Brand Loyalty and Consumer Behavior in Streaming Services: A Case Study of Netflix's Marketing and Engagement Strategies

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Abstract: With the popularity of the Internet and the continuous evolution of consumer behavior, Netflix has become a leader in the media and entertainment industry and has completely changed the traditional way of content consumption. This paper focuses on Netflix's marketing evolution in data-driven personalization, content development, and technology integration, and analyzes its impact on consumer behavior and brand positioning. The research uses models like the Technology Acceptance Model (TAM) and Social Media Marketing Activation (SMMA) to evaluate its effectiveness in improving user experience and engagement. The results show that personalized recommendations, localized content, and dynamic pricing strategies are essential for user loyalty in an increasingly competitive market environment. The study concludes that Netflix has consolidated its leading position in the streaming market through innovative marketing strategies and continuous adaptation to global and regional needs. This paper recommends that Netflix further strengthen localized content development, use electronic word of mouth (eWOM) to strengthen brand communication, and introduce flexible pricing models to maintain growth and expand market share.

1 INTRODUCTION

Netflix remains a dominance force and has significantly changed the media and entertainment industry (Xiao, 2023). Analyzing the data, adapting the content to the viewer, and personalizing the brand vision – Netflix has changed the nature of marketing and monetization of entertainment (Yaprak and Cengiz, 2023 & Haq and Pandjaitan, 2023). Therefore, understanding how Netflix changed from DVD rental to one of the leading streaming platforms is crucial for identifying a shift in the development of the industry (Oliveira et al., 2023). Thus, there is a need to identify Netflix's marketing strategies, the difficulties arising in the current world, and an assessment of the marketing strategies for consumer engagement and its importance in the current market for changing consumer behavior (Ramasoota and Kitikamdhorn, 2021). Changes in consumer behavior that demand streaming services instead of physical media are taking Netflix from a traditional model of targeting into a data-oriented model of personalization and original content production (Kalangi et al., 2023). For example, Netflix employs the details gathered from the viewers to suggest TV shows that retain the viewership (Haq and Pandjaitan, 2023). Given the increasing competition in the streaming niche, Netflix employs artificial intelligence and recommendation systems to strengthen consumer relationships (Xiao, 2023). The evolution of Netflix from a DVD rental business to a worldwide streaming powerhouse helps gain competitive advantage and loyalty in an increasingly crowded market through innovative marketing approaches, localized content, and data-driven personalization.

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2 BRAND INTRODUCTION

When technology advancements grew a notch higher, Netflix upgraded from discs to streaming services, moving internationally and giving clients on-demand subscription services (Oliveira et al., 2023). This change transformed its entire model from rental stores of DVDs to streaming services, bringing a new shift in how consumers enjoy entertainment. In today's society, these brand values are highly valued to establish a new culture of streaming movies and series. Due to the intense focus on consumer experience, Netflix is correctly positioned as the video streaming service of choice in the global market (Xiao, 2023). Netflix has developed a set of recommendations since data analytics forecasts customers' preferences, enhances the cinematic experience, and keeps consumers hooked.

Netflix also adopted another strategy of informing the public that they produce original TV shows and movies that cannot be found on any other streaming platform. That also involved developing its original comedy shows, crucial in establishing its place in the market as the leading streaming service provider. Netflix has over 200 million subscribers globally, proving the remarkable effectiveness of its strategic brand positioning (Yuan, 2023). Generating exclusive content also helps solidify the brand's position in the entertainment market.

However, Netflix has experienced tremendous growth, which has been challenging. The entrance of other players into the sector, the production of competitors like Amazon Prime Video and Disney +, among others, and the high costs of funding original content have been significant challenges to Netflix.

The company's efforts to strengthen its brand and create innovations are prerequisites to keep growing.

Netflix has also adopted such technologies as creating algorithms that can identify the type of content that may interest a particular client, which has been helpful to users (Xiao, 2023). Similarly, since local content can be developed through collaborations with local artists, the company has a great chance of reaching audiences in the international market and being constant (Yun, 2023). It also provides better insight into consumption patterns and trends to generate content closer to the viewers ' preferences (Kalangi et al., 2023). In addition, Netflix has used artificial intelligence to improve streaming quality based on the bandwidth available, making it possible to offer a good experience even in areas with poor connections (Xiao, 2023). In this regard, Netflix provides timely services; it remains relevant and evolves, enhancing the variety of the provided series and the technologies that can be observed in such aspects as the interactive narrative or adaptive streaming quality (Yun, 2023). Such comprehensive strategies enable it to maintain its market dominance in the international streaming industry and enhance its capability to deliver a consistent and personalized user experience.

3 PROBLEM ANALYSIS

This section examines Netflix's consumer marketing management through models such as the Technology Acceptance Model (TAM) and the Social Media Marketing Activations (SMMA).

3.1 The Technology Acceptance Model (TAM)

Consumers adopting Netflix as a streaming service can be seen using the technology acceptance model (TAM). Young consumers' intention to subscribe for Netflix is influenced by the level of technology acceptance, price, and electronic word of mouth. User-perceived factors like ease of use and perceived usefulness positively affect Netflix subscription intention. Due to the high integration of technology, simplicity of the interfaces, and availability of content, Netflix can directly address and attract technology-savvy customers who can comfortably engage themselves in the Netflix platform. Similarly, intelligent features such as a recommendation system and dynamic ability to switch the video quality make it easier for users to use Netflix (Haq and Pandjaitan, 2023). All these features are not only helpful in

satisfying the maximized needs and wants of the users but also crucial for maintaining the growth of the number of subscribers in the highly saturated market.

3.2 Social Media Marketing Activations (SMMA)

Netflix has enjoyed the strategic and coherent SMMA in its marketing communications. As Yaprak and Cengiz noted, Netflix uses firm-generated content (FGC) to engage audiences through Instagram, Twitter, and YouTube accounts. Moreover, these features are entertaining, engaging, and fashionable; not only do they help establish consumer trust, but they are also influential in the choice process within this company (Yaprak and Cengiz, 2023). Yaprak and Cengiz also acknowledge that the perceived customization of content, interaction, and electronic word-of-mouth (eWOM) positively affects brand loyalty (Yaprak and Cengiz, 2023). This way, by involving different marketing content to promote Netflix, the brand is always relevant to the consumer because it constantly changes, responds to trendy trends, and catches the consumer's attention. Also, through interaction with influencers and paying users, customer partnerships are established, circulation is promoted, and brand recognition is strengthened (Yaprak and Cengiz, 2023). Such efforts go a long way in helping Netflix to sustain its dominance in the streaming segment of the market.

3.3 Consumer Behavior Insights

Understanding Netflix's marketing strategies is essential, and analyzing consumer behavior is vital. Kalangi et al. state that psychological factors, such as willingness, attitude, and perception, impact consumer behavior most significantly (Kalangi et al., 2023). Yang and Yu point out that streaming services such as Netflix have changed the status quo and consumers ' expectations with their characteristics of digitization, personalization, and accessibility (Yang, 2020). This development strongly points to the need to use data in personalization, as modern media consumption, exemplified by Netflix, redesigns itself to fit the viewer's expectations better.

The lockdown experienced during the recent pandemic made the consumer seek entertainment from the comfort of their homes, and Netflix offered them variety. The detail feature adds a personal touch to it, and the fact that one can subscribe to the content at any given time also causes the users to subscribe to it. Also, Oliveira et al. point out that another factor in customer satisfaction that encompasses Netflix-based

users in Brazil and Portugal is a combination of personalized content with specialized series and movies (Oliveira et al., 2023). Therefore, Netflix can develop new strategies for the generation of new content in order to appeal to different viewership and improve it. It has helped support the subscribers as more new entrants emerge in the streaming service provision market.

3.4 Brand Loyalty and Challenges

Netflix has played a vital role in shifting consumer brand attitudes by being keen to build trust with the members by offering recommendations. There is a moderate positive relationship between the perceived quality of livestream services and brand trust, as well as the brand loyalty of Netflix users (Yun, 2023). However, retaining subscribers has been one of the biggest challenges due to the stiff competition that is now coming from other domestic and international streaming services. Namely, competition with local players in Thailand showed that Netflix needs to license culturally relevant content to appeal to local customers (Ramasoota and Kitikamdhorn, 2021). The constraints within specific markets also present another problem in those regulations in different markets, and the peculiarity of these markets presents Netflix with other challenges that slow its growth. Furthermore, generating revenues through subscriptions and licensing its content was one of many problems; Netflix had even more significant issues when it came to expansion as it had to discover how to keep its consumers loyal and continuously paying throughout the years (Yun, 2023). To avoid these challenges, Netflix has planned to develop its products and ally with local players to sustain its operations and market share.

3.5 Impact of Marketing Strategy on Brand Positioning

Brand recognition continues to be an essential element of Netflix's marketing strategy, targeting original content, individuality, and social media initiatives. The most critical strategies concerning promotion campaigns for the brand depend a lot on the products' availability, diversification, and novelty. By participating in social media, Netflix has elicited the participation of the consumer and the creation of communities that have boosted its image of it. Hence, by analysing targeted campaigns emphasizing the target audience's loyalty and belonging, Netflix has successfully dominated the streaming services market. In addition, the use of big data and data analytics in

marketing also ensures that Netflix is marketing and producing content relevant to various populations of viewers, thereby enhancing consumer loyalty (Xiao, 2023). Nevertheless, Yun points out that maintaining user engagement and simultaneously ensuring that opinion from the side of the critical consumers is considered remains challenging (Yun, 2023). Its marketing strategies should change to address the consumers' concerns and protect a positive brand image as the market becomes more competitive.

The company also used advertisement and marketing strategies based on data analysis, which complements Netflix's customer experience. Through constant monitoring, Netflix is aware of user information that can help adjust the promotional aspect to attract users with specific requirements to tighten the promotion further. Soldo and Schagerl opine that increasing interaction can be achieved by optimizing the marketing strategy to harmonize with consumer behavior (Soldo and Schagerl, 2023). Short-term campaigns that advertise and advocate trending topics are helpful in societies in developing excitement, whereas long-term campaigns assist in developing brand identity. The other aspect of Netflix's marketing is the follow-up e-mails and notifications that encourage users to engage more, for instance, by recommending new episodes or suggesting coming back to the show, which was paused halfway through a series. These methods help Netflix to remain strategic and sustainable, thus improving brand loyalty as more competitors appear. This short- and long-term approach helps Netflix effectively meet its goal of maintaining its dominance in the streaming market, coupled with the desire to ensure people's constant engagement.

3.6 Global Expansion and Market Adaptation

An important driver that has given Netflix a significant boost in its success is the expansion of the international market. In Netflix marketing and price adaptation, Ramasoota and Kitikamdhorn also acknowledge Netflix as an organization that has received very positive experience in the marketing and adaptation of prices in various countries and markets (Ramasoota and Kitikamdhorn, 2021). For instance, Netflix emulated flexible pricing structures that depended on consumer segments in Thailand, where it has been challenging to outcompete local players. Also, some measures, including content delivery networks, have been employed by Netflix to enable streaming pictures at the high end in all parts of the world. Yun points out that an indication of the

enhancement of service delivery is also evidenced by the increase in partnership with local internet service providers, which allows users to make Netflix their preferred streaming platform regardless of their geographical location (Yun, 2023). Additionally, Netflix's interest in regional content and the availability of programs that may be more suitable for cultures have also improved its functioning and communication with consumer audiences in various global regions.

A similar approach can also be seen in Netflix's globalization strategy, achieved through content partnerships with regional players. Such partnerships allow Netflix to develop more content that might fit a specific culture in a particular region, more so within a given country. Thus, Netflix ensures its content meets the culture of the viewership, making it more appealing or, in this case, uncontested by viewers. Soldo and Schagerl claim that the consideration of culture is crucial to marketing, and it is an area that Netflix has leveraged to boost user experience (Soldo and Schagerl, 2023). Moreover, to capture new subscribers, the company has embraced promos and localized advertising as its approach to marketing. It helps Netflix provide services in competing international markets as quickly as possible. Besides increasing subscription rates, this strategy is profitable for Netflix in terms of brand recognition and its general control over the global streaming service market share.

4 RECOMMENDATIONS

Based on the analysis above, several recommendations can be made to enhance Netflix's consumer marketing strategies:

4.1 Promotion of Local Content Production

To become more persuasive in local markets, Netflix must consider buying more localized content. Research in the Brazilian and Portuguese environments support that localized content increases consumer satisfaction and brand loyalty (Oliveira et al., 2023). That will help Netflix's business since consumers understand content consumed from within. Sharing localized content helps eradicate the cultural difficulties that make it hard to decipher the messages passed through the stories depicted. Besides, working with local talent can add more authenticity to the content, which the audience values. It helps enhance the satisfaction of the viewers and

increases the click-through rates. In addition, investment in culturally resonant programming holding tends to raise an ardent audience for Netflix to foster its market monopoly as it endeavors to expand in its sphere of business jurisdiction.

4.2 Increased Engagement with Customers via eWOM

Netflix must encourage eWOM by encouraging people to share their experiences watching shows and movies. As eWOM plays a significant role in subscription decisions, users can be encouraged to post positive experiences to promote subscriptions and ensure brand loyalty (Haq and Pandjaitan, 2023). Therefore, Netflix can spread its popularity due to the activation function when users invite friends and relatives to use the service for a particular discount or access some materials. It also helped ensure its users were loyal to the show and simultaneously developed a communal viewing. Incorporating user testimonials within social sites could also increase the site's overall authority, and thus, promoting the platform would lead to higher interaction rates. Positive eWOM will maintain Netflix's existing subscribers and attract new customers in the highly competitive market.

4.3 Flexible Subscription Pricing

Another advantage that can be derived from introducing more flexible pricing policies that meet different consumer segments can be effective in Thailand, which is highly competitive. Subscriptions can be offered at lower prices, meaning more consumers are willing or able to pay for a subscription. Specially, premium subscriptions can have expensive materials that consumers are willing to pay for (Oliveira et al., 2023). Netflix will be able to serve the public since only some have the same amount of cash to spend. A few active options include purchasing subscription packages for a limited time or subscribing to multiple packages in a single period, increasing the chance of more user engagement. By providing customers with choices within their ability to afford, Netflix can acquire even more subscribers and, therefore, extend its customer base, enabling it to compete with other companies in developed and growing markets.

4.4 Marketing Communication for Specific Trade

Marketing communication will assist in an increase in the level of engagement by targeting potential

consumers and using the data collected to come up with more specific and relevant marketing strategies (Xiao, 2023). Thus, messages that could be interpreted as aligning with viewer's interests will further the narrative that Netflix wants to portray of them as a user-oriented streaming service platform.

5 CONCLUSION

The paper's theme is centered on how Netflix has changed the face of the media and entertainment industry through newly created marketing strategies, not excluding the "customer comes first" approach to content. As such, it can be concluded that Netflix has been using data analytics, recommenders, and data miners to deliver an engaging experience to the viewers. Adapting the business model based on physical media to the more data-oriented streaming allowed the company to maintain its competitive advantage internationally. Moreover, Netflix has also widened its audience and customer base by creating more original and local productions. Thus, it is the company that offers the ultimate streaming services that correspond to the development of technologies and demands of the audience.

The proposed recommendations require more focus on local content creation, dynamic pricing tactics, and mechanisms like eWOM comprising extensive consumer contact. Real-life examples support the potential use of personalization and regional adaptation to keep people loyal to Netflix and grow its market share. Thus, the research calls for organizations to continuously innovate their products and expressly devise strategies to address consumers for enhanced market share amidst competition. The analysis of the evolution of Netflix is a clear example of how learning the customer and adapting to change creates a strong foundation for success in the internet economy for any other business-oriented individual to follow.

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