

From São Paulo to Seoul: Netflix's strategies in peripheral markets

*De São Paulo a Seúl: las estrategias de
Netflix en los mercados periféricos*

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Aiming to examine Netflix's strategies in its global expansion and based on the debates on the transnationalization of TV flows, we observe the platform's presence in two peripheral markets: Brazil and South Korea. In both, we find similar tactics, such as the licensing and commissioning of local content and partnerships with national production companies. Although we identified a recent shift in the company's strategies from Latin America towards the Asian market, we argue that it is imperative to deconstruct Netflix's position as a mediator of narratives to and from the "rest of the world".

KEYWORDS: Netflix, transnational flow, Brazil, South Korea, global peripheries.

Con el objetivo de examinar las estrategias implementadas por Netflix en su expansión global y partiendo de los debates sobre la transnacionalización de los flujos televisivos, nos propusimos observar la presencia de esta plataforma en dos mercados periféricos: Brasil y Corea del Sur. En ambos encontramos tácticas similares, como la concesión de licencias y encargos de contenido local, además de alianzas con productoras nacionales. A pesar de haber identificado un cambio de enfoque por parte de la compañía, de América Latina hacia, recientemente, el mercado asiático, argumentamos la urgencia de deconstruir la postura de Netflix como mediadora de narrativas hacia y desde el "resto del mundo".

PALABRAS CLAVE: Netflix, flujo transnacional, Brasil, Corea del Sur, periferias globales.

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INTRODUCTION

In 2016, Netflix took an important step in its transnational expansion. The company, which only became available outside the U.S. in 2010, announced its availability in more than 190 countries. Founder and co-CEO, Reed Hastings, stated that the goal is to bring global narratives to people all over the world, “from Singapore to St. Petersburg, from San Francisco to São Paulo” (Netflix, 2016). Considering the growing competition with other streamers like Amazon Prime Video and Disney+, the company also aims to conquer these local and regional markets. According to Netflix’s data (Netflix, Inc., 2021), the platform reached 200 million subscribers worldwide in January 2021, with 63% of them outside the United States and Canada (approximately 129 million).

Among its many market strategies, Netflix has invested in two countries from the global periphery: Brazil and South Korea (Korea, hereafter). Since its arrival in Latin America, in 2011, Netflix employed different strategies designed to attract the Brazilian audience, for example, the production of local content (Penner & Straubhaar, 2020). In 2018, Netflix executives stated that the country was already “among the top three markets” (Pennaft, 2018). Although the platform only arrived in Korea in 2016, Netflix has already shown a lot of interest in the Asian country. In just five years, Netflix has invested in local content and opened two production facilities in the country (Netflix, 2021). The company aims to benefit from the regional consumption of South Korean (Korean, hereafter) audiovisual production through the phenomenon of *Hallyu* (or *Korean Wave*), which encompasses the rise of Korean pop culture on the international stage (Jin & Yoon, 2014; Ryoo, 2009).

Based on the review of relevant literature and trade press coverage, this article intends to examine and compare Netflix’s strategies in Brazil and Korea. The two countries are quite distinct from each other. Besides the geographical distance, there are also significant disparities in territorial and population size, and historical, cultural, and political particularities. However, both are currently positioned as central countries in their respective regions, specifically regarding audiovisual flows.

Both countries have large entertainment industries, yet they are structured in very different ways. While Brazil's TV industry relies on a single large media conglomerate, the Grupo Globo, Korea presents a multichannel and multiplatform environment. The Asian country is also currently experiencing the media phenomenon of *Hallyu*, led by major entertainment companies. Nevertheless, both countries represent significant regional markets for local audiovisual productions.

We identified that, as Netflix moves forward in its transnational expansion, its strategies in peripheral markets have undergone changes. If Latin America was the focus of the company's expansion in 2011, today Asia has become the main goal. This does not mean that Netflix has lost interest in the Latin American market. On the contrary, the company seems to have already attracted a loyal audience in the region. According to an estimate from Comparitech, in just ten years Brazil became Netflix's second-largest market outside the U.S. in subscriber numbers (Moody, 2020). The Asian market, on the other hand, represents a new frontier for Netflix. Korea, in merely five years, became a strategic country to mediate Netflix's productions, especially in East and Southeast Asia.

One of Netflix's main strategies in this process has been the development of local content for these markets. The company has positioned itself as a kind of "global storyteller" with its "Netflix Originals", productions that (supposedly) would generate identification around the world. Through these productions, Netflix tries to establish itself as a mediator of global narratives. In an attempt to consolidate this position, the U.S. company challenges local media conglomerates, notably, the Grupo Globo in Brazil and the "Big Three" in Korea, which include the free-to-air broadcasters KBS, SBS, and MBC.

This shift in focus from Brazil to Korea and from Latin America to Asia is, for us, one of the main trends in Netflix's global expansion process. Yet, we are not interested in making peremptory statements about Netflix and its strategies, given the complexity and fluidity of the global streaming market. Latin America and East Asia are both plural and culturally heterogeneous regions. In fact, other countries in the region are also part of Netflix's strategies, such as Mexico and Japan. However, a comparative analysis of these countries is important for

a better understanding of Netflix's transnational practices in its first decade of expansion.

Our goal, here, is to de-westernize and decentralize the debate about Netflix's impact worldwide. We understand that U.S. digital platforms, such as Netflix, practice a form of *Platform Imperialism* (Jin, 2015) in countries outside the central axis. The opacity of the company's data and practices, especially regarding its presence in markets belonging to the global periphery, complicates our analysis. The lack of disclosure of relevant information and the difficulty to access reliable data on Netflix (Lotz, 2020), has led us to combine information from the streamer's official financial reports and estimates produced by third-party analytics firms. By examining the company's presence in Brazil and Korea, we seek to deconstruct Netflix's self-entitled position as a mediator of narratives to and from the "rest of the world".

GLOBAL TELEVISION FLOWS

Traditionally, the debate concerning television's global flows has focused on the duality of the national/transnational logic and by the medium's intimate connection to a national territory (Chalaby, 2005). Yet, Lobato (2019) contends that "successive technologies have undermined this structure, complicating television's spatial dynamics" (p. 51). Cable and satellite distribution allowed TV's reach to expand beyond national borders. In this scenario, the United States commercialized TV productions worldwide in a unidirectional flow (Sinclair et al., 2000; Waisbord, 2004). In the 1970s and 1980s, these flows were predominantly characterized by the "from the West to the rest" logic (Hall, 1992). An idea of a single flow that disregarded other agents in the global scenario and the complexity of national markets. European universality and Western values spread and rooted throughout the world through imperialism functioned as a foundation for this cultural centrality (Wallerstein, 2006), which the globalization project preserved.

Within the context of Cultural Imperialism, Sinclair et al. (2000) claim that "world patterns of communication flow, both in density and in direction, mirror the system of domination in the economic and

political order” (p. 301). In the establishment of television industries around the world, many of them, including Brazil's and Korea's, depended on content from the U.S. This occurred mainly because these industries were still incipient and unable to produce local content to fully occupy their programming schedule (Jin, 2007; Straubhaar, 1984), besides their political dependency to the North American country. Theoretical anxieties about Cultural Imperialism were, for some time, part of the dominant academic discourses, yet, with the organization of television systems in other countries and regions, such as Latin America and East Asia, and with the rise of other perspectives such as Globalization, Postcolonialism, and Postmodernism, the concept of Cultural Imperialism became less sustainable.

The traditional notion of Cultural Globalization helped to consolidate the idea of the West as the center and the “remaining” areas as peripheries (Hall, 1992; Wallerstein, 2006). Nevertheless, the polarization determined by the New Global Order no longer supports the complexity of existing cultural flows. With the emergence of new technologies and the popularization of the internet as the main means of disseminating and distributing content around the world, the reach and consumption of television productions made by countries outside the United States-United Kingdom axis have increased. Yet, the asymmetries that existed between the center and the periphery are at the core of this new model that integrates television and the Internet. Therefore, although peripheral countries have started to position themselves concretely in the midst of global television flows, investing more in regional markets and transnational strategies (Mazur, 2018), they still suffer from these disparities that favor the center, especially Anglophone production flows.

Recently, Jin (2015) proposed the notion of *Platform Imperialism*, a form of imperialism that continues to concentrate capital and reaffirm the dominance of the West. The United States advances its power through online platforms, like Google, Facebook and Netflix, among others. According to Jin, these and other transnational corporations share privileges and asymmetrical power relations with non-Western countries (p. 50). The forms of domination of these countries by the U.S. are distinct because intellectual property and commercial values

are embedded in these platforms and are more effective for power expansion and capital accumulation (p. 12). Therefore, it persists in enhancing asymmetries and the system for maintaining hegemony.

Today, television flows have become less unipolarized, with the rise and establishment of new producers and exporters globally. Since the 1980s, countries in Latin America like Brazil, Mexico, and Colombia have managed, especially through their telenovelas, to transcend local borders by becoming attractive to audiences around the world (Alvarado, 2004; La Pastina & Straubhaar, 2005; Straubhaar, 1991). The consolidation of the Brazilian telenovela as a transnational market product has been a reality for some decades now, and Brazil has become a major player in the global television flows and counterflows. More recently, Korea has consolidated itself as another significant pole in the international TV market. These two countries are part of the global periphery, but central to their own regions; they have become essential centers of mediation and cultural dialogue with neighboring countries and designed the current logic of their regional cultural markets. Brazil is, then, a historical precedent for Korea as a peripheral country that emerged in the international media flows through television production, challenging, in a way, the strength of the global center.

The rise and consolidation of Korea as a hub for the production and circulation of pop culture, through television programming, music, films, and other cultural products, is part of the transnational cultural phenomenon called *Hallyu*. Korean TV dramas (K-dramas, hereafter) pioneered the transnationalization of *Hallyu* since they were the first national products to be effectively exported in the regional market (Shim, 2008). By leveraging the global expansion of Korean TV, they helped the country to become one of the largest producers and exporters of pop content in East Asia, currently consolidating itself as a stable pole of cultural influence on the global stage (Joo, 2011; Ryoo, 2009).

Despite the increasing decentralization of television flows on the world stage, legal access to international TV productions is still quite limited. In this context, Netflix positions itself as an important agent by making non-Anglophone productions available in several countries/regions, with subtitled or dubbed versions in native languages. More

importantly, the company also started to invest in cultural industries from peripheral countries, such as Brazil, India, Mexico, and Korea.

NETFLIX AND ITS GLOBAL STRATEGY

Netflix, unlike linear television, is not bound to a programming schedule and provides viewers with a catalog of content. By freeing itself from the television flow, it is able to engage “in a project of deterritorialization” (Jenner, 2018, p. 211) with a catalog that mixes products from different countries. The platform's recommendation algorithm organizes the interface, in which each user accesses a personalized version based on their consumption habits on the service. Although different in certain countries/regions, the streamer's catalog is a significant lure to win new subscribers, keep them satisfied, and avoid turnover (Robinson, 2017). Cultivating an attractive catalog, however, has proved to be an arduous task for the company in the context of the so-called “streaming wars”, a moment characterized by the proliferation of streaming platforms and disputes over content, whether original or legacy productions.

To build a catalog capable of attracting culturally varied and geographically dispersed audiences, all with different tastes, Netflix employs mainly two types of licensing categories. Lotz (2020) distinguishes both models as *acquisitions* and *commissions*. The first are productions that were commissioned by another company. On the other hand, “commissions (sometimes called ‘originals’) are programs for which Netflix funds production” (Lotz, 2020, p. 7). These can be solely financed by Netflix or co-commissioned with other production companies. The streamer classifies its commissions and the acquisitions that it has exclusive global licensing rights as “Netflix Originals”. For Penner and Straubhaar (2020), this strategy “can be seen as a measure to ‘inflate’ the number of titles, seasons, episodes, or hours of content understood as ‘original production’” (p. 135).

We find it troublesome that Netflix categorizes productions that the streamer only has the global licensing rights as originals. This decision creates an inaccurate perception that the company created/produced these programs and, ultimately, deceives subscribers. Through this practice, Netflix interferes in the positioning of this content amid global

TV flows. We recognize that the company does facilitate the circulation of these productions in markets all over the world. Yet, at the same time, it erases their cultural industries by disconnecting the production's origin through this label. This practice highlights the streamer's imperialist ambitions and is symptomatic of the asymmetries existing between the U.S. platform and other content producers from peripheral countries, as in the case of the mainland Chinese drama *Meteor Garden* (Hunan TV, 2018), labeled as a Netflix Original in the company's Brazilian and Korean catalogs.

In recent years, the streamer has been investing billions of dollars to finance its own productions and, therefore, forge a library that is independent from other large media conglomerates. Its commissions offer an interesting solution to create exclusive content that serves to build audience loyalty in local and regional markets. Through its regional offices, Netflix seeks to create products that meet the specific demands of audiences in these nations/regions. For this, the company has employed different strategies. A central approach has been the insertion of "native" productions in its local catalogs. Due to global language barriers, the company has also been investing in subtitled and dubbed versions (Cornelio-Marí, 2020). Lastly, Netflix has developed many productions aimed at these national markets, investing in local content not spoken in English, such as the Indian production *Sacred Games* (Netflix, 2018-) and the French *Lupin* (Netflix, 2021-).

Netflix's transnationalization began with its expansion to Latin America in 2011. Occupied by over 600 million people, the region had an inherent consumer market available. At the time, Brazil presented an accelerated economic development and was known internationally for its growing consumption potential. In the following years, Brazil became one of Netflix's largest markets. Yet, despite having more subscribers, the company's revenue in Brazil is still behind the UK's, its third-largest subscriber base (Moody, 2020). In Comparitech's estimate, released in 2020, Brazil currently occupies the third place in revenue because of the devaluation of the nation's currency on the global stage.

In this sense, Netflix's investments in Brazil have generated and continue to yield advantages, however, recently the company has started to direct its transnational efforts in expanding its Asian

Pacific subscriber base. According to Netflix's quarterly earnings⁴ from 2020, the Latin American market is responsible for 18.49% of the platform's subscribers, a number that has been basically stagnant since 2018 (18.72%). The Asian Pacific market, on the other hand, is growing rapidly: from the fourth quarter of 2019 to the second of 2020, subscribers went from 9% to 11% of the company's total global subscriptions, at the end of the year it was 12.5%. Although Netflix has shown great interest in Brazil, the company's expansion strategies recently have shifted. A significant development that corroborates this argument is the fact that Netflix moved its regional headquarters from São Paulo to Mexico City.⁵

Netflix's financial and quarterly earnings reports reveal an important trend for the company's growth. While the Latin American market grew only 14% in 2019, the Asian Pacific market grew 33%. This trend continued in 2020, with 9% and 28%, respectively. In both years, the Asian Pacific market had the largest growth among Netflix's regions. Currently, Asia comprises 60% of the global population. This market has the greatest profit potential in the world in view of its populational size. Therefore, even though Netflix is not available in China, North Korea, and Syria, the imminence of this market is the platform's next big step in its transnational expansion. Since Netflix failed to enter China (Riley, 2016), India –with its large potential consumer market– has become a new hub of original productions for the company. According to Hastings, the goal is to reproduce in India the success the streamer achieved in Korea (Dash, 2021). This reveals Netflix views Korea as a success story and seeks to replicate the strategies used in the country in other Asian markets.

In its effort to expand in the region, Netflix considers Korea an important mediator in East and Southeast Asia. Although Korea is a country with only 51 million inhabitants, a small number compared to Brazil's 211 million, the nation currently plays a central role in East

⁴ To access the company's quarterly earnings: <https://ir.netflix.net/financials/quarterly-earnings/default.aspx>

⁵ The Brazilian city continues to have a regional office though. See Shaw (2020).

Asia as an influential hub for cultural production and exports. Through *Hallyu*, the country attained a trend-setting role and a central position in the production of pop culture in the region. Korea became not only a potential market but also a bridge to others, facilitating the company's expansion in the continent. As such, licensing and producing Korean content has become one of the streamer's priorities at this stage of Netflix's transnationalization effort in Asia.

NETFLIX BRAZIL

Arriving in Brazil in 2011, Netflix took advantage of an audience that regularly watched foreign content, especially TV shows from the U.S. Historically, some productions aired on free-to-air networks, while pay-TV channels offered a greater variety of shows. Yet, since pay-TV in Brazil is still limited to a small and affluent part of the population,⁶ Brazilians frequently resorted to illegality to consume their favorite shows (Sá, 2014). Netflix's initial popularity in the country was driven by its relatively more attractive price than those of pay-TV packages, and because it facilitated access to a variety of shows, with Portuguese subtitles and dubbed versions (Meimaridis et al., 2020).

Netflix has employed many strategies in Brazil. The company has invested in partnerships with telecommunications services and television manufacturers, encouraging both the improvement of local Internet penetration and speed, as well as the increase in sales of Smart TV devices (Shaw, 2017). Netflix added titles in the catalog such as *Friends* (NBC, 1994-2004), which were for many years part of the television programming in Brazil, and licensed national productions, such as Record TV's telenovelas. Another strategy is the distribution of foreign series with exclusivity the day after their original airing. The science-fiction drama *Star Trek: Discovery* (CBS All Access, 2017-),

⁶ Brazil's cable TV is still one of the most expensive pay-TV services in the world. In 2020, subscriptions fell to 14.9 million according to the *Associação Brasileira de Televisão por Assinatura* (Brazilian Pay-TV/ Telecom Association), its smallest amount since 2012. For more information, see: http://www.abta.org.br/dados_do_setor.asp

for example, airs new episodes in the United States on Thursdays and these are incorporated into the streamer's Brazilian catalog on Fridays.

In 2016, however, the company began investing in the production of local content. The first Brazilian production was the drama *3%* (Netflix, 2016-2020), a narrative centered on a dystopian society. Since then, Netflix has released a couple of original Brazilian TV series, as *Samantha!* (Netflix, 2018-2019), *Girls from Ipanema* (Netflix, 2019-), *Invisible City* (Netflix, 2021-), and movies, like *Airplane Mode* (Netflix, 2020) and *Just Another Christmas* (Netflix, 2020). Interestingly, the streamer has privileged commissions instead of co-commissions in the country. A possible explanation for this is Brazil's television and audiovisual infrastructure, which is still dependent on just a few free-to-air networks, monopolized by the Grupo Globo, and limited by the meager pay-TV penetration.

Nevertheless, producing local narratives is a complex process, especially when it involves shows based on Brazil's political reality, as with the drama *The Mechanism* (Netflix, 2018-). Presented as a "work of fiction freely inspired by real events" (Shalders, 2018), the show was based on the *Operação Lava-Jato* (Operation Car Wash) –an immense judicial effort targeting political corruption in Brazil which started in 2014–.⁷

The Mechanism portrayed a romanticized view of the judiciary and represented leftists' politicians negatively, mainly those from the Partido dos Trabalhadores (PT). Moreover, the production represented Judge Moro as the virtuous hero of the operation. Erik Barmack, Netflix's vice president of original international content, explains the

⁷ The operation's development culminated in the impeachment of then-President Dilma Rousseff and in the arrest of former President Luiz Inácio Lula da Silva, both from the *Partido dos Trabalhadores* (Workers' Party, PT) (Albuquerque, 2019). Lula's arrest directly impacted the 2018 presidential elections, since he was the frontrunner at the time. However, after revelations demonstrating collusion between judges and prosecutors, the Brazilian Supreme Court ruled that judge Sergio Moro was biased ("Brazil's Supreme Court confirms", 2021) and decided to annul Lula's convictions (Richter, 2021) in 2021.

company's interest in the drama: "corruption is in the Brazilian cultural fabric" (Pennafort, 2018). Besides being a questionable statement, it also depicts Netflix's imperialistic view of peripheral countries and their democracies, especially in regards to Latin American societies. According to Albuquerque et al. (2021), *The Mechanism* acted as an agent of biased mediatization of the current Brazilian political/institutional crisis, especially considering that the drama debuted months before the presidential elections. Here, we take issue with a U.S. company producing a biased view of ongoing political events in Brazil.

Lastly, we need to highlight the company's latest strategy in Brazil. In 2020, the platform hosted two editions of the TUDUM Festival Netflix. The first event happened in São Paulo in January, and over 50 000 people attended during the course of four days. The festival was free of charge and had several immersive activities for fans. The second edition, because of the COVID-19 pandemic, was an online event transmitted on YouTube. Both events promoted several Netflix original productions, gifted participants, and presented panels focused on current social issues, such as mental health and identity politics. More than promoting the company's service and its catalog, through these events the platform positioned itself as a mediator of social issues, especially for young audiences. This corroborates Jenner's (2018) argument that the streamer's "drive towards diversity is closely linked with its transnational expansion project" (p. 175).

A lot has changed in the 10 years since Netflix arrived in Brazil. New local streaming services have become available, as Globoplay, a platform belonging to Brazil's largest media conglomerate, the Grupo Globo. The streamer has in its catalog both the strength of national telenovelas and exclusive foreign productions. Furthermore, other foreign streaming platforms have become available in Brazil, especially Amazon Prime Video and Disney+. Besides the competition between local and global streaming companies, it is interesting to note certain alliances occurring. For example, when Disney+ arrived in Brazil in November 2020, one of the company's main strategies was to partner with Globoplay and offer special discounted subscription plans.

In view of the strength of U.S. platforms in the country, the regulation of the VOD market has become paramount in Brazil. There

is a fear, among politicians and audiovisual producers (Ferreira, 2020), that these companies will crush the local industry, an anxiety observed not only in Brazil but in several other Latin American countries (Baladron & Rivero, 2019). Brazil has had previous success in regulating its pay-TV market (through the law 12.485/2011), however, it has struggled to regulate the VOD market. Although the country started to discuss the issue in 2011, it was only in 2016 when the *Agência Nacional do Cinema* (Brazil's audiovisual regulatory agency) held a public consultation on VOD regulation. In the following years, the agency conducted a regulatory impact study and proposals for regulation were delivered to the Superior Council of Cinema (Senna, 2021). Yet, since 2019, conversations have "stalled" (Zaverucha, 2021, p. 65).

Currently, there are legislative bills under debate in the Brazilian Congress and Senate. Some propose a quota of native productions in VOD's catalogs, while others suggest taxing these companies' gross revenue. Yet, the discussions on regulation still lack attention to Netflix's predatory copyright practices. In Brazil, and in other peripheral countries, the streamer has favored a total acquisition at a fixed-price contract model, in which Netflix owns all intellectual property (IP) rights for original content and creators are shut out of future profits. Due to Brazil's audiovisual market structure, independent production companies are at a competitive disadvantage with Netflix regarding the possession of IP rights. This reveals another aspect of the asymmetric power relations involved in Netflix's transnational expansion and imperialistic practices.

NETFLIX SOUTH KOREA

Netflix arrived in Korea only in January 2016 when the company completed its expansion around the world (Kim et al., 2016). Its arrival was the company's second step in its expansion in the Asian market, since it arrived in Japan a few months before. Hastings regarded Korea a "pivotal market in Asia" (Doo, 2016). According to Netflix, the company has invested more than 700 million dollars in Korean content and in the local market until 2020 (Netflix, 2021). In 2021, alone, it plans to invest about 500 million dollars (Kim, 2021). In spite of the

company's growing success, the streamer struggled initially to attract Korean subscribers.

At first, the company received criticism because of the scarcity of local content in the Korean catalog. The country's strong and dynamic television industry supplies content for local broadcasters and is independent of the importation of foreign products, these are mainly available on cable TV networks (Shim, 2008). Differently from Brazil, Korea has the fastest internet in the world (Chong, 2018) and is one of the nations with the largest number of broadband Internet users. For this reason, the local VOD market was already well-structured before Netflix's arrival. With quality Internet access and a large number of smartphone users, the country has presented itself as an ideal market for the U.S. streamer to expand its success globally, an investment with great potential despite certain obstacles.

In this scenario, Korea consolidated one of the largest Asian SVOD markets. Netflix, however, arrived in the country with a more expensive service than local platforms of the time, such as POOQ⁸ and Oksusu, which had the most interesting cost-benefit and extensive catalogs of local and international productions. Koreans at first resisted the U.S. streamer, so much that by the end of 2017, Netflix had only obtained 300 000 subscriptions in the country (Lee & Kim, 2019). The company tested different market strategies in Asia, betting on lower prices and limited packages to attract consumers. In Korea, more affordable value packages went into effect for a few months in 2019, as well as in other countries like India and Malaysia. This strategy was effective as the number of Korean subscribers grew. By October 2019, the estimated number of subscribers surpassed the 2 million mark (Yonhap, 2019), impressing the local industry with its rapid growth. In late 2020, Netflix said it reached 3.8 million paying viewers (Brzeski, 2021).

Among the company's main strategies are investments in exclusive foreign content and local licensing agreements. Yet, after understanding the strength of Korean pop culture in the national and international

⁸ A streaming platform with content from the three main South Korean broadcasters: KBS, MBC, and SBS.

markets, Netflix began to bet on *Hallyu* and invest in local content. The company started investing in the production of original content in 2017. Its first attempt was *Okja* (2017), a film directed by renowned director Bong Joon-ho. The film gained international prestige and sparked further investments by the streamer in licensing K-dramas for catalogs from around the world and exclusive global streaming rights.

Engaging directly with the *Hallyu* phenomenon, which currently reaches more than 100 million fans worldwide (Dong, 2021), Netflix invested in Korean commissions and co-commissions. The first original was *Busted!* (Netflix, 2018) a commissioned show from local company *SangSang*. With a cast made up entirely of South Korean entertainers, *Busted!* reproduced a famous format in Korean television and among *Hallyu* fans: the celebrity variety show. However, the company's largest investments have been towards TV dramas, in an attempt to enter East Asian markets, since it has been the most successful fictional television format in the region for decades (Chua & Iwabuchi, 2008). These narratives use melodramatic language as an effective production mode and are capable of engaging audiences around the world. The melodrama matrix uses "universal" codes that dialogue with different audiences, even in their cultural specificities and varied approaches to the genre matrix, which helps to popularize Netflix around the world.

Melodrama is an important facet of East and Southeast Asian TV dramas, especially K-dramas. Similar to Latin American telenovelas, K-dramas employ melodramatic codes to engage viewers. In 2019, Netflix commissioned its first K-dramas: *Love Alarm* (Netflix, 2019-2021) and *Kingdom* (Netflix, 2019-). The streamer has continued to co-commission successful K-dramas that reach a global audience, like *Crash Landing on You* (TVN, 2019-2020) and *It's Okay to Not Be Okay* (TVN, 2020). Today, the streamer's main interest in the country is producing and disseminating these dramas since melodrama is a significant key to enter the Korean market and several others from around the world. According to Ju (2019), "K-dramas' transnational popularity has established the centrality of both romantic comedies and melodramas, and Netflix's K-drama catalog matches well with this trend" (p. 4).

The streamer's recent growth and strength have left Korean media companies on alert, given Netflix's strong "global" competition (Seo, 2018). In hopes of controlling the company's progress in the country, local platforms POOQ and Oksusu merged and launched WAVVE, a new streaming service in September, 2019. This merger was a direct response by the Korean industry to Netflix's and YouTube's presence in the country. Aiming to protect the local market, WAVVE strives to become the "Netflix of Asia" through partnerships with foreign streaming platforms and the development of original content (Doyle, 2019).

Similar to the Brazilian case, Netflix's copyright practices are troublesome for the Korean industry. The co-commission, *Crash Landing on You*, for example, had great success in Japan. Yet, the K-drama's producers did not receive any financial returns other than their initial payment for the production. According to the president of the Producers Guild of Korea, Choe Jeong-hwa, "... the company (Netflix) keeps trying to exploit its position as the dominant player to lower production companies' rates" (Suh & Nam, 2020). In this sense, while Netflix presents itself as a mediator for the *Hallyu* flows globally, it still disrupts this market locally.

Different from Brazil, Korea has already made progress in regulating its VOD market. The Asian country has implemented regulation laws in favor of protecting its local market. In 2020, South Korea's National Assembly approved the revision of the Telecommunications Business Act, dubbed the "Netflix Law", which requires domestic and foreign content providers to maintain the quality of the network service, sharing costs to ensure stability (Shim, 2020). The revision was carried out after local network operators complained that foreign platforms were exempt from the costs of operating, expanding, and using national networks, despite their strong presence in the local market.

In just five years, Korea has already managed to advance its regulatory agenda regarding streaming services in the country. Here, we highlight the External Audit Act, introduced in November, 2020, which requires "all limited companies with assets or annual sales greater than 50 billion won (\$ 43 million) to publicly report earnings" (Brzeski, 2021). In accordance with the new law, Netflix disclosed a

profit and loss statement in Korea in April, 2021. The U.S. company “saw its revenue climb to \$356 million (415.45 billion won), a surge of 123.5 percent compared with 2019. Operating profit, meanwhile, reached \$7.5 million (8.82 billion won), up 295 percent” (Brzeski, 2021). Regulatory policies like these, which force Netflix and other companies to reveal more data, can help scholars to better understand the transnational strategies employed by these U.S. companies. Added to this, they present ways for the global periphery to resist or negotiate with Platform Imperialism (Jin, 2015). They also help to clarify Netflix's practices for professionals in the local audiovisual market, such as the asymmetric power relations between creators and Netflix regarding disputes over IP rights.

Netflix speaks of becoming a global platform that introduces *Hallyu's* audiovisual productions to the world: “Netflix also wants to help Korea push the boundaries of its media content offerings” (Sohn, 2018). Even though we consider this statement problematic and in direct dialogue with Platform Imperialism (Jin, 2015), the company's impact on *Hallyu's* dissemination is relevant. Currently, the streamer is considered one of the most important media for the phenomenon's dissemination (Lim, 2020). The company has been operating the Korean market through its headquarters in Singapore and its office in Seoul (Park, 2018). It also established a branch office for content in Seoul (Netflix Entertainment Korea) in 2020 (Kim, 2020), in an effort to enhance the production and distribution of local content (Park, 2018).

Unlike Brazil, where Netflix invested in commissions, in Korea the company has prioritized co-commissions with local production companies (Lotz, 2020). In 2019, the streamer entered into a three-year partnership with the local company Studio Dragon, for the production of unpublished titles and the licensing of already established works. It also acquired a 4.99% stake of the Korean company. The deal went into effect in 2020, but this partnership is not new: the platform's first two K-dramas were from the studio, as are other titles recently added to the catalog, like *Crash Landing on You*. According to Choi Jin Hee, a representative of Studio Dragon, the partnership between the two companies means that “Korean storytelling and production capabilities

are beloved by global audiences” (Netflix, 2019). Similarly, Ted Sarandos, Netflix’s Chief Content Officer, states that this partnership demonstrates a “commitment to Korean entertainment and allows us to bring more top-tier Korean drama to Netflix members in Korea and all over the world” (Park, 2019).

Netflix’s expansion in Korea goes beyond the desire to just attract local subscribers. The popularity of its original Korean productions, in and outside the Asian continent, makes these productions attractive vehicles to win over new subscribers in different parts of the world, an important catalyst for the growth and maintenance of Netflix’s transnationalization effort.

CONCLUSIONS

A decade after Netflix started its impressive global expansion, it is still striking the lack of literature on the streaming giant’s presence in local markets around the world, especially in regards to the before and after of audiovisual distribution, consumption, and production. Here, we analyzed two opposite regions of the world –Latin America and East Asia– through countries, that despite their differences, are clearly important centers within their regions. We aimed to contribute to a better understanding of Netflix’s operations and practices in different regions of the world. By comparing Brazil and Korea, we were able to identify a significant shift in the company’s transnational strategies during its first ten years of expansion. Despite recognizing Latin America’s significant role for the company, we identified that Netflix, now, tries to conquer the Asian market.

In Korea, the company uses the country’s success in exporting its national pop culture, especially in East and Southeast Asia, to expand its reach in the continent. Since the Korean Wave presents an impactful and expandable cultural counterflow on the global stage, Netflix seeks to surf this tide positioning itself as a cultural mediator, while simultaneously trying to appropriate the markets conquered by Korea’s pop culture. In spite of the growing investments in the Asian market, the company maintains its stake in other regions. The choice to host the first-ever festival dedicated to fans of Netflix’s original productions

in Brazil reveals the company's continued investments in the country. Even though Brazil does not share the Spanish language with its neighbors, the country plays a central role in Latin America's TV flows.

Here, we understand Netflix's transnational expansion strategies as pragmatic, in which the circulation of U.S. content is interwoven with several other local strategies (Baladron & Rivero, 2019). We identified different strategies employed in each market, such as discounts for new subscribers and the inclusion of native productions in local catalogs. We stress that in Brazil Netflix has favored the commissioning of original content, while in Korea the company has found success with co-commissions. Nevertheless, the streamer has challenged local media conglomerates in both markets leading to demands for greater market regulations.

Lastly, we highlight the possible controversies of Netflix, a U.S.-based company, producing local narratives in peripheral countries and claiming to be a "global" producer. Scholars need to further analyze Netflix's self-entitled position of mediator of narratives to and from the rest of the world, through frameworks as decolonial studies and Platform Imperialism. By investing in the global mediation logic of narratives from multiple audiovisual production poles and betting on different consumer niches, Netflix claims in favor of itself a privileged place in the streaming wars. In this scenario, it occupies the very center, in a movement already known by the old imperialist rhetoric of its country of origin. Different times, new strategies, same goals.

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