***Q3 and Updated Analysis of Netflix***

On October 18, 2023, streaming giant Netflix released its Q3 earnings statement with data ranging from July 1 to September 30. As its executives do at the conclusion of each fiscal quarter, they released a video interview with Netflix co-CEOs Greg Peters and Ted Sarandos, CFO Spencer Neumann, and VP of Finance Spencer Wang, a letter to Netflix shareholders, and the Q3 financial statement itself. Each element of their release complements the overall message that Netflix executives attempt to convey. Specifically in reference to Netflix's Q3, the main takeaways were related to the company's financial triumphs including their ability to increase revenue and year-over-year performance, high engagement in comparison to other streaming platforms, and their plans to increase monetization and company growth. This report answers many of the questions that not only investors may have, but also those of the general public. Many are curious to see the impacts of the recent writers' and actors' strikes on streaming and the future pursuits of Netflix as the streaming world continues to expand.

Per their Q3 results, the company reported quarterly revenue of $8.5 billion, an 8% increase year over year on a reported and foreign exchange neutral basis, meaning they assumed the constance of foreign exchange rates from the corresponding months in the year prior (Netflix, Inc., 2023). This notable increase in revenue could be due to the 9% year-over-year increase in paid memberships. In this quarter alone, Netflix saw an addition of 8.8 million new global streaming paid memberships. This is significant as, in 2022, the paid membership additions for Q3 were 2.4 million, meaning that even 16 years after Netflix began streaming online, the streaming platform is able to report increases in memberships and revenue year over year. For the past three quarters, Netflix has reported constant increases in its operating income, boosting its operating margin and net income. The operating income for this quarter was almost $2 billion, raising their operating margin to 22.4%. The EPS for Q3 was $3.72, a $0.44 increase from Q2'23, which raised the EPS (TTM) to a current value of $10.03, according to Yahoo! Finance. As of October 30, 2023, Netflix's stock price was at $410.08, with its previous close at $397.87. The outlook of the stock prices appears to be bullish both in the short and long term. This compilation of data has resulted in positive feedback from analysts with the majority recommending a buy or strong buy for the company's stock.

Engagement was another topic Netflix executives spent some time on both in their interview with Bank of America analyst Jessica Jean Reif Ehrlich Cohen and in their letter to fellow shareholders. "The variety and quality of our programming — combined with our reach (247M paying households globally and growing), superior recommendations, and intense fandom — means we are able to generate higher engagement than our competitors." (Netflix Inc., 2023) A bold claim, but one that is immediately supported by data from Nielsen Media Research. The research displays that Netflix made up 8% of total TV screen time in the US in September 2023, greater than all streaming platforms other than YouTube. The closest September screen time to Netflix is Amazon Prime Video with 3.6%. Netflix provided many examples of their variety and reach, one being their successful original, *One Piece*. This series is a live-action adaptation of the best-selling manga series that went #1 in Japan, making history as the first-ever English-language show or movie to ever do so. *One Piece* stands as a great example of the global response Netflix is hoping to generate in the years to come with its original content. Additionally, Netflix executives have begun to vocalize their company's need for licensing as part of their business model. Netflix shared their plans to not only ramp up the licensing of new programs but also of older content from third parties to show on their platform, similar to their licensing agreements with *Friends* and *The Office*. Executives have discussed their plans to increase their spending from $13 billion (2023) to a forecasted $17 billion on content coming from various mediums including their own original content, licensing new and old third-party content, and new features related to sports in 2024. This increase in spending is rumored to potentially be supported by Netflix's increase in membership prices in the US, UK, and France. During their Q3 announcements, executives announced that the Basic membership, priced at $9.99, will now cost $11.99, and the Premium plan, priced at $19.99, will now cost $22.99. Although the ad-supported plan at $6.99 and the Standard plan at $15.49 will remain the same, this increase received some heat from Basic and Premium subscribers, especially as the various streaming platforms (Hulu, Max, Apple, Disney, etc.) have continued to raise rates throughout 2023.

Engagement does not end on the screen for Netflix. Their goal of generating more revenue will go on to support their desire for engagement off of the app and website. Inspired by their consumer experiences such as Scoops Ahoy ice cream and the live Bridgerton Ball, Netflix announced their development of "Netflix House" during their Q3 video interview. This new experience will include "physical flagship destinations that combine fresh, new live experiences as well as food and retail so fans can visit many times a year safe in the knowledge there will always be something different for them to enjoy (Netflix, Inc., 2023). The goal of Netflix House is to deepen the fandoms that already exist for Netflix's original content, as well as strengthen the brands Netflix has to offer. These locations will offer fans the opportunity to experience the worlds of shows such as *Stranger Things*, *Money Heist*, or *Squid Game* with a variety of additional interactive elements. This venture will benefit both consumers and Netflix as a company. Consumers of Netflix's series will have the opportunity to interact with the content they see on screen. On the other hand, Netflix will be venturing into a permanent version of the experiences that have already proven to be successful. This will institute a new opportunity for revenue growth, as well as publicity. Attendees will share their experiences on social media, generating more attention for Netflix, its content, and its plans to delve further into the world of immersive entertainment.

Netflix's strong quarter and collection of announcements have provided Netflix with a considerable amount of media coverage, both positive and negative. Their quarterly results were fantastic, receiving attention from many investment-related news sources, and the continuation of membership price increases from popular streamers has garnered coverage all over social media platforms. As Netflix continues to grow and venture into new areas of entertainment, many questions surface, particularly related to its ability to stay on top within the streaming industry. The future looks bright for Netflix as it continues maturing into its full potential, exploring options that will grow Netflix not only financially as a company, but also as a brand.