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THE IMPACT OF STREAMING SERVICES ON FILM DISTRIBUTION STRATEGY

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Abstract
This article examines the changes brought by streaming services to the film industry, becoming a crucial component of the media economy. With the onset of digitalization and the growth of streaming, cinema has moved beyond traditional distribution channels. Platforms such as Netflix, Disney+, and HBO Max have transformed the content distribution model, offering users access to extensive libraries of movies and series through subscription-based or ad-supported models. The interdisciplinary approach of this article allows for an exploration of the economic, sociocultural, and technological aspects of this transformation. The study discusses innovations in recommendation algorithms, personalized content offerings, and original productions that have become defining features of successful streaming services. Examples of adaptive strategies include the creation of exclusive content and the incorporation of ads into subscription models, attracting new audiences and driving revenue growth. The research findings confirm that despite the audience's continued interest in traditional cinemas, streaming services retain significant potential for expanding their customer base, particularly in the context of globalization and shifting consumer habits. The article concludes that streaming has become an integral part of the modern film industry and a key driver of its future growth.

Keywords Film industry, streaming services, cultural impact, globalization, Netflix, HBO, streaming media, COVID-19 pandemic.

INTRODUCTION

The significance of cinema in our lives is undeniable. Emerging in the 19th century, cinema has evolved not only into a form of entertainment but also into a substantial cultural and economic force. Today, there is no country unaffected by the processes of film consumption or production. While many associate films with leisure and studios with the so-called "dream factories," not everyone acknowledges the status of the film industry as an economic hub capable of generating substantial profits and contributing to socio-economic development. For industry professionals, cinema represents a complex sector with vast potential for innovation and growth.

However, the emergence of streaming services has dramatically altered the dynamics of film distribution and promotion. These platforms have not only gained popularity but also reshaped the ways audiences engage with cinematic content [3]. Where television once dominated, streaming now offers convenience, affordability, and an extensive library of diverse content, enhanced by sophisticated recommendation algorithms. Additionally, platforms like Netflix invest heavily in original series and films, which play a crucial role in shaping global media consumption [1]. In the context of the new media economy, streaming services have become a central component of film distribution, challenging traditional film and television markets and creating new strategic opportunities. This article examines the impact of these platforms on distribution strategies, analyzes how streaming services are redefining film marketing, reaching target audiences, and influencing the competitive landscape of the global film industry.

METHODS

To examine the impact of streaming services on film distribution strategies, this study employs an interdisciplinary approach that integrates economic, sociocultural, and industry-specific analyses. Given the ongoing transformation of the global economy and current challenges in the international system, a comprehensive evaluation of the film industry will yield critical insights, particularly relevant for a country known for its rich cinematic traditions. This analysis serves as a case study for understanding how national cinema can adapt amid growing globalization and the dominance of streaming media [4].

The research utilizes both positive and normative analyses to assess the evolving role of streaming services and their influence on traditional distribution methods. The positive analysis examines observed changes in distribution and audience engagement patterns, while the normative analysis explores implications for industry policy and future strategic directions. Additionally, discourse analysis is employed to investigate narratives about streaming services in both mass media and industry sources, highlighting the perspectives of stakeholders such as filmmakers, investors, and policymakers [8]. This approach underscores the sociocultural impact of streaming as a distribution tool and the resulting shifts in audience behavior and content consumption.

Economic data analysis further substantiates this research, identifying quantitative trends in revenue streams, shifts in market share, and changes in the investment structure of the film industry. Special attention is paid to data on global film production infrastructure, recognizing the necessity for ongoing investment in comprehensive equipment and shared technical resources to remain competitive [7]. From this perspective, the study evaluates the extent to which streaming services contribute to the creation of an interconnected, collaborative media environment where creative and technical inputs enhance project appeal and attract investor interest.

The literature review reveals a significant increase in scholarly works examining the impact of streaming services on cinema in recent years. Mary J. Benner [1] analyzed how digitalization influences film production, reflected in the rise of blockbusters and long-tail films. Allegra L. Hadida and colleagues [2] developed four scenarios for film distribution on streaming services. Muhammad Edy Irfandiyanto and Azzara Kubaies [3] explored consumer-associated keywords with Netflix, providing insights for understanding the role of streaming services in film distribution. Marius Ofsti [4] identified a shift towards a more vertical strategy among distributors due to the influence of streaming services. Wendy Su [5] examined the impact of the Covid-19 pandemic on global media companies. V. Tan and M. Wei [6] discovered a trend among global streaming platforms towards creating integrated media entertainment and cultural services. Other studies [7, 8, 9] investigate the effects of new media on the film industry, including advertising, television, and cinema as a whole.

By analyzing the aforementioned scholarly works using analytical methods, this study aims to provide insights into how streaming services are altering distribution strategies, affecting content accessibility, and driving industry adaptation.

The findings of this research highlight significant changes in media consumption driven by global technological advancements and an intensified shift towards a digital economy. The COVID-19 pandemic has markedly accelerated this transition, exposing the limitations of traditional content distribution while promoting the adoption of alternative digital models that facilitate remote delivery of entertainment. Conventional methods of content consumption, such as direct engagement at cinemas, theaters, or stadiums, faced major disruptions, prompting a rapid shift to online streaming platforms capable of delivering high-quality content to a much broader audience. Business strategies of streaming services like Netflix and Tencent Video are depicted in Figure 1.

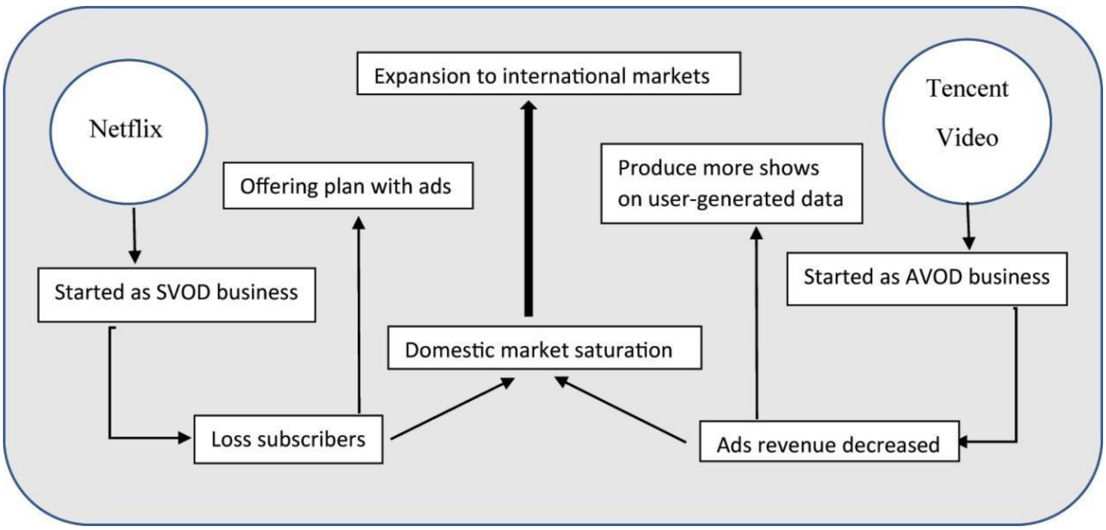

Figure 1 – Changed business strategies of streaming services [6]

Apple's success in the services sector exemplifies the profitability and scalability of digital content platforms. From 2018 to 2020, Apple's media services revenue (including Apple Music, TV+, and Arcade) increased from $37.2 billion to $53.77 billion, driven by a gross margin of 62.8%, a sharp contrast to the revenue from the company's hardware division (34.3%) [2]. Similarly, Warner Media's shift from traditional television distribution to digital streaming, primarily in response to competition from Amazon and Disney, illustrates a broader industry-wide pivot. Historically, Warner Media operated mainly through television networks, but by 2015, the conglomerate transitioned to streaming, spurred by competitive pressure from new platforms. This shift was further accelerated by the COVID-19 pandemic, as traditional venues closed and streaming became the primary method of content distribution [5].

The shift towards online streaming, now a key element of modern entertainment infrastructure, is characterized by increasing consumer preference for digital media available on demand. Mark Lorenzen's research highlights the globalization factors at play in the film industry, identifying the globalization of film investments, consumption, production, and organizational structuring as critical components [3]. For example, international co-productions have become increasingly popular due to their financial and creative benefits, with governments incentivizing foreign investments through tax credits and subsidies. Originally pioneered by Hollywood, this co-production strategy has been adopted by European and Asian markets to strengthen competitive advantages and cultural exchange, particularly as a counterbalance to

Hollywood's dominance. European projects supported by initiatives like Eurimages demonstrate how regional markets leverage cultural cohesion for global competition.

The streaming services market, currently dominated by a few key players, reflects diverse monetization strategies, ranging from ad-supported models to subscription-based options and pay-per-view offerings. This shift aligns with changes in consumer behavior, as users increasingly subscribe to multiple platforms to access a wider variety of content. By 2018, 40% of users in the United Kingdom were subscribing to more than one service, highlighting the strong demand for diverse content offerings [4].

The growth trajectory of Netflix serves as a compelling example of adaptive strategies essential for success in the streaming era [6]. Since its inception as a DVD rental service, Netflix has expanded its reach to over 247 million subscribers across more than 190 countries by combining large-scale original content production with data-driven marketing. The associations viewers have with the word "Netflix" are depicted in Figure 2.

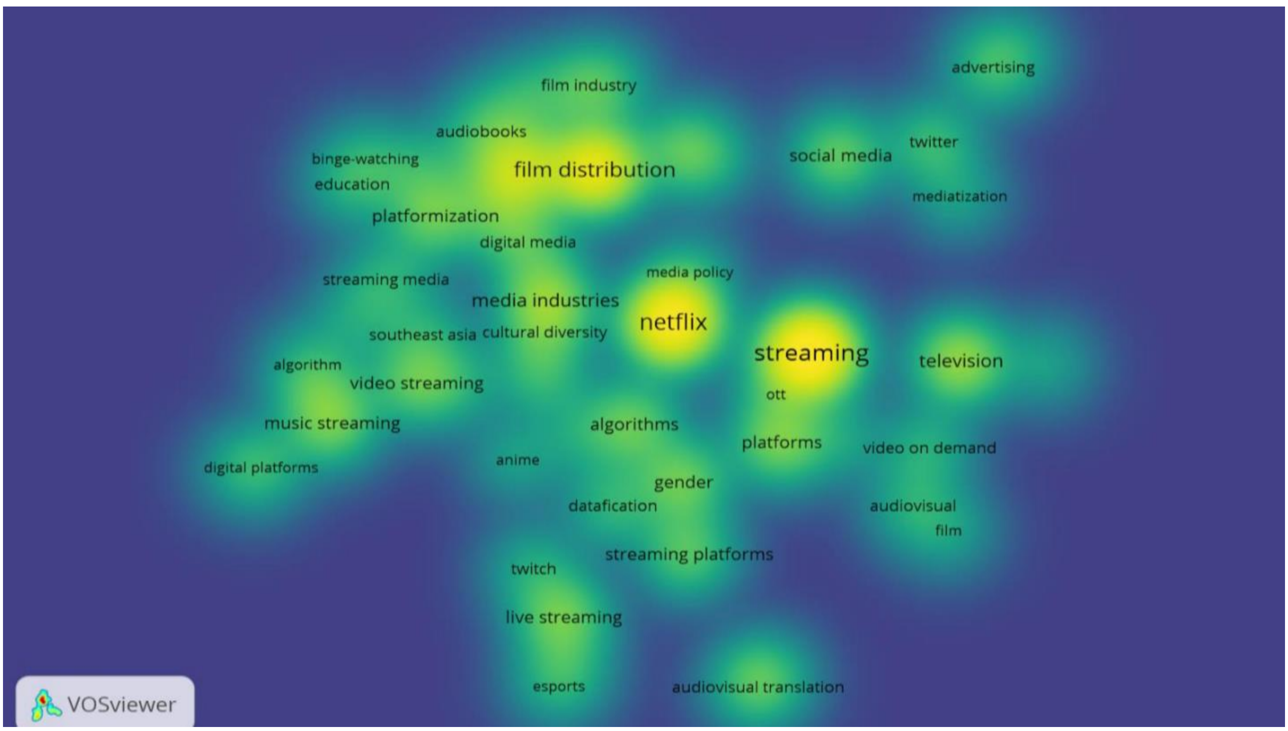

Figure 2 - Research preferences based on density visualization [3]

Netflix's innovative release strategy of "full seasons at once," which introduced the term "binge-watching," demonstrates the platform's understanding of shifting viewer preferences. The interactive content, exemplified by "Black Mirror: Bandersnatch," further illustrates its commitment to innovative user engagement models, receiving critical acclaim. Netflix's model emphasizes the strategic advantage of leveraging consumer data to tailor content offerings and optimize production schedules, allowing for timely delivery of content aligned with viewer demand [3]. The effective implementation of this model is reflected in the increase in net profit, as shown in Table 1.

Table 1. Netflix Annual Net Profit Figures [6]

Year	Net Profit
2019	$1.87 billion
2020	$2.76 billion
2021	$5.1 billion
2022	$4.49 billion
2023	$5.4 billion

This model has been emulated by other platforms, including Amazon Prime Video, which focuses on similar themes like antiheroes and supernatural horror, and HBO, which invests in youth dramas and true crime documentaries.

Disney+, another major player, exemplifies Disney's strategic pivot towards direct-to-consumer models, particularly in light of losses in its theme park segment due to the pandemic. The launch of Disney+ significantly expanded the conglomerate's reach, quickly attracting millions of subscribers and solidifying Disney's presence in the streaming market. Content like the "Star Wars" series "The Mandalorian" underscores Disney+'s reliance on franchises to drive subscriber growth. Although Disney+ has faced some regional subscriber losses, it continues to expand through content diversification and strategic pricing adjustments, including the introduction of ad-supported tiers and bundle options with other Disney-owned platforms [2].

The production of film content by various streaming companies aims to compensate for a potential decline in user interest in serialized programming and to make inroads into the traditional film market. The strategies of Disney+, which focused on leveraging the established Marvel Cinematic Universe brand with its vast audience, are notable. Similarly, the releases of "Wonder Woman 1984" and "Zack Snyder's Justice League" on Max highlight the company's attempt to rely on the loyal fan base of DC comics and cinematic universe films. Apple TV, on the other hand, positions itself as a streaming service with a focus on theatrical production, as evidenced by streaming premieres of Martin Scorsese's "Killers of the Flower Moon" and Ridley Scott's "Napoleon."

CONCLUSION

Based on the above analysis, it can be concluded that in the context of digitalization, the new model of content distribution via streaming services proves to be more effective than the traditional approach. The advantages of streaming services benefit both consumers and content production companies. With the rise of vertical integration, production companies gain additional competitive advantages through reduced costs along the "production-to-distribution" chain. For consumers, the benefits lie in the ability to watch chosen content at any convenient time on their preferred platform. It is noteworthy that the cost of purchasing a film or other content is often higher than a movie ticket, while the market reach is broader due to the accessibility of the internet. The streaming market still holds significant growth potential, driven by the obsolescence of traditional cable and satellite TV, changes in consumer behavior, and the widespread development of 5G networks and broadband internet.

The new digital era has created numerous promising growth avenues, and streaming services are leveraging this by continuously developing new projects and expanding to build greater audience loyalty. In comparison to the pandemic period, the post-COVID era has seen an expected decline in target audience interest in streaming (as the appeal of the theatrical experience and visiting cinemas remains strong). Consequently, the strategic initiatives of several media companies have focused not so much on expanding market influence but rather on reallocating internal resources. Netflix, for instance, has increased profits not by changing the content themes or distribution methods but by altering the conditions of the service itself (such as tackling account sharing). The return to ad-supported subscription tiers, which were initially positioned as a key advantage of streaming over traditional television, also appears to be a natural development.

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