

# Research on the Current Situation and Marketing Strategies of Netflix Platform Marketing

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**Abstract.** Streaming media, as a brand new carrier of cultural products, plays a very important role in business and culture under the rapid development of the Internet. In the wake of the pandemic, many media industries and companies have been affected. First and foremost is Netflix. With the development of the epidemic, Netflix's market share continues to eat up the market share of film and television. This paper will first study some problems encountered by Netflix after the epidemic and what caused its market value to decline. In addition, this paper will predict and research its future strategies and analyze Netflix by connecting with the global streaming media industry. This article aims to help some small streaming media companies to solve the problems they encounter after the epidemic. And These companies can learn from Netflix's solutions to some extent and also drive the development of the streaming media industry from the side.

**Keywords:** Netflix platform, Marketing, Current situation, Marketing strategies.

## 1. Introduction

### 1.1 Research Background

The epidemic has swept the globe in recent years, wreaking havoc worldwide. There are big and small impacts worldwide, and the global economy is also on a downward trend. Some companies also face bankruptcy due to the epidemic's impact, but others have gained profits. Due to various epidemic control measures, Netflix has gained many users in recent years. This kind of user growth will have a retrospective effect on Netflix. But the loss of users in the first quarter of this year was bigger than expected. The main reason is that some countries and regions relaxed their epidemic control policies after the epidemic, and offline movie-watching gradually resumed. Movies and TV series are no longer the only entertainment means, contributing to the economic decline of Netflix in the first quarter. Revenue for the first quarter was \$7.87 billion, up 9.8% year on year but below expectations of \$7.93 billion, according to financial results released by state media. Net profit fell 64% to \$1.6 billion, and subscribers fell by at least 200,000, its first negative growth in a decade [1]. It makes us wonder what Netflix's strategy will be this time, given its history of solving puzzles and creating legends. This research can also help us better understand the impact of the epidemic on the media and how some online media companies should change their strategic plans to conform to the current market trend after the epidemic improves [1].

### 1.2 Literature Review

CNC Market pointed to slowing new subscriber growth and squeezed margins as key factors leading to the sell-off. The stock will continue a downward trend in the mid to late stage as Netflix's rising content costs lead to a sharp decline in operating margins along with its rapid revenue growth. Because the company has been the main exclusive content during the outbreak, exclusive content is the main way to attract new subscribers. But the live streaming in the company is also found because the outbreak is gradually improving. Offline viewing the user increase led to a decrease in subscribers, and its earnings growth slowed. Was it not that it is a big studio? This quarter's loss might have hit it

hard? He also pointed to a slowdown in the number of homes with broadband connections, an estimated 100 million subscriber shares, increased competition with traditional TV and new platforms, and a slowdown in the pandemic. He also noted that while Netflix ended the first quarter as the world's largest streaming service, the unusual negative growth shows that the negative factors are not going away anytime soon. Even second-quarter forecasts remain pessimistic, with an estimated loss of 2 million subscribers [2].

One Entertainment argued that Netflix's loss of subscribers in the first quarter led directly to its fall out of Wall Street's good graces. Even though Netflix has recently waited for the release of *Love, Death, Robots*, and *Stranger Things*, one movie or show can't fix Netflix's decline. Even though Netflix has changed the scheduling model of *Stranger Things*, opting for a split release to retain some subscribers. Still, this small change, while effective in the short term, may not be enough to support Netflix users' long-term viewing habits. So Netflix recently put some strategies on display in May. In the future, it is likely to set foot on a reduced cost to increase the efficiency of the road. In some form, more like a changed the thinking of money, making money more delicate, it also can be seen that the core of the streaming media industry in recent years to discuss the direction gradually turned into how to make each input to get results [3].

Dumou mentioned that according to *The Hollywood Reporter*, Netflix would likely focus its resources on bigger and better projects. While slowing down the release of series in the direction of "bigger, better, less" and reducing the number of mid-budget and art house films, streaming appears to be entering the next phase: Turning mass into the continuous supply of quality content [4].

Most articles have focused on the reasons for Netflix's economic decline and the difficulties it faces in the future. Still, few have looked at detailed predictions of its future strategy, leaving it as a vague guess.

### **1.3 Research Framework**

This paper will first study some problems encountered by Netflix after the epidemic and what caused its market value to decline. Secondly, we will make a prediction and research its future strategies. Finally, we will analyze Netflix by connecting with the global streaming media industry.

Right now, people are emerging from the lockdowns of the Covid-19 pandemic and enjoying more of the outdoors. Netflix has also gone from a period of peak earnings brought about by the pandemic to losing large numbers of users each quarter. This also leads to the first question: How many users canceled their subscription to Netflix in the wake of the pandemic? We want many user data to solve this problem, so use the survey method. We will create a survey with the following questions, are you subscribed to or have you subscribed to Netflix? How long, on average, do you spend watching videos on Netflix? Are you still subscribed to Netflix after the pandemic? If you cancel your subscription, please briefly explain why. This paper aims to have at least 100 people participating in the survey so we can have enough data to calculate the percentage [5].

## **2. Methods**

### **2.1 Method 1**

Right now, people are emerging from the lockdowns of the Covid-19 pandemic and enjoying more of the outdoors. Netflix has also gone from a period of peak earnings brought about by the pandemic to losing large numbers of users each quarter. This also leads to the first question: How many users canceled their subscription to Netflix in the wake of the pandemic? We want many user data to solve this problem, so use the survey method. We will create a survey with the following questions, are you subscribed to or have you subscribed to Netflix? How long, on average, do you spend watching videos on Netflix? Are you still subscribed to Netflix after the pandemic? If you cancel your subscription, please briefly explain why. This paper aims to have at least 100 people participating in the survey so we can have enough data to calculate the percentage [6].

## 2.2 Method 2

The other way to determine just how affected Netflix streaming services and numbers have been affected by the Covid-19 pandemic and how the dissipating pandemic has resulted in reduced subscriptions. By monitoring just the number of people tuning in to watch their favorite TV shows and movies when they premier on the streaming service, and also determining the accurate number of people who watch these shows through shared accounts and Netflix passwords. Sharing passwords and accounts has been a problem that Netflix has been trying to solve ever since the company launched its online streaming platform. There are reportedly up to 100 million shared accounts and more than 200 million households accessing Netflix through other people's accounts. Trying to understand just how the virus dissipates and people starting to go back to the movies has affected Netflix watching numbers. It would be of great importance to try through this research paper and answer how many people use shared Netflix accounts and how many households pay for their subscriptions. In order to gauge the correct estimates, this paper will aim to interview up to 500 people either via online surveys, interviews, questionnaires, and public polls to try and get all this information and compare the data against each other to see the demographic that is most in tune with Netflix as a streaming platform and also to be able to understand clearly the conundrum of Netflix subscription and be able to stop the subscriber hemorrhage [7].

## 3. Result

The impact is slowly diminishing as the outbreak is gradually brought under control. The "epidemic dividend" is gradually dissipating. The first to be most affected overseas is the media market. Netflix is also one of the media companies that have been heavily affected. On April 20, Netflix released its first-quarter 2021 earnings with mixed results. The good news was that Netflix reported revenue of \$7.163 billion for the quarter, up 24.2 percent from a year earlier, and a net income of \$1.707 billion, up 140.8 percent from a year earlier [2]. In the financial statements after the epidemic, we can see that Netflix's revenue has increased sharply, indicating that media companies are rising. And the rise is large. This is also related to the conditions of the epidemic. In the case of outbreaks, which are reported in real-time, there is a great need for people to know the impact and experience of the outbreak in real-time. And media communication platform is the main way that people will choose. Therefore, media companies and platforms have risen dramatically in the wake of the pandemic. The second is that many countries issue policies related to home isolation. In isolation at home, people preferred watching movies and videos to kill time. Netflix offers 17,000 movies and videos on the platform. This allowed Netflix to grow and make much money after the pandemic. People went back to work after the pandemic. Netflix is gradually running out of people with nothing to do at home and returning to normal use. People only watch what they like on the platform when relaxed. If you're a Netflix subscriber, you should be able to relate to it. According to Netflix's research, viewer activity depends on the platform's personalized recommendations, and more than 75 percent of subscribers do [8]. Digging deeper, they collected multiple data points and generated details of each subscriber. It is striking that Netflix creates user profiles that are far more detailed than the information or preferences provided by users. So, the general application group of Netflix is pushed by their preferences to apply the software.

We should also focus on the change that the audience has after COVID-19. Consumer values change family, health and environmental protection, and enjoy life as the keywords. After the outbreak, consumers look forward to returning to their families, with 78% willing to spend more time caring for their families. In addition, 74 percent of consumers want happiness and fun; 76% will focus more on physical exercise in the future; China's support for environmental protection also increased by 13 percentage points from last year [9]. Netflix should make more comprehensive changes to its feed content, comparing people's psychological changes and real needs after the epidemic. Only in this way can the audience be better retained and more and more interested. The audience re-examined the concept of money and became increasingly aware of saving. It also prevents most people from

subscribing to some of Netflix's programs. Subscriptions are a big part of Netflix's marketing, and that was before the pandemic and some of the major developments and upturns in the pandemic. Netflix needs to make some substantial changes, such as policies or subscription rules, according to some changes in audience and characteristics.

Therefore, in recovering the industry after the epidemic, Netflix needs to target the content people are interested in and use the previous marketing strategy to restore dividends. The first problem that Netflix faces is that there may be a short-term shortage of content after the epidemic, which requires it to quickly adjust its team to develop and innovate more content to operate. Flaws in content can make people bored and lose their audience. Second, after the epidemic, we should develop more innovative products or services in which we have not been involved to attract more viewers. And then there's the marketing problem of the enemy. Disney publicly announced restructuring plans to shift its focus to video streaming; HBO Max and Peacock are both targeting Netflix's customer base; Amazon's Prime Video continues to grow [10].

In addition, people still spend much time watching free videos on YouTube and Twitch. Netflix faces more competition than ever, so the company needs to find a way to keep growing, which is getting harder as the market matures. But Netflix can survive if it innovates and understands its audience well [9]. In addition, Netflix's post-pandemic performance has been questioned. Netflix has cut some TV series or movies as appropriate after the pandemic. Management and company personnel are also making changes in the wake of the pandemic. It has raised questions about Netflix's strategy, and canceling some expensive products that don't attract new subscribers or have little impact on retention makes financial sense. Still, it also reduces the amount of original content Netflix can continue to offer. Without the amount of original content, Netflix would lose much objectivity. But the budgets of some original works are too high, and the audiences are too small. These projects are a waste of money. Therefore, Netflix should also consider and think well about producing efficient programs. Since the pandemic, Netflix has kept the same subscription rules, and they should change them accordingly. After the epidemic, there will not be so many people to subscribe, and policies should be adjusted to restore development. It is wrong to keep the same policy all the time. Keeping up with the development of The Times and changing events is the key to maintaining the top flow [11].

## **4. Discussion**

### **4.1 Analysis of Strategy 1**

Netflix is proposing one way that may result in the company losing even more user subscriptions after the pandemic is over and everyone is back in the theatres. However, this suggestion will ensure that the streaming platform earns high revenues. This proposal by the company is for the streaming giant to introduce ads to go with their content. Netflix users have historically been attracted to the company because of its ads-free content. Introducing ads onto the platform would be a very big turnaround. It would be the first sign that Netflix is moving away from its sure-fire-tested and proven culture that brought them the acclaimed success and made them the biggest streaming platform in the world. For years, Netflix refused to place ads on its platform. The board of the world's largest streaming service has surprised its users by deciding to support the introduction of advertising into its service. The strategy runs counter to Netflix's dominant culture of ad-free content. So internally, the strategy doesn't even take into account users. Implementing this strategy will make even more Netflix users unsubscribe from their accounts. However, the counterargument is that this strategy will increase Netflix's revenue even with the decreased subscriptions. Many companies and brands aim to advertise their services and products on Netflix simply because of the huge subscription that Netflix maintains, even with the massive user fallout and many users leaving the platform. Also, many companies and brands looking for the target market are millennials, and Gen Zs are predominantly associated with Netflix. This means that for Netflix to air the ads and commercials, they will charge premium charges [2].

This strategy will, however, not be applied to all content categories offered by Netflix. Netflix will create different subscription tiers where higher subscriptions will be ads-free and the ad-supported, lower-priced subscription tier. This means that Netflix will not be entirely neglecting the ads-free demographic. Those subscribers who do not want to see the ads and commercials are also catered for only that they will have to be willing to pay a little higher subscription charges than the lower ad-supported subscription tiers offered on the same platform. Netflix is already speaking to numerous potential partners to ensure that the streaming giant seamlessly integrates its services into the ad world. The companies reported being in talks with Netflix to incorporate their ads to the streaming service company, including Comcast, NBCUniversal, and Google, among others. These are great companies when it comes to the ads world. These companies are some of the largest earners in advertisements and commercials. This means that if Netflix successfully goes through its testing phase and launch its ads-services with the mentioned companies, this streaming media will be able to cushion its subscriber losses with the added revenue injection it will earn from this deal. This strategy does not, however, speak to the continued fall in subscription numbers on the platform [1].

## 4.2 Analysis of Strategy 2

This second strategy will directly tackle the streaming service's continuously losing subscribers. Even before the pandemic, Netflix had started losing subscribers because they had shifted from their original business plan of buying streaming rights of acclaimed TV shows that had aired in the past and making them available only on their platform. However, Netflix gradually shifted from this business plan and started making its original content. Some subscribers loved the new content, while others were still reeling from the nostalgia they felt from the old shows. Even younger people like older shows, as many millennials and Gen Z watch them for the first time in the 90s and even the 2010s. This Netflix strategy of doing away with older shows in favor of their original content was very detrimental in 2019 and 2020. During the scourge of the Covid-19 pandemic, the platform decided that they would not bring back the two most streamed shows on the streaming service; the two acclaimed and classical sitcoms – Friends and The Office. In 2019, Friends was the most streamed show on Netflix. Similarly, in 2020, The Office was the most streamed show on Netflix. By not bringing them back and keeping them on the platform, Netflix lost many subscribers who were solely fans of these two shows [3].

Netflix should balance creating original content and keeping the old shows on the platform. The streaming company should not create unnecessary shows that they end up canceling only after their first seasons. This creates misuse of funds that could have been used in funding more lucrative and fan-favorite shows. If possible, Netflix creators should follow the streamer's strategy with its two very successful shows; Stranger Things and Crown. For one, the streamer has to speed out their release schedules so that one season is split into two release dates. This keeps many subscribers on the platform for months, waiting for their favorite shows to premiere. Secondly, the pacing from one season to the next and the creativity in these two shows had amassed many subscribers for the platform via word of mouth. So many people have subscribed to Netflix solely for the sake of Stranger Things and Crown. This is because these shows are good. It shows that if Netflix can come up with good shows, then it will no matter the high subscription charges, nor will it matter whether the platform introduces ads and commercials as part of its service. People subscribe to watch their best shows [12].

## 5. Conclusion

### 5.1 Conclusion of Your Key Finding

The reason for Netflix's current problems is that after the outbreak, people went back to their normal lives, so Netflix lost users who had nothing to do at home but watch videos. After the outbreak of the epidemic, people's moods also changed. After the outbreak, people realized the importance of saving money, so they chose not to subscribe to Netflix. Therefore, Netflix should make some

substantive changes based on these problems. The main problem Netflix faces is that after the epidemic, there will be a short-term shortage of content, and it needs to develop innovative new content to attract audiences. However, the cost of original content is too high, and Netflix should think about how to produce efficient programs. Moreover, some marketing problems of the enemy affect Netflix. So Netflix shouldn't keep up with the same strategy

## 5.2 Research Significance

This article aims to help some small streaming media companies solve the problems they encounter after the epidemic. According to the study of these problems that Netflix is facing and some solutions formulated by the company, it can greatly impact some other streaming or new media industries. These companies can learn from Netflix's solutions to some extent and also drive the development of the streaming media industry from the side. Netflix's current situation is also a sign that the streaming industry may enter a new realm.

## 5.3 Limitation

This paper lacks some major data, mainly some secondary data and analysis, as well as some systematic analysis of the future planning of Netflix. In the future, some major data can be obtained through consulting some authoritative analysis data, as well as surveys and interviews.

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