AH National Qualifications 2026

X810/77/11

Business Management Case Study

FRIDAY, 24 APRIL

9:00 AM – 11:45 AM

It is recommended that you spend 15 minutes reading over the information provided in the Case Study before responding to the questions.

The questions can be found in the question paper X810/77/21.

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Netflix, Inc.

Netflix, Inc. (Netflix) is the world's leading online entertainment service with its headquarters in California, United States (US). With over 277 million paid memberships in over 190 countries, it provides subscription media streaming services available in over 45 languages, including TV series, documentaries, films and games across a wide variety of genres.

Core strategy

Netflix strives to continuously improve its members' experiences by offering compelling content that retains them and attracts new members. It seeks to develop its services, including both its technology infrastructure and its content offerings. With a market capitalisation in 2025 of approximately $560 billion, Netflix's executives aim to reach $1 trillion by 2030.

Expansion into live sports streaming

As part of its core strategy, Netflix recently began diversifying into the live sports streaming market. In the coming years, Netflix is expected to fiercely compete against established providers, like Amazon and Disney, who already dominate the live sports market for some of the most coveted sports rights.

In 2025, Netflix only captured around 5% of consumer spending in the overall television market. Although a sports-oriented push may not interest viewers who subscribe primarily for TV shows and movies, securing rights to stream live sports could further increase Netflix's subscriber count as dedicated fans join the platform to watch their favourite teams and events. Additionally, live sports events attract substantial investment from brands seeking advertising deals.

Streaming live sports requires Netflix to provide reliable connectivity and maintain robust digital infrastructure to ensure that it offers the highest technical standards. After some viewers encountered quality issues and connection losses during initial trials of streaming live sports events, Netflix has made this a priority.

So far, Netflix has secured global media agreements with sports organisations to stream live events, including a 10-year, $500 million annual agreement to stream World Wrestling Entertainment (WWE) and a five-year partnership to stream the 2027 and 2031 Fédération Internationale de Football Association (FIFA) Women's World Cups.

With traditional media, such as broadcast and cable TV, accounting for less than 50% of television usage in 2025 as viewers shift to digital on-demand services, Netflix is considering further expansion of its live sports streaming offering in future.

Environmental policy

Netflix achieved carbon neutrality across its operations in 2022, pioneering the global entertainment industry's transition towards climate responsibility.

Packaging

Although Netflix operates primarily as a digital platform, its physical media merchandise and marketing materials still generate packaging waste. In 2023, Netflix started using 100% recycled and Forest Stewardship Council (FSC) certified materials for all product packaging.

Reducing studio emissions

Production contributes around 35% to 60% of Netflix's total emissions. Netflix commits to low-carbon production, including use of renewable energy, investment in hybrid vehicles and sustainable set designs.

Some environmental initiatives in Netflix's studios include:

- utilising the natural temperature deep underground through a geothermal system for zero-emission and efficient heating;
- reducing energy usage with LED lighting;
- minimising heat loss by installing energy efficient insulation in its buildings;
- providing 50+ electric vehicle (EV) chargers;
- powering its US facilities with 100% solar energy which is generated and stored onsite;
- replacing diesel with electrical generators to reduce onsite fossil fuel consumption;
- signing a multiyear agreement to source 100% renewable electricity in the UK.

Additional environmental initiatives

- Netflix's sustainability program, involving climate-related initiatives, is led by a Sustainability Officer.
- 5% of profits from nature-based documentaries are reinvested into habitat conservation projects through a partnership with World Wide Fund for Nature (WWF).
- Netflix funded biodiversity research centres in Tanzania and Costa Rica in 2024.
- Netflix provided over 500 scholarships in 2025 through the Netflix Pathways initiative for under-represented students pursuing climate-related media careers. Students receive technical interview coaching and are mentored by Netflix engineers.

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Leadership

Netflix believes that its corporate culture is key to its success and aims to ensure that all employees are working from a shared understanding of what it values most, particularly those in leadership positions.

Its culture is based on the four pillars below.

1. *The dream team*: Netflix aims only to have the highest performers, modelling itself on a professional sports team.
2. *People over process*: Netflix's goal is to empower its employees because it believes that they will have more impact when they are free to make decisions about their own work.
3. *Uncomfortably exciting*: Netflix believes employees thrive on change because success in entertainment requires them to think differently, experiment and adapt.
4. *Great and always better*: Netflix believes that it will always be better in the future by comparison to where it is today.

Trait leadership theory

To realise its culture, Netflix scouts for specific leadership traits during its recruitment and selection processes. Netflix harnesses these traits within its culture to ensure high performance from its leaders.

(Exhibit 1 shows an extract of Netflix's valued leadership traits.)

Global video on demand market

The streaming revolution continues to transform the global media and entertainment industry. Fuelled by increasing adoption of mobile phones and tablets, surging internet penetration rates and the rising demand for digital content, more people are using or subscribing to online streaming services than ever before. In 2025, over 5.5 billion people, an estimated 67% of the global population, were connected to the internet.

The global video on demand market was valued at around $114 billion in 2024 and is projected to grow to an estimated $399 billion by 2032. Advert-supported video on demand is forecast to grow the most, with revenue expected to more than double between 2022 and 2028.

Video on demand industry

The industry is comprised of major competitors to Netflix, such as YouTube, Amazon Prime, Apple TV and Disney+. These rivals all offer subscription-based streaming services through their platforms.

(Exhibit 2 shows an extract of Netflix's statistical data.)

Taxation obligations and strategies

The largest American technology organisations, known as the 'Silicon Six', were recently accused in the media of paying almost $278 billion less corporation tax in the past decade compared with the statutory rate for US companies making the same profits. Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, and Netflix generated $2.5 trillion of profits over the past 10 years. However, they paid an average 18.8% in combined corporation taxes, compared to the US statutory corporation tax rate of 21%. Amongst them, Netflix had the lowest rate of tax paid on its profits at 14.7%.

According to the Fair Tax Foundation (FTF), the Silicon Six have hardwired tax avoidance into their business models. It claims these organisations operate aggressive taxation practices, such as transfer pricing. Additionally, the Silicon Six exert enormous political influence as well as economic power, employing thousands of people and spending millions of dollars on lobbying governments. In 2025, Netflix spent an estimated $750,000 on political lobbying.

(Exhibit 3 shows an extract of Netflix's taxation obligations and strategies.)

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Technological developments

Netflix continues to incorporate artificial intelligence (AI) across nearly every part of its digital infrastructure to enhance its streaming services and improve its operational efficiency.

AI for personalisation

- AI informs the recommendations Netflix presents to viewers by monitoring patterns in how long they spend watching programmes and how highly they rate them.
- AI processes viewing trends, audience preferences and story elements that help Netflix to make informed decisions on producing original content.

AI for optimising streaming quality

- AI monitors network usage in real-time, adjusting video quality based on users' internet speeds.
- AI forecasts how many subscribers will watch certain content, allowing Netflix to optimise its servers and bandwidth, especially during times of heavy viewing congestion.

AI for localised content

- AI provides subtitles and dubbing in various languages for most Netflix original shows.
- AI gathers regional cultural preference data which aids in choosing which content to promote in specific markets. For instance, a popular show in one country might not be as popular in another.

AI for customer support

- AI chatbots manage straightforward enquiries about accounts, payments and troubleshooting.
- AI gathers data from customer interactions to enhance support. For example, if many viewers report the same issue, AI analyses the data, helping to identify trends and fix the problem.

Exhibit 1

Extract of Netflix's valued leadership traits

Candour	Leaders should be open about what is working and what needs to improve, as well as admit mistakes openly.
Courage	Leaders should be willing to challenge the status quo in the pursuit of excellence.
Creativity	Leaders should value artistic expression and be persistent in the pursuit of more innovative solutions.
Curiosity	Leaders should be eager to learn and be as interested in other people's ideas as their own.
Inclusion	Leaders should recognise biases towards identity or background and work to counteract them.
Judgement	Leaders should look beyond short-term fixes in favour of long-term solutions and use data effectively.
Resilience	Leaders should quickly adapt to changing circumstances and embrace difficult challenges.
Selflessness	Leaders should seek what is best for Netflix, not just for themselves or their team.

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Exhibit 2

Extract of Netflix's statistical data

Global overview

	2024	2023	2022	2021	2020
Sales revenue ($bn)	39	33.7	31.6	29.6	24.9
Profit for the year ($bn)	8.7	5.4	4.5	5.1	2.8
Content expenditure ($bn)	16	13	16.8	17.7	11.8
Subscribers (m)	277.6	238.3	220.6	209	192.95

US audience streaming minutes 2024

App	% of minutes spent
YouTube	30.5
Netflix	18.3
Amazon Prime	8.8
Disney+	7.1
Others	35.3

US streaming services library size 2024

App	Movies	TV Shows
Amazon Prime	20,000	2,700
Netflix	3,800	1,800
Disney+	1,300	500
Apple TV	30	50

US Netflix pricing plans

Standard with adverts	$7.99 per month
Standard without adverts	$17.99 per month
Premium (high resolution)	$24.99 per month

International Netflix subscription fees per month (standard without adverts)

Highest subscription fees ($)		Lowest subscription fees ($)	
Switzerland	22.89	Nigeria	3.66
United States (US)	17.99	Egypt	3.37
Denmark	17.93	Pakistan	2.87

Additional statistical information

- The average subscriber's age is between 35-44 years old.
- An estimated 31% of users do not pay for the platform.
- Netflix is unavailable in 5 markets: China, Crimea, North Korea, Russia and Syria.
- The standard plan with adverts accounted for 55% of new subscriptions in 2025.
- In the UK, screenwriters receive a minimum script fee of £17,000 for a one-off 60-minute show and £15,000 per episode in a series.

Exhibit 3

Extract of Netflix's taxation obligations and strategies

Digital service taxes

- In addition to charging VAT, Netflix is subject to the Digital Services Tax (DST) in the United Kingdom (UK). The DST is a flat levy of 2% of sales revenue earned from providing digital services in the UK. The DST only applies to large multinational organisations with global revenues exceeding £500 million, such as Netflix.
- With many large multinationals, such as Netflix, often avoiding paying the full UK corporation tax on profits, the DST is a mechanism to ensure fairer taxation amounts are paid to the country. It generated around £800 million in 2025 for the UK Government.
- Many other countries apply digital service taxes on Netflix's streaming. For example, Malaysia levies an 8% digital services tax and Romania imposes a 4% streaming contribution fee.
- In 2025, Ireland confirmed it would not introduce the proposed 'Netflix levy' of up to 5%, deciding that consumers were already paying enough via TV licences and subscriptions fees.

Transfer pricing

- In the past, Netflix relied on its subsidiary in Ireland to hold intellectual property (IP) and manage its licensing agreements. This allowed Netflix to transfer a large portion of its profits to Ireland, where corporation tax is much lower than in the US.
- Netflix paid $59 million in 2022 to the Italian Government to settle a tax dispute related to transfer pricing between 2015 and 2019.
- Netflix offices in Paris and Amsterdam were raided in 2024 by the French and Dutch authorities as part of an investigation into taxation fraud. Netflix is under investigation for tax filings for 2019, 2020 and 2021 within these jurisdictions.
- Currently, the US operates a worldwide corporation tax rate of 21% on US multinationals. However, large US multinationals, like Netflix, can still avoid paying some of this tax by using transfer pricing tactics and gaining tax breaks by exploiting legal loopholes.
- In 2025, Netflix reported that it complies with the relevant tax rules and regulations in every country in which it operates.

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