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SVOD Global Expansion in Cross-National Comparative Perspective: Netflix in Israel and Spain

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Abstract

This article compares the processes by which Netflix entered national pay-television markets in Israel and Spain. In both contexts, Netflix first establishes itself through collaborations with over-the-top (OTT) television operators and then expands through collaborations with legacy providers. By using the perspective of cross-national comparative research, this analysis complicates the scholarly understandings of subscription video on-demand (SVOD) global expansion by drawing attention to the significance of national multichannel providers. Given the differences between the Spanish and Israeli pay-TV markets, Netflix's similar pattern of engagement in each case highlights the value of understanding SVOD global expansion as a coherent industrial process that produces distinct, context-dependent outcomes. Ultimately, the histories of Netflix in Israel and Spain reveal that internationalization operates at a meso-level where collaborations with pay-television providers facilitate access to national audiences.

Keywords

Netflix, cross-national comparative research, television industry, global television, SVOD, pay-television

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Introduction

The international expansion of U.S.-based subscription video on-demand (SVOD) services has attracted a significant amount of scholarly attention in recent years as these Internet-based television providers create new possibilities for global audiences. In late-2019, Netflix, the world's most popular SVOD, has nearly 160 million subscribers in more than 190 countries along with offices and production studios across Europe, Asia, and the Americas (Clarke 2019). Yet, the question of how best to understand SVOD global expansion in relation to national television industries remains contested. Furthermore, little work to date has systematically compared the process of internationalization across multiple national contexts. To fill this gap in the literature, this analysis uses Livingstone's (2003) framework for cross-national comparative research to examine one global SVOD's entry into two international markets. Drawing on industry documents and media coverage, this article constructs country-specific histories of Netflix's engagement with multichannel pay-television providers in Israel and Spain.

This analysis begins with a brief review of the literature addressing Netflix's global expansion. Next, the choice to compare Israel and Spain is presented. The authors explain the differences between the television markets in these two countries and introduce the methods used in the study. The following sections offer brief descriptions of the Israeli and Spanish television landscape during the period immediately before Netflix's arrival focusing on the composition of each pay-television market and relevant regulatory issues in each national context. After providing this necessary background, the next two sections present industrial histories of Netflix in Israel and Spain to highlight significant similarities regarding the company's partnerships with established television providers. In both cases, Netflix initially uses collaborations with national over-the-top (OTT) providers to establish a customer base before expanding its reach through new partnerships with legacy providers.

By using the perspective of cross-national comparative research to explore collaborations between Netflix and pay-television services, this analysis complicates the scholarly understandings of SVOD global expansion by drawing attention to the significance of national multichannel providers. In contrast to existing scholarship that understands localization at the macro-levels of infrastructure and regulation and the micro-levels of content, language, and audience taste (Jenner 2018; Lobato 2019), the histories of Netflix in Israel and Spain reveal that internationalization also operates at a meso-level where collaborations with national pay-television providers facilitate access to national audiences. In light of the significant differences between the Spanish and Israeli pay-television markets, Netflix's pattern of engagement with multichannel providers highlights the value of understanding SVOD global expansion as a coherent industrial process that produces distinct, context-dependent outcomes. This article concludes with a discussion addressing the implications of these findings for future transnational television research exploring streaming service internationalization.

Netflix's Global Expansion

Most scholarship addressing Netflix's global presence examines the company or its streaming service within the context of a specific national market or local television industry, with some notable exceptions (Dwyer et al. 2018; Sanz and Crosbie 2016). Regarding the case of Netflix in Canada, for example, Davis and Zboralska (2017) argue that the inability to properly regulate SVOD services presents serious threats to national broadcasters. In her analysis of the British television industry, Steemers (2016) considers how Netflix's arrival impacted different industry segments in their roles as content exporters over a ten-year period. Considering Australia, Turner (2018) examines Netflix's impact on a market that was once protected from global competitors by geography and regulation. Other research examines issues like local industry responses to Netflix in Israel (Wayne 2020b), the service's impact in the French market (Daidj and Egert 2018), and the company's social media marketing strategies in Spain (Fernández Gómez and Martín Quevedo 2018).

In contrast to such examinations of individual national markets, some recent scholarship explores Netflix's internationalization from the perspective of transnational television, defined as television distribution systems that cross one or more national borders. As a transnational television service, Lobato (2019) argues that Netflix's global expansion should be understood as a multisited process of localization. At the broadest level, the service's ability to operate in any national context is dependent upon adequate broadband infrastructure to support streaming video and regulatory approval. Indeed, the inability to enter the Chinese market due to regulatory obstacles remains Netflix's largest global failure. With the necessary infrastructure in place and having received the approval of regulators, Netflix must then establish a distinctive niche for itself in every international market. According to Lobato (2019, 182), the service's commitment to geographically diverse original productions, like its localization strategy more broadly, demonstrate the "fundamentally local nature of global taste." Jenner (2018) likewise argues that Netflix functions as a transnational broadcaster that integrates itself into national media systems. Citing the example of regulation in Poland, she notes that the company is "often forced to adapt to national culture through media policies" (Jenner 2018, 189). At the same time, translation and dubbing allows for further integration. This "domesticated" content heightens the service's appeal for national audiences even though Netflix series are created for transnational audiences and are often multilingual (Jenner 2018, 237). In particular, dubbing, an expensive process that requires hiring voice actors, allows content to be adapted in more culturally nuanced ways than translation and subtitling alone (Barra 2013).

Although Lobato's and Jenner's analyses of Netflix as transnational television differ in significant ways, both conceptualize SVOD internationalization as a process occurring at the macro-levels of regulation and infrastructure and the micro-levels of language, content, and audience taste. In addition, both scholars argue that a primary consequence of global expansion and the company's efforts to appeal to audiences in more than 190 countries is that it is now impossible to address Netflix as a single, coherent service. According to Lobato (2019), internationalization has structurally transformed Netflix and, as a result, "it may now be more appropriate to see Netflix as a collection of national media services tied together in the one platform rather than as a uniform global service" (Lobato 2019, 184). Similarly, Jenner (2018) argues that by positioning itself differently within each national context and offering different content to each national market, it is no longer possible to "understand Netflix as homogenous" (Jenner 2018, 215). Yet, these considerations of Netflix's internationalization do not address the role of the multichannel video programming distributors (MVPD) who occupy an important space between national regulation and local audiences.

Overlooking the role of MVPDs in the process of SVOD global expansion is problematic for two reasons. First, like regulation and local taste, multichannel providers are one of the sites where, in spite of television's increasingly global realities, significant portions of national television remain just that—national. MVPDs operate in specific national contexts shaped by distinctive cultural and regulatory frameworks. And it is within these frameworks that MVPDs program, advertise, and compete with each other for their share of national consumers. Second, in recent years, executives have explicitly stated that national pay-television partnerships are a key component of the Netflix's global strategy. Speaking at an industry event, Maria Ferreras, Vice President of Business Development for Europe, the Middle East, and Africa said that partnerships with pay-TV providers and other telecommunication services have helped the streaming service "take it to the next level in terms of [subscriber] numbers and countries" (Foster 2018). During an earnings call, Gregory Peters, Chief Product Officer, further explained that the value of MVPD partnerships simplifies new subscriber acquisition noting that "there's a tremendous number of opportunities globally to add those kind of partners and make it easier for members to sign up" (Netflix 2019, 13).

Given the significance of multichannel providers in the context of national television markets and as part of Netflix's global strategy, examining collaborations between SVODs and MVPDs in multiple national contexts will further develop the scholarly understanding of streaming service localization. In addition, as these partnerships take place in the space between national media policy and national audiences, they can begin to reframe Netflix's expansion as a process involving the interpenetration of global and national television industries. This analysis is, thus, guided by the following research questions:

Research Question 1: How are national pay-television providers involved in the process of Netflix's internationalization?
Research Question 2: What do Netflix's relationships with multichannel providers in multiple national markets reveal about global SVOD localization as an industrial process?

Methods

To begin answering these questions, this analysis uses the perspective of cross-national comparative research. Following a strategy proposed by Livingstone (2003), the choice of countries to include in this analysis aims to maximize difference with the goal of producing findings that might be generalizable beyond these particular cases. Specifically, the decision to compare Israel and Spain is primarily a function of the differences in terms of market size, pay-TV penetration, language, and place in the global television market. Israel is a very small national television market (2.3 million households) with substantial pay-TV penetration (65%; Wayne 2017). Hebrew, the more culturally dominant of Israel's two national languages, has limited use outside the country.[1] Nonetheless, the Israeli television industry is widely seen as a significant player in the global television market with an established reputation for developing and exporting successful formats in a variety of genres (Shahaf 2016). In contrast, Spain is a mid-sized market (18 million households) with relatively low pay-TV penetration (just 30% in 2015) (Castro 2017). Spanish, of course, is one of the most common global languages, but Spanish television producers have been historically marginal in the global market. Despite these significant differences, one important similarity is that SVOD platforms were unregulated when Netflix entered these markets.

As one of the purposes of this study is to understand SVOD global expansion as an industrial process occurring in multiple national contexts, considerations of Netflix in Israel and Spain are preceded by descriptions of the competitive and regulatory environments in each country during years leading up to the company's arrival. To understand Netflix's engagement with these differing national pay-television markets, this research examines publicly available industry documents and trade press coverage from the global SVOD's first three years in each market. Like Schejter and Lee's (2007) comparative study of cable regulatory policies, this research uses data from the countries being studied to generate country-specific industrial histories that are reported in a longitudinal sequential style. These histories track and contextualize Netflix's partnerships with pay-television providers within the broader contexts of the Israeli and Spanish pay-television markets. Information regarding the number of Netflix subscribers at specific times comes from a variety of sources including governmental agencies and press reports. As Netflix continues to withhold non–U.S. country-specific subscriber data, these secondary materials are the only available sources for such information. It is important to note that the accuracy of subscriber numbers in the Spanish market cannot be independently verified.[2] Nonetheless, the histories of Netflix's collaborations with pay-television providers in Israel and Spain reveal a pattern characterized by partnerships with OTT providers being followed by partnerships with legacy providers giving the global SVOD access to an increasing number of pay-TV subscribers in each market.

The Israeli Television Market in Late-2015

Like most media industries in Israel, the television sector is heavily concentrated. In late-2015, broadcast television reached consumers through IDAN Plus, a multichannel digital terrestrial television (DTT) platform. Although technically a multichannel offering, at the time, IDAN Plus included only six channels. From 2000 to 2013, the multichannel pay-television market was a strict duopoly consisting of the cable provider Hot and the satellite provider Yes although the market share controlled by each provider has varied substantially (Schejter and Yemini 2015, 121). In terms of size, the number of subscribers in the Israeli pay-television has remained relatively stable hovering around 1.5 million households.[3]

In addition to this high level of concentration, Israeli television is also heavily regulated by the Cable and Satellite Broadcasting Council operating within the Ministry of Communications (MOC). As Schejter (2010) observes, electronic media regulation in Israel is characterized by specific cultural and economic obligations. For example, as multichannel operators, Hot and Yes are forbidden from having exclusive distribution rights for foreign content. The only exclusivity allowed pertains to local programming with the goal of encouraging local production and competition for quality content. In addition, both providers are required to carry broadcast channels and several additional "must-carry" channels. Most significantly, Hot and Yes are required to spend 8 percent of their gross annual revenue producing local Hebrew-language television content.

In preparation for the arrival of OTT services including global SVODs like Netflix, in February 2014, the MOC appointed a ten-member public regulatory committee headed by Professor Amit Schejter to develop recommendations for the audiovisual market. Specifically, the committee was asked to propose a new regulatory framework addressing the changes brought about by digital distribution. Although the Schejter committee produced a variety of recommendations (Schejter and Tirosh 2016, Appendix 1), the MOC has not implemented any of them for a variety of political reasons. As a result, audiovisual services that do not rely on traditional cable or satellite technology remain unregulated.

It was in this unsettled regulatory context that Israel's largest mobile service provider Cellcom introduced Cellcom TV, the market's first OTT Internet-based television service, in late December 2014. Although this low-cost platform initially included broadcast channels, some older Hebrew-language programming, and other Israeli channels, the majority of available content was foreign series and movies delivered through VOD. Not surprisingly, Cellcom TV's entry into the multichannel market was characterized as the first meaningful challenge to legacy providers Hot and Yes. At a press conference announcing the launch of the new service, then-Minister of Communications Gilan Erdan proclaimed, "I am excited, like all of Israel that waited for this day" (Perez 2014). He continued, "One of my goals was to reach this moment in which multi-channel television competition in Israel begins. The citizens of Israel pay too much for television. The Hot-Yes duopoly must be fought by increasing competition." Yet, at the end of 2015, a year after Cellcom TV's launch and just days before Netflix's global expansion, the Hot-Yes duopoly remained largely intact with these companies controlling 95 percent of the market.[4]

The Spanish Television Market in Mid-2015

Traditionally, the television market in Spain has been dominated by free content delivered first by over-the-air broadcasting and, since 2010, by DTT. In 2014, the year before Netflix's arrival, DTT consumption represented 82.1 percent of all television viewing in Spain (Comisión Nacional de los Mercados y la Competencia [CNMC] 2015, 129). Given the popularity of free television content, it is not particularly surprising that the penetration of pay-television in Spain was relatively low, just 21.2 percent in 2013, for example (CNMC 2014, 117). However, as Netflix prepared to enter the Spanish market in mid-2015, the pay-television industry was rapidly expanding its consumer base. That year, 5.6 million households subscribed to at least one pay-television service representing a 40 percent increase from just two years prior (CNMC 2016, 184).[5]

As pay-television in Spain grew and became increasingly competitive, the industry was also becoming progressively more concentrated with the two largest providers controlling nearly 90 percent of the market.[6] In 2014, Telefónica, Spain's largest telecommunication provider and owner of IPTV service Movistar TV, acquired Canal+, the country's only satellite provider. By mid-2015, Telefónica's launched Movistar+, a video-on-demand service that resulted from the merger between the pay-television channel Canal+ and Movistar TV, originally distributed via broadband connection (Castro and Cascajosa 2020). In 2015, the pay-television service offered by Telefónica service had nearly 3.6 million subscribers (Telefónica 2016, 29) and controlled approximately 70 percent of the pay-television market. With 900,000 subscribers following the 2014 acquisition of ONO, Spain's largest cable television provider, Vodafone was the second largest operator with a market share of nearly 20 percent (Fernandez Gonzalez 2015). Offering only IPTV service to its 215,000 subscribers, Orange was the smallest national provider (Orange 2016, 36). By mid-2015, the rest of the Spanish pay-television market was composed of four regional providers: Euskaltel, R, Telecable, and Procono. In July 2015, Euskaltel, based in the Basque Country, acquired the Galician provider R to create a new regional cable group with 123,000 subscribers (CNMC 2016, 207). Telecable, another northern regional provider operating in Asturias, had 132,000 subscribers in 2015, while Procono, the only regional provider in the south, had less than 23,000 in the same period (CNMC 2016, 207). Collectively, these regional services controlled less than 5 percent of the market.

For Netflix, there were few barriers to enter this growing pay-television market. In Spain, audiovisual communication including television is subject to national regulation and EU (European Union) media law. At the national level, the controversial General Law of Audiovisual Communication requires companies offering their services in Spain and have their headquarters located in the country to dedicate 30 percent of their content catalogs to European productions (half of which must be in one of the official Spanish languages, including the four existing co-official languages). As Netflix had no physical presence in Spain until 2018, when the company opened its first European Production hub in Madrid, the service was unaffected by national laws as it entered the market in 2015. At the international level, EU regulation allows companies located in any member state to operate across the EU. Netflix first established it European headquarters in Luxembourg in 2011 but moved to the Netherlands in 2015 where the tax system is more advantageous. The most significant EU regulation affecting Netflix as it prepared to expand into Spain was the Audiovisual Media Services Directive which promotes European audiovisual industries by requiring on-demand video services to include a minimum content quote of European productions. According to EU law, however, member states are given significant freedom to decide how they go about enforcing such directives.

Netflix in Israel

Netflix officially entered the Israeli market on January 6, 2016 as part of the SVOD's expansion into 130 new territories.[7] Prior to this, Israeli consumers could only access the service through virtual private networks. Although the official number of users was (and remains) unknown due to Netflix's longstanding policy of near total data secrecy, some industry insiders believed the service already had a significant number of local subscribers. In December 2015, Uri Gal, Yes' vice-president of marketing, claimed that before its official launch Netflix already had fifty or sixty thousand Israeli subscribers posing as Americans (Ziv 2018a). As both existing and new Israeli subscribers quickly discovered, however, the service's local content library was extremely limited. With only 143 television series and 438 movies, the selection represented 12 percent and 9.5 percent, respectively, of the U.S. library at the time (Ziv 2016). Furthermore, many of Netflix's most popular shows including *House of Cards* (2013–2018) and *Orange is the New Black* (2013–2019) were not available as distribution rights had already been sold to local television providers. In addition, the platform lacked a Hebrew-language user interface and it took nearly six months for the service to begin adding Hebrew subtitles (Levy 2016). In the Hebrew and English local press, Netflix's arrival was largely understood as an additional challenge to legacy providers Hot and Yes (Averbach 2016) even though the service's local appeal was significantly limited by the lack of Hebrew-language content and subtitles.

Netflix's first major attempt to increase the platform's local appeal coincided with the company's first collaboration with a local multichannel provider in July 2017. In a press release titled "Netflix is Now Truly Israeli," the company announced that its Hebrew-language interface had gone live and that "over 75 percent" of the available content was already dubbed or subtitled in Hebrew (Netflix 2017). In the same press release, Netflix announced its collaboration with Partner Communications, the country's second-largest mobile phone operator, who was in the process of launching their new low-cost OTT platform, Partner TV. As Netflix's "first local partner" in Israel, Partner Communications would "run a consumer promotion and will allow members to sign-up and pay for Netflix through their Partner TV bill" later that year (Netflix 2017).[8] This collaboration obliged Partner to heavily promote their association with Netflix and manage local billing. For consumers, Partner TV's package included linear channels and VOD content at a base price of 69 shekel (US$20) per month with access to Netflix costing an additional 20 shekel (US$5) per month. With Netflix's least expensive monthly subscription priced at 39 shekel (US$10), in practical terms, Partner TV entered the multichannel market offering half-price Netflix subscriptions. Yet, it quickly became clear that Partner had a significant amount of flexibility regarding the economic specifics of their Netflix promotions. By September 2017, Partner stopped offering half-price subscriptions. Instead, new subscribers received six months of "free" Netflix.[9] This collaboration between Netflix and Partner TV appears to have benefited both companies. During its first six months in the market, Partner TV signed up 50,000 subscribers (Globes Staff 2018). As the majority of these subscribers were receiving subsidized Netflix subscriptions, local estimates placed the number of Netflix subscribers at more than 100,000 (Ziv 2018c).

Netflix's next significant move in the Israeli pay-television market was a collaboration with the country's legacy cable television provider, Hot. The roots of this collaboration trace back to June 2017 when Hot's parent company Altice, which acquired a controlling stake in 2011, signed a global partnership with Netflix covering France, Portugal, Israel, and the Dominican Republic (Tartaglione 2017). According to the multiyear deal, Netflix content was to be made available on all "eligible" Altice devices platforms in those markets. This partnership came on the heels of Altice's announcements that several of its subsidiaries including Hot would be rebranding themselves as part of an effort to create a unified global brand (Globes Staff 2017). Although this rebranding was expected to be completed within the year, the rollout was delayed several times. Hot only officially announced the start of this collaboration in March 2018 as the local provider launched a new 4K set-top converter with Netflix integration (Ziv 2018b). In contrast with Partner TV, Hot does not offer any Netflix promotions. As a result, customers must pay for their Netflix subscriptions separately. Nonetheless, by collaborating with Hot, Israel's largest multichannel provider controlling more than 40 percent of the pay-television market, Netflix positioned itself to significantly expand its local subscriber base in the coming years. By mid-2019, local estimates place Netflix's subscriber count at more than 150,000, although it remains unclear how many of these subscribers are related to their collaboration with Hot (Kitain 2019).

Netflix in Spain

In June 2015, Netflix announced that it would be entering the Spanish market following months of speculation.[10] As a new competitor facing an uncertain regulatory environment as it entered an oligopolistic but increasingly competitive market, Netflix's first significant move in Spain was to align itself with an OTT provider already competing with a well-entrenched legacy firm. Six weeks before the scheduled launch, Vodafone announced that it had signed an agreement to fully integrate Netflix into its television platform.[11] At the time, Antonio Coimbra, CEO of Vodafone Spain, explained that the partnership was intended to help Vodafone compete against Movistar+, service which controlled 85 percent of the revenue in the pay-television market (Muñoz 2015). However, this agreement did not include exclusivity as Netflix was expected to appear in several additional pay-television platforms.

Netflix officially launched in Spain on October 20, 2015. Initially, the content library available to Spanish subscribers was significantly smaller than those available to their North American counterparts. In addition, some of Netflix's signature original series including *House of Cards* and *Orange is the New Black* were not available through the SVOD's interface as the distribution rights had been sold to local multichannel providers. At the launch event in Madrid, Netflix CEO Reed Hastings characterized the lack of familiarity with Internet television as his company's "biggest challenge" in this market and announced a one-month free trial promotion to begin addressing this issue (Rolfe 2015). In addition, Vodafone announced its own promotion offering six months of "free" access to Netflix for customers subscribing to its broadband, mobile, and television bundle as well as those subscribing to its higher tier mobile plans (DTVE Reporter 2015). Although Netflix ended its first year in Spain with an estimated 540,000 subscribers (Fernandez Gonzalez 2017), the company ended its distribution agreement with Vodafone in 2016.[12]

Soon after, Netflix and Orange España announced a new carriage deal that would take effect at the beginning of November 2016. Similar to the prior arrangement with Vodafone, Orange España offered three months of free access to Netflix for customers subscribing to its premium movies and series package (Fernandez Gonzalez 2016). Although this collaboration gave Netflix access to less subscribers than their previous deal with Vodafone, Orange España was in the process of significantly expanding its subscriber base. With 450,000 subscribers in September 2016, the company had more than doubled its pay-television customers from the previous year (Rapid TV News Staff 2015). Working with a smaller multichannel provider did not seem to have any negative impact on Netflix's growth. At the end of June 2017, the global SVOD had 1.16 million Spanish subscribers (Telecompaper Staff 2017). In September 2017, Netflix and Orange renewed and expanded its international distribution partnership, reaching 29 countries in Europe, Africa, and the Middle East (Carrillo 2018). Later that year, Netflix expanded its collaborations with regional pay-television operators through an agreement with the Euskaltel Group. The group, which includes Euskaltel, R, and Telecable (Gorospe 2017), became the first service in Spain to offer customers devices with remote controls featuring a Netflix button and one-click access (Euskaltel 2017). When this collaboration began, Euskaltel, R, and Telecable had nearly 400,000 combined subscribers. However, only a portion of those customers were using new 4K streamers with Netflix integration (Euskaltel 2018). In addition, regional providers did not run "free" Netflix promotions like national providers did.

After more than two years in Spain and in the midst of ongoing partnerships with three OTTs in the pay-television market, Netflix's next significant move was a collaboration with Telefónica and their subsidiary Movistar+, the country's largest multichannel provider. Although reports of an integration agreement first appeared in January 2018 (Telecompaper Staff 2018), the official announcement came four months later when José María Álvarez-Pallete, executive chairman of Telefónica, tweeted a bilingual video of himself conversing with Hastings. In the video, Álvarez-Pallete calls Hastings using a telephone from the first half of the twentieth century like those used in *Las Chicas del Cable* (*Cable Girls*, 2017–), the first Netflix original produced in Spain. Hastings answers in his California office wearing the jumpsuit and Salvador Dalí mask worn by characters in *La Casa de Papel* (*Money Heist*, 2017–), the winner of an International Emmy and the most watched non-English-language series in the history of Netflix (Green 2019).[13] The specific terms of this partnership only became public in December 2018 when Movistar+ launched its Netflix integration with a promotion that included a bundle of both services with a slightly lower prices point than the cost of two separate subscriptions and a new user interface that included a dedicated Netflix section on the main menu (ABC 2018; Mullor 2018). This partnership produced quick results as more than a third of Movistar's new customers subscribed to packages that included Netflix during the first two months of the promotion (Thomson 2019). As Netflix ended 2018 with 2.2 million subscribers (Hopewell 2019), its collaborations with Movistar+, Orange, and Euskaltel's regional operators gave the global SVOD access to the majority of consumers in the Spanish pay-television market with significant opportunities for growth in the near future.

Netflix Localization in Cross-National Comparative Perspective

Using the framework of cross-national comparative research (Livingstone 2003), this analysis tracks and contextualizes Netflix's collaborations with Israeli and Spanish multichannel pay-television providers during the company's first three years in each market. Looking at the sequence of these collaborations in both cases, partnerships with OTT providers are followed by partnerships with each country's largest legacy multichannel service. Indeed, these deals provide Netflix with access to the majority of pay-television customers in both Israel and Spain. The opportunities available in each market vary considerably. Given its size, recent growth, and the presence of multiple regional operators, the larger number of collaborations in Spain relative to Israel is not particularly surprising. In addition, Netflix's partnership with Hot in Israel, which stems from a global agreement with Hot's parent company Altice, does not have a correlate in Spain. Despite these differences, an exploration of these collaborations allows us to answer to the questions guiding this research regarding the role of MVPDs in Netflix's global expansion and SVOD localization as an industrial process.

First, the histories of Netflix in Israel and Spain demonstrate that the company's global expansion involves extensive collaborations with national pay-television providers that benefit both parties. In other words, Netflix complements its direct-to-consumer relationship with a model of partnering with national players. This finding represents a contribution to the understanding of Netflix's internationalization strategy. Although the specific nature of such collaborations varies in terms of issues like exclusivity and consumer promotions, the available evidence indicates that these deals are related to subscriber growth. Yet, the lack of official information disseminated by the company itself is a limitation that prevents this research from addressing the significance of these collaborations for Netflix in a given market. Nonetheless, there are reasons to question Netflix executives who claim that these deals represent a "relatively small fraction of our [subscriber] acquisition" (Netflix 2019, 14) in places like Israel where the service's marketing is handled almost exclusively by its local partners (Wayne 2020a).

Second, this research further develops scholars' understanding of SVOD localization as a multisited industrial process. Specifically, Netflix's relationships with MVPDs in Israel and Spain demonstrate that localization also occurs in the space between the macro-levels of regulation and infrastructure and the micro-levels of language, content, and audience taste. At this meso-level of analysis, pay-television partnerships represent an important step between a global SVOD's entry into a specific national market and the provision of differentiated content to national audiences with specific television tastes. In this context, Netflix's success in a given country reflects the company's ability to exploit opportunities in national pay-television markets and use collaboration to facilitate access to local audiences. Furthermore, from an industrial perspective, Netflix's relationships with national multichannel providers resemble the company's complex relationships with telecommunication services. As Carrillo (2018) observes in his analysis of Netflix's business model, although Internet service providers strategically use the global SVOD to boost their own subscriber numbers, Netflix might well be using Internet service providers to retain their existing subscriber base and reduce churn. Similar dynamics now seem to drive collaborations in some national pay-television markets.

Ultimately, partnerships between Netflix and MVPDs confirm what media scholars have long claimed about transitions between old and new media. New media forms do not replace old ones; the interplay of old and new is an ongoing negotiation between established and emerging practices. Rather than supporting naïve notions of digital disruption ushering in the "post-TV" era, this research illustrates the folly of presuming that Internet distributed television will replace traditional distribution models. In addition, collaborations with national providers represent a significant shift in Netflix's overall strategy. Less than three years before expanding into 130 new territories, the company released a document titled "Netflix Long Term View" which begins with the statement, "Over the coming decades and across the world, Internet TV will replace linear TV" (Netflix 2013, 1). By 2018, partnerships with the pay-television providers like Hot and Movistar+ that Netflix had recently sought to replace have become "integral" for sustained subscriber growth (Foster 2018). Future research would do well to continue exploring global SVOD collaborations with national pay-TV operators to better understand the contours of such arrangements in different national contexts. Gaining access to official data would help researchers offer more accurate interpretations of Netflix strategies and company executives have expressed interest in greater transparency moving forward (Patten 2019). Until then, data collected by means of semi-structured in-depth interviews with, for example, MVPD executives would shed more light about the experiences of these partnerships. In addition, the design of a multinational and longitudinal study examining Netflix's internationalization strategy should be also considered.

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Notes

1. In Israel, language has become increasingly politicized as a result of the ongoing conflict with the Palestinians. In July 2018, the Israeli parliament passed the so-called "nation-state" law which, among other things, downgraded Arabic from a national language to a language with "special status" (Halbfinger and Kershner 2018).
2. In late-2019, CNMC announced an interruption of their reports about over-the-top (OTT) players due to a lack of clarity in their survey (Cano 2019).
3. Any attempt to perform a nation-level analysis of Israel's media markets is complicated. Inside the Green Line that separates Israel from the West Bank and Gaza, the total population is approximately 8.7 million. Roughly 20 percent of this population are Arabs. Thinking about these demographics in the context of Meehan's (1990) arguments regarding the commodity audience, it is unsurprising that some viewers are more valuable than others. In Israel, this reality manifests itself in a variety of ways. For example, Hebrew-language channels are largely uninterested in measuring their Arab audience. In addition, opinion polls are routinely published only for the Jewish population. As Bourdon and Ribke (2016, 170) note in their analysis of television ratings in Israel, "In the end, the figures of both the audience (ratings) and the public (polls), supposed to represent the whole nation, represent only or mostly the dominant majority which imposes its notion of citizenship."
4. Hot ended the year with 828,000 subscribers and 54 percent of the market (Hot 2016, 10 [part B]). With 635,000 subscribers, Yes controlled 41 percent of the market (Bezeq 2016, 16). During their first twelve months of operation, Cellcom TV acquired 70,000 subscribers giving the OTT provider 5 percent of the pay-TV market (Cellcom 2016).
5. This figure refers to online TV services offered by traditional pay-TV operators, not including exclusively OTT operators. However, the popularity of such services was believed to be quite marginal at the time.
6. As Medina et al. (2019) note, the combination of pay-television with other telecommunication services, including Internet and telephony, was key to the subscriber growth of leading operators.
7. It should be noted that Netflix has never had any official presence in Israel.
8. Although corporate press releases (Netflix 2017) tout the first-of-its-kind relationship between Netflix and Partner TV, in fact, these deals have become a standard business practice for Netflix and the company uses a variation of the same press release for each territory.
9. Little is known about the economics arrangements associated with "free" Netflix promotions offered by national multichannel providers. In his work on the Israeli pay-television market, Wayne (2020b, 12) recounts one executive's characterization of these promotions as "platform sales" that obligate the national provide to subsidize subscriber access to Netflix at a slightly discounted rate. Although it is unclear whether platform sales include

similar subsidies across markets, this executive's account certainly implies that there is no such thing as "free" Netflix.

10. Netflix entered the Latin American market at the end of 2011 which generated speculation about Netflix arriving in Spain in early-2012 (Flores 2011).
11. The specific terms of this collaboration were not made public and it was unclear whether Vodafone would have similar promotional and financial obligations as other Netflix local partners.
12. Several months earlier, Vodafone signed a carriage deal with HBO related to the launch of the channel's streaming service HBO España in November 2016. It is important to note that following end of their agreement Netflix was still available through Vodafone although Vodafone customers could no longer benefit from Netflix-related promotions and the Netflix app was no longer integrated with Vodafone streaming devices (Carrillo 2018).
13. The first fifteen episodes of the series were originally created for the linear service Antena 3 by Vancouver Media and Atresmedia. Netflix bought the international distribution rights for those episodes and acted as a producer for the following seasons.

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