

The Study of Netflix's Integrated Marketing Model Based on SWOT Theory

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Abstract: As a fundamental analytical tool, the SWOT analysis method is still widely applied in various areas of marketing, including strategic planning, competitive analysis, market entry strategies, brand management, product development, and innovation. It assists companies in making well-informed decisions within the intricate and constantly evolving market environment. Currently, the streaming market is experiencing rapid growth alongside intense competition. As the industry leader, Netflix continues to maintain its competitive edge through a robust library of original content, global expansion strategies, and user experience innovation. However, with increasing competition and market shifts, Netflix must continuously innovate and adjust its strategies to meet future challenges. This paper focuses on Netflix as the subject of study, using the SWOT analysis method to examine the strengths, weaknesses, opportunities, and threats within its current integrated marketing model. This paper delves into Netflix's marketing model and its application in the global streaming market. It also proposes recommendations for optimizing Netflix's marketing strategies to help the company maintain its competitive edge in an ever-changing market environment. These studies not only provide new insights into understanding Netflix's success but also offer valuable references for other companies in their marketing innovation and practices.

Keywords: Netflix, Integrated Marketing Model, SWOT, Online Video Platforms.

1. Introduction

Over the past two decades, SVOD platforms like Netflix, Amazon Prime, and Disney+ have transformed television norms and practices. Among these, Netflix has emerged as one of the most significant platforms due to its global reach [1-2]. Netflix was founded in the United States in 1997, initially as a DVD rental company that delivered DVDs to customers through mail delivery. With the introduction of an online subscription service, the company gradually expanded its customer base. In 2007, Netflix launched its streaming service, allowing users to instantly watch movies and TV shows online, marking the company's transition from DVD rentals to streaming services. Commencing in 2016, Netflix expedited its global expansion and currently offers services in more than 190 countries and regions. The company has invested heavily in producing localized content to attract audiences worldwide [3]. Currently, Netflix remains one of the largest streaming platforms globally, boasting hundreds of millions of subscribers. The company continues to lead the industry through original content production and global market expansion. Netflix's strategy includes continuously increasing investment in original works to ensure the uniqueness and competitiveness of its content library.

Despite facing competition from platforms such as Disney+, Amazon Prime Video, and HBO Max, Netflix continues to demonstrate strength in terms of content quality, user experience, and technological innovation.

The SWOT analysis method, also referred to as situational or advantage-disadvantage analysis, is employed to pinpoint a company's competitive strengths, weaknesses, opportunities, and threats. This framework aids in strategically aligning the company's internal resources with the external environment.

Despite facing strong competitors, Netflix has managed to maintain its market leadership. The research paper employs a literature review and theoretical analysis to study the advantages and disadvantages of Netflix's marketing model and proposes relevant solutions. Studying its marketing model and strategies offers valuable insights into how to sustain a competitive advantage in a highly competitive market.

2. Integrated Marketing in Netflix's Marketing Strategy

Netflix's integrated marketing strategy centers on acquiring content through original productions and strategic partnerships, all guided by data-driven decision-making. As the company expands globally, it tailors its offerings to different markets by providing localized content. Strong brand presence, coupled with effective digital marketing and influencer collaborations, fuels user acquisition and engagement, further solidifying Netflix's position as a leading streaming platform.

The key factor behind Netflix's market dominance lies in the uniqueness, exclusivity, and quality of its content. The platform boasts a vast and diverse library that spans a wide array of genres, including action, comedy, documentaries, children's programming, and more. This extensive content selection appeals to a broad and varied audience, encompassing multiple genres and languages. The introduction of "Netflix Originals" has revolutionized the entertainment industry. With hit series like *Stranger Things* and *House of Cards*, Netflix has demonstrated its ability to produce high-quality, binge-worthy content. These original shows and movies have not only earned critical acclaim but have also boosted customer retention and loyalty by providing exclusive content that is unavailable elsewhere to viewers. One notable aspect of Netflix's pricing strategy is its tiered subscription model. The platform offers three different plans: Basic, Standard, and Premium. Each plan differs in price, the number of devices supported, and video quality, allowing Netflix to cater to a wide range of demographics by providing options that suit various budgets and viewing preferences. Additionally, Netflix employs dynamic pricing across different regions, taking into account factors like economic conditions and purchasing power. The company's rapid international expansion has made Netflix available in over 190 countries worldwide. This extensive geographic reach not only diversifies its customer base but also protects the company from economic fluctuations in any single region. For instance, subscription prices are higher in the United States than in developing countries, reflecting Netflix's strategy of adjusting prices to meet specific market conditions.

A key component of Netflix's promotional efforts is its use of social media platforms. These platforms serve as a gathering place for industry stakeholders and audiences to engage in discussions and share newly released content, thereby attracting one another and potentially expanding the viewer base. In this sense, social networks have become an important bridge for streaming companies to communicate with their customers or potential customers [4]. Recognizing the influence of social networks in generating viral content and sparking conversations, Netflix regularly shares engaging and humorous posts, including trailers, behind-the-scenes content, and memes related to its shows and movies. This approach helps the company build an online community that goes beyond passive viewership, creating a more interactive and immersive experience. Additionally, Netflix leverages its original content as a promotional tool. By producing award-winning shows and films, the platform

generates considerable buzz and drives word-of-mouth marketing, further enhancing the Netflix brand.

3. Analysis of Netflix's Integrated Marketing Model Based on SWOT Theory

3.1. Strengths

Netflix is well-known for producing high-quality original content, many of which have become particularly popular among younger audiences. Shows like *Stranger Things*, *Money Heist* (La Casa De Papel), *Narcos*, *Tiger King*, *Orange Is the New Black*, and *Mindhunter* are among the most noteworthy examples. These successful series attract more viewers to the platform, ensuring a consistent stream of income for Netflix. Since these shows are exclusively available on Netflix, they contribute significantly to the company's differentiation from its competitors over time. It's no surprise that the popularity of Netflix's original productions continues to soar. For instance, at the 2024 Emmys, Netflix received 107 nominations for its original content. In comparison, FOX, HBO, Apple TV+, and ABC received 93, 91, 72, and 38 nominations respectively. This highlights Netflix's growing dominance in content production, even surpassing traditional cable TV providers.

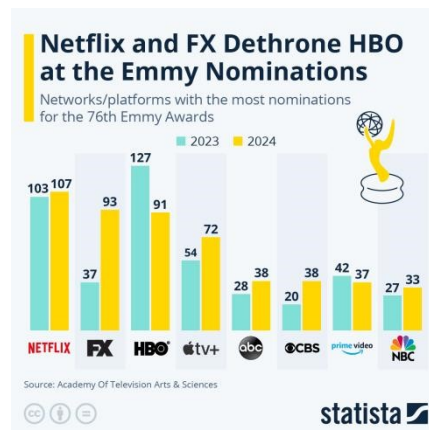


Figure 1: Comparison of Emmy Nominations for Major Streaming Platforms in 2023 and 2024 [5]

Netflix also boasts a robust internet television network, with over 260 million streaming members across more than 190 countries. The company benefits from this geographical diversity as it helps to mitigate risks associated with over-reliance on any single market. Netflix's extensive content library includes more than 204 million hours of TV shows and movies available each month, ranging from documentaries and original series to feature films. Since launching its streaming service, Netflix has developed a comprehensive ecosystem for internet-connected devices and has significantly expanded its content offerings, allowing consumers to watch movies and TV shows on their TVs, computers, and mobile devices [6]. The growing customer base has bolstered Netflix's operations. By December 2023, the streaming service had amassed approximately 260 million members globally, with an additional 30 million new memberships acquired in that year alone. This growth was largely attributed to a robust emphasis on marketing efforts [7].

3.2. Weaknesses

One of Netflix's significant weaknesses is the high cost associated with producing content, which subsequently leads to higher prices for many of its services.

Operating on a global scale, Netflix broadcasts its programs worldwide, which requires substantial resources and financial investment. To sustain this, Netflix needs to secure additional funding, often

by accruing new debt. The company has reported a long-term debt of \$14.17 billion, a substantial amount that could be seen as a critical vulnerability. Despite this considerable debt, Netflix is contemplating raising an additional billion dollars.

Reliance on a single market is never an ideal situation for a global company. Although Netflix operates internationally, it heavily depends on the North American market, which generates nearly half of its total revenue, approximately \$20.15 billion. This excessive dependence could potentially result in future obstacles, such as an imbalanced allocation of resources. This may affect the experience of the consumers from different regions and lost its market advantage in a certain market.

3.3. Opportunities

When it comes to opportunities, Netflix has the potential to enter new markets and attract more subscribers. Additionally, Netflix could benefit from the emergence of new subscription-based streaming services or virtual reality platforms.

Netflix has seen success with region-specific content, such as the release of *Sacred Games* in India and *La Casa De Papel* for Spanish-speaking audiences, both of which were highly popular. Netflix used original programming [produced abroad] as a strategy to establish itself globally while the company continued its efforts in international expansion [8]. This indicates a promising future in niche marketing, presenting a significant opportunity for growth. The company is also focusing on growth strategies to achieve market synergies.

Acquisitions remain a key component of Netflix's growth strategy, aimed at enhancing growth, incorporating new technologies and products, and extending its geographical reach. For instance, in January 2021, Netflix partnered with Noah Baumbach to produce and direct films for the platform. Additionally, in October 2020, Netflix collaborated with Norfolk State University to launch three online boot camps and also partnered with Microsoft to develop new data science learning modules. Earlier, in January 2020, Netflix expanded its distribution agreement with Sky network, allowing Sky customers in the UK to opt for the Netflix Basic Plan on Sky Q. This partnership enables Netflix to broaden its customer base on a global scale. Moreover, in January 2020, Netflix collaborated with Nexus Studios on the dark comedy series *The House*.

3.4. Threats

Finally, Netflix faces increasing competition from other streaming platforms, which may challenge its ability to keep pace with technological advancements and innovation from its rivals. Netflix encounters several significant threats from its competitors, including Amazon Prime Video, Apple TV+, and Disney+.

Moreover, the company could face regulatory challenges as governments around the world may seek to impose stricter controls on streaming services. Netflix operates in a highly competitive entertainment industry, with major rivals such as Disney+, Apple TV+, Hulu, YouTube, Amazon, and HBO. These competitors are constantly innovating and introducing new concepts that could potentially outshine Netflix's offerings. As a result, Netflix must continually innovate and remain proactive to maintain its leading position in the market. Furthermore, various other companies offer services similar to Netflix, often at lower prices to attract more customers. While these competitors are lowering subscription costs to increase their customer base, Netflix has opted to raise its prices. For example, Disney+ is priced at just \$7.99 per month, while Apple TV+ offers its service for as low as \$4.99 per month. This pricing strategy adopted by Netflix may lead to a potential loss of customers to these more cost-effective alternatives.

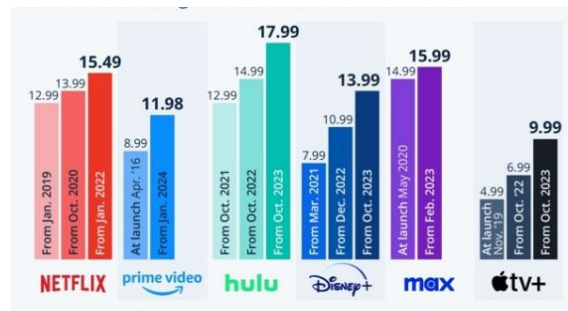


Figure 2: Comparison of membership prices across major streaming platforms in 2023 [9]

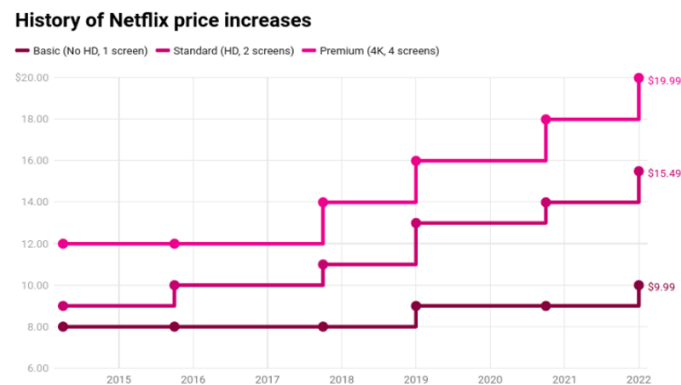


Figure 3: 2015-2022 Netflix membership price growth [10]

Netflix, as a global streaming service, must follow all applicable national regulations. Many nations have regulations that prohibit several of Netflix's activities, posing challenges for the company's operations. For example, due to various government constraints, it is clear that Netflix will not be able to expand its services to China anytime soon.

Digital piracy has made its way into practically everything. Piracy affects many types of digital content, including music and movies. Netflix itself can not solve the piracy sites using its official contents that run rampant in many areas, and their prices are even cheaper, making users who want to enjoy Netflix's genuine services but do not want to spend a lot of money flock. And these pirate sites are the main source of their losses.

4. Recommendations

Netflix has a significant advantage in original content production. It should continue to invest in high-quality original series, movies, and documentaries to maintain the uniqueness of its content library. This will not only attract new subscribers but also improve user retention. Further optimize Netflix's personalized recommendation system to enhance user experience. By providing more accurate content recommendations, Netflix can increase viewing time and user satisfaction, thereby boosting its competitiveness.

As the cost of original content continues to rise, Netflix can consider collaborating with other production companies or acquiring content to reduce production costs. Additionally, offering ad-supported subscription options can help alleviate the financial pressure from content costs.

Faced with intense competition from platforms like Disney+ and Amazon Prime Video, Netflix should continuously monitor market dynamics and flexibly adjust pricing and content release strategies to maintain its competitive edge.

As Netflix expands globally, it must adapt to different countries' regulations and content censorship standards, ensuring its content complies with local laws and avoiding potential legal risks. In compliance with the law, Netflix can continue expanding into underdeveloped international markets, especially those with rapidly growing demand for streaming services. In these markets, Netflix should develop more localized content tailored to the local culture and language.

5. Conclusion

This paper conducted a systematic literature review and theoretical analysis of Netflix's marketing model, with an emphasis on its application and effectiveness in the global streaming industry. The study investigated the strengths and limitations of Netflix's marketing strategy and made optimization recommendations to assist the company remain competitive in an ever-changing market environment. The findings show that Netflix's success is largely due to its innovative marketing strategy, which provides valuable insights for other organizations.

However, this research has certain drawbacks. Due to data and time constraints, the study excluded field research or surveys to test theoretical results, resulting in a lack of comprehensiveness and depth. Additionally, the research relied primarily on secondary sources, which may not fully capture all the nuances and dynamics of Netflix's marketing model. Future studies could address these gaps by incorporating field investigations and data analysis to further explore Netflix's marketing strategies and their adaptability to different markets.

Looking ahead, as the streaming industry continues to evolve, marketing models will become increasingly diverse and complex. Further research into the marketing strategies of leading companies like Netflix will provide richer theoretical support and practical guidance, fostering the industry's growth towards greater maturity and sustainability.

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