

Netflix's Global Market Entry and Adaptation Strategies Critical Review

Intan Mustika Jati^{1✉}, Vincensia Serenade², Umar³

^{1,2,3}Sugeng Hartono University

intanmustikajati.work@gmail.com

Abstract

This review analyzes Netflix's evolution from a local DVD rental service to a global streaming leader with 221 million subscribers across 190 countries. It focuses on Netflix's strategies for international expansion, including its innovative distribution methods, personalized user experiences, and localization efforts. By adapting its business model to meet diverse cultural and regulatory demands, Netflix has successfully navigated significant challenges such as cultural barriers and competition from local and global players like Disney+ and Amazon Prime. The review synthesizes insights from two academic articles: The Business Strategy Analysis of Netflix by Yu-Hao Hsiao, which emphasizes Netflix's subscription model and technological advancements, and Strategy for Growth and Market Leadership: The Netflix Case by Kishwar Joonas et al., which explores marketing strategies and competitive dynamics. Key findings highlight the importance of original content development, technological innovations like AI and machine learning for user engagement, and effective localization strategies. This analysis aims to provide valuable perspectives for other technology companies seeking global expansion while maintaining a competitive edge. Ultimately, it underscores the significance of aligning long-term strategic vision with short-term tactical adaptations in navigating the complexities of the global entertainment landscape. Through this critical evaluation, we gain insights into how multinational corporations can thrive in an increasingly digitalized world.

Keywords: Netflix, Global Market Entry, Adaptation Strategies, Marketing Management, Global Streaming Leader.

INFEB is licensed under a Creative Commons 4.0 International License.



1. Introduction

In a world with greater global connectivity in the entertainment sector, companies aiming to grow internationally need to adjust to varied markets while staying ahead of competitors. One of the largest streaming platforms worldwide, Netflix is a perfect illustration of a company that has effectively evolved from a local DVD rental service to a digital content provider with 221 million subscribers globally. The examination of its international expansion and adaptation strategies is crucial to analyze as it mirrors larger patterns of how tech companies go global and manage cultural, regulatory, and competitive obstacles [1].

Examining Netflix's strategies for entering and adapting to the global market holds significance for multiple reasons [2]. Initially, Netflix has spearheaded creative methods for distributing content, personalized experiences, and adapting to local markets, enabling it to thrive in various areas [3]. Netflix has become a worldwide leader by adjusting its business model to meet the demands and preferences of audiences in over 190 countries, transforming the media and entertainment industry. Additionally, the methods they use to localize, such as developing content specific to different regions and adjusting user interfaces and pricing structures, provide valuable information on how multinational corporations can meet the needs of various customer groups [4].

This subject is equally important because of the distinct difficulties that Netflix encounters in global markets. Overcoming cultural barriers, regulatory constraints, and strong competition from both local players and global giants such as Disney+ and Amazon Prime are among the challenges that need to be addressed [5]. Analyzing Netflix's tactics can provide insight into the main elements of a successful global market entry and how digital content platforms manage challenges when expanding internationally [6].

This review will examine two academic papers to evaluate Netflix's global market entry strategies, its localization approach, and the obstacles encountered in various regions. This examination will offer important perspectives on how Netflix has sustained its competitive advantage while broadening its worldwide presence. Netflix was founded in 1997 by Reed Hastings and Marc Randolph as a DVD rental service by mail, allowing users to browse a film catalog online and have DVDs delivered to their homes [7]. In 1999, Netflix introduced a subscription model that enabled customers to rent unlimited DVDs for a monthly fee, eliminating return dates and late fees [8]. A major turning point for the company occurred in 2007 when they launched a streaming service, allowing customers to instantly watch TV shows and movies online [9]. This move revolutionized the way people consumed media and contributed to the decline of traditional video rental stores such as Blockbuster [10]. Throughout the 2010s, Netflix expanded its services internationally, and by 2016, it was available in over

190 countries, solidifying its position as a global entertainment giant [11].

In 2013, Netflix took a step further by producing original content, starting with *House of Cards*, followed by hit series such as *Orange is the New Black* and *Stranger Things* [12]. This decision not only transformed Netflix into a content creator but also triggered the phenomenon of binge-watching, a new way of watching series in marathon sessions [13]. Netflix's primary strategy is the use of data-driven algorithms to analyze viewer preferences and guide content production, ensuring targeted investments in shows and films that align with specific audience segments [14]. As a result, Netflix has significantly disrupted the traditional media landscape, contributing to the cord-cutting trend, where viewers switch from cable TV to streaming services [15]. Its success has sparked competition, with companies such as Disney, Amazon, and HBO launching their own platforms to compete in the increasingly crowded streaming market [16].

Global market entry is the process through which companies enter international markets to offer their products or services, involving various strategies to expand business reach in other countries [17]. This process entails an in-depth analysis of the market environment, including factors such as regulations, competition, and consumer preferences, which influence a company's strategic decisions. Common strategies for entering global markets include exporting, licensing, franchising, joint ventures, and acquisitions [18]. The selection of the appropriate strategy depends on the company's characteristics, size, available resources, and the risks it is willing to take.

By choosing the right strategy for entering the global market, companies can leverage new opportunities and increase revenue. However, companies must also be prepared to face challenges such as cultural differences, trade barriers, and intense competition [19]. Therefore, a deep understanding of the various methods and approaches to global market entry is crucial for companies seeking success in international markets. An adaptation strategy is an approach companies use to tailor their products, services, and business processes to align with the needs, preferences, and conditions of local markets in different countries [20]. This strategy is essential to address cultural differences, regulations, and consumer habits that can affect a product's success in international markets. By implementing an adaptation strategy, companies can not only increase the relevance of their products in new markets but also strengthen relationships with local consumers, which in turn can enhance loyalty and sales.

Examples of adaptation strategies include modifying products to meet local standards, adjusting prices based on consumer purchasing power, and using distribution channels that align with consumer behavior in specific regions. Thus, adaptation strategies focus not only on

product changes but also on marketing, communication, and distribution aspects relevant to the local context. Therefore, a thorough understanding of the local market and the ability to adapt quickly are key to a company's success in international markets.

2. Research Method

The following section outlines the methods applied to ensure that this research is conducted systematically, purposefully, and transparently. The data collection method used in this study includes identifying, interpreting, and sourcing literature from various reliable sources while reviewing publications related to the methodology employed. A qualitative research method was utilized to explore and analyze Netflix's adaptation and global expansion strategies. This approach enables the researcher to understand the complex context and dynamics behind Netflix's strategic decisions.

The data collected will be analyzed using a thematic analysis approach. The researcher will identify emerging themes and patterns, such as localization strategies, technological innovation, and original content development. The following are the methods used Searching for news articles and journals. Journal searches were conducted using various sources. The following keywords were used to find relevant journals: Netflix's Global Market Strategy, The Case Study of Netflix, and related publications. Selecting two previous research articles for comparison. Reviewing two key academic articles that are the focus of this research: *The Business Strategy Analysis of Netflix* by Yu-Hao Hsiao and *Strategy for Growth and Market Leadership The Netflix Case* by Kishwar Joonas et al. Additional sources will be used to provide broader context regarding Netflix's strategy. Comparing the two reviewed articles and drawing conclusions based on the strengths and weaknesses of both articles.

3. Result and Discussion

The first article, *The Business Strategy Analysis of Netflix* by Yu-Hao Hsiao, provides a comprehensive analysis of Netflix's transformation from a DVD rental service to a leading global streaming entity, emphasizing its subscription model, investments in original content, and technological advancements. The second article, "Strategy for Growth and Market Leadership: The Netflix Case" by Kishwar Joonas, Ahmed Y. Mahfouz, and Rolanda A. Hayes, delves into Netflix's marketing strategies, pricing frameworks, and competitive barriers it has faced in expanding its international presence. This review aims to integrate findings from both articles to enhance the understanding of Netflix's strategic actions in the rapidly evolving entertainment landscape.

This article presents a comprehensive examination of Netflix's evolution from a DVD rental service to a leading global streaming entity. It discusses Netflix's strategic approach, including its subscription-based revenue model, significant investment in original

content, and initiatives for global market expansion. The importance of technological advancements, particularly Artificial Intelligence (AI) and Machine Learning (ML), in enhancing user experience and engagement is also addressed. Three key insights emerge from this research

Original Content Development The production of original programming is fundamental to Netflix's strategy, enabling the company to differentiate itself from competitors and retain customer loyalty. By creating critically acclaimed series and films, Netflix has positioned itself as a leading content producer. International Expansion and Cultural Adaptation: Netflix's operations in 190 countries illustrate its global growth aspirations. The company customizes its content to align with local cultures and preferences, employing localization strategies to meet the diverse expectations of viewers.

Technological Advancements The integration of advanced technologies, such as AI and ML, has been crucial in tailoring content recommendation and enhancing user satisfaction. Netflix's dedication to technological innovation allows it to maintain a competitive edge in the streaming sector. Despite these achievements, Netflix faces various challenges, including rising content costs, intensifying competition from domestic and international entities, and shifting consumer preferences.

This article Netflix's strategic development, highlighting its marketing strategies, pricing models, and competitive strengths that have facilitated its rise to market leadership in the streaming domain. A key insight from this research is that Netflix has employed a waterfall approach in its growth strategy, which has been instrumental in establishing its position as a leader in the streaming industry. The waterfall approach implemented by Netflix is a structured and sequential growth strategy, where the company executes business initiatives in well-defined and planned stages. Netflix focuses on strategic steps that include market analysis, product development, marketing, and performance evaluation.

This approach enables Netflix to systematically explore new market opportunities, prioritize investments in original content, and build a strong customer base. By leveraging customer data and feedback, Netflix can adjust its strategies and ensure that each step in the growth process supports its long-term goal of being the leading company in the streaming industry. This section presents an in-depth evaluation of two articles discussing Netflix's strategies for entering and adapting to the global market. The goal of this analysis is to provide a comprehensive understanding of the strategic steps taken by Netflix in the context of the global entertainment industry by analyzing the focus, methodology, thematic insights, strengths, and weaknesses of the two articles.

This article offers detailed insights into Netflix's evolution from a DVD rental service to a world-leading streaming platform. It highlights various tactics that contributed to Netflix's success, including its

membership-based revenue model, substantial investment in original productions, and technological advancements, such as Artificial Intelligence (AI) and Machine Learning (ML). The author uses a theoretical framework that integrates various business strategy concepts, such as Porter's Five Forces and the Resource-Based View (RBV), to place Netflix's strategic choices in a broader industry context. The article provides a comprehensive analysis of Netflix's development, supported by numerical data related to market performance and customer growth.

This article explores Netflix's strategic growth from a marketing perspective, examining how the company established its position as a pioneer in the streaming sector. It discusses Netflix's market entry process, pricing models, and competitive landscape through a qualitative case study approach, using information from trade journals and industry analyses. The article also explores Netflix's growth strategies with practical examples, such as personalized marketing and free trial promotions, to provide relevant real-world context.

Both articles emphasize Netflix's strong drive for global expansion and the critical role of localization as a central theme. They explain how Netflix successfully entered over 190 countries and adapted its services to meet local needs, highlighting the importance of cultural sensitivity in content offerings. However, there are differences in the focus on challenges faced. Article 1 examines specific challenges, such as rising content costs and increasing competition, offering a broader perspective on how these barriers may affect Netflix's long-term sustainability and expansion. In contrast, Article 2 explores Netflix's marketing tactics in response to competition, focusing on pricing strategies and collaborations with local content producers.

The primary strength of Article 1 lies in its detailed analysis of Netflix's strategic efforts, blending theoretical concepts with empirical data to provide a comprehensive understanding of the company's development. Its insights into Netflix's competitive advantages are bolstered by in-depth perspectives from various theoretical angles. However, this article does not offer a deep analysis of specific marketing strategies or methods used to engage consumers.

On the other hand, Article 2 excels in providing practical information about Netflix's marketing tactics and competitive positioning. It demonstrates how the company utilizes personalized marketing and free trial promotions to boost customer numbers. The article's relevance to current market dynamics makes it highly valuable for understanding the rapidly evolving streaming industry. Nevertheless, its limited theoretical framework may restrict the application of its findings in broader contexts.

4. Conclusion

In conclusion, Netflix's entry and adaptation strategies in the global market provide a compelling example of strategic vigilance, technological innovation, and effective localization. The two reviewed articles offer

valuable insights into how Netflix successfully navigated the complexities of international expansion, although they approach the topic from different perspectives. Article 1 emphasizes the broader strategic landscape, focusing on Netflix's long-term evolution, technological advancements, and theoretical frameworks such as the Resource-Based View (RBV) and Porter's Five Forces. This article highlights how innovations in original content, personalization through artificial intelligence (AI), and data-driven decision-making have shaped Netflix's success and maintained its competitive advantage. On the other hand, Article 2 delves deeper into Netflix's practical marketing strategies, exploring its tactical responses to market competition, pricing models, and customer acquisition efforts. This article underscores Netflix's ability to adapt its services and content offerings through localized partnerships, enabling the company to enter diverse global markets while building strong brand loyalty. While both articles stress the importance of localization and technological innovation as central pillars of Netflix's global strategy, they focus on different aspects of the company's growth. Article 1 provides a theoretical and strategic overview suitable for understanding Netflix's business model in a broader industry context, whereas Article 2 offers a more practical and tactical perspective, focusing on immediate market challenges and competitive positioning. Overall, these articles present a holistic view of Netflix's journey from a DVD rental service to a global streaming leader, demonstrating the importance of aligning long-term strategies with short-term tactical actions. This critical analysis affirms that Netflix's sustained success in the global market hinges on its ability to innovate, adapt, and respond to the constantly evolving competitive landscape. The review contributes to a deeper understanding of how digital platforms can transcend boundaries and thrive in the increasingly globalized entertainment industry.

References

- [1] Yuan, C. (2023). A Case Study of Netflix's Marketing Strategy. *BCP Business & Management*, 42, 185–190. DOI: <https://doi.org/10.54691/bcpbm.v42i.4580> .
- [2] Onyusheva, I., & Baker, A. S. (2021). Netflix: A Case Study On International Business Strategy Development. *The EurASEANs: Journal on Global Socio-Economic Dynamics*, 6(31), 40–52. DOI: <https://doi.org/10.35678/2539-5645.31.2021.40-52> .
- [3] Kim, T. (2022). Critical Interpretations of Global-Local Co-Productions in Subscription Video-on-Demand Platforms: A Case Study of Netflix's YG Future Strategy Office. *Television and New Media*, 23(4), 405–421. DOI: <https://doi.org/10.1177/1527476421999437> .
- [4] Mogess, Y. K., & Ayen, D. D. (2023). The Effects of Climate Change Adaptation Strategies On The Welfare of Rural Farm Households In Ethiopia. *Food and Energy Security*, 12(3). DOI: <https://doi.org/10.1002/fes.3.451> .
- [5] Espada, R., Apan, A., & McDougall, K. (2017). Vulnerability Assessment of Urban Community and Critical Infrastructures For Integrated Flood Risk Management and Climate Adaptation Strategies. *International Journal of Disaster Resilience in the Built Environment*, 8(4), 375–411. DOI: <https://doi.org/10.1108/IJDRBE-03-2015-0010> .
- [6] Sarkodie, S. A., & Strezov, V. (2019). Economic, Social and Governance Adaptation Readiness For Mitigation of Climate Change Vulnerability: Evidence From 192 Countries. *Science of the Total Environment*, 656, 150–164. DOI: <https://doi.org/10.1016/j.scitotenv.2018.11.349> .
- [7] Mairura, F. S., Musafiri, C. M., Kiboi, M. N., Macharia, J. M., Ng'etich, O. K., Shisanya, C. A., ... Ngetich, F. K. (2021). Determinants of Farmers' Perceptions of Climate Variability, Mitigation, and Adaptation Strategies In The Central Highlands of Kenya. *Weather and Climate Extremes*, 34. DOI: <https://doi.org/10.1016/j.wace.2021.100374> .
- [8] Firdaus, R. (2013). The Impact of Climate Change Towards Malaysian Paddy Farmers. *Journal of Development and Agricultural Economics*, 5(2), 57–66. DOI: <https://doi.org/10.5897/jdae12.105> .
- [9] Thornton, P. K., Jones, P. G., Ericksen, P. J., & Challinor, A. J. (2011). Agriculture and food systems in sub-Saharan Africa in a 4°C+ world. In *Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences* (Vol. 369, pp. 117–136). Royal Society. DOI: <https://doi.org/10.1098/rsta.2010.0246> .
- [10] Fekadu, G., & Belay, D. (2024). Determinant of Farmers' Choice of Adaptation Strategies to Climate Change in Rural Areas of Ambo District, Ethiopia. *Journal of Asian and African Studies*. DOI: <https://doi.org/10.1177/00219096231225950> .
- [11] Mase, A. S., Gramig, B. M., & Prokopy, L. S. (2017). Climate Change Beliefs, Risk Perceptions, and Adaptation Behavior Among Midwestern U.S. Crop Farmers. *Climate Risk Management*, 15, 8–17. DOI: <https://doi.org/10.1016/j.crm.2016.11.004> .
- [12] See, J., Cuaton, G. P., Placino, P., Vunibola, S., Thi, H. D., Dombroski, K., & McKinnon, K. (2024). From Absences to Emergences: Foregrounding Traditional and Indigenous Climate Change Adaptation Knowledges and Practices From Fiji, Vietnam and The Philippines. *World Development*, 176. DOI: <https://doi.org/10.1016/j.worlddev.2023.106503> .
- [13] Erdiaw-Kwasie, M. O., Abunyewah, M., Yusif, S., & Arhin, P. (2023). Small and Medium Enterprises (SMEs) in a Pandemic: A Systematic Review of Pandemic Risk Impacts, Coping Strategies and Resilience. *Heliyon*, 9(10). DOI: <https://doi.org/10.1016/j.heliyon.2023.e20352> .
- [14] Volpato, G., & King, E. G. (2019). From Cattle to Camels: Trajectories of Livelihood Adaptation and Social-Ecological Resilience In A Kenyan Pastoralist Community. *Regional Environmental Change*, 19(3), 849–865. DOI: <https://doi.org/10.1007/s10113-018-1438-z> .
- [15] Friedman, E., Solecki, W., Troxler, T. G., & Paganini, Z. (2023). Linking Quality of Life and Climate Change Adaptation Through The Use of The Macro-Adaptation Resilience Toolkit. *Climate Risk Management*, 39. DOI: <https://doi.org/10.1016/j.crm.2023.100485> .
- [16] Mcleod, E., Bruton-Adams, M., Förster, J., Franco, C., Gaines, G., Gorong, B., ... Terk, E. (2019). Lessons From The Pacific Islands - Adapting to Climate Change by Supporting Social And Ecological Resilience. *Frontiers in Marine Science*, 6(JUN). DOI: <https://doi.org/10.3389/fmars.2019.00289> .
- [17] Mbah, M., Ajaps, S., & Molthan-Hill, P. (2021). A Systematic Review of The Deployment of Indigenous Knowledge Systems Towards Climate Change Adaptation In Developing World Contexts: Implications for Climate Change Education. *Sustainability (Switzerland)*, 13(9). DOI: <https://doi.org/10.3390/su13094811> .
- [18] Sullivan, P., McIntyre, J. R., & Berg, S. (2021). The Role of Adaptation In International Business Strategy: A Systematic Literature Review. *International Business Review*, 30(4), 101–115. DOI: <https://doi.org/10.1002/mar.21670> .
- [19] Kumar, V., Rahman, Z., & Kazmi, A. A. (2021). Sustainable Market Entry Strategies: A Literature Review and Future

Research Directions. *Journal of International Marketing*, 29(3), 48-68. DOI: <https://doi.org/10.1177/09721509135015> .

Environmental Change, 61. DOI: <https://doi.org/10.1016/j.gloenvcha.2020.102037> .

DOI:

[20]Du, S., Scussolini, P., Ward, P. J., Zhang, M., Wen, J., Wang, L., ... Aerts, J. C. J. H. (2020). Hard or Soft Flood Adaptation? Advantages of A Hybrid Strategy For Shanghai. *Global*