channel. Networks and pay-



This PHOTOCOPIABLE works

4

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.

Intelligent Business

TV companies are trying to create their own “TV Everywhere” services online. PC and tablet-friendly offerings such as HBO Go and Sky’s NOW TV are providing more video-on-demand options, including content that Netflix lacks or increasingly cannot afford.

It and other streaming services are responding by making original programming themselves. The company is working with directors such as David Fincher (who made “The Social Network”) and underwriting new episodes of “Arrested Development”, a show with a cult following. But producing new programmes is riskier than licensing existing ones.

Netflix’s deals were made on the assumption that the company would keep growing. It hasn’t. American subscriptions have slowed, and its international push has been wobbly. “They’re really going to have to pull a rabbit out of their hat,” says Brahm Eiley at Convergence Consulting Group.

from the print edition | Business



This PHOTOCOPIABLE works

5

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.

Intelligent Business

Key

A Open answers

B 1 a), c), d)

2 a6, b4, c2, d9, e3, f10, g1, h7, i8, j5

C 1b, 2c, 3b, 4b, 5a, 6c, 7a, 8b, 9c, 10c

D 1 would produce, 2 will pay, 3 will book, 4 wouldn't have, 5 accepts, 6 can get,

7 were proved, 8 had known, 9 don't, 10 improves

E Open answers



This **PHOTOCOPIABLE** works

6

heet has been downloaded from www.intelligent-business.org

Copyright © Pearson Education Ltd 2012. All rights reserved.