

## NETFLIX, THE SUCCESS OF A GLOBAL STORYTELLING

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### Abstract

The global expansion of Netflix represents a transformative journey in the entertainment industry. Initially launched as a DVD rental-by-mail service in the United States in 1997, Netflix gradually evolved into a streaming giant that transcended borders. The company's strategic pivot to online streaming in 2007 laid the foundation for its international expansion. Netflix's global rollout began in 2010, and since then, it has aggressively entered diverse markets worldwide, overcoming challenges related to content localization, cultural differences, and regulatory frameworks. The platform's global success can be attributed to its commitment to producing original content tailored for diverse audiences, fostering a binge-watching culture, and leveraging advanced data analytics to personalize recommendations. The impact of Netflix's global presence extends beyond entertainment consumption, influencing viewing habits, content creation dynamics, and the competitive landscape of the media industry. The story of Netflix going global exemplifies the power of digital innovation, content strategy, and adaptability, showcasing how a company can transcend geographical boundaries to become a ubiquitous force in the ever-evolving global entertainment landscape.

### 1. Introduction

Netflix is currently one of the most prosperous corporations in the field of video-streaming, but it has had difficulties. The organization has encountered a significant number of challenges in order to arrive at this juncture. According to popular legend, the Netflix narrative commences with a DVD that has reached its expiration date. Reed Hastings, the co-founder of a forthcoming streaming service, was penalized with a \$40 fee at a Blockbuster rental business due to his failure to promptly return a cassette of the film "Apollo 13". Subsequently, Hastings entertained the idea of indulging in the leisurely activity of watching movies, deliberately diverting his attention away from the impending deadline. The genesis of the streaming behemoth is very intricate. Mark Randolph, one of the co-founders of the company who departed from Netflix in 2003, stated that the conception of the service was not an abrupt revelation. It originated throughout a continuous and extensive period of generating ideas. Netflix transitioned into a comprehensive Internet streaming service in 2007, although the firm had already entered the market ten years prior. In the past, a philanthropic enterprise would dispatch DVDs to clients in crimson envelopes. Netflix faced challenges in establishing a viable and profitable business strategy throughout its initial five years. The streaming platform was introduced in 2007 after grappling with the generation of positive cash flow (Zee, 2019).

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The company initiated its initial foray into the global market by introducing its streaming product in Canada in 2010. Netflix rapidly increased its operational presence in numerous countries each year, ultimately reaching a total of 200 nations. Hence, the company's trajectory of growth can be bifurcated into two distinct segments. The initial phase involved establishing a DVD rental enterprise within the United States, while the subsequent phase entailed the evolution of Netflix into a prominent global player within the streaming sector. This study focuses on the company's second phase of growth, aiming to assess the factors contributing to its exceptional performance, the challenges faced, and the necessary measures for its ongoing development.

Netflix tells a captivating narrative of how this technological behemoth emerged unexpectedly and expanded globally. Presently, it has become one of the most prominent and easily identifiable brands in the entertainment sector, and this is well justified. The proliferation of the Internet in the mid-2000s and substantial enhancements in Internet bandwidth and speed compelled Netflix to consider the concept of providing video streaming services. The surging popularity of YouTube sparked the conception.

Furthermore, the popularity of DVDs and other storage medium has diminished as a result of advancements in Internet-related technologies. Subsequently, it has emerged as one of the most widely embraced and prosperous services in the streaming sector, establishing a benchmark for other similar services. With its constant introduction of novel features and technology, this service remains highly coveted among viewers worldwide (Keating, 2016).

Netflix is recognized for its role in transforming the way people consume media material. It offers affordable monthly subscriptions in contrast to traditional cable companies and provides the convenience of on-demand viewing. Therefore, he is regarded as a prominent catalyst for change in the media sector.

Netflix case presents a formidable example of a company's success. The substantial expansion of Netflix's international presence plays a crucial role in the company's achievements. The company has a presence in over 190 countries. Furthermore, approximately 140 million out of Netflix's total of around 230 million customers are located in countries outside than the United States. In the second quarter of 2018, Netflix's earnings from streaming services outside the United States surpassed its earnings from streaming services within the United States for the first time. This is a remarkable accomplishment for a corporation that, until 2015, solely operated within the United States and had a presence in only 50 nations.

Netflix's success can be attributed to two crucial strategic decisions: its "three-step" method for entering new regions and its approach to conducting business. Netflix adopted a different approach from other companies by refraining from attempting simultaneous expansion into every country. Instead, it examines the differences between marketplaces and specifically targets nearby markets to investigate the dimensions of "geographical distance" and "psychological distance". Netflix acquired the knowledge and skills to grow outside its original market and enhance its fundamental strengths over time. The second phase entails a rapid and extensive worldwide development, involving expenditures in content that aligns closely with local preferences, as well as technical investments in big data and data analytics. During the third phase, Netflix has developed a high

level of expertise in predicting user preferences, anticipating market reactions, and optimizing its organizational structure. "Today marks the establishment of a novel worldwide Internet television network," declared Reed Hastings, the co-founder and CEO of Netflix, during the CES conference in Las Vegas (Bajaj, 2016).

Following its worldwide release, Netflix expanded its availability to nearly 190 countries, except for China (as a result of intricate licensing regulations, the firm has been unable to strike a consensus with local authorities). The internet cinema currently boasts a potential audience of 540 million households, offering them access to a vast collection of films and TV episodes through a monthly membership. Based on projections from the British analytics firm Ovum, the company has the potential to achieve a subscriber base of 280 million by 2025. Currently, Netflix currently constitutes over 33% of the internet traffic in North America during peak hours. It is projected that within eighteen months, Netflix may account for over 25% of global internet traffic. Netflix exemplary development presents an attractive case to analyze the strategies of global expansion and competitiveness.

## **2. The Chronology of Netflix's Global Expansion**

The temporal progression of the corporation Netflix's expansion commenced in 2010 when it ventured into international markets, acknowledging the excessive rivalry inside the American industry. The provision of Internet service commenced in Canada in 2010 and expanded to Latin America in 2011 (Keating, 2016). Netflix had previously adopted a methodical approach to entering new regions, expanding its presence on a country or regional basis. However, in early 2016, it made a surprising move by simultaneously launching its services in 130 countries. The introduction in numerous countries adhered to a streamlined model. The site was accessible only. Nevertheless, the interface lacked translation in the local language, as well as subtitles, local payment mechanisms, and local content were not incorporated into the service. The subscription costs in Europe varied from €7.99 and €9.99.

The repertoire of films and television series varies considerably across different countries. In 2016, the Netflix libraries in several countries consisted of a limited selection of content, comprising approximately one thousand films and television episodes. Unblockus, a site that provides access to the complete Netflix collection, states that the majority of content, namely 6.4 thousand units, is available only to citizens of the United States. The population of the United Kingdom is 2.6 thousand, Argentina has a population of 3.2 thousand, and France has a population of 1.7 thousand. Simultaneously, the comprehensive Netflix collection comprises about 13.3 thousand units of content (statistics as of September 2015).

Netflix does not view the streamlined rollout as a concern. The site aims to appeal to those with a Western orientation who are fluent in English, enabling them to access and view content that is not legally accessible in their respective nations. "We possessed a sufficient quantity of films and series to provide on a global scale," elucidates Joris Evers. "We identified a prospect to establish ourselves as the inaugural worldwide Internet television network" (Munarriz, 2016).

### **2.1 Latin America**

Netflix further extended its services to encompass more than 40 countries in Latin America and the Caribbean, following its previous achievements. During its expansion into Latin America in 2011, Netflix encountered tepid user engagement. This was due to the limited availability of high-speed Internet in certain areas, the absence of localized translations for certain content, the reluctance of the public to make payments through international payment systems, and the general lack of familiarity with online video streaming. Netflix progressively implemented localized payment mechanisms, translated series and films, and initiated the acquisition of regional material for its collection. By 2015, Latin America has already contributed over 5 million users to Netflix (Brown, 2016).

Netflix entered the European market in 2012, commencing operations in the United Kingdom and Ireland. In the same year, the service extended its operations to Denmark, Finland, Norway, and Sweden. The company's approach entailed commencing with a restricted proposition, gathering data on user inclinations, and customizing material to cater to various cultural preferences. In 2014, Netflix expanded its presence in Europe by entering Austria, Belgium, France, Germany, Luxembourg, Switzerland, and India. The corporation encountered animosity in France as a result of apprehensions regarding its influence on the country's cultural distinctiveness. Analysts observed that the French exhibit minimal enthusiasm towards Netflix, given the context of having one of the highest rates of pay television adoption. Ampere Analysis asserts that the continued dominance of traditional French broadcasters over internet video services can be attributed to local regulations that impose restrictions on the inclusion of French and European content in the libraries of content providers. Furthermore, French broadcasters have successfully coordinated the widespread dissemination of sophisticated set-top boxes, and local audiences exhibit a preference for French-language content. In contrast, Netflix has been slow to make a definitive decision regarding the provision of content in its original language, instead opting to offer English-language films and series (Zee, 2019).

## **2.2 Asia-Pacific region**

In 2016, Netflix commenced its ambitious international growth by formally introducing its service in the Asia-Pacific area. The primary emphasis was placed on pivotal markets such as Japan, South Korea, Australia, and New Zealand. The corporation acknowledged the varied cultural environments in the region and began customizing its material to suit local preferences, incorporating a blend of global and localized information. Netflix CEO Reed Hastings revealed in November 2018 that the company intends to conduct trials of affordable data plans in an Asian market. The corporation held the belief that the Asian market was the most auspicious opportunity, which led to their decision to enter it two years later. Hence, they initiated the implementation of cost-effective pricing programs in this specific area. Despite launching over 100 film and television projects in India, Korea, Japan, Thailand, and Taiwan, Netflix's subscriber base in the region has experienced sluggish growth. According to Media Partners Asia, Netflix did not acquire more than 2 million customers in any Asian country during the year 2018. Simultaneously, Reed Hastings has articulated the viewpoint that Netflix has the potential to allure as many as 100 million customers exclusively in India.

Nevertheless, these figures may be considered excessively elevated. In the United States, the most affordable Netflix subscription is priced at \$7.99 per month. However, in Asia, there are free popular video services like Viu, while the paid ones usually range between \$2 and \$5 per month. In 2018, Netflix provided three subscription options in India: a monthly fee of 500 rupees (\$6.85), 650 rupees, and 800 rupees. Hotstar Premium, a widely used streaming service in India, requires a monthly payment of 199 rupees (Sharma, 2018). Netflix's ongoing expansion highlighted the necessity of comprehending local tastes in order to achieve success in all regions. The corporation augmented its investment in the production and licensing of material that strongly appealed to a wide range of audiences. During this period, there was a rise in relationships with local content makers and collaborations with established studios to develop a larger and more culturally significant collection.

Netflix faced regulatory hurdles in multiple countries during this timeframe. Certain governments implemented content control regulations, but others implemented more stringent licensing requirements. Netflix had to modify its content strategy and collaborate with local authorities in order to comply with regulations while maintaining its global content standards (Brown, 2016). Netflix's sequential worldwide expansion exemplifies an extraordinary progression from a streaming service primarily focused on the United States to a universally accessible global platform accessible in more than 190 nations. The company's ability to navigate cultural nuances, overcome legal obstacles, and respond to geopolitical events makes it a compelling case study for the challenges and successes of expanding worldwide business in the digital age.

### **3. Netflix Key Success Factors**

Netflix's success can be largely attributed to its capacity to anticipate consumer wants and consistently innovate its economic model. Nevertheless, marketing decisions and the accompanying technologies played a pivotal part in this outcome. Reed Hastings deemed it imperative to anticipate the viewer's film-watching habits and preferences. Netflix initiated the implementation of a ratings and recommendation system during the period when it exclusively distributed DVDs. Approximately 75% of Netflix viewers select a film based on these individualized recommendations. "Each user is provided with a customized offer," clarified Joris Evers, Vice President of Communications. "Upon accessing Netflix, it transforms into a personalized channel." Bajaj (2016)

Netflix has been contemplating the means of transmitting video content via the Internet since the 2000s. The company's engineers initially contemplated a device for downloading movies, however, due to the sluggishness of the Internet at the time, it took Netflix professionals a total of 16 hours to download a two-hour film. The advent of YouTube in 2005 revolutionized the landscape. "It became evident right away that had an exceptional method of simply pressing a button and viewing," Hastings informed Fortune. Following several additional trials, the CEO of Netflix discontinued the practice of downloading and instead opted for direct viewing on the Internet, known as streaming. Netflix introduced its streaming service in 2007, expanding its

offerings to its existing base of over 10 million subscribers. Initially, Netflix conducted trials and advanced technology by utilizing a collection of antiquated and obscure (therefore cost-effective) movies (Keating, 2016).

The recommendation engine, which utilizes over 700 programmers, is constructed based on monitoring the actions of Netflix subscribers. Netflix utilizes your movie preferences, viewing times, devices used, ratings assigned, and the viewing habits of individuals with similar tastes to provide personalized recommendations for your next viewing selection. In order to find possibilities, he employs a system of distinctive tags - these are assigned by numerous freelancers who meticulously analyze hundreds of films on Netflix and assign them certain genre qualities in the form of tags (Bajaj, 2016).

By tracking viewer preferences, Netflix is able to cater to the specific desires of its audience, both in terms of the content it shows and the content it produces. Since 2013, the corporation has been making significant investments in content production. Between 2013 and 2015, Netflix allocated around \$6 billion on acquiring content, with approximately \$300 million dedicated to the production of its own films, episodes, and shows. In 2013, Netflix exhibited approximately ten original programs, but in 2016, this number escalated to 100. By generating its own material, Netflix was able to diminish its reliance on contracts with film producers and distributors, while simultaneously enhancing brand promotion. Moreover, it is not solely limited to it. Television and Internet firms are increasingly introducing their own online cinemas. In order to entice new viewers, they require a unique feature that sets them apart from their rivals (Keating, 2016).

Netflix sparked another minor revolution by venturing into content production. The conventional entertainment industry is founded on the concept of eager expectation. Hastings expressed, "You anticipate the airing of the next episode on Wednesday at eight o'clock, you eagerly await the arrival of the next season, you encounter advertisements for the current season, and you engage in conversations with your colleagues at work about your impatience." The objective of this is to enhance viewership ratings. Countless individuals simultaneously observing a shared event. However, Hastings contends that traditional television scheduling is obsolete, as consumers prefer to have autonomy over their viewing choices and the timing of their viewing. Netflix adopts a strategy of releasing complete seasons of its shows all at once, in line with its concept of "bingewatching." Not only does this satisfy users, but it also alters the dramatic structure of the series. The absence of interruptions through repeats ("in previous episodes") and the inclusion of plot "hooks" that sustain the viewer's interest on a weekly basis enable the narrative to unfold in a distinct manner.

Netflix, in contrast to television businesses, does not display advertisements and hence does not rely on ratings. Producers are granted increased autonomy as they can pre-order programs for one or two seasons without relying on the ratings of the pilot episodes (Sharma, 2020). Netflix has diversified its investments beyond the production of programs and films just in the United States. In 2015, it introduced its initial series in languages other than English: Club de Cuervos in Spanish and Atelier in Japanese. As to Joris Evers, Netflix is currently engaged in filming activities in Colombia, Mexico, Brazil, Italy, the UK, Korea, and India. The primary objective of this local material is not to gain popularity within individual countries, but rather to identify elements that

might captivate global viewers. "We will not engage in competition with local networks or local shows, as they will continue to surpass us in their understanding of their audience," states Joris Evers. - "Our objective is to communicate fascinating narratives from various regions to a global audience."

The number of Netflix subscribers has increased by about fivefold since 2013. Research conducted by RBC Capital Markets reveals that around 50% of service users claim that original material played a role in their decision to subscribe to Netflix to some degree. In the summer of 2019, the company disclosed that around 90% of consumers shown interest in its products (Zee, 2019). The COVID-19 epidemic, albeit causing disruptions in various sectors, acted as a motivator for the streaming business. Due to the implementation of lockdowns and restrictions, there was a significant increase in the demand for home entertainment. Netflix witnessed a rapid expansion in its number of subscribers across all geographical areas during this period. The company leveraged this momentum by producing a wide range of content, including originals from other countries and regions. The organization has conducted trials using interactive storytelling and virtual reality events to captivate people globally. Furthermore, the company's strategic alliances with telecom providers and its cooperative efforts with influential individuals in the local community have played a crucial role in extending its presence in markets such as India (Hensel, 2022).

Netflix emphasized localization by releasing material in many languages and providing subtitles and dubbing options for various languages. This facilitated the accessibility of content to audiences who do not understand English, enabling them to appreciate the material in their mother tongue. Netflix implemented flexible pricing techniques to accommodate different markets. The company provided subscription plans with several levels of pricing, including more cost-effective ones in nations with lower income levels, thus increasing accessibility to a wider range of people. Netflix implemented a global licensing approach, allowing consumers to access content worldwide. This method enabled customers to access and watch their preferred television programs while they were traveling or residing in foreign countries.

Netflix formed strategic alliances with device makers, internet service providers, and content creators on a global scale. These collaborations broadened their scope and offered a unified experience for users.

Netflix utilized data-driven personalization by employing recommendation algorithms that analyzed user data to tailor the content provided to each individual, resulting in heightened user engagement and happiness. Netflix successfully managed diverse political and regulatory obstacles throughout multiple nations. The company's agility enabled it to effectively navigate local content limitations and censorship while simultaneously extending its influence.

Netflix prioritized strategic expansion by targeting areas that possessed robust internet infrastructure, promising growth prospects, and a readiness to adopt digital streaming services. Netflix demonstrated cultural sensitivity by adhering to the customs and sensitivities of many locations, so fostering a favorable reputation and preventing potential issues (Sharma, 2020).

#### 4.0 Main barriers and challenges Netflix encounters

Netflix has maintained its dominant position in the streaming platform business for a considerable period, successfully overcoming various hurdles and continuing to expand. Nevertheless, Netflix is currently confronted with obstacles and tangible declines in its subscriber base, a situation that has not been seen by the corporation in the past decade. Netflix encounters severe competition in the streaming media industry, contending with rivals such as Amazon Prime Video, Disney+, Apple TV+, HBO Max, and other competitors. These rivals consistently allocate resources towards creating unique content and securing exclusive licensing agreements in order to compete for user engagement and subscriptions.

One of the primary obstacles that Netflix is presently confronting is the escalating rivalry in the streaming platform sector. Amazon Prime, Disney+, HBO Max, and various other streaming services are competing for a larger portion of the market. The landscape of the streaming market has undergone a transformation due to the entry of prominent companies alongside Netflix. Prominent companies like Amazon and Disney promptly filed their offers, alongside Apple, HBO, and Paramount. Netflix's dominant position in the streaming platform industry this year has been surpassed. Prime Video from Amazon currently has the dominant position in the streaming industry, surpassing all other competitors in terms of market share. JustWatch, a streaming metrics tracking company, primarily targets the U.S. market, which serves as the foundation for all streaming services. Their discoveries illuminate the present dynamics inside the streaming sector. According to the research, Amazon Prime Video presently has a market share of 21%, while Netflix is slightly behind with a market share of 20%. Disney+ has the third position, accounting for 15% of the market share. Although these numbers are specific to the United States, the significance of their implications cannot be disregarded, considering that Netflix has securely maintained its dominant position for more than ten years (Hensel, 2022).

**Expenditure on Content:** Netflix persists in allocating resources towards the creation of original content in order to allure new subscribers and maintain the loyalty of current ones. Consequently, this results in elevated production expenses that may exert financial strain on the organization. The studio allocated more than \$20 billion in 2022 on the production of fresh content. There is no other media firm in the world that invests as much capital in an entertainment product. Specifically, the fourth season of *Stranger Things* has become the most costly series ever produced. The streaming service dedicated a staggering \$30 million alone for the opening episode, which is three times more than the cost of an episode in the previous season.

Experts assert that Netflix persistently pursues a high volume of material and allocates substantial funds, however this occasionally fails to align with the desired level of quality. Consequently, the viewer is faced with a growing amount of effort to browse the service library. Furthermore, numerous novel initiatives require attention, to the extent that the corporation is unable to extensively promote each one. According to expert Hayley Campbell, Netflix's ambitious approach of creating a large volume of material has resulted in negative consequences, despite the immense success of shows like "*Squid Game*," "*Stranger Things*," and "*The Bridgertons*."



"Netflix's financial losses may be attributed to their continuous release of numerous shows without pausing to evaluate their quality," she argues. Haley argues that Netflix's "proportion of frivolous content to exceptional works" is not defensible against scrutiny. Therefore, individuals do not solely pay for one or two television series. Consequently, they terminate their subscriptions. JustWatch, a streaming metrics tracking company, primarily targets the U.S. market, which serves as the foundation for all streaming services. Their discoveries illuminate the present dynamics inside the streaming sector. According to the research, Amazon Prime Video presently has a market share of 21%, while Netflix has a little lower market share of 20%. Disney+ has the third position, accounting for 15% of the market share. Although these statistics are specific to the United States, their significance cannot be disregarded, as Netflix has securely maintained its dominant position for more than ten years. The year 2022 (Hensel, 2022).

Although Netflix already offers its services in the majority of global regions, venturing into emerging countries has difficulties pertaining to localization, cultural disparities, and legal obstacles. Netflix's content library and accessibility might be influenced by the diverse legislation and censorship regimes in different nations and regions. Piracy and account sharing have the potential to result in financial losses for Netflix. In order to safeguard its content and enhance subscription revenue, the corporation should prioritize resolving these difficulties by implementing a system where passwords are exchanged for accounts, particularly in cases when multiple families are sharing the same access. The firm asserts that, apart from its current base of 230 million members, an additional 100 million individuals utilize its service in this manner.

Netflix is experiencing a decline in its devoted user base, with the growth of its competitors' members. Starting from 2022, the corporation has experienced a decline in its subscriber base by around two million individuals, marking the first instance of such a decrease in the past decade. Netflix conducted an analysis of the factors and subsequently delivered a report to its shareholders. The primary factors cited include increased competition from alternative streaming platforms and the deceleration in the expansion of broadband Internet availability, alongside the events in Ukraine (specifically, the announcement of streaming services discontinuing operations in Russia in March). Netflix has a grand total of 700,000 Russian accounts. Furthermore, in 2023, the service implemented a price increase of \$1.50 for monthly subscriptions in the United States. The price hike proved to be crucial as corporate management observed that viewers were unprepared for the new conditions due to rising inflation. The most substantial declines in viewership occurred in North America and Canada, with a decrease of 600,000 viewers. Latin America experienced a decline of 400,000 viewers, while Europe saw a decrease of approximately 300,000 people. The eastern market, particularly Asia, had a significant role in somewhat rectifying the problem. In the first quarter of 2022, Asia was the only region that experienced growth of over 1 million users. This growth may be attributed, in part, to the introduction of high-profile content like the South Korean series "We Are All Dead". Nevertheless, the influx of new accounts from Japan, India, and the Philippines was insufficient to offset the global number of unsubscribes, resulting in a discrepancy of 200,000. According to experts, this year is considered the most unfavorable in the company's history. The service is experiencing a decline in its audience, which is a first since October 2011 (Perez, 2023).

Netflix has encountered diverse cultural obstacles in various nations during its expansion into new markets. Although Netflix has made efforts to create a greater amount of localized and original material tailored to the preferences of audiences in various locations, the majority of the company's catalog still consists of content generated in the United States. Ted Sarandos highlighted their "confidential methodology" for selecting their overseas catalogs, which include approximately 15%-20% local content and 80%-85% stuff from either Hollywood or other countries. Sarandos says that this is due to the fact that local programming constitutes a small proportion of viewership in their respective markets. Alternatively, they utilize regional content to engage consumers and acquaint them with Netflix's worldwide collection. (Lobato and Lotz 2020). While Netflix actively pushes American and international content to new regions, the firm encounters cultural challenges across all continents. Furthermore, a minor fraction of the films and series created for the domestic market encounter disapproval and termination by the local populace.

India is a very potential yet intricately complex region. Netflix encountered difficulties pertaining to cultural sensitivity and religious sensitivities. The site received criticism for purportedly showing disregard for local customs and traditions. The heterogeneous cultural landscape of India presents distinct difficulties and opportunities for Netflix. The company has discovered that cultural subtleties in India hold great importance. Netflix produced a television series called *Sacred Games* in India. The experience was quite enjoyable and it achieved a high level of success. "In a particular scene, a gangster deliberately places a chicken bone in the rice of a vegetarian restaurant as a symbolic gesture to convey to the restaurant owner that he has completed his assigned task." I recall the audience's audible gasp during the premiere of that performance in Mumbai. The scene was repeatedly observed by me, and I found it amusing. As someone who is not directly involved, you fail to fully understand the subtle complexities of the situation. Fortunately, the performance proved to be successful for us. However, there is a possibility of misinterpreting cultural relevance or perceiving it as insulting. As an executive, you collaborate with producers who serve as extensions of your decision-making process. One may wager on the incorrect individuals, who may ultimately squander their funds. Erik Barmack, the former Vice President and head of International Originals at Netflix, provided an explanation. The platform has increased its investment in comprehending local cultures, beliefs, and societal standards in response to instances of reaction. Partnerships with indigenous filmmakers, authors, and performers have become essential in producing content that harmonizes contemporary narrative techniques with reverence for cultural heritage (Namrata 2020). Upon entering the Arabian market, Netflix was required to conform to stringent cultural norms and censorship rules. The site encountered difficulties in traversing the traditional values of Arabian society, resulting in the removal or alteration of certain content that could be considered offensive or unsuitable.

Controversy has ensued subsequent to the introduction of content in local languages. During the summer of 2019, there were demands to prohibit *Jinn*, Netflix's inaugural Arabic-language original series, due to two scenes featuring actress Salma Malhas engaging in kisses with two separate boys, which was deemed scandalous by certain individuals in Muslim nations. Netflix's acclaimed Israeli thriller *Fauda* has faced criticism from both pro-Palestinian groups, who object to its sympathetic portrayal of Israeli commandos, and pro-Israel campaigners, who object to its sympathetic portrayal of Palestinian terrorists. Netflix has had to tactfully manage these

limitations, leading to the elimination or alteration of specific content in order to adhere to Muslim standards (Khalil 2021).

Netflix must employ a sophisticated approach that is customized to the language and cultural uniqueness of each region in Europe. In addition to linguistic preferences, cultural subtleties have a significant impact on how content is received. This has led Netflix to allocate resources towards producing content specifically tailored for European audiences and collaborating with local talent. The history of Europe is characterized by its diversity and occasional sensitivity. Netflix has encountered difficulties pertaining to the historical authenticity and cultural portrayals of its content. Actual dramas such as "The Crown" were subjected to examination because to their portrayal of actual events and prominent individuals. Netflix reaffirmed its dedication to maintaining a harmonious equilibrium between artistic freedom and factual correctness. The platform proactively collaborates with historians and specialists to guarantee a conscientious and culturally aware method of storytelling.

## **5.0 The strategies Netflix devices to overcome those challenges**

After analyzing the company's obstacles, Netflix devised a strategy and initiated the implementation of novel approaches to surmount its difficulties. Given the prevailing state of affairs, Netflix implemented a few strategies. First, flexible pricing: In some markets, the service initiated the introduction of a reduced tariff through advertising. However, not all Netflix content may be included in the promotional plan. Furthermore, this principle extends beyond the service's premium releases, including Stranger Things, to encompass projects that Netflix is developing in accordance with collaborative agreements with other studios. The platform initially positioned itself as an antithesis to television for an extended period of time, primarily on the grounds that it did not broadcast commercial videos. The Netflix administration has since reevaluated its stance. In Latin America, Netflix has added a sharing option under account control. The user will incur an additional \$3 charge for the subscription if they disclose the password. This means that two or three families may lawfully utilize a single account for a nominal additional fee. The organization intends to replicate this framework in additional areas; the board of directors asserts that doing so will effectively address the issue associated with multiple households sharing accounts.

Second, improving the quality of content: The organization has intensified its endeavors to cultivate and enhance the caliber of its content. A number of forthcoming projects that were previously scheduled for release have been canceled by executives: the 2019 adaptation of Jeff Smith's comic book "Bone" and the streaming cancellation of the animated series "Toil and Trouble." The animated miniseries adaptation of Roald Dahl's The Twits will be expanded into a feature-length television film.

Third Netflix engaged in diversifying the products: In order to retain its clientele, the company initiated product diversification, focusing predominantly on the mobile gaming market. The company employed free smartphone games as a strategy to engage youthful users, drawing inspiration from its franchises (Vizard, 2023). Netflix strategically evolves by employing a multifaceted approach that encompasses technological innovation, content quality improvement,

franchise concentration, and diversification of revenue streams in order to surmount obstacles and strategize for the future. By implementing these strategies in concert, Netflix is equipped to surmount existing obstacles and reclaim its position as an industry leader in streaming.

## **6. Conclusion and recommendations**

Due to its extraordinary efforts in globalizing its operations, Netflix has achieved tremendous success on an international level. Efforts to penetrate new markets were largely fruitful; in such instances, the organization surmounted obstacles and established a foothold in over 190 countries. The only viable options for the company are to expand its presence in extant markets or attempt to conquer China, one of the largest markets globally.

Netflix has long had strategic intentions regarding China. Nevertheless, in order to accomplish this, the necessary authorization must be obtained from the Chinese government, which subsequently mandates the service's compliance with censorship. The company faces reputational risks as a result of the stringent censorship restrictions in China, which regulate entire scenarios. In 2015, Netflix attempted to penetrate the Chinese market via iQiyi, a native partner streaming platform. Nonetheless, this endeavor proved fruitless due to the lack of localization and the infrequent viewership of the Netflix series (Sharma, 2018).

As a result of its localization strategy, Netflix has amassed an immense amount of expertise in creating and localizing content for various geographical regions. Due to the necessity of ensuring compliance with pertinent regulations, Netflix should therefore consider forming partnerships with local production companies to produce localized films and series in order to accomplish "Chineseization," gain the trust of locals, and expand the influence of its brand. Achieving success in this market has the potential to substantially augment the capitalization and profits of the company.

To compete more competitively, Netflix initiated a few global strategies. First, they employed a User Growth Enhancement program by employing time series analysis to discern patterns of user growth and execute focused marketing initiatives in areas experiencing comparatively sluggish expansion. To enter untapped markets, investigate potential partnerships with telecom companies for bundled subscriptions. Second, Netflix manages competition by engaging in up-to-date SWOT analysis to identify areas of improvement and competitive advantages; cultivate relationships with content creators to obtain exclusive content. Strictly adhere to a competitive pricing strategy and develop novel user engagement features (Sherman, 2019). Third, Netflix proved prudent in providing efficient content investment in order to inform decisions regarding content investment, consistently assess user feedback and preferences. Conduct user feedback through pilot releases prior to implementing large-scale production. To enhance cost efficiency in content production, prioritize genres with significant impact. Fourth, Netflix exercises technical excellence by enhancing the user interface and platform stability investment priorities. Implementing a resilient feedback loop with users is crucial for promptly identifying and resolving technical issues. Streaming technologies should be routinely updated to ensure a continuous user experience. Fifth, Netflix is more regulatory compliance ready by implement a proactive adaptation strategy by establishing a global regulatory compliance team tasked with monitoring regulatory changes.

Participate in industry forums and cultivate relationships with industry regulators in order to remain current on impending regulatory changes. Netflix, in order to effectively respond to evolving user preferences, implement big data analytics to proactively monitor and forecast such shifts. Maintain a dynamic algorithm for recommending content. Actively participate in user engagement by means of surveys and feedback mechanisms in order to gain insights into the changing preferences of users.

In summary, the ascent of Netflix from a DVD rental service to a worldwide streaming behemoth can be characterized as an extraordinary account of adjustment, ingenuity, and calculated growth. The organization's achievements are a result of its capacity to forecast user requirements, consistently reimagine its business framework, and capitalize on technological progressions. The transformative influence that Netflix has on the way individuals consume media content, its global recognition, and its market dominance are all clear indicators of its impact on the entertainment industry. Netflix's expansion into more than 190 countries is the result of a three-step strategy for penetrating new markets. By employing a strategy marked by a methodical progression, cultural assimilation, and decision-making guided by data, Netflix has effectively traversed a variety of international terrains.

Nevertheless, prosperity introduces fresh obstacles. Prominent competitors' rise in number, the escalating cost of content, and the imperative to expand into emerging markets geographically present formidable obstacles. The repercussions of account sharing, piracy, and fluctuations in subscriber counts demonstrate that Netflix is not impervious to market dynamics.

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