



Netflix as a case study in business strategy using qualitative data analysis

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Introduction

- Many publicly-traded companies in the U.S. provide regular reports to investors through quarterly shareholder letters and hold quarterly earnings calls with investor analysts and corporate leadership
- We are using the quarterly letters and earnings calls as a lens to explore strategic decision-making. What can these documents tell us about past, current, and future strategic plans?

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Why Netflix?

- Netflix began in 1997 as a DVD-by-mail company
- In 2007, it added a streaming video platform
- In 2010, it began multi-national expansion to Canada, which by 2016 spread over most of the world (except China and North Korea)
- In 2013 Netflix debuted first original content
- In 2021, Netflix introduced a gaming platform



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Quarterly shareholder letters

- The quarterly shareholder letter and earnings call is an opportunity for accountability, in which the company leadership explains their strategy and performance over the last quarter and forecast where they expect to be moving in the next quarter



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Our research began with a question

- Can we use these shareholder letters and earning calls to understand the dynamics of business strategy over time?

October 26, 2021

Netflix Inc.

When we began our research, we were interested in understanding the dynamics of business strategy over time. We began by looking at the company's shareholder letters and earnings calls. We found that the company's strategy was to invest in content and expand its global reach. We also found that the company's strategy was to invest in technology and improve its user experience. We found that the company's strategy was to invest in marketing and increase its brand awareness. We found that the company's strategy was to invest in talent and improve its organizational structure. We found that the company's strategy was to invest in infrastructure and improve its operational efficiency. We found that the company's strategy was to invest in research and development and improve its product offerings. We found that the company's strategy was to invest in partnerships and expand its market reach. We found that the company's strategy was to invest in acquisitions and expand its business scope. We found that the company's strategy was to invest in divestitures and streamline its operations. We found that the company's strategy was to invest in spin-offs and create new entities. We found that the company's strategy was to invest in joint ventures and create new partnerships. We found that the company's strategy was to invest in alliances and create new collaborations. We found that the company's strategy was to invest in consortia and create new organizations. We found that the company's strategy was to invest in networks and create new connections. We found that the company's strategy was to invest in ecosystems and create new environments. We found that the company's strategy was to invest in platforms and create new infrastructures. We found that the company's strategy was to invest in markets and create new opportunities. We found that the company's strategy was to invest in industries and create new sectors. We found that the company's strategy was to invest in economies and create new systems. We found that the company's strategy was to invest in societies and create new cultures. We found that the company's strategy was to invest in communities and create new groups. We found that the company's strategy was to invest in organizations and create new structures. We found that the company's strategy was to invest in institutions and create new organizations. We found that the company's strategy was to invest in governments and create new systems. We found that the company's strategy was to invest in nations and create new countries. We found that the company's strategy was to invest in continents and create new regions. We found that the company's strategy was to invest in the world and create new opportunities.

	2021	2020	2019
Revenue	\$1,115	\$1,040	\$970
Operating income	\$215	\$195	\$185
Net income	\$185	\$175	\$165
EPS	\$1.85	\$1.75	\$1.65
Operating margin	19.3%	18.7%	19.1%
Net margin	16.6%	16.8%	17.0%
Operating leverage	1.05x	1.04x	1.03x
Net leverage	1.05x	1.04x	1.03x
Operating assets	\$1,115	\$1,040	\$970
Net assets	\$1,115	\$1,040	\$970
Operating liabilities	\$1,115	\$1,040	\$970
Net liabilities	\$1,115	\$1,040	\$970
Operating equity	\$1,115	\$1,040	\$970
Net equity	\$1,115	\$1,040	\$970
Operating debt	\$1,115	\$1,040	\$970
Net debt	\$1,115	\$1,040	\$970
Operating capital	\$1,115	\$1,040	\$970
Net capital	\$1,115	\$1,040	\$970
Operating cash	\$1,115	\$1,040	\$970
Net cash	\$1,115	\$1,040	\$970
Operating assets	\$1,115	\$1,040	\$970
Net assets	\$1,115	\$1,040	\$970
Operating liabilities	\$1,115	\$1,040	\$970
Net liabilities	\$1,115	\$1,040	\$970
Operating equity	\$1,115	\$1,040	\$970
Net equity	\$1,115	\$1,040	\$970
Operating debt	\$1,115	\$1,040	\$970
Net debt	\$1,115	\$1,040	\$970
Operating capital	\$1,115	\$1,040	\$970
Net capital	\$1,115	\$1,040	\$970
Operating cash	\$1,115	\$1,040	\$970
Net cash	\$1,115	\$1,040	\$970

Q3 Results and Q4 Forecast

During the quarter, we continued to invest in content and expand our global reach. We also continued to invest in technology and improve our user experience. We continued to invest in marketing and increase our brand awareness. We continued to invest in talent and improve our organizational structure. We continued to invest in infrastructure and improve our operational efficiency. We continued to invest in research and development and improve our product offerings. We continued to invest in partnerships and expand our market reach. We continued to invest in acquisitions and expand our business scope. We continued to invest in divestitures and streamline our operations. We continued to invest in spin-offs and create new entities. We continued to invest in joint ventures and create new partnerships. We continued to invest in alliances and create new collaborations. We continued to invest in consortia and create new organizations. We continued to invest in networks and create new connections. We continued to invest in ecosystems and create new environments. We continued to invest in platforms and create new infrastructures. We continued to invest in markets and create new opportunities. We continued to invest in industries and create new sectors. We continued to invest in economies and create new systems. We continued to invest in societies and create new cultures. We continued to invest in communities and create new groups. We continued to invest in organizations and create new structures. We continued to invest in institutions and create new organizations. We continued to invest in governments and create new systems. We continued to invest in nations and create new countries. We continued to invest in continents and create new regions. We continued to invest in the world and create new opportunities.

Q4 Forecast

We expect to continue to invest in content and expand our global reach. We also expect to continue to invest in technology and improve our user experience. We expect to continue to invest in marketing and increase our brand awareness. We expect to continue to invest in talent and improve our organizational structure. We expect to continue to invest in infrastructure and improve our operational efficiency. We expect to continue to invest in research and development and improve our product offerings. We expect to continue to invest in partnerships and expand our market reach. We expect to continue to invest in acquisitions and expand our business scope. We expect to continue to invest in divestitures and streamline our operations. We expect to continue to invest in spin-offs and create new entities. We expect to continue to invest in joint ventures and create new partnerships. We expect to continue to invest in alliances and create new collaborations. We expect to continue to invest in consortia and create new organizations. We expect to continue to invest in networks and create new connections. We expect to continue to invest in ecosystems and create new environments. We expect to continue to invest in platforms and create new infrastructures. We expect to continue to invest in markets and create new opportunities. We expect to continue to invest in industries and create new sectors. We expect to continue to invest in economies and create new systems. We expect to continue to invest in societies and create new cultures. We expect to continue to invest in communities and create new groups. We expect to continue to invest in organizations and create new structures. We expect to continue to invest in institutions and create new organizations. We expect to continue to invest in governments and create new systems. We expect to continue to invest in nations and create new countries. We expect to continue to invest in continents and create new regions. We expect to continue to invest in the world and create new opportunities.

Netflix



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A different way of doing business case studies

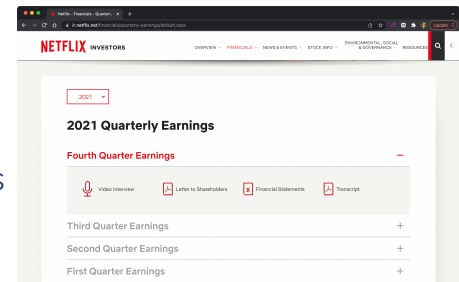
- We were driven by the question can we use MAXQDA to develop a better understanding of business strategy than through a traditional case study?
 - Case studies are usually set in one point in time, aimed at decisions about a particular aspect of business
- Can we use MAXQDA to more rigorously examine data longitudinally?



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Our Data

- Netflix has an investor website that provides access the PDFs of each quarterly letter and the video and transcript of each earnings call dating back to 2010.
- We downloaded all the PDFs from 2018 - 2021
 - In our initial research we converted the PDFs into Word files for easier work in MAXQDA



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Data Source

- Our original work used two document groups in MAXQDA for letters and transcripts for each quarter
 - The downside of this is that we needed to use **document sets** to be able to view the letter and transcript as one unit of analysis



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The initial project

- Our first project using this data was exploratory and we used both deductive and inductive means to develop a coding system to examine the quarterly data
- We used MAXQDA **paraphrasing** to identify some core concepts in strategy, and we also paraphrased several letters and transcripts to get a better understanding of the themes and topics that are routinely covered



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Initial themes

- We developed a series of thematic categories that were coded.
- The **smart coding tool** was used to examine coded segments and to refine the content analysis for the second and third cycles of the study
- We made extensive use of **code comments** and **memos** as we proceeded



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The screenshot shows the MAXQDA Analytics Pro 2022 interface. The top menu bar includes Home, Import, Codes, Memos, Variables, Analysis, Mixed Methods, Visual Tools, Reports, MAXDicto, Stats, and TeamCloud. The left sidebar displays a project tree with folders like '20-Q1' and 'Code System'. The main window shows a document titled '20-Q1 Transcript (199 Paragraphs)' with a text excerpt from Wilmot Reed Hastings, Co-Founder, Chairman, President & CEO of Netflix. The text discusses the company's execution and the impact of COVID-19. A 'Retrieved Segments' panel on the right shows a segment titled 'So if we'd just start with the impact of COVID, the changing consumer behavior.' with a corresponding text excerpt.

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Code Matrix Browser

Code System	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3
Themes													
Activities of Netflix													
customers	29	31	26	15	17	18	17	9	14	13	14	16	10
partnerships	11	10	8	3	7	4	2	4	1	4	1	4	1
content	6	11	15	12	17	9	10	7	6	4	3	5	9
original content	17	37	10	8	3	12	5	11	3	8	14	9	3
gaming	1	2	1		3	1	1	1	5	1	1	5	16
mobile paragraphs	2	6	8	7	6	6	9	4	1	2	1	6	6
service	16	12	10	10	11	8	8	10	7	5	10	5	14
competition	18	18	7	9	13	12	20	6	6	6	16	9	17
investors	47	60	39	23	23	20	23	14	13	20	18	15	33
Impact of COVID 19								28	22	12	15	19	22
Global Strategy	16	15	11	8	7	9	13	7	7	3	2	6	7
Strategic concepts	15	32	16	5	4	1	5	8	5	1	1	7	10
Miscellaneous	13	10	6	9	15	11	17	19	15	16	12	15	16

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The current project

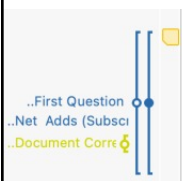
- As the project evolved, we wanted to be able to use the data to address different research questions.
- The project we are demonstrating today focuses on the earning calls, and the question of **what drives the analyst questions in the conversation.**



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An idea emerged

- We were struck by this question, from the most recent earnings call



Nidhi Gupta
Fidelity Management & Research Company LLC

Thank you, Spencer. Good to be with you all again. Great to see all the new content over the quarter. I've been a little less productive so I think I can blame you all for that. As usual, I'd like to start with net adds during the quarter, **which came in a little bit later than you expected.** Just help us understand the underperformance there.

The analyst began the conversation with “as usual, I'd like to start with net adds during the quarter” (net adds = new paid subscribers)



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What is the structure of the earnings call?

- The analysts' question intrigued us to ask the question, **do all these calls begin in the same way?**
 - Do the six analysts differ in their approach?
 - Can we learn something by comparing the initial questions in the transcripts?



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What did we do?

- We created a new MAXQDA project, separate from our original research
 - Each document includes the earnings call and the shareholder letter
- We initially coded the **first question** asked and the **first answers** to that question
 - First answers were coded for any participant who responded to the question



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..First Question

..First answer


QUESTIONS AND ANSWERS

Eric James Sheridan - UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst

Thank you, Spencer. Maybe I'll kick off with what clearly is the headline from the earnings results, much better subscriber performance in Q3 and a fairly robust guide within Q4 in terms of looking out over subscribers. I'll throw it to you guys to sort of lay out the framework you saw develop in Q3, what do you think might develop in Q4 that was different than what happened earlier in the year?

Wilmot Reed Hastings - Netflix, Inc. - Co-Founder, Chairman, President & CEO

Eric, I think we're getting a little better on the forecasting, in particular the evolution to paid net adds. So if you look at that paid net add growth that we showed, you can see how remarkably steady. So I'm afraid the Q2, Q3 story is probably mostly an issue of forecasting as opposed to anything changing in the business. And you can see the noise that the free trials added into the paid, which gets you the total creates. So I think by focusing forward on paid, we'll be able to be a little more accurate and focus on the fundamentals.



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Mixed Methods


- We also extracted financial data from the shareholder letters and created several document variables we could use in the analysis

Document Variables

Data editor - All documents

16 Documents

Document name	Year	Quarter	Net Adds	Forecast	Paid Subs	Revenue	Rev Forecast	Free Cash Flow	Difference	Interviewer/A...	Accuracy of Forecast	First Question...
18-Q1	2018	1	7.41	6.20	125.00	3701	3934	-287	1.00	Benjamin Dania...	positive miss	Hastings
18-Q2	2018	2	5.45	5.15	130.14	3907	3988	-569	-0.75	Todd Michael J...	slight negative miss	Wells CFO
18-Q3	2018	3	6.96	9.40	137.10	3999	4199	-559	1.61	Eric James She...	positive miss	General Questi...
18-Q4	2018	4	8.84	8.90	139.26	4187	4494	-1315	-0.56	Eric James She...	slight negative miss	Neumann CFO
19-Q1	2019	1	9.60	5.00	148.86	4521	4928	-460	1.00	Eric James She...	positive miss	Hastings
19-Q2	2019	2	2.70	7.00	151.56	4923	5260	-594	-2.30	Michael C.Morris	large negative miss	Hastings
19-Q3	2019	3	6.77	7.60	158.33	5245	5442	-551	-0.23	Michael C.Morris	slight negative miss	General Questi...
19-Q4	2019	4	8.76	7.00	167.09	5467	5731	-1670	1.16	Michael C.Morris	positive miss	Hastings
20-Q1	2020	1	15.77	7.50	182.86	5768	6048	162	8.77	Michael C.Morris	large positive miss	Hastings
20-Q2	2020	2	10.09	2.50	192.95	6148	6327	899	2.59	Kannan Venkat...	large positive miss	Sarandos CO C...
20-Q3	2020	3	2.20	6.00	195.15	6346	6572	1145	-0.30	Kannan Venkat...	slight negative miss	Neumann CFO
20-Q4	2020	4	8.51	6.00	203.66	6644	7129	-284	2.51	Kannan Venkat...	large positive miss	Neumann CFO
21-Q1	2021	1	3.98	1.00	207.64	7163	7302	692	-2.02	Nidhi Gupta	large negative miss	General Questi...
21-Q2	2021	2	1.54	3.50	209.18	7342	7477	-175	0.54	Nidhi Gupta	slight positive miss	General Questi...
21-Q3	2021	3	4.38	8.50	213.56	7483	7712	-106	0.88	Nidhi Gupta	slight positive miss	General Questi...
21-Q4	2021	4	8.28	2.50	221.84	7709	7903	-569	-999.00	Nidhi Gupta	-999	General Questi...



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Coding the analysts

- We also coded the names of each investor analyst and stored them in a parent code, which we created a categorical document variable from so we'd have that information easily at hand

Interviewer/Analyst		0
Benjamin Daniel Swinburne		1
Todd Michael Juenger		1
Eric James Sheridan		3
Michael C. Morris		4
Kannan Venkateshwar		3
Nidhi Gupta		6

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Development of thematic codes

- We used a non-traditional first approach to thematic code development. We used the **summary grid**, and did some basic summarizing of what the question was about; we also identified who the question was targeted to (if it wasn't a general question)
- We know we could have used **paraphrasing** or the **smart coding tool** to do this
 - Our choice worked and served to be a valuable first step towards later creating summary tables.

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Summary Tables

New Summary Table (1)

		18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4
1	Documents and variables	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4
2	First Question	What new is the company doing to hit scale particularly in developing markets? Activities Global	What is the source of the shortfall in net adds – in both US and international? Net adds Global	General Question – much better net adds in Q3 and robust forecast for Q4 – What is different from earlier this year? Net Adds	Directed to Neumann (new CFO) – What are your first perceptions and what will be your focus? Future	Directed at Hastings (CEO) – What are the key messages you want to share with investors about Q1 against broader goals for 2019? Future Past?	General Question – What changed to cause the significant variance in net adds? Is content a factor does it drive Coding: Past cyclicality?	General Question – What are the key drivers in net adds? (Gross add dynamic and churn dynamic) Net adds Forecast Future	Direct What : though ahead most accor what c accor Future Past

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Topics of Questions

- Out of a close read of the summary table, we created six thematic codes that we then applied to the first questions with the **smart** coding tool

▼	●	First Question		0
	●	Net Adds (Subscriber growth)		10
	●	Activities of Netflix		1
	●	Global Strategy		1
	●	Explain Recent Events		3
	●	Explain Future Plans		5
	●	Impact of COVID		1

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The screenshot shows the 'Smart Coding Tool' interface. On the left is a sidebar with a tree view of topics. The main area displays a document titled 'First Question (16 coded segments from 2 documents)'. On the right is a table with columns for 'Document', 'Coded Segments', 'Codes', and 'Comments'.

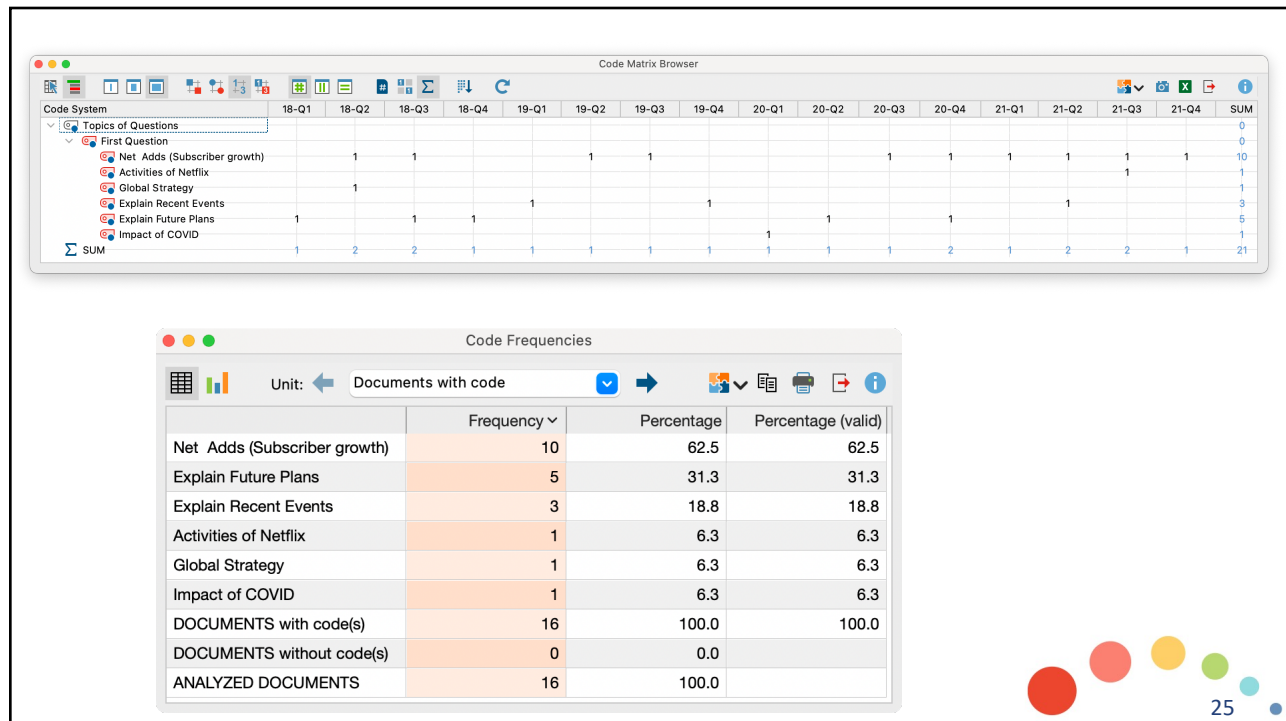
Document	Coded Segments	Codes	Comments
18-Q1, p.13	Benjamin Daniel Swinburne - Morgan Stanley, Research Division - MD Thank you, Reed. I want to ask you, given the strong results again this quarter, talk a little bit about what the company is doing today that may be different to what it did 1, 2 years ago that can hit a scale of the business, particularly as you're moving into markets that are maybe quite a bit different from the developed markets that you've scaled already	@@Explain Future Plans	Question addressed to Reed, What are you doing different today, especially in new markets.
18-Q2, p.13	Todd Michael Juenger - Sanford C. Bernstein & Co., LLC, Research Division - Senior Research Analyst All right. Thanks, Spencer. So let's start with the obvious. So for the first time in, I think, 5 quarters, net additions came in below your own forecast, both in the U.S. and internationally. So whoever wants to, maybe you can help us walk through where was the source of that shortfall and what you attribute it to. David, you want to hit that?		
18-Q3, p.14	Eric James Sheridan - UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst Thank you, Spencer. Maybe I'll kick off with what clearly is the headline from the earnings results, much better subscriber performance in Q3 and a fairly robust guide within Q4 in terms of looking out over subscribers. I'll throw it to you guys to sort of lay out the framework you saw develop in Q3, what do you think might develop in Q4 that was different than what happened earlier in the year?		framework of growth in Q3 and forecast into Q4
18-Q4, p.15	Eric James Sheridan - UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst Thanks so much, Spencer. And since, Spencer, you are new to the Netflix earnings call, I'm going to turn the first question over to you. First, congratulations on the role as the new CFO of Netflix. Maybe give us your perception of why the role intrigued you in terms of moving to Netflix. What your first perceptions are, and some of the things you plan on making a focus for your tenure as the CFO at Netflix.		Question addressed to new CFO, First impressions and plans.
19-Q1, p.14	Eric James Sheridan - UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst Thank you, Spencer. Reed, I'd love to start with you. Now that we're 3 months into 2019, against your broader goals for what you're expecting for the business in 2019, what are the key messages you want to share with investors on how the first 3 months of the year went?		
19-Q2, p.17	Michael C. Morris - Guggenheim Securities, LLC, Research Division - Thank you, Spencer. Good afternoon. Let's jump right into the results and the member variance from guidance in particular. What changed during the quarter versus the outlook that you provided that made such a significant impact this quarter? And you didn't mention the content being perhaps a factor. I think that's really something we haven't focused on in the past in terms of driving the cyclicality, so maybe if you could you talk about those things.		

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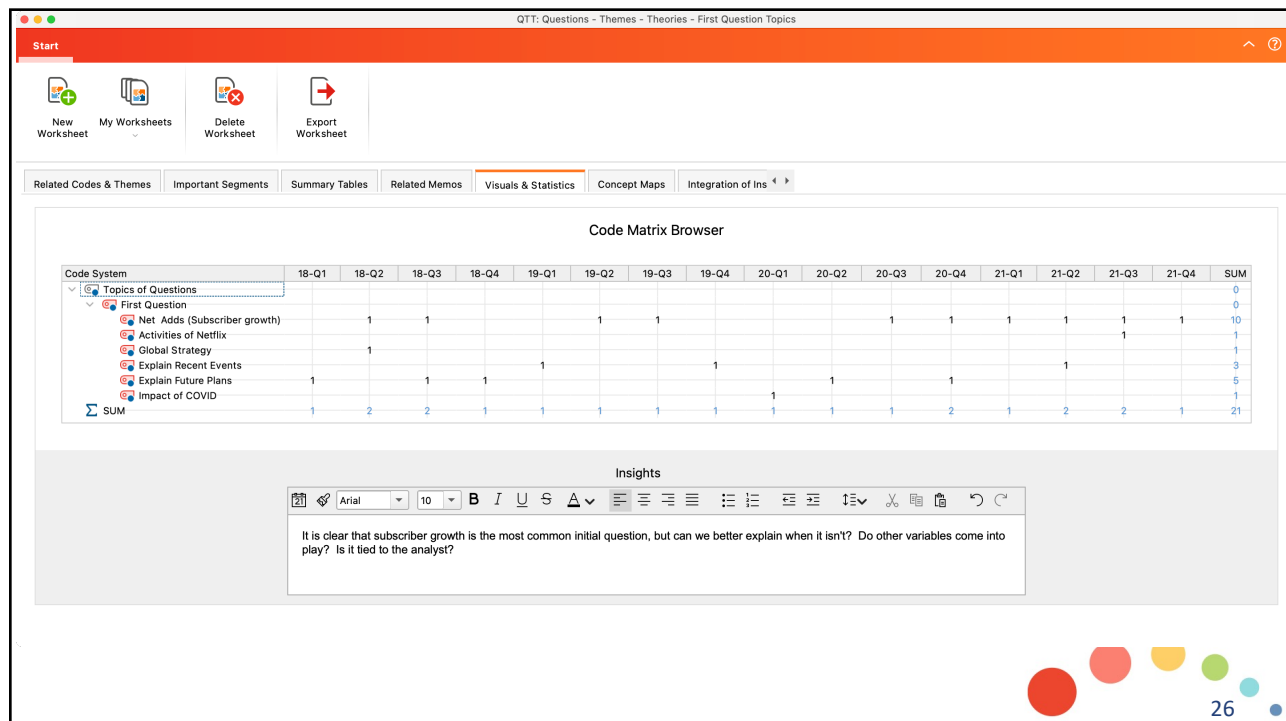
Examining the results

- We used **code frequencies** and the **code matrix browser** to gain a descriptive picture of our results
- As we proceeded, we also created a **QTT worksheet** to store our analysis

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Coding first responses

- Once we coded the topics of the questions, we turned to coding the responses
- Our broader initial study had provided us with a **deductive** basis for identifying the themes we expected to see in the responses
- We used the **smart coding tool** to code these responses

- ▼ ☒ Content of responses
 - ☒ What Happened
- ▼ ☒ Explanation of Net Adds
 - ☒ Competition
 - ☒ Conditions
 - ☒ Content
 - ☒ Maturity
 - ☒ Noise
 - ☒ Price
 - ☒ Pull Forward
 - ☒ Seasonality
 - ☒ Service
- ☒ Discussion of global issues
- ☒ Discussion of Activities
- ☒ Explain the impacts of COVID
- ☒ Future Expectation
- ☒ Competition Concerns

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Continuing to the second question

- We knew that sometimes the first question was an ice-breaker of sorts, and at other times it was a question with a natural follow-up, so we repeated or process of coding the second question and second responses
- This created a methodological challenge. Do we use the same question topic codes? Or would this muddy the results, and make it difficult to see the differences between the first and second questions?

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Code System	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	SUM
Interview questions																	0
First Question	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16
First answer	1	2	1	1	1	2	2	1	1	5	2	1	3	2	1	3	29
Second Question	1	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	17
Second question answer	4	2	3	1	3	2	2	4	2	2	5	2	3	2	3	4	44
Topic of Questions																	0
Net Adds (Subscriber growth)		2	1		1	2	2	1			2	2	2	2	2	2	21
Activities of Netflix			1		1										1		3
Global Strategy	1	1			1						1				1		5
Explain Recent Events				1	1			1						1			4
Explain Future Plans	1		1	2						2		1		1		1	9
Impact of COVID									2			1					3

- This made it impossible to track the question's topics
- Our solution was to duplicate the coding structure for the question topics



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Code System	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	SUM
Topics of Questions																	0
First Question																	0
Net Adds (Subscriber growth)		1	1			1	1				1	1	1	1	1	1	10
Activities of Netflix															1		1
Global Strategy		1															1
Explain Recent Events					1			1						1			3
Explain Future Plans	1		1	1						1		1					5
Impact of COVID									1								1
Second Question																	0
Net Adds (Subscriber growth)		1			1	1	1	1			1	1	1		1	1	10
Activities of Netflix			1		1												2
Global Strategy	1										1				1		4
Explain Recent Events				1													1
Explain Future Plans				1						1						1	4
Impact of COVID									1	1		1		1			3
Interviewer/Analyst																	0
Benjamin Daniel Swinburne	1																1
Todd Michael Juenger		1															1
Eric James Sheridan			1	1	1												3
Michael C. Morris						1	1	1	1								4
Kannan Venkateshwar										1	1	1	1	1	1	1	4
Nidhi Gupta																	0
Σ SUM	3	4	4	4	5	3	3	3	3	3	4	5	3	5	5	4	61

- We can now see the topics of the first and second questions independently



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What does this tell us?


- Net Adds (Subscriber growth) appeared in 10 of the first questions, **and** it appeared in 10 of the second questions, in **12 of the 16** documents
- Short-term subscriber growth is clearly an important piece of information to investor analysts



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Is the question about net adds tied to the success of forecast results?



Code System	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	SUM
Forecast																	0
forecast below expectation																	0
forecast above expectations																	0
Topics of Questions																	0
First Question																	0
Net Adds (Subscriber growth)																	10
Second Question																	10
Net Adds (Subscriber growth)																	10
SUM	1	3	2	1	2	3	3	2	1	1	3	3	3	2	3	2	35

- In three of the 4 quarters where Net Adds was not initially discussed, the results were above the forecasted expectation.



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One quarter can't be explained by the forecast success. Is there something else?

Code System	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	SUM
Forecast																	0
Forecast below expectation																	6
Forecast above expectations																	0
Topics of Questions																	0
First Question																	0
Net Adds (Subscriber growth)																	10
Second Question																	0
Net Adds (Subscriber growth)																	10
Content of responses																	0
Explanation of Net Adds																	12
Competition																	3
Conditions																	5
Content																	7
Maturity																	2
Noise																	9
Price																	6
Pull Forward																	6
Seasonality																	3
Service																	6
Interviewer/Analyst																	0
Benjamin Daniel Swinburne																	1
Todd Michael Juenger																	1
Eric James Sheridan																	3
Michael C.Morris																	4
Kannan Venkateshwar																	3
Nidhi Gupta																	4
SUM	2	9	6	2	6	9	10	7	2	2	8	8	12	10	9	8	110

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Our analysis process

- We created a **Summary table** summarizing the explanation of net adds in each quarter.
- We added a **new code in the summary table** to summarize the four quarters where it was not explained, after reviewing the summaries previously written of the first two questions and answers



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	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2
Documents and variables	18-Q1 Net Adds: 7.41 Forecast: 6.20 Difference: 1.00	18-Q2 Net Adds: 5.45 Forecast: 5.15 Difference: -0.75	18-Q3 Net Adds: 6.96 Forecast: 9.40 Difference: 1.81	18-Q4 Net Adds: 8.84 Forecast: 8.90 Difference: -0.56	19-Q1 Net Adds: 9.60 Forecast: 5.00 Difference: 1.00	19-Q2 Net Adds: 2.70 Forecast: 7.00 Difference: -2.30	19-Q3 Net Adds: 6.77 Forecast: 7.60 Difference: -0.23	19-Q4 Net Adds: 8.76 Forecast: 7.00 Difference: 1.16	20-Q1 Net Adds: 15.77 Forecast: 7.50 Difference: 8.77	20-Q2 Net Adds: 10.09 Forecast: 2.50 Difference: 2.59
Explanation of Net Adds		The underlying characteristics of the business have not changed. The conversion to streaming is intact. Netflix has continued to grow through rolling prices increases in various parts of the world. Noise Price Content Service	Bundling Netflix with the offers of distribution partners make it easier to access less technically advanced demographic to access Netflix easily. Service Noise	↑ Missed Forecast ↓ Personnel change	steady smooth growth based on amazing content and amazing service. Content Service	Across all regions there is some level of seasonality. Timing of content slate makes a little difference. There is some churn with increased prices. Acquisitions have not returned to pre-price increase level. Seasonality Content Price Noise	The impact of big film releases is hard to forecast precisely. New competitors are expected so Netflix is being prudent. There is a lot of room for more competitors. But a touch of sensitivity to price. Content Competition Service Noise Price	Some churn in the U.S. due to pricing and competition. Seasonality will look more like 2018 than 2019. Price Competition Seasonality		↓ Personnel change
Why Not discussed?	Exceeded forecast guidance by over a million. Focus of discussion was on global emerging markets in India.			First question asked to new CFO about first perceptions of the company and then a broader question asking about what can be learned from the last year for the coming year.					The entire focus of the discussion was on the strategic impact of the Pandemic.	Initial questions were focused on the impact of a new CO-CEO and COO.

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Looking more closely at the explanation of net adds

Code System	18-Q1	18-Q2	18-Q3	18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	SUM
Competition																	4
Conditions																	5
Content																	11
Maturity																	2
Noise																	12
Price																	8
Pull Forward																	9
Seasonality																	4
Service																	6
SUM	0	4	2	0	2	8	7	3	0	0	6	4	9	7	4	5	61

- There are several interesting things we could interpret from this, but we will focus on just one, the emergence of the concept called “Pull forward” which arose from the pandemic

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Pull Forward

"To look at Q3, the biggest impact was really the first half of the year and that giant pull-forward in subscriber additions in the first half of the year with COVID. When we have that much pull-forward, we expected and knew there'd be some level of slowdown, and we tried to project it as best we could (20-Q3, p. 17)"

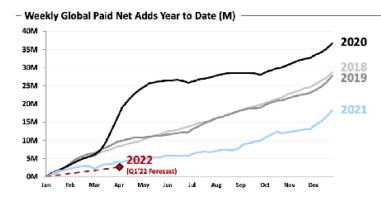
Related Codes & Themes Important Segments Summary Tables Related Memos Visuals & Statistics Concept Maps Integration of Insights

Important Segments

Add segments from "Retrieved Segments" or "Document Browser" window by drag & drop of the coding stripes.
Add segments from "Overview of Coded Segments" by drag & drop of selected rows.

Spencer Adam Neumann Chief Financial Officer
Yes, sure, Kieran, thanks. So first, sort of stepping back, if you think about the Q3 subscriber numbers, it was really very much as expected for the quarter. To look at Q3, the biggest impact was really the first half of the year and that giant pull-forward in subscriber additions in the first half of the year with COVID. When we have that much pull-forward, we expected and knew there'd be some level of slowdown, and we tried to project it as best we could. But it's super, super difficult to forecast with perfect precision given all the unknowns and factors. So we actually came pretty close to land within 300,000 members on a member base of roughly 195 million. That's pretty much forecast noise, and there's a number of ins and outs. But the general underlying metrics, as you say, are very healthy. So retention remains well at very healthy levels, better than we were a year ago. Acquisition remains strong. So you're just seeing some kind of a natural, kind of because of that pull-forward effect, some slowdown. But we don't want to lose sight of the fact that to measure our business, it's really not based on any single quarter of growth fluctuation. It's really about -- it should be measured in multi-quarter and multi-year trends. And so if you look at the past 3 quarters, year-to-date through Q3, we've grown by a little over 28 million members, which is more than we grew all of last year. So super healthy growth, and the underlying both top line and bottom line growth and retention trends in our business are healthy.

Content of responses/Explanation of Net Adds/Pull Forward (20-Q3, p. 17) (Weight score: 0)

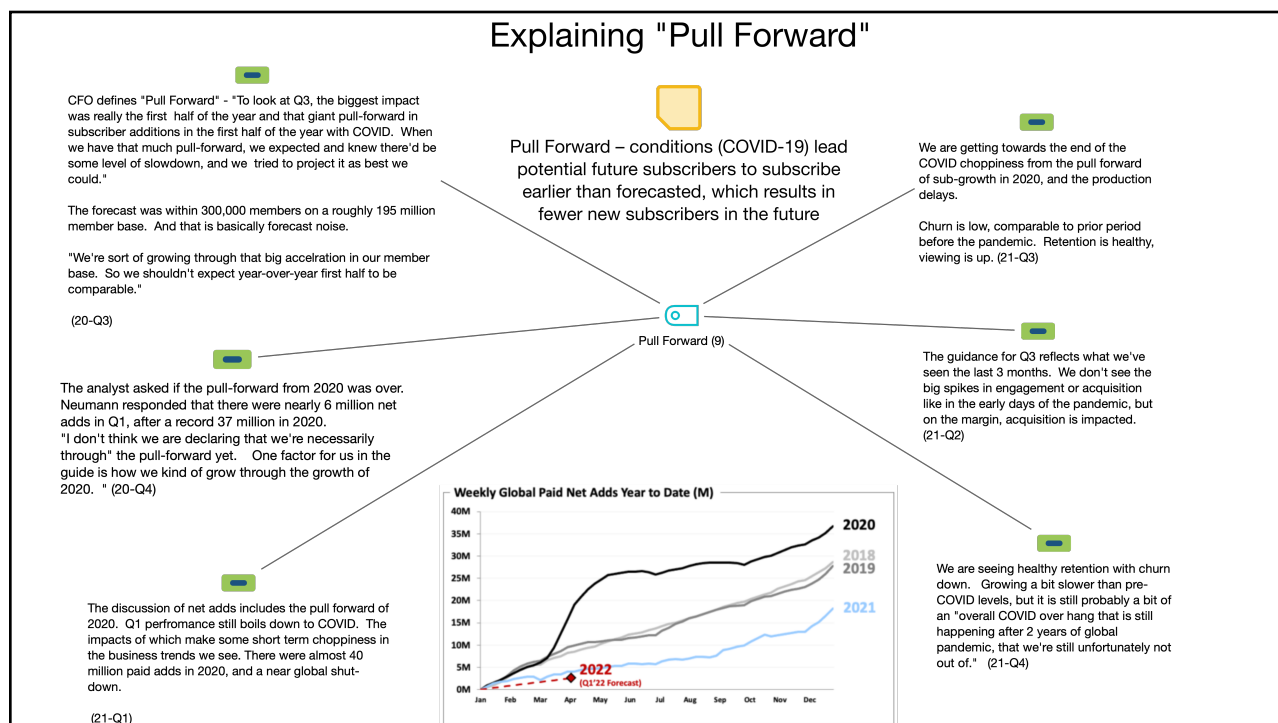


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New Summary Table (12)							
	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4	
Documents and variables	20-Q3 Net Adds: 2.20 Forecast: 6.00 Paid Subs: 195.15 Difference: -0.30	20-Q4 Net Adds: 8.51 Forecast: 6.00 Paid Subs: 203.66 Difference: 2.51	21-Q1 Net Adds: 3.98 Forecast: 1.00 Paid Subs: 209.64 Difference: -2.02	21-Q2 Net Adds: 1.54 Forecast: 3.50 Paid Subs: 209.18 Difference: 0.54	21-Q3 Net Adds: 4.38 Forecast: 8.50 Paid Subs: 213.56 Difference: 0.88	21-Q4 Net Adds: 8.28 Forecast: 2.50 Paid Subs: 221.84 Difference: -999.00	
Forecast	forecast below expectation	forecast above expectations	forecast below expectation	forecast above expectations	forecast above expectations	forecast above expectations	
Explanation of Net Adds	Very healthy growth in Lat Am, probably the pull forward effect. It's not permanent or long term. Pull forward was relatively modest in Q3. Growth seesaws around that number depending on the particular conditions going on in that quarter. But year after year, it has fundamentally followed the service growth curve. Pull Forward Conditions Noise Service	There is so much uncertainty in the business it is hard enough to project the next 90 days, let alone the next 12 months. Viewing is up in every region of the world. Pull Forward Conditions Noise	Our churn is actually below pre-price change levels already in the U.S. and in most of the markets and where we have adjusted prices and just some of the newer ones haven't come all the way back down, but they're rapidly getting there. Price Competition Conditions Content Noise Pull Forward Service	Netflix does not see the big spikes in terms of engagement or acquisition or churn that they saw in the very early days of the pandemic. When conditions tighten up in Brazil or India they see growth. As markets reopen in EMEA and UCAN regions, growth runs into headwinds. Acquisition. They hope is the tail end of the COVID chopiness. COVID delayed content is coming soon. Conditions Pull forward Content Maturity Noise Seasonality	A bit soft in Latin America because of price increase in Brazil, the revenue impacts are positive. Market Both Latin America and UCAN are a bit more mature, more tenured, more penetrated than some of our other markets. Conditions Maturity Noise Pull forward	No structural changes in the business. Healthy retention with churn down, healthy viewing and engagement with viewing up. Acquisition growing but a bit slower than pre-COVID levels, just hasn't fully recovered. (pull forward) Macroeconomic strain in some parts of the world. Big content titles to be released. Conditions Price Content Pull Forward	
Pull Forward	CFO defines "Pull Forward" -- "To look at Q3, the biggest impact was really the first half of the year and that giant pull-forward in subscriber additions in the first half of the year with COVID. When we have that much pull-forward, we expected and knew there'd be some level of slowdown, and we tried to project it as best we could." The forecast was within 300,000 members on a roughly 195 million member base. And that is basically forecast noise.	The analyst asked if the pull-forward from 2020 was over. Neumann responded that there were nearly 6 million net adds in Q1, after a record 37 million in 2020. "I don't think we are declaring that we're necessarily through" the pull-forward yet. One factor for us in the guide is how we kind of grow through the growth of 2020. "	The discussion of net adds includes the pull forward of 2020. Q1 performance still boils down to COVID. The impacts of which make some short term chopiness in the business trends we see. There were almost 40 million paid adds in 2020, and a near global shut-down.	The guidance for Q3 reflects what we've seen the last 3 months. We don't see the big spikes in engagement or acquisition like in the early days of the pandemic, but on the margin, acquisition is impacted.	We are getting towards the end of the COVID chopiness from the pull forward of sub-growth in 2020, and the production delays. Churn is low, comparable to prior period before the pandemic. Retention is healthy, viewing is up.	We are seeing healthy retention with churn down. Growing a bit slower than pre-COVID levels, but it is still probably a bit of an "overall COVID over hang that is still happening after 2 years of global pandemic, that we're still unfortunately not out of."	



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Answering our questions

- Q. Do all these calls begin in the same way?

A. Not all, but net adds is the subject of the most common question
- Q. Do the six analysts differ in their approach?

A. Yes, but they also seem to be guided by the quarterly results



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Answering our questions

- Q. Can we learn something by comparing the initial questions in the transcripts?
A. Yes, the initial questions are usually about “net adds” (12 of 16 quarters). When they are not, the forecasted expectations were exceeded, there was a personnel change or there was a major event like COVID.



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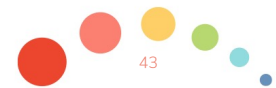
Findings and future research

- This is just a small part of the broader research project, but we hope it has provided you with a way to visualize the many ways that MAXQDA not only made the research possible but enhanced it.
- Let's take your questions



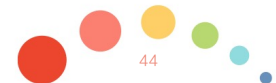
42

Thank you!



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Code System	forecast below expectation	forecast above expectations	SUM
▼ Content of responses			0
▼ Explanation of Net Adds	5	6	11
Competition	2	1	3
Conditions	1	3	4
Content	4	2	6
Maturity		2	2
Noise	5	4	9
Price	4	1	5
Pull Forward	2	3	5
Seasonality	1	2	3
Service	4	1	5
SUM	28	25	53



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Next steps

- The coding of the two questions by itself wasn't the full picture. We wanted to better understand the nature of the conversations, and to capture how the responses shaped the discussion
- Our next step was to use the **summary grid** to create **summary tables** to better understand the dynamics of the conversations. Qualitative analysis is more than just assigning codes. We wanted to dig into the data



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New Summary Table (12)						
	20-Q3	20-Q4	21-Q1	21-Q2	21-Q3	21-Q4
1 Documents and variables	20-Q3 Net Adds: 2.20 Forecast: 6.00 Paid Subs: 195.15 Difference: -0.30	20-Q4 Net Adds: 8.51 Forecast: 6.00 Paid Subs: 203.66 Difference: 2.51	21-Q1 Net Adds: 3.98 Forecast: 1.00 Paid Subs: 207.64 Difference: -2.02	21-Q2 Net Adds: 1.54 Forecast: 3.50 Paid Subs: 209.18 Difference: 0.54	21-Q3 Net Adds: 4.38 Forecast: 8.50 Paid Subs: 213.56 Difference: 0.88	21-Q4 Net Adds: 8.28 Forecast: 2.50 Paid Subs: 221.84 Difference: -999.00
2 Forecast	forecast below expectation	forecast above expectations	forecast below expectation	forecast above expectations	forecast above expectations	
3 Explanation of Net Adds	Very healthy growth in Lat Am, probably the pull forward effect. It's not permanent or long term. Pull forward was relatively modest in Q3. Growth seesaws around that number depending on the particular conditions going on in that quarter. But year after year, it has fundamentally followed the service growth curve. Pull Forward Noise Service	There is so much uncertainty in the business it is hard enough to project the next 90 days, let alone the next 12 months. Viewing is up in every region of the world. Pull Forward Conditions Noise	Our churn is actually below pre-price change levels already in the U.S. and in most of the markets and where we have adjusted prices and just some of the newer ones haven't come all the way back down, but they're rapidly getting there. Price Competition Conditions Content Noise Pull Forward Service	Netflix does not see the big spikes in terms of engagement or acquisition or churn that they saw in the very early days of the pandemic. When conditions tighten up in Brazil or India they see growth. As markets reopen in EMEA and UCAN regions, growth runs into headwinds. Acquisition. They hope is the tail end of the COVID choppiness. COVID delayed content is coming soon. Conditions Pull forward Content Maturity Noise Seasonality	A bit soft in Latin America because of price increase in Brazil, the revenue impacts are positive. Market Both Latin America and UCAN are a bit more mature, more tenured, more penetrated than some of our other markets. Conditions Maturity Noise Pull forward	No structural changes in the business. Healthy retention with churn down, healthy viewing and engagement with viewing up. Acquisition growing but a bit slower than pre-COVID levels, just hasn't fully recovered. (pull forward) Macroeconomic strain in some parts of the world. Big content titles to be released. Conditions Price Content Pull Forward
4 Pull Forward	CFO defines "Pull Forward" - "To look at Q3, the biggest impact was really the first half of the year and that giant pull-forward in subscriber additions in the first half of the year with COVID. When we have that much pull-forward, we expected and knew there'd be some level of slowdown, and we tried to project it as best we could." The forecast was within 300,000 members on a roughly 195 million member base. And that is basically forecast noise.	The analyst asked if the pull-forward from 2020 was over. Neumann responded that there were nearly 6 million net adds in Q1, after a record 37 million in 2020. "I don't think we are declaring that we're necessarily through" the pull-forward yet. One factor for us in the guide is how we kind of grow through the growth of 2020. "	The discussion of net adds includes the pull forward of 2020. Q1 performance still boils down to COVID. The impacts of which make some short term choppiness in the business trends we see. There were almost 40 million paid adds in 2020, and a near global shut-down.	The guidance for Q3 reflects what we've seen the last 3 months. We don't see the big spikes in engagement or acquisition like in the early days of the pandemic, but on the margin, acquisition is impacted.	We are getting towards the end of the COVID choppiness from the pull forward of sub-growth in 2020, and the production delays. Churn is low, comparable to prior period before the pandemic. Retention is healthy, viewing is up.	We are seeing healthy retention with churn down. Growing a bit slower than pre-COVID levels, but it is still probably a bit of an "overall COVID over hang that is still happening after 2 years of global pandemic, that we're still unfortunately not out of."

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Summary Grid							Coded segments (2)		Summary
20-Q1 - Second question answer									
Code System		19-Q2	19-Q3	19-Q4	20-Q1	20-Q2			
Notes									
Interview Questions									
First Question									
First answer									
Second Question									
Second question answer									
Topics of Questions									
First Question									
Net Adds (Subscriber growth)									
Activities of Netflix									
Global Strategy									
Explain Recent Events									
Explain Future Plans									
Impact of COVID									
Second Question									
Net Adds (Subscriber growth)									
Activities of Netflix									
Global Strategy									
Explain Recent Events									
Explain Future Plans									
Impact of COVID									
Content of responses									
What Happened									
Explanation of Net Adds									
churn									
Discussion of global issues									
Discussion of Activities									
original content									
Explain the impacts of COVID									
Future Expectation									
Competition Concerns									
defensive									
Letter									
							<p>Gregory K. Peters Chief Product Officer</p> <p>Yes. It's been humbling to be a place that people around the world in a time like this turn to for some entertainment for escape. And I think just reiterating what Reed was saying, our real focus at this point in time has just been to keep our service operating at as high a quality as possible and available when our members need us and turn to us.</p> <p><u>18 - 18 (2)</u></p> <p>Theodore A. Sarandos Chief Content Officer</p> <p>Yes. Echoing the same, which is the -- what's been really amazing is the role that Netflix has played in all of this, which is to keep people connected. Keep people -- some people around the world who are incredibly lonely connected through storytelling on Netflix, certainly a distraction and certainly a big source of entertainment with your second home. So it's really a</p>		<p>Greg -real focus on keeping service operating at high quality when members need us.</p> <p>Ted Sarandos - amazed at the role Netflix is playing keeping people connected. Mostly the challenges are just the tough issues of getting people doing work from places to they've never worked from. Offices moved to people's living rooms and kitchens around the world.</p> <p>We had production up and running remotely within days of the shutdowns. Post-production, animation, pitch meetings, virtual writer's rooms. Creative community came together.</p>

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Summary Tables										
First questions										
		18-Q4	19-Q1	19-Q2	19-Q3	19-Q4	20-Q1	20-Q2	20-Q3	
New S...e (1)										
New S...e (2)										
New S...e (3)										
New S...e (4)										
New S...e (5)										
New S...e (6)										
Expl...Adds										
First ...ations										
1	18-Q4 Difference: -0.56	19-Q1 Difference: 1.00	19-Q2 Difference: -2.30	19-Q3 Difference: -0.23	19-Q4 Difference: 1.16	20-Q1 Difference: 8.77	20-Q2 Difference: 2.59	20-Q3 Difference: -0.30		
2	Neumann CFO	Hastings	Hastings	General Question	Hastings	Sarandos CO CEO	Neumann CFO			
3	expectations slightly below expectations	slightly above expectations	well below expectations	slightly below expectations	slightly above expectations	well above expectations	well above expectations	slightly below exp		
4	ion - much s in Q3 and t for Q4 - nt from earlier	Directed to Neumann (new CFO) - What are your first perceptions and what will be your focus? Future	Directed at Hastings (CEO) - What are the key messages you want to share with investors about Q1 against broader goals for 2019? Future Past?	General Question - What changed to cause the significant variance in net adds? Is content a factor does it drive	What are the key drivers in net adds? (Gross add dynamic and churn dynamic)	Directed to Hastings (CEO) - What are your strategic thoughts about the year ahead, the new decade - most important accomplishments in 2019 - what do you hope to accomplish next year?	Directed to Hastings (CEO) - What is the strategic impact of COVID 19? What is the most significant change for you? Future	Directed toward Sarandos (new Co-CEO) and Peters (new COO) - What are your priorities? How do you see the world evolving? Future	Directed to Neum What are the tren adds from Q2 to C Net Adds Future	
5	in forecasting. free trials : paid is are going to sate by aid adds going	Impressions after 9 days on the job, high end of quality product, ambition. Trying to immerse into the business, doing learning and listening. Probably for the next 2 months. Just impressed with what he sees.	Phenomenal net adds. Starting the year with 9.5 million net additions.	Look at our forecasting. Sometimes we forecast high, sometimes low. This one we forecasted high. No one thing explains missing the target. There is a lot of noise in the data. But over three years we've gone from \$2B to \$5B in quarterly revenue.	Hastings begins by saying it was the most accurate member forecast in years. Neumann, CFO follows with how overall business performance, record revenues, record operating profit, and a billion in operating profit and record paid net adds for the quarter. Some elevate churn following the price increase, but very small. 0.1 percentage point in churn	We've had the same basic strategy for almost 20 years, please our members and they help us grow. That started with DVD by mail, by the combination of it and streaming, and expanding into film. "It's the same strategy we've always done, how do we learn how to please our members, whether that's on the product side, marketing side or content side."	The pandemic is an incredible tragedy for the world, everyone wrestling with implications, and uncertainty of what the future brings. Strategic long-term implications, as we scramble to keep servers running, keep the content, get postproduction done. Once these short-term issues are dealt with, we will focus on long-term.	Friendly banter starts the discussion about Reed's transitioning (?) to a new Co-CEO. COO then talks about the what the future holds, and it is a "tremendous next stage of growth that we will see mostly coming from outside the United States" in terms of employees, productions, operations, and international growth. An opportunity to be more proactive. More banter and then Reed Hastings reinforces that a lot of opportunities of the next decade are international.	"Forecast noise" After the incred of the first two qu year, we'd expect down, that we try project the best w But very hard to p precision. And wi close to our forec 300,000 member; membership base million. And that "forecast noise." To measure busin should really look quarter and multi trends	
6	about how new als are ckets of the usly rent ways ot et via partners direct? g how to ers. It's an	What can we learn from last year (2018), and what opportunities does 2019 provide? What is the focus of the management team?	What did you see internationally in subscriber growth? Did some things resonate globally on an individual and worldwide basis? Content and subscriber growth?	Can you talk about the gross add vs. churn dynamics?	Want to look at 4th quarter outlook. We talked last quarter about the potential for record net subscribers, but that isn't here in the letter this time. What has changed? Was 2018 a peak year, or is more growth likely?	The second question is similar to the prior quarter - speaking of the specifics of the letter and the guidance for the next quarter, which is lighter than in the prior year. How do we view the coming year? A QUESTION NO ONE COULD TRULY PREDICT -)	Follow up from first question - high level thoughts about strategic impact of the pandemic. Reed, with a new Co-CEO is there any kind of growth plans you are thinking about that are put of the ordinary. is Netflix in the next 10 years the same as the last 10 years. What are your priorities sharing a job with Ted?	Reed, with a new Co-CEO is there any kind of growth plans you are thinking about that are put of the ordinary. is Netflix in the next 10 years the same as the last 10 years. What are your priorities sharing a job with Ted?	Did price increase growth in Latin Ar And can you cont guidance a bit for with the projectio adds will be down	
		Reed Hastings repeats his common statemen that "for	The things we called out in the letter are things that	Slowdown in subscriber growth was across all	Down a bit from previous forecast. There are a lot of	Our long term opportunity is his and unchanged. We	Greg -real focus on keeping service operating at high	The three of us have been working together for a long	On the Latin Amer I it is easy to over-	

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Summary Tables						
New Summary Table (6)						
	19-Q4	20-Q1	20-Q2	20-Q3	20-Q4	21-Q1
1	19-Q4 Difference: 1.16 Interviewer/Analyst: Michael C. Morris	20-Q1 Difference: 8.77 Interviewer/Analyst: Michael C. Morris	20-Q2 Difference: 2.59 Interviewer/Analyst: Kannan Venkateshwar	20-Q3 Difference: -0.30 Interviewer/Analyst: Kannan Venkateshwar	20-Q4 Difference: 2.51 Interviewer/Analyst: Kannan Venkateshwar	21-Q1 Difference: -2.0 Interviewer/Analyst: Kannan Venkateshwar
2	positive miss	large positive miss	large positive miss	slight negative miss	large positive miss	large negative miss
3	Hastings	Hastings	Sarandos CO CEO	Neumann CFO	Neumann CFO	General Question
4	Directed to Hastings (CEO) - What are your strategic thoughts about the year ahead, the new decade - most important accomplishments in 2019 - what do you hope to accomplish next year? Future Past	Directed to Hastings (CEO) then each of you - What is the strategic impact of COVID 19? What is the most significant change for you? Future COVID	Directed toward Sarandos (new Co-CEO) and Peters (new COO) - What are your priorities? How do you see the world evolving? Future COVID	Directed to Neumann (CFO) - What are the trends in gross adds from Q2 to Q3? Net Adds Future	Directed to Neumann (CFO) - Why is your guidance lower for Q1 even though you beat Q4? Future Past COVID - the pull forward	General question caused net adds below expectations Net adds
5	We've had the same basic strategy for almost 20 years, please our members and they help us grow. That started with DVD by mail, by the combination of it and streaming, and expanding into film. "It's the same strategy we've always done, how do we learn how to please our members, whether that's on the product side, marketing side or content side."	The pandemic is an incredible tragedy for the world, everyone wrestling with implications, and uncertainty of what the future brings. Strategic long-term implications, as we scramble to keep servers running, keep the content, get postproduction done. Once these short-term issues are dealt with, we will focus on long-term.	Friendly banter starts the discussion about Reed's transitioning (?) to a new Co-CEO. COO then talks about the what the future holds, and it is a "tremendous next stage of growth that we will see mostly coming from outside the United States" in terms of employees, productions, operations, and international growth. An opportunity to be more proactive. More banter and then Reed Hastings reinforces that a lot of opportunities of the next decade are international.	"Forecast noise" After the incredible growth of the first two quarters this year, we'd expect some slow down, that we tried to project the best we could. But very hard to project with precision. And we came close to our forecast, within 300,000 members on a membership base of 195 million. And that is really "forecast noise." To measure business, we should really look at multi-quarter and multi-year trends Pointed out that if the quarter was 48 hours longer, the forecast would have been	Not saying we are through with the pull forward from the 37 million net adds from 2020. And it is important to realize the uncertainty right now, in "one of the most uniquely challenging times not just for life... but for forecasting growth trajectory." Also important to note that covid has accelerated the shift from linear to streaming entertainment. There is just more short-term noise and uncertainty but strong underlying growth metrics.	Performance boils down to covid. Short term choppy, in the business, with a forward of nearly paid adds, after global shut down production. Once again men recurring theme Business remains because of long drivers, the transition to streaming entertainment, a business is as hard as ever.