

# ***Research on Netflix's Impacts on Contemporary Screenagers and the Reasons for Its Success***

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**Abstract:** Netflix and binge viewing have gained increasing popularity among the new generation of TV and movie viewers since they are more convenient and can provide customized watching services. This paper is focused on the unique business model of Netflix and seeks to find out why it once became popular among Chinese viewers. A crucial reason is that Netflix has made a committed effort to create and promote original content. It keeps a keen eye on viewers' needs by creating a tailored and remarkable TV viewing experience. However, the negative impacts of binge-watching behaviour cannot be ignored. It is now considered an important reason for loneliness and a low degree of cognitive function. Overall, the paper employs secondary data analysis, which offers a critical review of previously collected data in the new research area.

**Keywords:** Netflix, online video streaming platform, screenagers, television series

## **1. Introduction**

Netflix is an online video streaming platform that provides membership services to subscribers, enabling them to watch a variety of TV series, films, documentaries, etc. From the perspective of young viewers, vividly described as contemporary "screenagers", Netflix and binge viewing have essentially become synonymous [1]. Importantly, the rise of Netflix has radically changed viewers' expectations of television watching since it can provide them with a unique commercial-free viewing experience and seamless episode delivery. Additionally, the Netflix feature has further implications for distribution deals and promotional strategies. Through enabling binges on television series, Netflix brings about more convenience and creates customized services, which in turn enhance connection and community development. People are more connected via their shared and mass-mediated experiences [1]. Through videos on demand, viewers are now offered an enormous opportunity to engage in cultural conversations [1].

However, due to regulatory issues, Netflix currently has no online video streaming service in China. But users in China are accessing and watching the video services provided by Netflix via VPN link or other means, and a total of 21.6 million Chinese have currently used Netflix streaming [2].

This paper uses qualitative analysis to reveal the reasons for Netflix's popularity in many countries around the world, especially China, and the impact it has had on viewers and the film industry. With the development and spread of the internet, the new viewing relationship redefined by Netflix has provided the traditional film and television industries with a different development plan and direction.

The study and development of this model can also provide opportunities and directions for other companies in the current industry.

## **2. Netflix Key characteristics and impacts**

### **2.1. Characteristics**

Netflix was among the first group of enterprises whose business model is almost entirely based on online technologies. Due to this inherent characteristic, it is easy for Netflix to retrieve information about its subscribers. According to their watch history, ratings, and preferences, Netflix is able to provide its users with tailored watching recommendations and decide whether to continue its own original series [3]. The development of these customer tracking tools enables Netflix to retrieve timely feedback and queries about old series and tell them what sort of old series can produce new seasons. This strategy thus contributes to increasing customer attractiveness and loyalty, which further enhances its users' binge-watching habits.

It is acknowledged that the popularity of online video streaming platforms has experienced rapid growth, especially during the COVID-19 period [4]. In a pandemic, people tend to spend more time on these platforms since they have more time at home. In fact, the widespread application of streaming platforms (such as Netflix) has greatly increased the accessibility of television programs. Through Netflix, episodes of consumers' favorite programs can be watched in just one sitting.

### **2.2. Impact**

#### **2.2.1. Impact on lifestyle**

Netflix plays an important role in triggering binge tendencies via its interface as well as its original programming [5]. Nevertheless, Netflix has its addictive qualities, and the associated binge behaviors can have an adverse impact on viewers' health [6]. Specifically, the increasing binge-watching tendencies are found to be an important factor causing loneliness and the aroused need for belongingness [6]. Television programs can be regarded as a type of social surrogate since they can provide viewers with a sense of belonging [7]. Moreover, a lifestyle of high television viewing can greatly increase the risk of heart disease and result in a low degree of cognitive function [6]. These findings suggest that great importance should be attached to the promotion of healthy television viewing practices. Currently, there is still a lack of social concern about the risks brought about by binge-watching behavior.

#### **2.2.2. The influence on program creation.**

Additionally, it is proposed that Netflix has played a major role in shaping the ways television viewers can access, control, and watch TV series [8]. It not only redefines the viewing relationship but also, to a large extent, expands the original definition of television. The newly created viewing platform is fundamentally different from the former weekly model since Netflix can release its series simultaneously. Moreover, Netflix only makes straight-to-series orders, which in turn have an impact on the aesthetic probabilities of creating season structures [9]. The unique release model of Netflix virtually compresses the gaps between installments. The advantage of this approach is that it enables series makers to more effectively assess conventional poetics and offer stories in much longer form [10]. To conclude, the way Netflix orders and releases TV shows can help series producers better craft seasons, and at the same time, it can help reveal how viewers may receive them [11].

### **2.2.3. The impact on the industry**

Netflix represents a global television network [12], which is vastly different from many other networks that release programmes only within their home countries, and thus Netflix has a diverse subscriber base. Based on this particular user base, Netflix greatly increases the possibilities for the creation of original TV series. The content decisions of many old traditional TV platforms depend on viewership and subscriptions in the domestic context. What sets Netflix apart from these traditional networks is that it enables programming to satisfy the needs of various groups of global subscribers. In addition, Netflix also caters to niche groups of viewers within specific regions and local communities [13].

The rise of Netflix has had a major impact on the movie and TV industries because of the reduced marketing costs associated with a platform whose content is easily accessible to subscribers [14]. The disruptive power created by Netflix over old TV watching essentially points to the future of online media. Specifically, this disruptive force refers to Netflix's on-demand film and TV distribution online to offer its subscribers higher quality and more convenient services at a lower price. Original content creation has also made Netflix a major competitor to traditional film and TV companies. As a result, traditional studios have been forced to adjust their processes and content, switching their attention to more personalized and convenient content.

## **3. Popular reason of Netflix**

### **3.1. Flexibility in video content selection**

The core strength of this online platform is its high flexibility, which allows viewers to conveniently choose to watch any content based on their needs and interests [3]. Compared to its major competitors, such as Amazon, Netflix has invested excessively in creating and promoting original content [3]. As a result, the site offers a wide range of content with a high choice of topics, and users can complete independent customization based on their interests. Owing to this strategy, Netflix has achieved a high ranking in terms of customer satisfaction.

It is attractive for Netflix's subscribers to make use of a single network for engaging with global content. Until 2019, Netflix had established its presence in 190 countries and regions worldwide, making it a truly global network [15]. While people in some countries are subject to streaming restrictions, many of its subscribers can enjoy its wide content base and have the privilege to choose their favorite series. In addition to the content in its original language, Netflix also offers content in local languages. This further enhances the attractiveness of Netflix since it enables users to have more related content available in their own languages.

### **3.2. Format of release**

Apart from releasing massive amounts of original and exclusive content, Netflix continues to offer its users entire seasons at once, enabling them to binge an entire season. This also allows viewers to quickly watch entire seasons of programs consecutively, maintaining and consolidating subscriber access and access hours in a short period of time compared to other competitors. This binge-watching culture has become increasingly popular among viewers, as it allows them to consume content at their own pace and immerse themselves in the storyline without waiting for weekly episode releases.

### **3.3. Ad-free content**

Another reason Netflix is popular among users is its ad-free content. Viewers are always bored by endless ads between TV programs, especially in China. Netflix provides an ad-free experience for

viewers by controlling the duration and number of ads in the video broadcast. This reduces the boredom of users and, at the same time, guarantees the quality of content and sensory enjoyment. Therefore, it has gained the support of many users.

### 3.4. Advantage of Pricing

In addition, Netflix offers a lower subscription price than its competitors. Streaming in the U.S. is much more affordable than cable subscriptions, with Netflix's starting subscription price at \$9 per month, compared to the average cost of \$107 per month for U.S. pay-TV, with users paying at least \$20 per month for even the cheapest TV subscription packages. In addition, Netflix offers movies at prices much cheaper than movie theater tickets. Due to the fact that Netflix has successfully owned the licenses to its films and TV products, it can thus earn high revenue by providing its customers with low-priced series. This price gap has a greater impact on young people with limited financial means. By keeping the prices of single products low, Netflix has been able to maintain a high profitability position due to the increasing number of subscribers in the new market.

### 3.5. Financial Resources

Netflix invests heavily in creating and promoting original content compared to its main competitors (e.g., Amazon, HBO, etc.) [3]. Due to this strategy, Netflix has consistently ranked at the top in terms of customer satisfaction, which also indicates that customers are particularly satisfied with its content. For instance, Netflix's first original TV series, *the House of Cards*, received tremendous success and won over numerous subscribers in China due to its original design and star-studded crew. The creation of original content has to a large extent fueled Netflix's popularity growth, even during the COVID-19 epidemic [16].

### 3.6. Platform Software Update

A large proportion of Netflix's revenue is invested in developing its own intelligent system, which enables the company to better track its subscribers' watching habits [3]. In this approach, Netflix can provide subscribers with tailored watching suggestions to motivate their further watching. Whereas some subscribers rarely spend time searching via catalogs, they usually just choose to watch the episodes recommended by Netflix. In their aspect, this is a convenient and time-saving way to enjoy content as Netflix provides exclusive recommendations based on their viewing interests, thus further enhancing users' binge-watching habits. Thus, this strategy contributes to increasing customer attractiveness and loyalty while increasing total subscribers and subscriber viewing hours. Moreover, the development of these customer tracking tools enables Netflix to retrieve timely feedback and inquiries about old series and to capture market demand and feedback as quickly as possible [17]. For instance, through subscriber tracking, Netflix got to know that many of its users were watching *Gilmore Girls*. This prompted the company to decide to create new seasons for the old series as feedback to users.

## 4. Conclusion

It is evident that Netflix's competitive pricing strategy has made it appealing to customers. The company's vast financial resources, acquired from its global subscriber base, enable substantial investments in original content development. The release of entire seasons at once is one of Netflix's unique business models that has contributed to its success around the world. It has redefined the viewer-television relationship. This new viewing platform profoundly differs from the weekly model, enabling Netflix to redefine the viewing experience. Netflix's global reach distinguishes it from networks

that release programs only in their native countries, resulting in a diverse subscriber base and expanding creative opportunities for original television series.

This paper only analyzes Netflix's business model and reasons for its success based on its development characteristics, and does not involve much analysis of its potential operational risks. With the end of the special period of the epidemic and the development of media communication, Netflix will face more challenges subsequently, and the author will continue to follow up on the development process of Netflix's new analysis.

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