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Master Degree in Theater, Film, television and media studies**

Final Dissertation

**Netflix phenomenon: The new pervasive subject interacting with
the traditional film industry.**

**The intangible power of Netflix productions and impact of its film products on
local Markets and Cinema's Festivals.**

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Don't be afraid to change the model.

(Reed Hasting)

We must come to terms with these new production realities.
We cannot ignore these realities, we cannot pretend they do not exist.

(Antonio Barbera)

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Abstract

This research aims to focus on the entertainment field elaborating on Netflix's production impact on the cinema industry. This study delves into the creation of Netflix (1997, California)¹, its organizations and ideologies, the gradual strategies of expansion of products in Europe (2015, in Italy) and other countries in the world, algorithms and data used by the team to comprehend what will be the next perfect product to create for their audiences.

To understand the dynamics of Netflix's growth it is important to introduce its story and ideologies, with an emphasis on the strong strategy to create small national markets, how they attract their audience, at the same time working globally and aiming to extend itself in an increasing number of territories.

The final goal of this study is to understand how Netflix creates a double parallel market - local and global - to be able to sustain their infrastructures feeding attention and participating in the most important global festivals.

Particular attention is given to some considerations about the reactions provoked by Netflix with its participation in Festivals, sharing a short list of the major and widely preferred award-winning movies and subsequently explaining various skepticism and optimistic reactions to the participation of Netflix.

This work aims to conclude the possible coexistence of the Netflix VOD² service (video-on-demand) and the cinema field thanks to the mutual support comprehending how indispensable it is for the future of the film market to create synergies and partnerships. Simultaneously, it wants to elaborate on the collaboration between the institutional regulatory system, responsible to outline the guideline with the increasingly innovative and changing strategies designed by the global company of Netflix.

¹ Netflix site: <https://about.netflix.com/en>. Last date of consultation:[3rd August 2022]

² VOD; Video on demand, L. Davies, (2016) pp. 29.

Italian Abstract

Questa ricerca mira a concentrare la sua attenzione sul campo dell'intrattenimento, considerando in particolar modo l'impatto della produzione Netflix sull'industria cinematografica. Lo studio vuole approfondire: la creazione di Netflix (1997, California), le sue organizzazioni e ideologie, le strategie di espansione graduale dei prodotti in Europa (2015, in Italia) e in altri paesi del mondo, gli algoritmi e i dati utilizzati dal team per comprendere quale sarà il miglior posizionamento dell'azienda a livello nazionale e globale. Il focus sarà incentrato sull'abilità da parte del mercato del cinema di adattarsi e aprirsi ai nuovi orizzonti considerando gli aspetti importati dall'evoluzione riguardo i prodotti on-demand.

Per comprendere le dinamiche di crescita di Netflix è importante presentarne la sua storia e ideologie, ma anche non perdere di vista la particolare strategia usata dallo stesso colosso nel creare piccoli mercati nazionali che si sviluppano in modo parallelo con quello globale.

L'obiettivo finale di questo studio è capire come Netflix crei un doppio mercato parallelo - locale e globale - per poter sostenere le proprie infrastrutture alimentando l'attenzione verso i suoi prodotti anche partecipando ai più importanti festival mondiali, entrando quindi in un settore che prima ad ora veniva considerato in parte elitario e legato alla tradizione del cinema. Infatti, nell'ultimo capitolo, sarà fatta attenzione alle dinamiche instaurate tra i più conosciuti festival europei (Cannes, Venezia, Berlino) per comprendere come questi abbiano reagito in modo differente, con supporto e scetticismo davanti alla partecipazione di una piattaforma SVOD come Netflix.

Questo lavoro si propone di concludere la possibile e costante convivenza del servizio Netflix e il campo del cinema tradizionale grazie al sostegno reciproco dei due. La chiave di lettura per la riuscita di questa nuova sfida è senz'altro una maturazione graduale verso le nuove esigenze di fruizione da parte del pubblico che porta, per forza di cose, all'esigenza di creare sinergie e partnership nel mercato cinematografico attuale coinvolge vecchi e nuovi attori del settore.

Contemporaneamente lo studio, vuole comprendere come l'attività di collaborazione tra il settore del cinema e la piattaforma nasca proprio dall'esigenza di rinnovare il sistema normativo istituzionale, responsabile di delineare le linee guida nazionali in modo da rendere il settore cinematografico sempre più accessibile agli investimenti apportati da Netflix.

Introduction

This research was born with the will to understand better why and how Netflix came into the European cinema market and industry, using some of the most important film festivals as tools and showcases to present its products.

My interest in the platform world arises from the awareness that the Cinema and TV industry is increasingly influenced by new dynamics and contents, both elements which will definitely change the standard product production and distribution chain globally.

Moreover, in part, attending this master's for two years, I have theoretically studied the history and a big part of contemporary forms of arts such as Cinema, and at the end of this journey, I concluded that my interest was projected to understand the real implication of platforms such as Netflix on the market, industry, distribution, realization of products which will concretely visible in the work world. With this dissertation, I would like to elaborate on Netflix and how it takes more and more part of the audiovisual reality becoming one of the higher investors in this field. For this reason, it is indispensable to study and understand this phenomenon with the final goal to create a new balanced, free and palatable world of cinema and entertainment in general for the next years and generations. In fact, technologies are completely inside our habits, and for this reason, we have to adopt our beliefs and canons linked to a historical culture of entertainment to new digital and pervasive phenomena like Netflix and in general platforms, arranging and innovating the institutions of this sector. To denying the change by maintaining a traditionalist position, as in the case of France, risks bringing economic disadvantages first of all in the audiovisual sector, but above all, leads to a clash instead of a hybridization between new and old.

In order to explain how the festivals were instrumentalized and impromptu identified as judges of the more complex phenomenon of "platform in the cinema industry" also being subject to critics and controversies, it was necessary to start the topic analysis with a complete presentation of the Netflix subject. This is the reason why I presented the long history of the U.S company arriving in the first chapter to understand how it was able to create an international market starting from a local idea. Increasing its impact constantly, Netflix presented itself thanks to different marketing strategies, social participation, and advertisements broadcast of its products becoming more and more famous step by step in the world and easily accessible.

One of the most interesting choices Netflix has taken for its expansion is related to the cinema industry due to presenting itself as a producer taking advantage of participating in the festivals.

The moment when Netflix took part in the different European festivals was seen as a real earthquake, if not a threat to the entire film industry. This element has lit a spark for the global system of entertainment, in particular for Cinema and TV.

It symbolizes the point when institutions, countries and professionals linked to the cinema field understood something would change, dissecting the solid pillars of traditional industry.

Netflix, from there, will soon become the new colonizer of different countries regarding the field of audiovisual production, bringing a substantial change to it.

Every sector linked to the macro field of audiovisual production is starting to create new rules and regulations to set itself to a peaceful co-existence with the Netflix presence.

This phenomenon is so linked to the present-day that the bibliography and other sources used are internationally and mainly in English because the revelation follows the continental development of Netflix, and it's clear that it started its story from the U.S and South America, gradually arriving in Europe.

The evolution of this sector is still in process, it is a period of transition and maybe the real novelty will be tangible in a few more years. For now, this research aims to do an analysis and description of the change taking place, showing how many films are coming out in both movie theaters and platforms. The intent is to find the development lines on which the institutions are fully dedicated to welcoming the change represented by Netflix.

The dissertation is concluded showing how the entire system is adopting itself, thanks to legislation, to embrace the platform's existence in the global scenario of audiovisual production.

Netflix industry

After years from its existence (1997) scholars are trying nowadays to understand what kind of service Netflix represents and at the same time place it into an already existing analysis category. How to define it is still confusing and the public, media regulators and scholars can't for sure establish what Netflix is. As reported by Netflix Nations book, this new media phenomena - "is a boundary object that exists between, and inevitably problematizes, the conceptual categories used to think about media" (Lobato, 2019). Netflix has transformed throughout the years to fit with media changing, presently it defines itself "a global internet TV network" but in the past it was more similar to an online DVD rental service. Its continuous transformations and re-definitions have created a sort of fear, skepticism and perplexities. Years of analysis and criticisms about the power Netflix have had on the Hollywood production and Movies' industry as reported by Flint and Ramachandran in their article "Netflix: The Monster That's Eating Hollywood"³ confirming us the inability to sum up under a reassuring definition the name of Netflix. As reported in the article, Netflix production was able to assume new researches and offer them more money than other tv channels such as the American Fox and pay television network as HBO. The motivation why industry professionals are so attracted by Netflix could be summarized in these words "Netflix tends to offer more money up front along with a more flexible filming schedule due to fewer episodes, and several of its shows have won critical accolades and industry buzz" (Flint and Ramachandran, 2017). Big show creators were attracted by the Netflix offer, with the streaming service able to sell merchandise world-wide getting a higher number of visualizations. Another episode which caused an outcry in the cinema world was when Netflix offered \$120 million to \$130 million for world-wide rights for *The Irishman*, for the upcoming movie of the director Martin Scorsese about the death of Jimmy Hoffa, starring Robert De Niro, Al Pacino and Joe Pesci. Due to the high cost of the film's visual effect, movie's backers declined offers of other bidders turning to Netflix which could afford the expenses, streaming it online and releasing it simultaneously in some theaters (Flint and Ramachandran, 2017). As concluded by J.D. Connor in 2010 the US films production of the past 50 years are resolved around one solution: Money (M. Hegener, 2020)⁴. After

³ Flint, J. & Ramachandran, S. (2017). *Netflix the monster that's eating Hollywood*
<https://www.wsj.com/articles/netflix-the-monster-thats-eating-hollywood-1490370059>. Last date of consultation:[7th August 2022]

⁴ Hegener, M. (2020). *Thinking inside and outside of the (Black) Bos bird box and Netflix's Algorithmic operations*. Amsterdam University Press.

realizing Netflix is closely related to the TV and Cinema field, it's important to highlight what other labels it has received to become an international matter, with a transversal and multi-sector approach in the entertainment industry.

- a video platform,
- a distributor
- a television network
- a global media corporation
- a technology company
- a software system
- a big-data business
- a cultural gatekeeper
- a lifestyle brand
- a mode of spectatorship, or a ritual⁵

Some scholars belonging to Media Studies and platform perspectives stressed the importance of considering Netflix as a digital service, a point of view that is less concerned with the thought of Netflix in relation to television, cinema or other screen media. They consider Netflix as a video-platform, the last one is completely linked to the development of an internet strong connection and possibility to communicate contents. *Platforms*, according to Gillespie:

“Have precise technical affordances that constrain and guide practice - both in their own design and in their fit with a myriad of infrastructures, including their back-end data systems, the protocols of the Web and the dictates of mobile providers. They have rules and norms that bless some practices and are used to restrict others. They have myriad international, sometimes conflicting, legal obligations they must enforce. They have commercial aspirations and pressures that drive decisions about how they're marketed, how they are updated, and how they're positioned against their competitors” (Gillespie, 2018)⁶.

⁵ Lobato, R. (2019). *Netflix Nations, The Geography Of Digital Distribution*. New York University Press.

⁶ Gillespie, T (2018). *Custodians of the internet: Platforms, content moderation, and the hidden decisions that shape social media*. Yale University Press/New Haven & London.

Netflix, being out of television politics, but being under Internet politics, doesn't have to follow some strong and strict countries' policies about censorship, being able to spread for some aspects their products easier than local Tv channels.

1.1 Infrastructures

The watershed which has divided scholars and their interpretations to comprehend the Netflix phenomenon through the film of television studies is the dimension of internet distribution. The broadcast and cable era reported the same fundamental element of “linearity” in Television programs (Lotz, 2017 pp. 25)⁷. With internet-distributed television, the behaviors of beneficiaries drastically changed, because they can take advantage of the freedom of choice to watch something at home without planning it in advance according to a schedule. Lotz interprets the Netflix Queue as the place where audience “negotiated the shift to nonlinear television” (Lobato, 2019 pp. 25), she sustains the central difference of the new distribution mechanism is based on the “personally-selected content from an industrially curated library” (Lotz, 2017 pp. 4). Linking the argumentation to the previous quote of Gillespie, the most important infrastructure where Netflix invests their own resources, is an equipment to create a sustainable global internet connection. As reported by Lobato “Internet television never just works but must be made to work, through a vast complex of engineering, maintenance, pipes, pits, and governance” - in short they are infrastructures. Contracts, agreements with countries, law’s problems, ideas for new products, managements of employers and many other issues invisible for the audiences are intrinsic part of the infrastructure to create Netflix. Scholars of “Infrastructure studies” are interested in the global network and complexity of international telecommunications infrastructure and are involved, with technological development, new objects of analysis - “fiber-optic cables, data centers, standards, internet routing protocol” (Lobato, 2019 pp. 75). Parks and Starosielki⁸ in 2015 defined media infrastructure as “situated sociotechnical systems that are designed and configured to support distribution of audiovisual signal traffic”. Since Netflix studies geographically and mediatically its global expansion in many territories, it suggests it represents one of the most important infrastructure platforms because it is linked to internet, geography, including public and private law and rules. It includes three macro areas of intangible infrastructures, the first one named “hard” (R. Lobato, 2019) which comprehends telecommunications and electricity while “soft” refers to

⁷ Lotz, A. (2017). *Portals: A Treatise on Internet-Distributed Television*. Ann Arbor, MI: Michigan Publishing. DOI: <http://dx.doi.org/10.3998/mpub.9699689>. Last date of consultation:[3rd August 2022]

⁸ Parks, L. & Starosielki, N. (2015). *Signal Traffic: Critical studies of Media infrastructures*. University of Illinois Press.

all the institutions which are required to maintain the economic, cultural and social standards of a country, such as the financial system or rules' system of government.⁹

The third category is human infrastructure (programmers, customer service staff, marketing team, groups of engineering). It's important to also report the "soft" infrastructure, indispensable when we speak about systems of payment, pricing, mobile devices, connectivity in general and other matters.

The recent and current debate, useful to connect the next sub-chapter, is about the impact on the social field about the availability of these kinds of infrastructures; in particular the accessibility just for some countries to use the privilege of the internet and this last one is closely linked to the country's broadband infrastructure. Netflix understood that the force to conquer new territories and audiences is based on the energy investing "in internet infrastructure, both directly and through various intermediaries" (Lobato, 2019 pp. 85).

As reported by R. Lobato¹⁰ from an infrastructural perspective, the contemporary internet is used large part about video, in particular, in the list below it's possible to observe the internet-traffic percentage value used by "the largest and most used online subscription-based streaming platform in the world" (L Davies, 2016 pp. 34)¹¹.

It's important to distinguish between another rating of infrastructure which Netflix is interested in: Public and Private communications networks - argumentation

closely linked to the availability of access-digital device debate and spatial organization of equal distribution of access on the internet. This argument of private and public infrastructure will be taken up again at the end of the first chapter (1.4) to clarify the impact of investment to create a global market.

TABLE 3.2. Top ten peak period applications and their relative bandwidth use—North America, 2016

Netflix	35.15%
YouTube	17.53%
Amazon Video	4.26%
HTTP (other)	4.19%
iTunes	2.91%
Hulu	2.68%
SSL (other)	2.53%
Xbox One Games Download	2.18%
Facebook	1.89%
BitTorrent	1.73%

Data source: Sandvine (2016a).

⁹ Dyer, M., Dyer, R., Weng, M., Wu, S., Grey, T., Gleeson, R., Ferrari, T., (2019). *Framework for soft and hard city infrastructure*. Urban Design and Planning. ICE Publishing.

¹⁰ Table pp. 89. Lobato, R. (2019). *Netflix Nations, The Geography Of Digital Distribution*. New York University Press.

¹¹ McDonald, K. & Smith-Rowsey, D. (2016). *The Netflix effect: Technology and entertainment in the 21st Century*. Bloomsbury

1.2 Use of algorithms

Here it explains the complex impact of “hard infrastructure” of Netflix and how they invest much money in the engineering and informatics field to create the Netflix Recommender System (NRS)¹² based on a remarkable number of algorithms. NRS involves economic logic and at the same time highlights the networked and digital taste-making in the entertainment industry (Film and Television). Many online platforms such as Netflix compete to have more subscriptions, developing algorithms technologies capable of producing, organizing and recommending contents. The decision-making process is no longer a responsibility of human work but with the evolution of new algorithms it’s associated and justified with a random computational choice. N. Pajkovic supported by research of Kitchin (2017)¹³ believes that algorithms are in part embedded in complex relations between human and non-human dynamics, and they aren’t monsters out of control of human will but sure able to work autonomously.

“Algorithms are not static technical objects transforming culture from the outside, but rather dynamic and evolving processes that are enacted by a combination of social, cultural and technical practices that themselves respond to culture as they shape it.”
(Pajkovic, 2021 pp. 2)

Every aspect inside the platforms, esthetic order and suggestions for new titles of the episodes are handled under proprietary algorithms which are synthesized in a unique macro-group name; NRS.

Are reported below different categories of recommendation algorithms under the Netflix’s system taken by the article published by New America site ¹⁴.

¹² Pajkovic, N. (2021). *Algorithms and taste-making: Exposing the Netflix Recommender System’s operational logics*. Ryerson University, Canada.

¹³ Kitchin, R. (2017). *Thinking critically about and researching algorithms*. Information, Communication & Society 20(1): 14–29.

¹⁴ New America. Case study: Netflix. <https://www.newamerica.org/oti/reports/why-am-i-seeing-this/case-study-netflix>. Last date of consultation:[28th August 2022]

- **Personalized Video Ranker (PVR)**, it operates on the homepage presenting catalogs of titles available for region. The order of titles and hierarchy are personalized for each user.
- **Top N Video Ranker**, “This algorithm is designed to identify a limited number of personalized recommendations from the entire Netflix catalog based on titles that are ranked highly” (New America article).
- **Continue Watching Video Ranker (CWR)**, Is the algorithm that rank titles video don’t finish by the user and do some consideration about it, for example when the person stops to watch it and if it waits some months to re-play again.
- **Video-Video Similarity (Sims)**, This last is used to generate another linked algorithm named *Because You Watched* (BYW) responsible for evaluating “every single title in the Netflix catalog in order to identify titles that are similar to a title a user has recently watched” (New America article) suggesting these last.

Reported by the words of C. Gomez-Uribe and N. Hunt (2015)¹⁵ Netflix’s company exploits the combined impact of personalization and recommendations equivalent at one billion dollars per year in revenue. NRSsystem is supported almost entirely by machine learning, using a combination of content-based-filtering and collaborative filtering algorithms to recommend content (Pajkovic, 2021). In this way the platform personalizes the contents offered to audiences in different places of the world following the level of satisfaction and use. The intelligence of these algorithms can create many groups of audiences (giving products, titles, genres), they are triggered by key-words of the system. With this ongoing stream and feedback of information from audiences, Netflix can conduct surveys about taste-perception of contents and how to propose new future products for the customer demands. To synthesize the procedure of the NRSsystem flow, it is the customer's taste that is studied to drive the cultural consumptions producing patterns and vice versa.

“As a cultural intermediary, the NRS plays a critical role in the process of film and television taste-making. It reveals and conceals various titles and genres and exercises control over our decision pathways” (Finn, 2017 pp. 97)¹⁶.

¹⁵ Gomez-Uribe, C. & Hunt, N. (2015). *The Netflix recommender system: Algorithms, business value, and innovation*. ACM Transactions on Management Information Systems 6(4): 119.

¹⁶ Finn, E. (2017). *What Algorithms Want: Imagination in the Age of Computing*. London: MIT Press.

Algorithms are implicated in the social and cultural construction of the taste process because they are able to define mechanisms that govern audiences' choices. F. Gaw¹⁷ identified four logics of the taste used to create algorithms - "datafication, reconfiguration, interpellation, reproduction" (Gaw, 2021, pp.1) - these procedures transform algorithms from procedural to self-generative machine. In addition, these four logic behind the taste-selection, F. Gaw sustains are defined and used as "old apparatuses of social control and generating new capacities in engineering cultural process" (Gaw, 2021, pp. 3). The power of algorithms is not through visible ideological work but through an "invisible infrastructure force" (Beer, 2013)¹⁸. *Datafication* is the first capacity of an infrastructure (computational system) and marks out the way users actions and information are transformed to "produce value for digital economy" and in this particular case the subjective choices became "act of consumption, where Netflix derives commercial value" (Gaw, 2021, pp. 718).

After collecting datas of actors, through the step of *reconfiguration* Netflix creates new models, film genres to identify and classify objects, products, interests, individuals, groups and their taste. For F. Gaw *interpellation* is a mechanism which convinces audiences to share their intimacy with algorithms regarding tasting selection of title and preferences, making true custody on choosing of the algorithm for themselves.

The last characteristic, *reproduction*, is the ability to reproduce the algorithms and at the same time represent the power of the Netflix interface to generate new forms, elements, dispositions of title and orders. At the end of the steps algorithms recombine attributes and reconfigure them into new categories, orders and classifications, NRSytem closes the circle of data elaboration "repackaging" programs and films in categories based on "individual taste preferences" (Gaw, 2021, pp. 720).

Users can't understand what are the dynamics and mechanism of algorithms, they are regarded as "trade secrets" (Pasquale, 2015)¹⁹ for sure obfuscated thanks to their technical incomprehensibility. NRSytem works to combine two sources of informations signs-taste, first is the taste-extraction from algorithm that is the collection of a numbers of actions or signals created by the users choosing their product on the platform and the second is the user

¹⁷ Gaw, F. (2021). *Algorithmic logics and the construction of cultural taste of the Netflix Recommender System*. Sage pub.

¹⁸ Beer, D. (2013). *Popular Culture and New Media: The Politics of Circulation*. New York: Palgrave Macmillan.

¹⁹ Pasquale, F. (2015). *Black Box Society: The Secret Algorithms That Control Money and Information*. Cambridge: Harvard University Press.

selections who directly inform the algorithms about his/her preferences (Gaw, 2021, 713). It could be easier to understand if it is synthesized with the definition of *indirect* the first process - algorithm takes information without the knowledge of audiences - and the second one is *direct* because users select to share information with the NRS (for example saving one title in “my list” space).

It's possible to conclude with the words of R. Lobato who simplifies the description of the procedure effect of Netflix algorithms on the visual platform and contents, giving the consideration below:

“Every video selection that appears on the home screen is the result of intricate calculations based on user-submitted data (movie ratings and viewing history), collaborative filtering (predictions based on other people’s activities), and manual coding films for all conceivable metadata points, from character types to endings” (Lobato, 2019, pp. 40).

The final goal of NRSsystem is to create a division of categories based on the taste-perception of users, and doing so, Netflix with its algorithms creates an exorbitant number of new filmic genres, called by N. Alexander “microtags” and “alt-genres” (pp. 172, 2016)²⁰.

It is possible to conclude that taste-selection of audiences is the subject of new market dynamics and users with their choices recombined titles into unpredictable packages (thanks to algorithmic function). These last (users) are protagonists for the creation and definition of new styles and “alt-genres”. They give useful information to Netflix for obtaining a class of audiences with common interests for products, essential for creating new productive launch market campaigns. Another important consideration about the NRSsystem in the film industry is how it transforms the enjoyment of the film with the objective, through a chaotic race, to capture faster than other competitors the audience's taste and satisfaction. The production and realization of a filmic product based on the taste requests of the users is becoming a quick, honed choice of marketing.

²⁰ McDonald, K. & Smith-Rowsey, D. (2016). *The Netflix effect: Technology and entertainment in the 21st Century*. Chapter 5: “Catered to Your Future Self: Netflix’s “Predictive Personalization” and the Mathematization of Taste”. Bloomsbury

1.3 Audiences and Genres created by Netflix

Datafication and personalization are two names frequently associated with the Netflix world. That means the industry of Netflix can collect all data activities of the audiences pertaining to the online media platform. In fact, thanks to the NRSystem of algorithms, these machine learning tools measure and identify a profile of a single user. As well as the selection of direct and indirect users choices through the taste-selection, the Netflix system can also gather “direct data” (Arnold, 2016 pp. 120) where you can find the frequency of usage, locations and number of accesses. Through the data meaning of the users, Netflix tracks data generated by subscribers with the specific service and can understand their audiences. As reported by S. Arnold²¹ Netflix can more quickly move to offer and remove content, basing its resources on a large amount of data on overall user engagement. Antoinette Rouvroy has defined the processes under the concept of Netflix datafication as “algorithmic governmentality”²² due to the fact that she considers these last as responsible for development, organization and mechanism of content’s elaboration of the Netflix platform through the collection of the users data.

Datafication has an important role for Netflix in the comprehension of the future attitudes of their audiences, which permits it to create new products in the future thanks to thorough data processing.

“This datafication of audience measurement represents a significant shift from following the lead of audiences to predicting and governing future audience behavior” (Andrejevic, pp 281)²³.

With large amounts of data about shows, films, genres and “alt-genres” (Alexander, 2016) recognised as preferred or watched by the audience the overall engagement of the user can be conveyed in a specific way, so much that is possible define new “viewing patterns” (Arnold, 2016 pp. 120) for the future.

²¹Arnold, S. (2016). *The Netflix effect: Technology and entertainment in the 21st Century* (2016). chapter 3, “Netflix and the Myth of Choice/Participation/Autonomy”. Bloomsbury edition.

²² Rouvroy, A. (2013). *The End(s) of Critique: Data-Behaviourism vs. Due-Process*. New York: Routledge pp. 143–168.

²³ Andrejevic, M.B (2010). *Surveillance and Alienation in the Online Economy*. University of Iowa.

S. Arnold wrote an analysis to understand the predictable audience behavior through the data collections, and now it will be used to focus on the connection between the number of data registrations and creation of filmic categories which are assigned to the users's identities.

It's important to understand that "data behaviorism" (Rouvroy, 2013 pp. 143) collections are referred to the way how data itself became knowledge-generating (Arnold, 2016 pp.123); that means that through algorithms calculation data have the possibility to speak for themselves without the interpretation of human beings. With this mechanism data are at the same time protagonist of the "personalisation" (Arnold, 2016 pp.124) and the creation of individuality of the user contents. The difference between the classic revelation of data collection and Netflix's is that the big organization of Netflix reduces human opinions and choices to digital traces and events because it gives to their algorithmic data-mind the elements to conclude intentions and wishes of beneficiaries. This data-generated digital profile, which should represent the elements preferred by users, in reality infers conclusions that are not correct or able to identify the user characteristics because it reduces the choices to some stereotypical connections. In fact, the PRS²⁴ based on algorithms, as a responsible agent it gathers data agents that determine at the same time through data traces feed "the likely pattern of behavior/viewing of this user" (Arnold, 2016 pp.124).

"Each time the user logs in, s/he encounters a more algorithmically specified catalogue of content. And, given that the PRS continues to adapt to the new interactions, the range of content becomes more self-fulfilling. The PRS becomes increasingly deterministic, producing a user profile as much informed by its own logic than of genuine and autonomous open interactions by the user. Thus, what is being measured is not spontaneous and willful engagement by the user; rather measurement is compromised by the way in which the PRS shapes behavior. This algorithmic determinism produces what Cheney-Lippold terms an "algorithmic identity" (Arnold, 2016)²⁵ .

Algorithms under PRSystem have the responsibility to design the digital-identity of the user linking the informatic data elements with the classification of contents and data enclosed within

²⁴ Personalization and Recommendations System (Arnold, 2016 pp.124)

²⁵ Cheney-Lippold, J. (2011). *A New Algorithmic Identity: Soft Biopolitics and the Modulation of Control*. Theory, Culture & Society pp. 164–181.

them. Netflix algorithms shift demographic markers to filmic genres tag, bringing down the possibility of a personalized profile. It's possible to conclude that a user is not able to actually organize his/her choices of contents, but his/her identity-profile is prescribed and associated with categories of demographically classified contents; For example categories and alt-genres related to an "X" user are organized following the label of gender (female/male). Once again, Arnold explains a concrete example about this dynamic - "if a user watches a program that happens to have an assertive female protagonist, the PRS takes this to mean that the user identifies with or engages with the program because of gender (of the user or the protagonist)." This means many stereotypes have a label/code that is hidden between the users' data and alt-genre of the Netflix's platform, and it's the reason why the company's platform has an infinite number of a mixed and new label of genres able to be born by the combination of questions desired by the users and by the algorithm's calculation of the PRSystem.

26

1. Action & adventure	2. Anime & animation	3. Children & family	7. Drama	8. Faith & spirituality	9. Foreign
1. Action Classics 2. Action Comedies 3. Action Thrillers 4. Adventures 5. African-American Action 6. Blaxploitation 7. Comic Books and Superheroes 8. Crime Action 9. Deadly Disasters 10. Espionage Action 11. Foreign Action and Adventure 12. Heist Films 13. Martial Arts 14. Military & War Action 15. Super Swashbucklers 16. Westerns	17. Animation for Grown-ups 18. Anime Action 19. Anime Comedy 20. Anime Drama 21. Anime Fantasy 22. Anime Feature Films 23. Anime Horror 24. Anime Sci-Fi 25. Anime Series 26. Kids' Anime	27. Ages 0-2 28. Ages 2-4 29. Ages 5-7 30. Ages 8-10 31. Ages 11-12 32. Animal Tales 33. Book Characters 34. Cartoons 35. Coming of Age 36. Dinosaurs 37. Disney 38. Education & Guidance 39. Family Adventures 40. Family Animation 41. Family Classics 42. Family Dramas 43. Family Sci-Fi & Fantasy 44. Kids' Music 45. Kids' TV 46. Nickelodeon 47. Teen Comedies 48. Teen Dramas 49. Teen Romance	100. African-American Dramas 101. Biographies 102. Courtroom Dramas 103. Crime Dramas 104. Dramas Based on Real Life 105. Dramas Based on the Book 106. Dramas Based on Bestsellers 107. Dramas Based on Classic Literature 108. Dramas Based on Contemporary Literature 109. Foreign Dramas 110. Gambling Dramas 111. Gay & Lesbian Dramas 112. Indie Dramas 113. Latino Dramas 114. Medical Dramas 115. Military & War Dramas 116. Period Pieces 117. Pre-Twentieth Century Period Pieces 118. Twentieth Period Pieces 119. Political Dramas 120. Romantic Dramas 121. Showbiz Dramas 122. Social Issue Dramas 123. Sports Dramas 124. Tearjerkers	125. Faith & Spirituality Feature Films 126. Inspirational Stories 127. Religious & Myth Epics 128. Religious & Spirituality Dramas 129. Religious Comedies & Stories 130. Inspirational Biographies 131. Spiritual Mysteries 132. Inspirational Music 133. Gospel Music 134. Inspirational Rock & Pop 135. New Age 136. Sacred Classical Music 137. Sacred Talk & Traditional Music 138. Judaica 139. Kids' Inspirational 140. Inspirational Sing-Alongs 141. Inspirational Stories for Kids 142. Mindfulness & Prayer 143. Healing & Reiki 144. Meditation & Relaxation 145. Prayer & Spiritual Growth	146. Foreign Actin & Adventure 147. Foreign Art House 148. Foreign Children & Family 149. Foreign Comedies 150. Regional-Africa 151. Regional-Argentina 152. Regional-Australia & New Zealand 153. Regional-Belgium 154. Regional-Brazil 155. Regional-China 156. Regional-Czech Republic 157. Regional-Eastern Europe 158. Regional-France 159. Regional-Germany 160. Regional-Greece 161. Regional-Hong Kong 162. Regional-India 163. Regional-Iran 164. Regional-Israel 165. Regional-Italy 166. Regional-Japan 167. Regional-Korea 168. Regional-Latin America 169. Regional-Mexico 170. Regional-Middle East 171. Regional-Netherlands 172. Regional-Philippines 173. Regional-Poland 174. Regional-Russia 175. Regional-Scandinavia 176. Regional-Southeast Asia 177. Regional-Spain 178. Regional-Thailand 179. Regional-United Kingdom 180. Language by Region 181. Foreign Musicals 182. Foreign Must-See 183. Foreign Romance 184. Foreign Steamy Romance 185. Foreign Television 186. Bollywood
4. Classics	5. Comedy	6. Documentary			
50. Classic Comedies 51. Classic Dramas 52. Classic Sci-Fi & Fantasy 53. Classic Thrillers 54. Classic War Stories 55. Classic Westerns 56. Epics 57. Film Noir 58. Foreign Classics 59. Foreign Classic Comedies 60. Foreign Classic Dramas 61. Foreign Silent Films 62. Silent Films	63. African-American Comedies 64. Best of British Humor 65. Cult Comedies 66. Dark Humor & Black Comedies 67. Foreign Comedies 68. Latino Comedies 69. Political Comedies 70. Romantic Comedies 71. Saturday Night Live 72. Screwball 73. Slapstick 74. Spoofs and Satire 75. Sports Comedies 76. Stand-Up 77. Mockumentaries 78. Showbiz Comedies	79. African-American Docs 80. Biographical Docs 81. Crime Documentaries 82. Faith & Spirituality Docs 83. Inspirational Biographies 84. Religion & Mythology Docs 85. Spiritual Mysteries 86. Foreign Documentaries 87. HBO Documentaries 88. Historical Documentaries 89. Indie Documentaries 90. Military Documentaries 91. Miscellaneous Docs 92. PBS Documentaries 93. Political Documentaries 94. Rocumentaries 95. Science and Nature Docs 96. Social & Cultural Docs 97. Sports Documentaries 98. Travel & Adventure Docs 99. Mockumentaries			

²⁶ Smith-Rowsey, D. (2016). *The Netflix effect: Technology and entertainment in the 21st Century*. chapter 4 "Imaginative Indices and Deceptive Domains: How Netflix's Categories and Genres Redefine the Long Tail" Bloomsbury edition.

10. Gay & lesbian	11. Horror	12. Independent	16. Special interest	17. Sports & fitness	18. Television
187. Gay & Lesbian Comedies 188. Gay & Lesbian Dramas 189. Gay & Lesbian Romance 190. Foreign Gay & Lesbian 191. Indie Gay & Lesbian 192. Gay 193. Lesbian 194. Bisexual 195. LOGO	196. B-Movie Horror 197. Creature Features 198. Cult Horror 199. Foreign Horror 200. Asian Horror 201. Italian Horror 202. Frankenstein 203. Horror Classics 204. Monsters 205. Satanic Stories 206. Slashers & Serial Killers 207. Supernatural Horror 208. Teen Screams 209. Vampires 210. Werewolves 211. Zombies	212. Experimental 213. Indie Action 214. Indie Classics 215. Indie Comedies 216. Indie Dramas 217. Indie Gay & Lesbian 218. Indie Romance 219. Indie Suspense & Thriller	273. Art & Design 274. Computer Animation 275. Painting 276. Photography 277. Sculpture 278. Career & Finance 279. Dance 280. Ballet & Modern Dance 281. Bellydance 282. Dance Workouts 283. Hip-Hop & Contemp. Dance 284. Latin & Ballroom Dance 285. Tap & Jazz Dance 286. World Dance 287. Food & Wine 288. Cooking Instruction 289. Food Stories 290. Wine & Bev. Appreciation 291. Hobbies & Games 292. Boating & Sailing 293. Car Culture 294. Fishing 295. Hunting 296. Magic & Illusion 297. Poker & Gambling 298. Home & Garden 299. Entertaining 300. Home Improvement 301. Pets 302. Homework Help 303. English & Language Arts 304. History & Social Studies 305. Math & Science 306. Language Instruction 307. IMAX 308. Mind & Body 309. Healthy Living	310. Baseball 311. Basketball 312. Extreme Sports 313. Extreme Combat & MMA 314. Extreme Motorsports 315. Extreme Snow & Ice Sports 316. Mountain Biking 317. Mountaineering & Climbing 318. Skateboarding 319. Stunts & General Mayhem 320. Football 321. Golf 322. Boxing & Wrestling 323. General Martial Arts 324. Karate 325. Kung Fu 326. Self-Defense 327. Tai Chi & Qigong 328. Auto Racing 329. Motorcycles & Motocross 330. Bodybuilding 331. Cycling 332. Horse Racing 333. Tennis 334. Snow & Ice Sports 335. Ice Hockey 336. Skiing & Snowboarding 337. Soccer 338. Sports Stories 339. Olympics & Other Games 340. Sports Comedies 341. Triumph of the Underdogs 342. Women in Sports 343. Water Sports 344. Surfing & Boardsports 345. Abs & Glutes Workouts 346. Cardio & Aerobics 347. Strength & Flexibility 348. Kids' Fitness 349. Low-Impact Workouts 350. Pilates & Fitness Ball 351. Pregnancy Related Fitness 352. Yoga	353. British TV 354. British TV Comedies 355. British TV Dramas 356. Kids' TV 357. TV Action & Adventure 358. TV Classics 359. Classic TV Comedies 360. Classic TV Dramas 361. Classic TV Sci-Fi & Fantasy 362. TV Comedies 363. Must-See TV Comedies 364. TV Animated Comedies 365. TV Sitcoms 366. TV Sketch Comedies 367. TV Documentaries 368. HBO Documentaries 369. PBS Documentaries 370. TV Science & Nature 371. TV Dramas 372. Must-See TV Dramas 373. TV Courtroom Dramas 374. TV Crime Dramas 375. TV Dramey 376. TV Family Dramas 377. TV Medical Dramas 378. TV Soaps 379. TV Teen Dramas 380. TV Miniseries 381. TV Mysteries 382. TV Reality Programming 383. TV Sci-Fi & Fantasy 384. TV Variety & Talk Shows 385. TV War & Politics 386. TV Westerns 387. Made-for-TV Movies
13. Music & musicals	14. Romance	15. Sci-Fi & fantasy			
220. Classical Music 221. Classical Choral Music 222. Classical Instrumental 223. Opera & Operetta 224. Country & Western/Folk 225. American Folk & Bluegrass 226. Classic Country & Western 227. New Country 228. Inspirational Music 229. Gospel Music 230. Jazz & Easy Listening 231. Afro-Cuban & Latin Jazz 232. Classic Jazz 233. Contemporary Jazz 234. Jazz Greats 235. Swing & Big Band 236. Vocal Jazz 237. Vocal Pop 238. Karaoke 239. Latin Music 240. Brazilian Music 241. Latin Pop 242. Reggaeton 243. Rock en Espanol 244. Traditional Latin Music 245. Music Lessons 246. Musicals 247. Classic Movie Musicals 248. Classic Stage Musicals 249. Contemp. Movie Musicals 250. Contemp. Stage Musicals 251. Foreign Musicals 252. Must-See Musicals 253. Show Tunes 254. Music Genres (e.g., Rock) 255. Must-See Concerts 256. World Music by Region	257. African-American Romance 258. Foreign Romance 259. Indie Romance 260. Romance Classics 261. Romantic Dramas 262. Steamy Romance	263. Action Sci-Fi & Fantasy 264. Alien Sci-Fi 265. Classic Sci-Fi & Fantasy 266. Fantasy 267. Foreign Sci-Fi & Fantasy 268. Sci-Fi Adventure 269. Sci-Fi Cult Classics 270. Sci-Fi Dramas 271. Sci-Fi Horror 272. Supernatural Sci-Fi			
		19. Thrillers			
		387. Action Thrillers 388. Classic Thrillers 389. Crime Thrillers 390. Erotic Thrillers 391. Espionage Thrillers 392. Foreign Thrillers 393. Indie Suspense & Thriller 394. Mobster 395. Mystery 396. Political Thrillers 397. Psychological Thrillers 398. Sci-Fi Thrillers 399. Supernatural Thrillers 400. Suspense			

²⁷ Smith-Rowsey, D. (2016). *The Netflix effect: Technology and entertainment in the 21st Century*. Chapter 4 “Imaginative Indices and Deceptive Domains: How Netflix’s Categories and Genres Redefine the Long Tail”.

This mechanism creates a non-personalized profile because users have no control and capacity to change and manage the PRS algorithm, but instead it can combine and offer products that may not affine with the personality of the real user.

The biggest limitation of this procedure is that “PRS works to enact and prescribe identities it has already produced” (Arnold, 2016 pp 129), it creates a close circulation of contents based on the recommendation system which doesn't permit to user to discover and watch new contents because it creates a closed and defined niche of audiences based on stereotypes that links them each other through “statistical stereotyping” (Cheney-Lippold, 2011 pp 170). The real user identity is transformed by the PRS in a “disembodied, depersonalized and dehumanized” identity (Anold, 2016 pp.135).

Netflix platform was able to create “19 umbrella genres, 400 subgenres and 76,897 micro-genres” (Smith-Rowsey, 2016 pp 101). This wide variety of categories permits us to understand the double contrasting meaning between the free possibility to pick one title for the audience and on the other hand the large range of combinations between different genres and titles proposed by the algorithms to the users.

With these large numbers of titles and genres offered by the platform, it is possible to deduce how Netflix created its business based on the concept of diversification, distributing and promoting stories globally dominant. The Netflix staff declare that they “understand [...] that there are cultural differences and some variances in content tastes around the world” (Netflix, 2021b)²⁸ but this isn't a limitation for their technique of business, indeed different tastes and audience demand help them to create a global market but specialized with diversification and production of local contents.

²⁸ Netflix. (2021b). *Long-term view*. Retrieved from: <https://ir.netflix.net/ir-overview/long-term-view/default.aspx>. Last date of consultation:[16th August 2022]

1.4 Global Market

The last part of this first chapter is dedicated to the expansion of the Netflix market globally. R. Lobato starting with the classic definition of “transnational television” and “global television” concluded that Netflix could be described as the combination of both notions because it has on one hand the propensity to cross more national borders and on the other hand it has a service capable to “operate in a large number of international markets simultaneously” (Lobato, pp 50).

We passed through its fundamental characteristic elements, described in the previous parts, arriving here to understand how it has extended its business in a large part of the world. Of course, its well know infrastructure, algorithms and definitions of audiences through genres/sub-genres labels are the bases of it but now it’s possible to understand better how it has combined every element to become “the largest streaming service in the world” (Cook, 2022)²⁹. In the first session of the chapter, it was presented the importance of investment in infrastructure for Netflix, which are fundamental concepts to resume connecting them to the political logics of Bandwidth, protagonists in the management of internet rules. Indeed, to become the greatest colossus of entertainment, Netflix has founded its morals on some key-pillars such as:

- investments in internet infrastructures (Broadband, IPS)
- the largest subscription number in the world (Long Tail Theory)
- original contents (*Netflix original*)
- production of subtitles in different languages
- possibility to use different devices thanks to the applications
- differentiation in categories and subgenres based on tastes
- technological development
- collaboration with local markets

Starting from the first point, it is possible to conclude that Netflix immediately understood the importance of hard and soft infrastructures for commercial development, in fact it was the first actor to expand its energies in this sector.

²⁹ Cook, S. (2022). *50+ Netflix statistics & facts that define the company’s dominance in 2022*. <https://www.comparitech.com/blog/vpn-privacy/netflix-statistics-facts-figures/>. Last date of consultation:[15th August 2022]

The first step to evaluate the internet connection intensity for each country was the development of some internet tools such as simple internet speed test (ISP) for users (fast.com) and the Netflix ISP Speed Index (launched in 2013) able to rank countries on the basis of their average internet speed surfing. Broadband is a hard topic of interest for Netflix and other platforms, it represents the core of the internet accessibility to on-demand services and it is particularly linked with the use of IPS. It's reported by Elkins that Netflix has expressed the “availability of reliable broadband connectivity as one of its challenges for movement into new international markets” (Elkins, 2018 pp. 839) and this allows to the understanding of the continuous involvement of the company in the activity of business development about local infrastructures linked with their final goal. According to the opinion of E. Elkins (2018)³⁰ the interest in speed test sizes is a commercialized technique to mask the self-interest and find relevant data behind users' participation.

So, the IPSs³¹ are tools given to users to understand the capacity of their countries to manage the internet speed and connection, and the bandwidth is the accessory given by the government to their citizens to surf the internet, and it is sometimes financed by private companies (as Netflix, YT). The combination of these two elements creates the awareness of audiences about their options to surf in the internet and access to platform services. If Netflix is recognized as the platform with “the largest subscriber count in 2022” globally (S.Cook, 2022) it is because it dedicates its attention to both institutional development and the care services for the audiences.

Netflix, giving the service to users to check their connection ability through IPSs can also keep back some self-scopes because the “interactions” with audiences permit Netflix to collect interesting data, which will be elaborated to create new techniques of business geographically localized. This point of view elaborated by E.Elkins in 2018 wants to highlight how Netflix collocated itself inside the *global entertainment market* in the position of a benefactor of development, sustaining: Infrastructure, economies and it permits “the capabilities of people to participate in a more equitable digital world” (Elkins, 2018 pp. 840).

Another element, linked to infrastructures, which Netflix production makes the focus on, is the interest in delivering a great Netflix viewing experience simultaneously through 190 countries without internet connection problems. The company is dedicated to understanding where data

³⁰ Elkins, E. (2018). *Powered by Netflix: speed test services and video-on-demand's global development projects*. Colorado State University (USA). SAGE.

³¹ IPSs definition: Internet Speed Test

resides and where it is better to collocate them to be more accessible and speedy for consumers. For the first period since the birth of the company, the strategy was to serve everything (data, contents, products..) from its data center in the USA, but after a crash in 2008 and problems related to it, the company moved the collection of their data to public clouds. It decided to rely on Amazon Web Service (AWS), servers located in different parts of the world and, these places were chosen because they are closest to the consumer expansion. The challenge of this strategic choice is related to the possibility to transfer the contents in a cheaper and a faster way to the users. This responsibility to reduce latency in video transmission is the job of the CDN (Content Delivery Network) with whom Netflix had a contract's service until 2011 when the company decided to build its own CDN to control and manage it without depending on someone else (Lobato, 2019). The CDN's name of Netflix service is called *Open Connect* and with its intensive traffic of "tens of terabits per second" (Florance, 2016) it is one of the "highest-volume networks in the world" (Florance, 2016).

It's possible to understand the connection between ISPs service and *Open Connect* network thanks to the combination of Florance's words and graphic below:

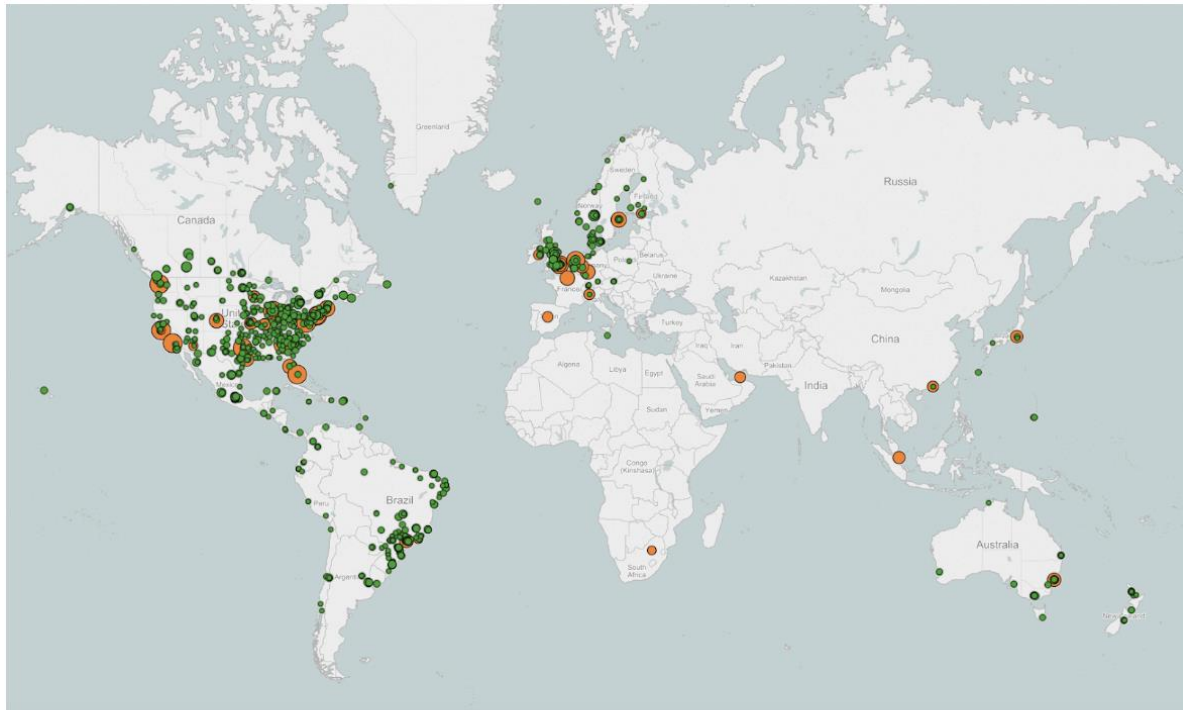
"Globally, close to 90% of our traffic is delivered via direct connections between *Open Connect* and the residential Internet Service Providers (ISPs) our members use to access the internet. Most of these connections are localized to the regional point of interconnection that's geographically closest to the member who's watching. Because connections to the Netflix *Open Connect* network are always free and our traffic delivery is highly localized, thousands of ISPs around the world enthusiastically participate" (Florence, 2016) ³².

This collaboration permits ISPs to take advantage of the costs of participating in the *Open Connect* challenge to extend the service to the entire globe.

Florence summarizes some reflections about what happens in the platform regarding two moments; After and before the user's action of *hit play*. Every dynamic, procedure, mechanism about data and informations happens in the AWS (cloud service) before you *hit play* on the

³² Florance, K. (2016). *How Netflix Works With ISPs Around the Globe to Deliver a Great Viewing Experience*. <https://about.netflix.com/en/news/how-netflix-works-with-isps-around-the-globe-to-deliver-a-great-viewing-experience>. Last date of consultation:[18th August 2022]

remote control and it includes “content delivery, selection experience, recommendation, algorithms” (Florance, 2016), indeed everything that happens after *hit play* is unique of Netflix and it takes place in the platform.



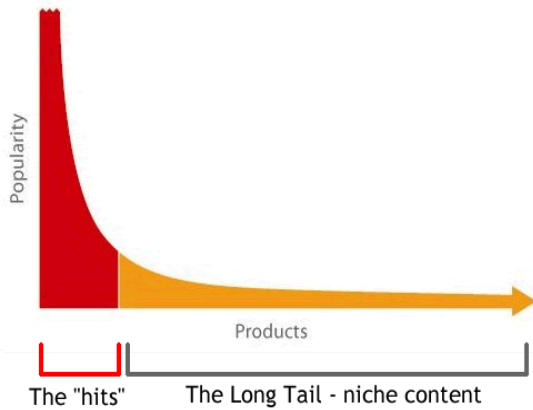
■ ISP Locations ■ Internet Exchange Point (circles are sized by volume)

It's possible to support that *Open Connect* “is beneficial for ISPs, Netflix users and nonusers because it relieves pressure on internet infrastructure” (Lobato, 2016 pp. 97) but at the same time some criticisms exist about it and they sustain that Netflix has created a privatization idea of the public internet because with this service they have guaranteed a fast lane for the users.

The other strong element which permitted Netflix to obtain the largest number of users, becoming the most famous platform in the world, is a commercial expansion strategy named “*Long Tail*” theory elaborated by Chris Anderson³³ in 2004.

³³ Anderson, C. (2004). *The Long Tail: why the future of business is selling less or more*. New York Times Best Seller.

This theory, based on the Netflix distribution of products, means that many contents of the platform are created and distributed for a niche part of the market. The company's list of films and series TV surely focuses its attention on the most viewed product but at the same time increases the profitability of the platform's cost on less popular products. Netflix can offer relatively unknown movie targeting small marketing (Berjani, 2018)³⁴, and this choice focuses more attention on niche genres such as Anime, Documentaries, Tv shows and products with an



extended number of languages. The final goal is to create an extended membership of users because the platform is able to ensure accessibility for different content styles.

For the company, the niche content is cheaper but they assure the registration of different groups of users, ensuring the registration fee to the company.

It's possible see below how the quantity of hits products are small compared to the niche content ³⁵

part, which represents the Tail of the graphic.

The part of this "hits" sector of the graphic, colored with red, is represented by the "*Netflix Original*" products, but what are they?

These are materials (series TV, programmes, films) produced "in-house by Netflix themselves or that they own the production and distribution rights to"³⁶, regardless of this second case there are four different categories of *Netflix Original* when the company acquire rights of contents:

- **Netflix original programmes:** They are produced entirely by the Netflix staff and it has 100% of the rights to them.
- **Netflix owns international rights:** They are not obligatorily produced by Netflix, at the same time they can be distributed by other platforms in the country of origin.

³⁴ Berjani, D. (2018). *How Netflix is making use of the "Long Tail" theory to attract new subscribers*. <https://medium.com/@dillon.berjani/how-netflix-is-making-use-of-the-long-tail-theory-to-attract-new-subscribers-e4a96923ab6d>. Last date of consultation:[18th August 2022]

³⁵ Poster graphic: <https://it.clearanceonline2022.ru/content?c=1000%20true%20fans&id=6>. Last date of consultation:[18th August 2022]

³⁶ Netflix Fandom https://netflix.fandom.com/wiki/Netflix_Original#:~:text=Netflix%20Original%20Programmes%3A%20These%20are,one%20of%20Netflix%20main%20Original's. Last date of consultation:[18th August 2022]

However in other countries (outside of the produced country) Netflix owns the streaming rights and for this reason they became *Netflix Original*.

It's possible to conclude that "Netflix has exclusive international streaming rights" (Robinson, 2018).³⁷

- **Co-production:** Netflix has the rights for products co-produced with other companies but it has retained the rights to market them as *Netflix Original*.
- **Continuation of a canceled show:** These are programmes in the past produced, distributed and marketed by other companies but after have been canceled for different reasons Netflix decide to buy the rights and carry on producing them under the brand of *Netflix Original*.

The final objective of Netflix is to share Original contents in the entire globe; the company understands the importance of languages to do that, in fact after a first intensive job on the infrastructure and technologies to spread their products they rose more and more the accessibility to their products thanks to the possibility of having many languages available for the audiences. When they create content in the original language, they later invest much money to capture the meaning of the dialogues and adapt to other languages's translations. It is not just a word-word translation, but they capture and analyze how meaning of the content in the story can change linked to the languages used.

As reported by the article of A. Khalid³⁸, it's possible to support the selection of Netflix to improve their subtitles and languages production, increasing these every year proportionally with the extension of the service in new countries and cultures. What can be visible is not only the marketing choice with the intention to extend the audiences to other countries's languages but also categories for groups with having more difficulty in using the platform, as for example deaf and blind people, in fact: "Starting this month and through early 2023, Netflix will roll out Audio Descriptions (AD), Subtitles for the Deaf and Hard of Hearing (SDH) and dubbing for its entire library of original content, in languages including French, Spanish, Portuguese,

³⁷ Robinson J. (2018). *The Four Types of Netflix Originals*. <https://www.whats-on-netflix.com/news/the-four-types-of-netflix-originals/>. Last date of consultation:[22nd August 2022]

³⁸ Khalid A. (May, 2022). *Netflix to expand audio descriptions and subtitles in 10 additional languages*
The streamer is rolling out additional accessibility features for its entire global audience.

German and Italian” (Khalid, 2022). For a long time, the entertainment field where audiences had access determined their personality and creativity of thought because they could have been identified just with the vision of closest groups of values, traditions, symbols and languages. Now with the expansion of Netflix anyone who has access to the platform and is sustained by the translation of subtitles and dubbing, can understand and empathize with distant tales or cultures. As it is claimed by O. Skinner in his article, under the dubbing there is a concrete strategy of business with both goals; economically “it is cheaper to dub over dialogue than employ casts who are bilingual, or shoot a movie in more than one language” and secondarily he argues that there is a benefit linked to the dubbed films, because “they are generally considered more accessible to mass audience than subtitled content”, concluding that this is why Netflix works globally “with over 165 dubbing studios around the world” (Skinner, 2020)³⁹. J. Dębińska deals with the subject of linguistic matter and in particular emphasizes the difficulty to translate the products in different languages because it’s not just a technique of dubbing and words-to-words translation but, “more of understanding intercultural differences and perceptions and with this background knowledge making the translation appealing and understandable to the recipients” (Dębińska, 2021)⁴⁰.

After having ensured this service of languages for the customers scattered around the world and at the same time the way to create a sort of network, thanks to the infrastructures in the territories, Netflix understood the importance of the mobile accessibility, and starting from this concept decided to expand the possibilities for users to have access to the platforms in different places and through more advices. The solution for this kind of need was to create a service accessible at anytime and anywhere, in fact the audiences can watch a Netflix’s TV serie or Movie on a laptop, TV screen, tablet, phone, or gaming device by just accessing their accounts. The service’s diffusion was a joint technique with the support annually of other macro-companies as reported by the words of S.Cook (2022):

“Netflix moved beyond web browsers in 2008, partnering with companies to stream on Xbox 360, Blu-ray disc players, and TV set-top boxes. In 2009, Netflix landed on the PS3 and smart TVs. By 2010, Netflix rounded the bases for streaming devices,

³⁹ Skinner A. (2020). *Global Content Strategy: How Netflix Became the World’s First Truly International Movie Studio*. <https://www.voices.com/blog/global-content-strategy/>. Last date of consultation:[25th August 2022]

⁴⁰ Dębińska, J. (2021) *Netflix-entertainment hegemony*. Berlin

launching on Apple’s iPad, iPhone, iPod Touch, Nintendo Wii, and more” (Cook, 2022).

The service of the platform leaves behind the concept of the linear TV and permits to its audiences an alternative way of entertainment using the OTT⁴¹ Netflix’s device. Audiences can watch products out of the schedule order of the TV setting and decide to stop the viewing when they prefer. The vision’s model of Netflix became smarter and easier for users and it allows a mobile accessibility which is able to outline a subjective experience of viewing.

In the second chapter, the reflection will focus on the strategy of Netflix to take localization methods in a number of countries and territories to gradually become more influential and enter cautiously in the cinema and entertainment field. Netflix has understood even before the importance of being active and visible locally. However, first of all, elaborating on the concept of *glocalisation* (Higson, 2021)⁴² and techniques of Netflix’s marketing in some cities to become more attractive, it’s important to reflect in general the impact and change that Netflix has brought in cinema as we knew it before.

⁴¹ Simi. (2021). Over-the-top television, is a system based on TV content delivered via the internet in a live streaming format.

<https://www.cincopa.com/blog/understanding-linear-tv-and-how-it-is-different-from-ott/>. Last date of consultation:[27th August 2022]

⁴² Higson, A. (2021) *The curation of taste and the business of diversification*. University of York. <https://doi.org/10.7494/human.2021.20.4.7>. Last date of consultation:[27th August 2022]

Appendix: Case study number 1

“How the taste of audiences change the local market of entertainment”

It reports below some considerations closely linked to the taste algorithm, diffusion and preferences of certain genres in specific areas of the world, these data are responsible for the local management in the entertainment’s market and creation of digital contents. These graphics below permit us to understand how the Global diffusion of Netflix in reality is based on the concept of the diversification and classification of products, in fact, the company carries out quantitative analysis and surveys with their algorithms machine learning.

To understand how globally Netflix works, collects data and performs statistics, here is the example of the hard work of *Sarah Shevenock*⁴³, Senior Research Analyst and author of Morning Consult⁴⁴ site’s articles, that collects and reports different tastes of users as percentage about film genres and their geographical origin.

With her study and data collection, *Sarah Shevenock* shows users’ streaming habits asking respondents what types of matter most are selected through a streaming service.

In her online article “America Loves Comedy, South Korea Prefers Drama: Favorite Streaming Genres by Country”⁴⁵ it's possible to select a film category by watching through a graphic in which the reaction percentage of the audience is divided into: Important, No opinion, Not important.

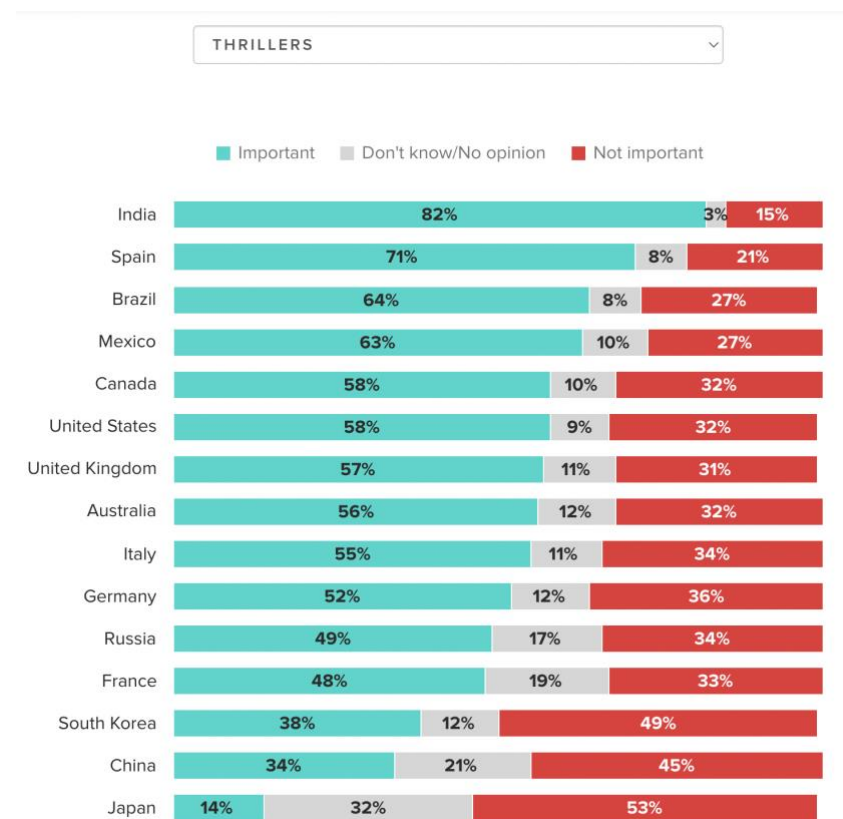
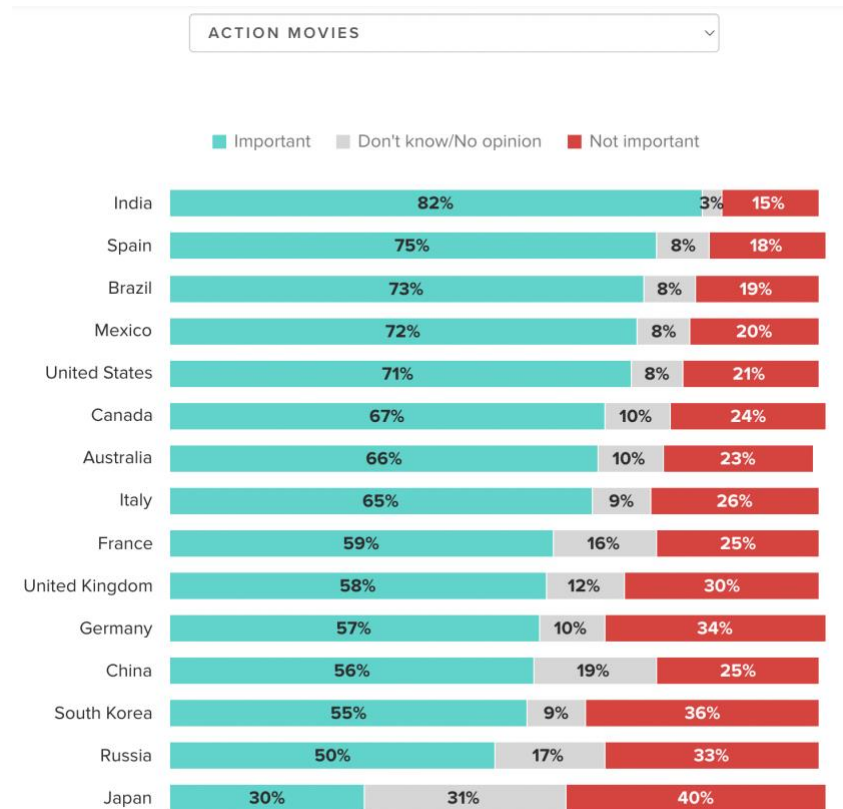
Sarah Shevenock reported eight categories of comparison (Action movies, Comedies, Documentaries, Dramas, Horror Movies, Live Tv, Sports and Thrillers which are interested in the public expectation of fifteen countries in the world (visible in the graphics).

Here just two graphics about her statistical models are shown, but they share how perception of different categories of product can define subsequently different market strategies linked to the distribution and production of platform’s products in the world.

⁴³ Sarah Shevenock profile of LinkedIn; <https://www.linkedin.com/in/sarah-shevenock-65581b159/>. Last date of consultation:[29th August 2022]

⁴⁴ Morning Consult site: <https://morningconsult.com/>. Last date of consultation:[29th August 2022]

⁴⁵ Shevenock, S. (April, 2022). *America Loves Comedy, South Korea Prefers Drama: Favorite Streaming Genres by Country: Consumers globally are generally less interested in sports, horror films.* <https://morningconsult.com/2022/04/22/international-streaming-genres/>. Last date of consultation:[29th August 2022]



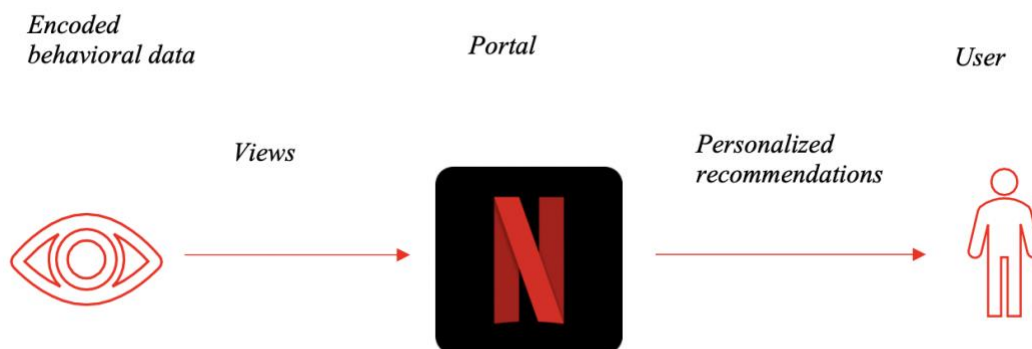
⁴⁶ Data's graphics of Sarah Shevenock: <https://morningconsult.com/2022/04/22/international-streaming-genres/>.

This example of *Sarah Shevenock* is an exemplification about what is the rule of collection of data by the programmed NRS algorithmic method by Netflix. They, in fact, provide constant data packets from different parts of the world giving the possibility to employees responsible for marketing purposes of the company to elaborate on new purposes and products relying completely on the feedback of the users and creating targeted sales tactics. This theory reconfirms the opinion that Netflix is global, obviously, but at the same time, to begin to be used largely it needs to concentrate every time its attention and energy on a targeted request of the audience to avoid failure due to simplification and generalization.

The conclusions of this first appendice are some considerations about how Netflix, giving the possibility of access with the same account to different members of families or friends, is not really able to consider clear and affordable feedback of data. In fact, if a member of a family creates an account for their own name (G) and permits others to watch through it different genres contents, the NRS system will register every choice reporting data of more people with respect to the one registered. These reported data are wrong because as a result they will generate recommendations and data considerations not based on the single user but by the different tastes of different people that use the same access. This is evaluated as an error that the machine learning algorithm being an informatic system is not able to identify.

Thanks to Francesco Nucci, the invisible process of recommendations and creation of personal platform homepage is described below:

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⁴⁷ Nucci, F. (2020). *Netflix: A Data and Media Hybrid*. LUISS, Dipartimento di impresa e management.

Impact of Netflix on Cinema Industry

In this second chapter the different characteristics of Netflix with respect to what has been offered for years by the Cinema industry, moreover the general impact of the platform on this industry will be described and after that it will be possible to elaborate on how Netflix work locally to be collaborative and how in the same manner it is supported by local entertainment's market.

As it was sustained by the scholars in the first chapter, Netflix hasn't a real and definitive label and category, it moves its interest transversally in the entertainment world creating polemics about if it is more linked to TV, Cinema or others.

The majority of scholars sustain that Netflix, with its evolution globally, also changes the cultural habits of audiences. It has definitely replaced classic TV channels entertainment with a smart and easy platform which permits everyone to create a personal relation with the products.

Here the relationship between TV and the platform will be left behind. Instead, an in-depth report and impact of Netflix in the cinema world will be analyzed, without overlooking the fact that TV was the tool that is able to show films coming from the movie industry for many years. It's possible to consider the main historical phenomenon which changed the impact of Cinema and in particular the role covered by movie theater is the idea to shift entirely the contents of Hollywood's production entirely in digital form. In 2000 Hollywood decided to change the business of film by releasing them through digitalisation of contents and with this choice led the film industry towards a drastic revolution.

In this scenario, it is easier to understand how Netflix had a clear path to disseminate its new business globally, the digital revolution was spreading in the movie sector and it was the perfect opportunity for it to propose a new way to enjoy films.

At the same time the physical rule of movie theater was less considered as indispensable for the entertainment industry because gradually, audiences comprehend that movies, thanks to the support of platforms such as Netflix, "became available on laptops, cellphones, as streaming video replaced conventional distribution patterns. Movies were now everywhere, all the time, endlessly and effortlessly available" (Dixon, 2019)⁴⁸.

⁴⁸ Dixon, W.W. (2019). What Happened? The Digital Shift in Cinema. <http://www.sensesofcinema.com/2019/cinema-in-the-2010s/what-happened-the-digital-shift-in-cinema/>. Last date of consultation:[27th August 2022]

In the past, theatrical presentation was the only solution to share the realization of new product with the audience, it wasn't relevant to the amount of budget of the film or impact it would be able to generate, every movie were screened in 35 mm and for this reason, it had to be projected in a sharing moment through specific tools.

Movie theaters were the only places to watch a film, but what happens if you can enjoy it everywhere? This was exactly the ambition of Netflix, to keep their users at home by giving them a privilege to watch films without the problems of going outside. Streaming platform such as Netflix first of all have influenced the physical sector of the cinema industry, represented by movie theaters, because Netflix with its service was able to change the usability of the audiences, and what is more interesting now, found throughout the article of Kellen Beck⁴⁹ is that it is possible to watch films together online with *Teleparty*. Everyone needs a Netflix account for this but after that you can participate in a room of 50 people that watch simultaneously some films and at the end discuss them, recreating the same experience (or maybe similar) offered by a standardized social place.

What is interesting to highlight is that Netflix wants to generate a network globally by sharing contents and emotions through digital materials but at the same time its platform take people out of the real place of sharing experiences, represented since the beginning by movie theaters, forcing them implicitly to participate on another new telematic sphere, a sharing platform. This is the real revolution for it, creating a new space of condivision but without the difficulties to physically and economically build the real dimension of it. This, from a sociological point of view, means that people don't have real rules, constraints, prohibitions, obligations, because everything is free and accessible when and where they prefer. Again it is possible to understand how Netflix is linked to different points of view, critics and field of studies, in this case associated with social media studies too. The argument sustains that Netflix and its products are becoming the main elements of everyday life dialogue giving the possibility to the audiences sharing opinions and preferences to create a sort of network, because maybe not everyone have time and interest to go frequently to the cinema but surely have Netflix at home, this last became a sort of inclusion system with regards to daily dialogue. The home protagonism and personalization of the experience are the first elements disconnected with the general sense of cinema vision, and is relevant to recall how this habit has been also accelerated

⁴⁹ Beck, K (2021). How to watch Netflix (and more!) together online without being in the same room. Just because you live far apart doesn't mean you can't binge-watch together. <https://mashable.com/article/netflix-sync>. Last date of consultation:[27th August 2022]

by the covid emergency with which it was impossible to take advantage of public and sharing space reducing every activity to the private sphere.

The film watching experience became linked to the private sphere in the first moment, gradually became personal and sometimes concluding as solitary. The gradual involvement of the user with the personalized platform relationship powered by the binge-watching effect gateways to a real social change about the fruibility of contents.

The binge-watching effect has origins related to the late 1990s, it's also named binge-viewing or bingeing, and was used primarily by the fandom groups which in a single sitting watched multiple episodes about the same series (Pilipets, 2019)⁵⁰. This attitude was gradually analyzed by scholars and attributed to the new Netflix phenomenon; users captured by the sensibility of series' protagonists and themes spend entire days watching episodes. This became a compulsive use linked to the consumption of the platform's products. Netflix understood the importance of this phenomenon for its marketing strategies and started to create more and more attractive series with the attention of every episode end, in fact they had to be captivating to attract users to continue watching.

As reported in The Guardian's article in 2013, the term "binge-watch" was a runner-up to "selfie" for the Oxford Dictionary's word of the year. By that time Netflix itself had published the results of a survey that found that "61% of streaming viewers binge-watched regularly and 73% had positive feelings towards it" (Rose, 2022).⁵¹

The capturing effect of Netflix in addition to the comfortability to remain at home watching a film gives a new style of entertainment to the audience but they should be responsible and mature enough to understand the different practice and experience concerned with the idea of going to the cinema, maintaining these two different ways of entertainment separated.

The total dedication of the audiences to Netflix products is justified by the way they have diversified the "one side fits all" approach determined and represented by a small part of society "mainly straight, white, American and male" (Rose, 2022). Netflix has permitted its audiences to project himself/herself inside hybridized stories created by a crew of "fresh talent" offering "tailoring content to underserved audiences" (Rose, 2022).

This binge-watching effect, supported by the recommendation system that is able to address the choice of the audiences and suggest favorite products change the viewing experience by

⁵⁰ Pilipets, E. (2019). *From Netflix Streaming to Netflix and Chill: The (Dis)Connected Body of Serial Binge-Viewer*. SAGE. Social Media + Society.

⁵¹ Rose, S. (2022). *Stream big: How Netflix Changed the TV Landscape in 10 years*. The Guardian. <https://www.theguardian.com/media/2022/feb/05/stream-big-how-netflix-changed-the-tv-landscape-in-10-years>. Last date of consultation:[30th August 2022]

moving it away from the cinema, but as reported by Celine Mezielis⁵² through her thesis, it creates a strong relationship between loneliness and compulsive viewing of episodes.

Another distorted element introduced by Netflix and different from the cinema experience is the *size of the screen* through which the attention of the audience is captured by the story.

Does the dimension of the screen change the experience of the audience? Referring to films, it's necessary to remember that they have been designed by their authors with the final goal to disseminate them in movie theaters therefore, the experience for the creator could be distorted by the possibility of watching products through a small device traveling.

Different studies have elaborated on the relationship between sizes of the screen and immersion intensity of the audiences, but it is interesting to highlight that audiences lost the research of experience powered by size of the screen to follow the contents of Netflix productions.

People want to know more about next episodes, they empathize with the story, they aren't really concentrating on the aesthetic impression of screen dimension, with Netflix immersion is guaranteed by the affection accrued towards the product.

Reported by Gajus Kuizinas (2017)⁵³:

“Immersion of a viewer was categorized into three subtypes: engagement, engrossment and total immersion. Engagement was the act of deciding to watch something; engrossment was the interest portrayed while watching it; and if someone became oblivious to the environment around them due to the media, it was termed as total immersion” (Kuizinas, 2017).

Immersion by user is guaranteed thanks to the agility and possibility to decide every time where, how, when to be immersed in the product. This is the reason why immersion of personalized products through the Netflix platform left behind the opportunity to have a big

⁵² Mezieliz, C. (2021). *The Relationship between Loneliness and Binge-watching over time: An Experience Sampling Study of Video-on-Demand watching*. Bachelor Thesis, Department of Psychology, Health & Technology. University of Twente, Enschede.

⁵³ Kuizinas, G. (2017). *Watching movies on Netflix: How the screen size and scene type affect your movie experience*. <https://medium.com/applaudience/watching-movies-on-netflix-how-the-screen-size-and-scene-type-affect-your-movie-experience-24f30aa5f291>. Last date of consultation:[30th August 2022].

size screen experience, the self-operated and smart experience is preferred over an intensive immersion in the theater.

Netflix industry invest in contents and topics fragile or complicated for other productions, Rose (2022) in his article on The Guardian reported Julia Alexander words about investment of Netflix:

“One thing that Netflix does extremely well is content that others wouldn’t have done because there just wasn’t seemingly an audience for it” (Rose, 2022).

As described in the first chapter, Netflix wants to invest attention and money through diversity to realize in the user base as more people as possible and destroy the limits of social diversity. The last element that could be considered as relevant in the compared and contrasted analysis of Cinema and Netflix is how this one reduces the importance of the authorship of products, declining the public interest in the Hollywood star system.

Netflix represents itself, it is projected to different levels of audiences and most of them are not interested in recognizing authors' names. Some Netflix products have a life of their own and this could be justified with a double explanation: On one hand, Netflix is an intangible power represented by the sum of many departments and people (crew), who hold more disparate roles in the industry, it is not just a cinematic colossus, on the other hand, people who consume products are attracted by the contents and often they are simple users not comparable to film enthusiasts or scholars, who mostly still attend cinemas.

The will of Netflix to spread knowledge of its brand has overtaken the power of the authorship of the product, a process which happened yet with the disclosure of TV as reported by the study of Thompson & Burns, 1990 ⁵⁴:

“Nonetheless, the study of TV is suffering because it has announced the death of an author that is never acknowledged in the first place.”

⁵⁴ Thompson, R. & Burns, G.C. (1990). *Making Television: Authorship and the Production process*. Media and society series. Praeger Publishers.

They sustain that television authors are not self-evident as they are in the cinema production, and this is the reason why Netflix, once entered in the film Festival's interests, decided to sustain and promote the authorship theory aligned with the Star-system model which is nowadays the most important element in the cinema market.

We can see two lines which define the global market of Netflix, the first one is the serial production of series or films with emerging authors that are not involved in the movie Festivals and star-systems.

The other one is based on the finance of big names of the cinema industry, strongly linked to the concept of authorship which represents a huge interest in the Festival's market and between awards ceremonies. Netflix as it was sustained in the first chapter is located in a middle land in which it is able to have interest for every type of audiences and subjects of cinema markets. As reported by Pèter Becz (2016)⁵⁵ "The Academy Awards is clearly devoted towards the author, the director". Netflix has become the protagonist of movie festivals in recent years and has accepted the co-protagonist role and position limiting its market strategy to the production of large authorial name works, precisely because the prize rewards the authorship. In return, authors who collaborated with Netflix and other platforms have understood the importance of adjusting the technical language of the movies with the method of visualization through small devices by users.

⁵⁵ Becz, P. (2016). *Netflix goes to Cinema. The new chapter of quality TV conquers the big screen*. University of Copenhagen, Department of Humanities Masters in Film and Media Studies.

2.1 How Netflix works globally to be locally competitive

Netflix started the products' diffusion in USA's market in 1997, in order to limit potential cultural and geographical challenges, initially it chose its next markets based on similarities arriving to Canada. In September 2010 Netflix launched itself in this new country's market, the initial subscription fee was *\$7.99 per month*, as reported by Netflix CEO Reed Hastings it was "the lowest, most aggressive price we've ever had anywhere in the world"⁵⁶ but was indispensable as a business model to attract users quickly. Once finished extending the business in Canada, Netflix focused its attention on other two countries geographically close to the USA; Latin America and the Caribbean. Brazil was the first country in Latin America to go live with the service and after that has followed 43 territories between Latin America and the Caribbean. The contents were available in three different languages, Spanish, English and Portuguese and the service was priced at about \$9.10 making it more expensive than in North America.

Netflix finally arrived in Europe in 2012, they organized an intelligent strategy in every country because they started with the support of local content, for example spreading content of BBC in the UK, and after having collected data about the favorite contents of the audience Netflix's company was able to create its localized business.

What was indispensable in the local strategy of Netflix is the ability to adapt itself with cultural habits, language, style and taste of different populations.

The other quality of Netflix was not just to introduce the service to familiar entertainment but also to study the territory invaded and create a new original and specific story about them, creating a new dimension of product based on the local habits linked with the history of the country. For example, after the expansion of Netflix in the South America, begun in September 2011, the Original Netflix series named *Narcos* was produced and 90% of the serie was filmed for the in Colombia, in the real places where Escobar lived, this permitted the creation of an unpublished product which was followed and caught the attention by many countries with Netflix's service.

Netflix was able to identify the necessities of each country and worked a lot to create infrastructure, generate interest in the audiences, and become more and more attractive for people locally.

⁵⁶ *The Remarkable Netflix Global Expansion Journey* (2022). A case study. <https://www.centuroglobal.com/article/the-remarkable-netflix-global-expansion-journey-a-case-study>. Last date of consultation:[1st September 2022].

For example, in Mexico, it presented an “enormous growth potential in Internet use, an audience hungry of Hollywood films, and an untapped non-regulated video streaming sector with practically no local competition” (Cornelio-Mari, 2017)⁵⁷ where Netflix could have invested all its interests.

Netflix every time has concentrated its attention on a new country’s market every time and to do so, it focused its attention on these macros areas:

- **Technology**, represented by the broadband capable of defining the speed of connection.
- **Legal framework** about companies of telecommunication and broadcasting which may be different for each country (Legislation about platforms, that regulates the limitations of interest).
- **Payment method**, not every country has access service to credit card for payment perceived by internet organizations (It is just a security precaution). Netflix resolved this problem with the strategy of the prepaid card to access the online service.
- **Price**, it “is closely linked to perceived value” (Cornelio-Mari, 2017) by the people, so it heavily weighted to the social and economical value of life in a given country.
- **Marketing campaigns**, these are protagonists of the Brand Awareness strategy.
- **Localisation of products**, this is a strategy which comprehends translation, feeds results separated for each country, local and selected programming where Netflix invests interest and money to realize a real diversification of products.
- **Movie Festivals participation.**

The key strategy for each new country which wants to try the Netflix experience is to introduce it with a large percentage of Hollywood’s contents and gradually with feedback by data analysis of algorithms, mentioned in the first chapter, Netflix will combine and introduce new local contents for its local audiences. Following the words of Ted Sarandos⁵⁸, Netflix Chief Content Officer, the 80% - 85% of the titles are represented by Hollywood or other international contents and just around 15% - 20% are local. Netflix based part of its interest on

⁵⁷ Barker, C. & Wiatrowski, Myc. (2017). *The age of Netflix. Critical Essays on Streaming Media, Digital Delivery and Instant Access*. McFarland & Company, Inc., Publishers Jefferson, North Carolina. Chapter Digital Delivery in Mexico. A Global Newcomer Stirs the Local Giants. Cornelio-Mari, E.M.

⁵⁸ Thomson Reuters Streetevents (2014). *Edited Transcript. NFLX - Q3 2014 Netflix Inc. Earnings Call*. October 15, 2014. http://files.shareholder.com/downloads/NFLX/3702108090x0x786894/0ad5a8d3-c1f4-4727-9236-61adf094d52c/NFLX-Transcript-2014-10-15T22_00.pdf. Last date of consultation:[1st September 2022]

diversification and localization products' strategies but it combines and studies it gradually adopting its business model arriving to have influence and supporting the local productions. With the Global strategy of Netflix, the staff understood the importance of device markets and products for each country because “local audiences still prefer watching content that feels closer to their own ways of life” (Cornelio-Mari, 2017) even if strongly intrigued by the meaning of value far from one’s own culture.

Some scholars try to define the media globalization strategy of Netflix as a “perfect representation of American cultural imperialism” (Tardieu, quoted in Erbland, 2017)⁵⁹ however it’s important to emphasize the agility of Netflix to become known everywhere but at the same time bringing the value of support to the local entertainment market creating partnership or financing local production. It obviously risks being determined as a conqueror but it should not be forgotten that the relevant rule it had supporting inclusion social schemes, diversity winning a widespread positive opinion.

The Netflix's deep attention of the local strategy could be synthesized under the significant value of the Glocalization meaning, a word which was popularized by the sociologist *Roland Robertson*⁶⁰ and represents a hybridization of two words; *globalization* and *localization*. Faithfully reporting the words below, it’s possible to clearly understand what glocalization shows and how it is linked to this argumentation.

“Glocalization indicates that the growing importance of continental and global levels is occurring together with the increasing salience of local and regional levels. It points to the interconnectedness of the global and local levels.”⁶¹

This phenomena, which combines both words, is the result of growing interconnectedness between local and global and for this reason it is strongly close to the Netflix global/local strategy of business. In fact as regards the marketing context of a product, this last word

⁵⁹ Erbland, K. (2017). *Cannes: French Government Worker Says Netflix Embodies ‘American Cultural Imperialism’*. Retrieved from: Indiewire, <https://www.indiewire.com/2017/05/cannes-netflix-american-cultural-imperialism-1201818307/>. Last date of consultation:[1st September 2022]

⁶⁰ Robertson, R. (1995) Chapter 2: *Glocalization: Time-Space and Homogeneity-Heterogeneity*. Sage Publications, London.

⁶¹ Glocalization definition by Britannica Dictionary, Blatter, J. (2013). <https://www.britannica.com/topic/glocalization>. Last date of consultation:[6th September 2022]

“glocalization”, means “the creation of products or services for the global market by adapting them to local cultures” (Blatter, 2013). The strategy of the market behind it permits to adapt an international ideology or brand to the cultural and local demand that can contemplate traditional aspects of a determined country without losing the strength which supports the brand idea.

The most popular example reported is MC Donald’s international strategy which was able to adapt its primary products to the local market and food quality preferences. In the same matter, for the reason why people prefer to watch something as close and understandably as possible to themselves, Netflix produced content, and made deals with local companies differently based on the cultural and geographical analysis and requests but maintaining its brand all around the world.

One fundamental phase in this project of expansion locally is partnering with local stakeholders while also growing its revenue responding actively to each market it’s entered into contact with. An example of this win-to-win strategy partnership of Netflix is the partnership with cellphones and cable operators adopted in different parts of the world, as the example when Vodafone launched a TV service for its customers in Ireland and Netflix has added a dedicated bottom on its control to have access rapidly to the platform’s home (Brennan, 2018)⁶².

What was sustained by Roberson in 1995 is the contact with other cultures' needs and mindset of people is indispensable to find the territorial identities considering this global/local participation as a factor of richness at the same time enhancement of diversities. Innovation, respect, opening to new horizons and stories but a full immersion for each territory “conquered” by Netflix permitted this brand to become local and global at the same time because it understood the importance of hybridization. Netflix sees such content production as not just local-for-local, but also local-for-global. To address the protracted process of signing content deals with major studios on a regional or local basis, it has increasingly pursued global licensing deals so that it can provide content across all of its markets at once. Netflix has also begun to source regionally produced content, providing a win-win for these producers, whose local content can find a global audience.

Integration, participation with local institutions, autonomy with projects and development of new ideas on different territories are permitted to Netflix thanks to three large lines of action

⁶² Brennan, L. (2018). *How Netflix Expanded to 190 Countries in 7 Years*. Harvard Business Review. <https://hbr.org/2018/10/how-netflix-expanded-to-190-countries-in-7-years>. Last date of consultation:[7th September 2022]

on which it has founded its business and that are at the same time capable to keep informed, attracted and interested the audiences of different countries where Netflix adoperate.

These divisions of business's line want to concentrate their attention on different social spheres, the first one is more directed to users and audiences and it is represented by marketing campaigns and creations of contents digitally through social media. The second one is focused on contract and institutions relations and includes a set of bureaucratic elements to sustain the production of local contents. At the end, the last one has the final goal to obtain space and attention in the elitist space of Film Festivals' phenomena participating in it with branded products and Netflix original productions.

2.2 Localized marketing campaigns

Resuming the concept of “glocalization” it’s possible to connect this with the definition of transnational television, which combines a hybrid service of local and global services. This kind of television service has overestimated audience’s appetite for foreign programming, launching entertainment ideas in competition directly with national broadcasters, it has progressively focused on niche markets and begun adapting their feed to local tastes (Chalaby, 2005)⁶³. Netflix could be considered as the evolution of this kind of TV definition because with the meaning of transnational, it would create a global and local strategy, capable of working together in parallel. Of course, what it assumes as a transnational strategy of diffusion is a specific and localized strategy of marketing to attract and actively involve the social fabric of each country where Netflix is going to invest money.

To obtain this attractive and salient result, Netflix invested in two strong sectors: Marketing in the streets, where there are also manifestations or events with a specific series’ theme and social content strategy through the global network such as Instagram.

Communication of this industry is the basis of success, starting from the dubbing strategy to expand its products ending with the proposal to involve people in the street with the combination of civil rights or values support and association with Netflix products. As it was stated, the Netflix brand defended the diversity in their products and thanks to that they are able to go inside emphatically with different niches of people and social groups. They have created the combination of product’s value, element, protagonists or others with the will to become active in the society supporting siding with social injustices with the same goal. One on hand it’s possible to consider a strategy of marketing which concerns the idea of ideological, social, political values and on the other hand a strategy uniquely linked to an entertainment phenomenon.

The first strategy we should take as an example which is the choice to create a campaign for the launch of a new season of “Orange is the New Black” (Original series Netflix) on 30th of June in 2018 (Pride month) coordinated to support the rainbow couples in Milan, Italy. This zone of Milan is defined and defended by pride identities, a place recognized as a symbol because every year one of the most popular pride parades starts from there. The project has planned benches, the turnstiles and the walls of the Porta Venezia subway stop tinged with the

⁶³ Chalaby, Jean K. (2005). *Transnational Television Worldwide: Towards a New Media Ordes*. London: I. B. Tauris.

colors of the rainbow. Over and above this, which will definitely remain also after the end of the campaign, sustaining and creating an identity place, Netflix decided to critique also politically some radical explanation of an Italian minister. The posters provide an example of Netflix's incongruous engagement with Fontana's homophobic declaration.

“The campaign casts its net wide to attract conscientious mainstream homosexual and heterosexual audiences who would not necessarily desire queer disruption of the hegemony but would certainly support the assimilation of queer individuals into the social fabric of a constructed multicultural and inclusive Italy, and, undoubtedly, would find Fontana's anti-LGBT and anti-gay rights comments offensive” (Harrison, 2020).

In fact, in the posters attached to the wall, it was possible to see Piper and Alex, two girls protagonists of “Orange is the New Black”, Lito and Hernando, Nomi and Amanita di Sense 8, all couple associated with their homosexual or not binary love, followed by the phrase “*non esistono*” (“they don't exist”)⁶⁴. It is clear that it is reported here to be critic and ironic about the words of the Italian Family Minister Lorenzo Fontana, who a few weeks before the manifestation of 2018 Pride event said that gay families do not exist. The power of Netflix could be summarized by the capacity to combine a social ideology, brand technique, urban support and political critique obtaining the user's loyalty.

Rainbow is the new black.



HAPPY PRIDE

NETFLIX

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⁶⁴ Guido, G. (2018). *Netflix and Rainbow is the new black for the Pride of Milan*. <https://www.collater.al/en/rainbow-is-the-new-black-netflix/>. Last date of consultation:[11th September 2022]

⁶⁵ Guido, G. (2018). Collater.

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Netflix understands the reciprocal relationship between content distributed and real life, for this reason it believes it's important to support and defend different styles of life, love, relationships, sexuality, applying them to every possible combination of existence in the contents permitting to normal people an identification and a possibility to think differently in respect to classical, traditional values. Empathization and real immersion would express a world more free from prejudice. The staff of Netflix understood that prejudices are born with the possibility of content and if protagonists of a series can do it, it could be realizable also for normal people. Each person lives by projection in the entertainment contents. Netflix gives globally possible social imaginaries based possibilities thanks to what contents represent mediatically, and this creates a sort of vicious circle which Netflix was capable of breaking with the liberalization of content, protagonists characterized by different attitudes in its infinitive combination of stories with different backgrounds. Maintaining the focus on Milan city now there will be sharing some examples of the other strategy of marketing, strongly based on the entertainment goal to practically involve followers and users of Netflix.

⁶⁶ Guido, G. (2018). Collater.

⁶⁷ Harrison, J. (2020). *Rainbow is the new Black*": Netflix's queer marketing moment. <https://www.flowjournal.org/2020/03/rainbow-is-the-new-black/>. Last date of consultation:[11th September 2022]

The company, during the whole official launch period of *La Casa de Papel* (Netflix Original Series) from the 18th to the 22nd of July 2019, decided to embellish the statue of a 15mt high in Piazza Affari, the seat of Italian financial power, with a red hooded-thief. In front of the building there is a middle finger, created by visionary artist Maurizio Cattelan. The connection between sculpture and marketing idea is based on the symbol represented by the series which tells the story of a criminal group specialized in taking over symbols of financial power.

As reported by an article, the marketing decision was very attractive for Italian people:

“The night before the launch, the takeover of Piazza Affari was completed with a public premiere screening of the first two episodes of the third part, surprising more than 5000 enthusiastic fans gathered in front of the statue.”⁶⁸



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⁶⁸ Agency: Publicis. (2019). *Netflix gave a body to Italy's most iconic middle finger*. Ads of the World. <https://www.adsoftheworld.com/campaigns/netflix-gave-a-body-to-italy-s-most-iconic-middle-finger>. Last date of consultation:[12th September 2022]

⁶⁹ <https://www.spettacolo.eu/la-casa-di-carta-3-video-foto-anteprima-milano/>.

⁷⁰ <https://www.spettacolo.eu/la-casa-di-carta-3-video-foto-anteprima-milano/>.

These Netflix's initiatives allow the audience to be involved actively in the world of cinema entertainment, not being more than just an elite possibility as Hollywood and tradition marked. It contemplates an attractive social movement capable of creating some sharing experiences, maybe not based on the theatrical place, where we were used to joining a filmic experience of public vision.

The experience in this case concerns more aspects of culture, not just the attraction to respect the Cinema vision but also the multi practical elements as urbanistic, arts, political connections. It's as if Netflix would be grateful to its audience and wanted to return the real strength that hides behind the popularity of a film product.

The success of the product is such because it gets visibility and Netflix knows that its economic growth and development are closely linked to the consensus, feedback and public participation. It is returned to the public that in part, the pomp and success of the film world has been gradually focused on the concept of celebrity. Netflix would disaggregate in part the elitarial concept of star systems connecting them with the public and real people.

Another example that would show the coordination of the marketing campaign strategy of Netflix on the territory could be the recent launch initiative for the new season of *Stranger Things* (Original Netflix) with which was organized a big event with an 80's setting in Duomo's square.

The story of this series in fact takes place in America in the 80's and it has remained together with monsters of the story.

These elements are very attractive and have a strong influence on fashion in recent years, because it's clear, mediatical contents have an impact on people, a concept called *mediatization*.

“Moving forward on the circulation concept, it is stated that a passage from the media to mediations is happening. This is the movement from a media society to a society in mediatization. In this circulation process, the emitter, receiver, and the society in which these media operate are transformed and modified in the circuit” (Gomes, 2016) ⁷¹

⁷¹ Gomes, P.G. (2016). Mediatization: a concept, multiple voices. Unisinos University, Brazil.

For the Stranger Things occasion (2022) some places of Milan city were enriched with typical eighties atmospheres showing at the same time a preview of the first episode about the last season through a big screen.



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⁷² Behance. (2022) <https://www.behance.net/gallery/144866231/Netflix-Stranger-Duomo-Stranger-Things-4-campaign>. Last date of consultation:[12th September 2022]

⁷³ AdoboMagazine. (2022). *Campaign Spotlight: Iconic Milan landmarks go back to 1986 to celebrate Stranger Things' return*. <https://www.adobomagazine.com/campaign-spotlight/campaign-spotlight-iconic-milan-landmarks-go-back-to-1986-to-celebrate-stranger-things-return/>. Last date of consultation:[12th September 2022]

⁷⁴ Behance. (2022) <https://www.behance.net/gallery/144866231/Netflix-Stranger-Duomo-Stranger-Things-4-campaign>. Last date of consultation:[12th September 2022]

Obviously Netflix, to remain connected with its audiences and followers and to inform them, use a mediatical campaign of information through social media such as Instagram where it has created its Netflix Original account.

Now it is possible to understand how the combination of the three macro sectors; informatic (platform and algorithms) contents (which show ideologically and political values) and new telecom strategy (social media and participation with events on the territory) make Netflix a colossus. But to satisfy the theory elaborated by B. Prario (2005)⁷⁵ of convergence and the power enclosed by that, it's necessary to add more and elaborate also on support given to production of contents locally and active participation on Festivals.

⁷⁵ Prario, B. (2005). *Le trasformazioni dell'impresa televisiva verso l'era digitale. (Transformation of television markets towards digital era)*. Peter Lang. European University Studies.

2.3 Localisation of products, sustaining the local production of film

Marketing strategy is for the most part of it, marketing strategy addresses to the public interest and global audiences, but what is needed to arrive deep inside the local market is to collaborate, sustain and create synergy with authors and film professionals on the territory.

Netflix understood it and started producing local content through collaborations with famous and emerging artists. It invests in regions and countries' production, in fact if it sustains them because it sees a potential for global appeal, it is a tactical decision. Between 2021 and 2022 55% of its original contents are in a language other than English because born by the investment in some countries as for example money invested in the South Korean thriller series *Squid Game* which has become most-watched original series ever with 111 million views in just 28 days” (Papercup site, 2021)⁷⁶.

The power of Netflix production lies in the possibility of freedom for creators, in the particular case of *Squid Game*, for example, it “was rejected by other studios for ten years for being too unrealistic until Netflix picked it up” (Papercup site, 2021). Thank to the words of Morten Juhl, the producer who worked on Danish drama *Chestnut Man*, it’s possible to comprehend how Netflix never forced any changes of stories and contents artistically, in fact “They were always working from the project out and not the other way around” he said, and “that five the opportunity to do what we’re best at without discussion” (Papercup site, 2021). Of course, knowing the market Netflix’s team tries to give some advertisements on how to make the products more accessible to an international audience but without changing the artistic content. A study conducted by Universitat Oberta de Catalunya (UOC) in 2021 concluded that original films strategy of Netflix is built on the convergence of various methods which are found inside: premieres at cinemas, participation in film festivals, small experiments based on trial and error, and local production in countries where the streaming service is available. “In-house production” defined by Judith Clares “is essential to be able to offer innovative, original content to subscribers in the fight to continue leading the sector and differentiate itself from the rest of the on-demand and streaming platforms”⁷⁷.

Obviously Netflix invest not just in new talents directors but it reconfirms its international prestige with frequent collaborations with some of the most important directors such as Alfonso

⁷⁶ Papercup (2021). *How Netflix produces local-to-global viral hits like Squid Game*. <https://www.papercup.com/blog/netflix-localization-strategy>. Last date of consultation:[12th September 2022]

⁷⁷ Roig, A., Clares, J. & Sánchez, J. (2021). *Netflix fictional feature film originals: an analysis of release strategies*. Universitat Oberta de Catalunya.

Cuaron in 2018 with “*Roma*” followed by Martin Scorzese, with which Netflix produced “*Irishman*” in 2019 or in 2021 supporting Paolo Sorrentino with “*The Hand of God*”.

Netflix through the local productions of films supports authenticity of the stories maintaining the original languages, as reported by the previous research about Netflix’s strategies, the number of films in languages other than English is going to increase and this is demonstrated by number, in fact “in 2018 they accounted as much as 35% of the total” (Sánchez, J. 2021).

Given that the analysis is going towards the specific presentation of Netflix’s products in the Cinema field and in particular through the participation in International Film Festivals; here, just to reconnect the dynamics which link Netflix and Film Festivals with the next paragraph, is indispensable to resume the multi-interpretative definitions of Netflix Original declining it following just one meaning. To do so are taken the Lotz and Havens (2016) words because for them, a Netflix Original label can be identified just when the company has participated directly and actively in financing the realization of a product:

“The only *Netflix originals* are those Netflix pays to have produced. Most of what Netflix promotes as original content is more accurately described as “exclusive” in a particular market (though they seem to be somewhat liberal in calling programming “Netflix originals” even by this designation)” (Lotz & Havens, 2016).

Netflix, as reported in the first chapter, uses the *Netflix Original* label on its products for different reasons: it could just have rights for a title or be the distributor without having to spend money to finance the production. Of course, the multi-interpretation and declination of the label is a marketing strategy which permits the company to be linked with different categories and fields of action, but what is more important for the argumentation here is a deep analysis for the *Netflix Original* label connected with the meaning of films produced by the company. The Netflix Original produced films are the only ones presented at Films Festivals and distributed in the theatrical exhibition and for this reason the protagonist deals directly with the polemics about Cinema and Netflix competition. For this reason, starting from here just the Original Netflix content with the meaning of films produced and financed entirely by the giant company will be taken into consideration. Some of the titles are reported below, with

chronological order of realization, about Original Netflix films presented in different Film Festivals, which will be repeated later ⁷⁸:

- **Okja**, by Bong Joon-ho (2017).
- **Gerald's Game**, by Mike Flanagan (2017).
- **First They Killed My Father**, by Angelina Jolie (2017).
- **Rome**, by Alfonso Cuaron (2018).
- **The ballad of Buster Scruggs**, by Joel and Ethan Coen (2018).
- **The Other Side of the Wind**, by Orson Welles (2018).
- **Story of a Marriage**, by Noah Baumbach (2019).
- **The Irishman**, by Martin Scorsese (2019).
- **I'm Thinking of Ending Things**, by Charlie Kaufman (2020).
- **The streets of evil**, by Antonio Campos (2020).
- **Pieces of a Woman**, by Kornél Mandruzo (2021).
- **The Power of the Dog**, by Jane Campion (2021)
- **It was the hand of God**, by Paolo Sorrentino (2021).
- **The Lost daughter**, by Maggie Gyllenhaal (2021).
- **Blonde**, by Andrew Dominik (2022).
- **Athena**, by Romain Gravas (2022).
- **White Noise**, by Noah Baumbach (2022).
- **Bardo**, by Alejandro Gonzales Inarritu (2022).

⁷⁸ Cataldo, G. (2022). *Netflix movies: all the originals to see on the platform*. <https://www.cinefilos.it/tutto-film/approfondimenti/film-netflix-original-519415>. Last date of consultation:[15th September 2022]

2.4 Participation of Netflix in Film Festivals

After influencing users thanks to algorithms as well as audiences' entertainment with marketing campaigns and social media, and professionals financing their works, Netflix decides to focus its interest on the bigger institution of the film industry represented by the international film festivals. Netflix went inside them gradually and it understood the importance of participating actively both financially thanks to partnership and advertising contracts and at the same time presenting its new products obtaining a mediatic but also international interest and impact.

As reported by the research of Stephen Mezias and his colleagues, the film festival represents a symbol in the cinema field, and in particular it seems like a subject with "the role of mediators between art and commerce" (Mezias, 2008)⁷⁹ able to classify the importance of a movie's contents globally.

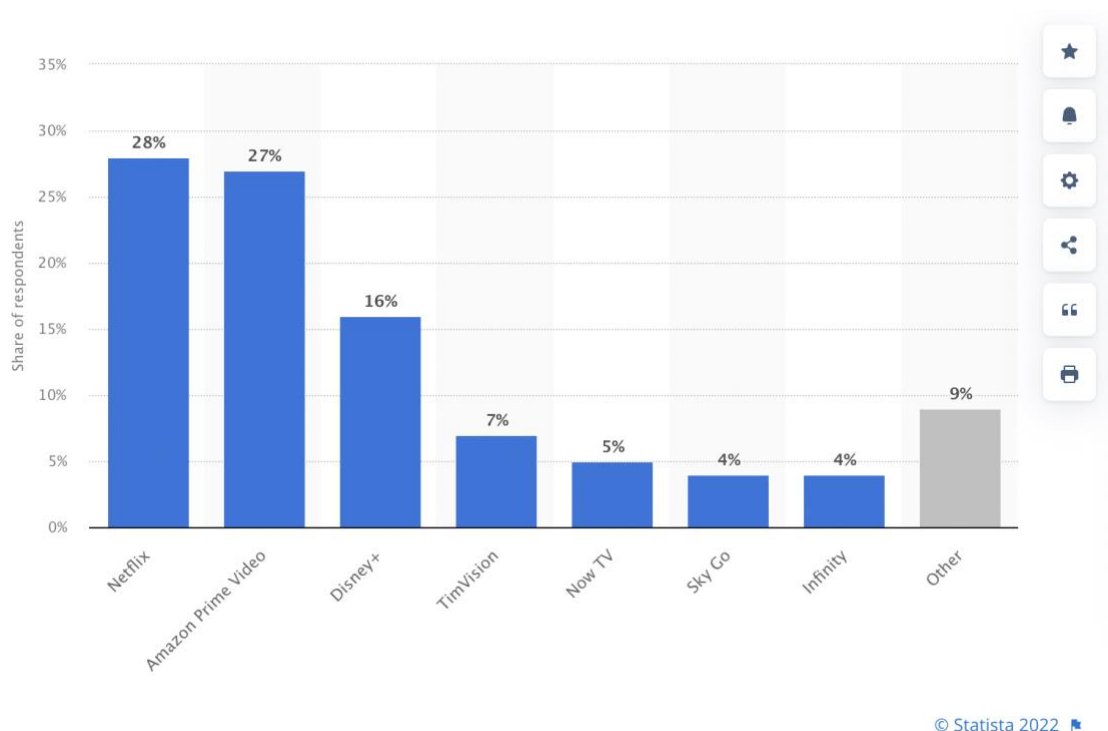
Netflix concentrates its attention on the film festivals starting by 2018 because it considered them as an important starting point and showcases, an event capable of attracting the attention of the entire world. With its first participation at the Venice Festival, Netflix has created a new actor in the cinema environment because it presented itself as producer but it was different from others, it was a platform first of all, without contract and restriction about the successive phases which traditionally implicate the course of a film in competition.

The participation of Festivals by Netflix should be considered as a marketing territorial technique, which wants to bring actors of its production on the local red carpets of the international festival as Venice and in part, a commercial or economical strategy to support the local economy successively with the launch of products in the same country where it has participated.

The question of Netflix to participate in the 75th edition of Venice Festival in 2018 created different reactions from organizations and between single professionals because this event, of course, articulates a key to change for the ideological structure covered by Festivals. However it's important to highlight that with the decision to present and accept the films produced by Netflix in the famous film festival such as Venice, assumes awareness of the impact on change of the colossus and what it would be able to generate on the cinema industry.

⁷⁹ Mezias, S., Pedersen, J.S., Svejnova, S., Mazza, C. (2008). *Much Ado about Nothing? Untangling the Impact of European Premier Film Festivals*. Creative Encounters. Copenhagen Business School.

Netflix with the participation in festivals wants to extend its brand reputation and at the same time brings out some emerging needs created by the audience's protagonist of a new digital era, as for example the necessity of a fast and comfortable consumption of the products which is permitted by the online platform accessibility to them. In fact, with Netflix the market's organization of movies and theater changed dramatically because it took over the cinema world but remained a platform, it defined its roles taking in part in the big field of the cinema industry. The fact of participating in the Festivals doesn't imply that it wants to follow the classic strategy of distribution through land deals, but it has its strategy of products' diffusion which sometimes doesn't contemplate the theatrical experience. More about this last strategy which sees the co-participation of institutional actors and the big company will be examined deeper in the next chapter to identify the elements of change which were provoked by the introduction of Netflix in the Film Festivals system. Netflix creates a new hybrid concept of cinematic product, dynamics and strategy to generate and buy it and nourishes an audience who maybe doesn't completely accept the theater's experience in his/her routine but prefers home use. Netflix in 2021 was a concrete and internalized need of a large part of the Italian population, in fact it represents the first VOD (video-on-demand) service used by Italians, as reported and shown by the graphic below. For this reason, the system and distribution of films which work with it have both the ambition to think about a new form of market.



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⁸⁰ Stoll, J. (2022). *Most popular subscription video-on-demand (SVOD) platforms in Italy in 2021, by market share*. <https://www.statista.com/statistics/1052292/most-popular-vod-platforms-italy/>. Last date of consultation:[16th September 2022].

Appendix 2 : Case study n. 2

“The investment of Netflix as cultural resource in poor countries”

(How Netflix permits access and increased instruction thanks to the spread of service)

In 2011, after the first expansion of Netflix in Canada, the company decided to invest and develop a new strategy of participation for the Latin America and the Caribbean market. The launch of the platform service started on the 12th of September and involved 43 countries creating a real competition with the local television service.

As reported in the article *Netflix's strategies in peripheral markets*⁸¹ in South America through the countries where the company has invested, Brazil is considered to have an accelerated economic development and known subsequently for its growing consumption potential. In fact, in the article it is concluded that “Brazil became one of Netflix's largest markets” (Meimaridis, 2021) in the following years and still today “the investments in Brazil generate and continue to yield advantages” for the company (Meimaridis, 2021). The first Original Netflix series in which the company invested in Brazil was titled *3%*; published in 2016 and globally distributed in 190 countries. The renewed seasons were produced until 2020 arriving at the end of the story with the fourth.

It's important to remember the political and historical background and contest where Netflix arrived and started to work locally. In fact Brazil was in recession since 2015, experiencing a turbulent and unprecedented economic crisis. The investments were declining and there was a downfall in domestic consumption, both joined by governmental corruption scandals and one presidential impeachment. Netflix landed in Brazil and successively in the rest of South America in 2011 and did well also in the crisis periods sustaining the country, creating a local entertainment market and publishing series about the hard Brazilian conditions, strongly linked to real life stories.

In recession since 2015, Brazil is experiencing a turbulent and unprecedented economic crisis due to the downfall in domestic consumption and decline in investment, followed by governmental corruption scandals and one presidential impeachment (Dias & Navarro, 2018).⁸²

⁸¹ Meimaridis, M., Mazur, M., Rios D. (2021). *From São Paulo to Seoul: Netflix's strategies in peripheral markets*. Comunicación y Sociedad. Departamento de Estudios de la Comunicación Social. Universidad de Guadalajara.

⁸² Dias, M.D.O & Navarro, R. (2018). *Is Netflix dominating Brazil?* Rennes School of Business, France. Published by the European Center for Research Training and Development UK.

Netflix was betting on this country gradually improving its economical conditions and starting here will be an analysis and explanation of some of the major challenges faced by Netflix in the country systema and culture.



Netflix customers worldwide and Brazil, from 2011 to 2017. Source: Netflix (2017)⁸³

First of all, it's relevant to start with the consideration of Netflix's impact on the community to understand through this graphic how Brazilian customer numbers have increased. Starting in 2011, as told yet, years of the company's arrival, the gradual interest of audiences initially increased towards US content with desire to know more stories, out of local TV diffusion.

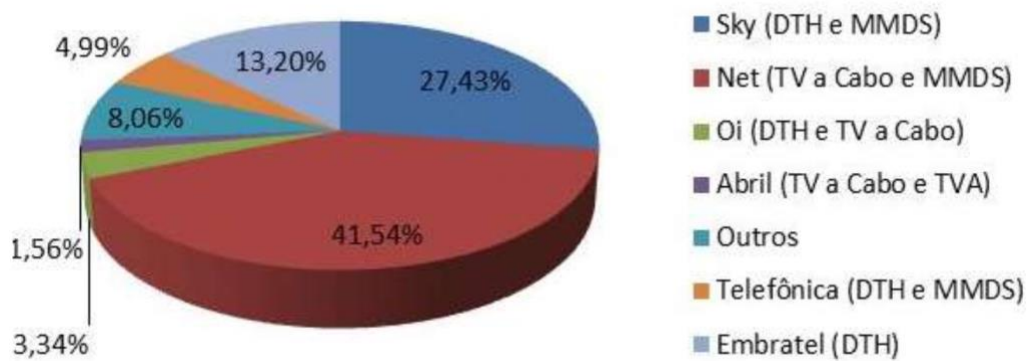
The problem for Netflix initially was the local law, the government changed some single legal acts but with the fear that the company on demand could be a threat to the cultural and market structure of local TV. The first "important regulatory mark was the Audiovisual Law n. 12.485/11 which allowed for the first time Mobile Service Providers to become also a Pay-TV Providers" (Dias & Navarro,2018) but this law left out the newly Over-The-Top (OTT) market, also known as Video-On-Demand (VOD) market, because it was defined as "to stream video content via the internet to a television set" (Com Score, 2017, p.4)⁸⁴. This exclusion obviously encompassed also the activation of the Netflix company by the local entertainment market.

After these first problems with the regulation of new subjects in the entertainment market, and once Netflix entered the country in 2011, it started its battle with competitors. They were

⁸³ Graphic page 23: Dias, M.D.O & Navarro, R. (2018). *Is Netflix dominating Brazil?* Rennes School of Business, France. Published by the European Center for Research Training and Development UK.

⁸⁴ ComScore (2017). *The state of the OTT: an In-depth look at today's OTT content consumption and device usage*. US: ComScore.

represented by “the Brazilian Pay-TV or Cable-TV providers (TV por assinatura, or subscription TV, our translation) NET and SKY” (Dias & Navarro,2018). These last were responsible for 68% of the market share as demonstrated by the graphic below:

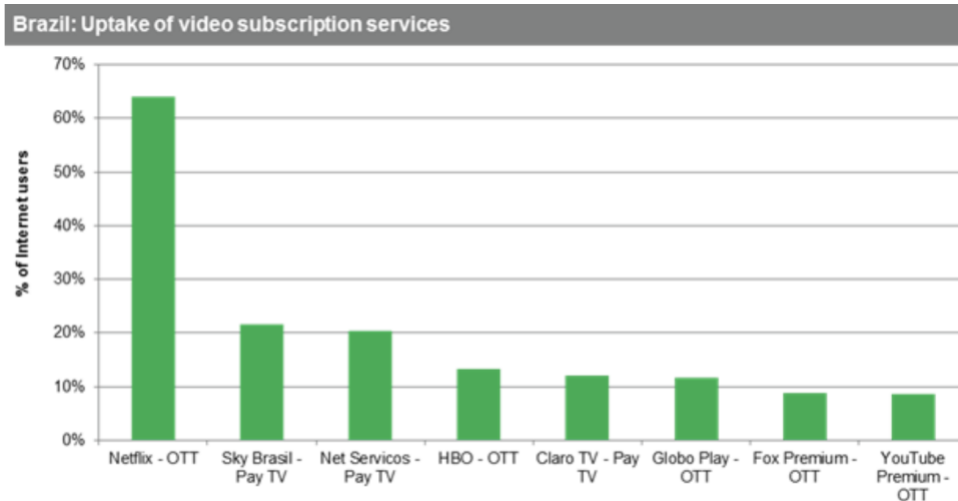


Brazilian Pay-TV providers in 2011. Source: Anatel (2011)

After having an idea how the Brazilian Market distribution of Pay-TV actors was divided in 2011, when Netflix arrived as a new subject in the public sphere, it’s important to compare how the influence and impact of the giant changed until 2019.

Through the article “*Netflix, YouTube lead video services in Brazil*”⁸⁵ written by O’Halloran on 22nd January 2019 is possible to retrieve an updated statistic about the predominance of Netflix contents and diffusion in the local habits throughout Brazilian population. Based on his

⁸⁵ O’Halloran, J. (2019). *Netflix, YouTube lead video services in Brazil*. <https://www.rapidtvnews.com/2019012254854/netflix-youtube-lead-video-services-in-brazil.html#axzz7fJvoQCmK>. Last date of consultation:[16th September 2022]



research on IHS Markit examination data, he concluded that “Brazil, the world’s fifth-largest media market has Netflix as the first choice of

video services” (O’Halloran, 2019).

The revelation of IHS Markit certifies that “Almost two-thirds of internet users in Brazil, between the ages of 18 and 64, had access to Netflix, of which 86% claimed to use the service at least once a week” (O’Halloran, 2019).

It is evident that the market of entertainment linked to the Pay-TV field has totally changed since 2011, Netflix was able to articulate its audiences and attract them, becoming the first service used in the entire country.

Netflix’s participation in the common daily life of Brazil has modified some important aspects. First of all, the company helps the country to redefine some infrastructural lines with the final goal to improve the internet quality connection and speed. Secondly, the introduction of Netflix in the Brazilian and in general, South American territories modernized the audience to use a bank account and credit card to pay the monthly subscriptions. Netflix was able to attract people of different social classes and show them a great number of American content and stereotypes. This surely amplifies the interest for contents and attracts people to the U.S, a culture geographically close but at the same time with different development of resources.

What is more relevant for the development of Brazil is the increasingly extensive process of familiarization of audiences with the use of streaming video technologies. It became a part of their daily life habits, in fact it’s demonstrated by 86% of people using Netflix’s service weekly. Linked to this, it’s connected to the difficult penetration done by the pay TV system to spread the service in Brazil’s territory, for both political and economical situations, and in fact, the use of pay TV was only about 12% in 2004, the lowest of many other South American countries. Liberalization and the easing of local policies have gradually allowed these new protagonists

to conquer the public scene, removing the monopoly of content from the local satellite TV and local government and allowing people to have access to a range of new products:

“The middle and upper middle class audiences with an interest in such series-based TV fiction may have been drawn to first cable channels and more recently internet-based services like Netflix in order to have access to new genres of fiction that interested them. One disruption that services like Netflix, as well as HBO, are creating is a much greater taste for dramatic and comedy series, which are only now being very widely produced in Latin America” (Straubhaar, 2019)⁸⁶.

In South America, the Netflix diffusion has expanded educational and professional horizons, because the company gradually sustains the entire system, politically contrasting the old contents and spreading more and more Americans' reality through contents, giving access to contents thanks to infrastructure projects and economically investing in the local production film field. What Straubhaar and his colleagues want to conclude is the impact of Netflix on different classes of capital in South America, such as economic, cultural, linguistic and demonstrate how the constant participation of the company has lowered not just the market but also the social fabric. For example Straubhaar argues that culturally the new generation have the possibility to discover the world watching different contents and using the language's dubbing system to learn more about other cultures.

“In qualitative interviews starting in the late 1980s and continuing in various intervals since then in Brazil, Joseph Straubhaar has discovered that more and more people are in fact gaining increased knowledge of the outside world from a wide variety of sources in such a way that their interest in outside or foreign cultures has in fact increased. These interviews also seem to reveal the gradually increasing levels of interest in programming from outside the region” (Straubhaar, 2007)⁸⁷.

⁸⁶ Straubhaar, J.D., Castro, D., Duarte, L.G., Spence, J. (2019). *Class, pay Tv access and Netflix in America Latina: Transformation with a digital device*. Critical studies in television. SAGE.

⁸⁷ Straubhaar J.D. (2007). *World Television: From Global to Local*. Thousand Oaks: Sage.

The accessibility of people to US contents is strongly linked to the cultural mobility for Straubhaar. In fact he concludes that social situations, where people could be differentiated and identified thanks to the increasing stratification by taste. What Netflix had already understood launching its strategy on South American' territories was the importance and power of that fertile climate of people capable and willing to enjoy foreign, largely US content, which the company could have offered.

Festivals and Netflix: The Difficult Relationship

In this last chapter the theme of the relationship between Netflix and Festivals will be discussed and it will be possible to conclude this argumentation to understand how the participation of Netflix to the festivals helped it to become more and more increasingly pervasive, threatening to some regarding the film industry. First of all, it will rebuild a chronological history about the introduction and involvement of the company in the three of the most important film festivals in Europe (Venice, Berlin and Cannes). They have been respectively in Italy since 1932 and they are repeated in the every first week of September, the second was founded in Germany in 1951 and it takes place annually in February and the last one is based in France whose origins dating back to 1938 and usually opens its doors in May every year. After the historical part, conflicting opinions from the festivals themselves about the possibility of the participation of the colossus will be discussed in this chapter but first of all, the different dynamics of distribution introduced by Netflix to the film industry and how it creates some skepticism in the public opinions are presented.

Netflix didn't appear in the festivals scene until 2015, when it launched its first in-house production with the title "Beast of No Nations" directed by Cary Fukunaga in Venice's festival. As reported by an article of the Guardian⁸⁸, "the future is coming to the lagoon city and to the longest-established of all film festivals" (Thorpe, 2015) because for the first time in the history of Cinema it was permitted to participate in a new breed of video-on-demand services. Netflix, through a public relations representative present at the festival, declined a request to comment on the company's reasons for launching the films in Venice (Roddy, 2015), it assumes that having a large part of the international audience attracted by its products and services could be a sufficient element to participate in the elitarian system of festivals premiere. Alberto Barbera, director of Venice's festival since 1998, with his decision to screen the film produced by Netflix, has cleared the destiny future of the film industry and he has contemplated that it will go toward the evolution of a double viewing consumption, home and cinema with the possibility of combining theatrical chains and streaming services. Already in 2015, when the

⁸⁸ Thorpe, V. (2015). *Netflix takes on Hollywood with its first film premiere at Venice festival. Already shaking up TV with the likes of House of Cards, the on-demand pioneer is to unveil its move into film production.* The Guardian. <https://www.theguardian.com/media/2015/aug/30/venice-film-festival-netflix-beasts-of-no-nation>. Last date of consultation:[23th September 2022]

threat (for some) of digital platforms was looming, Barbera was fully aware that the changes, like many already faced in previous years of the festival, should be welcomed by adapting to new market needs and interests. In fact, A. Barbera declared “Netflix and perhaps Amazon will for sure become important players in film production and distribution all over the world. We can’t ignore them”. With these declarations, he is referring to other strong institutions such as the European Festivals and film distributors. The title produced by Netflix didn’t receive a prize but underscored a watershed moment because the controversies it caused opened a new era where digital-platform production and elite-traditional festivals should have established peaceful support and coexistence in the film industry itself.

The involvement of Netflix came back to attract great attention in 2018 when the company turned up in the race once again in Venice, where it welcomed guests, with some new titles.

This year is particularly important because the company before screening its contents in the Venice festival in September 2018 had many problems with the Cannes film festival arranged in May of the same year. The perplexity of Cannes festival was about the impossibility of Netflix to play by the rules of theatrical distribution in the French market, being a platform company, it doesn’t guarantee regular arrangements about its productions. The reason why Cannes festival wanted to eject Festiva from competition is linked to the law on the French territory and contracts contractual aspects that have marked the film market for years. The CNBC article⁸⁹ summarizes the issue in the same short phrases “Netflix has been in dispute with Cannes since 2017, as French law dictates a 36-month window between a film’s theatrical release and its debut on streaming services - a requirement that is obviously incompatible with Netflix’s digitally-focused business model.”

Subsequently, Ted Sarandos, co-chief of Netflix has declared that it’s a strong limitation not just for Netflix itself but for the future of entertainment because people are changing their habits and want to be free to watch products also at home or other places without the necessity to pay for a theatrical experience every time. After this fierce debate, which saw many actors involved

⁸⁹ Allison, M. (2019). Netflix vs. Cannes is one front in a bigger battle for the future of the movie industry. CNBC.<https://www.cnn.com/2019/05/14/netflix-vs-cannes-battle-for-the-future-of-the-movie-industry.html#:~:text=Entertainment%20%7C%20Getty%20Images-,Netflix%20has%20been%20in%20dispute%20with%20Cannes%20since%202017%2C%20as,Netflix's%20digitally%20focused%20business%20model>. Last date of consultation:[23th September 2022]

through social media, Ted Sarandos confirms that Netflix will not even be screening films out of competition at Cannes in that year 2018 (Sharf, 2018)⁹⁰.

In the same year, in September 2018, Netflix screened its six titles in Venice which comprehended “22 July”, in competition with the director Paul Greengrass, “Romas” written and directed by Alfonso Cuarón, “On my skin” under the Orizzonti category, a film of Alessio Cremonini, “The Ballad of Buster Scruggs” by Ethan & Joel Coen and “The Other Side of the Wind” out of competition but with the important director Orson Welles (Phil, 2018)⁹¹.

This is the background of the Venice Festival of 2018 and the promotion of six titles by Netflix as well as a public opinion moved by the events with Cannes, where the final choice of the company was to pull out of the French competition.

The openness of the Venice festival has come with a fair share of controversy with the director Alberto Barbera having to contend. Thierry Fremaux, director of the Cannes Film Festival took the side of the art of cinemas and wanted to exclude Netflix because it proposed films without a theatrical release, the International Confederation of Art Cinemas (CICAIE) took the same side with him by pronouncing words against the Venice Film Festival’s decision to give the possibility of participation to Netflix’s films in official competition.

CICAIE, on the first Monday of the festival in 2018, called the director Alberto Barbero to remind him to reserve competition slots for “works of art that will be seen in cinemas internationally” (Roxborough, 2018)⁹².

It is evident that CICAIE and Cannes Festival seemed to be the only institution incapable of accepting and recognizing the strong impact Netflix was having on the entertainment industry and in particular the movie industry. Of course, everyone in the market was perplexed and frightened by the changes but what the Festival of Venice understood was the need of updating a new need represented by the colossus but first of all by the audiences’ preferences; the entertainment world was changing and accessibility for everyone reduce to an traditionalist enclosure of elitist festivals would gradually go more and more to their disadvantage. What Netflix tried to defend was the opinion that real people are at home, they have needs to consume

⁹⁰ Sharf, Z. (2018). *Netflix Pulls Out of 2018 Cannes Film Festival Following Competition Ban Controversy*. IndieWire. <https://www.indiewire.com/2018/04/netflix-pulls-out-2018-cannes-film-festival-1201951256/>. Last date of consultation:[23th September 2022]

⁹¹ Phil. (2018). *Netflix will be premiering six films at the Venice Film Festival 2018*. <https://www.liveforfilm.com/2018/07/25/netflix-will-be-premiering-six-films-at-the-venice-film-festival-2018/>. Last date of consultation:[23th September 2022]

⁹² Roxborough, S. (2018). *Venice: Art House Cinemas Call for Netflix Ban*. <https://www.hollywoodreporter.com/news/general-news/cicae-calls-ban-netflix-films-at-venice-1139310/>. Last date of consultation:[23th September 2022]

and at the same time they create support usability of contents for the entire year of the new digital era. Festivals without the inclusion of platforms would only be a stage for a chosen few and in addition to this the platform distribution would have weighed on the traditional and local distribution dynamics, not forgetting the impossibility of including the parade of important actors and producers on the red carpet, with all the economic impact on incomes that comes from the festival's international showcase.

The Venice film festival, represented by Alberto Barbera was on Netflix's side in this conflict and want to extend the possibility of participation also to digital platforms, because the future goes in that direction and for this reason he answered the warning by CICAIE with the following words:

“Some of the greatest filmmakers in contemporary cinema are going to Netflix with their projects. They get a lot of money, they get a lot of freedom, which is quite unusual, and they can make a film that they like without any kind of intrusion or pressure. So I think we cannot avoid taking Netflix and their films into consideration” (Croll, 2018)⁹³.

In an intelligent way A. Barbera has gained the idea that the situation has changed and the market needs to adapt itself for this, it's impossible to get back to the previous one due to new technology and for this reason, the only way forward is to assume it as a new opportunity of inclusion and growth.

Obviously Netflix in 2018 brings its six titles with some preoccupations, for both institutional and professional fields, which are still confused about the effectiveness of the introduction of the platform in the movie environment.

But above all, what was extremely amazing was that the victory and awards ceremony for the Alfonso Cuarón film named “Roma” produced by Netflix became the symbol of the first participation of the American company in the film festivals in that year. Roma won the *Gold Lion* prize and it accounted for the first major European festival award for a narrative feature for Netflix. Subsequently, Italy's minister of Culture and Heritage Activities had to answer a

⁹³ Croll, B. (2018). *Venice Film Festival Director Alberto Barbera on Gender Disparity, Netflix Controversies, and Steve Bannon*. IndieWire. <https://www.indiewire.com/2018/09/venice-film-festival-2018-alberto-barbera-interview-netflix-steve-bannon-1202000987/>. Last date of consultation:[23th September 2022]

number of questions and controversies, coming from a smaller and local producer's company and professionals totally lined up in opposition to Netflix's participation and victory of this title.

What the minister Alberto Bonisoli declared referring to the matter is in support of Netflix attendance and in particular he supported the Venice festival's director and his choice for his rule, professionalism, competence and awareness. Alberto Bonisoli denies the accusations from ANAC (National Association of Film Authors), FICE (Italian Federation of Cinema of Essai) and ACEC (Catholic Cinema Exhibitors Association) which described the Festival as a "marketing vehicle" for the Netflix campaign and launch. The last critic from the protesting association is about the accessibility of products, because being a *Gold Lion* a prize financed with public funds the winner of the Venice Festival "should be within everyone's reach, in cinemas, and not exclusively for the subscribers of the American platform" (Anderson, 2018)⁹⁴. What is clear, after the polemics and different opinions about this matter is effectively the importance of this product at the level of film commodity which next years participating to other contests winning in 2019 three *Oscar* and seven nominations, two *Golden Globe* prize, three nomination and four prizes in Rome with *Bafta* and one *David of Donatello*⁹⁵.

Maybe the reason is not totally in favor of the of the Venice Festival and its choice but thanks to the number of prizes won by "Rome" it's possible to conclude that Netflix production has the same level to compete with other international films and for this reason it should have access to the showcase represented by the establishment of festivals.

The Berlinale, as the festival of Berlin is called habitually, along with other important European film festivals such as the Venice Film Festival and Cannes, have been touchy on the subject of Netflix and its entries into competitions in the following year respectively with the previous prize of "Rome" in Venice and the heated controversies with Cannes. The festival has taken place in February but in October the previous year, "the festival director Dieter Kosslick was already under pressure from various European cinema associations to ban Netflix from being

⁹⁴ Anderson, A. (2018). *Venice: Italy's Minister of Culture Responds to Netflix Golden Lion Controversy*. "Barbera is the artistic director and the artistic choices belong to the artistic director," responded the minister. The Hollywood reporter. <https://www.hollywoodreporter.com/news/general-news/venice-italys-minister-culture-responds-netflix-golden-lion-controversy-1142033/>. Last date of consultation:[23th September 2022]

⁹⁵ Roma; Premi vinti e nomination. ComingSoon. <https://www.comingsoon.it/film/roma/55176/premi/>. Last date of consultation:[23th September 2022]

eligible for any Berlinale awards” (Rollenhagen, 2019)⁹⁶. Netflix surely was becoming a problem to manage internationally, it was an active new element in the entertainment field capable of moving a large capital but at the same time, local policies and governments were not prepared at the legislative level to regularize its moves on the film market. That year, in the 69th edition of the Berlin Festival, Netflix had two feature films production playing, “*The Boy Who Harnessed the Wind*” by Chiwetel Ejiofor’s, which is not in the main competition and “*Elisa y Marcela*” directed by Isabel Coixet which was running in the “Competition” section, which means it was eligible for awards during the festival.

Obviously this decision has created a heated debate but the Germans followed the lead of the Italians and wanted to give some opportunities for Netflix's films to enter the competition. Polemics and problems started about the same matter with Cannes in fact, “Netflix films either don’t have a cinematic release date or are only shown in select cinemas for a brief amount of time” (Rollenhagen, 2019), which meant the company did not comply with the distribution clauses in cinemas for theatrical projections. The polemics were moved by the cinemas themselves because already in 2018 they had “miserable ticket sales” (Rollenhagen, 2019) with a consequent crisis and growing concern just in the same year because Netflix brought a prestige film to Berlin that would have no announced theatrical release in Germany (or anywhere else outside of Spain) was particularly galling for them (Rollenhagen, 2019), it symbolized a gradual and total failure and threatened for them. Kosslick, the director of the festival in 2019, declared that Netflix had met all the festival’s criteria for the awards category, and for this reason he was determined to maintain its products in competition. At the same time around 180 independent cinema owners, represented by AG-Kino (a large cinema association) have sent a letter to both Kosslick and Monika Grütters, who was the minister of culture at that time, demanding that “*Elisa y Marcela*” to be withdrawn from the competition (Rollenhagen, 2019). The letter stated “The Berlinale stands for the large screen, Netflix for the small one” (Rollenhagen, 2019), under these words different challenges which wanted to push the government to find regulatory solutions were hidden. AG-Kino, through this letter, “basically, claiming that Netflix is doing the bare minimum in terms of theatrical release stipulations in order to still be eligible for awards” (Rollenhagen, 2019) permits itself with this strategy to take part in the international showcase represented by the festivals.

⁹⁶ Rollenhagen, L. (2019). *Netflix’s Participation at the Berlin Film Festival Is Riling Up Cinema*. Hyperallergic. <https://hyperallergic.com/484926/netflixs-participation-at-the-berlin-film-festival-is-riling-up-cinema/>. Last date of consultation:[24th September 2022]

What saved Netflix's film participation "*Elisa y Marcela*" is reported through the director's words:

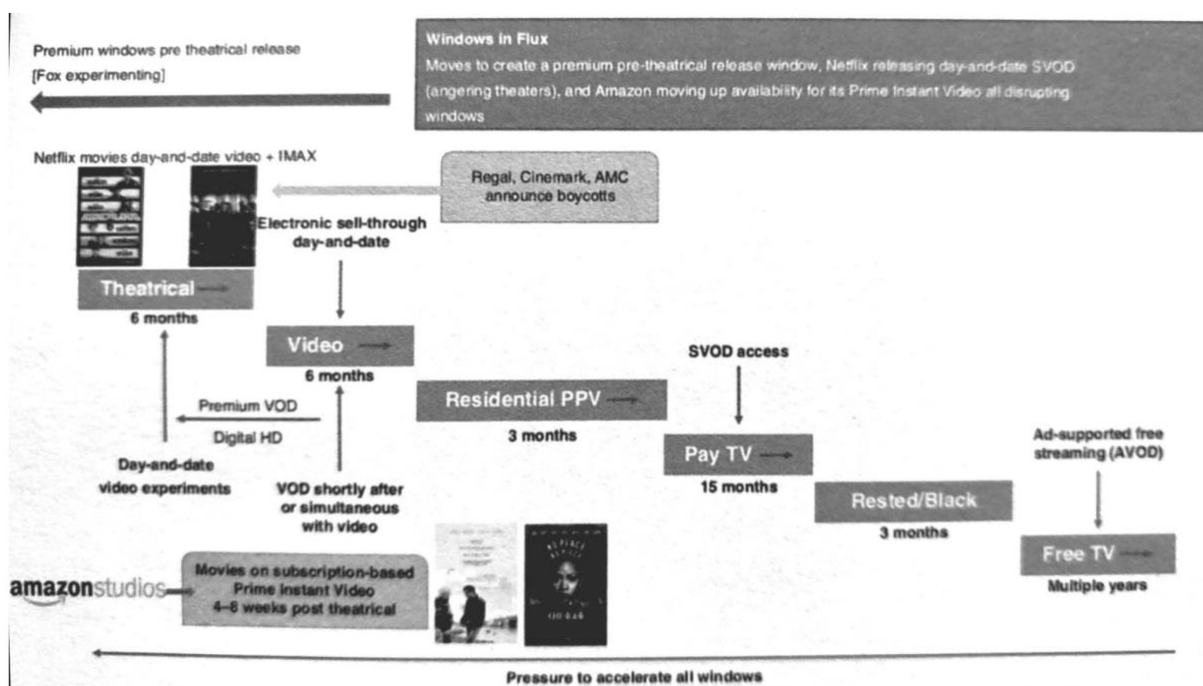
"We are first and foremost here for cinema, our rules are as follows: In the Competition [category], we will only show films that are suitable for the cinema. And in this case, we got written assurance that this film, *Elisa y Marcela*, will have a theatrical release in Spain. That is enough for us to place this film in the Competition. If that weren't the case, we wouldn't have placed it in the Competition" (Rollenhagen, 2019).

What is possible to conclude from these conflicting views is the new need to include platforms in the festival competition and the director Dieter Kosslick added about that "for the future, festivals will have to think about how to deal with this question of the cinematic release window", these are the words which after some days will be resumed by Coixet, the director of "*Elisa y Marcela*" who echoed the need for a solution for the coexistence, cohabitation between cinemas and streaming services due to will have to work somehow, she defined it as an "essential" (Rollenhagen, 2019) research of living together.

Maybe Festivals and participation of them could start to demonstrate a strategy of marketing from the large companies such Netflix but it will be necessary to find real, concrete and legal solutions to update all the phases and rules that link the world of festivals to those of territorial distribution. Germany and Italy, contrary to France, support the inclusion of Netflix in the Festival's participation and market, accepting that after winning prizes, they may miss the distribution in the halls. The director Dieter Kosslick as well as Alberto Barbera declares himself fully aware of the fact that "The world has changed" (Rollenhagen, 2019) and solutions are necessary to find.

3.1 Methods and dynamics of distribution: The vertical integration of Netflix

Netflix is definitely part of the movie industry, it took part in the elite selection process of prizes, festivals, critics and finally, it has also had media success, but the most important turning point now is to understand how gradually it adapts itself to the rules and the environment around it becoming, the protagonist of a new distribution system, dissecting the classic scheme of distribution windows shown below and depicting a repeated and fixed method.



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Surely, it started with the participation of European festivals but then it provoked a gradual awareness by the higher political position of countries that the system's structure was not prepared to welcome a new player multifaceted in the market of entertainment which contemplated multi-articulated strategies to be influential locally and globally, at the same time, with its products.

⁹⁷ Ulin, J. (2019). *The Business of Media Distribution. Monetizing Film, TV and Video Content in an Online World*. Routledge (Taylor and Francis Group). New York.

In fact, Netflix was not willing to accept the conditions imposed by the government and massive distributors, it wanted and still wants to create a new concept of entertainment marketing based on both digital and physical techniques. The first one, the digital part, directly refers to users and it allows them to have experience in contents on its platform system, the second one with the concrete and active participation on the festivals, cinema events and definition of new rules for the entertainment world which is able to propose a new hybrid nature of market.

On the other hand, its impetus to declare an active participation in a world unprepared for definitions and regulations created a panic reaction and confusion. Starting by definitions, the media studies field at first wasn't and still able to has some doubts to define the structure, techniques and strategies labels of this new colossus. After the first preoccupation with festivals, now Netflix still worries professionals in the entertainment environment and at the same time mobilizes political powers to normalize and create new rules to address the giant platform for the benefit of all, economies, audiences, policies.

Being a SVOD (Subscription Video on Demand), Netflix “introduces a variety of changes in business norms, particularly films that aren't intended to pass through multiple distribution windows to earn value” (pp. 17. Lotz, 2022)⁹⁸ and this implies a constant modification of the procedure, rules, and regulatory prerequisites of the law to find new solutions capable of sustaining the concept of the free market with the intent to legalize and normalize the colossus and its intentions. Obviously starting from the presence of Netflix globally in different local markets there was “an extended period in which many norms of video delivery and video businesses coexisted” (pp. 17. Lotz, 2022) giving a confusion due to the absence of one coherent category of definition for labeling Netflix and other on-demand new actors.

These new subjects are breaking conventions with the past that give the possibility to the government to comprehend limitations on the creation of new culture based on a speedy enjoyment and global diffusion of values.

There is not yet extensive literature which has been able to understand and transcribe the moves of this streaming giant, but some considerations are important to do about its relationship with film production and distribution. In the previous epochal conception that “television and movies were public goods” (Lotz, 2022 pp.23), was an economic classification used to “denote how one person’s consumption does not use them up” (Lotz, 2022 pp.23) but what is not visible

⁹⁸ Lotz, A.D. (2022). *Netflix and Streaming Video: The Business of Subscriber-Funded Video on Demand*. Polity Press.

and changed with the time of SVOD platforms is the number of the single subject which increasing have a real impact on the interest of products produced.

Netflix now based still its prior strategy on the attraction of users but at the same time, as reported by Lotz in 2022, it “releases some titles in theaters, has licensed a few titles to linear channels, earns a very small amount from some advertising deals” and organize more and more techniques to become attractive and the protagonist of the entertainment field for its audience.

Another point for the platform’ success, but in particular for Netflix is based on the fact that there is not yet an extensive literature which has been able to understand and transcribe the moves of this streaming giant, it’s existence is not possible to reduce on a single pre-existed label as for example company production, distributor, marketing’s company.

It is embedded in a transversal and articulated transformation which sees involved technologies, new needs, audiences, systems and habits combined with the big impact that covid had on every environment and structure of our world.

Two of the major scholars which dedicated their time to study SVOD and Netflix impact on the society have newly declared that:

“Netflix is a fascinating object of study because it uses a new distribution technology and a previously uncommon business model, and is disrupting established norms of international video distribution based on temporal and spatial windowing” (Lobato & Lotz, 2020)⁹⁹.

In the first part of this last chapter, the attention is on the hard relationship between film festivals and Netflix as well as its appearance in the economic world of distribution. Already the eligibility of Netflix features for film festivals and awards during the Cannes Film Festival gave the first signs of a difficult cohabitation between awards’ world and big companies.

Two major issues were concurring: national regulations about theatrical exhibition and contract of distribution after the festival participation of products other than the gated system behind Netflix film originals which allowed the company to have total autonomy over the management of their own goods. Netflix original products, intended as programs in which the company has

⁹⁹ Lobato, R. & Lotz, A. (2020). *Imagining Global Video: The Challenge of Netflix*. SCMS editors.

participated directly and actively in financing its production, becoming relevant in the festivals system due to their participation and giving the company the possibility to try to “establish a film strategy based on *Day&Date* (also known as D&D), consisting on simultaneous release in cinemas and/or home video or streaming, which has been met with a hostile reaction, particularly among distributors and exhibitors or direct to stream releases”. In fact, through this marketing strategy “Some titles are released only for streaming, others follow a simultaneous release strategy (D&D), while others have a limited theatrical run in specific territories before streaming release” (Roig, 2020)¹⁰⁰.

Based on the considerations of A. Roig and his colleagues and thanks to the graphic below, it is possible to understand how the release strategies of Netflix have changed during the period considered by researchers (2015-2018).

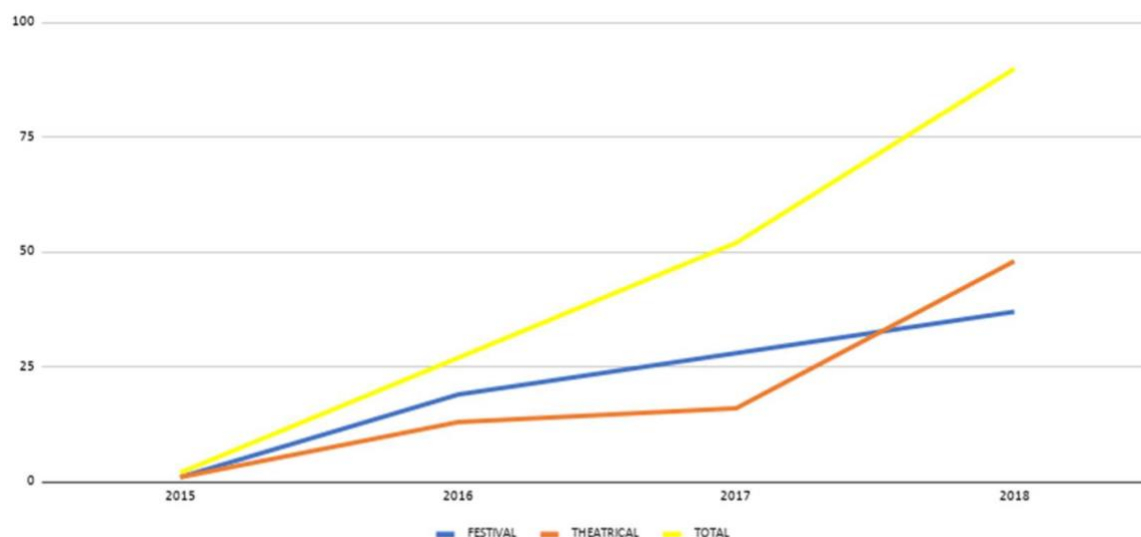
They did some interesting considerations; first of all they estimated that about “one fifth of feature film originals come from acquisitions at top worldwide festivals like Sundance, South By Southwest, TIFF, Berlin or Cannes” (Roig, 2020) and this has some implications about the importance of the colossus and interests which is able to attract, not just in the world audience but also from elite-environment, changing totally the prior set-up of critics totally.

Secondarily, the research on A. Roig’s topic supports that many films produced by Netflix (85 in total) were welcomed at festivals between the 2015 to 2018 period of the data’ revelation, and what it’s relevant to highlight is that films shown were presented by the company for a “direct to streaming” (Roig, 2020) formula.

The researchers observed that 45,6% (78 films) had a theatrical exhibition in different territories, not necessarily corresponding in the country of the festival in which they participated.

They were able to identify three main strategies adopted by Netflix after the participation in film festivals accounted for by the following percentages: “52.6% corresponds to theatrical exhibition in advance, a 38.5% to Day&Date and an 8,9% to theatrical exhibition after streaming” (Roig, 2020).

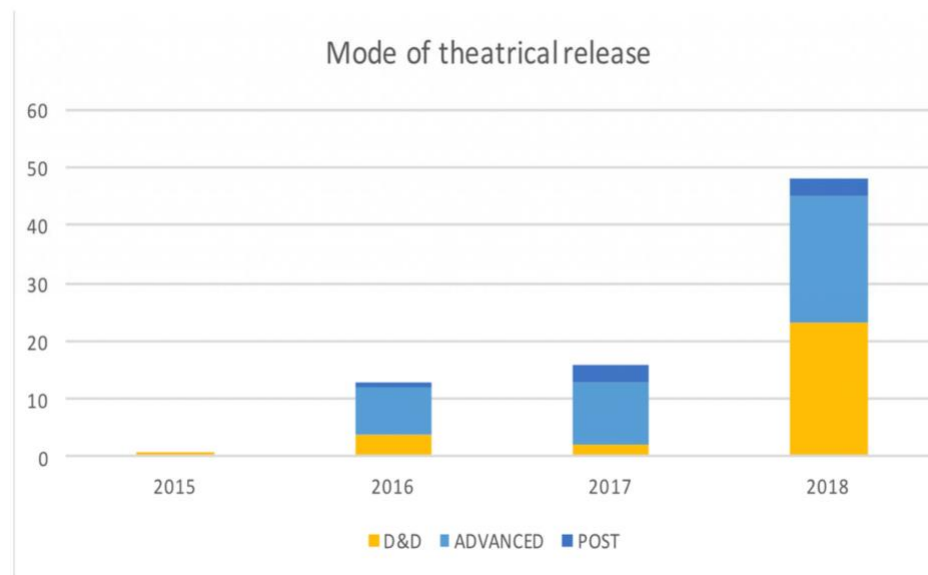
¹⁰⁰ Roig, A., Clares-Gavilán, G. & Sánchez-Navarro, J. (2020). *Netflix fictional feature film originals: an analysis of release strategies*. Communication & Society. Universitat Oberta de Catalunya



The combination of different ways to give the products out after festivals for Netflix, depends on the countries themselves, in 2018 “*Roma*” won the *Golden Lion* award at the Venice Film Festival and at that same moment “Netflix tried to minimize controversy using all theatrical strategies at once: The film was released as Day&Date in the UK and Ireland, it had an advanced screening in the USA and subsequent screenings in specialty theaters in different territories after the boost given by Golden Globes and Oscar nominations, possibly as an opportunity for rewatch in big screens” (Roig, 2020).

What is relevant to note is the real nature of Netflix and the will to base its distribution on ever more thorough platform investment, cutting out gradually the relation with theatrical experience and distribution, as demonstrated by the second graphic taken by the A. Roig research.

¹⁰¹ Graphic elaborated by Roig, A., Clares-Gavilán, G. & Sánchez-Navarro, J. (2020).



“What could be initially understood as a global corporate strategy based on *vertical integration*, also integrates some sort of capillary collaboration in theatrical exhibition. This may be considered not as much an additional form of revenue but a way of keeping a presence in specific territories, playing the game of the windowing system and relying on local distributors, rather than imposing a single model” (Roig, 2020).

Netflix knows the vertical integration is just a strategy to be more attractive and participative in the macro-entertainment-system but not a real need for its potential. The direct distribution in the theater experience is not guaranteed by the local festival participation of Netflix in a country as demonstrated by what happened for *Elisa y Marcela* in 2018 in the Cannes Festival, where Netflix has decided to participate but just distributing the final product in Spain and not in French theater causing a booming controversy between the director and institutional rules about distribution of the country.

Sometimes the reason for Netflix's choice could be a market strategy based on the licenses obtained by the products or a strategy linked to the investment on the entertainment field and based on statistical consideration, but what's interesting is how the company has power to

¹⁰² Graphic elaborated by Roig, A., Clares-Gavilán, G. & Sánchez-Navarro, J. (2020).

impose its new need as a colossus for entertainment. It doesn't create rules for itself in the countries where festivals take place but in the same way create a collaboration, silently imposing the best convenience strategy for the company.

With this independent feature of Netflix about distribution, it's possible to define it in the middle of its vertical integration strategy, "that allows a company to streamline its operations by taking direct ownership of various stages of its production process rather than relying on external contractors or suppliers" (Hayes, 2022)¹⁰³ and in its case Netflix could cut off the relationship with local distributors, because it has products and services represented by the platform. As reported in a statement by the co-founder and CEO of the company, Reed Hastings, "Netflix is not a revolutionary in the movie experience, it's much more an evolutionary than revolutionary"¹⁰⁴ chain of events, because it supported the idea that, of course something is changing in the entertainment industry: Now the political and economical order has to reckon with the on-demand new reality, with the ambition that the change can identify "a big improvement" (Sharf, 2018) for the success of the entire industry, everywhere in the world. Of course, to do so as for each phase of passage and adaptation in the history of the world, there is a moment of criticism and institutional disorder before it is decently regulated, accepted and embedded in the systems.

Before concluding this part of the argumentation, it is important to explain how Netflix in addition to the *Original* product has also activated a *licensing strategy* that effectively and potentially qualifies it as a distributor, bringing with it the disadvantage about rights linked with products which can change over time being subjected to retaliation from competing platforms with it. The other important element which can modify and influence the distribution of licensing products is the changing rights agreement, which can affect the whole business bottom line in a country. It affects the market unforeseen techniques of distribution agreements in the cinemas themselves, not ensuring a coherent chain between the victory of the films at festivals and the projection in cinemas. This dynamic will create havoc and controversy in many European countries.

¹⁰³ Hayes, A. (2022). *Vertical Integration Explained: How It Works, With Types and Examples*. Investopedia. <https://www.investopedia.com/terms/v/verticalintegration.asp>. Last date of consultation:[27th September 2022]

¹⁰⁴ Sharf, Z. (2018). *Netflix CEO Says Company Has 'Improved Television' and Is 'Concentrating' More on Original TV Than Film For A Reason*. IndieWire. <https://www.indiewire.com/2018/04/netflix-reed-hastings-improved-television-1201959008/>. Last date of consultation:[27th September 2022]

3.2 Countries' Festivals reactions to the Netflix's inclusion - skepticism and optimism

As it was already mentioned “there are more micro-business strategies that are quite distinct from the norms of video production for typical tiered release structure of Hollywood films” (Lotz, 2022)¹⁰⁵ respecting the on-demand platform and participation of Netflix in European festivals is one of these.

But what type of influence, reaction and adjustments has this strategy led for countries' policies and how did it disrupt the relationship historically established between the showcase represented by festivals and the purely commercial interests of distribution through theatrical experience?

France

In the French conception of cinema entertainment has a particular role in the theatrical experience, culturally it's considered important for the history of cinema itself.

This is the reason that moved critics in the Cannes Festival of 2018 when Netflix asked to participate in it with some of its productions. The message of Cannes competition is the free concept of films to be shown theatrically once the festival is over.

The first solution for the Cannes Festival was the possibility to create a particular category of competition for Netflix and its products that they would thus be excluded from winning the award and worldwide success. Of course, with this choice Netflix would have been able to distribute its products on French territory, even only on the platform, without passing the regulation related to theatrical experience.

Netflix rejected this condition, it wanted to be considered as another producer inside the competition but the festival wasn't doing anything to make it easier, and answered imposing a new condition: “If a film is in competition at Cannes, it cannot be watched on Netflix in France for the following three years” (Rizov, 2018)¹⁰⁶.

This condition was linked to the French law which states that 36 months must elapse between a film's theatrical run and introduction to a Select Video on Demand (SVOD) platform like Netflix. The reason behind this local legislative act is that:

¹⁰⁵ Lotz, A.D. (2022). *Netflix and Streaming Video: The Business of Subscriber-Funded Video on Demand*. Polity Press.

¹⁰⁶ Rizov, V. (2018). *Is Netflix vs Cannes a Dispute Over the Future of Cinema?* Frieze. <https://www.frieze.com/article/netflix-vs-cannes-dispute-over-future-cinema>. Last date of consultation:[29th September 2022].

“The French government has long viewed the streaming service as a threat to the country’s cultural sovereignty. France’s filmmaking community deeply values the theatrical experience, while Netflix releases virtually all of its content online instead of in theaters” (Epstein, 2020)¹⁰⁷.

As reported by Epstein, in the same article of 2020, “Netflix was unwilling to budge from its online distribution model, and its movies haven’t officially competed at Cannes since”, starting by the beginning of 2018 the relationship between Netflix and Cannes festival was based on conflict. France was pervasively identified as conservative in the face of a digital revolution, capable of moving even institutional giants such as the Cannes festival.

The evolution of their strong positions were moved by some elements:

1. Netflix opened a new office in Paris.
2. The government launched a new investment obligation for Netflix.
3. The French government reduced the months-period between the film's theatrical release and enjoyment on-demand.
4. Cannes Festival still maintains its firm position on the non-participation of Netflix in the official competition.

First of all, Netflix understood the need to become more present physically and economically in the French market and for this reason, the company opened a new office in Paris in January, 2020. With this choice it declared its intent as a “long-term commitment to France's creative community” (Pantanacce, 2020)¹⁰⁸, which surely represents a strategy of influence in the power dynamics on the territory. In fact, this presence and participation in the film industry locally brings the government to adjust their rules and investment obligation considering the new

¹⁰⁷ Epstein, A. (2020). *Netflix is launching a charm offensive in France to win over film purists*. Quartz. <https://qz.com/1787611/netflix-begins-charm-offensive-in-france-to-win-over-film-purists/#:~:text=France's%20filmmaking%20community%20deeply%20values,streaming%20services%20for%2036%20months>. Last date of consultation:[29th September 2022]

¹⁰⁸ Pantanacce, A.D. (2020). *Netflix opens a new Paris office and increases investment in France*. Netflix site. <https://about.netflix.com/en/news/netflix-opens-new-paris-office-and-increases-investment-in-france>. Last date of consultation:[29th September 2022]

colossus as an interesting actor of business. The country gave up on the ideal of “defend the country against the enemy” ending with the assumption of annual investment constraints to introduce and create participation of the company in the free market of French cinema’s industry. The investment conditions was declared in the February of 2022 and as reported by the VARIETY’s article:

“Netflix has signed a three-year agreement with French film guilds to invest a minimum of €40 million (\$45 million) in the financing of French and European movies which will be released in French theaters. Netflix previously signed a pact with France’s broadcasting authorities to start investing 20% of their annual revenues on French content, both series and movies, as part of a French decree which stemmed from the implementation of the Audiovisual Media Services Directive (Avms)” (Keslassy, 2022)¹⁰⁹.

Thanks to this deal between Netflix and the French government, the time-condition about the movie theatrical experience and platform use changed. In fact, “All these movies will premiere in French cinemas and will be launched on Netflix 15 months later. Netflix will have an exclusive window on these movies for a duration of seven months” (Keslassy, 2022).

Each of these choices seems to lead towards a gradual support between the Movie French field and Netflix but French ideology has already defended and protected the Cinema institution and the higher manifestation are “the strict guidelines of the prestigious film festival at Cannes where a film must show in a cinema first to be eligible” (Walfisz, 2022)¹¹⁰ preserving the elite institution of the festival repaired from the contaminations of the new era on demand. Obviously, every step forward by France from Netflix is relevant for a continuous process of collaboration and support in the Film industry. Although France, still in 2022 unlike other European markets, remains on a decidedly traditionalist line and in defense of the cornerstones of classic cinema, not usable and reducible through on-demand platforms and service.

¹⁰⁹ Keslassy, E. (2022). *Netflix to Invest \$45 Million Annually in French, European Movies*. VARIETY. <https://variety.com/2022/film/global/netflix-investment-french-movies-1235187142/>. Last date of consultation:[29th September 2022]

¹¹⁰ Walfisz, J. (2022). *How European countries are taxing Netflix to invest in cinema*. <https://www.euronews.com/culture/2022/04/01/how-european-countries-are-taxing-netflix-to-invest-in-cinema>. Last date of consultation:[29th September 2022]

Indeed, as reported by A. Izquierdo in an article that “French people go a lot to the cinema and, also, they very much support its local and European filmmaking (36,4% of the screen quota is French, 2016)”. This attitude of people ensures that France “is one of the countries with the biggest screens per capita ratio (around 5.800 screens for a population of 67 million, 2016) and French distributors buy all kinds of cinema, auteur, independent and from varied nationalities”¹¹¹. What she discussed is the power of Netflix to change and modify people’s needs and way of using the new devices. She justified the social modification and reduction of tickets torn at the box office with the possibility given by the company to watch the film product anywhere you want. The simultaneous will to be everywhere strategy of Netflix is what France is not prepared to accept and wants to contrast.

The table below shows the double strategy of the French government which comprehends obligation’s costs, direct investment and payment of a local levy.

Table 4. Member States That Impose a Joint Obligation in the Form of a Direct Investment and the Payment of a Levy.

	Investment	%	Monetary Basis
France	Exploitation rights, investment in producer’s shares or adaptation for deaf/hearing impaired for European cinematographic and audiovisual works	26 (22 French works)	SVOD: Net annual turnover if >€10M and ≥10 cinematographic works made available: <22 months after theatrical release in France
	Quota for works of French cultural expression.	21 (17 French works)	≥ 22 months and < 36 months after theatrical release in France
		15 (12 French works)	>36 months after their theatrical release in France
		15 (12 French works)	TVOD: Net annual turnover if >€10M
	Production of European films	3.2 (2.5 French works)	Catch-up (if not paid by broadcaster)
	Tax paid and distributed to National Center for Cinema	2	Net annual turnover from exploitation of cinematographic/audiovisual works video recordings
		10	pornographic or violent content

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¹¹¹ Izquierdo, A. (2018). *Film Festivals vs. Netflix. The keys to a conflict between the past and future of cinema*. Medium.<https://medium.com/filmmarket-hub-academy/cannes-vs-netflix-the-keys-of-a-conflict-between-past-and-future-of-cinema-7d14c4326ad9>. Last date of consultation:[30th September 2022]

¹¹² Iordache, C., Raats, T., Donders, K. (2022). *The “Netflix Tax”: An Analysis of Investment Obligations for On-Demand Audiovisual Services in the European Union*. Vrije Universiteit Brussel, Belgium. International Journal of Communication.

Germany

The first appearance of Netflix was in the 69th edition of the Berlinale in 2019. The platform wanted to take part in the official competition with a Coixet's film named "*Elisa y Marcela*". It created some controversy because Netflix didn't guarantee a theatrical release of the film in Germany.

The artistic director Dieter Kosslick agreed to allow the product to participate in the competition, stating that Coixet's film would be shown in cinemas in Spain before coming onto the streaming service and it was enough to guarantee a theatrical realization.

Indeed, as stated by the article of M. Blaney "the Berlinale's own regulations are rather vague about the eligibility of films for its competition, only specifying it will consider feature films of at least 70 minutes running time which are intended for theatrical release" (Blaney, 2019)¹¹³. With the choice of Spain theatrical distribution, Netflix was able to attend the Berlin Festival but the dynamic later led to a series of considerations by the German government.

In the same way as happened in France, Netflix became a subject to normalize and understand better due to the spreading impact of it on the entertainment industry.

HDF Kino (translation: Central Association of German Film Theaters), which represented the biggest cinema association in Germany, has spoken out against Netflix and its day-and-date release policy, enshrining the opening in select theaters on the same day they become available to stream for subscribers online.

It's clear that there is an opposition for the Netflix participation on the manifestation of the festival and in general in movie's market also in Germany as in the same way in France.

It's indispensable to remember that Netflix arrived in the Berlin competition after having won a *Gold Lion* prize in the Venice festival the year before with "Rome" masterpiece.

The discontent remains burning during the entire period of the 69th Berlinale edition but the solution is concluded with the possibility of participation given to Netflix products.

Later, gradually the presence of Netflix in Germany is increasingly welcomed since the film industry sees direct economic benefits in the territory and a strong collaboration between the company and local law started as happened in France.

Differently from the French government, Germany imposed a fee and not investment in the country. In fact, Netflix after having a legal battle with the German Federal Film Board (FFA)

¹¹³ Blaney, M. (2019). *Netflix finally agrees to contribute to Germany's national film fund*. ScreenDaily. <https://www.screendaily.com/news/netflix-finally-agrees-to-contribute-to-germanys-national-film-fund-5137025.article>. Last date of consultation:[30th September 2022]

for a year, regarding the payment of fees due to the fact that the video-on-demand service transmits its content to Germany agreeing to make financial contributions to the national film fund. This was a political and economical situation which marked the beginning of new market rules for the reception of the same company within the country. The idea expressed by Alexander Thies, the chairman of the German Producers' Alliance, positive to the idea of Netflix's participation in taxes in support of the film industry is that "The films that are supported by the FFA are contributing to this success. Therefore, it is more than logical that the international streaming services should also participate in the financing of films" (Heidsiek, 2018)¹¹⁴.

"According to Article 153 of the Film Funding Act (FFG),⁷⁸ on-demand AVMS with a registered office or branch in Germany that exploit cinematographic works produced for commercial purposes by means of paid or advertising-financed video-on-demand services must pay a film levy to the German Federal Film Board (Filmförderungsanstalt - FFA) on the net turnover generated in Germany from the exploitation of cinematographic works if this exceeds EUR 500 000 per year" (Blázquez, 2022)¹¹⁵.

Germany changed its compromises with Netflix in subsequent years, as we shall see from all other European countries, to do so in a profitable and consistent manner, but it has never changed the Berlin Festival opinion about introduction and participation of the colossus.

In September 2021 Netflix opened the new office of the company in Berlin, once again signing the agreement for active participation in the film industry with a European country. For the inauguration, the co-CEO founder Reed Hastings said that between 2018 and 2020, more than 40 in-house productions from the DACH region will be released and they will double their investment in German-language content over the next three years. Indeed, as reported by the Netflix website, the company "is supporting the tremendous growth potential in the DACH

¹¹⁴ Heidsiek, B. (2018). *Netflix forced to pay the German film levy*. <https://cineuropa.org/en/newsdetail/355263/>. Cineuropa. Last date of consultation:[30th September 2022]

¹¹⁵ Blázquez, F.J., Cappello M., Milla, J.T. & Valais, S. (2022). *Investing in European works: the obligations on VOD providers*. European Audiovisual Observatory, Strasbourg, 2022.

region with an investment of €500 million for titles from Germany, Austria and Switzerland from 2021 to 2023”¹¹⁶.

Definitely, the Berlin Festival and in general German government and German opinion have a different attitude towards Netflix’ presence in the country, they were also certainly moved by the fears of change, but they reacted with the will to undertake new solutions that coincided with the new market proposals represented by Netflix, they have surely a less conservative position in the matter.

As reported by the scheme below, moreover, Germany diversifies from France and Italy, as we will see later, because it is the only one to impose the payment of a levy to be paid to an audiovisual fund by Netflix as limitation of action in the territory.

Table 1. Member States That Impose an Obligation in the Form of a Levy.

	Investment	%	Monetary Basis
117 Germany	Levy paid to film fund	1.8	Turnover from sales of cinema films in Germany if turnover ≤ €20M
	Filmförderungsanstalt	2.5	if turnover > €20M
		N/A	if turnover < €500K

¹¹⁶ Netflix Website (15th September 2021). *Netflix Office Opening in Berlin*. <https://about.netflix.com/de/news/netflix-office-opening-in-berlin>. Last date of consultation:[30th September 2022]

¹¹⁷ Iordache, C., Raats, T., Donders, K. (2022). *The “Netflix Tax”: An Analysis of Investment Obligations for On-Demand Audiovisual Services in the European Union*. Vrije Universiteit Brussel, Belgium. International Journal of Communication.

Italy

The Venice Festival, thanks to the coordination of the director Alberto Barbera in the period when Netflix was entering in contact with the world of cinema and festivals in particular, took over the defenses of the company. It was the first Festival to accept products from the big company and at the same time to recognize the highest prize of the award.

Since the beginning of the controversies with Cannes, the director of the Venice Festival believed that the rule to estimate and create a regulation with the new colossus in the public scene was absolutely not the role of the festival. Taking his words from an article's interview in 2017 he declared "that there is a fundamental error in asking that it is precisely the festivals that have to deal with a problem of this nature, which is legislative and involves the various subjects operating within the culture industry. It's not right to ask festivals to take sides, however, at a time when the market is still looking for a form of stabilization" (Barbera, 2017)¹¹⁸. Through these words it is clear how the director of the Venice Festival was aware of the rule of the manifestation, remembering that "the job of festivals is to enhance films, regardless of who produces them and how they will be seen". Festivals should not define and establish a priori rule. His position about the dispute was neutral and wanted to treat Netflix and its participation like any other production in competition with their own movies. The six titles of Netflix production were presented in the 75th edition of the Venice Festival and obviously bring different controversies with them.

Following this event, three discordant voices are born, the first one is represented by the director who was perfectly open to assume Netflix as a new reality of the entertainment world, this would have guaranteed a success as one of most international festivals. The second voice was taken by ANEC (National Association of Cinema Exhibitors) and ANEM (National Association of Multiplex Exhibitors); associations which are supporting a clear opposition to the Day&Date strategy created by Netflix. In fact, the groups claimed this release strategy benefits "exclusively the short-term interests of only one party, to the detriment of other actors, and they declared they will oppose this proposal [day-and-date releasing of big movies] by any

¹¹⁸ Bernocchi, R. (2017). *Netflix, Venezia e il ruolo dei Festival: intervista ad Alberto Barbera*. SWCineguru. <https://cineguru.screenweek.it/2017/05/netflix-venezia-ruolo-dei-festival-intervista-ad-alberto-barbera-17855/>. Last date of consultation:[30th September 2022]

means necessary if the issue of shortening windows is disregarded without the approval of Italian Cinema” (Sharf, 2018) ¹¹⁹.

The third voice was represented by the Italian distributors. Some of which remained skeptical and others were in favor of Netflix entering the market, as for example the Lucky Red distributor which didn't see Netflix as a threat. In that year (2018), it was responsible for the theatrical distribution of the Netflix' film “On My Skin” presented to the Venice Festival. The founder of the company of distribution, Andrea Occhipinti, at that time had argued that streaming arrival and theatrical distribution were able to co-exist, in fact he has declared: “there is an audience that wanted to see the films in theaters. The two means of use are different and compatible. In addition, the real enemy of the cinema is not legal streaming but piracy” ¹²⁰. For Andrea Occhipinti, the piracy has always represented something, which unlike Netflix or on demand platforms, can not be regulated, and it was the only one to remain the real threat to the market. Italy and Festival of Venice in particular, which we assumed as protagonists of this introduction of Netflix in the entertainment industry, has proven to be open to new challenges even if with the full awareness of having to stipulate legislative and financial acts that can regulate the activities of the giant in the territory.

In 2021 the legislative Italian system moved its actions by the Government to find solutions about platforms, on-demand services and in particular new rules to manage the entertainment industry now that there have been new market dynamics for years.

“The Government has issued a legislative decree scheme implementing Directive (EU) 2018/1808 , so-called on "Audiovisual Media Services": this regulatory intervention intensifies the obligations imposed by the State on subjects such as Netflix” (Teodosi, 2021)¹²¹.

¹¹⁹ Sharf, Z. (2018). *Germany's Biggest Theater Group Doesn't Want Netflix at Berlin Film Festival, Italian Trades Upset Over 'Roma' Venice Win*. IndieWire. <https://www.indiewire.com/2018/09/germany-theater-group-speaks-out-against-netflix-berlin-film-festival-1202004856/>. Last date of consultation:[30th September 2022]

¹²⁰ Frigerio, L. (2018). *Venice 75: the controversy linked to Netflix is triggered (here too)*. GQ. <https://www.gqitalia.it/show/cinema/2018/07/30/netflix-festival-venezia-cannes-polemiche>. Last date of consultation:[1st October 2022]

¹²¹ Teodosi, A.Z. (2021). *Netflix, it is not known how much it bills in Italy but fears the increase in investment obligations*. Key4Bitz. <https://www.key4biz.it/netflix-non-si-sa-quanto-fattura-in-italia-ma-teme-lincremento-degli-obblighi-di-investimento/374371/>. Last date of consultation:[1st October 2022]

This political and legislative modification represents the real evolution of the Cinema industry that has appeared after all people have already seen with the first participation of Netflix in European Film festivals. This act took in consideration the evolution of new market realities and the intervention in the field of new platforms and innovative methods of digital distribution. What is more relevant to this research is the focus on the “the investment obligations imposed on "over-the-top" ("OTT") or web platforms” (Teodosi, 2021).

Italy adopted a different approach than Germany and France, it wanted impose some "obligation to invest in European audiovisual works produced by independent producers to an extent equal to a percentage share of their annual net revenues in Italy” (Blázquez, 2022)¹²² to Netflix and other on-demand services.

Table 2. Member States That Impose an Obligation in The Form of a Direct Investment.

	Investment	%	Monetary Basis
Italy	Acquisition of recent audiovisual works, of which 50% of Italian cultural expression	20	Annual net revenue in Italy

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As reported by the Il Sole24 ore, written by A. Biondi¹²⁴, an important financial Italian newspaper, the percentage imposed by the law on the on-demand platform due to investment in the entertainment field in the territory changed gradually. It assumed a spread of percentage year after year, because the presence of on-demand services such as Netflix and their products was relatively more and more present.

In fact, according to A. Biondi “the current (relatively to the article written on August of 2021) share of 12.5% to be invested in European works by independent producers is raised to 17% until 31 December 2022 and progressively increased in subsequent years (to 20% from 1 January 2023, to 22.5% from 1 January 2024 and 25% from 1 January 2025). An exemption is provided only for suppliers with a small turnover or audience or for suppliers for whom these obligations are impracticable or unjustified due to the nature or scope of the services”. In summary, the state believes that it is right and healthy to intervene in the "free market", the act

¹²² Blázquez, F.J., Cappello M., Milla, J.T. & Valais, S. (2022). *Investing in European works: the obligations on VOD providers*. European Audiovisual Observatory, Strasbourg, 2022.

¹²³ Iordache, C., Raats, T., Donders, K. (2022). *The “Netflix Tax”: An Analysis of Investment Obligations for On-Demand Audiovisual Services in the European Union*. Vrije Universiteit Brussel, Belgium. International Journal of Communication.

¹²⁴ Biondi, A. (2021). *Netflix & co., How the doubling of investment obligations has been reached*. Il sole 24 ore. https://www.ilsole24ore.com/art/netflix-co-come-si-e-arrivati-raddoppio-obblighi-investimento-AECEiOb?refresh_ce=1. Last date of consultation:[6th October 2022]

and the regulatory measures representing the constraints are useful to regulate in an ordinary manner in media entrepreneurship.

3.3 Is a complete co-existence of Netflix in the Cinema industry possible?

The in-depth consideration of the different methods about how some countries, such as France, Germany, Italy known internationally for their Film Festival events annually, have managed the entrance of Netflix in the cinema industry sphere showing globally various reactions in a common period of change for all.

Thanks to the job of Catalina Iordache¹²⁵ and some of her colleagues, who have analyzed the several investment obligations imposed by European countries for regulating new on-demand Audiovisual services, it's possible to comprehend the four methods applied by the governments of the countries chosen to promote European works on on-demand audiovisual media services by inserting Netflix in the Cinema industry field:

- The **payment of a levy** from Netflix, such as the fee imposed by Germany.
- **Direct investments** in European productions, and in particular locally in the country which decides to adopt this rule as for example Italy. The Italian government imposed that Netflix will invest 25% of its income in the industry of Cinema from the beginning of 2025. Indeed, according to the research about *the Netflix tax*, “The investments can be made through direct financing, (co)production, or rights acquisition of European works” (Iordache, 2022).
- The **choice** between a levy and a direct investment. In this case, it is the country itself which allows the on-demand services to decide what method they prefer between the first two possibilities listed.
- A **joint obligation** in the form of a levy and a direct investment. In this case, France is the representative country which adopted this method firstly with on-demand services such as Netflix. In fact, by the French law, it is expected that platforms pay both, money

¹²⁵ Iordache, C., Raats, T. & Donders, K. (2022). *The “Netflix Tax”: An Analysis of Investment Obligation for On-Demand Audiovisual Services in the European Union*. International Journal of Communication. Vrije Universiteit Brussel, Belgium.

linked with investment and an amount of money for the levy. They have to make “a direct investment as well as contribute to an audiovisual fund” (Iordache, 2022).

To explain clearly how the law in France is thought to manage the platform in the new cinema industry, the words of the research titled *The “Netflix Tax”: An Analysis of Investment Obligation for On-Demand Audiovisual Services in the European Union (2022)* are reported below:

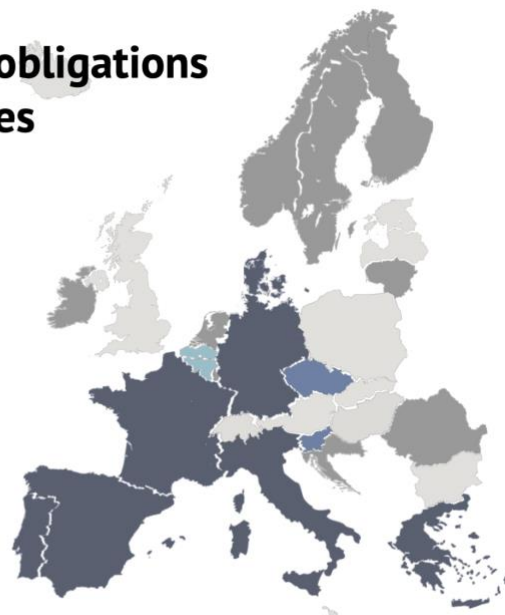
“French legislation for on-demand audiovisual media stipulates that subscription VOD and transaction VOD (TVOD) providers must contribute a certain percentage of their net annual turnover to European audiovisual and cinematographic productions. In addition to that, the Video and VOD Tax stipulates a levy for services that sell and rent physical and online audiovisual content in France, calculated based on the net annual turnover from the exploitation of cinematographic audiovisual works” (Iordache, 2022).

In support of Iordache's words, a geographical analysis of the differences between financial investment obligations imposed by the countries of the European Union are reported below.

Financial investment obligations by private VOD services

Direct contribution to production
or acquisition of rights

- Mandatory Investment**
- Optional (or quota)**
- Optional (or levy)**
- General obligation**
- No obligation**



EAO “Mapping of national rules for the promotion of European works in Europe” for the EFADs

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¹²⁶ Valais, S. (2019). *Diverse approaches for diversified content on VOD services: a European perspective*. Legal Analyst. European Audiovisual Observatory.

After this technical analysis about the law and how it was organized individually by the countries to manage the Netflix impact on the movie's market, it is important to remember what was the institution and documents that brought attention to the need to create a regulation. Already in 2018, the European Commission focused its attention on the problem represented by the platforms. They started from the USA, arrived in many European countries and took part in the International Festival of Cinema such as Venice, Cannes, Berlin. Controversies and polemics about the introduction of these platforms in the movie field activated the preoccupation of the European Commission.

In fact, this institution adopted the revision of the Audiovisual Media Services Directive (AVMSD) capable of offering many new elements, they are reported below and taken by the official site of the European Commission¹²⁷:

- A strengthened country of origin principle, with more clarity on which Member State's rules apply, aligned derogation procedures for TV broadcasters and on-demand service providers and possibilities for derogations in the event of public security concerns and serious risks to public health.
- An extension of certain audiovisual rules to video sharing platforms and social media services.
- Better protection of minors against harmful content in the online world, including strengthening protections on video-on-demand services.
- Reinforced protection of TV and video-on-demand against incitement to violence or hatred, and public provocation to commit terrorist offences.
- Increased obligations to promote European works for on-demand services.
- More flexibility in television advertising, allowing broadcasters to choose more freely when to show ads throughout the day. The overall limit is set at 20% of broadcasting time between 6:00 to 18:00 with the same share allowed during prime time (from 18:00 to midnight).
- Strengthened provisions to protect children from inappropriate audiovisual commercial communications. Video-sharing platforms also have to respect certain obligations for the commercial communications.
- Independence of audiovisual regulators.

¹²⁷ European Commission official site (Last update, 2022). <https://digital-strategy.ec.europa.eu/en/policies/revision-avmsd>. Last date of consultation: [7th October 2022]

The Council adopted the revised AVMSD in 2018, completing the legislative process and Member States had to transpose the AVMSD into their national legislation, adapting the new lines to the local law until September 2020.

The final goal of the European Commission was to recognize the changing era of audiovisual division and above all the presence of new characters on stage; at the same time it wanted to inform, help and support the different countries to think of a new national legislation in order to regulate the new players represented by on-demand platforms and services. Every country, thanks to the guidelines of the European Union, had access to a public consultation offered by the same Commission to express their opinions and seek the view of all interested parties, due to make Europe's audiovisual media landscape fit for purpose in the digital age.

Surely in the new era of audiovisual section and with the challenges offered by platforms, every relationship of the past between big institutions, regulators, professional figures linked to this field have to adapt themselves to a new set-up. First of all, the subject to combine the past with modernism and new synergies are law, rules, commercial agreements and interests. That's why the introduction of Netflix in the film field took place thanks to the active participation of its productions in the most famous festivals in the world but later the argumentation arrived in the field of law. The last one has the responsibility to create communication between the artistic world and commercial one, leaving the power to show to the first one and benefiting from the best audiovisual products.

The proposal for coexistence between Netflix and the old movies' world is thus born from the ability to introduce it adequately, thanks to the fair agreements for the benefit of all economic actors involved in the pre-existing world of entertainment having the will to adopt the last one (with its previous regulations, arrangements, structures..) to the new challenges in the same manner, completely undermining a traditionalist and conservative view.

Currently, the agreements between countries, distributors, Netflix's choices and titles produced by the strong company are different for each situation. Netflix has the power and knowledge to decide how to manage rights, licenses, distribution and strategy for each product and the market is gradually accepting the condition that it cannot impose a single formula on the company. The company led the various countries to adapt to it, continuing to pursue their own market interest by dividing it according to the strength of the product made. The example of this smart choice to change its strategy every time for the film market is represented by *Blonde*, the movie written by Andrew Dominik, published in 2022 and currently showing.

Its cast, producer and actors took part in the parade on the red carpet during the Venice Festival edition in 2022 creating commotion for the appearance. The film, in competition in the 79th edition of the Venice Festival participated as the *Netflix Original* product and for this reason, the company decided to publish it directly on its platform on 28th of September without the theatrical distribution in Italy and in the world in general.

This is the demonstration that Netflix is taking its decisions on the distribution strategy based on the success of the product, the presence of it in some festivals and at the end its interests were purely economic, avoiding the obligations bound up with publication in the auditorium marked by a cynical tradition.

Definitely, Netflix in part is doing a revolution, also changing the method of diffusion about the cinematic products giving a shot of novelty to the entire Film industry, the Festival field and traditional conception centered on Hollywood's market.

Appendix 3: Case study n. 3

The new opening of a registered Netflix office in Rome
What can it change in terms of investment constraints?

Netflix in 2022 has officially opened its first office in Italy, precisely in the capital of the peninsula, Rome. The platform opened there for its deep-rooted creative, professional, and productive community linked to the audiovisual industry and beyond that to support the film industry with its investments.

Currently, the Italian law regarding on-demand platform investment in the territory declares the amount of 20% referred to the income annually perceived, which means Netflix finances new film production in the territory supporting every micro sector that is behind the realization of an audiovisual product.

In the article written by Andrea Biondi on the *Il sole 24 Ore* is reported that the Bonisoli's decree provided "that the failure to establish an operational headquarters in Italy and the use of a certain number of employees by the on-demand supplier must lead to an increase in the share of up to 3%" to summarize on the 20% annually requested to the on-demand service".

Surely, for Netflix avoiding this further expense was one of the reasons that led it to the opening of the Italian headquarters but on the other hand, the *Made in Italy* brand is the new marketing launch for the company, says Reed Hastings, Founder and Co-CEO of Netflix:

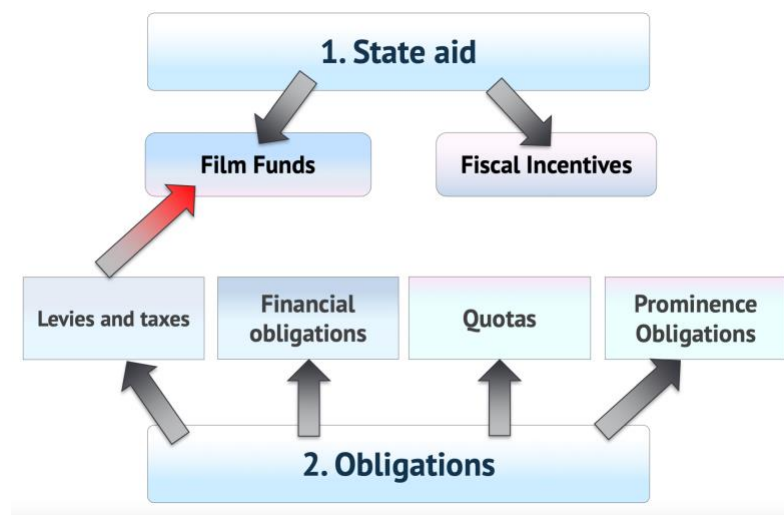
"The opening of the Rome office is a clear sign of our strong long-term commitment to the country and will allow us to work even more closely with the Italian creative community to create a variety of great Italian shows and films" ¹²⁸ .

Again repeated, on the same line of thought by Sara Furio (Director of Films for Italy at Netflix) "Our desire is to bring to our members all over the world many different stories and all authentically *Made in Italy*. We want to continue working alongside our Italian creative partners and always find new keys to bring ambitious Italian stories to the world". The desire to create an authentic Italian product for Netflix is a new challenge and for the Italian

¹²⁸ Carotti, F. (2022). *Netflix inaugurates the Italian office and confirms its commitment in Italy*. <https://about.netflix.com/it/news/netflix-opens-new-home-in-rome-and-announces-bold-slate-of-italian-stories>. Netflix official site. Last date of consultation:[7th October 2022]

government a real application of investment percentage requested by the law to the on-demand services. An example of an Italian story's success launched and financed by Netflix could be represented globally by "The hand of God" distributed thanks to Netflix in different countries in the world, written and directed by Paolo Sorrentino and entirely taken in Southern Italy. It was the protagonist of the 78th edition of the Venice Festival due to the fact that title won the *Golden Lion* recounting the biographical story of the director which took place in the 80's.

The direct presence with its office in the Italian territory allows Netflix to have more access to the film and serial industry and be more involved in the market dynamics of entertainment but especially it can also have more power linked to the tax benefits because it has started to pay locally, having the administrative office in Italy. Netflix taking part of the market with the double strategy of local and global has the possibility to have a place in this macro label, represented in the picture below by the number 1 and 2. The first one is the benefits for the company and workers on the Italian territory in the film industry sector, and the second point consists of the obligations declared by the government to regulate the market. Placing Netflix on the bridge indicated by the red arrow permits us to have a clearer idea about the company's technique to open a legal office in Italy.



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In this way, Netflix becomes involved in all aspects, not only participating in the festivals or appearing with some face marketing techniques on the territory, as already seen in the second chapter. Netflix, entering concretely into what is the system of financing and commercial

¹²⁹ Valais, S. (2019). *Diverse approaches for diversified content on VOD services: a European perspective*. Legal Analyst. European Audiovisual Observatory.

relations punctuated by the national jurisdiction, is becoming a leading giant of the film industry. Netflix, like other foreign companies on Italy territory, can create a new circulation of interest and money with the conclusion to enrich the cinema industry economically. Of course, this could have some implications for changes and see the will of the country to accept new conditions as the reduction of film projection in the theater, but the development and progress must always come to terms with changes in the social and economic fabric.

Coming back to seven year ago, when Netflix's service platform arrived in Italy for its users, there is a relevant dynamic to investigate; the opened office in Rome in 2022 was also born by the necessity of Netflix to do investments locally in producing new contents, but in particular to become physically tangible and regulated by Italian law.

In fact, in 2015, when Netflix started its service on the Italian territory it had some problems with tax authorities because the Public Prosecutor's Office with the support of the Economic-Financial Police Unit of the Guardia di Finanza of the Lombard capital (Milan) started an investigation to elaborate on "the existence and operation in Italy of an undeclared permanent establishment to the Italian tax authorities of a Dutch company belonging to a well-known multinational group operating in the video on demand streaming sector, through the transmission of multimedia contents" (ItaliaOggi)¹³⁰. Obviously, the investigation was referred to the Netflix company which had the European headquarters in the Netherlands before 2022. Netflix was not fiscally identified in Italy before the launch of the investigation and in addition to this, the company had infrastructures deemed "essential and significant for the development of the business" (ItaliaOggi) of the colossus on the Italian territory.

In addition to the previous elements identified, the Guardia di Finanza found that the Content Delivery Network had "350 servers used exclusively and permanently installed in the entire national territory at the Data Center and the main telephone operators" (ItaliaOggi). The technological infrastructure created by the company was the base on which the "Guardia di Finanza first and the Revenue Agency later identified the technical-legal prerequisites, required by international and national standards, for the configuration of a fixed tangible organization of a foreign company, deemed suitable to produce business income in Italy" (ItaliaOggi).

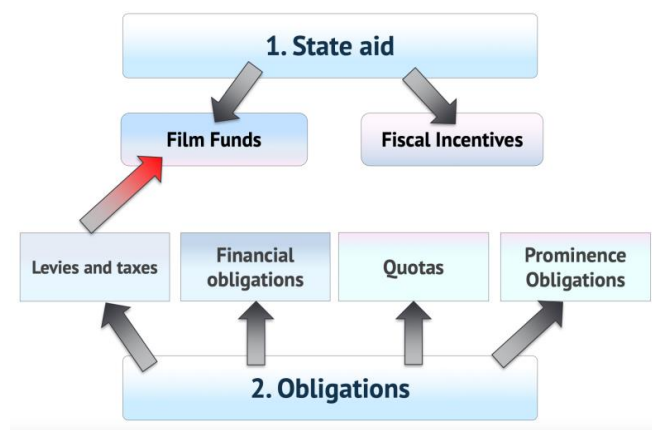
¹³⁰ ItaliaOggi (2022). *Netflix, paid 55.8 million euros in taxes to the Italian tax authorities in a single solution* <https://www.italiaoggi.it/news/netflix-versati-al-fisco-italiano-55-8-milioni-di-euro-di-imposte-in-una-unica-soluzione-202205201344162279>. Last date of consultation: [7th October 2022]

This moment defined the watershed for Netflix with the Italian fiscal relationship because starting by this point the company “has proceeded to the total payment and in a single solution of 55.850.513 euros by way of taxes, penalties, and interest, to define every slope with the Italian tax for the period from October 2015 until 2019” (ItaliaOggi). This Italian investigation moved many doubts about the strategies acted by on-demand platforms in European countries, in fact the Italian one was defined as the “first case in the world, in which the existence of a stable hidden organization of a foreign company operating in the Digital Economy completely devoid of personnel is characterized exclusively by an advanced technological structure” (ItaliaOggi). The money spent by users in Italy for membership to the platform will remain in the country, because after a deal between Netflix and the Revenue Agency the taxation of the company is calculated as a gain for the country. Italy is the first in the world to obtain this result.

At the beginning of 2022, with the opening of the Netflix office in Rome, the colossus opened a “subsidiary in Italy that began concluding contracts and billing fees from subscriptions signed with Italian users” (ItaliaOggi).

As reported by the previous image (re-shown again on the right), the connection between taxes and film funds, identified in the scheme on the top, represents the position of Netflix in market relations.

Taxes are calculated by the law and legal body whereas funds for local productions come from local institutions.



One example of this is reported in a very recent article, published on the 6th of September of 2022 where it declared that *Italy for Movies*, the national portal of locations and incentives to film and audiovisual production, announced a clear collaboration with Netflix (Di Maira, 2022)¹³¹. The final goal declared is to combine the economical interests of the big company producing original films based on the hidden and attractive places of the country. And on the

¹³¹ Di Maira, P. (2022). *Italy for Movies announces collaboration with Netflix*. <https://www.cinemaevideo.it/italy-for-movies-annuncia-collaborazione-con-netflix>. Last date of consultation: [9th October 2022]

other hand, for the Italian institution, it is essentially indispensable to use audiovisual products “to share the variety of Italian beauties and landscapes to the world” (Bruno Zambardino)¹³².

To conclude this legal appendix it is interesting to find some more definitions linked to public prosecutions and how they can determine the Netflix company under some linear label.

For the Italian state and law, Netflix Italy is registered with the ATECO code (59.13)¹³³ resulting in an activity of “Cinematographic distribution of video and television programmes”.

This means, taking the definition by the Italian call¹³⁴ for Contributions to Cinematographic Works, that Netflix with its headquarters in Rome became an activity of distribution in Italy.

Taking by the letter f) pp. 7 of the call written in 2022 the “distribution” is defined as:

(Eng. Translation): “The set of activities, commercial, promotional, legal, executive and financial, relating to the negotiation of rights relating to the economic exploitation of audiovisual works on the various channels in one or more geographical areas of reference and the subsequent *making available to the public, through the different platforms of use.*”

“L’insieme delle attività, di tipo commerciale, promozionale, legale, esecutivo e finanziario, connesse alla negoziazione dei diritti relativi allo sfruttamento economico delle opere audiovisive sui vari canali in uno o più ambiti geografici di riferimento e la conseguente *messa a disposizione della fruizione da parte del pubblico, attraverso le diverse piattaforme di utilizzo.*”

With this bureaucratic definition, it could be easier to understand how Netflix collocates itself in the film industry on Italian territory. This legal definition is what allows the company what kind of a strategy to develop for the distribution of its products combining the social one, just through the platform (as happened for “Blonde” film 2022) or both firstly screening in the cinema and someday after on the Netflix’s platform (Date and Day strategy).

¹³² Institutional coordinator of Italy for Movies.

¹³³ ATECO code: combination of number and code which define one economic activity in Italy.

¹³⁴ Bando per la concessione di contributi selettivi per la scrittura, lo sviluppo e la pre-produzione, la produzione di opere cinematografiche e audiovisive - articolo 26 della legge n.220 del 2016 - anno 2022. Ministero della cultura. Direzione generale cinema e audiovisivo. Decreto 628.

In the same letter f) of the call reported earlier is also described a concrete distinction between what is defined as “Distribution in Italy” and “Distribution abroad” - obviously these categories are linked to the geographic diffusion of the products. What is interesting to highlight is the sub-label related to Italian distribution which sees the possibility to distribute in the “Theatrical distribution” - defined as “the activity related to the exploitation and use of films in Italian cinemas”. Netflix is an activity of distribution but by doing this, it can decide how to manage its strategy of distribution, based on internal company decisions and market interests but remaining any obligation imposed outside.

Being Netflix, recognized as a “distribution activity” in Italy, it’s possible to conclude that it redesigns the “traditional sequential distribution patterns of films” (Pasquale, pp. 260) which were inside the cinema industry divided in: presented in the festivals, projected in cinemas, then available for sale, to rent, on pay TV or SVOD and finally in television. The company rewrites this default scheme as it prefers basing its choices on the economical and attractive strategies compressing or skipping the traditional windows, defined as the “Period of time, established by law or by contract, governing when a specific distribution platform becomes available” (Pasquale, pp. 260) ¹³⁵.

¹³⁵ Pasquale, A. (2019). *Netflix and beyond. The Digital Revolution that Has Distrupted the Audio-Visual System*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

Conclusion

This assertion wanted to discuss and elaborate on the impact of Netflix in the Cinema and entertainment industry in general, concentrating its attention on the structure of the American company, successively going deeper into the relationship between international and local institutions. The international ones were represented, for a short period of time, by the Festivals because they were considered wrongly as barriers or judges with the capacity to consider whether or not Netflix's presence in the film market entry was suitable. Today, the local obstacles instead are already identified through the law's articles which are defining new and always chaining lines to refresh the jurisdiction behind the new market requirements represented by the entry of the big entertainment giants in the audiovisual sector.

Real conclusions at this point are impossible because everything is changing already and the economical and institutional structure of the phenomenon needs more than ten years to see clearly the modifications incurred, but what can be useful to do could track the same consideration about the global structure linked to the entertainment sector.

It's primarily obvious that Netflix, thanks to its algorithms and audiences' considerations as well as the creation of new genre groups in the platform has set up a concrete interaction between technology and entertainment, which had a strong impact on every processes of the cinema industry. In fact, the principal implication was directed to the windows' system of products shared, which was characterized by the distribution of the product through festivals, theaters and so on, and now it can be reduced just to the platform desk defining this consequence as "contraction of the windows" (Pasquale, pp. 260) ¹³⁶. For example, it can happen if the company decides to adopt a direct strategy of distribution without the theatrical experience. In this case, the impact, of course, is a global change on what was considered institutions of power and characterizing for the film world for example the building of theater and social experiences linked to them, before the arrival of Netflix and On-demand services. This evolutionary dynamic added to the effect of closures given by the pandemic period has created a new attitude in the audiences which is now more used to consuming audiovisual products from home. What is still relevant to this topic is the creation from the Netflix corporation of a new stereotyped spectator who is impatient to watch new products just after the realization. This effect could be considered strongly connected with the D&D strategy of

¹³⁶ Pasquale, A. (2019). *Netflix and beyond. The Digital Revolution that Has Distrupted the Audio-Visual System*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

Netflix about its Original Films and at the same time by the seriality on the platform which presents all the episodes of a single season immediately, contrary to how the programming of the episodes was handled by the national programming. Surely the Festival's system and theatrical one continue to exist as reported by the words of Federico Di Chio (Mediaset's senior vice president of Corporate Strategy and Marketing) - "A number of films that are produced will be viewed at a cinema theater and at festival circuits connected to the model. The presence within a theater could also be, as up to now has occurred, exclusively symbolic" (Di Chio, 2019)¹³⁷. In addition to these words, he reflected on the social and cultural role linked to the film festivals concluding that they could remain as a "showcase" gradually losing the influence of the public's choices. He concluded his opinion arguing that "related to a certain typology of films, could also be set aside in regards to cinema theaters" (Di Chio, 2019), it referred to some genres of films which could be identified as less attractive for all types of audience, so more easily disclosed through personal choice directly on the platform. It should also be considered that today thanks to the big data, (used by Netflix) as demonstrated in the first chapter, theaters don't allow to establish a value for the product thanks to the number of tickets sold. Netflix has total control over the preferences identified and chosen by the audiences and the theaters have only the role of distributors (Pasquale, 2019).

Regarding the economic impact of Netflix territorially it is perceived as a tool of investment to create a local market but with a global vision and at the same time, capable of giving value to cultures, traditions, and habits by bringing them together thanks to global production to be known around the world creating a real network between different cultures and languages.

In terms of job prospects, the investment of Netflix in Italy has helped the sector of audiovisual to develop, the company needs stories and this allows a continuous and constant search for professionals in the sector. Of course, "the general improvement depends on the ways in which this new productive balance will be regulated" (Crespi, 2019) both by the local government and the company intentions of Netflix.

The arrival of Netflix and other OTT services has also guaranteed more freedom for artistic professionals simply pushing and funding news stories, uncomfortable to make known or simply until that time labeled by common thought as taboo. This fluidity conception of contents added to the distribution strategies has created a market more systematic and structured but at

¹³⁷ Interview reported by : Pasquale, A. (2019). *Netflix and beyond. The Digital Revolution that Has Distrupted the Audio-Visual System*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

the same time freer of bonds. The structuration and method are guaranteed by the agility response to adapt the company ideal to new conditions of markets or rules also based on the countries' regulations. The character of freedom is identified first of all by the artistic field as testified by Nicola Guaglianone in an interview due to “in an industry like digital platforms, the strongest trading currency is content. The industry needs it and will always need more. In this sense I believe that the artist’s freedom has increased” (Monetti & Pallanch, pp. 335) ¹³⁸. The other reason why Netflix is identified with the label of freedom is because its system involves authors, spectators, multiplatform production and distribution at the same time, becoming an element of integration and, not exclusion, ideologically and concretely.

The actual revenue of Netflix in the industry of cinema was determined by the price won at the Venice Festival in 2018 with the *Roma* film of Alfonso Cuarón. It represents a real split on many fronts: The first time Netflix in a Festival competition, the first prize won by Netflix, and the distribution of a Mexican product in the entire world. The Venice Festival became the tool for Netflix to transform and slap the classic film industry. Cuarón declared that when he started to discuss the distribution contract with companies, many of them wanted his film, but there was also the fear of it being in black and white. Netflix was the only company to be surprised and enthusiastic about the aesthetic choice. It will be the courage of Netflix to determine the entrance to the world of real cinema. On January 22nd, 2019 *Roma* was nominated in ten *Oscar* categories including the most important one (Best Picture). In this state Netflix, under the clothes of Cuarón’s film became a real threat to the Hollywood system and industry, in fact, Oscars was represented as an Old Hollywood award in the history of cinema. Indeed, Alberto Crespi has reported the words of the “*Fortune*” article written on February 25th announcing: “One anonymous Academy member told the publication that some of his or her peers had refused to put *Roma* too high on the awards’ preferential-vote ballot. The reason? They didn’t want a win for Netflix, a company that’s forced the industry to re-think how movies are distributed and marketed. The company’s success has irked some exhibitors - who want the audiences to go to the theater, not stay on the couch - and worried studio execs”. This is exactly the synthesis of the preoccupation created by the introduction of a big company and actor such as Netflix in the cinema industry. The world and the institutions with it, the social and political

¹³⁸ Interview reported by : Monetti, D & Pallanch, L. (2019). *Fear and Desire: New World to Explore*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

construct as well as individual professionals were not and probably are not ready yet to conceive an evolution of the audiovisual system.

The loudest protests and controversies were born by the Films Festival, as reported in the assertion because they are the first place where every individual involved in the macro world of the film industry is brought together (jury, professionals, academics, experts in the field, actors, producers, distributors, press officers..). It is not surprising that the Film Festivals become the stage and showcase also for the controversies and the more traditional positions taken as in the case of Cannes against the participation of Netflix.

Italy started to become aware of the change that Netflix would bring to the local industry when the company on September 12th, 2018 signed a deal with Cinemaudici and Lucky Red to guarantee the double strategy of distribution with *On my Skin* both in theatrical release and on the digital platform. It resulted in cinema history “a cut-off date, probably with no turning back” confirming the date when the digital platform became a “leading force in the Italian film system, after which nothing will ever be the same” (Crespi, 2019)¹³⁹. For the director of *On my Skin*, Alessio Cremonini, the important role of the audiovisual product is the social function and for this reason it was indispensable to show the film through both cinematic projections in the theaters and on the Netflix platform, because in his opinion some people would never have seen the film if it had not appeared on the platform for issues related to social and cultural involvement that lies behind the idea of attending cultural venues such as theaters and cinemas. According to him, Netflix gives accessibility to various social classes to grasp the deeper aspects of cinema that are often characterized by the uniqueness of the story’s plot, as in the case of the storytelling of Cucchi told in Cremonini’s film. (Crespi, 2019).

Some European governments, after having awareness about the impact of controversies in the Festivals, have decided to deepen the theme of the audiovisual and become gradually more responsible for the creation of some policies that carried the regulations of Netflix. In this regard, some countries’ governments understood the necessity to take away the evaluation responsibilities regarding the Netflix company to keep them faithful to what was the evaluation and award of the audiovisual product in competition. In this way, the festivals had to return as faithful judges of the films, not involved in wider dynamics related to the interests of the film industry and the direct impact that Netflix was having on the latter.

¹³⁹ Crespi, A. (2019). The Cucchi Case: Sulla mia pelle (On My Skin). *Netflix and Beyond*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

What is clear is that the market and industry of cinema are very fluid now, it is constantly evolving and no longer has the pillars defined because the Hollywoodians' canons are gradually passed to make space for new dynamics.

Some different positions were taken during these years of transformation and the most radical one is represented by France and its Cannes Film Festival which still now refuses the participation of platforms' products.

The conclusive problem which sees the conflict between platforms and theatrics' role is synthesized in Lionello Cerri's ¹⁴⁰ words, who explains enthusiasm for the OTT services, defining them as a great opportunity but at the same time reaffirming that "the problem is how to make all these forms of fruition, also those coming from abroad, coexist with a mature marketplace that includes various levels of exploitation", in fact, what is not already clear and imposed through public rules are the organization of windows' periods which create the larger preoccupation for exhibitors of theaters. For many professionals in the cinema industry, the coexistence of Netflix and cinema can continue to exist but by fighting a bit and with the support of agreements, accepting change does not necessarily endure it passively.

There are still many questions remaining open about what the relationship between OTT services such as Netflix and the economical/social environment will be: How it will combine the interest in theaters' income and the comfortable possibility to watch films on platforms? What will be the impact of Netflix on theaters in general in the world and how can they defend their interest?

Can Netflix totally change the audience's approach to vision? Are our habits accustomed totally to the usability of audiovisual content from home? Was the pandemic relevant to this transformation? Where is the industry of cinema and in general the entertainment sector directed?

These and more considerations will be answered in the next decade but for now, it's possible to conclude that this debate, between Netflix influences and the classic cinema industry, has led for sure to an irreversible, tangible change both in consumption habits and economical system.

¹⁴⁰ Lionello Cerri, CEO of Anteo s.p.a and producer with Lumiere & Co. Interview reported by: Pasquale, A. (2019) *Movie Theatres: Fight or Coexist? Netflix and Beyond*. Bianco e nero, rivista quadrimestrale del centro sperimentale di cinematografia. N. 594/595. CSC.

Techniques of distribution and usufruct are changed, and the technology could be considered the protagonist in part of this phase taking us to transformations, not only in an exhibition but also in creation, production, and promotion.

Continuous comparison is necessary to comprehend and evolve the industry of Cinema in an increasingly equitable and open offer in the world of products. The revision in all fields (social, economical, financial, legal, bureaucratic, administrative, and production) is necessary to find a new hybridization between the cinema of the past and the cinema of the future, keeping it as a fundamental tool for dialogue and comparison.

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