

The Influential Factors of Developing Better in the Global Stream Media Market: An Analysis of Netflix

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ABSTRACT

Netflix is a world-leading streaming media market company. Due to the constant changes of COVID-19, the development of the online streaming media business is on the rise globally, and Netflix as a leading company also exerts a huge influence. This study aims to find out how Netflix can develop better in the global stream media market. This paper takes the Marketing Mix theory as the theoretical support, which consists of four main factors: product, price, promotion, place, to analyses the relationship between 4Ps and consumer behaviour by combining the 4Ps with SWOT analysis, and proves the hypothesis of the study by analysing the specific market data of Netflix. The results of the study are that Netflix's strategies in terms of product, price, promotion, and place have promoted consumers' purchase of Netflix to varying degrees and expanded Netflix's global market share. This study concludes that Netflix has used its own localized global expansion strategy to obtain its high-quality targeted consumer in the streaming media market. However, it faces different competitors, and there are deficiencies in evaluating quality and price.

Keywords: Netflix, Marketing Mix, 4Ps, SWOT, Stream Media Market.

1. INTRODUCTION

With the global spread of COVID-19, many people worldwide have been forced to spend more and more time indoors from 2020 till now. Moreover, people's entertainment methods have also shifted from outdoor to indoor, and therefore the online streaming media market industry has been rapidly improved. Netflix's main business is a subscription-based streaming service offering online streaming. During the pandemic, more and more people subscribe to Netflix. At the same time, Netflix and the global online streaming media market industry economy have been greatly improved. Regardless of now or in the future, the online streaming media industry has become a major trend.

Unless the pandemic is completely overcome, from 2020 until the next few years, the online streaming media industry will largely occupy people's daily lives. The number of subscriptions to global streaming media services has surpassed that of traditional cable television for the global market. As Amazon, Disney, HBO, HULU, and other media companies' streaming services

have joined the market, and the market has become more and more competitive. As the company that started the streaming media business in the early stage, Netflix has made great contributions to the industry. Netflix is a media company that started by renting DVDs in 1977. It currently attracts customers with original plots and website subscription services. It has received more than 100 million subscriptions worldwide and is a major player in the global streaming media market.

Such a powerful company has attracted the research of many scholars. Many scholars have studied Netflix from the aspects of corporate culture, economy, company development, stream media market, US streaming market, marketing about Netflix, Global streaming trends, but these studies all are based on existing data or a summary of Netflix based on data from many years ago. Netflix has launched different content and unique content preferences in different countries and different markets. "And while Netflix believes that "great storytelling transcends borders," in the words of Ted Sarandos, Netflix's chief content officer, the company has responded to customer

preferences for local content: Currently, it's producing original content in 17 different markets" (Brennan). This research will also study Netflix from the aspects of marketing and economics. Unlike other studies, this research will combine the latest data of COVID-19 and the latest global market data.

Based on the different research backgrounds, the study will find how Netflix can develop better in the global stream media market. Studying Netflix can help more scholars better understand the future trend of Netflix and the global online streaming media market based on the data during the pandemic, the future trends, and how to effectively compete with other online streaming media companies.

To effectively study How Netflix can develop better in the global stream media market, this article will verify and explore from the analysis of Literature Review and actual cases. Netflix's unique business model and market expansion strategy have attracted wide attention from scholars. Among them, LobaTo and LoTz in 2020 showed that In other countries, the media landscape changed after Netflix entered their domestic markets, leading to multiple changes in political, economic, cultural, educational, and social policies [1]. Aguiar and Waldfogel in 2017 pointed out that Netflix has achieved cultural hegemony in one country. Still, it has also become the gateway and gatekeeper for other media companies to enter other countries [2]. Brennan in 2018 found that Netflix's global expansion has taken place in three phases and has relied on channels and local strategies to get there [3]. Osur, in 2016 found that Netflix's global expansion with Internet TV has made it the standard for media around the world to develop Internet TV [4]. Gomez-uribe and Hunt in 2015 showed that Netflix's specific and advanced algorithmic recommendation system had brought tremendous business value to Netflix [5].

Although all the above studies have studied the advantages of Netflix and its steps for global expansion, these studies lack some specific data to prove the accuracy of their conclusions and also lack some specific examples to testify. At the same time, their research is rarely supported by accurate theoretical knowledge. Therefore, our research will draw on each other's strengths and make up for each other's weaknesses and pay more attention to the analysis of examples and the application of the 4Ps theory.

Actual cases will be based on the 4PS, a foundation model for businesses, historically centered around the product, price, place, and promotion, using SWOT,

which stands for Strengths, Weaknesses, Opportunities The method of and Threats conducts a detailed study on Netflix. From the perspective of theory and practical cases, analyze the contribution of Netflix, a giant online streaming media company, to the industry, as well as the future development of the industry's major trends, so that readers have a better understanding of the global online streaming media market and the company Netflix.

2. LITERATURE REVIEW

2.1. Marketing Mix and the 4Ps

Marketing Mix is a combination of different marketing decision variables adopted by an enterprise to market its services and goods. So Marketing Mix is the optimal comprehensive application of various marketing factors (product quality, packaging, service, price, channel, advertising, etc.) that an enterprise can control according to the target market's needs. Marketing Mix can provide the best form of the mix for all kinds of marketing. Therefore, enterprises will reach their goals along the lines of sales, profits and market share, etc.

McCarthy in 1964 offered the "Marketing Mix"; it is also called "4Ps" [6]. And in 1986, Kent described the 4Ps as the holy grail of marketing [7]. Constantinides, Efthymios in 2006 pointed out the shortcomings of the 4Ps and made a series of criticisms. He explored more "P"s instead of traditional 4Ps [8].

The 4Ps are the initials of Product, Promotion, Price, and Place. The 4Ps constituted the basic theoretical framework of marketing. In the subsequent development of the 4Ps theory, new contents were gradually added, and many new concepts were derived. So the 4ps goes to 10ps, the 4ps and the 4Cs, the 4ps and the 3Rs, and so on.

2.2. Literature Review of the 4Ps

What the study knows about the connection between the 4Ps and customer behavior has a relatively large volume of published studies. Research indicates that the 4Ps have an impact on consumer satisfaction and loyalty. And customer response can, in turn, affect the formulation and change of the marketing mix of an enterprise so that the 4Ps can better meet the needs of the target market.

Singh in 2012 pointed out that a specific factor in the 4Ps has a strong relationship with consumers. He

analyzed the product life cycle and consumer life cycle from two aspects and proved those mature products could attract consumers to buy more [9]. Gilaninia and others in 2013 pointed out that the 4Ps are designed to meet the needs and demands of target customers and found that the 4Ps are closely related to consumer behavior. For example, promotion contact can help companies find and communicate with potential buyers, thus influencing customers' willingness to buy. [10]. Nuseir and Madanat in 2015 found that the 4Ps are related to customer Perceived value(Perceived quality and satisfaction) and customer loyalty(Word-of-Mouth, price incentive, repurchase intention, and complaint behavior). And they also found that strong brands, high-quality products, intensive distribution channels, and advertising increase customer satisfaction and loyalty. They demonstrated that Marketing Mix effects are positive that emerge in the form of customer satisfaction and loyalty [11]. Martensena and Mouritsenb in 2016 showed that the 4Ps affect Word-of-Mouth, and then Word-of-Mouth affects customer response. They explored how, in general, positive word of mouth promotes purchasing intentions, while negative Word-of-Mouth reduces the propensity to buy products [12].

2.3. Product

Singh in 2012 showed that sales of mature and growing products outnumber sales of declining and obsolescent products [9]. Gilaninia and others in 2013 believed that good product design, strong utility, high performance, high quality, and easy to use products would attract more customers, and vice versa [10]. Nuseir and Madanat in 2015 pointed out that product quality and functionality are directly proportional to customer satisfaction [11].

2.4. Price

Gilaninia and others in 2013 found that a psychological pricing and low-price strategy would attract more users [10]. Nuseir and Madanat in 2015 found that price is not closely related to customer satisfaction and loyalty [11].

2.5. Promotion

Gilaninia and others in 2013 found that advertising, freebies, free accessories, mail service, and discounts will entice customers to buy [10].

2.6. Place

Gilaninia and others in 2013 found that Wholesale, more sales channels, Internet channels, and P2P can increase the volume and scale of user purchases [10].

To sum up, everything that has been stated so far, it can be seen from the literature review that the 4Ps can directly or indirectly influence consumers' behaviours and attitudes. This actively demonstrates that there is a strong correlation between the 4Ps and consumer response.

However, in the above studies, the study finds that most of them are based on theoretical summary and induction. They are more inclined to demonstrate the influence of those aspects of the 4Ps on consumer behaviours and attitudes in theory. There are few specific case studies and analyses. In contrast, this study is based on a series of the 4Ps data of Netflix, so this study is more convincing, and the application and analysis of data can help scholars better study how Netflix makes marketing decisions in the 4Ps by using Marketing Mix.

3. METHOD

3.1. Research Design

This study will use the SWOT analysis method to verify the performance of Netflix in the global streaming media market. In this study, various factors obtained from the investigation are sorted according to the degree of influence, and a SWOT matrix is constructed. In the process, prioritize the important factors to Netflix in the global streaming market, and prioritize or ignore those that are less important.

SWOT analysis is often used to formulate a group development strategy and analyse the situation of competitors. It is one of the most commonly used methods in strategic analysis. The advantage of the SWOT method is that it can make a systematic analysis of the enterprise, which is clear and easy to test.

SWOT analysis aims to identify the strengths and weaknesses of an organization and the opportunities and threats in the environment. Having identified these factors, strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats. The strengths and weaknesses are identified by an internal appraisal of the organization and the opportunities and threats by an external appraisal. The internal appraisal examines all

aspects of the organization, covering, for example, personnel, facilities, location, products, and services, to identify the organization's strengths and weaknesses. The external appraisal scans the political, economic, social, technological, and competitive environment with a view to identifying opportunities and threats [13].

As a framework, SWOT analysis is highly commended for its simplicity and value in focusing attention on key issues which affect business development and growth. Therefore, it has the potential to become a significant tool in identifying the factors that are most likely to influence a firm's strategy and success [14].

3.2. Data collection

The analysis object of this study is Netflix's past business strategy and market reaction. Among them, the market reaction also represents the consumer's attitude and behavior to the policy response. Through the analysis of the two, a preliminary correlation between Netflix's strategy and the market can be obtained. Its future impact on the global streaming media market can be observed.

The SWOT analysis in this study will be combined with Netflix's 4Ps. This study will examine Netflix's 4Ps, including quality, technology, branding, psychological price, price strategy, advertising, discounts, Internet, P2P, and other content. Combining the 4Ps and THE SWOT analysis will help this article get a better and more intuitive look at Netflix's business.

The data and information come from various media reports, statistics from major data platforms, and data from Netflix. The data on Netflix's website is more accurate and comprehensive based on its disclosed financial statements and other information.

3.3. Data analysis

3.3.1. Netflix history

Netflix is one of the world's leading entertainment services with approximately 204 million paid memberships in over 190 countries, enjoying TV series, documentaries, and feature films across a wide variety of genres and languages [15]. Founded in 1997, Netflix used to be an online DVD and Blu-ray rental provider, allowing users to rent and return physical discs of a large number of movies in Netflix's inventory through free delivery envelopes.

Netflix was one of the first companies to use algorithmic recommendations to enter the streaming media market amid Internet and communications technology development. With its original series and subscription service, Netflix has become one of the leading players in streaming as the market has grown.

3.3.2. Concrete analysis

To achieve its strategic expansion in the global streaming market, Netflix has laid out various strategies in four aspects of its product, price, promotion, and channel. Among them, Netflix pays more attention to the quality, originality, and localization of products adapted to other countries, so that "Netflix" appears in the market competition as a representative enterprise of high-quality dramas. Netflix's original content is beautiful and diverse, including drama, comedy, romance, documentary, martial arts, action and adventure movies, and TV shows. Netflix has focused more on reaching a broader international audience and original dramas, and its original series *Horseman* and others have brought it huge market share and high profits [16]. Since the series debuted on Netflix on March 20, 2015, Netflix's global subscriber base has grown to 75 million as of December 31, 2015, up 31.6% from 57 million subscribers at the beginning of 2015. That was huge growth for other streaming companies [15].

In terms of localization, Netflix has been recruiting local content production teams in other countries to produce content as local as possible and attract local users to pay for subscriptions. With the deepening of its overseas strategy, Netflix has gradually begun to produce original content in non-English in accordance with the market demands of different countries. By adopting the strategy of "globalization", it adopts classic Hollywood types and narrative methods. It combines the cultural traditions and popular content of different regions to create content to enhance its appeal to local audiences [17].

Netflix uses SVOD, which offers "three tiers" of prices for users to choose from in terms of the payment model. As of August 2021, Netflix will offer three monthly rates for \$8.99, \$13.99, and \$17.99, depending on the number of devices and the quality of the picture [17]. Table 1 shows that Netflix has always been the leader in the paid membership model [17].

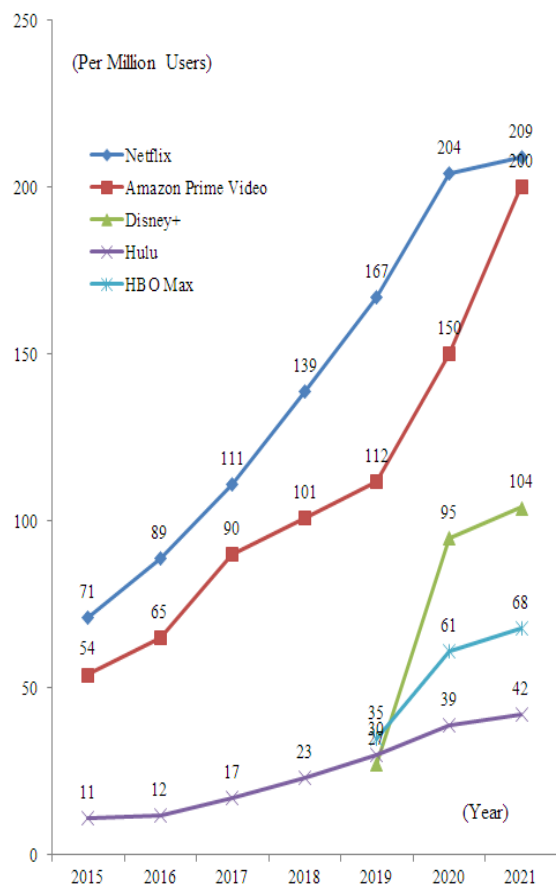


Figure 1. Netflix global paid membership size [17]

Netflix is also serious about technological innovation. As the earliest enterprise to make an

algorithm-based recommendation, Netflix attaches great importance to using big data and artificial intelligence technology to draw users' portraits and push product advertisements and services based on user's preferences and needs. Currently, Netflix's AI technology can predict the future and help businesses and users make decisions.

In terms of promotion, Netflix will advertise the upcoming new shows through social media, such as Facebook and Twitter advertising and promotion on social media. And users can use Netflix on web browsers, Windows 10, Android and iOS supported devices, streaming media players, smart TVs, and even game consoles.

But Netflix hasn't always been good at quality control. Netflix has also produced a number of low-scoring shows, including *Real Rob* and *The second season of Love, Death, and Robots*. In some ways, these titles will undermine Netflix's reputation.

In terms of competition, Netflix needs to compete with established entertainment companies like Disney and HBO. Because Disney is older, bigger, and better funded than Netflix, it quickly caught up to Netflix when it first entered the streaming market. Although the streaming media circuit faces a more fierce competition pattern, there are still some differences between different platforms in content characteristics, user portrait, and other aspects. Different platforms will still maintain their own audience barriers and conduct relatively orderly differentiated competition [17].

Table 1. The SWOT matrix

Environment	Content	Influence	Strategy
Strength	Product: Series	High	<ul style="list-style-type: none"> ●Localization Strategy: Be faithful to the localization strategies of other countries ●Original Content: High-quality original content ●Price Strategy: Psychological pricing and membership subscription services ●AI Recommendation: Personalized service ●Social Media: Facebook, Twitter ●Portal Website and Apps: Multiple channels and multiple logins
	Price Strategy	Weak	
	Promotion: Big Data	High	
	Recommendation		
	Place: Internet, P2P	Weak	
Weakness	Product	Weak	<ul style="list-style-type: none"> ●Low scores series ●Rise in Price ●Global streaming media market and market demand: Global expansion strategy ●Ads in Social media ●Competitors ●Pirate ●The regulation of other countries
	Price	Weak	
Opportunity	Product	High	
	Promotion	High	
Threats	Product	High	
	Promotion	High	
	Place	Unknown	

4. RESULT

The analysis showed that despite the threat of many competitors and Netflix itself, there are still many deficiencies, such as user loss brought on by a comment on the quality and price, Netflix in terms of the quality of the content and originality. The localization strategy in the global market share and streaming media still has a large advantage. Now, although Netflix's business model is relatively easy to copy, the current global streaming media market has entered a state of relative saturation, streaming media competition heats up, the global pattern of streaming media has stabilized, so in the case of no other risk, by will be coronavirus the prosperity of online entertainment network to fly on that it was a huge opportunity.

5. DISCUSSION

By studying Netflix's strategy in the global streaming market, this paper finds how a streaming business can develop a strategy and gain market share. Netflix's case successfully reveals that in today's society of new media development and information explosion, ensuring that content is king, focusing on the improvement of product quality, and forming unique product features, is an important way for streaming media companies to enhance their brand power.

Compared with other scholars' studies, this study focuses more on the analysis and application of a specific case and data of Netflix instead of focusing on the theoretical summary. It has important academic reference significance for other scholars to study Netflix and 4P in the future.

6. CONCLUSION

This article aims to explore how Netflix, the world's largest streaming media company, has expanded globally through various strategies and make it possible that Netflix will remain the leader in the global streaming media market in the future.

The research of this paper combines the 4Ps theory in the marketing mix theory, provides an updated and more specific case analysis for the 4Ps theory, and extends the content of the 4Ps theory research. Meanwhile, this paper makes a detailed data analysis of Netflix's business strategy, which is of great academic and practical significance for Netflix and other enterprises to develop and formulate strategies in the

streaming media industry. It will help Netflix specify future plans and help other streaming media enterprises clarify the development pattern of the global streaming media market.

There are also some shortcomings in this paper. That is, the research in this paper is contingent. For example, under some specific conditions, there may be other conditions for consumers' reactions triggered by changes in the 4Ps. Therefore, the analysis in this paper is not absolute.

With the development of technology and economic globalization and the fierce competition between online entertainment and streaming media, there will be more and more new competition, such as the competition of products such as bullet screens, interactive video, games, and online virtual community. In the future, more new data and case analyses will be added to the research of streaming media enterprises. The new analysis will incorporate new developments in the 4Ps theory, such as the 4Cs theory or the 10Ps theory.

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