

# Digital Marketing Strategies of Netflix: Enhancing Brand Awareness and User Engagement

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**Abstract.** The rapid growth of the streaming industry under digital transformation has intensified competition among Subscription Video on Demand (SVOD) platforms. As the leading of SVOD industry, Netflix has maintained its position despite it is facing competitions from Disney+, HBO Max or Amazon prime. This paper aims to analyze how Netflix use digital marketing channels-particularly social media, algorithm recommendation, and strategic partners, to enhance brand awareness and users' engagement. This paper will use literature review and case study to examine Netflix's current strategies. This paper helps to expand the research on digital marketing in the streaming media industry. Additionally, this paper provides a reference for other platforms. The survey results show that Netflix has successfully integrated original content investment, algorithmic personalization and digital promotion to maintain user engagement, but it also faces challenges such as rising costs, user attrition and fierce competition. The conclusion of this study is that localized content, flexible pricing and cross-industry diversification are necessary strategies to maintain a competitive edge in the streaming media market.

**Keywords:** Netflix, digital marketing, streaming industry, SVOD, brand awareness.

## 1. Introduction

Over the past two decades, the global media industry has undergone profound structural changes, mainly due to the digitalization process and the rise of the platform economy. The traditional broadcasting model has been gradually replaced by streaming services, which have now become one of the most significant changes in the field of cultural production and dissemination. Just as Chalaby pointed out, television has entered "the most thorough transformation stage in decades", as streaming platforms have become the dominant mode of content distribution, reshaping industry practices and the consumption patterns of viewers [1]. This transformation highlights the crucial role of platforms in the media economy, where digital technologies and subscription models redefine the ways, content is produced, distributed, and monetized.

In this rapidly changing environment, subscription-based video-on-demand services such as Netflix, Disney+, HBO Max, and Amazon Prime Video have dominated the global market. Among them, Netflix stands out as the leading platform, with over 230 million subscribers worldwide. Despite the increasingly fierce competition, Netflix has successfully maintained its dominant position by relying on large-scale investment in original content, international expansion, and continuous innovation in user engagement strategies. As Charaby pointed out, streaming giants like Netflix not only changed the media consumption mode but also reshaped the television industry into a global value chain covering production, distribution, and marketing [2]. Netflix's scale and reliance on cross-border network effects give it a competitive advantage, making it a highly representative case for studying the intersection of digital marketing and platform growth in the streaming domain.

The significance of streaming is not limited to the television and film industry. As Sandt and Kolby-Jonsen observed, streaming should be regarded as a cross-industry phenomenon, with global platforms like Spotify, YouTube, Netflix, Disney, and Amazon reshaping industries such as music, publishing, and gaming [3]. At the same time, they emphasize that although streaming represents a cross-industry trend, specific strategies are still deeply influenced by the logic of each specific industry. This highlights the importance of analyzing how leading platforms like Netflix adjust their digital marketing strategies in response to the dynamics of the media industry. By leveraging social

media, recommendation algorithms, and strategic partnerships, Netflix not only enhances brand awareness but also promotes long-term user engagement.

Therefore, the core research question of this article is how Netflix utilizes digital marketing channels - especially social media, recommendation algorithms, and strategic partnerships - to enhance brand awareness and user engagement. To solve this problem, this study adopts the methods of literature review and case study. The structure of this article is as follows: Section 2 introduces the development history, market conditions and current strategies of Netflix; Section 3: Analyzing its segmentation, Objectives, and Positioning using the STP Framework; Part 4 examines Netflix's marketing strategies.

## **2. Company Background**

### **2.1. Development History**

Netflix was founded in 1997 as a company providing DVD rental services by mail. It gradually evolved into one of the most influential streaming platforms globally. 2007 was a significant turning point in its development, when Netflix launched its streaming service, allowing subscribers to watch content online without renting physical DVDs. This transformation reflected the broader digital transformation in the television industry, as described by Chalaby as "the most significant change in decades," as streaming platforms replaced broadcasting as the main distribution model. Since then, Netflix has become the core of the subscription video on demand (SVOD) revolution, leveraging data-driven personalized services and technological innovation to expand its market influence [1].

By the mid-21st century, Netflix began to shift towards producing original content, such as "House of Cards" and "Stranger Things." This move not only differentiated Netflix from its competitors but also enabled it to expand globally, entering over 190 countries. As Rahikkala emphasized, data-based insights and recommendation algorithms have become a crucial competitive advantage for Netflix, promoting new user acquisition and enhancing user retention rates [4]. Since then, the platform has become synonymous with "serial drama culture," and this culture has been strengthened through its personalized algorithm recommendations.

### **2.2. Market Conditions**

As of 2024, Netflix reported that it had over 260 million global subscribers and annual revenue exceeding 33 billion US dollars [5]. Its largest markets remain North America and Europe, but the number of users in Asia-Pacific and Latin America is also increasing, contributing to user growth. From a financial perspective, Netflix's growth trajectory shifted from rapid expansion during the pandemic to slower, more stable growth after the pandemic. Lozic, J., Brkic noted that although platforms like Disney+ experienced a decline in user numbers after the pandemic, Netflix maintained its user base through content diversification and expansion into non-traditional markets [6].

Despite these advantages, Netflix also faced significant challenges. High production costs, especially for high-budget original content, put pressure on profitability. At the same time, competitors such as Disney+, Amazon Prime Video, and HBO Max intensified the streaming competition. Post-pandemic analysis showed that as content costs soared, Netflix's net profit margin became increasingly low, and the competition for high-quality intellectual property became increasingly fierce [6].

### **2.3. Current Issues**

Currently, there are three key issues that determine the strategic challenges faced by Netflix. First, its massive investment in original content - estimated to exceed 17 billion US dollars annually - has raised concerns about sustainability [7]. Second, its decision to increase subscription prices and limit password sharing has sparked user dissatisfaction and churn, which is consistent with survey results, where subscription costs are a very sensitive factor for user retention [8]. Finally, the increasingly fierce competition has forced Netflix to rethink its strategy, especially as Disney+ uses intellectual

property bundling and Amazon Prime combines video with e-commerce. Overall, these challenges highlight the necessity of effective digital marketing strategies to maintain user engagement and global dominance.

### **3. STP Analysis**

#### **3.1. Market Segmentation**

Netflix adopted a multi-dimensional segmentation strategy in terms of geography, demographics, psychological characteristics, and behavior. In terms of geography, its business covers over 190 countries, and it has developed localized content strategies based on different cultural backgrounds. In terms of demographics, its core audience consists of millennial and Gen Z, who are digital natives accustomed to on-demand viewing of entertainment content. Putri and Heikal demonstrated through cluster analysis that Netflix's user base can be classified based on viewing frequency, willingness to pay, and content preferences [9].

In terms of psychological characteristics, Netflix targets audiences seeking convenience, personalization, and diverse content. Its recommendation algorithm plays a crucial role in creating personalized entertainment experiences, thus being not only a product feature but also a marketing tool [10]. In terms of behavior, users can be categorized as binge-watchers, casual viewers, and family users, each with different participation patterns.

#### **3.2. Targeting Strategies**

Netflix adopted a wide-ranging targeting strategy, targeting a broad audience, but particularly attracting the consumer group of 18 to 44 years old, who value convenience and entertainment diversity. According to Fedrich, young users are highly sensitive to prices, but once exposed to personalized recommendations, they become highly engaged [9]. This explains Netflix's recent entry into ad-supported subscription packages, which cater to cost-conscious consumers and create new sources of advertising revenue. In emerging markets such as India, Netflix launched packages exclusively for mobile devices, targeting price-sensitive but digitally-enthusiastic consumer groups.

#### **3.3. Positioning**

Netflix positions itself as the world's leading streaming entertainment platform, emphasizing originality, personalization, and ease of use. Its brand image is built around being the pioneer of the "binge-watching culture" and a hub for high-quality original content. This distinguishes Netflix from its competitors: Disney+ highlights its exclusive family-friendly IPs, such as Marvel and Pixar; while Amazon Prime Video integrates streaming into its broader e-commerce value proposition. Netflix's strategy of carefully selecting "popular" content based on audience data further solidifies its cultural authority and brand image [11].

#### **3.4. Competitive Differentiation**

Disney+ maintains its operation through bundling sales and series based on intellectual property, but its decline in subscription users after the pandemic indicates the limitations of the IP-centric model [12]. In contrast, Netflix has successfully maintained growth by constantly innovating in the recommendation system and investing in original content with diverse cultural characteristics, such as "The Handmaid's Tale". Amazon Prime, on the other hand, competes mainly by embedding streaming services into its Prime membership subscription services, leveraging price and convenience as its advantages. Netflix's differentiation strategy lies in its hybrid approach: leveraging advanced algorithms, global and local content production, and strong digital marketing efforts to maintain its advantage in the highly competitive monthly subscription streaming market.

## **4. Marketing Strategy**

### **4.1. Product**

The core product of Netflix lies not only in the size of its content library, but in the exclusivity and originality of its audiovisual works. High-impact originals such as *Stranger Things* and *The Crown* have strengthened its brand identity, while regionally produced content like *La Casa de Papel* and *Squid Game* expanded its global influence through localized production and storytelling. In addition, Netflix has also obtained the exclusive distribution rights for popular series and films, enabling it to distinguish itself from competitors in key markets.

### **4.2. Price**

Historically, Netflix adopted a penetration pricing strategy, entering the market with lower subscription fees to quickly establish a user base [13]. However, over time, Netflix shifted to a tiered pricing model (basic, standard, premium, and ad-supported versions). Although this model enables profitability for different consumer groups, it also brings risks: price increases can trigger negative reactions from consumers and lead to higher churn rates, especially among those who are price-sensitive [8].

Netflix recently decided to introduce an ad-supported version, representing a strategic shift towards a hybrid profit model. By offering a lower entry price, Netflix aims to attract audiences with limited budgets, while opening up another revenue source through advertising. However, challenges still exist, as the subscription-based market matures, consumers may resist price increases unless such increases are combined with what they perceive as value (such as access to high-quality original content or bundled services).

### **4.3. Release and Promotion**

Netflix's release strategy relies on wide accessibility, with its content available on smart TVs, mobile applications, and through partnerships with telecommunications operators.

Localization plays a crucial role here: Ibromhijon kizi emphasizes that localization not only includes subtitles and dubbing, but also involves cultural adaptation in marketing activities. The success of "*House of Cards*" indicates that localized promotion can transform regional works into global phenomena [10].

Promotion is the most prominent manifestation of Netflix's digital marketing strategy. The platform uses social media channels such as Twitter, TikTok, and Instagram to carry out viral activities, create emojis, and attract fans to participate. Research shows that Netflix's social media presence significantly enhances brand engagement and cultural relevance [12]. Additionally, its recommendation algorithm plays a role in implicit promotion, ensuring that users remain on the platform. Cooperation with telecommunications operators (such as bundling with internet subscriptions) further reduces customer acquisition costs. Overall, these strategies highlight Netflix's outstanding ability to seamlessly integrate promotion activities into product design and platform design. In addition to social media and external promotional activities, Netflix also uses its recommendation algorithm as an intangible promotional tool. The personalized interface recommends content based on users' preferences and viewing history, which can increase user engagement and prolong viewing time [4]. This algorithm-based promotion has dual functions of marketing and product delivery.

## **5. Recommendations**

### **5.1. Strengthen Localized Content Production**

In order to consolidate its leadership position globally, Netflix should continue to increase its investment in local original content and enhance its cultural adaptability in terms of content and

marketing. Localization is not limited to translation; it also involves tailoring marketing activities according to the needs of audiences in different regions [10]. By producing programs that resonate with the cultures of various regions, Netflix can not only expand its market share but also establish a deeper emotional connection with its audience.

## **5.2. Optimize Pricing and Subscription Packages**

Netflix should adjust its tiered pricing strategy to address the dissatisfaction of its users. Research indicates that penetration pricing is effective in emerging markets; hence, Netflix could reapply this strategy in regions like India or Southeast Asia, where price sensitivity is high [11]. Additionally, offering flexible family or student packages could reduce churn. Price increases in mature markets should be coupled with added value—such as exclusive access to blockbuster originals—to mitigate backlash.

## **5.3. Diversity across Industries**

Streaming has become a cross-industry phenomenon [13]. Netflix could explore adjacent markets such as gaming, podcasts, and interactive storytelling to diversify revenue streams and reduce dependency on video content alone. Early experiments like Netflix Games represent steps in this direction but require deeper integration into its digital marketing ecosystem. Cross-industry diversification would not only expand its user base but also enhance brand stickiness.

## **6. Conclusion**

This study examines how Netflix employs digital marketing strategies to consolidate its competitive advantage in the constantly evolving streaming media sector. Through an analysis of its market positioning strategy, 4P marketing strategy, and platform-based digital practices, the study reveals that Netflix's success relies on original and localized content, algorithm-driven personalized services, strategic pricing, and the combination of multi-channel promotion. Its ability to integrate brand production, exclusive licensing, social media interaction, and recommendation systems enables it to continuously attract and retain users in an increasingly competitive and content-cost-increasing environment. At the same time, challenges such as subscription fatigue, consumer price sensitivity, and market saturation indicate the need for continuous innovation in content and marketing. The research findings of this paper have practical significance for the broader subscription-based video-on-demand industry. Netflix's model demonstrates how digital platforms can combine product delivery with promotion mechanisms, indicating that algorithm personalization and market segmentation are not only technical tools but also strategic components of brand positioning. This study also shows that local production and flexible pricing structures can enhance market penetration in regions with significant cultural and economic differences. These insights provide valuable references for other streaming platforms seeking to increase user engagement, expand international markets, or optimize content investment.

However, this study has some limitations. It mainly relies on secondary literature and case-based analysis rather than empirical data, which may limit the depth of the assessment. Additionally, considering Netflix as a single case limits the scope of the conclusion's application to other platforms with different business models. The lack of detailed research on policies, consumer behavior, and regional differences in the media ecosystem may affect the applicability of certain observations.

Future research could combine Netflix with other competitors (such as Disney+, Amazon Prime Video, and HBO Max) for comparative studies, focusing on marketing effectiveness, platform strategies, and local adaptation. Empirical research on users' responses to price tiers, recommendation systems, or cross-industry diversification measures would further enhance the academic understanding. As the streaming media market continues to develop, research on digital marketing innovation, algorithm-driven promotion, and regional content strategies will become increasingly important to assess long-term industry trends.

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