NETFLIX BUSINESS SEES UNPRECEDENTED GROWTH AMID COVIDS-19 PENDEMIC

Adrian Hidayat
ahnangka67@yahoo.com
Universitas Buddhi Dharma

Abstract
This current Pandemic situation makes all the usual business become upnormal, most of the people they are working from home. Due to that situation, they need something to enjoy living while working. They need entertainment, and such as sudden the entertainment business become popular to fulfill their needs. The entertainment industry has to adopt rapidly to the consumer behavior during pandemic. Video streaming becomes popular all over the world, as well as Indonesia, and immediately becoming a lifestyle. Nielsen, the research institution predicted that the streaming industry services would be increased by 60% during this global pandemic. Netflix registered the increment of 15.8 million customer during pandemic, which is more than two-times higher than expected. The total Netflix’s customer today is about 182 million customers all over the world. With respect to the customer increment, there company’s income increase from US$ 5.5 billion in the quarterly report in 2019 to US$ 5.8 billion in the first period in 2020. Netflix Sees Unprecedented Growth Amid Pandemic, this will be the study on this journal.

Keywords: Covid-19 Pandemic, Netflix, Lifestyle streaming business.

INTRODUCTION

In Indonesia, the audience of online-entertainment business, increase significantly. The research conducted by a MarkPlus, Inc, the topic is about “Telecommunication Industry vs COVID-19, presented a increment of online-consumption on video or movie-streaming from 76.6% to 85.5%. And the McKinsey and Company survey on May 20-22, 2020, shows that in Indonesia the expenditure of entertainment is relatively high during the pandemic. More than 37% of the respondent spend much money to get entertainment while they are at home, which is video-on-demand (VOD) is the most popular way to be accessed.

Figure 1. Ways to handle stress
Figure 2. Changes in expenses due to COVID-19? (INDONESIA)
There are many way to handle stress, while at home, working from home, altogether with the family. Due to that situation, there are expenses increased and decreased during Covid-19 pandemic. Human lifestyle change, and consumer behaviour as well.

The needs of entertainment while at home, one of the best solution to overcome stress. Many people all over the world being bored, because for such a long time, living in the house, eventhough there are close with their family. The entertainment is signifantly needed for them to enjoy life while doing paper/office-work at home.

Hakuhodo Institute of Life and Living ASEAN, throught their research with regard to COVID-19 and its impact on ASEAN sei-katsu-sha announce that 81% respondent experience stress due to the pandemic situation. And to encounter the stress happened, 44% respondent video through smartphone, and 31,6% looking for other alternative entertainment at home through music or game. Due to the needs of entertainment alternatives while at home, drive the entrepreneur to serve well to satisfy their needs.

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“Entertainment online mungkin saja dapat permanen, mungkin juga tidak. Tapi ketika kita membicarakan event digital erat kaitannya dengan media sosial, konten, serta perilaku orang-orang.”, Fahroni Arifin, SVP Head of Brand Management dan Startegy, Indosat Ooredoo. Fahroni also said that Online Entertainment might be permanently used, might be not, depend on their digital strategy. On the other hand, Ramadhan Triwijanarko said that people has already looking for streaming alternative media which could possibly fulfill their needs. This is the moment for entrepreneur, for the brand to present their added-values to win the current rapid-changes on consumer behavior.

At the time, when Covid-19 was announced in Indonesia, they were looking for the right and suitable streaming platfom to be used. There are many in the market right now, such as Netflix, Viu, Video, and Maxstream. There are compete each other to win the customer’s attention.

![Indonesia: Time spent per user (Minutes viewed per week)](image)

According to Varun Mehta, Country Manager Indonesia Viu, stated that Indonesian Market are more flexible and more variety in choosing streaming platform, as well as Viu is becoming famous and chosen by them, while they are at home.
Adrian Hidayat. Netflix Business Sees Unprecedented Growth Amid COVID-19 Pandemic

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LITERATURE REVIEW

The Corona Virus Diseases

Corona viruses are extremely diffused among humans and more in general among mammals and birds. They are the cause of a large percentage of all common colds in human adults. In contrast to influenza, just two human coronaviruses were known for many years. In 2003, a new coronavirus was identified as being responsible for the severe acute respiratory syndrome (SARS) outbreak that spread around the globe. SARS is one of the best examples of a new emerging disease. After AIDS in the early 1980s, this was the first new virus able to reach a global scale. Indeed, it spread to more than 30 countries across 5 continents in 2003. While the number of confirmed cases has been limited, around 8,000 in total, the associated mortality was much higher than a typical influenza strain. It ranged from 3% to 10%, creating large concerns that led to global efforts for its containment. In 2012, a new type of coronavirus was discovered in the Middle East, dubbed MERS-CoV. Then, in May 2015, an outbreak of MERS-CoV occurred in the Republic of Korea, causing one of the largest MERS-CoV outbreaks outside of the Middle East region.

Virus Structure

Coronaviruses belong to the subfamily Coronavirinae in the family Coronaviridae. They are enveloped viruses with a positively stranded RNA genome. Several proteins contribute to the biological structure of coronaviruses. In particular, there are spike, envelope, membrane, and nucleocapsid proteins.

Virus Transmission

The transmission mechanisms of coronaviruses are typical of influenza-like illnesses (ILI). However, other characteristics are quite different. For example, in the case of SARS, the proportion of asymptomatic infections was relatively small. The maximal infectiousness registered occurred about 7 days after the onset of symptoms. The virus responsible for SARS is different from all other known coronaviruses. It appears to have originally been an animal virus that crossed to humans. Indeed, the virus has been isolated from civet cats in the Guangdong Province. In this region, there are many markets in which civet cats and other exotic animals are sold. A large fraction of workers
in these markets were found to be seropositive for SARS. However, it is not clear if civet cats or other animals are the natural reservoir of the virus in the wild.

The advances in data-model integration have highlighted complex properties and heterogeneities, which cannot be neglected in the description of epidemics.

Although these characteristics have long been acknowledged as relevant factors in determining the properties of dynamical processes, it is clear now that the large-scale epidemics often elude the straightforward linear thinking we are used to and surprise us with tipping points, emergent behaviors, and unexpected shifts in dynamical regime that characterize complex phenomena.

Threats and Systemic Risk

One of the main challenges in assessing the threats of deliberate/natural disease outbreaks is the choice of key epidemiological parameters and the natural history of infection. The variability of the parameters creates a wide range of scenarios for which it is crucial to develop epidemic models able to gauge the actual threat of diseases with pandemic potential.

Strategic Growth

According to Drucker’s views on strategies to achieve business growth, both organically through sales and marketing, and innovation; and then external growth through mergers, acquisitions, and strategic alliances. Drucker ’s Strategic Thinking Process will also be covered in detail, outlining the essential steps that must be taken in order to arrive at the appropriate strategies for growth.

His views on the key roles that senior management and planners must play in the strategic planning process are also reviewed as well as the importance of executive decision making. Drucker ’s observations on changing demographics and global trends in society that offer opportunities for innovation and growth help to reinforce some of his views on marketing and marketing research.

The Purpose of a Business

Drucker declared, “ The purpose of a business is to create a customer. ”There is a huge Drucker gap here in his simple definition of a business that I had to fill by adding, “ . . . and to retain a customer. ”Maybe a small detail, but huge when considering extensive I had to spend considerable more time on customer retention strategies that were a little more comprehensive than just “Going Outside”.

A contributor I added to fill this gap was Roger J. Best and his extensive treatment of customer retention in his book, Market - Based Management: Strategies for Growing Customer Value and Profitability (2004). 2 Best made the point that “customer satisfaction and retention are important linkages to a market - based strategy and profitability. The ultimate objective of any given market strategy should be to attract, satisfy, and retain target customers.” 3 I felt this was a much better explanation than Drucker’s “purpose of a business”, and I added this to close the Drucker gap. Best’s discussion of customer retention strategies that I added to reinforce Drucker included a classification of types of customers. Best argued that “ not all customers are the same. Some may be loyal and profitable, others profitable but not loyal, some loyal but not profitable, and others are neither loyal nor profitable. ” 4 He classified these customers as follows:

- **Core Customers (Profitable and Loyal):** These customers are the key source of a business ’ s profits.
- **At - Risk Customers (Profitable but Not Loyal):** These are profitable customers who could leave the business due to declining customer satisfaction or weakening customer value.
- **Non - Profit Customers (Not Profitable but Loyal):** These customers are satisfied and retained but cannot be served profitably by the business.
- **Spinners (Not Profitable and Not Loyal):** These are price shoppers who are acquired and exit quickly.
Growth will continue to be a desirable and indeed a necessary business objective. "He went on to add, “In a growing economy there is plenty of room. Industries that have passed their peak decline slowly and are being held up by the overall buoyancy of the economy. New industries can grow well and grow more by accident than by management. But when the economy as such does not grow, changes in the economy are bound to be abrupt and sharp. Then indeed a company or an industry that does not grow will decline. Then there is even more need for a strategy that enables a management to plan for growth and to manage growth".

Moving from Traditional to Digital Marketing

Traditionally, marketing always starts with segmentation—a practice of dividing the market into homogenous groups based on their geographic, demographic, psychographic, and behavioral profiles. Segmentation is typically followed by targeting—a practice of selecting one or more segments that a brand is committed to pursue based on their attractiveness and fit with the brand. Segmentation and targeting are both fundamental aspects of a brand's strategy. They allow for efficient resource allocation and sharper positioning. They also help marketers to serve multiple segments, each with differentiated offerings. However, segmentation and targeting also exemplify the vertical relationship between a brand and its customers, analogous to hunter and prey. Segmentation and targeting are unilateral decisions made by marketers without the consent of their customers. Marketers determine the variables that define the segments. The involvement of customers is limited to their inputs in market research, which usually precede segmentation and targeting exercises. Being “targets,” customers often feel intruded upon and annoyed by irrelevant messages aimed toward them. Many consider one-way messages from brands to be spam.

In the digital economy, customers are socially connected with one another in horizontal webs of communities. Today, communities are the new segments. Unlike segments, communities are naturally formed by customers within the boundaries that they themselves define. Customer communities are immune to spamming and irrelevant advertising. In fact, they will reject a company's attempt to force its way into these webs of relationship.

Relationship between Customer and the Company

To effectively engage with a community of customers, brands must ask for permission. Permission marketing, introduced by Seth Godin, revolves around this idea of asking for customers' consent prior to delivering marketing messages. However, when asking for permission, brands must act as friends with sincere desires to help, not hunters with bait. Similar to the mechanism on Facebook, customers will have the decision to either “confirm” or “ignore” the friend requests. This demonstrates the horizontal relationship between brands and customers. However, companies may continue to use segmentation, targeting, and positioning as long as it is made transparent to customers.

Different Approach When The Crisis Come

This is a book about the attention crisis in America and how marketers can survive and thrive in this harsh new environment. Smart marketers have discovered that the old way of advertising and selling products isn’t working as well as it used to, and they’re searching aggressively for a new, enterprising way to increase market share and profits. Permission Marketing is a fundamentally different way of thinking about advertising and customers.

There is No More Room For All These Advertisements

When the crisis come, advertisement does not make any changes, means change the customer opinion or mindset. Even though on TV advertising, and other TV commercials, we use to throw away magazines unopened, because no longer interested enough in what a telemarketer might say to hesitate before hanging up.
There is also No More Room For Direct Marketing

Even though they work better than advertising, these techniques are astonishingly wasteful. A 2 percent response for a direct mail campaign will earn the smart marketer a raise at most companies. But a 2 percent response means that the same campaign was trashed, ignored, or rejected by an amazing 98 percent of the target audience! From the perspective of the marketer, however, if the campaign earns more than it costs, it’s worth doing again.

Permission Marketing cuts through the clutter and allows a marketer to speak to prospects as friends, not strangers. This personalized, anticipated, frequent, and relevant communication has infinitely more impact than a random message displayed in a random place at a random moment. Permission Marketing Is Anticipated, Personal, Relevant.

- Anticipated—people look forward to hearing from you.
- Personal—the messages are directly related to the individual.
- Relevant—the marketing is about something the prospect is interested in.

Permission Marketing lets you turn strangers, folks who might otherwise ignore your unsolicited offer, into people willing to pay attention when your message arrives in an expected, appreciated way to hear from you.

DISCUSSION

The Pandemic Covid-19

Restless all-over-the-world, including in Indonesia, uncertainty and overwhelmed all-over the nations. Indonesian Government applied a New Normal on May 2020. Eventhough in the New Normal, we must discipline to apply health-protocol.

A Crisis Stops the Show

In this digital age, news is everywhere, 24/7—multiple platforms, multiple channels, multiple choices.

A crisis is always a significant disruption to a business, social environment, or organization. It results in national news media coverage and is, inevitably, a situation where the public needs information to make better decisions. A crisis is a single point in time that is a show-stopping, company-stopping, people-stopping, country-stopping event. It is a triggering event that stops business, alarms or threatens people, and puts your reputation at risk. The Institute for Crisis Management defines a crisis as “a significant business disruption which stimulates extensive news media coverage. The resulting public scrutiny will affect the organization’s normal business operations and could also have a political, legal, financial, and government impact on business.”

A crisis will most certainly cause people to panic, taking them out of their “passive state”, because they do not know what to do, and sometimes propelling them into action (good or bad).

No wonder we have such crises. Sadly, the majority of companies fail to plan. According to Geibel Solutions Marketing, fewer than 20 percent of businesses have crisis communication plans, or if they do have a plan, they fail to effectively exercise and drill that plan.

Crisis Brings Unprecedented Growth Amid Covid-19 Pandemic

Due to the digital era, and people need something to fulfill their needs while working at home, brings unprecedented growth on Netflix.

Intelligence is the ability to adapt to change. This Covid-19 Pandemic brings a rapid success to Netflix, and fortunately the management, and the leaders of Netflix could manage positively the changes. And the changes ends with happiness.
CONCLUSION

Growth will continue to be a desirable and indeed a necessary business objective. Luckily the company could incredible grow and manage the crisis well. Through these research, there are something to be remember for us, as follows:

- Understanding the needs of the customer.
- We could not predict about the end of the pandemic. The leader should persistently look for the solution, in order for the company could survive.
- Stay focus even the crisis come, be productive all the time.
- The company should prepare a digital-platform in order to fulfill the customers’ needs.
- In some extend, sometimes advertising is no longer be used, as well as direct marketing, because no room in customers’ attention. The leader should be wise enough to use the company’s expense to boost revenue

Reference


