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Netflix in Argentina: Accelerated expansion and little local production

Netflix en Argentina: expansión acelerada y producción local escasa

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Guillermo Mastrini[1]
https://orcid.org/0000-0002-7122-1914
Fernando Krakowiak[2]
https://orcid.org/0000-0002-2932-6296

The aim of this article is to analyze the development of Netflix in Argentina, showing its market penetration, its business strategies, the regulatory framework in which it operates, its content offerings and its subscribers' consumption. Regarding the menu they offer, the analysis focuses on the "Netflix Originals" section, where the company includes the contents they consider most attractive. The main hypothesis is that the accelerated expansion that the platform has had in Argentina, strengthened by *agreements* with the main telephone and pay TV companies, has not been accompanied by a specific strategy to develop the production of local contents.

Keywords: Netflix, Argentina, distribution, production, regulation.

El objetivo del artículo es analizar el desarrollo de Netflix en Argentina dando cuenta de su penetración en el mercado, sus estrategias empresariales, el marco regulatorio en el que opera, la composición de su catálogo local y el consumo de sus abonados. En lo que refiere al catálogo, se analizó "Netflix Originals", sección donde la compañía incluye aquellos contenidos que considera más atractivos dentro de su oferta. La hipótesis principal es que la expansión acelerada que tuvo la plataforma en Argentina, apuntalada con acuerdos con las principales telefónicas y operadoras de televisión paga, no fue acompañada de una estrategia destinada a desarrollar la producción de contenidos locales.

Palabras clave: Netflix, Argentina, distribución, producción, regulación.

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1 Universidad Nacional de Quilmes/ Conicet/ Universidad de Buenos Aires, Argentina.
gmastri@yahoo.com.ar

2 Universidad de Buenos Aires, Argentina.
ferkrako@gmail.com

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Introduction

Television has played a key role in the Argentine media ecosystem since the 1960s, boasting a strong lead in both media consumption and share of advertising. Since the 1980s, its presence has expanded further with the introduction of pay TV, whose penetration currently reaches 77 percent of households (Business Bureau, 2020). It is one of the highest rates in Latin America and the Caribbean, indicating that the population is willing to pay to watch TV, which in turn has favored the expansion of Netflix in the country. The US-based company began operating in Argentina in September, 2011, and has succeeded in establishing itself as the main streaming service operator, with a broad dominance of the subscriber market.

The aim of this paper is to analyze the development of Netflix in Argentina, taking into account its market penetration, its business strategies, the regulatory framework in which it operates, the composition of its local catalog, and the consumption of its subscriber base.

Gathering data about Netflix is not an easy task, as the company does not disclose information and requires its local partners to comply with strict confidentiality standards. As a result, a strategy was adopted combining the use of secondary sources, interviews with market players, and the analysis of their local catalog.

With regard to the platform's catalog, the decision was made to narrow down the scope to the "Netflix Originals" section, where the company includes those contents that it considers most engaging. The corpus reviewed for this study covers the programming available in April, 2018. In turn, the analysis of the contents actually consumed was based on 2017 and 2018 data available from the company itself and market consultants.

The main hypothesis is that the accelerated expansion the platform experienced in Argentina, strengthened by its deals with the main telcos and pay TV operators, did not include a strategy aimed at developing the production of local contents.

The landing of Netflix in Argentina

Netflix began operating in the United States in 1997. Ten years later, driven by the expansion of broadband Internet, it became a video-on-demand online streaming service. The new digital distribution technology used, combined with an original business model, enabled the company to position itself in a short period of time as a player capable of operating on a global scale. Its expansion had a varying degree of impact on different audiovisual markets, and even disrupted international video distribution standards based on time and space windows (Jenner, 2018; Lobato, 2019; Lobato & Lotz, 2020; Lotz et al., 2018).

Its landing in Argentina occurred in September, 2011, just one year after it entered the Canadian market and started its international expansion. Argentina is within the group of 43 countries in which it had its second wave of expansion.

Since its arrival, Netflix had to face competition in Argentina from On Video (Telefónica)[3] and Cablevisión (Grupo Clarín)[4]. In turn, Telecom (Telecom Italia), which in 2017 was acquired by Grupo Clarín, launched Arnet Play, precisely in response to the arrival of Netflix in the local scene.

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3 Telefónica launched On Video in December, 2010. Initially, it was only available to customers of Speedy, its broadband service. In March, 2019, it was relaunched under the Movistar Play brand.

4 Cablevisión and LapTV (Fox, MGM and Paramount) introduced Moviecity Play in April, 2011, a video-on-demand service available to the cable TV operator subscribers as a bundled offer, purchasing Moviecity within their signal package. By then it was already providing access to live sports content through ESPN Play and then added Space Go, TNT Go and HBO Go. In August, 2014, the cable TV company launched Cablevisión Play, concentrating access to all this content, and in November, 2016, it unveiled Flow, a platform integrating traditional TV with on-demand content, which came to replace Cablevisión Play.

In all these cases, the use of Over-the-Top (OTT) platforms did not lead to significant growth in cord-cutting; instead, the adoption of OTT was complementary to traditional pay TV services, as its expansion began with high-income households. According to consulting firm Carrier y Asociados, the Argentine streaming market at the beginning of 2013 comprised around 500 000 users (Carrier, 2013).

In this context, Netflix reported rapid growth with relatively cheap pricing,[5] a simple and attractive interface that was accessible through multiple devices, an extensive catalog with personalized recommendations, good visual and sound quality, and the absence of ads. An additional feature was its commitment to binge watching, consisting of uploading all the episodes of a season of a series, so that they can be watched in one go.

Netflix does not disclose data on its subscriber base by country, but private estimates are indicative of the accelerated growth it experienced during its expansion in Argentina. A report by Digital TV Research estimated that, while in December, 2011 the company had 57 000 subscribers; in December, 2012, it had grown to 130 000; in December, 2013, to 250 000; and in June, 2014, to 310 000 (Digital TV News, 2014). According to the consulting firm Carrier y Asociados, which estimated the evolution of subscribers starting in 2014, it can be seen that the growth has been steady, although the acceleration rate decreases as the penetration increases (Carrier, 2020) (see Table 1). Being estimates, the figures should be taken with caution, but they do point at a sustained trend.

Netflix's growth in Argentina also shows a clear lead in the audiovisual market. Consulting firm Business Bureau reported in its *BB Book 2020* that, within the universe of households that have Internet connectivity and watch content online, four out of ten households in Latin America have subscriptions to this platform. On the other hand, if the sample is narrowed down to the subscription video on demand (SVOD) TV segment, the share of the company led by Reed Hastings

5 The initial cost of the local subscription was 39 Argentine pesos a month, about nine American dollars, according to the exchange rate at that time ("Netflix debuta en Argentina", 2011).

TABLE 1
EVOLUTION OF NETFLIX SUBSCRIBERS IN ARGENTINA (MILLIONS)

Year	Subscribers	Change
2014	0.3	
2015	0.9	200%
2016	1.8	100%
2017	2.4	33%
2018	3.1	29%
2019	4.0	29%
2020	4.8	20%

Source: Carrier (2020).

is markedly dominant. According to figures supplied especially for this study by Business Bureau, in the first quarter of 2020 Netflix concentrated 68 percent of the Argentine SVOD market, while Amazon Prime was a distant runner-up, with just seven percent, and HBO Go came in third, with only three percent. The remaining 22 percent includes a generic "others".

The leadership of Netflix vis-à-vis other multinational players in this market can be mainly attributed to its first-mover advantage, due to its early arrival compared to the other platforms. Amazon Prime, for example, made its debut in Argentina at the end of 2016 and, unlike in the United States, other bundled services are not part of the offering of this platform. Therefore, its penetration in the local market is gradual. In turn, HBO Latin America launched an online subscription to its Go platform in June, 2017, independent of its cable TV service. For its part, Claro-Video (América Móvil), a very relevant player in several Latin American countries, also began offering its services only after Netflix did, as part of the portfolio of mobile phone carrier Claro, but has not achieved a prominent share of the country's subscribers.

A particularity found in Argentina is the existence of state-run, free OTT services that were developed as part of the Digital Terrestrial Television deployment plan, including the platforms Contenidos Digitales Abiertos, Conectate, Odeón and Prisma (Rivero, 2016, p. 10). Currently of note are the platforms Cine.Ar Play –originally named

Odeon and introduced as "the *criollo* Netflix" (Batlle, 2015)– and Cont.Ar.[6] In April, 2020, the Cine.Ar platform had more than 1.3 million registered users. Consumption of contents delivered over these free platforms, however, is more sporadic than that of the paid subscription chains.

Business Partnerships

While at first sight it may appear that OTT services are a competitor of pay TV services, in the Argentine case these services have a complementary relationship. That is why, after having verified that Netflix was not decisively affecting the evolution of the subscriber base, and that pay TV subscribers appreciated OTT content as a feature on the side –evidenced by the rapid growth of subscribers–, various pay TV operators and/or telephone companies established deals to include access to Netflix on their platforms.

One of the pioneers was the cable TV company Telecentro, which in 2016 reached a deal with Netflix to enable its more than 600 000 subscribers to access OTT content bundled in their subscription. The remote controls provided by Telecentro featured a button for direct access to Netflix (Ovrik, 2016). This is important in low-income households, as the business partnership allows access to the catalog without having to change devices and with no need for a Smart TV interface.

Subsequently, the Internet and mobile phone companies Arnet and Personal, which later on merged into Grupo Clarín, followed suit, introducing Netflix with their services, especially for their premium customers, who could expand and incorporate OTT content at a preferential price.

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[6] Cine.Ar is a platform managed by the Instituto Nacional de Cine y Artes Audiovisuales (National Institute of Film and Audiovisual Arts) and the company Arsat. It was launched in November, 2015 and hosts Argentine films, series, documentaries and short films. In May, 2018, Cont.Ar, a platform of the Ministry of Media and Public Communication, was added, offering fiction movies, documentaries, musicals, sports and live events.

As for Telefónica, the addition of Netflix was the result of a deal signed in May, 2018 to add the offering of the American giant into its television and video services in Europe and Latin America (Telefónica S. A., 2018). This deal was later extended to the *freemium* platform Movistar Play, premiered in Argentina in March, 2019 ("Telefónica lanzó Movistar Play", 2019).

Cablevisión, Argentina's main pay TV company, closed a deal with Netflix in April, 2019 for the inclusion of all its contents in its Flow platform, as part of the group's strategy to retain its subscribers by adding streaming services.

The business partnerships between the distributors and the OTT provider seem to be a win-win game –the former retain customers while Netflix generates new revenues and in turn receives free marketing from its new partners–. This results in users having the benefit of more content available.

In 2011, Netflix also signed a deal with Telefé Internacional, the sales branch of Argentina's main free-to-air channel, to offer its content throughout Latin America, as Telefé has a wide variety of soap operas, youth and children's programs, series and miniseries, comedies, documentaries, entertainment shows and movies.

Furthermore, the American multinational signed deals with various Argentine production companies, most notably, Polka (Grupo Clarín), Kapow, Onceloops and Ktz Entertainment Argentina, but their projects in the country progressed very slowly. The last promise came from Reed Hastings himself in February, 2020, when he visited Argentina and assured President Alberto Fernández that he was evaluating opening a content production company onshore, but at the end of the writing of this article that investment had not materialized.

Netflix currently has an office in Argentina that has divisions devoted to acquisitions and productions, as well as an area in charge of press communications. One Argentine peculiarity is that it is customary for local production companies to make strips with daily episodes inspired by the telenovela or soap opera genre (long series of 50 episodes). This product does not fit the content rationale of Netflix, which prefers series that range from six to 12 episodes per season to favor its global go-to-market strategy.

One of the difficulties that Netflix has to market its service in Argentina is that a high proportion of the population is underbanked, typical of a country with a large informal economy. This situation affects Netflix since the company only accepts payments by credit card. For this reason, the multinational has signed deals with national credit card brands that are popular with low-income sectors and operate with the prepaid system, such as *Tarjeta Naranja* and Cabal. In that connection, deals with Telecentro and Cablevisión have also been a way of reaching the unbanked, popular sectors with access to pay TV services.

REGULATION OF AUDIOVISUAL OTT SERVICES

Despite Netflix's strategy to partner with telephone companies, cable TV companies and content production companies, the most insistent claim to regulate audiovisual OTTs has come from these very companies. They have repeatedly voiced the need to move forward with the levy of taxes on platforms, arguing that there should be no regulatory asymmetries among businesses competing in similar markets or offering comparable services. A proposal was even made to create a specific fund to collect contributions from OTT service providers, with the aim to finance maintenance and overhaul efforts to modernize networks (Baladrón & Rivero, 2017). As Fontanals (2016) points out:

> The discussion actually boils down to how income and expense is distributed in the provision of Internet services, and who bears the costs of the investments the network needs, faced with the impressive growth in consumption enabled by audiovisual convergence (n. p.).

At the same time, there are those who, while recognizing these regulatory asymmetries between companies as a problem, warn that regulation must be approached from a human rights perspective that places people –and not companies and their commercial interests– at the center of concerns. This means, for example, taking into account the protection of minors, the defense of consumers, and the promotion of national culture (Observacom, 2019).

In the case of Argentina, audiovisual services provided over the Internet, such as Netflix, are not regulated by the Audiovisual Communication Services Law 26.522 of 2009 or by the Argentine Digital Telecommunications Law 27.078 of 2014. Law 26.522 builds on the European Audiovisual Directive as a foundation and model in some of its sections and, therefore, the definition of audiovisual services could be construed to encompass transmissions that "are like television", but no progress has been made in regulating convergence with other services. In turn, Law 27.078, Article 6 identifies Information Technology and Communication Services as "those services whose purpose is the transmission and distribution of signals or data, such as voice, text, video and images, provided or requested by third-party users, through telecommunication networks". This definition includes audiovisual OTT services, but then clarifies that "each service will be subject to its specific regulatory framework", which has not been developed so far.[7]

From the perspective of the federal government and provincial administrations, their greatest effort was focused on trying to collect taxes from OTT companies that provide services from abroad, such as Netflix. On December 27, 2017, the National Congress passed Law 27.430. Article 87 of this law stipulates that the digital services provided by entities based or domiciled abroad whose effective use or exploitation takes place in Argentina should be subject to the Value

7 At the end of 2015, after Mauricio Macri took office as president, both laws underwent substantive modifications through Decree 267/15, but there was no progress regarding the regulation of audiovisual OTT companies. In May, 2017, the Socialist Party submitted a bill for the Convergent Communications Law that regulated audiovisual OTT companies such as Netflix, which included the requirement of a quota of nationally produced content and levying a tax proportional to their billing. However, the bill had been submitted by a parliamentary minority and it was not addressed by Congress. In 2019, a senator from the Justicialist Party, at that time in the opposition, submitted another bill that proposed imposing on video-on-demand services a minimum quota of 10 percent of national production in their catalogs, but it did not thrive either.

Added Tax Law.[8] Article 88 lists a series of services, including "access to and/or downloading of images, text, information, video, music, games –including games of chance–".[9] As the majority of the providers of this type of services do not have a business or tax domicile in Argentina, Article 89 established that the tax liability corresponded to the users/recipients of said services. Additionally, Article 95 also made it explicit that if an intermediary intervenes in the payment, it should serve as tax withholding agent. This paved the way for a modality that collects the tax from the users of the various services.

In April, 2018, the Mauricio Macri administration regulated the application of VAT to digital services provided by foreign entities through decree 354/18.[10] In the resolutions part, it was again made explicit that the user or recipient of the service is responsible for VAT purposes, and that, if there is an intermediary residing in the country that intervenes in the payment, the intermediary shall serve as a withholding agent. Furthermore, it was stated that the latter role was to be determined based on the lists of providers that the tax authority (AFIP) would prepare.[11] Finally, in May, 2018, AFIP issued General Resolution 4240 that regulated the form of payment and introduced two lists of providers broken down into two sections, A and B.[12] Section A

8 Published in the Official Gazette on December 29, 2017.

9 Article 88 clarifies that the section "includes, among other services, downloading movies and other audiovisual contents to devices connected to the Internet; downloading online games –including remote multi-player games–, music, movies, bets or any digital content –including streaming technology that does not download contents to a storage device–; obtaining jingles, mobile tones and music; viewing online news, traffic updates and weather forecasts –including satellite services–, weblogs and website statistics".

10 Published in the Official Gazette on April 24, 2018.

11 On September 10, 2018, Decree 813/18 formally superseded Decree 354/18, while keeping the same terms, for the purpose of modifying the regulation of the Value Added Tax in a regulatory exercise with a more appropriate format.

12 Published in the Official Gazette on May 14, 2018.

included services such as Netflix, Spotify, iTunes, Prime Video, etc. Section B listed websites such as Airbnb, Booking, Apple, Nintendo, etc., whose services are subject to VAT as long as the amounts do not exceed 10 dollars.[13] The inclusion of Section B was aimed at avoiding, on the one hand, the collection of VAT on accommodation services, even if the reservation was in the country, and, on the other hand, the evasion of the tax through services not itemized in the Section B.[14] The tax began to apply to these services since June, 2018. As no differential tax applies, the VAT rate applied was 21 percent and the customers of these services began to pay it through a withholding made by the credit card. To that 21 percent, an additional eight percent was added in December, 2019, corresponding to a new tax that applies to all purchases made abroad by electronic means.[15]

There were also attempts by the provincial governments to move in the same direction. Several jurisdictions levied the Gross Income tax on online subscription services to access movies, TV, music, games, videos and other types of audiovisual entertainment that are delivered over the Internet, but its application has been halted.[16]

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13 The cap of ten dollars in these cases sought to avoid charging for a digital service when the payment could have been for the purchase of a product abroad.

14 For example, section A includes iCloud and iTunes, both Apple firms, but section B includes Apple so that there is no evasion in the payment of services to the company due to incorrect itemization in section A.

15 Article 17 of decree 99/19 that regulates the Law of Social Solidarity and Productive Reactivation in the Framework of Public Emergency.

16 The key issue is that Gross Income is a territorial tax. According to the new provincial regulations, digital services provided by companies based abroad should pay this tax, but since they do not have a business or tax domicile in the different provinces, in fact, it is inapplicable. One option is to establish collection through a collection agent such as credit and purchase cards, but in the case of the Gross Income Tax, they have expressed their impossibility to serve as collection agents for this tax, and at the close of this article, the case was still pending resolution.

The content offer

Netflix has a vast offer of content that varies depending on the country where the viewer resides, and it is periodically renewed. The detail and evolution of that material in each location are difficult to monitor. As a result, a series of online search engines began to appear in recent years that offer data on the availability of content depending on the country. Unofficial Netflix online Global Search (uNoGS.com) has been available since May, 2015, with daily data updates. In a query made for this study,[17] it displayed that Netflix had 4 377 videos available in Argentina, broken down into 2 980 films and 1 397 series. In turn, the search engine records all the changes that the company makes to its catalog and informs which videos have been uploaded and which are about to expire.

uNoGS.com offers figures for 32 countries where Netflix operates. This allows for some comparisons; for instance, Argentina has a catalog with 25.5 percent fewer films and series than those available in the United States, the leading country in terms of offering, among those surveyed. Conversely, its number of titles is consistent with that of other Latin American countries, such as Brazil and Mexico.[18]

Catalogs vary from country to country due to territorial licenses. Content producers license their products to different distributors in different parts of the world. By streaming content continuously, Netflix operates as a distributor, and must evaluate in which regions it is convenient to acquire the rights to a movie and in which it is not, since the expected return for each product varies across markets for different reasons, ranging from cultural to merely demographic considerations.

As in the rest of the world, Netflix operates in Argentina with three ways of presenting productions: actual original productions; acquisitions

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17 Information retrieved on August 29, 2019.

18 Brazil, Argentina’s major partner in the region, has a catalog with only 2.6 percent fewer titles, while Argentina and Mexico are almost tied in terms of offer, since at the time of the consultation the Mexico had only 0.2 percent fewer films and series. Although the tables are dynamic, they allow us to appreciate certain trends related to the company’s business strategy.

presented as original productions, even if they are not, because they had limited repercussion in their country of origin; and full acquisitions or programs it is interested in having them in the catalog.

The number of titles and their systematic refresh prevent an exhaustive survey of this entire universe. As a result, for this study, the decision was made to address only the list of audiovisual products that Netflix makes available in the "Netflix Originals" section, which includes the content that the company considers most attractive within its offer.

In the first place, there is a caveat with that label, as at first glance the term may be misleading. The list of original productions includes programs created especially by the company, such as *House of Cards*, *Stranger Things* or the Argentine *Edha*, but the list does not end there. There are also movies and series for which Netflix is the exclusive distributor, such as *The Sinner*, a series originally broadcast on the American network USA Network. Finally, there are also series that originally began to be broadcasted on a pay TV or free-to-air TV signal and after much success in their home market were acquired by Netflix, which in turn decided to produce new seasons, such as the Spanish *La Casa de Papel* /*Money Heist.*

Regarding acquired titles that are broadcast as Originals, Netflix does not contribute money to their production, but according to Pablo Culell, Underground's Production and Content executive,[19] priority is given in the event a second season is produced. In this case, Netflix pays a little more for the screening rights in exchange for the producers' commitment to refrain from negotiating with another OTT platform. For the Argentine producer, qualifying such productions as "originals" has a marketing effect for the global Netflix market.[20]

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19 Personal communication (August 6, 2018).

20 Underground produced the series *El Marginal* for Argentine public television, which was later acquired by Netflix and presented as an original production outside the country. Culell pointed out that the regional distribution based on the deal with the US company allowed them to reach other audiences and thus they were able to sell the format to Mexican companies. However, information on *El Marginal*'s consumption rates was not shared with the

Analysis of the catalog

The survey of the material included in "Netflix Originals" from Argentina was carried out in April, 2018. On the day of the inquiry, the list included 591 entries. Sorted by type of production, the catalog showed the following breakdown: 296 series (50 percent), 142 feature films (24 percent), 118 stand up/talk shows (19.9 percent), four short films (0.6 percent) and 31 productions grouped under the "others" category (5.2 percent), mainly including TV programs and musicals.

In turn, productions are classified as fiction, documentary and animation. Of the 142 feature films identified, there were 101 fiction movies (71.1 percent), 37 documentaries (26.1 percent), and four animation movies (2.8 percent). Among the four short films there were three documentaries and one animation movie, and of the 296 series, seven were documentary series (2.4 percent). On the other hand, in the stand-up/talk show category no titles were specified, and of the 31 productions appearing under "other", 14 were documentaries (45.1 percent) and the rest were listed without any additional specifications.

A review of production years reveals that 80.5 percent of the titles available in Argentina at the time of the inquiry were less than two years and three months old. Of the 591 videos listed, 247 were produced in 2017 (41.8 percent), 149 in 2016 (25.2 percent) and 80 in the first three months of 2018 (13.5 percent). In addition, there were 66 titles produced in 2015 (11.2 percent), 25 in 2014 (4.2 percent), 13 in 2013 (2.2 percent), seven in 2012 (1.2 percent) and two in 2011 (0.3 percent). This leads to the conclusion that in the "Netflix Originals" universe, relatively new productions prevail. In fact, only two titles from the list examined were more than seven years old counted from their premiere, and both were series: the Canadian *Trailer Park Boys*, released in 2001, with 12 seasons, and the American *Arrested Development*, which

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producer. "Netflix keeps the data to itself and does not disclose it to you except when it tells you that it is interested in another season. We already knew that the series had had a good impact. In the absence of a specific audience measurement survey, you can gather information about its repercussion on social media," Culell (personal communication) said.

originally aired on the Fox network between November, 2003 and February, 2006.

Regarding production origin, the United States led the list comfortably with 384 titles (65 percent). Of that total, 21 were co-productions. The runner-up was the United Kingdom, with 49 productions (8.3 percent), of which seven were co-productions. Japan appeared third on the list, with 37 productions (6.2 percent), including two co-productions. Canada ranked fourth, with 32 productions (5.4 percent).

The first Latin American country to appear on the list was Mexico, with 18 productions (3 percent), one of which was co-produced with the United States and another one with France and Spain. It was followed by Brazil, with six productions (1 percent), and Colombia, with another six (1 percent), one in co-production with the United States. Argentina appeared with only four productions (0.7 percent), the same as India, Italy, Ireland and Sweden.

TABLE 2
NETFLIX ORIGINALS PRODUCTIONS BY COUNTRY OF ORIGIN

Country	Production	Co-production	Total	%
USA	363	21	384	65.0
UK	42	7	49	8.3
Japan	35	2	37	6.3
Canada	21	11	32	5.4
Mexico	16	2	18	3.0
France	11	5	16	2.7
Spain	9	1	10	1.7
Brazil	6	---	6	1.0
Colombia	5	1	6	1.0
Argentina	4	---	4	0.7
Other	31	6	37	6.3

Source: The authors.

It is also interesting to see what type of production each of these countries contributed to the list of “Netflix Originals”. Among the 383 titles in the United States, there were 172 series (44.9 percent), 99 feature films (25.8 percent), 87 stand-up/talk shows (22.7 percent), four short films (1 percent), and 21 audiovisual productions labeled under “other” (5.5 percent). In the case of the 99 feature films, there were 68 fictions, 30 documentaries and one animation. The United Kingdom, second to the United States with 49 productions, had 26 series (53 percent), 14 feature films (28.6 percent), five stand-up/talk shows (10.2 percent) and four titles listed as “others” (8.2 percent). The podium was completed by Japan, which had 37 productions, of which 33 were series (92 percent), three were feature films (two animations and one documentary), and one title was listed under “others”. A noteworthy fact is that within the 34 Japanese series, 18 were anime (53 percent) and one was labeled “cartoons”, within a classification by genre in which Netflix includes multiple tags in addition to anime. For example, the *Knights of Sidonia* series includes four other tags in addition to “anime”: “TV shows and series”, “anime series”, “science fiction anime” and “science fiction with aliens”. In the fourth place was Canada, with 32 productions, 25 of which were series (78.1 percent), four were feature films (two fictions, a documentary and an animation) and three were listed as “others”.

The first Latin American country to appear on the list was Mexico, in the fifth place, with 18 productions, broken down into 11 stand-up/talk shows (61.1 percent), six series (33.3 percent), and only one feature film of the documentary genre, co-produced with the United States. The other Latin American country that appeared on the list was Brazil, with six titles: two stand-up/talk shows (33.3 percent), two feature films (one fiction and one documentary), and two series. Colombia had five productions listed: three stand-up/talk shows (60 percent) and two series (40 percent).

For its part, Argentina appeared with four titles on Netflix’s list of exclusives: three stand-up/talk shows (75 percent) and the *Edha* series. Four Argentine productions were added to the “Originals” section later on, and were thus left out of the scope of this paper. In September, 2018, the four-part documentary *Boca Juniors confidential* was released. In February, 2019, Argentina added *Go! Vive a tu manera*, in co-production with Onceloops and KZA Entertainment. In February, 2020, *Puerta 7* arrived, made in partnership with Pol-ka, and the following month, the documentary *Fangio: el hombre que domaba a las máquinas* made its debut on the platform.

The production of Netflix in Argentina is not proportional to the number of subscribers, and it does not match the country's traditional prominence in the Latin American audiovisual market. The country's economic instability seems to be a roadblock for the arrival of greater investments from the platform, although this hypothesis must still be confirmed with more in-depth studies.

It is important to note that the few Argentine titles available at the time of the survey are limited to the "Netflix Originals" universe, which represents only 15 percent of the total offer available to Argentine subscribers.

As mentioned above, on August 29th, 2018 the website uNoGS.com showed a total offer of 4 377 productions in the Argentine catalog. In turn, on that same date, the number of Argentine films and documentaries, according to the site ennetflix.com.ar, was 62. Percentage-wise, it represented 1.4 percent of the total catalog, a figure slightly higher than the 0.7 percent found in the Originals section, which also includes series and talk shows, but there are no further details about content to allow for an analysis as the one carried out on "Netflix Originals". The list has relatively new films that were a box-office success, but are not operated exclusively by the US platform, such as *Mi obra maestra* (*My Masterpiece*), *El ciudadano ilustre* (*The Distinguished Citizen*) and *Papeles en el viento* (*Papers in the Wind*).

Finally, regarding the strategy of sorting productions into "genres" used by Netflix, based on the survey and analysis of "Netflix Originals", it may be claimed that it does not aim to distinguish productions in traditional genres but simply to offer a list of keywords intended to facilitate the search of material. For example, the movie *Bright* covers ten "genres": Action & Adventure, International Action & Adventure, Dramas, International Dramas, International Movies, Asian Movies, Japanese Movies, Sci-Fi & Fantasy, International Sci-Fi & Fantasy, and Sci-Fi & Action Fantasy. Another characteristic of "genres" is the excessive specificity of these labels. For example, the animated film *Sahara* covers the following eight "genres": Children's and

Family Movies, Movies for Ages 5-7, Movies for Ages 8-10, Movies for Ages 11-12, Animals, Family, Adventures for the Family, Family Entertainment.

Most-watched content on Netflix

It is very difficult to access Netflix consumption data, since it is not public and only some articles or releases that the company's press office distributes to journalists are useful for reference. For this study, data from 2017 and 2018 was taken.

In December, 2017, Netflix provided information Argentine watching preferences during that year. The series at the top of the binge-watching ranking –more than two episodes per day– were: 1) *American Vandal*, 2) *Anne with and E*, 3) *Ingobernable*, 4) *Greenleaf*, 5) *The Keepers*, 6) *The Mist*, 7) *Shooter*, 8) *Suburra: Blood on Rome*, 9) *Marvel-The Defenders*, and 10) *Frontier* ("Lo más insólito que hicieron los usuarios", 2017).

In 2018, the ten most watched Netflix series in Argentina were: 1) *The Forest*, 2) *Cathedral of the Sea*, 3) *Bodyguard*, 4) *Retribution*, 5) *Requiem*, 6) *Wild District*, 7) *Anne with an E:* Season 2, 8) *The Rain*, 9) *Elite*, and 10) *Car Masters: Rust to Riches*, as reported by the company itself through its Twitter account (@NetflixLat) on December 11th, 2018.

In turn, in October, 2018, consulting firm Parrot Analytics released a report on the most demanded series on all streaming platforms in Argentina during the week of October 14 to 20, and Netflix had six among the top ten ("Netflix gana el ranking de las 10 series más vistas", 2018). In terms of the number of requests to watch, Netflix achieved the first and second place with *The Haunting of Hill House* (2 147 928) and *Stranger Things* (1 790 612), respectively. *Money Heist* appeared fifth on the list (1 422 424); *Orange is the New Black* ranked seventh (1 254 284); *Cable Girls* (1 196 329), eighth; and *The House of Flowers*, tenth (1 174 090 requests to watch).

Regarding the geographical origin of the top 20 series and productions in 2017 and 2018 mentioned in this chapter, the analysis reveals that the United States led the list with seven productions (35 percent), followed by the United Kingdom (15 percent) and Canada (15 percent), with three productions each. Spain had two productions (10 percent), and the other countries listed were France, Italy, Mexico, Colombia and Denmark, with one series each on the ranking. The combined contents of Spain, Mexico, and Colombia indicate that productions in the Spanish language added up to 20 percent of the total.

Final words

Since it started operations in Argentina in 2011, Netflix has been growing rapidly, reaching 4.8 million subscribers in the first half of 2020. In the SVOD segment, the company's share is markedly dominant, in the first quarter of 2020 it held 68 percent of the market, while Amazon Prime was a distant runner-up with just 7 percent, and HBO Go reached only 3 percent.

That market leadership was not accompanied by a strategy to develop the production of local content. Investment in the country has been low and the relationship with national production companies has been mainly limited to the acquisition of existing content. This observation surfaced from the survey that was carried out of the "Netflix Originals" offer in Argentina, from which the following conclusions can be drawn:

1) There was a strong preponderance of series, which accounted for 50 percent of the total offer, more than double the film category, which followed with 24 percent.
2) Of the offer available at the time of the survey, 99.7 percent was seven years old or less, and 80.5 percent was less than 2 and a half years old.
3) As for the origin, 65 percent of these select productions were from the United States, 17.7 percent were of European origin, and 8.6 percent came from Asia, while Latin America provided only six percent of the content, and Argentina only 0.7 percent.
4) The analysis by origin of these select productions showed that Latin American contents were not only scarce but also were mainly focused on low-budget productions such as stand-up/talk shows. In

this category were 75 percent of Argentine productions; 61.1 percent of Mexican productions; 60 percent of Colombian productions, and 33.3 percent of Brazilian productions. Conversely, of the total content of US origin, the stand-up/talk shows represented 22.7 percent and of the total content from the United Kingdom, they barely reached 10.2 percent.

Based on such data, one clear finding is that, in the offer of exclusive contents, it is the series of Anglo-Saxon origin that predominate, while Latin American contents occupy a very marginal position in the portfolio, and in general, these are stand-up shows, whose budget, compared to fiction films and documentaries, is relatively low.

In January, 2013, Netflix CEO, Reed Hastings, said, “We have great expectations regarding Argentina, as bandwidth is a mass product present in most households, and the public is very fond of audiovisual content” (Africano, 2013). The company’s Chief Content Officer, Ted Sarandos, declared in December, 2017, “Latin America is the fastest growing territory for Netflix”, and once again praised the Argentine market, where they promised to invest more in the local content creation (Trzenko, 2017). However, as has been seen, the results have been very poor in this regard.

One of the reasons that can help to understand this weak performance is the deep economic instability in the region in general, and in Argentina in particular. Argentina introduced tight capital controls in 2011, just as Netflix was landing in the country. Those controls have limited the return of profits to the headquarters and, therefore, discouraged investments in an economy that has practically not grown since then.

The exchange restrictions were lifted at the end of 2015, but in 2019 they had to be put back in place amid a phenomenal currency devaluation and bank run. This macroeconomic instability influenced the investment plans of many companies, and Netflix seems to be no exception, although this hypothesis is yet to be confirmed through more in-depth studies.

Although some rules have been proposed to require the company to guarantee a quota of local content in its offer, there has been no progress in this regard, and there is currently no regulation to impose conditions on its audiovisual offer. In regulatory matters, progress has only been made with the collection of taxes, which customers of the service began to pay in the form of withholdings made by credit cards.

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