

# *Netflix's Strategies, Innovations, and Challenges in Shaping the Future of Television Media*

Qi Xi<sup>1,a,\*</sup>

<sup>1</sup>*Curtin Singapore, 10 Science Park Road, The Alpha, Science Park II, 117684, Singapore  
a. 3214703368@qq.com*

*\*corresponding author*

**Abstract:** This comprehensive article provides an in-depth analysis of Netflix's current strategy, revealing how it is making good use of data and algorithms to make decisions and looking at its potential to achieve a dominant position in the TV media industry. In particular, the article highlights Netflix's focus on original content production and its determined global expansion strategy, while also pointing to the key role of digital technology in shaping its business model. However, the article also identifies potential weaknesses in these strategies, particularly in addressing the challenges of global expansion and user experience. The article also discusses in detail the impact of Netflix's strategy on the Korean media industry, as well as user dissatisfaction with increasing content cancellations and complex narrative structures. Ultimately, the article highlights that the key to maintaining a competitive edge and continued dominance in the ever-changing television media landscape lies in the use of constant innovation and a personalised approach, and that Netflix must continue to adapt to the needs of different markets, balancing its global appeal with a local flavour, to ensure its future success.

**Keywords:** Netflix, global expansion, digital technologies

## **1. Current Strategies**

One of Netflix's strategies is to rely more and more on original content, especially original documentaries, and to seek to own the global exclusivity of such content. According to Iordache et al [1], they not only produce documentaries in-house but also actively purchase documentaries with unique value to ensure exclusive broadcasting rights globally. In addition, Netflix's increasing investment in the documentary sector shows that its interest and commitment to this sector are growing year by year. In order to expand their market share and global reach, Netflix's documentary investments have expanded into emerging markets, particularly in Europe, South America and Asia. They are actively engaging viewers in these markets for continued growth and global expansion. Netflix pursues a balance of diversity and quality in the documentary space, producing documentaries that cover both entertaining content and essential topics such as politics, society, and the environment to raise viewer awareness. At the same time, they work with renowned producers and creators to acquire critically acclaimed documentaries to ensure that their content is of high quality and appealing. This strategy aims to consolidate Netflix's position as the world's leading streaming platform and remain competitive in the highly competitive streaming entertainment market.

One of the strategies of Netflix is that it has implemented global expansion through a series of tactics and actions. Lobato and Lotz [2] show that firstly Netflix produces original content in different countries and regions to cater to the tastes and cultures of the local viewers, collaborating with local producers, directors, and actors to produce TV series, films, and documentaries that are tailored to the local market. Secondly, to cater to global audiences, Netflix provides multi-language support and subtitle options so that viewers can watch content in their own familiar languages. In addition, Netflix has developed different pricing strategies and subscription models according to the economic situation and market conditions in different countries and regions, and may offer subscription packages at different prices to attract more subscribers. In addition, they have to comply with regulations and censorship standards in different countries and regions, which require content censorship or restriction of certain types of content in some countries. Finally, Netflix conducted advertising, marketing and promotional campaigns to increase awareness and attract more subscribers. Through these strategies, Netflix strives to become a global streaming platform to attract and satisfy the needs of viewers in different countries and regions to achieve worldwide expansion and success.

Netflix's Decision Three uses data and algorithms to drive its decisions. Netflix uses recommendation algorithms to analyse a user's viewing history, ratings, and behaviour in order to predict which movies and TV shows they are likely to enjoy. van Es [3] states that these algorithms present personalised recommendations to each user to increase user retention and viewing time. This personalised recommendation is one of the keys to Netflix's success, but it has also sparked some controversy as there are concerns that the algorithms are limiting users' choices. Secondly, Netflix doesn't just personalise recommended content, it also personalises promotional artwork for films and TV shows. It selects different artefacts based on users' interests and preferences in order to increase their click-through rate and viewing time. However, such personalised artefacts also raise problems as sometimes they can mislead users, especially when it comes to actors and races [3]. Finally, some of Netflix's decisions are also based on algorithms, such as which shows to cancel. van Es [3] mentions examples where the cancellation of some of the shows has sparked dissatisfaction and controversy. Sometimes, users believe that these decisions ignore artistic values and viewers' enthusiasm and are made based on data only.

## **2. Netflix's strategy to dominate in the future**

Netflix has innovated its business model in order to dominate in the future. According to Kurti et al. [4], the first shift was from DVD rental services to content streaming and then to original content production. These shifts brought about changes in all aspects of the business model, including content, governance and structure. Secondly, Kurti et al. [4] also pointed out that Netflix's innovations were driven by digital technologies. Netflix has used a wide range of digital technologies in its business model, including online transactions, streaming, and data analytics. Digital technologies have not only changed the way content is delivered, but also influenced the user experience, market demand, and competitive landscape. In addition, Kurti et al. [4] emphasised Netflix's innovative approach to create value for its users. Netflix offers unique content, provides user-friendly interface and convenient subscription model to satisfy users' needs. In addition, they create value by bundling complementarities between different content, distribution channels and users. Kurti et al. [4] conclude by stating that management's long-term vision and dedication to innovation are partially responsible for Netflix's success. They were able to recognize the possibilities presented by digital technology and kept up with market developments, even going so far as to upend their own lucrative conventional company plan.

In the midst of developing their business strategy and competing with traditional television. First off, according to Tryon [5], Netflix has positioned itself as a provider of premium, cutting-edge, and highly customizable entertainment services by emulating the business strategy of premium content

providers like HBO. Its success in winning over viewers—particularly those who are looking for more control and entertainment options—has been attributed to this approach. Second, Netflix aggressively seeks to alter the viewing patterns of traditional TV consumers by promoting its content. With initiatives like "TV Got Better," Netflix has attempted to alter the way that people view streaming and traditional television, positioning itself as a major player in the development of television media. This tactic has made it possible for Netflix to have a significant future role.

Last but not least, Netflix's globalization has played a major role in changing its business strategy and has given it a lot of support going forward. According to Allegretti et al. [6], Netflix expanded its service to over 190 nations and territories by concentrating mainly on expanding the global market, which allowed it to connect with a large global audience. Netflix has also been able to expand successfully due to the growth in global Internet capacity, which has made streaming services more feasible on a global basis. Netflix has hired over 30 full-time public policy staff members in national offices, demonstrating its proactive approach to meeting the demands of the worldwide market despite the obstacles presented by global expansion, such as cultural differences and regulatory requirements. This international growth has benefited Netflix as well.

### 3. Strategic influence

Netflix's strategies have certainly been successful in many ways, including investing in original content and global expansion. However, there are also some potential flaws in these strategies. In terms of global expansion, taking South Korea as an example, Kim notes [7] that South Koreans are concerned that the entry of Netflix and other foreign streaming services could lead to South Korean producers and production companies becoming dependent on these platforms for funding, and thus becoming subcontractors for global capital. This could lead to a degree of dependence rather than autonomy in the Korean media industry. Secondly, the South Korean government encourages the development of domestic streaming platforms, but at the same time, South Korea has its own streaming services such as Wavve and Tving. However, some South Korean producers and production companies have partnered with Netflix to sell global distribution rights in order to obtain more funding, which is seen as somewhat contradictory to competition from South Korea's domestic platforms. This may have weakened the competitiveness of domestic streaming platforms in the international market. Finally, some concerns suggest that streaming platforms such as Netflix may have a standardizing effect on the content and style of Korean media content. Producers may be inclined to produce content suitable for Netflix and other streaming platforms rather than diverse Korean content.

Regarding user experience, Huang [8] mentions users' dissatisfaction with Netflix's cancellation of some high-quality series. These canceled shows may include content with educational or diversity themes and series involving minorities and LGBTQ+ content. This has caused dissatisfaction and incomprehension among viewers. And users are unhappy with Netflix's practice of starting several series and then canceling them after one season. Even though these shows were warmly received and highly rated by viewers, Netflix canceled them. This makes viewers question why they start a series that won't continue. Instead, Netflix debuted *Arrested Development*, the streaming service's first attempt to bring back a television show that was initially canceled. New episodes of the show will be added for the revival. There was a lot of debate about the television release. Leyda [9] pointed out that the complicated, non-linear plot structure used in Netflix's *Arrested Development* revival left fans perplexed and unable to follow the show while they watched it. In contrast, other Netflix programs have a mechanism that suggests the next episode be played automatically. This keeps viewers from watching the content smoothly and constantly, which lowers viewer satisfaction. Compared to other revived Netflix series like *Fuller House* and *Gilmore Girls: a Year*, the revival of *Arrested*

Development was perceived as being more complicated and encountering more problems with viewer satisfaction.

#### 4. Conclusion

Unquestionably, Netflix's tactics have helped it rise to the top of the streaming entertainment market. Netflix has been able to attract a sizable international audience through its emphasis on original programming, global expansion, and integration of digital technology. But these approaches are not without complications and drawbacks, especially when considering user satisfaction and global content production. It is obvious that Netflix's capacity to adjust and deal with these issues while upholding its dedication to innovation will be essential to ensuring its continuous supremacy in the changing television media landscape. Netflix must find a balance between its worldwide reach and regional content, as well as remain sensitive to the tastes and expectations of its growing user base.

#### References

- [1] Iordache, C., Raats, T., & Mombaerts, S. (2022). *The Netflix Original documentary, explained: global investment patterns in documentary films and series*. *Studies in Documentary Film*, 1–21. <https://doi.org/10.1080/17503280.2022.2109099>
- [2] Leyda, J. (2017). *Financial Times: Economic and Industrial Temporalities in Netflix's Arrested Development*. *Television & New Media*, 19(4), 345–360. <https://doi.org/10.1177/1527476417742973>
- [3] van Es, K. (2022). *Netflix & Big Data: The Strategic Ambivalence of an Entertainment Company*. *Television & New Media*, 24(6), 152747642211257. <https://doi.org/10.1177/1527476422112574>
- [4] Kurti, E., Salavati, S., & Mirjamdotter, A. (2021). *Using Systems Thinking to Illustrate Digital Business Model Innovation*. *Systems*, 9(4), 86. <https://doi.org/10.3390/systems9040086>
- [5] Lobato, R., & Lotz, A. D. (2020). *Imagining Global Video: The Challenge of Netflix*. *JCMS: Journal of Cinema and Media Studies*, 59(3), 132–136. <https://doi.org/10.1353/cj.2020.0034>
- [6] Allegretti, S., Seidenstricker, S., Fischer, H., & Arslan, S. (2021). *Executing a business model change: identifying key characteristics to succeed in volatile markets*. *Leadership, Education, Personality: An Interdisciplinary Journal*. <https://doi.org/10.1365/s42681-021-00020-x>
- [7] Kim, T. (2022). *Cultural politics of Netflix in local contexts: A case of the Korean media industries*. *Media, Culture & Society*, 44(8), 016344372211119. <https://doi.org/10.1177/01634437221111917>
- [8] Huang, Y., Lv, Z., & Sui, Z. (2021, October). *Where Should Existing Video Streaming Platforms Improve: A Comparative Analysis of Netflix and IQiyi*. In *2021 International Conference on Public Relations and Social Sciences (ICPRSS 2021)* (pp. 585-592). Atlantis Press.
- [9] Leyda, J. (2017). *Financial Times: Economic and Industrial Temporalities in Netflix's Arrested Development*. *Television & New Media*, 19(4), 345–360. <https://doi.org/10.1177/1527476417742973>