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THE STREAMING REVOLUTION: A COMPREHENSIVE ANALYSIS OF GLOBAL TRENDS AND STRATEGIC ADAPTATIONS IN THE ENTERTAINMENT INDUSTRY

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Abstract. Over the past decade, the streaming entertainment industry has undergone significant transformation, characterized by the shift from traditional media consumption to digital streaming platforms. This essay explores the implications of this "streaming revolution," analyzing its effects on content production, consumption, and distribution. It delves into the evolving dynamics of audience engagement, the role of technology, and the impact of regional market trends. As consumer behaviors shift in response to the convenience and accessibility of on-demand content, media companies face both challenges and opportunities. This report particularly focuses on the strategic adaptations undertaken by leading streaming providers such as Netflix and Disney Plus, assessing their operational models and competitive positioning within the fragmented global market. By applying PEST, SWOT, and Ansoff Matrix analyses, the essay navigates the complexities of the contemporary streaming landscape, revealing insight into the future trajectories of the industry amidst rapid technological advancements and changing viewer preferences.

Keywords: streaming entertainment, media consumption, digital transformation, Netflix, Disney Plus, consumer behavior, PEST analysis, SWOT analysis, Ansoff Matrix, market trends.

JEL Classification: L82, G40, J40

1. Introduction

In the past decade, the landscape of media consumption has undergone a profound transformation, primarily driven by the rise of streaming entertainment. This shift marks a departure from the conventional models of watching, listening, and purchasing media, ushering in a new era characterized by digital streaming platforms. These platforms have significantly altered the dynamics of audience engagement with content, moving away from traditional broadcast methods to a more interactive, internet-based approach.

This evolution has not been without its challenges and opportunities. Complex journey the streaming entertainment industry has embarked upon is one the major areas of interest. In particular, there is a need to analyze facets of how streaming has reshaped the industry, including its impact on how content is produced, consumed, and distributed.

The report also examines the broader implications of this digital shift, such as the changing nature of media companies, the evolving role of content creators, and the new patterns of consumer behavior. Report also considers the economic, social, and technological factors that have fueled this transformation. By analyzing these aspects, report aims to provide a comprehensive understanding of the current state and prospects of the streaming entertainment industry, highlighting its influence on the media landscape.

2. Developments of the Local, National, and International Contexts Influencing the Strategic Transformation of the Streaming Entertainment Industry

With the introduction of streaming technology, the digital entertainment business undergoes a paradigm change that can only be described as a “Streaming Revolution”. The statement by Barnes in The New York Times “The long-promised streaming revolution – the next great leap in how the world gets its entertainment – is finally here. When it became clear that protecting their existing business model was perilous [...], they would act. That time is now. And everything is changing” (Barnes, 2019) sums up

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the significant shifts that are occurring in the industry. This report aims to analyze the various effects of this "streaming revolution", looking at how it changes consumer behavior, business strategies, and the way content is distributed.

Fundamentally, the streaming revolution is a step forward in the evolution of content delivery. Conventional media, constrained by physical or planned formats, has been replaced by digital-first, on-demand content (Tefertiller, Sheehan, 2020). This change has eliminated geographical and temporal restrictions and allowed for quick access to a worldwide library of content. It is a result of both shifting consumer demands and technology improvements. The claim that industry participants understood the risk of sticking with out-of-date models emphasizes how urgent and inevitable this change is.

The emergence of streaming services such as Netflix and Disney Plus has significantly transformed the way individuals obtain and enjoy entertainment. These platforms provide consumers with an unparalleled degree of ease, enabling them to view their preferred television series, films, and documentaries on a variety of devices anytime, anywhere. A more customized watching experience has also been made possible by the move to streaming, since algorithms are now able to offer recommendations that are specifically catered to each viewer's preferences.

Moreover, content development has become more accessible thanks to the streaming revolution. As independent filmmakers and content creators have more access to streaming platforms, traditional barriers to entry in the entertainment sector are being eliminated. Content has diversified as a result, providing a wider variety of tales, genres, and viewpoints than in the past. A new wave of global content has also been sparked by it, with TV series and films from other nations and cultures becoming increasingly well-known worldwide.

Furthermore, the market is becoming more and more fragmented as a result of the streaming revolution. Customers are frequently overloaded with options due to the abundance of streaming services accessible, and the total cost of several subscriptions might be substantial (Bhatt, 2019). For content producers, who have to locate and keep their audience in an increasingly complicated world, this fragmentation also presents a difficulty. Hence, there is a significant need to analyze regional, national, and global perspectives, examining the emerging trends and strategic shifts in the streaming entertainment industry.

As evidenced by several trends and statistics, the streaming entertainment sector is experiencing rapid expansion and change in 2023. By 2021, the global market for video streaming was estimated at $60.1 billion, up from $50.11 billion in 2020 (Cloudwards, 2023). Market grows at a 21% annual rate between 2021 and 2030, reaching an estimated $330 billion in value by 2030 (Cloudwards, 2023). Statista (2023) estimated global streaming projected market size for 2018-2026 at CAGR 11.8%, which is presented on Figure 1.

With more than 220 million customers, Netflix is the most popular streaming service among the more than 200 options available globally. In the United States, 60% of homes have a music streaming subscription and 85% of households have at least one movie streaming subscription (Cloudwards, 2023). The COVID-19 pandemic has increased subscriptions even more, which has forced providers to make significant investments in fresh, original material.

Regionally, video streaming is growing significantly in the Asia Pacific region thanks to OTT platforms and video on demand. The demand for live streaming and on-demand videos is rising in Europe, and big providers like Netflix, Hulu, and Disney Plus are seeing an increase in their OTT subscriber base (Fortune Business Insights, 2022). Online streaming services are becoming more and more common throughout the Middle East and Africa, particularly in the UAE and South Africa. The gradual growth of South America is being driven by the increasing use of mobile internet in nations such as Brazil and Argentina. By 2027, the global live streaming market – valued at

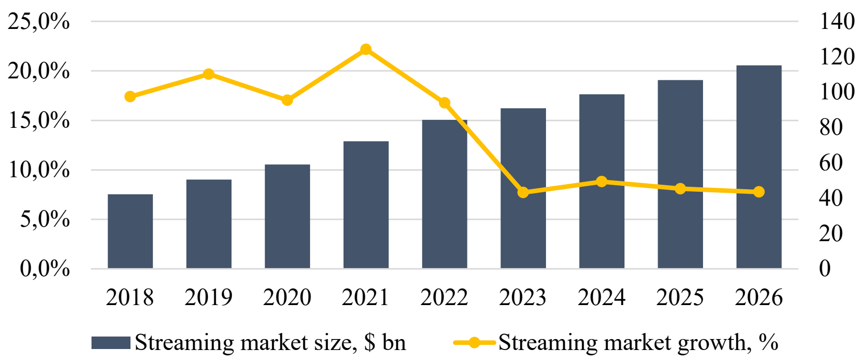

Figure 1. Global streaming projected market size for 2018-2026

Source: Statista (2023)

$1.49 billion in 2023 – is projected to further grow to $3.21 billion (Fortune Business Insights, 2022; JWP, 2024). Movies are the most popular content type on subscription streaming services, but live news is the most significant content category on free video services. Customers use paid video streaming services for one to five hours every week; Samsung TV and Amazon Fire are considered two of the best options for streaming when it comes to device usage (Fortune Business Insights, 2022; JWP, 2024).

The media streaming industry is extremely fragmented, and in order to remain competitive, the big providers concentrate on high-value bundles, cutting-edge features, and premium, original content that is region-specific. Technology is heavily invested in, along with strategic alliances, mergers and acquisitions. Thus, the rapidly expanding streaming entertainment sector is propelled by evolving consumer behavior, technical improvements, and regional growth trends. The market is still characterized by intense competition and fragmentation, and major businesses must continually innovate and adjust to stay in the lead.

Recent developments in terms of pandemics context and post-pandemics reality significantly affected the industry. Contemporary consumer behavior is a particularly significant driver in these terms. The paradigm shifts in consumer behavior, namely in response to the pandemics, has exerted a significant impact on the streaming entertainment sector. The implementation of lockdown measures, which required individuals to stay inside their homes, resulted in a notable transition towards entertainment options within the home, hence accelerating the acceptance and usage of theatrical streaming platforms like Netflix. Significantly, the practice of streaming movies and TV shows grew rapidly during this time, as consumers formed consistent patterns of using these services. These habits are anticipated to continue in post-pandemic period, given the convenience and adaptability provided by platforms such as Netflix correspond with the newly established patterns of consumption. The convenience of accessing a wide range of information whenever desired, along with the lack of commercials, has made streaming services a more favorable option compared to traditional media, which in turn affects people's future intentions to use them. This shift represents a lasting change in behavior, comparable to the ones reported in psychological studies on habit development, rather than being a momentary reaction to the lockdowns. The correlation between consumer behavior and the adoption of streaming platforms is reinforced by the cost-effectiveness of these services. Netflix's reasonably priced monthly subscription and the ability to share accounts make it an appealing choice for a diverse range of consumers. The trend in consumer preferences towards convenient and user-centric streaming services highlights the significant influence of customer behavior on the future of the streaming entertainment industry.

Technology is another driver significantly influencing the development of the industry. Expanding upon the widespread acceptance of streaming services in the film industry, advancements in technology have additionally transformed the overall media environment. The concept of digital convergence plays a crucial role in the evolution of media in the modern era. Technological innovations have transformed traditional mass media, requiring the business to incorporate new digital platforms and technologies into its processes. The integration of numerous media formats in digital technology enables users to access material across several devices and platforms, resulting in increased user engagement and wider distribution of media content. The involvement of technology in this revolution is not merely a passive transition, but rather a profound reconfiguration of how media functions and how consumers engage with it.

As the streaming entertainment industry progresses, many geographical marketplaces demonstrate unique tastes that mirror the variety of customer needs. The creation of platforms tailored to certain regions demonstrates the diverse preferences and consumption patterns worldwide. Visual shifts within city landscapes can be impacted by socio-economic characteristics present in an area. Research emphasizes that these modifications might reflect market concentrations and consumer preferences influenced by their place in the labor market. Furthermore, the variations between generations in these areas also have a significant impact on how media is consumed. Studies suggest that Generation X consumers exhibit reduced inclination towards specific forms of media, highlighting the significance of comprehending their media program preferences within the framework of the digital environment (Mordor Intelligence, 2023). These insights are crucial for media producers and streaming services as they traverse the intricate landscape of potential dangers, customize measures to reduce risks, and strive to expand their market reach by responding to the varying preferences observed in various regional marketplaces.

Amidst the worldwide growth of streaming services, localized providers face a distinct set of obstacles that differentiate them from multinational competitors. These businesses, because they concentrate on one market, do not have the advantage of global economies of scale that larger companies like Netflix utilize. This advantage enables Netflix to distribute costs and risks among a larger customer base. This is worsened by the fact that transnational services like Netflix have effectively globalized by providing a wide range of non-US material, appealing to varied audiences and so establishing their presence in multiple markets.

As a result, regional services suffer difficulties in reaching audiences outside of their own areas, as local content often has obstacles in achieving international popularity, particularly when compared to content created within the US widely recognized global distribution networks. The challenge to compete is not solely related to content, but is influenced by intricate operational dynamics that differ from those of multi-territory services capable of extensive worldwide production.

Expanding on the existing knowledge that the expectation of good performance affects the adoption of theatrical streaming services, it is crucial to take into account the regional markets that are likely to experience substantial growth in this industry. The Middle East and Africa are expected to experience significant growth in the digital streaming industry, as indicated by the rising popularity of online platforms in countries like the UAE, the larger GCC region, and South Africa. The expansion is supported by a growing need for digital content and a swiftly changing media environment that is adopting streaming services. Moreover, it is important to recognize the significant potential of the Asia-Pacific region, particularly due to the expected substantial contributions from countries such as India, China, and Korea. These contributions will be driven by factors such as the growing internet penetration, increasing disposable incomes, and the widespread use of smart devices. Therefore, these regions have to be emphasized in terms of significant growth potential, and revenue growth predictions at many levels, such as global, regional, and country-specific forecasts. Apart from that observations have be outlined that indicate a significant change in consumer behavior and the adoption of technology in these key locations. This change is expected to bring about a period of transformation in video streaming market.

3. Netflix and Disney Plus Strategy to Adapt to Global Advances and Trends

The fundamental business models of Netflix and Disney Plus are the primary strategies and approaches they employ to generate revenue and sustain their operations in the outlined context of streaming entertainment sector. Both Netflix and Disney Plus have established unique niches in the competitive online streaming industry. Netflix, widely recognized as a trailblazer in the field of streaming services, has established its business model on a platform that operates on a subscription basis. This platform provides a diverse range of content, including original programming, to a worldwide audience. The effectiveness of this strategy is seen in the platform's remarkable growth rate. Netflix as the leading streaming platform consistently demonstrates its significant impact and extensive presence in the sector. Disney Plus, in turn, capitalizes on its extensive collection of intellectual properties, offering a vast array of material that appeals to a wide range of viewers, including families and enthusiasts of its various brands. Disney Plus has implemented a direct-to-consumer approach, enabling it to establish a more direct connection with its viewers. This method bypasses conventional distribution channels and allows the streaming of its programming directly to global audiences. This strategy had a significant effect during the COVID-19 epidemic, as the introduction of Disney Plus happened at the same time as the period of quarantine self-isolation, attracting the interest of viewers looking for entertainment while under lockdown.

Given the significant changes in the media landscape, the analyzed corporations have had to quickly adjust in order to maintain their competitive advantage. The emergence of streaming services is a clear indication of this transformation, with Netflix leading the way as the dominant player in the worldwide film streaming market, with a 200 million customers (TechReport, 2023). The dominance exhibited by Netflix is not solely a result of its ability to acquire a large share of the market, but also due to its strategic innovation, including its investment in creating original content. Despite being characterized as asset-light, streaming platforms such as Netflix spend significant financial resources towards the production of original series and movies, which has become a fundamental aspect of their business model. Disney's start in the streaming industry through the launch of Disney Plus following its acquisition of the 21st Century Fox highlights the importance of content as a powerful tool in the competition. By implementing this strategic pivot, Disney not only increased the size of their content library but also established themselves as a strong contender in the streaming industry. Moreover, the integration of Disney Plus exemplified a complete adoption of the direct-to-consumer strategy, in line with the wider industry shift towards subscription video-on-demand (SVoD) platforms. The advent of streaming technology has not only transformed the operations of corporations such as Disney and Netflix but has also sparked a significant surge in investment within the worldwide entertainment sector, signaling a profound change in the production and distribution of content.

With the growing rivalry in the SVoD market, the strategic positioning of Netflix and Disney Plus in their respective market niches becomes more crucial. Netflix, a dominant player in streaming entertainment industry, consistently allocates significant resources towards the production of channel films and original material in order to sustain its market leadership. Netflix's strategy has successfully allowed them to establish a strong and loyal client base that value the platform's wide-ranging and inventive content options. Disney Plus strategically utilizes the advantage of its parent company, using Disney's extensive collection of cherished characters and franchises to entice subscribers. The purchase of Fox by Disney has strengthened its collection of material, enabling a deliberate transition towards streaming its programming to directly rival Netflix. Disney Plus also gains advantages from cross-promotional opportunities with other divisions of the Disney corporation, such as its theme parks. These chances are expected to increase park attendance and therefore contribute to the expansion of the streaming service's subscriber base. The interdependent connection between Disney's many divisions highlight the company's comprehensive strategy to secure a substantial portion of the streaming business, positioning itself as a strong rival to Netflix. Both companies acknowledge the significance of ongoing innovation and investment in original content as the streaming industry progresses, guaranteeing their relevance and competitiveness in the ever-changing SVoD ecosystem. Netflix gained a considerable advantage in the market by making a substantial investment in an easy-to-use online platform, using their own advanced methods to extract data, and providing personalized content recommendations. In turn, Disney Plus has successfully used the profound sentimentality and strong allegiance to its brand that transcends many generations, a calculated maneuver that has played a crucial role in its swift expansion since its establishment.

Considering this context, situation analysis for both companies is performed using instruments of Ansoff Matrix, SWOT and PEST analysis. That would allow to summarize in a cohesive this report’s findings. Complex external environment of business operations is assessed in Table 1 through PEST analysis instrument.

Both platforms have to adjust to these exogenous influences. Their different business plans reflect how they plan to address the opportunities and problems facing the streaming service sector.

Volatile external environment assessed through PEST analysis instrument indicates need for deep analysis of endogenous factors forming companies’ innovation and strategy. This internal analysis is outlined in Table 2 using SWOT analysis instrument.

Endogenous and endogenous environment presented through PEST and SWOT analysis indicated complex context of Netflix and Disney Plus strategy development. Peculiarities of these strategies are presented in Table 3 through Ansoff Matrix.

Table 1
PEST analysis for Netflix and Disney Plus

Analysis Factors	Netflix	Disney Plus
Political	As Netflix grows internationally, company has to manage a variety of international regulations, censorship, and content laws.	Disney Plus experiences similar difficulties in growing internationally, with a focus on local cultural norms and content requirements.
Economic	Netflix is currently grappling with the financial burden of developing original content and keeping up with technical advancements.	Disney Plus is required to maintain efficiency across a vast business and the economic ramifications of restructuring.
Social	Netflix is faced with shaping societal trends (such as binge-watching) and adjusting to the evolving tastes and routines of its audience.	Disney Plus uses its powerful brand and franchises to connect with a wide range of audiences, focusing on family-friendly and culturally diverse content.
Technological	Netflix employs toolkit based on AI and ML to create and recommend content, as well as to create interactive stories and games.	Disney Plus is centered around superior streaming content and platform integration.

Table 2
SWOT analysis for Netflix and Disney Plus

Analysis Factors	Netflix	Disney Plus
Strength	Vast original content library, strong recommendation engine, strong brand recognition.	Robust heritage and brand recognition, varied content selection (Marvel, Pixar, National Geographic, etc.), and incorporation with tangible assets (parks, resorts).
Weakness	Growing costs of unique content creation for numerous different audiences under the service’s strategy.	Late entry into streaming market. Involvement into existing market framework of high expenses on diversified content creation.
Opportunity	Content creation through AI and ML toolkit. Exploring markets of gaming.	Cross-platform synergies between digital and physical experiences, exploration of IMAX technology for cross-platform strategy.
Threat	Shifting consumer preferences for which competitors have a better consumer offering. Changing regulatory environment across different geographies of presence.	Need to constantly adjust to shifting cultural norms in international markets, and technology upheavals.

Table 3
Ansoff Matrix analysis for Netflix and Disney Plus

Analysis Factors	Netflix	Disney Plus
Market Penetration	Netflix has effectively expanded into several international areas by customizing its content to suit regional preferences and making significant marketing investments. User experience is another focus are for the company.	Disney Plus, though being relatively new streaming service, has successfully entered regions where Disney already has a following by utilizing its powerful brand and unique content collection. Combining with other Disney services enhances the service's market reach.
Market Development	Netflix customizes its content to the languages and cultures of the regions it actively seeks to enter. For a wider audience, the service also develops joint ventures with nearby media and telecom companies.	Disney Plus as a streaming service focuses on entering foreign areas where Disney already has a significant market share. Families and children are another target demographics, one in which Disney has historically done well.
Product Development	Netflix being a leader in the production of original content, makes significant investments in the creation of new films, TV shows, and documentaries. Broad spectrum of viewers being targeted, requires the service to prioritize a variety of genres and global material.	Disney Plus prioritizes the creation of fresh material based on its portfolio of IP, which includes Star Wars and Marvel. Aside from experimenting with new forms, Disney Plus also produces live-action adaptations of vintage animation.
Differentiation	Netflix has branched out into interactive media. Service also studies opportunities in gaming and products based on its original programming.	Service utilizes the whole Disney network, i.e. theme parks, retail stores, and theatrical films. Combining streaming media with other Disney offerings, Disney Plus is a component of a wider, more varied corporate strategy.

Analysis of endogenous and exogenous context of strategy development performed through PEST, SWOT and Ansoff Matrix analysis instruments indicates a volatile environment of consumer preferences and competitive forces under which stakeholder value has to be created. That requires an agile and creative strategic approach for Netflix and Disney Plus to stay relevant and viable. Innovation – both consumer and technological – is the cornerstone in this respect for the analyzed companies.

4. Conclusions

The streaming entertainment industry has undergone a significant transformation in the past decade, moving away from traditional broadcast methods to an interactive, internet-based approach. This shift has led to a more personalized viewing experience and a wider variety of content, including movies, documentaries, and music. However, the market is becoming increasingly fragmented, with customers often overloaded with options and subscription costs.

The streaming entertainment sector is experiencing rapid expansion and change, with the global market for video streaming was estimated at $60.1 billion by 2021, up from $50.11 billion in 2020. By 2030, it is projected to reach $330 billion in value. Netflix is the most popular streaming service globally, with over 220 million customers. The COVID-19 pandemic has further increased subscriptions, forcing providers to invest in fresh, original material.

Regionally, video streaming is growing significantly in virtually all regions, namely the Asia Pacific, Europe, and the Middle East and Africa. By 2027, the global live streaming market is projected to grow to $3.21 billion. Big providers focus on high-value bundles, cutting-edge features, and premium, region-specific content. Technology is heavily invested in, along with strategic alliances, mergers and acquisitions. To remain competitive, big providers focus on high-value bundles, cutting-edge features, and premium, original content that is region-specific. Technology is heavily invested in, along with strategic alliances and other strategic market moves. The rapidly expanding streaming entertainment sector is propelled by evolving consumer behavior, technical improvements, and regional growth trends.

Streaming entertainment industry has been significantly impacted by pandemics and post-pandemic realities. Consumer behavior, particularly during lockdown measures, has led to a shift towards home entertainment options, accelerating the adoption of streaming platforms like Netflix. This trend is expected to continue in the post-pandemic period due to the convenience and adaptability provided by these services. The cost-effectiveness of streaming services, such as Netflix's reasonably priced monthly subscription and the ability to share accounts, makes them appealing to a diverse range of consumers.

Netflix has transformed from a DVD rental service to a dominant streaming platform, while Disney Plus has expanded its streaming services by leveraging its historical background and strong brand allegiance. Disney Plus offers a unique content library, including timeless classics from The Wonderful World of Disney, and has entered upcoming technologies to strengthen its emotional value. Netflix faces challenges in international growth, such as managing regulations and content laws. Disney Plus uses its powerful brand and franchises to connect with a wide range of audiences, focusing on family-friendly and culturally diverse content. Thus, both Netflix and Disney Plus have to adapt to external influences and develop innovative strategies.

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