

NETFLIX'S RELATIONSHIP STRATEGY WITH CUSTOMERS ON SOCIAL MEDIA

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Abstract: Netflix's success cannot be separated from its investment in building a strong digital industry in its business, including in creating relationships with its customers through social media. Netflix is here and becomes a good listener to understand the prevailing pop culture with a variety of interesting content that has been adapted to the data they have regarding the behaviour of their subscribers so that it can be well received by the wider community. This article is explained further in the form of a descriptive analysis of how Netflix, a company that undergoes many transformations, ultimately utilizes social media to build relationships with its customers. It begins with collecting various data relevant to the topic and research title to be presented in a complete presentation through literature studies referred to as sequence data. In the end, it was concluded that Netflix is one of the companies that are indeed successful in using social media as one of their strategies to form a good close relationship with its users, Netflix also maximizes the user data they have such as what customers like and what they don't. which helps Netflix understand each user's behaviour.

Keywords: digital; netflix; social media

Abstrak: Kesuksesan Netflix tidak dapat dilepaskan dari investasi mereka dalam membangun industri digital yang kokoh dalam bisnisnya termasuk dalam menciptakan hubungan dengan para pelanggannya melalui sosial media. Netflix hadir dan menjadi pendengar yang baik untuk memahami kultur pop yang berlaku dengan berbagai konten menarik yang telah disesuaikan dengan data yang mereka miliki terkait perilaku pelanggannya sehingga dapat diterima dengan baik oleh masyarakat luas. Dalam artikel ini, dijelaskan lebih lanjut dalam bentuk analisis deskriptif bagaimana Netflix sebagai sebuah perusahaan yang banyak melakukan transformasi yang pada akhirnya memanfaatkan sosial media untuk menjalin hubungan dengan para pelanggannya. Diawali dengan melakukan pengumpulan berbagai data yang relevan dengan topik dan judul penelitian untuk disajikan menjadi sebuah pemaparan yang utuh melalui kajian-kajian pustaka yang disebut sebagai data sequence. Pada akhirnya, didapatkan kesimpulan bahwa Netflix merupakan salah satu perusahaan yang memang berhasil dalam menggunakan sosial media sebagai salah satu strategi mereka untuk membentuk hubungan kedekatan yang baik dengan para penggunanya, Netflix juga memaksimalkan data pengguna yang mereka miliki seperti apa yang pelanggan sukai dan apa yang tidak pelanggan sukai, yang menunjang Netflix dalam memahami perilaku masing-masing pengguna.

Kata kunci: digital; media sosial; netflix

INTRODUCTION

The success experienced by Netflix is not something that comes casually and in an instant but requires careful effort and strategy in running its business. The company continues to develop itself by transforming to survive and be able to surpass its competitors, which in this case, for example, is the cable television business. Some of the key points that helped Netflix to get to where it is today, is the fact that the company has ambitions to stay afloat without ruling out small steps that have had an impact and keep evolving with technological developments that have had a very fast pace in recent decades and are ready to leave anyone who can't adapt. Netflix as a company can maximize technology to meet the needs of their consumers, whose success is even seen as a reference or example for other companies [1] who hope to achieve the same success, especially in the field of the digital entertainment industry.

We certainly cannot ignore the fact that technological developments have shaped and changed the norms prevailing in society, including how they choose to access the variety of entertainment of their choice. In this case, companies that want to survive need to take advantage of technology to adapt to existing conditions to keep their business running well, especially during the current Covid-19 pandemic, many people spend their activities at home. The total number of Netflix subscribers is recorded at 203.7 million people in the world until 2020. The figure comes after the number of new users over the past year or during the Covid-19 pandemic reached 36.6 million, the highest addition since the

streaming service became operational [2].

This is also done by Netflix, which is quite known for its witty content on various social media platforms that can attract the attention of its users or even the public in general. Currently, social media is also widely accessed by the public through their gadgets so it is easy to access the platform which makes social media a place for a product or service to find customers [3]. The various comprehensive data they have related to the behaviour of their users can give them direction on how to establish a good and widely accepted close relationship.

Customer Relationship Management is an integrated information system used to plan, schedule, and control activities both pre-sales and post-sales activities within an organization or company [4]. *Customer Relationship Management* also aims to establish a good relationship between the subscriber and the employer and increase sales, which of course is to get a profit. To achieve this, *Customer Experience Quality* is needed, namely the experience of the customer as a final understanding through direct relationships in the ways provided by the company [5].

It is stated in research [6] with the title "The Effect of Customer Relationship Management on Consumer Satisfaction" that supply chain management has a significant impact on customer satisfaction, and if this supply chain management is successfully applied to a company as well as possible, it will increase good satisfaction for customers. With what has been mentioned before, of course, this is related to if a company establishes a good relationship with customers, it will also create satisfaction with customers. One

of them is the streaming service offered by Netflix, which must carry out a *Customer Relationship Strategy* to increase customer satisfaction.

In this study, it was also explained about strategies to get customer satisfaction by carrying out several strategies including *Relationship Marketing* strategy by establishing well and retaining customers so as not to move to other competitors; *Superior Customer Service*, by providing services through product development and various interesting and creative innovations to provide satisfaction to customers; and the *Improved Performance Company* Strategy by analyzing customer data, conducting training and education, and conducting periodic evaluations so that the company's performance can run well.

Netflix is a subscription-based streaming service that allows users to watch television shows and movies without ads on internet-connected devices. Subscribed users can download or download television shows and movies to various types of devices such as iOS, Android, or Windows 10 devices, and can watch without an Internet connection [7].

In the course of its business, Netflix is known as a very proactive and reactive company in its approach to shared content. Netflix has important parameters such as originality, trends, and identification of preferences from its audience. It was mentioned in the study [8] with the title "*Netflix: An In-Depth Study of their Proactive & Adaptive Strategies to Drive Growth and Deal with Issues of Net-Neutrality & Digital Equity*" for the *International Journal of Management & Social Sciences*, that it was in the year In 2017, Netflix's business growth experienced

inaction in its domestic market, namely the United States, and experienced rapid development in the international market. One of the factors of such challenges is the high domestic competition. However, it was explained that to overcome this, Netflix carried out three pillars of the strategy: original content, stand-up comedy and other popular television shows, and movies with high ratings.

The research also explains how Netflix is executing its strategy to remain focused on providing "*on-demand commercial free viewing rather than live, ad-supported programming*"[8], making the company quite different from its competitors. With what has been mentioned before, of course, it is related that the strategy that Netflix is doing is based on big data and the analysis they do through the help of technology. I believe that this makes Netflix quite confident and firm about the steps they are taking because they have reliable data, rather than following the flow but not having good potential for the future of the business. This research also explains how the pricing scheme carried out by Netflix seeks to reduce discrimination by providing each user with several subscription options tailored to their needs. This can also be seen as a careful move by Netflix to reach several layers of the economy at the same time.

Big data is a very large variety of data combinations, so there is no limitation of potential in big data which continues to increase rapidly and has various types of data. It is mentioned in research has been reviewed and linked to this business review entitled "*Netflix Big Data Analytics – The emergence of Data-Driven Recommendation*" written for the *International Journal of Case*

Studies in Business, IT, and Education which explains how Netflix uses big data analytics to understand its users well. These data help the company in providing appropriate services or products. Netflix collects various data such as location, choice of content viewed by users, user interests, searches performed, and the time when users access its platform. With these various parameters, as also mentioned earlier, Netflix can compile algorithms that provide personalized recommendations based on the preferences of each user. Therefore, technology in this case plays an important role in Netflix to create a satisfying service and experience. In addition, Netflix is always willing to transform according to existing conditions, such as starting from the business model of DVD rentals, to finally providing streaming services for various on-demand visual shows, and creating its original content.

This research focuses on explaining the role of big data analytics to help Netflix improve the quality of its service and become a consumer-centric company [9]. This is of course by the topic chosen, that indeed the digital transformation carried out by Netflix is the right strategy because of the various advantages of technology such as accuracy, speed, and so on. With so many competitors in the industry, Netflix needs to ensure that it can provide the best *user experience*. Without the help of technology, Netflix has to collect data manually which is very difficult to do because of its vast business distribution around the world, and although it can afford to run, it will still take a long time. However, because the platform they use automatically collects data from individual users, Netflix can quickly carry out the next strategy to

grow its business without wasting a lot of effort and time in one process.

Combining available resources, such as leveraging existing digital technologies, is a process of digital transformation by combining digital innovations to drive new experiences for organizations. The research was conducted [10] entitled "Digital Transformation: A multidisciplinary reflection and research agenda" for the Journal of Business Research. The results of this study explain how digital transformation produces business model innovations that change consumer behaviour and expectations and place pressure on traditional business people, even disrupting many industries or markets. This research was chosen because it is appropriate and relevant to the research topic. The digital transformation that was chosen was very appropriate and explained quite well in this study until it was finally able to describe and relate it to the context of Netflix, which refused to be left behind and chose to transform digitally until it could become an important and even major player in the chosen industry.

This study also explains the external factors that cause the need for digital transformation to be unstoppable such as the presence of the *World Wide Web* which is used today around the world, increasingly dramatic competition and even occurring globally so that companies are required not only to compete with local players but also various companies from all over the world, as well as consumer behaviour factors that have also changed adjusting to the digital revolution [10], is happening massively and rapidly. These behaviours include the choice to shop through online stores, and the fact that easy access to information that oc-

curs on an international scale also makes people interconnected, informed, empowered, and active. Another example is the use of gadgets that cannot be separated from modern human life in recent decades. In this case, it is the compatibility with the digital transformation carried out by Netflix that makes it accessible from a wide variety of devices making it easier for users to subscribe and enjoy the services provided. Without Netflix's digital transformation, the company will survive with a DVD rental business model that is currently losing its relevance amid existing technological developments.

METHOD

This study uses the descriptive qualitative method which is research to be able to explain a problem through various data obtained both from surveys, observations, panels, and secondary data. One of the data that will be used in this study is to use secondary data obtained through literature studies. The choice of this method is because this study is intended to explain how the case study or in this case the Netflix company utilizes advances in information and communication technology, one of which is through social media to build relationships with its customers.

In addition, secondary data is data that already exists and is collected to answer research problems in the form of books, journals, and articles. By collecting relevant data according to the topic and title of research and being able to explain how the Netflix company maximizes social media as its means of communication in establishing relationships with its users. These

sources as mentioned in the example can vary but still pay attention to the validity of the writing in the sense that the selected source is reliable and has credibility that can be accounted for. After the various information is collected, the next stage is carried out data processing by selecting relevant data to be presented in this study so that the composition of writing remains in the right corridor and can be well understood by all readers.

RESULT AND DISCUSSION

In the case of Netflix, technology has helped the company in achieving its incredible success. In addition to helping to digitize the movie experience and market its products on an international scale, technology in terms of big data and analytics also helps Netflix in crafting strategic steps for its systems. Of course, we can imagine how hundreds of Netflix subscribers can record their behaviour patterns so that the data can then be processed for business purposes in various forms, such as creating recommendations or considerations in creating the next product. This ability is certainly one of the keys to Netflix's success, for example, because the highly personalized recommendations given to each user have proven to be able to attract them to watch the movie or series, even recorded at 80% [11]. In addition, because they already know the behaviour of their users, they can create or create original content that appeals to Netflix users. Such data is of course predictable, it will be very useful for marketing purposes. Netflix doesn't need a lot of time or resources to market its products because they already know data that

can show the right product to a specific target audience.

Results Related to the topic chosen, namely customer relations on social media, the term itself refers to the fact that the world is in the midst of a digital revolution that will affect all aspects, including all companies and all business sectors. Netflix has the sensitivity and ability to quickly adapt digitally, enabling it to successfully find and implement new business models. This is very important because businesses that want to survive need to realize that market conditions are not stagnant or constant but are constantly evolving, which is why companies need to pursue these developments and increase consumers of their products. Unlike the term evolution which denotes a process that tends to be slow or slow, transformation does occur quickly in everything. This is of course suitable to be applied considering the development of technology that also runs with lightning currents. The spread of internet use has drastically changed our habits, including those related to watching television. In this case, seeing the opportunity that exists, Netflix can improve its services such as the increasing number of movies and series to meet the needs of customers in this digital era. Netflix was able to see the opportunities of the changes and adjust its business model to withstand those changes.

Running a business or business is one of the most important things to pay attention to its customers, besides that it can also build good relationships with customers, especially on Netflix. A customer *relationship* strategy is an effort made by a company to retain its customers. This strategy is known as *Customer Relationship Management*

(CRM). This strategy is about how to retain customers in a company by improving the quality of the relationship between the company and the customer.

The strategy implemented by Netflix is to do marketing in a fast and integrated time for brand development as well as excellent customer relationships because they are always innovating, adapting to the latest technology, and creating attractive and creative advertisements. Netflix can also connect with subscribers with multiple devices. In addition, Netflix also utilizes the power of data analytics for example when users are looking for movies, then Netflix provides suggestions to subscribers. So, Netflix uses customer data analytics to get content similar to what customers are looking for.

This shows that Netflix has utilized social media to find out the habits of its users and to analyze what trends are being sought by its customers. In addition, it will also lure new users to subscribe using the Netflix platform.

CONCLUSION

The results of the research that has been carried out are new to Netflix which is very dependent on technology, especially data analysis and algorithms, which the results of this technology can produce digital streaming innovations that have an impact on changing the behaviour of watching movies and series in this era. Netflix can create a platform that shapes this behaviour, by providing recommendations that are proven to be successful in achieving their goals by maximizing the user data they have such as what customers like and what customers don't like, as well

as other data that can support Netflix in understanding the behaviour of each user.

As for the advice for the future of the company, the proximity is also maintained, so you must pay attention to the current that is running to have high social sensitivity. This is because people today have sensitivity to various issues so it will be risky for Netflix if they pay less attention to it. In addition, Netflix must always provide innovation and a good customer experience so that it is convenient to use for customers.

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