

## **The Strategy of Netflix Dominate the Entertainment Media Market in The World After the Death of Blockbuster**

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### **ABSTRACT**

Multinational companies (MNCs) are non-state actors that have an important role in international relations. Globalization has facilitated the development of multinational corporations as well as media transformation. This has an impact on the presence of multinational entertainment media-based companies that operate with the SVOD (Subscription video-on-demand) system such as Netflix and Blockbuster. Netflix chose Indonesia as one of its potential markets. However, Netflix had to face new competitors and resolve some of the obstacles and regulations that came from other companies and the government in Indonesia. This study aims to identify and analyze Netflix's strategy in controlling the Entertainment Media market in Indonesia with the concept of MNC, international strategy, and competitive advantage. This study uses an approach with a descriptive method where data collection comes from secondary data such as books, academic literature, and news portals. In analyzing the data, the researcher examines and draws an explanation of the phenomenon. Netflix's strategies and efforts are able to make Netflix the number one preferred SVOD platform in the Indonesian market. This is based on the supremacy that Netflix has, especially in providing original content. By continuing to develop its strategy, Netflix can continue to internationalize its services in the Indonesian market. Netflix's strategies and efforts are able to make Netflix the number one preferred SVOD platform in the Indonesian market. This is based on the supremacy that Netflix has, especially in providing original content. By continuing to develop its strategy, Netflix can continue to internationalize its services in the Indonesian market. Netflix's strategies and efforts are able to make Netflix the number one preferred SVOD platform in the Indonesian market. This is based on the supremacy that Netflix has, especially in providing original content. By continuing to develop its strategy, Netflix can continue to internationalize its services in the Indonesian market.

**Keywords:** Netflix; Strategy; Entertainment Media Market; Blockbusters.

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## **INTRODUCTION**

The scope of international relations is no longer limited to state-state actors, but non-state actors also play a role in the international system. A multinational company (MNC) or multinational company is a non-state actor defined as a company with facilities and assets other than its home country. Multinational companies take several forms, ranging from large companies that can manage their subsidiaries in several countries to small companies that invest abroad (Mayrhofer, U., & Prange, 2017) We can see the operating activities of significant multinational companies from operations that simultaneously control the flow of

capital power, sound management systems, and technology (NST, 2014). Multinational companies have several categories based on their respective industrial sectors: multinational food companies, multinational health companies, multinational breweries, and multinational mass media companies. As companies that thrive in international markets and operate across countries, multinational companies have become important and increasing in recent decades. The development of information and digital technology that focuses on the use of the internet has brought a new focus to the development of multinational corporations. MNCs have become important and increasing in recent decades. The development of information and digital technology that focuses on the use of the internet has brought a new focus to the development of multinational corporations. MNCs have become important and increasing in recent decades. The development of information and digital technology that focuses on the use of the internet has brought a new focus to the development of multinational corporations.

Digital technology can help these companies escape the geographical limitations and costs of establishing a physical presence in a foreign country. (Nachum, L., & Zaheer, 2002) What's more, Netflix has become a popular platform lately. It also makes Netflix an interesting research theme to study. A study conducted by (Dias, M., & Navarro, n.d.) states that Netflix's efforts to consolidate the Brazilian (Over-the-Top – OTT) streaming video content market must overcome obstacles and challenges such as allegations of tax evasion of Brazil's economic recession against Netflix. However, Netflix can handle it well as Netflix can still face stiff local competition. Meanwhile, the research conducted by (Scarlata, 2020). states the impact of Netflix as a global subscription video-on-demand (SVOD) service in Australia, which uses a screen ecology perspective to understand cultural dynamics. and industry on the supply and demand sides of the impact of multinational SVOD services in Australia. In addition, the results of the study also show that there are differences in Netflix's internationalization model which if we are not good at reading it will have implications for maximizing the opportunities of the international streaming industry in Australia.

Internet use in the world always increases every year, including in Indonesia. Until November 2015 internet users in Indonesia reached 88.1 million people from the total population of 255.8 million people (Fajrian, 2015). This number is predicted to continue to increase every year to reach 133.5 million people in 2019 according to research from Statista (2016). The increase in the number of internet users has led to the emergence of many new innovations from service providers such as website-based buying and selling services (e-commerce), online news portals, e-learning, social media, messaging platforms, as well as many platforms that offer streaming services such as video and audio. music. Netflix and Redbox, Blockbuster, Inc are companies that are both engaged in the entertainment world,

The Blockbuster company went bankrupt, having struggled with debt and intense competition from Netflix and Redbox, Blockbuster, Inc. filed for bankruptcy in September 2010, it was a sad ending for the company that had dominated the film rental business in the 1990s. Blockbusters Inc. founded by David Cook in 1985 with its first rental outlet in Dallas. Cook plans to take advantage of the highly fragmented video rental market, where most of the stores are relatively simple family operations that carry a small selection of previous big hit films mainly due to the high-cost distributors they usually charge (about \$65 per cassette), with 8,000 cassettes covering 6,500 titles, Blockbuster has a much wider and deeper

inventory than its closest competitor. Store operations were also greatly simplified by computerized systems for inventory control and checkout. In 1986, due to liquidity problems, Cook was forced to turn over the entire company to a group of investors led by Wayne Huizenga. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. Store operations were also greatly simplified by computerized systems for inventory control and checkout. In 1986, due to liquidity problems, Cook was forced to turn over the entire company to a group of investors led by Wayne Huizenga. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. Store operations were also greatly simplified by computerized systems for inventory control and checkout. In 1986, due to liquidity problems, Cook was forced to turn over the entire company to a group of investors led by Wayne Huizenga. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia.

## **LITERATURE REVIEW**

The Dynamics of Netflix Development in Indonesia From 2016 to 2021, January 7, 2016, became the official date for Netflix to enter the Indonesian market. This shows that Netflix's investment reach is becoming wider. Netflix is the first SVOD company to spread its wings in the Indonesian market. Netflix's expansion to Indonesia reaps pros and cons from several parties. PROFI (Association of Indonesian Film Producers) as an Indonesian industry has responded very well to Netflix where they think that Netflix's presence can provide new hope for the film industry in Indonesia by providing new space for filmmakers in Indonesia and new impressions for the film world. Indonesian consumers (Jamaludin, 2016).

After struggling with debt and intense competition from Netflix and Redbox, Blockbuster, Inc. filed for bankruptcy in September 2010. It was a sad ending for the company that had dominated the film rental business in the 1990s. Blockbusters Inc. founded by David Cook in 1985 with its first rental outlet in Dallas. Cook plans to take advantage of the highly fragmented video rental market, where most stores are relatively simple family

operations that carry a small selection of previous big hit films mainly because of the high-cost distributors they usually charge (about \$65 per cassette). With 8,000 cassettes covering 6,500 titles, Blockbuster has a much wider and deeper inventory than its closest competitor. Store operations were also greatly simplified by computerized systems for inventory control and checkout. In 1986, due to liquidity problems, Cook was forced to turn over the entire company to a group of investors led by Wayne Huizenga. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia. Between 1987 and 1993, Huizenga developed Blockbuster into a huge success. During this period, Blockbuster opened stores worldwide at a rate of about one every 24 hours. By 1993, Blockbuster was the leading global provider of home movie and game entertainment, with more than 3,400 stores across the Americas, Europe, Asia and Australia.

A blockbuster store is a ubiquitous neighborhood feature that stays open 365 days a year, generally from 10 a.m. to midnight. Merchandise selection, quantity and format are customized at the store level to meet local customer needs and preferences. However, in the early 2000s, Blockbuster began to see real competition from the burgeoning online rental market as DVDs began to replace cassettes. Its main competitor was Netflix, launched in 1997. Besides being cheaper to buy than cassettes, DVDs were perfect for mailing because they were cheaper to ship and less fragile than cassettes. Netflix challenges Blockbuster on two key dimensions—variation and late fees. While Blockbuster stores generally carry around 3,000 titles, Netflix initially offered more than ten times that amount. Plus, Netflix doesn't charge Blockbuster's much-disliked "late fee," instead allowing subscribers to keep titles for as long as they want. Netflix's monthly subscription plan offers unlimited mail-order rentals for \$9, the cost of two rentals at Blockbuster stores. Meanwhile, Redbox, a unit of Coinstar Inc., operates a vending machine that rents out DVDs for just \$1 per night. Despite his best efforts, Blockbuster's physical stores could not match the low-cost operating models of Netflix and Redbox, leading to its bankruptcy (see financial results in Table 2-5). instead of allowing customers to keep titles for as long as they want. Netflix's monthly subscription plan offers unlimited mail-order rentals for \$9, the cost of two rentals at Blockbuster stores. Meanwhile, Redbox, a unit of Coinstar Inc., operates a vending machine that rents out DVDs for just \$1 per night. Despite his best efforts, Blockbuster's physical stores could not match the low-cost operating models of Netflix and Redbox, leading to its bankruptcy (see financial results in Table 2-5). instead of allowing customers to keep titles for as long as they want. Netflix's monthly subscription plan offers unlimited mail-order rentals for \$9, the cost of two rentals at Blockbuster stores. Meanwhile, Redbox, a unit of Coinstar Inc., operates a vending machine that rents out DVDs for just \$1 per night. Despite his best efforts, Blockbuster's physical stores could not match the low-cost operating models

of Netflix and Redbox, leading to its bankruptcy (see financial results in Table 2-5). operates a vending machine that rents out DVDs for just \$1 a night. Despite his best efforts, Blockbuster's physical stores could not match the low-cost operating models of Netflix and Redbox, leading to its bankruptcy (see financial results in Table 2-5). operates a vending machine that rents out DVDs for just \$1 a night. Despite his best efforts, Blockbuster's physical stores could not match the low-cost operating models of Netflix and Redbox, leading to its bankruptcy (see financial results in Table 2-5).

*Netflix* releasing all of its shows at once until Netflix began experimenting with unstable releases, as was the case with the unscripted hit "Love Is Blind." With new social distancing policies that have closed cinemas, Netflix has no worries because they don't release their theatrical content (Alexander, 2020.) In the past Netflix had only one way to buy the service and relied on the growth of the internet, so Netflix offered a cheaper way to countries like India, Indonesia, and the Philippines. Netflix used to refuse to tell anyone how they did the show. Now Netflix is sharing the 10 most popular programs on the service and amplifying the growing series. In this regard, no other competitor can come close to operating at Netflix's level. Now Netflix is sharing the 10 most popular programs on the service and amplifying the growing series. In this regard, no other competitor can come close to operating at Netflix's level. Now Netflix is sharing the 10 most popular programs on the service and amplifying the growing series. In this regard, no other competitor can come close to operating at Netflix's level. Moreover, Netflix's rivals such as Disney+, Iflix, VIU, Amazon prime, or other internet-based platforms will find it more difficult to survive in the midst of a pandemic because they rely heavily on advertising revenue. Meanwhile, Netflix does not rely on advertising revenue. Besides, how are ads related to the coronavirus? If the economy goes into a recession, the first thing companies will do is cut advertising budgets. If the advertising budget is lost, platforms like Facebook, Google, Disney, and Snap may experience a decline in ad revenue. Unlike Netflix, Netflix is the only entertainment media company that does not depend on advertising revenue because its revenue comes from a subscription basis. In addition, people will need something to cheer them up because of staying at home activities as the spread of the corona virus. Thus, it makes sense that Netflix subscribers could increase as the pandemic unfolds (Grothaus, 2020). people will need something to cheer them up because of staying at home activities as the corona virus spreads. Thus, it makes sense that Netflix subscribers could increase as the pandemic unfolds (Grothaus, 2020). people will need something to cheer them up because of staying at home activities as the corona virus spreads. Thus, it makes sense that Netflix subscribers could increase as the pandemic unfolds (Grothaus, 2020).

*Netflix* is a multinational digital services company from America engaged in entertainment and media that offers a variety of original films to popular films whose content focuses on video-on-demand services where consumers can access streaming content via the internet (Ruether, 2020). The company has spread to 190 countries with more than 100 million subscribers. The company is looking to continue to grow and struggles to compete in the entertainment media video-on-demand streaming market with its success so far. With the times, several competitors with the same service as Netflix have emerged, namely

Disney+, VIU, Hooq, etc., which can trigger Netflix to continue to innovate. In its expansion, Netflix chose Southeast Asia to be one of its target markets, especially Indonesia.

*Netflix* first entered Indonesia in 2016 and became the first VOD service company to enter Indonesia (Nugroho, 2017). But in its development, in its development, Netflix has had a good impact, especially during the pandemic period where Netflix managed to get a fairly large increase in subscribers. During the pandemic, Netflix managed to add 16 million new subscribers globally (Leba, 2020). This significant increase was driven by the closing of public facilities. On the other hand, Netflix is also diligent in providing original content such as films and series from various countries, so it is not limited to western content. However, Netflix's success in getting a lot of subscribers also faces challenges because several similar companies are also expanding to dominate the digital entertainment sector. Netflix has to compete with its competitors, namely with other streaming video-on-demand (SVOD) platform companies such as Disney+, VIU, Iflix, and others, who also want to dominate the Indonesian entertainment media market. With a mature market for the rapid growth of digital streaming platforms, Netflix has launched competitors, particularly Disney+, as a significant battleground (Kontan., 2020). Therefore, behind Netflix's success and positive impact, they also have to plan carefully and use their courage to realize different innovations to compete and achieve goals. With a mature market for the rapid growth of digital streaming platforms, Netflix has launched competitors, particularly Disney+, as a significant battleground (Kontan., 2020). Therefore, behind Netflix's success and positive impact, they also have to plan carefully and use their courage to realize different innovations to compete and achieve goals. With a mature market for the rapid growth of digital streaming platforms, Netflix has launched competitors, particularly Disney+, as a significant battleground (Kontan., 2020). Therefore, behind Netflix's success and positive impact, they also have to plan carefully and use their courage to realize different innovations to compete and achieve goals.

*Netflix* become a popular platform lately. It also makes Netflix an interesting research theme to study. A study conducted by (Dias, M., & Navarro, 2018, p 19) states that Netflix's efforts to consolidate the Brazilian (Over-the-Top – OTT) streaming video content market must overcome obstacles and challenges such as allegations of tax evasion of Brazil's economic recession against Netflix. However, Netflix can handle it as well as Netflix, it can still face stiff local competition. Meanwhile, research conducted by (Scarlata, pp.1-2 2020) states the impact of Netflix as a global subscription video-on-demand (SVOD) service in Australia, which uses a screen ecology perspective to understand cultural dynamics. and industry on the supply and demand sides of the impact of multinational SVOD services in Australia. In addition, the results of the study also show that there are differences in Netflix's internationalization model which if we are not good at reading it will have implications for maximizing the opportunities of the international streaming industry in Australia. The last section, (Indrayani, I., & Ramadhanty, 2020) examines that Indonesia is one of the targets for the control of Apple Inc. as an MNC actor. However, to dominate the technology market in Indonesia, the multinational company Apple Inc. must compete with its competitors to develop a strategy to achieve Apple Inc's corporate goals. Although there has been a previous review of research on Netflix's expansion as a multinational company to a country,

No one has researched it in Indonesia yet, because as we all know, each country has different regulations, obstacles, and challenges. Moreover, this journal tries to explain and analyze how Netflix's strategy is to compete and face its challenges to achieve the goal of controlling the Indonesian entertainment media market SVOD by using the concept of a multinational company that focuses on internationalization and Netflix's competitive advantage. As one of the multinational companies engaged in digital streaming, even though Netflix has managed to dominate the global market, new competitors are here to compete with Netflix to advance technology and era. Especially when Netflix entered Indonesia, they face obstacles that cannot be arbitrary because they have to comply with several existing regulations and receive criticism from several other mass media companies. Thus, the author is interested in raising and presenting how Netflix can survive to achieve its goals.

## **RESEARCH METHOD**

The author chooses a qualitative approach to explain the phenomena in Netflix's strategy in controlling the entertainment media market that provides SVOD services in Indonesia. Qualitative research will produce written descriptive data that allows it to be observed. This qualitative approach adopts descriptive methods to obtain, explain, and analyze current status phenomena through various techniques (Satriadi, 2014). Data collection mainly uses secondary data collected from existing data by selecting several sources in the form of: text, where the researcher will analyze the data later.

*Netflix* become the subject of this research who has a source of information. Therefore, the data sources come from academic literature, news portals, and journalistic articles which aim to interpret related issues more precisely and have a comprehensive analysis. The data and information will be reviewed and analyzed to obtain an explanation of the phenomena that can obtain answers to the problems studied and encourage conclusions based on essential points.

## **RESULTS AND DISCUSSION**

*Netflix* was founded in 1997 by Reed Hastings as a mail order video rental company. After experimenting with pay-per-rent and subscriptions, the company adopted a subscription-based strategy in late 1999. As of 2010, Netflix had 13 million members and was the largest subscription service in the world, sending DVDs by mail and streaming movies and television episodes over the Internet. For \$8.99 per month, Netflix members can have over 100,000 DVD titles delivered to their door and can instantly watch a series of smaller television episodes and movies streamed to their televisions and computers. Netflix ships about 2 million discs daily in the United States. Netflix focuses its strategy on offering a wide variety of titles, help customers navigate titles with a powerful recommendation engine, and ensure that titles reach customers quickly. While brick-and-mortar rental stores typically sell around 3,000 titles, in 2010 Netflix offered its subscribers more than 100,000 DVD titles, most of which were older releases. In 2009, about 70 percent of the DVDs shipped by Netflix were titles with release dates longer than thirteen weeks.

**TABEL 2-5** Hasil Keuangan untuk Blockbuster, Netflix, dan Coinstar pada tahun 2009 (dalam jutaan dolar)

	blockbuster	Netflix	Coinstar
Pendapatan	4.062	1.670	1.145
Biaya pendapatan	1.884	1.079	793
Laba kotor	2.178	591	351
<b>Biaya operasional</b>			
Penjualan, umum, dan administrasi	2.020	289	150
Total biaya operasional	2.533	399	267
Pendapatan operasional	(355)	192	84
Laba bersih dari operasi yang dilanjutkan	(518)	116	29
Nota pemilikan	(558)	116	54
<b>AKTIVA</b>			
Piutang	79	—	61
Inventaris	639	37	104
Total aset saat ini	1.060	411	391
Properti dan peralatan dengan biaya	2.374	266	759
Akumulasi penyusutan	(2.125)	(134)	(358)
Properti bersih, pabrik, dan peralatan	249	132	400
Total aset	1.538	680	1.223

**Figure. 1 Financial Results for Blockbuster, Netflix, and Coinstar in 2009 (in millions of dollars)**

Other parties who welcome Netflix's arrival are service operators such as Smartfren and XL who believe that Netflix will provide added value for customers in Indonesia and bring new variations in the use of 4G internet networks in Indonesia so that customers can access a lot of content faster (Iskandar, 2016). On the other hand, Netflix's fame and status as a new giant in the entertainment world has made television, internet service providers, and several other parties in Indonesia feel threatened. This concern can be proven from the actions of PT Telkom as an internet provider company. A few days after Netflix entered Indonesia, the company immediately blocked Netflix from its internet services, such as Wifi.id, Indi home, and Telkomsel cellular operator. This company provides the reasons behind the blocking action because content owned by Netflix has pornographic and radical elements that are not attached to Indonesian regulations (Bate, 2018). This biased decision is considered too hasty because it is compared to other platforms such as YouTube or Twitter, where they are free to access and can be accessed by anyone of course. it's much more dangerous than Netflix. However, the opinion of the Telkom group about Netflix is not entirely wrong because it was true that initially, the distribution of Netflix content in Indonesia was not censored by the government and national censorship agencies. However, this reason cannot be used as a reason to block Netflix because it is not entirely the Netflix company's fault.

Another thing that makes Netflix considered a digital streaming company that utilizes the network of telecommunications operators. The Telkom Group feels that Netflix is detrimental because the internet quota needed to access Netflix is very large. It takes 3 gigabytes of quota to access a full high-definition movie for one hour. Telkom Group feels that it is only used as a drain pipe without any benefits (Wibisono, 2016). However, according to the author, the internet provider company – is the party who will benefit because to access Netflix itself requires the internet. Netflix subscribers who want to watch the content must provide good WIFI internet and internet quota, which makes customers prepare for it in advance by buying in advance from an internet provider company. However, one by

one the parties who gave negative feedback changed their view of Netflix from time to time. It took the Telkom group four years to open access to Netflix which was officially opened in 2020. This is based on the efforts made by Netflix itself to be accepted by those who oppose it, such as limiting inappropriate content, presenting information about adult content features. , and Netflix accepts all complaints and feedback 24 hours a day (Kompas, 2020) In addition, every year the number of Netflix subscribers in Indonesia is increasing rapidly. This is based on the efforts made by Netflix itself to be accepted by those who oppose it, such as limiting inappropriate content, providing information about adult content features, and Netflix accepting all complaints and feedback 24 hours a day (Kompas, 2020). In addition, every year the number of Netflix subscribers in Indonesia is increasing rapidly. This is based on the efforts made by Netflix itself to be accepted by those who oppose it, such as limiting inappropriate content, providing information about adult content features, and Netflix accepting all complaints and feedback 24 hours a day (Kompas, 2020). In addition, every year the number of Netflix subscribers in Indonesia is increasing rapidly.



**Figure. 2 Netflix subscribers in Indonesia 2017-2020**

According to data from nakonon.com (2019), Netflix's total subscribers in 2017 reached 95 thousand subscribers. The following year, 2018, Netflix's total subscribers reached 237.3 thousand, an increase of 2.5 times. Until 2019, the number of Netflix subscribers continued to grow to 481,450 subscribers. During the 2020-2021 pandemic, Netflix subscribers globally increased rapidly, with 15.77 million new subscribers. However, it turns out that the impact of the pandemic on the increase in the number of Netflix subscribers in Indonesia has shown less than optimal results due to the large number of competitors favored by consumers. There is indeed a rapid increase in Netflix subscribers if we look globally. The Asia Pacific market accounts for the most customers. However, in Indonesia itself,

From this we can see that other companies are hindering the arrival of Netflix in Indonesia based on their concern for Netflix because they know that Netflix has superior value that can beat them. Meanwhile, according to the author, the government's response to the entry of Netflix in Indonesia can be said to be a response and a cautious step because the

government does not directly determine its policy on Netflix but is still studying more deeply and discussing the impact of Netflix's entry. to Indonesia. The data results also show a good rate at which Netflix subscribers are increasing every year. Although many Netflix competitors have emerged during the pandemic which have hampered and reduced the number of new Netflix subscribers in Indonesia, it cannot be concluded that Netflix has accepted its defeat. Netflix and its Competitors in Indonesia With the rapid growth of the internet used for dissemination, the public can access any information or entertainment through digital media. This has made many film industries use technology with a video-on-demand (SVOD) subscription system.

This service comes from its roots namely VOD or video-on-demand, where movie content, series, videos are distributed on an unscheduled basis. The technology system allows users to access content by purchasing or subscribing and downloading from several distributions of digital streaming platforms such as Netflix, Amazon Prime Video, Disney+, Hulu, etc. (Allroll, 2020). SVOD or video subscription on demand is a form of VOD that is present as a system in a digital streaming platform where users must subscribe first if they want to watch the content provided. In addition, the SVOD system also offers free time access at any time for users who want to watch movie content without a specific schedule, and users have full control over the services of this system. They are also exempt from any contract that allows the customer to freely terminate the extension of the service. One of the companies engaged in the SVOD service system is Netflix, a pioneer and a golden example. However, with the transformation of media towards digital due to advances in technological innovation and the availability of internet access, many SVOD platform service companies emerged and competed with each other.

*Netflix Inc* is an American company founded in 1997 by Reed Hastings with its initial role as an online based movie rental place where anyone can order DVDs and watch the movies they want that they have pre-registered. Then Netflix will deliver the DVD movies to their homes. Until 2013, the series "House of Cards" was introduced by Netflix as their first original series. Each, with its function of providing "on-demand online videos", Netflix is free of ads and allows subscribers the freedom to choose the content or videos they want to watch. Over time, this company has grown and expanded to various countries globally and became one of the largest online movie streaming platforms in the world, available in 190 countries, including Indonesia,

*Netflix* has several films and offers packages ranging from a cellular package for Rp. 54,000/month which can only be accessed by one mobile or tablet device, to the most expensive package, namely premium Rp. 186,000/month, which can be viewed on four different devices at the same time (Aulia, 2021). Moreover, Netflix continues to produce original films and series. In this regard, Netflix is growing not only for its content platform but also against its list of competitors. The author chooses the most competitive platforms that compete with Netflix in the Southeast Asia region, especially Indonesia, to be explored in more detail. Disney+ Hot stars are one of Netflix's strongest competitors in the international and regional context in Indonesia. The content provided by Disney+ ranges from animated masterpieces, documentaries, Star Wars film series, and other movies provided up to 500 movies and special events. One of the advantages of Disney+ is that they

collaborated with Marvel Cinematic to release superhero marvels series like "Wanda vision" and the Disney channel's huge library of films, and with Disney's acquisition of Fox, the absence of content from popular shows like "The Simpsons". In addition to content, the subscription price offered by Disney+ is also more affordable, namely Rp. 15,000/1 month and Rp. 30,000/3 months (Abbot, 2020). Compared to Netflix, Netflix cannot provide original content and recreate classic Disney animated content. By providing different content at a lower price, this hot Disney+ star has gained a lot of subscribers in Indonesia.

Another less competitive competitor is VIU, which was founded by Hong Kong's largest telecommunications company PCCW and launched in 2015. Apart from providing Hollywood films, the platform focuses on Asian series and films, mainly from Korea, China, Indonesia, Japan, and Taiwan. For subscriptions, VIU offers several more practical plans at a more affordable price. VIU provides weekly packages starting from IDR 10,000/week, monthly; IDR 30,000 / month, and IDR 45,000 / 3 months. All plans can be accessed using one account for up to 5 devices (Stephanie, 2020). According to the author, VIU's own advantage over Netflix is that it's cheaper. Korean dramas and Korean shows are continuously updated and aired exclusively on VIU for approximately 8 hours after airing in their home country. Content will come with English subtitles. As we understand, the Korean wave phenomenon is rife in the global world as far as Indonesia, which has an impact on people's interest in watching Korean content.

The availability of content provided by VIU can attract the attention of Indonesian consumers, especially Korean dramas presented by VIU are continuously updated following developments that are also happening in Korea itself. Netflix Strategies and Efforts During 2016-2021 in Indonesia In this study, the author will emphasize the strategy undertaken by Netflix to dominate the Indonesian entertainment media market into three parts: international strategy as Netflix internationalization process, competitive advantage, and efforts made by Netflix in dealing with Problems in the Indonesian Market. However, the discussion will start by checking out Netflix inc. as a Multinational Company (MNC).

*Netflix Inc.* is a multinational company originating from the United States that is engaged in SVOD services, which is developing and has subsidiaries in various countries, including Indonesia, by distributing production or trade in the form of providing film content services and company activities in Indonesia. For this reason, Netflix can be categorized as a multinational, internationally owned (MOE) company. In the concept of an international company, even though Netflix Inc comes from America, this company still has to follow the policies, laws, and norms that apply in Indonesia (Indrayani, I., & Ramadhanty, 2020). Headquartered in Los Gatos, California, Netflix Inc. is an American multinational SVOD service that provides a video-on-demand system with a wide variety of original and non-original movie content. Before discussing further, 1. Market seekers: Netflix uses technological developments and innovations as a weapon of opportunity to gain new shares in other countries. With intense competition in the US market, Netflix has shifted its focus to the Asia Pacific market, one of which is Indonesia, which has great potential based on high internet usage and digital video viewership. 2. Cost minimizer seeker: To achieve production cost efficiency, Netflix Inc invests in Indonesia in quality film and TV series content. 3. Risk minimizer seeker: In this case, Netflix can reduce production and sales risk,

where the company looks for new locations in other countries. 4. Strengthening the company structure: In order to maintain its company system, Netflix serves overseas markets by establishing itself as a substantial entity by leveraging Netflix's innovations and ideas in Indonesia. The Netflix Inc company operates in two or more countries whose destination and headquarters are in their home country.

MNC expands to various countries, especially developing countries. Meanwhile, developed countries such as America and Europe still dominate as home countries. As a multinational company, Netflix's presence has influence, especially in developing countries like Indonesia. In addition, Netflix has created a decentralized organizational structure where they have open discussions about strategy and results. The decision-making process is also carried out through joint adjustments. However, to distribute its products and services, Netflix still relies on a centralized system where content creators have to go through several regulations, check and agree to Netflix's privacy. Netflix has complete control over the production and distribution of its content (Virk, 2018).

The obstacles and criticisms received by Netflix as well as the many new competitors did not dampen its intention to dominate SVOD services in the entertainment media market in Indonesia. Netflix Developed various strategies as well as efforts to demonstrate the company's advantages. A. International Strategy as an Internationalization Process Netflix Expansion Internationalization is a process carried out by a company to develop and be involved in the international world. The effects of globalization have made many companies internationalize their production, marketing and sourcing. However, another thing that affects internationalization is the development of technology which has encouraged communication, information, and production methods to contribute to international trade. Seeing this, Netflix's move to internationalize its company is one of its activities as a multinational company. As one of Netflix's lucrative strategies, Netflix's internationalization has successfully brought the company into the world with direct customer-to-consumer connections gained from 150 million subscribers worldwide. In developing their company, Netflix reflected on the traditional expansion model where they would find other appropriate strategies to expand their company to a global market. Netflix also has to choose its target market carefully. Netflix's internationalization has brought the company into the world with direct customer-to-consumer connections gained from 150 million subscribers worldwide. In developing their company, Netflix reflected on the traditional expansion model where they would find other appropriate strategies to expand their company to a global market. Netflix also has to choose its target market carefully. Netflix's internationalization has brought the company into the world with direct customer-to-consumer connections gained from 150 million subscribers worldwide. In developing their company, Netflix reflected on the traditional expansion model where they would find other appropriate strategies to expand their company to a global market. Netflix also has to choose its target market carefully.

*Netflix* trying hard to be able to take advantage of the opportunities that exist. Netflix will choose a country with the same consumer appeal or the same culture, and internet users are also important to pay attention to, making it easier for Netflix to expand into that country. In addition to opportunities, Netflix must also be able to read and study the situation in the target country, such as knowing consumer preferences in preparation for the regulatory

policies of each target country and the most effective marketing methods. That phase made what Netflix has now. The transnational strategy is the right strategy to describe the internationalization process of Netflix because Netflix does not only focus on expanding to other countries, but Netflix also maintains its position in the Indonesian local market. On the other hand,

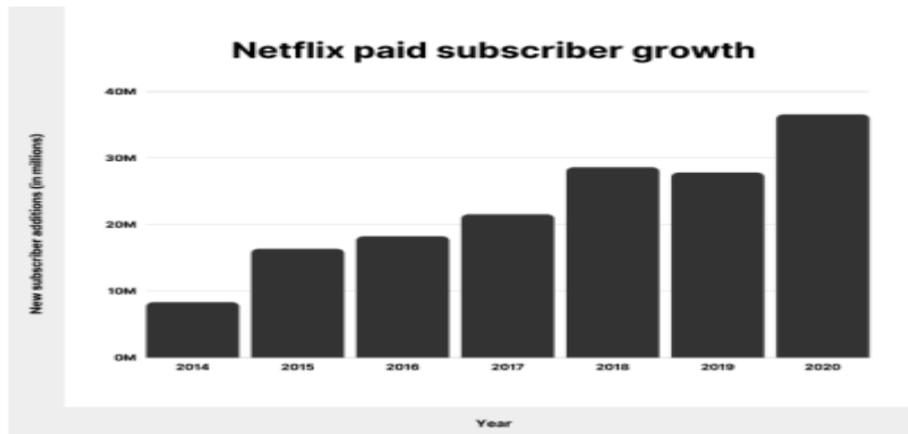
In Indonesia, Netflix produces "Juni & Kopi" just like the original film. They also try to distribute other Indonesian films such as *Ada Apa With Cinta* and other films that can be enjoyed by Netflix subscribers in Indonesia. However, the content is not only added to other countries. -countries where Netflix operates because Netflix also continues to provide its global film service that can be enjoyed by all subscribers globally.

Netflix's efforts to overcome problems in the Indonesian market apart from the three components of the Netflix strategy, Netflix also seeks to answer various obstacles when entering the Indonesian national market. Localization of subtitles in the country of origin is one of Netflix's efforts in its international growth. The language barrier where much of Netflix's content initially did not have Indonesian subtitles has become a worrying issue. For this reason, localization of subtitles is very important for Netflix to interact with Indonesian customers. Netflix has realized that some original popular content such as the "For All the Boys I've Loved Before" and the "Foreign Things" series have Indonesian subtitles (Pertiwi, 2018).

Another obstacle is that Netflix must comply with regulations or policies in Indonesia. Since Netflix first entered Indonesia, some parties have opposed it because the content is not in accordance with Indonesian policies. In the face of Indonesian regulations, Netflix must maintain the censorship agreement. Netflix is not yet fully censored, but Netflix is trying to self-censor by providing the service; an age and maturity rating label where viewers can determine whether the film contains violence, gender, adult language, nudity, and other inappropriate things. Netflix also describes the content of a movie or series and provides a reporting service for system violations. The method of payment is also an obstacle, where previously customers could only pay using a credit card, where in Indonesia not everyone has a credit card. However, Netflix is trying to cooperate with operators in Indonesia such as Smartfren, XL, Bolt, Tri by providing video streaming subscription data packages. Payments can also be made by debit card, Master Card, Visa, and the American Express logo.

*Netflix* has also collaborated with a digital genius application (Kumparan, 2020). The opening of Netflix access by the Telkom group is also the result of the efforts or approaches taken by Netflix. Netflix has taken this approach by providing various features such as parental controls to limit viewing that is not suitable for viewing by minors. Through the "Self-Regulatory Code for Subscription Video on Demand Industry in ASEAN" shows that Netflix has also agreed on a compliance commitment as a form of compliance with Indonesian regulations where Netflix agrees not to show content with child pornography elements, content that violates Intellectual Property Rights (HAKI), content with aspects of racism, and content about terrorism (Clinten, 2020). In order to approach the Indonesian government, Netflix has invested 1 million US dollars or the equivalent of 14 trillion Rupiah, which is aimed at initiative activities such as scriptwriting training for Indonesian creators

to develop film talent in Indonesia, which was formed through Netflix's partnership with the Ministry of Education and Culture. In addition, Netflix's Strategy to Survive During the COVID-19 Pandemic has accelerated the company's transformation from a debt-ridden digital company to an important part of the TV landscape in homes around the world. Netflix has added 170 million subscribers in more than 190 countries, and the results triggered by the pandemic brought Netflix's market value to an all-time high of \$259 billion. 2020 proved to be the best year in the history of the company.



**Figure. 3 netflix paid subscriber growth**

According to number 2, Netflix added a record +/- 37 million new subscribers who are used to operating in battle mode. Compared to the previous year, Netflix has added 31.4% to its subscribers due to lockdowns that have encouraged customers to stay home to provide new movies and series such as *The Crown*, *Bridgerton* and *The Queen's Gambit*, making Netflix a leading platform for streaming services. Netflix also added 100.97 million new members as their new subscribers (Dean, 2021). In this challenging time of the pandemic, Netflix is looking for opportunities by providing Indonesian subscribers with content that is a source of connection, fun, and escape. To continue to grow, Netflix puts intensely into their original shows and movies to make itself an unquestionable requirement to have a competitive administration in the undeniable sector of the streaming business. In post-production, Netflix has more than 500 titles ready for release on the service, with plans to release at least one new original each week. From comedy, science fiction, drama to horror mysteries, the film roster will take on every major film genre.

With several films ready for release as ammunition for the competition for big awards (Times, 2021). Maybe during the pandemic, Netflix experienced a decrease in subscribers in Indonesia, but the author still believes that Netflix will continue to excel. This is based on that Netflix always does what needs to be done. While it has shifted primarily to streaming its content, Netflix will license projects where possible, as is the case with the Korean thriller "Time to Hunt" and the romantic comedies "The Lovebirds" and "Enola Holmes." This takeaway suggests that other studios might want it. to compete with Netflix, but they don't have adequate infrastructure in any sense.

## CONCLUSION

Netflix's market expansion as a multinational entertainment media company with its internationalization strategy has yielded significant results. The innovation and technology owned by Netflix as a company that produces content are always needed. Netflix produces its innovative products by looking at the demand in the market while remaining focused on its strategy. During its formation, this company has received a lot of increasing demand, especially in a pandemic; Netflix is needed to be a source of human entertainment. For this reason, Netflix has prepared a variety of film and series content to meet consumer needs in Indonesia and throughout the world. Indonesia is a cellular-centric market that has become a target for various SVOD service companies. A mature strategy is what Netflix needs to stay ahead of its competitors. The enormous content supply and the absence of advertisements on the Netflix platform are its advantages, saving this company in various situations, even in this pandemic situation. This strategy carried out by Netflix has made them become an entertainment platform offerings high-quality exclusive content that subscribers can only see exclusively on the Netflix platform, which attracts subscribers' attention to come back and watch more original content.

Multinational companies (MNCs) are non-state actors that have an important role in international relations. Globalization has facilitated the development of multinational corporations as well as media transformation. This has an impact on the presence of multinational entertainment media-based companies that operate with the SVOD (Subscription video-on-demand) system such as Netflix and Blockbuster. Netflix chose Indonesia as one of its potential markets. However, Netflix had to face new competitors and resolve some of the obstacles and regulations that came from other companies and the government in Indonesia. This study aims to identify and analyze Netflix's strategy in controlling the Entertainment Media market in Indonesia with the concept of MNC, international strategy, and competitive advantage.

## SUGGESTION

Netflix is no longer the sole player in the industry. They may be a strong company, but competitors keep popping up. Some of them have also gone international. From internet and cable TV giants like AT&T, network giants like CBS, global internet giants like Amazon, to local players in Southeast Asia like iFlix and Hooq, these various streaming services are ready to compete for exclusive licensing rights for movies and TV series around the world. The suggestions that can be proposed are that Netflix must continue to adapt to changing technology dynamics and market opportunities so that it can reach various markets and can enter all countries. Netflix should also try to develop software that can prevent piracy on its products and can patent its products. In the field of technology, Netflix must also keep up with the latest technology, provide other useful features and keep trying to meet customer needs.

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