

# Where its Originals strategy is paying off for Netflix

plumresearch.com

Report by PlumResearch and Omdia.

© 2023 PlumResearch. All rights reserved. Unauthorized reproduction prohibited.

# Table of Contents

Key findings .....	2
--------------------	---

## Table of Figures

Netflix UVs by country (m), March 2023 .....	5
Netflix paid memberships (m) at end of 1Q23 .....	6
Netflix total hours watched (m) per viewer, per country, March 2023 .....	8
Netflix original titles by country and year of first transmission .....	9
Netflix originals: share of total hours watched, 1Q23 (%) .....	11
Netflix local originals: share of total original hours watched, 1Q23 (%) .....	12
South Korea: total original hours watched and share of local Netflix originals .....	13
South Korea: Five most viewed titles in 1Q23 .....	14
US: Five most viewed titles in 1Q23 .....	14
South Korea: total original hours watched and share of local Netflix originals .....	15

# Key findings

- Original content has become strategically vital for Netflix as it increases global rollout and faces competition from studios boasting deep content libraries.
- The US is by far its most important market, with 184.3 million unique viewers in March 2023.
- This implies that roughly 55% of the US population use Netflix every month.
- In the first three months of 2023, 35.6% of total hours watched in the US were for Netflix originals (of any national origin).
- Originals accounted for just under 40% of total hours watched in Poland, with Japan (20.6%) and South Korea (25.4%) at the other end of the scale.
- In spite of the streamer's massive investment in original content, acquisitions still account for a majority of hours watched: 64% of total hours watched in the US.
- Netflix subscribers also spread their viewing widely. The top ten titles in the US accounted for 18.5% of total hours watched in 1Q23.
- Indian subscribers watched the largest amount of content in March: 40 hours, about 1.3 hours a day.
- The US average of 25 hours in the month compares to average viewing of linear TV in 2022 of two hours and 55 minutes.
- Local originals have been particularly key in South Korea, accounting for nearly 68% of all original hours watched. Viewing of local originals in Germany was just 2.7%.

# Introduction

**Taking a leaf out of the pay-TV playbook, Netflix has, since 2012, invested heavily in originating content that is exclusive to its platform.**

Origination has become of even greater strategic importance to Netflix as it builds its worldwide footprint and faces competition from the owners of the biggest content catalogs in the world—the US studios—and deeply entrenched local players. Joint report of PlumResearch and Omdia delivers some intriguing findings about the importance of originals in the US and other key Netflix markets.

# The US is by far the biggest market for Netflix

Netflix reported 232 million paying subscriptions in its latest results, covering the quarter ending March 31, 2023. There were 74 million paying subscriptions in the US and Canada, representing 32% of the total, with EMEA now representing slightly more (33%) of its worldwide base.

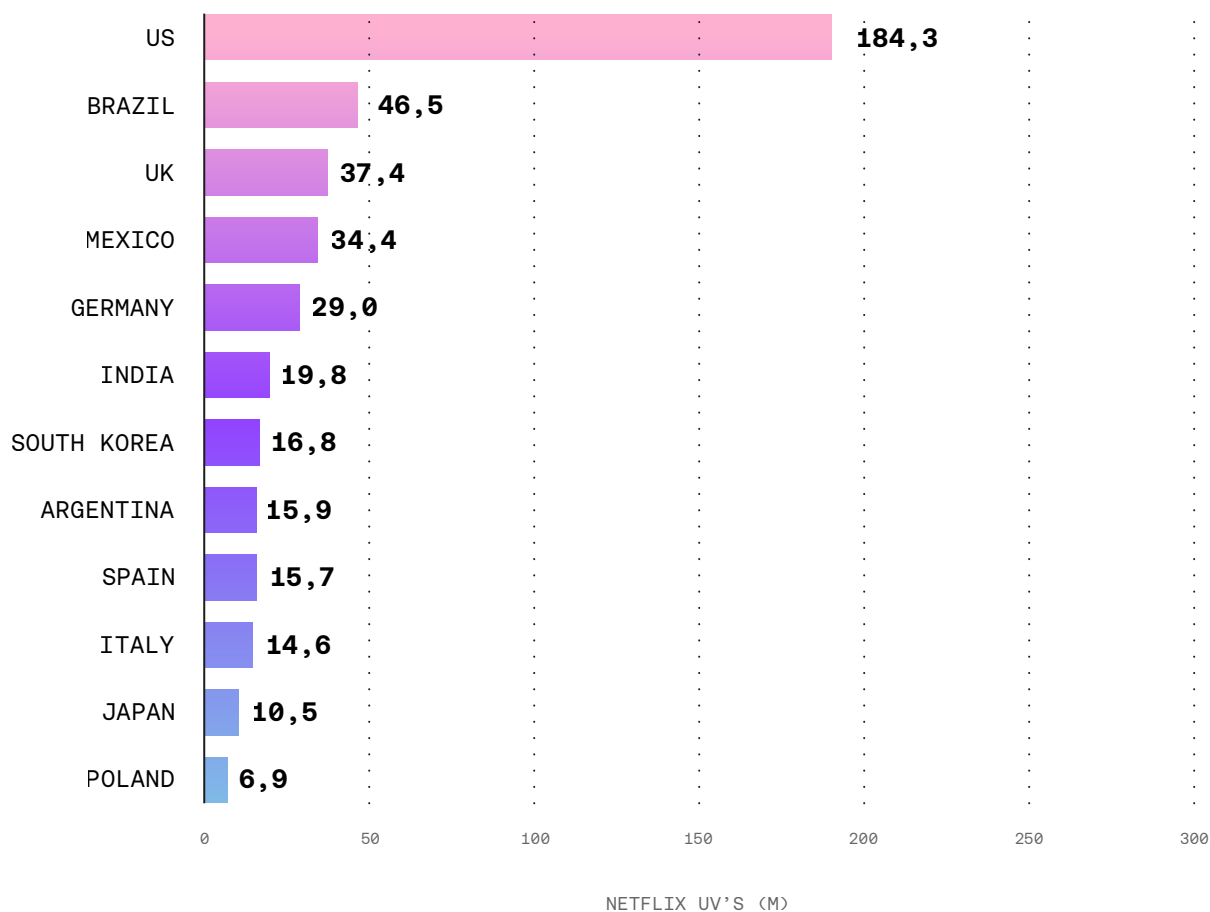
However, the US and Canada accounted for 44% of revenue compared to 31% for EMEA. Despite its impressive global reach, the streamer's domestic market is by far its biggest user base. According to PlumResearch, there were 184.3 million unique viewers (UV) in the US in March 2023, considerably more than the 46.5 million UVs in its next most active market, Brazil, and the 37.4 million in the UK.

This UV data may be connected with account-sharing by Netflix customers—an issue the company is under pressure from investors to address (Netflix co-CEO Greg Peters calls Netflix viewers without their own subscription “borrowers”). But it also provides a measure of how far the streaming service has ingrained itself in the viewing habits of customers around the world. The population of the US was 333 million at the end of 2022, suggesting that roughly 55% of Americans use Netflix monthly, compared to a similar 55% of the UK, but only 22% of Brazilians and 27% of Mexicans. Mexico was the fourth-biggest market in terms of UVs in March 2023.

Netflix has, of course, invested heavily in providing its subscribers with high-value content, releasing 3,531 hours of new content in 2022 alone (see Omdia's recent report, Online Original Production – 2022).

We estimate that 42% of the \$5.8 billion production value of original content released last year stemmed from outside the US, with key markets like South Korea and the UK attracting significant investment.

## Netflix UVs by country (m), March 2023



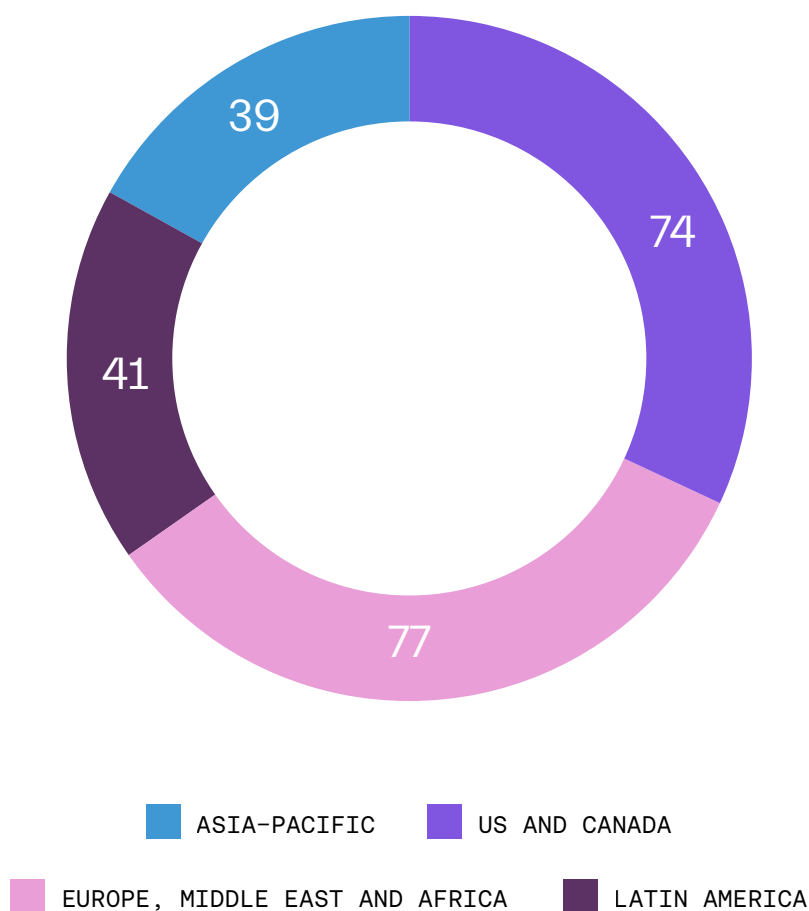
# Redefining streaming

Original content has become even more important for the streamer now that all of the major US content producers (bar Sony Pictures) are competing directly for subscribers throughout the world. While Netflix outstrips all other platforms in terms of new originals,

The US studios are able to draw on vast libraries of film and TV content.

Paramount has 30,000 TV episodes and over 2,500 film titles, while Disney+ was reported to have deployed more than 500 films and 7,500 TV episodes in its first year after launch in 2019. Netflix has to keep coming up with heavy-hitting original titles like Squid Game, Stranger Things, and Wednesday because it does not have an archive to fall back on.

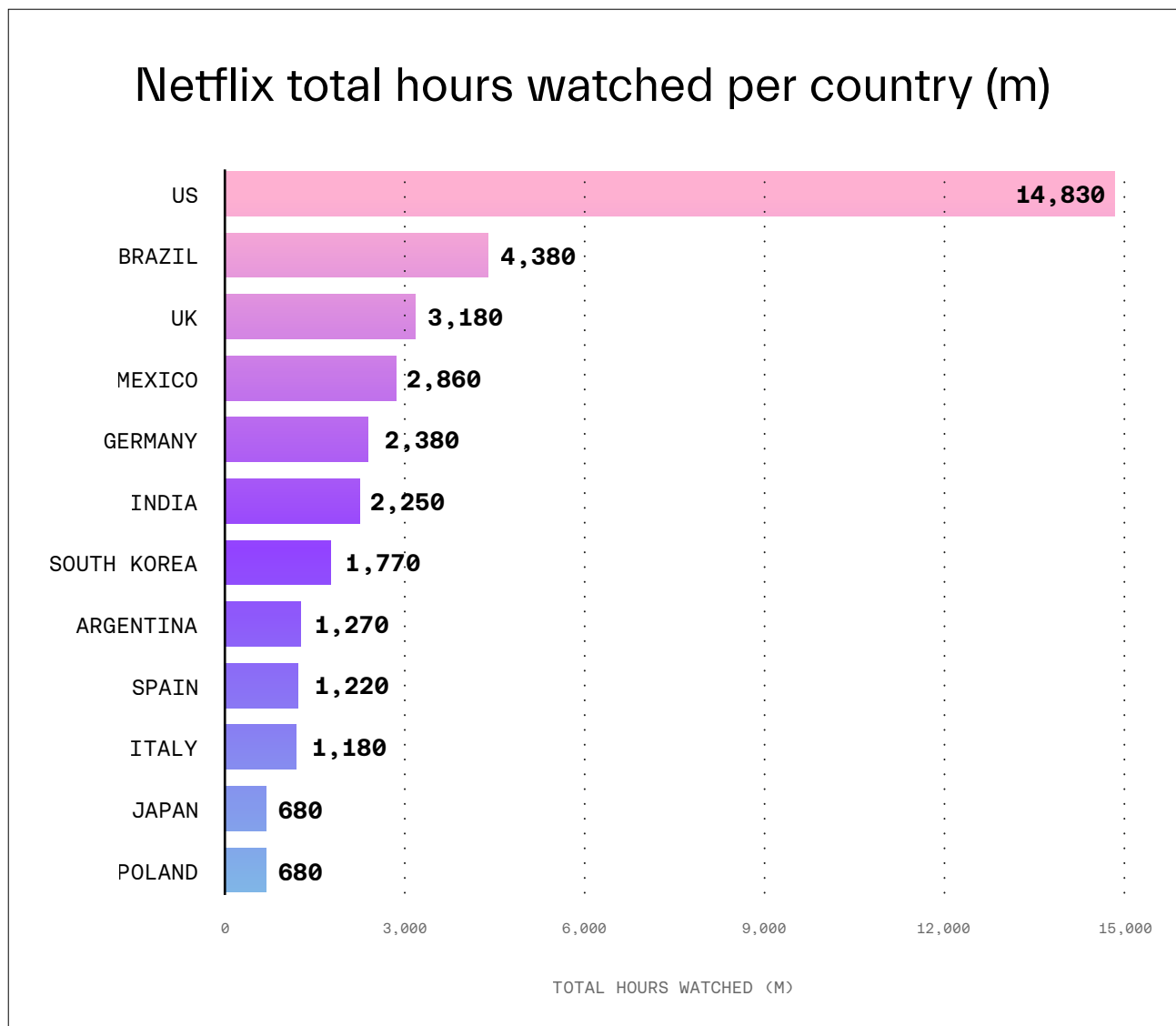
## Netflix paid memberships (m) at end of 1Q23



# Netflix released 3,531 hours of new content in 2022

The US also comes out on top in terms of total hours watched, with a total of 14.8 billion hours streamed in the US in the first three months of 2023. Mexico leapfrogs the UK to take third place in this list behind Brazil, with a total of 3,180 hours streamed compared to 2,860 in the UK.

Spanish and Japanese subscribers (and borrowers) watched slightly fewer hours overall than South Korea and Argentina, which also placed higher in this chart.

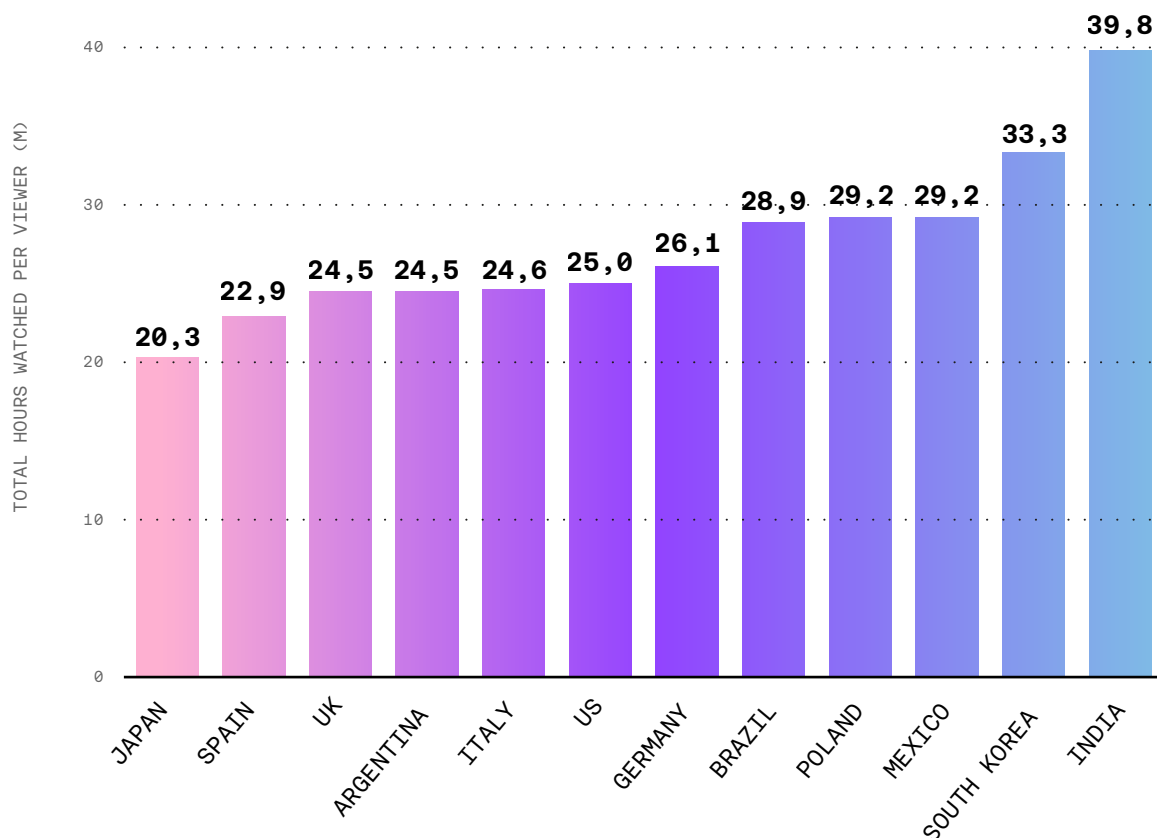




Taking both unique viewers and total hours watched produces a very different ranking. India and South Korea come top in terms of total hours watched per viewer. In India, the average Netflix viewer watched 40 hours of Netflix content in March—about 1.3 hours a day—while South Korean viewers watched one hour a day. At the other end of the scale, the average Japanese viewer watched 20.3 hours—less than half the total in India.

The US was also relatively low, with an average of 25 hours, while the UK had 24.5 hours (again very similar to the US). These are not insignificant totals, but according to Omdia's Cross-Platform Television Viewing Time Report - 2022, average viewing of linear TV in the US was two hours and 55 minutes last year and two hours 22 minutes in the UK. They make the Reed Hastings comment that Netflix's main rival is sleep look optimistic.

### Netflix total hours watched (m) per viewer, per country, March 2023



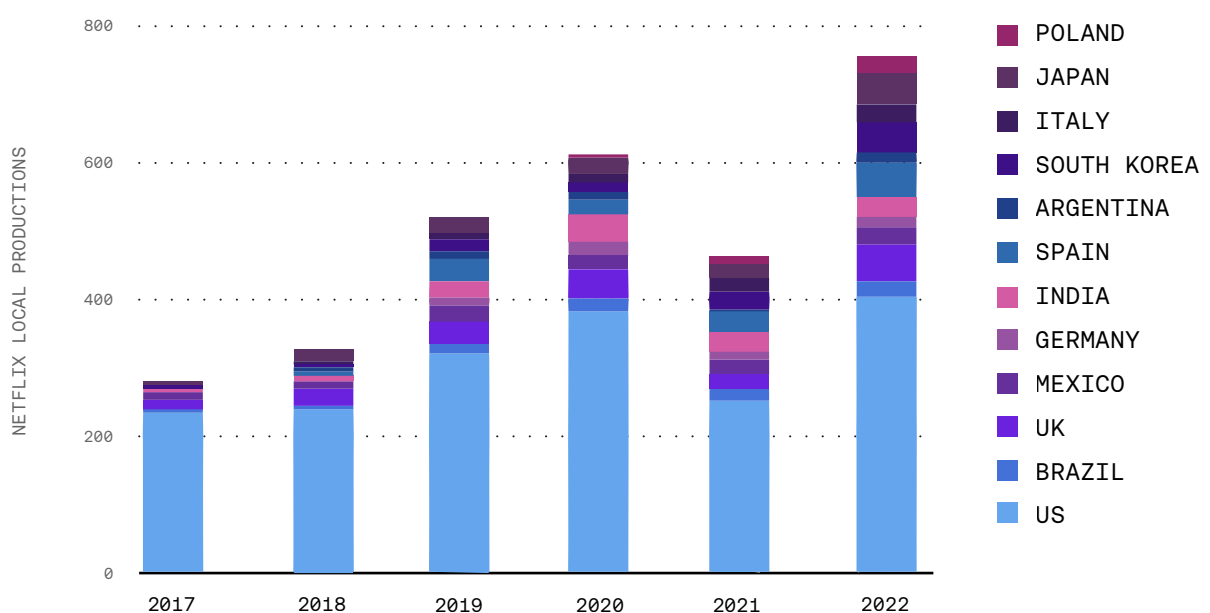
# Acquisitions still deliver the majority of total hours watched

Omdia estimated that last year, the vast majority of Netflix originals were produced in the US: 403 titles out of a total 935 titles launched in 2022. This reflects not only the importance of the domestic market in terms of revenue, but also the well established fact that US-originated content has tended to travel most widely.

By spreading its investment, and by making its non-US original content available worldwide, the streamer is challenging this established TV content norm. South Korean, UK, and Spanish producers have furnished Netflix with some of its biggest global hits.

In 2022, Omdia found that 54 UK titles were launched on the platform, with Spain (50 titles), Japan (45 titles), and South Korea (44) the next most prolific territories.

## Netflix original titles by country and year of first transmission



# Originals accounted for the largest share of total hours watched in Poland in the first three months of the year, at just under 40%.

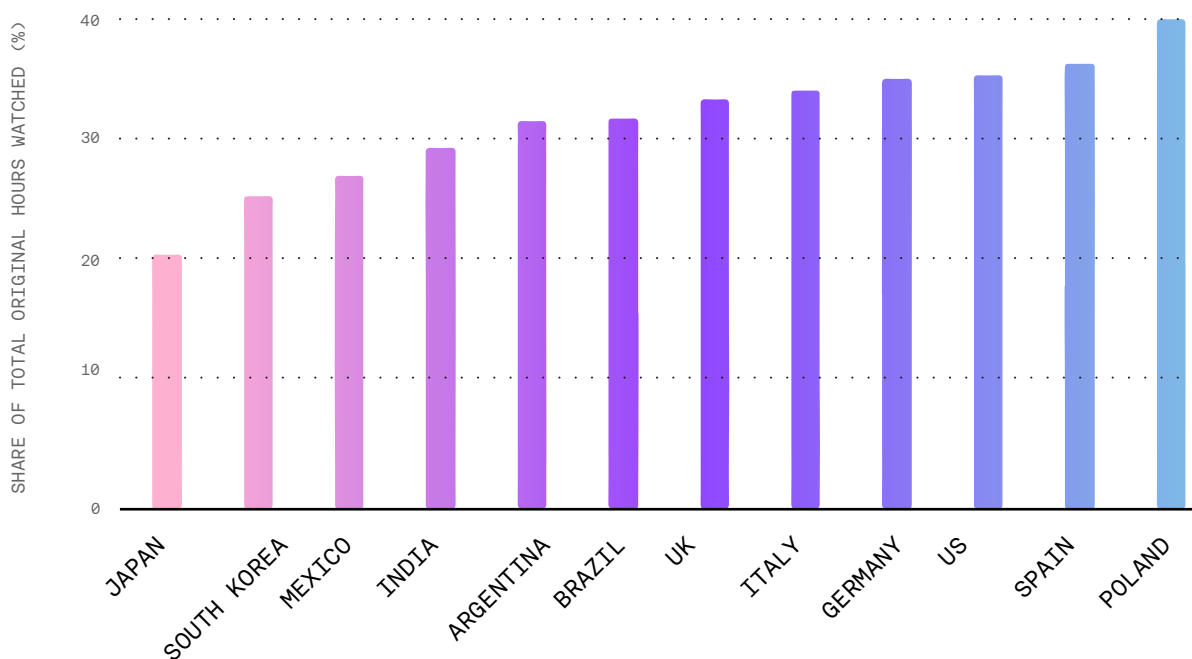
At the other end of the scale were Japan (20.6%) and South Korea (25.4%). The US was near the top of the list: 35.6% of total hours watched were Netflix originals (of any national origin). These percentages do appear to be low, considering the massive investments Netflix has made in original content. Even in Poland, 60% of viewing was of non-original content. India, another country at the top end of the hours watched per subscriber chart, was also at the low end of this chart: originals captured 29% of total hours watched.

The reasons for this could include the continuing strong performance of certain non-original content, especially theatrical movies but also some TV series that have been acquired by Netflix. In Poland, Netflix original *Luther: The Fallen Sun* was the most viewed title in 1Q 2023, but acquired movies *Viking Wolf* and *2 Hearts* and children's series *PAW Patrol* all featured in the top 20. The *Harry Potter* movies and TV series like *Brooklyn Nine-Nine* and *Rick and Morty* feature among the top titles in other countries like Italy and Germany.

Another reason is the depth of catalog: Netflix has been originating since 2012, but still does not have the volume of some other distributors (as alluded to above). According to Omdia's data partners MediaBiz, the US Netflix catalog numbered 37,000 hours in the US in 4Q22.

Outside its most viewed shows, the long tail of the streamer's catalog accounts for a large proportion of viewing. The top ten titles in the US accounted for 18.5% of total hours watched in 1Q23; the top 50 accounted for 36%, and the top 100, 46.7%.

## Netflix originals: share of total hours watched, 1Q23 (%)

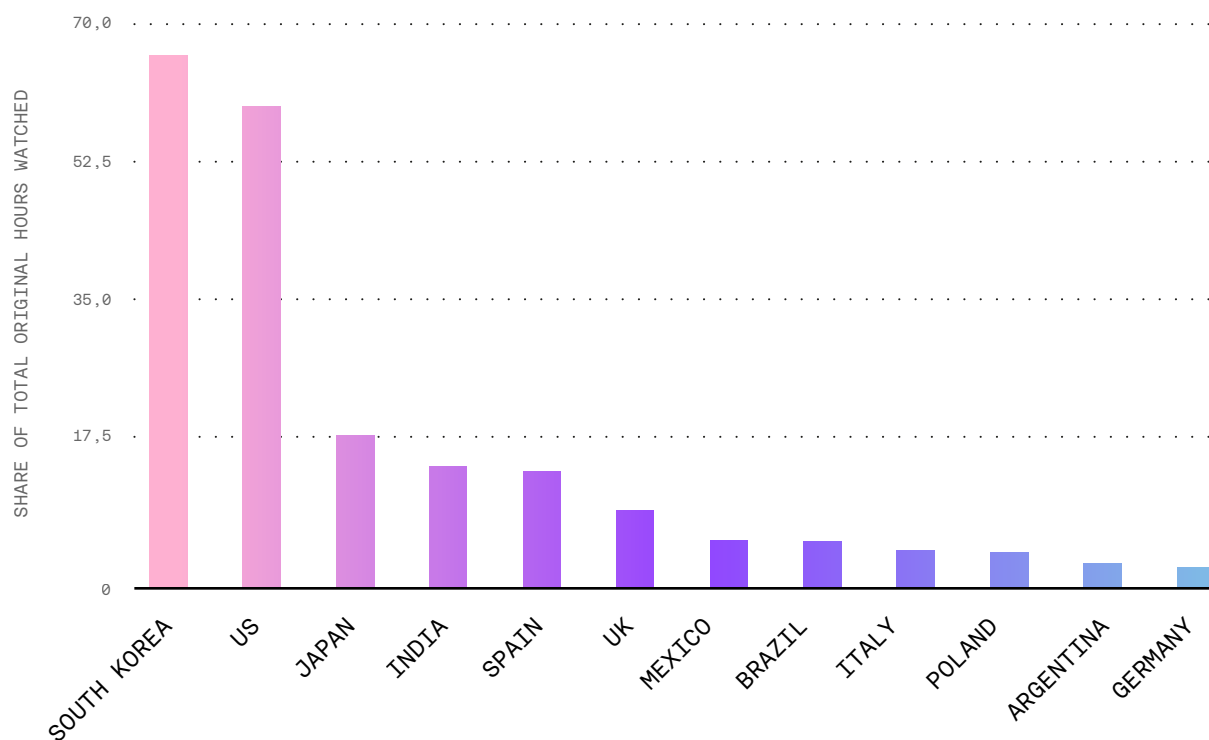


# South Koreans have the largest appetite for local originals

The analysis of viewing of local Netflix originals (i.e., originals produced in the country in question) offers a strikingly different perspective of the streamer's success with local production. South Korea tops the charts: out of all original hours watched, local titles accounted for nearly 68%.

The US also had a high percentage, at 61.4%, and both countries were very far ahead of the next-placed country, Japan. Viewing of German originals in Germany was just 2.7%—which may explain the controversial decision to cancel 1899 after one season.

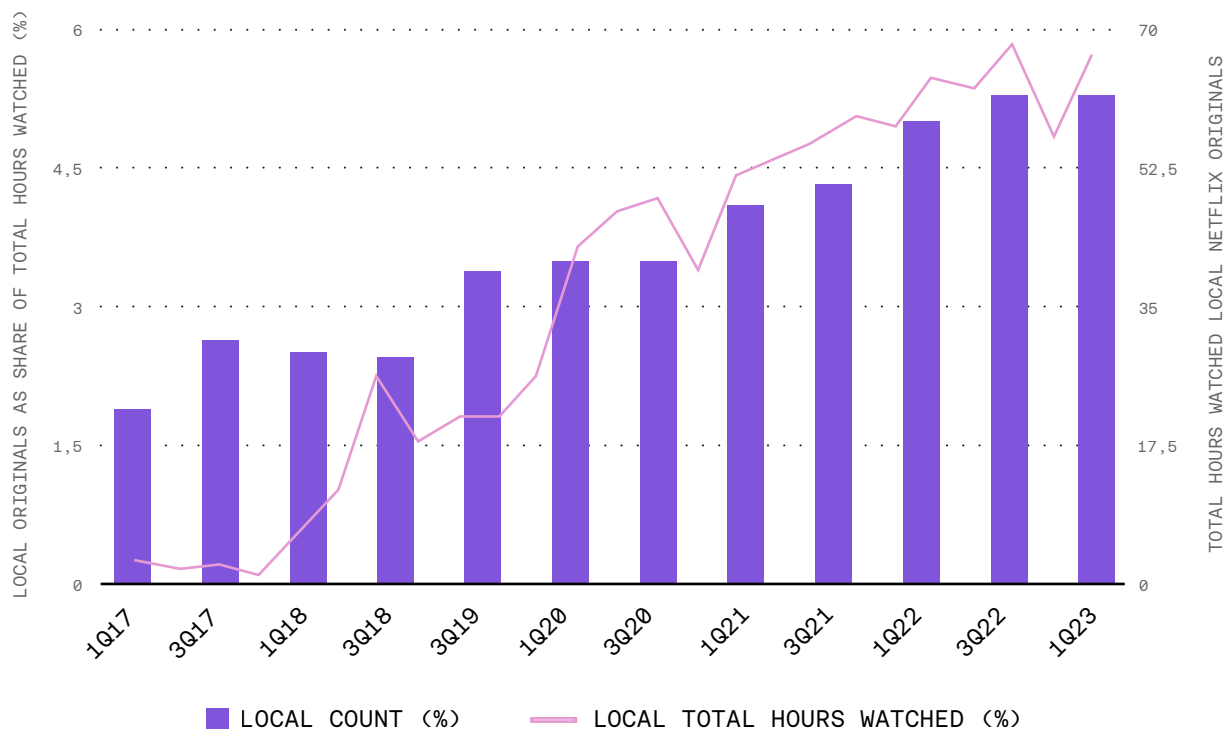
## Netflix local originals: share of total original hours watched, 1Q23 (%)



# South Korean local consumption has grown strongly over the last few years.

From the moment Netflix became available in South Korea, the share of total hours watched going to local originals started to grow rapidly, with the highest increase in 3Q19 and 4Q19.

## South Korea: total original hours watched and share of local Netflix originals



Netflix partnered with Deloitte to get an accurate third-party assessment of the socio-economic impact of Netflix on the Korean creative ecosystem since 2016. According to Netflix, its “investment in content production in Korea has contributed almost 5.6 trillion Won to the country’s GDP across related fields, from publishing, to webtoons, to consumer goods. In addition, the report found that we have helped create more than 16,000 jobs.” This statement was published just two weeks after the premiere of the global phenomenon Squid Game.

In South Korea, the country with the highest Local Viewing Index, all of the top five productions in 1Q23 were local, with The Glory leading the ranking far ahead the others. The top foreign title was the Japanese anime Slam Dunk in the 20th spot.

## South Korea: Five most viewed titles in 1Q23

TITLE	NETFLIX ORIGINAL	THW (M)	VIEWS (M)
The Glory	Y	173.3	225.8
Crash Course in Romance	N	75.9	69.4
Physical: 100	Y	43.5	47.9
I Am Solo	N	31.8	3.4
Mr Queen	N	29.9	27.6

THW - TOTAL HOURS WATCHED (M)

## US: Five most viewed titles in 1Q23

TITLE	NETFLIX ORIGINAL	THW (M)	VIEWS (M)
Ginny & Georgia	Y	473.3	184.7
Grey's Anatomy	N	356.3	19.6
The Walking Dead	N	344.3	48.5
Outer Banks	Y	318.8	111.8
You	Y	245.0	60.4

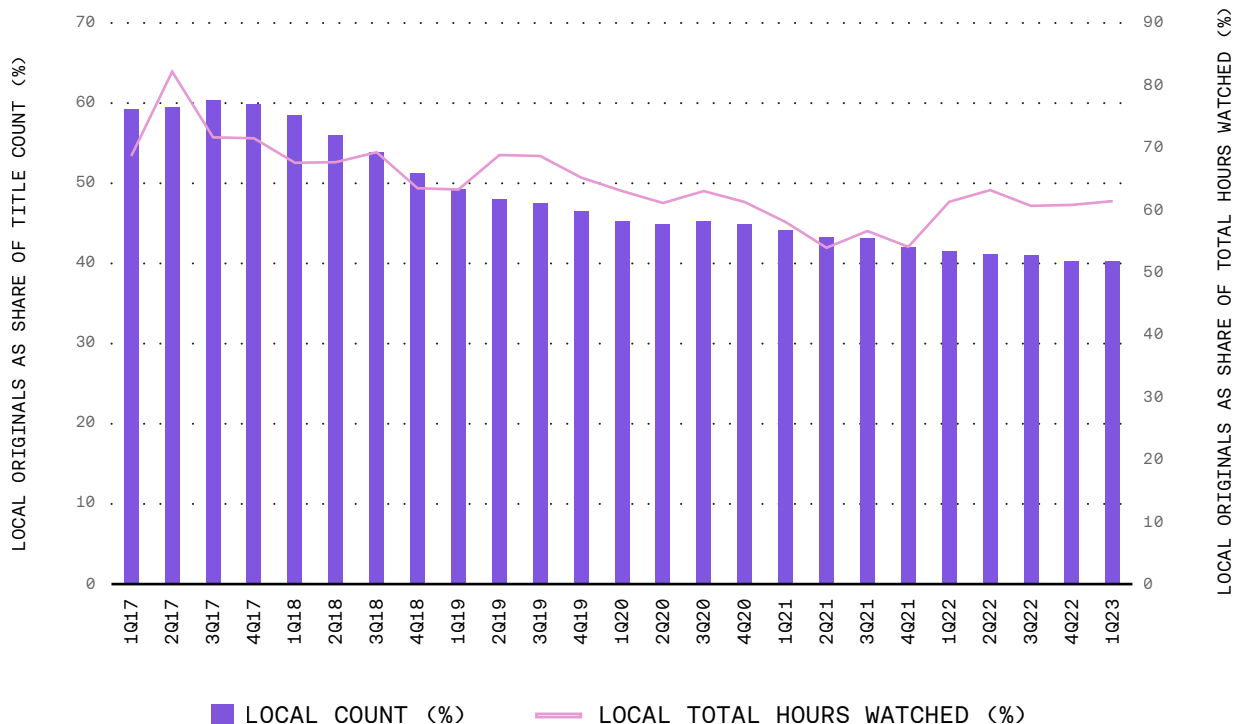
THW - TOTAL HOURS WATCHED (M)

# Viewing of local originals is declining in the US

The US, with 39.5%, had the biggest local original content count in 1Q23. This means that of all Netflix originals available on Netflix in the US, 40% were produced in the US. In the US in 1Q23, five US titles took the top places.

There is also an opposite trend over time to South Korea: total hours watched of local (US) Netflix originals has gradually declined over time. While continuing strong viewing from acquisitions like Grey's Anatomy and The Walking Dead is part of this, it may also be an indication that US viewers are becoming more accustomed to viewing non-US originals.

## Share of local Netflix originals





# Authors

## Andrzej Łątka

PHD, CHIEF OF ANALYTICS  
AT PLUMRESEARCH

## Nicolás Eugenio

DATA ANALYST  
AT PLUMRESEARCH

## Tim Westcott

SENIOR PRINCIPAL ANALYST,  
DIGITAL CONTENT & CHANNELS  
AT OMDIA CONSULTING

## About PlumResearch

PlumResearch specializes in measuring accurate and granular data from streaming platforms. It has the world's largest online audience dashboard and provides its clients with data from over 75 markets worldwide. Through Showlabs, PlumResearch's proprietary platform, the company's customers can discover how shows and movies are performing around the world and track precisely what contributes to their success. Showlabs provides customers with accurate data, deep insights and a trusted customer service team. Contact: [office@plumresearch.com](mailto:office@plumresearch.com)

## About Omdia Consulting

Omdia consulting We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help you. For more information about Omdia's consulting capabilities, please contact us directly at [consulting@omdia.com](mailto:consulting@omdia.com)